

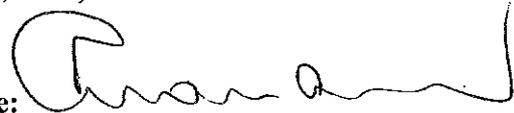
January 1, 2014

**CONTRIBUTORY PENSION PLAN FOR
HOURLY-RATED EMPLOYEES OF McMASTER UNIVERSITY
INCLUDING McMASTER DIVINITY COLLEGE**
(Amended and Restated as at January 1, 2014)

Registration No. 0215418

**CERTIFIED to be a true and complete copy of
the text of the Contributory Pension Plan for
Hourly-Rated Employees of McMaster
University Including McMaster Divinity
College (As Amended and Restated Effective
January 1, 2014)**

Signature:



Name: Roger Couldrey

Title: Vice-President (Administration)

Date: October 24, 2013

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ARTICLE 1 - INTRODUCTION

- 1.01 The Non-Contributory Pension Plan for Hourly-Rated Employees of the University was established as of July 1, 1962 for the provision of pension benefits to hourly-rated employees of the University.
- 1.02 This Plan was originally funded under Contract No. GA3158 issued by the Manufacturers Life Insurance Company. University contributions to Contract No. GA3158 were suspended as of June 30, 1971 after which date contributions have been deposited in the Fund for the provision of such benefits.
- 1.03 Effective July 1, 1979, this Plan was revised and renamed the Contributory Pension Plan for Hourly-Rated Employees of McMaster University Including McMaster Divinity College. Employee contributions to this Plan commenced as of July 1, 1979 and retirement benefits were based on a career benefit plan.
- 1.04 Effective January 1, 1986 this Plan was revised to provide for retirement benefits based on a final average benefit formula. Benefits accrued under this Plan at December 31, 1985 were increased by one-third for active Members and were frozen. The final average formula applies only to service after December 31, 1985. Pensions to retirees and to terminated employees with vested benefits were also increased by one-third effective January 1, 1986.
- 1.05 Effective July 1, 1989, the benefits accrued under this Plan at December 31, 1985 were further increased, for all active Members, by 20%, and for all pensioners by 10%.
- 1.06 Effective July 1, 1992, the benefits accrued under this Plan at December 31, 1985 were further increased, for all pensions in payment as of June 30, 1992, by 8%. At the same time, the benefits accrued under this Plan at December 31, 1985 were further increased, for all active Members, by 8%.

- 1.07 Effective from January 1, 1988 this Plan has been administered in accordance with the *Pension Benefits Act*.
- 1.08 Benefits provided under the provisions of Contract No. GA3158 for service prior to July 1, 1971 will continue to be a portion of the benefits provided under this Plan, either by direct payment by the Manufacturers Life Insurance Company to the retired employee or by the transfer of assets from the Manufacturers Life Insurance Company to the Fund, and the payment of all benefits from the Fund.
- 1.09 This Plan was amended and restated to incorporate amendments made to date, to reflect changes required under the *Pension Benefits Act* and to clarify certain provisions.
- 1.10 This Plan as set out in this restated text consolidates all amendments to this Plan made since the last restatement effective January 1, 1992, and is restated as at January 1, 2014.
- 1.11 This restatement shall not operate in any way to reduce or otherwise adversely affect a Member's entitlements accrued under this Plan up to December 31, 2013.
- 1.12 This restatement as of January 1, 2014 shall not operate in any way to enlarge upon the rights and entitlements for individuals who terminated participation in this Plan prior to January 1, 2014, except as may be required by the *Pension Benefits Act* and the *Income Tax Act*.

ARTICLE 2 - DEFINITIONS

The following words and phrases shall, for the purposes of this Plan, have the respective meaning given below, unless the context clearly requires a different meaning.

- 2.01 **Actuarial Equivalent** means a pension of an equal present value computed using actuarial tables and such other methods and assumptions as may be adopted by the University on the recommendation of the Actuary for the purposes of this Plan, subject to any requirements of the *Pension Benefits Act* and the *Income Tax Act*.
- 2.02 **Actuary** means a person or firm, who is, or one of whose members is, a Fellow of the Canadian Institute of Actuaries, and who is appointed by the University for purposes of this Plan.
- 2.03 **Average YMPE** means twelve (12) times the monthly average of the Year's Maximum Pensionable Earnings as defined in the Canada Pension Plan during the thirty-six (36) months preceding the date at which a determination is required. For this purpose, the YMPE in effect for each month in a Plan Year shall be the YMPE in effect on July 1 of such Plan Year. Where the Member's Credited Service exceeds thirty-six (36) months, the computation shall utilize the same months of Credited Service used for the calculation of the Best Average Earnings, utilizing the highest thirty-six (36) months of the Best Average Earnings.
- 2.04 **Beneficiary** means a beneficiary designated by a Member in accordance with Section 12.05.
- 2.05 **Best Average Earnings** is computed by first dividing the Regular Annual Salary earned by the Member while participating in this Plan by twelve (12) and then determining twelve (12) times the average of the highest sixty (60) months of earnings, which months need not be consecutive. For Members who terminate employment before having

completed five (5) years of Credited Service, Best Average Earnings shall be computed as above, but using the average of the number of Credited Service. For the purposes of determining Best Average Earnings, leaves of absence with or without pay shall be considered as being with pay, at the Regular Annual Earnings which would have been in effect had there been no leave of absence, provided the Member made his full required contributions during such leave.

- 2.06 ***Commuted Value*** means, in relation to benefits that a person has a current or future entitlement to receive, a lump sum amount which is the actuarial present value of those benefits, computed at the rate of interest and using the actuarial tables adopted by the University on the recommendation of the Actuary, subject to any requirements of the *Pension Benefits Act* and the *Income Tax Act*.
- 2.07 ***Consumer Price Index*** means the seasonally adjusted Canada All-items Consumer Price Index as published by Statistics Canada under the authority of the *Statistics Act*, Statutes of Canada.
- 2.08 ***Continuous Service*** means unbroken employment with the University as shown by the University records and shall include periods of annual vacation, lay-off and approved leave of absence granted by the University. Such periods of lay-off and leave of absence shall not exceed one (1) year.
- 2.09 ***Credited Service*** means that portion of a Member's period of Continuous Service with the University which is counted for benefit purposes in accordance with the provisions of Section 4 hereof.

2.10 **Employee** means an individual who:

- (a) is employed by the University on a full-time hourly rated basis and who is a member of one of the following bargaining units:
 - (i) Operations and Maintenance, Service Employees International Union (“SEIU”) Local 2 BGPWU, provided that the following individuals shall be excluded:
 - (A) to the extent permitted by the *Pension Benefits Act* as at April 2006, any individual hired in the classification of “Cleaner” and any individual who is a member of the casual bargaining unit represented by SEIU Local 2 BGPWU, and
 - (B) all individuals who became members of Operations and Maintenance, SEIU Local 2 BGPWU on or after October 1, 2007, except any such individual who is a Member at such time accruing Credited Service at such time;
 - (ii) Machinists, Service Employees International Union (“SEIU”) Local 2 BGPWU, provided that the following individuals shall be excluded:
 - (A) all individuals who became members of Machinists, SEIU Local 2 BGPWU on or after April 1, 2009, except such individual who is a Member at such time accruing Credited Service at such time;
 - (iii) Operating Engineers, The International Union of Operating Engineers, Local 772, C.F.L. - A.F.L. - C.I.O., provided that the following individuals shall be excluded:
 - (A) all individuals who became members of the Operating Engineers, The International Union of Operating Engineers, Local 772, C.F.L. - A.F.L. - C.I.O. on or after December 1, 2008, except any such

individual who is a Member at such time accruing Credited Service at such time;

(iv) Hospitality Services, Service Employees International Union (“SEIU”) Local 2 BGPWU, provided that the following individuals shall be excluded:

