1999 Academic Pension Plan

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Introduction

A Defined Benefit plan provides you with a pension calculated according to a set formula based on Pensionable Earnings and years of Pensionable Service. Both you and the University contribute equally to the plan. The University invests these shared contributions and assumes the risk for investment performance. These contributions, plus the interest they earn, fund your benefit. The longer you work at the University and the more your salary increases, the greater your pension will be.

The University of Saskatchewan 1999 Academic Pension Plan is a key component of your retirement income. Government benefits and your personal savings will build on this foundation.

Personal savings:

➢ Personal Registered Retirement Savings Plans (RRSP)

➢ Additional savings (non-registered savings)

Government benefits:

➢ Canada Pension Plan

➢ Old Age Security

Eligibility

Enrollment in the Plan only applies to you if you were employed before July 1, 2000.

You were eligible to join the Plan on the earlier of the date you were granted permanent status or the date you had completed two years of Continuous Employment with the University. However, you were required to join after 3 years of Continuous Employment with the University or on the date you were granted tenure.

Enrolling in the Plan

This is a closed plan effective June 30, 2000. All appointments after June 30, 2000 are required to enrol in the 2000 Academic Money Purchase Pension Plan.

Contributions

Defined Benefit Component:

Both you and the University contribute equally to the Plan. Each year, the total contribution is 17.00% of your Pensionable Earnings. The total contribution is shared equally by you and the University. You are required to pay your share of this cost, 8.50%, through payroll deductions.

Defined Contribution Component:

Effective September 1, 2010, the defined contribution component has ceased. Account balances will remain in the Plan under each individual member's defined contribution account until the member terminates or retires from the Plan.

Active academic, senior administration and the University contributed 1% of pensionable earnings to the defined contribution component of the Plan. The contribution was shared equally (0.5%) between the member and the University.

Other Contributions

You may transfer in your pension funds from your previous employer. If you choose a lump sum settlement upon leaving your previous employer's plan, you could transfer that sum to the transferred voluntary portion of the University of Saskatchewan 1999 Academic Pension Plan.

Please contact the Pensions Office for details.

Interest on Contributions

All contributions earn interest through the Plan's investments. The current rate is the rate of return the Plan earns, net of investment and administration expenses, less 1%. This rate is applied to your required contributions and the University's contributions.

The defined contribution component, transferred voluntary contributions and any additional voluntary contributions earn the Pension Plan's rate of return, minus investment and administration expenses.

Retirement Benefits

The University offers three retirement dates:

1. Normal Retirement – the June 30 on or following your 67th birthday;
2. Early Retirement – the June 30 on or following your 55th birthday; or
3. Postponed Retirement – you are able to postpone your retirement and continue in regular employment after your normal retirement date. Your pension must commence by December 31 of the year in which you reach age 71.

Please notify the Pensions Office at least three months in advance of your planned retirement date.

Excess Contributions

When you retire, only 50% of your benefit may be funded by your accumulated required contributions. The remaining 50% will be funded by the University's contributions. Accordingly, any contributions you made in excess of 50% of your total benefit may be paid to you in a lump sum or used to fund a separate and additional pension.

Normal Retirement

Normal Retirement begins June 30 on or following your 67th birthday. If you decide to retire at this time, you have two options:

➢ Option 1 – Receive your pension from the Plan; or
➢ Option 2 – Defer your pension to a later date (no later than the end of the calendar year when you reach age 71).

Receive Your Pension from the Plan

The University will calculate your lifetime monthly pension using a set formula based on your 4-Year Best Average Earnings and your Pensionable Service.

Your pension will be calculated using the following formula:

2% x 4-Year Best Average Earnings
x Pensionable Service

LESS

0.4% x Average YMPE in the 3-year period preceding retirement
x Post-2005 Pensionable Service (Pensionable Service accrued after 2005)

Canada Revenue Agency Limits

The University of Saskatchewan 1999 Academic Pension Plan is a Registered Pension Plan, governed by pension legislation and subject to the rules of the Income Tax Act. As a result, there are limits to the amount of retirement income that can be paid to you from this Plan.

2012 - $2,647 2013 - $2,697 2014 - $2,770 2015 - $2,819	**x**	your years of pensionable service

A member with 4-Year Best Average Earnings exceeding $151,664 at Normal Retirement and retiring in 2015 would be affected by this limit.

