

# UWAP

UNIVERSITIES ACADEMIC  

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PENSION PLAN

# 2

# 017

Member Handbook

## Table of Contents

<b>Introduction</b> .....	<b>2</b>
Introduction to the Pension Plan.....	2
UAPP Website.....	3
Information Sheets.....	3
Retirement Planner.....	3
Contacts for More Information.....	4
<b>Plan Governance</b> .....	<b>5</b>
The Plan Sponsors.....	5
The Board of Trustees.....	5
<b>Joining The Pension Plan</b> .....	<b>5</b>
<b>Contribution Rates</b> .....	<b>6</b>
A. On Salary up to the Pensionable Salary Cap.....	6
B. On Salary above the Pensionable Salary Cap.....	6
Income Tax Treatment .....	7
<b>The UAPP Fund</b> .....	<b>7</b>
<b>Pensionable Service</b> .....	<b>8</b>
Increasing Your Pensionable Service .....	8
Combined Pensionable Service.....	9
<b>Death Before Retirement</b> .....	<b>9</b>
<b>Leaving the Plan Before Retirement</b> .....	<b>10</b>
<b>Retirement Benefits/Pension Formula</b> .....	<b>13</b>
<b>Normal Form of Pension</b> .....	<b>14</b>
<b>Optional Forms of Pension</b> .....	<b>15</b>
<b>Spousal Protection</b> .....	<b>16</b>
<b>Cost-of-Living Increases</b> .....	<b>16</b>
<b>Examples of Pension Calculations</b> .....	<b>17</b>
<b>Frequently Asked Questions</b> .....	<b>21</b>
<b>Federal Retirement Programs</b> .....	<b>25</b>
Canada Pension Plan (CPP).....	25
Old Age Security (OAS) .....	26
<b>Glossary</b> .....	<b>27</b>
<b>Important Notes to the Reader</b> .....	<b>30</b>

## Introduction

### Introduction to the Pension Plan

This Member Handbook provides a brief overview of the benefits and choices available to you under the Universities Academic Pension Plan (UAPP). Please read it carefully so that you can take full advantage of your membership in the pension plan. Words appearing in *italics* are defined in the GLOSSARY at the back of the Handbook.

The UAPP was established in 1978 for the academic and professional staff of Alberta universities and the Banff Centre. **The UAPP is a defined benefit plan, which means the pension is based on your *highest average salary* and the number of years of your *pensionable service*.** This type of pension plan enables you to plan for your retirement because you can estimate your future pension income in relation to your *salary*. The pension plan provides you with a pre-defined lifetime income, regardless of capital market conditions and how long you live.

The UAPP is financed by employee and employer contributions, and by investment earnings. The Alberta Government also makes contributions towards eliminating the *unfunded liability* for service before 1992.

The Board of Trustees, as established under the Sponsorship and Trust Agreement, is the trustee of the UAPP. The Board of Trustees has contracted with Buck Consultants Limited (operating as Conduent Human Resource Services) to provide plan administrative services, CIBC Mellon to provide pensioner payroll services, and Alberta Investment Management Corporation (AIMCo), Beutel Goodman, and Fiera Capital to provide asset management services. The UAPP's diversified investment portfolio includes long and short term bonds, real return bonds, domestic and foreign equity, real estate and investments in infrastructure.

The UAPP is a defined benefit plan, which means your pension is based on your highest average salary and the number of years of your pensionable service.

## UAPP Website

The UAPP maintains a comprehensive website [www.uapp.ca](http://www.uapp.ca). A copy of this Member Handbook is posted on the site under “Publications”. Also on the website you will find documents such as Information Sheets on selected topics, the Sponsorship and Trust Agreement, the Annual Report containing the latest financial statements for the UAPP, the *Actuarial Valuation* Report, and recent Communiqués. There is a “News” section for recent news, a section providing useful “links”, and a list of contact information for the various parties involved in the UAPP.

### Retirement Planner

You can access the Retirement Planner through the UAPP website. The Planner allows active members to view their annual member statements and estimate their UAPP pension. It also provides some assistance in general financial planning based on your RRSP savings and the maximum CPP and OAS amounts. The Planner uses real member data so a User ID and password are required for access. Please call Conduent Human Resource Services at 1.866.709.2092 if you need assistance or if you need a User ID and password.

### Information Sheets

Information Sheets, which provide more details on many of the topics introduced in this Member Handbook, are available from your employer or the UAPP website at [www.uapp.ca](http://www.uapp.ca) under “Publications”.

You’ll find the “information sheet icon” (shown below) throughout the Handbook beside the corresponding topic.



Words appearing in *italics* are defined in the Glossary.

## Contacts for More Information

### PENSION BENEFITS ADMINISTRATION SERVICES PROVIDER

Conduent Human Resource Services  
201 City Centre Drive  
Suite 1000  
Mississauga, ON L5B 4E4  
Attn: UAPP Administrator  
Phone: 1.866.709.2092  
Email: [uapp.pensions@conduent.com](mailto:uapp.pensions@conduent.com)

### PENSIONER PAYROLL SERVICES PROVIDER

CIBC Mellon Global Securities Services Company  
Pension Benefits Department  
PO Box 5858, Station B  
London ON N6A 6H2  
Phone: 1.800.565.0479 (Canada - English)  
Phone: 1.800.268.1629 (Canada - French)  
Phone: 1.800.263.4497 (United States)  
Phone: 1.519.873.2218 collect (elsewhere)  
[www.CIBCMellon.com](http://www.CIBCMellon.com)

### UAPP TRUSTEES' OFFICE

#1002 Park Plaza  
10611 98 Avenue  
Edmonton AB T5K 2P7  
Phone: 780.415.8868  
Fax: 780.415.8871  
Email: [vinko.majkovic@uapp.ca](mailto:vinko.majkovic@uapp.ca)  
[www.uapp.ca](http://www.uapp.ca)

### EMPLOYER HUMAN RESOURCES DEPARTMENTS

University of Alberta	780.492.4555
University of Calgary	403.220.5932
University of Lethbridge	403.329.2379
Athabasca University	780.675.6655
The Banff Centre	403.762.6177

## Plan Governance

Until December 31, 2000, the UAPP was established through a separate provincial statute, and the Provincial Treasurer of Alberta was the trustee of the pension plan. Effective January 1, 2001, the UAPP became a non-statutory pension plan subject to the Employment Pension Plans Act of Alberta. The pension plan is now established through a Sponsorship and Trust Agreement signed by the Plan Sponsors. The Plan Text, which describes the benefits to be provided under the UAPP, forms part of the Sponsorship and Trust Agreement.

