

Getting started

# Member handbook

Your guide to University Pension Plan (UPP)

**UPP** UNIVERSITY  
PENSION PLAN  
ONTARIO



# This handbook summarizes the main features of your University Pension Plan Ontario (UPP) in simple terms.

A complete description is contained in the UPP Plan Text, available through your employer. 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 applies. In the event of a discrepancy between information in your pension statements or other statements given to you by UPP or by your employer and the amount payable in accordance with the formal Plan Text, the provisions of the Plan Text will prevail.

You will see references to the Income Tax Act (ITA) and Pension Benefits Act (PBA) throughout this handbook, which outline the maximum benefit that can be earned under a registered pension plan and specify the minimum standards for administering and funding pension plans.

Some terms in this handbook have specific meaning in the Plan's context. These terms are underlined when they first appear and linked to their definition in Section 7, Glossary of Terms.

All examples and calculations in this handbook are for illustrative purposes and reflect UPP's assumptions about a fictitious UPP member. Your annual pension will differ from the examples due to your personal circumstances. Your actual benefit entitlement, based on verified data, will be paid in accordance with the UPP Plan Text and applicable legislation in effect at the time you retire. For this reason, you should not rely on the examples for decision-making purposes.

**University Pension Plan Ontario Registration Number: 1357243**



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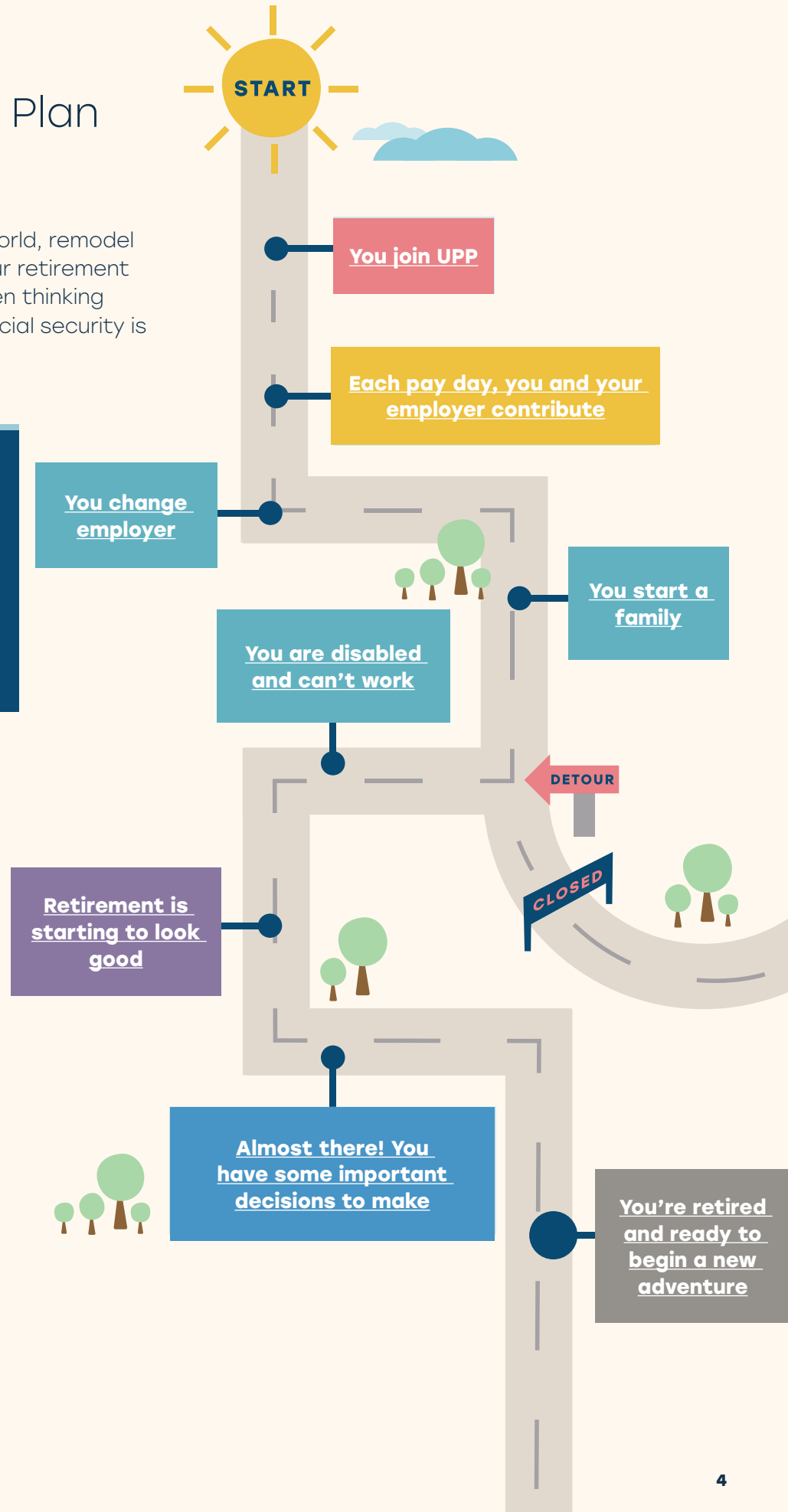
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# Welcome to the University Pension Plan (UPP)

Whether you choose to travel the world, remodel your home or start a new hobby, your retirement options are endless. That's why, when thinking ahead about life in retirement, financial security is rightly top of mind.

At UPP, our commitment is to deliver members a secure retirement income for life. That's our pension promise. This Handbook outlines key information for each stage of your UPP pension journey. We're here for you every step of the way.



# About UPP

UPP was established on January 1, 2020, by the Plan's [Joint Sponsors](#). On July 1, 2021, the assets and liabilities of the registered pension plans of Queen's University, University of Guelph and University of Toronto were transferred to UPP. Throughout this handbook, the pension plans sponsored by universities before joining UPP will be referred to as [Prior Plans](#).

