



Memorial University Pension Plan

FAQs

Under what authority does the Memorial University Pension Plan operate?

The Memorial University Pension Plan is a legislated public sector pension plan that operates under the authority of the *Memorial University Pensions Act*. It is also subject to the Newfoundland and Labrador *Pension Benefits Act, 1997*, which governs pension plans registered in this province, and provisions of the federal *Income Tax Act* (Canada) governing registered pension plans. The Board of Regents is trustee of the pension plan and it is administered by Pension Services, Office of the AVP (Finance) and CFO.

What type of pension plan is it?

The Memorial University Pension Plan is a “defined benefit” plan which means that employees' retirement pensions are calculated according to a pre-determined pension formula specified in the plan provisions. This type of plan differs from a “defined contribution” or “money purchase” pension plan whereby an individual's retirement benefits are dependent on the amount of contributions and investment income accumulated in the individual's account at the time of (and during) retirement.

Who participates in the pension plan?

Employees appointed to full-time University positions are required to become members of the Memorial University Pension Plan. Contractual employees are required to participate in the pension plan on the earlier of the effective date of appointment to a contractual position of at least six months duration to work at least 20 hours per week or, the effective date of completion of six months continuous employment of at least 20 hours per week.

How can I obtain information relating to my pension benefit?

Employees can access information relating to their pension by logging onto my.mun.ca. Under the “Employees” tab in the “Employee Self Service” box you will find a link to “Pension Information”. From this website you can access your annual pension statement, which provides a summary of your key pension information and entitlement on December 31st of each year. The site also provides a link to a pension projection tool, which allows you to estimate your pension payable from the plan at various retirement ages.

My spouse is not listed on my pension statement, how can I change this?

You may update your marital information by completing the form found by logging onto my.mun.ca. Under the “Employees” tab in the “Human Resources” box there is a section entitled “Pensions”. You may also find the form [here](#). Please complete the Pension Data Adjustment Form and email to pensions@mun.ca.

Identifying a spouse or cohabiting partner is optional and will not impact your pension entitlement or that of your principal beneficiary upon your death. Benefits payable to principal beneficiaries are determined at the date of death and will be payable to the principal beneficiary at that time, if there is one.

How much are employees required to contribute to the pension plan?

Employees' contributions to the Memorial University Pension Plan are integrated with contributions to the Canada Pension Plan (CPP) according to the following schedule:

- 11.4% of earnings up to and including the Year's Basic Exemption (YBE) as defined under the CPP. The YBE is the portion of earnings upon which no CPP contributions are required. The YBE for 2025 is \$3,500.
- 9.6% of earnings in excess of the YBE up to and including the Year's Maximum Pensionable Earnings (YMPE) under the CPP. The YMPE is the ceiling upon which CPP contributions and benefits are based. The YMPE for 2025 is \$71,300.
- 11.4% of earnings in excess of the YMPE.

Example: Annual Salary \$80,000

YBE	\$ 3,500	11.4%	x	\$ 3,500	399.00
YMPE	\$71,300	9.6%	x	\$67,800	6,508.80
		11.4%	x	\$ 8,700	991.80
Required Pension Plan Contributions					\$7,899.60

Employee contributions are limited to the annual maximum permitted under the *Income Tax Act* (Canada).

Employees are not permitted to contribute amounts in excess of required contributions.

Is there a maximum number of years' pensionable service?

No, as long as you continue to be employed in a pensionable position at the University you are required to contribute to the pension plan subject to the pension commencement rules set out in the federal *Income Tax Act* (Canada). The *Income Tax Act* requires that active pension plan participation cease and pension payments commence no later than December 31st of the year that a plan member reaches the age of 71. For Memorial employees, active pension plan participation will end on November 30th of the calendar year in which they reach the age of 71 and the first pension payment will be paid effective December 1st of that same calendar year. Pension payments are made on or about the 15th of every month. These pension commencement rules do not mean that you must stop working when your pension starts. They simply mean that your pension must start and that active participation as a contributing member must end.

Does the University also contribute to the Memorial University Pension Plan?

Yes, the University matches employee contributions. In addition, the University is required to contribute additional amounts under provincial pension standards legislation in order to eliminate any unfunded liabilities that may emerge in the pension plan. Employee contributions and those made by the University are paid into the Memorial University Pension Fund for investment.

What qualifies as eligible pensionable service under the Memorial University Pension Plan?