(A) all individuals who became members of Hospitality Services, SEIU Local 2 BGPWU on or after January 1, 2008, except any such individual who is a Member at such time accruing Credited Service at such time;

(v) Security Services, Unifor and its Local 5555, provided that the following individuals shall be excluded:

(A) all individuals who became members of Security Services, Unifor and its Local 5555 on or after July 1, 2008, except any such individual who is a Member at such time accruing Credited Service at such time; and

(vi) Parking and Transit Services, Unifor and its Local 5555, provided that the following individuals shall be excluded:

(A) all individuals who became members of Parking and Transit Services, Unifor and its Local 5555 on and after March 16, 2010, except any such individual who is a Member at such time accruing Credited Services at such time;

(b) is employed by the University for a minimum of twenty-four (24) hours per week for Hospitality Services, Service Employees International Union (“SEIU”) Local 2 BGPWU, provided that the following individuals shall be excluded:

- (A) all individuals who became members of Hospitality Services, SEIU Local 2 BGPWU on or after January 1, 2008, except any such individual who is a Member at such time accruing Credited Service at such time; or
- (c) on and after January 1, 1988 is employed by the University on a part-time hourly rated basis, is an Employee as defined under (a) or (b) above, and has earned at least 35% of the YMPE or has worked at least 700 hours in each of the two previous consecutive calendar years of employment by the University.
- 2.11 **Financial Carrier** means the trust company or insurance company appointed from time to time to receive and hold monies pursuant to this Plan. Subject to the terms of this Plan the Financial Carrier shall operate according to a trust agreement or an insurance contract, whichever is appropriate, between itself and the University.
- 2.12 **Former Member** has the meaning ascribed in Section 10.
- 2.13 **Fund** means the funds, securities and other assets held by the Financial Carrier in respect of this Plan.
- 2.14 **Income Tax Act** means the *Income Tax Act*, Statutes of Canada and the Regulations thereunder, as amended or replaced from time to time.
- 2.15 **Member** means an Employee who has become a member of this Plan pursuant to Section 3 and who continues to be entitled to benefits under this Plan.
- 2.16 **Net Interest on the Fund** means interest on required contributions from the date the contribution is made by the Employee to the last day of the month in which payment is made from the Fund. Such interest is credited at the end of each Plan Year and at termination based on the Average Annual Rate of Return determined by the following formula:

Average Annual Rate of Return = (Sum of the Annual Rates of Return for each of the current and previous four (4) Plan Years) ÷ 5

where,

$$\text{Annual Rate of Return} = \frac{\text{Net Income}}{\frac{1}{2} (\text{Market Value of Fund at beginning of Plan Year plus Market Value at end of Plan Year less Net Income})}$$

and,

“Net Income” equals the sum of interest, dividends, net realized gains and net unrealized gains during this Plan Year less the sum of actuarial, investment, investment counsellor, trustee, audit and other administrative expenses applicable to this Plan or Fund.

In respect of required contributions, such interest credited pursuant to this Section 2.16 shall be the greater of 0% and the Average Annual Rate of Return.

2.17 ***Pension Benefits Act*** means the *Pension Benefits Act*, R.S.O. 1990, and the Regulations thereunder, all as amended or replaced from time to time.

2.18 ***Pensioner*** means a Member who has commenced monthly pension payments from the Fund in accordance with Section 6 and includes any other individual who commences to receive monthly pension payments from the Fund.

2.19 ***Plan*** means this Contributory Pension Plan for Hourly-Rated Employees of McMaster University Including McMaster Divinity College, as amended and restated from time to time.

- 2.20 **Plan Year** means the twelve (12) month period beginning July 1st and ending the following June 30th, or any such twelve (12) month period as may be adopted by the University from time to time.
- 2.21 **Regular Annual Earnings** shall be calculated by multiplying the Member's hourly rate of earnings effective as at the beginning of each Plan Year by the regular annual hours. With respect to a part-time Employee or an individual who becomes an Employee by virtue of Section 2.10(b) the hourly rate of earnings effective at the beginning of each Plan Year will be adjusted to the equivalent full-time hourly rate. With respect to periods of Credited Service during which the Member does not actually receive earnings from the University, the amount will be deemed to be received based on the rate of earnings the Member was receiving immediately preceding that period. However, deemed earnings shall not exceed the amount of compensation that is prescribed for this purpose by the *Income Tax Act*.
- 2.22 **Retirement Committee** means the group of people as determined in Section 13.01 of this Plan.
- 2.23 **Salaried Plan** means the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000.
- 2.24 **Spouse** means, in relation to a Member, a person who, at the time a determination of spousal status is required,
- (a) is legally married to the Member, provided that the Member is not living separate and apart from that person;
 - (b) not being legally married to the Member has cohabited with the Member in a conjugal relationship,

- (i) continuously throughout the immediately preceding one (1) year period; or
- (ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the *Family Law Act*, R.S.O. 1990.

Notwithstanding the foregoing, a Member, for the purposes of this Plan, is considered to have only one Spouse on the date any benefit entitlement is determined.

2.25 **Total Disability** means a disability which is determined to exist by the University, based on the written report of a medical doctor licensed to practice in Canada, in respect of which the Member is deemed unable to perform the duties for which he was employed immediately before the commencement of the disability.

2.26 **University** means McMaster University, including McMaster Divinity College, and such affiliated or associated corporations as may be designated by McMaster University from time to time.

2.27 **YMPE** means the Year's Maximum Pensionable Earnings as defined in the Canada Pension Plan.

Unless the context requires otherwise, reference in this Plan to the masculine includes the feminine and vice versa, and a word importing the singular includes the plural and vice versa. Where reference is made in this Plan to Section(s), it shall mean Articles, and subsections of this Plan unless specifically stated otherwise.

ARTICLE 3 - ELIGIBILITY

3.01 Plan Members On December 31, 1991

Each Member who was a Member of this Plan on December 31, 1991 shall automatically continue as a Member of this Plan for service on and after January 1, 1992.

3.02 Full-Time Employees

Each Employee as defined in Section 2.10(a) may elect to become a Member and shall become a Member on the July 1st next following six (6) months of Continuous Service.

3.03 Part-Time Employees

Each Employee as defined in Section 2.10(b) may elect to become a Member, and shall become a Member, on the July 1st next following six (6) months of Continuous Service. Each Employee as defined in Section 2.10(c) may elect to become a Member following the satisfaction of the requirements in Section 2.10(c).

3.04 Participation While a Member of Another University Plan

No Employee may become a Member of this Plan while a participant of any other pension plan of the University.

3.05 No Loss of Membership for Part-Time Employees

A Member's participation in this Plan shall not be terminated while he remains an Employee. In addition, once an Employee becomes a Member, he shall not cease to be a Member merely because he earns less than 35% of the YMPE or works less than seven hundred (700) hours in a calendar year.

3.06 Re-Employment

A Member who terminates employment with the University and is re-employed shall be treated as a new employee for purposes of eligibility for membership under this Plan. Any vested benefits which he may have to his credit in this Plan for his previous service shall remain as such.

ARTICLE 4 - CREDITED SERVICE

4.01 Determination of Credited Service

- (a) Credited Service, which shall be determined from the records of the University, shall be the period of years and partial years including, for greater certainty, partial calendar months of Continuous Service with the University starting from the date on which an Employee as defined in Section 2.10 becomes a Member of this Plan in accordance with Section 3 to the date on which the Member terminates from this Plan.

- (b) In respect of periods of unpaid absence after December 31, 1990, the aggregate of Credited Service granted under Section 11.07 is limited to a maximum full-time equivalent of five (5) years, plus an additional three (3) years credited in respect of absences that commence upon the birth or adoption of a child of the Member and end within twelve (12) months.