Defined Contribution Component:

Your options are to:

- ➢ receive a cash refund of your account balance;
- ➢ transfer to a Prescribed Registered Retirement Income Fund (RRIF), (to the U of S Group Retirement Fund or to a financial institution)
- ➢ transfer to a Locked-in Retirement Account (LIRA) or;

- ➢ leave your balance in the Plan to be transferred at a later date (if monthly pension is deferred).

The amount you can transfer is equal to the amount of your contributions and the University's contributions at the date of your retirement, with Credited Interest to that date.

Early Retirement

Before your Normal Retirement

You can elect to retire early any time on or after the June 30 following your 55th birthday. If you decide to retire at this time, you have three options:

- ➢ Option 1 – Receive your pension from the Plan; or
- ➢ Option 2 – Defer your pension to a later date (no later than the end of the calendar year when you reach age 71).

Pension Reduction with Early Retirement

Your pension may be reduced if you choose Early Retirement. The amount of the reduction will depend on your age and your years of Continuous Employment at the date you retire.

You will receive a reduced pension if

- ➢ you are between ages 55 and 60; and the sum of your age and your years of Continuous Employment does not equal at least 80. This is called the "80" rule; or
- ➢ you are between ages 60 and 65 with less than 3 years of Continuous Employment.

Actuarial Reduction

If you are between the ages of 55 and 60 with less than ten years of Continuous Employment, your pension will be actuarially reduced.

Percentage Reduction

If you are between the ages of 60 and 65 when you retire, with less than three years of Continuous Employment with the University of Saskatchewan, your pension will be reduced by 3% for each year that precedes June 30 of the year you turn 65.

If you are between the ages of 55 and 60 when you retire, and have ten or more years of Continuous Employment, but you do not meet the "80" rule, your pension in respect of Pensionable Service after 1991 will be reduced. The reduction will be 3% for each year that precedes June 30 of the year you turn 60, or for each year until you meet the "80" rule, whichever is less.

Unreduced Pension with Early Retirement

You will receive an unreduced pension if

- you are at least age 60 with three years of Continuous Employment; or
- the sum of your age and years of Continuous Employment equals at least 80.

Postponed Retirement

If you choose this option, contributions will continue to be made to the Plan. You must start taking your pension by December 31 of the year in which you turn age 71.

Your Payment at Retirement

There are various ways to receive your pension payment when you retire. The standard form of pension is called the Normal Form.

The Normal Form

The Normal Form of pension is payable for your lifetime and guaranteed for ten years (120 months). The guarantee means that if you die before you have received 120 monthly payments; the remaining payments will be paid to your beneficiary or your estate.

If you have a Spouse at the date of your retirement, Saskatchewan pension legislation requires that you must receive your pension payment in a form that provides that at least 60% of your pension will continue to your Spouse after your death for the remainder of his or her life. This requirement will mean a reduction from the Normal Form of pension you will receive. If your Spouse signs a waiver giving up his or her right to the minimum survivor benefit, you are free to choose any form of pension offered by the Plan.

Adjustment options to the Normal Form of pension are detailed below.

Optional Forms

You can customize your Normal Form monthly pension to suit your needs. You can choose extended guarantee periods, integrated pension payments, or increased payments to your Spouse upon your death. Each of these options will have the same total value as the Normal Form of pension and therefore will require an adjustment to the Normal Form of payment:

- **Life Guaranteed 10 or 15 Years –** A pension payable for your lifetime and guaranteed for ten years (120 payments) or fifteen years (180 payments).

- **CPP Integrated Pension** – A Canada Pension Plan Integrated Pension will pay an additional pension amount to you from the date of your Early Retirement to age 65. The additional payments end when you turn age 65, when you are entitled to receive your full CPP benefits. **Don't forget:** You must apply to the government at least six months before you want benefits to begin. They do not start automatically. Your monthly pension amount will decrease when you turn 65 whether you have applied for government benefits or not. This reduction is made because the Plan has made additional payments to you as outlined above.

