



If you are under age 55 and your employment is involuntarily terminated, you may be eligible for improved pension benefits from the University of Ottawa Retirement Plan (the plan) because of an amendment to the Ontario *Pension Benefits Act* (PBA). The amendment, effective July 1, 2012, provides “grow-in benefits” for older or long-service workers whose employment is involuntarily terminated and who meet specific criteria. This fact sheet explains what grow-in benefits means and sets out the conditions under which a member would be entitled to improved pension benefits.

Refer to the fact sheets, *Pension plan essentials* and *Your pension options – if you leave the University before retirement*, for the definitions of important terms and more information about your pension benefits when you leave the University.

Who is eligible for grow-in benefits?

Grow-in benefits only come into play if your employment is involuntarily terminated before age 55 and you meet these specific criteria:

- You are a member of the plan and your termination date is on or after July 1, 2012, or you resign after receiving notice of this termination.
- Your termination was not a result of willful misconduct, disobedience or willful neglect of duty (“termination with cause”).
- When your employment ends, your age plus service with the University equals at least 55. (Note that if you resign after receiving notice of termination, your eligibility to grow-in benefits will be based on your age and service on the date you resign.)

If you are affected, the pension calculations provided in your termination statement will automatically take grow-in benefits into account – no action is required on your part.

What do grow-in benefits provide?

With grow-in benefits, you may be eligible for an unreduced pension earlier. This is because your eligibility to an unreduced pension will be determined by assuming that your employment with the University would have continued past your termination date until you are first eligible for an unreduced pension. This is different from how it is determined if you voluntarily leave the University or your employment is involuntarily terminated and you do not meet the specific eligibility criteria for grow-in benefits.

How do grow-in benefits work under the University’s plan?

The table below shows how your eligibility to an unreduced pension is determined under the University’s plan if you leave the University and are not eligible for grow-in benefits and if your employment is involuntarily terminated and you meet the criteria for grow-in benefits.

Eligibility for an unreduced pension WITHOUT grow-in benefits	Eligibility for an unreduced pension WITH grow-in benefits
<p>You are eligible to begin to receive your unreduced pension on the earlier of the following dates:</p> <ul style="list-style-type: none"> ▪ the date you reach age 60; or ▪ the date you are at least age 55 and your age plus your years of credited service at termination equals 90. 	<p>You are eligible to begin to receive your unreduced pension on the earlier of the following dates:</p> <ul style="list-style-type: none"> ▪ the date you reach age 60; or ▪ the date you are at least age 55 and your age plus your years of projected credited service equals 90. <p>Your projected credited service is higher than your actual credited service at termination because the projection assumes that your employment continues until you are first eligible for an unreduced pension. As a result, your age plus years of projected credited service may equal 90 before you reach age 60. If this happens, grow-in benefits provide an improved benefit.</p> <p>However, since an unreduced pension is payable under the plan at age 60, if you reach age 60 before your age plus years of projected credited service equals 90, no improved benefits would be provided.</p>

It is important to note that the PBA amendment to provide grow-in benefits also applies to members who are age 55 or older; however, under the University’s plan, if you leave at age 55 or after, your eligibility for an unreduced pension is always determined by assuming that your employment with the University would have continued past your termination date until you are first eligible for an unreduced pension. As a result, under the University’s plan, grow-in benefits for members age 55 and over would not provide any additional value.

Under the University’s plan, you may choose to retire and start your pension as early as age 55. Your pension will be reduced based on the number of years between your pension start date and the date you would have met the criteria for an unreduced pension (if any). If you are eligible for grow-in benefits, you may have less of a reduction applied to your pension than you would have had if you were not eligible for grow-in benefits. And, if you decide to transfer your pension benefit out of the plan before age 55, the value of your accumulated pension may be higher than it would have been if you were not eligible for grow-in benefits.

Example where grow-in benefits provide improved benefits

Let's look at an example where projecting credited service provides improved benefits.

Sarah is age 40 with 16 years of credited service when her employment with the University is involuntarily terminated. Sarah meets the criteria for grow-in benefits because she is not terminated "with cause" and her age plus years of credited service equals at least 55 (age 40 + 16 years = 56). Sarah will be entitled to improved benefits because by projecting her credited service until she is first eligible for an unreduced pension, she will be eligible for an unreduced pension before age 60, since her age plus credited service (which assumes she continued to work until she was first eligible for an unreduced pension) equals 90 before she reaches age 60.

Sarah's eligibility to an unreduced pension WITH grow-in benefits

			Projected years		Total
Age at termination:	40	+	17	=	57
Service at termination:	16 years	+	17	=	33
					90

Sarah's age plus projected credited service equals 90 at age 57 (before she reaches age 60).

Sarah's eligibility to an unreduced pension WITHOUT grow-in benefits

			Projected years		Total
Age at termination:	40	+	20	=	60
Service at termination:	16 years	+	✕	=	16
					76

Sarah reaches age 60 before her age plus credited service (no projection) equals 90.

Grow-in benefits provide improved benefits for Sarah since she would be eligible to start receiving her unreduced pension earlier: she could receive it at age 57 instead of age 60. Instead of receiving her unreduced pension at age 57, she could choose:

- To receive her pension as early as age 55 with a reduction. Because of grow-in benefits, there would be less of a reduction applied to her pension than without grow-in benefits.
- To transfer the value of her accumulated pension out of the plan. If she does, her transfer value would be higher than it would have been without grow-in benefits.

If you are eligible for grow-in benefits, your credited service is projected only for the purposes of determining your eligibility to an unreduced pension. When calculating your pension according to the pension formula, your credited service accumulated up to the date of termination is used.

Example where grow-in benefits do not provide improved benefits

In some circumstances, even if you meet the criteria for grow-in benefits, you may not be eligible for improved benefits. This would occur if the date that you are first eligible for an unreduced pension is age 60 even when your credited service is projected. Let's look at an example where grow-in benefits **do not provide improved benefits**.

John is age 46 with 10 years of credited service when his employment with the University is involuntarily terminated. John meets the criteria for grow-in benefits since his age plus years of credited service equals at least 55 (age 46 + 10 years = 56) and his employment was not terminated "with cause". However, John will not be entitled to improved benefits because he will reach age 60 before his age plus projected years of credited service equals 90.

John's eligibility to an unreduced pension WITH grow-in benefits

			Projected years		Total
Age at termination:	46	+	14	=	60
Service at termination:	10 years	+	14	=	24
				➔	84

John's eligibility to an unreduced pension WITHOUT grow-in benefits

			Projected years		Total
Age at retirement:	46	+	14	=	60
Service at termination:	10 years	+	✗	=	10
				➔	70

Grow-in benefits do not provide improved benefits for John. John reaches age 60 before his age plus service equals 90, even when his credited service is projected to the date he is first eligible for an unreduced pension.

Although John meets the criteria for grow-in benefits, projecting his credited service until he is first eligible for an unreduced pension does not allow him to receive an unreduced pension earlier, so his pension benefit will not be improved.

Where do I go for more information?

For more information, please contact Human Resources, Pension Sector:

Telephone: (613) 562-5800 ext. 1539

E-mail: pension@uOttawa.ca

In person: Tabaret Hall, Room 019

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