2000 Academic Money Purchase Pension Plan

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Introduction

A Money Purchase Pension Plan works much like an investment account. You and the University contribute equally to the MPP account – then these contributions are invested. Your MPP account value may fluctuate up or down, based on investment earnings.

The University of Saskatchewan 2000 Academic Money Purchase 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

You are eligible to join the Plan if you are employed half time or more as follows:

In Scope or Out of Scope Faculty/Senior Administrative Employees:

- a probationary appointment leading to permanent status;
- a term appointment greater than six months;
- a without-term appointment for an expected duration greater than six months; or
- on the date you are granted tenure.

In Scope Administrative employees & Exempt employees:

- a permanent appointment;
- a term appointment of greater than six months.

All groups must join the plan immediately once eligible.

Enrolling in the Plan

To join the Plan, complete and sign the enrolment form and return it to Human Resources. This will authorize the University to deduct contributions from your pay. Once you have enrolled, your contributions will continue as long as the Plan is in effect and you remain a member.

Contributions

- Academic Employees:

  Both you and the University contribute to your MPP account. Each year, the total contribution is 17.0% 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, 8.5%, through payroll deductions.

- Senior Administrative Employees:

  Both you and the University contribute to your MPP account. Each year, the total contribution is 17.0% 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, 8.5%, through payroll deductions.

Earnings are subject to a maximum of $149,235 in 2015 ($146,647 in 2014). The maximum earnings amount changes annually.

- Administrative Employees:

  Both you and the University contribute to your MPP account. Each year, the total contribution is 13.64% 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, 6.82%, through payroll deductions.

Earnings are subject to a maximum of $140,944 in 2015 ($138,500 in 2014). The maximum earnings amount changes annually.

- Exempt Employees:

  Both you and the University contribute to your MPP account. Each year, the total contribution is 13.64% 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, 6.82%, through payroll deductions.

Earnings are subject to a maximum of $185,997 in 2015 ($182,771 in 2014). The maximum earnings amount changes annually.

Other Contributions

You may also transfer 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 2000 Academic Money Purchase Pension Plan.

Please contact the Pensions Office (Financial Services) for details.

Investment Earnings

You may select how to allocate your MPP account amongst several fund choices as described below:

- ➢ Conservative Life Cycle Fund
- ➢ Balanced Life Cycle Fund
- ➢ Aggressive Life Cycle Fund
- ➢ Canadian Equity Fund
- ➢ U.S. Equity Fund
- ➢ International Equity Fund
- ➢ Fixed Income/Bond Fund
- ➢ Money Market Fund

Your MPP account will reflect the actual investment performance of the funds you choose.

Retirement Benefits

Three retirement dates are available to you:

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.

The amount of retirement income you receive will depend on when you retire and how much you have accumulated in your MPP account.

Your MPP account balance may comprise of:

- ➢ contributions made by you and the University;
- ➢ investment income; and
- ➢ any lump sum transfer from another pension plan.

The accumulated amount in your MPP account will be used to provide an income when you retire.

Retirement Options

Using the balance in your MPP account, you can

- ➢ transfer to a Prescribed Registered Retirement Income Fund (PRRIF), (to the U of S Group Retirement Fund or to a financial institution);
- ➢ transfer to a Locked-in Retirement Account (LIRA);

- buy a monthly lifetime pension (Life Annuity) from an insurance company; or
- leave your balance in the Plan to be transferred at a later date.

You must transfer your balance to a Prescribed Registered Retirement Income Fund or use it to purchase a Life Annuity before December 31 of the year in which you turn age 71.

Transfer to a Prescribed Registered Retirement Income Fund (PRRIF)

Rather than using your MPP account balance to purchase an annuity, you can transfer your benefits to a Prescribed RRIF. A Prescribed RRIF allows you to keep your money invested and create your own payment schedule, but there is a minimum amount that must be withdrawn each year. There is no maximum withdrawal amount. Your Spouse, if you have one, must sign a release in order for you to transfer your benefits to a Prescribed RRIF.

Transfer to a Locked-In Retirement Account (LIRA)

You may transfer your pension plan benefit to a LIRA. A LIRA is an investment account in which you can keep your money invested. You cannot make withdrawals from your LIRA. 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.

Buying a Life Annuity

A Life Annuity is a lifetime pension purchased through a contract with an insurance company. You receive guaranteed monthly payments, the amount of which will depend 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.

Leave Your Balance in the Plan

You may leave your balance in the Plan to be transferred at a later date. You must transfer your balance to a Prescribed RRIF, or use it to purchase a Life Annuity before December 31 of the year in which you turn 71.

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 Money Purchase Pension Committee, subject to the authority of the University of Saskatchewan Board of Governors, may request a special pension settlement more appropriate to your circumstances. For example, if you are terminally ill, you may request a lump sum settlement.