- **Joint and Survivor Pension** – A pension with a guarantee period of 0, 5, 10, or 15 years, payable during your lifetime and, upon your death, payable for your Spouse's lifetime. Your Spouse's pension will be reduced to 60%, 66 2/3%, 75% or 100%, after the guarantee period ends. For example, if you choose a Joint and Survivor pension at 75% guaranteed for five years and you die before 60 payments have been made to you, the payments remaining within the guarantee period will be paid to your Spouse (or your beneficiary or estate should your Spouse predecease you). Once all the guaranteed payments have been made, your pension will be reduced to 75% and continue to your Spouse for his or her lifetime.

Inflation Protection after Retirement

After you retire and start receiving your pension, the Plan increases your pension for five consecutive years at 100% of the increase in the Consumer Price Index (to a maximum of 2% per year). The Consumer Price Index (CPI) is a general measure of annual inflation in Canada. This inflation-adjustment provision will help protect the value of your fixed retirement income against inflation for the first five years after you retire.

If there are sufficient assets in the Plan, the Board of Governors may provide additional increases up to 100% of the CPI but is not legally required to do so.

Reduced Life Expectancy

If you can provide medical evidence to support a diminished life expectancy for a person of your age and sex, the Academic Defined Benefit Pension Committee may request a special pension settlement more appropriate to your circumstances, subject to the authority of the Board. For example, if you are terminally ill, you may request a lump sum settlement in lieu of any other pension benefits under the Plan.

Death Benefits

Before You Retire

In the event of your death before retirement, your designated beneficiary or estate will receive a death benefit, subject to Income Tax Regulations and the Saskatchewan *Pension Benefits Act, 1992* and Regulations, which is the greater of the following:

- **for the Defined Benefit Component:**
  - the Commuted Value of the pension you had earned to the date of your death; or
  - your contributions and the University's contributions, as of the date of your death, together with credited interest to that date

plus the value of your **Defined Contribution component**, if applicable.

If You Do Not Have a Spouse

If you do not have a Spouse when you die, your designated Beneficiary or your estate will receive the death benefit as a lump sum payment, less applicable withholding taxes. Any tax resulting from an adjustment to the tax rate when income taxes are filed will be owed.

If You Have a Spouse

If you have a Spouse when you die, your Spouse is entitled to your death benefit, unless he or she has waived this right by completing a prescribed waiver form. Your Spouse can choose:

- ➢ a lump sum payment (less applicable withholding taxes); or
- ➢ a transfer to a Registered Retirement Savings Plan (RRSP); or
- ➢ a transfer to a Locked-in Retirement Account (LIRA); or
- ➢ a transfer to a Prescribed Registered Retirement Income Fund (RRIF), if your spouse is age 55 or over; or;
- ➢ a transfer to an insurance company for the purchase of an immediate or deferred Life Annuity; or
- ➢ a transfer to another registered pension plan provided the other plan permits such a transfer.

If your spouse does not elect one of the above options within 365 days of the date on which pension option forms are provided to the spouse, the University may pay the amount as a lump sum payment to the spouse.

After You Retire

In the event of your death after retirement, your Spouse or Beneficiary will receive the benefits based on the pension option you chose at retirement.

Termination Benefits

If you leave the University before you are eligible for Early Retirement, you can

- ➢ leave your contributions in the Plan to be taken as a monthly pension at a later date; or

- ➢ transfer* your pension benefit to:
  - a Locked-in Retirement Account (LIRA); or
  - another registered pension plan, provided the other plan permits such transfers.

Subject to Income Tax Regulation transfer limits and the Saskatchewan *Pension Benefits Act, 1992* and Regulations, as well as solvency transfer deficiency rules, the amount available for transfer is equal to the greater of the following:

- **for the Defined Benefit Component:**
    - the Commuted Value of your pension, without indexing; or
    - the amount of your contributions and the University's contributions, as of the date you left the University, together with credited interest to that date

plus the value of your **Defined Contribution component**, if applicable.

***Transfer Option**
Under your transfer option, you can choose to receive 50% of your contribution balance (as of December 31, 1993), with interest, as a cash lump sum. This option reduces the amount you can transfer out of the plan.

Transfer Value of Defined Benefit Pension

The Registered Amount Available for Transfer

If the value of your Defined Benefit pension falls within Income Tax Regulations, it will be viewed as "registered". This means you can transfer the entire amount from the Plan to a Locked-in Retirement Account (LIRA) on a tax-sheltered basis.

