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President's Blog

Phased Retirement

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1. What is phased retirement?

The phased retirement program was negotiated between UTFA and the Administration in 2005 as part of the agreement to end mandatory retirement. It allows full-time faculty members and librarians between the ages of 57 and 68 to elect to transition to retirement by reducing their workload in the three years before their full retirement. Participants must have at least ten years of pensionable service in the University of Toronto Pension Plan (the "Plan") by the end of the three-year phased retirement period.

Members participating in the phased retirement program can choose to work between 150% and 200% of a full-time appointment, spread over three years. The minimum appointment in any year is 25%. For example, a participant might work 75% in year 1, 50% in year 2, and 25% in year 3, for a total of 150%.

Participants receive salary for the percentage appointment they work in each year and contribute to the Plan based on the actual salary received. However, pension benefits for each of the three years are based on full (100%) salary and pensionable service. Participants also receive a 75% Retirement Supplement, which is equal to 75% of the participant's salary immediately before starting the program and is payable either at the end of the phased retirement period or in three equal installments at the beginning of each year of the program.

You must provide notice of your irrevocable intention to participate in the phased retirement program one year in advance of the proposed commencement date for phased retirement (which shall be a July 1), on a form created by the University administration.

For more information about the phased retirement program, please see the Administration's FAQ, the relevant section of the Academic Administrative Procedures Manual (AAPM) and the HR and Equity Retirement page.

2. Is there an age after which it is too late to apply for phased retirement?

Yes. The latest you can start the program is the July 1 of the year in which you turn 68. (You must have completed the three years of the phased retirement program by the July 1 of the year in which you turn 71.)

Keep in mind that you must provide at least one year's advance notice of intention to commence and participate in the phased retirement program.

3. If the Plan is converted to the new University Pension Plan (UPP), how will phased retirement be affected?

For U of T faculty and librarians, the UPP will include provisions for the existing phased retirement plan. Since the start-date for the UPP is anticipated to be July 1, 2021, however, members who are currently participating in a phased retirement program will have completed the three years of the program before the UPP becomes operational and therefore won't be affected.

4. What will happen if the last year or two of my phased retirement occurs after the new pension plan (UPP) starts?

The phased retirement program will continue for U of T faculty and librarians after the transition to the UPP. As mentioned above, the anticipated start date for the UPP is July 1, 2021, so members who are already in the phased retirement program won't be affected.

A phased retirement period that spans the transition to the UPP will continue within the UPP. For example, a U of T faculty member or librarian who begins phased retirement July 1, 2020 would have one year of phased retirement in the existing Plan. Assuming that the pension starts to be earned under the UPP effective July 1, 2021 (the anticipated start date), two years of the phased retirement would be in the UPP. During the two years in the UPP, participants would earn pension benefits based on full (100%) salary and pensionable service as if they were working 100%. However, participants will continue to make pension contributions on their actual salary. The University will contribute the difference to the UPP (in addition to its normal portion of the contributions). The pension benefit earned in those two years would be based on the UPP provisions.

5. Will there be grandparenting for members who are close to qualifying for the phased retirement program on the transition date to the UPP?

In order to qualify for phased retirement, members must be within three years of qualifying for 'unreduced early retirement'. Under the existing Plan that means a member must be within three years of age 60 and 10 years of pensionable service (60/10). Under the UPP, members must be at least 60 years of age and have 80 'points', where points = age +continuous service. For example, to qualify for unreduced retirement at age 60 under the UPP, U of T faculty members or librarians must have 20 years of continuous service between the existing Plan and the UPP combined.

The transition to the UPP will provide grandparenting of the provisions of the existing Plan for unreduced

early retirement for those age 52 and over when the UPP begins. Members who are age 52 or over on July 1, 2021 will continue to be able to qualify for unreduced early retirement using the 60/10 provision and therefore for the phased retirement program within three years of age 60 and 10 years of pensionable service.

This FAQ is a summary of the phased retirement program in the context of transition to the University Pension Plan. In the case of a conflict between this summary and the 2005 Agreement on Retirement Matters, the Agreement shall govern.

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