

# Pre-conversion pension benefits



## About this guide

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

The UPP Plan Text\* is available on [myupp.ca](https://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 University of Toronto Pension Plan (UofT Plan) converted to University Pension Plan (UPP or “the Plan”).

This guide applies to active and deferred members and pensioners who participated in the UofT Plan 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](https://myupp.ca/memberhandbook).**


If you are an active UPP member with prior service in the UofT Plan (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 UofT Plan before joining UPP are now payable from UPP. Some provisions have been modified based on how the UofT Plan integrates with UPP. **In no case will the modifications to your prior plan’s provisions result in a reduction of benefits earned under the UofT Plan.**

# 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 UofT Plan, a member could choose to transfer their lump-sum pension entitlement out of their prior plan if they ended their employment before age 65. Under UPP rules, this transfer can 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 UofT transfer rules applied to both your pre-conversion and UPP pension benefits. This meant that if you left the Plan before the last day of the month in which you turn 65, 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 UofT 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 prior to the last day of the month in which you turn 65.</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 date 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 pension and UPP pension. In most cases, this change will result in an earlier normal retirement date than that provided under the UofT Plan.</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, unless the UofT Plan would have allowed for an earlier date.</p> <p><b>Early retirement reduction</b></p> <p>If you retire before qualifying for an early unreduced pension, your pre-conversion pension will be permanently reduced by 5% for each year (prorated for partial years) that you are under age 65, to reflect the fact that you will receive it for a longer period of time.</p>

Plan provision	Impact on your benefit
<b>Early unreduced retirement date</b>	<p>Depending on your type of employment, you can retire with an unreduced pension as early as age 60 if:</p> <ul style="list-style-type: none"> <li>• your age plus your continuous service equal 80 or more (applies to administrative and unionized employees, and research associates),</li> <li>• you have at least 15 years of pensionable service (applies to administrative staff at professional/manager levels 6 to 9), or</li> <li>• you have at least 10 years of pensionable service (applies to non-clinical faculty, academic staff*, and librarians*).</li> </ul> <p>Note: If you were age 52 or older on July 1, 2021, and you qualify for an early unreduced pension under the UofT Plan sooner than under UPP provisions, you can retire without a reduction to either your pre-conversion pension or UPP pension.</p> <p>*Please note academic staff and librarians must retire on either December 31st or June 30th, with some exceptions.</p>
<b>Eligibility service</b>	<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 UofT Plan provisions, provided there is no overlap in periods of service. Similarly, any recognized continuous service under the UofT Plan will be included in determining your eligibility for an 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 UofT Plan or UPP.</p>
<b>Pension start date</b>	<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>
<b>Pre-retirement survivor benefits</b>	<p><b>With a spouse</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>• an immediate monthly pension paid for your spouse's life,</li> <li>• a deferred monthly pension to be collected no later than December 1st of the year in which they turn age 71, or</li> <li>• a single lump-sum payment, either as cash (with applicable tax withheld) or as a transfer to a registered retirement savings vehicle.</li> </ul> <p>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.</p>

Plan provision	Impact on your benefit
	<p><b>Without a spouse</b></p> <p>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.</p>
<p><b>Post-retirement survivor benefits</b></p>	<p><b>With a spouse or dependent child at retirement</b></p> <p>If you have an eligible spouse at retirement, the baseline form of your pre-conversion pension is the <b>60% spousal option</b>, which is a pension payable for your lifetime, with 60% continuing to your spouse if they outlive you. This option is provided at no cost to you.</p> <p>If your spouse is more than 15 years younger than you, your pre-conversion pension will be actuarially reduced to reflect the likelihood that your spouse will receive more payments over a longer period.</p> <p>You also have the option of selecting a lifetime survivor benefit of either 70%, 80%, 90% or 100% of your monthly pension, with a corresponding reduction to your baseline pension to accommodate the higher spousal amount.</p> <p>If you have an eligible dependent child when your pension starts, they may be entitled to a survivor pension when you pass away. Please contact our Member Services team to learn more.</p> <p><b>Without a spouse at retirement</b></p> <p>If you do not have an eligible spouse at retirement, the baseline form of your pre-conversion pension is a <b>5-year guarantee</b>, which is a pension payable for your lifetime, with a guarantee that at least 60 monthly payments will be paid. If you pass away before receiving 60 payments, the remaining guaranteed payments will be paid to your beneficiaries or, if you do not have any beneficiaries, to your estate. This option is provided at no cost to you.</p> <p>You also have the option of selecting a 10-year guarantee, with a corresponding reduction to your baseline pension to accommodate the longer guarantee period.</p> <p>Your pension options package will outline the different payment options available to you.</p> <p><b>Guarantee of member's contributions</b></p> <p>If your required contributions with interest up to your retirement date exceeds the total pension benefit and survivor benefit paid, the remaining balance will be paid as a lump-sum payment, less withholding tax, to your designated beneficiaries, or estate as applicable. If your spouse outlives you, it will be paid to their estate.</p>
<p><b>Beneficiary designations</b></p>	<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>

