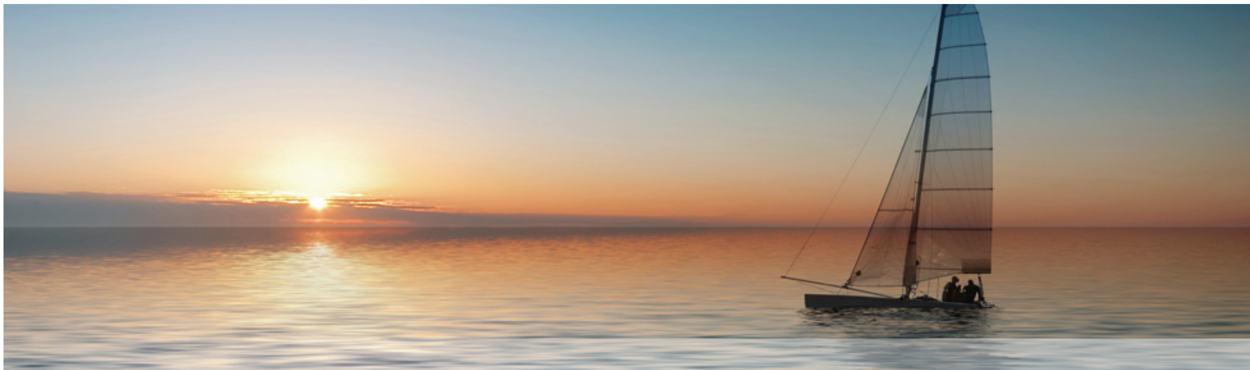

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Pension plan essentials

What's in this fact sheet?

This fact sheet reviews some of the main features of the University of Ottawa Retirement Pension Plan – when you join, what you and the University contribute, and the benefits you can expect to receive. For more information, contact the Human Resources Service, Pension Sector:

Telephone: (613) 562-5800 ext.1206

E-mail: hrpension@uOttawa.ca

In person: Tabaret Hall, Room 019

What are the basics of the pension plan?

The University of Ottawa Retirement Pension Plan is a defined benefit plan. This means that when you retire you will receive a pension based on a formula that takes into account your earnings and the number of years of credited service you have in the plan.

You and the University share the cost of the plan. Your pension benefits, when paid at retirement, are protected from inflation and normally increase every January 1, to reflect at least part of the increase in the Consumer Price Index (CPI). The pension plan also provides you with a benefit when you leave before retirement and provides protection for your survivors when you die.

Your retirement income from the pension plan, along with your own savings and investments and benefits from the Canada/Quebec Pension Plan and Old Age Security provide you with your total retirement income.

Joining

If you are eligible for group benefits with the University

You may **choose** to join the pension plan on your first day of employment at the University or the first day of any month thereafter. If you do not join then, you **automatically** join the pension plan on the first day of the month immediately following the earliest of:

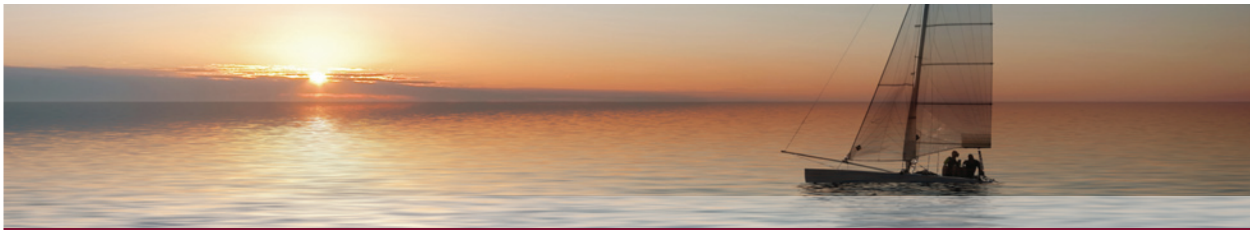
- two years of service at the University, and
- your 30th birthday.

For example, if you are hired by the University on or after age 30, you automatically join the plan on your first day of employment.

If you are not eligible for group benefits with the University

You may **choose** to join the pension plan on the first day of any month immediately after two consecutive calendar years in which you worked continuously for the two years and you either:

- earned at least 35% of the YMPE, or
- worked at least 700 hours in each of these two consecutive calendar years.



