Comparison of Plan Provisions: Current University of Toronto Plan and UPP

University of Toronto Pension Plan (the current plan)	**University Pension Plan (UPP)**
Membership	
Membership is optional up to age 35 and is mandatory for full-time employees after age 35. Membership is available to part-time employees who meet the requirements of the *Pension Benefits Act* for part-time employee membership in registered pension plans.	Membership is mandatory for all full-time employees who are eligible for plan membership. Members of the current plan who are under the age of 35 as of the effective date of the UPP will be required to participate in the UPP whether or not they participate in the current plan. Membership is available to part-time employees in accordance with the terms of the *Pension Benefits Act*.
Formula up to CPP maximum	
1.6% of highest average salary up to the CPP maximum.	No change. 1.6% of highest average salary up to the CPP maximum.
Formula over the CPP maximum	
2% of highest average salary over the CPP maximum.	No change. 2% of highest average salary over the CPP maximum.
Definition of highest average salary	
The annualized average of the best 36 months of earnings.	The annualized average of the best 48 months of earnings. Note: the effect of this change would be a percentage reduction in benefits equal in size to about half of a member's average annual percentage salary increase at the end of their career – about 1.5%, or a maximum of about $35 per year.
Definition of average CPP maximum salary	
The annualized average of the YMPE applicable for the 36 months prior to the determination of the pension.	For service before 2025, the annualized average of the YMPE applicable for the 48 months prior to the determination of the pension.

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	For service after 2024, the annualized average of the YAMPE (or 114% of the YMPE for years in the calculation for which there is no published YAMPE). Note: the effect of this change will be to slightly reduce the proportion of earnings to which the 2% accrual applies, and will thus tend to produce a slight reduction in the pension payable. There will also be a corresponding reduction of 2.3% in contributions on salary between the YMPE and the YAMPE.[1]
Indexation (pension adjustments to reflect the impact of inflation on the value of your pension)	
Beginning on July 1 of the year following retirement, pension is increased by the greater of: 75% of the percentage increase in the Consumer Price Index for Canada in the previous year up to a maximum CPI increase of 8%, and 60% of any percentage change in the CPI above 8%. Or the percentage change in the CPI minus 4%. These indexing adjustments apply to the deferred pensions of former members. Effective July 1, 2019, the current plan will be changed to eliminate first year indexing. After that date, the first indexing adjustment after retirement will be pro-rated based on the number of payments received between retirement and the following July 1.	The UPP provides for funded conditional indexing. "Funded" means that contributions to the UPP are sufficient to fund indexing to 75% of the change in the CPI in the previous year. Adjustments would be effective January 1, and would be prorated for retirements within one year of that date. The UPP's conditional indexing means that indexing adjustments will be subject to the financial condition of the UPP and a funding policy developed and approved by the Joint Sponsors of the UPP (the unions and faculty associations and the respective universities), and may be less than 75%.

[1] It is not currently known what change, if any, would be made in the UTPP's integration with the Canada Pension Plan upon implementation of the enhancements to the CPP.

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	The Joint Sponsors have agreed that, for the first 7 years of operation of the UPP, indexing will be paid. An indexing adjustment less than 75% would apply only to pensions earned during such conditional indexing periods. All indexing for pensions earned for years of service prior to a conditional indexing period would remain indexed at the "full" indexing rate as set out in the UPP for years of UPP service, and at the "full" indexing rate as set out in the current plan for years of service under the current plan. These adjustments will not apply to the deferred pensions of former members.
Normal retirement date	
June 30 following or coincident with the member reaching age 65.[2]	The last day of the month coincident with or in which the member reaches age 65. Note: on average, this change will have the effect of improving the retirement benefit by reducing the normal retirement age of a member by 6 months.
Early retirement	
Members age 60 or more and whose age and pensionable service total 80 or more will receive an unreduced pension. Otherwise, for members who retire within 10 years of their normal retirement date, the pension earned to their date of retirement reduced by 5/12 of 1% for each month their retirement date precedes their normal retirement date.	No substantive change. Members age 60 or more, and whose age and continuous service total 80 or more, will receive an unreduced pension. Otherwise, for members who retire after age 55, the pension earned to their date of retirement would be

[2] Effective June 30, 2019, the current plan will be amended to establish the normal retirement date as the 1st day of the month following the month in which the member reaches age 65.

