Summary of Schedules 1 and 2 of the Regulatory Notice material under the Pension Benefits Act

As part of the process for conversion of the Queen's University Pension Plan (the "current Plan") to the jointly sponsored University Pension Plan ("UPP") mandated by the Pension Benefits Act, you will be receiving an official regulatory notice from Queen's University administration in its role as the current Plan administrator.

Because the University will be sending the official notices in late March, after the Queen's University Faculty Association (QUFA) ratification process is complete, the following summary is intended to explain and summarize in detail what will be sent to you in advance. The summary is for your information only. The formal regulatory notices may differ.

The required notice would be in two parts, formally called "schedules". The first part (called Schedule 1) would set out the information the current Plan has about you as an individual plan member, set out the terms of the current Plan, and include a statement of the benefit to which you were entitled as of September 30, 2018. Schedule 2 would compare the provisions of the current Plan and the UPP and the benefits you will receive for your service to the date of conversion under the two plans.

Below we provide a detailed summary, in advance of the regulatory notices being sent out, of Schedules 1 and 2.

If consent is granted for the proposed transfer from the current Plan to the UPP, the effective date – the date at which pensions will begin to accrue under the terms of the UPP – is targeted to be July 1, 2021. That date may change, however, depending on the timing of regulatory approvals.

Schedule 1 – the provisions of the current Plan that apply to you

a) Personal information – the information contained in this part will be that reported in the most recent required annual pension statement as of August 31, 2018, updated to September 30, 2018.[1]

   It will include the balance in your Money Purchase Component Account. In addition, it will include, if applicable to you, your Past Service Money Purchase Account balance, your accumulated Additional Voluntary Contributions, including interest and your Accumulated Special Vested Contributions, including interest.

b) Summary of current Plan provisions – the notice will summarize the information about the current Plan as it applies to you and as is set out in the current Plan text. The current Plan will determine your past service benefits as of the effective date of the UPP.

[1] Your statement is available to you through this link -- https://login.queensu.ca/idp/profile/SAML2/Unsolicited/SSO?execution=e1s2/

i) Benefit formula – current Plan

Your pension is what is known as a Hybrid Pension Plan, which is based on two components: a Money Purchase Pension; and a Minimum Guarantee Pension.

If your Money Purchase Pension is greater than your Minimum Guarantee Pension, your pension will be the Money Purchase Pension.

If your Money Purchase Pension is less than your Minimum Guarantee Pension, your pension at retirement will be your Money Purchase Pension PLUS the difference between your Money Purchase Pension and the Minimum Guarantee Pension.

The effect is to provide you with a pension amount at retirement equal to the greater of your Money Purchase Pension and your Minimum Guarantee Pension.

Money Purchase Pension

Your Money Purchase Component Account is the account which holds the contributions made by you and the University, plus accumulated interest. Your Money Purchase Pension is the amount of pension that can be provided from that the balance in that Account, determined at your retirement date.

The amount of pension that can be provided from a given balance in your Account is determined based on annuity factor tables used by the current Plan for that purpose, less a charge for the non-reduction guarantee at the time of retirement.

Minimum Guarantee Pension

The Minimum Guarantee Pension is a final average earnings based defined benefit pension. Your pension at retirement will be based on the annualized average of your best 48 continuous months of earnings at Queen's.

For each year of service (with part-time employment pro-rated), your pension would be

Earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE)

For earnings up to the average YMPE in the 48-months used in determining your final average earnings

1.35% of your earnings up to the average YMPE multiplied by years of credited participation between September 1, 1962 and September 1, 1997

PLUS

1.40% of your earnings up to the average YMPE multiplied by years of credited participation on and after 1 September 1997

PLUS

Earnings above the YMPE

1.8% of your final average earnings in excess of the average YMPE for the months used in your final earnings calculation multiplied by your total years of credited participation.

The maximum pension payable **per year of service** is limited by the provisions of the Income Tax Act. In 2018, that amount was $2,944.44.

ii) Minimum Guarantee Pension and Early Retirement

The above calculation will determine your Minimum Guarantee Pension for retirements on or after your Normal Retirement Date. For retirements before your Normal Retirement Date, the Minimum Guarantee Pension will be reduced. As of September 1, 2012, the early retirement provisions changed.

For the portion of your Minimum Guarantee Pension earned up to September 1, 2012, based on your average salary calculated as of that date, the following reduction formula applies:

A reduction of 1/6% for each month within 60 months of your Normal Retirement Date and ½% for each month in excess of 60 months.

