

**CONTRIBUTORY PENSION PLAN
FOR
SALARIED EMPLOYEES
OF
MCMASTER UNIVERSITY
INCLUDING
MCMASTER DIVINITY COLLEGE**

(Amended and restated effective January 1, 2014)

Registration Number: 0215400

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



c/s

December 16, 2013

Date

TABLE OF CONTENTS

SECTION 1 — GENERAL -----1

SECTION 2 — DEFINITIONS -----3

SECTION 3 — ELIGIBILITY -----10

SECTION 4 — RETIREMENT DATES -----13

SECTION 5 — AMOUNT OF PENSION -----15

SECTION 6 — FORM OF PAYMENT OF PENSION BENEFITS -----21

SECTION 7 — CONTRIBUTIONS -----25

SECTION 8 — ADDITIONAL SERVICE – TRANSFERS AND BUYBACKS -----29

SECTION 9 — TERMINATION OF EMPLOYMENT -----31

SECTION 10 — DEATH BENEFITS -----34

SECTION 11 — LEAVE OF ABSENCE AND DISABILITY -----36

SECTION 12 — GENERAL PROVISIONS -----38

SECTION 13 — ADMINISTRATION OF THE PLAN -----39

SECTION 14 — ADMINISTRATION OF THE FUND -----41

SECTION 15 — CHANGE OR DISCONTINUATION OF THE PLAN -----42

SECTION 1 — GENERAL

1.01 Establishment of the Plan

This pension plan was established by the University on September 1, 1947. Members of the Plan and the University contributed towards the purchase of guaranteed annuities provided through the Canadian Government Annuities Branch and the Manufacturers Life Insurance Company up until June 30, 1966.

Effective July 1, 1966, the pension plan was revised and restated with the most important change being that instead of purchasing benefits under an insurance contract, benefits were to be funded through and provided from a trust fund or an investment contract issued by an insurance company.

In connection with the changeover, arrangements were made for “cashing out” of benefits under the former Manufacturers Life contract with the funds being deposited in the Fund for provision of benefits at retirement. Similar arrangements could not be made with the Canadian Government Annuities Branch contract and these benefits remain payable to Members of the Plan as a portion of their retirement benefit.

With the introduction of the 1966 Plan, Members were given the option of participating in either Division 1 or Division 2 of the Plan, which provided for different levels of contributions and benefits. Effective July 1, 1969, the pension plan was redesigned with all Members participating in the same program. The text of the pension plan has been revised and restated from time to time by amendments approved by the Board of Governors.

Improvements to benefits payable to pensioners from the Fund that are not set out in this text, are set out in resolutions of the Board of Governors of McMaster University made after 1976 and before 1986 and filed with provincial and federal regulatory authorities.

1.02 Surplus Agreement

According to the actuarial valuation report on the Plan prepared by the Actuary as at July 1, 2000, the assets of the Plan exceeded the going concern and solvency liabilities of the Plan by over \$320 million. The University entered into the Surplus Agreement as of May 31, 2001 with the McMaster University Faculty Association, the McMaster University Staff Association, the McMaster Clinical Faculty Association, the McMaster University Retirees Association, the individuals comprising the Committee (as defined in the Surplus Agreement), and Koskie Minsky (on behalf of all persons entitled to benefits under the Plan at any time between July 1, 2000 and December 31, 2000 inclusive who retained Koskie Minsky to execute the Surplus Agreement on their behalf), which provided for the distribution of a portion of the surplus under the Plan to certain members, former members and other beneficiaries under the Plan and the University.

1.03 Establishment of Plan 2000

Pursuant to the Surplus Agreement, and subject to receipt of applicable regulatory approvals, the University agreed to adopt a new registered pension plan (“Plan 2000”), effective July 1, 2000, to receive a transfer of assets, including a portion of the surplus, and liabilities from the Plan in order to facilitate the distribution of surplus in accordance with the Surplus Agreement and such court orders and regulatory approvals as the University deems necessary or desirable to permit such distribution of surplus.

1.04 Plan Closed to New Members

Effective May 8, 2002, the date on which regulatory approval of Plan 2000 was issued by the Superintendent of Financial Services of Ontario, no new Members are permitted to join the Plan.

1.05 Restatement of the Plan

- (a) Effective July 1, 2008, the Plan was amended and restated to consolidate all amendments since the previous restatement of the Plan as at July 1, 2000 and to make changes to the Plan to reflect administrative practice and otherwise of a housekeeping nature.
- (b) Effective January 1, 2014, the Plan is again restated to consolidate all amendments since the last statements of the Plan, and to make further changes to reflect administrative practices, legislative changes, and otherwise of a housekeeping nature.
- (c) This restatement shall not operate in any way to reduce or otherwise adversely affect a Member’s entitlements accrued under the Plan up to and including December 31, 2013, including any entitlements arising pursuant to amendments to the Plan which may be retroactive to that date or earlier.
- (d) Subject to Section 1.05(b) above, this restatement shall not operate in any way to enlarge upon the rights and entitlements for individuals who terminated participation in the Plan prior to January 1, 2014, except as may be required by the *Pension Benefits Act*.

SECTION 2 — DEFINITIONS

- 2.01 **“Actuarial Equivalent”** means a pension of an equal present value computed using actuarial tables and such other methods and assumptions adopted for the purposes of the 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 the Plan.
- 2.03 **“Average YMPE”** is computed by summing the YMPE in effect in each of the months of the Member’s Pensionable Service to a maximum of forty-eight (48) months and dividing the resulting number by the Member’s number of months of Pensionable Service to a maximum of forty-eight (48) months. 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 Pensionable Service exceeds forty-eight (48) months, the computation shall utilize the same months of Pensionable Service used for the calculation of the Best Average Salary.
- 2.04 **“Beneficiary”** means a beneficiary designated by a Member in accordance with Section 10.06.
- 2.05 **“Best Average Salary”** is computed by summing the Regular Annual Salary in effect in each of the months of the Member’s Pensionable Service to a maximum of forty-eight (48) months and dividing the resulting number by the Member’s number of months of Pensionable Service to a maximum of forty-eight (48) months. Where the Member’s Pensionable Service exceeds forty-eight (48) months, the computation shall utilize the months of Pensionable Service in which the Regular Annual Salary was the highest, which months need not be consecutive.
- 2.06 **“Commutated 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 and such other methods and assumptions adopted for the purposes of the Plan, 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* (Canada).
- 2.08 **“Continuous Service”** means an Employee's uninterrupted period of employment with the University since his last date of hire by the University, including any period of lay-off and any other period of temporary suspension of active employment.
- 2.09 **“Early Retirement Date”** has the meaning set out in Section 4.03.
- 2.10 **“Employee”** means, an individual who,
- (a) is employed by the University on a continuing full-time basis in one or more of the following capacities: Teaching, Administration, Library, Office, Research, Secretarial, or Technical; or

- (b) is designated by the University as an Employee; or
- (c) on and after July 1, 1978, is employed by the University on a continuing part-time basis in any one of the capacities described in Section 2.10(a) on at least a half-time (1/2) basis as specified in the individual's letter of appointment; or
- (d) is employed in conformity with Section 2.10(a) or 2.10(c) for a specified period that is greater than one (1) year; or
- (e) is employed in conformity with Section 2.10(a) or 2.10(c) for a specified period that is less than or equal to one (1) year and whose specified period of appointment is extended or renewed such that the cumulative period of employment extends beyond one (1) year, provided that such extension or renewal begins within one (1) year from the date the previous appointment ended.
- (f) Employee does not include an individual who,
 - (i) except as specified in Section 2.10(e) is employed in any one of the capacities described in Section 2.10(a) or 2.10(c) for a specified period of one (1) year or less and for whom no continuation of employment beyond that period is stipulated or anticipated in the individual's letter of appointment, or
 - (ii) is a Scholar, Fellow or has a Visiting Appointment, or
 - (iii) is a full-time clinical faculty member of the Faculty of Health Sciences who must maintain membership in the Regional Medical Associates of Hamilton, and whose employment with the University began on or after July 1, 1991.
- (g) Notwithstanding the above provisions, on or after January 1, 1987, an individual is also an Employee if he is employed by the University in any one of the capacities described in Section 2.10(a), and does not meet the qualifications in Sections 2.10(a) through 2.10(e) above, but in each of two previous consecutive calendar years of employment by the University has either earned at least 35% of YMPE or has worked at least seven hundred (700) hours.

