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While every effort has been made to accurately represent all of the information regarding the University Pension Plans, this summary does not fully describe your benefits under the plans. If there is any discrepancy between the terms of this summary and the terms in the pension plan texts, the terms of the plan texts will govern in all cases.
Section 1: Joining the Pension Plan

Joining the University of Guelph Pension Plan is the first step towards building a secure retirement future.

Eligibility to Join the Plan

Full-Time Employees

Newly hired regular full-time employees become members of the Plan on the first day of the month coincident with or immediately following the date of employment. Your participation in the Plan is mandatory.

Temporary Full-Time and Part-Time Employees

Temporary full-time and part-time employees may join the Plan if they qualify. To qualify, you must complete 24 months of continuous service in each of two consecutive calendar years either by:

- earning 35% of the Year’s Maximum Pensionable Earnings (YMPE); or
- working at least 700 hours.

The YMPE is an annual figure used to determine contributions to the Canada Pension Plan (CPP). In 2015, the YMPE is $53,600, and 35% of that amount is $18,760.

As a part-time member, your pension credited service will be pro-rated and calculated by dividing your earnings by the full-time equivalent of your earnings.

Which Plan do I Join?

Pension plan membership is determined by which employee group you belong to:

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¹ Applies to employees who join the pension plan after October 1, 2014.
² Applies to employees who joined the pension plan prior to October 1, 2014.
Designating a **Beneficiary**

When you join the Plan, you’ll be required to complete a Declaration of Marital Status and Beneficiary Designation Form.

You may change your beneficiary(ies) at any time by completing a new Declaration of Marital Status and Beneficiary Designation Form.

If you have an eligible Spouse at the earlier of your retirement and your death, as defined in the Ontario Pension Benefits Act, that person will qualify to receive any pension benefits payable upon your death. However, you and your Spouse may waive the right to a spousal benefit by completing the appropriate Financial Services Commission of Ontario (FSCO) form, upon which any death benefits will be payable to your designated beneficiary(ies).

If, upon your retirement or death prior to retirement, as applicable, you do not have a Spouse, or designated beneficiary(ies), any death benefits payable from the Plan would be paid to your estate.

You should note that you must also appoint a trustee for any beneficiary you designate who is under the age of 18.

For more information on beneficiaries and Spousal declarations, please read [Your Pension Beneficiary(ies)](https://www.example.com/beneficiary).
Section 2: Contributing to the Plan

Your Contributions

Your required contributions are based on a formula that takes into account your earnings and the Year’s Maximum Pensionable Earnings (YMPE). Contributions are deducted from each pay until you have 35 years of pension credited service or until December of the year in which you turn age 69.

Your contributions are equal to a percentage of earnings up to the YMPE ($53,600 for 2015), plus a different percentage above the YMPE. Details regarding your contribution rates can be found in your annual Statement of Pension Benefits. Employee contributions are only deducted on earnings below a defined earnings level ($157,000 in 2015).

For Former OMAFRA Employees, the 35-year contributory period noted above is reduced by any pension credited service accrued prior to April 1, 1997 from membership in the PSPP or the OPSEU Plan.

Are my contributions tax-deductible?

Yes. Your contributions are tax-deductible. Each year, the University will report your pension contributions on your T4 slip.

What happens if I become disabled?

While you are disabled and receiving Long-Term Disability benefits or Workplace Safety Insurance Board benefits for loss of earnings, your pension plan contributions will be waived but you will continue to earn pension credited service until you terminate, die or reach age 65 or your Long-Term Disability or Workplace Insurance Board benefits cease.

The University’s Contributions

The University’s contributions each year are not a fixed percentage of earnings but instead are determined as the difference between the total cost of benefits that are expected to accrue over the year (as determined by actuarial calculations) and what employees contribute to the Plan.

Also, if there is any shortfall between the value of Plan assets and accrued liabilities, the University is required to make additional special payments in accordance with applicable pension legislation from its operating budget to fund the shortfall.
Section 3: Calculating Your Pension

If you choose to retire at the normal retirement age of 65, or if you are eligible for an unreduced pension, your pension will be based on your best average earnings with the University during any 36 consecutive months of employment and your years of pension credited service.

