



LAKEHEAD UNIVERSITY
EMPLOYEE PENSION PLAN

MEMBER BOOKLET

2016

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INTRODUCTION

The Lakehead University Employee Pension Plan (the “**Plan**”) began on September 1, 1966. The purpose of the **Plan** is to provide members with retirement income from their date of retirement to their date of death.

This booklet describes the provisions of the **Plan** in relatively simple terms. The legal document, which defines the **Plan** provisions in detail, uses much more complex and technical language. If there is a dispute based on a difference between the wording of this booklet and that of the legal document, the legal document will govern.

Throughout this booklet a number of terms have specific meanings. These terms are the words that begin with a Capital letter and are in **Bold**. All such terms are defined in detail at the end of this booklet in the *Glossary of Terms*. Most of the terms are also explained the first time they are used in the booklet.

For assistance with anything related to the Lakehead University Employee Pension Plan, contact Pension Services, at (807) 766-7287.

ELIGIBILITY

If you are employed on a full-time basis and classified as a member of the Technical & Support Staff Group, you will join the **Plan** on your date of hire.

If you are employed on a part-time basis and classified as a member of the Technical & Support Staff Group, you may join the **Plan** following:

- a) 24 months of continuous employment in which you have earned at least 35% of the **Year's Maximum Pensionable Earnings**; or
- b) 700 hours of employment in each of 2 consecutive calendar years immediately prior to the year in which you apply for membership in the **Plan**.

You are classified a member of the Technical & Support Staff Group if you are designated:

- (i) Schedule II, Bands 1-5;
- (ii) Technical Staff A & B
- (iii) COPE
- (iv) USWA
- (v) CAW
- (vi) IUOE
- (vii) Contract (other eligibility criteria may apply); or
- (viii) Part-time.

CONTRIBUTIONS

MEMBER REQUIRED CONTRIBUTIONS

Your required contributions are a percentage of your **Normal Salary** less your contributions to the Canada Pension Plan (CPP). Your required contributions will be deducted automatically from your **Normal Salary** by the University.

Normal Salary means your basic rate of compensation, as determined by the University for the purpose of the **Plan**, excluding overtime payments and expense allowances.

The percentage of your required contribution will depend on your designation within the Technical & Support Staff Group. For example the contribution rate for all groups excluding contract and part-time members is 7.9%. The contribution rate for contract and part-time members is 7.15%.

Your contribution to CPP is 4.95% of your salary between the **Year's Basic Exemption (YBE)** and the **Year's Maximum Pensionable Earnings (YMPE)**. The CPP contribution rate remains at 4.95% for the foreseeable future.

YBE is the amount below which no contributions to the CPP can be made. The **YBE** has been frozen since 1998 at \$3,500. **YMPE** is the amount set each year under the Canada Pension Plan (CPP). The **YMPE** amount is \$54,900 in 2016 and will increase in the future at the same rate as average wages in Canada.

UNIVERSITY CONTRIBUTIONS

The University shall contribute an amount equal to your required contributions.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

You may elect to make additional contributions to the **Plan** in order to provide additional benefits. These additional contributions will be deducted by the University from your **Normal Salary**.

MAXIMUM CONTRIBUTIONS

To ensure that you do not exceed current tax-sheltered contribution limits, the total of your Member Required Contributions, University Contributions and Additional Voluntary Contributions cannot exceed the lesser of:

- a) 18% of your **Normal Salary**; or
- b) the money purchase limit for the year.

The money purchase limit is defined by the *Income Tax Act* and is reviewed annually. The money purchase limit for 2016 is \$ 26,010.

Your membership in the **Plan** will affect the amount of money you can contribute to a personal **Registered Retirement Savings Plan (RRSP)** each year. After you file your income tax return each year, your **RRSP** contribution room will be reported to you on the Notice of Tax Assessment you receive from the Canada Revenue Agency.

TRANSFER CREDITS

You may transfer lump sum amounts into this **Plan** from the registered pension plan or deferred profit sharing plan of a previous employer, if your previous employer's plan permits such a transfer.

