

THE UNIVERSITY OF OTTAWA
RETIREMENT PENSION PLAN

Effective January 1, 1992

Administrative codification effective January 2012

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The University of Ottawa (hereinafter referred to as the "University") created, by By-Law No. 4, 1965, The University of Ottawa Retirement Pension Plan (1965) with effective commencement date of September 1, 1963.

Since July 1, 1969 a number of amendments have been made to the Plan. This administrative codification of the Plan reflects the Plan terms and conditions up to and including Board By-Law approved by the Board of Governors on December 10th, 2012.

The Plan is registered with Canada Revenue Agency and the Financial Services Commission of Ontario. The Plan as amended from time to time by the Board of Governors will remain in effect subject to the continued registration thereof by Canada Revenue Agency and the Financial Services Commission of Ontario.

References in the Plan to the male gender will include the female gender unless the context requires otherwise. Words used in the Plan importing the singular number may be construed to extend to and include the plural number and vice versa.

In the Plan the following words and phrases shall have the following meanings unless a different meaning is specifically required by the context. The words defined in this section are hereinafter capitalized.

- 2.1 "Actuarial Equivalent"** means an actuarially equal value computed using actuarial assumptions as adopted by the University from time to time.
- 2.2 "Actuary"** means the Actuary retained by, but independent of, the University and qualified through Fellowship in the Canadian Institute of Actuaries.
- 2.3 "Administrator"** has the meaning assigned by paragraph 16.1.
- 2.4 "Board"** means the Board of Governors of the University of Ottawa, the Executive Committee of the Board of Governors, or the authorized representative of either.
- 2.5 "Child" or "Children"** refers to a Child of a deceased Member, whether natural or adopted, who is dependent on the Member at the time of retirement, and who is at the time of any benefit payment:
- (a) under the age of 19 and will not attain the age of 19 in the calendar year that the Member's death occurs; or
 - (b) in full-time attendance at an educational institution and is under the age of 27; or
 - (c) dependent on the Member by reason of mental or physical infirmity.
- 2.6 "Commutated Value"** means the value of a person's Pension Benefits and other benefits under the Plan, determined in accordance with such basis as is adopted from time to time by the Administrator and in accordance with the Pension Benefits Act.
- 2.7 "Continuous"** means, in relation to employment, membership or service, without regard to periods of temporary suspension of employment, membership or service and without regard to periods of lay-off from employment, subject to a maximum of five (5) years of such periods in aggregate plus an additional three (3) years in aggregate in respect of Periods of Parenting after 1989.

- 2.8 **"Credited Service"** means service as defined under paragraph 7.4 of this Plan.
- 2.9 **"Deferred"** means, in relation to a Pension Benefit, a Pension Benefit other than an Immediate Pension Benefit.
- 2.10 **"Designated Beneficiary"** means a person as defined in Article 14.
- 2.11 **"Elect"** means the act of election by a Member or other person wherever referred to in the Plan and requires the presentation of formal notice to the Board through the office of the Director, Human Resources Service, and, unless otherwise provided, such notice must be filed within six (6) months from the date of the event giving rise to the right to such election and in any event where such election is not filed within the time period provided, the Director of Human Resources Service shall decide for the Member and the decision of the Director shall be deemed for all purposes to be the election of the Member.
- 2.12 **"Employee"** means:
- (a) any person employed by the University who holds a regular position; and
 - (b) any other person, employed by the University, who in two consecutive calendar years accrues twenty-four months of continuous service and either earns 35% of the YMPE or works at least 700 hours in each of these two consecutive calendar years, with the exclusion of members of APTPUO, CUPE-2626 and CUPE-lifeguards.
- 2.13 **"Employment Standards Act"** means the Employment Standards Act of the Province of Ontario as amended from time to time and includes any other applicable legislation of a substantially similar nature adopted by any other Province or by the Government of Canada.
- 2.14 **"Family Law Act"** means the Family Law Act, 1986, of the Province of Ontario as amended from time to time and includes any other applicable legislation of a substantially similar nature adopted by any other Province or by the Government of Canada.
- 2.15 **"Funding Agreement"** means the agreement entered into between the Funding Agency and the Board establishing the Pension Fund.
- 2.16 **"Funding Agency"** means the Insurance Company or successor Insurance Company, Trustees or Trust Company appointed by the Board to hold the Pension Fund in accordance with the terms of the Funding Agreement.

- 2.17 **"Immediate"** means, in relation to a Pension Benefit, a Pension Benefit that is to commence not later than one (1) month after a Member or the Member's Spouse and/or the Member's Child is entitled to it.
- 2.18 **"Income Tax Act"** means the Income Tax Act, S.C. 1970-71-72, c.63, and the Regulations thereunder, each as amended from time to time.
- 2.19 **"Interest"** wherever it is provided in the Plan that contributions shall be accumulated with Interest, the interest rate means the rate applicable for any Plan Year as determined by the Board. Changes in the rate shall not take place more than once a year and such changes shall take effect on the Plan Year anniversary date. The rate of Interest credited in each year from 1987 on shall be at least equal to the rate prescribed by the regulations under the Pension Benefits Act. Interest on contributions shall accrue from the end of the month following the month in which the contributions were made.
- 2.20 **"Lifetime"** means, in relation to a Pension Benefit, a Pension Benefit which, once the periodic payments commence to be paid to a Member or the Member's Spouse, will continue to be paid until the death of such person unless the benefit is suspended or commuted prior to that time.
- 2.21 **"Member"** means an eligible Employee who has completed the necessary enrollment forms and continues to be entitled to benefits or rights under the Plan and includes a former Employee who has terminated employment with the University or has retired but continues to be entitled to benefits or any other payment under the Plan.
- 2.22 **"Number of Years"** wherever used in the Plan with reference to Pensionable Service and Credited Service, means the number of years, months and days of service.
- 2.23 **"Pension Benefits Act"** means the Pension Benefits Act, 1987, of Ontario and Regulations thereunder as amended from time to time.
- 2.24 **"Pension Benefit"** means a periodic payment to which a Member or the Member's Spouse and/or Child is or may become entitled under the Plan.
- 2.25 **"Pension Plan Committee"** means a committee existing in respect of the Plan as defined by the Board and empowered to act on its behalf, as noted in Article 16.
- 2.26 **"Pension Fund"** means the assets of the Plan for the time being in the hands of the Funding Agency under the terms of the Funding Agreement.

- 2.27 "Pensionable Earnings"** means the compensation of the Member recognized by the University, or any of its affiliated employers to which this Plan applies, in respect of service rendered to the University or affiliated employer which the Board classifies as Pensionable Earnings for purposes of this Plan and which is in accordance with subsection 147.1(1) of the Income Tax Act.
- 2.28 "Pensionable Service"** has the meaning assigned by subparagraph 7.2.
- 2.29 "Period of Disability"** means a period throughout which a Member
- (a) is totally and permanently disabled and unable, as certified in writing by a medical doctor who is licensed to practise under the laws of a province or of the place where the Member resides, to perform the duties associated with the Member's usual form of remunerated employment with the University and is likely to remain so unable; and
 - (b) is entitled to disability benefits under the Salary Continuance Plan and includes a qualifying disability period leading to entitlement to such benefits.
- 2.30 "Period of Parenting"** means the portion of a leave of absence or period of reduced pay that is within the twelve-month period following the birth or adoption of a Child.
- 2.31 "Plan"** means The University of Ottawa Retirement Pension Plan as amended from time to time.
- 2.32 "Plan Year"** means a period from January 1, to the following December 31 or such other twelve-month period as may be adopted by the University from time to time.
- 2.33 "Prescribed"** means pursuant to the Pension Benefits Act or the Income Tax Act.
- 2.34 "Previous Plan"** means the plan operated by the former "Université d'Ottawa" now known as Saint-Paul University, prior to the effective date of this Plan, under a group annuity contract issued by "Les Prévoyants du Canada".
- 2.35 "Retirement"** means normal, postponed or early Retirement as defined in Article 6 of this plan.
- 2.36 "Salary Continuance Plan"** means the group long-term disability income plan provided by the University to its Employees.

- 2.37 **"Spouse"** means a person of the opposite sex or, with effect from January 1, 1999, either sex to whom the Member is married or, notwithstanding the Member's marital status, if the Member has been cohabiting with a person of the opposite sex or, with effect from January 1, 1999, either sex in a relationship resembling marriage for a period of at least one year, the Spouse, as defined above, with whom the Member is cohabiting shall be deemed to be the Member's Spouse. A Spouse, as defined above, must meet this definition on the date the Member commences Retirement on pension or the Member's date of death, if earlier, in order to be eligible to receive a survivor pension. The Spouse of a Member who has retired on pension prior to January 1, 1994, shall be eligible for a survivor pension if the Spouse meets this definition prior to the date of death of the Member, and, in the case of the Member with a Spouse of the same sex, the Member was in receipt of pension on or after January 1, 1999.
- 2.38 **"Unit Annual Pension"** has the meaning assigned by subparagraph 8.1.2.
- 2.39 **"University"** means the University of Ottawa.
- 2.40 **"Voluntary Contributions"** refers to certain Member contributions designated as such pursuant to paragraph 5.3, or made by the Member in addition to any required contributions made pursuant to paragraph 5.1.
- 2.41 **"Year's Maximum Pensionable Earnings" or "YMPE"** means the maximum salary on which contributions and benefits under the Canada/Quebec Pension Plans are determined, as defined under the Canada/Quebec Pension Plans Act.

3.1 EFFECTIVE DATE

The Plan is effective on and after September 1, 1963.

3.2 APPLICATION

The amended version of this Plan, as set out herein, is applicable

- (a) to actively contributing Members of the Plan on January 1, 1992;
- (b) to Employees who join the Plan on and after January 1, 1992; and
- (c) to Members who ceased to be employed by the University prior to January 1, 1992 and are entitled to a Deferred Pension Benefit, but only to the extent of benefits provided under paragraphs 6.3 and 8.5 and Articles 10 and 14.

Unless specific provision to the contrary is made herein, any other Members who ceased to be employed by the University prior to January 1, 1992 and Members who commenced to receive a Pension Benefit prior to that date, shall be governed by the provisions of the Plan in effect prior to January 1, 1992, unless specifically provided for herein.

4.1 NEW EMPLOYEES AGED THIRTY OR MORE

A person who becomes an Employee of the University as defined under clause 2.12 (a) and who has attained the age of thirty years shall become a Member as of the effective date of employment.

4.2 NEW EMPLOYEES UNDER AGE THIRTY

Each person who becomes an Employee of the University, as defined under clause 2.12 (a), at an age below thirty, may Elect to become a Member on the first day of any month before attaining age thirty. Each such person who does not so Elect shall become a Member on the first day of the month immediately following his attainment of age thirty.

Notwithstanding the above, any Employee, as defined under clause 2.12(a), hired on or after May 1, 1992, shall be entitled to become a Member on the first day of any month after becoming an Employee and, if not a Member, shall become a Member 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 such Employee's attainment of age thirty, whichever is the earliest.

4.3 EMPLOYEES WHO ARE NOT OBLIGATED TO JOIN THE PLAN

Any Employee who is deemed to be an Employee under clause 2.12 (b) shall be eligible to join the Plan if immediately prior to joining the Plan he has satisfied the condition for the status of Employee under clause 2.12(b).

4.4 MEMBERS IN RECEIPT OF BENEFITS UNDER THE SALARY CONTINUANCE PLAN

A Member who is in receipt of benefits from the University's Salary Continuance Plan shall remain a Member of the Plan during the period for which such benefits are paid.

4.5 RE-HIRED PENSIONER

A Member who has retired under the Plan and is in receipt of a Pension Benefit and who is re-employed by the University shall not be eligible to again become a contributing Member of the Plan and to accrue further benefits under the Plan.