UPP serves pension plan members and retirees for participating Ontario universities and is designed to deliver dependable pension benefits while enhancing the long-term sustainability of [defined benefit](#) pension plans. We strive to be the preferred pension solution for Ontario universities now and for generations to come.

This handbook focuses primarily on the terms that apply to UPP pension benefits earned for service on and after a participating employer's *Conversion Date*.

## Shared responsibility

As a multi-employer jointly sponsored pension plan (JSPP), UPP is a contributory defined benefit (DB) pension plan in which the employers and pension plan members share responsibility for the plan's governance and funding. The plan is jointly sponsored and governed by the participating universities and their plan members, giving members a new level of involvement in their plan.

As a member of a JSPP, you benefit from:

- greater security from the combined resources of more members and employers, managed by investment professionals,
- seamless pension benefits when moving between participating employers, and
- a representative voice in your plan.

UPP is governed by an independent Board of Trustees made up of 14 voting members. Our trustees are appointed by representatives of members and employers and have a shared responsibility to administer the Plan in the best interests of all members, regardless of their union or other affiliation.



# Joining the plan

When you join UPP, you're joining thousands of members at universities across the province working towards a common goal: lifelong, dependable retirement security.

## In this section

This section explains who can join UPP, the terms for transferring benefits from another plan, and how to protect your loved ones by designating your beneficiaries when you join. You'll also meet Kiran, our example member.

## Who can join UPP?

### Members of prior plans

If you were earning pension benefits under your university's or employer's prior pension plan when it converted to UPP, you automatically become a member of UPP on the day your university or employer joins.

Pension benefits earned under your prior plan remain unchanged and are now payable from UPP. You can still:

- get information about your prior plan through your university's website and pension administration team, and
- use the pension calculator on your Prior Plan's website (if available) to see your benefits earned under both your Prior Plan and UPP and explore retirement options.

Please refer to your university's [UPP Quick Guide](#) for information on how the pension benefits earned under both your prior plan and UPP work together to provide you with a secure retirement benefit when you retire.

### New and existing employees not enrolled in a prior plan

To join UPP, you must be in an [eligible employment class](#), which varies by participating employer. Please contact your employer's pension administration or Human Resources team for questions about your eligibility or to discuss new membership.



If you are in an eligible employment class, there are two ways to join the Plan:

### Full-time continuous employees

It is mandatory to join the plan, and you are automatically enrolled:

- on the first day of the month (or first full pay period if paid bi-weekly) on or following the date you join a participating employer, or
- when you become full-time.

**Please note:** If you are a Full-Time Continuous Employee who was not eligible or did not elect to become a member of a Prior Plan, you must become a member of UPP on your university or employer's Conversion Date.

### Other than continuous full-time employees

– that is, employees of a participating employer who do not qualify as a full-time employee – can choose to join UPP on the first of any month by completing the Plan enrollment form after meeting at least one of the two following conditions in each of the last two consecutive calendar years before applying for membership:

- you earn at least 35% of the Canada Pension Plan (CPP) earnings limit, also known as the [Year's Maximum Pensionable Earnings \(YMPE\)](#);
- or you work 700 or more hours in a year.

### Quick guides:

 [Queen's University](#)

 [University of Guelph](#)

 [University of Toronto](#)

 [Trent University](#)

The YMPE is a threshold set each year by the federal government, based on the average wage in Canada. We use it to calculate your pension and determine how much you need to contribute to the plan.

## Meet Kiran



On January 1, 2020\*, Kiran began working part-time at a university that now participates in UPP. Though just starting out professionally, Kiran has always been savvy about money management and would like to get a head start on saving for retirement.

Kiran checks to see if it's possible to join UPP. In each of 2020 and 2021, Kiran earned \$25,000 and worked 750 hours.

To meet the criteria for other than continuous full-time eligibility, Kiran needs to have earned at least 35% of the YMPE OR worked at least 700 hours in each of the last two years. In 2020 and 2021, the YMPE was \$58,700 and \$61,600 respectively, and 35% of the YMPE was \$20,545 in 2020 and \$21,560 in 2021.

Great news! Kiran met both the earnings threshold and minimum hours threshold in each of the last two years and is therefore eligible to join the plan.

Kiran would also have been eligible to join in 2022 even if Kiran had worked less than 700 hours in 2021 because they still earned more than 35% of the YMPE. Only one of the two requirements needs to be met in each of the two years.

Kiran elects to join UPP on January 1, 2022.

\*References to dates in the 'Meet Kiran' series throughout this Handbook are for example only and not reflective of any actual cohort

## Transferring benefits from another pension plan

If you've earned pension credit in another employer's registered pension plan just before joining a participating employer, you may be able to transfer the funds from your previous employer's plan into UPP, under certain conditions.

If eligible, transferring funds may allow you to:

- receive additional [pensionable service](#) under UPP; and,
- increase your [eligibility service](#), which would help you qualify for an unreduced early retirement pension sooner.

To request a transfer, you will need to complete and return a Pension Transfer Application within 12 months of becoming a UPP member, or within 12 months of joining your university's prior plan - whichever is earlier. Please contact your university pension administration team or UPP Pension Services for more information.

## Protecting your loved ones

Survivor benefits are an important feature of the plan to help provide for your loved ones when you pass away, whether before or after retirement. Completing the Beneficiary Designation Form when you join the plan helps ensure the right benefits are provided to the right people.

### With a spouse

If you pass away before retirement, your [spouse](#) is, by law, automatically entitled to the full value of your pension unless they sign a waiver. The benefit will be paid as an immediate monthly pension for your spouse's life, unless they choose to:

- leave the pension in UPP and collect a lifetime pension starting no later than December 1st of the year in which they turn age 71, or
- take the benefit as a single lump sum payment, either as cash (with applicable tax withheld) or transferred to a registered retirement savings vehicle.