2.11 ***“Faculty Member”*** means a Member of the Plan who is a member of the McMaster University Faculty Association (MUFA), or who is otherwise subject to the terms of any remuneration settlement between MUFA and the University, but does not include, for purposes of the Plan, a Member who is a full-time clinical faculty member of the Faculty of Health Sciences who must maintain membership in the Regional Medical Associates of Hamilton.

2.12 ***“Financial Carrier”*** means the trust company or insurance company appointed from time to time to receive and to hold, administer and invest monies pursuant to the 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.

2.13 ***“Former Member”*** has the meaning ascribed in Section 9.

- 2.14 **“Fund”** means the funds, securities and other assets held by the Financial Carrier in respect of the Plan.
- 2.15 **“Hourly Plan”** means the Contributory Pension Plan for Hourly-Rated Employees of McMaster University Including McMaster Divinity College.
- 2.16 **“Income Tax Act”** means the *Income Tax Act* (Canada) and the Regulations thereunder, as amended or replaced from time to time.
- 2.17 **“Maximum Annual Salary”** means, for a calendar year, the amount of salary which produces an annual pension amount under Section 5.01 which is equal to the maximum annual pension applicable for that calendar year under Section 5.06(a)(i). For this purpose, the YMPE for the calendar year and one (1) year of Pensionable Service will be used for the calculation under Section 5.01.
- 2.18 **“Member”** means an Employee who is a contributing participant in the Plan except as provided in Section 11 (Leave of Absence and Total Disability).
- 2.19 **“Net Interest on the Fund”** means interest on required and voluntary contributions from the date the contribution is made by the Employee to the last day of the month in which payment is made or deemed to be 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 4 Plan Years) ÷ 5

where,

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

and,

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

In respect of required contributions, such interest credited pursuant to this Section 2.19 shall be the greater of 0% and the Average Annual Rate of Return.

- 2.20 **“Normal Retirement Date”** has the meaning set out in Section 4.01.
- 2.21 **“Pension Benefits Act”** means the *Pension Benefits Act* of Ontario and the Regulations thereunder, as amended or replaced from time to time.

- 2.22 **“Pensionable Service”** means, subject to Section 11 (Leave of Absence and Disability),
- (a) for full-time Employees engaged prior to July 1, 1966, the total of the years and partial years of Continuous Service;
 - (b) for full-time Employees engaged on or after July 1, 1966, except as to Members of the Regional Medical Associates, the total of the years and partial years of Continuous Service while a Member of the Plan from the date of joining the Plan;
 - (c) for full-time Employees who were Members of the Regional Medical Associates as of July 1, 1973, the total of the years and partial years of Continuous Service while a Member of the Regional Medical Associates;
 - (d) for full-time Employees who become Members of the Regional Medical Associates subsequent to July 1, 1973, the total of the years and partial years of Continuous Service while a Member of the Plan from the date of joining the Plan;
 - (e) for part-time Employees, that proportion of the total years and partial years of Continuous Service while a Member of the Plan after July 1, 1978 that is equal to the proportion that hours worked as a part-time Employee after July 1, 1978 bears to the full-time workload after July 1, 1978;
 - (f) for full-time Employees who become Members of the University’s programmes entitled “Pre-Retirement Reduced Workload Policy” and the “Faculty Reduced Workload Policy - Phase-in to Retirement”, subsequent to January 1, 1980, the period of Continuous Service while a Member of the Plan from the date of joining the Plan;
 - (g) for individuals who become Members by virtue of Section 2.10(g), that proportion of the total years and partial years of Continuous Service while a Member of the Plan that is equal to the proportion that hours required to be worked bears to the full-time workload in the same period;
 - (h) for a former Employee who is re-employed by the University and who is entitled to receive benefits under the Plan and in respect of whom a payment pursuant to Section 9 has not been paid, the total of the individual’s Pensionable Service under the Plan prior to the break in service, plus the period of Continuous Service while a Member of the Plan after the date of re-employment by the University; and
 - (i) any additional Pensionable Service granted pursuant to Section 8.04.
- 2.23 **“Pensioner”** means a Member who has commenced monthly pension payments from the Fund in accordance with Section 5.14.
- 2.24 **“Plan”** means this “Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College”, as amended from time to time.
- 2.25 **“Plan 2000”** means the “Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000”, as amended from time to time.

- 2.26 **“Plan Year”** means the twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.27 **“Postponed Retirement Date”** has the meaning set out in Section 4.04.
- 2.28 **“Prior Plan”** means the Group Pension Plan of McMaster University and McMaster Divinity College, which provided for the accrual of benefits between September 1, 1947 and June 30, 1966, and the Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College, which provided for the accrual of benefits between July 1, 1966 and June 30, 1969.
- 2.29 **“Regular Annual Salary” means** the Employee’s regular rate of earnings effective at the beginning of each Plan Year, but with respect to a part-time Employee or an individual who becomes a Member by virtue of 2.10(g), the regular rate of earnings effective at the beginning of each Plan Year will be adjusted to the equivalent full-time salary rate. Regular Annual Salary:
- (a) from July 1, 1973 shall exclude the following amounts in excess of the regular annual rate of earnings,
 - (i) special supplementary stipends paid to the Chair, Associate Chair or Assistant Chair of an Academic Department, and
 - (ii) such items as: other forms of special payment, living allowances, professional earnings, payments from research grants in aid, remuneration for extension teaching, payments for overtime and all other similar types of payment.
 - (b) from July 1, 1973 shall include,
 - (i) professional earnings of the Regional Medical Associates up to the established ceiling for Members of that group, and
 - (ii) Deans’ and other comparable administrative stipends.
 - (c) from July 1, 1992 shall exclude,
 - (i) Deans’ and other comparable administrative stipends.
 - (d) from January 1, 2007 shall exclude professional earnings of the Regional Medical Associates.

For a Member who was a participant in the University’s programme entitled “Pre-Retirement Reduced Workload Policy” and the “Faculty Reduced Workload Policy - Phase-in to Retirement” during any period of Plan participation, his Regular Annual Salary shall be that which is either agreed to between the Member and the University or is deemed to be his actual regular rate of earnings multiplied by a fraction, the numerator of which shall be the normal full-time hours of work for the Member and the denominator of which shall be the Member’s usual hours of work as a participant in the Pre-Retirement Reduced Workload Policy and the Faculty Reduced Workload Policy - Phase-in to Retirement. The deemed regular rate of earnings shall not exceed the compensation prescribed by the *Income Tax Act*.

For an individual in receipt of income from the University sponsored Long Term Disability plan who was a Member immediately prior to becoming disabled, Regular Annual Salary shall be equal to the Regular Annual Salary in effect on the date immediately prior to the individual becoming disabled, increased each July 1 by the percentage increase calculated for pensions in pay in Section 5.08(a) (and, where applicable, Section 5.09), starting with the later of July 1, 1990 or the July 1 following commencement of receipt of income from the University sponsored Long Term Disability Plan.

The increases to the Regular Annual Salary of a disabled individual as described in the paragraph above shall not exceed the cumulative increase in the Consumer Price Index, in accordance with the requirements of the *Income Tax Act*.

2.30 **“Special Retirement Date”** has the meaning set out in Section 4.02.

2.31 **“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;
- (b) that person; or
- (c) 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.

