UPP UNIVERSITY PENSION PLAN ONTARIO

A guide to
Trent University (Trent Faculty)

Pre-conversion pension benefits

About this guide

This guide will help you understand how the provisions of the TUFA Plan and UPP work together to provide you with a secure, predictable, lifetime pension.

The UPP Plan Text* is available on myupp.ca. Every effort has been made to provide an accurate summary. However, if there are any differences between the information given here and the Plan Text, the Plan Text will apply.

*The Plan Text is the legal foundational document which governs the benefit entitlements of members and sets out how the Plan is administered. To access the full Plan Text, contact UPP Member Services.

Welcome to UPP!

Effective January 1, 2022, The Contributory Pension Plan for TUFA Employees of Trent University (the "TUFA Plan") converted to University Pension Plan (UPP or "the Plan").

This guide applies to active and deferred members and pensioners who participated in the TUFA Plan before January 1, 2022.

If you enrolled on or after January 1, 2022, only UPP provisions apply. For provisions and definitions specific to UPP, please refer to the UPP Member Handbook available at myupp.ca/memberhandbook.

If you are an active UPP member with prior service in the TUFA Plan (also known as your "prior plan"), your pension is based on:

- service earned under your prior plan before January 1, 2022 (your "pre-conversion pension"), plus
- service earned on or after January 1, 2022 under UPP (your "UPP pension").

Any pre-conversion pension benefits earned under the TUFA Plan before joining UPP will now be payable from UPP. Some provisions have been modified based on how the TUFA Plan integrates with UPP. **In no case will the modifications to your prior plan's provisions result in a reduction of benefits earned under the TUFA Plan.**

Your integrated pension benefits

Here's a look at how UPP provisions affect your pre-conversion benefits, and vice versa.

Reminder: For provisions specific to UPP, visit myupp.ca/memberhandbook.

Plan provision	Impact on your benefit
Transferring lump-sum benefits out of UPP when you leave a UPP-participating employer before retirement	On and after January 1, 2022, UPP transfer rules apply to both your pre-conversion and UPP pension benefits, and you are required to elect the same payment option for both your pre-conversion and UPP benefit. This means that if you leave the Plan before your earliest retirement date, you can transfer the locked-in lump sum of both your pre-conversion and UPP pension out of the Plan. However, if you leave the Plan after your earliest retirement date, you cannot transfer the lump-sum value of your pension out of the Plan. For details on the retirement vehicles you can transfer your benefit out to, please refer to the UPP Member Handbook.
Normal retirement date	Your normal retirement date under UPP is the last day of the month in which you turn 65. **If you are an active member** As of January 1, 2022, the UPP normal retirement date applies to both your pre-conversion pension and UPP pension, unless the TUFA Plan would have allowed for an earlier date. Based on this rule, if your birthday is on July 1st, your normal retirement date will instead be the day you turn 65. **If you are a deferred member** For deferred members who terminated employment before January 1, 2022, your normal retirement date will be the July 1st on or immediately after the date you turn 65.
Earliest retirement date	Under UPP, if you are an active member, the earliest date you can retire is the last day of the month in which you turn 55, unless the TUFA Plan would have allowed for an earlier date. Based on this rule, if your birthday is July 1st, your earliest retirement date will instead be the day you turn 55. The same early retirement date will apply to your pre-conversion pension and UPP pension. For deferred members who terminated employment prior to January 1, 2022, your earliest retirement date is the July 1st on or immediately after the date you turn 55. **Early retirement reduction** If you retire before qualifying for an early unreduced pension, your pension will be permanently reduced to reflect the fact that you will receive it for a