For the portion of your Minimum Guarantee Pension earned after September 1, 2012, including the impact of any increase in salary on your Minimum Guarantee Pension attributable to service prior to September 1, 2012, the following reduction formula applies:

A reduction of ¼% for each month within 60 months of your Normal Retirement Date and ½% for each month in excess of 60 months if you retire within 10 years of your Normal Retirement Date. If you retire more than 10 years before your Normal Retirement Date, the Minimum Guarantee Pension earned prior to September 1, 2012 will be reduced by ½% for each month retirement precedes your Normal Retirement Date.

iii) Past Service Pensions – current Plan

a. Transfers of cash amounts from a prior plan to your Past Service Money Purchase Account.

These amounts accumulate with interest and are converted into a lifetime pension on the same basis as the balance in the Money Purchase Component Account. Such transfers do not affect your Minimum Guarantee Pension.

b. Credited past service purchased upon transfer from a prior plan and credited service for periods prior to January 1, 1990 in which you were employed by the University but did not participate in the Plan.

   This credited service is used to determine an additional amount of pension based on the Minimum Guarantee pension formula.

iv) Additional voluntary contributions and special vested contributions – current Plan

Amounts accumulated in additional voluntary contribution and special vested contribution accounts are converted into an additional amount of pension in the same manner as the Money Purchase Pension.

v) Annual Pension Adjustment (Indexing) – current Plan

The Annual Pension Adjustment is the difference between the current Plan's average investment return over the most recent six-year period, adjusted for changes in mortality experience, and 6%. If the average return is greater than 6%, pensions are increased by that percentage, if applicable (see below). If the current Plan's average investment return is below 6%, pensions are not reduced, but no further Adjustments are paid until the current Plan's experience has offset the prior shortfall.

If the current Plan's average investment return is above 6% and there is a prior shortfall that has not been offset by subsequent gains, no adjustment will be made.

The Annual Pension Adjustment applies to:

The portion of your pension that is attributable to the Money Purchase Component Account; and

The portion of your pension that is attributable to the Minimum Guarantee with respect to credited participation and earnings prior to September 1, 2012.

vi) Integration with CPP – current Plan

The current Plan is designed to provide a lower rate of benefit accrual (with lower contributions) below the maximum earnings under the Canada Pension Plan and a higher benefit accrual rate (with higher contributions) above that earnings level.

vii) Benefits payable on post-retirement death – current Plan

The notice includes the name of your spouse and/or beneficiaries on record with the current Plan, if applicable, and sets out both the normal form of pension payable at retirement (including the normal survivor benefit) together with the survivor benefit options available as alternatives.

The "normal form" of benefit provides for a pension in accordance with the formulae described above payable for a period of the greater of your lifetime or 10 years. That means that the current Plan will continue to make monthly payments even if you die before you have received 120 monthly payments (i.e. 10 years of payments). Any remaining payments will go to your beneficiary or estate.

If you have an eligible spouse who has not waived their entitlement, the normal form of benefit is a 60% joint and survivor annuity. Upon your death, if your eligible spouse is alive, your eligible spouse will receive a pension equal to 60% of the pension that had been paid to you. Because the pension must be of the same value as the normal life guaranteed ten-year benefit payable to a member without an eligible spouse, your pension is reduced to a benefit which, including the value of the survivor benefit, has the same value as the life guaranteed ten-year benefit that would be payable if you did not have an eligible spouse.

The notices also describe the optional forms of survivor benefit summarized in the current Plan text.[2]

viii) Pre-retirement death benefits – current Plan

For service after 1986, the benefit in the event of death before retirement consists of: the balance in your Money Purchase Component Account based on contributions made to the current Plan after January 1, 1987; plus the amount, if any, by which the commuted value of your Minimum Guarantee Pension attributed to Credited Participation after January 1, 1987 exceeds the balance in the Money Purchase Component Account, if any. This amount is payable to an eligible spouse in lump sum or in the form of an immediate or deferred annuity. If you did not have an eligible spouse, the amount is paid to your beneficiary estate.

For service before 1987, the balance in your Money Purchase Component Account attributable to member contributions before January 1, 1987 is payable to the eligible spouse or beneficiary who received the pre-retirement death benefit attributable to service after 1986. The balance of the Money Purchase Component Account attributable to the University's contributions before January 1, 1987 is payable to your beneficiary or, if none, to your estate.