2.32 **“Surplus Agreement”** means the agreement made as of May 31, 2001 among the University, the McMaster University Faculty Association, the McMaster University Staff Association, the McMaster Clinical Faculty Association, the McMaster University Retirees Association, the individuals comprising the Committee (as defined in the Surplus Agreement), and Koskie Minsky (on behalf of all persons entitled to benefits under the Plan at any time between July 1, 2000 and December 31, 2000 inclusive who retained Koskie Minsky to execute the Surplus Agreement on their behalf), with respect to the distribution of a portion of the actuarial surplus under the Plan as at July 1, 2000, determined immediately prior to any transfer of assets or liabilities to Plan 2000.

2.33 **“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.

2.34 **“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 any reference is made in the Plan to Section(s), it shall mean sections and subsections of the Plan unless specifically stated otherwise.

SECTION 3 — ELIGIBILITY

3.01 Participation in the Plan

- (a) An individual may elect to join this Plan immediately upon becoming an Employee.
- (b) An individual who becomes an Employee by virtue of Section 2.10(e) may elect to join the Plan at the beginning of the contract which will extend the period of cumulative employment beyond one (1) year. If the election is made at that time, the individual may join the Plan with effect from the date of the first appointment provided that the Member agrees to make contributions in respect of past service with the University in accordance with the contribution formula described in Section 7.01(a). The individual shall join the Plan no later than the first day of the Plan Year which follows the date on which cumulative employment exceeds one (1) year.
- (c) An individual who is an Employee by virtue of Section 2.10 (a), (b), (c), or (d) and is hired after January 1, 1969, shall join the Plan no later than the first day of the Plan Year following the completion of a six (6) month period as an Employee.
- (d) Each individual who is an Employee by virtue of Section 2.10(g) may elect, in the form and manner prescribed by the University, to join the Plan with effect from the date of election.

3.02 Enrolment

Each Employee who becomes a Member shall complete and sign an application or enrolment document in the form and manner prescribed by the Administrator.

3.03 Non-Participation

Subject to Section 3.01(b) and Section 8, no Employee may elect to or shall otherwise participate in the Plan for a period of service prior to the date of joining the Plan.

3.04 Continued Participation

Each other Employee (who is an Employee by virtue of Sections 2.10(a) — 2.10(e)) who becomes a Member shall remain a Member of the Plan as long as the individual is employed by the University with the following exception. Each individual who is an Employee by virtue of Section 2.10(g) and who has elected to join the Plan as per Section 3.01(d) may remain a Member of the Plan as long as the individual is employed by the University, even if the individual subsequently earns less than 35% of the YMPE or works less than seven hundred (700) hours in a calendar year.

3.05 Re-Employment of Pensioners

If a Pensioner is re-hired by the University before the first day of December of the year he attains age seventy-one (71), the Pensioner may elect either:

- (a) to join Plan 2000 immediately upon rehire, in which case:
 - (i) his pension payable from this Plan ceases immediately;
 - (ii) the amount of accrued pension in respect of his prior period of Pensionable Service will not be altered and recommences on his subsequent termination of Pensionable Service, subject to an actuarial increase, or, in the case of death, the usual survivor benefit is payable; and
 - (iii) any benefit earned under Plan 2000 after the date of re-employment is calculated based on pensionable service under Plan 2000 after that date and is paid in addition to the payment in (ii) above, or
- (b) to continue to receive his pension under the Plan and not accrue further benefits during any period of re-employment.

3.06 Clinical Faculty Members

Notwithstanding paragraph 2.10(f)(iii), each full-time clinical faculty member of the Faculty of Health Sciences who must maintain membership in the Regional Medical Associates of Hamilton and who became a Member of the Plan between July 1, 1991 and June 30, 1995 may elect to continue his Membership in the Plan subject to 3.04 while he remains in the employ of the University by submitting a written election to the University before January 1, 1996.

3.07 Plan Closed to New Members

Notwithstanding the provisions of Section 3 above, effective the date on which regulatory approval of Plan 2000 was received, there shall be no new Members permitted to join the Plan. Such approval was issued by the Superintendent of Financial Services of Ontario on May 8, 2002.

3.08 Participation in Plan 2000

- (a) As of January 14, 2003, the date on which the consent of the Superintendent of Financial Services of Ontario (or any successor thereto) was received in accordance with the Surplus Agreement, the membership of Employees who joined the Plan pursuant to Sections 3.01(a), (b), (c) and (d), as applicable, on or after July 1, 2000, and who upon joining the Plan consented to the distribution of surplus contemplated in the Surplus Agreement, were transferred to Plan 2000. Such membership in Plan 2000 was deemed to have commenced on the later of July 1, 2000 and the date the Employee became a Member of the Plan.

- (b) Employees who were Members of the Plan on July 1, 2000 and for whom assets and liabilities were transferred from the Plan to Plan 2000 in accordance with the Surplus Agreement ceased to be Members of the Plan upon the date on which the consent of the Superintendent of Financial Services of Ontario (or any successor thereto) was received in accordance with the Surplus Agreement, and, effective July 1, 2000, became Members of Plan 2000.

- (c) Effective July 1, 2003, the membership of Employees who joined the Plan pursuant to Sections 3.01(a), (b), (c) and (d), as applicable, on or after January 1, 2001 and prior to January 14, 2003 and who were active employees of the University on January 14, 2003 (the “Transferring New Entrants Group”), were transferred to Plan 2000. Such membership in Plan 2000 was deemed to have commenced on the later of January 1, 2001 and the date such an Employee became a Member of the Plan. Upon the transfer of membership, Employees belonging to the Transferring New Entrants Group ceased to be Members of the Plan and, effective July 1, 2003, became Members of Plan 2000.

SECTION 4 — RETIREMENT DATES

4.01 Normal Retirement Date

Normal Retirement Date is the first day of the month coincident with, or next following, the date on which the Member attains age sixty-five (65).

4.02 Special Retirement Date

(a) Members of the Plan Who Are Not Faculty Members

For Members of the Plan who are not Faculty Members, Special Retirement Date is the first day of any month coincident with or following the date the sum of the Member's age and years of participation in the Plan equals at least eighty (80).

(b) Members of the Plan Who Are Faculty Members

(i) For Faculty Members who are Employees on June 30, 2006 and who retire on or after July 1, 2006, Special Retirement Date is the first day of any month coincident with or following the date the sum of the Member's age and years of participation in the Plan equals at least the following, for retirements during the following corresponding periods:

For Retirement Dates From:	Age + Plan Participation Equals At Least
July 1, 2006 to December 31, 2011	80
January 1, 2012 to December 31, 2012	81
January 1, 2013 to December 31, 2013	82
January 1, 2014 to December 31, 2014	83
January 1, 2015 to December 31, 2015	84
January 1, 2016 to December 31, 2018	85
January 1, 2019 to December 31, 2019	86
January 1, 2020 to December 31, 2020	87
January 1, 2021 to December 31, 2021	88
January 1, 2022 to December 31, 2022	89
January 1, 2023 forward	90

4.03 Early Retirement Date

Early Retirement Date is the first day of any month during the ten (10) year period preceding the Normal Retirement Date.

4.04 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 will continue to accrue under the Plan until the Member's Postponed Retirement Date.

Postponed Retirement Date, for purposes of the Plan, is the earlier of:

- (a) the first day of the month following the date the Member terminates employment with the University, and
- (b) with effect from January 1, 2007, 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 the Plan and monthly pension payments shall commence as of that date, notwithstanding that the Member continues to earn employment income from the University beyond his Postponed Retirement Date.

SECTION 5 — AMOUNT OF PENSION

5.01 Normal, Special and Postponed Retirement Benefit

The amount of annual pension payable to a Member from the Normal Retirement Date, Special Retirement Date or Postponed Retirement Date shall be the sum of:

- (a) 1.4% of his Best Average Salary up to the Average YMPE, multiplied by Pensionable Service; plus
- (b) 2.0% of his Best Average Salary in excess of the Average YMPE multiplied by Pensionable Service.

The amount calculated above shall include any pension previously purchased from the Canadian Government Annuities Branch in accordance with the Prior Plan.

