PENSION PLAN FOR THE EMPLOYEES OF THE UNIVERSITY OF PRINCE EDWARD ISLAND

PLAN SUMMARY

PREPARED ON BEHALF OF THE BOARD OF TRUSTEES

NOVEMBER 2021

Registration No. 0520635 upeipension@upei.ca

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INTRODUCTION

On behalf of the Board of Trustees of the Pension Plan for Employees of the University of Prince Edward Island ("the UPEI Pension Plan"), we want to welcome you as a member of the UPEI Pension Plan.

The UPEI Pension Plan provides pension benefits for eligible employees of the University upon their retirement and to spouses and other dependents upon the death of a plan member.

Whether your retirement is fast approaching or far in the future, good planning can make all the difference. The first step is to understand how your pension plan works and the retirement benefits it will provide.

The UPEI Pension Plan is a "**Defined Benefit Plan**". A defined benefit pension plan ***is meant to provide you with a predictable and stable monthly pension for the rest of your life***. The pension is based on a specific formula that uses your service and salary to determine the pension benefit you will receive at retirement.

For long service participants, the benefits accrued in the UPEI Pension Plan will likely represent your single largest financial asset. Therefore, it is important to understand the benefits you will receive from your participation in UPEI's Plan, as well as your obligations as a Plan Member.

This summary serves to help you acquire a basic understanding of your benefits: in it, you will find a description of the Plan itself, the rules governing your participation, the benefits you will derive (and how they are determined), and the structures that have been put in place to ensure the Plan's ongoing viability.

The Board of Trustees is the Plan Administrator of the UPEI Pension Plan, and they have delegated the day-to-day administration of the Plan to the UPEI's Human Resources & Finance Services Department.

You are encouraged to contact the Senior Employee Services Officer, in Human Resources, for any additional information you may require:

- Email: upeipension@upei.ca
- Phone: 902-566-0517

The information in this document is a general summary of the terms of the Pension Plan for the Employees of the University of Prince Edward Island provided for ease of reference and is not intended to have any legal effect. If there are any discrepancies between this document and legal documents that govern the plan, legal documents will prevail.

Pension Plan for the Employees of the University of Prince Edward Island – Registration No. 05290635

PLAN OVERVIEW

CONTRIBUTIONS

MEMBERS	9.23% of pensionable payroll (8.48% on CPP earnings and 10.28% on non-CPP earnings). *Includes 0.88% for Special Member contributions payable until June 30, 2025.*
UNIVERSITY	9.35% of pensionable payroll *Includes 1.00% for Special Employer contributions payable until September 30, 2031*

PENSION BENEFIT FORMULA

ACCRUED BENEFIT FOR SERVICE PRIOR TO JANUARY 1, 1999	For each year of Pensionable Service before January 1, 1999: 2% X Best Average Salary
ACCRUED BENEFIT FOR SERVICE BETWEEN JANUARY 1, 1999 TO JUNE 30, 2010	For each year of Pensionable Service between January 1, 1999 and June 30, 2010: 2% X Best Average Salary X Integration Ratio *Your **Integration Ratio** is reported on your pension statement.*
ACCRUED BENEFIT FOR SERVICE AFTER TO JUNE 30, 2010	For each year of Pensionable Service between after June 30, 2010: 2% of Best Average Salary up to Average YBE + 1.5% of Best Average Salary between Average YBE & Average YMPE (or BAS if lower) + 2% of Best Average Salary above Average YMPE

DEFINITIONS

- **Best Average Salary (BAS) -**The BAS is calculated as the average of the best three years of pensionable earnings paid to you by the University.
- **Average YBE** means "**Year's Basic Exemption**" and is set by the Federal Government. It is the earnings upon which no CPP contributions are required. The average is determined using the same years as used in determining the BAS.
- **Average YMPE** means "**Year's Maximum Pensionable Earnings**" and is set by the Federal Government. It is the earnings level after which contributions to the CPP cease. The average is determined using the same years as used in determining the BAS.
- An **Integration Ratio** is equal to the contributions you made to the Plan during your years of participation from January 1, 1999, to June 30, 2010, divided by the contributions you would have made if the contribution rate for the same period members was 6% of earnings.

