UNIVERSITY OF OTTAWA PENSION PLAN

TERMINATION BEFORE RETIREMENT
Biography of
Luc Lauzière, BA, BCOM
University of Ottawa

Luc has been employed by the University of Ottawa since 1998 and is currently the Manager, Pension Plans of the Pension Sector. Luc is perfectly bilingual.

Education and Training
Luc is a University of Ottawa Graduate in Administration (1986) and in Commerce with a Major in Human Resources and a Minor in Accounting (1987). Since, Luc has acquired other training certifications in Human Resources, Pension and Benefits.

Professional Experience
Since 1986 Luc has acquired work experience in Human Resources specifically in Pension and Benefits both in the private and public sectors.

• University of Ottawa
  Manager, Pension Plans
  April 2006
  Present

• University of Ottawa
  Pension Officer
  March 1998
  March 2006

• LOEB Inc. (Provigo)
  Benefits Advisor
  February 1997
  February 1998

• LOEB Inc. (Provigo)
  Benefits Supervisor
  June 1992
  January 1997

• C Corp. Inc.
  Human Resources Coordinator
  Juin 1986
  Mai 1992

Main Functions, Pension Sector
As the Manager of the Pension Sector, Luc is responsible for all aspects related to the University of Ottawa Pension Plans, which are the University of Ottawa Defined Benefit Pension Plan and Part Time Teachers Defined Contribution Pension Plan. He is advising the pension plan members, is managing the activities of the Pension Team, is providing multiple advises on pensions issues, and is assisting members and the Faculties/Services with various requests. The main aspects of his work is to ensure good communications, finances, pension plan compliances, regulations, integrated systems, provide training, manage service and provide interpretations regarding official documents.
AGENDA

- Defined Benefit Pension Plan
- Required contributions (employee/employer)
- Benefit calculation (examples)
- Termination of participation
- Pension termination options
- Deferred Pension, Excess Contributions, Voluntary contributions
- Pension indexation
- Survivor benefit options
- Pension beneficiaries
- Group benefits
- Forms
- HR Web site
PENSION PLAN
The University of Ottawa Pension Plan is a defined-benefit plan. This means that, at the time of your retirement, you will receive a benefit based on a formula that takes into account the average salary of your best 60 months of earnings and the number of years of credited service you have in the Plan.

- Average Salary
- Pension Service
- Pension Formula

= Pension Payable (Retirement)

X

Actuarial Factors

= Commuted Value (Death)

- Contributions
  - Employee and
  - Employer

= Required Funds

For credited service prior to January 1, 2004, the amount of your pension takes into account the improvements made to the formula used for calculating the pension as at January 1, 1999 effective December 31, 2002, following the Pension Reform. For the credited service as of January 1, 2004, your pension amount also takes into account the indexation of the maximum pensionable earnings (YMPE). Future statements will reflect subsequent modifications.
CONTRIBUTIONS

A. Required employee contributions

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Up to the Integration Level*</td>
<td>3.40%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Above the Integration Level</td>
<td>5.24%</td>
<td>6.55%</td>
</tr>
</tbody>
</table>

B. Employer contributions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Integration Level</td>
<td>$31,790</td>
<td>$36,260</td>
</tr>
</tbody>
</table>

*Integration level
The University pension plan provides for a pension that differs for the portion of earnings below and above a certain threshold. The threshold of earnings is based on the maximum earnings (YMPE) covered for purposes of determining the pension payable from the Canada and Quebec Pension Plan and differs for service before and after January 1, 2004. Currently the Canada and Quebec Pension Plan set this amount at $50,100 for 2012.
A. Pension calculation formula (following the reform)

- Average salary = 60 best months (Total pension service)
- For the Pre-2004 service the Integration Level is set at $31,790

Please note that there is no maximum pensionable service in the pension plan

Service to December 31, 2003 (Pre-2004)

i) $31,790 \times 1.3\% \times \text{pension participation} = a

ii) (Average salary - $31,790) \times 2\% \times \text{pension participation} = b

Total annual pension pre-2004 (a + b) = c
B. Pension calculation formula (post reform)

- Average salary = 60 best months (Total pension service)
- Pre-2004 set Integration Level indexed annually at a rate of 55% of the increase in the YMPE*