5.02 Minimum Retirement Benefit

In no case will a Member's total annual pension payable from this Plan on normal or postponed retirement be less than the annual pension payable from the Prior Plan plus 40% of total required contributions made after June 30, 1969.

5.03 Early Retirement Benefit

- (a) Each Member who elects to retire on his Early Retirement Date may commence to receive a monthly pension benefit on the first day of any month after the month up to and including the Member's Normal Retirement Date, in an amount equal to the amount determined under Section 5.01, less 0.5% of the benefit determined under Section 5.01 for each month that the pension commencement date precedes the Normal Retirement Date.
- (b) The early retirement benefit shall not be less than the Actuarial Equivalent of the deferred pension that would be payable at the Normal Retirement Date except in such instances and to such extent that further reduction is required under Regulation 8503(3)(c) of the *Income Tax Act*.
- (c) A Member to whom Section 5.03(a) applies cannot elect to commence receiving a monthly pension benefit prior to the date the application is received by the Administrator.

5.04 Excess Employee Contributions

- (a) The Member who has elected to receive a pension upon retirement from Continuous Service shall receive a lump sum cash payment of that amount of the Member's required contributions accumulated with Net Interest on the Fund which exceeds 50% of the Commuted Value of any pension entitlement of the Member under the Plan.

- (b) Alternatively, such a Member may elect to transfer the excess in respect of Pensionable Service prior to January 1, 1991 to such other pension plan or retirement savings arrangement that may permit such transfers to be made, provided the transfer is made in the form and manner prescribed under the *Pension Benefits Act* and the *Income Tax Act*, and the excess in respect of Pensionable Service on and after January 1, 1991 shall be paid to the Member in a lump sum cash payment.

5.05 Benefit From Additional Voluntary Contributions

In addition to any other retirement benefits payable under this Section 5, a Member is entitled to receive either:

- (a) a refund of his additional voluntary contributions (including any transfers under Section 8.01(a)), if any, accumulated with Net Interest on the Fund; or
- (b) an annuity purchased from a provider licensed to transact business in Canada with the amount described in (a) above.

5.06 Maximum Benefit

(a) Maximum Annual 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, including any portion of the Member's pension payable to a Member's Spouse or former Spouse as a result of the breakdown of spousal relationship, shall not exceed the years of Pensionable Service of the Member multiplied by the lesser of:

- (i) \$2,696.67 for the year 2013 or such greater amount prescribed for this purpose by the *Income Tax Act*; and
- (ii) 2% of the average of the Member's best three (3) consecutive years' Regular Annual Salary,

reduced, if the pension commencement date precedes the earliest of the days on which:

- (A) the Member will attain age sixty (60); or
- (B) the Member's age plus Pensionable Service would have equalled eighty (80); or
- (C) the Member would have completed thirty (30) years of Pensionable Service,

by 1/4% for each month by which the pension commencement date precedes that day, provided that no reduction applies in the case of a pension payable as a result of total and permanent disability.

This Section 5.06(a) does not apply to additional benefits payable as a result of any Actuarial Equivalent increase owing to deferral of pension commencement after age sixty-five (65) nor does it apply to that portion, if any, of the pension derived from a Member's excess contributions or additional voluntary contributions.

For purposes of this Section 5.06(a) a Member's Pensionable Service before January 1, 1992 is limited to thirty-five (35) years.

(b) Post-1991 Service Combined Bridge and Pension Maximum Benefit

The annual benefits payable under Section 5.11, in combination with the annual lifetime pension payable under Section 5.01, 5.02 or 5.03, all provided in respect of periods after December 31, 1991, shall not exceed (i) plus (ii) as follows:

- (i) \$2,696.67 for the year 2013 or such greater amount as may be prescribed for this purpose by the *Income Tax Act*, multiplied by the Pensionable Service of the Member after December 31, 1991; plus
- (ii) 1/35th of 25% of the average of the YMPE for the year of retirement and each of the two (2) immediately preceding years, multiplied by the Pensionable Service of the Member after December 31, 1991, not exceeding thirty-five (35) years.

(c) Maximum Bridge Benefit

The annual bridge benefit payable under Section 5.11 shall not exceed the sum of the maximum benefits payable to the Member under the Canada Pension Plan and the maximum Old Age Security benefit payable to individuals aged sixty-five (65) as at the Member's pension commencement date, reduced proportionately in the case of a Member who has completed less than ten (10) years of Pensionable Service as at that date. The maximum bridge benefit so determined shall be further reduced by 1/4 of 1% for each month by which the Member's pension commencement date precedes his attainment of age sixty (60).

5.07 Pension Adjustment

In no event shall the benefit accrued in a calendar year by a Member under Section 5.01, plus the voluntary contributions made that year under Section 7.01(b), result in a pension adjustment for the Member as defined by the *Income Tax Act* in excess of the limits for the year prescribed by the *Income Tax Act*.

5.08 Annual Pension Increase

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

The percentage of increase shall be the lesser of:

- (i) the percentage by which the Average Annual Rate of Return determined by the following formula exceeds 4.5%,

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

where,

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

and,

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

- (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 5.08(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 the provisions of Sections 5.08(a) and 5.08(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 Section 5.08(a)(i) and using the percentage increase in the average Consumer Price Index between the periods:
- (i) January 1, 2001 to December 31, 2001, and
- (ii) July 1, 2001 to June 30, 2002.

5.09 Supplementary Pension Increase

- (a) If in any year after 1996 the percentage calculated in Section 5.08(a)(i) (the “Excess Interest Formula”) exceeds the percentage calculated in Section 5.08(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 the Plan which had their annual pension increase (as calculated in Section 5.08) in any of the three previous years based on the Excess Interest Formula. The supplementary increase will be applied after the annual pension increase as provided in Section 5.08.
- (b) The supplementary increase shall be the lesser of:
 - (i) the percentage increase described in Section 5.09(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 years previous) in which a lower increase (including any previous supplementary increases) has been provided.

5.10 Special Pension Increase

Effective July 1, 1997, pensions payable to Members who retired prior to 1983 or their surviving Spouses, as applicable, shall be increased by an amount equal to fifty per cent of the difference between the pension they would be receiving if full CPI increases had been provided since retirement and their current pension.

5.11 Early Retirement Bridge Benefit

A Member who retires pursuant to Section 4.02 on or after July 1, 1997, shall receive an additional benefit, payable monthly commencing on the later of:

- (a) the Member’s pension commencement date; and
- (b) the first day of the month coincident with or next following the date on which the Member attains age sixty (60)

and ending with the final payment on the earlier of:

- (c) the first day of the month of the Member’s death; and
- (d) the first day of the month in which the Member attains age sixty-five (65);

in an amount equal to \$19 per month for each year of Pensionable Service rendered by the Member prior to June 30, 1996, to a maximum of twenty (20) years of such service.

5.12 Transfer of Refund to Registered Retirement Savings Arrangement

A Member who is entitled to receive a refund of contributions under the Plan, including a refund of excess Employee contributions pursuant to Section 5.04, may elect to have the amount transferred directly on his behalf to such other pension plan or retirement savings arrangement that may permit such transfers to be made, provided the transfer is made in accordance with the *Pension Benefits Act* and the *Income Tax Act*, and provided the Member elects to transfer his pension entitlement under the Plan. It is further provided that the aggregate amounts transferred under the Plan shall not exceed the maximum transfer amount prescribed under the *Income Tax Act*; the excess over the prescribed maximum transfer amount shall be payable in cash. However, this maximum transfer limit shall not apply to refund of contributions in respect of Pensionable Service accrued prior to 1991.

5.13 Alternative Benefits

A Member who is eligible for pension benefits in accordance with the terms of this Section 5 may, in lieu thereof, elect to receive his pension benefits in accordance with the terms of Section 9.

5.14 Commencement and Duration of Pensions

Except as otherwise provided in the Plan, the payment of pension benefits to a Member shall commence on the applicable commencement date specified in the 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 to the terms of the normal form or any optional form of pension applicable to the Member pursuant to Section 6.