Plan provision	Impact on your benefit
	longer period of time. **If you are an active member** If you retire early, your pre-conversion pension will be permanently reduced by 6% for each year (prorated for partial years) that you are under the normal retirement age, unless you qualify for an early unreduced pension described below. **If you are a deferred member** If you terminated employment on or after your earliest retirement date and deferred your pension, the early retirement reduction(s) above apply if you decide to begin your pension before your normal retirement date. If you terminated employment before your earliest retirement date and deferred your pension, a different early retirement reduction applies if you decide to begin your pension before your normal retirement date. Instead, you will receive the actuarial equivalent of the pension that would have been payable if you had retired on your normal retirement date.
Early unreduced retirement date	As of January 1, 2022, if you are an active member and are eligible for an early unreduced pension for your UPP pension, there will be no reduction to your pre-conversion benefit. This means that if you terminate plan membership on or after age 60 and your age plus your eligibility service equal 80 points or more, no reduction will apply. Your early unreduced retirement date is the last day of any month coincident with or immediately after the month that you terminate plan membership.
Eligibility service	Your eligibility service is used to determine your early unreduced retirement date. Effective January 1, 2022, your continuous service with UPP-participating employers is included in determining your eligibility for an early unreduced pre-conversion pension under the TUFA Plan provisions, provided there is no overlap in periods of service. Similarly, any recognized continuous service under the TUFA Plan will be included in determining your eligibility for an unreduced UPP pension. Eligibility service also includes periods of membership under a previous employer's pension plan from which assets were transferred into the TUFA Plan or UPP.
Pension start date	**If you are an active member** Under UPP, your pension starts on the first day of the month following your retirement date. To avoid a gap in your income, it may be beneficial to end your employment at the end of the month. However, if your birthday is on July 1st, your earliest and normal retirement dates will be on your birthday based on the transitional rules. If based on this rule, your retirement date is July 1st, your pension start date will be the same date, rather than the first of the following month.

Plan provision	Impact on your benefit
	If you are a deferred member If you terminated employment before January 1, 2022, your pension start date is the same day as your retirement date.
Pre-retirement survivor benefits	**With a spouse** If you die before starting your pension, your eligible spouse is first in line to receive the full value of your pension – you do not need to name them as a beneficiary. The benefit can be paid as one of the following: • an immediate monthly pension paid for your spouse's life, • a deferred monthly pension to be collected no later than December 1st of the year in which they turn age 71, or • a single lump-sum payment, either as cash (with applicable tax withheld) or as a transfer to a registered retirement savings vehicle. If you have both pre-conversion and UPP service, your eligible spouse will be required to select the same payment option for both their pre-conversion and UPP survivor benefits. **Without a spouse** If you pass away before retirement and you don't have a spouse, or your spouse has waived their rights to your survivor benefits, the full value of your pension will be paid to your beneficiaries or estate, as applicable, as a taxable lump-sum payment.
Post-retirement survivor benefits	**With a spouse at retirement** If you have an eligible spouse at retirement, the baseline form of your pre-conversion pension is the **60% spousal option**, which is a pension payable for your lifetime, with 60% of the pension continuing to your spouse if they outlive you. This option is provided at no cost to you. If your spouse is more than five years younger than you, your pre-conversion pension will be reduced by 0.5% for each complete year over the 5-year difference to reflect the likelihood that your spouse will receive more payments over a longer period. You also have the option of selecting a lifetime survivor benefit between 60% and 100% of your monthly pension, with a corresponding reduction to your baseline pension to accommodate the higher spousal amount. **Without a spouse at retirement** If you do not have an eligible spouse at retirement, the baseline form of your pre-conversion pension is a **10-year guarantee**, which is a pension payable for your lifetime, with a guarantee that at least 120 monthly payments will be paid. If you pass away before receiving 120 payments, the remaining guaranteed payments will be paid to your beneficiaries or, if you do not have any beneficiaries, to your estate. This option is provided at no cost to you. You also have the option of selecting either no guarantee or a 5-year guarantee, which would result in a higher monthly pension amount for you than