### The Board of Trustees

The Board is made up of five employer nominees and four employee nominees. However, the total votes carried by the employer nominees are the same as those carried by the employee nominees. The position of Chair and Vice-Chair of the Board rotates every two years between employer and employee nominees. When the Chair is an employer nominee, the Vice-Chair is an employee nominee, and vice versa. The Board's responsibilities include administration of the UAPP, investment of pension plan funds, setting contribution rates required to fund the plan, and making recommendations regarding plan changes for consideration by Plan Sponsors.

Names of current Board members are shown on the UAPP website under "Contact Us" at [www.uapp.ca](http://www.uapp.ca).

### The Plan Sponsors

The Plan Sponsors are the boards of governors and the faculty associations of four Alberta universities and the Banff Centre. The Plan Sponsors' responsibilities include appointing members to the Board of Trustees, approving changes to pension plan benefits, and amending the Sponsorship and Trust Agreement.

### Joining the Pension Plan

To participate in the UAPP, you must be employed by a participating employer in either:

- an academic position, or
- a senior administrative or research position that has been designated as eligible.

If you are a full-time permanent employee in an eligible position, you join the UAPP on your date of hire. If you are employed on any other basis, please contact your employer's Human Resources Department regarding your eligibility to join the pension plan.

Your employer will enroll you in the UAPP if you are eligible to participate.

Once you become a member of the UAPP, the only decision that you need to make about your participation is whether you wish to purchase any eligible prior service or a period of leave. That decision generally must be made within two years of receiving a tenured contract or commencing continuous employment for prior service or returning from a period of leave.

## Contribution Rates

### A. On Salary up to the Pensionable Salary Cap (\$162,312.22 in 2017)

Effective July 1, 2016, contribution rates on *salary* up to the *pensionable salary cap* are as follows:

#### UNIVERSITIES OF ALBERTA, CALGARY, AND LETHBRIDGE

- Member contribution rates are 12.41% of *salary* up to the *YMPE* and 15.91% of *salary* above the *YMPE*.
- The employer matches member contributions.

#### ATHABASCA UNIVERSITY AND THE BANFF CENTRE

- Member contribution rates are 11.91% of *salary* up to the *YMPE* and 15.41% of *salary* above the *YMPE*.
- Employer rates are 12.91% of *salary* up to the *YMPE* and 16.41% of *salary* above the *YMPE*.

Staff at the UAPP Trustees' Office and professional staff at The University of Calgary Faculty Association (TUCFA), Athabasca University Faculty Association (AUFA), and the Association of Academic Staff at the University of Alberta (AASUA) are also members of the pension plan. Their contribution rates are the same as at the Universities of Alberta, Calgary, and Lethbridge except for AUFA which is the same as at Athabasca University.

### B. On Salary above the Pensionable Salary Cap (\$162,312.22 in 2017)

On the portion of *salary* above the *pensionable salary cap*, both you and your employer pay additional contributions of 1.77% which are directed towards the pre-1992 *unfunded liability*.

The Alberta Government contributes 1.25% of your total salary toward the UAPP's pre-1992 *unfunded liability*. The contribution rates in Section A above also include the additional contributions paid towards the pre-1992 liability. These contributions will cease when the pre-1992 liability has been fully funded.

## Income Tax Treatment

Your contributions to the UAPP are tax-deductible. Each year your pension contributions and your Pension Adjustment (PA) are reported to the Canada Revenue Agency (CRA) on your T4 slip. Your PA estimates the dollar value of the pension you earned in a particular year (based on a formula under the Income Tax Act) and determines the amount, if any, that you can contribute to an RRSP. The CRA will advise you of the maximum RRSP contribution you can make each year.

## The UAPP Fund

All contributions made by members and their employers go directly into the UAPP pension fund (Fund). These contributions are invested in a diversified portfolio of stocks, bonds, and other assets based on the UAPP's Statement of Investment Policies & Goals, and in accordance with applicable legislation. All pensions, other benefits, and administrative costs are paid from the Fund. You will find a copy of the Statement of Investment Policies & Goals on the UAPP website at [www.uapp.ca](http://www.uapp.ca) under "Publications".

An *actuarial valuation* of the UAPP is undertaken at least once every three years. The *actuarial valuation* estimates the accrued liability of the pension plan for all members for service rendered to the date of the valuation, and compares this total liability to the Fund's assets. It also estimates the annual contributions required to pay for future service under the pension plan. Following a valuation, the Board of Trustees may adjust the existing contribution rates in order to meet the funding requirements of the UAPP. The most recent *Actuarial Valuation* Report is as at December 31, 2014 and can be found on the UAPP website at [www.uapp.ca](http://www.uapp.ca) under "Publications".

Remember, academic members have two years from the date of receiving a tenured contract with a participating employer to purchase prior service. Non-academic members have two years from the date of commencement of continuous employment to purchase prior service. Members have two years from the date of returning from a period of leave to purchase that period. Therefore, make sure you purchase service within the timeline applicable to you.

## Pensionable Service

*Pensionable service* is the period of service, expressed in years, for which you have established pension credits in the UAPP. Your pension will be based on your *pensionable service* and *highest average salary*. The maximum *pensionable service* you can accumulate is 35 years.

## Increasing Your Pensionable Service



You may be able to increase your *pensionable service* by purchasing a period of prior service or leave, during which time you did not make pension contributions.

Prior service includes:

- a period of employment with any participating employer during which time you did not make pension contributions, such as work as a sessional employee.
- a period of *pensionable service* with an employer outside the UAPP provided you meet all the required conditions.

Service with a participating employer during which time you did not make pension contributions and service with an employer outside the UAPP is costed on an actuarial reserve basis.

Academic members have two years from the date of receiving a tenured contract with a participating employer to purchase prior service. Non-academic members have two years from the date of commencement of continuous employment to purchase prior service.

If you decide to establish pension credits for a period of leave before May 1st of the year following the year in which the leave period ended, then the cost will equal the employer and employee contributions that would have been made on the service plus *interest*. If you delay the decision beyond April 30th of the calendar year following the year in which the leave period ended, then the service will be costed on an actuarial reserve basis. Also, you may need to obtain a certification under the Income Tax Act that you have sufficient unused RRSP contribution room to make the purchase.

