VICTORIA UNIVERSITY
IN THE UNIVERSITY OF TORONTO

THE VICTORIA UNIVERSITY GENERAL PENSION PLAN

FACULTY AND LIBRARIANS

January 2017

About this Booklet…

This booklet will help you in your retirement planning. It contains important information about:

- The Victoria University General Pension Plan
- Government Benefits
- Personal Savings

Faculty and Librarians
January 2017

BEGIN PLANNING TODAY FOR TOMORROW'S RETIREMENT GOALS...

Retirement is an important part of our lives. Most of us look forward to retiring, especially if we know that our future is financially secure and we will be able to meet our retirement income needs. The Victoria University General Pension Plan (the "Pension Plan") has been established to assist you in achieving your retirement goals.

The Pension Plan is a defined benefit (DB) pension plan. As part of the partnership between you and Victoria University, you and Victoria University make contributions to the Pension Plan. At retirement, you receive a pension based on a formula that takes into account your Credited Service and Earnings (as defined in the Pension Plan).

The Pension Plan currently provides inflation protection to pension benefits paid after retirement. This is a generous plan feature that helps offset the effect of price increases at a time when you are no longer bringing home a paycheque.

Saving for retirement requires careful planning. As a general rule of thumb, many financial experts say you need 50% to 70% of your pre-retirement earnings to maintain your standard of living. But you may need more or less than that. It depends on a number of factors, such as when you retire, your retirement lifestyle, your personal needs and goals, inflation and how much income your savings can generate.

This booklet briefly describes the Pension Plan and is intended as a summary only. Full details are set out in the official Pension Plan documents. You can review the official Pension Plan documents by contacting the Human Resources Department. In the event of any discrepancy, between this booklet and the official Pension Plan documents, the provisions of the official Pension Plan documents will prevail. The Pension Plan is registered with the Canada Revenue Agency and with the Financial Services Commission of Ontario under Registration #0315820. The University reserves the right to modify or terminate the Pension Plan at any time. Any changes will be reflected in future versions of this booklet.

To reach retirement with sufficient savings, it is important to identify your future financial needs and goals as early as possible and consider all of your sources of retirement income. You may have three main sources that work together to provide you with a retirement income:

1. The Victoria University General Pension Plan (the Pension Plan).

2. Your government benefits, including Canada Pension Plan and Old Age Security.

3. Your personal savings, such as Registered Retirement Savings Plans (RRSPs), Tax-Free Savings Accounts (TFSAs), investments (stocks, bonds, mutual funds), or a home.

Congratulations! Less than 25% of Canadian employees are covered by a defined benefit (DB) pension plan - so as a member of the Victoria University General Pension Plan, you belong to a very privileged group.

Remember that your personal circumstances may change so what you plan for today may not be what you need or want tomorrow. For this reason, it is important that you review your overall retirement savings strategy every year to make sure you are on track to meeting your financial goals. If you need assistance, we recommend that you obtain advice from a qualified, independent financial advisor to help you plan for retirement. If you are looking for an advisor, Advocis, the Financial Advisors Association of Canada, is a good place to start (www.advocis.ca).

To help you keep track of your pension benefits, you will receive a statement each year outlining your benefits under the Pension Plan. In addition, pension plan members have access to an online Pension Calculator, which allows members to obtain estimates at various retirement dates to provide the information you need to create your own personal financial strategy for the future. When you terminate employment or retire, you will receive a statement that describes any entitlements you have under the Pension Plan. If you die, your Beneficiary (as defined in the Pension Plan) will receive a statement explaining any entitlements he or she has under the Pension Plan.

TABLE OF CONTENTS

Membership 1
Joining the Pension Plan 1
Contributions 1
When You Retire 2
How Your Pension is Paid 7
Pension Income Splitting 10
If You Terminate Employment Before You Retire 10
When You Die 12
Relationship Breakdown 13
If You Become Disabled 15
Members of the Victoria University Auxiliary Pension Plan at June 30, 1998 16

Your Government Benefits 18
Canada Pension Plan (CPP) 18
Old Age Security (OAS) 19

Personal Savings 19
Registered Retirement Savings Plan (RRSP) 19
Tax-Free Savings Account (TFSA) 20
Other Personal Investments 20

For More Information 21

Faculty and Librarians
January 2017

Membership

If you are a permanent full-time employee and age 35 or over: You must become a member of the Pension Plan on the first of January, April, July, or October after you start working.

