

**Appendix "B"**

**CONTRIBUTORY PENSION PLAN  
FOR  
SALARIED EMPLOYEES  
OF  
MCMASTER UNIVERSITY  
INCLUDING  
MCMASTER DIVINITY COLLEGE 2000  
(as at July 1, 2000)**

**CERTIFIED to be a true and complete copy of the text  
of the Contributory Pension Plan for Salaried  
Employees of McMaster University Including  
McMaster Divinity College 2000 (Effective July 1, 2000)**

\_\_\_\_\_ c/s

\_\_\_\_\_  
**Date**

**Effective July 1, 2000**

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## ARTICLE 1 — GENERAL

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- 1.01 The Prior Plan was established by the University on September 1, 1947. Members of the Prior Plan and the University contributed towards the purchase of guaranteed annuities provided through the Canadian Government Annuities Branch and the Manufacturers Life Insurance Company up until June 30, 1966.

Effective July 1, 1966, the Prior Plan was revised and restated, with the most important change being that instead of purchasing benefits under an insurance contract, benefits were to be funded through and provided from a trust fund or an investment contract issued by an insurance company.

In connection with the changeover, arrangements were made for “cashing out” of benefits under the former Manufacturers Life contract with the funds being deposited in the fund under the Prior Plan for provision of benefits at retirement. Similar arrangements could not be made with the Canadian Government Annuities Branch contract and these benefits remain payable to members of the Prior Plan as a portion of their retirement benefit.

Effective July 1, 1969, the Prior Plan was redesigned and restated as the Original Plan. The text of the Original Plan has been revised and restated from time to time by amendments approved by the Board of Governors.

- 1.02 According to the actuarial valuation report on the Original Plan prepared by the Actuary, as at July 1, 2000, the assets of the Original Plan exceed the going concern and solvency liabilities of the Original Plan by over \$320 million.
- 1.03 The University entered into the Surplus Agreement as of May 31, 2001 with the McMaster University Faculty Association, the McMaster University Staff Association, the McMaster Clinical Faculty Association, the McMaster University Retirees Association, the individuals comprising the Committee (as defined in the Surplus Agreement) and Koskie Minsky (on behalf of all persons entitled to benefits under the Plan at any time between July 1, 2000 and December 31, 2000, inclusive who retained Koskie Minsky to execute the Surplus Agreement on their behalf), which provided for the distribution of a portion of the surplus under the Original Plan to certain members, former members and other beneficiaries under the Original Plan and the University.
- 1.04 Pursuant to the Surplus Agreement, the University has agreed to adopt a new registered pension plan, subject to receipt of applicable regulatory approvals, to receive a transfer of assets, including a portion of the surplus, and liabilities from the Original Plan in order to facilitate the distribution of surplus in accordance with the Surplus Agreement and such court orders and regulatory approvals as the University deems necessary or desirable to permit such distribution of surplus.

## ARTICLE 2 — DEFINITIONS

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- 2.01 **“Actuarial Equivalent”** means a pension of an equal present value computed using actuarial tables and such other methods and assumptions adopted for the purposes of the Plan, subject to any requirements of the Pension Benefits Act and the Income Tax Act.
- 2.02 **“Actuary”** means a person or firm, who is, or one of whose Members is, a Fellow of the Canadian Institute of Actuaries, and who is appointed by the University for purposes of the Plan.
- 2.03 **“Approval Date”** means the date on which the Superintendent of Financial Services of Ontario (or any successor thereto) consents to the distribution of the Surplus in accordance with the Surplus Agreement.
- 2.04 **“Average YMPE”** is computed by summing the YMPE in effect in each of the months of the Member’s Pensionable Service to a maximum of forty-eight (48) months and dividing the resulting number by the Member’s number of months of Pensionable Service to a maximum of forty-eight (48) months. Where the Member’s Pensionable Service exceeds forty-eight (48) months, the computation shall utilize the same months of Pensionable Service used for the calculation of the Best Average Salary.
- 2.05 **“Best Average Salary”** is computed by summing the Regular Annual Salary in effect in each of the months of the Member’s Pensionable Service to a maximum of forty-eight (48) months and dividing the resulting number by the Member’s number of months of Pensionable Service to a maximum of forty-eight (48) months. Where the Member’s Pensionable Service exceeds forty-eight (48) months, the computation shall utilize the months of Pensionable Service in which the Regular Annual Salary was the highest.
- 2.06 **“Commuted Value”** means, in relation to benefits that a person has a current or future entitlement to receive, a lump sum amount which is the actuarial present value of those benefits, computed at the rate of interest and using the actuarial tables and such other methods and assumptions adopted for the purposes of the Plan, subject to any requirements of the Pension Benefits Act and the Income Tax Act.
- 2.07 **“Consumer Price Index”** means the Canada All-items Consumer Price Index as published by Statistics Canada under the authority of the Statistics Act (Canada).

2.08 **“Employee”** means, an individual who,

- (a) is employed by the University on a continuing full-time basis in one or more of the following capacities: Teaching, Administration, Library, Office, Research, Secretarial, or Technical; or
- (b) is designated by the University as an Employee; or
- (c) on and after July 1, 1978, is employed by the University on a continuing part-time basis in any one of the capacities described in subsection 2.08(a) on at least a half-time (1/2) basis as specified in the individual’s letter of appointment; or
- (d) is employed in conformity with subsection 2.08(a) or 2.08(c) for a specified period that is greater than one (1) year; or
- (e) is employed in conformity with subsection 2.08(a) or 2.08(c) for a specified period that is less than or equal to one (1) year and whose specified period of appointment is extended or renewed such that the cumulative period of employment extends beyond one (1) year, provided that such extension or renewal begins within one (1) year from the date the previous appointment ended.
- (f) Employee does not include an individual who,
  - (i) except as specified in subsection 2.08(e) is employed in any one of the capacities described in subsection 2.08(a) or 2.08(c) for a specified period of one (1) year or less and for whom no continuation of employment beyond that period is stipulated or anticipated in the individual’s letter of appointment, or
  - (ii) is a Scholar, Fellow or has a Visiting Appointment, or
  - (iii) is a clinical faculty member billing the Ontario Health Insurance Plan through the Regional Medical Associates, and whose employment with the University began on or after July 1, 1991.
- (g) Notwithstanding the above provisions, on or after January 1, 1987, an individual is also an Employee if he/she is employed by the University in any one of the capacities described in subsection 2.08(a), and does not meet the qualifications in subsections 2.08(a) through 2.08(e) above, but in each of two previous consecutive calendar years of employment by the University has either earned at least 35% of the YMPE or has worked at least seven hundred (700) hours.