The Income Tax Act imposes many restrictions and conditions on the purchase of prior service. Please contact your employer's Human Resources Department for more information on purchasing periods of prior service or establishing pension credits for leave periods. Information Sheets on **Purchasing Prior Service and Establishing Pension Credits for Leave Periods** are available on the UAPP website at [www.uapp.ca](http://www.uapp.ca) under "Publications".

## Combined Pensionable Service



After 1993, if you move between the Public Service Pension Plan (PSPP), which serves non-academic employees, and the UAPP with the same employer and without a break in service, your *pensionable service* under both plans is referred to as combined pensionable service. Combined pensionable service, rather than membership in the UAPP alone, will be used to calculate your *highest average salary* and to determine the extent of any early retirement reduction for your pensions from both the UAPP and the PSPP.

Contact your employer to learn whether or not you qualify for combined pensionable service, and how this will affect your pension.

The UAPP pension is administered independently from the PSPP. If you have benefits in both plans, you will receive two separate payments.

## Death Before Retirement



If you die before you retire from the UAPP, your surviving *spouse*, if applicable, is eligible to receive a lifetime survivor pension payable as if you retired the day prior to your death. If you are under the age of 55 and had a *spouse* at the date of death, the surviving *spouse* is entitled to a lump sum transfer to a *LIRA* in lieu of the monthly pension. If you do not have a surviving *spouse* at your date of death, your last-named beneficiary, or estate if no beneficiary has been filed with your employer, will receive a lump sum payout of your pension in cash.

Lump sums payable on death are equal to the Option 2 amounts given in the table under Leaving the Plan Before Retirement.

If a payment is made from the UAPP in cash, it is subject to income tax in the year in which payment is issued. If funds are transferred directly from the UAPP to your surviving *spouse's LIRA*, no income tax is payable.

Your spouse is automatically your beneficiary under the UAPP. However, if you do not have a spouse as defined under the UAPP, you can designate another person or entity as a beneficiary under the pension plan. In that case, the funds will be paid to that person or entity instead of your estate.

## Leaving the Plan Before Retirement



If you terminate from the UAPP before your *normal retirement date*, your eligibility for benefits depends on the length of your *pensionable service* and your age.

If you are under the age of 55 at your termination date, you can elect to transfer your funds out of the pension plan or to leave your funds in the pension plan to receive a deferred pension. If you are age 55 or over at your termination date, you must receive a deferred or immediate monthly pension from the pension plan. **Once a payment is made, your choice cannot be changed**, so you should carefully consider all options before making your decision. If you receive a payment from the UAPP in cash, it is subject to income tax in the year in which payment is issued.

Your benefit or pension choice is final once the benefit has been paid or the pension has commenced. Therefore, carefully consider your options before making a choice.

If you transfer funds directly from the UAPP to your RRSP or *LIRA*, no income tax is payable, provided the transfer amount is within the limits set out in the Income Tax Act. Income tax will be deducted on amounts exceeding these limits and such funds cannot be transferred to an RRSP or *LIRA*. You may also be able to transfer your funds to your new employer's registered pension plan, in which case the transfer would be on a tax-sheltered basis.

Under the UAPP, you must commence your pension before the end of the year in which you turn age 69. At that point, you may continue working, but you can no longer contribute to the UAPP or accrue more *pensionable service* in the pension plan.

To estimate your own UAPP pension, please go to [www.uapp.ca](http://www.uapp.ca) and click on the Retirement Planner link. For Login and Password enquiries, please call Conduent Human Resource Services at 1.866.709.2092.

## Termination Before Retirement: Summary of Options

The following table summarizes the benefits to which you are entitled on termination from the UAPP.

Under age 55 on Date of Termination	Age 55 or older on Date of Termination
<p>You may choose one of the following two options:                      Option 1: A deferred pension commencing on or after age 55.                      Option 2: A transfer of the following amounts<sup>1</sup>:</p> <p><b>For service before 1994, the greater of:</b></p> <ul style="list-style-type: none"> <li>a) All contributions made by you and your employer plus <i>interest</i>,</li> <li>or</li> <li>b) The <i>commuted value</i><sup>5</sup> of your pension earned before 1994, plus any excess<sup>2</sup> employee contributions.</li> </ul> <p><b>For service from January 1, 1994<sup>3</sup>, the greater of:</b></p> <ul style="list-style-type: none"> <li>a) 1.75 times the regular service<sup>4</sup> contributions made by you, plus <i>interest</i>, and any contributions made by you for a leave of absence without pay where you paid both the employee and the employer contributions, plus <i>interest</i>,</li> <li>or</li> <li>b) The <i>commuted value</i><sup>5</sup> of your pension earned on or after January 1, 1994, plus any excess<sup>2</sup> employee contributions.</li> </ul>	<p>Immediate or deferred pension (see RETIREMENT BENEFITS)</p>

## Notes:

<sup>1</sup> **Locking-in.** Benefits from the UAPP for service on or after January 1, 1994 are locked-in (other than amounts that are in excess of the *commuted value*). Benefits that relate to service before January 1, 1994 are not locked-in, except where the funds were transferred into the pension plan under a reciprocal agreement. A locked-in benefit can be unlocked in situations such as non-residency or shortened life expectancy.

<sup>2</sup> **Excess Employee Contributions.** For *commuted value* on regular service, the employer contributions made to the UAPP on your behalf must fund at least one-half of the *commuted value*. If your own regular service contributions plus *interest* add up to more than one-half of the *commuted value* of your regular service pension, the difference is referred to as excess employee contributions.

<sup>3</sup> **Prior Service and Reciprocal Agreement Service.** If you purchased prior service where your application was made on or after January 1, 1994, or if you transferred funds to the UAPP on or after January 1, 1995 under a reciprocal agreement, that prior service or reciprocal agreement service will be treated separately. You will first receive a refund of those prior service or reciprocal agreement contributions, plus *interest*. The balance of your termination benefit will then be determined excluding that prior service or reciprocal agreement service.

<sup>4</sup> **Regular Service** refers to service on which your employer made the employer contributions.