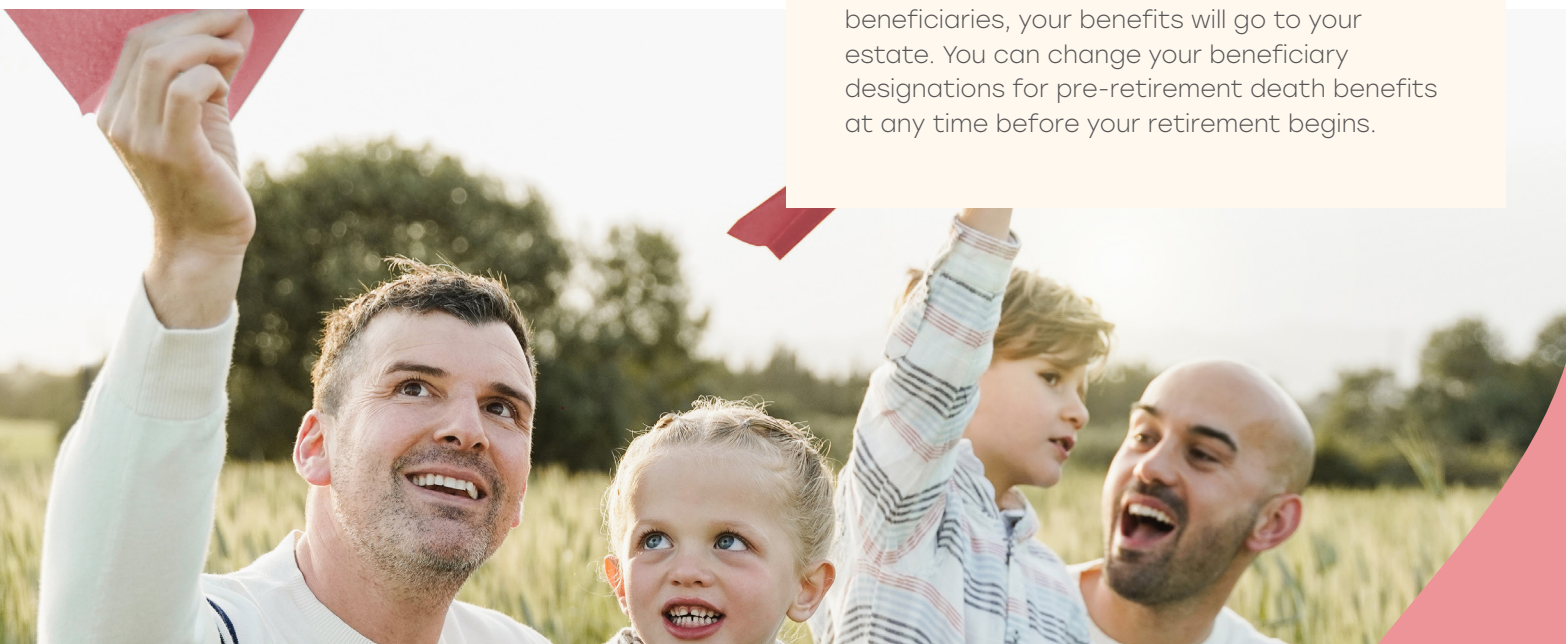
### Waiving survivor benefits

Your spouse has the right to waive their entitlement to pre-retirement survivor benefits. Waiving this entitlement means your spouse will not receive a survivor benefit if you pass away before them, and it will instead go your designated [beneficiary](#). A spouse will override any other beneficiary designation made by you unless you and your spouse have completed the required waiver form.

### Without a spouse

If you don't have a spouse, or your spouse has waived their rights to your survivor benefits, the money will be paid to your beneficiary or estate as a single taxable lump sum payment.

Keep in mind that if you don't designate beneficiaries, your benefits will go to your estate. You can change your beneficiary designations for pre-retirement death benefits at any time before your retirement begins.





# How your plan works

UPP is a contributory Defined Benefit (DB) pension plan designed to deliver you a lifelong, worry-free pension. The investment earnings of the plan, as well as the contributions made by you and your employer, are what fund your pension.

## In this section

This section describes the factors that go into calculating what you and your employer contribute, and the pension you'll receive.

## Your matched contributions

The amount you contribute to the plan each year is based on your pensionable earnings, the YMPE<sup>1</sup> and UPP's contribution rate. Your employer contributes an equal amount. Contributions flowing into the plan are invested by professionals.

**The plan's contribution rates are set by UPP's Joint Sponsors and subject to change based on the plans' financial status.**

As a UPP member, you currently contribute:

$$\left[ \begin{array}{l} 9.2\% \\ \text{of your annual} \\ \text{pensionable earnings} \\ \text{up to the YMPE} \end{array} \right] + \left[ \begin{array}{l} 11.5\% \\ \text{of your annual} \\ \text{pensionable earnings} \\ \text{above the YMPE} \end{array} \right] = \left[ \begin{array}{l} \text{Your annual} \\ \text{contribution,} \\ \text{matched by your} \\ \text{employer} \end{array} \right]$$

**The YMPE is a threshold set each year by the federal government, based on the average wage in Canada. In 2021, YMPE is \$61,600.**

For example, a member who works full-time and earns \$68,000 in 2021 will contribute:

$$\left[ \begin{array}{l} \$61,600 \times 9.2\% \\ = \$5,667.20 \end{array} \right] + \left[ \begin{array}{l} \$6,400 \times 11.5\% \\ = \$736.00 \end{array} \right] = \left[ \begin{array}{l} \$6,403.20 \\ \text{(matched by their} \\ \text{employer)} \end{array} \right]$$

This member's annual contribution of \$6,403.20 will be deducted evenly across their regular pay periods. Under UPP, earnings for contribution purposes are capped at \$191,400 (2022), increased annually in line with pension limits under the Income Tax Act.

<sup>1</sup> Please note that this will change to the Year's Additional Maximum Pensionable Earnings (YAMPE) for service on and after January 1, 2025.



## How your pension is calculated

As a member of UPP, your pension is paid for life. The pension you receive is based on a formula that considers a few key components:

**Your Best Average Earnings:** average of your highest 48 months of pensionable earnings as a member, up to the maximum pension limit under the Income Tax Act.

