



**THE PENSION PLAN
FOR
PROFESSIONAL STAFF
OF
LAKEHEAD UNIVERSITY**

AMENDED AND RESTATED AT

July 1, 2020

Office Consolidation – For Reference Purposes Only
Consolidated text incorporating all amendments up to January 1, 2016 to the last Amended and Restated Plan Text at January 1, 1997 including Amendments: 98/1, 99/2, 2000/1, 2001/1, 2003/1, 2003/2, 2003/3, 2003/4, 2005/1, 2007/1, 2013/1, 2019/1 and 2020/1.

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INTRODUCTION

The Retirement Plan for the Professional Staff of Lakehead University, was originally established on September 1, 1965. All members of the Plan were required to contribute 6% of their earnings less any contributions to the Canada Pension Plan. Required member contributions were applied towards an annual basic pension at age 65 of 1% of the member's total earnings while a member of the Plan. The University matched the members' contributions and these were applied firstly to meet any balance of cost of the basic pension, and secondly to provide a supplementary pension.

On July 1, 1973 the Plan was significantly amended with the approval of Members. The former basic and supplementary pensions were consolidated into single fixed amounts. From July 1, 1973 pensions were established on a best average earnings formula, provision was made for a continuing income to an eligible spouse and children after a retired member's death, and pensions were indexed to a maximum of 2% per annum to reflect cost of living changes.

Contributions by the University were irrevocable and together with members' contributions were to be used exclusively for the benefit of members, retired members, their beneficiaries and estates and joint annuitants. In the event of discontinuance of the Plan, the balance to the credit of each member resulting from University contributions and earnings thereon would vest in each member. A subsequent amendment clarified the manner in which a distribution would be made on discontinuance of the Plan.

More specifically, from July 1, 1973 the pension benefit became:

1. A final average benefit (1.1%/1.6%) in respect of service from July 1, 1973, and
2. A fixed benefit in respect of service to July 1, 1973.

The plan was subsequently amended effective January 1, 1976 to provide a benefit of 1.2%/1.75% for service after that date and effective January 1, 1978 to make the 1.2%/1.75% formula retroactive to July 1, 1973. Finally, to utilize some of the plan surplus at January 1, 1981 and December 31, 1984, special money-purchase distributions were made within the pension fund to the credit of plan members, which were to be used to provide additional pension over and above the formula.

This plan, the Pension Plan for the Professional Staff of Lakehead University, is effective December 31, 1989. It provides pension benefits which are the greater of a money-purchase benefit and the benefit which would have been provided under the predecessor plan had it continued unchanged.

The money-purchase benefit is that which can be provided by the sum of the Member's Required Contributions Account and his Board of Governors' Contributions Account. The Required Contributions Account has been established at December 31, 1989 by taking the member's contributions that he made in each year since he joined the plan and

crediting interest to them at the actual rates earned by the fund in each subsequent year up to and including 1989. The Board of Governors' Contributions Account at December 31, 1989 is an amount equal to the Required Contributions Account. Future required contributions by the member and the Board of Governors on his behalf will be directed to the appropriate account and interest will be credited at the rate earned by the fund.

The following accounts are also established in respect of certain members at December 31, 1989:

1. The Voluntary Contributions Account consisting of voluntary contributions made by the member in previous years with interest at the actual rate earned by the fund.
2. The Transfer Credit Account consisting of amounts transferred into the fund by the member from the plan of a previous employer, with interest at the actual rate earned by the fund.

The following accounts are also established at December 31, 1989:

1. The Retirement Account which is the amount determined at that date to be equal to the liabilities of pensions in payment at that date. In future, when a member retires, his Required Contributions Account and his Board of Governors' Contributions Account will be transferred in whole or in part to this account upon direction of the Member and provided it is acceptable to the Administrator.
2. The Pension Guarantee Account which is the part of the fund at December 31, 1989 determined by the actuary to be adequate for the purpose of providing supplementary pensions in the event that the benefit calculated in accordance with the terms of the predecessor plan are in excess of the money-purchase benefit provided by this plan.
3. The Excess Fund Account which is the remaining balance of the fund at December 31, 1989 after provision has been made for all of the other accounts described above, and is for the purpose of paying for future expenses incurred by the plan in excess of those paid by the Forfeiture Account e.g. custodianship, investment management, administrative and actuarial, as well as any other purpose which is authorized by the Pension Board and is subject to prior approval by Revenue Canada and the Pension Commission of Ontario.
4. The Forfeiture Account which has an initial balance of zero. This Account receives forfeitures of University contributions when a member elects a cash refund and is used automatically to pay plan expenses. Given that forfeitures are unlikely to occur very often, it is anticipated that this Account will have a zero balance most of the time.

Effective January 1, 1992 the plan was amended to comply with changes to the Income Tax Act (Canada) and the Regulations thereunder.

Effective January 1, 1997, the Plan was amended to eliminate the defined benefit guarantee for service after that date.

Effective July 1, 1997, the Plan was amended to increase the contribution rates.

Effective July 1, 2000, the Plan was amended to increase the contributions rates as of several dates.

Effective December 31, 2007, the Plan was amended to remove the four-year interest averaging provision for crediting interest to a Member's account in the portion of the year immediately prior to retirement date and to use the actual fund rate of return for this period instead. Further a Short Term Account investment option was added for use in the few years prior to a Member's retirement. The Short Term Account has a separate investment policy which is intended to produce a return with short term fixed income securities.

The following accounts are established at December 31, 2007:

1. The Retirement Account, as it existed prior to January 1, 2008, is renamed to be Retirement Account #1. Future pension increases, if any, for the pensions being paid from this account shall continue to be determined using the four-year interest averaging provisions that have been in effect prior to the amendment date.
2. Retirement Account #2 which has been established to hold the assets in respect of service and contributions prior to January 1, 2008, together with interest, of Members who elect to retire and receive a pension paid from the Fund which commences on or after January 1, 2008. Pension increases, if any, for the pensions being paid from this account shall be determined using the same four-year interest averaging provisions used in Retirement Account #1.
3. Retirement Account #3 which has been established to hold the assets in respect of service and contributions on and after January 1, 2008, together with interest, of Member who elect to retire and receive a pension paid from the Fund which commences on or after January 1, 2008. Pension increases, if any, for the pensions being paid from this account shall be determined using a different set of provisions than Retirement Accounts #1 and #2.
4. The Short Term Account which has been established to hold the assets in respect of Members who elect to transfer a portion of their Individual Accounts into the Short Term Account.

Other revisions to the Plan clarified the existing administrative practice for crediting interest to Member accounts and for performing the actuarial valuation of liabilities in the Retirement Accounts.

ARTICLE 1 - DEFINITIONS

The following terms, wherever used in this instrument for the purpose thereof, unless the context otherwise requires, shall have the meaning set forth below, despite any definition that conflicts therewith in any other document.

- 1.1 **"ACCUMULATED VALUE"** of a contribution account means the value obtained by accumulating the contributions credited to such account to December 31 of successive years at rates of Interest from the dates such contributions are paid into the Fund to the date a benefit becomes payable to a member.

The Accumulated Value of a contribution account at December 31, 1989 is equal to the total of the contributions credited to such account with Interest to that date.

- 1.2 **"ACTIVE MEMBER"** means a Member who is making Required Contributions hereunder.

- 1.3 **"ACTUARY"** means such person, firm or corporation as may, from time to time, be appointed by the Administrator for the purpose of advising and assisting the Administrator in the implementation and maintenance of an actuarially sound Plan, provided that such person, or one of the principals of such firm or corporation, is a Fellow of the Canadian Institute of Actuaries.

- 1.4 **"ADMINISTRATOR"** means the Pension Board as designated under **Article 17**.

- 1.5 **"AGREEMENT"** means the collective agreement between the Board of Governors of Lakehead University and Lakehead University Faculty Association or such successor agreement as may be in force from time to time.

- 1.6 **"ANNIVERSARY DATE"** means December 31st, 1990 and each December 31st thereafter.

- 1.7 **"AVERAGE Y.M.P.E."** means the average of the Year's Maximum Pensionable Earnings as defined under the Canada Pension Plan taken over the same period as is used in the computation of Best Average Earnings.

- 1.8 **"BASIC PENSION"** means the Basic Pension as defined in the Prior Plan calculated in accordance with the formula set out in **Article 6.1.2.1** hereunder.

- 1.9 **"BENEFICIARY"** means a person or persons designated as such under **Article 13 (Death Benefits)**.

- 1.10 **"BEST AVERAGE EARNINGS"** means the average annual Earnings of the Member over the 60 consecutive months of Credited Service in which his Earnings were highest. If the Member has completed less than 60 consecutive months of Credited Service, the average shall be taken over the actual number of consecutive months of Credited Service.

- 1.11 **"BOARD OF GOVERNORS"** means the Board of Governors of Lakehead University.
- 1.12 **"BOARD OF GOVERNORS' REQUIRED CONTRIBUTIONS"** means the regular contributions required to be made in respect of a Member by the Board of Governors in accordance with **Article 3.3**.
- 1.13 **"BOARD OF GOVERNORS' CONTRIBUTIONS ACCOUNT"** means an account established and maintained by the Administrator to hold the Accumulated Value of the Board of Governors' Required Contributions in respect of a Member.
- 1.14 **"COMMUTED VALUE"** means the actuarial present value of an immediate or deferred pension computed in accordance with the Recommendations for the Computation of Transfer Values from Registered Pension Plans published by the Canadian Institute of Actuaries to be effective September 1, 1993 and as may be subsequently amended but subject to the Pension Benefits Act and the Income Tax Act and Regulations. Notwithstanding the foregoing, but subject to legislative requirements, the Commuted Value may differ from the 1993 and any subsequent Recommendations by being computed by assuming unisex mortality in respect of benefits earned through the whole period of membership.
- 1.15 **"CONTINUOUS EMPLOYMENT"** means continuous full or part-time employment with the Board of Governors as further defined in **Article 5 (Continuous Employment and Credited Service)**.
- 1.16 **"CREDITED SERVICE"** means the period of employment which is to be credited for calculation of Basic Pension as further defined in **Article 5 (Continuous Employment and Credited Service)**.
- 1.17 **"EARNINGS"** means the regular earnings received by a Member from employment with the Board of Governors. These regular earnings shall exclude all extra remuneration for overload payments and expense allowances.

A Member's Earnings for a year or period shall be considered as having been received in equal instalments throughout the year or period, whichever is applicable.

- 1.18 **"EFFECTIVE DATE"** means December 31st, 1989. Each payment which becomes due on or after December 31st, 1989 shall be determined in accordance with the method described in this Plan.

Each person who was a participant in the Prior Plan on July 1st, 1987 or who became a participant in the Prior Plan after July 1st, 1987 shall be entitled to have his benefits calculated in accordance with the Plan provided the person is an Active Member, Inactive Member, or a Pensioner under the Plan on December 31st, 1989 or provided that he died in the period July 1, 1987 to December 31, 1989. Those

who terminated after July 1, 1987 and received a refund of contributions prior to December 31, 1989 shall not be entitled to such a calculation.

Any resulting increase in benefits shall be subject to the limitations of Revenue Canada regarding "greater of" types of pension plan as set out in **Article 6.2**. The defined contribution rule applies to the pension that can be provided from Required and Board of Governors' Contribution Accounts (**Article 6.1.1**). The defined benefit rule applies to the defined benefit provision (**Article 6.1.2**).

Benefits for Voluntary Contributions Accounts and Transfer Credit Accounts shall be in addition to those permitted on a defined benefit or money purchase basis.