RETIREMENT DATE

NORMAL RETIREMENT DATE	Your Normal Retirement Date is: • If your date of birth is between January 1st and June 30th, your Normal Retirement Date is the first day of July nearest to your 65th birthday. • If your date of birth is between July 1st and December 31st, your Normal Retirement Date is January 1st, nearest to your 65th birthday.
EARLY RETIREMENT DATE	You may start drawing this pension as early as 10 years prior to your Normal Retirement Date.

PENSION BENEFIT AT RETIREMENT

UNREDUCED PENSION	An unreduced pension is available if you: • have attained the age of 60, or • you are within 10 years of your normal retirement date, ages of 55 (January /July), and your combined age plus service equals 85 or more.
EARLY RETIREMENT REDUCTION	If you retire before either of these two unreduced dates, an early retirement reduction is applied to reflect the longer period over which it is expected to be paid. The reduction factor is 3% for each year prior to the unreduced thresholds stated above (plan uses whichever results in the lowest reduction to the member.)

TERMINATION OF EMPLOYMENT

LESS THAN TWO YEARS OF PLAN MEMBERSHIP	You are entitled to a refund of your required contributions, and transferred contributions, if any, accumulated with interest.
AT LEAST TWO YEARS OF PLAN MEMBERSHIP	If you are not entitled to immediately start your pension, you have the option of: • **Option 1:** Leaving your pension in the Plan and starting to receive it when you reach your Normal Retirement Date equal to the benefit earned up to the date of termination. You may elect to commence pension payments within ten years of your normal retirement date, in which case your early retirement pension will be determined as the actuarial equivalent to the pension otherwise payable on your normal retirement date. • **Option 2:** You may transfer the lump sum value of your pension to an RRSP, to your new employer's pension plan if that plan permits, or to a life insurance company for purchase of an annuity. In addition, you are entitled to a refund of any required contributions plus interest that are in excess of 50% of the lump sum value of your pension. *If you cease employment with the University and are within ten (10) years of your normal retirement date, you **must** elect a retirement benefit.*

DEATH BENEFITS

DEATH BEFORE RETIREMENT	If you are not married and have no orphaned children under the age of 18 and die prior to retirement, your designated beneficiary or your estate is entitled to receive a refund of your required contributions, and transferred contributions, if any, accumulated with interest to the date of death. This benefit is paid in the form of a taxable cash payment. If you have a spouse or orphan child(ren) under the age of 18 years who is or are a dependant, and you die prior to retirement, a monthly survivor pension is payable commencing the first of the month coincident with or immediately following your date of death. The pension is payable in the amount of 75% of the pension accrued to your date of death. In the event your spouse is more than 10 years younger than you are, the survivor pension shall be reduced to reflect the fact that more payments will be made. This pension is payable for the life of your spouse, or until the youngest child attains age 18.
DEATH AFTER RETIREMENT	The benefits payable upon death after retirement depend on the optional form of pension elected at the time of retirement.

GOVERNANCE STRUCTURE

GOVERNANCE OVERVIEW

The UPEI Pension Plan transitioned to a Jointly Sponsored Pension Plan (JSPP), effective January 1, 2017. This transition was the result of negotiations throughout 2016 between the Employer and the Unions. Moving to a JSPP model means that plan governance is now shared equally between the Employer and the Unions. It also means greater transparency for members into the plan's operations, funding, and decision-making.

The UPEI Pension Plan is governed by a Sponsors Agreement. The Sponsors Agreement was negotiated by the Employer and its various bargaining units. This document establishes two key governing bodies: the Sponsor Board and the Board of Trustees and establishes two key plan documents: the Funding Policy and the Pension Plan Text.

Governance responsibilities are split between the Sponsor Board and the Board of Trustees – both of which have equal representation from the Employer and the Unions. Both Boards have an important role to play in managing the plan and ensuring its successful ongoing operation.