**Service Post -2003**

\[ i) \text{ } 36,260 \times 1.3\% \times \text{pension participation} = a \]
\[ ii) (\text{Average salary} - 36,260) \times 2\% \times \text{pension participation} = b \]
Total annual pension post-2003 \[ (a + b) = d \]

**Total Annual Pension UO (c + d)**

**MINIMUM PENSION TEST**

As part of the pension plan reform, a participant to the University pension plan is entitled to a minimum pension equal to 1.5% for each pension year. (Average Salary \times 1.5\% \times \text{pension participation})

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*Year’s Maximum Pensionable Earnings (YMPE)*

This is the amount the government sets each year, and uses to base your contributions to (as well as your benefits from) the Canada Pension Plan or Quebec Pension Plan. In 2012, the YMPE is $50,100. Annual changes to the YMPE are based on increases in average Canadian industrial wages.
PENSION CALCULATION - Service to December 31, 2011

<table>
<thead>
<tr>
<th>AGE:</th>
<th>60 years</th>
<th>AVERAGE SALARY:</th>
<th>$40,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SERVICE:</td>
<td>25 years</td>
<td>INTEGRATION LEVEL:</td>
<td>$31,790 / $36,260</td>
</tr>
</tbody>
</table>

1) SERVICE PRE-2004
   i) $31,790 \times 1.3\% \times 17 = $7,025.59
   ii) $8,210 \times 2\% \times 17 = $2,791.40

2) SERVICE POST-2003
   i) $36,260 \times 1.3\% \times 8 = $3,771.04
   ii) $3,740 \times 2\% \times 8 = $598.40

Total pension UO 1 + 2 $14,186.43

MINIMUM PENSION TEST ($40,000 \times 1.5\% \times 25) = $15,000.00

3) CPP/QPP maximum reduced (-30%) pension = $8,288.03

Total UO + CPP/QPP = $23,288.03

Benefit Calculation-Example 1
## Benefit Calculation

**PENSION CALCULATION** - Service to December 31, 2011

<table>
<thead>
<tr>
<th>AGE:</th>
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<th>AVERAGE SALARY:</th>
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<tr>
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<td>INTEGRATION LEVEL:</td>
<td>$31,790 / $36,260</td>
</tr>
</tbody>
</table>

1) **SERVICE PRE-2004**
   - i) $31,790 \times 1.3\% \times 17 = $7,025.59
   - ii) $18,210 \times 2\% \times 17 = $6,191.40
     
     **Total** = $13,216.99

2) **SERVICE POST-2003**
   - i) $36,260 \times 1.3\% \times 8 = $3,771.04
   - ii) $13,740 \times 2\% \times 8 = $2,198.40
     
     **Total** = $5,969.44

   **Total pension UO 1 + 2** = $19,186.43

   **MINIMUM PENSION TEST** ($50,000 \times 1.5\% \times 25) = $18,750.00

3) **CPP/QPP maximum reduced (-30%) pension** = $8,288.03

   **Total UO + CPP/QPP** = $27,474.46
OPTIONS WHEN YOU STOP WORKING

If you leave the Plan before becoming eligible to receive an immediate pension, the options available to you depend on how long you participated in the Plan or your age when you leave the University. The options are as follows:

1. **If you are under age 55, you can:**

   a) Leave your pension at the University as a deferred pension;
   b) Transfer the value of the pension to another employer's registered pension plan, if that employer accepts the transfer;
   c) Transfer the value of the pension to a locked-in\(^{(4)}\) registered retirement savings plan or life income fund

The commuted value of your annual accrued pension will be transferred, subject to the limits prescribed by the Canada Customs and Revenue Agency, into a locked-in retirement account (LIRA), into a life income fund (LIF), to your new employer's plan (will apply for hybrid and defined contribution plans only) or to an insurance company for the purchase of a life annuity. The commuted value shown above is only an estimate of the amount that may be payable in the event of termination of your employment. In fact, the commuted value of your benefits will depend on the assumptions used at the time of termination of your employment, in accordance with the recommendations of the Canadian Institute of Actuaries (CIA). Please also note that the CIA changed the standards for calculating these values. These changes came into effect on February 1, 2005 and will apply to any event occurring after this date. Based on the new standards, the value could be higher or lower depending on the economic conditions at the time of the event.

