

Directive Number 2012-1

The Memorial University Pensions Act

Purchase of Prior Memorial University Contractual Pensionable Service

Purpose

To prescribe the terms and conditions under which an employee may purchase prior contractual pensionable service.

Directive

With the approval of the Minister for Advanced Skills and Education and under the authority of section 29.1 of the *Memorial University Pensions Act* (the Act), it is hereby directed that:

- 1) The following periods of employment with Memorial University of Newfoundland or an employer referred to in paragraphs 3(1)(b)(c) and (c.1) of the Act may be counted as pensionable service:
 - i) Periods of prior contractual employment where, at the outset of employment, the employee was appointed to a position of at least six months duration requiring them to work a minimum of 20 hours per week and the employee opted not to participate in the pension plan.
 - ii) Periods of prior contractual employment where, at the outset of employment, the employee was appointed to a position of at least six months duration requiring them to work a minimum of 20 hours per week and such period did not previously meet the pension plan participation criteria.
 - iii) Periods of prior contractual employment where the employee was appointed to positions of less than six months duration requiring them to work a minimum of 20 hours per week and where those contracts in total resulted in six months of continuous employment thereby causing employees to enter the pension plan on a go-forward basis.
- 2) An employee may elect to purchase all or part of the period of prior contractual pensionable service.
- 3) The cost shall be calculated as the greater of:
 - a) the full actuarial value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated with reference to the assumptions from the most recent actuarial valuation of the pension plan prepared for funding purposes.

and,

- b) the commuted value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated on a termination basis.

If an election is made to purchase a period under 1(iii) within 90 days of entering the pension plan, the cost shall be equal to the contributions the employee would have paid had they been in the pension plan during the period and the university shall match those contributions. After 90 days the cost shall be determined as above.

- 4) The cost referred to in 3) above may be paid as follows:
 - i) Lump sum cash payment;
 - ii) Direct transfer from the employee's Registered Retirement Savings Plan (RRSP) or other employer's registered pension plan;
 - iii) Installment plan set up via payroll deduction; or
 - iv) Any combination of the above.
- 5) Amounts paid through an installment plan shall be amortized on a declining balance basis and the rate of interest shall be set at the assumed rate of interest used in the most recent actuarial valuation of the pension plan prepared for funding purposes. The amortization period shall not extend beyond the employee's date of termination of employment or retirement, whichever first occurs. If, on the date of termination of employment, or retirement, the cost of the service is not paid in full, the employee will have the option of either immediately paying the outstanding amount due or accepting a lesser amount of service, the amount of which is represented by the ratio of total principal paid over the total cost of the service determined at the time the agreement to purchase is signed.
- 6) For lump sum payments or transfers from other registered retirement savings arrangements, interest shall be calculated and applied to the end of the month preceding payment.
- 7) Purchases of prior pensionable service shall be governed by a "Purchase of Service Agreement" which reflects the terms and conditions set out by this Directive. Employees must sign and return the Agreement to the Department of Human Resources within 30 days of it being issued to purchase the service at the cost quoted. In the case of an installment plan, payroll deductions shall begin in the pay-period immediately following receipt of the signed Agreement by the Department of Human Resources. For elections to make lump sum payments or transfer from other registered retirement savings plans, funds must be received within 90 days of the date of signing the Agreement. After 90 days, the Agreement will be considered to

have expired and subsequent requests to purchase the period of service shall be based upon the actuarial cost determined at the time the request is made.

- 8) Employees must be actively participating in the pension plan to be eligible to purchase prior contractual pensionable service.
- 9) Purchases of prior service under this Directive are subject to the applicable provisions of the *Income Tax Act (Canada)*, including, but not limited to, those provisions dealing with the deductibility of contributions and certification of past service pension adjustments.
- 10) The minimum benefit in respect of this purchased service shall be equal to the cost paid by employees plus interest at the rate credited to employee contributions.

Effective Date

This directive shall come into effect on January 1, 2014.

Directive Number 2012-2

The Memorial University Pensions Act

Purchase of Memorial University Prior Refunded Pensionable Service

Purpose

To prescribe the terms and conditions under which an employee may purchase prior Memorial University refunded pensionable service.