- 2.09 **“Financial Carrier”** means the trust company or insurance company appointed from time to time to receive and to hold, administer and invest monies pursuant to the Plan. Subject to the terms of this Plan the Financial Carrier shall operate according to a trust agreement or an insurance contract, whichever is appropriate, between itself and the University.
- 2.10 **“Fund”** means the funds, securities and other assets held by the Financial Carrier in respect of the Plan.
- 2.11 **“Income Tax Act”** means the *Income Tax Act* (Canada) and the Regulations thereunder, as amended or replaced from time to time.
- 2.12 **“Member”** means an Employee who is a contributing participant in the Plan except as provided in Article 11.05 (members on Long Term Disability).
- 2.13 **“Net Interest on the Fund”** means:

- (a) subject to Section 2.13(b), interest on required and voluntary contributions from the date the contribution is made by the Employee to the last day of the month in which payment is made or deemed to be made from the Fund. Such interest is credited at the end of each Plan Year and at termination using the greater of 0% and Average Annual Rate of Return determined by the following formula:

Average Annual Rate of Return = (Sum of the Annual Rates of Return for each of the current and previous 4 Plan Years) ÷ 5

where,

$$\text{Annual Rate of Return} = \frac{\text{Net Income}}{1/2 (\text{Market Value of Fund at beginning of calendar year plus Market Value at end of Calendar Year less net income})}$$

and,

Net Income equals the sum of Interest, Dividends, Net Realized Gains and Net Unrealized Gains during the Calendar Year less the sum of Actuarial, Investment, Investment Counsellor, Trustee, Audit and other Administrative expenses applicable to the Plan or Fund; and Calendar Year refers to the calendar year ending with the December 31 immediately preceding the most recent June 30; and

- (b) in respect of the Plan Year ending June 30, 1996, the sum of
  - (i) the Rate of Return determined under Section 2.13(a); and
  - (ii) 2% per annum

provided that the aggregate rate of interest credited shall not exceed the gross rate of return experienced by the Fund, prior to expenses, for the calendar year ending December 31, 1995.

2.14 **“Original Plan”** means Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College in effect after June 30, 1969, as amended and restated to July 1, 2000.

2.15 **“Pensionable Service”** means, subject to Article 11 (Leave of Absence and Disability) and the Surplus Agreement,

- (a) for full-time Employees engaged prior to July 1, 1966, the total of the years and partial years of uninterrupted full-time employment as an Employee with the University;
- (b) for full-time Employees engaged on or after July 1, 1966, except as to Members of the Regional Medical Associates, the total of the years and partial years of uninterrupted participation as a Member of the Plan from the date of joining the Plan;
- (c) for full-time Employees who were Members of the Regional Medical Associates as of July 1, 1973, the total of the years and partial years of uninterrupted full-time employment as a Member of the Regional Medical Associates;
- (d) for full-time Employees who become Members of the Regional Medical Associates subsequent to July 1, 1973, the total of the years and partial years of uninterrupted participation as a Member of the Plan from the date of joining the Plan;
- (e) for part-time Employees, that proportion of the total years and partial years of uninterrupted participation as a Member of the Plan after July 1, 1978 that is equal to the proportion that hours worked as a part-time Employee after July 1, 1978 bears to the full-time workload after July 1, 1978;

- (f) for full-time Employees who become Members of the University's programme entitled "Pre-Retirement Reduced Workload Policy" subsequent to January 1, 1980, the period of uninterrupted participation as a Member of the Plan from the date of joining the Plan;
- (g) for individuals who become Members by virtue of subsection 2.08(g), that proportion of the total years and partial years of uninterrupted participation as a Member of the Plan that is equal to the proportion that hours required to be worked bears to the full-time workload in the same period;
- (h) for a former Employee who is re-employed by the University and who is entitled to receive benefits under the Plan and in respect of whom a benefit under the Plan has not been paid, the total of the individual's Pensionable Service under the Plan prior to the break in service, plus the period of participation as a Member of the Plan after the date of re-employment by the University; and
- (i) any additional Pensionable Service granted pursuant to Section 8.04.

For greater certainty, where assets and liabilities in respect of an individual are transferred from the Original Plan to the Plan pursuant to the Surplus Agreement, the Pensionable Service of the individual for the purposes of the Plan shall include the total of the years of such individual's Pensionable Service as determined under the Original Plan.

- 2.16 "***Pension Benefits Act***" means the *Pension Benefits Act* of Ontario and the Regulations thereunder, as amended or replaced from time to time.
- 2.17 "Plan" means this "Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000", including any Appendices hereto, all as amended from time to time.
- 2.18 "***Plan Year***" means the twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.19 "***Prior Plan***" means the Group Pension Plan of McMaster University and McMaster Divinity College, which provided for the accrual of benefits between September 1, 1947 and June 30, 1966, and the Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College, which provided for the accrual of benefits between July 1, 1966 and June 30, 1969.



2.20 **“Regular Annual Salary”** means the Employee’s regular rate of earnings effective at the beginning of each Plan Year, but with respect to a part-time Employee or an individual who becomes a Member by virtue of 2.08(g), the regular rate of earnings effective at the beginning of each Plan Year will be adjusted to the equivalent full-time salary rate.  
Regular Annual Salary:

- (a) from July 1, 1973 shall exclude the following amounts in excess of the regular annual rate of earnings,
  - (i) special supplementary stipends paid to the Chair, Associate Chair or Assistant Chair of an Academic Department, and
  - (ii) such items as: other forms of special payment, living allowances, professional earnings, payments from research grants in aid, remuneration for extension teaching, payments for overtime and all other similar types of payment.
- (b) from July 1, 1973 shall include,
  - (i) professional earnings of the Regional Medical Associates up to the established ceiling for Members of that group, and
  - (ii) Deans’ and other comparable administrative stipends.
- (c) from July 1, 1992 shall exclude,
  - (i) Deans’ and other comparable administrative stipends.

For a Member who was a participant in the University’s programme entitled Pre-Retirement Reduced Workload Policy during any period of Plan participation, his/her Regular Annual Salary shall be that which is either agreed to between the Member and the University or is deemed to be his/her actual regular rate of earnings multiplied by a fraction, the numerator of which shall be the normal full-time hours of work for the Member and the denominator of which shall be the Member’s usual hours of work as a participant in the Pre-Retirement Reduced Workload Policy. The deemed regular rate of earnings shall not exceed the compensation prescribed by the Income Tax Act.

For an individual in receipt of income from the University sponsored Long Term Disability plan who was a Member immediately prior to becoming disabled, Regular Annual Salary shall be equal to the Regular Annual Salary in effect on the date immediately prior to the individual becoming disabled, increased each July 1 by the percentage increase calculated for pensions in pay in Section 5.08(a) (and, where

applicable, Section 5.09), starting with the later of July 1, 1990 or the July 1 following commencement of receipt of income from the University sponsored Long Term Disability Plan.

The increases to the Regular Annual Salary of a disabled individual as described in the paragraph above shall not exceed the cumulative increase in the average wage, in accordance with the requirements of the Income Tax Act.

- 2.21 **“Spouse”** means a person who, at the time a determination of marital status is required,
- (a) is the spouse of the Member or other individual as defined in the Pension Benefits Act or as determined under a Court Order in Ontario; or
  - (b) if there is no such person as defined in subsection 2.21(a) above, who has cohabited with the Member or other individual in a conjugal relationship continuously throughout the immediately preceding one year period.

Notwithstanding subsection 2.21(a) or 2.21(b), an individual, for the purposes of this Plan, is considered to have only one spouse at the date any benefit or entitlement is determined.

- 2.22 **“Surplus Agreement”** means the agreement made as of May 31, 2001 among the University, the McMaster University Faculty Association, the McMaster University Staff Association, the McMaster Clinical Faculty Association, the McMaster University Retirees Association, the individuals comprising the Committee (as defined in the Surplus Agreement), Koskie Minsky (on behalf of all persons entitled to benefits under the Plan at any time between July 1, 2000 and December 31, 2000, inclusive who retained Koskie Minsky to execute the Surplus Agreement on their behalf) with respect to the distribution of a portion of the actuarial surplus under the Original Plan as at July 1, 2000, determined immediately prior to any transfer of assets or liabilities to the Plan, a copy of which is attached as Appendix I hereto.
- 2.23 **“University”** means McMaster University, including McMaster Divinity College, and such affiliated or associated corporations as may be designated by McMaster University from time to time.
- 2.24 **“YMPE”** means the Year’s Maximum Pensionable Earnings as defined in the Canada Pension Plan.

