

# University Pension Projection Tool

## A Total Compensation Guideline

### HUMAN RESOURCES

#### OVERALL PRINCIPLES

Employees who participate in the university's pension plan are eligible for university pension income when they retire. The University Pension Projection Tool allows you to run **monthly pension estimates** that may assist you in retirement planning. The Pension Projection Tool provides you with up to two monthly estimates, a "UPP Pension" amount and a "Pre-Conversion" amount. Your UPP pension and Pre-Conversion Benefits are added, and you receive one total payment as your monthly university pension income.

The purpose of this document is to provide an informative summary. Should there be any conflict between this document and the plan texts, the plan texts govern.

#### What is the University Pension Plan?

The University Pension Plan (UPP) is a Defined Benefit Plan. This means that participants in UPP are guaranteed a pension at retirement. The university pension income you receive is based on a formula that considers these components:

- **Your Best Average Earnings:** The average of your highest 48 months of pensionable earnings from the date you start participating in the plan and the date you leave or retire from Queen's University, up to a maximum pension under the *Income Tax Act*.
- **Credited Service:** The amount of continuous service during which you've contributed to UPP, including any service you transferred in from another employer.



The *Income Tax Act* sets out a maximum annual pension for Registered Pension Plans. Typically, you will be affected by this limit if your average annual salary is over \$200,000 in 2024 (limit changes annually).



**Continuous Service** refers to an uninterrupted period of employment with a participating employer. Continuous Service is not interrupted during public holidays, periods of vacation, employer-approved leaves of absence, or notice periods required by employment standards legislation upon termination of employment.

#### What are Pre-Conversion Benefits?

Pre-Conversion Benefits refers to the Revised Pension Plan of Queen's University (QPP), which was converted to the UPP effective July 1, 2021. The QPP is a hybrid plan in which you receive the better of the **Money Purchase Benefit** and the **Minimum Guarantee Benefit**.

- The **Money Purchase (MP) Benefit** is based on your and the university's contributions made to the plan up to and including June 30, 2021, and fund returns.
- The **Minimum Guarantee (MG) Benefit** is based on your pensionable service up to and including June 30, 2021, and your **Final Average Earnings**.



**Final Average Earnings** is the average of your highest 48 consecutive months of earnings between your hire date and the date you leave or retire from Queen's University.

#### How can I know what my university pension income will be?

The university provides you with access to a **Pension Projection Tool** (tool). The tool allows you to run pension **estimates** that may assist you in your retirement planning as it provides you with your **monthly** university pension income estimate based on various assumptions.



Access the Pension Projection Tool by logging into the **Pension Self Service** site.

#### What information is provided by the Pension Projection Tool?

- The tool provides you with your **estimated monthly** university pension income starting the month after you retire. Your total **estimated monthly** university pension income is made up of your UPP pension and, if applicable, your Pre-Conversion Benefits.



Your **normal** retirement date is the last day of the month in which you turn 65.

- When you first access the tool, the estimate defaults to your monthly university pension income based on your **normal** retirement date.
- You can run other estimates by changing various assumptions, such as **retirement date, spouse details, and earnings**. This way you can understand when you may qualify for an early **unreduced** pension or what your estimated monthly university pension income would be if you retire early with a **reduced** pension.
- The tool also summarizes the various forms of payment options that may be available to you when you retire.



You may retire as early as age 60 with an **unreduced** university monthly pension income provided your age plus your eligible service equals at least 80 points. This is known as the “80 Factor”.



If you don't qualify for an early unreduced pension, you can still retire as early as age 55, but your pension will be **reduced** by a percentage for each year that you are under age 65.

### What assumptions are needed to run other monthly pension estimates?

There are four assumptions you can change to run various pension estimates. These include:

Assumption	Description
1. Your Retirement Date	Important dates to understand when you are considering a retirement date include your normal retirement date, an early unreduced retirement date and an early reduced retirement date.
2. Spouse Details	At the time of your retirement, you will be provided with various forms of payment options which may be available to you when you retire. The key factor impacting what options may be available to you includes whether or not you have a spouse at the time of your retirement. This information is available on the “options” tab of the tool.
3. Earnings	Your earnings impact your pension projections as both the UPP and Pre-Conversion Benefits calculations are based on your average earnings. The tool allows you to enter anticipated annual salary increase up to the date of your retirement.
4. Pre-Conversion Benefits Money Purchase (MP) Contributions	The MP benefits may continue to grow up to your retirement date, depending on the fund returns. To estimate how much your MP may grow, you can enter an anticipated annual rate of return from 0 to 10%.