SECTION 6 — FORM OF PAYMENT OF PENSION BENEFITS

6.01 Normal Form of Benefit – Single Members

A Member who does not have a Spouse at the time pension payments begin shall receive a retirement pension in the form of an annuity payable for the life of the Member in monthly instalments, commencing on the Member's retirement date and ceasing on the first day of the month in which the Member dies, with a guarantee that if the Member dies before eighty-four (84) monthly payments are made, that number of the eighty-four (84) 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.

6.02 Normal Form of Benefit – Members with a Spouse

Subject to Section 6.03, a Member who has a Spouse at the time pension payments begin shall receive a monthly pension payable for the life of and continued after the Member's death to a Spouse in an amount equal to 50% of the pension paid to the Member with the guarantee that if the Member dies before eighty-four (84) monthly payments are made to the Member,

- (a) where the Spouse predeceases the Member, the Commuted Value of the eighty-four (84) monthly payments remaining unpaid shall be paid to the estate of the Member in a lump sum; and
- (b) where the Spouse dies after the Member dies, the Commuted Value of the unpaid portion of the eighty-four (84) monthly payments guaranteed to be paid to the Member shall be paid to the estate of the Spouse in a lump sum;

6.03 Legislated Form of Benefit

- (a) A Member, or an individual entitled to a deferred pension, 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 or individual's retirement date to the first day of the month in which the Member dies, with 60% of such 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 be the Actuarial Equivalent value of the normal form of benefit to which the Member is entitled under Section 6.02.

- (c) The Member, or an individual, and his Spouse entitled to this benefit may waive this entitlement by delivering to the Administrator a written waiver in a form prescribed under the *Pension Benefits Act*, within a twelve (12) month period immediately preceding the date upon which payment of the pension is to commence.

Such waiver can be revoked in writing within the same period by the individuals who signed it.

6.04 Optional Forms

Subject to Section 6.03, at any time prior to retirement a Member may elect to receive at retirement one of the optional forms of pension described below in lieu of the normal form of benefit provided under Section 6.01 or Section 6.02 above. The optional forms of pension described below shall be the Actuarial Equivalent value of the normal form of benefit to which the Member is entitled under this Section 6. If a Member who has a Spouse at the time pension payments begin elects an optional form below which would provide a pension greater in amount than that provided under the normal form of benefit, the pension payable shall be determined based on the Actuarial Equivalent of the pension that would otherwise be payable to a Member without a Spouse.

- (a) Life Only

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

- (b) Life and Ten (10) Years Certain

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

- (c) Joint & Last Survivor

A monthly pension payable for the life of the Member and continued after the Member's death to a Spouse in such amount that is permitted by the University, the *Pension Benefits Act* and the *Income Tax Act*, which shall not be less than 50% of the pension paid to the Member.

- (d) Joint Survivor

A monthly pension payable until the earlier of the death of the Member or the death of the Member's Spouse, and continuing to be paid thereafter for the life of the survivor in such amount that is permitted by the University, *Pension Benefits Act* and the *Income Tax Act*, which shall not be less than 50% of the pension paid to the Member.

(e) Government Integration Option

An increased monthly pension payable until the month in which the Member attains sixty-five (65) years of age and a reduced pension payable thereafter, such that the Member's total income from these sources is as nearly level as possible.

6.05 Acquiring a Spouse After Retirement

An individual receiving a pension 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 last 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 of the month coincident with or next following the date upon which the Member acquired a Spouse.

6.06 Commuted Value Option

- (a) In lieu of a monthly pension, a Member may, upon retirement, elect to receive the Commuted Value of the retirement benefits to which the Member is entitled under the Plan, provided that the Commuted Value of the Member's retirement benefits accrued under Section 6.01 shall be at least equal to either one times, or, if the conditions in paragraph 8503(2)(h) of the *Income Tax Act* are met, twice the Member's required contributions accumulated with Net Interest on the Fund to the date of determination.
- (b) Such Commuted Value may be transferred to such other pension plan or retirement savings arrangement that may permit such transfers to be made provided the transfer is made in the form and manner prescribed under the *Pension Benefits Act* and *Income Tax Act*, and provided that the administrator of the plan to which the money is transferred agrees in writing that the amount being transferred shall be treated as locked-in funds in accordance with the *Pension Benefits Act*.

6.07 Commutation of Small Pensions

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

- (a) the annual pension payable at the Member's Normal Retirement Date is not more than 4% of the YMPE in the 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, each in full discharge of all obligations under this Plan.

6.08 Shortened Life Expectancy

In the event that a Member or former Member not yet in receipt of a pension from the Plan becomes disabled to the extent that his life expectancy is likely to be considerably shortened, the Administrator may, at the request of the Member or former Member, vary the terms of payment of the pension to which the Member or former Member is entitled, subject to the limitations in the *Income Tax Act*.

6.09 Transfer of Lump Sum to Registered Retirement Savings Arrangement

If the person who is entitled to receive a lump sum payment under any of the forms of pension payable under the Plan is the Member's Spouse or former Spouse, that person may elect to have that amount transferred directly on his behalf, subject to the maximum transfer limit prescribed under the *Income Tax Act*, to such other pension plan or retirement savings arrangement that may permit such transfers to be made, provided the transfer is made in the form and manner prescribed under the *Pension Benefits Act* and the *Income Tax Act*.

SECTION 7 — CONTRIBUTIONS

7.01 (a) Member's Required Contributions

(i) (A) Full-time Employees

Except as set out in Sections 7.03, 7.04 (as applicable) and 11.05, each Member shall contribute to the Plan by regular payroll deduction, as follows:

(1) Members of the Plan Who Are Not Faculty Members

For Members of the Plan who are not Faculty Members, for the periods indicated below:

Period	On Regular Annual Salary Up To YMPE	On Regular Annual Salary In Excess of YMPE
July 1, 2006 to June 30, 2009	3.50%	5.00%
July 1, 2009 forward	5.50%	7.00%

(2) Members of the Plan Who Are Faculty Members

For Members of the Plan who are Faculty Members, for the periods indicated below, subject to any special adjustments under Section 7.04:

Period	On Regular Annual Salary Up To YMPE	On Regular Annual Salary In Excess of YMPE
July 1, 2006 to June 30, 2007	4.25%	5.75%
July 1, 2007 to July 1, 2011	5.00%	6.50%
July 2, 2011 to June 30, 2012	5.75%	7.65%
July 1, 2012 to June 30, 2013	6.50%	8.75%
July 1, 2013 forward	7.00%	10.00 %

(B) Part-time Employees

With respect to a part-time Employee or an individual who becomes a Member by virtue of Section 2.10(g), the contribution amount in Section 7.01(i)(A) above 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 by a full-time Employee.

(ii) Limit on Member Contributions

A Member's contributions for any calendar year determined under Section 7.01(a)(i) above, as applicable, shall not exceed the lesser of:

- (A) the maximum amount of employee contributions permitted under the *Income Tax Act* in that calendar year; and
- (B) the amount obtained by applying the contribution formula applicable to the Member under Section 7.01(a)(i), or 7.04, as applicable, but instead of using the Member's Regular Annual Salary, using the Maximum Annual Salary for the calculation.

(b) Member's Additional Voluntary Contribution

Subject to Section 5.07, a Member may make additional voluntary contributions to the Fund, which will be allocated to an individual account on behalf of the Member. In doing so he shall not cause the University to make any extra contributions.

(c) University's Contributions

The University shall pay into the Fund each year the amount required to fund fully the current service cost of the Plan, as determined by the Actuary, after allowing for the Members' required contributions. The University shall also liquidate any unfunded liability and/or any experience deficiency which may arise in the manner prescribed by the *Pension Benefits Act*. No contribution shall be made by the University to the Fund, in accordance with this Section 7.01(c), unless it is an eligible contribution as defined by the *Income Tax Act*.