**Notes**

4. "Locked in" means that your funds cannot be withdrawn before age 55 (earliest age a pension may be received under the Pension Plan), and can only be used to generate a pension/payment benefit or be transferred to a life income fund.
OPTIONS WHEN YOU STOP WORKING (CONTINUE)

2. If you are 55 or over, you have the following options:
   a) start receiving a reduced pension;
   b) defer your pension until you reach factor 90 or age 60;

3. There is no retirement allowance payable

4. There is no life insurance, group insurance or Health Care Spending Account available.

Termination of participation
TERMINATION OPTIONS BEFORE RETIREMENT

A. A monthly deferred pension payable at age of 60. This pension is indexed each January 1st in accordance with the formula contained in the pension plan text and the maximum benefit limit under the Income Tax Act. Also, an early retirement benefit at age 55 or older, reduced proportionately for each year of retirement before age 60 or at the factor 90 is available (age plus pensionable service).

B. A transfer of the commuted value, to your new employer's pension plan with whom the University has signed a reciprocal agreement. If there is no reciprocal agreement, we will need from your new employer a written confirmation stating that it has established a registered pension plan for its employees and that it is able to accept a lump sum on your behalf before age 55 for the transfer of your pension fund. We will also need the name and address of the new employer and the name of the pension plan administrator. The amount transferred will be "locked-in", and it will be released to you only in the form of a retirement benefit or to your estate in the case of your death prior to retirement.

C. A transfer of the commuted value to your Locked-in RRSP before age 55. This transfer would be used exclusively for the purchase of a retirement benefit. Be informed that the Canada Revenue Agency maximize this transfer value and that only this amount could be transferred as per the Income Tax rules. The difference can be transferred to your individual RRSP if you have enough RRSP room, otherwise the amount will be refunded to you.

D. A transfer of twice the amount of your contributions before age 55, plus interest, into a Registered Retirement Savings Plan (R.R.S.P.) with a locked-in clause. This transfer would be used exclusively for the purchase of retirement benefit.

Excess Contributions:
In addition to the above options, if you have chosen B or D, you could also have Excess Contribution in the plan based on the 50% rule. You may choose a refund of these contributions, a transfer into a Registered Retirement Savings Plan (RRSP) or to increase your monthly deferred pension immediately and on a final basis along with the same benefit conditions.

You are required to inform us in writing of your decision within 90 days. After this period, action will be taken as per option “A” and excess contributions will be used to increase your monthly deferred pension immediately and on a final basis.

Voluntary Contributions:
In addition to the above options, if you have chosen B, D or E, you could also have Voluntary Contributions accumulated with interest, in the plan. You may choose a refund of these contributions or a transfer into a Registered Retirement Savings Plan (RRSP).

You are required to inform us in writing of your decision within 90 days. After this period, action will be taken as per option “A”.

If you should decide on one of the other options after the 90-day period, the amount will be subject to change. The amounts indicated are subject to verification at the time of payment.
DEFERRED PENSION

You can defer your pension up to the 1st of the month following your 60th birthday at age 60. Please note that this pension will be payable the month following your 60th birthday.

EXCESS CONTRIBUTIONS

If upon your termination of employment, retirement or death your contributions plus interest are greater than 50% of the value of your earned pension, these "excess contributions" can be transferred to a registered retirement savings plan or refunded to you.

VOLUNTARY CONTRIBUTIONS

If your membership in the University of Ottawa Pension Plan started before January 1, 1988, you will be deemed to have acquired voluntary contributions of $200 per year of participation before 1988. These contributions, along with accrued interest, can be transferred to a registered retirement savings plan or refunded to you when you leave the University, when you die or when you retire, whichever comes first.
PENSION INDEXATION FOR DEFERRED PENSION

A) Three steps indexation formula based on inflation from previous year (CPI-September to October)

Every January, beginning with the year after you retire, your pension will be automatically adjusted to reflect some or all of the increase in the Consumer Price Index (CPI-September to October) up to a maximum increase of 8%.

1. If the increase in the CPI is less than 2% the adjustment will be equal to the percentage increase in the CPI.
2. If it is between 2% and 3% you will receive a 2% increase.
3. If the increase in the CPI is greater than 3%, your pension increase will be 1% less than the CPI.