### What are the Forms of Payment Options available to me?

At the time of your retirement, you will be provided with options on how you would like to receive your monthly university pension income (known as form of payment). A summary of the options that may be available to you and the amount of your monthly pension for each option is provided to you on the “option” tab in the Pension Projection Tool.

The following tables summarize the options available to you if you have or don't have a spouse at the time of retirement.

#### Forms of Payment Options for Members with no spouse

Option	Description
Lifetime pension <b>with guaranteed payments</b> (paid monthly)	<ul style="list-style-type: none"> <li>▪ You get a pension for your lifetime (including after the guaranteed payment period has ended).</li> <li>▪ If you pass away before the end of the guaranteed payment period, your estate or your beneficiary(ies) will continue receiving your pension payment until the end of the guaranteed payment period.</li> <li>▪ The guaranteed payment period begins when you start your pension.</li> </ul>
Lifetime pension <b>without guaranteed payments</b> (paid monthly)	<ul style="list-style-type: none"> <li>▪ You get a pension for your lifetime.</li> <li>▪ When you pass away, payments stop.</li> <li>▪ There is no survivor benefit for your estate/beneficiary(ies).</li> </ul>
Lump Sum Transfer	<ul style="list-style-type: none"> <li>▪ Transfer the commuted value of your pension to a registered retirement vehicle (such as a LIRA) or other registered pension plan or purchase an annuity through an insurance company.</li> </ul>



If your university pension income consists of both the UPP and Pre-Conversion Benefits, you will need to choose one form of payment for your UPP benefit **and** one form of payment for your Pre-Conversion Benefits.



Options for a Life pension **with guaranteed payments** include an option for 120 months (10 years) or 180 months (15 years) of guaranteed payments.

## Forms of Payment Options for Members with a spouse

Option	Description
100% Joint & Survivor pension <b>with guaranteed payments</b> (paid monthly)	<ul style="list-style-type: none"> <li>You get a pension for your lifetime (including after the guaranteed payment period has ended).</li> <li>If you predecease your spouse, they will continue getting 100% of your pension payment for their lifetime (including after the guaranteed payment period has ended).</li> <li>If you and your spouse both pass away before receiving all of the guaranteed payments, your estate or your spouse's estate (whoever the last survivor is) will continue receiving 100% of your pension until the end of the guaranteed payment period.</li> <li>The guaranteed payment period begins when you start receiving your pension.</li> </ul>
LESS than 100% Joint & Survivor pension <b>with guaranteed payments</b> (paid monthly)  <i>Example: 80% Joint &amp; Survivor pension with guaranteed payments</i>	<ul style="list-style-type: none"> <li>You get a pension for your lifetime (including after the guaranteed payment period has ended).</li> <li>If you predecease your spouse prior to the guaranteed payment period ending, the survivor benefit for your spouse will remain at 100% until the end of the guaranteed payment period, then it will decrease to 80% after the guaranteed payment period for the rest of their life.</li> <li>If you and your spouse both pass away prior to the guaranteed payment period ending, your estate or the estate of your spouse (whoever the last survivor is) will receive your remaining pension payments at 100% until the end of the guaranteed payment period.</li> <li>The guaranteed payment period begins when you start receiving your pension.</li> </ul>
100% Joint & Survivor pension <b>without guaranteed payments</b> (paid monthly)	<ul style="list-style-type: none"> <li>You get a pension for your lifetime.</li> <li>If you predecease your spouse at any time, they will continue getting 100% of your pension payment for their lifetime.</li> <li>If you and your spouse pass away at any time (for example, after only receiving 6 months of your pension payment), payments stop.</li> </ul>
LESS than 100% Joint & Survivor pension <b>without guaranteed payments</b> (paid monthly)  <i>Example: 80% Joint &amp; Survivor pension without guaranteed payments</i>	<ul style="list-style-type: none"> <li>You will get a pension for your lifetime.</li> <li>If you and your spouse pass away at any time (i.e., after only receiving twelve months of pension payments), payments stop.</li> <li>If you predecease your spouse, the survivor benefit that your spouse receives will reduce to <b>80%</b> immediately and they will receive this for their lifetime.</li> </ul>
Lump Sum Transfer	<ul style="list-style-type: none"> <li>Transfer the commuted value of your pension to a registered retirement vehicle (such as a LIRA) or other registered pension plan or purchase an annuity through an insurance company.</li> </ul>

### Where can I find out more information?

For more information on retirement:

- [UPP Member Handbook](#): Summarizes key UPP details including contribution rates, how the UPP portion of your pension is calculated and a glossary of key terms.
- [Queen's University Retirement and Pension](#): Provides information related to retirement and pension as well as access to the **Pension Self Service** site where you can access the University Pension Projection Tool.

Next scheduled date for review:	December 2024
Frequency of review:	Every 1 year