**Average YMPE<sup>2</sup>:** average of the YMPE established by the federal government in the last 48 months before you retire.

**Your years of Pensionable Service:** the amount of [continuous service](#) during which you've contributed to your UPP and prior plan, including any service you transferred in.

For each year of pensionable service after joining UPP, you will accrue an annual pension benefit, payable at your [Normal Retirement Date](#), based on:



Like all registered pension plans, UPP's pension benefit is subject to the maximum pension limits under the Income Tax Act, which increase annually. As indicated above, earnings for contribution purposes are capped at \$191,400 (2022) and deducted evenly across your regular pay for the year.

**Reminder:** you can always check your Annual Statement or use your university's online pension calculator as available for personalized information about your point-in-time benefits.

<sup>2</sup> Please note that this will change to the Year's Additional Maximum Pensionable Earnings (YAMPE) for service on and after January 1, 2025. Like the YMPE, the YAMPE is set to increase each year to reflect wage growth in Canada.

## Let's see how Kiran's pension will be calculated.

Kiran was 29 when they joined UPP on January 1, 2022 and began working full-time. Kiran plans to work full-time at the university until retirement. Always goal-oriented, Kiran is already charting a retirement timeline.



Here are Kiran's retirement date options:

**Date of birth:** March 27, 1992 | **Date of hire:** January 1, 2020 | **Date joined UPP:** January 1, 2022

### OPTION 1

#### Normal retirement at age 65

Kiran will turn age 65 on March 27, 2057 and can retire on March 31, 2057. Since this is Kiran's normal retirement date, there would be no reduction in their pension.

### OPTION 2

#### Early retirement between ages 55 and 65 (with reduction)

Kiran can also retire as early as March 31, 2047, at age 55.

In this case, Kiran's pension benefit will be reduced to reflect the pension's early start unless Kiran qualifies for an unreduced pension (see Option 3).

If Kiran chooses to retire at age 55 and does not qualify for an unreduced pension, the pension will be reduced by 50% - that is, 5% for each year that Kiran's retirement date falls before age 65 (5% x 10 years). This is to account for the extra payments that Kiran will probably receive by choosing to start their pension at a younger age.

### OPTION 3

#### Early retirement at age 60 (without reduction)

If Kiran is at least age 60 at retirement and Kiran's age plus years of eligibility service equal 80 points or more, there will be no reduction applied to the pension.

If Kiran stays in the plan, Kiran will have 80 points on February 28, 2046 but will turn 60 on March 27, 2052. That means that if Kiran retires any time after March 31, 2052 (the date when Kiran reaches both age 60 and has at least 80 points), no early retirement reduction will be applied to Kiran's pension.

If Kiran didn't qualify for the "80 factor," the pension would be reduced by 25%, which is 5% for each year that Kiran's retirement date falls before age 65 (5% x 5 years). This is to account for the extra payments that Kiran will probably receive by choosing to start their pension at a younger age.



## Inflation protection

Inflation protection is a valuable benefit designed to increase the amount of your monthly pension through a cost-of-living adjustment based on the increase in the [Canadian Consumer Price Index \(CPI\)](#).

**Prior plans** - If your prior plan had inflation protection, it will still apply to your benefits earned under that plan. Prior plans have varying dates and definitions of inflation protection that only apply to benefits earned under those prior plan provisions. Please contact your university pension administration team for details.

**UPP** - When you retire and begin receiving your pension, the portion attributable to UPP benefits will be subject to funded conditional indexation. This means that any indexation adjustments will be determined by UPP's Joint Sponsors. UPP's target funded conditional indexation is 75% of the increase in CPI for Canada but may be less based on the Plan's overall financial health and Funding Policy. Indexation of your UPP benefits is not guaranteed, meaning if an indexation adjustment is made in any given year, it does not necessarily mean an adjustment will be made in any future year.<sup>3</sup>

## Watch your pension benefits grow

UPP provides personalized information that makes it easy to keep track of your pension's growth and see how much your monthly pension would be at various retirement dates.

Each year, you will receive an annual statement providing a snapshot of your benefits, including those from your prior plan benefits (if any), and your earliest retirement date and normal retirement date.

If your employer offers a member portal, you can use it anytime and use the pension calculator to estimate your future pension, using your own pension data and retirement dates.

**Close to retirement?** You can request a personalized pension estimate, which will give you a snapshot of what you can expect to receive in retirement based on your expected plans.



<sup>3</sup> If an inflation adjustment is made, it will be payable on January 1st. For each January 1st starting in 2022, up to and including January 1, 2028, if you have retired and are receiving a pension, your indexation adjustments on the portion attributable to benefits under the UPP will be paid at 75% of the increase in CPI for Canada. The increase for the first year of your retirement will be pro-rated according to the number of months between your pension start date and January 1st.



# Career events, life events and your UPP benefits

There may be times when your career or life choices alter your earnings or hours worked, which could affect your pension benefits.

## In this section

The following section explains what happens to your pension if you leave your UPP employer before retirement, decide to go back to work after retiring, or take a professional or personal leave. UPP offers many ways to ensure you continue building benefits and maximize your pension along the way.

## Career events

### Leaving your UPP employer before retirement

If you leave your job with a UPP employer, you will need to decide what to do with your UPP pension. Note that if you are employed with more than one UPP participating employer at a time, you will need to terminate your service with all employers to have terminated your plan membership.

Upon termination, you will receive a statement outlining the two options below. There are certain UPP provisions to be aware of in deciding between options, which may impact your retirement options in the future.

For members under age 55, you have two options:

- 1. Deferred Pension Option (default)** - Leave your benefits in the plan until you become eligible to retire. If you rejoin UPP within 12 months of the date your employment ended and you did not transfer any of your pension assets out of the plan, your contributions will begin again and your period of membership prior to re-employment will combine with the period of membership after becoming re-employed. If you happen to rejoin UPP before receiving your termination options package, re-entering the plan becomes your 'default' selection and a lump sum transfer is no longer available.
- 2. Lump Sum Transfer Option** - Transfer the commuted value of your UPP pension to a registered retirement vehicle (such as a LIRA) or other registered pension plan, or purchase an annuity through an insurance company. This is a time-limited, final settlement of your UPP pension. If you rejoin UPP at a future date, you cannot put the money back into the plan. Your previous service and earnings will not be used to determine your eligibility to retire or the amount of pension you will receive.



