COMBINATION PENSION PLAN

Understanding Your Pension Plan

DISCLAIMER:
The precise terms of the Plan are provided in the Plan Document, available on Pension Services' website (www.uvic.ca/pensions).
If there is a discrepancy between this publication and the Plan Document, the Plan Document applies.

Combination Pension Plan
Understanding your pension plan

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Introduction

- **Membership**

The Combination Pension Plan primarily covers the following groups of employees:

- Faculty members
  (excluding those who are members of the Money Purchase Pension Plan)
- University executives
- Librarians
- Administration and professional staff (ME, PEA)
  (excluding those who are members of the Money Purchase Pension Plan)

- **Type of pension plan**

There are different types of pension plans. The Combination Pension Plan is a hybrid pension plan, with elements of both a defined contribution plan and a defined benefit plan. A defined contribution plan is one that provides a benefit based on the contributions made by the member and employer, as well as the net investment performance of the fund. A defined benefit plan is one where the member receives a benefit based on a formula that is not related to the contributions, and usually takes the member's salary and years of service into account.

The Combination Plan may be described as a defined contribution plan with a minimum defined benefit component.

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Contributions

During your career, you and the university both contribute to the pension fund through contributions, which are paid through payroll deductions and reported on your pay stub. The rate of contribution is a percentage of your earnings, as shown in the following table.

Contribution rates (as % of employee basic salary)			
Combined Contribution Account			
Up to YMPE[1]	Member	3.50%	**Total 10.37%**
	University	6.87%	
Above YMPE[1]	Member	5.50%	**Total 14.00%**
	University	8.50%	
Defined Retirement Benefit Account			
University only			**2.50%**
Additional Voluntary Contribution Account			
Member only			**As elected**

Combined Contribution Account (CCA).
The contributions are credited to your individual Combined Contribution Account, and are subject to *Income Tax Act* maximums. At retirement, you can use your account balance to select a benefit option, as described later in this publication.

Defined Retirement Benefit Account (DRBA).
This account funds the Defined Benefit Minimum, which is a feature of the Internal Variable Annuity offered by the Plan, as described later in this publication. The DRBA is funded solely by university contributions.

Additional Voluntary Contribution Account (AVCA).
This is an optional feature of the Plan. Subject to *Income Tax Act* maximums, you may elect to make contributions to this account through payroll deduction or by transfer from another registered plan (RRSP or Canadian registered pension plan). The university does not match those contributions, and transfers from spousal RRSPs are not permitted.

Example of 2026 Contributions ~ Annual salary of $95,000					
	Member		**University**		**Total**
CCA < YMPE[1]	$74,600 x 3.50%	2,611	$74,600 x 6.87%	5,125	**7,736**
CCA > YMPE[1]	(95,000-74,6000) x 5.50%	1,122	(95,000-74,600) x 8.50%	1,734	**2,856**
DRBA			95,000 x 2.50%	2,375	**2,375**
Voluntary	100 x 12	1,200			**1,200**
Total		4,933		9,234	**14,167**

[1] *Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan ($74,600 in 2026).*

Retirement dates: early & deferred retirement

The Combination Pension Plan provides immediate vesting, which means there are no minimum service requirements to start receiving a pension; however, there are age requirements.

- **Normal retirement**

  Normal retirement age is 65 (the last day of the month in which you reach age 65). While you are not required to retire at this age, it is the date when the Internal Variable Annuity's defined benefit minimum, one of the features of this Plan, is calculated without reduction.

- **Early retirement**

  You may elect to take early retirement as early as the end of the month in which you attain age 55. Early retirement means the Internal Variable Annuity's defined benefit minimum, one of the features of this Plan, is reduced (the reductions are shown later in this publication).

- **Deferred retirement**

  You may also elect to defer your pension (in other words, wait to start receiving it at a later date).

- **Latest retirement**

  While you may continue to work beyond this date, you must start receiving a pension no later than December 01 of the year in which you reach age 71. If you do not select a benefit by October 31 of that year, you will be deemed to have selected a default option. Further, non locked-in[1] funds or small benefits[2] will paid out in cash, less withholding tax.