4.6 WAIVER OF ELIGIBILITY CONDITIONS

The University may waive any eligibility requirements for an Employee to become a Member of the Plan.

4.7 FORMER EMPLOYEES RE-HIRED BY UNIVERSITY

If the service of an Employee with the University terminates and he is later re-employed he shall, for the purposes of the Plan, be regarded as a new Employee.

If at the time of the prior termination of employment the Employee was required or Elected to receive a Deferred Pension Benefit or received a cash refund or transfer in full settlement of the Pension Benefits and other benefits earned for that period of prior employment, the Employee may Elect to have that period of prior employment with the University recognized as Credited Service pursuant to subparagraph 5.1.6 and clause 7.2 (e), subject to the requirements of the Income Tax Act.

Where the Member has a Deferred Pension Benefit entitlement under the Plan with respect to a prior period of employment and does not Elect to have such period of prior employment re-instated as Credited Service, such Deferred Pension Benefit shall not be affected by the Member's subsequent re-employment and such previously vested rights shall be considered separately in the computation of the benefits earned for such period of re-employment.

Notwithstanding the above, where the Member has a Deferred Pension Benefit entitlement under the Plan with respect to a prior period of employment and is eligible to commence receipt of such pension on a non-reduced basis at the time of his later re-employment with the University, he shall have the option of not participating in the Plan as at his date of employment. Further, should a Member who has been re-employed and who has a Deferred Pension Benefit entitlement under the Plan with respect to a prior period of employment, reach the age at which the pension from the prior period of employment can commence without reduction for early retirement, he shall be entitled to cease participation in the Plan as at that date and commence to receive his pension earned to that date under the Plan from all periods of employment. In no event shall any Member be entitled to commence the receipt of his pension during any period in which he is a contributing Member who is continuing to accrue pension benefits under the Plan.

4.8 EXCLUDED EMPLOYEES

Any Employee who is a participant in any other registered pension plan under which benefits are earned in respect of service with the University or an affiliated employer will not be eligible to participate in this Plan. The Employees will not accrue benefits under this Plan in respect of that same period of service unless a transfer of funds is made from that plan to this Plan in full satisfaction of the Employee's rights under that plan.

5.1 REQUIRED MEMBER CONTRIBUTIONS

5.1.1 Amount

- (i) Effective January 1, 1999, each Member, other than a Member who is a member of a religious order and who does not contribute to either the Canada Pension Plan or the Quebec Pension Plan, shall contribute by payroll deduction the sum of:
- (a) 4.25% of the portion of his Pensionable Earnings in each year that is not greater than 85% of the YMPE for the 1999 calendar year, and
 - (b) 6.55% of the balance of such Pensionable Earnings.

Effective January 1, 2004, each Member, other than a Member who is a member of a religious order and who does not contribute to either the Canada Pension Plan or the Quebec Pension Plan, shall contribute by payroll deduction the sum of (c) and (d) below:

- (c) 4.25% of the portion of his Pensionable Earnings in each year that is not greater than 85% of the YMPE for the 1999 calendar year indexed at 55% of the percentage increase in the YMPE from year to year since 2003, and
- (d) 6.55% of the balance of such Pensionable Earnings.

Each Member of the Plan who is a member of a religious order and who does not contribute to either the Canada Pension Plan or the Quebec Pension Plan shall contribute by payroll deduction an amount equal to 6.55% of his Pensionable Earnings.

Such contributions shall be known as *Member's required contributions*.

- (ii) Member's required contributions to the Plan will recommence at the rate specified under sub-paragraph 5.1.1(i) effective August 31, 2000.
- (iii) Effective September 1, 2000, the Member's required contribution rates referred to in sub-paragraph 5.1.1(i) shall be reduced to 3.825% of the portion of Pensionable Earnings in each year that is not greater than 85% of the YMPE for the 1999 calendar year, and 5.895% of the balance of such Pensionable Earnings.

Effective on each of January 1, 2002 and January 1, 2004 the Member's required contribution rates in effect shall be further reduced. The new contribution rates in effect on each of these dates will be such that the reference to 3.825% and 5.895% in this sub-paragraph will be changed to 3.40% and 5.24%, respectively, on January 1, 2002 and to 2.975% and 4.585%, respectively, on January 1, 2004. Such reductions shall occur if the Surplus Ratio, as defined in paragraph 20.1, at each of these dates is at least 6%.

If these reductions cannot be made in full at January 1, 2002 or January 1, 2004 because the Surplus Ratio would be less than 6% after the proposed refunds and vesting of allocations under Article 20, then the procedures for partial contribution reductions and carry forward of contribution reductions shall be applied in accordance with paragraph 20.5 of the Plan.

Canada Revenue Agency will be notified when the foregoing Members' contribution reductions have actually occurred, and a valuation report will be filed.

Notwithstanding the above, the reduction in contribution rates effected on January 1, 2002 is suspended effective January 1, 2004 and, subject to meeting the requirements for a further reduction as set out in this section 5.1.1(iii) or under paragraph 21.2(c), the Member's required contribution rates effective January 1, 2004 shall be as set out in 5.1.1(i) (c) and (d).

- (iv) Notwithstanding the above, the Member's required contributions are waived in full from January 1, 1999 to August 31, 2000. However, for any Member whose Pensionable Earnings in the year 2000 exceed \$97,237.50, he shall also be required to remit those contributions in the year 2000 that he would have remitted, if any, on Pensionable Earnings above \$97,237.50 earned for the year 2000 prior to September 1, 2000.
- (v) Notwithstanding the above, before the implementation of Article 21 and notwithstanding Article 21, the Member's required contributions are waived in full following the filing of the January 1, 2007 valuation for a temporary period. Such contribution holiday is to commence on August 1, 2007 and is to be continued until the end of the second month following the cessation of the University's contribution holiday provided in subsection 5.2.1. Once Article 21 is implemented, the portion of this reduction in Members' contributions equal to the reduction referred to in subparagraph 20.3(ii) shall be drawn down against the Member Future Contribution Reduction Reserve. The remaining reduction in Members' contributions shall be drawn down from surplus not allocated or applied and before the implementation of Article 21.

5.1.2 Cessation of Contributory Period

Member required contributions shall cease at the end of the Member's period of Credited Service.

5.1.3 Disabled Member

In respect of each pay period during which the Member is in receipt of benefits from the University's Salary Continuance Plan, required contributions, in accordance with the provisions of subparagraphs 5.1.1 and 11.1.2, shall only be required on any Pensionable Earnings actually received by the Member from the University during such period.

5.1.4 Required Contributions From Member on Leave

In order that a period of leave referred to in paragraph 12.1 shall count as Credited Service under the Plan, a Member with such leave shall make special contributions during the period equal to the level of his required contributions at the time the leave commenced, which shall be recorded as required member contributions, plus an amount equal to the amount the University would have contributed had he remained actively employed earning the same rate of pay as in effect at the time the leave commenced.

Where the Member does not contribute during the leave of absence referred to in the preceding sentence of this subparagraph 5.1.4, but Elects to contribute for that period of leave within one (1) year following the cessation of such leave of absence, the contributions to be made by the Member shall be determined as described in that preceding sentence.

Where the Member does not contribute during a leave of absence but Elects to contribute for that period of leave at a time greater than one (1) year following the cessation of such leave of absence, the contribution to be made by the Member shall be determined as the Commuted Value of the Pension Benefits to be earned by the Member in respect of the Credited Service granted for the period of the leave of absence.

5.1.5 Additional Contributions From Member on Leave

A Member on leave in accordance with paragraph 12.1 who chooses to make contributions representing his required contributions during the period of leave, or subsequent to such leave, in accordance with subparagraph 5.1.4, may at the same time continue to make contributions which were being made at the time the leave commenced in accordance with clause 7.2 (e). Each such contribution made shall be considered thereafter as required Member contributions made under the Plan.

5.1.6 Prior Service with the University

Additional contributions can be made by a Member pursuant to paragraph 4.7 provided that it is for service that is either service performed after 1989 or, if performed before 1990, it is service for which the Member was not entitled to a deferred pension upon his prior termination of employment.

Where the service refers to periods before 1990 for which the Member was entitled to a deferred pension, additional contributions cannot be made but there must be a direct transfer of funds from a registered pension plan, a registered retirement savings plan or a deferred profit sharing plan to the University Pension Fund.

Any additional contributions made or amount transferred shall be referred to as required contributions and shall be equal to the Actuarial Equivalent value of the Pension Benefits to be provided for the specific period of prior employment less the Actuarial Equivalence value of the Deferred Pension Benefit entitlement, if any, previously earned for that prior period.

5.1.7 Prior Service with Another Employer

Additional contributions made by a Member pursuant to clause 7.2 (d) shall be referred to as required contributions and shall be equal to the Actuarial Equivalent value of the Pension Benefits to be provided for the specific period of prior employment.

5.1.8 Other Period of Service

Additional contributions made by a Member pursuant to clause 7.2 (e) shall be referred to as required contributions and shall be equal to the Actuarial Equivalent value of the Pension Benefits to be provided for the specific period of prior employment.

5.1.9 Maximum Contributory Earnings

Notwithstanding any other terms of the Plan, a Member shall not make required contributions in any calendar year in respect of Credited Service for that year on any Pensionable Earnings in excess of 120% of the maximum of the salary scale for a full professor for that year. In addition, a Member shall not make any contributions in a year which are in excess of those contributions permitted under the terms of the Income Tax Act and Regulations thereunder.

5.2 CONTRIBUTIONS BY THE UNIVERSITY

The University shall, from time to time, but not less frequently than monthly, make contributions for deposit in the Pension Fund in such total amount as, based on the advice of the Actuary, is required to provide the normal cost of the benefits currently accruing to Members in accordance with the provisions of the Plan, after taking into account the assets of the Pension Fund and all other relevant factors and reserves established to cover contributions from the University as defined in paragraph 20.4, and to provide for the proper amortization of any unfunded liability or experience deficiency with respect to benefits previously accrued pursuant to the requirements of the Pension Benefits Act provided such contributions are eligible contributions as defined under the Income Tax Act.

Should the University be required to make any payments to the Pension Fund for the amortization of any unfunded liability or experience deficiency or any payments in excess of 8.75% of the Members' payroll for 2004 and thereafter for the normal cost of benefits accruing in a year, such payments plus Actuarial Interest shall be recovered by the University from the first available surplus after such payments have been made whether new or previously existing. The first available surplus shall be determined based on an actuarial valuation of the Plan and is surplus which has not been allocated or applied previously under Article 20 and Article 21. Such recovery of payment shall be by way of an offsetting reduction in the contribution by the University otherwise required to cover the University's normal annual cost, with such reduction not to be deemed a charge against the reserves under paragraph 20.4 of the Plan.

5.2.1 Contribution holiday following the filing of the January 1, 2007 valuation

- a) Following the filing of the January 1, 2007 valuation, before the implementation of Article 21 and notwithstanding Article 21, a full contribution holiday for the University is to commence on June 1, 2007.
- b) Such contribution holiday will be continued until the earlier of either (i) the implementation of Article 21 or (ii) December 31, 2007.
- c) Once Article 21 is implemented, such contribution holiday shall be drawn down against the various applicable reserves and surplus allocations stipulated in Article 21.
- d) Notwithstanding the University's contribution holiday set out herein, the University shall contribute an additional amount into the Plan for arrears, equal to 2% of covered payroll from January 1, 2007 to May 31, 2007, representing an increase in the rate of the University's current service cost as a result of the January 1, 2007 valuation, such amount being part of the amount to be recovered by the University under subparagraph 21.2(b) of the Plan.

