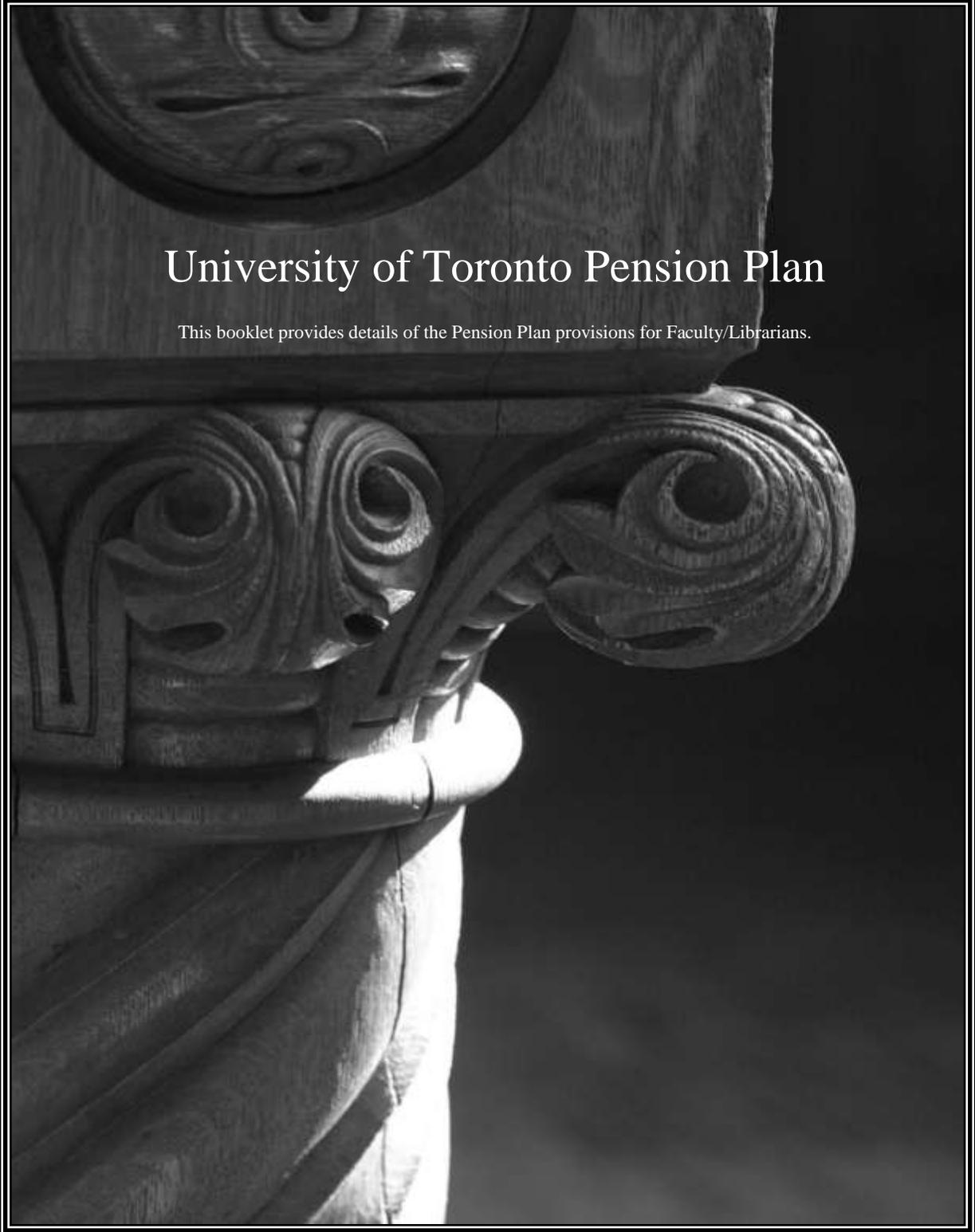




UNIVERSITY OF
TORONTO

HUMAN RESOURCES & EQUITY



University of Toronto Pension Plan

This booklet provides details of the Pension Plan provisions for Faculty/Librarians.