<sup>5</sup> **Tax Sheltered Transfer Limits.** If you transfer funds directly from the UAPP to your RRSP or *LIRA*, no income tax is payable, provided the transfer amount is within the limits set out in the Income Tax Act. Income tax will be deducted on amounts exceeding these limits and such funds cannot be transferred to an RRSP or *LIRA*. Funds transferred to a new employer's registered pension plan are also done on a tax sheltered basis.

If you have a pension question, please call Conduent Human Resource Services at 1.866.709.2092.

## Retirement Benefits/Pension Formula

### 1. Normal Retirement

You can retire on or after your *normal retirement date* with any length of *pensionable service*. However, you must commence your pension prior to the end of the year in which you reach age 69. Your annual pension will be calculated as follows:

2% of <i>highest average salary</i>	x <i>pensionable service</i> before 1992
<b>Plus</b>	
2% of <i>highest average capped salary</i> <sup>2</sup>	x <i>pensionable service</i> in 1992 and 1993
<b>Plus</b>	
2% of <i>highest average capped salary</i> <sup>2</sup>	x <i>pensionable service</i> from January 1, 1994
<b>Less</b>	
0.6% of the average <i>YMPE</i>	x <i>pensionable service</i> from January 1, 1994

### 2. Early Retirement

You can retire before your *normal retirement date* but must be at least age 55. Your annual pension will be:

<u>Up to age 65:</u>	
2% of <i>highest average salary</i>	x <i>pensionable service</i> before 1992
<b>Plus</b>	
2% of <i>highest average capped salary</i> <sup>2</sup>	x <i>pensionable service</i> in 1992 and 1993
<b>Plus</b>	
2% of <i>highest average capped salary</i> <sup>2</sup>	x <i>pensionable service</i> from January 1, 1994
	x reduction factor <sup>1</sup>
<u>After age 65, reduced by:</u>	
0.6% of the average <i>YMPE</i>	x <i>pensionable service</i> from January 1, 1994
	x reduction factor <sup>1</sup>

<sup>1</sup> Your pension for service from January 1, 1994 is reduced by 3% for each year that you are under age 60, or for each year when the sum of your age and your years of *pensionable service* is less than 80, whichever gives the smaller reduction.

<sup>2</sup> Your *highest average capped salary* for 1992 and 1993 could be different than your *highest average capped salary* from January 1, 1994 due to the change in the pension plan's formula.

## Normal Form of Pension

The amount produced by the pension formula (see RETIREMENT BENEFITS/PENSION FORMULA) gives the normal form of pension, as described to the right and below.

**Subject to the restrictions under spousal protection, you must convert both normal forms of pension for service before and after 1994 into the same optional form of pension. This means that one or both portions of the pension must be converted from the normal form to an optional form with the same type of survivor benefits.**

**For service from January 1, 1994,** the normal form of pension is as follows (see GLOSSARY for the UAPP definition of *spouse*):

- **If you have a *spouse* at retirement:**  
The normal form of pension is payable for your lifetime, and if your *spouse* is still alive when you die, your *spouse* will receive a pension equal to 2/3 of your pension for the rest of his or her life.
- **If you do not have a *spouse* at retirement<sup>1</sup>:**  
The normal form of pension is payable for your lifetime, and if you die within 10 years of starting your pension, the payments continue to your *beneficiary(ies)* for the balance of the 10-year guarantee period.

**For service before 1994,** the normal form of pension does not depend on whether or not you have a *spouse*. The normal form for pre-1994 service is a pension payable for your lifetime, but, if you die within 15 years of starting your pension, payments will continue to your *beneficiary(ies)* for the balance of the 15-year guarantee period.

<sup>1</sup> Or if you do have a *spouse* at retirement, but a valid waiver form or statutory declaration has been signed (see SPOUSAL PROTECTION).

## Optional Forms of Pension



Several different forms of pension are available to suit your personal circumstances and these optional forms of pension are described below. **If you have a spouse on your retirement date, you must choose a joint life pension option unless your spouse signs the spousal waiver form (see SPOUSAL PROTECTION).**

**All pensions are paid for your lifetime.** The monthly pension amount will vary under each option because of the difference in value of benefits paid to your survivors or your estate.

### Joint Life Pension - 2/3 Spousal

This pension is paid for your lifetime. If you die before your *spouse*, 2/3 of your pension will be paid to your *spouse* for the remainder of his or her lifetime. If your *spouse* dies before you, your pension is not reduced.

You can also select a 2/3 Spousal Pension with a 10-year guaranteed term. Under this option, if both you and your *spouse* die within 10 years of the pension starting, the *beneficiary(ies)* will receive the balance of the guaranteed payments.

### Joint Life Pension - 100% Spousal

This pension is paid for your lifetime. If you die before your *spouse*, 100% of your pension will be paid to your *spouse* for the remainder of his or her lifetime. If your *spouse* dies before you, your pension is not reduced.

You can also select a 100% Spousal Pension with a 10-year guaranteed term. Under this option, if both you and your *spouse* die within 10 years of the pension starting, the *beneficiary(ies)* will receive the balance of the guaranteed payments.

### Single Life Pension

A single life pension is paid for your lifetime and stops at the end of the month in which you die. There is no guarantee period.

If you have a *spouse* on your retirement date, this option is only available with a signed spousal waiver form.

### Single Life Guaranteed 5, 10, or 15 Years

Guaranteed term pensions are paid for your lifetime. If you die before the end of the guaranteed term of 5, 10, or 15 years, your *beneficiary(ies)* will receive the balance of the guaranteed payments. If you have a *spouse*, this option is only available with a signed spousal waiver form.

## Spousal Protection

If you have a *spouse* on your retirement date, you must select a Joint Life Pension with your *spouse* as the joint annuitant (see OPTIONAL FORMS OF PENSION for a description of the different forms of pension payment). This requirement does not apply if your *spouse* signs the appropriate waiver form within 90 days preceding your pension commencement date. However, if the waiver form is signed, the normal pension for post-1993 service becomes that for a single person, namely a Single Life Pension guaranteed 10 years.

Your *spouse* is your *beneficiary* in the event of your death prior to retirement unless the *spouse* has signed a pre-retirement spousal waiver form.

Note that the UAPP definition of *spouse* includes a person to whom you are legally married but are separated from for more than three years unless you have a common-law *spouse*. However, if you do not have a common-law *spouse* and wish to exclude your legally-married *spouse* (from whom you have been separated for more than three years) from the spousal protection provision, you must file a declaration of your status with the UAPP. Members are strongly advised to seek legal advice before filing such a declaration.