5.3 REQUIRED CONTRIBUTIONS DEEMED VOLUNTARY PRIOR TO 1988

That portion of a Member's required contributions made prior to 1988 for any active Member at the date of acceptance of this paragraph by the Board or for any Member who retired on pension after June 30, 1988, that is equal to \$200 times the Member's years of Credited Service, expressed in years and a fraction thereof, prior to 1988 shall be deemed to be Voluntary Contributions with such designation having no impact on Retirement benefits accrued under the Plan. Such Voluntary Contributions shall be credited with Interest from January 1, 1989 at a rate as determined by the Board subject to the minimum requirement of the Pension Benefits Act.

5.4 COLLECTION AND TIMING

The contributions made hereunder by the University and the Members shall be paid over to the Funding Agency before the end of the month following the month in respect of which the contributions are due.

5.5 CONTRIBUTION LIMIT

No contributions shall be accepted under the Plan unless applied for the purchase of Credited Service under the terms of the Plan.

6.1 NORMAL RETIREMENT DATE

The normal Retirement date of a Member shall be determined as follows:

- (a) for a Member employed on the support staff of the University, the normal Retirement date shall be the first day of the month coincident with or next following the day on which such Member attains the age of 65;
- (b) for a Member employed on the teaching staff of the University, the normal Retirement date shall be the first day of July coincident with or next following the day on which such Member attains the age of 65;
- (c) for a Member in receipt of monthly disability payments under the University's Salary Continuance Plan, the normal Retirement date shall be the first day of the month coincident with or next following the day on which such Member attains the age of 65.

6.2 POSTPONED RETIREMENT DATE

If either:

- (a) a Member terminates service, or such Member's service is terminated, after the Member's normal Retirement date; or
- (b) a Member is still employed by the University on November 30 in the calendar year in which such Member attains the age of 69, or any other such age limit as defined in the *Income Tax Act*,

the Member is considered to have retired for the purposes of the Plan on his postponed Retirement date, which is the first day of the calendar month coincident with or next following the earlier of the events in (a) or (b) above.

6.3 EARLY RETIREMENT DATE

A Member who terminates service or whose service is terminated, prior to such Member's normal Retirement date and on or after age 55, or a Member entitled to a Deferred Pension Benefit in accordance with paragraph 9.1 who has attained age 55 or more, may Elect to receive a Pension Benefit commencing on the first of the month immediately following the month in which such Member Elects to receive the Pension Benefit. Such early Pension Benefit shall be in lieu of the Pension Benefit deferred to the normal Retirement date that has accrued to such Member, the amount of which is determined in accordance with paragraph 8.2.

Such a Member shall be considered as having Elected early Retirement and the date of such commencement of the Pension Benefit shall be known as the early Retirement date.

7.1 PERIODS OF RECOGNIZED SERVICE

Pensionable Service and Credited Service are those periods specifically described as such in this Article 7, as well as those periods of special leave included as such pursuant to Article 12.

7.2 PENSIONABLE SERVICE

Pensionable Service includes the Number of Years represented by the following periods:

(a) Service While With the University

The period during which the Member made the required contributions pursuant to subparagraph 5.1.1.

(b) Service While on Salary Continuance

The period during which the Member was in receipt of benefits under the University's Salary Continuance Plan pursuant to subparagraph 5.1.3 and Article 11.

(c) Service Under a Reciprocal Agreement

The period of any service which is acceptable under the Income Tax Act and which is covered under a registered pension plan of another employer credited under this Plan in accordance with the terms of a reciprocal agreement entered into between the University and the other employer pursuant to Article 13.

Where a reciprocal agreement exists between the University and the prior employer, but where the Member is no longer eligible to transfer service under that agreement, the provisions of clause 7.2 (d) shall apply.

(d) Service With a Prior Employer

Any period of pensionable service under a registered pension plan of a previous employer with whom the University has not entered into a reciprocal agreement, or where the Member is not entitled to make a transfer under an existing reciprocal agreement, if an amount is transferred to the Plan from the pension plan of the previous employer which is equal to the amount described in subparagraph 5.1.7.

If the amount transferred is less than the amount required by the University, the Member shall be given credit for the period of service in the ratio which the amount of money transferred bears to the amount of money required by the University. Where the Member is given proportionate credit for the period of service with a previous employer, such Member may Elect to make a payment pursuant to subparagraph 5.1.7 to the Pension Fund to receive full credit for the period, such Election to be made within six (6) months from the date on which the University informs the Member of the amount of the payment required.

An amount transferred or a payment made to the Pension Fund by the Member in accordance with this subparagraph shall be considered required contributions in respect of the period to be credited in accordance with subparagraph 5.1.7.

(e) Service Purchased by Additional Contributions

Any period of prior service with the University, or under a registered pension plan of another employer with whom the University has entered into a reciprocal agreement, which is acceptable under the Income Tax Act and which is not already credited pursuant to this paragraph 7.2, provided the Member makes the additional payments according to subparagraphs 5.1.6 and 5.1.8.

7.3 SERVICE WITH AN AFFILIATED EMPLOYER

The Board may enter into an agreement with any employer affiliated or associated with the University to provide that Employees of that employer are eligible to participate as Members of this Plan in accordance with the rules of Article 4, with the employer contributing such amounts as directed by the University in accordance with paragraph 5.2 but not less than the percentage of Pensionable Earnings contributed by the University.

Effective January 1, 2009, the Board shall not enter into such agreements.

7.4 CREDITED SERVICE

The Credited Service for any period equals the Pensionable Service in respect of such period multiplied by the ratio of the Member's hours worked for the period to the hours the Member would have worked on a full-time basis during the same period with such ratio not to exceed one. If a Member is accruing Pensionable Service for a period which is a period of leave, the Member's hours worked for the period shall be determined on the basis of the regular number of hours worked by the Member immediately prior to such leave period.

8.1 PENSION PAYABLE PER YEAR OF CREDITED SERVICE

8.1.1 Amount

The pension payable under the Plan shall be the Unit Annual Pension, calculated according to subparagraph 8.1.2, multiplied by the Number of Years of Credited Service:

8.1.2 Unit Annual Pension

For purposes of subparagraph 8.1.1, the Unit Annual Pension is:

- (a) For Credited Service After 1965 and before 2004, for all pension benefits earned for Members who were accruing pension benefits on or after January 1, 1998.

The greater of (A) or (B) below:

- (A) The sum of:

- (i) 1.3% of that portion of the average annual Pensionable Earnings over the Member's sixty highest monthly Pensionable Earnings with the University recorded from the earliest months available with such Pensionable Earnings, that is not greater than (Y) which is defined to be the lesser of 85% of the YMPE for the 1999 calendar year or 85% times the average annual YMPE in effect over the same months used to calculate the Member's average Pensionable Earnings, and
- (ii) 2.0% of the excess of such average Pensionable Earnings over (Y) as defined in (i) above;

Except that with respect to any periods of Pensionable Service during which the Member was a member of a religious order and did not contribute to the Canada Pension Plan or the Quebec Pension Plan, the percentage of 1.3% in (i) above shall be replaced by 2.0%.

- (B) 1.5% times the average annual Pensionable Earnings over the Member's sixty highest monthly Pensionable Earnings with the University recorded from the earliest months available with such Pensionable Earnings.

- (b) For Credited Service Before 1966

2.0% of the average Pensionable Earnings, found by dividing by five the Member's sixty highest monthly Pensionable Earnings with the University.

- (c) Less than Full-Time Employment

For purposes of the calculations in subparagraph 8.1.2, the Pensionable Earnings for a Member for any period of Pensionable Service which is less than full-time shall be the Pensionable Earnings that the Member would have received for this period had the Member worked on a full-time basis.

- (d) For Credited Service after 2003, the greater of (A) or (B) below:

- (A) The sum of:

- (i) 1.3% of that portion of the average annual Pensionable Earnings over the Member's sixty highest monthly Pensionable Earnings with the University recorded from the earliest months available with such Pensionable Earnings, that is not greater than (Y) which is defined to be the lesser of 85% of the YMPE for the 1999 calendar year indexed at 55% of the percentage increase in the YMPE from year to year since 2003 or 85% times the average annual YMPE in effect over the same months used to calculate the Member's average Pensionable Earnings, and
- (ii) 2.0% of the excess of such average annual Pensionable Earnings over (Y) as defined in (i) above.

Except that with respect to any periods of Pensionable Service during which the Member was a member of a religious order and did not contribute to the Canada Pension Plan or the Quebec Pension Plan, the percentage of 1.3% in (i) above shall be replaced by 2.0%.

- (B) 1.5% times the average annual Pensionable Earnings over the Member's sixty highest monthly Pensionable Earnings with the University recorded from the earliest months available with such Pensionable Earnings.

8.1.3 Less Than 60 Months Service

For purposes of calculating the Unit Annual Pension where the Member has less than sixty (60) months of Pensionable Service with the University, the average Pensionable Earnings will be based on the Member's full period of Pensionable Service with the University.

8.1a PENSION PAYABLE ON NORMAL RETIREMENT DATE

A Member who terminates service or whose service is terminated on his normal Retirement date or in the month immediately before his normal Retirement date is entitled to receive an annual Pension Benefit commencing on the date provided for in paragraph 8.3 and equal to the amount determined by the methods described in paragraph 8.1.

8.1b PENSION PAYABLE ON POSTPONED RETIREMENT DATE

A Member who is considered to have retired in accordance with paragraph 6.2 is entitled to receive an annual Pension Benefit commencing on the date provided for in paragraph 8.3 and equal to the amount determined by the methods described in paragraph 8.1 based on Credited Service to the earlier of the Member's date of termination of employment and November 30 in the calendar year in which the member attains the age of 69, or any other such age limit as defined in the *Income Tax Act*.

8.2 PENSION PAYABLE ON EARLY RETIREMENT DATE**8.2.1 Unreduced Pension**

The annual Pension Benefit payable to a Member who was not a Deferred Member prior to May 1, 1990, and who retires in accordance with paragraph 6.3 shall be an amount determined by the methods described in paragraph 8.1. If at such Member's date of Retirement the Member is age 60 or more, or the Member's age plus Credited Service is equal to 90 or more, then the Pension Benefit payable is not reduced on account of early Retirement.

8.2.2 Reduced Pension

Should the Member at such Member's date of Retirement be less than age 60, and the Member's age plus Credited Service be less than 90, then the Pension Benefit payable in accordance with this subparagraph 8.2.2 shall be adjusted so that it is Actuarially Equivalent to the Pension Benefit otherwise payable from the earlier of:

- (a) the Member's attainment of age 60; or
- (b) the date at which the Member's age plus Credited Service would have totalled 90 had the Member remained in employment with the University,

provided that where the Member had terminated employment with the University prior to attainment of age 55, the factor of 90 in subclause (b) above shall be calculated based on the Member's actual Credited Service in determining the early retirement reduction.

Should the Member have been entitled to a Deferred Pension Benefit prior to May 1, 1990, then the Pension Benefit payable in accordance with this subparagraph 8.2.2 shall be adjusted so that it is Actuarially Equivalent to the Pension Benefit otherwise payable from age 65.

8.3 FORM OF PENSION PAYMENT

All pensions under this Article 8 are payable monthly in installments equal to one-twelfth of the annual amount determined pursuant to paragraph 8.1. The first payment to the retired Member is payable one month after the normal, postponed or early Retirement date as the case may be, and the first payment to be made to any other person as a consequence of the death of the Member or another person is payable at the end of the month following the month of such death.

8.4 MAXIMUM PENSION RULE

8.4.1 Interpretation

For the purposes of subparagraph 8.4.2 and 8.4.3:

"highest average compensation" is found by dividing by three the total of the Member's three highest non-overlapping twelve consecutive month periods of Pensionable Earnings with the University.