As with your contributions, the benefit formula is integrated with the YMPE and is as follows:

Your years of pension credited service (limited to 35 years) multiplied by

(1.5%* of your best average earnings up to the Average YMPE**

plus

2.0% of your best average earnings in excess of the Average YMPE**, if any)

* 1.6% for some employee groups.
**Average YMPE is the average Yearly Maximum Pensionable Earnings applicable under the Canada Pension Plan for the five-year period immediately preceding the benefit calculation date.

If you have participated in more than one of the University plans, your pension benefit will be calculated using a combination of the applicable formulae reflecting the amount of pension credited service earned under each plan.

For Former OMAFRA Employees, the 35 year limit noted above is reduced by any pension credited service accrued prior to April 1, 1997 from membership in the PSPP or the OPSEU Plan.

How can I estimate how much my pension will be at retirement?

The personalized annual Statement of Pension Benefits you receive from the University provides information regarding the amount of pension you have earned. Estimates of your pension at future retirement dates are available by using the Pay & Pension Link available at www.uoguelph.ca/hr.
Section 4: Tax Considerations

Your University of Guelph Pension Plan is registered under the Income Tax Act, which means that it complies with certain regulations in the Act.

Income Tax Act Limits

Maximum Pension Amount

The Income Tax Act limits the amount of pension benefit you may earn for each year of service under the Plan. This limit is adjusted annually for inflation (for 2015, the limit is $2,818.89). For a member leaving the Plan in 2014 with 35 years of pension credited service, the maximum pension at age 65 would be $98,661.

Maximum Transfer Value

If you terminate from the Plan and elect to transfer the lump sum value of your pension benefit to your new employer’s pension plan or to a locked-in RRSP, the amount that can be transferred on a tax-sheltered basis is subject to certain limits.

PAs and PARs

Pension Adjustments

You will receive a Pension Adjustment (PA) for each year you participate in the Plan.

Your PA represents the “deemed value” – determined in accordance with the Income Tax Act – of the benefit you earned in the year. Your PA is reported on your T4 slip and must be included on the income tax return you file each year. This amount reduces your RRSP contribution room in the following year.

Pension Adjustment Reversals

If you leave the University and transfer the lump sum value of your pension benefit to another retirement savings arrangement, you may receive a Pension Adjustment Reversal (PAR). The PAR is determined by comparing the amount by which (if any) that your total PAs exceed the lump sum amount provided by the Plan with respect to service after 1989. The amount of the PAR provides you with additional RRSP contribution room.

You won’t receive a PAR if you elect a deferred pension or if you transfer the value of your pension to an insurance company to purchase an annuity.
Section 5: Termination Benefits

If you leave the University before age 55, you may:

- Choose to receive a pension commencing at age 65, or as early as age 55 with the applicable pension reduction, assuming a minimum threshold is met.

- Transfer the commuted value of your pension, or in some cases, an amount equal to twice your contributions plus interest, whichever is greater, to another registered pension plan or to a locked-in registered retirement saving vehicle on a tax-sheltered basis. In some cases, a portion of the transfer value may be subject to withholding taxes.

Human Resources will provide you with an up-to-date statement of your entitlement under the Plan as well as a benefit options and election forms. Depending on the option you select, there may be additional forms from the Canada Revenue Agency for you to complete. It is important that the University of Guelph has your current mailing address until your pension entitlement is settled and your final T4 has been issued.
Section 6: Retirement Benefits

Your pension from the Plan will depend on when you terminate or retire from the University.

**Normal Retirement**

The normal retirement date is the first of the month following or coincident with you attaining age 65.

**Early Retirement**

Should you choose to start your pension early, your pension will be subject to a 3% reduction for each year that you retire prior to:

- age 65 or
- your earliest unreduced retirement date (the date when the sum of your age plus your years of pension credited service equals a certain amount, subject to a minimum age requirement)

Details regarding the earliest unreduced retirement date that applies to you can be found in your annual Statement of Pension Benefits.

Members with a pension entitlement that is limited by the maximum pension allowed by the *Income Tax Act* may be able to retire with an unreduced maximum pension at a date before their earliest unreduced retirement date.

For Former OMAFRA Employees, pension credited service used for the purpose of determining the earliest unreduced retirement date includes pension credited service accrued prior to April 1, 1997 from membership in the PSPP or the OPSEU Plan.