## Cost-Of-Living Increases

Once your pension commences, your monthly pension payments will be increased on January 1st of each year by a cost-of-living adjustment equal to 60 per cent of the average increase in Alberta's Consumer Price Index for the 12-month period ending October 31st of the previous year. The first such increase after pension commencement is pro-rated based on the number of complete months the pension was in payment.

If you have terminated your employment and are entitled to a deferred pension, then the annual cost-of-living adjustment is also applied to your pension during the deferral period. If your *salary* before termination is close to or above the *pensionable salary cap*, your cost-of-living adjustments during the deferral period may be limited so that your pension at commencement does not exceed the maximum amounts allowed by the Income Tax Act.

A summary of the historical cost-of-living adjustments granted under the UAPP is available on our website at [www.uapp.ca/news/cost-of-living-adjustment](http://www.uapp.ca/news/cost-of-living-adjustment).

## Examples of Pension Calculations

The following three examples of retirement pension calculations illustrate a variety of different situations. **Example 1** shows the pension for a member who chooses the Joint Life Pension - 2/3 Spousal with a *spouse* who is older than the member, and also illustrates the impact of the *pensionable salary cap*. **Example 2** covers the same pension option choice but with a *spouse* who is younger than the member, and the member's earnings are not impacted by the *pensionable salary cap*. **Example 3** shows the pension for a single member who chooses a Single Life Pension guaranteed 10 years, and also illustrates the impact of the early retirement reduction.

Please note the following about the examples given:

1. The examples are provided for illustration purposes only. Your pension will depend on your *pensionable service*, your *highest average salary* and/or *highest average capped salary* as applicable, your age at retirement, and the age of your *spouse*, if you have one, on your retirement date.
2. For service from January 1, 1992, your *highest average salary* will be limited to the *highest average capped salary*.
3. For simplicity, cost-of-living adjustments have not been included in the examples.
4. The amounts shown in the examples are annual pension amounts. Pensioners receive one-twelfth of the annual amount at the end of each month.
5. The results in the examples may change because of periodic changes to *YMPE*, maximum pension limits, and actuarial assumptions, and would also be subject to any future changes in the Sponsorship and Trust Agreement and any other applicable laws and rules.

The examples are provided for illustration purposes only.

**Example 1 (Member with a spouse and salary above the salary cap)**

The following illustrates the pension calculation for a member who retires at age 60 with 26.5 years of *pensionable service* on June 30, 2017 with the *highest average salary* of \$160,000. The member has a *spouse* who is **2 years older** and chooses a pension payable for the member's lifetime and, upon the member's death, 2/3 of the pension the member was receiving will be paid to the surviving *spouse* for life.

Under the UAPP, no *pensionable salary cap* applies for service prior to 1992, but a *pensionable salary cap* applies to 1992 and 1993 service and a different *pensionable salary cap* applies to post-1993 service as shown below.

<i>Highest average salary</i>		
For service before 1992		\$160,000
(since no <i>pensionable salary cap</i> applies)		
For service in 1992 and 1993		\$139,561
(since <i>pensionable salary cap</i> of \$139,561 applies)		
For service after 1993		\$155,449
(since <i>pensionable salary cap</i> of \$155,449 applies)		
Average <i>YMPE</i> for July 1, 2012 - June 30, 2017		\$52,960
<i>Years of pensionable service</i>		
• Before January 1, 1992		1.0
• In 1992 and 1993		2.0
• From January 1, 1994		<u>23.5</u>
Total years of <i>pensionable service</i>		26.5
<b>Member's Age at Retirement</b>		60
<b>Pension for service before 1992</b>	$\$160,000 \times 2\% \times 1.0$	\$3,200
<b>Pension for service in 1992-93</b>	$\$139,561 \times 2\% \times 2.0$	<u>\$5,582</u>
		\$8,782
Cost of conversion to <b>2/3 spousal option<sup>1</sup></b>		<u>(\$321)</u>
		\$8,461
<b>Pension for service after 1993</b>		
	$(\$155,449 - \$52,960) \times 2\% \times 23.5$	\$48,170
	$\$52,960 \times 1.4\% \times 23.5$	<u>\$17,424</u>
		<u>\$65,594</u>
<b>Pension payable after age 65</b>		<b>\$74,055</b>
<b>Bridge benefit</b> payable from early retirement up to age 65		
	$\$52,960 \times 0.6\% \times 23.5$	<u>\$7,467</u>
<b>Pension payable up to age 65</b>		<b><u>\$81,522</u></b>

<sup>1</sup>The pension for service before 1994 is converted from a Single Life Pension guaranteed for 15 years to a Joint Life Pension - 2/3 Spousal. The younger the *spouse*, the higher the cost of spousal protection on the pre-1994 service. If the member were to choose a pension for life with 100% of the pension continuing to the *spouse* (Joint Life Pension - 100% Spousal), then the pension for service before and after 1994 would need to be converted. In that case, the total cost of conversion would be \$2,438 for the member retiring at age 60.

**Example 2 (Member with a spouse and salary below the salary cap)**

The following illustrates the pension calculation for a member who retires at age 60 with 25.5 years of *pensionable service* on June 30, 2017 with the *highest average salary* of \$90,000. The member has a *spouse* who is **2 years younger** and chooses a pension payable for the member's lifetime and upon the member's death, 2/3 of the pension the member was receiving will be paid to the surviving *spouse* for life.

<i>Highest average salary</i>		\$90,000
Average <i>YMPE</i> for July 1, 2012 - June 30, 2017		\$52,960
<i>Years of pensionable service</i>		
• Before January 1, 1994		2.0
• From January 1, 1994		<u>23.5</u>
Total years of <i>pensionable service</i>		25.5
<b>Member's Age at Retirement</b>		60
<b>Pension for service before 1994</b>		
	$\$90,000 \times 2\% \times 2.0$	\$3,600
Cost of conversion to <b>2/3 spousal option<sup>1</sup></b>		<u>(\$194)</u>
		\$3,406
<b>Pension for service after 1993</b>		
	$(\$90,000 - \$52,960) \times 2\% \times 23.5$	\$17,409
	$\$52,960 \times 1.4\% \times 23.5$	<u>\$17,424</u>
		<u>\$34,833</u>
<b>Pension payable after age 65</b>		<b>\$38,239</b>
<b>Bridge benefit</b> payable from early retirement up to age 65		
	$\$52,960 \times 0.6\% \times 23.5$	<u>\$7,467</u>
<b>Pension payable up to age 65</b>		<b><u>\$45,706</u></b>

<sup>1</sup>The pension for service before 1994 is converted from a Single Life Pension guaranteed for 15 years to a Joint Life Pension - 2/3 Spousal. The younger the *spouse*, the higher the cost of spousal protection on the pre-1994 service.