8.4.2 Normal and Postponed Retirement

Notwithstanding paragraph 8.1, Lifetime Pension Benefits inclusive of Pension Benefits payable under any other retirement plan currently or previously maintained by the University and registered under the Income Tax Act, payable on or after the normal Retirement date in respect of the Credited Service of a Member, shall not exceed the product of the lesser of:

- (a) two per cent (2%) of the Member's highest average compensation at such time; and
- (b) \$1,722.22, referred to as the defined benefit limit under the Income Tax Act, and as indexed in accordance with the Income Tax Act,

multiplied by the Member's Pensionable Service which Member's Pensionable Service prior to 1992 is not to exceed thirty-five (35) years.

Provided that with respect to any period of Pensionable Service pursuant to clause 7.2(e) or pursuant to a period of Pensionable Service for which contributions were made after a leave period in accordance with paragraph 5.1.4. that are prior to 1990 and which was not pensionable service of the member under a defined benefit provision of any registered pension plan, the limitation referred to in subclause (b) above on the Lifetime Pension Benefits shall be two-thirds of the amount otherwise determined by that subclause (b).

8.4.3 Early Retirement

Notwithstanding paragraph 8.1, Lifetime Pension Benefits inclusive of Pension Benefits payable under any other retirement plan currently or previously maintained by the University and registered under the Income Tax Act, payable on the early Retirement date in respect of the Credited Service of a Member, shall not exceed the product of the lesser of:

- (a) two per cent (2%) of the Member's highest average compensation at such time; and
- (b) \$1,722.22, referred to as the defined benefit limit under the Income Tax Act, and as indexed in accordance with the Income Tax Act,

multiplied by the Member's Pensionable Service which Member's Pensionable Service prior to 1992 is not to exceed thirty-five (35) years, and reduced by one-quarter of one per cent (1/4%) for each month by which early Retirement precedes the earliest age at which the Member could have received the Lifetime Pension

Benefits without reduction for early Retirement as permitted under the Income Tax Act.

Provided that with respect to any period for Pensionable Service pursuant to clause 7.2(e) that is prior to 1990 and is a period which was not pensionable service of the member under a defined benefit provision of any registered pension plan, the limitation referred to in subclause (b) above on the Lifetime Pension Benefits shall be two-thirds of the amount otherwise determined by that subclause (b).

8.5 RETIREMENT PENSION INDEXATION

8.5.1 Application

All Immediate Pension Benefits payable on or after December 31, 1990, or such Deferred Pension Benefits as provided for under paragraph 9.1, shall be subject to adjustment on each January 1 following the later of

- (a) December 31, 1990, and
- (b) the date of commencement of such Pension Benefit or termination of employment. The adjustment shall be based on the following terms and conditions:

8.5.2 Amount

- (a) On each January 1, the percentage increase, if any, in the Consumer Price Index shall be equal to the average of the Consumer Price Indices applicable to Canada and as published by Statistics Canada for the twelve months ending with September 30 of the calendar year immediately preceding January 1, over the average of the Consumer Price Indices for the twelve months ending with September 30 of the previous calendar year.

The adjustment to the Member's pension, on each January 1, shall be determined as follows:

- (i) If the percentage increase in the Consumer Price Index as calculated above is less than two percent (2%), the adjustment shall be equal to the percentage increase in the Consumer Price Index; and
- (ii) if the percentage increase in the Consumer Price Index is equal to or greater than two percent (2%), the adjustment shall be equal to the greater of two percent (2%), or the percentage increase in the Consumer Price Index less one percent (1%).

- (b) The adjustment to the Pension Benefits under this paragraph shall be equal to the percentage increase as determined under clause 8.5.2 (a) above for all Pension Benefits payable for the twelve months immediately prior to the date of adjustment and for all Deferred Pension Benefits in the deferred pension status for such twelve months. For any Pension Benefits first becoming payable or Deferred Pension Benefits first becoming deferred pensions during such twelve months, a pro-rata adjustment shall be applied reflecting the portion of the twelve month period in which they were eligible for such adjustment.
- (c) The adjustment determined under clause 8.5.2 (a) shall in no event exceed 8% for any one year.
- (d) An adjustment under this subparagraph 8.5.2 shall not result in the decrease of any Pension Benefit amount nor shall it result in the Pension Benefit amount being increased beyond that amount which would result had the Pension Benefit been increased to reflect the full increase in the Consumer Price Index for Canada from the date of Retirement.
- (e) Any increase not granted as a result of the 8% maximum under subclause 8.5.2 (c) above shall be carried forward until such time as the increase in a future year is less than 8%. In any such future year, the adjustment granted shall be increased to eliminate any such amounts carried forward but not to exceed a total adjustment of 8% in any one year.

8.5.3 Supplementary Indexing

Any increase in the Consumer Price Index that was not reflected in the Member's pension as a result of the application of subparagraphs 8.5.2 (a) (ii) or subparagraph 8.5.2 (c) shall be granted automatically provided both of the following conditions are met:

- (i) As at the date of the last actuarial valuation filed with the Government the Assets in the Pension Fund must exceed the Plan liabilities including the additional Plan liabilities created by this adjustment by more than an amount equal to the rate of interest assumed in this actuarial valuation times such Plan liabilities; and
- (ii) The Investment Gain in the Pension Fund in excess of the expected investment return pursuant to the last actuarial valuation filed with the Government for the Plan year immediately prior to the Plan year reflecting this increase in pension, must exceed the increase in the Plan liabilities as a result of this additional increase in pension.

For the purposes of (i) and (ii) above, the liabilities of the Plan include the vested balance of all Reserves as per article 20.

8.6 APPLICATION OF VOLUNTARY CONTRIBUTIONS ON RETIREMENT

If the Member is entitled to funds under paragraph 5.3 the Member shall be required to dispose of such funds under one of the following options at the Member's Retirement date:

- (a) to receive such funds directly as a cash payment;
- (b) to transfer such funds to a registered retirement savings plan;

9.1 DEFERRED PENSION ENTITLEMENT

In the event of the termination of a Member's service on or after May 1, 1990 except because of death or Retirement, the pension earned for Credited Service up to the date of such termination as determined under the Plan shall become payable commencing on the Member's normal Retirement date. Such Member shall be entitled to an unreduced pension if he Elects to commence his pension on or after the first day of the month coincident with or next following the day on which the Member attains the age of 60, or age plus actual Credited Service is equal to 90 or more and the age is greater than 55. For Members who terminated employment prior to May 1, 1990, the pension shall become payable on the first day of the month coincident with or next following the day on which the Member attains the age of 65. The Member may Elect prior to attaining the age at which the pension is first payable without reduction (i.e., age 60 or 65, or age plus actual Credited Service is equal to 90 or more, as applicable) to retire early on or after age 55, in accordance with paragraph 6.3.

9.2 LUMP-SUM REFUND

Subject to paragraph 9.3, a Member, who terminates employment with the University except because of death or Retirement and:

- (i) where, with respect to periods of Credited Service prior to 1987, the Member has not attained age forty (40) or has not completed at least five (5) years of service with the University; and
- (ii) where, with respect to periods of Credited Service after 1986, the Member has not completed at least two (2) years of membership in the Plan;

may Elect to receive, in lieu of the Pension Benefit pursuant to paragraph 9.1 for the respective periods in (i) and (ii) above, a lump sum payment equal to the Member's Net Contribution Account.

9.3 NO REFUND OF TRANSFERRED FUNDS

Notwithstanding the provisions of paragraph 9.2, in the event of the termination of a Member's employment except because of death or Retirement, such Member may not Elect to receive a refund of any funds transferred from a previous employer when the funds were transferred with the agreement that they would be paid to the Member only in the form of a Lifetime Pension Benefit after attaining Retirement age or to the estate in a lump sum in the case of the Member's death prior to Retirement, or would be transferred to another form of Prescribed registered retirement plan subject to the same previous "locking-in" provisions upon such termination of employment.

9.4 TRANSFER OF FUNDS WITHOUT A RECIPROCAL AGREEMENT

- (a) A Plan Member whose service is or has been terminated except because of death or Retirement may Elect to have the amount specified in (b) below transferred on a locked-in basis prior to attaining age 55 either to another registered pension plan of the Member's new employer, who shall not have entered into a reciprocal agreement with the University in accordance with paragraph 13.1, or to a Prescribed retirement savings vehicle.
- (b) The amount to be transferred is the greater of the amounts determined under (A) or (B) below.
 - (A) The sum of the following:
 - (i) twice the Member's required contributions made in accordance with subparagraph 5.1.1 and 5.1.3 less any refund from such contributions made pursuant to paragraph 20.2, as accumulated with Interest, and
 - (ii) twice the contributions made in accordance with subparagraph 5.1.4, where such contributions are recorded as the Member's required contributions, less any refund from such contributions made pursuant to paragraph 20.2, as accumulated with Interest, and
 - (iii) the contributions deemed voluntary as per paragraph 5.3, and

- (iv) the amounts contributed in accordance with subparagraph 5.1.4 where such contributions are not recorded as the Member's required contributions, net of any refund from such contributions made pursuant to paragraph 20.2, as accumulated with Interest, and
 - (v) the amounts contributed in accordance with subparagraphs 5.1.5 to 5.1.8. inclusive, plus amounts transferred into the plan under a reciprocal agreement pursuant to Article 13, net of any refund from such contributions or transfer made pursuant to paragraph 20.2, as accumulated with Interest.
- (B) The Commuted Value of the Pension Benefit determined under paragraph 9.1 as at the date of the transfer of funds.

9.5 COMMUTATION OF SMALL PENSION AMOUNT

Regardless of the Member's age or the Number of Years of his service or Membership if, upon termination of his service, the initial amount of the Pension Benefit becoming payable under the Plan is less than 2% of the YMPE in the year, the Member shall be required to transfer to a locked-in registered retirement savings vehicle, a lump sum equal to the Commuted Value thereof determined in accordance with the method described in subclause 9.4(c)B), in lieu of all the Immediate or Deferred Pension Benefit payments.

9.6 MINIMUM EMPLOYER COST

Where the Employee's Net Contribution Account for benefits earned under the Plan, except for contributions remitted for service credited under paragraph 7.2(c), (d) and (e), exceeds 50% of the value of such benefits (excluding service purchased from another employer), determined under paragraph 9.4, the excess of such part of the Employee's Net Contribution Account over 50% of the value of benefits (excluding service purchased from another employer), determined under paragraph 9.4, will be available for refund, transfer to another registered pension plan or registered retirement savings vehicle or to be used to increase the Pension Benefits payable under the Plan.

9.7 APPLICATION OF VOLUNTARY CONTRIBUTIONS ON TERMINATION

If the Member is entitled to funds under paragraph 5.3, the Member shall be required to dispose of such funds under one of the following options at the Member's termination date:

- (a) to receive such funds directly as a cash payment;
- (b) to transfer such funds to a registered retirement savings plan;

9.8 PRE-MAY 1, 1990 INDEXATION OF DEFERRED PENSION ENTITLEMENTS

The pension amounts payable to those Plan Members who terminated employment prior to May 1, 1990 and who Elected a deferred pension entitlement shall be re-calculated as follows:

- (a) For those Members who terminated employment prior to January 1, 1982, their pensions at May 1, 1990 shall be equal to their accrued pensions at their date of termination of employment increased by the increase in the Consumer Price Index for Canada from the date of termination of employment to December 31, 1989.
- (b) For those Members who terminated employment between January 1, 1982 and April 30, 1990, their pensions shall be re-calculated as at the date of their termination of employment based on the formulae in paragraphs 8.1, 8.2 and 8.3 of the Plan as in effect on April 30, 1990 as if the Member had

ARTICLE 9**BENEFITS ON TERMINATION OF SERVICE
EXCEPT BECAUSE OF DEATH OR RETIREMENT**

retired as at his date of termination of employment. The pension amount so calculated shall be increased by the increase in the Consumer Price Index from the date of termination of employment to December 31, 1989. Such amount as re-calculated shall be their pension amount as at May 1, 1990. In no event, however, shall the pension amount as at the date of Retirement on pension as determined under this paragraph be less than the pension amount that would have otherwise been payable had this re-calculation not been implemented.