If you are a permanent full-time employee and not yet age 35: You may choose to become a member of the Pension Plan on the same dates as indicated above. You will be required to become a member when you reach age 35.

If you are age 65 or over: You cannot become a member of the Pension Plan.

If you are a permanent part-time employee: Different eligibility requirements apply. You are eligible to become a member of the Pension Plan after you have received earnings of not less than 35% of the YMPE or have completed not less than 700 compensated hours of employment in each of two (2) consecutive calendar years. You are not required to become a member of the Pension Plan.

If you are a on a contractually limited term appointment of one year or more, on either a full-time or part-time basis: You may choose to become a member of the Pension Plan on the same dates and eligibility as indicated above. You are not required to become a member of the Pension Plan.

Joining the Pension Plan

To become a member of the Pension Plan, you must complete an enrolment form and return it to the Human Resources Department. The enrolment form will give Victoria University information needed to ensure that your pension benefit is calculated correctly and authorizes the University to deduct pension contributions from your pay. As well, you will be asked to name your Spouse or Beneficiary(ies) (as defined in the Pension Plan) to receive benefits when you die.   Remember you are not automatically enrolled; you must complete the Pension Enrolment Form to be enrolled in the Pension Plan.

Contributions

Your contributions

You are required to make tax-deductible contributions to the Pension Plan through payroll deduction.

You contribute:	**On and after June 30, 2014**
Percentage of Earnings up to the Year's Maximum Pensionable Earnings (YMPE)	**6.3%**
PLUS	**+**
Percentage of Earnings Over the YMPE	**8.4%**
MULTIPLIED BY	**X**
Your Percentage(s) of Appointment during the plan year	

The amount you can contribute each year is limited by income tax legislation.

Year's Maximum Pensionable Earnings (YMPE): *The earnings base used to determine your Canada Pension Plan benefits. The level is adjusted annually to keep pace with average wage increases in Canada. In 2017, the YMPE is $55,300.00.*

Earnings: *Regular salary or wages. For part-time members, Earnings shall be deemed to be actual Earnings divided by Percentage of Appointment x 100%.*

Percentage of Appointment: *The percentage that a part-time employee's regularly scheduled appointment by the University at any point in time bears to the regularly scheduled appointment by the University of a full-time employee in the same or similar category of employment, calculated to the nearest second decimal place, to a maximum of 100%.*

After-tax savings of your contributions

- The contributions you make to the Pension Plan are fully tax deductible. Your after-tax cost is lower than the amount of your contribution because of the tax savings you receive.

Victoria University's contributions

An independent actuarial firm appointed by the University conducts regular reviews ("actuarial valuations") of the Pension Plan. The actuarial valuations are required by law and are conducted according to professional standards of the Canadian Institute of Actuaries. Based on the results of the review - which takes into account such things as member contributions, how much money is already in the Pension Plan, investment returns and current interest rates - the actuarial firm recommends how much money the University should contribute to the Pension Plan in order to fund benefits under the Pension Plan. If an actuarial valuation indicates an overfunding or underfunding of the Pension Plan, the University will either increase or decrease its contributions as necessary.

When you retire

Normal Retirement

- Your Normal Retirement date is the July 1st that falls on or after your 65th birthday.

- If you elect to retire on your Normal Retirement date, your pension will begin on your Normal Retirement date.

Your Normal Retirement pension

You are entitled to a lifetime monthly pension payable from your retirement date until your death. If you retire on your Normal Retirement date, the amount you receive each year is calculated using the following formula:

> **1.5%**
> **multiplied by**
> **Your Final Average Earnings up to the Average YMPE**
>
> **<u>plus</u>**
> **2%**
> **multiplied by**
> **Your Final Average Earnings over the Average YMPE**
>
> **<u>multiplied by</u>**
> **Your Credited Service**

Note: If you were a member of the Victoria University Auxiliary Pension Plan at June 30, 1998, additional factors may apply. Please see page 16 for more information

Definitions

Final Average Earnings	The average of your highest 36 months of Earnings while you are a member of the Pension Plan.
Earnings	Regular salary or wages. For part-time members, Earnings shall be deemed to be their actual Earnings divided by their Percentage of Appointment x 100%.
Credited Service	The period of Continuous Employment during which you made contributions under the Pension Plan multiplied by your Percentage of Appointment. Credited Service is used to calculate your pension benefit.
Average Year's Maximum Pensionable Earnings (Average YMPE)	The average YMPE during the final 36 months that you are a member of the Pension Plan.
Continuous Employment	Your most recent uninterrupted period of regular employment by the University, subject to the exceptions in the Pension Plan.

