Understanding your pension plan

Staff Pension Plan

UVIC

Table of contents

Introduction

The description of the University of Victoria Staff Pension Plan included in this publication is a summary only. For more information, please refer to the Plan Document, which is available at www.uvic.ca/pensions/staff-plan or by request from Pension Services.

Membership

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

- Regular Staff Exempt
- Regular CUPE Locals 917 and 951
- CUPE Local 4163

UNDERSTANDING YOUR PENSION

As a Plan member, you are automatically eligible to receive a benefit either at retirement or when you leave your employment at UVic.

Defined benefit pension plan

There are different types of pension plans. The Staff Pension Plan is a defined benefit plan, which means that the amount you will receive when you retire is determined by a formula based on applicable percentages and years of credited service, as well as your average salary and age at retirement. In this type of plan, contributions and investment returns do not determine the final benefit.

The basic pension amount

An estimate of your pension is included in the Annual Statement that is provided to all members annually. The basic pension amount represents the value of your annual pension before any adjustments are applied, and is calculated based on the following formula:

Applicable percentage x Highest average salary x Credited service

Please visit our website: www.uvic.ca/pensions/staff-plan to find out more.

Adjustments

Early retirement: While age 65 is the “normal retirement age” under the provisions of the Plan, you can retire on a reduced pension any time between age 55 and age 60: a 3% reduction rate is applied for each year of difference between your age at retirement and age 60. For example, if you are 58 years old, the reduction is 3% x (60-58) = 6%. There are no reductions if you retire at or after reaching 60 years of age.

Leaving UVic: If you leave your employment after age 55, you would be eligible for an immediate pension (early retirement reductions may apply, as indicated above). If you leave your employment at the University prior to age 55, your options and any applicable reductions are described in the Leaving UVic section of this report.

Survivor benefits & optional forms of pension: Your monthly pension payment will be adjusted based on the survivor benefit option you select at retirement. Please refer to the Survivor benefits section for more information.

Annual indexing: Pensions are adjusted, or indexed, each January 1st, based on the Consumer Price Index (CPI) increase, to a maximum of +3% per year since the member's last contribution date. The change in the CPI effective January 1, 2017 was 1.4%.

Supplementary benefit: When the change in the Consumer Price Index (CPI) exceeds 3%, additional adjustments from the Supplementary Retirement Benefit Account may be available to pensioners who are at least age 66.

Understanding your pension

Survivor benefits & optional forms of pension

Survivor benefits are paid to a surviving spouse or beneficiary in the event of the member's death.

Spouses are automatically entitled to the survivor benefits. Other beneficiaries can only be designated if you do not have a spouse or if your spouse chooses to waive this entitlement by submitting a waiver to Pension Services.

Before retirement

If you pass away before you retire, your spouse would have the following options:

- Receive an immediate lifetime monthly pension (with single life guarantee of 10 years); or
- Transfer the commuted value of the pension (in a lump sum) to a Locked-in Retirement Account (LIRA), Life Income Fund (LIF) or another Registered Pension Plan.

If you do not have a spouse (or if your spouse has waived this entitlement), your beneficiary[1] would receive the survivor benefit . In this case, the survivor benefit is the lump sum commuted value that would have been payable if you had left your employment on their date of death (less withholding tax).

After retirement

At retirement, you will select a survivor benefit (options available are described in the table below). Your pension will be paid for your lifetime regardless; however, the monthly pension amount you will receive during retirement will differ based on the survivor benefit you select.

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.

Survivor Benefit Options		
Option	**Description**	**Note**
Joint Life	Payments continue for your lifetime, but if you pre-decease your spouse, a percentage of your benefit (as selected at retirement) will continue to your spouse for their lifetime.	Percentages available: 50%, 60%, 66.7%, or 100%
Single Life	Payments continue for your lifetime, with a guarantee period during which a survivor benefit would be paid to a beneficiary. If you live beyond the guarantee period, there is no survivor benefit.	Guaranteed minimum period: 5, 10 or 15 years

[1] If you do not have a beneficiary, the survivor benefits will be paid to your estate.