10.1 DEATH PRIOR TO RETIREMENT

In the event of the death of a Member prior to having retired in accordance with any of the paragraphs of Article 6, there shall become payable a benefit equal in value to the greater of (a) or (b) below:

- (a) The sum of:
 - (i) twice the required contributions made in accordance with sub-paragraph 5.1.1, except the Member's required contributions which had been waived during the period for which the Member was in receipt of benefits from the University's Salary Continuance Plan, less any refund from such contributions pursuant to paragraph 20.2, as accumulated with Interest, and
 - (ii) the amounts classified as required contributions in accordance with sub-paragraphs 5.1.3 to 5.1.8 inclusive plus amounts transferred into the Plan under a reciprocal agreement pursuant to Article 13, net of any refund from such contributions or transfer made pursuant to paragraph 20.2 , as accumulated with Interest.
- (b) The amount which would have been payable to the Member under paragraph 9.4, without regard for the restriction therein to the age of the Member, as a transfer value had he terminated employment just prior to his date of death.

**10.2 DEATH PRIOR TO RETIREMENT AFTER TERMINATION OF
EMPLOYMENT**

In the event of death prior to the Retirement date of a Member who became entitled to a Deferred Pension Benefit in accordance with paragraph 9.1 prior to 1987, there shall become payable in full settlement of the Member's rights under the Plan, a benefit equal in value to the sum of the amounts pursuant to paragraph 9.2. For those Members terminating employment after 1986, there shall be payable a benefit as described under paragraph 10.1.

10.3 FORM OF PAYMENT OF PRE-RETIREMENT DEATH BENEFIT

Any benefit becoming payable by virtue of paragraph 10.1 or 10.2 hereof shall be paid as follows, unless otherwise required in accordance with Article 14:

- (a) if upon death, the Member leaves surviving him a Spouse, then such Spouse shall be entitled to receive the benefit in a lump sum, subject to applicable tax, or may Elect to transfer the benefit to a registered retirement savings vehicle, or receive the benefit in the form of an immediate pension or a deferred pension payable from the Plan;
- (b) if upon his death, the Member leaves no Spouse surviving him, then the benefit shall be payable to his Designated Beneficiary in a lump sum, subject to applicable tax.

10.4 DEATH BENEFITS AFTER RETIREMENT

The normal form in which the Pension Benefit pursuant to Article 8 is payable is as follows:

- (a) Such pension shall be payable in any case until the Member's death.
- (b) Upon the death of the Member following Retirement, a pension shall become payable to the Member's surviving Spouse, if any, and upon the death of the latter or in the absence of such a survivor on the Member's death, to or on behalf of the Member's surviving Children.
- (c) The Pension Benefit payable to the Member's survivors under clause (b) hereof during the first five (5) years or such other period as may have been Elected under paragraph 10.5, following the Member's Retirement shall be the amount that was being paid to the Member, and the Pension Benefit payable thereafter shall be 60% thereof, with the survivor pensions subject to any indexation applicable to Retirement pensions.

Where a Pension Benefit payment is payable to the surviving Children of the Member, the total amount of such Pension Benefit payment according to the preceding limits shall be divided equally amongst the then eligible Children at the time each such payment is due.

- (d) If the date of the very last payment made in accordance with subparagraphs (a) and (b) falls within the first five (5) years, or such other period as may have been Elected under paragraph 10.5, following the Member's Retirement on pension, such payments nevertheless shall continue to be made for the remainder of such five-year period or other period as Elected:
- (i) to the Member's Designated Beneficiary, if the very last payment was made to the Member;
 - (ii) to the beneficiary of the Spouse, if the last payment was made to such person; or

In lieu of a continuation of payments in each such case, a lump sum may be paid equal to the Commuted Value of these payments, except that in the case of the Spouse's survivor pension, no commutation of that benefit is permitted.

10.5 PENSION PAYOUT OPTIONS

A Member on or before his Retirement date may Elect to waive the five-year guarantee period provided for in paragraph 10.4 and in its place elect a Pension Benefit of Actuarially Equivalent value to reflect no guarantee period or a guarantee period of 10 or 15 years.

In no event shall the Member be entitled to waive the survivor pension benefits provided for under clause 10.4 (b). The Member may, however, Elect on or before his Retirement date, to increase this survivor pension.

In order to provide for the survivor pension, the Member's pension will be adjusted on an actuarial basis such that the actuarial value of the Member's pension prior to the election is of the same actuarial value as the Member's and survivor's pensions after the election. The pension payable to the Spouse upon the Member's death cannot exceed the pension the Member was receiving immediately before his death.

**10.6 APPLICATION OF VOLUNTARY CONTRIBUTIONS ON DEATH
PRIOR TO RETIREMENT**

Should the Member die while employed by the University, there shall become payable to the Member's Designated Beneficiary, or Spouse if no Designated Beneficiary or, if no Spouse or Designated Beneficiary to the Member's estate, an amount equal to the funds accumulated under paragraph 5.3, if any.

10.7 SPOUSE ACQUIRED AFTER RETIREMENT

Where a Member retires on pension after December 31, 1993 and acquires a Spouse after commencement of pension payments, the Member may Elect that a portion of his pension continue to be paid to such Spouse following his death, provided that:

- (a) there was no person who qualified as the Member's Spouse at the date on which the first instalment of his pension payments was due, or there was a person who qualified as the Member's Spouse at the date on which the first instalment of his pension payments was due and such person has waived his rights to the survivor pension following a marriage breakdown, in accordance with the Pension Benefits Act and as documented in a legal document, or has died;
- (b) there is no court order or agreement affecting the Member's pension made pursuant to applicable family law in connection with the breakdown of the Member's marriage or spousal relationship; and
- (c) any other relevant requirements of the Pension Benefits Act are met.

The Member is only entitled to make such an election within one year of the Spouse first qualifying as a Spouse under the terms of the Plan.

Members who retired on pension after December 31, 1993 and for whom the Spouse, acquired after retirement, meets the Spouse definition at the time of this amendment, have one year following such effective date to elect the survivor pension for the Spouse.

In order to provide the survivor pension, the Member's pension will be adjusted on an actuarial basis such that the actuarial value of the Member's pension prior to the election is of the same actuarial value as the Member's and survivor's pensions after the election. The pension payable to the Spouse upon the Member's death cannot exceed the pension the Member was receiving immediately before his death.

11.1 PENSION BENEFIT ACCRUAL WHILE ON DISABILITY**11.1.1 No Earnings**

Where a Member is receiving a benefit from the University's Salary Continuance Plan, Pension Benefits in regard to such Member shall continue to accrue during this Period of Disability. Such Period of Disability shall be included as Credited Service in the determination under Article 8 of the Pension Benefit payable at Retirement.

The Member's Pensionable Earnings for the period the Member is disabled shall be his Pensionable Earnings at the beginning of said period, increased whenever a scale increase in general salary levels comes into effect at the same rate of increase as is applicable to other Members of the same class as the Member. In no event shall the deemed Pensionable Earnings of the Member increase at a rate in excess of the rate of increase in the average industrial wages as published by Statistics Canada for the same period of time.

11.1.2 Reduced Earnings

Should the Member, while in receipt of benefits from the University's Salary Continuance Plan, receive remuneration for a period of reduced employment with the University, his Pensionable Earnings for said period shall be the greater of:

- (a) the Pensionable Earnings as defined in subparagraph 11.1.1; or
- (b) the sum of
 - (i) the Pensionable Earnings as defined above times the percentage of the full disability benefits which the Member is receiving during the period of reduced employment and
 - (ii) the Pensionable Earnings actually received during the period of reduced employment.

The YMPE recorded each year during the period of disability shall be the same as that which would have been recorded had the Member not been disabled.

11.1.3 Certified Disability

In order to qualify for the benefits provided by this paragraph 11.1, the Member must be in receipt of a benefit from the University's Salary Continuance Plan as a result of a disability as certified in writing by a medical doctor who is licensed to practise under the laws of a province or of the place where the Member resides.

12.1 MEMBER ON LEAVE

A Member who is on a form of approved leave for which employee benefits remain available in accordance with University policy may continue to be considered a Member of the Plan. Any period of unpaid leave which is to be included as Credited Service under the Plan may not exceed a maximum period of five (5) years plus an additional period in respect of Periods of Parenting not to exceed three (3) years in aggregate after 1989.

12.2 MEMBER ON SPECIAL DEFINED LEAVE

Notwithstanding the other provisions of this Article an Employee of the University who is on an approved sabbatical leave, professional leave for language teachers and professional librarians, or leave for refresher studies for support staff shall remain a Member of the Plan and will contribute to and earn benefits under the Plan in accordance with University policy and the terms of the Plan applicable to an active Member based on the Earnings the Member would be receiving if he were not on the applicable leave noted above. Any such period of leave which is to be included as Credited Service under the Plan may not exceed a maximum period of five (5) years plus an additional period in respect of Periods of Parenting not to exceed three (3) years in aggregate after 1989.

12.3 MEMBER ON OTHER SPECIAL LEAVE

Notwithstanding the other provisions of this Article, there are other forms of leave not referred to in the prior paragraphs of this Article which in accordance with University policy, the Member while on such leave will contribute to and earn benefits under the Plan as noted under paragraph 12.2. Any such period of leave which is to be included as Credited Service under the Plan may not exceed a maximum period of five (5) years plus an additional period in respect of Periods of Parenting not to exceed three (3) years in aggregate after 1989.

12.4 MEMBER ON MATERNITY OR PARENTAL LEAVE**12.4.1 Employer-Subsidized Maternity Leave**

A Member on an employer-subsidized maternity leave shall be required to continue to contribute to the Plan as if the Member were not on leave.

12.4.2 Non-Employer-Subsidized Maternity Leave

A Member on non-employer-subsidized maternity leave shall have the option to continue to contribute to the Plan as if the Member were not on leave. A member on parental leave shall have the option to include this period as Credited Service under the Plan. If the Member chooses to include such leave then the Member will continue to remit the required contributions, pursuant to subparagraph 5.1.1, during the period of such leave at the level in effect at the time the leave commenced. The University will remit its share of contributions during a maternity or parental leave period during which the Member continues to contribute under the Plan.

Should the Member not wish to include the parental leave period as Credited Service, the Member must indicate in writing to the University that the Member will not continue to make required contributions during this leave period. In the absence of such written notice, the Member shall be deemed to have Elected to include this period as Credited Service.

12.5 MEMBER CONTRIBUTION

Unless otherwise provided in the provisions of this Article 12, a Member must make the required contributions as applicable described in paragraph 5.1 in order for the period of special leave described in this Article 12 to be recognized as Credited Service under the Plan.

- 13.1** The University may enter into a reciprocal transfer agreement with another employer.

Under such an agreement, the University will undertake to pay into the registered pension plan of that employer, in respect of each Member of the Plan who ceases to be employed by the University to become employed by that employer, an amount from the Pension Fund as stipulated in the agreement.

The other employer who is a party to the agreement will undertake to pay into the Plan, in respect of a person who ceases to be employed by such employer to become employed by the University and to become a Member of the Plan, an amount as stipulated in the agreement.

Each such amount paid into the Pension Fund in respect of a new Member shall be considered thereafter as a required contribution made by the Member on the date paid. Where required by the Pension Benefits Act, such transferred amount shall be administered only for the provision of a Lifetime Pension Benefit for the Member or for the provision of Pension Benefits or lump-sum refunds, as applicable, in the event of the death of the Member.

In no event shall the benefit provisions of paragraph 9.6 apply to the Pension Benefits arising from the funds transferred in accordance with a reciprocal transfer agreement.