4.02 Adjustment of Credited Service

For any period of Continuous Service in which the Employee works less than full time, Credited Service shall be adjusted so that the proportion of the total years and partial years of the uninterrupted participation equals the proportion that hours worked as a part-time Employee bears to the full-time workload. For any period of absence for which Credited Service is granted, the hours the Member would have worked had the Member been actively employed on the same part-time basis that was in effect immediately before the absence are included in the determination of the ratio.

4.03 Limitation on Credited Service

No service with the University that is included in the calculation of a pension benefit under any other pension plan of the University may be included in Credited Service under this Plan.

ARTICLE 5 - RETIREMENT DATE

5.01 Normal Retirement Date

Normal retirement date is the first day of the month next following the date the Member attains age sixty-five (65).

5.02 Early Retirement Date

Early retirement date is the first day of any month during the ten (10) year period preceding the normal retirement date.

5.03 Special Early Retirement Date

Special early retirement date is the first day of the month coincident with or next following the date the total of the Member's age and years of Credited Service equals at least eighty (80).

5.04 Postponed Retirement Date

A Member who continues employment with the University on or after December 12, 2006 beyond the Member's normal retirement date shall be considered to have retired on the Member's postponed retirement date as defined below. During the period of postponement, the Member shall continue to contribute and pension benefits shall continue to accrue under this Plan until the Member's postponed retirement date.

Postponed retirement date, for purposes of this Plan, is the earlier of:

- (a) the first day of the month following the date the Member terminates employment with the University; and

- (b) the first day of December of the year the Member attains age seventy-one (71) or such other date as may be prescribed for this purpose by the *Income Tax Act*.

A Member whose postponed retirement date is that described in (b) above shall cease to contribute and to earn pension benefits under this Plan as of that date, notwithstanding that the Member continues to earn employment income from the University beyond his postponed retirement date.

ARTICLE 6 - AMOUNT OF PENSION

6.01 Normal, Special Early and Postponed Retirement Benefit

- (a) The amount of annual pension payable in equal monthly installments to a Member from his normal, special early or postponed retirement date shall be the sum of:
- (i) his annual pension accrued to December 31, 1985 (based on the Plan provisions in effect on December 31, 1985) multiplied by the product of 1.333 and 1.20;
plus
 - (ii) 1.4% of his Best Average Earnings up to the Average YMPE, multiplied by his years of Credited Service earned after December 31, 1985;
plus
 - (iii) 2.0% of his Best Average Earnings in excess of the Average YMPE, multiplied by his years of Credited Service earned after December 31, 1985.
- (b) For pensions the payment of which commences on or after July 1, 1992, the pension determined under clause (i) of Section 6.01(a) shall be increased by a further 8%.
- (c) For pensions the payment of which commences on or after July 1, 1999, the pension determined under clause (i) of Section 6.01(a) shall be increased by a further 20%.
- (d) For pensions the payment of which commences on or after July 1, 2001, the pension determined under clause (i) of Section 6.01(a) shall be increased by a further 1.5%.

- (e) Notwithstanding Sections 6.01(a), (b), (c) and (d), the aggregate increases provided for in those sections shall not exceed the increase warranted by the increase in the Consumer Price Index from January 1, 1986 to the date of the increase.

6.02 Early Retirement Benefit

- (a) Each Member whose employment with the University is terminated during the ten (10) year period preceding the normal retirement date shall elect, prior to the date upon which his pension commences,
 - (i) to receive an annual pension benefit payable in equal monthly installments commencing at the normal retirement date in an amount equal to the amount determined under Section 6.01 based on his Credited Service to the date of termination of service with the University; or
 - (ii) to receive an annual pension benefit payable in equal monthly installments commencing on the first day of any month after the month in which the Member elects to retire up to the Member's normal retirement date, in an amount equal to the amount determined under Section 6.01 based on his Credited Service to the date of termination of service with the University, less the sum of:
 - (A) 0.5% of that benefit for each month, if any, that the pension commencement date precedes the Member's attaining age sixty (60); and
 - (B) 0.25% of that benefit for each month, to a maximum of sixty (60) months, that the pension commencement date precedes the Member's attaining the normal retirement date.
- (b) The value of the early retirement benefit must be at least the Actuarial Equivalent of the Member's benefit that would be payable at the normal retirement date,

provided that the amount payable shall not exceed the amount of the monthly pension benefit starting payment at the normal retirement date, reduced by 0.25% for each month by which the pension commencement date precedes the earliest of the date on which:

- (i) the Member will attain age sixty (60);
- (ii) the Member's age plus Continuous Service would have equaled eighty (80); and
- (iii) the Member would have completed thirty (30) years of Continuous Service.

For purposes of this Section 6.02(b), Continuous Service shall not include periods of lay-off.

- (c) A Member to whom Section 6.02(a) applies cannot elect to commence to receive a pension prior to the date the application is received by the University.

6.03 Excess Employee Contributions

In addition to the benefit payable under Section 6.01 or 6.02, as applicable, the amount, if any, by which the Member's required contributions accumulated with Net Interest on the Fund exceeds 50% the Commuted Value of any pension benefit payable under this Section 6 and other benefits accrued or granted to or in respect of the Member shall be paid to the Member as soon as practicable following the date of termination of service with the University.

6.04 Maximum Pension

Notwithstanding any other provision of this Plan to the contrary, the maximum annual pension payable to a Member under this Plan determined at the time of pension commencement, in the form of pension to be paid to the Member and any portion of the Member's pension payable to a Member's Spouse or former Spouse as a result of a

breakdown of spousal relationship, shall not exceed the years of Credited Service of the Member, multiplied by the lesser of:

- (a) \$2,696.67 or such greater amount prescribed for this purpose by the *Income Tax Act*; and
- (b) 2% of the average of the Member's best 3 consecutive years' compensation, as defined by the *Income Tax Act*, from the University;

reduced, by 0.25% for each month by which the pension commencement date precedes the earliest of the day on which:

- (a) the Member would attain age sixty (60);
- (b) the Member's age plus Continuous Service, not including periods of layoff or temporary suspension of employment, would have equaled eighty (80); or
- (c) the Member would have completed thirty (30) years of Continuous Service, not including periods of layoff or temporary suspension of employment

This Section 6.04 does not apply to that portion, if any, of the pension derived from a Member's excess contributions.

For the purposes of this Section 6.04, a Member's Credited Service before January 1, 1992 is limited to thirty-five (35) years.

6.05 Pension Adjustment

In no event shall the benefit accrued by a Member in a Plan Year under Section 6.01 result in a pension adjustment, as defined by the *Income Tax Act*, for the Member in excess of the limits for the year prescribed by the *Income Tax Act*.

6.06 Annual Pension Increase

- (a) On January 1 of each year, pensions in pay from this Plan are increased utilizing the pensioner reserve method as described below:

The percentage increase shall be the lesser of:

- (i) the percentage by which the Average Annual Rate of Return determined by the following formula exceeds 6.0%,

Average Annual Rate of Return = (Sum of the Annual Rates of Return for each of the previous 5 Plan Years) ÷ 5

where,

$$\text{Annual Rate of Return} = \frac{\text{Net Income}}{\frac{1}{2} (\text{Market Value of Fund at beginning of Plan Year plus Market Value at end of Plan Year less Net Income})}$$

and,

“Net Income” equals the sum of interest, dividends, net realized gains and net unrealized gains during this Plan Year less the sum of actuarial, investment, investment counsellor, trustee, audit and other administrative expenses applicable to this Plan or Fund; and

- (ii) the percentage annual increase in the average Consumer Price Index during the twelve (12) month period that ended on the immediately preceding June 30.