Directive

With the approval of the Minister for Advanced Skills and Education and under the authority of sections 25(3) and 29.1 of the *Memorial University Pensions Act* (the Act), it is hereby directed that the amount required to be contributed by employees to purchase prior refunded pensionable service under the Act shall be determined and paid as follows:

- 1) The cost shall be calculated as the greater of:
 - a) the full actuarial value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated with reference to the assumptions from the most recent actuarial valuation of the pension plan prepared for funding purposes.
 - and,
 - b) the commuted value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated on a termination basis.
- 2) An employee may elect to purchase all or part of a period of prior refunded vested or non-vested pensionable service.
- 3) The cost referred to in 1) above may be paid as follows:
 - i) Lump sum cash payment;
 - ii) Direct transfer from the employee's Registered Retirement Savings Plan (RRSP);
 - iii) Installment plan set up via payroll deduction; or
 - iv) any combination of the above.

- 4) Amounts paid through an installment plan shall be amortized on a declining balance basis and the rate of interest shall be set at the assumed rate of interest used in the most recent actuarial valuation of the pension plan prepared for funding purposes. The amortization period shall not extend beyond the employee's date of termination of employment or retirement, whichever first occurs. If, on the date of termination of employment, or retirement, the cost of the service is not paid in full, the employee will have the option of either immediately paying the outstanding amount due or accepting a lesser amount of service, the amount of which is represented by the ratio of total principal paid over the total cost of the service at the time the agreement to purchase is signed.
- 5) For lump sum payments or transfers from other registered retirement savings arrangements, interest shall be calculated and applied to the end of the month preceding payment.
- 6) Purchases of prior refunded pensionable service shall be governed by a "Purchase of Service Agreement" which reflects the terms and conditions set out by this Directive. Employees must sign and return the Agreement to the Department of Human Resources within 30 days of it being issued to purchase the service at the cost quoted. In the case of an installment plan, payroll deductions shall begin in the pay-period immediately following receipt of the signed Agreement by the Department of Human Resources. For elections to make lump sum payments or transfer from other registered retirement savings plans, funds must be received within 90 days of the date of signing the Agreement. After 90 days, the Agreement will be considered to have expired and subsequent requests to purchase the period of service shall be based upon the actuarial cost determined at the time the request is made.
- 7) Employees must be actively participating in the pension plan to be eligible to purchase prior refunded pensionable service.
- 8) Purchases of prior service under this Directive are subject to the applicable provisions of the *Income Tax Act (Canada)*, including, but not limited to, those provisions dealing with the deductibility of contributions and certification of past service pension adjustments.
- 9) The minimum benefit in respect of this purchased service shall be equal to the cost paid by employees plus interest at the rate credited to employee contributions.

Effective Date

This directive shall come into effect on January 1, 2014.

Directive Number 2012-3

The Memorial University Pensions Act

Purchase of Other Prior Refunded Pensionable Service

Purpose

To prescribe the terms and conditions under which an employee may purchase other prior refunded pensionable service.

Directive

With the approval of the Minister for Advanced Skills and Education and under the authority of sections 19(2) and 29.1 of the *Memorial University Pensions Act* (the Act), it is hereby directed that the amount required to be contributed by employees to purchase other prior refunded pensionable service under section 19(2) of the Act shall be determined and paid as follows:

- 1) The cost shall be calculated as the greater of:
 - a) the full actuarial value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated with reference to the assumptions from the most recent actuarial valuation of the pension plan prepared for funding purposes.
 - and,
 - b) the commuted value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated on a termination basis.
- 2) An employee may elect to purchase all or part of the period of other prior refunded pensionable service.
- 3) The cost referred to in 1) above may be paid as follows:
 - i) Lump sum cash payment;
 - ii) Direct transfer from the employee's Registered Retirement Savings Plan (RRSP);
 - iii) Installment plan set up via payroll deduction; or
 - iv) any combination of the above..

