Frequently Asked Questions (FAQs)

Q1. What is a jointly sponsored pension plan (JSPP)?
A. A JSPP is a pension plan that offers defined benefits and is jointly sponsored, governed, and funded by the employers and plan members. A member’s retirement benefit under a JSPP is based on a preset formula, typically with reference to years of pensionable service and earnings. There are several large Ontario pension plans which are JSPPs, including: the Ontario Teachers’ Pension Plan, OPSEU Pension Plan, HOOPP (healthcare), OMERS (municipal), and CAAT (colleges).

Q2. Why change to a JSPP?
A. There are many reasons for stakeholders to explore the advantages to be gained by moving to a JSPP, including:
   - joint plan governance by employers and employees, which will give pension plan members a greater voice in governance than in the past,
   - contributions for both the employers and employees will be more stable and predictable, due to an exemption from solvency funding obligations;
   - transparency into plan operations, funding and decision-making, due to a role for plan members in plan sponsorship and governance; and
   - efficiencies and economies of scale that are achievable in a much larger plan, involving multiple universities rather than single university pension plans.

For further discussion on the reasons for and advantages of moving to a JSPP, please see www.universitypension.ca.

Q3. Which universities and employee groups would be eligible to join the UPP?
A. Currently, Queen’s University, University of Guelph, the University of Toronto, the faculty associations, USW, and other staff groups at those universities are working together toward being the first participants in the UPP. Other unions representing employees at the three universities are currently considering their participation. Once operating, the UPP would be open to other universities and employee groups as well.

Q4. What happens to pension benefits already earned under a current university plan, including the benefits of retirees, if the plan is converted to a JSPP?
A. All pensions earned under a current university plan would be transferred to the JSPP and would be unchanged.

For anyone who is retired under a current university plan, there would be no impact on the amount of monthly pension due to the transition to a JSPP. Retirees would not be affected by any contribution
increases and would receive the same cost-of-living increases after conversion that they would under their current plan.

For active employees who have earned benefits under one of the current university plans, all benefits earned under those plans will be transferred to and administered by the Administrator of the UPP. Employees who retire under the UPP and have prior service in one of the university plans will receive a pension based on two parts: one based on the formula in their former plan and the service they accrued under that plan; and one based on the UPP formula and their service accrued under the UPP.

**Q5. What is the pension benefit formula under the UPP?**

**A.** For an active employee, at inception of the UPP, the pension earned after joining the UPP will be based on a new harmonized benefit formula:

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Average Earnings Below Average YMPE × 1.6% + 
Average Earnings Above Average YMPE × 2% = 
Credited Service Under The UPP

Your UPP Pension
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“Average Earnings” for service under the UPP will be based on the member’s average earnings during the best 48 months of eligible employment.

“Average YMPE” related to service under the UPP will be based on the average Year’s Maximum Pensionable Earnings (“YMPE”) for the last 48 months of eligible employment. (For reference, the YMPE for 2018 is $55,900).

The UPP will implement the new earnings breakpoint under the Canada Pension Plan, the Year’s Additional Maximum Pensionable Earnings (YAMPE), when it comes fully into effect in 2025.

As with all registered pension plans, the UPP pension benefit will be subject to the maximum pension limits under the *Income Tax Act.*

Updated October 5, 2018
Q6. What are the proposed Normal Retirement Date and Early Unreduced Retirement Date (EURD) under the UPP?

**A. Normal Retirement Date** – the normal date upon which a member may retire with an unreduced pension under the UPP will be age 65.

**Early Retirement Date** – a member will be able to retire from the UPP after reaching age 55. If the member does not meet the eligibility requirements for an unreduced pension, the pension will be reduced by 5% for each year between the pension start date and Normal Retirement Date.

**Early Unreduced Retirement Date (EURD)** – a member will be able to retire early with an unreduced pension under the UPP upon reaching age 60, provided that the sum of the member’s age plus years of continuous service (including service under a predecessor pension plan) equals 80 or more.

**Grandparenting of Early Unreduced Retirement** – the current plans have many different EURDs for different groups, which are being harmonized under the UPP for UPP service. The early unreduced retirement provisions of your current pension plan will be applied to benefits earned for service up to the date you join and start accruing benefits under the UPP. The provisions of the UPP as described above will be applied to any benefits you earn under the UPP. However, for current members of the University of Toronto and University of Guelph pension plans, if you are age 52 or older on the date you join and start accruing benefits under the UPP (anticipated to be July 1, 2021), and your current EURD is better than the new UPP EURD, then your current EURD will apply to your entire pension. The current Queen’s University plan does not provide for an early unreduced pension under the defined benefit minimum guarantee before Normal Retirement Date.

Q7. If a JSPP means shared governance but also shared risks, what does this mean practically?

**A.** Shared governance and shared risks (costs) are the two fundamental features of a JSPP and are two of the legal requirements for a plan to be considered a JSPP.

Shared governance means that decisions regarding plan design and funding are made by the two Joint Sponsors, which will be comprised of equal representation of (1) the employers and (2) faculty associations and unions representing plan members. Since those decisions impact the cost of the plan, that cost is also shared. Subject to certain transitional measures, costs will be shared 50%/50% between employers and UPP plan members.

Sharing costs starts with setting employee and employer contribution rates, which will be determined by the Joint Sponsors. Plan members and employers will also share any future surpluses or going-concern deficits that might arise related to the pensions earned under the UPP. Pension benefits earned before conversion to the UPP will be transferred into the UPP and will be unchanged. Going-concern deficits transferred from the existing pension plans will be funded by the universities over 15 years.