If you have Credited Past Service and have an eligible spouse, the spouse may

[2] The benefits applicable to you are described in the Pension Plan Guide, found at http://www.queensu.ca/humanresources/sites/webpublish.queensu.ca.hrdwww/files/files/totalcomp/pensions/pensionplanguide.pdf

receive either the commuted value of the Credited Past Service Benefit or a deferred annuity. If you do not have an eligible spouse, the value is payable to your beneficiary or estate.

If you have a balance in your Past Service Money Purchase Account, the balance is payable to your eligible spouse either as a lump sum or as an immediate or deferred life annuity. If you do not have an eligible spouse, the balance is payable to your beneficiary or estate.

If you have made Additional Voluntary Contributions or Special Vested Contributions, the balance is payable as a lump sum to your eligible spouse. If you do not have an eligible spouse, the balance is payable to your beneficiary or estate.

ix) Benefits on termination of employment – current Plan

Your entitlement on termination of employment is a monthly pension, deferred to a future date up to December 31st of the year you reach age 71. The pension will be the amount determined in accordance with the current Plan formula. In that calculation, the Minimum Guarantee Pension will be based on your earnings as of your date of termination, will not be adjusted for inflation, and, if retirement precedes age 65, will be reduced in accordance with the formula used in calculating the Minimum Guarantee Pension for early retirements.

You also have the option, on termination of employment, to transfer the value of your entitlement, including the commuted value of your Minimum Guarantee Pension, if any, to: another pension plan; a registered retirement savings plan; or to an insurance company to purchase an immediate or deferred life annuity.

The same transfer options apply to any balance you may have in a Past Service Money Purchase Account or to the commuted value of a Credited Past Service pension.

For Additional Voluntary Contributions, your options are to receive a lump sum refund or to transfer the amount to a non-locked-in registered retirement savings plan. For Special Vested Contributions, your options are to receive a lump sum refund or to transfer the amount to a locked-in registered retirement arrangement.

If you have reached age 45 and 10 years of service at the time of termination, you have an additional option for pension credit attributable to service before 1987. You may elect to receive 25% of the value of your pension in cash instead of the pension attributable to that service. This payment is in lieu of receiving a portion of the amount of pension benefit attributable to contributions made in that period.

c) Funded status of the current Plan

The notice will then summarize the funded status of the current Plan as stated in the most recent valuation the University was required to file with the Financial Services Commission of Ontario.

As of August 31, 2017, the current Plan's status was:

1. 97% funded on a "going concern" pure defined benefit basis. (The Plan is 98% funded if both the Defined Benefit and Money Purchase benefits are taken into account.) That means the current Plan's assets were equal to 97% of the value of the benefits provided by the current Plan, valued using assumptions about long-term investment returns and including the estimated value of future indexing adjustments. The current Plan had a going concern deficit of $31,583,000 which the University is required to pay off over a 15-year period.

2. 87% funded on a "solvency" basis. That means the current Plan's assets were equal to 87% of the value of the benefits provided by the current Plan, excluding the value of indexing adjustments and valuing future benefits based on short-term low-risk interest rates. The current Plan had a solvency deficiency of $311,391,000. Under currently applicable rules, the University is required to fund that deficit over a 10-year period.

3. 86% funded on a wind-up basis. That means that, if the current Plan were wound up as of the valuation date, the assets on hand would be equal to 86% of the value of future benefits payable, including the estimated value of future indexing adjustments and using short-term low-risk interest rates.

It is important to note that the University is required to make special payments to the current Plan to cover the going concern shortfall. At present, temporary solvency funding relief reduces the University's obligation to fund the elimination of the solvency deficit.

The University is not required to fund for the wind-up liabilities. However, in the event that the current Plan was wound up, the University would be financially obligated for the full amount of the wind-up cost.

d) The consent process to convert the current Plan to the UPP

The notice will also describe the consent process for conversion of the current Plan to the UPP and how QUFA's role as bargaining agent fits into that consent process. Your individual participation in the consent process will be through the ratification process organized by QUFA.

Schedule 2 – comparison of the current Plan and the UPP

a) A summary of your entitlements as of September 30, 2018 under the UPP assuming that the conversion took place on that date.

Because benefits under the UPP for service prior to the effective date of the UPP will be determined by the provisions of the current Plan, the benefits payable under the UPP as of September 30, 2018 will be exactly the same as the benefits payable under the current Plan.

b) Contribution rates - UPP

For earnings below the CPP maximum earnings (YMPE) in the current Plan, the contribution rate is 7.0% of earnings.

