# UNIVERSITY OF OTTAWA PENSION PLAN

New Pension Plan Member

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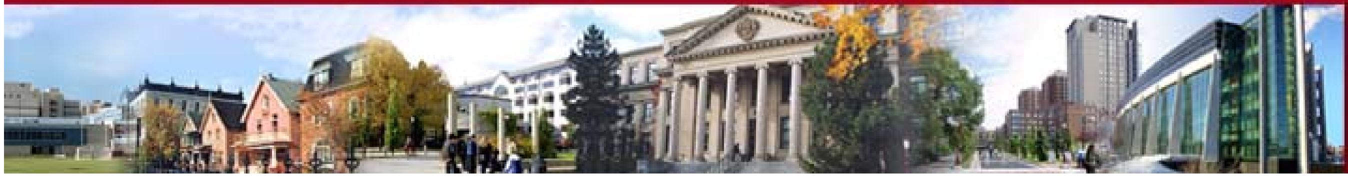

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## SUMMARY

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# PENSION PLAN

The University of Ottawa Pension Plan is a defined-benefit plan. This means that, at the time of your retirement, you will receive a pension based on a formula that takes into account the average salary of your best 60 months of earnings and the number of years of credited service you have in the Plan.

| | |
|---|---|
| -Average Salary<br>-Pension Service<br>-Pension Formula | -Contributions<br>Employee and<br>Employer |
| =<br>Pension Payable | =<br>Required Funds |

For credited service prior to January 1, 2004, the amount of your pension takes into account the improvements made to the formula used for calculating the pension as at January 1, 1999 effective December 31, 2002, following the Pension Reform. For the credited service as of January 1, 2004, your pension amount also takes into account the indexation of the maximum pensionable earnings (YMPE). Future statements will reflect subsequent modifications.

# MEMBERSHIP

### New employees aged 30 or more

New employees who are eligible for employee benefits and are 30 or over must join the Plan as soon as they begin working at the University.

### Employees under the age of 30

Employees who are eligible for employee benefits and are under the age of 30 may become members from the start of their employment or on the first day of any month before turning 30 years old. If they do not elect to participate, they automatically become members on the first day of the month following their thirtieth birthday.

Effective May 1, 1992 , persons eligible for employee benefits and hired on that date or later have had to become members either

- on the first day of the month immediately following two years of service at the University, or
- on the first day of the month immediately following their thirtieth birthday.

### Employees who do not fall in the above categories

Any person who, in two consecutive calendar years, works 24 continuous months and either earns 35% of the YMPE (yearly maximum pensionable earnings[1]) or works at least 700 hours in each of these two consecutive calendar years may choose to become a member of the Pension Plan if he or she wishes to.

### Re-hired pensioner

A member who has retired under the University Pension Plan and is receiving a pension benefit cannot become a contributing member again if re-hired by the University.

**Notes:**

**1.** Equal to the Average Industrial Wage in Canada. For 2008 this is equivalent to $44,900.

# CONTRIBUTIONS

**Your contributions to the Plan are based on the following formula :**

1. **4.25%** of your gross salary up to the yearly maximum pensionable earnings (YMPE[2]) value. This maximum is set at $33,981 for 2008 by the University of Ottawa Pension Plan .

   **PLUS**

2. **6.55%** of your salary above the yearly maximum pensionable earnings (YMPE) of $33,981.

Your contributions are based on your regular salary, which does not include special income such as overtime pay, premium pay, bonus pay or second-salary sources. Because of the Canada Revenue Agency tax rules, the contributions you make to the University of Ottawa Pension Plan based on your salary are not subject to income tax. As a result, you save on tax immediately.

The following example illustrates how the contribution formula works. Your total contributions to the Plan for 2008 would be calculated as follows if you earned a yearly salary of $60,000.

1. **4.25%** of your salary up to $33,981 (YMPE) = $1,444.19

   **PLUS**

2. **6.55%** of $26,019 ($60,000-$33,981) = $1,704.24

**Total Contributions $3,148.43**

**Employer contributions to the Plan are based on annual valuation:**

The University's contribution is based on a percentage of the salary mass and is currently set at 12.52%. It is determined each year and is the amount required to meet all obligations of the Plan.

**Notes:**

**2.** Y.M.P.E. = Canada/Québec Pension Plan Yearly Maximum Pensionable earnings determined by the UO Pension Plan - **Prior Service to 2004** ($31,790) and **Service After 2003 (**$33,981).