Where any transfer out of the Plan to another registered pension plan under the terms of a reciprocal transfer agreement is less than the Commuted Value of the Member's Pension Benefit, the excess Commuted Value shall be transferred at the option of the Member to:

- (a) the registered pension plan of the subsequent employer to be administered on a locked-in basis; or
- (b) to a Prescribed registered retirement savings plan to be administered on a locked-in basis.

14.1 A Member, by written notice communicated to the University during such Member's lifetime, may designate a person or persons or the Member's estate to receive all or a stipulated portion of the benefits payable under the Plan on the Member's death.

Also by written notice communicated to the University during such Member's lifetime, the Member may alter or revoke such designation from time to time, subject always to the provisions of any annuity, insurance or other contract or law governing designation of beneficiaries from time to time in force which may apply to such Member.

Such written notice shall be in such form and shall be executed in such manner as the University in its discretion may from time to time determine.

Such Designated Beneficiary shall cease to be a Designated Beneficiary upon the death of such person.

In no event shall the designation of a beneficiary under this Article 14 void the entitlement to the Spouse of the Member to the death benefits provided under Articles 8 and 10 of the Plan.

- 15.1** The University shall establish and maintain during the term of the Plan a Pension Fund under the terms of a Funding Agreement which forms a part of this Plan, to be held and invested by the Funding Agency.
- 15.2** All contributions shall be paid into the Pension Fund. The Pension Fund will be administered by the Funding Agency in accordance with the terms of the Funding Agreement.
- 15.3** Investments shall be restricted to the securities and loans Prescribed by the regulations of the Pension Benefits Act, as amended from time to time, and shall comply with any limitations and objectives pursuant to the Statement of Investment Policy and Goals established by the Administrator for purposes of the Plan.
- 15.4** A copy of the Funding Agreement may be examined by a Member at any reasonable time at the office of the University.
- 15.5** All benefits under the Plan will normally be paid out of the Pension Fund. However, except where contrary to the terms of the Funding Agreement, the University may at any time in its sole discretion require the Funding Agency to purchase out of the Pension Fund from a life insurance company licensed to do business in Canada, benefits of equal amount and payable under the same conditions as the Pension Benefit to which any retiring Member is entitled under the Plan, so long as such action will not result in the Plan ceasing to be approved or registered for purposes of the Income Tax Act.
- 15.6** All expenses of administration of the Pension Fund and Plan, including legal fees and other charges reasonably necessary, shall unless paid by the University, be deemed to be a charge upon the income of the Pension Fund and the Funding Agency shall pay out such sum or sums as may be required to defray such expenses and to satisfy such obligations.

- 16.1** The Plan shall be administered by the Board which shall conclusively decide all matters relating to the administration, overall operation, interpretation and application of the Plan, consistent, however, with the provisions of the Plan and the terms of the Funding Agreement.
- 16.2** The Board may enact such rules and regulations relating to the operation of the Plan as it may deem necessary to carry out properly the terms thereof, and may amend such rules and regulations from time to time.
- 16.3** The University shall provide each Member of the Plan with a written explanation of the terms and conditions of the Plan and amendments thereto applicable to him, together with an explanation of the rights and duties of the Employee with reference to the benefits available to him under the terms of the Plan and such other information as may be Prescribed by the Pension Benefits Act.
- 16.4** All references in the Plan to the Board shall be presumed to include the Pension Plan Committee as acting in the Board's place wherever such Pension Plan Committee has been empowered by the Board to so act without the Board's prior approval.
- 16.5** Besides having the duties in respect of the Plan implied in paragraph 16.4, the Pension Plan Committee shall be responsible for reviewing the Plan and advising and making recommendations to the Board on all matters pertaining to the Plan.

- 17.1** The University reserves the right to amend, to alter, to modify or to discontinue the Plan at any time.
- 17.2** Any amendments of the Plan made in accordance with paragraph 17.1 shall not adversely affect the rights and privileges accrued to any member in respect of contributions made or pension earned by him up to the date of such amendment.
- 17.3** In the event of discontinuance of the Plan, the assets of the fund shall be applied to provide the benefits accrued to date in a manner consistent with the provisions of the Pension Benefits Act, as amended from time to time, that relate to the termination or winding-up of a pension plan, and with the Income Tax Act.
- 17.4** Where the provisions of the Plan are contrary to a disposition of any law, rule, regulation or direction governing pension plans and applicable in Ontario, the plan shall be deemed to be amended to such extent only as is required to comply with the said law, rule, regulation or direction.

- 18.1** This present By-Law shall commence and be deemed to have been adopted on the first day of July, 1969. By-Law No. 4, 1965 is hereby repealed as of the 1st day of July 1, 1969 provided that such parts of the said By-Law No. 4, 1965 as are required to maintain acquired rights of Members and potential Members shall be deemed to be and form part of this present By-Law.
- 18.2** The establishment of the Plan shall not be presumed to give any Employee, whether or not a Member of the Plan, the right to be retained in the service of the University, to prevent the University from discharging the Employee at any time, nor to give rise to any claim against the University for any cause whatsoever.
- 18.3** Every person to whom benefits under the Plan may be extended shall upon request furnish satisfactory proof of age or other information required to establish such person's entitlement to such benefits.
- 18.4** All benefits to be provided under the Plan for any person shall be for such person's own use and benefit and shall not be capable of anticipation, surrender, commutation, sale assignment, alienation, transfer, pledge or charge by any person. There shall not exist in any person any right or interest in any benefits provided under the Plan that is capable of being anticipated, surrendered, commuted, sold, assigned, alienated, transferred, pledged or charged or given as security.

However, such rights under the Plan may be;

- (a) assigned pursuant to subparagraph 18.5.2; or
- (b) assigned by the legal representative of a deceased person on the distribution of the person's estate; or
- (c) commuted as permitted under the Plan.

18.5 MARRIAGE BREAKDOWN

18.5.1 Application

For purposes of this paragraph 18.5, if a Member's benefits become subject to provincial property law, the term "spouse" shall have the meaning assigned under the Family Law Act, and shall be in accordance with the Income Tax Act.

18.5.2 Assignment to Spouse

Subject to the provisions of the Pension benefits Act, a Member may, pursuant to a decree, order or judgment of a competent tribunal or in accordance with a written separation agreement relating to a division of property between the Member and the Member's Spouse, assign part of the Member's Pension Benefit under the Plan to that person's Spouse.

18.5.3 Calculation of Pension Benefit

In the event that all or part of a Member's Pension Benefit is assigned under subparagraph 18.5.2, the resulting Pension Benefits provided to each of the Member and the Member's Spouse shall be Actuarially Equivalent to the Pension Benefit as assigned and otherwise accrued to the Member.

18.5.4 Spouse's Portability

With the University's consent and subject to the provisions of the Pension Benefits Act, the Spouse of a Member may be entitled to transfer to a retirement savings vehicle of the prescribed type, the Spouse's interest in the pension benefits of the Member where the Member does not have portability rights due to his age or due to the Member being currently in receipt of a pension.

19.1 PROVISION FOR ADDITIONAL PENSION INCREASE

Pension Benefits payable to retired Members shall be in accordance with Article 8. From time to time such pensions may be subject to increase, as approved by the Board, in excess of amounts provided by the provisions of paragraph 8.5 of this Plan.

19.2 PRIOR ADJUSTMENTS

Commencing effective July 1, 1978, Pension Benefits which were being paid to retired Members or to the Spouses or Children of a deceased Member were increased periodically, pursuant to paragraph 19.1, to reflect at the time of each adjustment all or part of the full increase in the Consumer Price Index from the later of the commencement date of the Pension Benefit or the date of the last previous adjustment.

The last such adjustment was made effective January 1, 1990.

19.3 SPECIAL INCREASES EFFECTIVE JANUARY 1, 1989

Retired Members or their surviving Designated Beneficiaries in receipt of pensions at January 1, 1989 received the following adjustments to their pensions:

- (i) Pensions were adjusted from January 1, 1986 for all retired Members or their surviving Designated Beneficiaries, where the Member retired on pension prior to January 1, 1986, to reflect the pension which would have been paid at January 1, 1986 had the pension at the date of Retirement of the Member been based on the average annual YMPE over the sixty months immediately prior to Retirement, rather than the YMPE in effect at the time of Retirement, and further to recognize that service prior to 1966 was based on 2% of their average Earnings as defined in paragraph 8.1.

Further, the revised pension payable from the date of Retirement was assumed to be subject to all of the increases granted under the Plan as a result of increases granted to reflect changes in the Consumer Price Index. The payment made for pension adjustments due, and payable in arrears from January 1, 1986, was credited with Interest as defined in paragraph 2.19 .

- (ii) A lump-sum payment was made to retired Members or their surviving Designated Beneficiaries to reflect the additional amounts they would have received for any increases granted effective July 1, 1978, July 1, 1980, July 1, 1982, July 1, 1983 and July 1, 1984, had these increases been granted at January 1 of each year rather than July 1.

Further, any such increases were credited with Interest as defined under paragraph 2.19 from the date the payments would have been made had they been effective on each January 1 to the actual date of the lump-sum payment.

19.4 SPECIAL PAYMENT EFFECTIVE JANUARY 1, 1990

A lump-sum payment was made as at January 1, 1990 to each retired Member or Designated Beneficiary in receipt of a pension under the Plan as at January 1, 1990 to reflect the additional pension, if any, which the retired Member or Designated Beneficiary would have received prior to 1984 had full pension indexation based on the Consumer Price Index for Canada been provided on each January 1 following the date of Retirement. Further, such lump sum was credited with Interest from the date the additional pension payment would have been made to the actual date of payment of the full lump-sum amount payable under this paragraph.

19.5 SPECIAL PAYMENT EFFECTIVE NOVEMBER 1, 1998

A lump sum payment shall be paid from surplus funds to those Members or their survivors who were in receipt of pension payments as at November 1, 1998. The total lump sum amount shall be equal to \$5,000,000. Each Member entitled to a share in this amount will receive a pro-rata amount of this total based on the ratio of his liabilities to the total liabilities under the Plan as at January 1, 1998. Such payment will be made upon receipt of the approval of such payment from the Financial Services Commission of Ontario under the Pension Benefits Act, 1990 of Ontario. Should such approval not be received then payments under this paragraph 19.5 shall not be made.

19.6 SPECIAL PAYMENT EFFECTIVE MARCH 26, 2001

A lump sum payment shall be paid from surplus funds to those Members or their survivors who were in receipt of Pension Benefits in 1998 or as at January 1, 1999 or to their beneficiary or estate, as applicable. This special payment together with the allocation provided in subsection 19.5 as adjusted with interest from the date of payment under subsection 19.5 to the date of payment under this subsection 19.6 shall be equal to \$11,200,000 with interest from January 1, 1999 up to the date of payment under this subsection 19.6.

Each eligible Member, survivor, beneficiary or estate, as applicable, will receive a share of this special payment equal to \$11,200,000 times the ratio of i) and ii) below with interest from January 1, 1999 to the date of payment, less any payment received by the Member pursuant to subsection 19.5 above adjusted for interest from the date of payment under subsection 19.5 to the date of payment under this subsection 19.6;

- i) His required contributions with interest as at December 31, 1998 reduced by the estimated portion of such contributions plus interest that has been paid by means of a Pension Benefit to the Member or to the Member's Spouse, Child, beneficiary or estate, as applicable, since the Member's date of retirement;
- ii) The total of such required contributions plus interest to December 31, 1998 under subparagraph 19.6(i) above as adjusted.

Interest adjustment and credits are to be calculated by applying the investment rate of return realized on the value of assets determined at the appropriate time based on the method employed for the determination of assets in the last actuarial valuation filed with the government immediately prior to such determination.

Such payment will be made upon receipt of the approval of such payment from the Financial Services Commission of Ontario under the Pension Benefits Act, 1990 of Ontario. Should such approval not be received then payments under this paragraph 19.6 shall not be made.