SPONSOR BOARD

The Sponsor Board's role in governance is paramount. The Sponsor Board consists of four members appointed by the participating Unions and four members appointed by the Employer and it is co-chaired by a Union representative and an Employer representative.

The Sponsor Board is responsible for:

- Setting benefits, contributions and funding policies for the plan;
- Determining the timing of actuarial valuations of the plan; and
- Determining the level of risk appropriate for the plan's asset mix

BOARD OF TRUSTEES

The Board of Trustees play a pivotal role in governing your Plan. While it is the responsibility of the Sponsor Board to determine the plan design and to establish an asset mix for the Plan's investments, it is the job of the Trustees to administer the plan and to execute on the asset mix that has been established.

The Board of Trustees consists of ten members. Four members appointed by the participating Unions, four members appointed by the Employer, and two retiree appointees. It is co-chaired by a Union representative and an Employer representative.

The Board of Trustees is responsible for:

- Member communication (e.g., issuing annual pension statements to active plan members);
- Administering and investing the plan for the benefit of its members and other beneficiaries; and
- Making decisions about the plan's day-to-day operations, including:
    - Preparation of actuarial valuations and yearly audited financial statements;
    - Ensuring compliance with all applicable laws;
    - Investment of plan assets; and
    - Payment of pension benefits to members

FUNDING AGREEMENT

The Funding Agreement is a very important Plan document as it describes the options available to the Sponsor Board when an actuarial valuation of the Plan reports a deficit or surplus situation. In summary, the Funding Policy:

- Requires UPEI and Employees to share equally in the Plan's Current Service Cost.
  - *Current Service Cost represents the value of pension benefit earned by all employees who actively worked during a given plan year.*

- Requires UPEI and Employees to continue to make special contributions to cover past deficits:
  - *The Employer must contribute an extra 1.0% of earnings until 2031*
  - *Employees must contribute an extra 0.88% of earnings until 2025*
  - *There is no provision for these special contributions to cease until respective dates noted above.*

- In the event the Plan's funded ratio is less than 100%:
  - The Plan Actuary shall determine if Emerging Deficit Contributions are required to address the Emerging Deficit,
  - If Emerging Deficit Contributions are required, the Trustees shall provide options to the Sponsor Board for its consideration of how it will address the Emerging Deficit.
  - If any Emerging Deficit Contributions are required, UPEI and the Employees shall share equally in this cost.

- In the event the Plan's funded ratio exceeds 100%, Emerging Deficit Contributions may be maintained or reduced at the discretion of the Sponsor Board.

- In the event the Plan's funded ratio exceeds 110%:
  - the Plan shall first restore any benefit reductions that occur after January 1, 2017,
  - then it shall
    - reduce deficit contributions, and/or
    - reduce Plan risk by adopting more conservative actuarial assumptions, and/or
    - enhance benefits, but
  - provided that the above actions do not cause the funded ratio to fall below 110%.

PLAN TEXT

The Plan Text is a key document as it outlines the provisions of the UPEI Pension Plan. The rules laid out in the Plan Text describe the obligations of both Plan members and the Plan Governors. They are used to determine when a new employee first becomes eligible for participation in the Plan; the contributions they are required to make over their working career; the University's contributions; the benefits they will receive when they retire; the benefits they will receive should participation in the Plan cease before retirement occurs; and other general provisions.

ASSET MANAGEMENT

Prudent asset management and benefit security go hand-in-hand. The UPEI Pension Plan has substantial assets and one of the Board of Trustees' primary duties is to diligently monitor these assets.

All fund investments are made in accordance with a formal Statement of Investment Policies and Objectives, as established by the Sponsor Board. All funds are managed by professional investment counsel retained by the Board of Trustees.

Employee and Employer contributions are invested in a trust fund that is held separately from the assets of the University. The contributions, together with investment earnings, can only be used to provide benefits to Plan members and their beneficiaries or to pay plan expenses; they cannot be used for any other purpose.