Keep in mind, different rules for taking your commuted value out of the plan may apply to both your UPP pension and your [prior plan pension](#). See the UPP Quick Guide for details.

For members age 55 or older, you can:

- leave your benefits in the plan in the event you get hired by a UPP employer within 12 months or until you reach your normal retirement date (at which point you must start collecting your pension); or,
- take an immediate pension.

[Small pension](#) and [excess contributions](#) rules under the Pension Benefits Act will apply.

Members should seek independent professional financial advice based on their individual circumstances when making decisions about their UPP pension when changing employment.

### Returning to work and receiving a UPP pension

If, after retiring, you return to work at a participating employer on a full-time continuous basis (in an eligible

employment class), your pension payments will stop, and you will become a contributing member of UPP. When you decide to re-retire, your pension will be redetermined to include any additional benefit earned after you returned to work.

If, after retiring, you return to work at a participating employer on an other-than-continuous full-time basis – and are eligible to re-join UPP – you can choose to stop your pension payments and become a contributing member of UPP. Doing so will allow you to earn additional benefits and retire with a bigger pension.

Please contact your employer's pension administration team for more information on eligibility rules and re-joining UPP.

### Leaves of absence

Whether you're having a baby or tending to a personal emergency, in many cases you can continue making contributions and earning pensionable service while on an employer-approved leave. Whether or not you opt to contribute while on leave, you'll remain a UPP member and continue to earn eligibility service. The table below outlines the most common types of leave.

Type of Leave <sup>4</sup>	Member Contribution	Employer Contribution
<b>Statutory (E.g., parental leave)</b>	Optional	Matched
<b>Unpaid</b>	Optional - required to also pay the employer's contributions	Not Matched
<b>Research &amp; Study</b>	Required	Matched
<b>Long-term Disability</b>	No	Both employee and employer contributions will be made by your employer if you are (or would be) eligible for long-term disability benefits

Eligibility service is used in calculating your eligibility for an early unreduced pension, whereas pensionable service is used to calculate your final pension.

For information on whether you can make contributions during a leave, or to make arrangements to do so, please refer to the Plan Text or speak with your employer's pension administration or Human Resources team.

<sup>4</sup> There are other types of leaves such as phased retirement, reduced workload arrangements, self-funded leaves, temporary layoffs, and paid leaves of absence. If any of these leaves apply to you, please contact your university pension administration team or UPP Pension Services to learn more about how they impact your pension.

## Life events

### **Pregnancy/parental leave** ([see table on page 14](#))

A pregnancy or parental leave is considered a [Statutory Leave of Absence](#).



### Kiran's planning a family; will that impact Kiran's pension?

A few years after joining the plan, Kiran is now working full-time, and has a thriving career. Kiran and partner, Pat, are planning to start a family. After discussing their finances and planning ahead, they decide that Kiran will take parental leave to care for their baby.

To continue earning pensionable service while on parental leave, Kiran decided to keep contributing to the plan while on leave. These contributions will continue for the duration of the leave and be matched by Kiran's employer.

If Kiran had decided not to continue contributing to the plan while on leave, they would not earn pensionable service during the length of time Kiran is on leave.

### **Ending a relationship**

Any pension you earn while married is considered a shared asset and can be divided between you and your partner to a maximum of 50%, according to the terms of a:

- legal separation or divorce agreement,
- arbitration award, or
- court order.

It's important to notify your employer of any change in your spousal status and keep your beneficiary designation form up to date.

### **Disability** ([see table on page 14](#))

If you are eligible for long-term disability benefits, under the terms of the plan, your employer will fund your contributions until the earliest any of the following occurs, you:

- are no longer disabled,
- reach your normal retirement date,
- retire, or
- pass away.

If you have any questions about UPP's disability benefit, please call your employer's pension administration or Human Resources team.

### **Shortened life expectancy**

If you become terminally ill with a life expectancy of less than two years, you can request to withdraw the commuted value of your UPP pension as a single taxable lump sum payment, or transfer it to a registered retirement vehicle, subject to Income Tax Act limits. Conditions apply and medical evidence is required. You must have either a deferred pension or a pension in pay to qualify for this benefit.

If you have a spouse, they must also give their written consent to withdraw the funds. This consent is important because your spouse is entitled to death benefits that they will give up if you make this withdrawal. You and your spouse should seek independent legal and professional financial advice before making this decision. Please contact your employer's pension administration team or UPP Pension Services for more information.

# When you can retire

Knowing how your pension is calculated, and how your personal and professional decisions may impact your pension benefit, you might be wondering when you can and should retire.

## In this section

This section explains how your age and eligibility service factor into the decision.

## Normal retirement

UPP's [normal retirement date](#) is the end of the month in which you turn 65, but you can continue to contribute to the Plan and earn pension benefits up to November 30th of the year you turn the maximum permitted age under applicable Canadian law, which is currently 71. Once you meet the maximum permitted age, contributions will stop and you must elect a retirement income option.

## Early retirement

You can retire as early as the end of the month in which you turn 55.

You can retire with an unreduced pension as early as age 60 if your age plus your eligibility service equal at least 80 points. This is known as the "80 factor." For example, if you were 62, you would need at least 18 years of eligibility service to qualify for an early unreduced pension ( $62 + 18 = 80$  points).

Because of the stipulation that you must be at least age 60 to retire early, a member aged 58 with 22 years of eligible service would not qualify for an early unreduced pension.

### Early retirement reductions

If you don't qualify for an early unreduced pension, you can still retire as early as age 55 but your pension will be reduced by 5% for each year (prorated for partial years) that you are under age 65.