- 4) Amounts paid through an installment plan shall be amortized on a declining balance basis and the rate of interest shall be set at the assumed rate of interest used in the most recent actuarial valuation of the pension plan prepared for funding purposes. The amortization period shall not extend beyond the employee's date of termination of employment or retirement, whichever first occurs. If, on the date of termination of employment, or retirement, the cost of the service is not paid in full, the employee will have the option of either immediately paying the outstanding amount due or accepting a lesser amount of service, the amount of which is represented by the ratio of total principal paid over the total cost of the service at the time the agreement to purchase is signed.
- 5) For lump sum payments or transfers from other registered retirement savings arrangements, interest shall be calculated and applied to the end of the month preceding payment.
- 6) Purchases of other prior pensionable service shall be governed by a "Purchase of Service Agreement" which reflects the terms and conditions set out by this Directive. Employees must sign and return the Agreement to the Department of Human Resources within 30 days of it being issued to purchase the service at the cost quoted. In the case of an installment plan, payroll deductions shall begin in the pay-period immediately following receipt of the signed Agreement by the Department of Human Resources. For elections to make lump sum payments or transfer from other registered retirement savings plans, funds must be received within 90 days of the date of signing the Agreement. After 90 days, the Agreement will be considered to have expired and subsequent requests to purchase the period of service shall be based upon the actuarial cost determined at the time the request is made.
- 7) Employees must be actively participating in the pension plan to be eligible to purchase other prior refunded pensionable service.
- 8) Other prior refunded pensionable service includes service referred to in section 19(2) of the Act, formerly recognized under the *Public Service Pensions Act (1991)*, the *Teachers' Pensions Act (1991)* or the associated predecessor legislation and for which the employee received a refund of contributions or pension entitlement upon termination of employment.
- 9) Purchases of other prior service under this Directive are subject to the applicable provisions of the *Income Tax Act (Canada)*, including, but not limited to, those provisions dealing with the deductibility of contributions and certification of past service pension adjustments.
- 10) The minimum benefit in respect of this purchased service shall be equal to the cost paid by employees plus interest at the rate credited to employee contributions.

Effective Date

This directive shall come into effect on January 1, 2014.

Directive Number 2012-4

The Memorial University Pensions Act

Purchase of Authorized Unpaid Leave of Absence

Purpose

To prescribe the terms and conditions under which an employee may have a period of authorized unpaid leave of absence credited as pensionable service where an election is made to purchase the period:

- i) within the lesser of: i) 90 days following the return from leave and ii) the date of termination of employment, or
- ii) after the expiration of 90 days following the return from leave but before the date of termination of employment

Directive

With the approval of the Minister for Advanced Skills and Education and under the authority of sections 19.1(2) and 29.1 of the *Memorial University Pensions Act* (the Act), it is hereby directed that the amount required to be contributed by employees to purchase a period of authorized leave of absence under sections 19.1(2)(b) and (c) of the Act shall be determined and paid as follows:

- 1) If an election is made to purchase the period within the lesser of: i) 90 days following the return from leave and ii) the date of termination of employment, the amount to be contributed by employees shall be calculated as the contributions the employees would otherwise have paid to the pension fund had they elected to continue contributing during the leave of absence based on their nominal salary. The amount paid by employees shall be matched by the board and paid to the pension fund.
- 2) If an election is made to purchase the period after the expiration of 90 days following the return from leave, but before the date of termination of employment, the cost shall be calculated as the greater of:
 - a) the full actuarial value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated with reference to the assumptions from the most recent actuarial valuation of the pension plan prepared for funding purposes.

and,

- b) the commuted value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated on a termination basis.
- 3) An employee may elect to purchase all or part of the period of authorized unpaid leave of absence.
 - 4) The cost referred to in 1) above may be paid as follows:
 - i) Lump sum cash payment;
 - ii) Direct transfer from the employee's Registered Retirement Savings Plan (RRSP);
 - iii) Installment plan set up via payroll deduction; or
 - iv) any combination of the above.
 - 5) Amounts paid through an installment plan shall be amortized on a declining balance basis and the rate of interest shall be set at the assumed rate of interest used in the most recent actuarial valuation of the pension plan prepared for funding purposes. The amortization period shall not extend beyond the employee's date of termination of employment or retirement, whichever first occurs. If, on the date of termination of employment, or retirement, the cost of the service is not paid in full, the employee will have the option of either immediately paying the outstanding amount due or accepting a lesser amount of service, the amount of which is represented by the ratio of total principal paid over the total cost of the service at the time the agreement to purchase is signed.
 - 6) For lump sum payments or transfers from other registered retirement savings arrangements, interest shall be calculated and applied to the end of the month preceding payment.
 - 7) Purchases of prior pensionable service shall be governed by a "Purchase of Service Agreement" which reflects the terms and conditions set out by this Directive. Employees must sign and return the Agreement to the Department of Human Resources within 30 days of it being issued to purchase the service at the cost quoted. In the case of an installment plan, payroll deductions shall begin in the pay-period immediately following receipt of the signed Agreement by the Department of Human Resources. For elections to make lump sum payments or transfer from other registered retirement savings plans, funds must be received within 90 days of the date of signing the Agreement. After 90 days, the Agreement will be considered to have expired and subsequent requests to purchase the period of service shall be based upon the actuarial cost determined at the time the request is made.