# PENSION BENEFIT FORMULA

**A. Pension calculation formula (following the reform)**

- Average salary = 60 best months
- Fixed Y.M.P.E. at $31,790

Please note that there is no maximum pensionable service in the pension plan

**<u>Service to December 31, 2003 (Pre-2004)</u>**

| | |
|---|---|
| i) $31,790 X 1.3% X pension part. | = a |
| ii) (Average salary - $31,790) X 2% X pension part. | <u>= b</u> |
| Total annual pension pre-2004 (a + b) | = **c** |

**B. Pension calculation formula (post reform)**

- Average salary = 60 best months
- Fixed Y.M.P.E. of $31,790 <u>indexed</u> annually at a rate of 55 % of the increase in the Y.M.P.E. representing $33,981 for 2008

**<u>Service Post 2003</u>**

| | |
|---|---|
| i) $33,981 X 1.3% X pension part. | = a |
| ii) (Average salary - $33,981) X 2% X pension part. | <u>= b</u> |
| Total annual pension post 2003 (a + b) | **= d** |
| **Total Annual Pension UO (c + d)** | |

<u>MINIMUM PENSION TEST TO BE APPLIED</u>

As part of the pension plan reform, a participant to the University pension plan is entitled to a minimum pension equal to 1.5% for each pension year. (Average Salary X 1.5% X pension part.)

## **SAMPLE PENSION CALCULATION -** Service to December 31, 2007

| | | | |
|---|---|---|---|
| **AGE:** | 60 years | **AVERAGE SALARY**: $60,000 | |
| **SERVICE:** | 25 years | **AVERAGE Y.M.P.E.:** $31,790 / $33,981 | |

| | | | | |
|---|---|---|---|---|
| **1)** | **SERVICE PRE-2004** | | | |
| | i) $31,790 X 1.3% X 21 | = | $8,678.67 | |
| | ii) $28,210 X 2% X 21 | = | $11,848.20 | $20,526.87 |
| **2)** | **SERVICE POST-2003** | | | |
| | i) $33,981 X 1.3% X 4 | = | $1,767.01 | |
| | ii) $26,019 X 2% X 4 | = | $2,081.52 | $3,848.53 |
| | **Total pension UO 1 + 2** | | | **$24,375.54** |

**MINIMUM PENSON TEST** ($60,000 X 1.5% X 25) = $22,500.00

**Total UO** = **$24,375.54**

**Benefit Calculation-Example**

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# PENSION INDEXATION AT RETIREMENT

## A) Three steps indexation formula based on inflation from previous year (CPI-September to October)

Every January, beginning with the year after you retire, your pension will be automatically adjusted to reflect some or all of the increase in the Consumer Price Index (CPI) up to a maximum increase of 8%.

1. If the increase in the CPI is less than 2% the adjustment will be equal to the percentage increase in the CPI.
2. If it is between 2% and 3% you will receive a 2% increase.
3. If the increase in the CPI is greater than 3%, your pension increase will be 1% less than the CPI.

Any portion of the increase in the CPI not granted will be automatically given if the performance of the Pension Fund exceeds specified criteria. It may also be awarded on an ad hoc basis by the Board of Governors, depending on the status of the Pension Fund.

Any increase in the CPI above 8% will be applied to the pension in a later year when the adjustment is less than 8%. The increase in your pension on the first of January after you retire will be based on the number of complete months remaining in the calendar year after your retirement.

## B) Special Ad hoc indexation

Annual revisits of percentage not accorded in 2 & 3

# SURVIVOR PENSION BENEFIT TO THE SPOUSE AND GUARANTEE PERIODS AT RETIREMENT

1. **Standard Option**
   - 5 years guarantee / 60% Survivor benefit to the spouse

2. **Optional Options**
   - 0 years guarantee / 60% Survivor benefit
   - 10 years guarantee / 60% Survivor benefit
   - 15 years guarantee / 60% Survivor benefit
   - 100% lifetime with 5-10-15 years guarantee periods

**Other Actuarial Pension Reductions:**

-Reduction of approx. 15% for the 100% survivor benefit

-Reduction of approx. 2% for a 10 years guarantee period

-Reduction of approx. 5% for a 15 years guarantee period

The pension benefits are payable only to the person who is your spouse on the date of your retirement. Any subsequent spouse is eligible for the pension benefits provided an adjustment is made to your established benefits by actuarial calculation.