Death Benefits

Before You Retire

In the event of your death before retirement, your designated beneficiary or estate will receive a death benefit, which is the total value of your MPP account (University and member contributions, plus investment earnings to the date of your death).

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);
- ➢ a transfer to a Registered Retirement Savings Plan (RRSP);
- ➢ a transfer to a Locked-in Retirement Account (LIRA);
- ➢ a transfer to a Prescribed Registered Retirement Income Fund (RRIF),if your spouse is over age 55;
- ➢ 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 receiving their option forms, 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 to retire, you are entitled to the entire balance in your MPP account (University and member contributions, plus investment earnings to the date you leave your employment). You can transfer your MPP account balance to:

- ➢ an insurance company to buy a monthly lifetime pension (Life Annuity) commencing any time after age 55;
- ➢ a Locked-in Retirement Account (LIRA);

➢ the pension plan of your new employer if that plan permits such transfers; or
➢ leave your balance in the plan to be transferred at a later date.

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 at the time you left. If you are on an unpaid leave, you will have the option to maintain your pension contributions, but you must pay both your contributions and the University's contributions.

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 LTD Income Plan. While you are receiving LTD benefits from the University, both 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 investment until you withdraw funds at retirement.
Transferred Contributions	Tax-sheltered.

Pension Payments	Tax Implications
Individual monthly payments	Taxable. Taxed when paid out.

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	Compared to a Defined Benefit plan, you will have greater RRSP room in an MPP.

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.

Plan History

Before January 1, 2000, the University of Saskatchewan Academic Pension Plan was a Defined Benefit (DB) plan. This type of Plan provided members with a pension according to a set formula based on Pensionable Earnings and years of Pensionable Service. Both the employee and the University contributed equally to the Plan. These contributions, plus credited interest, funded the benefit.

If you were a member of the University's prior Plan, you had the opportunity to transfer the value of this Plan over to the 2000 Academic Money Purchase Pension Plan. All new employees hired since July 1, 2000 are required to join the 2000 Academic Money Purchase Pension Plan.

Personal Savings

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

The University of Saskatchewan 2000 Academic Money Purchase Pension Plan

- the foundation on which to build your retirement income – provides a pension based on contributions made by you and the University and the investment income 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 provide 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 transfer to 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.

Pension Adjustment (PA)

Your Pension Adjustment (PA) is the deemed value of your pension based on Canada Revenue Agency rules. It affects how much personal Registered Retirement Savings Plan (RRSP) room you have. In each calendar year, your RRSP contribution room is 18% of your earned income in the previous year minus your PA up to the annual contribution limit.

Your PA is the total of the contributions made by you and the University to the 2000 Academic Money Purchase Pension Plan.

RRSP Contribution Room

For example, in 2015 your maximum allowable RRSP 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 2014 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.

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 a set percentage for each month before age 65, calculated from the time you begin receiving your pension. In 2011, this percentage was equal to 0.5% per month, and will gradually increase to 0.6% per month in 2016. If you start receiving your pension in 2016, the maximum reduction is 36%, 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 a set percentage for each month after age 65 and before age 70, calculated from the time you begin receiving your pension. In 2010, this percentage was equal to 0.5% per month, and will gradually increase to 0.7% per month in 2013. If you start receiving your pension in 2013, the maximum increase is 42%, 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 benefit after 40 years of residence in Canada.
- A partial benefit 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 2000 Academic Money Purchase 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 you can contribute to the Plan. These limits are:

2012	$23,820
2013	$24,270
2014	$24,930
2015	$25,370
2016	Indexed to changes in average wages

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/**

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 the 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.

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, beneficiary, or estate 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.

Locked-in Retirement Account (LIRA)
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.

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

Pension Adjustment (PA)
The value Canada Revenue Agency assigns to your benefit under the Pension Plan. Your PA will reduce your RRSP contribution room.

Pensionable Earnings
Pensionable Earnings refers to your University salary. It excludes any other earnings such as honorariums, fees, and summer session payments, and is subject to a yearly maximum.

For members of the clinical medical staff, Pensionable Earnings is the academic component of the University salary only.

Postponed Retirement
Retirement date after your Normal Retirement Date of June 30 following age 67.

Prescribed Registered Retirement Income Fund (RRIF)
If you are 55 years of age or older, upon retirement you can transfer your pension plan benefits to a Prescribed Registered Retirement Income Fund (RRIF). A Prescribed RRIF allows you to keep your money invested but there is a minimum amount that must be withdrawn each year. There is no maximum withdrawal amount. Your spouse, if you have one, must sign a release in order for you to transfer your benefits to a Prescribed RRIF.

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

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 2000 Academic Money Purchase 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 (Financial Services). In the event of any discrepancy, benefits will be paid according to the terms of these legal documents and government regulations.