

A guide to Queen's University

# Pre-conversion pension benefits



## About this guide

This guide will help you understand how the provisions of the QPP Plan and UPP work together to provide you with a secure, predictable, lifetime pension.

The UPP Plan Text\* is available on [myupp.ca](http://myupp.ca). Every effort has been made to provide an accurate summary. However, if there are any differences between the information given here and the Plan Text, the Plan Text will apply.

\*The Plan Text is the legal foundational document which governs the benefit entitlements of members and sets out how the Plan is administered. To access the full Plan Text, contact UPP Member Services.

## Welcome to UPP!

Effective July 1, 2021, the Revised Pension Plan of Queen's University (QPP) converted to University Pension Plan (UPP or "the Plan").

This guide applies to active and deferred members and pensioners who participated in the QPP before July 1, 2021.

**If you enrolled on or after July 1, 2021, only UPP provisions apply. For provisions and definitions specific to UPP, please refer to the UPP Member Handbook available at [myupp.ca/memberhandbook](http://myupp.ca/memberhandbook).**

If you are an active UPP member with prior service in the QPP (also known as your "prior plan"), your pension is based on:

- service earned under your prior plan before July 1, 2021 (your "pre-conversion pension"), plus
- service earned on or after July 1, 2021, under UPP (your "UPP pension").

Any pre-conversion pension benefits earned under the QPP before joining UPP are now payable from UPP. Some provisions have been modified based on how the QPP integrates with UPP. **In no case will the modifications to your prior plan's provisions result in a reduction of benefits earned under the QPP.**

Under the QPP hybrid benefit structure, your pre-conversion benefits will continue to be determined by comparing the minimum guarantee pension earned for service prior to July 1, 2021, to the money purchase pension. If your money purchase pension is less than your minimum guarantee pension, a supplemental pension payment will be made to bring your total pension up to the minimum guarantee pension amount.

## Your integrated pension benefits

Here's a look at how UPP provisions affect your pre-conversion benefits, and vice versa.



**Reminder:** For provisions specific to UPP, visit [myupp.ca/memberhandbook](https://myupp.ca/memberhandbook).

Plan provision	Impact on your benefit
<b>Transferring lump-sum benefits out of UPP when you leave a UPP-participating employer before retirement</b>	<p>Prior to July 1, 2021, under the QPP, a member could choose to transfer their lump-sum pension entitlement out of their prior plan when they leave. Under UPP rules, this transfer may only be done if you leave the Plan before your earliest retirement date.</p> <p>This change will be transitioned in three stages, as follows:</p> <p><b>Stage 1:</b> Until June 30, 2024, the QPP transfer rules applied to both your pre-conversion and UPP pension benefits. This meant that if you left the Plan, you could choose to transfer both your pre-conversion and UPP pension benefits out of the Plan.</p> <p><b>Stage 2:</b> Between July 1, 2024, and June 30, 2031, the QPP transfer rules apply to your pre-conversion pension benefit, and UPP transfer rules apply to your UPP pension benefit. This means that if you leave the Plan before your earliest retirement date, you can transfer both your pre-conversion and UPP benefits out of the Plan. But if you leave the Plan after your earliest retirement date, you can only transfer your pre-conversion benefit out of the Plan.</p> <p><b>Stage 3:</b> On and after July 1, 2031, UPP transfer rules will apply to both your pre-conversion and UPP benefits. This means that if you leave the Plan before your earliest retirement date, you can choose to transfer both your pre-conversion and UPP benefits out of the Plan. However, if you leave the Plan after your earliest retirement date, you cannot transfer any entitlement out of the Plan.</p>
<b>Normal retirement date</b>	<p>Your normal retirement under UPP is the last day of the month in which you turn 65. As of July 1, 2021, this applies to both your pre-conversion and UPP pension, unless the QPP would have allowed for an earlier date.</p>
<b>Earliest retirement date</b>	<p>Under UPP, the earliest you can retire is the last day of the month in which you turn 55. This applies to your pre-conversion pension and UPP pension.</p> <p>You will receive either the money purchase benefit or the minimum guarantee benefit, whichever provides you with the highest pension.</p> <p><b>Early retirement reduction</b></p> <p>Your money purchase benefit will not be reduced if you retire before your early unreduced or normal retirement date. However, if you retire on or after age 55, your minimum guarantee benefit will be permanently reduced based on the rules below.</p>

