

MEMORANDUM OF AGREEMENT [“MOA”]

BETWEEN

THE GOVERNING COUNCIL OF THE UNIVERSITY OF TORONTO
(hereinafter referred to as the “University”)

– and –

CANADIAN UNION OF PUBLIC EMPLOYEES, LOCAL 3261 (FULL-TIME & PART-TIME)
(hereinafter referred to as the “Union”)

MEMORANDUM OF AGREEMENT REGARDING CONSENT TO THE CONVERSION TO THE UNIVERSITY PENSION PLAN (the “UPP”)

WHEREAS the University and the Union are parties to a collective agreement dated September 15, 2017 which shall expire on June 30, 2020 (the “Collective Agreement”);

AND WHEREAS the parties have been discussing the conversion of the University of Toronto Pension Plan (the “Plan”) to a new sector jointly sponsored pension plan, the UPP;

AND WHEREAS the parties wish to enter into this MOA to provide for the Union’s consent pursuant to and in accordance with relevant provisions of the Pension Benefits Act for transition to the UPP and related amendments to the Collective Agreement;

NOW THEREFORE the parties agree as follows:

1. Consent to Conversion under the Pension Benefits Act

The terms and conditions of this MOA are conditional on the Union providing consent on behalf of all employees in the bargaining unit covered by the Collective Agreement to the conversion of the Plan to the UPP under section 80.4 of the Pension Benefits Act, including transfer of the Plan’s assets and liabilities to the UPP, and will support the position of the University in its application, when made, for the approval of such conversion and transfer. For clarity, if the Union does not provide consent on behalf of all employees in the bargaining unit covered by the Collective Agreement to the conversion of the Plan to the UPP under section 80.4 of the Pension Benefit Act before March 1, 2019, then the terms and conditions of this MOA will be null and void and will not be implemented.

2. Participation in the UPP

- (a) Effective January 1, 2020, or, if later, the effective date of the UPP, employees who are active members of the Plan shall become members of the UPP (“**Contingent UPP Members**”), provided that they shall not accrue any service under the UPP until the later of the date that the Superintendent of Financial Services (or his or her successor) approves a transfer of the assets from the Plan to the UPP and July 1, 2021 (or such other date as the transfer may be approved or the parties may agree) (the “**UT Conversion Date**”).

- (b) Employees who become members of the Plan on or after January 1, 2020 but before the UT Conversion Date, will be enrolled in the UPP according to the UPP eligibility provisions as Contingent UPP Members.
- (c) Effective on the UT Conversion Date, the Contingent UPP Members shall commence accruing pensionable service under and making contributions to the UPP in accordance with the terms of the UPP and shall no longer accrue pensionable service under, make contributions to, or have any entitlements or rights under the Plan and the Plan shall, as of the UT Conversion Date cease to exist as a separate pension plan. A Contingent UPP Member who commences accruing pensionable service under and making contributions to the UPP will be referred to in this MOS as a **“UT UPP Contributing Member”**.
- (d) Employees who are not members of the Plan as of the Conversion Date will join the UPP in accordance with its terms.
- (e) The terms of the UPP will be consistent with those terms set out in the amended Milestones Agreement dated October 18, 2018, a copy of which is attached to this MOA as Appendix A, and including any further amendments to the Milestones Agreement made in writing by the parties to it, and such other terms as are provided under the documentation establishing the UPP.

3. Member Contributions and other Changes under the Plan effective July 1, 2019

- (a) The Plan will be amended to provide for the following changes (including such other consequential amendments as are necessary or desirable to give effect to the implementation of the changes below), effective as of July 1, 2019:
 - i. Subject to receiving a waiver from CRA in respect of contributions in excess of 9% employee contributions under the Plan shall be:
 - (1) 9.2% of Pensionable Salary up to the CPP Maximum Salary; and
 - (2) 11.5% of Pensionable Salary over the CPP Maximum Salary
 - ii. The pensionable salary cap for 2019 under the Plan applicable for purposes of member contributions is \$165,000 increased by the % increase in the Income Tax Act (“ITA”) Maximum pension limit for 2019. For pension benefit calculation purposes, the highest average salary will be capped at the level at which the ITA maximum pension is reached in the year of retirement or earlier termination;
 - iii. First year indexing [Sections 7.01(a) and 7.02 of the Plan] is removed from the Plan, and for greater certainty, those retiring under the Plan effective June 30, 2019 shall not have their pensions adjusted for first year indexing on July 1, 2019, except to the extent, if any, required by law; and
 - iv. Termination benefits equal to two times contributions [Sections 2.15(b), 9.02, 9.03 of the Plan] shall be removed from the Plan and for greater certainty, those terminating employment 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.

4. Salary Increase

Effective on July 1, 2019 and upon the implementation of the contribution increase referred to above a 1.37% Special One-Time-Only adjustment to June 30, 2019 base salary (not compounded with July 1, 2019 Across-The-Board increase), up to the contribution pensionable salary cap of \$165,000, for employees in the bargaining unit on July 1, 2019. The pensionable salary cap for 2019 under the Plan applicable for the purposes of member contributions is \$165,000 increased by the % increase in the Income Tax Act ("ITA") Maximum pension limit for 2019.

5. Member/employer contributions under the UPP

On the date that pension accrual starts under the UPP for the members of the Plan, the contributions shall be 50/50 and subject to change thereafter as determined by the Sponsors of the UPP, including under any Funding Policy developed by the Sponsors. 50/50 contributions on the date that pension accrual starts under the UPP are currently expected to be:

- i. 9.2% of Pensionable Salary up to the YMPE;
- ii. 11.5% of Pensionable Salary over the YMPE

6. Amendments to the Collective Agreement

On or before the UT Conversion Date, and effective as of the UT Conversion Date, the Collective Agreement or any renewal collective agreement between the University and the Union in effect on the "UT Conversion Date" will be deemed for all purposes to be amended in a manner and to the extent necessary to reflect all of the terms and conditions of this MOA, including, without limiting the generality of the foregoing:

- (a) Deletion of references to the Plan in Article 39:01 and any Schedules and/or other references to the Plan, if any;
- (b) The incorporation of "no grievance and arbitration provisions" respecting pension matters – i.e. any and all issues related to the UPP shall not constitute a "difference" between the parties for the purposes of the Ontario Labour Relations Act or the collective agreement in effect on the UT Conversion Date and must be addressed under the provisions of the UPP and whatever mechanism the Sponsors may implement for issues or disputes related to the UPP and that it is the intention of the University and the Union that an arbitrator appointed under the collective agreement shall have no jurisdiction to hear any grievance referred to arbitration or grant any remedy in any way related to the UPP; and
- (c) Acknowledgement that the terms and conditions of the UPP are not subject to collective bargaining, save and except for mutual agreement in writing to withdraw from the UPP pursuant to and in accordance with the terms and conditions of the UPP, including any notice provisions, for doing so.

7. Enforcement of the MOA

This MOA shall be appended to and form part of the Collective Agreement and any renewal collective agreement in effect before the UT Conversion Date and notwithstanding the grievance

and arbitration provisions of any collective agreement, William Kaplan shall be seized as mediator arbitrator of any issues related to the interpretation, application, administration or alleged violation of this MOA. If William Kaplan is unable or unwilling to serve as mediator arbitrator than Eli Gedalof shall be seized as mediator arbitrator

8. Ratification

The representatives of the University's negotiating committee and the Union's Executive hereby agree to unanimously recommend to their principals the ratification of this MOA.