If you are re-hired by the University

If you are re-hired by the University, you join the pension plan based on the rules set out in the *Joining* section on the previous page – the same as any new employee. However, as a re-hired employee, you may have other considerations to take into account.

If…	Then…
You received a transfer value or a cash refund or did not participate in the pension plan for your previous period of service.	You may be eligible to buy back the previous period of service, at a cost, so that it becomes recognized as service under the pension plan. The service you buy back is added to your credited service. More credited service means a higher pension and it may also mean retiring earlier.
You are eligible for a deferred pension from the University's pension plan with respect to your previous period of service.	You can choose to have your deferred pension reinstated as credited service, at a cost. If you do, when you later leave the University, your total pension entitlement will take into account your more recent earnings. If you choose not to reinstate your previous period of service, your related deferred pension will be unaffected by your new employment. And, if you become eligible for an unreduced pension for that prior period, you may choose to begin to receive your pension if you are not an active member of the pension plan.
You are receiving a pension from the University's pension plan.	You cannot join the pension plan and accrue further benefits in the plan.

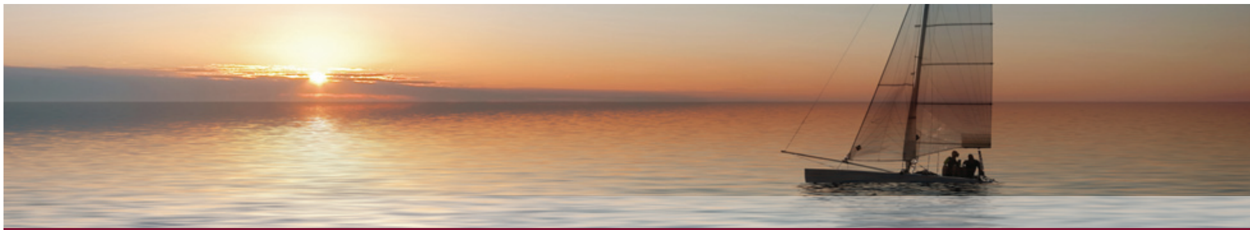
If you have been re-hired, contact the Human Resources Service, Pension Sector, for more information about your particular situation.

Are you eligible to join the plan? Consider it!

If you are eligible to join the pension plan and haven't yet, you should consider it carefully. There are advantages to joining now, rather than later.

- You are entitled to a future pension from the first day you join. Most pension plans require that you be a member for a specific period of time before you become entitled to a future pension. Your future pension includes the share of your pension paid by the University on your behalf.
- Choosing to join the pension plan as soon as you can means you'll be better prepared for financial security down the road.

The Human Resources Service, Pension Sector, will advise you when you are eligible to join the pension plan and provide you with the necessary form. Or, if you choose not to join right away and later change your mind, contact the Pension Sector for an enrolment form. The *Retirement Pension Plan Enrolment* form can also be found online.



Pension plan essentials

Contributing

Both you and the University contribute to the pension plan.

Currently, you pay:

6.60% of your earnings up to the integration level
plus
10.15% of your earnings above the integration level

Contributions are tax deductible and are deducted from your pay before your income tax is calculated, so you save the income tax right away. Use the contribution calculator to quickly estimate your annual contributions to the plan.

The University contributes the amount necessary to ensure that there will be sufficient funds to pay the promised benefits. You can find the University's contributions for the most recent years in the pension plan annual report.

Terms you need to know

Integration level

The University pension plan provides for a pension that differs for the portion of earnings below and above a certain threshold. In the same way, your contributions to the plan also depend on the threshold – you pay less on the portion below the integration level and more above it.

The threshold of earnings is based on the maximum earnings covered for purposes of determining the pension payable from the Canada/Quebec Pension Plan and differs for service before and after January 1, 2004. For example, in 2018, the integration level used to calculate your contributions is $38,801.

YMPE (Year's maximum pensionable earnings)

This is the amount the government sets each year, and uses to base your contributions and those of the University to – as well as benefits from – the Canada/Québec Pension Plan. The government revises this amount every year, based on increases in average weekly earnings in Canada. In 2018, the YMPE is $55,900.