BACKGROUND TO THE PLAN

The current Pension Plan for the staff of the University of Toronto is the result of a long evolutionary history. This plan, dated 1966, replaced the previous 1955 Plan and earlier arrangements date back as far as 1919. To the original 1966 Plan a number of changes and improvements have been made as recently as July 2012.

The type of plan adopted by the University is referred to as a defined benefit plan. In this type of plan, the ultimate pension is based on the number of years of participation applied to the average of the highest thirty-six (36) months of salary/wages, which is normally the thirty-six month period immediately preceding retirement.

The University and University of Toronto Asset Management are responsible for the investment of the pension fund, with the assistance of independent pension investment advisors. The University also retains an independent actuary to perform regular valuation of the Plan's liabilities.

A further important consideration is the concept of integration. The basic design of the University of Toronto Pension Plan has taken into account that retirement income benefits are available from the Canada Pension Plan to which both you and University have made equal contributions. Accordingly, the Pension Plan is constructed so as to build on top of this basic floor benefit and provides retirement income benefits which are income related and, as would be expected, are factored for length of plan membership.

WHEN MEMBERSHIP BEGINS

Membership in the Pension Plan is extended to all appointed staff, with the exception of certain unionized employees who have negotiated alternate pension arrangements, and those part-time employees whose percentage of appointment is less than 25% (unless their annual part-time salary exceeds 35% of the yearly Canada Pension Plan Maximum Pensionable Earnings Ceiling). Membership in the Pension Plan is optional on any January 1, April 1, July 1 or October 1 and is mandatory when you have both attained 35 years of age and completed at least one year of continuous service. At such time you automatically become a member on the next or coincident January 1, April 1, July 1, October 1. If you become employed by the University and are already 35 years of age or older, you can join on the earliest applicable opening date or wait for one year before membership becomes mandatory.

A staff member who becomes a member of the Pension Plan shall continue as an active member, except in the case of authorized leaves of absence, until date of termination of employment, retirement or death, whichever first occurs.

Exemption from the Pension Plan is granted when you can demonstrate to the satisfaction of the University that you have a more advantageous pension arrangement elsewhere, and are formally exempted from participation by the Central Human Resources. Please contact the Pensions Department at Central Human Resources for greater detail and application form.

Staff members who actively participate in the University of Toronto (OISE) Pension Plan, the Teachers' Pension Plan or any other pension plan to which the University contributes are not eligible to participate in the University of Toronto Pension Plan. However, members in the University of Toronto (OISE) Pension Plan have the same provisions as the University of Toronto Pension Plan members in the same employment group.

When you become employed, you will be required to complete an enrolment form. This authorizes the University to deduct pension contributions from your pay, prior to or at age 35, and indicates the person who is your beneficiary and who will receive any benefits payable in the event of your death. You may change your beneficiary at any time as permitted by law and the provisions of the University of Toronto Pension Plan.

WHEN YOU RETIRE

NORMAL RETIREMENT

Normal Retirement Date is the 30th day of June coincident with or following your 65th birthday.

POSTPONED RETIREMENT

In the event that you continue in service in a regular appointment after your Normal Retirement Date, you will continue to participate in the Pension Plan up to but not later than the November 30th of the calendar year of your 71st birthday. You will make your regular employee pension contributions and accrue pensionable service, resulting in an increased pension at the time of your Actual Retirement Date.

EARLY RETIREMENT WITH A REDUCTION IN PENSION

Early retirement allows you to retire prior to your Normal Retirement Date yet receive an immediate pension. The earliest Early Retirement Date is the 30th day of June coincident with or following your 55th birthday.

