Pension plans are of two major types: defined benefit and defined contribution. Under the typical defined benefit plan, a member's pension is determined by a formula based on years of service, salary and age at retirement. Pension payments to the member during his or her retirement remain constant, except for any cost-of-living adjustments.

In a defined contribution plan, the contributions of the member and his or her employer, together with net investment earnings or losses, accumulate throughout the member's career. At retirement, the accumulated sum is used to purchase a pension. In a defined contribution plan, net investment returns are obviously of great importance to the member, particularly if the pension is paid in the form of a variable annuity adjusted each year during his or her retirement according to the Plan's performance.

**1968: Original Plan provides greater of defined contribution or defined benefit.**
When the pension plan was established in 1968 to replace the earlier TIAA-CREF money purchase contracts, it retained the defined contribution features for payments at death, before retirement, or on termination of employment, but pensions were to be calculated under a defined benefit formula based on years of service and final average salary to compensate the long-service employees of that time for the inadequacy of earlier University of Victoria pension plans.

In 1972, in order to qualify for registration under the *Income Tax Act* and still retain the advantages of the defined contribution features for members who leave the University before retirement, the Plan was amended so that pensions would also be determined on a defined contribution basis. It was possible to retain the defined benefit as a minimum benefit, but the Plan became in essence and intent a defined contribution plan with the expectation that the majority of members would receive a variable annuity that would exceed the defined benefit.

**1980s: Amendments allow members to choose between defined contribution and defined benefit.**
In 1983 the Plan was amended to permit members, who are eligible to receive a defined contribution pension, to purchase an annuity from a life insurance company.

A further amendment in 1985 permitted the selection at retirement of a defined contribution pension even when the initial amount was smaller than the defined benefit.

**1990: Income Tax Reform.**
In 1991 the Plan was segregated into a Money Purchase Pension Plan and a Combination Pension Plan.

The Money Purchase Pension Plan is a defined contribution pension plan for members of the faculty and administrative and academic professional staff holding term appointments or regular (continuing) appointments of 50% or more of full time but less than full time and for assistant teaching professors and sessional lecturers.

The Combination Pension Plan is for full time continuing members of the faculty and administrative and academic professional staff.
1991: defined contribution maximum. Also in 1991, contributions to member accounts became limited to the defined contribution maximum permitted under the Income Tax Act, initially $12,500. In 1994, in response to these limits, the Supplemental Benefit Arrangement (SBA) was created. The SBA is a complement to the Combination Pension Plan. It provides money purchase benefits and, since 2000, defined benefits that cannot be provided under the registered pension plan.

Member contribution rates. Members of the Combination Pension Plan contribute an amount equal to:

a. 3% of basic salary up to the contributory earnings upper limit for the Canada Pension Plan (the “Year’s Maximum Pensionable Earnings” - YMPE), plus
b. 5% on the salary in excess of that limit, plus
c. one-third of the amount by which, if any, the University’s defined benefit contribution exceeds 1% (1.35% effective May 1, 2011).

Employee contributions are directed to individual Combined Contribution Accounts (CCAs). The CCA balances provide the main part of a member’s final pension entitlement in the same way as a defined contribution account.

University contribution rates. Up to December 31, 1990 the University contributed 10% of basic salary minus its Canada Pension Plan contribution. Of this amount, 12% of basic salary less the member’s contribution, was directed to each individual’s CCA, and the remaining employer contribution was directed into the Defined Retirement Benefit Account (DRBA). In 1991, to comply with new Income Tax Act rules, the University contributions to individual members’ CCAs were revised to equal:

a. 10.37% of basic salary up the YMPE, plus 14% of basic salary in excess of the YMPE, less
b. the individual member’s contribution, plus
c. up to an additional 1% if, on the advice of the actuary, the 1% is not required to fund the defined benefit minimum.

At the same time, University contributions to fund the defined benefit minimum were revised to equal:

a. 1% of salary, which at the discretion of the Pension Board acting on the advice of the actuary, could be directed in whole or in part to member’s CCAs, plus
b. such additional contributions as are recommended by the Plan actuary to maintain the Defined Retirement Benefit Account on a sound actuarial basis (4.05% of salary effective May 1, 2011).

From January 1, 1991 to June 30, 1993, and from July 1, 1998 to December 31, 2001, the 1% contribution was not required for the defined benefit minimum and, on the advice of the Plan actuary, was redirected to members’ CCAs. Since that time, Plan actuaries have recommended that the 1% of salary be gradually returned to its original purpose, namely to fund the defined benefit minimum (registered plan and/or the Supplemental Benefit Arrangement).

Consequently, for 2002, the Pension Board changed the allocations to 0.8% to CCAs and 0.2% to the defined benefit minimum. For 2003 and 2004, the corresponding allocations were 0.7% and 0.3% and, effective January 1, 2005, the full 1% was allocated to accounts funding the defined benefit minimum. The 1% was increased to 5.05% effective May 1, 2011.
On January 1, 1993, minimum pension standards legislation became effective in BC. The most significant impact this had on members of the Combination Pension Plan is that contributions made on or after January 1, 1993 must be locked-in to provide a lifetime retirement income. Contributions made prior to 1993 were restricted under the Plan Document. The restrictions did not amount to full lock-in under pension standards and were removed effective June 1, 2006.

On January 1, 1997, the Variable Withdrawal Plan was added as an option for retiring members. The Variable Withdrawal Plan is essentially an income fund operated by the pension plan. It provides members with a regular but flexible retirement income. It was renamed the Variable Benefit in 2006.

2012: 5% Internal Variable Annuity.
On January 1, 2012, the 5% Internal Variable Annuity ceased to be offered. The change did not affect pensioners already in receipt of the annuity.

In September 2015, the amended Pension Benefits Standards Act (BC) and Regulation became effective. The Plan was amended to reflect the new legislation.