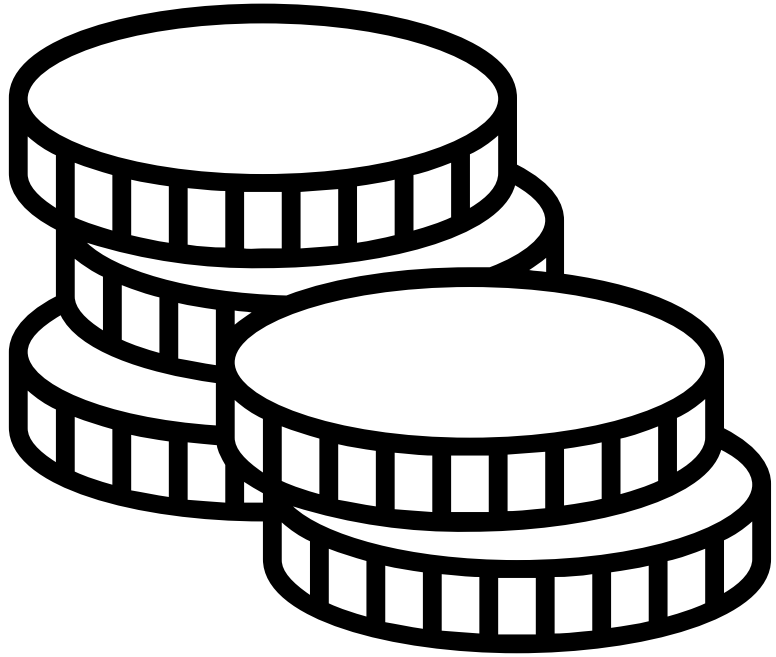
University of Windsor

University of Windsor Retirement Plan for Faculty and Certain Employees

Understanding Your Pension Plan: The Basics

Overview

- Types of Pension Plans
- Faculty Pension Plan
- Joining the Pension Plan
- Life as an Active Member
- Terminating Membership
- Normal Retirement
- Early Retirement
- Postponed
- Death benefits
- Survivor Options
- Pension Administration System



Types of Registered Canadian Pension Plans

- **Defined Benefit Plans (DB)**
  - Pension benefit at retirement is based on a fixed formula
  - Earnings and service are used to calculate the pension benefit
  - Pension at retirement can be estimated
  - The cost to provide the pension is unknown

- **Defined Contribution Plans (DC)**
  - Fixed contributions deposited to an investment account
  - Account subject to fund gains (and losses)
  - Account balance used to provide retirement benefits
  - Pension at retirement difficult to estimate

- **Hybrid Plan – a combination of DB and DC**
  - Attempts to provide the best of both worlds

Faculty and Certain Employees Pension Plan

The Faculty Pension Plan is a Hybrid Pension with two components

- Money Purchase (MPP) (Defined Contribution)

With a

- Minimum Guarantee (MGP) (Defined Benefit)

Plan Definitions

Earnings = Member's basic nominal salary, excludes overload, allowances, bonuses or stipends.

YMPE = Year's Maximum Pensionable Earnings in effect under the Canada Pension Plan.

BAYMPE48 = Average of YMPE during same period used to determine your BAE48.
(2026 = 74,600) (2025 = 71,300) (2024 = 68,500) (2023 = 66,600)

BAE48 = 12 X average of Members monthly earnings in the 48 months of highest earnings (not necessarily consecutive) prior to retirement.

Faculty and Certain Employees Pension Plan

- **Money Purchase (Defined Contribution)**
  - 9% Member Contribution PLUS 6% University Contribution credited to individual member accounts along with fund rate of return (+ / -)
  - Money Purchase Pension (MPP), payable monthly at retirement
  - MPP = $\frac{\text{Total MPC Account at Retirement}}{\text{Actuarial Annuity Factor}}$
    - Actuarial assumptions include mortality, retirement age, and spousal age.
- **Minimum Guarantee (Defined Benefit) – funded solely by the University**
  - 1.5% of Best Average Earnings (BAE48) up to Best Average YMPE (BAYMPE48)

PLUS

  - 2 % of BAE48 above BAYMPE48

Multiplied by

  - Years (and part years) of Pensionable Service in the plan

Normal Retirement Estimate

Date of retirement	=	July 1, 2026 (July 1st following age 65)
Pensionable Service	=	19.9477 years
Best average earnings	=	$ 155,454.75 (highest 48 months)
Final average YMPE	=	$ 66,612.50
MPP Account Balance	=	$ 578,103.46
Actuarial annuity factor=		11.46963 (age, spousal age, mortality)

MPP = $578,103.46 / 11.46963 = $50,402.97 ($4,200.25 monthly)
MGB = 19.9477 x [(0.015 x $66,612.50)+(0.02 x($155,454.75- $66,612.50))] = $55,375.56 ($4,614.62 monthly)

2026 Limit = $78,438.74 ($3,932.22 x 19.9477) therefore MGB payable at the full amount.

Therefore…
MGB payable at retirement = $55,375.56 per year ($4,614.62 monthly) as the MPP amount is lower than the MGB amount.