The Plan is registered with the Canada Revenue Agency (CRA), and therefore enjoys a preferential tax status that benefits employees. Contributions to the Plan are tax-deductible, and investment income earned by the trust fund is tax-sheltered. The CRA requires that rules, imposed through the Income Tax Act (ITA) and Regulations, be followed if the Plan is to maintain its tax-preferred status.

PLAN DESIGN

The University's Pension Plan is of a type commonly referred to as a "defined benefit plan". Under this type of plan, retirement benefits (as well as death and termination benefits) are determined by a formula that takes into account your earnings levels and the length of your participation in the Plan.

QUESTIONS & ANSWERS

The remainder of the booklet is set out in a question-and-answer format, covering all aspects of your participation in the Plan.

MEMBERSHIP

1. When am I eligible to join the Plan?

If you are a regular full-time employee, or a part-time employee working a minimum of 13.5 hours per week for the University, you are required to join the Plan at the time you commence your employment.

2. Is membership in the Plan compulsory?

Yes, membership will be coincident with the commencement of your regular employment.

3. How do I join the Plan?

The University's Human Resources Department will enroll you in the pension plan upon eligibility. Upon enrollment, you will be required to complete the declaration of marital status and beneficiary designation form.

4. What happens if my employment status or hours of work change to less than full time?

You must continue making contributions and earning benefits under the Plan prorated to your earnings. For example, someone working 50% time would earn 0.5 years of pensionable service on an annual basis.

CONTRIBUTIONS

5. Am I required to contribute to the Plan?

Yes. Contributions are made by payroll deduction and are remitted directly to the UPEI Pension Plan.

6. Can I cease participating in the Plan while I am an employee of the University?

No. Once you become a member of the Plan, you cannot withdraw from it or stop your participation as long as you remain a regular employee of the University.

7. How much do I contribute?

Your contribution is equal to 10.28% of your earnings, less 1.8% for that portion of your earnings on which you are making contributions to the Canada Pension Plan (CPP).

Please note:

- *Earnings include your base salary, but do not include overtime or other types of variable earnings.*
- *You must contribute to the CPP on earnings between the YBE and the YMPE (see legend below).*

The following example shows how contributions to the UPEI Pension Plan are determined for employees at various salary levels.

- **YBE** *means "Year's Basic Exemption" (YBE equals $3,500)*
- **YMPE** *means "Year's Maximum Pensionable Earnings" (YMPE for 2022 =$64,900)*

				Total Employee Contributions	
Total Earnings	10.28% on First $3,500	8.48% on $3,500 to $64,900	10.28% on Over $64,900	$	Avg. %
$40,000	$359.80	$3,095.20	n/a	$3,455.00	**8.64%**
$60,000	$359.80	$4,791.20	n/a	$5,151.00	**8.59%**
$80,000	$359.80	$5,206.75	$1,552.28	$7,118.80	**8.90%**
$100,000	$359.80	$5,206.72	$3,608.28	$9,174.80	**9.17%**

8. Are there limits on the amount I can contribute?

Yes, the Canada Revenue Agency (CRA) imposes limits. They limit the amount of a member's contribution by capping the pensionable earnings for which contributions can be deducted. The University is responsible for ensuring that members do not contribute more than they are allowed. For 2022, UPEI Pension Plan's maximum pensionable earnings are $186,350.00.

10. What does the University contribute to the Plan?

The University contributes 9.35% of your pensionable salary.

11. Does my participation in the Plan affect the amount I can contribute to my RRSP?

Yes. Per Canada's Income Tax rules contributions to registered pension plans like the UPEI Plan reduces your RRSP room. The tax rules impose limits on the total amount of money an employee can contribute each year toward tax-sheltered retirement savings like the University's Pension Plan or personal RRSPs.

The University Pension Plan provides a very good pension benefit and as is therefore a significant "tax-sheltered retirement savings" vehicle. Your participation in it uses up a material portion of your available RRSP contribution room. Your employer is required to report a Pension Adjustment, or PA, each year on your T4 slip. CRA uses your PA to calculate your residual RRSP contribution room. Confirmation of your residual RRSP contribution room can be found on your latest notice of assessment or notice of reassessment provided by CRA. The Human Resources Department can provide you with further information concerning the calculation of your Pension Adjustment and how it is used by the CRA.