- (b) Pensions in pay on January 1 of each year shall be increased by the percentage determined in Section 6.06(a) multiplied by a fraction, the numerator of which is the number of months (maximum 12) the pension was in pay during the previous Plan Year and the denominator of which is twelve (12).
- (c) Notwithstanding Sections 6.06(a) and (b) above, pension increases shall not exceed the maximum amount permitted under the *Income Tax Act* and, for Members who retired before attaining age sixty (60) and before January 1, 1992, under Information Circular 72-13R8 as issued by Canada Revenue Agency and as amended from time to time.
- (d) Notwithstanding the provisions of subsections 6.06(a) and 6.06(b), the increase to pensions in pay effective January 1, 2003 will be calculated using the same method but using 50% of the percentage determined in subsection 6.06(a)(i) and using the percentage increase in the average Consumer Price Index between the periods (1) January 1, 2001 to December 31, 2001 and (2) July 1, 2001 to June 30, 2002.

6.07 Pension Increase

Pensions paid from the Fund may be increased as negotiated with the bargaining units and as set out in Schedule “A”, provided such increases are warranted by increases in the Consumer Price Index after the benefits commence to be paid and subject to the limit in Section 6.06(c) above.

6.08 Bridging Benefit

Subject to Sections 6.09 and 6.10:

- (a) a Member who retires on or after July 1, 2001:
 - (i) pursuant to Section 5.03, is entitled to receive, in addition to the benefit provided under Section 6.01, an annual bridging benefit payable in equal

monthly installments in an amount equal to \$12 per month for each year of Credited Service prior to July 1, 2001, payable from the later of: the Member's pension commencement date and the first day of the month coincident with or next following the date on which the Member attains age sixty (60), and ceasing with the payment immediately preceding or coincident with the earlier of the Member's normal retirement date and the date of his death; or

(ii) pursuant to Section 5.02, is entitled to receive, in addition to the benefit provided under Section 6.02, a bridging benefit as set forth in Section 6.08(a)(i) but reduced by 0.25% for each month by which the date on which the bridging benefit commences to be paid, precedes the Member's normal retirement date.

(b) a Member who retired prior to July 1, 2001:

(i) pursuant to Section 5.03, is entitled to receive, in addition to the benefit provided under Section 6.01, an annual bridging benefit payable in equal monthly installments in an amount equal to \$12 per month for each year of Credited Service prior to July 1, 1999, payable in equal monthly installments from the later of July 1, 2001 and his attaining age sixty (60) and ceasing with the payment immediately preceding or coincident with the earlier of the Member's normal retirement date and the date of his death; or

(ii) pursuant to Section 5.02, is entitled to receive, in addition to the benefit provided under Section 6.02, a bridging benefit as set forth in Section 6.08(b)(i) but reduced by 0.25% for each month by which the date of pension commencement precedes the Member's normal retirement date.

6.09 Maximum Bridging Benefit

The monthly bridging benefit payable under Section 6.08 shall not exceed the amount of benefits payable to the Member under the Canada Pension Plan and under the *Old Age Security Act* assuming the Member is:

- (a) sixty-five (65) years of age at the date of pension commencement;
- (b) entitled to receive the maximum Old Age Security benefits; and
- (c) entitled to that proportion, not exceeding 1, of the maximum benefits payable under the Canada Pension Plan that the total of the Member's remuneration for the three (3) calendar years in which the remuneration is highest bears to the total of the YMPE (determined without regard to Section 11.04(a)) for those three (3) years,

reduced proportionately in the case of a Member who has completed less than ten (10) years of Credited Service as at that date and further reduced by 0.25% for each month by which the Member's pension commencement date precedes his attaining age sixty (60).

Notwithstanding the foregoing, in no event shall the monthly bridging benefit be paid for a period greater than sixty (60) months.

6.10 Combined Bridging and Pension Maximum

Where a Member receives a bridging benefit pursuant to Section 6.08, for the year in which the bridging benefit is initially paid, the annual combined bridging benefit plus the pension benefit to which Section 6.04 is applicable, both for Credited Service after 1991, shall not exceed the amount determined by the formula:

$$(A \times B) + (0.25 \times C) \times \frac{D}{35}$$

where

- A is \$2,696.67 or such greater amount permitted under the *Income Tax Act* for the calendar year in which the benefits commence to be paid;
- B is the Member's Credited Service after 1991;
- C is the average of the YMPE (determined without reference to Section 11.04(a)) for the year in which the benefits commence to be paid and for each of the two (2) preceding calendar years; and
- D is the lesser of 35 and the amount determined for B.

6.11 Supplementary Pension Increase

- (a) If in any year after 2001, the percentage calculated in Section 6.06(a)(i) (the "Excess Interest Formula") exceeds the percentage calculated in Section 6.06(a)(ii) (the "CPI Formula"), such excess will be used to provide a supplementary increase to the annual amount of those pensions in pay from this Plan which had their annual pension increase (as calculated in Section 6.06(a)(i)) in any of the three (3) previous calendar years based on the Excess Interest Formula.
- (b) The supplementary increase shall be the lesser of:
 - (i) the percentage increase described in Section 6.11(a) by dividing (1 + the Excess Interest Formula) by (1 + the CPI Formula); and
 - (ii) the increase necessary to produce an annual pension that would result from granting increases based on the CPI Formula in each of the three previous years (starting with the year three (3) years previous) in which a lower increase (including any previous supplementary increases) has been provided and shall be applied after the increase in Section 6.06 has been determined.

- (c) Notwithstanding Sections 6.11(a) and (b) above, supplementary pension increases shall not exceed the maximum amount permitted under the *Income Tax Act* and, for Members who retired before attaining age sixty (60) and before January 1, 1992, under Information Circular 72-13R8 as issued by the Canada Revenue Agency as amended from time to time.

6.12 Commencement and Duration of Pensions

Except as otherwise provided for in this Plan, the payment of pension benefits to a Member shall commence on the applicable commencement date specified in this Plan and shall be payable on the first day of each month thereafter during the remaining lifetime of the Member, with the last payment to the Member being made on the first day of the month in which the Member dies, subject always to the terms of the normal form or any optional form of pension applicable to the Member pursuant to Section 7.

ARTICLE 7 - FORM OF PAYMENT OF PENSION BENEFITS

7.01 Normal Form of Benefit - Single Member

A Member who does not have a Spouse at the time pension payments begin shall receive a retirement pension from this Plan, payable for the life of the Member in monthly installments, commencing on the Member's retirement date, or later pension commencement date determined in accordance with Section 6.12, and is payable in equal monthly installments thereafter during the Member's lifetime, with a guarantee that if the Member dies before 120 monthly payments are made, that number of the one hundred and twenty (120) monthly payments remaining unpaid shall continue to be paid to the Beneficiary until all remaining monthly payments have been made or, at the election of the Beneficiary, the Commuted Value of the remaining payments shall be paid in a lump sum cash payment. If there is no such Beneficiary, the Commuted Value of the remaining payments shall be paid in a lump sum cash payment to the estate of the Member.

7.02 Legislative Form of Benefit - Member With a Spouse

- (a) A Member who has a Spouse at the time pension payments begin shall receive a monthly retirement pension in the form of a joint and last survivor annuity payable from the Member's retirement date, or later pension commencement date determined in accordance with Section 6.12, in equal monthly installments to the first day of the month in which the Member dies, with 60% of the monthly amount continuing to be paid thereafter to the surviving Spouse of the Member ceasing on the first day of the month in which the Spouse dies.
- (b) Such pension as described above shall have the Actuarial Equivalent value of the normal form of benefit to which the Member is entitled under Section 7.01.

- (c) The Member and his Spouse entitled to this benefit may waive this entitlement by delivering to the University a written waiver in a form prescribed under the *Pension Benefits Act*.

Such waiver shall be submitted to the University along with the form of pension to be paid prior to the commencement of payment of the pension benefit.

7.03 Optional Forms of Pension

Subject to Section 7.02(c), at any time prior to the commencement of pension benefit payments, a Member may elect to receive one of the optional forms of pension described below in lieu of the normal form of benefit provided under Section 7.01 above. The optional forms of pension described below shall be the Actuarial Equivalent of the normal form of benefit to which the Member is entitled under Section 7.01 above.

(a) Life Only

A monthly pension payable for life only with no minimum guaranteed period.