For example, if you decided to begin your pension at age 62.5 with 15 years of eligibility, your pension would be reduced by 12.5% [ $65 - 62.5$ ] x 5% per year). The reduction reflects the fact that by choosing to start your pension at a younger age, you will probably receive your pension for a longer period.

In general, your pension starts on the first day of the month following your retirement date.

Keep in mind, if you've earned a pension under a participating employer's Prior Plan, different early retirement eligibility rules and reductions may apply to the benefits earned for service under that plan. For more information on the terms of your university's prior plan, please contact your university pension administration or Human Resources team.





# Starting your retirement

Once your monthly pension payments start, they will continue for the rest of your life.

## In this section

This section discusses how to start the retirement process and some of the choices you'll need to make at that time.

## Applying for your pension and giving notice of retirement

Your pension does not automatically begin until you provide your employer with the necessary documentation and notice of your decision to retire. Documentation and notice requirements vary by participating employers and you should consult your employer's pension administration or Human Resources team on what those are.

## Choosing your survivor benefit

When you pass away after retirement, your spouse, children, or designated beneficiaries may qualify for survivor benefits. The amount and type of benefit will depend on the payment options you choose at retirement. It's important to know that these choices cannot be changed once your lifetime pension starts, even if your personal situation changes.

[See Section 1](#) for details on your pre-retirement beneficiary designation. At your retirement, small pension and excess contributions rules will apply ([see Glossary of Terms](#)).

## Spousal benefit options

The [normal form](#) of pension for a member with a spouse on the date of retirement is a 50% spousal pension. However, law requires that a 60% spousal pension be provided. If your spouse doesn't need their full entitlement, they can sign a legal waiver for you to elect a 50% spousal pension instead, which prevents your regular pension from being reduced to provide their additional spousal pension (see Kiran's example below for how different spousal pension options affect your regular pension payments). The waiver must be submitted before your pension begins.

If your spouse opts not to waive the 60% spousal pension - or you elect the 80% or 100% options under the Plan - your pension will be actuarially reduced and accordingly, your monthly pension payment will be lower. This is because the value of your pension will probably be paid over a longer period covering both you and your spouse's lifetime. See Kiran's example below for an illustration of how this is applied.



If your spouse is more than 10 years younger than you, your normal form of pension will be actuarially reduced to reflect the likelihood that your spouse will receive more pension payments over a longer period.

The table below outlines the forms of spousal pension available to you.

Spousal payment option	Your spouse will receive
<b>50% spousal pension (normal form)</b>	50% of your pension for their lifetime. This option requires a spousal waiver and is the normal form of pension for members with a spouse (resulting in the maximum regular pension payment to you).
<b>60%, 80% or 100% spousal pension</b>	60%, 80% or 100% of your pension for your spouse's lifetime (results in an actuarially reduced pension for your lifetime).
<b>50%, 60%, 80% or 100% spousal pension with a 10-year guarantee</b>	<p>No matter which spousal pension you choose, if you pass away before 120 monthly payments have been made to you, your surviving spouse is entitled to your full pension payments for the remainder of the 120-month guarantee period, and then reduces to the 50%, 60%, 80% or 100% spousal pension for the remainder of their lifetime.</p> <p>If your spouse also passes away before the 120 payments have been made, the remaining guaranteed payments will be paid to your spouse's beneficiary or estate.</p> <p>If your spouse passes away before you, the remaining guaranteed payments will be paid to your beneficiary or estate.</p>

### Benefit options for members without a spouse at retirement

If you do not have a spouse at retirement, or your spouse has waived their entitlement, the following forms of pension are available to you:

Payment options without a spouse	
<b>Lifetime pension with 10-year guarantee</b>	If you pass away before receiving a total of 120 payments, the balance of payments will be made to your beneficiary or estate. This is the normal form of pension for a member without a spouse.
<b>Lifetime pension with 15-year guarantee</b>	If you pass away before receiving a total of 180 monthly payments, the balance of payments will be made to your beneficiary or estate. This option requires an actuarial reduction to reflect the longer guarantee period.

## Survivor benefits for dependent children

If you have dependent children at retirement, you may be able to provide them with an income from UPP when you pass away. Your options are affected by the age of the children and the nature of their dependence. Please consult your employer's pension administration or Human Resources team for more details.



## Kiran is ready to retire

Kiran's best average earnings at age 65 of \$75,000 will be used to calculate their monthly pension, along with Kiran's pensionable service under the plan. Since the UPP formula factors in the CPP earnings limits before January 1, 2025 (YMPE) as well as on or after January 1, 2025 (YAMPE), a few calculations are needed to determine Kiran's monthly pension at retirement.

Let's assume that when Kiran retires, the YMPE and YAMPE are the same as they are in 2021.

### Here's how Kiran's pension is calculated:

- Best average earnings at age 65 = \$75,000
- Average YMPE at age 65 = \$61,600
- Average YAMPE at age 65 = \$70,224
- Pensionable service at age 65
- Before January 1, 2025 = 3.0 years
- On or after January 1, 2025 = 32.24658<sup>a</sup> years

### Annual Pension at 65 (normal form) =

$$\begin{array}{r}
 \left[ \begin{array}{l} 1.6\% \times \$61,600 \\ + \\ 2.0\% \times \$13,400 \end{array} \right] \times 3\text{yrs} + \left[ \begin{array}{l} 1.6\% \times \$70,224 \\ + \\ 2.0\% \times \$4,776 \end{array} \right] \times 32.24658\text{ yrs} = \$43,072.73
 \end{array}$$

**Kiran's first monthly pension payment of \$3,589.39 will be received on April 1, 2057.<sup>b</sup>**

<sup>a</sup> Note that UPP service is rounded to five decimals.

<sup>b</sup> For illustration purposes only.

## Benefits for Kiran's spouse

If Kiran passes away before Pat, Pat will receive benefits based on the payment option Kiran chose at retirement. The reductions to Kiran's regular pension amount in the examples below assume Pat is two years younger than Kiran.