19.7 SPECIAL PENSION INCREASE EFFECTIVE JANUARY 1, 2002

Members or their surviving Designated Beneficiaries in receipt of pensions as at January 1, 2001 were entitled to a positive adjustment of 1% to their pensions on January 1, 2002, to recognize increases in Consumer Price Index that was not reflected in the Member's pension as a result of the application of subparagraph 8.5.2(a)(ii).

For retired Members or their surviving Designated Beneficiaries with a commencement date of the Pension Benefit in 2001, the adjustment of 1% was prorated to reflect the number of months between the commencement date of the Pension Benefit and January 1, 2002.

In addition, all Deferred Pension Benefits in the deferred pension status before January 1, 2001 were entitled to a 1% increase on January 1, 2002. For any Deferred Pension Benefits first becoming deferred pensions during 2001, a pro-rata adjustment was applied reflecting the portion of the twelve month period in which they were deferred pensions.

The special adjustment was actually granted in July 2004 and a lump sum payment was made to retired Members or their surviving Designated Beneficiaries to reflect the additional amounts they would have received for this special adjustment had this increase been granted at January 1, 2002. The retroactive payment did not include any interest.

19.8 SPECIAL PENSION INCREASE EFFECTIVE JANUARY 1, 2006

Members or their surviving Designated Beneficiaries in receipt of pensions as at January 1, 2005 were entitled to a positive adjustment of 0.24% to their pensions on January 1, 2006, to recognize increases in Consumer Price Index that was not reflected in the Member's pension as a result of the application of subparagraph 8.5.2(a)(ii).

For retired Members or their surviving Designated Beneficiaries with a commencement date of the Pension Benefit in 2005, the adjustment of 0.24% was prorated to reflect the number of months between the commencement date of the Pension Benefit and January 1, 2006.

In addition, all Deferred Pension Benefits in the deferred pension status before January 1, 2005 were entitled to a 0.24% increase on January 1, 2006. For any Deferred Pension Benefits first becoming deferred pensions during 2005, a pro-rata adjustment was applied reflecting the portion of the twelve month period in which they were deferred pensions.

The special adjustment was granted in the first quarter of 2008 and a lump sum payment was made to retired Members or their surviving Designated Beneficiaries to reflect the additional amounts they would have received for this special adjustment had this increase been granted at January 1, 2006. The retroactive payment did not include any interest.

19.9 SPECIAL PENSION INCREASE EFFECTIVE JANUARY 1, 2007

Members or their surviving Designated Beneficiaries in receipt of pensions as at January 1, 2006 were entitled to a positive adjustment of 0.24% to their pensions on January 1, 2007, to recognize increases in Consumer Price Index that was not reflected in the Member's pension as a result of the application of subparagraph 8.5.2(a)(ii).

For retired Members or their surviving Designated Beneficiaries with a commencement date of the Pension Benefit in 2006, the adjustment of 0.24% was prorated to reflect the number of months between the commencement date of the Pension Benefit and January 1, 2007.

In addition, all Deferred Pension Benefits in the deferred pension status before January 1, 2006 were entitled to a 0.24% increase on January 1, 2007. For any Deferred Pension Benefits first becoming deferred pensions during 2006, a pro-rata adjustment was applied reflecting the portion of the twelve month period in which they were deferred pensions.

The special adjustment was granted in the first quarter of 2008 and a lump sum payment was made to retired Members or their surviving Designated Beneficiaries to reflect the additional amounts they would have received for this special adjustment had this increase been granted at January 1, 2007. The retroactive payment did not include any interest.

**20.1 ADDITIONAL DEFINITIONS FOR PURPOSES OF THE PLAN AND
PRINCIPALLY ARTICLE 20:**

- (a) **Actuarial Value of Assets** is defined to be the value of assets determined as of any date using the method employed for the determination of assets in the last actuarial valuation filed with the applicable regulatory authorities immediately prior to such determination.
- (b) **Actuarial Interest** is defined to be the investment rate of return realized on the Actuarial Value of Assets for the period of calculation.
- (c) **Actuarial Liabilities** means the actuarial liabilities of the Plan on any date, as determined by the Actuary using the method and assumptions employed in determining the value of the actuarial liabilities of the Plan in the last actuarial valuation of the Plan filed prior to the date of such determination with the applicable regulatory authorities pursuant to the requirements of the Pension Benefits Act and the Income Tax Act.
- (d) **Contribution Reduction Reserve** means the notional reserve described in paragraph 20.3.
- (e) **Eligible Participant** means a person who was a Member of the Plan in the 1998 calendar year, or if such Member is deceased at the date upon which a refund is to be made to such Member under paragraph 20.2, the surviving Spouse, Child, beneficiary or estate of such member who was entitled to a payment from the Plan upon the death of such Member.
- (f) **Excess Reserve** means the notional reserve described in sub-paragraph 20.4(a).
- (g) **Future Supplemental Reserve** means the notional reserve described in sub-paragraph 20.4(c).
- (h) **Gross Contribution Account** is defined to be those Member required contributions remitted by the Member under the Plan as Member required contributions under sub-paragraphs 5.1.1, 5.1.3 and 5.1.4 or transferred or paid into the Plan as the Member share plus Interest.
- (i) **Net Contribution Account** is defined to be the Gross Contribution Account of the Member less any refund from such Gross Contribution Account made pursuant to sub-paragraphs 20.2(a) and 20.2(b).

- (j) **Past Supplemental Reserve** means the notional reserve described in subparagraph 20.4(d).
- (k) **Reserves** means the five notional reserves described in paragraphs 20.3 and 20.4: the Contribution Reduction Reserve, the Excess Reserve, the Unallocated Reserve, the Future Supplemental Reserve and the Past Supplemental Reserve. Reserve means, as the context implies, any one of the five notional reserves described in paragraphs 20.3 and 20.4.
- (l) **Surplus Allocation** is defined to be the Surplus Allocation entitlements described in paragraph 20.2
- (m) **Unallocated Reserve** means the notional reserve described in subparagraph 20.4(b).
- (n) The **Surplus Ratio** is defined to be as at the date of determination, the ratio found by dividing the Unapplied Surplus by the sum of: (i) the Actuarial Liabilities and, (ii) those parts of the Reserves which have vested and which are eligible for vesting at the time of the determination of the Surplus Ratio other than those amounts eligible for vesting under paragraph 20.2.
- (o) **Unapplied Surplus** is defined to be that part of the Actuarial Value of Assets which is in excess of the sum of (i) Actuarial Liabilities under the Plan and (ii) any parts of the Reserves or Surplus Allocation amounts under paragraph 20.2 noted below which are vested or eligible for vesting at the time the Unapplied Surplus is determined for purposes of calculating the Surplus Ratio.
- (p) **Vest** means for purposes of this Article 20, an entitlement to use the specified portion of the Reserve or allocation for the purpose as defined herein.

20.2 SURPLUS ALLOCATION**(a) Surplus Allocation Entitlements**

Subject to sub-paragraph 20.2(b), there shall be a partial refund of Member contributions made prior to 1999 plus Interest to December 31, 1998, as described below, to Eligible Participants. For purposes of this sub-paragraph 20.2(a) only, the amounts in the Gross Contribution Account resulting from the funds transferred in or paid into the Plan by the Member to buy back service shall be adjusted prior to the calculation of the amount of the refund. The adjustment shall be as described below based on the date the amounts were transferred in or the date that the Member commenced to buy back service:

1. If the date referred to above is prior to 1995 there shall be no adjustment.
2. If the date referred to above is after 1994 but prior to January 1, 1999, the adjustment will be equal to the ratio of (a) the length of time between such date and January 1, 1999 to (b) four (4) years.

The refunds shall be as follows:

(i) Effective September 1, 2000

10% of the Gross Contribution Account as at December 31, 1998 of each Member who is an Eligible Participant shall vest and be refunded to the Eligible Participants, adjusted with Actuarial Interest to the date of refund.

(ii) Effective January 1, 2002

A further 10% of the Gross Contribution Account as at December 31, 1998 of each Member who is an Eligible Participant shall vest and be refunded to the Eligible Participants, adjusted with Actuarial Interest to the date of refund, if there is a Surplus Ratio of at least 6% after the vesting of all amounts under this Article 20 which are eligible for vesting at January 1, 2002.

- (iii) Effective January 1, 2004

A further 10% of the Gross Contribution Account as at December 31, 1998 of each Member who is an Eligible Participant shall vest and be refunded to the Eligible Participants, adjusted with Actuarial Interest to the date of refund, if there is a Surplus Ratio of at least 6% after the vesting of all amounts under this Article 20 which are eligible for vesting at January 1, 2004.

- (b) Adjustment for Retired Plan Members

This sub-paragraph 20.2(b) shall apply to those Eligible Participants who were in receipt of Pension Benefits in 1998 or as at January 1, 1999, hereinafter referred to as "Retired Members" or to the surviving Spouse, Child, beneficiary or estate of such Retired Member:

- (i) Notwithstanding sub-paragraph 20.2(a) there shall be an adjustment made to the Gross Contribution Account of the Retired Member as at December 31, 1998. The Gross Contribution Account as at December 31, 1998 shall be reduced to reflect an estimate of that portion of the Retired Member's Gross Contribution Account which has been paid by means of a Pension Benefit to the Retired Member or Retired Member's Spouse, Child, beneficiary or estate as applicable, since the Retired Member's date of Retirement.
- (ii) Notwithstanding the above, the Retired Member's share of the Surplus Allocation effective September 1, 2000 shall be increased, if necessary, such that the total of his payment under sub-paragraph 20.2(a)(i), as adjusted pursuant to sub-paragraph 20.2(b)(i) and paragraph 19.6 shall be at least equal to the lesser of:
- (1) \$5,000, or
 - (2) 30% of the Retired Member's Gross Contribution Account at December 31, 1998, adjusted as described in sub-paragraph 20.2(b)(i) plus the amount paid under paragraph 19.6 as adjusted to the date of payment of the amount payable under sub-paragraph 20.2(a)(i) with Actuarial Interest.

(iii) The amounts payable, if any, to the Retired Member under each of sub-paragraphs 20.2(a)(ii) and (iii) shall be reduced by an amount equal to fifty percent (50%) of any increase granted under sub-paragraph 20.2(b)(ii) plus Actuarial Interest to the date of the calculation.

(c) Cash payment for Members retiring after January 1, 1999 and prior to September 1, 2000.

Any Member who retires from active employment on pension after January 1, 1999 and prior to September 1, 2000 shall receive a cash payment equal to the Member's required contributions that he would have contributed between his date of retirement and August 31, 2000 had there been no contribution holiday in effect and had he continued in employment to August 31, 2000. Such payment shall be made from the Unapplied Surplus.

(d) Payment of Surplus Allocation Entitlements.

(A) Each Eligible Participant who is a Member will be entitled to receive his share of the surplus allocation entitlements noted above under sub-paragraphs 20.2 (a), (b) and (c) as follows:

(1) Refund of entitlements for contributions made prior to 1991 and any refunds to a surviving Spouse under paragraph 20.2 both with Actuarial Interest.

A Member or Spouse, as applicable, will be entitled to elect to have the amount noted above payable either as:

(i) Lump sum in whole or in part, or

(ii) Transferred directly in whole or in part to another Prescribed retirement savings vehicle as permitted under the Income Tax Act.

(2) Refund of entitlements for contributions made after 1990 and any additional payments received due to the application of sub-paragraphs 20.2(b)(ii) and 20.2(c).

A Member will receive this portion in a lump sum amount.

- (B) Each Eligible Participant who is the surviving Child or beneficiary or estate of a Member on the date that a payment is made under paragraph 20.2 shall receive such amount as a cash lump sum with Actuarial Interest.