(b) Life and Five (5) Years Certain

A monthly pension payable for at least five (5) years and as long as the Member survives.

(c) Life and Ten (10) Years Certain

A monthly pension payable for at least ten (10) years and as long as the Member survives.

(d) Joint and Last Survivor

A monthly pension payable for the life of the Member and continued after the Member's death to a joint annuitant in such amount that is permitted by the University, the *Pension Benefits Act* and the *Income Tax Act*. The Member may only designate as a joint annuitant his Spouse or former Spouse.

(e) Joint Survivor

A monthly pension payable to the earlier of the death of the Member and the death of the Member's joint annuitant, and continuing to be paid thereafter for the life of the survivor in an amount that is permitted by the University, the *Pension Benefits Act* and the *Income Tax Act*. The Member may only designate as a joint annuitant his Spouse or former Spouse.

(f) Other Optional Forms

The University may adopt other optional forms of benefit consistent with rules and regulations affecting this Plan and may, in special circumstances and subject to the *Income Tax Act* and the *Pension Benefits Act*, permit other settlements.

7.04 Changes to Optional Form and Pension

A Member who has elected an optional form of benefit may change such election at any time prior to the commencement of pension benefit payments.

7.05 Joint and Last Survivor Election Cancellation

The election of a joint and last survivor option will be automatically cancelled in the event of the death of the named annuitant prior to the Member's pension commencement and the normal form of benefit will be payable unless a further option is elected.

7.06 Shortened Life Expectancy

In the event that a Member, Former Member or Pensioner becomes disabled to the extent that his life expectancy is likely to be considerably shortened within the meaning of the *Pension Benefits Act*, the University may, at the request of the Member, Former Member or Pensioner, vary the terms of payment of the pension to which the Member, Former Member or Pensioner is entitled, subject to the limitations of the *Income Tax Act*.

7.07 Acquiring a Spouse After Retirement

An individual receiving the normal form of pension for a Member without a Spouse from the Fund who acquires a Spouse subsequent to retirement may elect no later than sixty (60) days following the date of acquiring a Spouse to have the pension benefit recalculated and paid in the form of a joint and survivor pension. Such pension shall be the Actuarial Equivalent value of the pension in pay and, subject to any reconciliation of benefits paid to the Member between the date on which the Member acquired a Spouse and the date on which the recalculated pension benefit amount commences, will commence to be paid from the first day of the month coincident with or next following the date upon which the Member acquired a Spouse.

ARTICLE 8 - CONTRIBUTIONS

8.01 Member's Required Contributions

Each Member shall contribute, by means of payroll deduction:

- (a) 2.5% of his Regular Annual Earnings up to December 31, 1985; and
- (b) 3.5% of his Regular Annual Earnings from January 1, 1986 up to June 30, 1989;
and
- (c) 3.5% of his Regular Annual Earnings up to the current YMPE and 5.0% of his Regular Annual Earnings in excess of this level from July 1, 1989 to March 3, 2012; and
- (d) 4.5% of his Regular Annual Earnings up to the YMPE and 6.0% of his Regular Annual Earnings in excess of this level from March 4, 2012 to September 1, 2012;
and
- (e) 5.5% of his Regular Annual Earnings up to the YMPE and 7.0% of his Regular Annual Earnings in excess of this level from September 2, 2012 to March 2, 2013;
and
- (f) 6.0% of his Regular Annual Earnings up to the YMPE and 8.0% of his Regular Annual Earnings in excess of this level from March 3, 2013 to February 15, 2014;
and
- (g) 6.5% of his Regular Annual Earnings up to the YMPE and 8.75% of his Regular Annual Earnings in excess of this level commencing on February 16, 2014;

provided, however, that a Member's contributions for any Plan Year shall not exceed the maximum amount permitted by the *Income Tax Act* for that Plan Year.

Notwithstanding the foregoing, with respect to part-time Employees or for individuals who become Employees by virtue of section 2.10(c), Member contributions for any Plan Year shall be pro-rated by a ratio, the numerator of which is the Member's hours scheduled to be worked as a part-time Employee during the Plan Year and the denominator of which is the hours regularly scheduled to be worked as a full-time Employee.

8.02 Contributions by the University

Subject to Section 8.04, the University shall make payments for deposit in the Fund in such total amount as, based on the advice of the Actuary, is required to provide the normal cost of benefits currently accruing to Members in accordance with the provisions of this Plan, after taking into account the assets of the Fund, and all other relevant factors, and shall provide for the proper amortization of any unfunded liability or experience deficiency with respect to benefits previously accrued pursuant to the requirements of the *Pension Benefits Act*.

8.03 Minimum University Contribution

Effective July 1, 1999, the sum of:

- (a) the University contributions to this Plan during the Plan Year; plus
- (b) any lump sum payments to a Member during the Plan Year paid directly by the University consisting of the excess by which twice Member contributions with Net Interest on the Fund exceeds the sum of the Commuted Value of the pension accrued to the Member plus any related lump sum amount paid to the Member from this Plan;

shall, in no event, be less than the contributions made by the Members during this Plan Year.

8.04 Deposit of Contributions

The University shall pay into the Fund all sums received by the University from an Employee or deducted from an Employee's pay as the Employee's contribution to this Plan within the calendar month following the month the sum was received or deducted. The University's contributions in respect of the normal cost of benefits, including the minimum University contribution under Section 8.03 shall be paid in monthly installments within thirty (30) days following the month for which the contributions are payable. The University's contributions in respect of special payments to amortize an unfunded liability or solvency deficiency shall be payable in equal monthly installments throughout the Plan Year.

8.05 University Contributions Must be Eligible Contributions

Notwithstanding Sections 8.02 and 8.03, no contribution shall be made by the University to the Fund unless it is an eligible contribution as defined by the *Income Tax Act*.

ARTICLE 9 - TRANSFERS FROM OTHER PENSION PLANS

9.01 Transfer From The Salaried Plan to This Plan

Subject to Section 9.03, if an individual who is entitled to benefits as a participant under the Salaried Plan is transferred to employment in which he is eligible to participate in this Plan,

- (a) the commuted value of the benefits to which that individual was entitled under such plan as at the date of transfer shall be deposited to the Fund;
- (b) upon completion of the transfer under (a) above, the individual shall have no entitlement to benefits under such plan; and
- (c) the Credited Service of the individual for purposes of this Plan shall include the total of the years and partial years of uninterrupted employment with the University which were included as pensionable service under the Salaried Plan.

In no event and at no point in time will the benefit to which the individual is entitled under this Plan for employment prior to the date of transfer be less than the benefits to which the individual would otherwise have been entitled based on the provisions under the Salaried Plan.

9.02 Transfer From This Plan to The Salaried Plan

If an Employee who is entitled to benefits under this Plan is transferred to employment with the University in which he is eligible to participate under the Salaried Plan,

- (a) the Commuted Value of the benefits to which that individual was entitled under this Plan as at the date of transfer shall be deposited to the fund for the Salaried Plan;

- (b) upon completion of the transfer under (a) above, the individual shall have no entitlement to benefits under this Plan; and
- (c) the pensionable service of the individual for purposes of the Salaried Plan shall include the individual's Credited Service under this Plan.

In no event shall the Member's Commuted Value be transferred from this Plan to the Salaried Plan pursuant to Section 9.02(a) unless the administrator of the Salaried Plan confirms that the commuted value of the benefits in respect of the pensionable service recognized under the Salaried Plan prior to the date of transfer will not be less than the Commuted Value amount transferred from this Plan to the Salaried Plan.

9.03 Changes in Employment Category

An employee of the University in a category not eligible for participation either in this Plan or the Salaried Plan, who is transferred to employment in a category in which he becomes eligible for participation in this Plan, may count such prior service for the purpose of eligibility to participate in this Plan, but shall not count such service as Credited Service for benefit purposes.