**Postponed Retirement**

You may elect to continue working beyond age 65. Your pension credited service will continue to accrue and you will continue to contribute to the pension plan up to the maximum of 35 years. If you continue to work beyond age 69, you must start to collect your pension in December of the year in which you turn 69.
Receiving Your Pension Payment

How you receive your pension – known as the form of payment – will depend on whether you have a Spouse and which option you choose.

Normal Form of Pension

If you do not have an eligible Spouse at the time of pension commencement, the normal form for paying your benefit is a monthly pension paid for your lifetime with a minimum payment period of 5 years. Payments will cease upon your death and your beneficiary will receive the balance of your remaining guaranteed payments. In no event will the sum of the payments made to you and your beneficiary be less than your contributions to the Plan, including applicable interest.

If you have an eligible Spouse at the time of pension commencement, the normal form for paying your benefit is one that pays you a monthly pension for your lifetime and a 60% spousal pension upon your death to your eligible Spouse. Unless a spousal waiver is filed with the University, members with a Spouse at pension commencement must elect a survivor benefit of at least 60%.

Optional Forms of Pension

Instead of a normal form, you may elect an alternative optional form of pension. The most common forms are listed below. For each of these options, a reduction will be made to your pension to ensure that the value of the total expected payments are not affected.

- **Life Guaranteed 10 or 15 Years:** If you do not have an eligible Spouse, or if your Spouse has waived his/her right to a spousal pension, you may elect a lifetime pension that guarantees payments are made for a minimum number of years – 10 years (120 payments) or 15 years (180 payments). In the event that you die within the guaranteed period, your beneficiary will receive the balance of the payments.

- **Joint-and-Survivor 75% or 100%:** If you have an eligible Spouse at retirement, you will have a one-time option to increase the survivor benefit from 60% to 75% or 100%. Upon your death, 75% or 100% of your pension payment will continue to your Spouse, depending on the choice made at retirement.

You must apply to receive your University pension. You should contact your department or supervisor as soon as you have made the decision to retire. Approximately four weeks before your pension is to commence, contact Human Resources at extension 53374 to book an appointment to complete the necessary paperwork. Your pension is paid on the last business day of each month.
When a member retires with an annual pension of less than 4% of the YMPE or if the lump sum value of the pension is less than 20% of the YMPE, the member will receive the payment as a lump sum rather than a monthly pension. An eligibility requirement for post-retirement health and/or dental benefits is that members must be in receipt of an immediate monthly pension following retirement.

**Post-Retirement Indexation**

Once payment of your pension has commenced, it will automatically be increased annually each September to reflect any increase in the Consumer Price Index for Canada (limited to 8%) that is in excess of 2%.
Section 7: Providing for Your Survivors

Death Before Retirement

If you have an eligible Spouse, he or she will receive a lump sum payment equal to the value of the pension you have earned. If your Spouse has waived his or her right to this benefit, or if you do not have a Spouse, the benefit is payable to your designated beneficiary.

If the benefit is paid to your Spouse, it may be transferred, at your Spouse's election, to his or her RRSP on a tax-sheltered basis, or it may be paid to him or her directly (net of taxes). Alternatively, your Spouse may also elect to receive the value of your pension in the form of a monthly pension.

Death After Retirement

Upon death after the commencement of monthly pension payments, death benefits will be provided in accordance with the form of pension determined at the time of your retirement.

If your pension is payable in the “Joint and Survivor” form, your surviving Spouse will receive a pension from the Plan for his or her lifetime based on the level of survivor pension chosen.

If your Spouse pre-deceases you and you have a subsequent partner who meets certain eligibility criteria, that person may be eligible to receive a survivor pension. Also, if you do not have a Spouse at the time of your death but have eligible dependent children, a dependent child’s pension is payable until:

a) The end of the calendar year in which such child reaches age 18; and
b) The earliest of:
   (i) The time when the child ceases full time attendance at an educational institution;
   (ii) The time when the child ceases to have a mental or physical infirmity; and
   (iii) The child reaches age 21.

Alternatively, if your pension is payable in a form where a certain number of payments are guaranteed, your beneficiary will receive the balance of your remaining payments.

In no event shall the sum of the guaranteed payments made to you and your Spouse/children/beneficiary be less than your contributions to the Plan including interest to the date of your retirement.