In the UPP, the contribution rate up to the CPP maximum earnings will be 9.2% of earnings.

For earnings above the CPP maximum earnings in the current Plan, the contribution rate is 9.0% of earnings.

In the UPP, the contribution rate over the CPP maximum earnings will be 11.5% of earnings.

For QUFA members, the contribution increases associated with the conversion of the current Plan into the UPP are subject to negotiated offsets. Offsetting changes are provided for in a proposed amendment to the collective bargaining agreement, and are conditional on QUFA's consent to the conversion of the current Plan to the UPP.

In the current Plan, the CPP maximum earnings level (YMPE) is $57,400 in 2019.

In the UPP, the CPP maximum earnings will be each year's YMPE until 2025, and will then be the new "Year's Additional Maximum Pensionable Earnings"(YAMPE) starting in 2025. The YAMPE is 14% higher than the YMPE (would be $65,436 in 2019) and is part of a package of improvements to the CPP which will be fully effective by the end of 2024. This means that, under the UPP, members' pension contributions will decrease in 2025 on earnings between the YMPE and the YAMPE.

The Canada Revenue Agency (CRA) sets a maximum pension that can be earned for each year of service in a defined benefit pension plan. Based on the design of the UPP, that maximum pension translates to a maximum salary (the salary level above which additional salary would not give rise to additional pension) for pension calculation and contribution purposes. In the current Plan, the maximum earnings for contributions in 2019 is $177,000. In the UPP, the CRA maximum in 2018 dollars would be $165,000 indexed to the change in the maximum pension payable under the Income Tax Act.

c) Comparison of Plan provisions – current Plan and UPP

Queen's University Pension Plan - the current Plan	**UPP**
Basis of pension calculation	

The pension that can be provided, using the Plan's actuarial tables, from the balance in your Money Purchase Account PLUS the difference, if any, between that pension and the Minimum Guarantee Pension which is determined based on the terms of the Minimum Guarantee Formula and your years of credited participation	Best-average-earnings based defined benefit pension calculated in accordance with the benefit formula multiplied by your years of credited service.
Minimum Guarantee Formula	Pension Formula
Formula up to CPP maximum	
1.35% of final average earnings up to the CPP maximum for credited participation between 1 September 1962 and 1 September 1997 1.4% of final average earnings up to the CPP maximum for credited participation after 1 September 1997.	Higher accrual formula: 1.6% of final average earnings up to the CPP maximum
Formula over the CPP maximum	
1.8% of final average earnings over the CPP maximum	Higher accrual formula: 2.0% of final average earnings over the CPP maximum Note: The difference between the UPP benefit and the current Plan Minimum Guarantee is 0.2% of salary per year of service. So, for example, for a QUFA member retiring with earnings of $150,000 per year with 30 years of service, the UPP benefit would exceed the current Plan Minimum Guarantee by $9,000 per year.
Money Purchase Pension	The Money Purchase Component Account balance will be transferred to the UPP. It will continue to accrue investment earnings and will form part of the calculation of your entitlement for past service when you retire under the UPP.

The Money Purchase Pension is the annual pension that can be purchased based on the annuity factors used by the current Plan using the accumulated balance in your Money Purchase Component Account. That amount is reduced to cover the cost of the guarantee that, post-retirement, adverse investment performance will not result in a reduction in the amount of pension paid. The calculation of the benefit ensures that you will receive a pension that is at least equal to the Minimum Guarantee Pension.	
Definition of final average earnings	
The annualized average of your highest consecutive 48 months of earnings, excluding periods in which you were on a University-granted leave.	The annualized average of your highest 48 months of earnings. Earnings months need not be consecutive.
Definition of average CPP maximum salary	
The average of the YMPE applicable for the years used in the calculation of Final Average Earnings.	For service before 2025, the annualized average of the YMPE applicable for the 48 months prior to the determination of the pension. For service after 2024, the annualized average of the YAMPE (or 114% of the YMPE for years in the calculation for which there is no published YAMPE). Note: the effect of this change will be to reduce slightly the proportion of earnings to which the 2% accrual applies, and will thus tend to produce a slight reduction in the pension payable. There will be a corresponding reduction in contributions. No information is currently available as to how the current Plan design

