



Pension Services
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Proposed Conversion to The University Pension Plan Ontario

Background

As you may be aware, Queen's University, The University of Toronto and University of Guelph, together with their faculty associations, the United Steelworkers (USW) and representatives of the non-unionized employees at the three universities, are working to develop a new pension plan that would cover employees at all three universities – the University Pension Plan Ontario (UPP).

This new pension plan will be a defined benefit multi-employer jointly sponsored pension plan (JSPP) and will provide a unique opportunity to reshape and sustain the retirement income system in the Ontario university sector. It is based on the same model used by other notable pension plans such as the Ontario Teachers' Pension Plan, OMERS (municipal employees) and CAAT (colleges). Once it is up and running, it will be available to other Ontario universities as well.

The faculty associations and USW locals recently held ratification votes at all three universities to determine their members' support for the UPP. The processes resulted in overwhelmingly successful outcomes – at Queen's, USW Local 2010 and QUFA have agreed to consent to the proposal on behalf of the active members of the Revised Pension Plan of Queen's University (QPP) that they represent.

The University's view is that the creation of the UPP is the best way to reduce volatility, proactively address the rising costs of single employer pension plans and ensure the survival and long-term financial sustainability of a defined benefit plan for the university sector.

Impact for active members with deferred entitlements

As of September 30, 2018 you are a contributing/active member of the QPP and you have also a separate deferred pension segment based on prior service at the university.

Under the pension plan proposal noted above, the QPP would be converted to the UPP. After the conversion your pension entitlement would then be payable from the UPP – **note, however, that your deferred entitlement earned under the QPP for prior service will not change as a result of the conversion to the UPP.** In other words, you will be eligible to receive the same "hybrid" pension from the UPP as you would have received under the QPP: your money purchase account balance and your right to the greater of a money purchase annuity or a minimum guarantee defined benefit pension, as applicable, will both be transferred to the UPP.

What do I need to do?

There is nothing that you need to do right now. As described in more detail below, a conversion notice package will be mailed to you at the end of March 2019 for both your current active member accrual as well as for your deferred entitlement (notice only). Information about your participation in the consent process for the proposed conversion to the UPP will be detailed in your active member notice package.

In the meantime, if your address has changed or will be changing soon please contact the Pension Services unit of Human Resources to provide an update as soon as possible.

Recent Information Sessions

Queen's held a series of town hall information sessions for employees last November and a session for pensioners at its annual general meeting in December to explain the UPP proposal. A video of the town hall presentations and the material that was presented in the information sessions (as well as additional information about the proposed pension plan) is available on the UPP website at www.universitypension.ca.

Upcoming Information – Notice Packages

As part of the regulatory approval process, Queen's is required to issue detailed notices to all active and inactive members of the QPP (referred to as "schedules" the first three of the numbered notices are for active plan members, while schedules 4 through 6 are specifically for pensioners and other inactive members of the QPP).

These regulatory notices will be mailed at the end of March 2019, and the notice packages relating to the deferred entitlements of active plan members will include the following:

- 1. Schedule 4:** This notice provides information about the benefits payable to you under the QPP and includes your personal data and your pension entitlements as of September 30, 2018. It also contains information about the funded status and current funding rules applicable to the QPP and about the process for converting to a jointly sponsored pension plan like the UPP; and
- 2. Schedule 5:** This notice provides information about the amount that would be payable to you under the UPP and confirms that this will be the same amount you are currently eligible to receive from the QPP. It also contains information about the governance and funding of the UPP and other information as required by pension legislation.

As explain above, since you also have an entitlement under the QPP as an active plan member, you will receive a separate notice package in respect of that entitlement.

Schedules 4 and 5 will set out your money purchase account balance as of September 30, 2018 and your defined benefit minimum guarantee annual pension at your normal retirement date – this is a regulatory requirement. Please note that these figures will be different from the information contained on the enclosed annual statement – specifically your account balance(s) as at August 31, 2018 and a projection of the money purchase pension available at your normal retirement date – and if the conversion of the QPP to the UPP goes ahead you will remain eligible to receive the greater of a money purchase annuity or a minimum guarantee defined benefit pension, as applicable.

In the interim, we encourage you to visit www.universitypension.ca and participate in the ongoing discussions.

Your questions are important - you can email questions about the UPP to info@universitypension.ca or you can also contact Bob Weisnagel, Director of Pension Services in the Department Human Resources at Queen's (bob.weisnagel@queensu.ca).