Plan provision	Impact on your benefit
	<p><b>If you retire on or after age 60 but before age 65</b>            The minimum guarantee benefit will be reduced by 3% per year for the first five years before age 65, prorated for partial years.  <b>For example</b>, if you retire on your 61st birthday, your pension will be reduced by 12% (3% × 4 years).</p> <p><b>If you retire before age 60</b>            In addition to the reduction above, the minimum guarantee benefit will be reduced by 6% for each year you retire before age 60, prorated for partial years.  <b>For example</b>, if you retire on your 57th birthday, your pension will be reduced by 33% [(3% × 5 years)+(6% × 3 years)].</p> <p><b>If you terminate membership before age 55</b>            The minimum guarantee benefit will be permanently reduced by 6% for each year you retired before age 65, prorated for partial years.  <b>For example</b>, if you terminated service prior to age 55, and you start your pension on your 57th birthday, your pension will be reduced by 48% (6% × 8 years).</p>
<p><b>Early unreduced retirement date</b></p>	<p>As of July 1, 2021, if you meet the eligibility criteria for an early unreduced pension—meaning you terminate plan membership on or after age 60 and your age plus your eligibility service equal 80 or more—your pension will not be reduced.</p>
<p><b>Eligibility service</b></p>	<p>Your eligibility service is used to determine your early unreduced retirement date. Effective July 1, 2021, your continuous service with UPP-participating employers is included in determining your eligibility for an early unreduced pre-conversion pension under the QPP provisions, provided there is no overlap in periods of service. Similarly, any recognized continuous service under the QPP will be included in determining your eligibility for an early unreduced UPP pension.</p> <p>Eligibility service also includes periods of membership under a previous employer’s pension plan from which assets were transferred into the QPP or UPP.</p>
<p><b>Queen’s postponed retirement</b></p>	<p>Under UPP, you must continue making contributions and earning pension benefits for as long as you remain employed, but no later than November 30th of the year you reach age 71.</p> <p>However, if you reached your normal retirement date before July 1, 2021, and chose to stop pension contributions and defer your pension under QPP, you will not be eligible to begin contributing to UPP and earn pension benefits.</p>
<p><b>Pension start date</b></p>	<p>In general, your pension starts on the first day of the month following your retirement date. To avoid a gap in your income, it may be beneficial to end your employment at the end of the month.</p>

## Plan provision

## Impact on your benefit

### Pre-retirement survivor benefits

#### With a spouse

If you die before starting your pension, your eligible spouse is first in line to receive the full value of your pension – you do not need to name them as a beneficiary. The benefit can be paid as one of the following:

- an immediate monthly pension paid for your spouse's life,
- a deferred monthly pension to be collected no later than December 1st of the year in which they turn age 71, or
- a single lump-sum payment, either as cash (with applicable tax withheld) or as a transfer to a registered retirement savings vehicle.

If you have both pre-conversion and UPP service, your eligible spouse will be required to select the same payment option for both their pre-conversion and UPP survivor benefits.

#### Without a spouse

If you pass away before retirement and you don't have a spouse, or your spouse has waived their rights to your survivor benefits, the full value of your pension will be paid to your beneficiaries or estate, as applicable, as a taxable lump-sum payment.

### Post-retirement survivor benefits

#### With a spouse at retirement

If you have an eligible spouse at retirement, the baseline form of your pre-conversion pension is the **60% spousal option**, which is a pension payable for your lifetime, with 60% continuing to your spouse if they outlive you.