- 1.19 **"EMPLOYEE"** means any person who is employed by the Board of Governors in an academic position, or in a senior administrative or support staff position as determined by the Board of Governors.
- 1.20 **"EMPLOYER"** means the Board of Governors of Lakehead University.
- 1.21 **"ELIGIBLE EMPLOYEE"** means any Employee who is employed:
- 1.21.1 Full-time by the Board of Governors.
 - 1.21.2 Part-time by the Board of Governors, has completed twenty-four months of less than full-time continuous employment with the Board of Governors, and has satisfied at least one of the following two conditions:
 - .1 Earnings of not less than 35 percent of the Year's Maximum Pensionable Earnings; or
 - .2 700 hours of employment with the Board of Governors,

in each of two consecutive calendar years, or such equivalent basis as is approved by the Superintendent of Pensions.
- 1.22 **"FORFEITURE ACCOUNT"** means an account established to receive forfeitures in accordance with **Articles 12.1.6** and **12.2.5**.
- 1.23 **"FUND"** means, except where otherwise indicated, the total assets of the Plan including any contributions due but unpaid, excluding any lump-sum benefits due but unpaid, and excluding any individual annuity contract purchased to provide benefits under the Plan.
- 1.24 **"INACTIVE MEMBER"** means a Member who is not making Required Contributions but who is either on an approved leave of absence in accordance with **Article 5 (Continuous Employment and Credited Service)** or has terminated employment and remains entitled to a deferred pension in accordance

with **Article 12 (Termination Benefits)** or has retired and elected to defer receipt of the pension in accordance with Sections 6.4, 7.1.2, or 8.1.

1.25 "**INTEREST**" means the rate of Interest calculated and approved in accordance with the procedures set out in **Article 4 (Interest)**.

1.26 "**LOCKED-IN REGISTERED RETIREMENT SAVINGS PLAN**" means a registered retirement savings plan which satisfies the conditions set out in the Pension Benefits Act or other pension legislation which is applicable to such a plan.

1.27 "**MANDATORY PENSION COMMENCEMENT DATE**" means December 31 of the year in which the Member attains

1.27.1 age 71, if born in 1926 or earlier,

1.27.2 age 70, if born in 1927, or

1.27.3 age 69, if born in 1928 or later.

1.28 "**MEMBER**" means a person who was a participant in the Prior Plan on July 1st, 1987 and was entitled to benefits or who became a participant in the Prior Plan after July 1st, 1987 and remains entitled to benefits. It shall also mean a person who joins this Plan on or after the Effective Date and remains entitled to benefits. All Active Members, Inactive Members and Pensioners at December 31, 1989 are Members under this **Article 1.28**.

1.29 "**MONEY PURCHASE LIMIT**" shall mean, in respect of a Member, the lesser of:

- a) 18% of the Member's Earnings; and
- b) the following dollar limits:

1991	12,500
1992	12,500
1993	13,500
1994	14,500
1995	15,500
1996 through 2002	13,500
2003	14,500
2004	15,500
2005	18,000

For years after 2005, the above dollar limit is the Money Purchase Limit as defined in Section 147.1(1) of the Income Tax Act.

1.30 "**NON-FACULTY MEMBER**" means a person employed by the Board of Governors in a senior administrative position or in certain support staff positions.

- 1.31 **"NORMAL FORM PENSION FACTOR"** means, effective for calculations on or after February 1, 2005, a life annuity factor which takes into account
- 1.31.1 interest at the lesser of 6% per annum and the current annualized yield rate on long-term Government of Canada marketable bonds over 10 years (CANSIM Series V122487) plus 0.5%, all rounded to the nearest multiple of 0.25%. Such rate is to be revised monthly and to be based on long-term Government of Canada bond yields two months prior to the month of the effective calculation date in which the life annuity factor is to be used.
 - 1.31.2 if the Member has a Spouse, a 60% survivor benefit
 - 1.31.3 if the Member does not have a Spouse, a 10 year guarantee
 - 1.31.4 unisex mortality.
- 1.32 **"NORMAL RETIREMENT DATE"** means the June 30th or December 31st immediately coincident with or next following the Member's 65th birthday.
- 1.33 **"PENSION ADJUSTMENT"** - shall mean the amount defined as such in Paragraph 8301 of Part LXXXIII of the Income Tax Regulations namely the aggregate of all amounts each of which is the individual's pension credit for the year in respect of the University under the Plan.
- 1.34 **"PENSION BENEFITS ACT"** means the Pension Benefits Act of Ontario, 1987, as amended from time to time, and the Regulations issued thereunder.
- 1.35 **"PENSION GUARANTEE ACCOUNT"** means the account established and maintained to supplement the Member's pension, if necessary, to the level defined in **Article 6.1.2, Article 7, Article 8** and **Article 12**, and as further described in **Article 20 (Pension Guarantee Account)**.
- 1.36 **"PENSIONABLE SERVICE"** means the sum of Credited Service, service before July 1, 1973 in respect of which the Member has accrued Pre-1973 Pension, service credited after a Member's disablement in accordance with **Article 9** and service under any other registered pension plan in respect of which a defined benefit pension will be provided under this Plan.
- 1.37 **"PENSIONER"** means a Member entitled to a pension under the Plan, the first installment of which pension has been paid or has fallen due.
- 1.38 **"PLAN"** means this plan, the Pension Plan for Professional Staff of Lakehead University.
- 1.39 **"PRE-1973 PENSION"** means the pension payable, as defined under the Prior Plan, in respect of membership prior to July 1st, 1973.

- 1.40 **"PRIOR PLAN"** means the Retirement Plan for Professional Staff of Lakehead University as it existed from July 1st, 1973 to December 31st, 1989.
- 1.41 **"REQUIRED CONTRIBUTIONS"** means contributions required to be made by a Member in accordance with **Article 3.1**.
- 1.42 **"REQUIRED CONTRIBUTIONS ACCOUNT"** means an account established and maintained by the Administrator to hold the Accumulated Value of the Required Contributions made by a Member.
- 1.43 **"RETIREMENT ACCOUNT"** means the accounts established in **Article 23 (Retirement Accounts)**.
- 1.44 **"SHORT TERM ACCOUNT"** means an account established and maintained by the Administrator as further described in **Article 24 (Short Term Account)**.
- 1.45 **"SPECIAL DISTRIBUTION ACCOUNT"** means a Member's account which resulted from Special Distributions under the terms of the Prior Plan (**Article 3, Section 8** of the Retirement Plan). These allocations were made effective January 1st, 1981 and December 31st, 1984. This account is only for the purpose of calculating the pension under **Article 6.1.2** and **Article 12.1.1.2**.
- 1.46 **"SPOUSE"** means a person:
- 1.46.1 to whom the Member is legally married by a valid religious or civil ceremony, and from whom the Member is neither separated by formal agreement nor divorced, or
 - 1.46.2 who establishes to the Administrator that he or she has been residing continuously with the Member, in a conjugal relationship:
 - .1 for a period of not less than three years immediately preceding the relevant date, or
 - .2 of some permanence, if they are the natural or adoptive parents of a child, both as defined in the Family Law Act, 1986.
- 1.47 **"TRANSFER CREDITS"** means amounts transferred into this Plan in accordance with **Article 3.5**.
- 1.48 **"TRANSFER CREDIT ACCOUNT"** means an account established and maintained by the Administrator to hold the Accumulated Value of Transfer Credits.
- 1.49 **"TRUSTEE"** means a trust company designated from time to time as Trustee, pursuant to the Trust Agreement of October 5, 1973 concerning the custody and management of the Fund.

- 1.50 "**UNDERWRITER**" means a Company licensed or otherwise authorized under the laws of Canada or a province of Canada to carry on a life annuities business in Canada.
- 1.51 "**UNIVERSITY**" means Lakehead University as defined in the Lakehead University Act, 1965 of Ontario.
- 1.52 "**VOLUNTARY CONTRIBUTIONS**" means contributions made by a Member in accordance with **Article 3.2**.
- 1.53 "**VOLUNTARY CONTRIBUTIONS ACCOUNT**" means an account established and maintained by the Administrator to hold the Accumulated Value of Voluntary Contributions made by a Member.
- 1.54 "**Y.M.P.E.**" means Year's Maximum Pensionable Earnings as defined in the Canada Pension Plan.
- 1.55 "**Pension Solvency Account**" means an account established and maintained by the Administrator to hold additional contributions made by the Board of Governors in accordance with Article 3.4, as required under the Pension Benefits Act as a result of a deficiency in the Retirement Account.

References to the male gender include the female gender unless the context otherwise requires. Words importing the singular number may be construed to extend to and include the plural number, and words importing the plural number may be construed to extend to and include the singular number. Reference to an Article means an Article in this instrument.

ARTICLE 2 - ELIGIBILITY AND MEMBERSHIP

2.1 ELIGIBILITY

Each member of the Prior Plan shall automatically become a Member of this Plan on the Effective Date. Every other Employee is required to join the Plan immediately, as a condition of employment, on the date that he first becomes an Eligible Employee.

Any Eligible Employee who was previously a contributor to the Ontario Teacher's Superannuation Fund and who remains eligible to contribute to the Ontario Teacher's Superannuation Fund may elect to be a contributor to the Superannuation Fund instead of joining the Plan.

2.2 MEMBERSHIP

An Eligible Employee shall complete and sign the form prescribed for that purpose by the Administrator and authorize the deduction from his earnings as required under the Plan.

2.3 EXPLANATION TO MEMBERS

A written description of the Plan shall be provided by the Administrator to each Eligible Employee, on or before the date of eligibility. Such description shall explain the terms and conditions of the Plan and amendments thereto as applicable to the Eligible Employee, and shall detail the rights and duties of the Eligible Employee with reference to the benefits available and contributions payable under the Plan, as well as additional information prescribed under the Pension Benefits Act.

A written description of amendments shall be provided to the Members within sixty days of the registration of any amendments to the Plan by the Superintendent of Pensions.

Upon cessation of employment or termination of membership, the Administrator shall provide the Member with a written statement of benefits to which he is entitled.

2.4 INFORMATION TO BE MADE AVAILABLE

The Administrator shall make available the Plan text and any other document prescribed by the Pension Benefits Act for inspection to a person or persons listed below and permit them to make an extract from or copy the prescribed documents and information:

2.4.1 a Member,

2.4.2 the Spouse of a Member,

2.4.3 any other person entitled to benefits under the Plan,

2.4.4 an agent authorized in writing by a person mentioned in **Articles 2.4.1, 2.04.2 or 2.04.3** above, or

2.4.5 a representative of an association or union that is the recognized bargaining agent for some of the Members of the Plan.

2.5 **TERMINATED EMPLOYEES**

A Member whose Service with the University has terminated and who is subsequently re-employed by the University shall be treated as a new Employee without previous Service with the University.

2.6 **ELIGIBILITY EXCEPTION**

A Member who has retired from the University and is in receipt of pension benefits from this Plan or the Lakehead University Employee Pension Plan and has subsequently returned to work for the University is not eligible to join the Plan unless the Member agrees to the suspension of payment of pension benefits until subsequent termination of employment.

