

MONEY PURCHASE PENSION PLAN

HISTORY OF THE PLAN

The Money Purchase Pension Plan is a defined contribution plan. It was created January 1, 1991 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. 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.

Member contribution rates. Members of the 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.

University contribution rates. The University contributes an amount equal to:

- (a) 8.37% of basic salary up to the YMPE, plus
- (b) 10% on the salary in excess of that limit.

The contributions are directed to the members' Money Purchase Contribution Accounts (MPCA). The University's contributions in respect of a member, when combined with the member's required contributions, cannot exceed the lesser of 18% of the member's earnings and the annual defined contribution limit set under the *Income Tax Act*. In 1994, in response to these limits, the Supplemental Benefit Arrangement (SBA) was created. The SBA is a complement to the Money Purchase Pension Plan. It provides benefits that may not be provided under the registered pension plan.

1993: Introduction of pension standards.

On January 1, 1993, minimum pension standards legislation became effective in BC. The most significant impact this had on members of the Money Purchase 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 on November 1, 2006.

2006: Variable Benefit.

On November 1, 2006, the Variable Benefit was added as an option for retiring members with an account balance at least twice the Year's Maximum Pensionable Earnings (YMPE). The variable benefit is essentially a life income fund operated by the pension plan. It provides members with a regular but flexible retirement income. A booklet explaining the Variable Benefit in more detail is available upon request from Pension Services.

2015: New Pension Legislation.

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