



Memorial University Pension Plan

Pension Bulletin December 2025

Notice of Pension Plan Contribution Rate Reduction

To ensure the Memorial University Pension Plan (the Plan) remains financially stable and able to meet its pension commitments, an actuarial valuation is completed at least every three years, as required by pension legislation. This valuation reviews the Plan's financial position and determines the cost of pension benefits being earned by members (the *current service cost*).

The most recent valuation, completed as of December 31, 2024, found that the Plan's current service cost has decreased by **0.8%** of payroll. As employees and Memorial share this cost equally, the employee contribution rate will decrease by **0.4 percentage points** effective **January 1, 2026**.

NEW Contribution Rate Structure

Effective January 1, 2026, pension contributions will be based upon the rate structure below:

Earnings Level	Current Rate	New Rate (Jan. 1, 2026)
Earnings up to the Year's Basic Exemption (YBE) under the Canada Pension Plan (YBE for 2026: \$3,500)	11.4%	11.0%
Earnings between the YBE and the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (YMPE for 2026: \$74,600)	9.6%	9.2%
Earnings above the YMPE under the Canada Pension Plan	11.4%	11.0%

What Caused the Rate Reduction?

Actuarial valuations consider many factors, including:

- the average age of Plan members
- life expectancy
- expected investment returns
- demographic and economic trends.

Pension plan members may recall that contribution rates have been adjusted both upwards and downwards in recent years as these factors have influenced the Plan in different ways.

Since the last valuation in 2021:

- the average age of members has decreased slightly, and
- investment return expectations have improved.

These changes reduce the cost of providing future pension benefits. As a result, employee and employer contribution rates can be lowered by **0.4%** without compromising the Plan's sustainability.

Will a Lower Contribution Rate Put the Plan at Risk?

No. The reduced contribution rate still fully covers the cost of benefits earned in future years, as recommended by the Plan's actuary.

Employee contributions fund only future benefits. Except for a small portion of the rate (0.6%) that supports past service indexing, employees do **not** pay for any unfunded liabilities related to benefits already earned. Any such costs are the responsibility of Memorial University.

The Plan's Current Financial Position

The December 31, 2024 valuation showed that the Plan has a modest surplus. This surplus did **not** drive the rate reduction. Contribution rates are based solely on the cost of benefits expected to be earned in the years ahead. To maintain stability, funding valuations that determine contribution rates are completed every three years.

Illustration of Change in Pension Contributions

The following table illustrates how annual employee contributions will change under the new rate structure starting January 1, 2026, compared with current rates:

Annual Pension Contribution			Annual Pension Contribution		
Salary Level	Current Rates	New Rates Jan. 1, 2026	Salary Level	Current Rates	New Rates Jan. 1, 2026
\$40,000	\$3,903.00	\$3,743.00	\$120,000	\$12,400.20	\$11,920.20
\$50,000	\$4,863.00	\$4,663.00	\$140,000	\$14,680.20	\$14,120.20
\$60,000	\$5,823.00	\$5,583.00	\$160,000	\$16,960.20	\$16,320.20
\$70,000	\$6,783.00	\$6,503.00	\$180,000	\$19,240.20	\$18,520.20
\$80,000	\$7,840.20	\$7,520.20	\$200,000	\$21,520.20	\$20,720.20
\$90,000	\$8,980.20	\$8,620.20	\$220,000	\$23,800.20	\$22,920.20
\$100,000	\$10,120.20	\$9,720.20	\$240,000	\$25,353.00	\$25,120.20
\$110,000	\$11,260.20	\$10,820.20	\$260,000	\$25,353.00	\$25,353.00

Notes:

Figures based upon income tax limits in effect for 2026, including the maximum allowable pension contribution of \$25,353.

Pension contributions are tax deductible and the tax effect is recognized immediately by the payroll system.

For further information please visit the Pension Services website: <https://www.mun.ca/finance/pension-services/>

All inquiries can be directed to pensions@mun.ca