7.02 Deposit of Employee 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 the Plan, within the calendar month following the month the sum was received or deducted.

7.03 50% Allocation during Excess Actuarial Liabilities

- (a) During the two (2) year period July 1, 1997 to June 30, 1999, 50% of the contributions required of each Member pursuant to subsection 7.01(a) shall be made on behalf of the Member from those assets of the Plan that are certified by the Actuary to be in excess of the actuarial liabilities of the Plan.
- (b) During the three (3) year period July 1, 1999 to June 30, 2002, 50% of the contributions required of each Member pursuant to Section 7.01(a) shall be made on behalf of the Member from those assets of the Plan that are certified by the Actuary to be in excess of the actuarial liabilities of the Plan.

7.04 Special Adjustments to Member Required Contributions for Faculty Members

Notwithstanding Section 7.01(a)(i)(A)(2), effective July 1, 2006, the following special adjustments to Member required contributions will apply to Faculty Members:

- (a) if the total University contributions to the Plan determined and made for any month after June 2006 are less than 90% but greater than or equal to 75% of the total Member contributions calculated pursuant to Section 7.01(a) before any special adjustments under this Section 7.04 are made for that month, then Faculty Member contributions to be made to the Plan pursuant to Section 7.01(a) in respect of that month will be calculated as one-twelfth (1/12) of: 3.75% of his Regular Annual Salary up to the current YMPE and 4.875% of his Regular Annual Salary in excess of the current YMPE;
- (b) if the total University contributions to the Plan determined and made for any month after June 2006 are less than 75% but greater than or equal to 50% of the total Member contributions calculated pursuant to Section 7.01(a) before any special adjustments under this Section 7.04 are made for that month, then Faculty Member contributions to be made to the Plan pursuant to Section 7.01(a) in respect of that month will be calculated as one-twelfth (1/12) of: 2.5% of his Regular Annual Salary up to the current YMPE and 3.25% of his Regular Annual Salary in excess of the current YMPE;
- (c) if the total University contributions to the Plan determined and made for any month after June 2006 are less than 50% but greater than or equal to 25% of the total Member contributions calculated pursuant to Section 7.01(a) before any special adjustments under this Section 7.04 are made for that month, then Faculty Member contributions to be made to the Plan pursuant to Section 7.01(a) in respect of that month will be calculated as one-twelfth (1/12) of: 1.25% of his Regular Annual Salary up to the current YMPE and 1.625% of his Regular Annual Salary in excess of the current YMPE; and
- (d) if the total University contributions to the Plan determined and made for any month after June 2006 are less than 25% of the total Member contributions calculated pursuant to Section 7.01(a) before any special adjustments under this Section 7.04 are made for that month, then Faculty Member contributions to be made to the Plan pursuant to Section 7.01(a) in respect of that month will be zero (0).

For sake of greater clarity, the adjusted Faculty Member contributions determined under this

Section 7.04 shall not exceed the amounts determined under Section 7.01(a)(ii), but using the relevant adjusted contribution formula applicable in this Section 7.04 in the calculation under Section 7.01(a)(ii)(B).

For sake of greater clarity, in this Section 7.04, “total University contributions to the Plan” means University contributions made to the Fund for the Plan pursuant to Section 7.01(c), and “total Member contributions” means Member required contributions calculated pursuant to Section 7.01(a) in respect of all Members of the Plan.

SECTION 8 — ADDITIONAL SERVICE – TRANSFERS AND BUYBACKS

8.01 Other Employer Plans

The University will accept for deposit in the Fund pension monies transferred from other pension plans for Members of the Plan subject to the conditions outlined below:

- (a) Monies transferred from pension plans with which the University does not have a reciprocal pension transfer agreement will be treated as additional voluntary contributions, but may be “locked-in” for the provision of pension benefits in accordance with the requirements of the plan from which the transfer is made or of the *Pension Benefits Act*.
- (b) Monies transferred from pension plans with which the University does have a reciprocal pension transfer agreement will be treated in accordance with the terms of such agreement(s) as the case may be.

8.02 Transfer From Hourly Plan to This Plan

If an individual who is entitled to benefits as a participant under the Hourly Plan is transferred from eligible employment with the University 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 the Hourly Plan as at the date of transfer shall be deposited to the Fund. In no event shall the amount of the transfer be less than the value of the benefits to which the Member would otherwise be entitled under the Hourly Plan,
- (b) the individual shall not be entitled to benefits under the Hourly Plan, and
- (c) the Pensionable Service of the individual for purposes of this Plan shall include the total of the years and partial years of Continuous Service with the University as a participant under the Hourly Plan.

In no event shall the commuted value of the individual’s benefits under the Hourly Plan be transferred from the Hourly Plan to this Plan pursuant to Section 8.02(a) above unless the University confirms that the Commuted Value of the benefits to which the individual will be entitled under this Plan in respect of the Pensionable Service recognized under this Plan on account of periods prior to the date of transfer will not be less than the commuted value of the individual’s benefits transferred from the Hourly Plan to this Plan.

8.03 Transfer From This Plan to the Hourly 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 Hourly 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 Hourly Plan. In no event shall the transfer be less than the Commuted Value of the benefits to which the Member would otherwise be entitled under this Plan,
- (b) the individual shall not be entitled to benefits under this Plan, and
- (c) the pensionable service of the individual for purposes of the Hourly Plan shall include the total of the years and partial years of Continuous Service as a participant under this Plan.

In no event shall the Commuted Value of the individual's benefits under the Plan be transferred from the Plan to the Hourly Plan pursuant to Section 8.03(a) unless the administrator of the Hourly Plan confirms that the commuted value of the benefits to which the individual will be entitled under the Hourly Plan in respect of the pensionable service recognized under the Hourly Plan on account of periods prior to the date of transfer will not be less than the Commuted Value of the individual's benefits transferred from the Plan to the Hourly Plan.

8.04 Purchase of Past Service

Subject to the limits and other applicable restrictions set out in the *Income Tax Act*, upon payment by a Member of the amount determined by the Actuary, such Member may elect to receive additional Pensionable Service under the Plan in respect of any period in which such Member:

- (a) Subject to Section 2.10(e) and Section 3.01(b) was eligible for membership in this Plan but was not a Member of this Plan;
- (b) was a former contributing participant under the Plan and was not accruing benefits under any registered pension plan maintained by the University including, without limitation, in respect of periods of lay-off during which no contributions were made pursuant to Section 7.01(a), provided that the Member returned to active employment with the University, and became a Member upon such return; or
- (c) for periods of service permitted under the *Income Tax Act*, was accruing benefits under the registered pension plan or deferred profit sharing plan of an employer, including, without limitation, the University, provided that, upon ceasing to be employed by such employer, the Member did not receive the employer-paid portion of any benefit under such employer's plan.

Upon payment by the Member of the required amount, and upon certification of any past service pension adjustment as defined in the *Income Tax Act*, the Member's Pensionable Service shall be increased accordingly.

SECTION 9 — TERMINATION OF EMPLOYMENT

9.01 For Benefits Accrued Prior to January 1, 1987

- (a) 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 has been made as described below in this Section 9, or until he becomes a Pensioner, and he may elect (i) or (ii) below with respect to that portion of his entitlements not described in Section 9.02:
- (i) To transfer an amount equal to twice the Member's required contributions made prior to January 1, 1987, accumulated with Net Interest on the Fund, to such other retirement savings arrangement or pension plan 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 the amount 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. If the Commuted Value of the Member's entitlements not described in Section 9.02 is larger than the amount determined above, then the Commuted Value will be transferred instead; or
 - (ii) To receive a deferred pension equal to the pension entitlement not described in Section 9.02, payable in the form permitted under this Plan and commencing at the Member's Normal Retirement Date. If the Member's required contributions for Pensionable Service prior to January 1, 1987, accumulated with Net Interest on the Fund exceed 50% of the Commuted Value of the deferred pension described above, the excess shall be paid to the Member in a lump sum or, subject to the maximum transfer limit prescribed under the *Income Tax Act*, be transferred to such other retirement savings arrangement or pension plan 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*.

