

UPP Plan Design and Provisions

University Pension Plan was created with the vision of a strong sector-wide defined benefit pension plan to guarantee sustainable lifelong pensions to members – now and for generations to come. Today, we proudly serve over 39,000 working and retired members across four Ontario universities and 12 sector organizations and manage \$10.8 billion in pension assets. Contributions to the Plan are funded equally by members and employers. UPP is designed for growth, our doors are open to all employers and employees within Ontario's university community.

The following summary includes key details of UPP's plan design and provisions. **For further details, please see [UPP Member Handbook](#).**

Eligibility

Eligibility for Plan participation is negotiated between employers and participating faculty associations and unions. Member eligibility is as follows:

Members of prior defined benefit (DB) plans

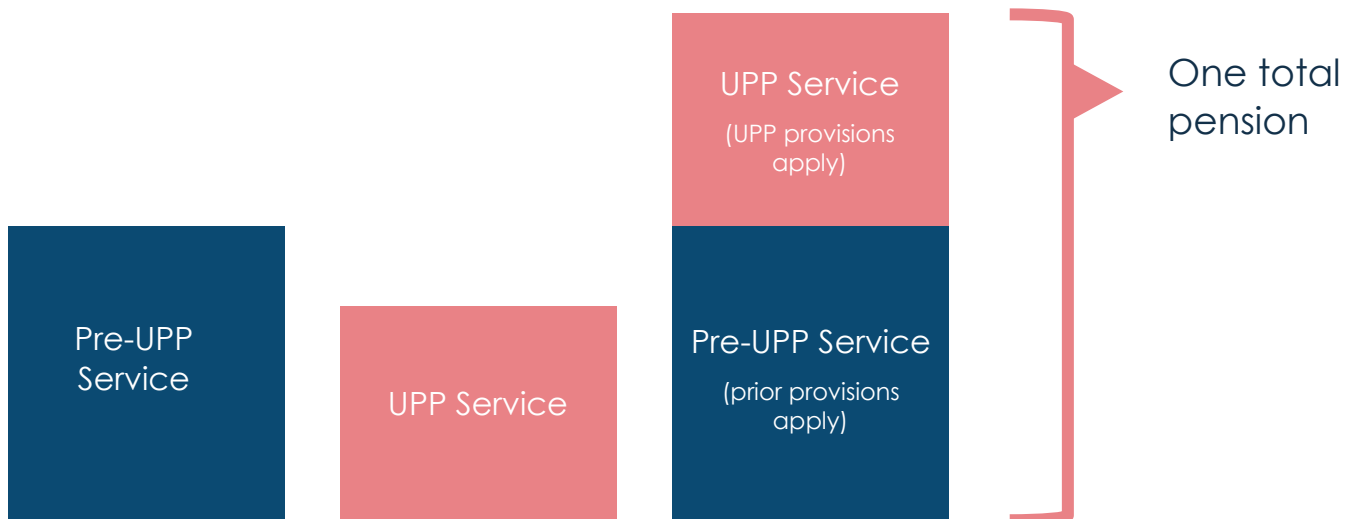
For members who were earning pension benefits under a university's or employer's prior pension plan when it converted to UPP, they will automatically become a member of UPP on the day their university or employer joins. Pension benefits earned under the prior plan remain unchanged and are now payable from UPP.

New and existing employees not enrolled in a prior plan

New members must be in an eligible employment class, which varies by participating employer.

Seamless service integration

When a DB plan converts to UPP, each member's service to date carries over for **one total pension**. A member's **combined service** determines eligibility for features such as unreduced early retirement for UPP service.



Contribution and Benefit Formulas

Members and their employer each make annual (tax-deductible) contributions equal to:

Annual UPP contribution
Matched 100% by employer

=

9.2%
of annual pensionable earnings up to the YMPE

+

11.5%
of annual pensionable earnings above the YMPE

Pensionable Earnings
Earnings used to calculate member and employer contributions to UPP and to determine the best average earnings used to calculate the lifetime pension benefit. Earnings for contribution purposes are capped at \$201,900 in 2024 and are increased annually based on pension limits under the Income Tax Act.

Year's Maximum Pensionable Earnings (YMPE)
The maximum amount of earnings on which you are required to contribute to the Canada Pension Plan. In 2025, the YMPE will be replaced by the Year's *Additional* Maximum Pensionable Earnings (YAMPE) to coincide with changes in the CPP. See the current year's YMPE and YAMPE [here](#).

Each member earns a lifetime pension based on a formula that reflects their personal earnings history and pensionable service equal to:

Lifetime UPP pension¹

=

1.6%
of Best Average Earnings up to the Average YMPE

+

2.0%
of Best Average Earnings above the Average YMPE

)

X

Years of pensionable service

Best Average Earnings
The average of highest non-consecutive 48 months of pensionable earnings during plan membership

Average YMPE
The four-year average YMPE ending in the year of retirement. UPP member pensions will be based on an average of the YMPE for service before 2025 and an average of the YAMPE for service on and after January 1, 2025.

OTHER BENEFITS RELATED TO THE LIFETIME PENSION

- The Plan includes subsidized early retirement benefits as early as age 60 with 80 points (age + service).
- After retirement, pensions may increase based on funded conditional indexation which is targeted at 75% of the increase in Canada's Consumer Price Index (CPI).

¹ Capped at the level at which the Income Tax Act maximum pension is reached at the date of determination.

High-Level Plan Features Summary

The following table provides a high-level overview of UPP's plan features.

	UPP
Employee and Employer contribution rates	9.2% up to the YMPE + 11.5% above YMPE up to annual pensionable earnings maximum Employer matches 100% of employee required contributions Note: YMPE replaced by YAMPE in 2025 (see page 2)
Averaging period for earnings	Best Average Earnings: the highest non-consecutive 48 months of pensionable earnings during plan membership
Benefit formula	1.6% of Best Average Earnings up to Average YMPE plus 2% of Best Average Earnings above Average YMPE for each year of pensionable service Note: YAMPE will apply for service from 2025 (see page 2)
Indexation	Funded conditional indexation at a target of 75% of CPI (Consumer Price Index)
Early unreduced pension	Available as early as age 60 if age + eligibility service = at least 80 points
Sector mobility	If a member moves to another UPP member institution, their pension continues to grow with no impact

Flexible ways for members to grow their pensions during working years

UPP was designed by and for the university sector, and includes features and provisions to accommodate some of the unique circumstances faculty and staff experience in their careers. These include:

- Continue service during paid leaves, options to contribute during unpaid leave
- Combine part-time service at multiple participating employers²
- Move between UPP participating employers without losing any years of service²
- No cap on years of service - continue contributing and growing your pension until age 71³

Protection for loved ones built into the Plan

UPP provides a range of options to match members' individual life circumstances. UPP's normal form pension provides lifetime income for a member plus survivor benefits:

- **With a Spouse:** 50% spousal pension with options, at a cost, to increase to 60%, 80% or 100% or add a 10-year guaranteed payment period
- **Without a Spouse:** 10-year payment guarantee with option, at a cost, to extend to 15 years

In the case of death before retirement, more options are available, along with additional benefits for dependents and/or designated beneficiaries.

² For eligible employment classes.

³ Canada's maximum pensionable age.