

# University of Windsor Retirement Plan for Faculty and Certain Employees

## Understanding Your Annual Pension Statement



# Background - Types of Plan Design

- Defined Benefit (DB) (Minimum Guaranteed MGB)
  - Pension benefit at retirement based on a formula
  - Typically, a function of service and earnings
- Defined Contribution (DC) (Money Purchase MPP)
  - Fixed contributions to an investment account
  - Account balance used to provide retirement benefits
- Hybrid
  - Combination of a DB and DC
  - Can be either i) DB plus DC or ii) greater of a DB and DC

## The Faculty Plan is a Hybrid Benefit Plan



# Basic Features – Faculty Plan Design

- HYBRID PLAN DESIGN – University of Windsor Faculty Plan
  - Member receives “the greater of DB and DC” benefit amounts
  - Pension from DC with a supplemental top up to meet the DB minimum guarantee pension amount, if needed
  - If MPP amount > MGB amount then supplement = \$0.00
  - If MPP amount < MGB amount then the member would receive the MPP *plus* a supplement to the end of the Plan year. Pension amounts are recalculated each July 1<sup>st</sup> for the new Plan year. A supplement may or may not be owing for the next Plan year.



# Basic Features – Faculty Plan Design

- **Pensionable earnings** means basic (nominal) salary, or sessional contract amount. Excludes allowances, bonuses or gratuities, stipends or overload payments of any kind
- **Pensionable service** includes illness or injury absence, paid leaves, maternity/parental/adoption leaves, new statutory leaves, sabbatical leaves; excludes unpaid leaves.
- **Sessional Lecturer service** determined as follows:
  - 8 month FT =  $8/12 = .6667$  service per year
  - 9 month FT =  $9/12 = .7500$  service per year
- **Sessional Instructor service** determined as follows:
  - 1 course per semester = .3333 of a month credited service
  - 2 courses per semester = .6667 of a month credited service
  - 3 (or more) courses per semester = 1.000 month credited service



# Basic Features – Faculty Plan Design

## DC or Money Purchase Provision (MPP)

- Members contribute 9% of pensionable earnings to MPP account
- University contributes 6% of pensionable earnings to MPP account
- University directs investments
- At retirement, MPP balance is annuitized within Pension Plan based on a future fund return assumption of 6%
- Post-retirement indexing based on investment earnings relative to 6% (+/-) less retiree mortality experience

## DB or Minimum Guarantee Benefit (MGB)

- 1.5% & 2% of best 48 months (BAE) multiplied by years of credited service
- Early retirement – age 55, subject to actuarial adjustment to reflect the longer payout period
- Normal retirement – July 1<sup>st</sup> following age 65
- Postponed retirement – to age 71
- Post-retirement indexing based on inflation (50% - 100% of CPI)
- Funded solely by the University



# Basic Features – Faculty Plan Funding

Fixed Member Contributions, Variable University Contributions

- **DC – MPP (Money Purchase)**
  - Member contributes 9% of pensionable earnings
  - University contributes 6% of pensionable earnings
  
- **DB – MGB (Minimum Guaranteed Benefit)**
  - University solely responsible for the cost of the difference between the MGB pension and the MPP pension



# Your Pension Statement

**An annual pension statement must provide the following information:**

- Name of the Plan and Plan registration number
- Plan statement period
- Member name, ID#, birth date, hire date, Plan entry date
- Name of spouse and beneficiary
- Credited service to date
- Earnings used in calculation of monthly pension at Plan year end
- Statement of Account including current year interest rate
- Estimated pension earned to Plan year end
- Estimated pension projected to Normal Retirement date
- Basic information on any government pension entitlements
- Normal Form of Pension (Life with a 5 year guarantee)
- Disability benefits (if any)
- Early retirement eligibility provisions
- Vesting
- Termination options
- Pre-retirement death benefit
- Financial Position of the Plan & Other Pension Documentation
- Discontinuance of the Plan
- Errors and Omissions



# Your Pension Statement

Must be issued once per year, within six months of Plan year end

- Plan year July 1<sup>st</sup> through June 30<sup>th</sup>
- Your annual pension statement is a “snapshot” at a fixed point in time