EARLY RETIREMENT WITHOUT A REDUCTION IN PENSION

The pension plan also provide an Unreduced Pension when the retirement date is any June 30 or December 31 coincident with or following the date the faculty member or librarian has met both of the following eligibility conditions: (1) age 60 or more and (2) ten years of Pensionable Service. A faculty member or librarian who retires on an Unreduced Early Retirement Date shall be entitled to an immediate earned pension under the Plan without reduction on account of retirement prior to the faculty member's or librarian's Normal Retirement Date. A faculty member or librarian who retires on an Unreduced Early Retirement Date and commences an immediate pension will be entitled to retiree health benefits on the same basis as they are provided to other retired faculty members and librarians. A faculty member or librarian who retires on an Unreduced Early Retirement Date will be entitled to transfer the commuted value (calculated in accordance with applicable legislation) of his or her pension benefit out of the Plan on the Unreduced Early Retirement Date (being a date that is before the Normal Retirement Date). The transfer will be conditional upon the faculty member or librarian signing a full and final Waiver and Release in favour of the University respecting the commuted value transfer option. A faculty member or librarian who selects the commuted value option will be entitled to purchase retiree health benefits but the faculty member or librarian shall bear the full cost of such coverage. It is confirmed that benefits other than retiree health benefits will be available to retired faculty members and librarians on the same terms and conditions as they are provided to other retired faculty members and librarians.

PHASED RETIREMENT PROGRAM

The Phased Retirement Program was instituted effective July 1, 2006. Faculty Members and Librarians will give notice of their intention to participate in the phased retirement program one year in advance of the proposed commencement date for phased retirement (which shall be a July 1) so as to facilitate planning within department/divisions. Such notice of intention will be irrevocable. Phased retirement will be available to full time faculty members and librarians (full time is defined as those with greater than a 75% appointment), who will first become eligible for phased retirement three years before they are eligible for an unreduced pension (ie. At age 60 with 10 years of Pensionable Service) and will remain eligible until three years before the required pension start date (ie. Currently the July 1 of the year in which the faculty member or librarian attains age 71). Entering into the phased retirement program will set an irrevocable retirement date. Faculty members and librarians in the phased retirement program (the Participant) will be expected to continue the full range of their normal pre-program duties as agreed with the Chair and proportionate to their percentage appointment over the three year period. Unless the applicant and the Chair agree otherwise, the cumulative appointment over the three year phased retirement period will be at least 150% but not more than 200% of a full time appointment and will be subject to a minimum percentage appointment in any one year equal to 25% of a full time appointment.

The participant's salary during the three year phased retirement period will be prorated on the basis of the part time appointment of the Participant in each year. The Participant's will earn pension benefits on a full time appointment and assuming a salary in

each year of the phased retirement program equal to the Participant's 100% nominal salary. However, the Participant's contributions to the pension plan will be based on his or her actual salary received in each year of the phased retirement.

Group benefit coverage will continue as through the Participant continued to be employed on a full time appointment throughout the phased retirement program except as set out in this paragraph with respect to life insurance, sick pay and long term disability. Life insurance coverage (including Optional Life, if applicable, prior to NRD) shall be based upon the Participant's pre-program salary multiplied by the cumulative appointment and then divided by three (3).

Earned vacation entitlements are prorated in accordance with the percentage of time worked. There are two ways this can be done. On a year to year basis determined by the percentage worked that year; or by prorating for the average time worked across the 3 years of the program.

The Participant shall be entitled to the Policy on Sick Pay for which he/she shall be compensated on the basis of the Participant's actual salary received during the period of phased retirement. Long term disability benefits will be payable only up to the Participant's irrevocable retirement date, or, if earlier, the NRD, with such benefits being calculated as the lesser of 70% of the employee's 100% nominal salary immediately prior to the commencement of the phased retirement or 100% of the employee's actual salary. A participant who is eligible and qualifies for Long Term Disability Benefits during the phased retirement program may opt out of the program and retire instead of receiving Long Term Disability Benefits. Participants who are not eligible for long-term disability benefits but who meet the criteria for long term disability during the phased retirement program may opt out of the program and retire.