	might be changed, if at all, in response to the increase by 2025 in the CPP maximum from the YMPE to the YAMPE.
Indexation (pension adjustments to reflect the impact of inflation on the value of your pension)	
Each September 1st after retirement, beginning with the September 1st after you have received 12 months of payments, your pension may be adjusted upwards. The adjustment is referred to as the annual adjustment amount. The annual adjustment amount is based on a comparison of the average return on the pension fund for the previous 6 years and a reference return of 6%. If the adjusted average return exceeds 6%, the difference is deemed to be "excess interest". Each year, any "excess interest" is adjusted on the advice of the Plan's actuary to account for differences between the actual investment returns and mortality experience in the current Plan and the investment returns and mortality rates assumed in current Plan funding. If adjusted excess interest is greater than zero, your pension will be increased by that percentage. If adjusted excess interest is less than zero, no adjustment is made in that year, and no adjustment will be made in future years until the shortfall has been recovered. The annual adjustment applies to the portion of your pension that is attributable to the Money Purchase Component of your pension. It also applies to the portion of your	The UPP provides for funded conditional indexing. "Funded" means that contributions to the UPP are sufficient to fund indexing to 75% of the change in the CPI in the previous year. Adjustments would be effective January 1, and would be prorated for retirements within one year of that date. The UPP's conditional indexing means that indexing adjustments will be subject to the financial condition of the UPP and a funding policy developed and approved by the Joint Sponsors of the UPP (participating unions and faculty associations as one sponsor and the participating universities as the other), and may be less than 75%. Indexing on pension benefits for UPP pensionable service would be paid at 75% of the increase in CPI for the first 7 years of pension payments made after the effective date. These adjustments will not apply to the deferred pensions of former members.

Minimum Guarantee Pension (if any) earned prior to September 1, 2012. Your pension earned as of September 1, 2102 is the pension calculated based on your years of credited service as of that date and your final average earnings as of that date.	
Normal retirement date	
The last day of the academic year, as defined in the collective agreement between the University and QUFA, during which the employee reaches age 65. Subject to ratification, effective Jully 1, 2019, the normal retirement date will be changed to the last day of the month in which you reach age 65 to harmonize with the date in the UPP.	The last day of the month coincident with or in which you reach age 65. On average, the change from last day of academic year to last day of the month you turn 65 will reduce your normal retirement age by 6 months.
Early retirement	
Upon separation from service with Queen's University, you may retire at any time prior to your Normal Retirement Date. The Money Purchase Component of your pension will be determined as set out above. The Minimum Guarantee portion of your pension will be reduced as follows: For service prior to 1 September 2012, by 1/6 % for each month for the first 60 months retirement precedes the Normal Retirement Date and ½% for each month in excess of 60 months. For service after 1 September 2012, by ¼% for each month for the first 60	New early unreduced retirement right: If you are age 60 or more and your age and continuous service total 80 or more you will receive an unreduced pension. Otherwise, members may retire after age 55, with the pension earned to their date of retirement would be reduced by 5/12% for each month their early retirement date precedes their normal retirement date.

months and ½% for each month in excess of 60 months.[3]	
Post-retirement death benefits	
Without a spouse	
If you do not have a spouse as of your retirement date, your pension will be guaranteed for a period of 10 years. That means that your pension will continue for 10 years or until your death, which comes later. If you die within the ten years, your beneficiary or estate will receive the pension you would have received for the remainder of the ten years. The current Plan also provides for optional alternative benefits, including Life, No Guarantee Period, Life Guaranteed Five Years, and Life Guarantees Fifteen Years.	If you do not have a spouse as of your retirement date, your pension will be guaranteed for a period of 10 years. That means that your pension will continue for 10 years or until your death, whichever comes later. If you die within the ten years, your beneficiary or estate will receive the pension you would have received for the remainder of the ten years. The UPP will provide for optional alternative benefits for members who retire without an eligible spouse.
With a spouse	
The normal form of benefit is a 60% survivor benefit, which pays a pension to your surviving spouse (or dependent children while dependent) equal to 60% of your benefit at retirement. Your pension will be reduced so that the value of your benefit, including the survivor benefit, is equal to the 10-year guaranteed benefit payable to a retired member without an eligible spouse.	The normal form of benefit is a 50% survivor benefit, which pays a pension to your surviving spouse (or dependent children while dependent) equal to 50% of your benefit at retirement. To increase the survivor benefit to the 60% level which is the legislative default, your pension will be reduced to offset the difference in cost. Note: the effect of converting the 50% survivor benefit to a 60% benefit would be a pension reduction of roughly 1.5%.