CONTRIBUTIONS REGARDING PERIODS OF ABSENCE

If you are not in receipt of a **Normal Salary** while absent due to maternity or parental leave, or while absent due to personal injury and/or illness arising out of or in the course of employment with the University, as defined in the Ontario *Workers' Compensation Act*, you may elect to remit Member Required Contributions on the basis of your **Normal Salary** immediately prior to the commencement of your absence. In this case, the University will make matching contributions.

If you are taking a leave of absence without pay approved by the University, other than those described directly above, and provided you have at least 3 years of continuous employment with the University, you may elect, for a period not to exceed 2 years, to:

- a) remit Member Required Contributions on the basis of your **Normal Salary** had you not been on leave of absence; or
- b) remit contributions equal to twice the Member Required Contribution on the basis of your **Normal Salary** had you not been on leave of absence.

In the event of either election, the University will not make any contributions.

INDIVIDUAL ACCOUNT

An account shall be established for you that consists of:

- a) Member Required Contributions;
- b) University Contributions;
- c) Additional Voluntary Contributions, if any; and
- d) Transfer Credits, if any.

This account, together with net investment earnings credited at the rate earned by the **Fund**, is referred to as your **Individual Account**. Net investment earnings includes both realized and unrealized gain and losses, less management fees and administration expenses and will be credited to your **Individual Account** on an annual basis.

The **Fund** is the trust fund to which all contributions are made and from which benefits are paid. It is invested in accordance with the Ontario *Pension Benefits Act* and regulations under the *Income Tax Act*.

SHORT TERM ACCOUNT

You will have the ability to transfer a portion of your total entitlement, up to five years before your earliest retirement date, into a Short Term Account consisting of conservative investments chosen specifically to preserve capital. You must transfer a minimum of 25% of your total entitlement as of the prior year, up to a maximum of 85%, and this transfer is irreversible. Your future contributions will continue to be deposited into the main fund. This option was designed specifically to allow **Members** to change the asset mix of their own holdings in preparation for retirement, without affecting the potential investment returns of other **Members**.

RETIREMENT DATES

NORMAL RETIREMENT

Your **Normal Retirement Date** is the June 30th or December 31st coincident with or next following your 65th birthday.

EARLY RETIREMENT

You may retire on the first of any month coincident with or following your 55th birthday.

LATE RETIREMENT

You may elect to retire later than your Normal Retirement Date, but no later than the end of the calendar year of your 71st birthday. If you elect late retirement contributions will continue until your actual date of retirement.

RETIREMENT BENEFITS

On retirement you will be entitled to the retirement income that can be provided by the value of your **Individual Account**.

PENSION OPTION

You may use your **Individual Account** to purchase an **Annuity** from an insurance company. An **Annuity** is a plan purchased from an insurance company which pays an income to you for as long as you may live. On your death, depending on the type of **Annuity** you purchase, the income may cease, continue for the lifetime of your **Spouse** if living, or be paid to your beneficiary for a guaranteed period of time.

TRANSFER OPTION

As an alternative to an **Annuity** from an insurance company, you may elect to transfer the value of your **Individual Account** to a:

- **Locked-In Retirement Account (LIRA)**, if the transfer is made prior to the end of the year you turn age 71; or
- **Life Income Fund (LIF)**.

It is recommended that you contact your personal financial advisor to provide full details of the features of a **Locked-In Retirement Account (LIRA)** and **Life Income Fund (LIF)**.

SPOUSE

For the purposes of the **Plan**, and in accordance with the Ontario *Pension Benefits Act*:

“Spouse” means the person who:

- a) is married to the member; or
- b) the person not married to the member and who is living together with the member:
 - (i) in a conjugal relationship continuously for a period of not less than 3 years, or
 - (ii) in a conjugal relationship of some permanence if the person and the member are the natural or adoptive parents of a child, both as defined in the *Family Law Act*.

Please note, for the purposes of the **Plan**, **“Spouse”** includes a common-law partner.