The Non-Registered Transfer Amount

If the value of your Defined Benefit pension exceeds Income Tax Regulation transfer limits, the excess will be viewed as "non-registered". You will not be able to transfer this excess amount to a Locked-in Retirement Account (LIRA). You will be required to take this amountas a lump sum payout, and it will be taxed at the time it is paid.

Plan Factors

Authorized Leaves of Absence

Your membership in the Plan continues while you are on an authorized leave of absence

- if you are on a paid leave, you must continue to make your required contributions, based on your equivalent full-time Pensionable Earnings.
- if you are on an unpaid leave, you have the option to continue or discontinue your participation in the Plan. If you choose to continue, you must pay the University's share of the contributions as well as your own, based on your equivalent full-time Pensionable Earnings.
- if you are on a sabbatical, educational, or administrative leave, you have the option to continue or discontinue your contributions. If you decide to continue, your contributions will be based on your equivalent full-time University Pensionable Earnings. The University will also contribute its share.

Re-Employment

If you leave and are re-hired by the University within six months, your employment is considered continuous if you have not taken a refund of the contributions.

Reduced Appointment Plan

If you are employed on the basis of a Reduced Appointment Plan, you will contribute to the Plan based on your nominal, or equivalent, full-time Pensionable Earnings, subject to Income Tax Act limits. The University will also contribute its share.

Contributions while Disabled

You are not required to contribute to the Plan if you are receiving Long-Term Disability (LTD) benefits from the University. While you are receiving LTD benefits from the University, your contributions and the University's will be continued by the University up to the amounts that you and the University would have made had you not been disabled, based on the salary level in effect when you became disabled and increased in accordance with the increases under the University's LTD Income Plan.

Tax Facts

Contributions	Tax Implications
Your Contributions	Tax-deductible. You get immediate tax savings each year.
University's Contributions	Tax-sheltered.
Interest Earned on Contributions	Tax-sheltered. You do not pay tax on the growth of your contributions until you withdraw funds at retirement.
Transferred Contributions	Tax-sheltered.
Excess Contributions	Tax-sheltered up to Income Tax Regulation transfer limits, if transferred to a registered vehicle.

Transfer Value of DB Pension	Tax Implications
Registered Transfer Amount	Tax deferred. However, this amount is taxed when paid out of a registered account.
Non Registered Transfer Amount	Taxable when taken as a lump sum payout.

Pension Payments	**Tax Implications**
Individual monthly payments	Taxable.

RRSP	**Tax Implications**
RRSP Contributions	Tax-deferred. You get immediate tax savings.
RRSP Earnings	Tax-deferred. You do not pay tax on the growth of your investment until you withdraw funds at retirement.
RRSP Contribution Room	Your membership in the DB plan will reduce your RRSP room. Canada Revenue Agency attaches a value to your pension benefit that affects your amount of RRSP room.

Government Benefits	**Tax Implications**
CPP Benefits	Taxable.
OAS Benefits	If your taxable income exceeds a threshold level, you may be required to repay all or part of your OAS benefit when you file your income taxes.

Personal Savings

When planning a financial strategy, you need to consider all your sources of retirement income.

The University of Saskatchewan 1999 Academic Pension Plan

- the foundation on which to build your retirement income
  - **for the Defined Benefit Component** – provides a pension based on a set formula related to your Pensionable Earnings and years of Pensionable Service
- **for the Defined Contribution Component** – provides a lump sum based on contributions made by you and the University to August 31, 2010 and the credited interest earned by these contributions.

Personal savings

➢ Personal Registered Retirement Savings Plans (RRSP)
➢ Additional savings (non-registered savings)
➢ Your home

Government benefits

➢ Canada Pension Plan
➢ Old Age Security

Your personal savings are a very important part of your financial program. Your savings can help make up the difference between what you will receive from the Plan and government benefits and what you will need to meet your retirement income goal.

Your Registered Retirement Savings Plan (RRSP)

A personal Registered Retirement Savings Plan (RRSP) is one of the most popular ways to save for retirement. Even small amounts will go a long way toward creating a reserve of retirement funds.

Reasons for Contributing to an RRSP

Your RRSP contributions earn money on a tax-sheltered basis. This means you won't pay taxes until you take the funds out. If your contributions were in a bank account or an investment outside an RRSP (a non-registered investment), you would have to pay income taxes on any investment or dividend income and any capital appreciation you realize.

