Another significant milestone has been achieved toward the creation of the University Pension Plan Ontario (UPP).

The University of Toronto, University of Guelph and Queen’s University – together with their faculty associations, the United Steelworkers (USW) and representatives of non-unionized employees (through the Ontario Association of Non-Unionized University Employees) – are pleased to announce that the required consent threshold for each of the five existing pension plans has been surpassed, enabling the conversion to the UPP to proceed.

This important step marks the culmination of many months of collaboration, consultation, and hard work on behalf of all stakeholder groups participating in the creation of the UPP.

A COMMITMENT TO PENSION SUSTAINABILITY

The UPP is designed to be a sustainable, defined benefit pension plan, jointly sponsored and governed by employers and plan members. It is similar to other well-known, jointly sponsored pension plans (JSPPs), such as the Ontario Teachers’ Pension Plan and the Ontario Municipal Employees Retirement System (OMERS).

Other Ontario universities will be able to join the UPP once it is established. As it grows, the UPP will create a larger pool for investing. Pension costs and risks will be spread out over a higher number of members.

“We remain committed to the creation of a defined benefit pension plan that will provide dependable retirement income for workers in the university sector,” said Alex McKinnon, Research Department Leader, United Steelworkers. “Working together constructively, including transparent communication and ongoing dialogue between USW and the university administrations, was critical in achieving this major milestone.”

“I am so pleased to see the positive results we have achieved through this collaborative process. Faculty and other university employees will have a defined benefit pension today and in the future,” said Cynthia Messenger, President, University of Toronto Faculty Association. “We look forward to moving ahead with the creation of the UPP.”
“Everyone involved has worked incredibly hard to create what all participants believe will be a strong and sustainable pension plan for university employees when they retire,” said Angela Hildyard, Special Advisor to the President and Provost, University of Toronto. “The administrations at the three universities are delighted we’ve received consent from employee groups and strongly support the move to the UPP to preserve a defined benefit pension plan in the university sector for generations to come.”

“All stakeholder groups have worked positively toward a fair outcome. The UPP has been built in a way that emphasizes the critical goal of retirement security for all employees at the three universities,” said Horatio Bot, a non-represented employee at the University of Toronto who has had a key consultation role in the process. “This brings us one step closer to a new, sustainable defined benefit pension plan for the entire Ontario university sector.”

NEXT STEPS

The transfer of the five existing pension plans into a newly created JSPP involves several technical steps and additional approvals to proceed.

Subject to approval of university governing boards (which will be sought this Fall), each university will apply to the Chief Executive Officer of the Financial Services Regulatory Authority (FSRA) for approval to transfer the assets and liabilities of the existing pension plans to the UPP. The universities must prepare and file detailed applications (one per pension plan) for FSRA’s approval. At the same time, the UPP Joint Sponsors will be hard at work finalizing the legal requirements to create the structure for and to register the new UPP.

According to the regulations, the transfer applications must be prepared and submitted no later than 9 months after consent. It is anticipated that they will be submitted by December 30, 2019. At around the same time, an application to register the new UPP will be submitted to FSRA and the Canada Revenue Agency.

The new UPP could be operational by July 1, 2021, once all legislative compliance activities and disclosures have been completed and the necessary approvals obtained.

At that point, members from the existing pension plans will join the UPP, and active members will begin accruing benefits based on the UPP provisions. At about the same time, assets and liabilities of the existing pension plans will be transferred to the UPP.

As the transition process continues, the UPP Joint Sponsors will continue to ensure that plan members are updated on the progress of this exciting initiative.

For more information, please visit the UPP website at www.universitypension.ca.