Payment option	Description	Pension payments
<b>50% spousal pension (normal form)</b>	Pension paid for Kiran's life with 50% continuing to Pat for their lifetime after Kiran's death. This option requires a spousal waiver.	Kiran's pension: \$3,589.39 Pat's pension after Kiran's death: \$1,794.70
<b>60% spouse's pension (legislative minimum)</b>	Pension paid for Kiran's life with 60% continuing to Pat for their lifetime after Kiran's death.	Kiran's pension: \$3,543.12 Pat's pension after Kiran's death: \$2,125.87
<b>80% spouse's pension</b>	Pension paid for Kiran's life with 80% continuing to Pat for their lifetime after Kiran's death.	Kiran's pension: \$3,454.05 Pat's pension after Kiran's death: \$2,763.24
<b>100% spouse's pension</b>	Pension paid for Kiran's life with 100% continuing to Pat for their lifetime after Kiran's death.	Kiran's pension: \$3,369.35 Pat's pension after Kiran's death: \$3,369.35
<b>Spouse's pension with 10-year guarantee</b>	<p>If Kiran passes away before 120 monthly payments have been made, the full pension will continue to be payable to Pat for the remainder of the guarantee period. Once the guarantee period ends, a pension is paid at 50%, 60%, 80% or 100% continuing for Pat's lifetime.</p> <p>If Pat also passes away before the 120 payments have been made, the remaining guaranteed payments will be paid to Pat's beneficiary or estate.</p> <p>If Pat passes away before Kiran, the remaining guaranteed payments will be paid to Kiran's beneficiary or estate.</p>	<p>Kiran's pension: (50% with guarantee) = \$3,568.23 Pat's pension after Kiran's death: \$1,784.11</p> <p>Kiran's pension: (60% with guarantee) = \$3,526.36 Pat's pension after Kiran's death: \$2,115.82</p> <p>Kiran's pension: (80% with guarantee) = \$3,445.51 Pat's pension after Kiran's death: \$2,756.41</p> <p>Kiran's pension: (100% with guarantee) = \$3,368.28 Pat's pension after Kiran's death: \$3,368.28</p>



## If Kiran does not have a spouse at retirement

If Kiran does not have a spouse at retirement, they will have different retirement payment options to choose from.

Payment option	Description	Pension payments
Life with 10-year guarantee (normal form)	Pension is paid for Kiran's lifetime. If Kiran passes away before 120 monthly payments have been made, the rest will be paid to Kiran's beneficiary or estate.	Kiran's pension: \$3,589.39  The balance of the guaranteed 120 monthly payments, if any, will be paid to Kiran's beneficiary/estate after Kiran's death.
Life with 15-year guarantee	Pension is paid for Kiran's lifetime. If Kiran passes away before 180 monthly payments have been made, the rest will be paid to Kiran's beneficiary or estate.	Kiran's pension: \$3,532.91  The balance of the guaranteed 180 monthly payments, if any, will be paid to Kiran's beneficiary/estate after Kiran's death.



# Have questions?

You can get information about UPP and your pension in the following ways.

## If you have any questions about your pension, please contact:

Trent University (formerly the TUFA Plan), University of Guelph Faculty Association, University of Toronto Faculty Association

[memberservices@universitypensionplan.ca](mailto:memberservices@universitypensionplan.ca)

Queen's University

[hrpension@queensu.ca](mailto:hrpension@queensu.ca)

University of Guelph

[upp@uoguelph.ca](mailto:upp@uoguelph.ca)

University of Toronto Pension Services

1-888-852-2559 (or 416-226-8278 when calling from outside North America)

## Please keep us informed

The UPP Board of Trustees is the legal Administrator of the UPP Plan. As agents to the UPP Board of Trustees, Queen's University, the University of Guelph and the University of Toronto administer benefits earned in a Prior Plan (if applicable) and your UPP benefits. It's important to keep us informed of changes of address, marital status, beneficiaries, or other important information that may affect your pension.

If you are employed by one of the universities listed above, please provide your updates via your university contact above. Otherwise, please contact UPP Pension Services.

## We'll do the same

Each year, we will send you a personalized pension statement with a snapshot of your benefits. We'll also update you on any changes in your UPP benefits.

In the meantime, you can visit [myUPP.ca](https://myupp.ca) anytime for information on our plan and ways to join the conversation and sign up for news and updates.

## Privacy

At UPP, your privacy is important to us. To safeguard the privacy of our members, all personal information is kept strictly confidential and only collected, used, and disclosed solely for the purposes of administering the plan.

For more information on UPP's privacy policies and practices, please see our [Privacy Statement](#).

# Glossary of terms

## **Average YMPE**

The average of the year's maximum pensionable earnings (YMPE) during the last consecutive 48 months of your plan participation. Average YMPE applies for service before January 1, 2025.

## **Average YAMPE**

The average of the year's additional maximum pensionable earnings (YAMPE) during the last consecutive 48 months of your plan participation. The Average YAMPE applies for service on and after January 1, 2025.

## **Beneficiary**

The person(s) last designated by a member or retired member to receive benefits payable from the plan when they pass away. This includes beneficiary designations made in accordance with Prior Plans transferred to UPP. Generally, beneficiaries are named at enrolment or through a Beneficiary Designation form which can be obtained through your employer's pension administration or Human Resources team.

## **Best Average Earnings**

The average of your highest 48 months of pensionable earnings with your employer during your plan membership; limited to the amount that would produce the Income Tax Act (ITA) maximum lifetime annual pension.

## **Commuted Value**

The commuted value (also known as a "lump sum value") is the total estimated value in today's dollars of the lifetime pension you have earned and would be payable at retirement. In other words, the commuted value is an estimate of the amount of money that must be set aside today to pay the pension you would begin to receive at retirement. It is an actuarial calculation that involves many factors, including age at time of calculation, assumed retirement age, pension earned to date, mortality rates, and interest rates. Because the commuted value is a current estimate of a future value, it may be either greater or less than the actual pension payments that you would have received if you had elected to receive a pension from the plan.