## Personal Member Information Section

- Member name, ID #, date of birth, date of hire, date of Plan entry
  - **Normal Retirement Date (NRD)**  
Faculty and Librarians → Hired after Sept. 1, 1975, July 1<sup>st</sup> following 65<sup>th</sup> birthday  
Non faculty members → 1<sup>st</sup> of the month following the 65<sup>th</sup> birthday
  - **Early Retirement Date (ERD)** Earliest eligible date – 10 years prior to NRD
- Province of employment: Ontario
- Spouse, Beneficiary
  - Per Ontario Pension regulations, spouse automatic beneficiary
  - Spouse can waive pre-retirement entitlement via FSRA Form 4
- Best Average Earnings: highest 48 months pensionable earnings to Plan year end date
- Pensionable Service (years and part years) to Plan year end date
  - Can be affected by part years of service, unpaid leaves, maternity/parental leaves, sabbatical leaves





# Sample Personal Member Information Section



## University of Windsor Retirement Plan for Faculty and Certain Employees Registration Number: 0366849

**Annual Pension Benefit Statement for the period July 1, 2022 to June 30, 2023**

This personal Pension Benefit Statement summarizes the main features of your Pension Plan and reports specific details of your position in the Plan at June 30, 2023. This statement has been prepared from information in our pension records, and it should be reviewed carefully and filed for future reference. If you believe any of the information is incorrect, please report this to the Office of Pensions & Benefits, in the Department of Human Resources immediately.

### Member Information as at June 30, 2023:

Member's Name: **JOHN STATEMENT**  
Employee ID #: **12345**  
Date of Birth: **March 5, 1970**  
Date of Employment: **July 1, 2003**  
Date of Registration (Plan Entry): **July 1, 2003**  
Normal Retirement Date (NRD): **July 1, 2035**  
Date Eligible for Early Retirement: **July 1, 2025**

Province: **Ontario**  
Beneficiary(s): **JANE STATEMENT**  
Spouse: **JANE STATEMENT**

Best Average Earnings: **\$151,642.50**  
Pensionable Service: **19.9477Years**



# Your Pension Statement

## Statement of Accounts Section

- Member MPC Account balance at last day of prior Plan year
- Employer MPC Account balance at last day of prior Plan year

### PLUS

- Member and employer current year contributions
  - Could include contributions on retroactive pays

### PLUS

- Fund gains (+) or loss (-) applied to member and employer accounts
  - Full return rate applied on opening balances and one-half the return applied on current year contributions

### EQUALS

- Member MPC Account balance at last day of statement Plan year
- Employer MPC Account balance at last day of statement Plan year

**Fund return for statement Plan year is 12.58% (2022/2023)**



# Statement of Accounts Section

## Statement of Accounts

	Employee MPC Account	Employer MPC Account	Total MPC Account	AVC Account	Past Service Contribution Account
Balance as at June 30, 2022	<b>\$233,282.21</b>	<b>\$190,625.95</b>	<b>\$423,908.16</b>	<b>0.00</b>	<b>0.00</b>
Current year contributions	<b>\$13,897.14</b>	<b>\$9,264.68</b>	<b>\$23,161.82</b>	<b>0.00</b>	<b>0.00</b>
Fund gains (+) or loss (-)	<b>\$30,221.03</b>	<b>\$24,563.49</b>	<b>\$54,784.52</b>	<b>0.00</b>	<b>0.00</b>
Balance as at June 30, 2023	<b>\$277,400.38</b>	<b>\$224,454.12</b>	<b>\$501,854.50</b>	<b>0.00</b>	<b>0.00</b>

The Fund rate of return (Credited Interest) applied to the Account balances for the year ending June 30, 2023 is **12.58%**



# Your Pension Statement

## Retirement Income Projections Section

Describes the Money Purchase Pension (MPP) benefit calculation

Describes the Minimum Guaranteed Pension (MGB) benefit calculation

### ***Estimated Monthly Pension earned to Plan year end date, payable at NRD***

- Based on MPC account balance, actual pensionable service and best average earnings 48 months, at June 30, 2023

### ***Estimated Monthly Pension projected to your Normal Retirement Date***

- Uses most current nominal salary if NRD greater than 48 months away, if greater than your accrued 48 months of earnings
- OR - highest 48 months earnings if NRD is within 48 months
  - Can be combination
    - » i.e. NRD July 1, 2026
    - » Salary at July 1, 2023 x 3 years plus last highest 12 months nominal earnings if higher than last 48 months nominal earnings
    - » Various calculations to determine highest average