9.02 For Benefits Accrued on and After January 1, 1987

- (a) 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 below in this Section 9, or until he becomes a Pensioner, and he may elect (i), (ii), or (iii) with respect to benefit entitlement earned on and after January 1, 1987 and any benefit improvements granted between January 1, 1987 and the date of termination;
- (i) To transfer an amount equal to either one time, or, if the conditions in paragraph 8503(2)(h) of the *Income Tax Act* are met, twice the Member's required contributions accumulated with Net Interest on the Fund for Pensionable Service on and after January 1, 1987, to such other pension plan or retirement savings

arrangement that may permit such transfers to be made provided the transfer is made in the form and manner prescribed under the *Pension Benefits Act* and the *Income Tax Act*, and provided that the administrator of the plan to which the 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; or

- (ii) To receive a deferred pension payable in the form permitted under this Plan and commencing at the Normal Retirement Date. If the Member's required contributions for Pensionable Service on and after January 1, 1987, accumulated with Net Interest on the Fund, exceed 50% of the Commuted Value of the deferred pension described above, the excess in respect of Pensionable Service between January 1, 1987 and December 31, 1990 shall be paid to the Member in a lump sum cash payment or transferred to such other pension plan or retirement savings arrangement that may permit such transfers to be made, provided the transfer is made in the form and manner prescribed under the *Pension Benefits Act* and the *Income Tax Act*, and the excess in respect of Pensionable Service on and after January 1, 1991 shall be paid to the Member in a lump sum cash payment; or
- (iii) To transfer the Commuted Value of the deferred pension to another pension plan or retirement savings arrangement as provided under Section 9.02(a)(i) above.

9.03 Termination prior to Age 55

A Member terminating prior to age fifty-five (55) and electing a deferred pension under Section 9.01(a)(ii) or 9.02(a)(ii) is entitled to elect to commence receiving a pension on the 1st of any month coincident with or next following the date the person attains age fifty-five (55). Such pension shall not commence prior to the date the individual notifies the Administrator of such election. Such early retirement pension shall be the Actuarial Equivalent of the deferred pension to which the Member is entitled subject to applicable requirements of the *Income Tax Act*.

9.04 Termination at or after Age 55

- (a) A Member who has attained age fifty-five (55) at termination and who has elected a deferred pension under Section 9.01(a)(ii) or 9.02(a)(ii) is entitled to commence receiving a pension on the first of any month coincident with or next following the election to retire early. Such early retirement pension shall be the deferred pension less 0.5% of such deferred pension for each month that the pension commencement date precedes the Member's Normal Retirement Date, subject to applicable requirements of the *Income Tax Act*.
- (b) The early retirement benefit shall not be less than the Actuarial Equivalent of the deferred pension reduced in accordance with Section 9.04(a), that would be payable at the Member's Normal Retirement date except in such instances and to such extent that further reduction is required under Regulation 8503(s)(c) of the *Income Tax Act*.

9.05 Benefits from Additional Voluntary Contributions

In addition to the benefits described in Sections 9.01 and 9.02, a terminated Member is entitled to receive a refund of additional voluntary contributions made by the Member, accumulated with Net Interest on the Fund. Additional voluntary contributions accumulated with interest prior to July 1, 1966, are subject to a 5% withdrawal charge. If the Member elects Section 9.02(a)(ii) or (iii), he may make a similar election in respect of additional voluntary contributions.

9.06 Restrictions on Portability

All transfers made under this Section 9 are subject to the requirements of the *Pension Benefits Act* and the *Income Tax Act*.

9.07 Transfer of Commuted Value of Deferred Pension by Former Members Who Were Members of the Regional Medical Associates

A former Member who was a member of the Regional Medical Associates and who is entitled to a deferred pension pursuant to Section 9.01(a)(ii) or 9.02(a)(ii) above shall be permitted to elect, on a one-time basis, a transfer of the Commuted Value of such deferred pension to a prescribed retirement savings arrangement if he so elects prior to March 31, 2007, provided that the transfer is made in the form and manner provided under the *Pension Benefits Act* and the *Income Tax Act* and in accordance with this Section 9.

9.08 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*.

SECTION 10 — DEATH BENEFITS

10.01 Pre-Retirement Death Benefits

If a Member, or a Former Member who is entitled to a deferred pension dies prior to the commencement of his pension, the Member's or Former Member's Spouse, or where no Spouse exists, the Member's or Former Member's Beneficiary or estate at the date of death, shall receive:

- (a) a refund of the Member's or Former Member's required contributions made for Pensionable Service before January 1, 1987, accumulated with Net Interest on the Fund;
- (b) the Commuted Value of the pension earned for Pensionable Service after December 31, 1986, plus the Commuted Value of any pension entitlements granted after December 31, 1986 for Pensionable Service up to that date. The Spouse, Beneficiary or estate, as applicable, shall also receive a refund of any required contributions made for Pensionable Service after December 31, 1986, accumulated with Net Interest on the Fund, which exceed 50% of the Commuted Value determined in this Section 10.01(b).

10.02 Benefits from Additional Voluntary Contributions

In addition to the death benefits under Section 10.01, the Member's Spouse, or where no Spouse exists, the Member's Beneficiary or estate at the date of death, shall receive a refund of the additional voluntary contributions accumulated with Net Interest on the Fund.

10.03 Settlement for Spouse

A Spouse is entitled to elect, in lieu of the lump sum payments under Sections 10.01 and if applicable, 10.02, to receive an immediate or deferred pension payable for the Spouse's lifetime which has a Commuted Value equal to such lump sum payments, or, subject to the maximum transfer limit prescribed under the *Income Tax Act*, to transfer the Commuted Value of the death benefit payable under this Section 10 to such other pension plan or retirement savings arrangement that may permit such transfers to be made, provided the transfer is made in the form and manner prescribed under the *Pension Benefits Act* and the *Income Tax Act*.

10.04 Waiver of Pre-Retirement Death Benefit

The Spouse of a Member, or the Spouse of an individual entitled to a deferred pension, may waive the Spouse's entitlement to the death benefits payable under this Section 10 by delivering to the Administrator a written waiver in a form prescribed under the *Pension Benefits Act*. Such waiver form shall be submitted to the Administrator within sixty (60) days of its completion. Such waiver can be revoked in writing by the Spouse who signed it.

10.05 Death After Pension Commencement

Any death benefit payable upon the death of an individual who has commenced to receive a pension from the Fund is determined in accordance with the form of pension being paid to the individual pursuant to Section 6.

10.06 Designation of Beneficiary

- (a) A Member may, by written notice delivered to the Administrator, designate a Beneficiary to receive any benefits payable to a Beneficiary on the death of the Member. 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 revoke 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 if 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 the 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.

SECTION 11 — LEAVE OF ABSENCE AND DISABILITY

11.01 Membership during Leave of Absence

If a Member is granted a leave of absence he shall remain a Member while on such leave of absence except as otherwise provided in this Section 11.

11.02 Leave with Pay

If such leave of absence is with pay, all contributions and benefit accruals shall continue and for purposes of this calculation, Regular Annual Salary shall be that which would have been in effect had the individual remained an active Employee.

11.03 Leave without Pay

Subject to Section 11.04, an Employee who is a Member immediately prior to a leave of absence without pay that is approved by the University shall,

- (a) if the Member does not participate in another registered pension plan, elect, prior to the commencement of the leave,
 - (i) to cease contributions and benefit accruals under the Plan in respect of the period of absence, or
 - (ii) to continue contributions and benefit accruals under the Plan in respect of the period of absence, in which case the Employee shall remit contributions by monthly cheques (or equivalent) to the University in an amount equal to the Employee's required contribution calculated in accordance with Section 7.01(a) of this Plan, and for purposes of this calculation, Regular Annual Salary shall be that which would have been in effect had the individual remained an active Employee, or
- (b) if the Member participates in another registered pension plan in which the University is not a participating employer, cease contributions and benefit accruals under the Plan during such period of participation in the other plan.