[1] Any portion of your account that is attributable to contributions made prior to 1993 or that meets unlocking conditions set by BC Pension Benefit Standards Act (PBSA) is not subject to lock-in conditions.

[2] The small benefit threshold is two times the current year's YMPE[3]

[3] Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan ($74,600 in 2026).

Options at retirement

Options at a Glance

1) Variable Benefit
2) Internal Variable Annuity
3) Transfer Out

At retirement, you will use your account balance to select a benefit option. The Plan is designed to allow tailoring of retirement income to suit your individual situation, preferences, and financial plan. Subject to some restrictions, options may be combined for maximum flexibility, and spousal consent may be required.

With minor variations, there are two options available directly from the Plan: a Variable Benefit and an Internal Variable Annuity. The Variable Benefit option allows you to retain ownership of your account balance, and to make withdrawals within statutory limits. In contrast, the Internal Variable Annuity option provides the promise of a future lifetime income for yourself and, if applicable, your spouse; however, your account is relinquished in order to be pooled with that of other annuitants.

Alternatively, you may remove your account from the Plan, and choose between an external annuity or another registered retirement vehicle from an external provider.

Option 1: The Variable Benefit

This option is similar to an external life income fund (LIF). Here, you retain ownership of your account and each year, you set the monthly retirement benefit you wish to receive, subject to statutory minimum and maximum rates (summarized in this accompanying table).

A booklet explaining this option in more details is available by request, or on Pension Services' website.

Variable Benefit withdrawal rates

Age	Minimum	Maximum
55	2.78	6.45
60	3.23	6.77
65	3.85	7.26
70	4.76	8.02
75	5.67	9.34
80	6.58	11.96
85	8.08	19.19
90	10.99	100.00
95	18.79	100.00
> 95	20.00	100.00

The minimum & maximum rates

The minimum rate does not apply until you reach age 72. Use your age or, under certain conditions, that of your spouse to determine the applicable minimum rate from the table included here.

The maximum rate applies to locked-in funds only. The applicable maximum rate is determined by the Plan's investment performance in the previous year, or from the age-based table included here, whichever is greater.

Example of minimum and maximum calculation
Account balance $165,000
Member's age 75; Spouse's age 65

Annual minimum: $165,000 x 0.0385 = $6,353
Annual maximum: $165,000 x 0.0726 = $11,979

Your account balance

If combining options and applying only a portion of your account to this option, a minimum account balance is required. Your initial account balance must be at least twice the YMPE[1]. After each month's withdrawal, the balance remaining in your account continues to share in the investment performance of the pension fund. Any remaining balance in your account also forms the survivor benefit (refer to the Survivor Benefits information included in this publication). If you have a spouse, as defined in British Columbia's *Pension Benefit Standards Act (PBSA)*, spousal consent is required for the Variable Benefit option.

Terminating the Variable Benefit

With one full calendar month of notice, you may apply the balance remaining in your account to one or a combination of the other options, except that the Internal Variable Annuity's defined benefit minimum is no longer available. In addition, if you are at least age 71 years of age, the minimum withdrawal for the year must be satisfied before the funds are applied to another option.

[1] *Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan ($74,600 in 2026).*

Option 2: The Internal Variable Annuity (with defined benefit minimum)
An Internal Variable Annuity can be purchased with the balance in your account. An annuity provides you with a regular monthly income for the rest of your life.

The initial annuity you will receive depends on the balance available in your account, your age, and the survivor benefit option selected. More information and calculation examples are included later in this publication.

- **The annuity rates**
  An age-based rate is used to calculate the initial amount of your annuity. An age-based table, showing single-life annuity rates, is included later in this publication. A single life annuity ceases on the death of the member; however, other survivor benefit options are available, and the annuity amount will differ based on the survivor benefit selected prior to retirement. Please refer to the Survivor Benefits section for more information.

There are three main features to this option:

- **The defined benefit minimum**
  Provided you were not previously receiving the Variable Benefit, the Internal Variable Annuity cannot fall below the Defined Benefit Minimum, which is calculated based on a formula (as shown later in this publication). This provides a floor below which the annuity cannot fall; annuitants therefore receive the annuity or the defined benefit minimum, whichever is greater.