12. Are my contributions deductible for income tax purposes?

Yes. Your contributions to the Plan are deductible and will reduce your taxable income.

13. Do my contributions earn interest?

Your contributions will be credited with interest each year. The rate will vary from year to year, depending on the 5-year personal fixed-term chartered bank deposit rates (CANSIM Series V 122515).

14. Can I withdraw my contributions?

You must terminate your employment to withdraw your contributions from the Plan.

It is important to note that, if your employment ceases with the University within ten (10) years of your Normal Retirement Date, you must elect a retirement benefit.

15. Can I borrow my contributions?

No. Your contributions are paid into a trust whose sole purpose is to provide benefits under the Plan. Borrowing of contributions is not permitted.

RETIREMENT BENEFITS

16. When am I eligible to retire?

You may start drawing this pension as early as 10 years prior to your Normal Retirement Date.

Your **Normal Retirement Date** is:

- If your date of birth is between January 1st and June 30th, your Normal Retirement Date is the first day of July nearest to your 65th birthday.
- If your date of birth is between July 1st and December 31st, your Normal Retirement Date is January 1st, nearest to your 65th birthday.

Your pension will be subject to an early retirement reduction unless you qualify for an unreduced pension.

An **unreduced pension** is available if you:

- have attained the age of 60, or
- you are within 10 years of your normal retirement date, ages of 55 (January /July), and your combined age plus service equals 85 or more.

If you retire before either of these two unreduced dates, an early retirement reduction is applied to reflect the longer period over which it is expected to be paid. The reduction factor is 3% for each year prior to the unreduced thresholds stated above (plan uses whichever results in the lowest reduction to the member).

17. If I retire without incurring an early retirement reduction, how much pension will I receive?

The pension payable to you depends on three items:

- Your **Average Salary**
  - average of your best three years of pensionable earnings with the University.
- Your **Pensionable Service**
  - service for which contributions have been made to the fund.
- The Annual **Accrual Rate** in effect when the service was rendered.

Please note: If you have service from January 1, 1999, to June 30, 2010, your pension amount will be impacted by an **Integration Ratio**. Your Integration Ratio is reported on your pension statement. An Integration Ratio is equal to the contributions you made to the Plan during your years of participation from January 1, 1999, to June 30, 2010, divided by the contributions you would have made if the contribution rate for the same period members was 6% of earnings.

Your unreduced retirement pension will be calculated according to the following formula:

- **YBE** *means "Year's Basic Exemption" (YBE equals $3,500)*
- **YMPE** *means "Year's Maximum Pensionable Earnings" (YMPE for 2022 =$64,900)*
- **BAS** *means Best Average Salary. The BAS is calculated as the average of the best three years of Earnings paid to you by the University.*

Period of Service	Benefit Formula								
Period A (service prior to January 1,1999)	=	**Pensionable Service**	x	**Best Average Salary (BAS)**	x	**2%**			
Plus (+)									
Period B (service between January 1, 1999 - June 30, 2010)	=	**Pensionable Service**	x	**Best Average Salary (BAS)**	x	**2%**	x	**Integration Ratio**	
Plus (+)									
Period C (service after June 30,2010)	=	**Pensionable Service**	x	(2% of BAS up to Average YBE	+	1.5% of BAS between Average YBE & Average YMPE (or BAS if lower)	+	2% of BAS above Average YMPE)	

Example A:

The following is a simplified example of a pension calculation assuming:

a) member's average salary is $50,000
b) Canada Pension Plan's average YMPE is $64,900, and
c) Canada Pension Plan's average YBE is $3,500.
d) In this example, the "Integration Ratio" is 0.75.

In this example, the employee commenced their pensionable service on June 30, 2000, at age 40, and retires on June 30, 2025, at age 65.