Receiving benefits

The pension formula

For each year of credited service, the formula is:

1.3% × average earnings up to the integration level
plus
2.0% × average earnings above the integration level

At a minimum, benefits accumulated for each year of credited service are equal to 1.5% of your average earnings.

The pension calculated using the formula may be adjusted to reflect the form of pension you select at retirement and your early retirement, if applicable.

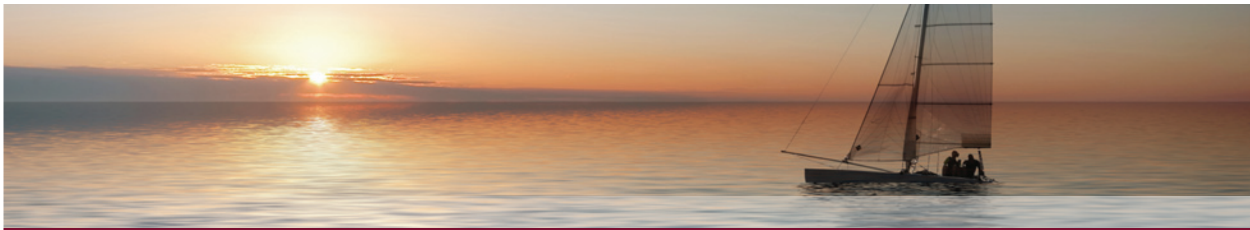
You can estimate your annual pension anytime – or refer to your annual pension statement online – by going to the Personal Information and Retirement Planning pages in the pension section of the Human Resources Service website.

Benefits when you retire

You may choose to retire and begin receiving a pension as early as age 55.

Your pension is reduced if, at the time of your retirement, you:

- are younger than age 60, and
- have not reached the 90 Factor.



In this case, your pension will be reduced on an actuarially equivalent basis to reflect the fact that it will be paid to you for a longer period of time. Think of it this way – if you retire at age 55, and live until you're 80, you'll receive five more years of pension payments than a person who retired at age 60 receiving an unreduced pension who died at the same age.

If you continue to work at the University after age 60, you can contribute to the plan and continue to build your pension – by increasing your credited service and, in most cases, your average earnings – until age 71.

Protection against inflation

On each January 1 following the start of your pension, your pension will be automatically adjusted to reflect at least part of the increase in the CPI. If the CPI increase for the previous year is less than 2%, the adjustment is equal to the CPI increase. Otherwise, it is equal to the greater of 2% and the CPI increase minus 1%. This adjustment will not exceed 8% for any one year.

Terms you need to know

Average earnings

The average of your earnings over the 60 highest-paid months recognized by the University for this purpose.

Credited service

Your credited service is the days, months and years that you contribute to the University's pension plan including service that you transferred from a previous employer, or service while you were receiving benefits from the University's Long-Term Disability Plan.

90 Factor

When you are at least age 55 and the total of your age and years of credited service is equal to or greater than 90. At the age of 60 or when you reach the 90 Factor (whichever occurs first), you are eligible for an unreduced pension.

Benefits when you leave the University before age 55

If you leave the University before age 55, you have two options for your earned pension. You choose between:

A deferred (future) pension

Leave your earned pension benefit in the plan and start taking it at a future date:

- unreduced at the earlier of age 60 or when you reach the 90 Factor, or
- as early as age 55 with a reduction.

Your deferred pension is protected from inflation and increases every January 1 after your termination, to reflect at least part of the increase in the CPI. The cumulative increases are paid when you begin to receive your pension.