[3] Changes in the current Plan negotiated between QUFA and the University in December 2018 amended the Plan to provide for the calculation of the Minimum Guarantee Pension on an unreduced basis if your age and service total 80 or more and you are age 60 or older – i.e. the same provision as applies to service in the UPP. This change is contingent on consent being granted for the conversion to the UPP and successful conversion, and would be implemented by way of a legacy provision in the UPP.

	If your spouse is within 10 years of your age, you will receive the full normal benefit set out above. If your spouse is more than 10 years younger than you, your pension will be reduced so that its total value, including the survivor benefit, is equal to the value of a pension (with the UPP's 50% survivor benefit) paid to a member with a spouse who is 10 years younger.
Optional forms of surviving spouse benefits	
Survivor benefit between equal to 100%, 75% or 50% of the member's benefit, with the member's benefit reduced to equate to the cost of the normal form of benefit (single life guaranteed 10 years). In addition, each of these options can be paired with an increase in the guarantee period to 15 years.	Guarantee periods of 10 or 15 years; survivor benefits of 50%, 60%, 80% and 100%; singly or in combination; all with dependent child options. For optional forms of benefit, the member's pension will be reduced to cover the increased cost.
Pre-retirement Death Benefits	
For post-1986 service The balance in your Money Purchase Component Account attributable to contributions after 1 January 1987 PLUS The amount, if any, by which the commuted value of your Minimum Guarantee Pension (calculated as of your date of death) exceeds the balance in your Money Purchase Component Account. This amount is payable to your eligible spouse as a lump sum or an immediate or deferred annuity. If you do not have an eligible spouse, the lump sum is payable to your beneficiary or to your estate. For pre-1987 service	A benefit equal to the commuted value of the pension that you would have been entitled to if you had terminated employment or, if eligible, retired immediately prior to your death.

The balance in your Money Purchase Component Account attributable to contributions before 1987. If you have an eligible spouse, they are entitled to the share of that Account attributable to your contributions. The share attributable to the University's contributions is payable to your beneficiary or to your estate. For Credited Past Service Commuted value or deferred annuity to eligible spouse; otherwise commuted value to beneficiary or estate. For Past Service Money Purchase Account With eligible spouse, account balance plus credited interest payable in either lump sum or immediate or deferred annuity; without eligible spouse, lump sum to beneficiary or estate. For Additional Voluntary Contributions or Special Vested Contributions Account balance plus credited interest paid as a lump sum to eligible spouse; if no eligible spouse, lump sum is paid to the beneficiary or estate.	
Benefits on Termination of Employment	
For termination of employment for reasons other than death, an immediate pension calculated in accordance with the Plan formula described above. Alternatively, the pension may be deferred to a later date, not later than the 31st of December of the year you turn 71. The Minimum Guarantee Pension is not indexed during the deferral period (the period between termination and the commencement of the pension).	For termination of employment for reasons other than death, a deferred pension beginning between your early retirement date under the UPP and your normal retirement date. The benefit is the pension earned to the date employment is terminated, beginning at the normal retirement date. A deferred pension may begin at any age after your early retirement date, but will be reduced by 5% for each year retirement precedes your normal retirement date.

	Deferred pensions are not indexed in the deferral period. Normal indexing would commence on the date of commencement of the pension.
Portability	
In lieu of a deferred pension, you have the following options for the balance in your Money Purchase Component Account plus the excess, if any, of the commuted value of the Minimum Guarantee Pension over the balance in the Money Purchase Component Account. 1. Transfer to another pension plan, provided that the administrator agrees to accept the transfer; 2. Transfer to a prescribed registered retirement savings arrangement; 3. To an insurance company licensed in Canada for the purchase of an immediate or deferred annuity. The same options apply to the balance in a Past Service Money Purchase Account or the commuted value of a Credited Past Service pension. For additional voluntary contributions your choice is a lump sum refund or a transfer to a non-locked-in RRSP. For special vested contributions, the balance must be transferred to a locked-in retirement savings arrangement. In lieu of the amounts determined above with respect to service prior to 1987, a member who is over age 45 and has completed 10 years of	In lieu of a deferred benefit, provided you are not eligible for an immediate pension, you may transfer the commuted value of the deferred pension to a locked-in retirement account, another employer's pension plan if permitted, a prescribed retirement savings arrangement or a life insurance company. There is no commuted value option for a member who is eligible for an immediate (reduced or unreduced) pension (i.e. after age 55). Transition of portability options for members of the Queen's University Pension Plan. In the current Plan, you may transfer the commuted value of your pension at any time. In the UPP, after eligibility for retirement, your entitlement is to a pension, either immediate or deferred. The transition to the UPP rules will take place in three steps. 1. For the first three years of after the effective date of the UPP, the current Plan's portability options will be available for service both before and after the effective date of the UPP. 2. From the 4th to the 10th years after the effective date of the UPP, the portability options in the current Plan will apply to benefits earned in the current Plan and the portability options