9.04 Certifiable Past Service Pension Adjustment

Where a transfer under Section 9.01 results in a certifiable past service pension adjustment, as defined by the *Income Tax Act*, in respect of a Member, benefits to which the individual is entitled under this Plan for employment prior to the date of transfer shall not apply to the Member and the deposit of the commuted value to the Fund shall not be made prior to certification in accordance with the *Income Tax Act*.

ARTICLE 10 - TERMINATION OF EMPLOYMENT

10.01 Value of Accrued Pension

Subject to Section 10.05 below, if the employment of a Member is terminated prior to his actual retirement for any reason other than death or disability, then he shall become a Former Member until full and final settlement of all entitlements under this Plan have been made as described in this Section 10, or until he becomes a Pensioner, and he may elect (a), (b) or (c) below with respect to that portion of his entitlements not described in Section 10.02, he may elect:

- (a) to transfer an amount equal to the Commuted Value of the Member's pension to such other pension plan or retirement arrangement that may permit such transfers to be made provided that the transfer is made in the form and manner prescribed by the *Income Tax Act* and the *Pension Benefits Act*, and provided that the administrator of the plan to which money is transferred agrees in writing that the amount transferred shall be locked in to provide a life annuity under which payments shall not commence prior to the individual's early retirement date under this Plan;
- (b) to receive a deferred pension equal to the pension accrued to the date of termination, payable in the form permitted under this Plan and commencing at the normal retirement date; or
- (c) prior to July 1, 2012, where the Member has not participated in the Plan at least two (2) years, to receive a refund of his required contributions accumulated with Net Interest on the fund.

10.02 Excess Employee Contributions

- (a) In addition to the benefit payable under Section 10.01(a), the amount, if any, by which twice the Member's required contributions accumulated with Net Interest on the Fund exceeds the Commuted Value of any pension benefit payable under this Article 10 and other benefits accrued or granted to or in respect of the Member shall be paid as soon as practicable following the date of termination of service with the University, provided that:
- (i) the amount is paid in the form and manner prescribed by the *Income Tax Act* and the *Pension Benefits Act*; and
 - (ii) the aggregate amount of current service contributions made by the Member in respect of a calendar year after 1990, does not exceed the lesser of:
 - (A) 9% of the aggregate of all amounts each of which is the Member's compensation for the year from the University, and
 - (B) the sum of \$1,000 and 50% of the aggregate of all amounts each of which is the amount that would be the Member's pension adjustment as defined and determined under the *Income Tax Act* for the year.
- (b) in addition to the benefit payable under Section 10.01(a), the amount, if any, by which the Member's required contributions accumulated with Net Interest on the fund exceeds 50% of the commuted Value of any pension benefit payable under this Article 10 and other benefits accrued or granted to or in respect of him shall be paid to the Member as soon as practicable following the date of termination of service with the University.

10.03 Termination Prior to Age 55

A Member terminating prior to age 55 and electing a deferred pension under Section 10.01(b) is entitled to commence receiving a pension on the later of the first day of any month coincident with or next following the date he attains age 55 or the first day of any month coincident with or next following his election to retire early. Such early retirement pension shall be the Actuarial Equivalent of the deferred pension to which the Member is entitled, subject to Section 6.02(b).

10.04 Termination at or After Age 55

A Member terminating at or after age 55 is entitled to receive a pension benefit determined in accordance with Section 6.02.

10.05 Excess Transfer Amounts

Amounts transferred in accordance with Section 10.01(a) shall not exceed the maximum amount prescribed for this purpose by the *Income Tax Act*. The excess of the amount payable under Section 10.01(a), as applicable, plus Net Interest on the Fund, if any, over the amount transferable in accordance with the *Income Tax Act* will be paid directly to the Member as a lump sum cash payment.

10.06 Grow-in Benefits

Where a Member's employment has been terminated as a result of an "activating event", as that term is used in section 74 of the *Pension Benefits Act*, as it may be modified and renumbered from time to time, and the Member's combination of age plus years of Continuous Service or Credited Service equals at least fifty-five (55) on the effective date of the terminating event, then such Member has the right, but only to the extent required by section 74 of the *Pension Benefits Act*, to receive a pension commencing prior to Normal Retirement Date, calculated in accordance with Section 6, as modified by section 74 of the *Pension Benefits Act*. The dates on which such a benefit can commence will be as provided for under the *Pension Benefits Act*.

For greater certainty, for purposes of entitlement to a bridging benefit under Section 6.08, the affected Member must have at least 10 years of Continuous Service.

ARTICLE 11 - DISABILITY AND LEAVE OF ABSENCE

11.01 Member Required Contributions During Disability

A Member is exempted from the requirement to make contributions to this Plan during a period of Total Disability.

11.02 Credited Service During Disability Period

Each year, or part thereof, during the Period of Total Disability counts as a year, or part thereof, of Continuous Service and Credited Service for the Member as if he were not disabled, and the benefit is determined based on the provisions of this Plan, as modified by Sections 11.03 and 11.04, that are in effect at the date specified in either Section 11.05 or 11.06.

11.03 Earnings During Disability Period

For the purpose of disability accrual as described in Section 11.02, the Member's Regular Annual Earnings are deemed to be equal to the rate of Regular Annual Earnings received by the Member immediately before the commencement of his disability.

11.04 Average YMPE Entitlement

For the purpose of disability accrual as described in Section 11.02, if the Member has deemed Regular Annual Earnings in the calendar year in which a determination of his Average YMPE entitlement is required, or in either of the two (2) immediately preceding calendar years, the Average YMPE entitlement is not determined as described in Section 2.03 and instead is determined as follows:

- (a) the YMPE applicable to the Member for the period of his Total Disability is deemed to be the YMPE applicable to him as in effect during the last month in which earnings were actually received prior to the commencement of the Member's Total Disability, and

- (b) the Member's Average YMPE entitlement is determined as 25% of the lesser of:
 - (i) his Best Average Earnings determined under Section 2.04; and
 - (ii) the annual average of the YMPE applicable to the Member, subject to Section 11.04(a), in the calendar year in which a determination is required and the two (2) immediately preceding calendar years.

11.05 Disability Ending Before Normal Retirement

- (a) If the Member ceases to be Totally Disabled and returns to active employment with the University within thirty (30) days of the date specified by the University, his pension is calculated based on the provisions of this Plan, as modified by Sections 11.03 and 11.04, in effect as at the date of his subsequent termination or retirement.
- (b) If the Member ceases to be Totally Disabled and does not return to active employment with the University within thirty (30) days of the date specified by the University, he will be deemed to have terminated his employment for purposes of this Plan as of the date on which his Total Disability is deemed by the University to have ceased and his pension is calculated based on the provisions of this Plan, as modified by Sections 11.03 and 11.04, in effect as at the date of his deemed termination.

11.06 Disability Continuing Until Normal Retirement

A Member whose Total Disability continues until his normal retirement date is deemed to retire on his normal retirement date and his pension is calculated based on the provisions of this Plan, as modified by Sections 11.03 and 11.04, in effect as at the date of his retirement.

11.07 Credited Service During Leave of Absence

Notwithstanding Section 4.01, Credited Service shall be considered to have accrued on the same basis as in the previous Plan Year to a Member during the first twelve (12) months of any period of absence by reason of approved leave of absence or lay-off, only if the Employee returned to active employment without breaking the Credited Service to his credit at the commencement of such absence, and if contributions to this Plan were maintained during such absence.

ARTICLE 12 - DEATH BENEFITS

12.01 Value of Death Benefit Prior to Retirement

If a Former Member who is entitled to a deferred pension under Section 10 dies prior to the commencement of his pension, the Former Member's Spouse or, where no Spouse exists, his designated beneficiary or estate, shall receive the Commuted Value of the pension accrued to the Member.