ARTICLE 3 - CONTRIBUTIONS

3.1 MEMBER'S REQUIRED CONTRIBUTIONS

- 3.1.1 An Active Member shall contribute to the Plan each pay day 6 1/2% of his Earnings less his contributions to the Canada Pension Plan. Such Required Contributions shall be deducted from the Member's Earnings by the Board of Governors, and may not be discontinued while the member continues to be an Eligible Employee. The contribution rate for an Active Member, other than one employed in an academic position, shall be increased after July 1, 1997 to the percentage as indicated in Appendix A, less CPP contributions.
- 3.1.2 Notwithstanding the foregoing, however, an Active Member that is employed full-time and is subject to the Agreement, and is either faculty or a librarian as determined by the Board of Governors shall contribute to the Plan each pay day the applicable percentage of his Earnings as provided under Article 3.1.1, but without regard to the contributions to the Canada Pension Plan.
- 3.1.3 Notwithstanding the foregoing, however, an Active member that is not subject to a collective agreement, shall contribute to the Plan each pay day the applicable percentage of his Earnings as provided under Article 3.1.1, but without regard to contributions to the Canada Pension Plan.
- 3.1.4 Notwithstanding the foregoing, however, the Required Contributions of an Active Member in 1990 shall not exceed \$3,500 and in each year thereafter shall not exceed the lesser of 50% of the Money-Purchase Limit for that year and 9% of Earnings.
- 3.1.5 If in 1990, the Required Contributions determined in accordance with **Article 3.1.1** are greater than \$3,500, the excess over \$3,500 shall be contributed in 1991, subject to the total contribution in 1991 in respect of **Article 3.1.1** and this Article being limited to the lesser of \$6,250 and 9% of Earnings.
- 3.1.6 If in 1991, the sum of the Required Contributions determined in accordance with **Article 3.1.1** and the shortfall brought forward from 1990 as described in **Article 3.1.3** is, in turn, limited by **Article 3.1.2**, the excess shall be contributed in 1992, or the first possible year thereafter, subject to the total contribution in that year being limited to the lesser of one-half of the Money-Purchase Limit for the year and 9% of Earnings.

3.2 MEMBER'S VOLUNTARY CONTRIBUTIONS

An Active Member may, by written notification to the Administrator, elect to make additional contributions to the Plan in order to provide additional benefits. Such additional contributions shall be called Voluntary Contributions and the Voluntary

Contributions in a year shall be limited so that the Pension Adjustment for that year shall not exceed the maximum for that year allowed under the Income Tax Act. Voluntary Contributions shall be deducted from the Member's Earnings by the Board of Governors and may be altered or discontinued at any time by a written notification to the Administrator.

3.3 **BOARD OF GOVERNORS' REQUIRED CONTRIBUTIONS**

3.3.1 The Board of Governors shall contribute to the Plan each pay day 6 1/2% of each Active Member's Earnings less his contributions to the Canada Pension Plan. The contribution rate in respect of an Active Member shall be increased after July 1, 1997 to the percentage as indicated in Appendix A, less CPP contributions.

3.3.2 Notwithstanding the foregoing, however, the Board of Governors' Required Contributions in respect of any Active Member in 1990 shall not exceed \$3,500 and in each year thereafter shall not exceed the lesser of 50% of the Money-Purchase Limit for that year and 9% of Earnings.

3.3.3 If in 1990, the Board of Governors' Required Contributions in respect of any Active Member determined in accordance with **Article 3.3.1** are greater than \$3,500, the excess over \$3,500 shall be contributed in 1991, subject to the total contribution in 1991 in respect of **Article 3.3.1** and this Article being limited to the lesser of \$6,250 and 9% of Earnings.

3.3.4 If in 1991, the sum of the Board of Governors' Required Contributions determined in accordance with **Article 3.3.1** and the shortfall brought forward from 1990 as described in **Article 3.3.3** is, in turn, limited by **Article 3.3.2**, the excess shall be contributed in 1992, or the first possible year thereafter, subject to the total contribution in that year being limited to the lesser of one-half of the Money-Purchase Limit for the year and 9% of Earnings.

3.4 **BOARD OF GOVERNORS' ADDITIONAL CONTRIBUTIONS**

On the Effective Date, and from time to time thereafter, but not less often than once in every three years, the Plan shall be subject to a valuation by the Actuary. If such valuation discloses a going concern unfunded actuarial liability or a reduced solvency deficiency as defined in the Pension Benefits Act, or if a Plan amendment increases the going concern liabilities of the Plan, the Board of Governors shall make additional contributions as required by that Act. Such Board of Governors' Additional Contributions shall be paid into the Pension Guarantee Account except that, to the extent that the additional contributions are made in respect of a deficiency in the Retirement Account, the additional contributions shall be paid into the Pension Solvency Account.

3.5 **TRANSFER CREDIT**

Subject to **Article 14 (Transfers)**, an Active Member may transfer lump-sum amounts into this Plan from a registered pension plan or a deferred profit-sharing plan of any previous employer, if those plans permit. Also, an Inactive Member who has retired and elected to defer commencement of the pension may transfer a retiring allowance into this Plan. Such Transfer Credit shall accumulate with Interest to provide additional benefits under the Plan.

3.6 **DISTRIBUTION OF CONTRIBUTIONS DURING A YEAR OR PERIOD**

The contributions deducted during a year or period from a Member's Earnings by the Board of Governors or contributed by the Board of Governors shall be considered to have been paid in equal installments throughout the year or period, whichever is applicable to such contributions.

3.7 **PAYMENT TO THE TRUSTEE**

The Board of Governors shall pay to the Trustee for deposit into the Fund:

- 3.7.1 all contributions deducted from the Member's Earnings as contributions to the Plan;
- 3.7.2 the Board of Governors' contributions to the Plan;
- 3.7.3 any voluntary contributions deducted from the Member's Earnings;
- 3.7.4 any Transfer Credits received into this pension plan.

Such contributions and transfer credit amounts shall be paid to the Trustee by the 15th day immediately following the end of the pay period to which such contributions relate.

3.8 **WITHDRAWAL OF CONTRIBUTIONS AND TRANSFER CREDITS**

No contributions or Transfer Credits may be withdrawn from the Plan, either in cash or by transfer to another plan, while a Member remains employed by the Board of Governors.

3.9 **INDIVIDUAL ACCOUNTS**

The following Accounts shall be established and maintained for each Member of the Plan:

3.9.1 Required Contributions Account;

3.9.2 Board of Governors' Contributions Account;

The following Accounts may be established and maintained for a Member of the Plan:

3.9.3 Transfer Credit Account;

3.9.4 Voluntary Contributions Account; and the

3.9.5 Special Distributions Account.

ARTICLE 4 - INTEREST

4.1 INTEREST RATE PRIOR TO JANUARY 1, 1990

The interest credited annually to Individual Accounts from the date of employment to December 31, 1989 shall be the gross rate of return on the Fund.

4.2 INTEREST RATE IN YEAR OF RETIREMENT

4.2.1 For a Member who retires after January 1, 1990 but not later than December 31, 2007 and who elects to receive an immediate pension payable from the Plan, the rate of return credited in the period from January 1 immediately preceding the date of retirement to the date of retirement shall be at the same annual rate as the average of the annual rate determined in accordance with **Article 4.3** for the preceding four years. Where a Member retires but defers commencement of part or all of the pension in accordance with **Articles 6.1, 7.1.2 or 8.1**, and subsequently elects to receive a pension payable from the Plan not later than December 31, 2007, the rate of return credited in the period from January 1 immediately preceding the commencement date of the pension to the commencement date shall be at the same annual rate as the average of the annual rate determined in accordance with **Article 4.3** for the preceding four years.

4.2.2 For a Member who retires or otherwise commences to receive a pension payable from the Plan on or after January 1, 2008, **Article 4.2.1** above shall not apply. Instead, the provisions of **Article 4.5** shall apply.

4.3 INTEREST RATE AFTER DECEMBER 31, 1989

Rates of return on the Fund shall be calculated annually following January 1, 1990 and these rates shall be used in the calculation of interest in the post December 31, 1989 period. Such rates shall be calculated using the actual rate of return earned by the Fund, excluding the Short Term Account, in the year adjusted only for those expenses paid from the Fund, excluding expenses allocated to the Short Term Account, in the year in accordance with **Article 16.5**. If there is a positive balance in the Excess Fund Account, and it is decided that this excess will be used to pay expenses in accordance with **Article 21.5**, the gross interest rate shall be credited on all for each year up to and including 2002. For 2003 and each year thereafter, and if there is a positive balance in the Excess Fund Account which is used to pay expenses, the gross rate shall be used for determining the Individual Accounts of any Member who has made contributions in that year and any Member who is on a leave of absence during the year in accordance with **Article 5.3** while

the net rate shall be used for determining the Individual Accounts of any Member who had terminated employment with the University prior to the start of that year.

4.4 DETERMINATION OF MEMBER'S INDIVIDUAL ACCOUNTS AT ANNIVERSARY DATE

On each Anniversary Date, the Member's Individual Accounts, excluding the Member's Transfer Credit Account, shall be increased from its value at the previous Anniversary Date by the sum of (a), (b), and (c), and decreased by the sum of (d) and (e), determined as follows:

- (a) is interest at the rate determined in accordance with **Article 4.3** on the Member's Individual Accounts at the previous Anniversary Date,
- (b) is contributions, if any, made in respect of the period since the previous Anniversary Date,
- (c) is interest at one-half of the rate determined in accordance with **Article 4.3** on contributions, if any, made in respect of the period since the previous Anniversary Date,
- (d) is the amount of any transfer from a Member's Individual Account to the Short Term Account since the previous Anniversary Date, and
- (e) is interest at the rate determined in accordance with **Article 4.3** on the amount of such transfer to the Short Term Account in respect of the period from the date the transfer to the Short Term Account was made.

The Member's Transfer Credit Account shall be increased from its value at the previous Anniversary Date by the sum of (a), (b), and (c), and decreased by the sum of (d) and (e), determined as follows:

- (a) is interest at the rate determined in accordance with **Article 4.3** on the Member's Transfer Credit Account at the previous Anniversary Date,
- (b) is the amount of lump-sum transfers, if any, received in respect of the period since the previous Anniversary Date,
- (c) is interest at the rate determined in accordance with **Article 4.3** on lump-sum transfers, if any, received in respect of the period since the previous Anniversary Date from the date the lump-sum transfer was deposited into the Fund,
- (d) is the amount of any transfer from the Member's Transfer Credit Account to the Short Term Account since the previous Anniversary Date, and

- (e) is interest at the rate determined in accordance with **Article 4.3** on the amount of such transfer to the Short Term Account in respect of the period from the date the transfer to the Short Term Account was made.

Notwithstanding the above, if the amount of the Member's Short Term Account is transferred to the Member's Individual Accounts in respect of the period since the previous Anniversary Date, that portion of the Member's Individual Accounts transferred from the Member's Short Term Account shall be increased for interest from the date of transfer and not from the previous Anniversary Date.

4.5 **DETERMINATION OF MEMBER'S INDIVIDUAL ACCOUNTS AT OTHER DATES**

In the event that a determination of interest is required on a date other than on an Anniversary Date, the rate of return on the Fund shall be determined from the previous Anniversary Date to the date of determination. Such a rate shall be calculated using the actual rate of return earned by the Fund, excluding the Short Term Account, in the period adjusted only for those expenses paid from the Fund, excluding expenses allocated to the Short Term Account, in the period in accordance with **Article 16.5**. However if there is a positive balance in the Excess Fund Account and this balance is applied against the expenses for the period, the adjustment for expenses shall not be made.

The Member's Individual Accounts, excluding the Member's Transfer Credit Account, shall be increased from its value at the previous Anniversary Date by the sum of (a), (b), and (c), and decreased by the sum of (d) and (e), determined as follows:

- (a) is interest at the rate determined in accordance with this **Article 4.5** on the Member's Individual Accounts at the previous Anniversary Date,
- (b) is contributions, if any, made in respect of the period since the previous Anniversary Date,
- (c) is interest at one-half of the rate determined in accordance with this **Article 4.5** on contributions, if any, made in respect of the period since the previous Anniversary Date,
- (d) is the amount of any transfer from a Member's Individual Account to the Short Term Account since the previous Anniversary Date, and
- (e) is interest at the rate determined in accordance with this **Article 4.5** on the amount of such transfer to the Short Term Account in respect of the period from the date the transfer to the Short Term Account was made.