His total number of years of pensionable service is 25. Of these years, 10 years were accumulated between January 1, 1999, and June 30, 2010, and 15 years were accumulated after June 30, 2010.

Period of Service	Benefit Formula									
Period A (service prior to January 1,1999)	Pensionable Service **0 years**	x	BAS **$50,000**	x	**2%**				=	$0
				Plus (+)						+
Period B (service between January 1, 1999 - June 30, 2010)	Pensionable Service **10 years**	x	BAS **$50,000**	x	**2%**	x	Integration Ratio **0.75**		=	$7,500
				Plus(+)						+
Period C (service after June 30,2010)	**Pensionable Service** **15 years**	x	(2% of BAS up to Average YBE 2% x $3,500 = **$70**	+	1.5% of BAS between Average YBE & Average YMPE (or BAS if lower) 1.5% x ($50,000 - $3,500) = **$697.50**	+	2% of BAS above Average YMPE **$0**)		=	$11,512.50
							Annual Pension of		=	**$19,012.50**

Example B:

The following is a simplified example of a pension calculation assuming:

a) member's average salary is $80,000
b) Canada Pension Plan's average YMPE is $64,900, and
c) Canada Pension Plan's average YBE is $3,500.

In this example, the employee commenced his pensionable service on January 1, 1990, at age 31, and retires on January 1, 2018, at age 59.

His total number of years of pensionable service is 28 (note: as age plus service is greater than the required 85 there is no early retirement reduction to pension). Of these years, 9 years were accumulated before January 1, 1999, 11.5 years between January 1, 1999, and June 30, 2010, and 7.5 years were accumulated after June 30, 2010.

In this example, the "Integration Ratio" is 0.80.

Period of Service	Benefit Formula									
Period A (service prior to January 1,1999)	Pensionable Service **9 years**	x	BAS **$80,000**	x	**2%**				=	$14,400
				Plus (+)						+
Period B (service between January 1, 1999 - June 30, 2010)	Pensionable Service **11.5 years**	x	BAS **$80,000**	x	**2%**	x	Integration Ratio **0.80**		=	$14,720
				Plus(+)						+
Period C (service after June 30,2010)	**Pensionable Service** **7.5 years**	x	(2% of BAS up to Average YBE 2% x $3,500 = **$70**	+	1.5% of BAS between Average YBE & Average YMPE (or BAS if lower) 1.5% x ($64,900 - $3,500) = **$921.00**	+	2% of BAS above Average YMPE 2% x ($80,000-$64,900) = **$302**)		=	$9,697.50
							Annual Pension of		=	**$38,817.50**

The Human Resources Department maintains detailed pension records for each member of the Plan. The records contain all the information required to calculate Best Average Earnings, periods of pensionable service, and the Integration Ratio.

18. Will my University pension be adequate to provide for my retirement?

Your UPEI pension income will not be subject to premiums related to Employment Insurance or Canada Pension Plan, and you are no longer required to contribute to your UPEI pension plan. Also, certain work-related expenses will cease. This usually means that you can maintain your standard of living with fewer dollars in retirement than were required while you were working.

If you spend your entire career with the University and retire on your Normal Retirement Date, the Pension Plan, when combined with Canada Pension, is designed to provide an income that enables you to maintain your standard of living after you retire.

If you leave the University before retirement, the value of your retirement benefits is transferrable and can represent a significant financial asset by the time you retire. On the other hand, if you join the University later in your career, the adequacy of your total retirement income will depend on the retirement savings (either through participation in a prior employer's pension plan or through RRSP's), accumulated before your employment at UPEI, in addition to your University pension.

19. Is there an opportunity to retire early?

You can retire as early as 10 years prior to your Normal Retirement Date (Age 55, January/July). For further information about your Normal Retirement Date refer to Question 16.

However, if you retire before age 60 and do not satisfy the Rule of 85, your pension is subject to an actuarial adjustment that reflects the longer duration over which your pension is expected to be paid.

Your plan has a Rule of 85, which means that if you are at least 55 years of age and if your “age” PLUS your “pensionable service” total 85 or greater, you may retire without a reduction prior to age 60.