Normal Retirement Estimate

MONTHLY PENSION SUMMARY OPTIONS

Form	Joint & 60% Survivor *	Joint & 66.67% Survivor Guar.5	Joint & 75% Survivor	Joint & 100% Survivor	Life Only	**Life & Guaranteed 5 year (Normal Form)**	Life & Guaranteed 10 year	Life & Guaranteed 15 year
MGP	**$4,190.96**	**$4,130.95**	**$4,087.48**	**$3,925.93**	**$4,663.15**	**$4,614.62**	**$4,497.34**	**$4,332.41**
MPP	**$3,814.63**	**$3,760.00**	**$3,720.44**	**$3,573.40**	**$4,244.41**	**$4,200.25**	**$4,093.49**	**$3,943.38**
SUPP	**$376.33**	**$370.95**	**$367.04**	**$352.53**	**$418.74**	**$414.37**	**$403.85**	**$389.03**
PENSION	**$4,190.96**	**$4,130.95**	**$4,087.48**	**$3,925.93**	**$4,663.15**	**$4,614.62**	**$4,497.34**	**$4,332.41**

* In accordance with provincial pension benefits legislation (Ontario), the Plan provides that if you have a spouse at the time your pension commences, your pension must be payable on a joint and survivor basis where at least 60% of your initial pension benefit continues to that spouse (if living), after your death. An alternative option may be elected providing you and your spouse sign a Waiver of Joint and Survivor Pension form.

ESTIMATED MPC BALANCE AT RETIREMENT: **$578,103.46**

ACTUARIAL ASSUMPTIONS

MPC Annuity Conversion Factor: **11.46963** at age 65.2254
Pension conversion mortality basis: **UP94 using projection scale AA, 80% Male at 6.0%**

Joining the Plan



Full Time, Permanent Faculty & Librarians

Compulsory membership coincident with or next following Employment Date.



Limited Term Appointments

Voluntary participation coincident with or next following Employment Date. Automatic enrolment unless directed not to enroll the member.



Sessional Instructors and Part Time Employees

Voluntary participation coincident with or next following the completion of 24 months of Continuous Service provided you have:

- earned at least 35% of the CPP Year's Maximum Pensionable Earnings ($24,955 for 2025)
- worked at least 700 hours

in each of the two (2) immediately preceding calendar years.

Eligible members are contacted each December by Human Resources

Joining the Plan

Transferring other RPP monies to the Faculty Pension Plan

- No reciprocal agreements due to Hybrid Plan Design
- May transfer monies into the Pension Fund
- Monies held separate and distinct, outside the MPP account (AVC)
- May have to be administered on a locked in basis
- Does not form any part of the Faculty Registered Plan (does not purchase any service or other entitlements)
- Monies will be subject to the plan fund return (+ or -)
- Option of lump sum refund or separate monthly pension, upon termination or retirement.

Life as an Active Member

- Plan Year runs from July 1st to June 30th of each year
- Contributions – 9% of nominal salary, subject to government maximums. Includes nominal salary paid in the form of a Research Grant. Excludes overloads, and other stipends.
- Special rules for certain types of leaves such as sabbaticals, education leaves
- Once an enrolled active member you may not opt out
- Pensionable earnings, service and contributions captured monthly
- Immediate Vesting – ownership of pension benefits
- Pension Adjustment – T4 - deemed value of one year plan participation – reduces personal RRSP room
- Annual Pension Statement – within 6 months of plan year end

Life as an Active Member

Leaves of Absence

Long Term Disability (LTD)

- contributions are deemed based on the salary in receipt at date of LTD benefit commencement
- member receives 100% service credit for the disability period and the salary in receipt at date of LTD benefit commencement

Maternity/Parental leaves/New Statutory Leaves

- voluntary participation

Sabbatical leaves

- option to participate on nominal salary or on actual salary Credited service adjusted accordingly
  - Example: 12 month sabbatical at 80% salary
  - Service credit = 12 months (100%)if contributions based on nominal
  - Service credit = 9.6 months (80%) if contributions based on actual

Terminating from the Plan

- **Termination Benefit is the Greater of:**
  - Money Purchase Component Account balance to-date
  - Commuted value of Minimum Guaranteed Pension earned to-date

- **Transfer Options:**
  - Transfer termination benefit to a locked-in retirement account
  - Leave benefit in plan for deferred pension at a future retirement date
  - Transfer to a new employer, if allowed
  - In some cases, some monies can be transferred to an RRSP with allowable room