Understanding your pension

Leaving UVic

Leaving UVic prior to age 55 means terminating active membership in the Plan. While this would affect your ability to add future contributions into the plan, it would not affect your entitlement to the benefits earned to date, and you would have the following options:

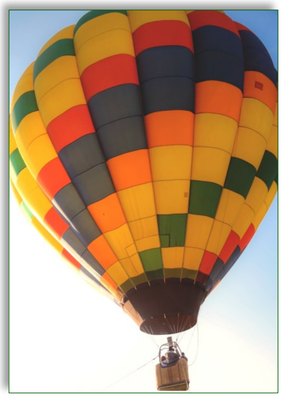
a. Deferred pension

A deferred pension is one that becomes payable at a later date. In this case, you become eligible to receive a pension when you turn 55; however, reductions apply, generally up to 6% for each year of difference between 65 and your age when your pension payments begin.

Applicable reduction rates and calculation examples can be found on our website, www.uvic.ca/pensions/staff-plan. There are no reductions if you defer the pension to age 65.

b. Commuted value

A commuted value is the lump sum amount of money that needs to be set aside today, at current market interest rates, to provide enough funds to pay for a pension at retirement. It is calculated by taking your age, current market interest rates, and other factors into account.



A commuted value can be transferred to a Locked-in Retirement Account (LIRA) or another Registered Pension Plan (restrictions apply). If it is less than 20% of the YMPE, it may be transferred on a non-locked-in basis or received as a cash payment, less withholding tax.

If you leave your employment after reaching age 55, you are eligible for an immediate pension (early retirement reductions may apply as indicated in the previous section of this report).

Please visit our website, www.uvic.ca/pensions/staff-plan to find out more.

Changes to your employment

There are three pension plans at UVic; each plan covers different employee groups. Therefore, if you move to a new position at the University, your eligibility for membership in the Staff Pension Plan might be affected.

If you start contributing to another UVic Plan as a result of moving to a new position, the benefits you have earned in the Staff Plan prior to that change will continue to be available for a separate pension when you retire. On the other hand, if you continue to participate in this Plan, your contributions will be adjusted based on your new salary and terms of employment.

Find out more on our website: www.uvic.ca/pensions.

Glossary

Actuarial valuation: An assessment of the financial position of a pension plan. An actuary prepares a plan valuation at least once every three years.

Benchmark: A standard against which the performance of the fund or its asset mix can be measured and compared against.

Beneficiary: A person who, on the death of a plan member, may become entitled to a survivor benefit.

Commuted value: The lump sum amount of money that needs to be set aside today, at current market interest rates, to provide enough funds to pay for a pension when a plan member retires. It is calculated by taking your age, current market interest rates, and other factors into account.

Consumer Price Index (CPI): A measure of the average price of consumer goods and services purchased by households. A consumer price index measures a price change for a constant market basket of goods and services from one period to the next. For more information: www.statcan.gc.ca

Locked-in: Under pension legislation, refers to benefits that must be used to provide a lifetime pension and therefore that cannot be paid as cash or transferred without restrictions. Under certain conditions, some benefits can be exempt from this requirement and consequently be "unlocked".

Spouse: 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 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.

Supplementary Retirement Benefit Account: Funds permitting, this account allows a supplementary benefit (ie. an annual adjustment) for eligible pensioners when changes to the Consumer Price Index (CPI) exceeds 3%.

Year's Maximum Pensionable Earnings (YMPE): Maximum salary limit for contributions to the Canada Pension Plan, set by Canada Revenue Agency each year according to a formula based on average wage levels. In 2020, this amount was $58,700.
For more information: www.cra-arc.gc.ca

Contact us: Pension Services

Phone: (250) 721-7030

Email: pensions@uvic.ca

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If you plan on retiring, you should contact Pension Services **at least 3-6 months before** your expected retirement date.