If you retire on or after age 60, there is no adjustment to your pension.

20. Is there a limit on the amount of pension I can earn?

For defined benefit pension plans, the Canada Revenue Agency imposes limits on the amount of pension benefit you can accrue per year and the maximum pensionable salary.

For 2022, the maximum pension benefit accrued is limited to **$3,420.00**.

The maximum pensionable earnings for the past three years are:

Year	2020	2021	2022
Maximum Pensionable Earnings	$168,411.00	$176,803.00	$186,350.00

Since no pension is being accrued in respect of earnings above this amount, the University does not deduct contributions from the excess earnings. The contribution rate is applied only to earnings on which a pension benefit is accruing.

21. How long will I receive my pension after I retire?

Your pension will be paid in monthly installments for as long as you live.

The normal form of pension for a single person in the UPEI Pension Plan is a "Life, Guaranteed 10 Years" while the normal form for an employee with a spouse is a "Joint and Survivor 60%" (i.e. upon your death 60% of your pension is payable to your surviving spouse the spouse's life.)

There are other options available beyond the two noted above (see question 23); however, the type of pension that you choose upon retirement will have an impact on your monthly pension amount and may require your spouse to sign a waiver.

22. Is my Pension Indexed?

Your pension under the UPEI Plan offers you "contingent" protection from future inflation after you retire. The level of indexing, the phrase used to describe inflation protection, depends upon the investment earnings of the pension trust fund. If the plan's four-year average return exceeds 5.75%, the value above the 5.75% threshold is used to provide indexing.

CRA Income Tax regulations stipulate that indexing cannot exceed the Consumer Price Index (CPI).

23. Can I choose to have my pension continue to my spouse, should I die before he or she does?

The default option for a member with a spouse is a Joint and Survivor 60% which will, upon your death, pay 60% of your pension to your surviving spouse for the remainder of his or her life.

To pay anything less than 60% requires your spouse to sign a waiver. You may also opt to take fewer pension dollars while you are alive in order to provide a larger pension amount to your spouse.

If you wish to receive your pension in a form other than Joint and Survivor 60%, you must make a written election before you retire and your pension will be adjusted to reflect the greater value associated with such a guarantee.

In addition, you may elect a different guarantee period (other than 10 years). This, too, will result in an adjustment to your pension.

Example:

A member retiring at age 60 was to receive a pension of $20,000 per annum. Upon inquiring about the adjustment to his pension if he were to take it in a form that allowed for a continuing payment to his spouse, he was given the following information:

- Normal Pension: $20,000 per annum
- Pension with 60% continuation $18,088 per annum
- Pension with 75% continuation $17,545 per annum

Under the "Joint & Survivor 60%", the employee would receive a pension of $18,088 per annum for life. However, should he predecease his spouse, a pension in the amount of $10,853 (60% of $18,088) will continue to his spouse for the rest of her lifetime. *(Please note: This example does not reflect future indexation)*

The "Joint & Survivor 75%" works precisely in the same way, except that 75% of the member's pension continues to his spouse should he predecease her. In this example, the member's initial pension would be $17,545 per annum, and the pension continuing to the member's spouse would be $13,159 per annum. *(Please note: This example does not reflect future indexation)*

OTHER BENEFITS

24. Do I receive a benefit from the Plan if my employment with the University should terminate for any reason other than retirement or death?

<u>Vested Pension Benefit (Minimum of 2 years within the Plan)</u>

If you are vested and your employment with the University terminates for any reason other than retirement or death, a benefit will be payable to you from the Plan. You would be given pension termination options that include the following choices:

1. Deferred Pension: Your pension benefit will remain in the Plan, and you will; receive a pension starting at your Normal Retirement Date. If you retire prior to your Normal Retirement Date, your benefit will be reduced by the actuarial equivalent to reflect the longer period over which it is expected to be paid.