	reduced by 5/12 of 1% for each month their early retirement date precedes their normal retirement date.
Post-retirement death benefits	
Without a spouse	
If you do not have a spouse as of your retirement date, your pension will be guaranteed for a period of 5 years. That means that your pension will continue for five years or until your death, whichever comes later. If you die within the five years, your beneficiary or estate will receive the pension you would have received for the remainder of the five years. A member can opt for a 10-year guarantee with a pension reduced to cover the increase in cost.	If you do not have a spouse as of your retirement date, your pension will be guaranteed for a period of 10 years. That means that your pension will continue for 10 years or until your death, whichever comes later. If you die within the 10 years, your beneficiary or estate will receive the pension you would have received for the remainder of the 10 years.
With a spouse	
The normal form of benefit a 60% survivor benefit, which pays a pension to a surviving spouse (or dependent children while dependent) equal to 60% of the member's benefit at retirement. If your spouse is within 15 years of your age, you will receive the full normal benefit set out above. If your spouse is more than 15 years younger than you, your pension will be reduced so that its total value, including the survivor benefit, is equal to the value of a pension paid to a member with a spouse who is 15 years younger.	The normal form of benefit is a 50% survivor benefit, which pays a pension to a surviving spouse (or dependent children while dependent) equal to 50% of the member's benefit at retirement. To increase the survivor benefit to the 60% level, which is the legislative default, the member's pension will be reduced to offset the difference in cost. Note: the effect of converting the 50% survivor benefit to a 60% benefit would be a pension reduction of roughly 1.5%. If your spouse is within 10 years of your age, you will receive the full normal benefit set out above.

	If your spouse is more than 10 years younger than you, your pension will be reduced so that its total value, including the survivor benefit, is equal to the value of a pension paid to a member with a spouse who is 15 years younger.
Optional forms of surviving spouse benefits	
Any survivor benefit between 60% and 100% of the member's benefit, with the member's benefit reduced to equate to the cost of the normal form of benefit (60% survivor). A joint survivor benefit between 60% and 100% – which reduces on the death of either spouse. A level income option which reduces the lifetime pension, but increases the pension payable between retirement and eligibility for Old Age Security and an unreduced CPP benefit. This is essentially a self-funded early retirement bridging benefit.	Guarantee periods of 10 or 15 years; survivor benefits of 50%, 60%, 80% and 100%; singly or in combination; all with dependent child options. For optional forms of benefit, the member's pension will be reduced to cover the increased cost.
Pre-retirement death	
Before early retirement eligibility	
A cash payment equal to the amount that the member would have been entitled to, had they terminated employment immediately prior to death and selected the commuted value option.	No change – a cash payment equal to the amount that the member would have been entitled to had they terminated employment immediately prior to death and selected the commuted value option.
After early retirement eligibility	
The greater of the value determined above or the commuted value of the early retirement pension that the member would have received, had they retired immediately prior to their death, taking into account any early retirement benefit reductions that would have applied.	No change – the greater of the value determined above or the commuted value of the early retirement pension that the member would have received had they retired immediately prior to their death, taking into account any

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	early retirement benefit reductions that would have applied.
After normal retirement date	
The member will be deemed to have retired immediately prior to death, and the form of benefit options applicable to a survivor will be applied.	A cash payment equal to the amount that the member would have been entitled to, had they terminated employment immediately prior to death and selected the commuted value option. The greater of the value determined above or the commuted value of the retirement pension that the member would have received, had they retired immediately prior to their death.
Benefits on termination	
For termination of employment for reasons other than death, a deferred pension beginning between the member's early retirement age under the plan and the member's normal retirement age. The benefit is the pension earned to the date employment is terminated, beginning at the normal retirement date. A deferred pension may begin at any age after the member's early retirement age, but will be reduced to the same value as a benefit beginning at the normal retirement date. Deferred pensions are indexed in the deferral period in accordance with the regular indexing formula in the plan.	Deferred pension entitlement is the same as in the current plan. Deferred pensions are not indexed in the deferral period. Normal indexing would commence on the date of commencement of the pension.
Portability	
In lieu of a deferred benefit, transfer to another retirement income vehicle of the greater of the commuted value of the deferred benefit, or two times the member's contributions, plus interest.[3]	In lieu of a deferred benefit, provided the member is not eligible for an immediate pension, you may transfer the commuted value of the benefit to a retirement income vehicle.

[3] See the plan booklet http://pension.hrandequity.utoronto.ca/wp-content/uploads/sites/24/2017/10/Brochure-USWA-CUPE3261-1230OPSEU-578-June-2017.pdf for a listing of the eligible portability vehicles.

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Effective June 30, 2019, the two times contributions plus interest option will be removed from the current plan. A member whose employment is terminated after their early retirement date (10 years from normal retirement) may elect to transfer the value of their benefit to another retirement vehicle.	There is no two times contributions plus interest option in the UPP. There is no commuted value option for a member who is eligible for an immediate (reduced or unreduced) pension (i.e., after age 55). The elimination of the commuted value option after age 55 will be implemented in three stages. For the first three years after the effective date of the UPP, the portability rules in the current plan will apply. For years four through 10 after the effective date, the current plan portability rules will apply to service under the current plan and the UPP rules will apply to service under the UPP. After the 10th year, UPP rules – i.e., no commutation of benefits after age 55 – will apply to all benefits.
Small pensions	
If commuted value of a pension payable at normal retirement is less than 20% of the YMPE under the Canada Pension Plan, or the benefit payable is less than 4% of the YMPE, the plan may pay the benefit out in cash as described above.	No change – same provision as current plan.