## **Consumer Price Index (CPI)**

The Consumer Price Index (CPI) is an indicator of the level in prices experienced by consumers in Canada and is often used to gauge changes in prices over time. It is determined by Statistics Canada. The selection of goods and services upon which it is based is updated every two years.

## **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.

## **Conversion Date**

When used in relation to a Prior Plan, the date on which a university joined UPP and transferred the assets and liabilities of its Prior Plan to UPP. For other participating employers, the applicable date is the plan participation date, as defined in the Employer's Participation Agreement.

## **Defined Benefit (DB) Pension Plan**

A pension plan that offers a pension paid for life. The retirement benefit is calculated using a formula based on earnings and years of service to determine a pension at retirement.

## **Eligible Employment Class**

The classes of employees to whom mandatory or optional participation in UPP is available on the date their employer commenced participation in UPP. Eligible employment classes vary by employer.

**Eligibility Service**

The sum of a member's continuous service with any UPP participating employer and the service transferred in from another pension plan, including prior plans. It is used to determine eligibility for an unreduced early retirement pension; however, it does not change the pensionable service used in UPP pension formula.

**Excess Contributions**

If you leave or retire and have contributed more than 50% of the commuted value of your pension, you will receive a refund of your excess contributions as a lump sum payment.

**Full-time Continuous Employee**

A person employed by a participating university on a continuous, full-time basis, as a regular full-time contract appointment, or as an other permanent employee. Depending on the employer, regular full-time contract employees or permanent employees who do not work full-time may qualify as Full-Time Employees. Please contact your employer's pension administration or Human Resources team for details.

**Joint Sponsors**

The JSPP model means shared governance between the employer and employee sponsors—the Joint Sponsors. This governance model gives members a new level of involvement and control over the governance of their pension plan. There are two sponsors of UPP: the Employer Sponsor and the Employee Sponsor, each of which has one vote. The Employer Sponsor and the Employee Sponsor have each created a six-person committee to determine how that sponsor's vote will be cast.

The Joint Sponsors are jointly responsible for making all decisions about the terms and conditions of the UPP, any amendments (including benefits and contributions), and its funding policy. The Sponsors also appoint the Board of Trustees, which is the legal administrator of UPP. Please visit [myUPP.ca](http://myUPP.ca) to see bios of the appointed Board of Trustees.

**Normal Form**

The default form of payment of your pension. Your pension amount, calculated using the plan formula, will be payable in this form. All other optional forms of payment will be actuarially equivalent to the normal form.

**Under UPP:**

- if you have a spouse, the normal form is a pension payable for your lifetime, with 50% of the pension continuing to your spouse after your death (50% spousal pension)
- if you do not have a spouse, the normal form is a pension payable for your lifetime, with a guarantee that at least 120 monthly payments will continue to your beneficiary or estate after your death (Lifetime pension with 10-year guarantee)

**Normal Retirement Date**

Your normal retirement date is the last day of the month in which you reach age 65.

**Other than Continuous Full-time Employee**

An employee of a participating employer who does not qualify as a Full-Time Employee. Please contact your employer's pension administration or Human Resources team if you require further information.

**Pensionable Earnings**

Pensionable earnings are used to calculate how much you and your employer need to contribute to UPP and are used to determine the best average earnings used to calculate your pension benefit.



**Pensionable Service**

Your years – and fractions of years – of continuous service on or after the date on which you joined UPP during which you made contributions to the plan or would have contributed if contributions were not waived under certain leaves of absence. This includes amounts transferred in from another pension plan and used to purchase UPP service. Pensionable service is also adjusted to reflect periods where a member was employed on a less than full time basis.

**Plan Text**

The legal foundational document which governs the benefit entitlements of members and sets out how the plan is administered.

**Prior Plan Pension**

Your pension based on the service you earned under your university's prior plan, up to the date that your employer joined UPP (also known as the conversion date).

**Prior Plan**

A single employer pension plan sponsored by a participating university. Past service in a prior plan may affect provisions earned under UPP and modify UPP provisions that apply on and after the date in which a participating university joined UPP.

**Small Pension**

If the annual pension you've earned under the plan - payable at your normal retirement date - is not greater than 4% of the YMPE at your date of termination, or the commuted value of your pension is less than 20% of the YMPE at your date of termination, you will be required to receive the commuted value of your benefit as a taxable lump sum payment or a tax-deferred transfer to a financial vehicle.

**Spouse**

Ontario law defines a "spouse" as the person who is living with you and is:

1. married to you; or
2. not married to you but has been living with you in a conjugal relationship continuously for at least three years; or
3. not married to you but living in a conjugal relationship with you in a relationship of some permanence if you are the parents of a child as defined in the Children's Law Reform Act, 1990 (Ontario).

**Statutory Leave of Absence**

A period of pregnancy leave, parental leave, or any other leave of absence that a member is entitled to take under the Employment Standards Act (Ontario) or Workplace Safety and Insurance Act (Ontario).

**Unpaid Leave of Absence**

An Unpaid Leave of Absence is a leave approved by the member's employer, other than a Statutory Leave of Absence.

**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. In 2021, the YMPE is \$61,600.

**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.

# Participating employers

Participating Employer	Conversion Date
Queen's University	July 1, 2021
University of Guelph	July 1, 2021
University of Toronto	July 1, 2021
Alma Mater Society of Queen's University	July 1, 2021
Canadian Institute for Advanced Research	July 1, 2021
Canadian Microelectronics Corporation	July 1, 2021
Massey College	July 1, 2021
Queen's University Faculty Association	July 1, 2021
The Fields Institute for Research in Mathematical Sciences	July 1, 2021
University of Toronto Asset Management Corporation	July 1, 2021
University of Toronto Press	July 1, 2021
University of Toronto Schools (Employees who were members of the UTPP since 01-Jan-2004)	July 1, 2021
Trent University	January 1, 2022
University of Guelph Faculty Association	January 1, 2022
University of Toronto Faculty Association	January 1, 2022
Board of Trustees of the University Pension Plan Ontario	January 1, 2022

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