or

The transfer value

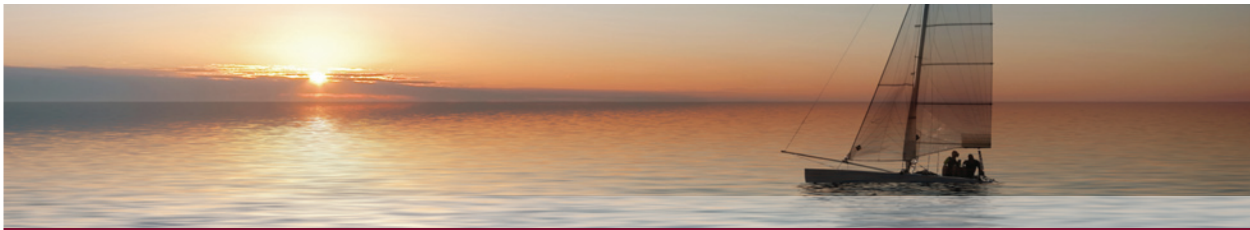
Transfer the value of your accumulated pension out of the pension plan as a lump sum. The amount of money you transfer is called your "actuarial value". This value is based on a set of actuarial assumptions that include economic and demographic assumptions. The value of inflation protection is included in the transfer value. You can choose to transfer the lump sum – up to the maximum allowed by the *Income Tax Act* – to:

- a locked-in retirement plan, such as a locked-in registered retirement savings plan (RRSP),
- an insurance company, to purchase a pension, or
- to your new employer's registered pension plan, if that plan accepts transfers.

The transfer value is locked in, which means that it must be used to provide retirement income – it cannot be taken in cash.

Any amount that is above the *Income Tax Act* limit is paid in cash, less income tax. You can, however, transfer the amount above the limit to your personal RRSP, if you have sufficient RRSP contribution room.

When you leave, the Human Resources Service, Pension Sector, will provide you with a statement that outlines your choices.



What happens if…

You die

The pension plan provides benefits to your survivor, beneficiary or estate when you die. If you die before your pension begins, the benefit is the greater of the following amounts:

- twice the required contributions you made to the pension plan, or
- the actuarial value of your accumulated pension benefit.

If you die after your pension begins, the benefit will depend on the form of pension payment you chose at retirement.

Go to the *Survivor benefits under the pension plan* fact sheet for more information.

You become disabled

If you begin to receive benefits under the University's Long-Term Disability Plan, you stop contributing to the plan but continue to accumulate credited service. While you are receiving long-term disability payments, your earnings for pension purposes increase when the salary scale for employees in your position increases – which protects your pension from inflation.

If you return to work part-time as part of a rehabilitation program, you and the University contribute to the pension plan based on your reduced work schedule.

You take an authorized leave of absence without pay

When you take an authorized leave of absence without pay, you may choose to continue contributing to the plan and continue accumulating credited service. Go to the *Leaves of absence* fact sheet for more information.

Other essentials

Buying back service

You can purchase previous service with the University that is not already considered credited service under the pension plan so that it becomes recognized as service under the pension plan. The service you buy back is added to your credited service. More credited service means a higher pension and it may also mean retiring earlier.

Go to the *Buy-backs of previous service – building your pension* fact sheet for more information.

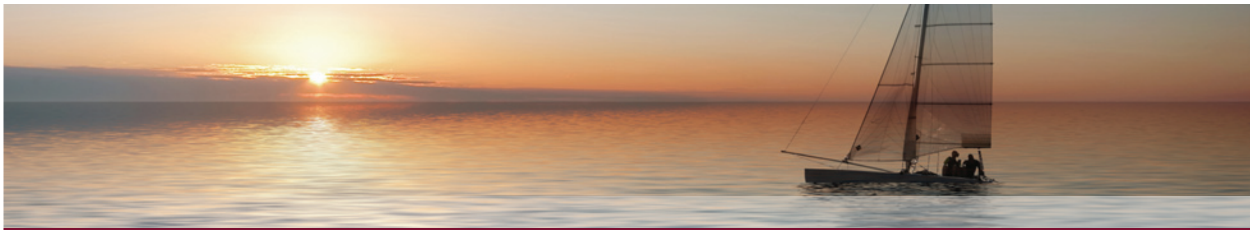
Designating a beneficiary

When you join the pension plan, you must choose a beneficiary. A beneficiary is the person who will receive benefits payable from the plan after you die. You can name anyone as your beneficiary for your pension benefits. However, if you have an eligible spouse, he or she will have priority, unless your spouse states in writing (a waiver) that he or she does not wish to receive a survivor benefit.

Go to the *Survivor benefits under the pension plan* fact sheet for more information.