FORMS OF PENSION FOR A PURCHASED ANNUITY

MANDATORY PENSION FORM

If you have a **Spouse** on the date your **Annuity** commences, the current Ontario pension legislation requires that, except as described below, you must elect a form of pension which provides a lifetime pension to you or your **Spouse** after either of you die, at the level of at least 60% of the pension that was payable before the death of you or your **Spouse**.

You and your **Spouse** may waive the right to this joint pension by completing the form prescribed by the Ontario pension legislation. The form must be signed by your **Spouse** in the presence of an independent witness, but in your absence.

OPTIONAL PENSION FORMS

Rather than the mandatory pension form referenced above, you may elect a wide variety of optional forms of pension, subject to the completion of the above mentioned waiver form, where applicable, and regulations under the *Income Tax Act*. These optional forms of pension include:

- a guarantee period, which may be any whole number of years to a maximum of 15;
- a joint and survivor pension which continues to your **Spouse** at a rate equal to or less than the initial amount of pension.

BENEFICIARY

Your **Beneficiary** is normally the person who will receive the death benefit under the **Plan** if you die. Ontario pension legislation requires the death benefit to be payable to your **Spouse**, even if you name someone else as your **Beneficiary**. Your **Spouse**, however, may waive their right to your death benefit by completing the form prescribed by the Ontario pension legislation. If you do not have a **Spouse** you may name anyone you want. If you do not name a **Beneficiary** or your **Beneficiary** dies before you, the death benefit will be paid to your estate. Please remember to keep your **Beneficiary** information up to date.

Choosing a **Beneficiary** is an important decision. You may want to consult a lawyer to assist you in making a designation. You may also want to talk to your personal financial advisor about possible tax implications. All beneficiary changes must be made in writing. Please contact Pension Services to be provided with a form for that purpose.

NAMING A MINOR AS BENEFICIARY

You may name a child as the **Beneficiary**, if you don't have a **Spouse**. If you do name a minor child, you must also appoint a trustee to look after the child's benefits. You should consult a lawyer to make sure all requirements and potential scenarios after your death have been addressed adequately.

TERMINATION OF EMPLOYMENT BENEFIT

If your employment terminates for any reason other than death or retirement, you are entitled to the value of your **Individual Account**. You will be given the options of leaving your benefit in the **Plan** until some future date, but no later than the end of the year in which you turn age 71, or transferring the value of your **Individual Account** to a **Locked-In Retirement Account (LIRA)**.

If, on termination of employment or retirement, your **Individual Account** provides a benefit less than the minimum permitted by the Ontario *Pension Benefits Act*, you will be required to transfer your **Individual Account** to a **Registered Retirement Savings Plan (RRSP)** or receive it as a taxable cash refund.

You will receive a statement outlining your benefit and options within 60 days of the date Pension Services notifies the third party administrator of your termination of employment. If you elect to transfer out of the **Plan**, your transfer will be initiated no later than 90 days after receiving your elected option and all necessary documentation.

DEATH BENEFIT

If you should die prior to retirement, the death benefit is equal to the value of your **Individual Account**.

If you have a **Spouse** at your date of death, the death benefit will be paid to your **Spouse**. Your **Spouse** may elect to:

- purchase an immediate or deferred life **Annuity**;
- transfer, on a tax-sheltered basis, to a **Registered Retirement Savings Plan (RRSP)** or to the registered pension plan of their employer, if that plan permits it, or
- receive a taxable cash refund.

If you do not have a **Spouse** at your death of death, the death benefit will be paid to your **Beneficiary**, if living, or your estate as a taxable cash refund.

MARRIAGE BREAKDOWN

The Ontario *Pension Benefits Act* permits the division of pension assets by domestic contract or court order under the *Family Law Act*. Your former **Spouse** can receive no more than 50% of the value of your **Individual Account** accrued during the period of your marriage. When a benefit becomes payable, your former **Spouse** will be entitled to the same options you receive.