Plan provision	Impact on your benefit
	the baseline form of pension. Your pension options package will outline the different payment options available to you.
Beneficiary designations	A beneficiary is the person(s) or organization (such as a charity) you designate to receive any death benefits payable from the Plan after your death. Your beneficiary is second in line to an eligible spouse. For this reason, you do not need to name your spouse as a beneficiary in order for them to receive a survivor pension. If you do not name a beneficiary, any death benefits payable to your designated beneficiary will be paid to your estate. Your latest beneficiary designation under the TUFA Plan will be used to determine the named beneficiaries for your pre-conversion pension and UPP pension, until you update your beneficiaries directly with UPP. Any updates will apply to both your pre-conversion pension and UPP pension. It's important to keep your beneficiaries up to date to ensure the right benefits are provided to the right people. You can view and update your beneficiaries through the **myUPP Member Portal** in a few simple steps, or complete the UPP Spousal and Beneficiary Form available at myupp.ca/members/forms-and-documents.
Pre-conversion inflation protection (indexation)	As part of the conversion to UPP, UPP honours the indexation provisions of the prior plan, including how the increases, if applicable, are determined and when they are paid. **If you retire or terminate employment with Trent University after June 30, 2006:** Indexation for the pre-conversion portion of your pension is determined based on whether the annualized average rate of return on the pension fund, net of expenses, exceeds 6.5% per year on a cumulative basis (measured as of March 31st each year), with any excess investment earnings used to index deferred pensions and pensions in pay. For purposes of the excess investment earnings calculation, the rate of return on the pension fund is averaged over a four-year period. Effective January 1, 2022, the market value of the UPP pension fund is used to determine the rate of return instead of the market value of the TUFA Plan pension fund. Any increase on your pre-conversion pension will be applied on July 1st. If a pension is indexed on a given July 1st, the indexing percentage will be deducted from the cumulative excess investment earnings. If there is a cumulative deficiency as of March 31st of a given year, there will be no indexation granted. If the cumulative excess investment earnings are more than sufficient to provide the maximum amount of indexation on a given July 1st and in any one of the prior five years the maximum indexation was not provided, 50% of the remaining cumulative excess investment earnings will be applied to provide indexation up to the maximum amount for one or more of those years in reverse chronological order.

Plan provision	Impact on your benefit

- For pensions in pay, the excess investment earnings will be used to index pension benefits on the subsequent July 1st by up to a maximum of 50% of the increase in the CPI, determined as of the immediately preceding March 31st.
- For deferred pensions not yet in pay, the excess investment earnings are used to index pension benefits on the subsequent July 1st by 50% of the lesser of the annual percentage increase in the Consumer Price Index (CPI) and the annual percentage increase in the Average Industrial Wage, both determined as of the previous March 31st.

Please note your first indexation increase, if applicable, is prorated based on the number of days between the date of your termination of employment or retirement, as applicable, and the following July 1st.

If you retired or terminated employment with Trent University before July 1, 2006:

Indexation for your pre-conversion pension is determined based on whether the average annualized rate of return on the pension fund, net of expenses, exceeds 6% per year (measured as of March 31st each year), with any excess investment earnings used to index deferred pensions and pensions in pay. When calculating the excess investment earnings, the rate of return on the pension fund is averaged over a four-year period. Effective January 1, 2022, the market value of the UPP pension fund is used to determine the rate of return instead of the market value of the TUFA Plan pension fund. Any increase is applied on July 1st.

Any excess investment earnings are used to index pension benefits on the subsequent July 1st up to the following maximum percentages:

- For pensions in pay, the percentage by which the Consumer Price Index (CPI) on the March 31st of a year exceeds the CPI on the March 31st of the immediately preceding year, subject to a minimum of 0%, ("*Increase in CPI*").
- For deferred pensions not yet in pay, the lesser of:
  - the *Increase in CPI*, and
  - the percentage by which the Average Industrial Wage (AIW) on the March 31st of a year exceeds the AIW on the March 31st of the immediately preceding year, subject to a minimum of 0% ("*Increase in AIW*").

If the excess investment earnings in a given year are more than sufficient to provide the maximum amount of indexation on the corresponding July 1st, such additional excess investment earnings shall be used, to the extent possible, to increase deferred pensions and pensions in pay in respect of prior plan years in which the indexation was less than the *Increase in CPI* or the *Increase in AIW* for such year, as applicable.

UPP pension

UPP's indexation provisions apply to the portion of your pension earned after conversion. See myupp.ca/memberhandbook for details.

Plan provision	Impact on your benefit
Returning to work as a pensioner	If you are receiving a pension, whether it began before or after January 1, 2022, and start working for any UPP-participating employer in a class of full-time employment that requires pension participation, your pension payments will be suspended and you will start contributing and earning additional pension benefits under UPP through your new period of employment. If you begin your new employment after November 30th in the year you reach age 71, your pension will continue uninterrupted as you cannot contribute to the Plan beyond this date.

How your pension is calculated

As a member of UPP, your pension begins on the first of the month coincident with or immediately after your retirement date and is paid for life. Your total pension is the sum of your pension earned after the conversion to UPP (UPP pension) **plus** your pension earned before the conversion (pre-conversion pension), subject to the Canada *Income Tax Act* (ITA) maximum limits.

Your pre-conversion pension and UPP pension are based on set formulas that consider a few key components.