11.04 Buyback of Benefits

No benefit shall accrue to an Employee under Section 11.03 for any period in respect of which the Employee does not make contributions to the Plan; except that, where Employee contributions and benefit accruals under the Plan cease in respect of a period of approved leave of absence, the Employee may, upon return to active employment with the University and with the written consent of the University, purchase the benefits that would otherwise be provided under the Plan in respect of such period by contributing an amount equal to the amount required to be contributed by the Employee together with Net Interest on the Fund and an amount equal to the amount required to be contributed by the University as determined by the Actuary as at the date

the contribution is to be made. Contributions made pursuant to this Section shall be subject to the *Income Tax Act* and the *Pension Benefits Act*. No Employee may purchase benefits that would otherwise be provided under this Plan in respect of such period if the Employee is entitled to benefits accrued under another employer's registered pension plan in respect of the same period.

11.05 Total Disability

- (a) Notwithstanding the provisions of Sections 11.02, 11.03 and 11.04, if an individual becomes totally disabled and the individual was a Member immediately preceding such disability, then, while the individual is in receipt of income from the University sponsored Long Term Disability Plan, the individual shall not be required to contribute to the Plan but shall continue benefit accruals under this Plan.
- (b) For the purpose of calculating benefit accruals for those individuals who became totally disabled prior to July 1, 1990, Regular Annual Salary and YMPE shall be equal to the Regular Annual Salary and YMPE in effect on the date immediately prior to the individual becoming totally disabled, increased each July 1 by the percentage increase calculated for pensions in pay in Section 5.08(a) (and, where applicable, Section 5.09), starting with the later of July 1, 1990 or the July 1 following commencement of receipt of income from the University Long Term Disability Plan, if a greater benefit entitlement under the Plan is produced.
- (c) The Regular Annual Salary and YMPE for individuals subject to this Section 11.05 on July 1, 2003, will be further increased by 1.5% effective July 1, 2003.
- (d) Notwithstanding any of the above in this Section 11.05, the increases to the Regular Annual Salary and YMPE of an individual during the period of total disability while in receipt of income from the University sponsored Long Term Disability Plan, shall not exceed the cumulative increase in the Consumer Price Index during the same period, in accordance with the requirements of the *Income Tax Act*.

11.06 Limit on Granting Pensionable Service

- (a) The amount of Pensionable Service granted under Section 11.03 in respect of periods of absence before January 1, 1991 is limited to a maximum full-time equivalent of two (2) years, or to three (3) years for periods of short-term appointment to federal and provincial governments, committees or commissions or loan to a union, educational institution or charitable organisation where benefits do not accrue for such service under another pension plan.
- (b) In respect of periods of absence after December 31, 1990 the amount of Pensionable Service granted under Section 11.03 is limited to a maximum full-time equivalent of five (5) years, plus an additional three (3) years credited in respect of absences that occurred within the twelve (12) month period which commences at the time of the birth or adoption of a child of the Member.

SECTION 12 — GENERAL PROVISIONS

12.01 Non-Alienation of Benefits

No Member or other individual entitled to receive any pension benefit hereunder shall have any right, title, authority or power to 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 the Plan be subject to assignment, 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 or unless a reduction in benefits is necessary in order to avoid revocation of the registration of the Plan.

12.02 Surrender or Commutation

A pension or deferred pension payable under this Plan shall not be capable of surrender or commutation, except in accordance with Sections 9.01, 9.02 or 6.07.

12.03 Information To Be Provided Before Administrator Pays Benefits

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

- (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.

12.04 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 provisions of this Plan.

12.05 Construction

- (a) The Plan is intended to constitute an employee's pension plan qualified for registration under the *Income Tax Act* and the *Pension Benefits Act*.
- (b) The Plan shall be governed and construed in accordance with the laws of the Province of Ontario and the *Income Tax Act*.

SECTION 13 — ADMINISTRATION OF THE PLAN

13.01 Administrator of the Plan

The Administrator of the Plan shall be McMaster University which shall be responsible for all matters relating to the administration, interpretation and operation of the Plan.

13.02 Plan Summary

The Administrator shall provide each Employee with a written explanation of the terms and conditions of the 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 the Plan.

13.03 Notice of Amendment

The Administrator shall provide, where required under the *Pension Benefits Act*, a notice and written explanation of an amendment to the Plan to the persons entitled to payment from the Fund who are affected by the amendment, within the time prescribed under the *Pension Benefits Act*.

13.04 Annual Statement

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

13.05 Termination Statement

When a Member of the Plan terminates employment or otherwise ceases to be an Employee, the Administrator shall give to the Employee, or to any other person who as a result becomes entitled to a payment under the Plan, a written statement setting out the information prescribed under the *Pension Benefits Act* in respect of the benefits, rights and obligations of the Employee or other person.

13.06 Inspection of Plan Documents

Within thirty (30) days of receiving a written request, the Administrator shall make available the documents and information prescribed under the *Pension Benefits Act* in respect of the Plan and the Fund for inspection without charge by:

- (a) an Employee,
- (b) a former Employee,
- (c) the Spouse of an Employee or former Employee,
- (d) any other person entitled to pension benefits under the Plan,
- (e) an agent authorized in writing by a person mentioned in Section 13.06(a), (b), (c), or (d) above.

An individual set out above in Sections 13.06(a) through (e) above is entitled to make such an inspection not more than once in a calendar year.

The Administrator shall permit the person making the inspection to make extracts from or to copy the prescribed documents and information.

The Administrator shall make the prescribed documents and information available for an Employee, former Employee or any other person, at such location as may be agreed upon by the Administrator and the Employee, former Employee or other person making the request, subject to any requirements of the *Pension Benefits Act*.

SECTION 14 — ADMINISTRATION OF THE FUND

14.01 Prior Plan Annuities

Benefits purchased under the Prior Plan from the Government Annuities Branch shall be provided by the Government Annuities Branch, and all other benefits shall be paid from the Fund.

14.02 Fund Agreement

Subject to the terms of the 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.

14.03 Expenses

All normal and reasonable fees and expenses incurred in the operation of the Fund and the Plan shall be paid from the Fund, unless paid by the University. Fees and expenses of the Administrator and its agents, arising from the administration of the Plan, may be paid from the Fund unless paid by the University, subject to review of the Pension Trust Committee (or successor) so long as:

- (a) such payment qualifies as a permissible distribution under the *Income Tax Act*, and
- (b) such payment is not prohibited by the *Pension Benefits Act*.

14.04 Fund Investment

Subject to the provisions of the *Pension Benefits Act* and the *Income Tax Act*, the University shall direct the investment of the Fund in the manner provided in the trust agreement or insurance contract, whichever is appropriate.

14.05 Currency

All calculations and payments associated with the Plan shall be in Canadian currency.

SECTION 15 — CHANGE OR DISCONTINUATION OF THE PLAN

15.01 Continuation of the Plan

It is the intention of the University to continue contributions under the Plan as long as it is reasonably possible to do so. However, the University may, by Resolution of the Board of Governors, modify or terminate the Plan or the method of funding the Plan at any time.

15.02 Amendment to the Plan

No amendment to the Plan shall reduce

- (a) the amount or the Commuted Value of a pension benefit accrued under the Plan with respect to employment before the effective date of the amendment; or
- (b) the amount or the Commuted Value of a pension or deferred pension accrued under the Plan; or
- (c) the amount or the Commuted Value of an ancillary benefit for which a Member or former Member has met all eligibility requirements under the Pension Plan necessary to exercise the right to receive payment of the benefit.

Where an amendment results in a certifiable past service pension adjustment (PSPA) as defined by the *Income Tax Act* in respect of a Member, the amendment shall not apply to the Member prior to certification of the PSPA by the Canada Revenue Agency.