service may elected to receive a lump sum cash payment of 25% of the amount calculated in accordance with the provisions above and attributable to that service.	in the UPP will apply to service in the UPP. 3. After 10 years following the effective date of the UPP, the UPP portability options will apply to all benefits, including benefits earned in the current Plan prior to the effective date of the UPP.
Small pensions	
If commuted value of a pension payable at normal retirement is less than 20% of the YMPE under the Canada Pension Plan, or the benefit payable is less than 4% of the YMPE, the current Plan may pay the benefit out as a lump sum as described above. In addition, if a pension meets the value or benefit tests above, the pension may be paid quarterly, semi-annually or annually, on an actuarially equivalent basis.	If commuted value of a pension payable at normal retirement is less than 20% of the YMPE under the Canada Pension Plan, or the benefit payable is less than 4% of the YMPE, the Plan may pay the benefit out as a lump sum or transferred to an RRSP or RRIF.
Provisions related to employment after the Normal Retirement Date	
If you continue to work after your normal retirement date, you may elect to continue to contribute to the current Plan and accrue credited service until you retire or reach age 71, at which point you must begin to receive your pension. Alternatively, you may elect to cease contributions and pension accrual and either begin to receive your pension or defer your pension while continuing in employment. In either case, you must commence your pension no later than December 31 of the year you attain age 71. .	You must continue to contribute to and accrue service in the UPP until you either retire or reach age 71. Once you have reached age 71, you can continue to work at Queen's University and receive your pension. Prior to age 71, the option of continuing in employment and receiving a pension is not available. You may retire and receive a pension, or you may continue in employment and contribute to and accrue service in the UPP. If you have already reached your normal retirement date when the UPP commences, your right to receive a pension while continuing to work at the University between age 65 and 71 will apply.

Additional Voluntary Contributions and Special Voluntary Contributions	
Members may elect to make additional voluntary contributions and special voluntary lump sum contributions to the current Plan in addition to required contributions.	No provision for contributions beyond required contributions.

d) Indexation

For service prior to the effective date of the UPP, indexing would be in accordance with the provisions of the current Plan.

For service after the effective date of the UPP, indexing would be in accordance with the provisions of the UPP – i.e. for the first 7 years, UPP pensions in pay will be adjusted to reflect 75% of the change in the CPI; after that, funded conditional indexing at 75% of the CPI, conditional on the Joint Sponsors' funding policy.

e) Integration with CPP

As described above, the UPP integrates with the CPP by incorporating the maximum earnings eligible for CPP purposes into the benefit design and contribution system.

For service prior to 2025, the formula and contribution rates below the YMPE are reduced to reflect eligibility for CPP benefits attributable to those earnings.

For service in 2025 and later, the formula and contribution rates below the YAMPE are reduced to reflect eligibility for the additional CPP benefits that will be fully implemented by the end of 2024.

f) Death benefits

Death and survivor benefits arising from service prior to the effective date of the UPP will be determined based on the provisions of the current Plan, as summarized above.

Death benefits arising from service after the effective date of the UPP will be determined based on the provisions of the UPP, as summarized above.

g) Termination benefits

In the event of termination of employment, the termination benefit arising from service under the current Plan will be as described for the current Plan above. The termination benefit arising from service under the UPP will be as described for the UPP above.

h) Joint Sponsorship and Governance of the UPP

The UPP would have a two-tier governance structure:

Joint Sponsors

There will be two sponsors.

The Employer Sponsor, consisting of representatives of employers -- the University of Toronto, the University of Guelph and Queen's University; and the Labour Sponsor, consisting of representatives of the unions and faculty associations that represent plan members.

The Joint Sponsors would determine the benefits from and contributions to the UPP as well as its funding policy.[4] The joint sponsors would also be responsible for the appointment of the Board of Trustees which would be the administrator of the UPP.