The Government of Ontario introduced changes to the family law provisions of the Pension Benefits Act that are in effect on January 1, 2012. These changes establish a new process for the valuation and division of pension assets following the breakdown of a spousal relationship. This new family law pension valuation and division regime requires the pension plan administrator to calculate the value of the pension, provides for immediate division, and mandates the use of Superintendent of Financial Services approved forms throughout the process.

DISCLOSURE OF INFORMATION

Each year you will receive a statement showing the contributions made during the year, the net investment income credited and the total value of your **Individual Account**. In addition, it will confirm personal details held by the third party administrator.

You or your authorized representative will also receive a statement describing your options if you terminate employment, retire or die, or if the **Plan** is terminated.

You will receive a written explanation of any amendment to the **Plan** which may affect your benefits or rights.

Subject to the payment of a reasonable fee to cover administrative expenses, you, your **Spouse**, or the authorized agent of either, may request copies of a number of documents including:

- the legal text of the **Plan**,
- the most recent information returns required to be filed regarding the **Plan**,
- the most recent **Plan** financial statement, and
- a list of the **Plan's** assets at the most recent year-end.

ADMINISTRATION

The **Plan** is a trustee plan, administered by the University. It conforms to the Ontario *Pension Benefits Act* and the *Income Tax Act* and its regulations. The day-to-day operation of the Plan is the responsibility of the Vice-President (Administration and Finance), subject to any delegation by the Advisory Committee to an outside or third party administrator of all or any part of such operation.

The Advisory Committee is accountable to the University's Board of Governors. The committee is made up of:

- (i) two members appointed by the Board of Governors;
- (ii) one member of each bargaining unit;
- (iii) one member of non-union staff; and
- (iv) one member of non-union Technical staff.

Matters related to **Plan** improvements and amendments are dealt with by the Advisory Committee.

GLOSSARY OF TERMS

Annuity is a plan purchased from an insurance company which pays an income to you for as long as you may live. Depending on the type of annuity you purchase, on your death the income may cease, continue for the lifetime of your **Spouse** if living, or be paid to your beneficiary for a guaranteed period of time.

Beneficiary is the person who will receive the death benefit of your pension benefit if you die.

Individual Account is the account established on your behalf to which the contributions are credited as explained in the section titled *Individual Account*.

Fund is the trust fund to which contributions are made and from which benefits are paid. It is invested in accordance with the Ontario *Pension Benefits Act* and regulations under the *Income Tax Act*.

Life Income Fund (LIF) is an account with a financial institution which allows you to continue managing your money, but receive an adjustable flow of retirement income subject to an annual minimum and maximum determined by the provincial and federal regulatory authorities.

Locked-In Retirement Account (LIRA) is similar to a **Registered Retirement Savings Plan (RRSP)** in that it is an account with a financial institution under which you can manage the investment of your money until you are ready to convert it to a retirement income. When you are ready to draw retirement income, the money is transferred out of the **LIRA** and may be used to purchase an **Annuity** with an insurance company or transferred into a **Life Income Fund (LIF)**.

Normal Retirement Date is the June 30th or December 31st coincident with or next following your 65th birthday.

Normal Salary means your basic rate of compensation, as determined by the University for the purpose of the **Plan**, excluding overtime payments and expense allowances.

Plan means the Lakehead University Employee Pension Plan.

Registered Retirement Savings Plan (RRSP) is a tax sheltered plan permitted under the *Income Tax Act* to which individuals can make tax-deductible contributions. All payments out of an **RRSP** are taxable.

Spouse means the person who:

- a) is married to the member; or
- b) the person not married to the member and who is living together with the member:
 - (iii) in a conjugal relationship continuously for a period of not less than 3 years, or
 - (iv) in a conjugal relationship of some permanence if the person and the member are the natural or adoptive parents of a child, both as defined in the *Family Law Act*.

Year's Basic Exemption (YBE) is the amount below which no contributions to the CPP can be made. The **YBE** has been frozen since 1998 at \$3,500.

Year's Maximum Pensionable Earnings (YMPE) is the amount set each year under the Canada Pension Plan (CPP). The **YMPE** amount is \$54,900 in 2016 and will increase in the future at the same rate as average wages in Canada.