Tax impact

The Canada Revenue Agency (CRA) limits the annual tax-deductible contributions you can make to all your retirement savings plans. The maximum amount is 18% of your earned income in the previous year, up to an annual dollar limit. In 2018, the maximum is $26,500. After 2018, the limit should increase in line with average Canadian wages.



This 18% limit is the total you can save under all tax-sheltered retirement plans, including the University's pension plan and your personal RRSPs. A formula established by CRA is used to estimate the value of the benefits you accumulate under the University's pension plan each year. This value is referred to as the Pension Adjustment (PA).

Every year while you are a member of the plan, the PA is reported on your tax slip. The pension adjustment is an estimate of the value of the pension benefits you earned in a year and reduces the amount you can contribute to an RRSP the following year.

The PA isn't related – in a dollar-for-dollar sense – to the amount you and the University pay into the plan. Instead, the value of the pension benefit you've earned is calculated in a manner set out in the *Income Tax Act*.

Here's how your PA is calculated:

9 x benefit earned (calculated according to the pension formula) – $600

Your responsibilities

If you have a change of name, address or telephone number, you are responsible for advising the Human Resources Service, or use My HR Profile to change your address or telephone number.

If your marital status changes, you must complete the *Declaration of Spouse/Dependents* form and return it to the Human Resources Service. You must also provide any legal documents requiring a split of your pension entitlements following a separation or divorce.

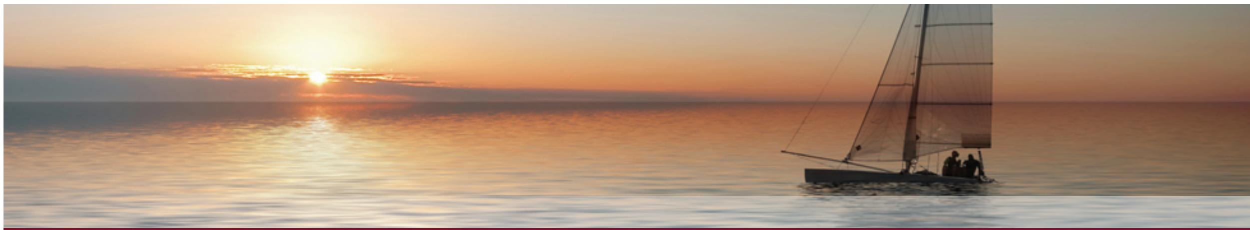
You are also responsible for updating, when necessary, your beneficiary for pension benefits payable in case of your death, by completing a *Pre- or Post-Retirement Pension Beneficiary Designation* form.

The security of your pension

Your pension at retirement depends on your years of credited service and your earnings. It does not depend on how much you contribute or on the investment performance of the plan.

Your contributions and the University's are invested according to the *Statement of Investment Policies and Procedures* which provides the objectives, guidelines and procedures to manage the assets of the pension plan.

Ontario pension plans are supervised by the Financial Services Commission of Ontario and benefits are protected under the *Pension Benefits Act* (Ontario). Your plan cannot be amended to reduce pension benefits that you have already accumulated under the plan provisions. The University has overall responsibility for funding the pension plan and must comply with pension legislation and actuarial standards.



Learn more about your pension plan

The University provides you with different ways to learn about your pension plan.

www.hr.uottawa.ca/pension	The University provides personal information and retirement planning pages in the pension section of the Human Resources Service website. You have access to interactive calculation tools and information to help you learn about your pension plan. Among other features, you can: • find details on the plan, fact sheets, copies of presentations, and official plan documents, • calculate your estimated pension from the pension plan, • access your most recent annual pension statement, • prepare a complete, confidential and personalized financial plan for your retirement using the Financial Planner tool, and • visit the Learning Centre, which contains useful information about financial planning and investments.
Your annual pension statement	Each year in the month of June, you receive a pension statement providing information on the retirement benefits that you have accumulated in the University of Ottawa Retirement Pension Plan. Your pension statement also contains relevant information on your contributions, your beneficiary, etc.
Human Resources Service, Pension Sector Telephone: (613) 562-5800 ext. 1206 E-mail: hrpension@uOttawa.ca In person: Tabaret Hall, Room 019	Your Pension Officers are available to answer your questions, provide you with estimates of your pension entitlement, and walk you through the details of the plan.

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