The Member's Transfer Credit Account shall be increased from its value at the previous Anniversary Date by the sum of (a), (b), and (c), and decreased by the sum of (d) and (e), determined as follows:

- (a) is interest at the rate determined in accordance with this **Article 4.5** on the Member's Transfer Credit Account at the previous Anniversary Date,
- (b) is the amount of lump-sum transfers, if any, received in respect of the period since the previous Anniversary Date,
- (c) is interest at the rate determined in accordance with this **Article 4.5** on lump-sum transfers, if any, received in respect of the period since the previous Anniversary Date from the date the lump-sum transfer was deposited into the Fund,
- (d) is the amount of any transfer from the Member's Transfer Credit Account to the Short Term Account since the previous Anniversary Date, and
- (e) is interest at the rate determined in accordance with this **Article 4.5** on the amount of such transfer to the Short Term Account in respect of the period from the date the transfer to the Short Term Account was made.

Notwithstanding the above, if the amount of the Member's Short Term Account is transferred to the Member's Individual Accounts in respect of the period since the previous Anniversary Date that portion of the Member's Individual Accounts transferred from the Member's Short Term Account shall be increased from the date of transfer and not the previous Anniversary Date.

4.6 **INTEREST RATE ON RETIREMENT ACCOUNT**

4.6.1 The Interest rate on Retirement Account #1 for a year shall be the arithmetic average of the rate for that year calculated in accordance with **Article 4.3** and the similarly calculated rates for three preceding years.

4.6.2 The Interest rate on Retirement Account #2 for a year shall be determined based on the geometric average of the rate of return of the Fund for that year calculated in accordance with **Article 4.3** and the similarly calculated rates for the three preceding years.

4.6.3 The Interest rate on Retirement Account #3 for a year shall be determined based on the geometric average of the rate of return of the Fund for that year calculated in accordance with **Article 4.3** and the similarly calculated rates for the three preceding years.

4.7 **INTEREST RATE ON SHORT TERM ACCOUNT**

The interest rate on the Short Term Account shall be determined and allocated in accordance with **Article 24**.

ARTICLE 5 - CONTINUOUS EMPLOYMENT AND CREDITED SERVICE

5.1 CONTINUOUS EMPLOYMENT

5.1.1 A Member's Continuous Employment is the period of his continuous active employment with the Board of Governors since his most recent date of hire by the Board of Governors.

5.1.2 Continuous Employment is not deemed to be interrupted by and continues to accrue after or during the following:

- .1 jury duty,
- .2 vacations and statutory holidays,
- .3 leave of absence of a Member who is not subject to the Agreement, having the written approval of the Board of Governors,
- .4 leave of absence of a Member who is subject to the Agreement, as stipulated in the Agreement,
- .5 sickness or accident, so long as the Member continues to receive Earnings from the Board of Governors,
- .6 disablement, if the Member qualifies for benefits under any insured long-term disability program of the Board of Governors, and
- .7 legal strike by Members of the Plan.

5.1.3 Continuous Employment shall be interrupted by and ceases to accrue after the following:

- .1 death,
- .2 termination of employment,
- .3 retirement,
- .4 failure or inability in accordance with the Agreement to return to active employment following a period of approved leave of absence or disability which qualified the Member for benefits under any insured long-term disability program of the Board of Governors,
- .5 sickness or accident or disablement, if the Member ceases to be compensated by the Board of Governors, and does not qualify for benefits under any insured long-term disability program of the Board of Governors.

5.2 CREDITED SERVICE

5.2.1 A Member's Credited Service is the period of his Continuous Employment after July 1st, 1973 during which:

- .1 he made Required Contributions applicable to active employment or a leave of absence, or
- .2 he qualified for benefits under any insured long-term disability program of the Board of Governors.

5.2.2 A fraction of a year of Credited Service shall be credited to a Member for each year during which:

- .1 he is employed part-time, or
- .2 his employment status changes from full-time to part-time, or
- .3 his employment status changes from part-time to full-time.

5.2.3 The fraction shall be the sum of:

- .1 the fraction of the year during which the member was employed full-time, plus
- .2 the fraction of the year during which the Member was employed part-time multiplied by the fraction that is obtained by dividing the Member's Earnings during this period by the Earnings that the Member would have received during this period had he been employed full-time.

5.3 LEAVE OF ABSENCE

5.3.1 During a leave of absence without pay approved by the Board of Governors, the following rules apply:

- .1 provided he has at least 3 years' Continuous Employment, the Member may, at his option, and for a period not exceeding two years, continue to make Required Contributions based on his Earnings had he not been on leave of absence. In that event, he shall accrue Credited Service equal to one-half of the period in respect of which such contributions were made.
- .2 provided he has at least 3 years' Continuous Employment, the Member may, at his option, and for a period not exceeding two years, make contributions equal to twice his Required Contributions based

on his Earnings had he not been on leave of absence. In that event he shall accrue Credited Service equal to the period in respect of which such contributions were made.

If, during a leave of absence without pay, the Member starts to accrue pension benefits under any other registered pension plan or deferred profit sharing plan, contributions and accrual of Credited Service under this Plan shall cease forthwith.

5.3.2 During a paid leave of absence as defined in the Agreement, the following rules apply:

- .1 The Member and the Board of Governors shall continue to make Required Contributions,
- .2 Credited Service shall continue to accrue during such periods of leave of absence.

5.4 **RESUMPTION OF EMPLOYMENT**

5.4.1 If an Inactive Member who had terminated employment returns to active employment with the Board of Governors and again becomes an Eligible Employee he shall be considered a new Member. Any benefits to which he is entitled for a period of prior membership shall not be affected by such resumption of employment.

5.4.2 If an Inactive Member who was on an approved leave of absence without compensation returns to active employment with the Board of Governors, the period of prior membership shall be included as part of his Continuous Employment and his Credited Service.

ARTICLE 6 - CALCULATION OF PENSION AT NORMAL RETIREMENT DATE

6.1 Subject to **Article 6.2** the amount of pension payable to a Member at his Normal Retirement Date in respect of his Required Contributions Account and his Board of Governors Contributions Account shall be equal to the sum of:

6.1.1 The annual pension determined using the Normal Form Pension Factor which can be provided by the sum of the Accumulated Value of:

- .1 that part of his Required Contributions Account in respect of contributions made prior to December 31, 1996, and
- .2 that part of his Board of Governors' Contributions Account in respect of contributions made prior to December 31, 1996.

AND

6.1.2 The excess, if positive, of

- .1 The sum of
 - .1 the annual Basic Pension calculated in accordance with the following formula:

1.2% of the Best Average Earning up to the Average Y.M.P.E. plus 1.75% of the Best Average Earnings in excess of the Average Y.M.P.E., for each year and fraction thereof of Credited Service after July 1st, 1973 and before January 1, 1997, and
 - .2 the annual Pre-1973 Pension amount in respect of membership prior to July 1st, 1973, and
 - .3 the annual pension determined using the Normal Form Pension Factor which can be provided by the Accumulated Value of his Special Distribution Account
- .2 over the annual pension provided under 6.1.1.

AND

6.1.3 The annual pension determined using the Normal Form Pension Factor which can be provided by the sum of the Accumulated Value of:

- .1 that part of his Required Contributions Account in respect of contributions made after December 31, 1996, and
- .2 that part of his Board of Governors' Contributions Account in respect of contributions made after December 31, 1996.

6.2 MAXIMUM PENSION

6.2.1 maximum pension payable to a Member in accordance with **Article 6.1.1** on retirement, termination of employment or termination of the Plan shall be the pension determined using the Normal Form Pension Factor which can be provided by the greater of:

- .1 amount that is twice the amount of required current service contributions made by the Member (not exceeding \$2500 in any year up to and including 1975 and the amount deductible by the Member as a current service contribution to a money-purchase plan in any subsequent year) plus Interest thereon, and
- .2 an amount that is the sum of the required current service contributions made by the Member and the current service contributions made by the Board of Governors on behalf of the Member (the latter not exceeding \$2500 in any year up to and including 1975 and the amount which, if the University was a tax-paying entity, would be deductible by the University as a current service contribution to a money-purchase plan in any subsequent year) plus Interest thereon.

6.2.2 The maximum pension payable to a Member on pension commencement where a benefit is payable in accordance with **Article 6.1.2** shall be such that the sum of such pension and the pension payable to him from any other registered pension plan of the Board of Governors shall not exceed the lesser of:

- .1 \$1,722.22 times the number of years of Pensionable Service up to December 31, 1996, and
- .2 an amount that is the product of 2% per year of Pensionable Service up to December 31, 1996 and the average of the best three non-overlapping 12 month periods of remuneration paid to the Member by the University.

In the above calculation, Pensionable Service prior to December 31, 1991 shall be limited to 35 years.

6.2.3 For the purposes of this Article

"**CIA Basis**" means the Canadian Institute of Actuaries recommendations for the calculation of minimum transfer values.

"**Sum of Accounts**" means the sum of his Required Contributions Account and his Board of Governors Contributions Account.

"**Maximum Pension**" means the pension determined as of the Effective Date in accordance with **Article 6.2.2** payable from age 60 as a joint and 60% last survivor annuity if the Member has a Spouse, or otherwise as a single life annuity guaranteed 10 years, and indexed after age 60 in accordance with increases in the Consumer Price Index.

"**Projected Maximum Pension**" means the pension determined in the same manner as the Maximum Pension except that the Member's salary is projected to increase between the Effective Date and age 60 by 5% per annum and the dollar limitation of \$1,715 is projected to increase by 5% per annum after 1994.

If a Member contributed more than \$3,500 in one or more of the years 1987, 1988 and 1989, the limitations defined in **Article 6.2.1** shall not apply provided that, at the Effective Date,

- .1 Commuted Value, determined using the CIA basis, of the Maximum Pension is greater than his Sum of Accounts, or, failing that,
- .2 the Commuted Value, determined using the CIA basis, of the Projected Maximum Pension is greater than his Sum of Accounts.

If, at the Effective Date, his Sum of Accounts is greater than the Commuted Value of his Projected Maximum Pension, his Board of Governors Contributions Account shall be reduced so that his Sum of Accounts equals the Commuted Value of his Projected Maximum Pension.

- 6.3 Any pension payable in accordance with **Article 6.1.2**, as limited by **Article 6.2.2**, shall be funded from the Pension Guarantee Account.
- 6.4 The Member may elect that the pension payments shall commence on the last day of any month between his Normal Retirement Date and his Mandatory Pension Commencement Date.
- 6.5 The amount of pension payable to a Member at his Normal Retirement Date in respect of his Voluntary Contributions Account and his Transfer Credit Account shall be equal to the annual pension determined using the Normal Form Pension Factor which can be provided by the Accumulated Value of each of these Accounts.

ARTICLE 7 - EARLY RETIREMENT

7.1 RETIREMENT CONDITIONS

7.1.1 A member may retire early at any time before his Normal Retirement Date. Such a Member shall not make any contributions to the Plan after his early retirement date, except as provided for under **Article 14.4**.

7.1.2 The Member may elect that the pension payments shall commence on the last day of any month between his early retirement date and his Mandatory Pension Commencement Date.