**Note:** There is only one choice at retirement

# PENSION BENEFICIARIES

**Pre-retirement (Pension Form 04-E (11/07) Pre-Retirement Pension Beneficiary Designation):**

1) **Spouse**

   The person married to you by a religious or civil ceremony or with whom you have been living in a relationship that resembles a marriage for at least one year and whom you have designated in writing to the University as your spouse. Based on pension plan text, waiver of spousal benefit is allowed before retirement.

2) **Designation or Estate**

## BUY-BACK OPPORTUNITIES

As a member of the University of Ottawa Pension Plan, you may be able to buy pension credits in the Plan for the following :

- years of service transferrable from another employer following your employment with the University;
- years of University service where you could have contributed but did not;
- years of University service where you contributed but then had refunded to you;
- periods of leave without pay with no pension contributions;
- periods of parental leave or special educational leave with no pension contributions;
- shortfall payment following your transfer from another employer.

# OPTIONS UPON TERMINATION OF EMPLOYMENT

If you leave the Plan before becoming eligible to receive an immediate pension, the options available to you depend on how long you participated in the Plan or your age when you leave the University. The options are as follows :

1. **If you are under age 55, you can :**
   a) Leave your pension at the University as a deferred pension and payable at age 60;
   b) Transfer the value of the pension to another employer's registered pension plan, if that employer accepts the transfer;
   c) Transfer the value of the pension to a locked-in[3] registered retirement savings plan or life income fund

   The commuted value of your annual accrued pension will be transferred, subject to the limits prescribed by the Canada Customs and Revenue Agency-RCA, into a locked-in retirement account (LIRA), into a life income fund (LIF), to your new employer's plan (the limits prescribed by the RCA will apply for hybrid and defined contribution plans) or to an insurance company for the purchase of a life annuity. The commuted value shown above is only an estimate of the amount that may be payable in the event of termination of your employment. In fact, the commuted value of your benefits will depend on the assumptions used at the time of termination of your employment, in accordance with the recommendations of the Canadian Institute of Actuaries (CIA). Please also note that the CIA changed the standards for calculating these values. These changes came into effect on February 1, 2005 and will apply to any event occurring after this date. Based on the new standards, the value could be higher or lower depending on the economic conditions at the time of the event.

2. **If you are 55 or over, you have the following options:**
   a) start receiving a reduced pension;
   b) defer your pension until you reach factor 90 or age 60;

3. **Notwithstanding the above conditions, if you do not have two years of membership or credit in the Plan, you can :**
   a) have your contributions paid back to you with interest instead of the benefits under 1) or 2) above.
   b) if you are under age 40, you can also elect to have your contributions plus interest refunded for service before 1987 instead of the benefit under 1) and 2) above.

**Notes**

**3.** "Locked in" means that your funds cannot be withdrawn before age 55 (earliest age a pension may be received under the Pension Plan), and can only be used to generate a pension/payment benefit or be transferred to a life income fund.

# PENSION FORMS

## Pension:

| | |
|---|---|
| Pension 01-E (11/07) | Declaration of Spouse/Dependent(s) |
| Pension 02-E (11/07) | Post-Retirement pension Beneficiary Designation |
| Pension 03-E (11/07) | Direct Transfer Form |
| Pension 04-E (11/07) | Pre-Retirement Pension Beneficiary Designation |
| Pension 05-E (11/07) | Buy-Back Contract |
| Pension 06-E (11/07) | Locked-in Transfer Agreement |
| Pension 07-E (11/07) | Information Required for Purposes of Transfer Estimate-Appendix B |
| Pension 08-E (11/07) | Authorization to Supply Information-Appendix A |
| Pension 09-E (11/07) | Application for Survivor's Benefit |
| Pension 10-E (11/07) | Retiree Group Insurance-Support Staff |
| Pension 11-E (11/07) | Retiree Group Insurance-APUO Member |
| Pension 12-E (11/07) | Retiree Group Insurance-Local 772A and 772B Staff |
| Pension 13-E(11/07) | Retiree Group Insurance-GFT Member |
| | |
| PAYE-2106 2008 03 | Personnel Registration Section E-University of Ottawa Pension Plan |
| Version 4 | Automatic Bank Withdrawal Authorization for Group Benefit Deductions |