The *Memorial University Pensions Act* specifies the periods of service which are considered eligible for pension purposes. The following is a brief summary of the types of eligible service.

- service performed as a permanent employee of the University
- contractual service with the University where the initial contract is for a minimum duration of six months to work a minimum of 20 hours per week
- contractual service, on a go-forward basis, upon reaching six months of continuous employment of at least 20 hours per week
- periods of eligible prior contractual service for which no contributions were previously made;
- prior service refunded from the Pension Plan
- periods while an employee is on an approved leave of absence, subject to certain limits;
- periods of sabbatical leave
- periods while in receipt of benefits from the University's long-term disability plan
- prior pensionable service with certain public sector pension plans may be transferred to the Pension Plan under a portability arrangement, provided the employee has not received a refund of premiums from that plan
 - Uniformed Services Pension Plan (USPP)
 - Members of the House of Assembly Pension Plan (MHAPP)
- periods of prior service may be transferred to the Pension Plan directly from another Registered Pension Plan, including other public sector pension plans such as the
 - Public Service Pension Plan (PSPP)
 - Teacher's Pension Plan (TPP)
 - Provincial Court Judges' Pension Plan (PCJPP)
- certain prior pensionable service with the Government of Newfoundland and Labrador which was previously refunded and for which an employee retains no benefit from Government
- periods of service transferred to the University from another employer with whom the University has a reciprocal transfer agreement
- war service in Her Majesty's Forces accredited by the Department of Veterans Affairs

What do the terms vesting and locking-in mean?

The terms **vesting** and **locking-in** go hand in hand with respect to entitlement to pension benefits. Vesting means that an employee's right to receive a pension benefit upon reaching retirement age is no longer dependent upon remaining in the service of Memorial University.

Locking-in means that the accrued pension benefit cannot be refunded as a lump sum cash payment upon termination of employment – it must be used to provide a retirement income payable for life. This does not necessarily mean, however, that locked-in funds have to remain in the Memorial University Pension Plan. Subject to certain restrictions, prescribed by provincial pension standards legislation, locked-in funds may be transferred – upon termination of employment – to a locked-in retirement account (locked-in RRSP), another employer willing to accept the transfer, or to an insurance company to purchase a deferred life annuity.

When do vesting and locking-in occur?

Employees are vested with respect to benefits earned prior to January 1, 1997 upon completion of five years of pensionable service. There are no locking-in restrictions imposed for lump sum cash payments in respect of pre-1987 employee contributions.

Locking-in occurs in respect of service performed between January 1, 1987 to December 31, 1996, upon attainment of 45 years of age and completion of ten years continuous employment or plan membership.