7.2 AMOUNT OF EARLY RETIREMENT PENSION

The amount of the pension to which such a Member is entitled shall be determined in accordance with **Article 6** except that

7.2.1 the Accumulated Values used in determining the pension shall be those on the first day of the month in which the pension payments commence;

7.2.2 the amount of pension determined in accordance with **Articles 6.1.2.1.1** and **6.1.2.1.2** shall be reduced by 1/2% for each month from the first day of the month in which the pension commences to the Normal Retirement Date, or in the event that the Member defers commencement of his pension until after his Normal Retirement Date in accordance with **Article 7.1.2**, the amount of pension determined in accordance with **Article 6.1.2.1.1** and **6.1.2.1.2** shall be increased by 3/4% for each month from the Normal Retirement Date to the first day of the month in which the pension commences, but shall be subject to the maximum pension rule in accordance with **Article 6.2**.

ARTICLE 8 - POSTPONED RETIREMENT

8.1 RETIREMENT CONDITIONS

If retirement is postponed, both the Member and the Board of Governors shall continue to make Required Contributions in accordance with **Article 3.1** and **3.3**. However, all contributions must cease, and the pension payments must commence, at his Mandatory Pension Commencement Date. In the event that cessation of employment occurs prior to that Date, the Member may elect that pension payments shall commence on the last day of any month between the month in which his employment ceases and that Date.

8.2 AMOUNT OF POSTPONED RETIREMENT PENSION

The amount of the pension to which such a Member is entitled shall be determined in accordance with **Article 6** except that

8.2.1 the Accumulated Values used in determining the pension shall be those on the first day of the month in which the pension payments commence, and

8.2.2 the amount of pension determined in accordance with **Articles 6.1.2.1.1** and **6.1.2.1.2** shall be increased by 3/4% for each month from the Normal Retirement Date to the first day of the month in which the pension commences, but shall be subject to the maximum pension in accordance with **Article 6.2**.

ARTICLE 9 - DISABILITY

9.1 DISABILITY QUALIFYING FOR INSURED BENEFITS

If a Member qualifies for benefits under any insured long-term disability program of the Board of Governors, neither he nor the Board of Governors shall make Required Contributions to the Plan for the period of receipt of such insured benefits. His accounts shall continue to be credited with Interest during such a period.

For purposes of calculating the Basic Pension, the period of receipt of such insured benefits shall be deemed to count in full towards Credited Service, and the Member's Earnings shall be deemed to continue at the rate in effect immediately prior to his disablement.

If such a Member ceases to qualify for benefits under the insured long-term disability program of the Board of Governors he shall at that time become an Inactive Member and be entitled to a deferred pension in accordance with **Article 12 (Termination Benefits)**; unless the Member returns to active employment and again becomes an Active Member. In the case of a Member covered by the Agreement for whom the long-term disability benefits cease before 24 months of such payment, the Member shall immediately become an Active Member.

9.2 DISABILITY NOT QUALIFYING FOR INSURED BENEFITS

If a Member becomes totally and permanently disabled but does not qualify for benefits under any insured long-term disability program of the Board of Governors, a Member may retire. For this purpose a Member shall be deemed to be totally and permanently disabled when he is certified by a medical doctor, selected by the Administrator, to be suffering from a physical or mental impairment that prevents the individual from engaging in any employment for which the individual is reasonably suited by virtue of the individual's education, training or experience and that can reasonably be expected to last for the remainder of the individual's lifetime.

The amount of pension payable to such a disabled Member shall be calculated in accordance with **Article 6 (Calculation of Pension at Normal Retirement Date)** with no reduction for early commencement.

ARTICLE 10 - PAYMENT OF PENSIONS

10.1 FREQUENCY AND DUE DATE OF PENSIONS

Except where otherwise provided under the Plan, pension and annuities shall be payable during the lifetime of the recipient in equal monthly installments except for increases provided in accordance with **Article 10.3.1** or **Article 10.3.1A, as applicable**. Payments shall commence on the last day of the month following retirement or such later date as elected by the Member in accordance with **Article 7.1.2**. Payments shall cease on the last day of the month following the month in which death occurs.

10.2 SMALL PENSIONS

If any annual pension under the Plan is less than 2% of the Y.M.P.E. in effect for the year in which the Member ceases to be employed by the Board of Governors, the Administrator may, before the pension commences, direct that a lump-sum payment be made in lieu of any other benefits under the Plan. The amount of any lump-sum payment directed by the Administrator under this paragraph shall be equal to the Commuted Value of the pension.

10.3 NORMAL FORM OF PENSION PAYMENT

10.3.1

- .1 The normal form of a pension payable under Retirement Account #1 or Retirement Account #2 which has been determined using the Normal Form Pension Factor shall be one which shall be increased January 1 each year, other than the year in which the pension commenced, by the percentage, if positive, by which the Interest Rate on Retirement Account #1 or Retirement Account #2, as applicable, in the immediately preceding year exceeds the interest rate determined in accordance with **Article 1.31.1** on the date the pension commenced, except that, based on an annual valuation of Retirement Account #1 or Retirement Account #2, as applicable, prepared by the Actuary,
 - (a) if the liabilities of Retirement Account #1 or Retirement Account #2, as applicable, prior to such an increase exceeds its assets, no increase shall be provided,
 - (b) if the liabilities of Retirement Account #1 or Retirement Account #2, as , prior to such an increase are less than its assets but would exceed the assets if the increase was granted in full, the increase shall be modified so that the liabilities of Retirement Account #1 or Retirement Account #, as applicable, after the modified increase equal its assets,

- (c) if, in a year subsequent to a year in which (a) or (b) occurred, the liabilities of Retirement Account #1 or Retirement Account #2, as applicable, after the scheduled increase for that year are less than its assets, the increase for those pensioners whose pensions were affected by (a) or (b) shall be modified, to the extent possible, so that their pensions are restored to the same level as they would have been had (a) or (b) not occurred. In the event that the excess of assets over liabilities after the scheduled increase is not sufficient to provide full restoration for all previous years in which (a) or (b) occurred, the priority for restoration shall be to provide full restoration for the year in which (a) or (b) first occurred, and then the next year, and so on,
 - (d) if the assets of Retirement Account #1 or Retirement Account #2, as applicable, exceed its liabilities determined by including the full current year's increase and also the estimated increases for the next three years with such subsequent increases being determined on the basis that the Interest on the Fund, excluding the Short Term Account, in those years equals the rate of interest determined in accordance with **Article 1.31.1** on that January 1, the current year's increase shall be enhanced so that the assets of Retirement Account #1 or Retirement Account #2, as applicable, equal the liabilities including the current year's and the next three years' increases determined as above.
- .2 On December 31 of the year in which the pension commences, the increase shall be the same proportion as the increase determined in **Article 10.3.1.1** as the number of months for which pension payments were made in that year is of 12.
- .3 A Member who is entitled to a defined benefit supplement in accordance with **Article 6.1.2** shall receive the same increase in pension as that determined in accordance with **Articles 10.3.1.1** and **10.3.1.2** except that
- (a) the increase in respect of a year prior to 1992 shall not be greater than the increase for that year in the Consumer Price Index, and
 - (b) the increase in respect of a year after 1991 shall be limited if the pension after the increase exceeds the greater of
 - (i) the defined contribution pension at retirement determined in accordance with **Article 6.1.1** and

Article 6.1.3 adjusted from the date of retirement in accordance with **Articles 10.3.1.1** and **10.3.1.2**, and

- (ii) the maximum defined benefit pension at retirement determined in accordance with **Article 6.2.2**, adjusted from the date of retirement in accordance with increases in the Consumer Price Index since that date.

In that event, the increase shall be limited so that the pension payable is equal to the greater of (i) and (ii) above.

10.3.1A

- .1 The normal form of a pension payable under Retirement Account #3 which has been determined using the Normal Form Pension Factor shall be one which shall be adjusted effective January 1 each year, other than the year in which the pension commenced. The pension shall be adjusted positively or negatively by 80% of the percentage by which the Interest rate on Retirement Account #3 in the immediately preceding year exceeds the Interest rate determined in accordance with **Article 1.31.1** on the date the pension commenced, except that, based on an annual valuation of Retirement Account #3 prepared by the Actuary,
 - (a) the pension shall not be reduced below the level that would have applied on the basis of the form of pension payable in the year of pension commencement had there been no adjustments under this Article,
 - (b) if the liabilities of Retirement Account #3 after such an adjustment exceeds its assets, any prior increases granted shall be reduced such that the liabilities for the pensions to be paid equal the assets in Retirement Account #3, or reduced down to zero if the liabilities cannot be reduced sufficiently to equal the assets in Retirement Account #3.
- .2 The adjustment to a Retirement Account #3 pension on January 1st of the year immediately following the year in which the pension commences shall be in the same proportion the increase determined in **Article 10.3.1A.1** as the number of months for which pension payments were made in the year the pension commenced is of 12.

10.3.2 In addition,

- .1 If the Member does not have a Spouse on the day his pension commences, the pension shall be payable to the Member for his

lifetime and, if the Member dies before 120 months payments have been made, to his Beneficiary or estate for the balance of the 120 month period.

- .2 For pensions that commence prior to January 1, 2002, if the Member has a Spouse on the date his pension commences, the pension shall be payable to the Member for his lifetime and, after his death, to his Spouse, if living, for her lifetime at the rate of 60% of the pension payable to the Member immediately prior to his death. For pensions that commence on or after January 1, 2002, if the Member has a Spouse on the date his pension commences, the pension shall be payable to the Member for his lifetime and, after his death, to that Spouse, if living, for her lifetime at the rate of 60% of the pension payable to the Member immediately prior to his death. In the event that the Spouse at his date of retirement predeceases the Member and the Member acquires a new Spouse, the Member may, by written request to the Administrator within 60 days of acquiring a new Spouse, elect a form of pension with a survivor benefit for his new Spouse on an actuarially equivalent basis to the pension he is then receiving. If no such election is made no survivor benefit is payable to his new Spouse.
- .3 Any pension which continues to a Spouse or Beneficiary after the Member's death shall commence on the last day of the month following the month in which the last payment is made to the Member.

10.4 ALTERNATIVE FORMS OF PENSION

A Member may, prior to receipt of his first pension payment, and subject to **Article 11.2**, elect an alternative form of pension provided under **Article 11 (Alternative Forms of Pension)** instead of receiving his pension in the normal form as described in **Article 10.3**.

10.5 TIME AND METHOD OF ELECTING OPTION

- 10.5.1 A Member who has a Spouse on the date his pension commences may elect an optional form of pension if the Member and his Spouse waive entitlement to a Joint and Survivor Pension under the Plan by completing a spouse's Pension Waiver Form as prescribed by the Pension Benefits Act.
- 10.5.2 A Member may elect an optional form of pension or may change or revoke his election or change his joint annuitant at any time prior to

retirement on the form prescribed by the Administrator for that purpose.

10.5.3 All elected options are irrevocable once payment of a pension has commenced.

10.6 **TRANSFER AT RETIREMENT**

A Member may, in lieu of other benefits provided under the Plan, upon Early, Normal or Retirement, elect to transfer, subject to limitations imposed under the Income Tax Act, the value of his pension benefit, under **Article 6.1** as determined by the Actuary in accordance with the Pension Benefits Act, to a Locked-In Registered Retirement Savings Plan or subject to agreement by the Member's Spouse, a Life Income Fund or Locked-In Retirement Income Fund as defined in the Pension Benefits Act.

ARTICLE 11 - ALTERNATIVE FORMS OF PENSION

11.1 Upon Early, Normal or Postponed Retirement the following alternative forms of pension are available, subject to **Article 11.3**, provided that, where applicable, written waiver of joint and survivor benefit has been signed on a prescribed form in accordance with **Article 10.5.1**. Any such optional form of pension shall include the annual adjustments computed in accordance with **Article 10.3.1** or **Article 10.3.1A, as applicable**.