If the member were to choose a pension for life with 100% of the pension continuing to the *spouse* (Joint Life Pension - 100% Spousal), then the pension for service before and after 1994 would need to be converted. In that case, the total cost of conversion would be \$1,589 for the member retiring at age 60.

**Example 3 (Single Member with an early retirement reduction)**

The following illustrates the pension calculation for a member who retires at age 55 with 23.5 years of service on June 30, 2017 with *the highest average salary* of \$100,000. The member has no *spouse* or has a *spouse* who has signed the spousal waiver form. The member chooses a Single Life Pension guaranteed for 10 years.

<i>Highest average salary</i>		\$100,000
Average <i>YMPE</i> for July 1, 2012 - June 30, 2017		\$52,960
<i>Years of pensionable service</i>		
• Before January 1, 1994		1.0
• From January 1, 1994		<u>22.5</u>
Total years of <i>pensionable service</i>		23.5
Years to age 60		5
Years to the earliest of age 60 or attainment of the 80 factor	(80 - (55 + 23.5))	1.5
Early retirement reduction	(1.5 years x 3% per year)	4.5%
Early Retirement Factor	(100 - 4.5) / 100	0.955
<b>Member's Age at Retirement</b>		55
<b>Pension for service before 1994</b>		
	\$100,000 x 2% x 1.0	\$2,000
Increase for conversion to <b>single life guaranteed 10 years</b> <sup>1</sup>		<u>\$16</u> \$2,016
<b>Pension for service after 1993</b>		
	(\$100,000 - \$52,960) x 2% x 22.5 x 0.955	\$20,215
	\$52,960 x 1.4% x 22.5 x 0.955	<u>\$15,932</u>
		<u>\$36,147</u>
<b>Pension payable after age 65</b>		<b>\$38,163</b>
<b>Bridge benefit</b> payable from age 55 to age 65		
	\$52,960 x 0.6% x 22.5 x 0.955	<u>\$6,828</u>
<b>Pension payable from age 55 to age 65</b>		<b><u>\$44,991</u></b>

<sup>1</sup>The pension for service before 1994 is converted from a Single Life Pension guaranteed for 15 years to a Single Life Pension guaranteed for 10 years. The lesser guarantee period results in an increase to the pension amount.

## Frequently Asked Questions

### What if I can't access the Retirement Planner?

Call Conduent Human Resource Services at 1.866.709.2092 if you need help accessing the Retirement Planner, or if you have lost or misplaced your login ID or password.

### What if my contact information changes?

It is important that you keep your contact information current. Active members should notify their employer about any changes to their address.

It is particularly vital that pensioners and other terminated members ensure that the UAPP has their current contact information in case the UAPP needs to contact them about their pension. Annual tax forms are mailed to the address on file. Pensioners or their agents should contact CIBC Mellon directly by telephone at 1.800.565.0479 to update their information. Other terminated members should contact Conduent Human Resource Services at 1.866.709.2092 in this regard.

### What if I disagree with a decision regarding my pension?

If you disagree with a decision affecting your pension entitlement or rights under the pension plan, first contact your employer who will arrange for a review of your situation. If after this review you continue to feel that the pension plan rules have not been properly applied in your case, you can request a Board review by sending a letter to the attention of the Executive Director at the University's Academic Pension Plan, #1002 Park Plaza, 10611 98 Avenue, Edmonton, AB, T5K 2P7.

If you are thinking of getting ready for retirement, please consult the Information Sheet "Preparing for Retirement". It is available at [www.uapp.ca](http://www.uapp.ca) under "Publications".

## What if I become disabled?

If you are disabled and are receiving benefits under your employer's long-term disability plan, your contributions will continue and you will continue to accrue *pensionable service*.

If you are disabled and are not covered under a long-term disability plan, you may apply for a disability pension from the UAPP.

## What if I become separated from my spouse?

Your *spouse* continues to be your *spouse* for UAPP purposes until you have been separated for more than three years. After three years of separation, your legal *spouse* continues to be your *spouse* for UAPP benefits until you either acquire a common-law *spouse* who meets the UAPP definition of *spouse*, or you file a prescribed declaration with the Board (see GLOSSARY for the UAPP definition of *spouse*).



The right of any person to receive a benefit under the UAPP is subject to the rights of a *spouse* or former *spouse* under a Matrimonial Property Order (MPO). The rules for division and distribution of pension entitlements when a marriage breaks down are set out in the Employment Pension Plans Act and Regulations (EPPA). While the specific legislative requirements for division and distribution of pension entitlements are described in the EPPA, Alberta Treasury Board and Finance's Interpretive Guideline #5 provides a general explanation of these provisions and is available on their website at

[www.finance.alberta.ca/publications/pensions/interpretive-guidelines.html](http://www.finance.alberta.ca/publications/pensions/interpretive-guidelines.html).

Briefly, some of the main provisions are:

- The EPPA sets standards for the terms of a *spouse's* share of pension entitlement, but does not require that a *spouse's* share of the pension entitlement be necessarily satisfied by a transfer from the pension plan or splitting of the pension. The *spouse's* share of the pension entitlement by mutual agreement may be satisfied by trading off other assets of equal value.
- The *spouse's* share that can be paid out of a pension plan is limited to 50% of the value of the benefits earned during the period of joint accrual as established by the MPO.
- An MPO or a Consent Order or a similar order enforceable in Alberta that complies with the requirements of the EPPA must be filed with the UAPP Trustees' Office before division and distribution of pension benefits can occur.
- UAPP provisions for distribution of pension entitlements to a *spouse* pursuant to an MPO specify that if a member is already receiving a pension at the time of division, the *spouse's* share of the pension will be paid to him or her as a pension on the same basis as is paid to the member. If a pension is not already being paid, then:
  - a) if the member is under age 55, the *spouse's* share of the relevant *commuted value* will be paid in a lump sum.
  - b) if the member is over age 55, the *spouse* may choose to receive his or her share immediately or delay division and distribution until the date when the member ultimately commences a pension, terminates or dies. In both cases, the *spouse's* share of the relevant *commuted value* will be paid in a lump sum.
- All payments to the *spouse* will be subject to the locking-in provisions under the EPPA.
- Any benefits paid to a *spouse* pursuant to an MPO will result in an appropriate adjustment to the member's entitlement.