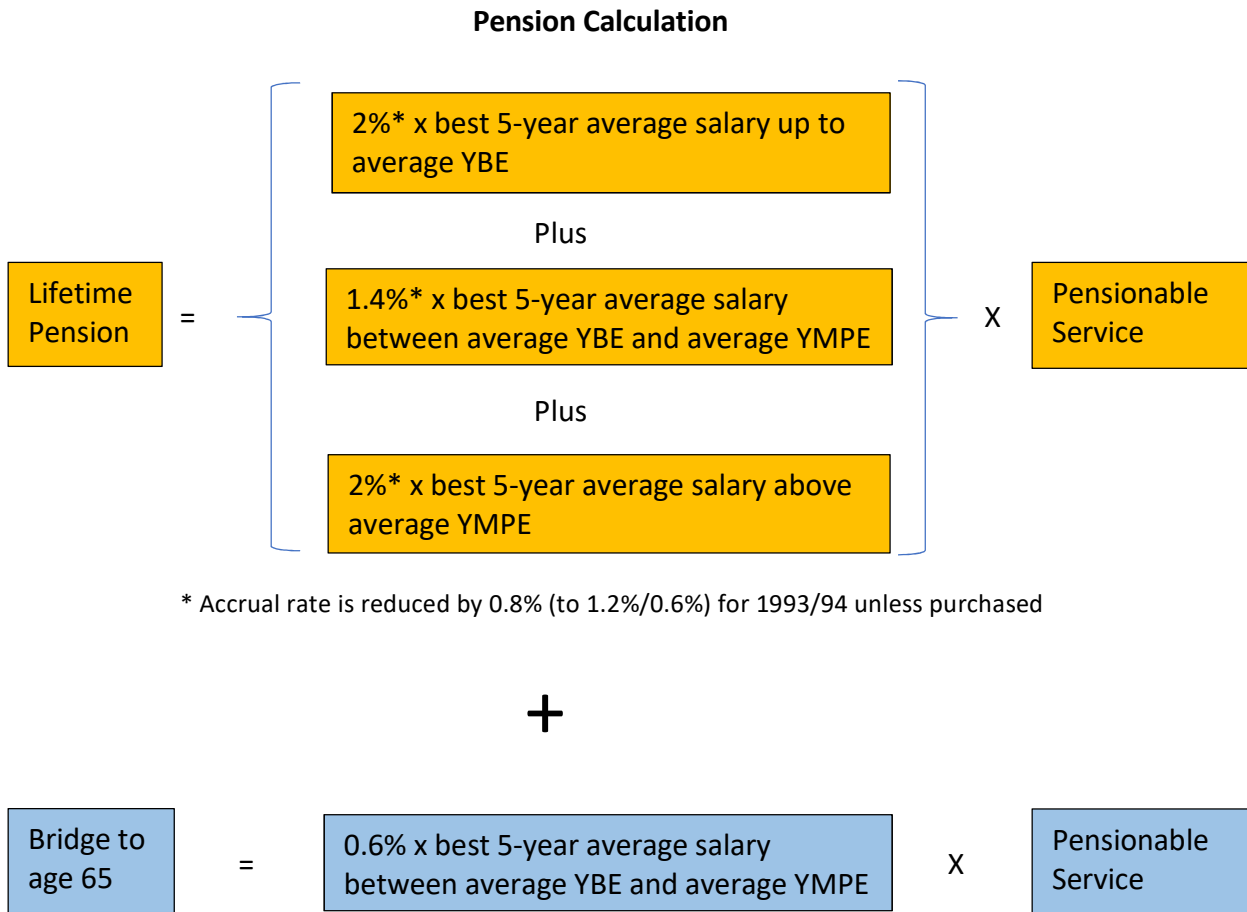
Benefits earned after December 31, 1996 are vested and locked-in upon completion of two years continuous plan membership.

What is the normal retirement age under the Memorial University Pension Plan?

The normal retirement age is defined to be age 65. This does not mean that employees must retire upon reaching their normal retirement age; mandatory retirement ended at Memorial University in 2007. However, in accordance with the *Income Tax Act*, employees must commence their pensions by December 31st of the calendar year in which they reach the age of 71.

How will my retirement pension be calculated?

Retirement benefits are calculated in accordance with a pre-determined formula, based upon pensionable salary and years of pensionable service. Pensions are integrated with benefits received under the Canada Pension Plan (CPP) and as such include a bridge benefit, payable to age 65.



- Pension subject to Canada Revenue Agency maximum (2025: \$3,756.67 per year of service).
- Pension is indexed from age 65 (60% of CPI to maximum of 1.2% annually).

YBE	The earnings floor under which no Canada Pension Plan (CPP) contributions are required. The YBE for 2025 is \$3,500.
YMPE	The first earnings limit upon which CPP contributions are based. The YMPE for 2025 is \$71,300.

What are the options for early retirement?

Advanced Retirement

Between the ages of 50 and 55 with at least 30 years of pensionable service. The pension is subject to a lifetime early retirement reduction of 0.5% per month times the number of months between pension commencement and age 55.

Unreduced Early Retirement

Between the ages of 55 and 60 with at least 30 years of pensionable service or anytime after age 60 with at least two years of pensionable service.

Reduced Early Retirement

Between the ages of 55 and 60 with a minimum of two years but less than 30 years of pensionable service. The pension is subject to a lifetime early retirement reduction of 0.5% per month times the number of months between pension commencement and age 60.

How will my pension be calculated if I retire early?

An early retirement reduction is applied when an employee chooses **early retirement** between the ages of 55 and 60 with fewer than 30 years of pensionable service. In such cases, the pension calculation is subject to a lifetime early retirement reduction of 0.5% per month times the number of months between pension commencement and age 60. There is no early retirement reduction in respect of retirements which occur at age 60 or later or between the ages of 55 and 60 with 30 or more years of pensionable service.

For employees who choose **advanced retirement** available between the ages of 50 and 55, with at least 30 years of pensionable service, a lifetime early retirement reduction of 0.5% per month times the number of months between pension commencement and age 55 is applied.

