

# Exploring UPP for Defined Benefit and Hybrid Plans

As university communities consider their pension options, UPP is an active, collaborative partner providing information, resources, and presentations to help interested groups make an informed decision about their pension.

## Introductions and exploratory discussions

During this exploratory stage, UPP and its Joint Sponsors work closely with parties along every step, providing active coordination, information and continued support throughout. UPP and its Joint Sponsors are available to:

### Meet with any interested parties at any time

- UPP will meet with administration, joint working committees, retiree associations, trade union and faculty association representatives, and non-unionized member representatives to provide information about UPP and answer questions.
- These discussions provide the opportunity for UPP and parties to meet, discuss parties' interests and objectives, and explore the potential benefits and process of joining UPP.
- UPP respects confidentiality and will not disclose that discussions are taking place (including with other parties at the prospective institution) during exploratory discussions unless explicitly agreed.

### Host information and education sessions for various audiences

- UPP is often invited to host member education sessions, which can be broader and more formal, or remain smaller and informal, depending on the preference of the group.
- Presentations range from an introductory plan overview to spotlight sessions by UPP subject matter experts on areas of interest (such as our responsible investing approach).
- Representatives of UPP's Employer and Employee Sponsor Committees often attend presentations or meet one-on-one with parties to share their first-hand insights and experiences.

### Provide an array of information and resources

For parties interested in understanding the impact of a conversion, UPP provides a range of information to support decisions and analysis, including:

- A comprehensive plan benefit comparison between the existing plan and UPP
- Sample member profiles to compare the existing plan and UPP  
*Note: Prior to distributing any information reflecting the provisions of an existing single employer plan, UPP provides the information to the plan sponsor (typically the university administration) for validation.*
- Background information on UPP and its core functions
- Information on key benefits enjoyed by UPP's participating employers, such as exemption from PBGF fees and solvency funding obligations, predictable costs, simplified accounting, UPP's unique integration with CPP, and if necessary, five additional years to address a going concern deficit
- The post January 1, 2022 Framework for Future Conversions for entry applying to all incoming plans
- Detailed information about the conversion process, including regulatory processes and requirements, is summarized in UPP's Conversion Process Overview (available by request).

In practice, the parties at interested institutions drive the process according to their internal timelines and priorities. UPP's role is to provide information and support informed decision making.

# Consent and Conversion

If parties decide to move from the exploratory stage to more in-depth consideration of UPP and, ultimately, a path to conversion, a more formal process begins which centers first on collective bargaining and agreement of terms and then moves to member consent, regulatory approvals, and preparations for an administrative and asset transfer.

Outlined below is a high-level overview of the steps along this phase<sup>1</sup>. Steps along this path are not necessarily sequential and may occur simultaneously.

## 1. Formal agreements setting out the terms of conversion and transfer

In this phase, the involved parties lay the groundwork for the regulatory consent application by negotiating and codifying conversion terms and any pension plan amendments into agreements. Key agreements include:

- **Memorandum of Agreement (MOA)** negotiated between Employer and each faculty association/union to provide for a plan conversion on behalf of the Single Employer Pension Plan (SEPP) members it represents. (Note: UPP Plan terms are not negotiable by the parties)
- **Transfer Agreement** between the University and UPP's Joint Sponsors. The Transfer Agreement sets out the formal terms and conditions for the transfer of assets from the SEPP to UPP and corresponding assumption of pre-conversion liabilities by UPP.
- **Participation Agreement** between the University (as employer) and UPP Board of Trustees. The agreement includes such terms as eligible classes of employees and conditions of participation, pensionable earnings definition effective date, and responsibilities of UPP as administrator and the University as participating employer.

## 2. Member consent and regulatory approvals

- Lead by the University, one of the key legislative requirements within the conversion process is the consent process for pension plan members (or representative trade unions/faculty associations on their behalf) and retired and former members who will be impacted by the conversion if it is approved.
- UPP, the University, trade unions/faculty associations, as applicable, collaborate to ensure a transparent consent process for members and facilitate additional information and education sessions, as needed.
- Once the formal consent process is complete, the University (with support from their advisors and UPP) files an application with FSRA for regulatory approval to the conversion and transfer of assets.
- The conversion process with the University also includes amending its existing pension plan and completing actuarial filings on behalf of the University.

## 3. Internal preparations for the administrative and asset transfer from the University to UPP begins once the consent process is complete (while regulatory approvals are in progress).

- With UPP as the lead, UPP and the University begin work planning for the asset transfer and transition of pension administration under four general workstreams (assets and finance, member and plan administration, regulatory, governance).
- At this stage, UPP will assign additional resources to work with the University throughout the transfer process and provide a cross-functional process map showing responsibilities and timelines in advance of the work commencing.
- Regular check-ins will be scheduled between UPP and the University's transition team to facilitate collaboration and planning.