The Participant will also be eligible to receive a retiring allowance equal to 75% of the 100% nominal salary in effect immediately prior to the commencement of the phased retirement, less deductions required by law (the "Retiring Allowance"). The Retiring Allowance will be payable in three equal annual instalments over the phased retirement period, subject to confirmation from Canada Revenue Agency satisfactory to the University that such payments will qualify for retiring allowance treatment. Should an arrangement in this form not be accepted by the Canada Revenue Agency as a Retiring Allowance, the University agrees to work with the Association to make such amendments as are required to satisfy the Canada Revenue Agency. Otherwise, the Retiring Allowance will be paid in the form of a single lump sum payment at the end of the phased retirement. In the event that a Participant dies prior to receiving his or her full entitlement under this section, the balance of the Retiring Allowance shall be paid to the Participant's estate.

RETIREMENT PENSION FROM THE UNIVERSITY OF TORONTO PENSION PLAN

Your pension income is based upon your years of pensionable service and your salary/wages. The amount of pension you will receive will be determined by three things:

1. **Highest Average Salary/Wages** is the annualized average of your highest thirty-six (36) completed months of salary/wages, while a member of the Pension Plan, during your current span of employment with the University, prior to your Early or Normal Retirement Date. "Salary/Wages" means your gross regular monthly salary before deductions, annualized to 12 months for sessional employees and to the 100% salary/wages equivalent for part-time employees. "Gross regular monthly salary" includes Academic Administrative Stipends, but excludes all other payments to a maximum salary limit set out in the Pension Plan, currently set at \$150,000.
2. **Average Canada Pension Plan Earnings Ceiling** is the average of the Ceiling established by the Federal Government for Canada Pension Plan purposes during the last thirty-six (36) months of participation in the Plan prior to your retirement.
3. **Pensionable Service** means the total of all of the years you have been participating in the Plan, and any earlier University of Toronto Pension Plans during your current span of employment (excluding participation in the historical part-time Pension Plan prior to July 1, 1987). Effective July 1, 1987, part-time employees accrue pensionable service at a rate equivalent to their percentage of full-time worked.

Your annual unreduced pension is calculated as:

- 1.5% of your Highest Average salary/wages up to the Average Canada Pension Plan Earnings Ceiling
- 2.0% of your Highest Average salary/wages which exceed the Average Canada Pension Plan Earnings Ceiling
- Multiplied by your years of Pensionable Services

The lower percentage applied up to the average Canada Pension Plan Earnings Ceiling reflects the concept of integration with the Canada Pension Plan.

Example of Calculation:

Let's look at a typical example of the annual pension you could receive from the University Pension Plan. Suppose you become a member of the Plan at age 35 on July 1, 1987. Let's also assume that you retire 30 years later on June 30, 2017, at age 65, and your Highest Average salary/wages amount to \$95,000 a year. For purposes of this example we have assumed that the Average Canada Pension Plan Earnings Ceiling is at the June 30, 2014 level of \$49,833. Applying these assumptions, your retirement income would be calculated as follows:

Actual Average salary/wages = \$95,000	
Annualized Average salary/wages = \$95,000	
Average Canada Pension Plan Ceiling = \$49,833	
1.5% of \$49,833	= \$ 747.50
2.0% of \$45,167 (\$95,000 - \$49,833)	= \$ 903.34
	= \$1,650.84
Multiplied by	
30 years of Pensionable Service (\$1,650.84 x 30)	= \$49,525.20
Total Annual Pension Payable at Normal Retirement	= \$49,525.20

Note that a part-time employee who was consistently 50% appointed (after July 1, 1987) for the same 30 year period would accrue a pension of 50% of \$49,525.20 or \$24,762.60 per annum based upon the following:

Actual Average salary/wages = \$47,500	
Annualized Average salary/wages = \$95,000	
Average Canada Pension Plan Ceiling = \$49,833	
1.5% of \$49,833	= \$ 747.50
2.0% of \$45,167 (\$95,000 - \$49,833)	= \$ 903.34
	= \$1,650.84
Multiplied by	
30 years of Pensionable Service (\$1,650.84 x 15)	= \$24,762.60
Total Annual Pension Payable at Normal Retirement	= \$24,762.60

MAXIMUM PENSION PAYABLE UNDER THE PROVISIONS OF THE INCOME TAX ACT (CANADA)

The maximum pension payable under the Registered Pension Plan is limited by the regulation under the Income Tax Act (Canada) to \$2,818.89 (for 2015) multiplied by years of pensionable service. This amount is indexed yearly.

SUPPLEMENTAL RETIREMENT ARRANGEMENT

Earned pension, above the Income Tax Maximum, would be paid outside of the pension plan under the Supplemental Retirement Arrangement (SRA).

RETIREMENT BENEFITS FROM GOVERNMENT PLANS

In your retirement years, you will receive a pension from the Canada Pension Plan. You may also qualify for an Old Age Security (OAS) benefit. Under current income tax rules, for 2014 OAS Pensioners with an individual net income above \$71,592 must repay part of their pension amount and the full OAS pension is eliminated when a pensioner's net income is \$115,716 or above. This income is in addition to the income you receive from the University Pension Plan. These Government benefits ultimately play an important role in your financial well-being after retirement.

The Canada Pension Plan (CPP) provides a pension at age 65 normally, but as early as age 60 on a reduced basis. From 2011 CPP retirement pensions will be higher if taken after age 65. From 2012 CPP retirement pensions will be lower if taken before age 65, contributors can begin receiving their CPP retirement pensions without any work interruption and if receiving CPP and are still working, you can continue to make CPP contributions which will increase your CPP through the Post-Retirement Benefit (PRB). Please contact Employment and Social Development Canada for more detail about these changes. The pension payable is dependent on your length of participation and your salary/wages during the years you were a member of the CPP. If your salary/wages have been less than the Year's Maximum Pensionable Earnings Ceiling (YMPE) or you have not had full participation in the Plan, your benefit from the Canada Pension Plan will be proportionately lower. During 2015, the YMPE is \$53,600. You and the University both make equal contributions towards the cost of providing your CPP benefit.

OAS may provide you with an additional retirement income at age 65, based upon residency in Canada prior to age 65, and your level of income after age 65. A non-employed spouse may be eligible for OAS as well. The cost of providing your OAS benefit is paid for through Federal tax revenue.

INDEXATION OF YOUR PENSION ON AND AFTER RETIREMENT

To help protect your pension income from inflation on and after retirement, the Pension Plan has an indexation provision which will increase the amount of your pension payable in the year of your retirement and annually on July 1st thereafter.

Annual indexation of pension is calculated as the amount equal to the Consumer Price Index (CPI) for Canada minus 4%, or 75% of CPI to a maximum of 8% plus 60% of CPI in excess of 8% of the previous calendar year increase in the Consumer Price Index for Canada, whichever is greater.

For example, the indexation effective July 1, 2014 is 0.93%, calculated as follows:

2014 Calendar Year CPI Increase	= 1.24%
• Formula 1 – CPI – 4%	= -2.76%
• Formula 2 – 75% of CPI (1.24%)	= 0.93% (greater)

HOW MUCH YOU AND THE UNIVERSITY CONTRIBUTE

Your Contributions:

Your contributions are regularly deducted from your salary/wages and are fully tax-deductable. During each University year your contributions are prorated to your percentage of full-time worked and determined as follows:

Employee Pension Contributions	July 1, 2012	July 1, 2013	June 30, 2014
Effective Date			
Below YMPE	4.50%	5.55%	6.30%
Above YMPE	6.00%	7.40%	8.40%

*YMPE is Canada Pension Plan Earnings Ceiling in effect on July 1st

Example:

Suppose your percentage of full-time worked was 100%, your regular annual salary/wages were \$95,000 and the Canada Pension Plan Earnings Ceiling on July 1st of that year was \$53,600. In this case, until July 1st of the following year, your annual contribution to the University of Toronto Pension Plan would be:

Annual salary/wages = \$95,000	
Canada Pension Plan Ceiling = \$53,600	
6.3% of the first \$53,600	= \$3,376.80
PLUS	
8.4% of the excess (\$95,000 less \$53,600)	= <u>\$3,477.60</u>
i.e. \$41,400 x 8.4%	= \$6,854.40
Total contributions for the year	= \$6,854.40 (or \$571.20 per month)

Note: A part-time employee whose percentage of full-time worked was 50% at an actual salary of \$47,500 per annum (annualized to \$95,000) would contribute \$285.60 per month (50% of the comparable full-time employee) since employee contributions are prorated to the percentage of full-time worked.

Interest Paid on Your Contributions

Interest is credited on your contributions at a rate equivalent to the Government CANSIM series B14045 rate reflecting the average of the yields of five-year personal fixed term chartered bank deposit rates.

The University's Cost

The University pays the difference between your contributions and what it actually costs to provide your pension benefits under the defined benefit concept. The University's contribution rate is determined in accordance with an actuarial valuation report filed with the regulatory authorities.

The University is responsible to ensure the Plan is adequately funded to provide the benefits promised under the Plan. The University retains an independent actuary to perform regular valuations of the Plan's liabilities. If a valuation indicates an overfunding or underfunding of the pension fund, the University will either increase or decrease its contributions as appropriate. Once the amount of the surplus assets in the Plan reaches a certain level, any further contributions by the University are not eligible for purposes of registered pension plans under the Income Tax Act (Canada).

Expenses

All normal and reasonable fees and expenses incurred in the operation of the Plan and the pension fund are payable from the pension fund.

IF YOU DIE BEFORE RETIREMENT

The death benefit payable will be equal to the commuted value of the accrued benefit, calculated under the normal retirement formula, based on Highest Average Salary / Wages and Pensionable Service at date of death. The benefit is payable to your surviving spouse, beneficiary or estate.

Where there is a surviving spouse, he or she may elect to receive the death benefit as an actuarially equivalent pension rather than the lump-sum payment. This spousal pension is paid for the spouse's lifetime, regardless of any future remarriage.

DEATH AFTER RETIREMENT

If you do not have a legal or common law spouse when your pension starts to be paid, or no eligible dependent children, the pension will be paid for your lifetime, with a five-year guarantee.

If you have a legal or common law spouse when your pension starts to be paid, the pension will be paid for the joint lifetimes of you and your spouse. If you do not have a spouse but have eligible dependent children, a dependent children's pension is paid until –

- a) The youngest dependent child attains 19 years of age;
- b) Any dependent child who is in full-time attendance at a recognized educational institute attains 25 years of age; or
- c) The death of a child who is 19 or more years of age and who is dependent on you by reason of a disability, the disability having existed without interruption since the time the child reached 19 years of age.

If you had a legal or common law spouse or eligible dependent children when your pension started payment, the Plan provides that the total payments made to you, your legal or common law spouse and to your dependent children are not less than your accumulated contributions made to the Plan with interest to your retirement date.

OPTIONAL FORMS OF PENSION AT RETIREMENT

Survivor Pensions

If you have a legal or common law spouse or eligible dependent children on the pension commencement date, the normal form of pension under the plan is payable in equal monthly instalments for your remaining lifetime with 60% of the pension continued after your death to:

- a) Your same spouse and upon your spouse's death to your dependent children in equal shares for as long as they remain dependent children; or
- b) If your spouse predeceases you, to your dependent children in equal shares for as long as they remain dependent children. If your spouse is more than 15 years younger than you, the amount of pension payable to you shall be subject to an actuarial reduction for the number of years in excess of 15 years that your spouse is younger than you.