12.02 Excess Employee Contributions

- (a) In addition to the benefit payable under Section 12.01, the amount, if any, by which twice the Member's required contributions accumulated with Net Interest on the Fund exceeds the amount payable under Section 12.01, shall be paid to the Member's Spouse or, where no Spouse exists, to his designated beneficiary or estate, as soon as practicable following the date of the Member's death, provided that:
- (i) the payment is made in the form and manner prescribed by the *Income Tax Act* and the *Pension Benefits Act*; and
 - (ii) the aggregate amount of current service contributions made by the Member in respect of a calendar year after 1990, does not exceed the lesser of:
 - (A) 9 per cent of the aggregate of all amounts each of which is the Member's compensation for the year from the University, and
 - (B) the sum of \$1,000 and 50% per cent of the aggregate of all amounts each of which is the amount that would be the Member's pension adjustment as defined and determined under the *Income Tax Act* for the year.

- (b) In addition to the benefit payable under section 12.03, the amount, if any, by which the Member's required contributions accumulated with Net Interest on the Fund exceeds 50% of the Commuted Value of the pension accrued to the Member shall be paid to the Member's Spouse or, where no Spouse exists, his designated beneficiary or estate, as soon as practicable following the date of the Member's death.

12.03 Spousal Election

In lieu of the lump sum payments under Sections 12.01 and 12.02, a Spouse is entitled to elect to receive an immediate or deferred annuity which is the Actuarial Equivalent of such lump sum payments or to transfer the Actuarial Equivalent to a registered retirement savings plan.

Where the Spouse elects an immediate or deferred annuity, such annuity must commence at any time prior to the end of the calendar year in which the Spouse attains age 71 or, if the Spouse has already attained age 71, within one (1) year after the death of the Member and end with the payment for the month in which the Spouse's death occurs.

12.04 Death Benefit Payable to Spouse

Notwithstanding Section 12.01 and 12.02, the death benefit is payable to the Member's Spouse unless the Spouse or former Spouse has completed and filed a waiver in the prescribed form, in which case the death benefit is payable to the Member's Beneficiary or, if none, to the Member's estate.

12.05 Designation of Beneficiary

- (a) A Member may designate, by written notice delivered to the University, a Beneficiary to receive any benefits payable to Member's Beneficiary, except with respect to the joint and survivor option. Each such written notice shall be in such form and executed in such manner as determined by the University, subject to all applicable laws. A Member may revoke or amend such designation in the same

manner at any time, subject to any applicable laws governing the designation of beneficiaries. This right to remove or amend the designation of a Beneficiary continues after pension commencement, subject to any applicable laws governing the designation of beneficiaries.

- (b) If a Member does not validly designate a Beneficiary, or the Beneficiary predeceases the Member, any benefits payable to the Member's Beneficiary will be paid in a lump sum to the estate of the Member.
- (c) If a Beneficiary, as a result of a Member's death, is entitled to payments under this Plan and if the Beneficiary dies before receiving any or all of the payments due to him, the Commuted Value of the remainder of the payments will be paid in a lump sum to the estate of the Beneficiary.

12.06 Death Benefit After Retirement

In the event of the death of a Member following commencement of his pension, payment of his or her pension will be made in accordance with the normal or optional form applicable to the Member in accordance with Section 7.

ARTICLE 13 - ADMINISTRATION OF THE PLAN

13.01 Responsibility for Administration

- (a) The Administrator of this Plan shall be the University which shall be responsible for all matters relating to the administration, interpretation and operation of this Plan and the Fund.
- (b) The Administrator shall determine all questions relating to the length of service, eligibility, early or postponed retirement, and all other matters with respect to administration of this Plan and shall conclusively decide all matters relating to the administration, interpretation and application of this Plan consistently, however, with the text of this Plan, the terms of the Manufacturers Life Insurance Company Contract No. GA3158 and the trust agreement.
- (c) The University may, in its sole discretion, delegate certain of its responsibilities to the Retirement Committee.
- (d) The Retirement Committee shall be comprised of representatives of the University and of representatives appointed by Members of this Plan; with the number of committee members to be set by the University, from time to time.
- (e) The Retirement Committee shall receive all financial statements, including reports, from the investment managers, actuarial reports, any actuarial cost studies relating to this Plan, and any pertinent correspondence relating to this Plan's operations.
- (f) The Retirement Committee shall review the actuarial reports and discuss the alternatives for allocation of any available surplus. Such alternatives will be communicated to the parties to the collective agreement between the University and the bargaining units.

13.02 Rules for Administration

The University may enact such rules and regulations relating to the administration and operation of this Plan as it may deem necessary to carry out properly the terms thereof and may amend such rules and regulations from time to time, as in its opinion may be required.

The Retirement Committee shall meet as frequently as is deemed necessary but not less frequently than once per year.

13.03 Notice of Plan Amendment

The University shall provide each Employee with a written explanation of the terms and conditions of this Plan and amendments thereto applicable to him, together with an explanation of the rights and duties of the Employee with reference to the benefits available to him under the terms of this Plan, all in accordance with the timing, form and content requirements set out under the *Pension Benefits Act*.

13.04 Written Explanation of Plan Provisions

The University shall provide a notice and written explanation of an amendment to this Plan to each Member, or other persons entitled to payment from the Fund who are affected by the amendment, within the time prescribed under the *Pension Benefits Act*.

13.05 Annual Statements

The University shall provide annually to each active Member a written statement containing the information prescribed under the *Pension Benefits Act* in respect of this Plan, the Member's pension benefits and any ancillary benefits.

13.06 Termination Statements

When a Member of this Plan terminates employment or otherwise ceases to be a Member, the University shall give to the Member, or to any other person who as a result becomes entitled to a payment under this Plan, a written statement setting out the

information prescribed under the *Pension Benefits Act* in respect of the benefits, rights and obligations of the Member or other person.

13.07 Documents Provided for Inspection

- (a) Within thirty (30) days of receiving a written request, the University shall make available the documents and information prescribed under the *Pension Benefits Act* in respect of this Plan and the Fund for inspection without charge by:
 - (i) a Member, at the premises of the University where the Member is employed;
 - (ii) a Former Member or Pensioner, at the premises of the University where the Former Member or Pensioner was employed;
 - (iii) the Spouse of a Member, Former Member, Pensioner or any other person entitled to benefits under this Plan, at such location may be agreed upon by the University and such individual ; or
 - (iv) an agent authorized in writing by a person mentioned in Section (i), (ii) or (iii).
- (b) An individual described in this Section 13.07 is entitled to make such an inspection not more than once in a calendar year.
- (c) The University shall permit the person making the inspection to make extracts from or to copy the prescribed documents and information. On request, the University shall provide the person making the inspection with copies of any of the prescribed documents or information upon payment to the University of a reasonable fee.

ARTICLE 14 - ADMINISTRATION OF THE FUND

14.01 Contributions to the Fund

All contributions to this Plan on or after July 1, 1979, together with credits and all other monies arising from Contract No. GA3158 or any other source, shall be deposited in the Fund for the payment of benefits under this Plan. The contributions made by the University shall not constitute an enlargement of the amount of any benefit to which a Member or the Member's beneficiaries may become entitled under the terms of this Plan, and shall not, at any time, create any right, title or interest in the assets of the University or the Fund, except those assets of the Fund required to provide the benefits defined, accrued and vested under this Plan.

14.02 Limitation on Investments

Investment of the Fund, other than Contract No. GA3158, shall be restricted to securities and loans of those classes permitted by the *Pension Benefits Act* and the *Income Tax Act* provisions affecting the investment of funds under registered pension plans.

14.03 Provision of Benefits

All benefits under this Plan shall be provided from the Fund either by direct payment of the benefits by the Manufacturers Life Insurance Company under Contract No. GA3158 or from any other fund of the Fund or by the purchase of an annuity contract of appropriate amount and form from a life insurance company licensed to do business in Canada.

