



## **MEMO**

**To:** All Active Members – Employees' Retirement Plan

**Date:** June 13, 2018

**Subject: Employees' Retirement Plan Update: Revised Contribution Rates effective June 1, 2018 - Impact of New Ontario Funding Rules**

As a member of the University of Windsor Employees' Retirement Plan Reg. #0310573 (or "the Plan") you recently received a memo dated April 17, 2018 regarding the new pension contribution requirements effective June 4, 2018.

Further to that communication, I am writing to inform you there have been new developments announced by the Ontario Government, the impact of which, eliminate some of the scheduled contribution increases.

### **New Ontario Funding Rules – Released April 20<sup>th</sup>, 2018**

On April 20<sup>th</sup>, the Ontario Government issued new funding rules for all defined benefit pension plans in Ontario, including our Plan. The new rules apply to actuarial valuations as of December 31, 2017 or later, easing the solvency, or short-term funding requirements while strengthening the minimum funding requirements on a going-concern, or long-term basis. In particular, the new rules provide that solvency funding is only required when a plan's solvency ratio falls below 85% (previously 100%).

Mercer Canada, the Plan actuary, has reviewed the new funding rules and has determined that the contribution increase scheduled in Phase 2, as originally outlined in the April 17<sup>th</sup> memo, to cover the cost of the solvency deficit will no longer be required, provided a new actuarial valuation as at December 31, 2017 is prepared and filed with the government before July 1, 2018. In addition, as the outlook on economic conditions improved between July 1, 2017 and December 31, 2017, the contribution rates taking effect September 10, 2018 will be lower than anticipated.

### **Filing of New Valuation**

A meeting was held with the Employees' Retirement Committee and the Unifor Pension Advisory Committee on May 9, 2018 to review the implications of the new funding rules for the Plan and there was agreement to file a new valuation as at December 31, 2017 in order to eliminate the Phase 2 contributions.

It is expected that many other plan sponsors will be performing a December 31, 2017 valuation for their pension plans in order to benefit from the new funding rules.

## New Contribution Schedule for the Plan

The following table outlines the member and University contribution rates from the schedule included in our April 17<sup>th</sup> memo and the revised rates reflecting the December 31, 2017 actuarial valuation under the new funding rules:

### PREVIOUS CONTRIBUTION RATES: as per the April 17, 2018 memo

Pensionable Earnings	Prior to June 4, 2018 Monthly Contribution Rate	New Contribution Rates		
		Phase 1 June 4, 2018 to July 1, 2018	Phase 2 July 2, 2018 to Sept 9, 2018	Phase 3 Sept 10, 2018 to June 30, 2020
Earnings up to the YBE* of \$3,500	9.2%	11.0%	11.8%	10.4%
Earnings above YBE and up to the YMPE of \$55,900	6.4%	7.7%	8.2%	7.2%
Earnings above YMPE of \$55,900	9.2%	11.0%	11.8%	10.4%
Aggregate Rate (approx.)	7.0%	8.4%	9.0%	7.9%

### REVISED CONTRIBUTION RATES: with new ONT funding rules applied

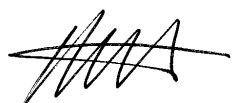
Pensionable Earnings	Prior to June 4, 2018 Monthly Contribution Rate	New Contribution Rates	
		Phase 1 June 4, 2018 to Sept 9, 2018	Phase 2 Sept 10, 2018 to Dec 31, 2020
Earnings up to the YBE* of \$3,500	9.2%	<b>11.0%</b>	<b>9.3%</b>
Earnings above YBE and up to the YMPE of \$55,900	6.4%	<b>7.7%</b>	<b>6.5%</b>
Earnings above YMPE of \$55,900	9.2%	<b>11.0%</b>	<b>9.3%</b>
Aggregate Rate (approx.)	7.0%	<b>8.4%</b>	<b>7.1%</b>

\*YBE = Year's Basic Exemption under the Canada Pension Plan

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

Should you have any questions regarding this matter, please contact your pension representative listed below or Ms. Cheryl Paglione, Director of Employee Services at ext. 2014, or by email to [cheryl@uwindsor.ca](mailto:cheryl@uwindsor.ca).

		Extension	Mail
Mr. Andrew Kuntz	Managerial & Professionals	5008	<a href="mailto:andrewk@uwindsor.ca">andrewk@uwindsor.ca</a>
Mr. Mike Fisher	CUPE, Local 1393	4140	<a href="mailto:mikef@uwindsor.ca">mikef@uwindsor.ca</a>
Mr. Jeremy Girard	Unifor, Local 2458 Engineers		<a href="mailto:jgirard@uwindsor.ca">jgirard@uwindsor.ca</a>
Mr. Anthony Liolli	Unifor, Local 195	2409	<a href="mailto:aliolli@uwindsor.ca">aliolli@uwindsor.ca</a>
Mr. Joe Branget	Unifor, Local 2458 F/T	2132	<a href="mailto:jbranget@uwindsor.ca">jbranget@uwindsor.ca</a>
Ms. Charlene St. Onge	Unifor, Local 2458 P/T	3221	<a href="mailto:cstonge@uwindsor.ca">cstonge@uwindsor.ca</a>



Rita LaCivita  
Vice President, Human Resources