Pensions

Supporting Documents for UTFA Members

Current U of T pension plan at a glance

Type of plan	• Single employer defined benefit plan • Provides retirement income for life, regardless of financial market conditions or how long you live • Pension calculated using pre-set formula based on earnings and years of pensionable service
Who pays for it	• University pays difference between employee contributions and cost of pensions • In 2015/2016 plan year, employees contributed $63.9 million • In 2015/2016 plan year, university made regular contributions of $108.7 million, plus $78.7 million toward plan's going concern deficit
Who it covers	• Employees at all three U of T campuses, including academic staff, librarians, research associates, unionized and non-unionized administrative staff, and other unionized staff • To join, must have annual salary of at least 35% of CPP maximum or scheduled to work 700 hours (35% × $54,900 as of July 1, 2016; rising to 35% × $55,300 on July 1, 2017)
Plan size (July 1, 2016)	• Total plan assets: $4.1 billion • Participating members: 18,641 (9,945 active plan members; 5,656 retirees/beneficiaries; 3,040 inactive members who have left U of T, but still have a pension in the plan)
How changes are made	• Changes to future pensions and UTFA member contributions are negotiated under the collective bargaining process • Otherwise, plan is governed by U of T's Governing Council, which has final decision-making authority, but has delegated certain responsibilities to two bodies: - Business Board for plan provisions, member contributions and funding - Pension Committee for actuarial, financial and investment matters
Investments	• Investments are managed by University of Toronto Asset Management (UTAM)
What legislation governs it	• Plan is registered in Ontario and subject to Ontario's *Pension Benefits Act* and regulations overseen by Financial Services Commission of Ontario • Plan is registered under *Income Tax Act* and regulations overseen by Canada Revenue Agency

Additional details

What you contribute

CPP maximum = $54,900 as of July 1, 2016; rising to $55,300 on July 1, 2017

Salary = annual salary before deductions, including academic administrative stipends (current maximum = $161,000)

6.3% (rising to 7.15% on July 1, 2017) × salary up to CPP maximum
+
8.4% (rising to 9.5% on July 1, 2017) × salary above CPP maximum (to $161,000 cap for 2016)

Example: $140,000 salary

6.3% × $54,900 = $3,459*
+ = **$10,607** (annual contribution)
8.4% × $85,100 = $7,148*

*rounded

- If you contribute more than half the lump-sum value of your pension, the difference is refunded to you when you retire or leave the plan.

Amount of annual pension

Best salary = average salary over highest 36 months

Average CPP maximum = average during the last 36 months of plan membership

(1.5% × best salary up to average CPP maximum
+
2.0% × best salary above average CPP maximum) × years of pensionable service

Example: $140,000 best salary, 30 years of service, $54,000 average CPP maximum

1.5% × $54,000 = $810
+ = $2,530 × 30 years = **$75,900** (annual pension)
2% × $86,000 = $1,720

When you can retire

- Full pension at age 65 regardless of years of service
- Unreduced pension from age 60 with at least 10 years of service
- Reduced pension from age 55 (reduced by 5% for each year before age 65)
- Postponed pension up to December 1 of year you reach age 71 (pension continues to grow with active service)
- Phased-in retirement for up to three years for members who are between age 57 and 68

Form of pension

- If spouse or dependents at retirement: pension paid for life with 60% continuing to spouse for life after your death (or, if spouse dies, in equal shares to children while dependent)
- If no spouse at retirement: pension paid for life with five-year guarantee (if you die within five years, payments continue to beneficiary for remainder of five-year period)
- Other payment options available, including option to transfer lump-sum (commuted) value of pension on early retirement, on condition of waiving retiree health and dental benefits

Post-retirement cost-of-living increases

- Pensions in pay increased each July 1 by greater of:
  - 75% of first 8% increase in previous year's Consumer Price Index (CPI), plus 60% of CPI increase above 8%; or
  - increase in CPI less 4%

Life events

- Plan pays pension benefits on termination of employment, disability or death

This document describes highlights of the University of Toronto Pension Plan in simple terms. If there are any errors or differences between the information given here and the legal plan documents, the legal documents will apply.