Example - calculating your Normal Retirement pension

Retirement date	July 1, 2016
Credited Service	25 years
Final Average Earnings	$80,000
Average YMPE	$52, 400
Percentage Appointment	100%

Here's how your pension would be calculated:

Formula:	1.5% x Final Average Earnings up to Average YMPE **plus** 2.0% x Final Average Earnings over Average YMPE **multiplied by** Credited Services		
Pension:	1.5% x $52, 400	=	$ 786.00
	Plus		
	2.0% x $27,600 ($80,000 - $52,400)	=	$ 552.00
	Subtotal	**=**	**$1,338.00**
	Multiplied by		
	25 years ($1,338.00 x 25)	**=**	**$33,450.00 per year**
		=	**$ 2,787.50 per month**

Keeping you informed…

You will receive a statement every year while you are a member of the Pension Plan. It shows your years of Credited Service, your pension earned to date and your projected pension at retirement, including your unreduced early retirement date. Also, you will have access to the Pension Calculator an online tool that allows you to obtain estimates of pension values at various retirement dates using the information from your annual statement.

Inflation protection for your pension

The Pension Plan currently provides an increase in your monthly defined benefit payment after retirement. This generous plan feature will help offset the effect of inflation on a fixed retirement income.

Subject to limits under income tax legislation, each July 1, your defined benefit pension payment will be increased by the greater of 1 or 2:

1. 75% of the percentage increase in the Consumer Price Index in the previous calendar year, up to a maximum of 8%;

   plus

   60% of the percentage increase in the Consumer Price Index in the previous calendar year over 8%, calculated to the nearest second decimal place.

2. The percentage increase in the Consumer Price Index in the previous calendar year minus 4%.

The Consumer Price Index: A general measure of inflation in Canada

Here's an example of how this benefit works:

The Consumer Price Index increases by 4%

1.	75% of 4%	=	3.0%
	plus		
	60% over 8.0%	=	0.0%
	Total	=	**3.0%**
2.	**4% - 4%**	=	**0.0%**

Since the Consumer Price Index increase is 4% there is no indexation amount over 8.0% at 60%

Original (base) monthly pension:	=	$2,800.00
Monthly pension with increase of 3.0% ($84.00): ($2,800.00 + $84.00)	=	**$2,884.00**

Next year, the pension increase would apply to the new base pension amount of $2,884.00.

Early Retirement

You may retire at any time between the July 1st on or after your 55th birthday and your Normal Retirement date. If your birthday falls on July 1st, the earliest you may retire is on your 55th birthday.

Your Early Retirement Pension

If you retire early, your pension will be reduced, unless you qualify for an unreduced pension benefit. You can start your pension payments on your Early Retirement date or on the first of any month after your Early Retirement date and before your Normal Retirement date.

Reduced pension benefits

Unless you qualify for an unreduced early retirement benefit, your pension will be calculated the same way as a Normal Retirement pension (see page 3), but will be reduced by 5% for each year that your Early Retirement date precedes your Normal Retirement Date. This reflects the fact that your payments are expected to be made over a longer period of time.

If you are thinking about retiring early

Contact the Human Resources Department and request a pension estimate. Your pension estimate will show you how much pension you can expect to receive, and your payment options. Please make your request at least six months before your planned retirement date.

After you review your pension estimate, discuss your choices with your family. We also recommend that you consult with a qualified independent financial advisor.

***For example*:** If you retire on the July 1st on or after your 60th birthday, your pension would be reduced by 25% (5 years x 5%).

Unreduced pension benefits

If you are at least age 65, or at least age 60 and your age plus Continuous Employment total at least 80, you can retire with an unreduced Early Retirement pension.

For example: If you retire on the July 1st on or after your 60th birthday and you have at least 20 years of Continuous Employment (age plus service total 80), your pension would be unreduced.