Any portion of the increase in the CPI not granted will be automatically given if the performance of the Pension Fund exceeds specified criteria. It may also be awarded on an ad hoc basis by the Board of Governors, depending on the status of the Pension Fund.

Any increase in the CPI above 8% will be applied to the pension in a later year when the adjustment is less than 8%. The increase in your pension on the first of January after you retire will be based on the number of complete months remaining in the calendar year after your retirement.

B) Special Ad hoc indexation

Annual revisits of percentage not accorded in 2 & 3
SURVIVOR PENSION BENEFIT TO THE SPOUSE AND GUARANTEE PERIODS FOR DEFERRED MEMBERS

1. **Standard Option**
   - 5 years guarantee / 60% Survivor benefit to the spouse

2. **Optional Options**
   - 0 years guarantee / 60% Survivor benefit
   - 10 years guarantee / 60% Survivor benefit
   - 15 years guarantee / 60% Survivor benefit
   - 100% lifetime with 5-10-15 years guarantee periods

**Other Reductions:**
- Reduction of approx. 15% for the 100% survivor benefit
- Reduction of approx. 2% for a 10 years guarantee period
- Reduction of approx. 5% for a 15 years guarantee period

The pension benefits are payable only to the person who is your spouse on the date of your retirement. Any subsequent spouse is eligible for the pension benefits provided an adjustment is made to your established benefits by actuarial calculation.

**Note:** There is only one choice at retirement
PENSION BENEFICIARIES

Pre-retirement (Pension Benefit Value payable):

1) Spouse
   The person married to you by a religious or civil ceremony or with whom you have been living in a relationship that resembles a marriage for at least one year and whom you have designated in writing to the University as your spouse. Based on pension plan text, waiver of spousal benefit allowed before retirement.

2) Designation or Estate

Post-retirement (Survivor Benefit payable based on choice):

1) Spouse
   Same as above. Based on pension plan text, no waiver of spousal benefit allowed at retirement.

2) Children
   Your eligible dependent children as per the provisions of the plan are your natural or adopted children under 19 at retirement whom you support and/or is under age 27 and a full time student in a recognized education institution and/or is physically or mentally disabled.
GROUP INSURANCE BENEFITS

-No group insurance benefits upon your termination

-After 55 of age, the following programs are available (Booklets are available):

• MROO, (Municipal Retirees Organization of Ontario)
  http://www.mroo.org/

• Follow-me (Manulife Financial)
  http://secure.lhplans.com/LH/AgentBroker/Consumer/PlanListing.jsp?lang=E&assocId=COVME&province=ON&module=P

• RTIP-OTIP (Retired Teachers Insurance Plan of Ontario)
REQUIRED FORMS AT TERMINATION

1) Decision Sheet

   One decision sheet is required for each pension plan participation.

2) Direct Transfer Form (If pension rights are transferred out)

   One form is required for the commuted value, excess contributions and voluntary contributions. If you transfer to more than one financial institution, a form will be required for each transfer.

3) Locking-In Transfer Agreement (If pension rights are transferred out)

   One locking-in agreement for each transfer will be required per financial institution.
Decision Sheet

To whom it may concern,

In regards to my employment termination on June 30, 2011 and in accordance with the University of Ottawa Retirement Pension Plan, I choose the following. (Please circle one)

A) A monthly deferred pension of $91.68 payable from 65 years of age. (I may request an early retirement as early as age 55 with an actuarial reduction, if applicable).

B) A transfer to my new employer’s pension plan, in Canada only. (I hereby authorize the University of Ottawa to release to my new employer (name) all salary and service records necessary in order to proceed with this option. If there is no reciprocal agreement, we will also need a letter from your new employer stating that they will accept the transfer of funds).

C) A transfer of the commuted value of $16,386.44 calculated as June 30, 2011 to my Locked-in RRSP. The maximum tax-sheltered transfer value is $9,994.17. The excess amount will be recalculated at the time of transfer and will be paid in cash.

To avoid being taxed immediately on the amount payable in cash (check option), I wish to transfer this amount to my personal RRSP. I understand that it is my responsibility to ensure that I have sufficient RRSP contribution room.