The Ontario Pension benefits Act requires that a joint and survivor pension reducing to 60% upon your death be provided at retirement, unless both you and your spouse waive this entitlement.

Definition of Spouse –

Spouse under the Act and the University of Toronto Pension Plan is defined as:

A person who, on the date of determination of marital status, is:

- a) *Legally married to the Member and is not living separate and apart from the Member; or*
- b) *A person of the same or opposite-sex of the Member and who is not legally married to the Member but who is living with the Member in a conjugal relationship.*
 - i. *Continuously for a period of at least 3 years; or*
 - ii. *Of some permanence and who, with the Member, are the natural or adoptive parents of a child, both as defined in the Ontario Family Law Act.*

The Level Income Option is a special option available to all members who retire early. This option increases your Plan income until you reach age 65 when normal Canada Pension Plan benefits become payable. When you start to receive Canada Pension Plan benefits, your income from the University Plan will decrease. The effect of the Level Income Option is to provide you with an approximately level retirement income throughout your retirement years. If a member elects this option and subsequently dies in retirement and is survived by an eligible spouse or eligible dependent children, they will receive a survivor pension determined from the base monthly pension that the member would normally have received if this option had not been elected.

The Five Year Guarantee Option is the normal form of pension under the Plan for a member without a spouse or dependent child on the pension commencement date. This assures that no less than 5 years of monthly payments will be made. Payments are made for your lifetime but if you die within the guaranteed period, your beneficiary or estate receives the balance of payments until 60 monthly payments in all have been made.

The Ten-Year Guarantee Option is only available to a member without a spouse or dependent child on the pension commencement date. This assures that no less than 10 years of monthly payments will be made. Payments are made for your lifetime but if you die within guaranteed period, your beneficiary or estate receives the balance of the payments until 120 monthly payments in all have been made. Your monthly benefit from the Plan is actuarially reduced if you elect this option.

LEAVE OF ABSENCE

If you take a leave of absence that is approved by the University, the following conditions will apply:

- a) If the salary you receive from the University of Toronto during your absence is
 - Equal to or greater than 25% of your regular monthly salary

AND

 - At least equal to the total of your required monthly contributions to the University Benefit Program, your regular monthly contributions (based on your regular 100% benefit salary) will automatically be deducted from your salary, and your participation will continue during the period of your absence. In this case, the University will continue to pay the employer portion of your monthly contributions.
- b) If you take an approved leave that does not meet these requirements (unpaid or less than 25% salary), you can make separate payment arrangements with the Benefits Accounting, Central Human Resources Department. In this case, you will be required to make both your regular contributions, plus the University's contributions, in order to accrue pensionable service during the leave.

IF YOU BECOME DISABLED

If you become disabled before your Normal Retirement Date and are in receipt of a disability payment from the University of Toronto Long Term Disability plan, your retirement benefit will continue to accrue throughout the period of your disability. In this case, your pension will accrue based on your regular annualized salary/wages immediately prior to the date that disability payments commence and is adjusted annually thereafter by the across-the-board economic increase or 7 percent, *whichever is the lesser*.

IF YOU TERMINATE EMPLOYMENT WITH THE UNIVERSITY

Should you leave the University you will be mailed an Option Election Package following termination. Your contributions to the Plan are protected and the following options are available:

- To leave your contributions in the Plan to provide a future pension at your Normal Retirement Date or at an Early Retirement Date (with a reduction). A future pension is subject to the indexation provisions as provided under the Pension Plan;
- To transfer to your new employer's plan twice your contributions and interest, or the actuarial value if greater, provided the recipient plan will accept these funds and not permit a cash refund of such contributions if you later terminate your employment;
- To transfer both pensionable service and credits to your next employer where an existing Reciprocal Pension Transfer Agreement is applicable;
- To transfer an amount equal to twice your contributions and interest, or the actuarial value if greater, to a private locked-in Registered Retirement Savings Plan (RRSP). Under the locking-in provision, the total amount transferred plus subsequent investment return must not be taken out in any form other than as a life annuity, life income fund, death benefit or otherwise as may be provided under the Ontario Pension Benefits Act (this option is only available for terminations or retirements prior to your Normal Retirement Date);