Income Tax Act maximums

Income tax legislation governs the maximum amount of pension that you can receive from a defined benefit pension plan. The current rules limit the amount of defined benefit pension you can receive each year to:

The lesser of $2,890 and 2% of the average of your best 3 years of indexed compensation (as defined in the Pension Plan)* ***multiplied by*** *Your years of Credited Service* **** This is the limit in 2016; the figure changes in line with inflation.***

Remember - your pension does not start automatically; you must apply!

Please contact the Human Resources Department at least two months before you want to retire and start your pension.

How your pension is paid

Your pension will be paid monthly for life. Income taxes and any other applicable deductions (e.g., group health and dental insurance premiums) are deducted from each monthly payment.

There are various ways that your pension can be paid. The Pension Plan has a standard form of pension that is called the "normal form." There are also optional forms that may better suit your personal circumstances. The optional forms have the same value as the normal form. The difference is in the way the payments are made.

Normal form of pension

The form of pension you receive will depend on whether or not you have a Spouse (see definition on the following page).

If you have a Spouse when your pension begins

- The law requires that your pension be paid as a "joint and survivor" pension, unless your Spouse signs a waiver refusing this benefit in the form required by law. See "Naming a Beneficiary" for more information. This form of payment provides you a lifetime pension with at least 60% of your pension continuing to your Spouse after your death.

  If your Spouse dies after his or her survivor benefits begin, the same amount will continue to your Dependent Child(ren). The payment will be divided equally among them, and will continue until the last child no longer qualifies as a dependent.

  Continuing your survivor pension payments to Dependent Children is a feature that is typically not available in defined benefit pension plans, like ours.

- If your Spouse is more than 15 years younger than you, your pension will be actuarially reduced because expectation that payments will be made for a longer period of time.

> **About your joint and survivor pension**
>
> *If your Spouse dies after you start your pension, the amount of your monthly pension will not change.*
>
> *The Spouse who receives the survivor pension must be the same Spouse you had at the time your pension began.*

If you do not have a Spouse when your pension begins: The normal form pays you a lifetime pension with a five-year guarantee. This means that if you die within the first five years of retirement, payments will continue to your Beneficiary(ies) (or to your Estate if you have no Beneficiary(ies)) for the remainder of the guarantee period.

Definitions

Beneficiary	A person you designate to receive your survivor benefits from the Pension Plan. If you have a Spouse, the law requires that survivor benefits go to your Spouse, unless your Spouse signs a waiver in the form required by law. In this case, you can name anyone as your Beneficiary(ies).
Spouse	A person who is not living separate and apart from you and is: i. your legally married spouse; or ii. your common-law spouse with whom you either have lived in: a. a conjugal relationship for at least three full years immediately prior to the date of determination, or b. a conjugal relationship of some permanence if both of you are the natural or adoptive parents of a child as defined under the Family Law Act, immediately prior to the date of determination. Once your pension begins, you cannot change your Spouse (who may qualify for any survivor benefits paid from the Pension Plan).
Dependent Children	Children under the age of 18 or under the age of 23 if they are attending school or university full time.

Optional forms of pension

If you do not have a Spouse, or your Spouse signs a waiver within 12 months prior to the date your pension begins, you may choose an optional form of pension that may be more appropriate for your personal circumstances. Please contact Human Resources for available options other than those shown below

Lifetime only

Pension payments will be made for your lifetime only with no survivor benefits.

Lifetime pension with 10 or 15 year guarantee

This optional form pays a pension for your lifetime with a guarantee that payments will be made for at least 10 or 15 years (whichever period you choose). This means that if you die within the first 10 or 15 years of retirement, payments will be made to your Beneficiary(ies) or Estate for the remainder of the guarantee period. The pension that is paid to you is reduced from the normal form of pension in return for the longer period of time that payments will continue after you die.

Choose carefully!
Consider your payment options carefully. You cannot change your form of payment after your pension begins. The Human Resources Department can provide you with further information.

100% joint and survivor pension

A 100% joint and survivor pension pays you a lifetime pension with 100% continuing to your Spouse after you die. The pension that is paid to you is reduced from the normal form of pension (60% joint and survivor) in return for the higher payment to your Spouse after you die. Your Spouse does not need to sign a waiver if you choose this option.