14.04 Fund Administration

Subject to the terms of this Plan, the provisions of the *Pension Benefits Act*, the *Income Tax Act* and any other applicable legislation governing the administration, investment or maintenance of pension funds eligible for registration under the *Income Tax Act*, the Fund shall be administered by the Financial Carrier in accordance with the trust agreement or

insurance contract, whichever is appropriate.

14.05 Fees and Expenses

All normal and reasonable fees and expenses incurred by organizations other than McMaster University and related to the following activities performed in the administration of the Fund and Plan will be paid from the Fund, unless paid by the University:

- Accounting
- Actuarial
- Audit
- Custody of Assets
- Trustee
- Investment Management
- Regulatory Filings

In addition, other expenses related to fees for services other than those provided by McMaster University may be paid from the Fund if approval of the Retirement Committee is obtained. Payment of any fees or expenses from the Fund is subject to the provisions of the *Pension Benefits Act* and the *Income Tax Act*.

14.06 Currency

All payments made from this Plan shall be made in Canadian currency.

ARTICLE 15 - CHANGE OR DISCONTINUANCE OF THE PLAN

15.01 Continuation of this Plan

The University expects and intends to maintain this Plan in force indefinitely but necessarily reserves the right to amend or discontinue this Plan, either in whole or in part, at any time or times, subject always to the requirements of its contractual obligations to its Employees and its obligations under the collective agreement between the University and the bargaining units.

15.02 Amendment of Plan

- (a) No amendment to this Plan shall operate to reduce the benefits which have accrued to Members of this Plan prior to the date of such amendment nor shall the University have the right or power to make any amendment which would cause or permit any portion of the contributions made prior to that date to be diverted for purposes other than the exclusive benefit of Members, their respective estates, beneficiaries or joint annuitants, in accordance with the provisions of this Plan, unless all benefits under this Plan have been fully provided for.
- (b) Where an amendment results in a certifiable past service pension adjustment as defined by the *Income Tax Act* in respect of a Member, the amendment shall not apply to the Member prior to certification.

15.03 Discontinuance of Plan

Except as otherwise required or permitted by law, if this Plan is discontinued or wound-up in whole or in part, each Member affected by such discontinuance or wind-up shall, for the purposes of this Plan, be deemed to have terminated his employment with the University on the date of discontinuance or wind-up and shall receive a benefit in accordance with the provisions of this Plan, the *Pension Benefits Act*, and the *Income Tax Act* and the University shall not make further contributions to this Plan except those

which it is required to make under the provisions of the *Pension Benefits Act* and has not made in respect of benefits accrued under this Plan prior to the date of termination.

15.04 Wind-Up Surplus

If after provision for all accrued pension benefits under this Plan it should be found that assets remain in the Fund, such excess assets shall be used as the University may direct, provided that:

- (a) the University obtains the prior written approval of the Canada Revenue Agency and the Financial Services Commission of Ontario;
- (b) such excess arising from Member contributions and minimum University contributions in accordance with Section 8.03 shall be used to provide benefits to, or in respect of a Member that are in addition to benefits defined under this Plan, up to the maximum benefit permitted in accordance with Section 6.04, and this Plan shall at that time be amended to the extent necessary to provide for such additional benefits. The total benefit provided shall not be greater than the maximum benefit permitted to be paid under Section 6.04, and the portion of any such excess not used to provide benefits shall be refunded to the University to be used as the University may direct; and
- (c) such excess after application of Section 15.04(b) shall revert to the University to be used as the University may direct.

ARTICLE 16 - GENERAL PROVISIONS

16.01 Non-Alienation of Benefits

No Member entitled to receive any pension benefit hereunder shall have any right, title, authority or power to assign, anticipate, alienate, transfer, mortgage, hypothecate, pledge, charge, commute, give as security or surrender, or otherwise encumber or dispose of such pension benefit or any interest therein, nor shall monies payable under this Plan be subject to attachment, execution, garnishment, sequestration, or other seizure whatsoever, except as allowed under the *Pension Benefits Act* in satisfaction of an order under the *Family Law Act*, R.S.O. 1990, or a domestic contract as defined under Part IV of that Act.

16.02 No Right to Employment

This Plan shall not be construed to create or enlarge any right of any person to remain in the employment of the University.

16.03 No Enlargement of Rights

A Member shall have only such rights as are expressly provided by the terms of this Plan and any agreement between the University and a Financial Carrier shall not constitute an enlargement of any rights which a Member may have apart from the terms of this Plan.

16.04 Information To Be Provided Before University Pays Benefits

Payment of benefits shall not be made until the person entitled to payment of the benefits delivers to the University:

- (a) satisfactory proof of age of the person and other persons who may become entitled to payment of the pension and such other information as may be required to calculate and pay the benefit; and

- (b) if the benefit is payable to a Member or Spouse, a signed declaration of spousal status.

16.05 Small Benefit Commutation

Notwithstanding any other provisions of this Plan, in the event that:

- (a) annual pension payable at the Member's normal retirement date is not more than 4% of the YMPE in year of the Member's termination;
- (b) the Commuted Value of the pension to which the Member is entitled is less than 20% of the YMPE in the year of the Member's termination; or
- (c) the pension or the Commuted Value of the pension is less than such other amount as may be prescribed under the *Pension Benefits Act*,

the University may, in its sole discretion, authorize that such benefit be payable quarterly, semi-annually, or annually in advance in an amount which is the Actuarial Equivalent thereof, or that it be paid in a single lump sum in full discharge of all obligations under this Plan.

16.06 University Records

Wherever the records of the University are used for the purposes of this Plan, such records shall be conclusive of the facts with which they are concerned, unless and until they are proven to be in error.

16.07 Severability

If any provision of this Plan is held to be invalid or unenforceable by a court of competent jurisdiction, its invalidity or unenforceability shall not affect any other provision of this Plan and this Plan shall be construed and enforced as if such provision had not been included therein.

16.08 Captions and Headings

The captions, headings and table of contents of this Plan are included for convenience of reference only and shall not be used in interpreting the provisions of this Plan.

16.09 Construction

- (a) This Plan is intended to constitute an employee's pension plan qualified for registration under the *Income Tax Act* and the *Pension Benefits Act*.
- (b) Any provision of the funding agreement that is inconsistent with the terms of this Plan shall, to the extent of the inconsistency, be of no force or effect.
- (c) This Plan shall be governed and construed in accordance with the laws of the Province of Ontario.

SCHEDULE A - PENSION INCREASE

1. Pursuant to Section 6.07 and subject to the limits set forth in Sections 6.06 and 6.07, effective July 1, 1999, lifetime retirement benefits in pay at June 30, 1999 are increased such that the aggregate of all such increases granted in respect of the Member since the Member's date of pension commencement, shall equal the product of:
 - (a) the amount of lifetime retirement benefit payable to the Member at his date of pension commencement; and
 - (b) the rate of growth in the Consumer Price Index, as defined by the *Income Tax Act*, since the Member's date of pension commencement.

2. Pursuant to Section 6.07 and item 1 in this Schedule A, and subject to the limits set forth in Section 6.06 and 6.07, effective July 1, 2001, lifetime retirement benefits in pay at June 30, 2001 are increased by 1.5%.

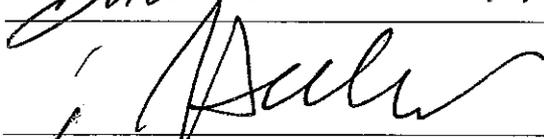
Dated this 17 day of September, 2013

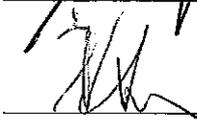
FOR THE UNIVERSITY



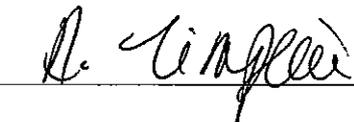
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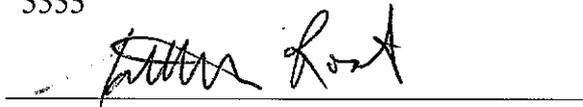
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