Unless the context requires otherwise, reference in this Plan to the masculine includes the feminine and vice versa, and a word importing the singular includes the plural and vice versa.

## **ARTICLE 3 — ELIGIBILITY**

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- 3.01 (a) An individual may elect to join this Plan immediately upon becoming an Employee on or after the Approval Date.
- (b) An individual who becomes an Employee by virtue of subsection 2.08(e) on or after the Approval Date and who was not eligible to be a party to the Surplus Agreement may elect to join the Plan at the beginning of the contract which will extend the period of cumulative employment beyond one (1) year. If the election is made at that time, the individual may join the Plan with effect from the date of the first appointment provided that the Member agrees to make contributions in respect of past service with the University in accordance with the contribution formula described in subsection 7.01(a). The individual shall join the Plan no later than the first day of the Plan Year which follows the date on which cumulative employment exceeds one (1) year.
- (c) An individual who is an Employee by virtue of Subsection 2.08(a), (b), (c), or (d) and is not otherwise a Member or a member of the Original Plan on the Approval Date, shall join the Plan no later than the first day of the Plan Year following the completion of a six (6) month period as an Employee.
- (d) Each individual who is an Employee by virtue of subsection 2.08(g) and who is not otherwise a Member or a member of the Original Plan on the Approval Date may elect, in the form and manner prescribed by the University, to join the Plan with effect from the date of election.
- (e) Where assets and liabilities are transferred from the Original Plan to the Plan in accordance with the Surplus Agreement in respect of an individual who was a member of the Original Plan at any time during the period July 1, 2000 to December 31, 2000 inclusive, such individual shall become a Member effective on the later of July 1, 2000 and the date he or she became a member of the Original Plan.
- 3.02 Each Employee who becomes a Member otherwise than pursuant to subsection 3.01(e) shall complete and sign an application or enrolment document in the form and manner prescribed by the University.
- 3.03 Subject to subsections 3.01(b) and (e), Section 8 and the Surplus Agreement, no Employee may elect to or shall otherwise participate in the Plan for a period of service

prior to the date of joining the Plan or a period of service during which such Employee is a member of the Original Plan (as determined thereunder).

- 3.04 Each other Employee (who is an Employee by virtue of sub-sections 2.08(a) — 2.08(e)) who becomes a Member shall remain a Member of the Plan as long as the individual is employed by the University with the following exception. Each individual who is an Employee by virtue of subsection 2.08(g) and who has elected to join the Plan as per subsection 3.01(d) may remain a Member of the Plan as long as the individual is employed by the University, even if the individual subsequently earns less than 35% of the YMPE or works less than seven hundred (700) hours in a calendar year.

3.05 Re-Employment of Pensioners

If a former Employee who is receiving a pension from the Plan is re-hired by the University, the Employee may elect either:

- (a) to join the Plan immediately upon rehire, in which case:
  - (i) his/her pension ceases immediately;
  - (ii) the amount of accrued pension will not be altered and recommences on his/her subsequent termination of Pensionable Service or, in the case of death, the usual survivor benefit is payable; and
  - (iii) any benefit earned after the date of re-employment is calculated based on Pensionable Service after that date and is paid in addition to the payment in (ii), or
- (b) to continue to receive his/her pension and not accrue further benefits during the period of re-employment.

## **ARTICLE 4 — RETIREMENT DATE**

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### 4.01 Normal Retirement Date

Normal retirement date is the first day of the July following the date the Member attains age sixty-five (65).

### 4.02 Special Normal Retirement Date

Special normal retirement date is the first day of the month in which the Member attains age sixty-five (65).

### 4.03 Special Retirement Date

Special retirement date is the first day of any month coincident with or following the date the sum of the Member's age and years of participation in the Plan equals at least eighty (80).

### 4.04 Early Retirement Date

Early retirement date is the first day of any month during the ten (10) year period preceding the special normal retirement date.

### 4.05 Postponed Retirement Date

A Member who, with the consent of the University, continues the employment beyond the normal retirement date may postpone retirement from the Plan. During the period of postponement, the Member shall continue to contribute, and pension benefits will continue to accrue. Postponed retirement date is the first day of any month following the normal retirement date, but in no event shall it be later than the first day of the month the Member attains age sixty-nine (69) or such later date as may be prescribed for this purpose by the Income Tax Act.

## **ARTICLE 5 — AMOUNT OF PENSION**

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### 5.01 Normal, Special and Postponed Retirement Benefit

The amount of annual pension payable to a Member from the normal retirement date, special normal retirement date, special retirement date or postponed retirement date shall be the sum of:

- (a) 1.4% of his/her Best Average Salary up to the Average YMPE, multiplied by Pensionable Service; plus
- (b) 2.0% of his/her Best Average Salary in excess of the Average YMPE multiplied by Pensionable Service.

The amount calculated above shall include any pension previously purchased from the Canadian Government Annuities Branch in accordance with the Prior Plan.

### 5.02 Minimum Retirement Benefit

In no case will a Member's total annual pension payable from this Plan on normal or postponed retirement be less than the annual pension payable from the Prior Plan plus 40% of total required contributions made after June 30, 1969.

### 5.03 Early Retirement Benefit

- (a) Each Member who elects early retirement during the ten (10) year period preceding the special normal retirement date may commence to receive a monthly pension benefit on the first day of any month after the month up to and including the Member's normal retirement date, in an amount equal to the amount determined under Section 5.01, less 0.5% of the benefit determined under Section 5.01 for each month that the pension commencement date precedes the special normal retirement date.
- (b) The early retirement benefit shall not be less than the Actuarial Equivalent of the deferred pension that would be payable at the special normal retirement date except in such instances and to such extent that further reduction is required under Regulation 8503(3)(c) of the Income Tax Act.

- (c) A Member to whom subsection 5.03(a) applies cannot elect to commence receiving a monthly pension benefit prior to the date the application is received by the Administrator.

5.04 Excess Employee Contributions

The Member, on retirement, shall receive a refund of that amount of Member's required contributions accumulated with Net Interest on the Fund which exceeds 50% of the Commuted Value of any pension entitlement earned or granted after December 31, 1986.

5.05 Benefit From Additional Voluntary Contributions

In addition to any other retirement benefits payable under this Article 5, a Member is entitled to receive either:

- (a) a refund of his/her additional voluntary contributions (including any transfers under subsection 8.01(a)), if any, accumulated with Net Interest on the Fund; or
- (b) an annuity purchased from a provider licensed to transact business in Canada with the amount described in (a).

5.06 Maximum Annual Pension Benefit

Notwithstanding any other provision of this Plan to the contrary, the maximum annual pension payable to a Member under this Plan determined at the time of pension commencement, in the form of pension to be paid to the Member, including a pension payable to the Member under any other registered plan sponsored by the University and any portion of the Member's pension payable to a Member's Spouse or former Spouse as a result of marriage breakdown, shall not exceed the years of Pensionable Service of the Member multiplied by the lesser of:

- (a) \$1,722.22 or such greater amount prescribed for this purpose by the Income Tax Act; and
- (b) 2% of the average of the Member's best 3 consecutive years' remuneration from the University,

reduced, if the pension commencement date precedes the earliest of the days on which:

- (i) the Member will attain age 60; or
- (ii) the Member's age plus Pensionable Service would have equalled 80; or

(iii) the Member would have completed 30 years of Pensionable Service, by 1/4% for each month by which the pension commencement date precedes that day, provided that no reduction applies in the case of a pension payable as a result of total and permanent disability.