### **UPP is there every step of the way.**

UPP and its Joint Sponsors work closely with parties along every step, providing active coordination, information, and continued support.

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<sup>1</sup> This document is a high-level overview. For greater detail, please refer to UPP's Conversion Process Overview document and the Pension Benefits Act (PBA). Plan sponsors should also seek independent legal and actuarial advice on the consent and conversion process.

**PHASE 1**

Introductions and exploration

**PHASE 2**

Conditional authorities to proceed

**PHASE 3**

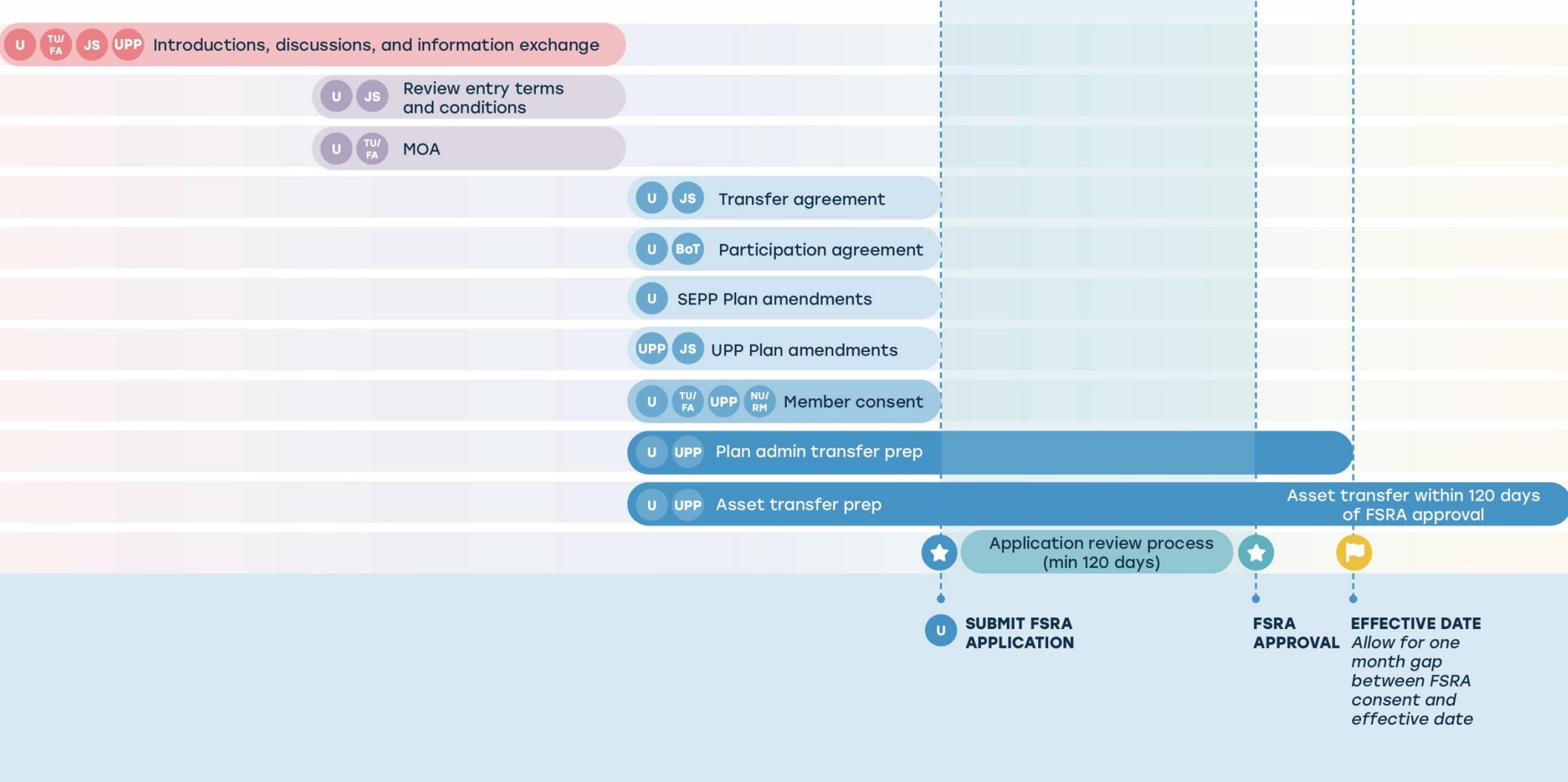
Agreements, member consent, and internal preparations

**PHASE 4**

Regulatory approvals  
*(minimum 120 days)*

**PHASE 5**

Administration and asset transfer



**INVOLVED PARTIES**

- BOT** UPP's Board of Trustees
- JS** UPP's Joint Sponsors
- NU/RM** Non-unionized/Retired Members
- TU/FA** Trade unions/faculty associations
- U** University
- UPP** University Pension Plan

**For more information:**

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