## Government:

| | |
|---|---|
| Form 4 | Waiver of Pre-Retirement Death Benefit and Instructions |
| T2033 E (07) | Direct Transfer Under Paragraph 146(16)(a) or 146.3(2)(e) |

## CONTACT-US

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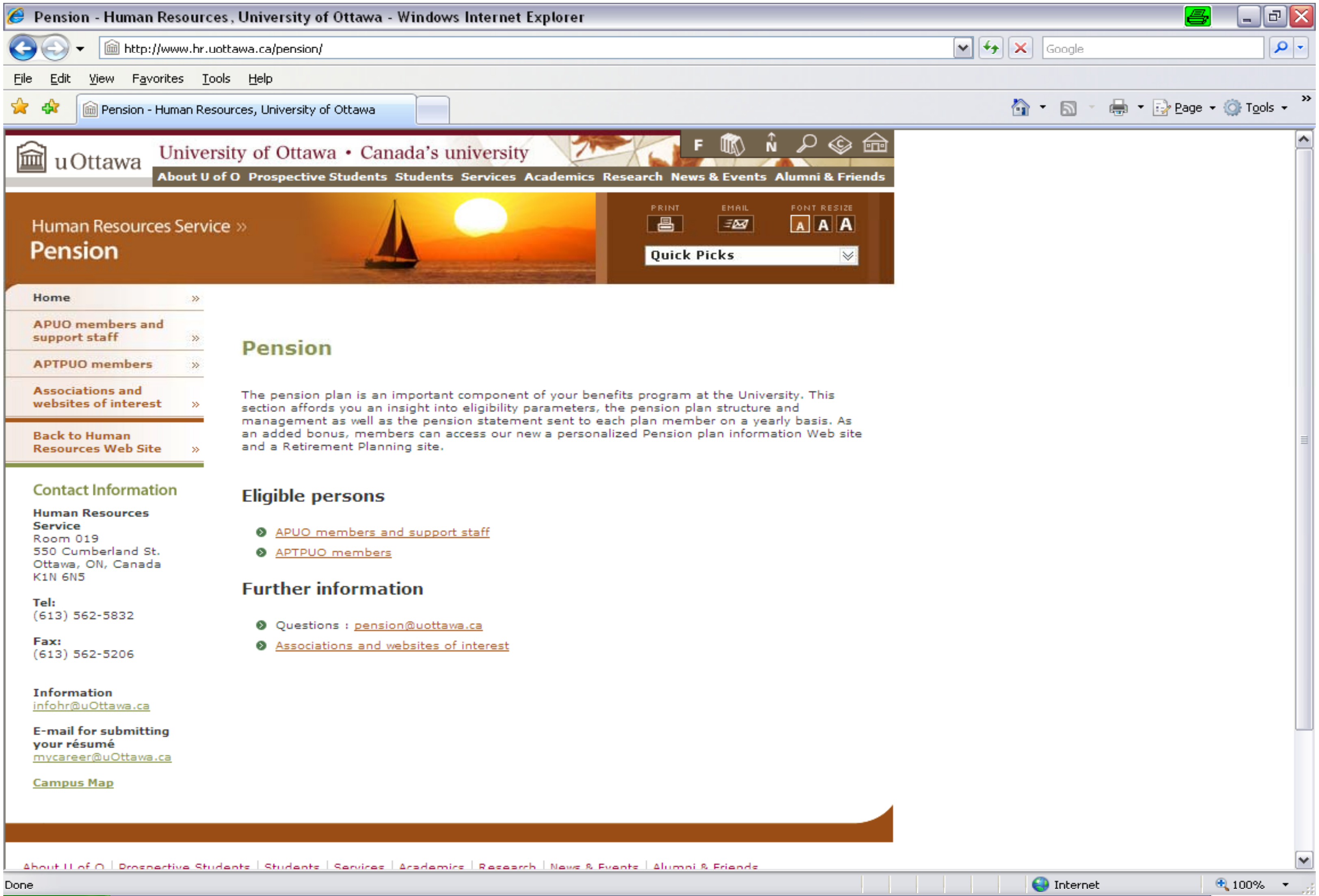
-Commemorative retirement plaque, address change and pension forms

➢Visit our Web Site at **http://www.rh.uottawa.ca/retraite/apuo/**




**HR Web Site, Pension Sector**

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