This Section 5.06 does not apply to additional benefits payable as a result of any Actuarial Equivalent increase owing to deferral of pension commencement after age 65 nor does it apply to that portion, if any, of the pension derived from a Member's excess contributions or additional voluntary contributions.

For purposes of this Section 5.06 a Member's pensionable service before January 1, 1992 is limited to 35 years.

- (c) Post-1991 Service Combined Bridge and Pension Maximum Benefit  
The annual benefits payable under Section 5.11, in combination with the annual lifetime pension payable under Section 5.01, 5.02 or 5.03, all provided in respect of periods after December 31, 1991, shall not exceed (i) plus (ii) as follows:
- (i) \$1,722.22 or such greater amount as may be prescribed for this purpose by the Income Tax Act, multiplied by the pensionable service of the Member after December 31, 1991; plus
  - (ii) 1/35th of 25% of the average of the YMPE for the year of retirement and each of the 2 immediately preceding years, multiplied by the pensionable service of the Member after December 31, 1991, not exceeding 35 years.
- (d) Maximum Bridge Benefit  
The annual bridge benefit payable under Section 5.11 shall not exceed the sum of the maximum benefits payable to the Member under the Canada Pension Plan or Quebec Pension Plan as applicable and the maximum Old Age Security benefit payable to individuals aged 65 as at the Member's pension commencement date, reduced proportionately in the case of a Member who has completed less than 10 years of pensionable service as at that date. The maximum bridge benefit so determined shall be further reduced by 1/4 of 1% for each month by which the Member's pension commencement date precedes his attainment of age 60.

#### 5.07 Pension Adjustment

In no event shall the benefit accrued in a calendar year by a Member under Section 5.01, plus the voluntary contributions made that year under Section 7.01(b), result in a pension



adjustment for the Member as defined by the Income Tax Act in excess of the limits for the year prescribed by the Income Tax Act.

5.08 Annual Pension Increase

- (a) On July 1 of each year, pensions in pay from the Plan are increased utilizing the pensioner reserve method as described below:

The percentage of increase shall be the lesser of:

- (i) the percentage by which the Average Annual Rate of Return determined by the following formula exceeds 4.5%,

Average Annual Rate of Return = (Sum of the Annual Rates of Return for each of the current and previous 4 Plan Years) ÷ 5

where,

$$\text{Annual Rate of Return} = \frac{\text{Net Income}}{1/2 (\text{Market Value of fund at beginning of calendar year plus Market Value at end of Calendar Year less net income})}$$

and,

Net Income equals the sum of Interest, Dividends, Net Realized Gains and Net Unrealized Gains during the Calendar Year less the sum of Actuarial, Investment, Investment Counsellor, Trustee, Audit and other Administrative expenses applicable to the Plan or Fund.

Calendar year refers to the calendar year ending with the December 31 immediately preceding the most recent June 30; and

- (ii) the percentage annual increase in the average Consumer Price Index during the 12 month period that ended on the immediately preceding December 31.
- (b) Pensions in pay on July 1 of each year shall be increased by the percentage determined in Section 5.08(a) multiplied by a fraction, the numerator of which is the number of months (maximum 12) the pension was in pay during the previous Plan Year and the denominator of which is twelve (12).

5.09 Supplementary Pension Increase

- (a) If in any year after 1996 the percentage calculated in Section 5.08(a)(i) (the “Excess Interest Formula”) exceeds the percentage calculated in Section 5.08(a)(ii) (the “CPI Formula”), such excess will be used to provide a supplementary increase to the annual amount of those pensions in pay from the Plan which had their annual pension increase (as calculated in Section 5.08) in any of the three previous years based on the Excess Interest Formula.
- (b) The supplementary increase shall be the lesser of:
  - (i) the percentage increase described in Section 5.09(a) by dividing (1 + the Excess Interest Formula) by (1+ the CPI Formula); and
  - (ii) the increase necessary to produce an annual pension that would result from granting increases based on the CPI Formula in each of the three previous years (starting with the year three years previous) in which a lower increase (including any previous supplementary increases) has been provided.

5.10 Early Retirement Bridge Benefit

- (a) Each faculty Member who either retired in accordance with Section 4.03 on June 30, 1996 or became first eligible to retire in accordance with Section 4.03 between July 1, 1996 and December 31, 1996 and who retired on December 31, 1996 is entitled to receive an additional benefit payable monthly commencing on the Member’s retirement date and ending on the end of the month immediately following the earlier of:
  - (i) the Member’s death; and
  - (ii) the Member’s attaining age 65;in an annual amount equal to the greater of \$7,500 or \$249.29 per year of Pensionable Service subject to the maximum benefit amount described in Section 5.06.
- (b) Each faculty Member who either became eligible to retire in accordance with Section 4.03 prior to July 1, 1996 and who retired between July 1, 1996 and June 30, 1997 or became first eligible to retire in accordance with Section 4.03 between July 1, 1996 and December 31, 1996 and who retired between January 1, 1997 and June 30, 1997 is entitled to receive an additional benefit payable

monthly commencing on the Member's retirement date and ending on the end of the month immediately following the earlier of:

- (i) the Member's death; and
- (ii) the Member's attaining age 65;

in an annual amount equal to \$249.29 per year of Pensionable Service subject to the maximum benefit amount described in Section 5.06.

- (c) Each staff Member who retired at the request of the University in accordance with Section 4.03 between June 30, 1996 and June 30, 1997 is entitled to receive an additional benefit payable monthly commencing on the Member's retirement date and ending on the end of the month immediately following the earlier of:

- (i) the Member's death; and
- (ii) the Member's attaining age 65;

in an annual amount equal to \$249.29 per year of Pensionable Service subject to the maximum benefit amount described in Section 5.06.

- (d) A Member who retires pursuant to Section 4.03 on or after July 1, 1997, shall receive an additional benefit, payable monthly commencing the later of

- (i) the Member's pension commencement date; and
- (ii) the Member's attaining age 60

and ending on the end of the month immediately following the earlier of:

- (iii) the Member's death; and
- (iv) the Member's attaining age 65;

in an amount equal to \$19 per month for each year of Pensionable Service rendered by the Member prior to June 30, 1996, to a maximum of 20 years of such service.

## **ARTICLE 6 — FORM OF PAYMENT OF PENSION BENEFITS**

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### 6.01 Normal Form of Benefit - Single Members

A Member who does not have a Spouse at the time pension payments begin shall receive a retirement pension in the form of an annuity payable for the life of the Member in monthly instalments, commencing on the Member's retirement date and ceasing on the first day of the month in which the Member dies, with a guarantee that if the Member dies before eighty-four (84) monthly payments are made, that number of the eighty-four (84) monthly payments remaining unpaid shall continue to be paid to any beneficiary designated in writing by the Member to receive such payments, or if there is no such beneficiary, the Commuted Value of the remaining payments shall be paid to the estate of the Member.