11.1.1 Lifetime with 60 or 180-month guarantee

In lieu of the normal pension under the Plan, a Member may elect to receive a pension payable for his lifetime, with provision that if he should die before 60 or 180 monthly installments, as the case may be, have been paid, the remainder of the 60 or 180 installments, as the case may be, shall continue to his designated beneficiary. If such Beneficiary is the Member's Estate, a single sum shall be payable, being the Commuted Value of remaining payments as determined by the Actuary and approved by the Administrator.

11.1.2 Joint and survivor pension

In lieu of the normal pension under the Plan, a Member may elect to receive a pension payable until the death of the survivor of himself and a single designated joint annuitant who must be a spouse or former spouse of the Member. Such pension may be reduced on the death of the Pensioner by a percentage of its original amount as elected by the Member and shall continue to be payable to the joint annuitant. No other pension shall be payable to any dependent.

An election of a joint survivorship pension shall be conditional upon the survivor of the joint annuitant and the Member to the date on which the Member becomes a Pensioner. If the Member or the joint annuitant should die before that date the election shall be void.

11.1.3 Pension integrated with government-sponsored pensions

A Member who retires prior to age 65 may elect the normal or any alternative pension under the Plan. In addition he may elect a pension that provides a greater amount up to his date of becoming eligible for benefits from Old Age Security and Canada Pension Plan, and decreasing to a lesser amount thereafter, so as to provide an approximately level income to the pensioner from the date of commencement taking into account the total income from pension benefits under this plan, the pension payable under the Old Age Security and/or the pension payable under the Canada Pension Plan.

In the event of this election, any pension payable to a Beneficiary, surviving Spouse, or joint annuitant shall be calculated and payable as if the election had not been made.

11.1.4 Others

Any other form of pension payment may be elected that is acceptable to the Member and the Administrator, and allowed by applicable legislation affecting the Plan, the rules and regulations under the Pension Benefits Act and the Income Tax Act and Regulations.

11.2 **LIMITATION OF OPTIONS FOR MEMBER WITH A SPOUSE**

Notwithstanding anything herein, if at retirement, the Member has a Spouse, and if there is a pension payable in accordance with **Article 6.1.2** he may not elect a form of pension which would result in an annual pension which exceeds that determined in accordance with **Article 6.1**.

11.3 **AMOUNT OF OPTIONAL PENSION**

The amount of pension payable under any of the alternative forms described in **Article 11.1** shall be such that its Commuted Value is equal to the Commuted Value of the normal form of pension determined in accordance with **Article 10.3.2.1** or **10.3.2.2**, whichever is applicable.

11.4 **MAXIMUM GUARANTEE PERIOD**

Notwithstanding anything herein, no option shall be allowed which results in a guaranteed period exceeding the lesser of 15 years or the period from the date of the Member's retirement to the date on which his 85th birthday would occur.

Furthermore, no guarantee shall be permitted on the pension to a joint annuitant except for the unexpired portion of any guarantee period relating to the pensioner.

ARTICLE 12 - TERMINATION BENEFITS

In the event that a Member ceases to be employed by the Board of Governors prior to retirement, but on or after January 1, 1992, other than due to disability as described in **Article 9 (Disability)**, he shall cease making contributions to the Plan, and become entitled to benefits under the Plan.

12.1 Benefits for Required Contributions Account and Board of Governors' Contributions Account in respect of Continuous Employment prior to January 1, 1987.

For the purpose of this **Article 12.1**, the Accumulated Value of an Account refers to the of the Account in respect of contributions made to it prior to January 1, 1987.

12.1.1 Subject to the maxima described in **Articles 6.2.1, 6.2.2 and 6.2.3**, the Member shall be entitled to a benefit equal in value to the sum of

.1 the sum of the Accumulated Value of

.1 Member's Required Contributions Account

.2 Board of Governors' Contributions Account,

AND

.2 The excess, if positive, of

.1 sum of

.1 Commuted Value of the Basic Pension determined in accordance with **Article 6.1.2.1** for Credited Service prior to January 1, 1987,

.2 the Commuted Value of the Pre-1973 Pension, if any,

.3 the Accumulated Value of the Special Distribution Account

.2 over the sum provided under **12.1.1**.

12.1.2 Any pension payable in accordance with **Article 12.1.1.2** shall be funded by the Pension Guarantee Account.

12.1.3 The amount determined in accordance with **Article 12.1.1** may be

- .1 retained in the Plan to provide a deferred life pension commencing on the last day of any month between his early retirement date and his Mandatory Pension Commencement Date, or
- .2 transferred to the Member's Locked-In Registered Retirement Savings Plan.
- .3 Used to purchase from an Underwriter a deferred life annuity retirement date and his Mandatory Pension Commencement Date.

12.1.4 If the Member is less than age 45 or if he has less than 10 years' Continuous Employment, he may elect

- .1 to receive a cash refund of the sum of the Accumulated Value of the Required Contributions Account, or
- .2 subject to **Article 12.1.5**, transfer the sum of the Accumulated Values of the Required Contributions Account and the Board of Governors' Contributions Account, to another registered pension plan or to a registered retirement savings plan.

12.1.5 Any transfer to which the Member is entitled in accordance with **Article 12.1.4.2** may be paid to

- .1 the registered pension plan of a subsequent employer of the Member, if
 - .1 the subsequent employer's plan permits, and
 - .2 such employer supplies a written undertaking, satisfactory to the Administrator, that the portion of the transfer relating to Required Contributions and the Board of Governors' Contributions shall be administered so as to provide a pension and that no lump sum payment of such transfer shall be permitted except upon the death of the Member; or
- .2 a registered retirement savings plan of the Member,

Any such transfer shall comply with Section 147.3 of the Income Tax Act.

12.1.6 If the Member has completed 5 years of Continuous Employment but elects a benefit in accordance with **Article 12.1.4.1**, the Accumulated

Value of any part of the Board of Governors' Contributions Account which the Member thereby forfeits shall be transferred to the Forfeiture Account.

- 12.2 Benefits for Required Contributions Account and Board of Governors' Contributions Account, in respect of Continuous Employment after December 31, 1986.

For the purpose of this **Article 12.2**, the Accumulated Value of an Account refers to the part of the Account in respect of Contributions made to it after December 31, 1986.

- 12.2.1 Subject to the maxima described in **Articles 6.2.1, 6.2.2 and 6.2.3**, the Member shall be entitled to a benefit equal in value to the sum of

.1 The sum of the Accumulated Values of

.1 that part of the Member's Required Contributions Account in respect of contributions made prior to December 31, 1996, and

.2 that part of the Board of Governors' Contributions Account in respect of contributions made prior to December 31, 1996.

AND

.2 The excess, if positive, of the Commuted Value of the Basic Pension determined in accordance with **Article 6.1.2.1.1** for Credited Service after December 31, 1986 and before January 1, 1997.

AND

.3 The sum of the Accumulated Values of

.1 the Member's Required Contribution Account in respect of service after January 1, 1997, and

.2 the Board of Governors' Contribution Account in respect of service after January 1, 1997.

- 12.2.2 Any pension payable in accordance with **Article 12.2.1.2** shall be funded by the Pension Guarantee Account.

- 12.2.3 The amount determined in accordance with **Article 12.2.1** may be

- .1 retained in the Plan to provide a deferred life pension commencing on the last day of any month between his early retirement date and his Mandatory Pension Commencement Date, or
- .2 transferred to the Member's Locked-In Registered Retirement Savings Plan.
- .3 to purchase from an Underwriter a deferred life annuity commencing on the last day of any month between his early retirement date and his Mandatory Pension Commencement Date.

12.2.4 If the Member has less than two year's plan membership, he may elect either

- .1 to receive a cash refund of the Accumulated Value of the Required Contributions Account, or
- .2 subject to **Article 12.2.5**, transfer the sum of the Accumulated Values of the Required Contributions Account and the Board of Governors' Contributions Account to another registered pension plan or to a Locked-In Registered Retirement Savings Plan.

12.2.5 In the event that the Member elects to receive a cash refund in accordance with **Article 12.2.4.1**, the Accumulated Value of the Board of Governors' Account shall be forfeited and credited to the Forfeiture Account.

12.3 **BENEFITS FOR VOLUNTARY CONTRIBUTIONS ACCOUNT**

If a Member ceases to be employed by the Board of Governors he shall elect a lump sum payment or a transfer to another plan which is registered under the Income Tax Act (Canada) and whose main purpose is the provision of retirement income. The lump sum payment or transfer shall be equal to the Accumulated Value of his Voluntary Contributions Account.

12.4 **BENEFITS FOR TRANSFER CREDIT ACCOUNT**

If a Member ceases to be employed by the Board of Governors, then subject to the conditions under which the Transfer Credits were accepted, he shall elect either a lump sum payment or a transfer to another plan which is registered under the Income Tax Act (Canada) and whose main purpose is the provision of

retirement income. The lump sum payment or transfer shall be equal to the Accumulated Value of his Transfer Credit Account.

If there are restrictions on the distribution of part or all of the Transfer Credit Account, the appropriate part of the Accumulated Value of the Transfer Credit Account shall be either

12.4.1 retained in the Plan to provide a deferred life pension commencing on the last day of any month between his early retirement date and his Mandatory Pension Commencement Date.

12.4.2 transferred to the Member's Locked-In Registered Retirement Savings Plan.

12.5 **FINAL SETTLEMENT**

Where a lump sum payment or transfer has been made of Required Contributions, Board of Governors' Contributions, Voluntary Contributions, Transfer Credits or the Special Distribution Account, there shall be no further liability under the Plan for any benefits relating thereto.

12.6 **TERMINATIONS BEFORE JANUARY 1, 1992**

Where a Member ceases to be employed by the Board of Governors prior to retirement and prior to January 1, 1992, but his settlement is not completed until after January 1, 1992, his benefits shall be determined in accordance with the Plan provisions which were in effect in the period December 31, 1989 to December 31, 1991.

ARTICLE 13 - DEATH BENEFITS

- 13.1 In the event of death of a Member prior to pension commencement a death benefit shall be calculated as if the Member's employment was terminated immediately before the Member's death. Such death benefit shall be calculated according to **Article 12 (Termination Benefits)**.
- 13.1.1 Any pension payable in accordance with **Articles 12.1.1.2** and **12.2.1.2** shall be funded by the Pension Guarantee Account.
- 13.1.2 If, at his date of death, the Member has a Spouse, the death benefit shall be payable to that Spouse and the Spouse may elect to receive the death benefit either as:
- .1 an immediate or deferred pension as such can be provided with the death benefit, or
 - .2 transfer to a Registered Retirement Saving Plan, or
 - .3 a lump sum payment equal to the Commuted Value of the pension benefit.
- 13.2 If the Spouse elects to receive an immediate or deferred pension, such pension shall commence prior to the end of the calendar year of the Spouse's 69th birthday and may be guaranteed for a period which is the lesser of 15 years and the period of the Member's death to the day before the Spouse's 86th birthday.
- 13.3 If at his date of death the Member did not have a Spouse or was living separate and apart from his Spouse, the death benefit shall be payable to his Beneficiary as designated in accordance with **Article 13.6**. However, if there be no designated Beneficiary or if the person designated should predecease the Member, any death benefits shall be payable to the Member's estate. If the designated Beneficiary should die after the Member but before the end of any applicable guarantee period, the remainder of any death benefit shall be paid to the estate of the Beneficiary.
- 13.4 In the event of the death of a Pensioner there shall be payable such amounts, if any, as are determined by the normal or other forms of pension payable, as elected by the Member under **Article 10 (Payments of Pensions)** or **Article 11 (Alternative Forms of Pension)**.
- 13.5 In the event of there being any doubt as to the identity of the Beneficiary or as to whether the Beneficiary is legally entitled to receive any benefits hereunder, payment of any such benefits may be withheld for a reasonable time to permit investigation to be made, and any Beneficiary or a claimant shall on demand be obliged to furnish all information and to produce such proof of identity and rights to such benefits as may be reasonable in the circumstances.