20.3 MEMBER FUTURE CONTRIBUTION REDUCTION RESERVE

An amount of \$15,500,000 shall be allocated from surplus funds under the Plan as at January 1, 1999 to a notional account hereinafter referred to as Contribution Reduction Reserve, with such Contribution Reduction Reserve to be replenished in the future where feasible and as agreed to by the parties eligible to make such decisions at such future dates to cover the cost of the reduction in future Member contributions and which will vest as follows:

- (i) January 1, 1999

\$5,800,000 of the Contribution Reduction Reserve shall vest as at January 1, 1999 to be used to cover the estimated cost of the reduction as at September 1, 2000 in future Member required contributions for 10 years.

- (ii) January 1, 2002

An amount shall vest as at January 1, 2002 from the non-vested balance in the Contribution Reduction Reserve, if a Surplus Ratio of 6% or more is available after all vested allocations under this Article 20 are made as at January 1, 2002, to be used to cover a further reduction in Member contributions from January 1, 2002 as described in sub-paragraph 5.1.1(iii) such that the portion vested under this sub-paragraph (ii) plus the balance remaining as vested under sub-paragraph (i) above, shall be sufficient to cover the estimated cost of the reduction in future Member required contributions for 10 years from January 1, 2002 under sub-paragraphs 20.3(i) and 20.3(ii).

As at January 1, 2004, and subject to paragraphs 20.5(c) and 21.2, the use of the Member Future Contribution Reduction Reserve is suspended and its vested balance amounts to \$10,452,000.

(iii) January 1, 2004

As at January 1, 2004, the non-vested balance in the Contribution Reduction Reserve, if a Surplus Ratio of 6% or more is available after all vested allocations under this Article 20 are made as at January 1, 2004, shall vest and be used to cover a further reduction in Member contributions from January 1, 2004 as described in sub-paragraph 5.1.1(iii).

The Contribution Reduction Reserve as vested shall be reduced by the amount of reduction in Member contributions each year and the vested and non-vested portions of the Contribution Reduction Reserve will be credited with Actuarial Interest on an annual basis.

20.4 UNIVERSITY CONTRIBUTION RESERVE

There will be established four notional accounts referred to as Reserves, as noted below, which shall be used to provide for the funding of University contributions. Such reserves under sub-paragraphs 20.4(a) and (c) shall be replenished in the future where feasible and as agreed to by the parties eligible to make such decisions at such future dates with priority given to the Reserve under sub-paragraph 20.4(c):

- (a) Reserve for the University's normal annual cost in excess of 8.5% of Member payroll, hereinafter referred to as Excess Reserve.

An Excess Reserve from surplus funds under the Plan as at January 1, 1999 will be established and fully vested as at that date to cover the University's normal annual cost to the Plan in excess of 8.5% of Member payroll to be applied from January 1, 1999 with such amount brought forward to January 1, 2000 being equal to \$5,998,000. Such Excess Reserve shall only be utilized for that part of the University's normal annual cost under the Plan in excess of 8.5% of Member payroll not offset by the reserves established in sub-paragraphs 20.4(c) or (d).

As at January 1, 2004, and subject to paragraph 21.2, the use of the Excess Reserve is suspended and its vested balance amounts to \$3,619,000.

- (b) Reserve for the University's normal annual cost to a maximum of 8.5% of Member payroll, hereinafter referred to as Unallocated Reserve.

An Unallocated Reserve of \$73,700,000 from surplus funds under the Plan will be established as at January 1, 1999 to be vested as follows:

- (i) January 1, 1999

One half of the Unallocated Reserve will vest at January 1, 1999 and shall be used to cover the University's normal annual cost under the Plan from January 1, 1999 up to 8.5% of Member payroll annually.

- (ii) January 1, 2002

Two-thirds of the non-vested balance in the Unallocated Reserve as at January 1, 2002 will vest and shall be used to cover the University's normal annual cost under the Plan up to 8.5% of Member payroll annually from January 1, 2002 if a Surplus Ratio of 6% or more is available after all vested allocations under this Article 20 are made as at January 1, 2002.

As at January 1, 2004, and subject to paragraphs 20.5(c) and 21.2, the use of the Unallocated Reserve is suspended and its vested balance amounts to \$20,508,000.

- (iii) January 1, 2004

The non-vested balance in the reserve as at January 1, 2004 will vest and shall be used to cover the University's normal annual cost under the Plan up to 8.5% of Member payroll annually from January 1, 2004 if a Surplus Ratio of 6% or more is available after all vested allocations under this Article 20 are made as at January 1, 2004.

Notwithstanding the above, such Unallocated Reserve shall only be utilized for that part of the University's normal annual cost under the Plan up to 8.5% of Member payroll not offset by the reserves established in subparagraphs 20.4(c) or (d).

(c) Future Supplemental Reserve:

A Future Supplemental Reserve from surplus funds under the Plan will be established as at January 1, 1999 with the amount of the reserve brought forward to January 1, 2000 being equal to \$4,037,000. This reserve will be used to cover that part of the University's normal annual cost to the Plan equal to contributions made to or benefit payments made under the University's Supplemental Retirement Pension Plan by the University for benefits for service after December 31, 1998.

The amount of the Future Supplemental Reserve set out above will vest (based on the table below) provided that at the date of vesting there is surplus available under the Plan, defined as the excess of the Actuarial Value of Assets over the sum of (i) Actuarial Liabilities under the Plan and (ii) any parts of the Reserves or Surplus Allocation amounts under paragraph 20.2 which are vested, equal to the amount of this reserve vesting at such date. If such surplus is not available at a vesting date to cover, in full or in part, the amount vesting at such date, then any amount not vested will be carried forward for vesting at the earlier of the next scheduled date of vesting. If there is any amount still remaining to be vested after January 1, 2004, then such amounts will vest at the earliest of January 1, 2005 or January 1, 2006 if there is sufficient surplus (as defined above) at such dates to permit such vesting. Any of these amounts not vested after January 1, 2006, shall be eliminated and no further vesting of them shall occur.

As at January 1, 2004, the vested balance of the Future Supplemental Reserve amounts to \$2,200,000.

<u>Vesting Date</u>	<u>Amount Vested</u>
January 1, 1999	1/3 of Reserve
January 1, 2002	1/2 of non-vested balance
January 1, 2004	Non-vested balance

(d) Past Supplemental Reserve:

A Past Supplemental Reserve from surplus funds under the Plan as at January 1, 1999 will be established and fully vested as at that date with such reserve brought forward with Actuarial Interest equal to \$14,235,900 at January 1, 2000. It will be used to cover that part of the University's normal annual cost to the Plan equal to contributions made to or benefit payments made under the University's Supplemental Retirement Pension Plan by the University for service to December 31, 1998.

As at January 1, 2004, the vested balance of the Past Supplemental Reserve amounts to \$2,126,000.

The reserves established in sub-paragraph 20.4 will be credited with Actuarial Interest annually and will be reduced by amounts applied against the contribution requirements as noted above. The amounts will be applied on a continuous annual basis against the University's normal annual cost from January 1, 1999 as noted above. However, in any year in which there is a charge against the Future Supplemental Reserve or the Past Supplemental Reserve pursuant to sub-paragraphs 20.4(c) or 20.4(d), such charge shall apply prior to any charge under sub-paragraphs 20.4(a) or 20.4(b).

20.5 PROPORTIONATE OR DELAYED ALLOCATIONS AND VESTING

(a) January 1, 2002

If the Surplus Ratio would be less than 6% at January 1, 2002, should the full amount of all allocations from surplus under the Pension Fund unvested prior to 2002 but eligible to vest under sub-paragraphs 20.2, 20.3 and 20.4 vest as at that date, then only that equal percentage of each such allocation or amount which is scheduled to vest under sub-paragraphs 20.2, 20.3 and 20.4(b) will be allocated and will vest and only that same equal percentage of the reduction in Member contributions which was to be implemented at that date will take effect, such that the Surplus Ratio is 6% after such partial vesting and reduction of Member contributions, as applicable. Any amount not vested, or contribution reduction not made, will be carried over to January 1, 2004 and shall vest or take effect on that date under the conditions noted in (b) below.

(b) January 1, 2004

If the Surplus Ratio would be less than 6% at January 1, 2004, should the full amount of all allocations from surplus under the Pension Fund invested prior to 2004 but eligible to vest under sub-paragraphs 20.2, 20.3 and 20.4, plus carryovers not vested under sub-paragraph 20.5(a), vest as at that date, then only that equal percentage of each such allocation or amount which is scheduled to vest under sub-paragraphs 20.2, 20.3 and 20.4(b) will be allocated and will vest and only that same equal percentage of the reduction in Member contributions which was to be implemented at that date will take effect, such that the Surplus Ratio is 6% after such partial vesting and reduction of Member required contributions, as applicable. Any amount not vested, or contribution reduction not made, will be carried over to January 1, 2005 and January 1, 2006 and shall vest or take effect on those dates under the conditions noted in (c) below.

(c) January 1, 2005 or January 1, 2006

Any amounts not vested under paragraphs 20.2, 20.3 and 20.4(b), or Member contribution reductions not made, at January 1, 2004 will be carried forward and will vest and the balance of the contribution reduction will take effect in full on the earlier of January 1, 2005 or January 1, 2006 or, if required, in part on either date on an equal percentage basis to the extent that after the full or partial vesting of each such remaining allocation or amount under paragraphs 20.2, 20.3 and 20.4(b) and remaining reduction in Member contributions the Surplus Ratio will be at least 6%.

Any amounts not vested or contribution reductions not able to be made at January 1, 2006, due to a Surplus Ratio limit as noted above, will be eliminated and no further allocations or reductions will occur.

21.1 RECOVERY OF SPECIAL PAYMENTS IN RESPECT OF FUNDING DEFICIENCIES

If, as of the January 1, 2007 valuation and in any subsequent valuation, a surplus above a margin, as negotiated between the University and representatives of each of the groups of employees who are Plan Members (herein referred to as the Parties) or as otherwise determined in a manner agreed to by the Parties, is established using the formula so negotiated or determined, the University shall recover the special payments made under the Pension Benefits Act since 2003. Such recovery shall be by way of an offsetting reduction in the contribution by the University otherwise required to cover the University's normal annual cost. Notwithstanding 5.2, the recovery shall be done at the same annual rate that the special payments went into the plan to a maximum recovery in any Plan year of an amount equal to two years of special payments beginning with the most recent year (or as otherwise agreed to by the Parties), provided no other distributions/holidays/enhancements are made.

Under no case shall the University reduce its contributions for the purposes of this paragraph 21.1 to below the contribution rates of employees, nor shall the University unilaterally reduce employee contribution rates for these purposes.

University contributions will be made pursuant to the recommendation of an Actuary in accordance with subsection 147.2(2) of the *Income Tax Act*.

21.2 FUTURE SUPPLEMENTAL RESERVE AND EXCESS RESERVE

After the total of the University's special payments under 21.1 has been recovered in the manner set out therein, surpluses above the margin referred to under 21.1, will be used in the following order:

- (a) To fully fund the Future Supplemental Reserve at its suspended value set in sub-paragraphs 20.4(c). The Future Supplemental Reserve will then be used as set out in 20.4(c) for additional years of credited service, first going back (starting with the first missed year) and then forward.
- (b) To fully fund the Excess Reserve at its suspended value set in sub-paragraph 20.4(a). Notwithstanding 20.4(a), the Excess Reserve will be used to replace the formula in 8.1.2(d) by the formula in 8.1.2(a) for years of credited service from January 1, 2004 for those who are active Members of the Plan, including those on disability and on leave, at the effective date of such decision and to reduce the University's contribution rate to 8.75%.

- (c) To fund, on a pro-rata basis, the Member Future Contribution Reduction Reserve and the Unallocated Reserve at their suspended values set in subparagraphs 20.3(ii) and 20.4(b)(ii) respectively. These Reserves will be funded partially or fully depending on surpluses available and will be considered exhausted only once the full value has been applied for the purposes set out in the Plan.