- To forego the employer's matching pension funds and receive a cash refund of your contributions plus interest. To qualify for this option, you must have less than two years of pension plan membership on your date of termination. These qualifications are Government regulations. Any cash refunds you receive will be subject to income tax deducted at source. Alternatively, by your written election you may transfer the payment directly to your private non locked-in Registered Retirement Savings Plan on a tax-sheltered basis, as defined in the Income Tax Act (Canada).

OTHER IMPORTANT FACTS

- **Reciprocal Agreement** - The University has reciprocal agreements with several employers which govern the reciprocal recognition of pension service between the pension plans of the University and other employers. For more detailed information please contact the Pensions Administration Section of the Human Resources Department.
- **Portability Clause** - The Plan has a provision which allows a new incoming staff member to transfer pension funds available from his/her former Canadian employer's pension plan to purchase some portion (or all) of his/her former pension service, to the extent these funds will provide credits on an actuarially calculated basis, in the University of Toronto Pension Plan. The request for investigating the possibility of transfer of pension funds under the Portability Clause Provision of the Plan must be made within 12 months following the date upon which the staff member becomes a member of the Plan. For more detailed information please contact the Pensions Administration Section of the Human Resources Department.
- **Cash Payment of Small Pensions** - If you terminate or retire on your Normal, Early or Postponed Retirement Date and the annual pension benefit earned upon termination or retirement date is less than 4% of the Canada Pension Plan Earnings Ceiling on the date of termination or retirement, you shall receive a cash payment equal to the actuarial value of the pension to which you are entitled or two times contributions and interest, whichever is greater. The payment shall be made in a single lump sum and shall be in lieu of the benefits otherwise payable under the University of Toronto Pension Plan. Alternatively, by your written election you may transfer the payment directly to your private non locked-in Registered Retirement Savings Plan on a tax-sheltered basis, as defined in the Income Tax Act (Canada).
- **Assignment** - Your pension funds are for your future benefit and are protected by law. They cannot be assigned nor garnished, nor can they be surrendered, except as provided for by the Ontario Family Law Act, the Ontario Pension Benefits Act, or other Government legislation.
- **Legal Document** - The purpose of this booklet is to outline the highlights of the University of Toronto Pension Plan. Should any questions arise, the Legal Plan Document will govern at all times.
- **Amendment or Termination** - The University expects the Plan to be permanent but, as future conditions cannot be foreseen, the right is reserved to alter, suspend or discontinue the Plan at any time. No such action shall adversely affect the pension you have accumulated prior to the date of such action.
- **Pension Adjustment and RRSP Contribution Room**
The Income Tax Act (Canada) limits the amount that can be directed toward your retirement savings each year on a tax-assisted basis. This limit is 18% of your previous year's eligible earned income, up to a current dollar maximum of \$24,930 (2015). Since you earn a benefit as a Pension Plan participant, your total annual retirement savings limit is reduced by the estimated value of your Pension Plan benefit from the previous year. The reduction is called your Pension Adjustment (PA). The amount that remains after your PA is called your RRSP contribution room (the amount you can contribute to an RRSP for the year).

The University reports a PA to the Canada Revenue Agency each year on your T4. The PA is calculated according to a standardized formula in the regulations under the Income Tax Act (Canada). Your RRSP contribution room will be reported on the Notice of Assessment you will receive after filing your tax return.

In 1997, the Income Tax Act (Canada) was amended to introduce a Pension Adjustment Reversal (PAR). If you leave the University and take your pension entitlement in the form of a lump-sum transfer, and if that transfer value is less than the total of the PA's reported to the Canada Revenue Agency, you will receive a PAR. The PAR is designed to restore some of the lost RRSP contribution room.