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President's Blog

Memorandum of Agreement on Contribution Increases and Offsets

January 24, 2019

On November 14, 2018, UTFA and the University of Toronto administration entered into an agreement ("Agreement") related to the proposed University Pension Plan (UPP). The Agreement is subject to positive ratification by the UTFA membership. The parties agreed as follows:

1. UTFA will provide consent on behalf of its member to convert the University of Toronto Pension Plan ("UTPP") to the UPP.

2. All matters related to the UPP and the Supplementary Account Plan will be removed from Article 6 of the Memorandum of Agreement between the University and UTFA.

3. The UTPP will be amended as follows:

- On July 1, 2019: member contributions under the UTPP will be increased from 7.15% to 8.2% of pensionable salary up to the Canada Pension Plan (CPP) maximum salary and from 9.5% to 10.5% of pensionable salary over the CPP maximum salary; and
- On July 1, 2020: member contributions under the UTPP will be increased to 9.2% of pensionable salary up to the CPP maximum salary and 11.5% of pensionable salary over the CPP maximum salary.

4. On each of July 1, 2019 and July 1, 2020, UTFA members' salaries will be increased by 0.9%, up to the maximum pensionable salary cap.

5. Effective July 1, 2019, the contribution pensionable salary cap for 2019 under the UTPP will be $165,000 increased by the percentage increase in the Income Tax Act maximum pension limit for 2019 and each year thereafter.

6. Effective June 30, 2019, the UTPP will be amended to remove first year indexing under s. 7.01(a) and 7.02, which is not permitted under income tax rules. For clarity, members who retire effective June 30, 2019 will not have their pensions adjusted for first year indexing on July 1, 2019 except to the extent, if any, as may be required by law.

7. Also effective June 30, 2019, termination benefits equal to two times contributions will be removed from the UTPP. For clarity, any members who retire on or after July 1, 2019 will not have the option to elect this termination benefit, except to the extent, if any, required by law.

8. On the successful conversion of the UTPP to the UPP, and effective on the same date, a new Supplementary Account Plan (SAP) will be established to provide additional income on retirement:

- the University will credit an account for each eligible UPP member with 10% of earnings between the earnings between $165,000 and a maximum of $250,000, adjusted annually
- eligible UPP members will not contribute to the SAP, only the University will contribute
- the SAP will be credited with interest each year until retirement, termination or death, based on the rate of return earned by the investments of the UPP in the previous year, or an alternative measure as agreed between UTFA and the University
- on retirement, termination or death of an eligible UPP member, the SAP will be paid out in cash, over a period of up to 10 years

NOTE: items 2. through 8. above are conditional on UTFA's consent to the conversion of the UTPP to the UPP in 1., and by extension, the successful ratification vote of the UTFA membership. Item 8, the creation of an SAP, is also contingent on the UTPP successfully converting to the UPP.

For more information, please visit:
https://www.utfa.org/content/new-supplementary-account-plan-and-pension-contribution-offsets

File attachments:
utfa_-_summary_of_nov_14_2018_agreement.pdf

Source URL (modified on Jan 24 2019):https://www.utfa.org/content/memorandum-agreement-contribution-increases-and-offsets