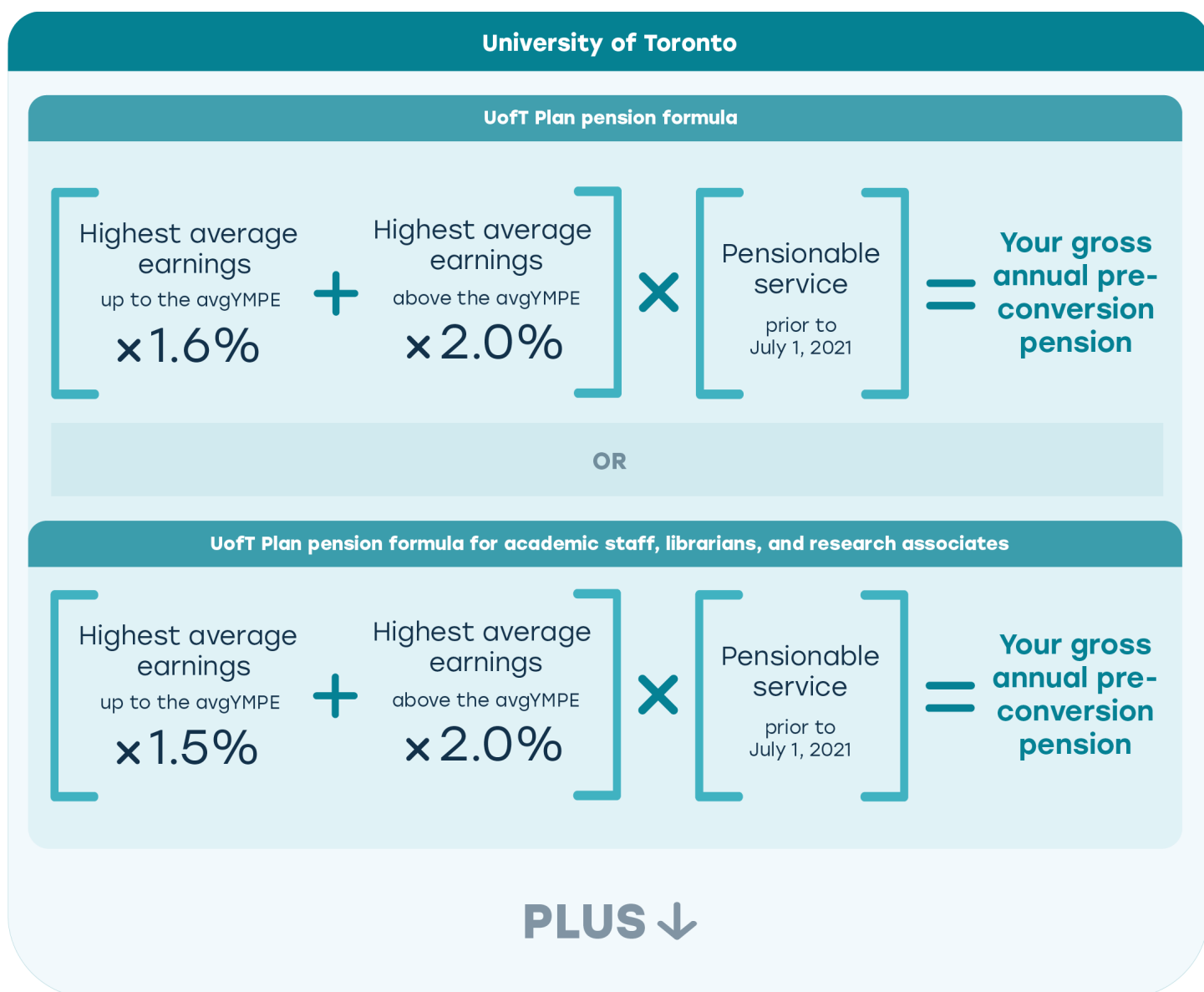
Plan provision	Impact on your benefit
	<p>Your latest beneficiary designation under the UofT Plan will be used to determine the named beneficiaries for your pre-conversion pension and UPP pension, until you update your beneficiaries directly with UPP. Any updates will apply to both your pre-conversion 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>
<p><b>Pre-conversion inflation protection (indexation)</b></p>	<p>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.</p> <p>Indexation for your pre-conversion pension is determined based on the greater of:</p> <ul style="list-style-type: none"> <li>• 75% of the increase in the Consumer Price Index (CPI) up to a maximum CPI increase of 8% for the previous year, plus 60% of the increase in the CPI in excess of 8% for the previous year, and</li> <li>• the increase in the CPI for the previous year, minus 4 percentage points.</li> </ul> <p>Any increase will be applied on July 1st. Indexation adjustments on pre-conversion pensions are applied to both deferred pensions and pensions in pay.</p> <p>UPP's indexation provisions apply to the portion of your pension earned after conversion. See <a href="https://myupp.ca/memberhandbook">myupp.ca/memberhandbook</a> for details.</p>
<p><b>Returning to work as a pensioner</b></p>	<p>If you are receiving a pension, whether it began before or after July 1, 2021, and 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.</p> <p>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.</p>

## 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.

**Note:** Your pre-conversion pension formula is based on your job classification at the time you leave your employment.





## UPP pension formula

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

<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.

### Highest average earnings (HAE)

Your pre-conversion pension uses your highest average earnings, which is an average of your highest 36 months of pensionable earnings (which do not have to be consecutive). Your pensionable earnings under your prior plan and UPP are considered when determining your HAE. Your HAE is limited to the amount that would produce the maximum lifetime annual pension under the ITA.

### Pensionable service

The determination of pensionable service for your pre-conversion pension and UPP pension will be based on your continuous service during your membership. Pensionable service is adjusted to reflect periods where you were employed on a less than full-time basis, if applicable.

- Pensionable service accrual ended under the UofT Plan on June 30, 2021, and is the amount of continuous service during which you've contributed to the UofT Plan (or accrued pension benefits while on a long-term disability or an approved leave of absence), including any service you transferred in prior to July 1, 2021.
- UPP pensionable service accrual began on July 1, 2021, and 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.

### **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 UofT Plan, 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 last 36 consecutive months of plan participation. For your UPP pension, the average YMPE includes the last 48 consecutive months of participation in UPP or the UofT Plan 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**

### **① 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.