You also have the option of selecting a lifetime survivor benefit of either 60% of your monthly pension with a 10-year or 15-year guarantee, or 100% of your monthly pension with no guarantee or a 15-year guarantee, with a corresponding reduction to your baseline pension to accommodate the higher spousal amount and longer guarantee periods.

#### Without a spouse at retirement

If you do not have an eligible spouse at retirement, the baseline form of your pre-conversion pension is a **10-year guarantee**, which is a pension payable for your lifetime, with a guarantee that at least 120 monthly payments will be paid. If you pass away before receiving 120 payments, the remaining guaranteed payments will be paid to your beneficiaries or, if you do not have any beneficiaries, to your estate.

You also have the option of selecting either no guarantee, a 5-year guarantee, or a 15-year guarantee, with a corresponding increase or reduction to your baseline pension to accommodate the shorter and longer guarantee periods.

Your pension options package will outline the different payment options available to you.

Plan provision	Impact on your benefit
<b>Beneficiary designations</b>	<p>A beneficiary is the person(s) or organization (such as a charity) you designate to receive any death benefits payable from the Plan after your death. Your beneficiary is second in line to an eligible spouse. For this reason, you do not need to name your spouse as a beneficiary in order for them to receive a survivor pension. If you do not name a beneficiary, any death benefits payable to your designated beneficiary will be paid to your estate.</p> <p>Your latest beneficiary designation under the QPP will be used to determine the named beneficiaries for your pre-conversion pension and UPP pension, until you update your beneficiaries directly with UPP. Any updates will apply to both your pre-conversion pension and UPP pension.</p> <p>It's important to keep your beneficiaries up to date to ensure the right benefits are provided to the right people. You can view and update your beneficiaries through the <b>myUPP Member Portal</b> in a few simple steps, or complete the UPP Spousal and Beneficiary Form available at <a href="https://myupp.ca/members/forms-and-documents">myupp.ca/members/forms-and-documents</a>.</p>
<b>Money purchase account</b>	<p>This is the value of your required QPP contributions (on and after September 1, 1969), along with contributions from Queen's University, any other amounts deposited, and accrued interest up to the conversion date.</p>
<b>Additional voluntary contributions</b>	<p>Your total contributions to the QPP that exceed your required contributions, plus interest. These contributions can be taken as a lump sum or as an additional pension amount at retirement.</p>
<b>Special vested contributions</b>	<p>Any deposit you have made as a special lump-sum voluntary contribution to the QPP, including any transfers from your personal registered retirement savings plan, plus interest. These contributions can be taken as a lump sum or as an additional pension amount at retirement.</p>
<b>Past service contributions</b>	<p>Any amount transferred from your former employer's pension plan to the QPP, plus interest, are held in your past service money purchase account. These contributions can be taken as a lump sum or as an additional pension amount at retirement.</p>
<b>Past service purchases</b>	<p>If you were eligible to purchase additional credited past service under the QPP before July 1, 2021, any additional service purchased after July 1, 2021, will be credited as additional UPP pensionable service.</p>
<b>Fund rate of return</b>	<p>This rate is based on the investment returns of the UPP pension fund and is used to determine the money purchase pension from your money purchase account, additional voluntary, past service, or special vested contributions.</p> <p>Following the start of your pension, your pre-conversion pension will continue to be subject to the indexation provisions of the QPP. However, the investment returns of the UPP pension fund will be used to determine indexation for the period on and after July 1, 2021, as applicable.</p>

## Plan provision

## Impact on your benefit

### Pre-conversion inflation protection (indexation)

As part of the conversion to UPP, UPP honours the indexation provisions of the prior plan, including how the increases, if applicable, are determined and when they are paid.

Indexation for your pre-conversion pension is determined based on whether the average fund rate of return over the preceding six years exceeds 6%. If the average return during this six-year period exceeds 6%, this “excess interest” is used to increase pensions. Indexation is applied fully to underlying money purchase accounts and on a pro-rata basis to the minimum guarantee supplement, if applicable, in proportion to the amount of minimum guarantee benefit that was earned prior to September 1, 2012.