### 6.02 Normal Form of Benefit - Members with a Spouse

Subject to Section 6.03, a Member who has a Spouse at the time pension payments begin shall receive a monthly retirement pension in the form of a joint and last survivor annuity payable from the Member's retirement date to the first day of the month in which the Member dies, with 50% of such monthly amount continuing to be paid thereafter to the Spouse of the Member ceasing on the first day of the month in which the Spouse dies, with the guarantee that if the Member dies before eighty-four (84) monthly payments are made to the Member,

- (i) where the Spouse predeceases the Member, the Commuted Value of the eighty-four (84) monthly payments remaining unpaid shall be paid to the estate of the Member in a lump sum; and
- (ii) where the Spouse dies after the Member dies, the Commuted Value of the unpaid portion of the eighty-four (84) monthly payments guaranteed to be paid to the Member shall be paid to the estate of the Spouse in a lump sum.

### 6.03 Legislated Form of Benefit

- (a) A Member, or an individual entitled to a deferred pension, who has a Spouse at the time pension payments begin shall receive a monthly retirement pension in the form of a joint and last survivor annuity payable from the Member's or individual's retirement date to the first day of the month in which the Member dies, with 60% of such monthly amount continuing to be paid thereafter to the

surviving Spouse of the Member ceasing on the first day of the month in which the Spouse dies.

- (b) Such pension as described above shall be the Actuarial Equivalent value of the normal form of benefit to which the Member is entitled under Section 6.02.
- (c) The Member, or an individual, and his/her Spouse entitled to this benefit may waive this entitlement by delivering to the Administrator a written waiver in a form prescribed under the Pension Benefit Act, within a twelve month period immediately preceding the date upon which payment of the pension is to commence.

Such waiver can be revoked in writing within the same period by the individuals who signed it.

#### 6.04 Optional Forms

Subject to Section 6.03, at any time prior to retirement a Member may elect to receive at retirement one of the optional forms of pension described below in lieu of the normal form of benefit provided under Section 6.01 or Section 6.02 above. The optional forms of pension described below shall be the Actuarial Equivalent value of the normal form of benefit to which the Member is entitled under this Article 6. If a Member who has a Spouse at the time pension payments begin elects an optional form below which would provide a pension greater in amount than that provided under the normal form of benefit, the pension payable shall be determined based on the Actuarial Equivalent of the pension that would otherwise be payable to a Member without a Spouse.

(a) Life Only

A monthly pension payable for life only with no minimum guaranteed period.

(b) Life and Five (5) Years Certain

A monthly pension payable for at least five (5) years and as long as the Member survives.

(c) Life and Ten (10) Years Certain

A monthly pension payable for at least ten (10) years and as long as the Member survives.

(d) Joint & Last Survivor

A monthly pension payable for the life of the Member and continued after the Member's death to a Spouse in such amount that is permitted by the University, the Superintendent of Financial Services of Ontario and the Canada Customs and Revenue Agency which shall not be less than 50% of the pension paid to the Member.

(e) Joint Survivor

A monthly pension payable until the earlier of the death of the Member or the death of the Member's Spouse, and continuing to be paid thereafter for the life of the survivor in such amount that is permitted by the University, the Superintendent of Financial Services of Ontario and the Canada Customs and Revenue Agency which shall not be less than 50% of the pension paid to the Member.

(f) Government Integration Option

An increased monthly pension payable until Old Age Security commences and a reduced pension payable thereafter, such that the Member's total income from these sources is as nearly level as possible.

6.05 Acquiring a Spouse After Retirement

An individual receiving a pension from the Fund who acquires a Spouse subsequent to retirement may elect no later than sixty (60) days following the date of acquiring a Spouse to have the pension benefit paid in the form of a joint and last survivor pension. Such pension shall be the Actuarial Equivalent value of the pension in pay and will commence to be paid from the first of the month coincident with or following the date upon which the Member acquired a Spouse.

6.06 Commuted Value Option

In lieu of a monthly pension, a Member may, upon retirement, elect to receive the Commuted Value of the retirement benefits to which the Member is entitled under the Plan. Such Commuted Value may be transferred to such other pension plan or retirement savings arrangement that may permit such transfers to be made provided the transfer is made in the form and manner prescribed under the Pension Benefits Act and Income Tax Act, and provided that the administrator of the plan to which the money is transferred agrees in writing that the amount being transferred shall be treated as locked-in funds in accordance with the Pension Benefits Act.

6.07 Variation of Payment

In the event that a Member or former Member not yet in receipt of a pension from the Plan becomes disabled to the extent that his/her life expectancy is likely to be considerably shortened, the administrator may, at the request of the Member or former Member, vary the terms of payment of the pension to which the Member or former Member is entitled.

## **ARTICLE 7 — CONTRIBUTIONS**

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### 7.01 (a) Member's Required Contribution

Except as set out in Sections 7.03 and 11.05, each Member shall contribute, by regular payroll deduction, 3-1/2% of his/her Regular Annual Salary up to the current YMPE and 5% of his/her Regular Annual Salary in excess of this level, provided that a Member's contributions for any calendar year shall not exceed the lesser of:

- (i) the maximum amount permitted under the Income Tax Act in that calendar year; and
- (ii) two hundred and fifty per cent (250%) of the maximum annual pension benefit payable under the Plan pursuant to Section 5.06(a).

Since the Members' required contribution rate is 250% of the benefit formula, the limit expressed under clause (ii) above ensures that Members will make required contributions only in respect of that portion of the Members' Regular Annual Salary covered under the Plan due to the maximum annual benefit limits under the Income Tax Act.

### (b) Member's Additional Voluntary Contribution

Subject to Section 5.07, a Member may make additional voluntary contributions to the Fund, which will be allocated to an individual account on behalf of the Member. In doing so he shall not cause the University to make any extra contributions.

### (c) University's Contributions

The University shall pay into the Fund each year the amount required to fund fully the current service cost of the Plan, as determined by the Actuary, after allowing for the Members' required contributions. The University shall also liquidate any unfunded liability and/or any experience deficiency which may arise in the manner prescribed by the Pension Benefits Act. No contribution shall be made by the University to the Fund, in accordance with this subsection 7.01(c), unless it is an eligible contribution as defined by the Income Tax Act.



7.02 Deposit of Employee Contributions

The University shall pay into the Fund all sums received by the University from an Employee or deducted from an Employee's pay as the Employee's contribution to the Plan, within the calendar month following the month the sum was received or deducted.

7.03

During the period from the effective date of the Plan to June 30, 2002, fifty per cent (50%) of the contributions required of each Member pursuant to subsection 7.01(a) shall be made on behalf of the Member from those assets of the Plan that are certified by the Actuary to be in excess of the actuarial liabilities of the Plan.

## **ARTICLE 8 — ADDITIONAL SERVICE – TRANSFERS AND BUYBACKS**

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### 8.01 Other Employer Plans

The University will accept for deposit in the Fund pension monies transferred from other pension plans for Members of the Plan from other pension plans that are not maintained by the University subject to the conditions outlined below:

- (a) Monies transferred from pension plans with which the University does not have a reciprocal pension transfer agreement will be treated as additional voluntary contributions, but may be “locked-in” for the provision of pension benefits in accordance with the requirements of the plan from which the transfer is made or of the Pension Benefits Act.
- (b) Monies transferred from pension plans with which the University does have a reciprocal pension transfer agreement will be treated in accordance with the terms of such agreement(s) as the case may be.