# Your Pension Statement

***Estimated Monthly Pension earned to Plan year end date, payable at NRD***

***(A) Variable Money Purchase Pension (MPP)\* \$3,584.18***

***(B) Estimated Minimum Guaranteed Pension (MGP) \$4,527.88***

***Estimated monthly pension (greater of (A) and (B)) \$4,527.88***

***IF AVC THEN Additional monthly Pension Benefits (AVC)\* \$0,000.00***

***If PSP THEN Past Service Pension provided by your years of past service \$0,000.00***

*Your Estimated Monthly Pension earned as of June 30, 2023 is an estimated pension payable at Normal Retirement Date (or at actual Retirement Date if your NRD has passed) based on the balance in your MPC account, Pensionable Service and Best Average Earnings at June 30, 2023.*



# Your Pension Statement

## Accrued Money Purchase Pension amounts are determined by:

- Current MPP account balance at June 30<sup>th</sup>, payable at NRD
- Fund growth assumption of 3% per annum
- Age at retirement
- Unisex assumption 80% male; 20% female
- Post retirement fund return assumption 6%
- Mortality assumption UP 1994 using projection scale AA
- **\$3,584.18 (A)**

## Accrued Minimum Guaranteed Pension amounts are determined by:

- June 30, 2023 BAE 48 of \$151,642.50 (19.9477 credited service years)
- YMPE for same period \$61,800 (CPP maximum pensionable earns)
- $YOS \times [(0.015 \times \$61,800) + (0.02 \times (\$151,642.50 - \$61,800))] / 12 \text{ months}$
- $19.9477 \times [(0.015 \times \$61,800) + (0.02 \times 89,842.50)] / 12$
- $19.9477 \times (927 + 1,796.85) / 12 = \mathbf{\$4,527.88 (B)}$
- MAX Pension Limit for 2023 =  $3,506.67 \times 19.9477/12 = \$5,829.17 \text{ N/A}$

**Estimated accrued monthly pension (greater of (A) and (B)) is: \$4,527.88**



# Your Pension Statement

***Estimated Monthly Pension projected to your Normal Retirement Date of:***

***(A) Variable Money Purchase Pension (MPP)\**** ***\$7,514.63***

***(B) Estimated Minimum Guaranteed Pension (MGP)*** ***\$7,410.75***

***Estimated monthly pension (greater of (A) and (B))*** ***\$7,514.63***

***IF AVC THEN Additional monthly Pension Benefits (AVC)*** ***\$0,000.00***

***If PSP THEN Past Service Pension provided by your years of past service*** ***\$0,000.00***

*The Estimated Monthly Pension projected to your NRD is an estimated pension payable at your NRD based on the balance in your MPC account, Pensionable Service and Best Average Earnings at June 30, 2023 with pensionable service and contributions projected forward to your NRD based on the assumption you will continue to work at the University in the same capacity as you are now, with NO change in annual earnings. If your NRD has passed, there is no projected calculation on your statement.*



# Your Pension Statement

## Projected Money Purchase Pension amounts are determined by:

- Current MPP account balance plus future contributions, for pension projected to NRD, using highest average earns  $\times (9\% + 6\%) \times$  remaining credited service years
- Fund growth assumption of 3% per annum
- Age at retirement
- Unisex assumption 80% male; 20% female
- Post retirement fund return assumption 6%
- Mortality assumption UP 1994 using projection scale AA
- **\$7,514.63 (A)**

## Projected Minimum Guaranteed Pension amounts are determined by:

- July 1, 2023 nominal salary of \$155,829
- 2023 YMPE of \$66,600 (CPP maximum pensionable earns)
- 19.9477 current service plus 12 more years of service (2035 – 2023)
- $YOS \times [(0.015 \times \$66,600) + (0.02 \times (\$155,829 - \$66,600))] / 12$  months
- $31.9477 \times [(0.015 \times \$66,600) + (0.02 \times 89,229)] / 12$
- $31.9477 \times (999 + 1,784.58) / 12 = \mathbf{\$7,410.75 (B)}$
- MAX Pension Limit for 2023 =  $3,506.67 \times 31.9477 / 12 = \$9,335.84$  N/A