Minimum guarantee

No matter which form of pension you choose, you are guaranteed that the sum of the pension payments you receive will be at least equal to the amount you contributed to the Pension Plan, plus interest, up to your date of retirement.

Pension income splitting

Once you start your pension, when you file your annual income tax return in Ontario, current income tax rules allow you to "split" your pension income with your Spouse.

Keep in mind, however, that you can split your pension income only if you and your Spouse are living together.

Before making any decision about splitting your pension income, it is best to talk to a financial advisor or accountant.

> ***The 50% Rule***
>
> *Victoria University pays at least 50% of pension benefits you earn after December 31, 1986.*
>
> *This means if you terminate employment or retire from the University, you will be entitled to a refund of any part of your contributions (plus interest), that is more than 50% of the value of your pension benefit in respect of service after December 31, 1986. If you are eligible for a refund under this provision, you will receive a cash payment, less taxes.*

If your employment terminates before you retire

If you terminate employment with Victoria University before you are eligible for Early Retirement, you have the following options:

A. Leave the value of your pension benefit in the Pension Plan until you reach retirement age, when you can apply for your pension.

Details on how your pension may be paid are in the sections "When you retire" and "How your pension is paid."

If you choose to receive your pension before your Normal Retirement date, your pension will be reduced. If you do not qualify for grow-in benefits (see below), the reduction will be an actuarial reduction, which will be higher than the 5% per year discussed in the section "Your Early Retirement pension."

B. **Transfer the value** of your pension benefit or two times your required contributions plus interest, whichever is greater, to:

- a locked-in arrangement. This could be a Locked-In Retirement Account (LIRA) or a Life Income Fund (LIF).
- your new employer's pension plan if your new employer's plan permits transfers.
- a life insurance company to purchase a deferred life annuity.

Generally speaking, money transferred out of a registered pension plan is "locked-in" under current pension laws.

That means it cannot be taken in cash and must be used to provide some form of retirement income which can begin as early as age 55.

On July 1, 2012, the Ontario government introduced pension legislation that calls for "grow-in" benefits, if you are dismissed from the University in certain circumstances and if you meet certain age plus service criteria. These benefits allow you to "grow into" the Pension Plan's early retirement subsidies.

Under the legislation, you can take an unreduced pension before age 65, provided:

- your employment with Victoria University ends involuntarily and without cause; and
- your age plus continuous employment total at least 55 points when you are terminated.

If you qualify for grow-in benefits, you have two options. You can:

1. keep your benefits in the Pension Plan and receive an unreduced pension starting on the date you would have been eligible to retire with 80 points had you continued working at Victoria University until then,

   or

2. transfer the lump-sum value of your pension out of the Pension Plan when you leave. The lump sum would include the value of the grow-in benefits.

Note: If you were a member of the Victoria University Auxiliary Pension Plan at June 30, 1998, additional factors may apply. Please see page 16 for further information.

Locked-in arrangements

In Ontario, when pension benefits are transferred from a pension plan on behalf of an employee, the money must be transferred directly to any of the following locked-in arrangements. This ensures that the funds are used to provide a retirement income - as was intended by the Pension Plan.

Locked-In Retirement Account (LIRA)

A Locked-in Retirement Account (LIRA) is an investment account that works the same way as an RRSP, except the money in the LIRA is locked in.

Life Income Fund (LIF)

With a Life Income Fund (LIF), you make annual withdrawals of the money in your account. Minimum and maximum withdrawals apply.

Life annuity

A life annuity is a "pension" that is purchased through a contract with an insurance company. It provides monthly payments to you for life.

To explore your options please consult a financial advisor.

When you die

If you die before your pension begins

If you die before your pension begins, your Spouse or Beneficiary is eligible to receive a survivor benefit from the Pension Plan.

If you have a Spouse when you die, your Spouse is eligible to receive a lump-sum payment equal to:

The value of your pension benefit

plus

The amount (if any) that your contributions, plus interest - as of the date of your death - is greater than 50% of the value of your pension benefit.

Your Spouse may choose to:

- receive the lump sum as a cash payment, less taxes.
- transfer the money to a personal RRSP. In this case, no taxes will be deducted from the payment. The transfer will not affect your Spouse's RSP contribution room.
- use the lump sum to purchase a life annuity from an insurance company. No taxes will be deducted from the payment.