### 8.02 Transfer From McMaster Hourly Pension Plan to This Plan

If an individual who is entitled to benefits as a participant under a University pension plan for hourly-rated employees is transferred from hourly-rated employment with the University to employment in which he/she is eligible to participate in this Plan,

- (a) the Commuted Value of the benefits to which that individual was entitled under such plan as at the date of transfer shall be deposited to the Fund. In no event shall the amount of the transfer be less than the value of the benefits to which the Member would otherwise be entitled under the hourly employees’ pension plan,
- (b) the individual shall not be entitled to benefits under such plan, and
- (c) the Pensionable Service of the individual for purposes of this Plan shall include the total of the years and partial years of uninterrupted employment with the University as a participant under the pension plan for hourly-rated employees.

In no event shall the Commuted Value of the benefits to which the individual is entitled under this Plan for employment prior to the date of transfer be less than the Commuted

Value of the benefits to which the individual would otherwise be entitled under the pension plan for hourly-rated employees.

8.03 Transfer From This Plan to McMaster Hourly Pension Plan

If an Employee who is entitled to benefits under this Plan is transferred to employment with the University in which he/she is eligible to participate under a University pension plan for hourly-rated employees,

- (a) the Commuted Value of the benefits to which that individual was entitled under this Plan as at the date of transfer shall be deposited to the pension plan for hourly-rated employees. In no event shall the transfer be less than the value of the benefits to which the Member would otherwise be entitled under this Plan.
- (b) the individual shall not be entitled to benefits under this Plan, and
- (c) the pensionable service of the individual for purposes of the pension plan for hourly-rated employees shall include the total of the years and partial years of uninterrupted employment with the University as a participant under this Plan.

In no event shall the commuted value of the benefits to which the individual is entitled under the plan for hourly-rated employees, for employment prior to the date of transfer, be less than the Commuted Value of the benefits to which the individual would otherwise be entitled under this Plan.

8.04 Purchase of Past Service

Subject to the limits and other applicable restrictions set out in the Income Tax Act, upon payment by a Member of the amount determined by the Actuary, such Member may elect to receive additional Pensionable Service under the Plan in respect of any period in which such Member:

- (a) was eligible for membership in the Plan or the Original Plan but was not a Member or a member of the Original Plan;
- (b) was a former contributing participant under the Plan or the Original Plan and was not accruing benefits under any registered pension plan maintained by the University, provided that the Member returned to active employment with the University and became a Member upon such return;
- (c) was accruing benefits under the registered pension plan or deferred profit sharing plan of an employer other than the University, provided that, upon ceasing to be

employed by such other employer, the Member had no right to the employer paid portion of any entitlement under such other employer's plan.

Upon payment by the Member of the required amount and upon certification of any past service pension adjustment as defined in the Income Tax Act, the Member's Pensionable Service shall be increased accordingly.

8.05 Transfer From Original Plan to This Plan Pursuant to the Surplus Agreement

- (a) Liabilities for benefits payable under the Original Plan to all persons included in the Surplus Sharing Group (as defined in the Surplus Agreement) and assets in respect of those liabilities and in respect of the actuarial surplus disclosed in the July 1, 2000 funding actuarial valuation report on the Plan prepared by the Actuary shall be transferred to this Plan from the Original Plan in accordance with the Surplus Agreement.
- (b) In no event shall the Commuted Value of the benefits to which an individual who is a member of the Surplus Sharing Group (as defined in the Surplus Agreement) is entitled under this Plan in respect of a period prior to the date of transfer pursuant to subsection 8.05(a) or such individual's rights in respect of such benefits be less than the Commuted Value of the benefits or the rights in respect of such benefits to which the individual would otherwise be entitled under the Original Plan.

## **ARTICLE 9 — TERMINATION OF EMPLOYMENT**

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### 9.01 For Benefits Accrued Prior to January 1, 1987

If the employment of a Member is terminated prior to his/her actual retirement for any reason other than death or disability, he/she may elect (a) or (b) below with respect to that portion of his/her entitlements not described in Section 9.02:

- (a) To transfer an amount equal to twice the Member's required contributions made prior to January 1, 1987, accumulated with Net Interest on the Fund, to such other retirement savings arrangement or pension plan that may permit such transfers to be made, provided that the transfer is made in the form and manner prescribed by the Canada Customs and Revenue Agency and under the Pension Benefits Act, and provided that the administrator of the plan to which the amount is transferred agrees in writing that the amount transferred shall be locked-in to provide a life annuity under which payments shall not commence prior to the individual's early retirement date under this Plan. If the Commuted Value of the Member's entitlements not described in Section 9.02 is larger than the amount determined above, then the Commuted Value will be transferred instead.
- (b) To receive a deferred pension equal to the pension entitlement not described in Section 9.02, payable in the form permitted under this Plan and commencing at the Member's normal retirement date. The Commuted Value of this deferred pension must be at least equal to the Member's required contributions accrued to December 31, 1986, accumulated with Net Interest on the Fund.

Instead of the options listed above, a Member who, at the date of termination, has not completed at least ten (10) years of continuous employment with the University or has not attained age forty-five (45), may elect to receive a refund of required contributions made prior to January 1, 1987 accumulated with Net Interest on the Fund.

### 9.02 For Benefits Accrued On or After January 1, 1987

If the employment of a Member is terminated prior to his/her actual retirement for any reason other than death or disability he/she may elect (a), (b), or (c) with respect to benefit entitlement earned on or after January 1, 1987 and any benefit improvements granted between January 1, 1987 and the date of termination.

- (a) To transfer an amount equal to twice the Member's required contributions accumulated with Net Interest on the Fund for service on or after January 1, 1987,

to such other pension plan or retirement savings arrangement that may permit such transfers to be made provided the transfer is made in the form and manner prescribed under the Pension Benefits Act and the Income Tax Act, and provided that the administrator of the plan to which the money is transferred agrees in writing that the amount transferred shall be locked-in to provide a life annuity under which payments shall not commence prior to the individual's early retirement date under this Plan.

- (b) To receive a deferred pension payable in the form permitted under this Plan and commencing at the normal retirement date. If the Member's required contributions for service on or after January 1, 1987, accumulated with Net Interest on the Fund, exceed 50% of the Commuted Value of the deferred pension described above, the excess shall be paid to the Member.
- (c) To transfer the Commuted Value of the deferred pension to another pension plan or retirement savings arrangement as provided under subsection 9.02(a) above.

Instead of the options listed above, a Member who has not participated in the Plan for at least two (2) years, may elect to receive a refund of required contributions for service on or after January 1, 1987 accumulated with Net Interest on the Fund.

- 9.03 A Member terminating prior to age fifty-five (55) and electing a deferred pension under subsection 9.01(b) or 9.02(b) is entitled to elect to commence receiving a pension on the 1st of any month coincident with or next following the date the person attains age fifty-five (55). Such pension shall not commence prior to the date the individual notifies the administrator of such election. Such early retirement pension shall be the Actuarial Equivalent of the deferred pension to which the Member is entitled subject to applicable requirements of the Income Tax Act.
- 9.04 A Member who has attained age fifty-five (55) at termination and who has elected a deferred pension under subsection 9.01(b) or 9.02(b) is entitled to commence receiving a pension on the first of any month coincident with or next following the election to retire early. Such early retirement pension shall be the deferred pension less 0.5% of such deferred pension for each month that the pension commencement date precedes the Member's special normal retirement date subject to applicable requirements of the Income Tax Act.