## What if I die before retirement?

If you die before age 55, your *spouse* can choose between a lump sum payment and a surviving spousal pension. If you do not have a *spouse*, then your *beneficiary* or estate would receive a lump sum payment.

If you die after age 55, your *spouse* receives a surviving spousal pension. If you do not have a *spouse*, then your *beneficiary* or estate will be entitled to a lump sum payment.

Note that, if you have a *spouse* when you die before retirement, your *spouse* is automatically your *beneficiary*.

## What if I return to work after retirement?

You can work for any employer not participating in the UAPP without affecting your pension. If you return to work for a UAPP employer in an eligible position while you are receiving a UAPP retirement pension, you can choose to rejoin the pension plan or not. If you choose not to rejoin the UAPP, your pension will continue without change.

If you choose to rejoin the pension plan and start making UAPP contributions again, your pension will cease while you are a pension plan contributor and you must continue to make pension contributions while you remain in an eligible position. When you again terminate employment, you can apply to recommence pension. The amount of pension payable on your second retirement date will be the sum of your earlier pension and the portion you earned during your most recent period of *Plan membership*. When the earlier pension resumes, it will be adjusted for any cost-of-living increases awarded during the period of suspension, and will also be recalculated to reflect your new early retirement factor, if applicable. It is important to note that any pension otherwise payable during a period where the payments are suspended is forfeited and not paid out at a later date.

See Glossary for the UAPP definition of "spouse".

## Federal Retirement Programs

The following general information regarding Canada Pension Plan (CPP) and Old Age Security (OAS) benefits may assist you in estimating your total income during retirement. For up-to-date information about CPP and OAS, including details about how to apply for these benefits, you can contact Service Canada at **1.800.277.9914** (toll-free) or visit the website at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca).

### Canada Pension Plan (CPP)

The CPP pension is designed to replace approximately 25% of the earnings on which you made contributions to the plan. The CPP maximum retirement pension payable in 2017 is \$1,114.17 per month, calculated as 25% of the average *YMPE* for the years 2013 to 2017 inclusive. Your CPP pension may be lower than the maximum, depending on your average CPP earnings and the length of time you made contributions to the plan since age 18 (or since 1966 if later). A statement showing your historical CPP earnings and contributions, and estimating your CPP pension at age 65, is available from Service Canada. Your CPP pension is adjusted each January to reflect increases in the Consumer Price Index for Canada.

Though the normal retirement age under the CPP is 65, you can start receiving a pension after age 60 or delay receiving it to as late as age 70.

If you commence receiving a CPP pension before age 65, an early retirement reduction factor of 0.6% will be applied for each month that you are under age 65. Also, if you start to receive a CPP pension prior to age 65 and continue working, you will be required to contribute to the CPP until age 65 and will earn additional benefits.

If you delay collecting a CPP pension past age 65, your pension will be increased by a factor of 0.7% per month up to age 70, based on the number of months that you are over age 65. If you work past age 65, you can also elect to contribute to the CPP and earn additional benefits. There is no financial benefit in delaying taking your CPP pension after age 70.

If you and your spouse (as defined by CPP) are in a continuing relationship, and you are both in receipt of CPP retirement benefits, you can apply to "share" the CPP you both earned during your marriage. If you and your spouse (as defined by CPP) are divorced or separated, contributions made by either of you during your marriage or common-law union can be divided equally.

Note that federal legislation was passed during 2016 making enhancements to the CPP that are to be phased in between 2019 and 2025. These enhancements include an increase in the income replacement level from 25% to one-third and the introduction of additional benefits earned above the *YMPE*.

## Old Age Security (OAS)

The Old Age Security program provides seniors with a basic retirement income, commencing at age 65. Unlike CPP, the OAS is not a contribution-based plan, and the benefits cannot start before age 65. Your OAS benefits become payable at age 65, or when you make application, whichever is **later**.

As of January 2017, the maximum OAS pension is \$578.53 per month. You are eligible for the maximum OAS benefit if you meet the residency requirements (generally, 40 years). If your period of residency in Canada does not entitle you to the maximum OAS benefit, but you have at least 10 years of residency in Canada, you may qualify for a prorated OAS pension.

Also, your OAS benefit will be reduced by 15 cents for every dollar of your individual income above the specified level for that year (\$74,788.00 in 2017). For example, if a pensioner was to receive maximum OAS benefits of \$6,924.36 in 2017, but had other net income of \$80,000.00 in 2017, the OAS benefit will be reduced by \$1,823.15, calculated as 15% of (\$80,000.00 + \$6,924.36 - \$74,788.00). The reduction is normally withheld from OAS payments.

OAS benefits are adjusted every three months to reflect increases in the Canadian Consumer Price Index and are subject to income tax.

It is important to apply for CPP and OAS benefits on a timely basis. A delay in applying can result in lost benefits. Service Canada suggests that you apply at least six months before the effective date of your pension.

## Glossary

### Actuarial Valuation

An *actuarial valuation* measures the funded status of the pension plan and the level of contributions required to fund the benefits of the plan. An *actuarial valuation* is prepared by a qualified actuary who is a member of the Canadian Institute of Actuaries.

### Beneficiary(ies)

Under the UAPP, your *spouse* is automatically your *beneficiary* if you die before retirement. If you do not have a *spouse* at the time of death, your *beneficiary(ies)* is/are the person(s) or entities designated by you to receive benefits payable from the pension plan in the event of your death. If you do not name a *beneficiary* and you do not have a *spouse*, your estate becomes your *beneficiary*.

### Bridge Benefit

The *bridge benefit* is an additional pension paid until the end of the month in which the member reaches age 65. The benefit is equal to 0.6% of the lesser of (i) the member's *highest average salary* for post-1993 service, and (ii) the member's final average *YMPE*. The benefit is reduced by any early retirement factor that may be applicable to the pension.