  As described later in this publication, the defined benefit minimum is reduced for early retirement.

- **The annual adjustments**
  Performance adjustments
  Your annuity is adjusted each year to reflect the investment performance of the Plan during the prior calendar year, relative to the 3.5% underlying performance assumption. If the Plan earned more or less than 3.5%, the payments are adjusted accordingly. Your first adjustments will be pro-rated if you start your pension midway through the year.

  For example, if the Plan earned 6% the annuity would increase on the following July 1st by approximately 2.5%; if the Plan lost 3%, the annuity would decrease by approximately 6.5%.

  The performance adjustment means that this annuity carries somewhat more risk than external annuities, but also offers the potential for an enhanced benefit if the Plan does well.

  Longevity adjustments
  Internal Variable Annuities are also adjusted to reflect the longevity experience of the group of annuitants.

  Indexing
  The defined benefit minimum is indexed for inflation annually, in response to movements in Consumer Price Index (CPI).

- **The restrictions**
  If combining options and applying only a portion of your account to this option, a minimum account balance is required[1], and the defined benefit minimum is reduced proportionately. While you can terminate a Variable Benefit and use the remainder of your account to purchase an Internal Variable Annuity, the defined benefit minimum would no longer be available.

[1] The minimum is three times the current year's YMPE: the Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan ($74,600 in 2026).

The annuity rates & reduction factors

The annuity calculation
This table shows the rates used in 2026 to convert your Combined Contribution Account balance into a single life 3.5% Internal Variable Annuity, based on your age at retirement.

Example of annuity calculation
Account balance $165,000
Age 64 Annuity rate: 58.69/1000

Annual annuity: $165,000 x 0.05869 = $9,684
Monthly annuity: $9,684 / 12 months = $807

The defined benefit minimum formula
Provided you were not previously receiving the Variable Benefit, the Internal Variable Annuity cannot fall below the defined benefit minimum.

This minimum is calculated based on the following formula (up to $3,932.22 per year of service credited after 1990):

Minimum = A + B

A = Average salary[1] up to average YMPE[2] x 1.3% x years of service
B = Average salary[1] in excess of average YMPE[2] x 2% x years of service

Internal Variable Annuity		
Age at retirement	**Annual annuity rate (per $1,000)**	**Early retirement reduction factor**
55	49.84	0.47194
56	50.61	0.50722
57	51.42	0.54542
58	52.28	0.58686
59	53.19	0.63183
60	54.15	0.68072
61	55.18	0.73393
62	56.28	0.79193
63	57.44	0.85523
64	58.69	0.92437
65	60.02	1
66	61.45	n/a
67	62.98	n/a
68	64.62	n/a
69	66.40	n/a
70	68.30	n/a
71	70.35	n/a

Example of defined minimum calculation
Years of service: 10 Average salary: $95,000 Average YMPE: $71,467
A = $71,467 x 10 years x 1.3% = $9,291
B = ($95,000 – $71,467) x 2% x 10 years = $4,707

Total annual defined benefit minimum: $9,291 + $4,707 = $13,998
Total monthly defined benefit minimum: $13,998 / 12 months = $1,167

Example of early retirement reduction
Defined benefit minimum: $15,066 Age: 64 Factor: 0.92437
Total annual defined benefit minimum (reduced): $15,066 x 0.92437 = $13,927
Total monthly defined benefit minimum (reduced): $13,927 / 12 = $1,161

[1] *The average salary is calculated based on your five highest consecutive years of earnings.*
[2] *Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan ($74,600 in 2026).*

Option 3: Transfer out

You can transfer your account balance to another registered pension plan or to a locked-in retirement account (LIRA). If at least 50 years of age, you can also transfer your account to a life income fund (LIF) or purchase an annuity from an insurance company.

In accordance with the requirements of British Columbia's *Pension Benefit Standards Act (PBSA)*, locked-in[1] accounts must be transferred on a locked-in basis.

Options when leaving UVic

If you leave the university before age 55, you are eligible for one of the following options:

- **Defer the pension (default option)**

You can leave your Combined Contribution Account on deposit for a future pension. Once you have reached age 55, you can select an option described earlier in this publication. In the meantime, your account balance will continue to share in the performance of the pension fund.