- 9.05 Notwithstanding the provisions of subsections 9.01(a) and (b), a Member who has attained the age of 45 and has completed 10 or more years of continuous employment at the date of termination may elect to receive a refund of required contributions made by the Member prior to January 1, 1965 accumulated with Net Interest on the Fund subject to a 5% withdrawal charge. In such event, the amounts described under subsections 9.01(a) and (b) above will reflect contributions made and/or benefits accrued and/or granted between January 1, 1965 and December 31, 1986.
- 9.06 In addition to the benefits described in Sections 9.01 and 9.02, a terminated Member is entitled to receive a refund of additional voluntary contributions made by the Member accumulated with Net Interest on the Fund. Additional voluntary contributions accumulated with interest prior to July 1, 1966, are subject to a 5% withdrawal charge. If the Member elects option (b) or (c) under Section 9.02, he/she may make a similar election in respect of additional voluntary contributions.
- 9.07 All transfers made under this Article 9 are subject to the requirements of the Pension Benefits Act and the Income Tax Act.

## **ARTICLE 10 — DEATH BENEFITS**

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- 10.01 If a Member, or an individual who is entitled to a deferred pension under Article 9, dies prior to the commencement of his/her pension, the Member's Spouse, or where no Spouse exists, the designated beneficiary or estate at the date of death, shall receive:
- (a) a refund of the Member's required contributions made for service before January 1, 1987, accumulated with Net Interest on the Fund;
  - (b) the Commuted Value of the pension earned for service after December 31, 1986, plus the Commuted Value of any pension entitlements granted after December 31, 1986 for service up to that date. The Spouse, designated beneficiary or estate, as applicable, shall also receive a refund of any required contributions made for service after December 31, 1986, accumulated with Net Interest on the Fund, which exceed 50% of the Commuted Value determined in this subsection.
  - (c) In lieu of subsection 10.01(b), the Spouse, beneficiary, or estate may opt to receive a refund of the Member's required contributions for service after December 31, 1986, accumulated with Net Interest on the Fund, if the Member had participated in the Plan for less than two years.
- 10.02 In addition to the death benefits under Section 10.01, the Member's Spouse, or where no Spouse exists, the designated beneficiary or estate at the date of death, shall receive a refund of the additional voluntary contributions accumulated with Net Interest on the Fund.
- 10.03 A Spouse is entitled to elect, in lieu of the lump sum payments under Section 10.01 or 10.02, to receive an immediate or deferred pension payable for the Spouse's lifetime which has a Commuted Value equal to such lump sum payments.
- 10.04 A Member, or an individual entitled to a deferred pension, and his/her Spouse may waive this entitlement by delivering to the administrator a written waiver in a form prescribed under the Pension Benefits Act. Such waiver form shall be submitted to the administrator within sixty (60) days of its completion. Such waiver can be revoked in writing by the individuals who signed it.
- 10.05 Any death benefit payable upon the death of an individual who has commenced to receive a pension from the Fund is determined in accordance with the form of pension being paid to the individual pursuant to Article 6.



## **ARTICLE 11 — LEAVE OF ABSENCE AND DISABILITY**

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- 11.01 If a Member is granted a leave of absence he/she shall remain a Member while on such leave of absence except as otherwise provided in this Article.
- 11.02 If such leave of absence is with pay, all contributions and benefit accruals shall continue and for purposes of this calculation, Regular Annual Salary shall be that which would have been in effect had the individual remained an active employee.
- 11.03 Subject to Section 11.04, an Employee who is a Member (or was a member of the Original Plan in respect of whom assets and liabilities are transferred to this Plan pursuant to the Surplus Agreement) immediately prior to a leave of absence without pay that is approved by the University shall,
- (a) if the Employee does not receive financial compensation from any source as consideration for the leave of absence, elect, prior to the commencement of the leave,
    - (i) to cease contributions and benefit accruals under the Plan in respect of the period of absence, or
    - (ii) to continue contributions and benefit accruals under the Plan in respect of the period of absence, in which case the Employee shall remit contributions by monthly cheques (or equivalent) to the University in an amount equal to the Employee's required contribution calculated in accordance with subsection 7.01(a) of this Plan, and for purposes of this calculation, Regular Annual Salary shall be that which would have been in effect had the individual remained an active employee, or
  - (b) if the Employee does receive financial compensation from any source other than the University as consideration for the leave of absence and the Employee is not participating in any other superannuation or pension plan, continue benefit accruals and contributions by remitting monthly cheques (or equivalent) to the University in an amount equal to the Employee's required contributions calculated in accordance with subsection 7.01(a) of this Plan, and for purposes of that calculation, Regular Annual Salary shall be that which would have been in effect had the individual remained an active employee, or
  - (c) if the Employee does receive financial compensation from any source other than the University as consideration for the leave of absence, and the Employee

participates in another registered superannuation or pension plan in which the University is not a participating employer, cease contributions and benefit accruals under the Plan during such period of participation in the other plan.

- 11.04 No benefit shall accrue to an Employee under Section 11.03 for any period in respect of which the Employee does not make contributions to the Plan; except that, where Employee contributions and benefit accruals under the Plan cease in respect of a period of approved leave of absence, the Employee may, upon return to active employment with the University and with the written consent of the University, purchase the benefits that would otherwise be provided under the Plan in respect of such period by contributing an amount equal to the amount required to be contributed by the Employee together with Net Interest on the Fund and an amount equal to the amount required to be contributed by the University as determined by the Actuary as at the date the contribution is to be made. Contributions made pursuant to this Section shall be subject to the rules and regulations under the Income Tax Act and the terms of the Pension Benefits Act. No Employee may purchase benefits that would otherwise be provided under this Plan in respect of such period if the Employee is entitled to benefits accrued under another employer's registered pension plan in respect of the same period.
- 11.05 Notwithstanding the provisions of Sections 11.02, 11.03, and 11.04, if an individual becomes totally disabled and the individual was a Member immediately preceding such disability, or assets and liabilities were transferred to the Plan from the Original Plan pursuant to the Surplus Agreement in respect of an individual who is totally disabled, then, while the individual is in receipt of income from the University sponsored Long Term Disability Plan, the individual shall not be required to contribute to the Plan but shall continue benefit accruals under this Plan. For purposes of calculating benefit accruals for those individuals who became totally disabled prior to July 1, 1990, Regular Annual Salary and YMPE shall be that which was in effect on the date prior to the individual becoming totally disabled, increased each July 1 by the percentage increase calculated for pensions in pay in subsection 5.08(a) (and, where applicable, Section 5.09) starting with July 1, 1990, if a greater benefit entitlement under the Plan is produced.
- 11.06 The amount of Pensionable Service granted under Section 11.03 in respect of periods of absence before January 1, 1991 is limited to a maximum full-time equivalent of 2 years, or to 3 years for periods of short-term appointment to federal and provincial governments, committees or commissions or loan to a union, educational institution or charitable organisation where benefits do not accrue for such service under another pension plan. In respect of periods of absence after December 31, 1990 the amount of Pensionable Service granted under Section 11.03 is limited to a maximum full-time equivalent of 5 years, plus an additional 3 years credited in respect of absences that occurred within the 12 month period which commences at the time of the birth or adoption of a child of the Member.

## **ARTICLE 12 — GENERAL PROVISIONS**

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### 12.01 Non-Alienation Of Benefits

No Member or other individual entitled to receive any pension benefit hereunder shall have any right, title, authority or power to anticipate, alienate, transfer, mortgage, hypothecate, pledge, charge, commute or surrender, or otherwise encumber or dispose of such pension benefit or any interest therein, nor shall monies payable under the Plan be subject to assignment, attachment, execution, garnishment, sequestration, or other seizure whatsoever, except as allowed under the Pension Benefits Act in satisfaction of an order under the Family Law Reform Act, 1986, or a domestic contract as defined under Part IV of that Act or unless a reduction in benefits is necessary in order to avoid revocation of the registration of the Plan.