RRSPs give you flexibility. Your personal RRSP has no withdrawal restrictions. You can withdraw your money at any time, but you will have to pay taxes on the amount you withdraw. You will pay a withholding tax at the time you make the withdrawal. When you file your income tax, you will have to add the amount you have withdrawn from your RRSP to your income.

You can leave your money in your RRSP until December 31 of the year in which you turn age 71; you must then buy a Life Annuity or a Registered Retirement Income Fund (RRIF). Your financial institution can help you with this purchase.

RRSP Contribution Limit

The amount you can contribute to your RRSP each year is affected by your membership in the Plan.

<u>Pension Adjustment</u> (PA)

Defined Benefit Component:

Your Pension Adjustment (PA) is calculated at the end of every year and reported on your T4 form. This is the value Canada Revenue Agency assigns to your benefit under the Pension Plan. The University of Saskatchewan calculates your PA using the following formula provided by Canada Revenue Agency:

9 x the pension credited to you in the year − $600
(to a maximum dollar limit – defined by Canada Revenue Agency)

Canada Revenue Agency uses the PA to determine the amount you can contribute to your Registered Retirement Savings Plan (RRSP) each year. Your PA reduces the amount of personal RRSP room you have.

For example, a person with <u>Pensionable Earnings</u> of $60,000 in 2015 would have $985.60 of pension credited to him/her for the year.

The PA would be:

9 x the pension credited to him/her in the year − $600
= (9 x $985.60) − $600
= $8,270

Defined Contribution Component:

Your PA is the total of the contributions made by you and the University in the current year to the defined contribution component only. Effective 2011 there will no longer be a PA for your defined contribution component.

RRSP Contribution Room

You may contribute to your personal <u>RRSP</u> up to 18% of your “earned income” from the previous year (to allowable income tax maximums), minus your <u>Pension Adjustment</u> (PA) from the previous year.

For example, in 2015 your maximum allowable <u>RRSP</u> contribution room is equal to

unused contribution room you may have
PLUS
18% of your earned income in 2014 to a maximum of $24,270
LESS
your 2015 PA

RRSP Contribution Limits

The maximum amount you may contribute to an RRSP each year, as permitted by the *Income Tax Act*, is

2012	$22,970
2013	$23,820
2014	$24,270
2015	$24,930

Notice of Assessment

Your RRSP contribution room is shown on the Notice of Assessment that Canada Revenue Agency sends you every year. It shows

- the amount of your PA;
- your RRSP contribution room;
- any over-contributions you may have made; and
- any unused contribution room.

If you need more information about the RRSP contribution room you currently have, call your District Taxation Office or the T.I.P.S. 1-800 number in your area.

Pension Adjustment Reversal (PAR)

If you leave the Pension Plan before retirement, you may elect to receive a payment equal to the value of your benefit, based on your 4-Year Best Average Earnings and your Pensionable Service or, if greater, the value of your and the University's contributions with Credited Interest, on that date. The total amount of the PAs that have been reported for you in past years may exceed the value of the pension you receive.

A PAR calculation is intended to restore any RRSP contribution room that you lost as a result of participating in the Plan and that exceeds the amount transferred out of the Plan. If you are entitled to a PAR, the University of Saskatchewan will send you a T10 form advising you of the amount.

Government Benefits

Your benefits from the government are a third source of retirement income. You may be eligible to receive payments from two government-sponsored programs – the Canada Pension Plan (CPP) and Old Age Security (OAS).

You must apply to the government at least six months before you would like your benefits to begin. They do not start automatically.

Canada Pension Plan (CPP)

You will receive the maximum CPP payment if you worked a number of years and earned at least the Year's Maximum Pensionable Earnings (YMPE).

These are the current CPP rules:

If you start your pension between 60 and 65: The CPP reduces your pension amount by 0.5 percent for each month before age 65, calculated from the time you begin receiving your pension. The maximum reduction is 30 percent, which applies if you start receiving your CPP pension on your 60th birthday. This adjustment is permanent–if you choose to start your pension before age 65, your reduced pension amount does not increase when you reach 65.

If you start your CPP retirement pension at age 65: You will get the full pension amount you are eligible to receive.