### Commuted Value

The lump sum of money that represents the value of your pension earned to a specified date is called the *commuted value*. The lump sum is determined using several factors, including your age and the long-term bond rates prevailing at the time of the calculation. The lower the bond rates, the higher the *commuted value* and, conversely, the higher the rates, the lower the *commuted value*.

### Highest Average Capped Salary

Your average annual *pensionable salary* for the 60 consecutive months of your service during which such average was the highest, where earnings above the *pensionable salary cap* are excluded, is considered your *highest average capped salary*.

### Highest Average Salary

Your average annual *pensionable salary* for the 60 consecutive months of your *Plan membership* during which such average was the highest is considered your *highest average salary*. If you have less than 60 months of *Plan membership*, your *highest average salary* will be determined over your entire period of *Plan membership*.

### Interest

*Interest* is credited each year on member contributions at the average yield of the 5-year personal fixed term chartered bank deposit rates in the year. For 2016, the *interest* applied to contributions is 1.17%.

### Locked-In Retirement Account (LIRA)

A *LIRA* is an RRSP that is locked-in and which must be used to provide you with lifetime retirement income commencing on or after you reach age 50. Most financial institutions offer *LIRAs*.

### Normal Retirement Date

Your *normal retirement date* is the June 30th immediately following your 65th birthday.

### Pensionable Salary

*Pensionable salary* is salary on which pension contributions and benefits are based. For service on and after January 1, 1992, *pensionable salary* does not include earnings in excess of the *pensionable salary cap*.

### Pensionable Salary Cap

The *pensionable salary cap* changes from year to year, and is equal to the *salary* that produces the maximum UAPP benefit accrual allowed for that year by the Income Tax Act under a registered pension plan. The *pensionable salary cap* for recent years for *pensionable service* accrued from January 1, 1994 is:

2012	\$147,363.33	2015	\$157,024.44
2013	\$150,163.33	2016	\$160,970.00
2014	\$154,250.00	2017	\$162,312.22

Because the UAPP benefit accrual formula was different for *pensionable service* accrued during 1992 and 1993, the *pensionable salary cap* for those years is different:

2012	\$132,333.33	2015	\$140,944.44
2013	\$134,833.33	2016	\$144,500.00
2014	\$138,500.00	2017	\$145,722.22

No *pensionable salary cap* applies for *pensionable service* accrued prior to 1992.

### Pensionable Service

*Pensionable service* is the period of service, expressed in years, during which you contribute to the pension plan, or the period for which you have established pension credits. The maximum *pensionable service* is 35 years.

### Plan Membership

*Plan membership* is the period during which you remain employed by a participating employer after you become a member of the UAPP. It includes periods of approved leave of absence and some periods of optional service purchased. If you have two or more separate periods of *Plan membership*, and provided you have not received a benefit from the pension plan in respect of an earlier *vested* period, then all of your periods of membership in the plan can be combined to determine your total *Plan membership*.

### Salary

*Salary* is basic pay for the performance of regular duties. This does not include earnings such as overtime pay or one-time lump sum bonuses.

### Spouse

At the relevant time, a *spouse* is:

- a) A person to whom you are legally married and from whom you have not been living separate and apart for 3 or more consecutive years, or
- b) If there is no person under a), a person of either sex who has lived with you (i) in a marriage-like relationship for the 3 years immediately preceding the relevant time, or (ii) in a relationship of some permanence for the period immediately preceding the relevant time if you and that person are, together, the natural or adoptive parents of a child under the laws of Alberta; or
- c) If there is no person under a) or b), and you have not filed with the Board a prescribed declaration, a person to whom you were married but from whom you have been separated for more than 3 years.

### Unfunded Liability

An *unfunded liability* occurs when the *actuarial valuation* determines that a pension fund's accrued liabilities exceed the assets available for the payment of benefits.

### Vested/Vesting

*Vested* or *vesting* means you are eligible to receive a pension or the *commuted value* of the pension you have earned to the date of termination. You are immediately *vested* upon joining the pension plan.

### YMPE (Year's Maximum Pensionable Earnings)

The *YMPE* is the maximum earnings set each year by the Canada Pension Plan (CPP) on which you are required to make CPP contributions. The average *YMPE* is the annual average of the *YMPE* over the same period as your *highest average salary*.

The *YMPE* for recent years is shown below:

2012	\$50,100	2015	\$53,600
2013	\$51,100	2016	\$54,900
2014	\$52,500	2017	\$55,300

### Important Notes to the Reader

This Member Handbook has been designed to provide UAPP members with general information about the pension plan. Should anything in this Handbook conflict with the Sponsorship and Trust Agreement or any applicable provincial or federal legislation, the Agreement and/or the legislation shall apply.

- If you decided to establish pension credits for a period of leave before the end of April following the year in which the leave period terminated, the purchase will not result in a Past Service Pension Adjustment (PSPA) under the Income Tax Act.
- If you have a spouse on your retirement date, you must choose a joint life pension option with your spouse unless your spouse signs the spousal waiver form.
- Under the plan provisions of the UAPP, you must commence your pension before the end of the year in which you turn age 69. You do not have to cease employment at that time but you must commence your UAPP pension.
- Your retirement date can be on any date between your 55th birthday and the end of the year in which you reach age 69. You do not have to retire on your birthday or on June 30 of any particular year.
- As the retiring pension plan member, you will receive your monthly pension for as long as you live, regardless of the optional form elected at retirement. A guarantee period refers to whether there are residual pension payments to be made after your death. If you elect a Joint Life pension option at retirement, the monthly pension will be paid for as long as your surviving spouse lives as well.

## Important Notes to the Reader

- The process to receive your UAPP benefit is as follows:
  - You (or your beneficiary) notify your employer of your termination or retirement (or death).
  - Your employer provides data and other information to Conduent Human Resource Services.
  - Conduent Human Resource Services calculates your benefit and provides your options package either directly to you or to your employer.
  - You (or your beneficiary) complete the options package and return it to Conduent Human Resource Services.
  - Conduent Human Resource Services provides CIBC Mellon with your payment instructions.
- A pensioner audit is conducted regularly by the UAPP Trustees' Office to ensure pensions are paid to the right persons and that they comply with the option elected at retirement.

**Notes:**



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