- 8) Employees must be actively participating in the pension plan to be eligible to purchase periods of authorized unpaid leave of absence.
- 9) Purchases of periods of authorized unpaid leave of absence under this Directive are subject to the applicable provisions of the *Income Tax Act (Canada)*, including, but not limited to, those provisions dealing with the deductibility of contributions and certification of past service pension adjustments.
- 10) The minimum benefit in respect of this purchased service shall be equal to the cost paid by employees plus interest at the rate credited to employee contributions.

Effective Date

This directive shall come into effect on January 1, 2014.

Directive Number 2012-5

The Memorial University Pensions Act

Participation of Contractual Employees in the Pension Plan

Purpose

To prescribe the terms and conditions under which contractual employees shall participate in the pension plan.

Directive

With the approval of the Minister for Advanced Skills and Education and under the authority of section 29.1 of the *Memorial University Pensions Act* (the Act), it is hereby directed that contractual employees of Memorial University and the Memorial University Recreation Complex shall participate in the Memorial University Pension Plan as follows:

- 1) Participation shall be mandatory on the earlier of:
 - i) the effective date of appointment to a contractual position of at least six months duration to work at least 20 hours per week; or,
 - ii) the effective date of completion of six months continuous employment of at least 20 hours per week.
- 2) Notwithstanding paragraph 1, subsection ii) above, term appointees as referred to under the collective agreement with the Memorial University of Newfoundland Faculty Association who are on a contract of less than six months duration shall not be eligible to participate in the pension plan.
- 3) Where a contractual employee participating in the pension plan experiences a short term break in employment not exceeding 1 month, he/she shall continue to participate in the pension plan upon re-appointment to another contractual position, notwithstanding the length of the new contract. If the break in employment is greater than 1 month, the qualification criteria outlined above must be met.

- 4) For a contractual employee who, following policy amendment on September 11, 2003, exercised an additional one-time option and elected not to join the pension plan, the following guidelines shall apply:
 - i) the election is irrevocable for the life of the contract and for any extensions or renewals where there is no break in employment. For this purpose, renewals include changes in position or classification without a break in employment; and,
 - ii) a break in employment means a period exceeding 1 month in duration.
- 5) A contractual employee may elect to purchase eligible prior contractual service, for which he/she had previously opted out of the pension plan. The total cost to purchase prior pensionable service is the greater of:
 - a) the full actuarial value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated with reference to the assumptions from the most recent actuarial valuation of the pension plan prepared for funding purposes.
and,
 - b) the commuted value of the service to be credited as determined at the date of the employee's election to purchase the service and calculated on a termination basis.

Effective Date

This directive shall come into effect on January 1, 2014.

Directive Number 2012-6

The Memorial University Pensions Act

Transfer to an Approved Retirement Savings Arrangement

Purpose

To prescribe eligible pension vehicles or retirement arrangements for purposes of transfer of commuted values for terminating employees.

Directive

With the approval of the Minister for Advanced Skills and Education and under the authority of sections 25(1.1)(b) and 25(1.2) of the *Memorial University Pensions Act*, it is hereby directed that where an employee ceases to be an employee after becoming entitled to a pension under the Act and has elected a transfer of the commuted value of their pension, the transfer may be made to any of the following:

- i) Another pension plan registered in Canada if that plan permits and the administrator of that plan agrees to accept the payment;
- ii) A locked-in retirement account, life income fund, or locked in retirement income fund as these vehicles are defined in the regulations to the *Pension Benefits Act, 1997* and that meet the requirements of Directives issued under that Act.
- iii) A life insurance company to purchase a deferred life annuity.

Where the transfer would be greater than the maximum amount permitted under the *Income Tax Act (Canada)*, the excess shall be paid to the employee.

Effective Date

This directive shall come into effect on January 1, 2014.