- **At Retirement - In Lieu of Pension, Members MAY transfer entitlements from plan**
  - Considered a termination, not a retirement
  - Forfeit Minimum Guarantee Pension, lifetime pension indexing rights
  - Higher investment fees, potentially greater investment risk to member
  - Forfeit rights to Health & Dental Benefits, Retiree Health Care Subsidy
  - Forfeit future Surplus sharing
  - Large portion may have to be taken in cash less applicable taxes

Retiring from the Plan

- ***Normal Retirement***

  Faculty, Librarians & Sessionals
  - July 1st following the last day of the contract year in which the member attains age 65
    - (Birthdate July 24, 1959 → NRD is July 1, 2025)

  Non faculty members
  - The 1st of the month following the 65th birthday

- ***Early Retirement***

  Anytime after age 55, and before NRD, based on account balance. MGP subject to actuarial reduction. Requires University agreement

- ***Postponed Retirement***

  Must draw pension at the earlier of age 71 or retirement
  May not draw pension while working unless working beyond age 71

Retirements are always on the 1st of the month. The Pension is indexed after retirement. Please consult Article 47 of the Collective Agreement for further details.

Retiring from the Plan

Early Retirement

- By mutual consent of the Member and the University you may retire within 10 years of your Normal Retirement Date. There is no minimum service credit requirement.
- You will receive the greater of your:

  - Money Purchase Account – based on account balance at early retirement, converted to a monthly pension

  - Minimum Guarantee Pension, reduced by an actuarial equivalent reduction before being compared to the MPP. This is to account for the early commencement of the pension and that it will most likely be payable longer.
    - Usually a 6% to 7% reduction per year away from your NRD

  - Sample reductions

Age	Reduction
55	70%
60	35%
62	21%

Retiring from the Plan

Postponed Retirement

If your NRD is after July 1, 2016 (grandfathered rules prior)
Continue membership (to earlier of employment end or age 71)

You will receive the greater of your:

- Money Purchase Account – based on account balance at postponed retirement commencement, converted to a monthly pension
- Minimum Guarantee Benefit calculated as at retirement date
- FAE and credited service calculated as at retirement date

Spousal Pension Rights

- Under the Ontario Family Law Act, pensions are family property and can be divided along with other family assets in the event of marriage breakdown.
- If you have a spouse, they have pension rights
- **Ontario PBA definition**

  Married to each other, or not married to each other and are living together in a conjugal relationship, continuously for a period of not less than three years, or in a relationship of some permanence and are the parents of a child, as set out in Section 4 of the *Children's Law Reform* Act (Ontario)
- **University of Windsor**

  Married to each other, provided member is not living separate and apart from that person; or cohabitating continuously in a conjugal relationship with the Member for at least one year; or in a relationship of some permanence and are the parents of a child, as set out in Section 4 of the *Children's Law Reform* Act (Ontario)
- Waiver of Pre-retirement Death Benefit – FSRA Form 4
- Waiver of Joint and Survivor Pension – FSRA Form 3
- Certified copy of a domestic contract containing the waiver, delivered to HR

Spousal Pension Rights

- Death while active – Greater of MPP account or MGB value
  - Lump sum cash transfer for non-spousal beneficiaries
  - Lump sum cash transfer, RRSP transfer or monthly annuity for spouse

- Death after Retirement – based on option chosen at retirement
  - If single at retirement or with spousal waiver
    - Life Only, Life 5, Life 10 or Life 15

  - If legal spouse at retirement or no spousal waiver on file
    - Joint and Survivor 60, 66 2/3(Guar 5), 75 or 100%

- Basic pension reduced 10% - 20% to provide spousal benefit (two lives insured)

- In the absence of a valid waiver, the spouse is entitled to elect a Joint and Survivor 60% option. Spouse and member can waive 60% option for a higher J&S option, or by joint completion of a Form 3

- In ALL cases, options are permanent on 1st date of retirement. This is a legislated requirement.

Pension Administration System

Penad (formerly Seclon)

Introduced in late 2009 at the University of Windsor

- Manages all Plan Member information
- Updated monthly with contributions, earnings, service data
- Processing of all member events – terminations, retirements, deaths
- Processing of all retiree post retirement indexing
- Year end updating and production of annual pension statements

- On-line member access after close of first year end in Plan
- Pension Estimator – allows scenario modeling
- Access to annual pension statements
- Pension Plan resources
- New member Pension Workshops held annually

Visit www.uwindsor.ca/humanresources/faculty-staff/pensions
for full Plan Information Resources

We are here to assist you…

Department of Human Resources – 5th floor Chrysler Hall Tower

- Bridget Aguilar– Manager of Pensions & Benefits - ext. 2083 bridgetb@uwindsor.ca
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Visit our website at www.uwindsor.ca/humanresources

Questions can be emailed to pensions@uwindsor.ca

ANY QUESTIONS?