If you do not have a Spouse when you die, your Beneficiary(ies) or Estate (if you have no Beneficiary(ies), will receive the payment in cash less taxes.

Note: If you were a member of the Victoria University Auxiliary Pension Plan at June 30, 1998, additional factors may apply. Please see page 16 for further information.

If you die after your pension begins

Survivor benefits, if any, will depend on the form of pension you choose when you retire. See the section "How your pension is paid" for details on how death affects the different forms of pension payments.

Note: If you were a member of the Victoria University Auxiliary Pension Plan at June 30, 1998, additional factors may apply. Please see page 16 for more information.

Naming a Beneficiary

Under pension standards legislation, your Spouse is entitled to a certain amount of your pension on your death. If your Spouse does not want to receive any share of your pension on your death, there are two types of waiver forms to sign:

1. **A pre-retirement survivor benefit waiver -** your Spouse must sign the pre-retirement survivor waiver while you are still alive.

2. **A joint and survivor benefit waiver -** must be signed by you and your Spouse within the 12 months prior to the date your pension begins.

If you do not have a Spouse and you would like to name a Beneficiary(ies) to receive a portion of your pension after your death you must complete a Beneficiary Designation form. The Human Resources Department can provide you with the form. If you do not name a Beneficiary(ies) and you do not have a Spouse, any pension payable after your death will be paid to your Estate.

Relationship breakdown

Your pension is considered a family asset. This means that any pension you earn while you and your Spouse are married or living as a common-law couple may have to be divided based on any separation or divorce agreement.

Even if you’re not legally married, you may still have to consider your pension in any division of assets.

The actual amount that your former Spouse receives from the Pension Plan will depend on your separation or divorce agreement, family arbitration award or court order. You should send a certified copy of the agreement, award or court order to Human Resources.

Keep in mind that it is not the contributions that are split, but the pension earned on those contributions.

New family law rules in Ontario impact how and when your Spouse can receive his or her share of your pension. Here’s how it works:

If you have filed for the division of your pension:

Before January 1, 2012 (under the old rules)	Your former Spouse can't begin receiving his or her share of your pension until you leave the Pension Plan, retire or die - whichever comes first.
On or after January 1, 2012 (under the new rules)	Your former Spouse may receive an immediate "locked-in" payment - but not before the value of your pension is calculated.

One thing to note: If you and your Spouse filed for the division of your pension *after* January 1, 2012, but you have a signed court order, family arbitration award or separation agreement that addresses your pension assets dated *before* January 1, 2012, the old rules will apply.

Applying for a relationship breakdown calculation

If you qualify under the new rules, here's what you need to do:

1. First, we strongly recommend that you consult a family lawyer for information about the separation/divorce process and how it relates to your pension benefits.

2. Go to the Financial Services Commission of Ontario (FSCO) website at www.fsco.gov.on.ca. Click on **Forms** > **Pension Forms** > **Family Law** to download the instructions and complete an Application for Family Law Value (FSCO Family Law Form 1). If you are a retired member, you will need to complete FSCO Family Law Form 6 (instead of Form 1). If you are/were legally married to your Spouse, you or your Spouse may complete this form. If you are/were in a common-law relationship, only you may complete this form.

3. You must submit the application to Human Resources with all required documentation (see Form instructions). Do **NOT** send your application to FSCO.

4. Human Resources will send you and your former Spouse a statement within 60 days showing the cash value of your pension that could be divided.

5. Once an agreement about your family assets - including your pension - has been reached, your former Spouse may apply for a share of your pension benefits. Your former Spouse will need to provide a certified copy of the court order, family arbitration award or domestic contract and complete the required form. Your former Spouse will get a lump-sum payment that is locked-in and must be transferred to another locked-in plan or account. If you are already retired, your former Spouse will receive a monthly pension. Either way, your pension will be adjusted to account for the payout to your former Spouse.

For information about the separation process and how it relates to your pension benefits, please consult your lawyer.

If you become disabled

If you become totally and permanently disabled and are in receipt of benefits under any insured income replacement program of the University, you will not be required to contribute to the Pension Plan. In addition, your benefits will continue to accrue during your disability until the earliest of your death, start of your pension or cessation of benefits under the University's insured income replacement program. In this case, your pension will accrue based on your regular annualized Earnings immediately prior to your disablement and is adjusted annually thereafter by the lesser of the across-the-board economic increase; and 7%.