2. Lump-Sum Transfer: You may transfer a lump sum amount directly from this Plan to either the pension plan of a subsequent employer (if that plan will accept the transfer) or to a Registered Retirement Savings Plan. The lump sum, in this case, will be equal to the Commuted Value of the pension benefit to which you would be entitled to, plus any Additional Voluntary Contributions accumulated with Interest.

<u>It is important to note that, in the event that employment ceases with the University within ten (10) years of Normal Retirement Date, you must elect a retirement benefit.</u>

<u>Non-vested Pension Benefit (under 2 years in the Plan)</u>

If you are not vested and your employment with the University terminates you would be given pension termination options that include the following choices:

1. Taxable Cash Refund: A refund of your contributions with interest at the date of termination.

2. Lump-Sum Transfer: You may transfer the lump sum value of your contributions with interest directly from this Plan to either the pension plan of a subsequent employer (if that plan will accept the transfer) or to a Registered Retirement Savings Plan.

25. Is there a benefit payable from the Plan if I die before retirement?

The Plan will pay a benefit upon the death of a member. The type of benefit payable depends upon whether or not you have a spouse and/or dependent children.

If you leave neither a spouse nor dependent children under 18 years of age, a lump-sum is payable to either your beneficiary or your estate. The lump-sum is equal to your required contributions to the Plan, plus any additional voluntary contributions or lump sum transfers from a previous plan, all accumulated with interest to the date of payment.

If you leave either a spouse or dependent children under age 18, a survivor's pension is payable from the Plan. The survivor's pension will be paid monthly, starting on the first of the month following the date of death. It will be paid for your spouse's lifetime or until your youngest child turns 18, whichever is later.

The total amount of pension payable to all survivors (i.e., not to each survivor) is 75% of the unreduced pension you have earned up to the date of death. If the pension is being paid in respect of only one survivor, it may be limited to 66% of the pension you have earned up to the date of death due to the imposition of CRA limitations.

26. Is there a benefit payable from the Plan if I become disabled?

In the event, you are deemed to be disabled and you have been a member of the Plan for more than 10 years, you will continue to accumulate pensionable service until you either cease to be disabled, become eligible for a retirement pension, or die.

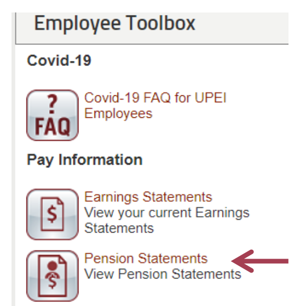
During the time you are disabled, the University makes your required contributions to the Pension Plan. The earnings upon which these contributions are based is the earnings level in effect at the time you become disabled.

ADMINISTRATION

27. Who keeps a record of my contributions, my pensionable service, and other information concerning my entitlement under the Pension Plan?

The Board of Trustees is responsible for all plan records. The Trustees have arranged for the University's Human Resources Department to keep records for all members of the Plan.

28. Will I receive a periodic statement showing the benefits I have earned under the Plan?



Yes. You will receive an annual Pension Statement which is prepared by our Actuary, Ecklers.

Annual Statements are available on [myUPEI] within the Employee Toolbox.

Questions regarding your statement can be directed to the Human Resources Department.

29. Can changes be made to the Plan?

The University Pension Plan is governed by a Sponsor Board. The Sponsor Board consists of four members appointed by the participating Unions and four members appointed by the University and it is co-chaired by a Union representative and an Employer representative.

The Sponsor Board must approve any Plan design changes and although the Sponsor Board's goal is to maintain the Plan indefinitely, it reserves the right to amend or terminate the Plan, either in whole or in part, if conditions warrant.

In no case can an amendment serve to reduce or remove benefits that have accrued to you up to the date the amendment is made, except if such an action is necessary to avoid revocation of the Plan's registered status.

HAVE QUESTIONS OR NEED MORE INFORMATION?

Contact the Senior Employee Services Officer in Human Resources:

Email: upeipension@upei.ca
Phone: (902) 566-0517
Fax: (902) 894-2895

Plan Information:

The official Plan Text is available on the myUPEI HR Administration Services site at https://portal.upei.ca/facultystaff/administrativeservices/HR/Pages/default.aspx