13.6 BENEFICIARIES

- 13.6.1 A member may designate a person or persons as his Beneficiary. Such person shall be entitled to receive any benefit payable under the Plan in the event of the Member's death, other than any benefits payable to the surviving Spouse. A Member who has made such designation may from time to time alter or revoke the designation.
- 13.6.2 A Beneficiary designation, alteration or revocation under **Article 13.6.1** above shall be made in writing on a form prescribed provided by the Administrator for that purpose, and shall be subject to any applicable statutory conditions or limitations.
- 13.6.3 Notwithstanding anything contained in this Article, if a Member elects under **Article 11 (Alternative Forms of Pension)** to take a joint and survivor pension, he may not designate a Beneficiary other than the joint annuitant.

ARTICLE 14 - TRANSFERS

14.1 TRANSFERS FROM PREVIOUS EMPLOYMENT

The Administrator may accept deposits into the Fund from a registered pension plan or deferred profit sharing plan of a previous employer of the Member. The acceptability of such a deposit shall be determined in accordance with rules adopted by the Administrator.

If accepted, such deposits shall be administered in accordance with the conditions imposed by the pension plan or deferred profit-sharing plan of the previous employer. Such deposit shall be held in a Transfer Credit Account established for the Member. The Transfer Credit Account shall be used to provide pension benefits, or lump-sum payments, or to make a further transfer of benefits on cessation of the Member's employment with the Board of Governors as the case may be.

14.2 TRANSFER WITHIN LAKEHEAD UNIVERSITY

14.2.1 If a Member of the Lakehead University Employee Pension Plan transfers into a class of employment such that he qualifies for membership of this Plan, he shall thereupon cease contributing to the Lakehead University Employee Pension Plan and shall immediately join the Plan on the date of transfer. At the end of the calendar year in which such employment transfer occurs, a Transfer Credit shall be paid into this Plan in accordance with the relevant provision of the Lakehead University Employee Pension Plan. In the event of subsequent cessation of employment, the normal provisions of this Plan shall apply, except that upon termination of employment otherwise than by death, disability or retirement, vesting and locking-in conditions applicable to contributions under the Lakehead University Employee Pension Plan shall apply in lieu of the conditions normally applicable under this Plan.

14.2.2 If a Member of this Plan voluntarily transfers into a class of employment within the purview of the Board of Governors in which he no longer qualifies for membership of this Plan, he shall cease all contributions to this Plan, and shall become an Inactive Member. No benefits shall be payable to such Member until he ceases to be employed with the Board of Governors, at which time the benefit payable upon death, disability, retirement or other termination of employment shall apply.

14.3 **RECIPROCAL AGREEMENT**

The Board of Governors is empowered to enter into reciprocal agreements with other employers administering a registered pension plan or with other Ontario, Canadian or foreign employers that are associated or affiliated with the Board of Governors to provide for the acceptance of prior service with the other employers as eligible service under this Plan, provided that the affected employee had been a member of or had been in employment counting towards eligibility for membership in the other employers' pension plans. Such reciprocity may be effected through a written agreement to which the Board of Governors and other employer are both parties or by the incorporation of equivalent clauses into this Plan and the plan of the other employer.

14.4 **RETIRING ALLOWANCE**

An Inactive Member who has retired and elected to defer commencement of the pension and who is in receipt of a “retiring allowance”, as defined under subsection 248(1) of the *Income Tax Act* (“the Act”), may transfer into this Plan some or all of the retiring allowance provided that the amount so transferred is an “eligible amount” under paragraph 60(j.1) of the Act. The transfer may be received into this Plan either as a lump-sum payment at the time that employment ceases or in instalments over a period of time up to the date that pension payments commence or the date that full and final settlement in respect of the Member’s benefit entitlement is paid out of the Plan. The transfer of a retiring allowance into this Plan shall be held in a Transfer Credit Account established for the Member. The Transfer Credit Account shall be used to provide pension benefits, lump-sum payments, or to make a further transfer of benefits as full and final settlement in respect of the Member’s benefit entitlement under the Plan.

ARTICLE 15 - RIGHTS ON DISCONTINUANCE OF PLAN

- 15.1 It is expected that the Plan shall continue indefinitely, but the Board of Governors reserves the right to discontinue the Plan should future conditions, in their judgement, so warrant provided that such action shall be in accordance with the Pension Benefits Act and the rules and regulations of Revenue Canada and shall not result in a reduction of the benefits which have accrued hereunder prior to the discontinuance.
- 15.2 In the event of the discontinuance of the Plan, no part of the Fund shall revert to the Board of Governors but shall be allocated to Members in an equitable manner as determined by the Actuary and in accordance with the Pension Benefits Act and the Income Tax Act and Regulations.

No disbursements from the Fund, as the result of discontinuance of the Plan, shall be made without the written authorization of the Pension Commission of Ontario.

ARTICLE 16 - FUND AND ACCOUNTS

- 16.1 The Fund at the Effective Date shall be comprised of the same assets as the fund of the Prior Plan on the same date. The Fund shall be administered according to the laws of the Province of Ontario.
- 16.2 The investments of the Fund shall be managed in accordance with the rules and regulations of the Pension Benefits Act.
- 16.3 The benefits shall normally be paid directly from the Fund.
- 16.3.1 The amount of any pension which can be provided from the Fund shall be calculated by the Actuary using the basis prescribed in **Article 10.3.1** or **Article 10.3.1A, as applicable**.
- 16.3.2 At retirement, amounts needed to provide the pension shall be transferred from the Member's Individual Accounts to the respective Retirement Account #1, Retirement Account #2 or Retirement Account #3 with separate accounting for amounts transferred from the Contributions Accounts (the "Money Purchase Retirement Accounts") and for amounts transferred from the Pension Guaranteed Account in accordance with 6.3 (the "Defined Benefit Retirement Account"). All pensions paid shall be charged to the Money Purchase Accounts except for pensions in accordance with Section 6.1.2, if any, which shall be charged against the Defined Benefit Retirement Account.
- 16.4 If the Member so elects, any pension payable under the Plan may be provided by a life annuity, or life annuities, purchased from an Underwriter but in that event, the pension shall be limited to that which can be provided by his Required Contributions Account, his Board of Governors' Contributions Account, his Transfer Credit Account and his Voluntary Contributions Account, and shall be limited in accordance with **Article 6.2.1**.
- 16.5 The Fund shall be chargeable with any expenses in respect of the Plan reasonably and properly incurred by the Administrator for the management of the Plan.
- 16.6 The Administrator shall at all times keep or cause to be kept adequate accounts of the Fund. Such accounts shall be maintained on a calendar-year basis.
- 16.7 The Fund shall have a fiscal year ending December 31st.

ARTICLE 17 - PENSION BOARD

- 17.1 The Plan shall be administered by the Pension Board which is advisory to the Board of Governors. The Pension Board shall consist of the following members:
- 17.1.1 Two Members of the Faculty (Bargaining Units #1 and #2),
 - 17.1.2 One Pensioner,
 - 17.1.3 One Member of Non-Faculty Staff, and
 - 17.1.4 Two persons chosen by the Board of Governors.
- 17.2 All of the above shall be voting members. A quorum shall be three, at least one of whom shall be a Faculty Member and one of whom shall be a person chosen by the Board of Governors.
- 17.3 The election of members of the Pension Board shall be determined by the participating constituency.
- 17.4 The Chairman and the Secretary of the Pension Board shall be chosen by its members from their own number.
- 17.5 The Pension Board shall hold meetings as frequently and on such notice as its members may determine, provided that the Pension Board shall meet at least once in each plan year. Meetings of the Pension Board shall be open to any Member of the Plan, provided that specified portions of a meeting dealing with personal particulars of one or more members may be held in closed session.
- 17.6 The day-to-day operation of the Pension Plan shall be the function of the Vice President (Administration & Finance) subject to any delegation by the Pension Board to an outside administrator of all or any part of such operation, with operating decisions based on policies as established from time to time by the Pension Board.
- 17.7 The Pension Board shall have full power to administer the Plan, such power to include, but not limited to, the following:
- 17.7.1 To make and enforce such rules and regulations as it shall deem necessary and proper for the efficient administration of the Plan;
 - 17.7.2 To interpret the Plan, its interpretation thereof in good faith to be final and binding;
 - 17.7.3 To decide all questions concerning the Plan and to make recommendations concerning the eligibility of any person to participate in the Plan;

- 17.7.4 To compute the amount of benefits or other payments which shall be payable to any Member, retired Member, contingent annuitant, or Beneficiary, in accordance with the provisions of the Plan, and to determine the person or persons to whom such amount shall be paid;
 - 17.7.5 To authorize all payments to be made for such purposes;
 - 17.7.6 To prepare accounts and records showing the detailed operation of the Plan;
 - 17.7.7 To recommend to the Board of Governors an auditor as required to meet statutory obligations;
 - 17.7.8 To recommend to the Board of Governors an Actuary to carry out the actuarial valuations required by law and as required as a basis for recommending changes in pension or benefits in the Plan;
 - 17.7.9 To recommend to the Board of Governors amendments to the Plan to keep it current with respect to other universities and major employers; and
 - 17.7.10 To recommend to the Board of Governors the delegation of all or a portion of its duties to invest the assets of the Fund from time to time to one or more funding agencies or investment counsellors.
 - 17.7.11 To review and discuss with the Actuary changes in the actuarial assumptions before any proposed changes are applied.
- 17.8 Whenever, in the administration of the Plan, any action by the Pension Board or the Board of Governors is required, such action shall be uniform in nature as applied to all persons similarly situated.
- 17.9 Members of the Pension Board may participate in the benefits under the Plan provided they are otherwise eligible to do so. Except as otherwise provided by the Board of Governors, no member of the Pension Board shall receive any compensation for his services as such. No bond or other security shall be required of any member of the Pension Board in such capacity in any jurisdiction, except as expressly provided by law.
- 17.10 In administering the Plan neither the Pension Board nor any member thereof, nor the Board of Governors nor any member thereof, nor the University, nor any officer or employee thereof, shall be liable for any act of omission or commission, except for his or its own individual, willful and intentional malfeasance or misfeasance. The University and its officers and directors and each member of the Pension Board shall be entitled to rely conclusively on all tables, valuations, certificates, opinions and reports which shall be furnished by an Actuary, accountant,

administrator, trustee, counsel or other expert who shall be employed or engaged by the Pension Board.

17.11 The Pension Board will provide an annual report to the Board of Governors.

ARTICLE 18 - GENERAL

- 18.1 No Member, Pensioner, former Member, Beneficiary or joint annuitant shall have any recourse under any provision of this Plan against any past, present, or future governor, director, officer or employee of the Board of Governors of Lakehead University, and that such governors, directors, officers and employees shall be free from all liabilities hereunder as a condition hereof except according to the prevailing laws.
- 18.2 The Plan shall not of itself:
- 18.2.1 give a Member any right to be retained in the service of the Board of Governors;
 - 18.2.2 prevent the Board of Governors from discharging a Member at any time.
- 18.3 All contributions to the Plan and all benefits under the Plan shall be payable in the lawful currency of Canada, provided that in case of any Member being paid his Earnings in some other currency, the Board of Governors may from time to time at its discretion, fix the rate of exchange to be used for the purposes of the Plan in converting to Canadian currency his Earnings and his contributions to the Plan.
- 18.4 This Plan shall be construed, administered and enforced in accordance with the laws of Canada and the Province of Ontario.
- 18.5 No right of a person under this Plan is capable of being assigned, charged, anticipated given as security or surrendered, and is exempt from execution, seizure or attachment, and any transaction purporting to assign, charge, anticipate or give as security such benefits, is void. For this purpose;
- 18.5.1 assignment does not include
 - .1 assignment of an interest in the monies so payable by an order under the Ontario Family Law Act, 1986 or by a written domestic contract as defined in Part IV of that Act, or
 - .2 assignment by the legal representative of a deceased individual on the distribution of the individual's estate, and
 - 18.5.2 surrender does not include a return of contributions or reduction in benefits to avoid the revocation of the registration of the Plan under the Income Tax Act where such a return or reduction has been approved by the Pension Commission of Ontario.