Members of the Victoria University Auxiliary Pension Plan at June 30, 1998

If you were a member of the Victoria University Auxiliary Pension Plan at June 30, 1998, you were given the option to convert your Credited Service as a contributing member of that plan to an equivalent amount of Credited Service as a member of the Victoria University General Pension Plan.

When you retire

If you chose to convert, your pension will be calculated using the formula shown in the section "When you retire" on page 2. The calculation will include all of your years of Credited Service before and after July 1, 1998. See "How your pension is paid" on page 7 for more information.

If you chose not to convert, your pension at retirement will be paid in two parts:

1. You will receive a pension based on the formula shown on page 2 in the section "When you retire" for your Credited Service after July 1, 1998. See "How your pension is paid" on page 7 for more information.

2. In addition, the balance in your Member's Account will be used to purchase a life annuity from an insurance company. Your payments may begin any time after you reach age 55. Keep in mind that annuity payments will be made in the same form of pension - and with the same Beneficiary(ies) - that you selected under the Victoria University General Pension Plan.

   Alternatively, you may choose to transfer the value of your Member's Account to:

   - a Locked-in Retirement Account (LIRA) or a Life Income Fund (LIF); or
   - another employer's pension plan in which you are a member, if that plan accepts transfers.

Member's Account

If you were a member of the Victoria University Auxiliary Pension Plan at June 30, 1998 and you chose not to convert your Credited Service, a Member's Account is maintained for you by Standard Life under the Victoria University General Pension Plan. This account holds the contributions that you and the University made to the Auxiliary Pension Plan, plus applicable investment earnings.

For more information about your Member's Account, go to the VIP Room at www.standardlife.ca. You will need to know your user ID and password. If you don't know your login information, contact a Standard Life customer service representative at 1-800-242-1704.

If you terminate employment before you retire

If you chose to convert, your termination benefit will be based on the Victoria University General Pension Plan formula and will include all of your years of Credited Service before and after July 1, 1998. See "If you terminate employment before you retire" on page 10 for more information.

If you chose not to convert, your termination benefit will be calculated in two parts:

1. You will receive a payment under the Victoria University General Pension Plan for your Credited Service after July 1, 1998. See "If you terminate employment before you retire" on page 10 for more information.

2. In addition, you will receive the value of your Member's Account. You can choose to:

   - Leave your Member's Account in the Victoria University General Pension Plan until you reach retirement age, when a life annuity will be purchased for you from a life insurance company; or

   - Transfer the value of your Member's Account to:

     - a Locked-in Retirement Account (LIRA) or a Life Income Fund (LIF); or
     - your new employer's pension plan if your new employer's plan permits transfers.

If you die before you retire

If you chose to convert, the survivor benefits will be based on the Victoria University General Pension Plan and will include all of your years of Credited Service before and after July 1, 1998. See "When you die" on page 12 for details.

If you chose not to convert, the survivor benefits will be calculated in two parts. A payment will be made under the Victoria University General Pension Plan for your Credited Service after July 1, 1998. In addition, the value of your Member's Account will be paid to your Spouse, Beneficiary(ies) or Estate. See "When you die" on page 12 for details.

Your Government Benefits

Your benefits from government plans are another source of retirement income. You may be eligible for payments from two government-sponsored programs:

1. Canada Pension Plan (CPP), [1] and
2. Old Age Security (OAS).

You must apply to the government at least six months before you want benefits to begin. They do not begin automatically. These benefits are in addition to the benefits you receive from the Pension Plan.

Canada Pension Plan (CPP)

When you work in Canada, you and your employer contribute equally to this plan. The retirement benefit you receive is based on your earnings history and the contributions you make while you are working.

If you work for most of your adult life and have earnings of at least the Year's Maximum Pensionable Earnings (YMPE), it is likely that you will receive the maximum CPP payment. In 2016, the maximum monthly CPP payment is $1,092.50. If your earnings have been less than the YMPE or if you have not had full participation in CPP your CPP benefit will be proportionately lower.

YMPE

The earnings base used to determine your Canada Pension Plan benefits. The level is adjusted annually to keep pace with average wage increases in Canada.