If you start your pension between 65 and 70: The CPP increases your pension amount by 0.5 percent for each month after age 65 and before age 70, calculated from the time you begin receiving your pension. The maximum increase is 30 percent, which applies if you start receiving your CPP pension at age 70.

If you start your pension after age 70: If you delay starting your pension until after you turn 70, you will only receive the pension amount you would have received at age 70. There is no financial benefit in delaying receiving your pension after the age of 70.

If you die, your Spouse and children may be eligible for benefits. These benefits depend on their ages and the amount of contributions you have made.

Survivors' benefits include lump sum death benefits, a surviving Spouse pension, and orphan pensions.

CPP pensions are adjusted each year based on the change in the Consumer Price Index.

CPP benefits are taxable.

Old Age Security (OAS)

If you meet certain residence requirements, you will receive a monthly benefit from the Old Age Security (OAS) program.

These are the current OAS rules:

- Any person aged 65 years or older is entitled to the full OAS pension after 40 years of residence in Canada.
- A partial pension is payable after a minimum of 10 years of residence in Canada.
- The OAS benefit is adjusted quarterly to keep pace with changes in the Consumer Price Index.
- The OAS benefit is taxable.

If your annual net income is more than the established limit, you may be required to repay all or part of your OAS benefit when you file your income taxes.

Glossary

Beneficiary
The person you designate to receive death benefits from the Plan after you die.

Canada Revenue Agency Limits
The University of Saskatchewan 1999 Academic Pension Plan is a Registered Pension Plan, governed by pension legislation and subject to the rules of the Federal Income Tax Act. As a result, there are limits to the amount of retirement income that can be paid to you from this Plan.

2012 - $2,647 2013 - $2,697 2014 - $2,770 2015 - $2,819	**x**	your years of pensionable service

A Plan member with 4-Year Best Average Earnings at Normal Retirement exceeding $151,664 and retiring in 2015 will be affected by this limit.

Canada Pension Plan (CPP)
The Canada Pension Plan is a federal government program based on earnings-related contributions. It is indexed annually based on the change in the Consumer Price Index. Benefits start when you reach age 65 but may begin as early as age 60. CPP also includes other benefits: a death benefit, a survivors' pension, and disability benefits before you retire. For more information about the Canada Pension Plan please visit: Service Canada at: **www.servicecanada.gc.ca/**

Commuted Value
Commuted Value is the amount of lump sum payment equal to the actuarial value of a future series of payments. The Commuted Value of your pension is determined on the basis of actuarial assumptions and methods in accordance with generally accepted actuarial principles.

Continuous Employment
Continuous Employment is your most recent uninterrupted period of employment with the University as a permanent employee. Continuous Employment is not interrupted during periods of approved absence, including

- jury duty;
- authorized vacations and statutory holidays;
- authorized absences (including sabbatical leave and administrative leave);

- qualified disability; or
- breaks of less than six months between termination of employment and re-employment with the University, provided you have not taken a refund of contributions.

In all other cases, Continuous Employment is interrupted by termination of employment, retirement, or failure to return to work following an approved absence or disability.

Early Retirement Date
Retirement before your Normal Retirement Date of June 30th following age 67. You may retire at any time after June 30 following age 55.

Excess Contributions
When you retire, only 50% of your benefit may be funded by your accumulated required contributions. The remaining 50% will be funded by the University's contributions. Accordingly, any contributions you made in excess of 50% of your total benefit may be paid to you in a lump sum or used to fund a separate and additional pension.

4-Year Best Average Earnings
The average of your highest Pensionable Earnings in four consecutive years of Plan participation.

Guarantee Period
Pension payments may be guaranteed for a specific period of time. If you die within this time, your pension payments are guaranteed to continue to your Spouse, until the end of this specific period.

Life Annuity
A lifetime pension purchased through a contract with an insurance company. You receive monthly payments, the amount of which will vary depending on the type of annuity you select, the interest rates in effect when you sign the contract, and your age and your Spouse's age when the annuity payments begin. The higher the interest rates and the older you are when payments begin, the higher the pension you will receive. The payments from a life annuity are a blend of interest and capital. Each time a payment is made, the amount of capital remaining in the annuity is reduced, thereby reducing the amount of capital on which further interest can be earned.