TUFA Plan pension formula

[Final average earnings × 2.0%] × [Pensionable service prior to January 1, 2022] = **Your gross annual pre-conversion pension**

PLUS ↓

UPP pension formula

[Best average earnings up to the **avgYMPE**[1] × 1.6% + Best average earnings above the **avgYMPE**[1] × 2.0%] × [Pensionable service January 1, 2022 to December 31, 2024]

PLUS

[Best average earnings up to the **avgYAMPE**[1] × 1.6% + Best average earnings above the **avgYAMPE**[1] × 2.0%] × [Pensionable service on and after January 1, 2025]

= **Your gross annual UPP pension**

Best average earnings (BAE)
Your UPP pension uses your best average earnings, which is an average of your highest 48 months of pensionable earnings (which do not have to be consecutive) with your employer during a period of plan membership. Your pensionable earnings under your prior plan and UPP are considered when determining your BAE. Your BAE is limited to the amount that would produce the maximum lifetime annual pension permitted under the ITA.

Final average earnings (FAE)[2]
Your pre-conversion pension uses your final average earnings, which is the highest average annual pensionable earnings (referred to as "nominal earnings" under the TUFA Plan) during any five consecutive years in the last ten years before your retirement. Your pensionable earnings under your prior plan and UPP are considered when determining your FAE.

Pensionable service
The determination of pensionable service for your pre-conversion pension and UPP pension will be based on your continuous service during your membership. Pensionable service is adjusted to reflect periods where you were employed on a less than full-time basis, if applicable.

- Pensionable service accrual ended under the TUFA Plan on December 31, 2021, and is the amount of continuous service during which you've contributed to the TUFA Plan (or accrued pension benefits while on long-term disability or an approved leave of absence), including any service you transferred in prior to January 1, 2022.
- UPP pensionable service accrual began on January 1, 2022, and is the amount of continuous service during which you've contributed to UPP (or accrued pension benefits while on long-term disability or an approved leave of absence). This includes amounts transferred in from another pension plan and used to purchase UPP service on and after January 1, 2022.

Continuous service
Continuous service refers to an uninterrupted period of employment with a participating employer. Continuous service is not interrupted during public holidays, periods of vacation, employer-approved leaves of absence, or notice periods required by employment standards legislation upon termination of employment.

Average year's additional maximum pensionable earnings (avgYAMPE)
The average YAMPE used to calculate your UPP pension includes the last consecutive 48 months of plan participation before your retirement. The average YAMPE applies for service on and after January 1, 2025. If your last 48 consecutive months of plan participation include service in the TUFA Plan, those months will be included in the average YAMPE calculation for your UPP pension (with any periods prior to January 1, 2025 valued at 114% of the YMPE).

Average year's maximum pensionable earnings (avgYMPE)
The average YMPE used to calculate your UPP pension includes the last consecutive 48 months of your plan participation. The average YMPE applies for service between January 1, 2022 and December 31, 2024.

Year's additional maximum pensionable earnings (YAMPE)
An additional higher annual earnings limit set by the federal government and introduced in 2024 to determine the maximum amount of earnings used to calculate contributions and pensions under the Canada Pension Plan (CPP). Like the YMPE, the YAMPE is set to increase each year to reflect wage growth in Canada.

Year's maximum pensionable earnings (YMPE)
An amount set each year by the federal government to determine the maximum amount of earnings used to calculate contributions and pensions under the Canada Pension Plan (CPP). Also called the CPP earnings limit.

[1]Effective January 1, 2025, the Year's Additional Maximum Pensionable Earnings (YAMPE) is used instead of the Year's Maximum Pensionable Earnings (YMPE).

[2]In no event will an active member's FAE be less than their FAE as at July 1, 2014. At that time, a member's FAE were calculated as their highest annual pensionable earnings during any three (3) consecutive years in the last ten (10) years, immediately before July 1, 2014.

For more information

Where to learn more

Visit myupp.ca to learn more about various life events along your pension journey, explore frequently asked questions, and download the UPP Member Handbook which provides details about your UPP pension.

How to contact us

Whether you have questions about this guide or how your prior plan works together with UPP, our Member Services team is here to help.

You can contact us via secure message through the **myUPP Member Portal**, or by phone at 1-833-MBRS-UPP (1-833-627-7877) from Monday to Friday, 8:30 am – 5 pm ET.