In 2017, the YMPE is $55,300

The current CPP rules are as follows:

- If you have contributed during at least one year, you are eligible for benefits.
- You can claim benefits as early as 60, but your benefits will be reduced. The amount of reduction depends on the age you retire and the year you retire.
- You can defer your benefits up until age 70, and your benefits will be increased. The amount of increase depends on the age and year you claim benefits.
- If you are at least 60, you can begin receiving benefits and continue working but you must continue to contribute until age 65.
- If you die, your spouse and dependent children may be eligible for benefits. These benefits depend on their age and the amount of contributions you have made. Survivor benefits include lump-sum death benefits, a surviving spouse pension, and orphan pensions.
- CPP pensions are adjusted each year based on the change in the Consumer Price Index.
- CPP benefits are taxable.

[1] If you have worked in Quebec, you may also be eligible for benefits from the Quebec Pension Plan.

Old Age Security (OAS)

If you meet certain residence requirements, you will receive a monthly benefit from Old Age Security (OAS).

The current OAS rules are:

- Any person 65 or over is entitled to the full OAS pension after 40 years of residence in Canada.
- A partial pension is payable to any person over 65 after a minimum of 10 years of residence in Canada.
- As of January 2016, the maximum OAS monthly benefit is approximately $571. This benefit is adjusted quarterly to keep pace with changes in the Consumer Price Index.
- The OAS benefit is taxable.
- If your taxable income is more than the threshold level, you may have to repay all or part of your OAS benefit when you file your income taxes. This threshold is indexed to inflation. In 2015, the threshold is $72,809.

Personal Savings

Personal savings are a vital part of retirement planning and can be a significant source of additional retirement income. Personal savings could include:

- A Registered Retirement Savings Plan (RRSP);
- A Tax-Free Savings Account (TFSA); and
- Other investments including stocks, bonds and real estate.

Registered Retirement Savings Plan (RRSP)

A personal Registered Retirement Savings Plan (RRSP) is one of the most popular (and tax-effective) ways to save additional retirement income. Regular contributions to a personal or spousal RRSP can help ensure that personal savings goals will be met.

- You can make tax-deductible contributions to a personal RRSP or to the RRSP of your spouse (if your spouse has contribution room) up to specified limits. Here's how that limit is calculated:

18% of your previous year's earned income, or the annual dollar limit ($ 26,010 in 2016), if less ***minus*** Your pension adjustment ("PA") ***plus*** Any unused contribution room from previous years

Pension Adjustment

A Pension Adjustment (PA) is a value calculated for the Canada Revenue Agency for benefits earned under a defined benefit pension plan. It is calculated as:

9 times the pension benefits you earned in the year
minus
$600

Your PA is reported annually on your T4.

Pension Adjustment Reversal

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 CRA, you will receive a Pension Adjustment Reversal (PAR). The PAR is designed to restore some of the lost RRSP contribution room while a member of the Pension Plan.

Tax-Free Savings Account (TFSA)

Unlike RRSP contributions, your contributions to a TFSA are not tax deductible. However, you don't pay taxes on any income you earn on your TFSA - and you won't have to pay taxes (including capital gains) when you withdraw money from your account. Here are the basic rules:

- TFSAs are available to all Canadian residents age 18 or older.
- The current contribution limit is $5,500 per person per year.

Other Personal Investments

- Your home or an investment portfolio that you hold outside of an RRSP or TFSA (including stocks, bonds, mutual funds, real estate, etc.) can be part of your retirement savings.

- Consider using the services of an independent financial advisor to help determine an appropriate investment strategy. If you are looking for an advisor, Advocis, the Financial Advisors Association of Canada is a good place to start (www.advocis.ca).

Have you made a will?
If you die without a will, your assets will be distributed based on the estate laws of the province you live in. This means that your personal assets may not be distributed the way you would like. You should ensure that you have a will that reflects how you would like your assets to be distributed. Remember to update it as your personal circumstances change.

For More Information

For more information, you may contact:

The Victoria University General Pension Plan	Human Resources Department
Personal Savings	The financial institution that holds your savings, or a qualified professional financial advisor
To find an independent financial advisor	Advocis, the Financial Advisors Association of Canada www.advocis.ca
Your Government Benefits	Service Canada 1-800-277-9914 or www.servicecanada.gc.ca

Notes