Locked-in Arrangements
When benefits are transferred from a pension plan, the money must be transferred directly to a Locked-in arrangement. These locked-in funds cannot be withdrawn immediately in cash. Instead, they must be used to provide a retirement income as was originally intended.

If you are younger than 55, you are required to transfer your pension plan benefits to a Locked-in Retirement Account (LIRA). After you reach age 55, you can transfer your pension plan benefits to Prescribed Registered Retirement Income Fund (RRIF) once you choose to do so.

Locked-in Retirement Account (LIRA)
If you are younger than 55 years of age, upon termination you can transfer your pension plan benefits to a Locked-in Retirement Account (LIRA). A LIRA is an investment account in which you can keep your money invested. You cannot make withdrawals from your LIRA. When you reach the age of 55, and any time thereafter until you turn 71, you can use your LIRA to purchase a Prescribed Registered Retirement Income Fund (RRIF) or a Life Annuity. You must transfer your LIRA to a Prescribed RRIF, or use it to purchase a Life Annuity before December 31 of the year in which you turn 71.

Prescribed Registered Retirement Income Fund (RRIF)
If you are age 55 or older upon termination, you can transfer your pension plan benefits to a Prescribed Registered Retirement Income Fund (RRIF) where they will continue to earn interest. A Prescribed RRIF allows you to make annual withdrawals of your money. There is no limit on the maximum amount that can be withdrawn. When you die, the balance of your account will be paid to your estate or beneficiary.

Non-Registered Amount
Money is viewed as non-registered if the amount exceeds the Canada Revenue Agency limits for Maximum Pension Amount. This amount is paid as a lump sum refund and is taxable.

Normal Retirement Date
The June 30 following the date you turn age 67.

Old Age Security (OAS)
A government benefit that any person aged 65 or older is entitled to receive after meeting certain minimum residency requirements.

Pension Adjustment
The value Canada Revenue Agency assigns to your benefit under the Pension Plan and reported on your T4.

Pensionable Earnings
Your University salary excluding earnings such as honorariums, fees, and summer session payments. Pensionable Earnings are subject to Canada Revenue Agency maximums.

Pensionable Service
The period of Continuous Employment during which you contribute to the Plan or were disabled as defined in the Plan. For this reason, your Pensionable Service may be less than your Continuous Employment.

Postponed Retirement
Retirement date after your Normal Retirement Date of June 30 following the date you turn age 67. You must commence your pension no later than December 31 of the year that you turn age 71.

Registered Amount
Money is viewed as registered if the amount falls within Income Tax Regulations transfer limits. It can be transferred on a tax-deferred basis to a registered savings vehicle. Investment income is tax-deferred. Any withdrawals are taxable.

Registered Retirement Savings Plan (RRSP)
A tax-deferred retirement savings vehicle. Contributions are tax-deferred up to Canada Revenue Agency limits. Investment income is tax-deferred. Any withdrawals are taxable.

Solvency Transfer Deficiency
If the solvency ratio of the Plan at its date of the last filed valuation is less than 1.0, certain conditions and restrictions, as prescribed by the *Pension Benefits Act, 1992*, must be applied to the transfer of benefits from the Plan. Specifically, while the solvency ratio is less than 1.0, each defined benefit lump sum transfer out of the Plan would be limited to the solvency ratio multiplied by the total transfer value. The residual amount with interest would be transferred upon the earliest of:

- five years from the valuation date having elapsed;
- a subsequent valuation of the Plan disclosing a solvency ratio of 1.0 (or greater);
- a special payment equal to the residual amount being made to the Plan

Spouse
A person who is either:

- Married to a member, or
- If a member is not married, a person with whom the member is cohabiting in a conjugal relationship at the relevant time and who has been cohabiting in a conjugal relationship continuously with the member as his or her spouse for at least one year prior to the relevant time.

Year's Maximum Pensionable Earnings (YMPE)
The earnings base used to determine Canada Pension Plan contributions and benefits. The level adjusts annually to keep pace with average wage increases in Canada.

This booklet briefly describes the University of Saskatchewan 1999 Academic Pension Plan. It is intended as a summary only. Full details are set out in the relevant legal Plan documents. You can review these documents by contacting the Pensions Office. In the event of any discrepancy, benefits will be paid according to the terms of the legal documents and government regulations.