Example 1:

Jayne decides to retire at age 60 on August 31, 2025, with 34 years of pensionable service at Memorial University. Her best five-year average salary is \$75,000 and her average CPP contributory earnings for the same five-year period is \$62,238. She purchased the accrual top-up in respect of the 1993/94 fiscal year when the University reduced its contributions to the pension plan (so all years of service are at a 2% accrual rate). Jayne's retirement pension under the Memorial University Pension Plan would be:

Annual pension at age 60

Lifetime Pension	2.0%	x	3,500	x	34	\$ 2,380
	1.4%	x	62,238	x	34	29,625
	2.0%	x	9,262	x	34	6,298
						\$38,303 (A)

Plus

Bridge to age 65	0.6%	x	62,238	x	34	\$12,697 (B)
-------------------------	------	---	--------	---	----	---------------------

Annual pension plus bridge from age 60 to 65 (equal to A + B) **\$51,000**

Annual pension after age 65 (equal to A)* **\$38,303**

* Indexed annually in July.

(figures rounded for illustration purposes)

Example 2:

Michael chooses to retire early at age 56 on December 31, 2025 with 25 years and 9 months of pensionable service. His best five-year average salary is \$70,000 and his average CPP contributory earnings for the same five-year period is \$63,080. Michael's retirement pension under the Memorial University Pension Plan would be:

Lifetime Pension	2.0%	x	3,500	x	25.75	=	\$ 1,803
	1.4%	x	63,080	x	25.75	=	22,740
	2.0%	x	3,420	x	25.75	=	1,761
							<u>1,761</u>
							\$26,304
	(Early Retirement Reduction)			0.5% x 48 Months = (24%)			<u>(6,313)</u>
	Reduced Lifetime Pension						\$19,991 (A)

Plus

Bridge to age 65	0.6%	x	63,080	x	25.75	=	\$ 9,746
	(Early Retirement Reduction)		0.5% x 48 Months = (24%)				<u>(2,339)</u>
	Reduced Bridge Pension						
							\$7,407 (B)

Annual pension plus bridge from age 56 to 65 (equal to A + B) **\$27,398**

Annual pension after age 65 (equal to A)* **\$19,991**

* Indexed annually in July.

(figures rounded for illustration purposes)

If I leave the University before retirement, what happens to my pension?

That depends on your entitlement to pension benefits at the time of your termination of employment – that is, your vesting and locking-in status. If you were to leave the University before becoming entitled to a pension from the Memorial University Pension Plan, you would be entitled to withdraw your own contributions to the pension plan plus interest. You may choose to receive

your refund as either a lump-sum cash payment, with applicable tax deducted at source, or as a transfer – on a tax-sheltered basis – to your personal Registered Retirement Savings Plan (RRSP).

If, however, you were to terminate employment with the University after becoming entitled to a pension (even if you are not yet eligible to start your pension), you may elect either of the following options:

- a deferred pension payable at your earliest eligible retirement date;
- subject to the locking-in provisions of provincial pension legislation, a cash refund/transfer of non-locked funds plus a transfer of the locked-in portion to an approved retirement savings arrangement; or
- **if less than age 55**, a transfer, on a locked-in basis, of the commuted value of the entire pension benefit to an approved retirement savings arrangement.

Approved retirement savings arrangements include locked-in retirement accounts (locked-in RRSPs), deferred life annuities offered by insurance companies and another employer's registered pension plan where that plan is willing to accept commuted value transfers on a locked-in basis.

The **commuted value** of an employee's pension benefit is an actuarially-determined amount that represents the present value of their future retirement pension. Calculations are only performed following a particular service event such as a retirement, termination of employment or death and in the event of marriage breakdown. Commuted values are very sensitive to the interest rates in effect at the time of calculation and will vary from one employee to another as they are calculated with reference to such individual characteristics as age, gender, amount of pension benefit earned and expected retirement date.

How is Indexation calculated?

Indexation is calculated as 60% of the annual change in the Consumer Price Index (CPI), as measured by Statistics Canada, to a maximum pension increase of 1.2% annually. Indexing adjustments will occur in July of each year and will apply only to the benefits of retirees and survivor beneficiaries who have reached the age of 65, on or before July 1st of that year. If the cost of living, as reflected by the CPI, decreases in any particular year, pension amounts will remain the same - i.e., they will not decrease.

Indexing Example:

Current annual pension / survivor benefit	\$ 30,000	(e.g. effective June 1, 2025)
Plus: Indexing adjustment (1.20% increase)	360	
New annual pension / survivor benefit	<u>\$30,360</u>	(e.g. effective July 1, 2025)