### 12.02 Commutation Of Small Benefits

A pension or deferred pension payable under this Plan shall not be capable of surrender or commutation, except in accordance with Section 9.01 and 9.02, or if the annual pension payable at the normal retirement date is not more than 2% of the YMPE in the year of the Member's retirement or termination, the University may pay the Member the Commuted Value of the pension or deferred pension in full discharge of all obligations to the Member under the Plan.

### 12.03 Information To Be Provided Before University Pays Benefits

Payment of benefits shall not be made until the person entitled to payment of the benefits delivers to the University:

- (a) satisfactory proof of age of the person and other persons who may become entitled to payment of the pension and such other information as may be required to calculate and pay the benefit; and
- (b) if the benefit is payable to a Member or Spouse, a signed declaration of spousal status.

### 12.04 Captions And Headings

The captions, headings and table of contents of this Plan are included for convenience of reference only and shall not be used in interpreting provisions of this Plan.

12.05 Construction

- (a) The Plan is intended to constitute an employee's pension plan qualified for registration under the Income Tax Act and the Pension Benefits Act.
- (b) The Plan shall be governed and construed in accordance with the laws of the Province of Ontario and the Income Tax Act.

## **ARTICLE 13 — ADMINISTRATION OF THE PLAN**

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- 13.01 The administrator of the Plan shall be the University which shall be responsible for all matters relating to the administration, interpretation and operation of the Plan.
- 13.02 The University shall provide each Employee with a written explanation of the terms and conditions of the Plan and amendments thereto applicable to him/her, together with an explanation of the rights and duties of the Employee with reference to the benefits available to him/her under the terms of the Plan.
- 13.03 The University shall provide a notice and written explanation of an amendment to the Plan to each Employee, or other persons entitled to payment from the Fund who are affected by the amendment, within the time prescribed under the Pension Benefits Act.
- 13.04 The University shall provide annually to each Employee a written statement containing the information prescribed under the Pension Benefits Act in respect of the Plan, the Employee's pension benefits and any ancillary benefits.
- 13.05 When a Member of the Plan terminates employment or otherwise ceases to be an Employee, the University shall give to the Employee, or to any other person who as a result becomes entitled to a payment under the Plan, a written statement setting out the information prescribed under the Pension Benefits Act in respect of the benefits, rights and obligations of the Employee or other person.
- 13.06 Within thirty (30) days of receiving a written request, the University shall make available the documents and information prescribed under the Pension Benefits Act in respect of the Plan and the Fund for inspection without charge by:
- (a) an Employee;
  - (b) a former Employee;
  - (c) the Spouse of an Employee or former Employee;
  - (d) any other person entitled to pension benefits under the Plan,
  - (e) an agent authorized in writing by a person mentioned in subsection (a), (b), (c), or (d).

An individual set out above in subsections (a) through (e) is entitled to make such an inspection not more than once in a calendar year.

The University shall permit the person making the inspection to make extracts from or to copy the prescribed documents and information.

- 13.07 The University shall make the prescribed documents and information available for an Employee, former Employee or any other person, at such location as may be agreed upon by the University and the Employee, former Employee or other person making the request, subject to any requirements of the Pension Benefits Act.

## **ARTICLE 14 — ADMINISTRATION OF THE FUND**

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- 14.01 Benefits purchased under the Prior Plan from the Government Annuities Branch shall be provided by the Government Annuities Branch and all other benefits shall be paid from the Fund.
- 14.02 Subject to the terms of the Plan, the provisions of the Pension Benefits Act, the Income Tax Act and any other applicable legislation governing the administration, investment or maintenance of pension funds eligible for registration under the Income Tax Act, the Fund shall be administered by the Financial Carrier in accordance with the trust agreement or insurance contract, whichever is appropriate.
- 14.03 All normal and reasonable fees and expenses incurred in the operation of the Fund and the Plan shall be paid from the Fund, unless paid by the University. Fees and expenses of the University and its agents, arising from the administration of the Plan, may be paid from the Fund unless paid by the University, subject to review of the Pension Trust (or successor) Committee so long as:
- (a) such payment qualifies as a permissible distribution under the Income Tax Act, and
  - (b) such payment is not prohibited by the Pension Benefits Act.
- 14.04 Subject to the provisions of the Pension Benefits Act and the Income Tax Act, the University shall direct the investment of the Fund in the manner provided in the trust agreement or insurance contract, whichever is appropriate.
- 14.05 All calculations and payments associated with the Plan shall be in Canadian currency.
- 14.06 (a) The Surplus (as defined in the Surplus Agreement) shall be applied in accordance with the Surplus Agreement provided that in the event that the Surplus (as defined in the Surplus Agreement) is not fully applied or disposed of by the Surplus Agreement, any amount remaining, and any amount derived therefrom, may be applied in the same manner as surplus arising under the Plan otherwise than in connection with the transfer of assets and liabilities from the Original Plan under the Surplus Agreement.

- (b) The Distributable Surplus (as defined in the Surplus Agreement) shall be distributed to or otherwise applied in accordance with the Surplus Agreement for the benefit of:
  - (i) the University;
  - (ii) those individuals entitled any time during the period July 1, 2000 to December 31, 2000 to benefits under the Original Plan whose consent has been obtained in accordance with the Surplus Agreement to the distribution or other application of the Distributable Surplus (as defined in the Surplus Agreement) pursuant to such Agreement; and
  - (iii) the surviving beneficiaries or estate of an individual described in subsection 14.06(b) who dies prior to the distribution or other application of the Surplus (as defined in the Surplus Agreement) for his or her benefit.
- (c) In the event that the Distributable Surplus (as defined in the Surplus Agreement) is distributed to the University and the individuals described in subsections 14.06(ii) and (iii) above in accordance with the Surplus Agreement, the entitlement of any person to surplus existing in the Plan at any time after such distribution shall be determined by agreement between the University and such persons or associations as may be required under then existing agreements or otherwise by law, provided that where no such agreement is made, entitlement to surplus (other than Distributable Surplus as defined in the Surplus Agreement) shall be determined in a proceeding commenced in the Ontario Superior Court of Justice (or any successor thereto).
- (d) Notwithstanding Section 15.01, the University may not amend this Section 14.06 unilaterally.



## **ARTICLE 15 — CHANGE OR DISCONTINUATION OF THE PLAN**

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15.01 It is the intention of the University to continue contributions under the Plan as long as it is reasonably possible to do so. However, the University may, by Resolution of the Board of Governors, modify or terminate the Plan or the method of funding the Plan at any time.

15.02 No amendment to the Plan shall reduce

- (a) the amount or the Commuted Value of a pension benefit accrued under the Plan with respect to employment before the effective date of the amendment; or
- (b) the amount or the Commuted Value of a pension or deferred pension accrued under the Plan; or
- (c) the amount or the Commuted Value of an ancillary benefit for which a Member or former Member has met all eligibility requirements under the Pension Plan necessary to exercise the right to receive payment of the benefit.

Where an amendment results in a certifiable past service pension adjustment (PSPA) as defined by the Income Tax Act in respect of a Member, the amendment shall not apply to the Member prior to certification of the PSPA by the Canada Customs and Revenue Agency.