18.6 Notwithstanding anything in the Plan to the contrary, no cash settlements shall be paid under the terms of the Plan where such payments would be contrary to the provisions of the Pension Benefits Act or the statutory or regulatory requirements of any other relevant jurisdictions including such administrative rules as are issued and enforced by Revenue Canada, pertaining to the registration of employee's pension plans under the Income Tax Act (Canada).

18.7 The Plan shall be reviewed at regular intervals to determine the adequacy of the benefits which it provides, and the continuing participation of Non-Faculty Members in the Plan.

The first such review shall take place on or before December 31st, 1992. Subsequent reviews shall take place not less frequently than triennially.

18.8 The primary purpose of the Plan is to provide monthly payments to the Members after retirement and until death in respect of their Service as Employees.

ARTICLE 19 - AMENDMENTS

- 19.1 Notwithstanding anything herein contained, but subject to **Article 19.3** below, on the advice of the Administrator the Plan may be amended at any time by the Board of Governors.
- 19.2 Notice of every proposed amendment shall be given to the membership. If an amendment directly or indirectly affects the benefits due to the Members, notice thereof shall be given to the Members in accordance with the Pension Benefits Act.
- 19.3 No such amendment shall adversely affect the rights of a pensioner or other person to continue to receive his pension under the Plan, or adversely affect any vested rights as the same exists under the Plan at the date of such amendments or reduce the benefits which the Member had accrued to the date of the amendment, and subject to **Article 15 (Rights on Discontinuance of Plan)**.

ARTICLE 20 - PENSION GUARANTEE ACCOUNT

- 20.1 The Pension Guarantee Account shall be established on the Effective Date as being the amount which, on the advice of the Actuary, should be maintained to provide for supplementary pensions in accordance with **Article 6.3, 12.1.2 and 12.2.2.**
- 20.2 If a subsequent actuarial valuation in accordance with **Article 3.4** determines a going concern unfunded actuarial liability or a solvency deficiency as defined in the Pension Benefits Act, the Board of Governors' Additional Contributions shall be paid to the Pension Guarantee Account.
- 20.3 If a subsequent actuarial valuation in accordance with **Article 3.4** determines that the Pension Guarantee Account is greater than the amount which, on the advice of the Actuary, should be maintained to provide for supplementary pensions, the excess shall be transferred to the Excess Fund Account.

ARTICLE 21 - EXCESS FUND ACCOUNT AND FORFEITURE ACCOUNT

- 21.1 The Excess Fund Account shall be established on the Effective Date as the excess, if any, of the market value of the Fund over the sum of:
- .1 The Required Contributions Accounts of all Members,
 - .2 The Board of Governors' Contributions Accounts of all Members,
 - .3 The Voluntary Contributions Accounts of all Members,
 - .4 The Transfer Credit Accounts of all Members,
 - .5 The Retirement Account,
 - .6 The Pension Guarantee Account,
 - .7 The Pension Solvency Account, and
 - .8 The Short Term Account.
- 21.2 The Forfeiture Account shall be established on the Effective Date with a zero balance and subsequently shall receive forfeited Board of Governors' Required Contributions plus Interest in accordance with **Article 12.1.6** and **12.2.5**.
- 21.3 The Forfeiture Account shall be used in a year to pay, to the extent possible, any expenses incurred in the operation of the plan in that year including actuarial, administrative, audit, custodial, investment management and plan registration expenses.
- 21.4 The operation of the Forfeiture Account shall be on a "first-in, first-out" basis and in the event that a forfeiture has not been allocated by the December 31 of the year following the year in which the amount was forfeited, the amount of the forfeiture shall be refunded to the University.
- 21.5 The Excess Fund Account may be used in a year to pay these expenses described in **Article 21.3** which have not been paid by the Forfeiture Account. In this event, the interest credit for that year shall be determined on a gross basis.
- 21.6 If at the start of a year the Excess Fund Account reaches a level at which it is greater than 2 times the total estimated Board of Governors' Contributions for that year in accordance with **Article 3.3**, the Excess Fund Account shall be used in the year to pay expenses in accordance with **Article 21.4**.
- 21.7 The Excess Fund Account may also be used to provide additional benefits to Members, as authorized by the Pension Board, provided that such additional benefits are provided on an equitable basis and that prior approval for such additional benefits is given by both Revenue Canada and the Pension Commission of Ontario.

ARTICLE 22 – PENSION SOLVENCY ACCOUNT

- 22.1 The Pension Solvency Account shall be established in a situation where the Board of Governors is required to make additional contributions to the Plan as a result of a deficiency in the Retirement Account.
- 22.2 If a subsequent valuation determines that the amount in the Pension Solvency Account is greater than any deficiency in the Retirement Account, the Board of Governors may elect to use the excess funds in the Pension Solvency Account to pay its Required Contributions determined in Accordance with **Article 3.3**.

ARTICLE 23 - RETIREMENT ACCOUNTS

23.1 “**RETIREMENT ACCOUNT #1**” means an account established and maintained by the Administrator to hold, in trust, all amounts needed to provide retirements benefits from the Fund for all pensions in course of payment at December 31, 2007.

For the purpose of comparing assets and liabilities under Article 10.3.1.1 assets of Retirement Account #1 shall be measured at market value at the valuation date. Liabilities shall be measured as the greater of:

- (i) the solvency liabilities as prescribed in accordance with the Pension Benefits Act;
- (ii) the going concern liabilities of the pensions in course of payment on the valuation date, using the mortality table in use for the going concern liabilities on the valuation date for all pensioners and the lesser of the interest rate for each Member that was applied in that Member’s Normal Form Pension Factor at the date of pension commencement or the interest rate in use for determining the going concern liabilities on the valuation date for all pensioners; and
- (iii) any other measurement of liabilities that may be required under the Pension Benefits Act, or any other relevant legislation, and applicable to the Plan for purposes of determining funding requirements.

23.2 “**RETIREMENT ACCOUNT #2**” means an account established and maintained by the Administrator to hold, in trust, all amounts in respect of Continuous Employment prior to January 1, 2008 needed to provide retirement benefits in course of payment from the Fund for all pensions commencing on or after January 1, 2008.

For the purpose of comparing assets and liabilities under Article 10.3.1.1 assets of Retirement Account #2 shall be measured at market value at the valuation date. Liabilities shall be measured as the greater of:

- (i) the solvency liabilities as prescribed in accordance with the Pension Benefits Act;
- (ii) the going concern liabilities of the pensions in course of payment on the valuation date, using the mortality table in use for the going concern liabilities on the valuation date for all pensioners and the lesser of the interest rate for each Member that was applied in that Member’s Normal Form Pension Factor at the date of pension commencement or the interest rate in use for determining the going concern liabilities on the valuation date for all pensioners; and

- (iii) any other measurement of liabilities that may be required under the Pension Benefits Act, or any other relevant legislation, and applicable to the Plan for purposes of determining funding requirements.

23.3 “**RETIREMENT ACCOUNT #3**” means an account established and maintained by the Administrator to hold, in trust all amounts in respect of Continuous Employment after December 31, 2007 needed to provide retirement benefits in course of payment from the Fund for all pensions commencing on or after January 1, 2008.

For the purpose of comparing assets and liabilities under Article 10.3.1A assets of Retirement Account #3 shall be measured at market value at the valuation date. Liabilities shall be measured as the greater of:

- (i) the solvency liabilities as prescribed in accordance with the Pension Benefits Act;
- (ii) the going concern liabilities of the pensions in course of payment on the valuation date, using the mortality table in use for the going concern liabilities on the valuation date for all pensioners and the lesser of the interest rate for each Member that was applied in that Member’s Normal Form Pension Factor at the date of pension commencement or the interest rate in use for determining the going concern liabilities on the valuation date for all pensioners; and
- (iii) any other measurement of liabilities that may be required under the Pension Benefits Act, or any other relevant pension legislation, and applicable to the Plan for purposes of determining funding requirements.

ARTICLE 24 - SHORT TERM ACCOUNT

- 24.1 The Short Term Account shall be established on January 1, 2008 with a zero balance and subsequently shall receive that portion of the Member's Individual Accounts which the Member has elected to transfer to the Short Term Account in accordance with the administrative rules as determined by the Pension Board from time to time.
- 24.2 The Short Term Account shall be held as a separate account within the Fund, consisting of specific invested assets allocated to it with a distinct investment policy different from that applied to the rest of the assets in the Fund, and a separate rate of return declared each year.
- 24.3 Short Term Account Interest shall be determined monthly based on the actual rate of return on the funds held in the Short Term Account, adjusted for expenses related to the Short Term Account in accordance with Article 24.5. Interest, calculated in accordance with this Article 24.3, shall be fully allocated to the funds held in the Short Term Account.
- 24.4 A record shall be kept of each Member's balance in the Short Term Account and interest, in accordance with Article 24.3, shall be credited, at least annually, to the Member's account from the date the funds are allocated to the Short Term Account until the date the funds are withdrawn to settle a retirement, death, transfer or termination.
- 24.5 The Short Term Account shall be chargeable with any expenses in respect of the Plan which are reasonably and properly incurred by the Administrator and allocated to the Short Term Account.
- 24.6 A Member who becomes eligible, in accordance with the administrative rules as determined by the Pension Board from time to time, to transfer all or part of their Individual Account balance to the Short Term Account shall be required to make their election in writing on the form prescribed by the Pension Board and provided by the Administrator for that purpose. Subject to Article 24.7 the transfer of all or part of a Member's Individual Account balance to the Short Term Account shall be irreversible.
- 24.7 All amounts held in the Short Term Account for a Member shall be transferred back to the Member's Individual Accounts in the Fund on the date the Member makes a retirement option or transfer election at Retirement under Article 10.

APPENDIX A – CONTRIBUTION RATES

MEMBER’S REQUIRED CONTRIBUTION RATES

Academic positions		Non-academic positions	
Effective Date	Percentage (%) Contribution Rate	Effective Date	Percentage (%) Contribution Rate
January 1, 1990	6.5	January 1, 1990	6.5
		July 1, 1997	6.7
		July 1, 1998	6.8
		July 1, 1999	7.0
		January 1, 2001	7.4
		January 1, 2002	7.8
		January 1, 2003	8.05

BOARD OF GOVERNORS’ REQUIRED CONTRIBUTION RATES

Academic positions		Non-academic positions	
Effective Date	Percentage (%) Contribution Rate	Effective Date	Percentage (%) Contribution Rate
January 1, 1990	6.5	January 1, 1990	6.5
July 1, 1997	6.7	July 1, 1997	6.7
July 1, 1998	6.8	July 1, 1998	6.8
July 1, 1999	7.0	July 1, 1999	7.0
July 1, 2000	7.3	January 1, 2001	7.4
July 1, 2001	7.4	January 1, 2002	7.8
July 1, 2002	7.5	January 1, 2003	8.05
January 1, 2004	7.8		
January 1, 2005	8.05		