Board of Trustees

As the administrator of the UPP, the Board of Trustees would consist of 14 Trustees: an independent chair jointly appointed by the Sponsors; 6 appointed by the Employer Sponsor; 6 appointed by the Labour Sponsor; and one appointed by members not represented by a union or faculty association in accordance with a pre-determined process approved by the Joint Sponsors. The non-unionized nominee would not have a tie-breaking vote.

The Board of Trustees would be responsible for the day to day administration of the UPP, including the provision of member services, the investment of UPP assets and compliance with applicable legislation. The Board of Trustees would have fiduciary responsibilities to the UPP members.

i) Funding of the UPP

Queen's University will be fully responsible for any going concern unfunded liability in the current Plan as of the UPP effective date. Queen's will be required to amortize that unfunded liability in the current Plan over a period not to exceed 15 years; those payments will be mandatory, and not dependent on future funded status of the UPP.

In addition, for the first 10 years of operation of the UPP, Queen's University will be responsible for any losses associated with the current Plan. That means, for example, that if the return on the assets invested to provide benefits earned in the current Plan is lower than is expected, the University will be responsible for covering the loss.

For the next 10 years, responsibility for funding of benefits attributable to service prior to the effective date of the UPP will transition in equal steps from 100% Queen's responsibility to 50/50 employer/employee responsibility. That means that, between

[4] The funding policy for the UPP would be approved by the Joint Sponsors and would set out the steps to be taken in response to funding surpluses or deficits revealed in normal funding valuations.

years 11 and 20 of the UPP's operation, the University will share cost of covering losses on benefits brought into the UPP from the current Plan with the UPP. After year 20, any losses will be covered by the UPP in accordance with the funding policy agreed upon between the Joint Sponsors.

j) Benefits on wind-up of a JSPP

The originating University remains responsible for benefits earned prior to the effective date of the UPP.

For benefits earned after the effective date, the UPP is responsible for the benefits.

This is different from the current Plan. In the current Plan, the University is responsible for any unfunded liability on wind-up, whereas in the UPP, it is only responsible for an unfunded liability arising from service prior to the effective date of the UPP. In the event that Queen's University is unable to pay (i.e. is insolvent with insufficient assets to cover the pension liability), members of the current Plan are eligible for coverage under the Pension Benefits Guarantee Fund, a provincial fund that covers the unfunded portion of the first $1,500 in monthly benefits. This means, for example, that if the current Plan were to be wound up, the University was insolvent and the funded ratio on wind-up was 80%, members would receive the unfunded 20% of $1,500 (or $300) per month from the Guarantee Fund.

After the effective date of the UPP, benefits are not covered by the Pension Benefits Guarantee Fund. Instead, the benefits are guaranteed by the UPP. In the unlikely event that the UPP itself were to be wound up, the University would be responsible for any wind-up deficit related to benefits transferred into the UPP from the current Plan..

k) Funded Status of the UPP

As of its effective date, the UPP will be 100% funded on a going concern basis with any going concern unfunded liability related to benefits transferred into the UPP to be amortized through a series of irrevocable payments from the University to the UPP over a maximum of 15 years. As service accrues under the UPP, the UPP will be responsible for any payments required to pay down losses that arise in the course of its operation. The basis for the exercise of that responsibility will be determined in the funding policy for the UPP developed by and approved by the Joint Sponsors. Losses would require some combination of contribution increases, benefit reductions, and the suspension of indexing adjustments in accordance with the conditional indexing policy.

l) Solvency Funding

The establishment of the UPP is conditional on confirmation by the Government of Ontario that the funding rules applicable to JSPPs under the Pension Benefits Act will apply to the UPP. These JSPP funding rules exempt from solvency and other special funding requirements for any JSPP that is named in a regulation to the Pension Benefits

Act.

It would simply not be practicable to establish the UPP if its funding were subject to the extreme funding volatility associated with a requirement for solvency funding. The initially participating universities, faculty associations and USW local unions welcome the indication in the official 2018 Fall Economic Statement of the Province of Ontario that such an exemption will be granted to the UPP.

m) Grow-in benefits

The Pension Benefits Act provides for enhanced benefits to be paid to pension plan members whose plan membership is involuntarily terminated, subject to meeting certain eligibility requirements. These enhanced benefits are called “grow-in” benefits, and in such situations, terminated members derive the financial benefit from any early retirement benefits to which they might have become entitled had their employment continued uninterrupted.

The Joint Sponsors have agreed that the UPP will not elect to exclude the plan from the operation of s.74 of the Pension Benefits Act, which provides for grow-in benefits..