The indexation rate is determined by an actuary in accordance with the Plan terms and includes adjustments to reflect any mortality gains or losses. If the average fund rate of return is less than 6%, the amount of your pre-conversion pension is not decreased; however, your pension will not be increased in the future until the pension fund investment performance offsets the prior shortfall in performance. Any increase will be applied on September 1st.

Note: For pensions that began prior to September 1, 2012, the average fund rate of return over the preceding four years is used and does not reflect any mortality gains or losses.

UPP’s indexation provisions apply to the portion of your pension earned after conversion. See [myupp.ca/memberhandbook](http://myupp.ca/memberhandbook) for details.

### Returning to work as a pensioner

If you start working for any UPP-participating employer in a class of full-time employment that requires pension participation, your pension payments will be suspended, and you will start contributing and earning additional pension benefits under UPP through your new period of employment.

However, if you started receiving a pension from the QPP before July 1, 2021, and start working for any UPP-participating employer and become eligible to join UPP, you can choose to continue receiving your pension payments, or suspend them and start contributing to UPP to earn additional benefits through your new period of employment.

If you begin your new employment after November 30th in the year you reach age 71, your pension will continue uninterrupted as you cannot contribute to the Plan beyond this date.

## How your pension is calculated

As a member of UPP, your pension begins on the first of the month following your retirement date and is paid for life. Your total pension is the sum of your pension earned after the conversion to UPP (UPP pension) **plus** your pension earned before the conversion (pre-conversion pension), subject to the Canada *Income Tax Act* (ITA) maximum limits. Your pre-conversion pension and UPP pension are based on set formulas that consider a few key components.

### Queen's University

Your pre-conversion pension is the greater of the:

**A. QPP money purchase pension**

A pension determined by your member and employer contributions, plus interest, in your money purchase account balance **OR**

**B. QPP minimum guarantee benefit pension formula**

$$\left[ \begin{array}{l} \text{Final average} \\ \text{earnings} \\ \text{up to the avgYMPE} \\ \times 1.35\% \end{array} \right] \times \left[ \begin{array}{l} \text{Credited} \\ \text{service} \\ \text{to August} \\ \text{31, 1997} \end{array} \right] \text{ PLUS } \left[ \begin{array}{l} \text{Final average} \\ \text{earnings} \\ \text{up to the avgYMPE} \\ \times 1.4\% \end{array} \right] \times \left[ \begin{array}{l} \text{Credited} \\ \text{service} \\ \text{from} \\ \text{September 1,} \\ \text{1997 to June} \\ \text{30, 2021} \end{array} \right] \text{ PLUS } \left[ \begin{array}{l} \text{Final average} \\ \text{earnings} \\ \text{above the avgYMPE} \\ \times 1.8\% \end{array} \right] \times \left[ \begin{array}{l} \text{Credited} \\ \text{service} \\ \text{prior to} \\ \text{July 1, 2021} \end{array} \right] = \text{Your gross annual pre-conversion base pension*}$$

\*If you have any additional voluntary contributions, special vested contributions, or past service contributions, you will have the option to receive these amount(s) as a lump-sum payment, or as an additional pension amount.

**PLUS ↓**

## UPP pension formula

$$\left[ \begin{array}{l} \text{Best average earnings} \\ \text{up to the avgYMPE}^1 \\ \times 1.6\% \end{array} + \begin{array}{l} \text{Best average earnings} \\ \text{above the avgYMPE}^1 \\ \times 2.0\% \end{array} \right] \times \left[ \begin{array}{l} \text{Pensionable} \\ \text{service} \\ \text{January 1, 2021 to} \\ \text{December 31, 2024} \end{array} \right] \\ \text{PLUS} \\ \left[ \begin{array}{l} \text{Best average earnings} \\ \text{up to the avgYAMPE}^1 \\ \times 1.6\% \end{array} + \begin{array}{l} \text{Best average earnings} \\ \text{above the avgYAMPE}^1 \\ \times 2.0\% \end{array} \right] \times \left[ \begin{array}{l} \text{Pensionable} \\ \text{service} \\ \text{on and after} \\ \text{January 1, 2025} \end{array} \right] = \text{Your gross annual UPP pension}$$