The maximum amount that may be transferred tax-free will be calculated when my benefits are paid. The surplus amount payable in cash may be different from the amount indicated in this statement because of this new calculation or because of the interest that will be payable on the amount up to the payment date.

According to the Pension Plan By-laws, any refund releases the University of Ottawa, of all its obligations towards me in the matter of revised Pension Plan.

Employee No.: ____________________  S.I.N.: ____________________

Date: ____________________  Signature: ____________________

Note: It is essential that this form be signed.
Direct Transfer Form
University of Ottawa Retirement Pension Plan
Locking-in Transfer Agreement

THIS AGREEMENT made this ______ day of _______ 20_ BETWEEN:

UNIVERSITY OF OTTAWA
hereinafter referred to as the “University”

- and -

(NAME OF MEMBER)
hereinafter referred to as the “Member”

- and -

(NAME OF TRUSTEE)
hereinafter referred to as the “Trustee”

WHEREAS the Member has accumulated certain funds to his credit in the University of Ottawa Retirement Pension Plan (1965), hereinafter referred to as the “Plan”;

AND WHEREAS the said Member wishes to transfer all or part of the funds to his credit in the Plan to a Registered Retirement Savings Plan or a Registered Pension Plan in his name with the Trustee;

AND WHEREAS the Plan does not allow transfers from the said Plan unless a locked-in provision is in effect in accordance with Sections 9.4 of the Plan and the applicable provisions of the Pension Benefits Act.

NOW THEREFORE it is agreed between the Parties hereto as follows:

1. The University of Ottawa hereby agrees to transfer the funds to the credit of the Member in the Plan to a Registered Retirement Savings Plan or a Registered Pension Plan in his name with the Trustee.

...2

IN WITNESS WHEREOF the said parties have hereunto set their hands.

SIGNED AND DELIVERED in the presence of

(NAME OF TRUSTEE)

- and -

(NAME OF TRUSTEE)

- and -

(INITIALS OF OFFICIAL REPRESENTATIVE)

(INITIALS OF MEMBER)

Your personal information is collected under the authority of the University of Ottawa Act. It is collected for the purposes of recruitment, admission, registration, graduation, progression, administration, and other activities related to the University’s programs and services. At all times, it will be protected in accordance with the Freedom of Information and Protection of Privacy Act. If you have questions, please refer to http://www.hr.ottawa.ca/privacy/privacy.html or contact the University’s Freedom of Information and Protection of Privacy Coordinator at jonathan.mel@uottawa.ca or at 613-562-5018.

Human Resources Service, Pension Sector, 550 Cumberland Street, Room 919, Ottawa, Ontario K1N 8N5
613 562-5602 – Fax (613) 562-5026 Website: www.hr.ottawa.ca/pension/
Pension plan, page for members and plan - Windows Internet Explorer

HR Web Site: www.hr.uottawa.ca/pension

Pension Indexation

In keeping with the provisions of the University of Ottawa Retirement Pension Plan, we are pleased to inform you of the January 1st, 2012 rate of indexation that will apply to your pension benefit, based on the year 2011.

[Read]

The importance of keeping your information up to date

Information that is inaccurate or out of date can lead to frustrations and wasted time for you and your loved ones. And, the University may have to delay payment to obtain the correct information and, in some cases, recalculate pension entitlements.

[Read]

Planning for your survivors

This fact sheet provides information about your pension benefits and life insurance at your death and the steps that your spouse, family, or executor needs to take.

[Read]

Annual Increase in the Consumer Price Index (Inflation Protection)

This fact sheet provides information on the rate of indexation that will apply to your pension benefit as of January 1, 2011, based on the year 2010. Every January, beginning with the year after you retire, your pension will be automatically adjusted to reflect some or all of the increase in the Consumer Price Index (CPI).

[Read]

Leaves of Absence and Your Pension Plan

This fact sheet provides information on the different leaves of absence that may impact your participation in the University of Ottawa Retirement Pension Plan and the choices you have if you wish to continue building your pension for your leaves.

[Read]

Marriage Breakdown and your Pension

This fact sheet explains how your pension may be affected if your marriage or common-law relationship ends, the things you need to know, and the steps to take if your separation agreement assigns a part of your pension benefit to your ex-spouse.

[Read]