You may also elect to defer your pension beyond age 55, but no later than December 01 of the year in which you reach age 71. If you do not select a benefit by October 31 of that year, you will be deemed to have selected a default option. Further, non locked-in[1] funds or small benefits[2] will paid out in cash, less withholding tax.

- **Transfer out**

You can transfer your account balance as follows:

- *For locked-in funds[1],* the following options are available:
  - Direct transfer to another registered pension plan (RPP) or to a locked-in retirement account (LIRA); or
  - If at least 50 years of age, direct transfer to a life income fund (LIF) or purchase a deferred life annuity from an insurance company.

- *For non-locked-in funds[1],* the following options are available:
  - Direct transfer to another registered pension plan (RPP), a registered retirement savings plan (RRSP), or registered retirement income fund (RRIF);
  - Purchase annuity from life insurance company (conditions may apply); or
  - Cash, less applicable withholding tax.

[1] *Any portion of your account that is attributable to contributions made prior to 1993 or that meets unlocking conditions set by BC Pension Benefit Standards Act (PBSA) is not subject to lock-in conditions.*

[2] *The small benefit threshold is two times the current year's YMPE: the Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan ($74,600 in 2026).*

Survivor benefits

Survivor benefits are paid to a spouse, beneficiary, or estate upon a member's death. A spouse, as defined in British Columbia's *Pension Benefit Standards Act (PBSA)*[1], is automatically entitled to the survivor benefit unless they choose to waive that right by submitting a spousal waiver.

Prior to retirement.

- **If you have a spouse.**
  The pre-retirement survivor benefit for a spouse is 100% of the value of the benefit you have earned, and a surviving spouse is entitled to any of the options that are available to you at retirement.

  A surviving spouse must select a benefit option by the later of one year following your death or December 01 of the year in which they reach age 71.

- **If your beneficiary is not a spouse.**
  The pre-retirement survivor benefit for a beneficiary who is not a spouse is the balance accumulated in the Combined Contribution Account and, if applicable, Additional Voluntary Contribution Account(s).

During retirement.

If you have a spouse, you must select a form which provides at least a lifetime 60% survivor benefit, unless your spouse chooses to waive that right.

- **If you are receiving the Variable Benefit.**
  If you are receiving the Variable Benefit, the survivor benefit is the balance remaining in your Variable Benefit Account. Under certain conditions, a surviving spouse[1] may have the option of continuing the Variable Benefit.

- **If you are receiving the Internal Variable Annuity.**
  If you are receiving an Internal Variable Annuity, the survivor benefit is determined by the optional form you select at retirement.

  The annuity you receive during your lifetime will be adjusted based on the survivor benefit option you have selected. For example, if you select a survivor benefit that provides longer or higher payments to your beneficiary, the monthly pension payments you will receive during your lifetime will be lower. The table on the following page describes the options available.

[1] *Defined in the Pension Benefits Standards Act as: persons who are married to each other, and who have not been living separate and apart from each other for a continuous period longer than 2 years OR persons who have been living with each other in a marriage-like relationship for a period of at least 2 years immediately preceding the date of transaction.*

Survivor benefit options		
Option	**Description**	**Note**
Joint life	A selected percentage of the benefit will continue to the surviving spouse.	Percentages available: 66.7%; 75%; 100%
Joint & last survivor	A percentage of the selected benefit will continue after the first death of either the spouse or the member.	Percentage available: 66.7%
	Payments will continue in full (at 100%) for the lifetime of the member or spouse, whoever lives longer, and with a guaranteed minimum period.	Percentage available: 100% Guarantee period: 10 or 15 years
Single life	Payments continue for the member's lifetime with an optional guarantee period selected by the member.	Guarantee period: 0, 5, 10 or 15 years

Contact us: Pension Services

Please contact Pension Services **at least 3-6 months** prior to your expected retirement date.

Individual meetings are available by appointment.

Email: pensions@uvic.ca
Phone: (250) 721-7030
Website: www.uvic.ca/pensions
Location: Michael Williams Building, room B278