<sup>1</sup>Effective January 1, 2025, the Year's Additional Maximum Pensionable Earnings (YAMPE) is used instead of the Year's Maximum Pensionable Earnings (YMPE).

### Best average earnings (BAE)

Your UPP pension uses your best average earnings, which is an average of your highest 48 months of pensionable earnings (which do not have to be consecutive) with your employer during a period of plan membership. Your pensionable earnings under your prior plan and UPP are considered when determining your BAE. Your BAE is limited to the amount that would produce the maximum lifetime annual pension under the ITA.

### Final average earnings (FAE)

Your pre-conversion pension uses your final average earnings, which is an average of your highest consecutive 48 months of pensionable earnings. Your pensionable earnings under your prior plan and UPP are considered when determining your FAE.

### Pensionable service

UPP pensionable service accrual began on July 1, 2021, and is used to calculate your UPP pension. Pensionable service is the amount of continuous service during which you've contributed to UPP (or accrued pension benefits while on long-term disability or an approved leave of absence). This includes amounts transferred in from another pension plan and used to purchase UPP service on and after July 1, 2021.

### Credited service

Credited service accrual ended under the QPP on June 30, 2021, and is used to calculate your pre-conversion pension. Credited service is the amount of continuous service during which you've contributed to the QPP (or accrued pension benefits while on long-term disability or an approved leave of absence), including any service you transferred in prior to July 1, 2021.

### **Continuous service**

Continuous service refers to an uninterrupted period of employment with a participating employer. Continuous service is not interrupted during public holidays, periods of vacation, employer-approved leaves of absence, or notice periods required by employment standards legislation upon termination of employment.

### **Average year's additional maximum pensionable earnings (avgYAMPE)**

The average YAMPE used to calculate your UPP pension includes the last 48 consecutive months of plan participation before your retirement. The average YAMPE applies for service on and after January 1, 2025. If your last 48 consecutive months of plan participation include service in the QPP, those months will be included in the average YAMPE calculation for your UPP pension (with any periods prior to January 1, 2025 valued at 114% of the YMPE).

### **Average year's maximum pensionable earnings (avgYMPE)**

The average YMPE used to calculate your pre-conversion pension includes the 48 consecutive months used to determine your final average earnings. For your UPP pension, the average YMPE includes the last 48 consecutive months of participation in UPP or the QPP and applies to service earned prior to January 1, 2025.

### **Year's additional maximum pensionable earnings (YAMPE)**

An additional higher annual earnings limit set by the federal government and introduced in 2024 to determine the maximum amount of earnings used to calculate contributions and pensions under the Canada Pension Plan (CPP). Like the YMPE, the YAMPE is set to increase each year to reflect wage growth in Canada.

### **Year's maximum pensionable earnings (YMPE)**

An amount set each year by the federal government to determine the maximum amount of earnings used to calculate contributions and pensions under the Canada Pension Plan (CPP). Also called the CPP earnings limit.

## **For more information**

### **📄 Where to learn more**

Visit [myupp.ca](https://myupp.ca) to learn more about various life events along your pension journey, explore frequently asked questions, and download the UPP Member Handbook which provides details about your UPP pension.

### **📞 How to contact us**

Whether you have questions about this guide or how your prior plan works together with UPP, our Member Services team is here to help.

You can contact us via secure message through the **myUPP Member Portal**, or by phone at 1-833-MBRS-UPP (1-833-627-7877) from Monday to Friday, 8:30 am – 5 pm ET.