**(c) Estimated projected monthly pension (greater of (A) and (B)) is: \$7,514.63**





# Your Pension Statement

## **Additional Pension Benefits (AVC)**

Identifies an additional monthly pension at NRD on an:

### ***MPP basis***

- Comprised of additional voluntary member contributions (no longer permitted) or locked in transfers from other employer plans
- Calculated on the same basis as (A), always kept separate

## **Past Service Pension Benefits (PSP)**

Identifies a monthly pension at NRD from a period of past service

### ***MGB basis***

- Comprised of fixed past service credit years, current BAE 48 or projected BAE 48
- Calculated on the same basis as (B), always kept separate



# Your Pension Statement

## Government Pension Benefits

- Required to include per pension regulations
- Your UWindsor pension is not impacted by the government plans
- Request a CPP Statement of Contributions from Service Canada
  - <http://www.servicecanada.gc.ca>

## Normal Form of Pension – Life Guaranteed Five (5) years

- Result of initial formula calculations
- Payable for your lifetime, and for 60 months at a minimum
- Other forms available on an actuarial equivalent basis

## Disability Benefits

- Special provision if disabled, must meet certain criteria
- If eligible, can begin pension as early as age 55 with no actuarial reductions

## Early Retirement

- Earliest age 55
- MPP pension calculated on MPC account and actuarial basis
- MGB pension calculated on service & BAE with an actuarial reduction of approximately 6 – 7 % per year away from NRD
- Early retirement estimates can be modelled in the Pension Estimator



# Your Pension Statement

## Vesting

- Plan provides immediate vesting (ownership) of all member AND employer contributions

## Termination of Employment

- Full cash refund option is only available to members with an annual pension of less than 4% of the current YMPE (\$2,664 or \$222 month)
- In some cases, in lieu of cash (less tax), funds can be transferred to an RRSP providing you have the RRSP available room. Proof of room is required
- AVC's can be taken in cash (less tax), transferred to a new employer Plan, to an RRSP, or left within the University Plan
- Termination estimates can be modelled in the Pension Estimator

## Pre-Retirement Death Benefit

- Outlines options for disbursement in the event of your death
- Spouse may elect an immediate or deferred monthly pension
- Spouse may also transfer the value to an RRSP, RRIF on a tax deferred basis, locked-in. Does not affect spousal RRSP room
- Spouse may elect cash less tax
- All other beneficiaries have cash option only (taxable)



# Your Pension Statement

## Financial Position of the Plan

- Provides details of the financial status of the Plan as of the most recent actuarial valuation, and the previous actuarial valuation
- Includes an estimated funded status at June 30, 2023 (transfer ratio)
- Provides information of how Plan surplus (if any) would be distributed or addressed

## Other Pension Documentation

- Information required to be disclosed in accordance with the Pension Benefits Act
- Information on the Plan's investment policies and procedures

## Discontinuance of the Plan

- Provides details of what happens to the fund assets in the unlikely event of Plan discontinuance

## Errors and Omissions

- The Pension Statement in itself is not legally binding
- The University reserves the right to correct any errors in your pension records. These records are used to prepare Annual Pension Statements as well as Pension Estimates in the Planner, and Pension documents on end of employment, retirement or death



# Faculty Pension Plan

*Stay tuned....coming in the near future*

## **Annual Open Pension Meeting**

November 14, 2023 (3:30-4:30pm)

Toldo Health Education Centre, Rm 203 or via Teams

## **Upcoming pension sessions:**

1. Planning the Path to your Future – Using the Pension Estimator – Friday February 16, 2024 (9:00 - 11:00 am)
2. Choosing Normal or Optional Forms of Pension at Retirement – Friday April 5, 2024 (9:00 - 10:30 am)
3. Retirement Planning Seminar – Friday May 3, 2024 (1:00 – 4:30pm)

## **Other pension information available on the HR website**

1. Pension Plan Text
2. Pension Plan Valuations
3. Pension Plan Financial Statements
4. Statement of Investment Policies and Procedures
5. 2005 – 2022 Annual Open Pension Meeting presentations
6. FAQ's and more!



# Questions?



## Your Pension Administration Team:

Ms. Bridget Aguilar  
Pension Administrator

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*Thank you for attending this session*

