THE BRANDON UNIVERSITY

RETIREMENT PLAN

BOOKLET

Registration No. 0206078

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INTRODUCTION

The Brandon University Retirement Plan (the Plan) provides income to University employees after they retire. It also provides benefits on death and termination of employment. The type of plan you have is called a defined benefit plan which means that the benefits are determined by a formula using your years of Credited Service and your average salary. These benefits are funded by your contributions, the University's contributions and investment income.

A defined benefit plan differs from the other major type of pension plan which is called a defined contribution or money-purchase plan which is similar in operation to a Registered Retirement Savings Plan (RRSP). Under that type of plan the contributions accumulate with investment income and your pension at retirement is whatever can be provided at that time with that accumulation.

The complete terms and conditions of the Plan are contained in the plan text. The purpose of this booklet is to outline the important features of the Plan in less technical language than the plan text. A copy of the legal document is available for review and, in any dispute, that document will take precedence over this booklet. For additional information relating to the Plan, contact Human Resources or visit the University webpage at https://www.brandonu.ca/hr/benefits/.

ELIGIBILITY AND MEMBERSHIP

If you are a Regular Employee you must join the Plan on your date of employment. A “Regular Employee” is an employee who is hired in a permanent position or a term position of 12 months or more.

If you are a Temporary/Casual Employee you may join the Plan on your date of employment. A “Temporary/Casual Employee” is an employee other than:

- a Regular Employee, or
- an Employee who is a student on a substantially full-time basis, or
- an Employee who is hired on a sessional basis and is already a member of another registered pension plan and accruing benefits as an active member in that plan on a substantially full-time basis.

If your employment started on or after January 1, 1984 and your basic salary is greater than or equal to 25% of the YMPE (Year's Maximum Pensionable Earnings) for two consecutive calendar years, you must join on January 1 of the following year in accordance with the Manitoba Pension Benefits Act.

“YMPE” is the amount set each year under the Canada Pension Plan (CPP). This amount is $66,600 in 2023 and will increase in the future at the same rate as average wages in Canada.

CONTRIBUTIONS

Member Contributions

Your regular contributions will be the sum of:

i) 8% of your basic salary up to the YBE (Year's Basic Exemption) and,
ii) 6.2% of your basic salary between the YBE and the YMPE (Year's Maximum Pensionable Earnings) and,
iii) 8% of your basic salary, if any, in excess of the YMPE and up to the YMCE (Year's Maximum Contributory Earnings).

"YBE" is the amount below which no contributions to the CPP can be made. The Year's Basic Exemption has been frozen since 1998 at $3,500. "YMCE" is the total of $98,750 plus 30% of the YMPE for the year.

If you are receiving benefits from the University's Long-Term Disability Plan, you will not be required to contribute to the Plan, but such Disability Plan will pay contributions on your behalf.

If you are employed on a less than full-time basis, your contributions will be based on your actual salary rather than your full time equivalent basic salary.

Your contribution to CPP in 2023 is 5.95% of your salary between the YBE and the YMPE.

Thus, if your salary in 2023 is $75,000, your contributions to the Plan and CPP in that year are:

Member Contributions	BU Plan Contribution		CPP Contribution	Total Member Contributions
Basic Salary	(%)	($)		
1st $3,500 (up to 2023 YBE)	8.0%	280.00	-	280.00
$3,501 - $66,600 (between 2023 YBE and YMPE)	6.2%	3,912.20	3,754.50	7,666.70
$66,601 - $75,000 (in excess of 2023 YMPE)	8.0%	672.00	-	672.00
Total		$4,864.20	$3,754.50	$8,618.70

For the purpose of calculating the contribution you are required to make to the Plan each year, your salary for each year after 2023 is limited to the total of $98,750 plus 30% of the YMPE.

A Member who is an Employee after their Normal Pension Commencement Date may elect to cease contributing to the Plan at the end of any pay period on or after their Normal Pension Commencement Date. Once an election is made and contributions are discontinued, a Member may not elect to resume contributions.

University Contributions

The University's regular contributions will be the sum of:

i) 8.0% of your basic salary up to YBE and,
ii) 6.2% of your basic salary between YBE and YMPE and,
iii) 8.0% of your basic salary, if any, in excess of the YMPE.

This contribution is not allocated to each member individually but rather to the pension fund (the Fund) in general and is used together with your contributions and investment income to pay pensions and other benefits as they become due. In addition, if an actuarial review of the Fund indicates that further contributions are required to keep the Plan fully funded, the University is required to make those additional contributions.

The University is required to match your contributions to the Plan and to the Canada Pension Plan. If a member elects to stop making contributions to the Plan after their Normal Pension Commencement Date, the University will not make contributions in respect of that member.

Additional Voluntary Contributions

Effective January 1, 1992, additional voluntary contributions are no longer permitted. For those members who made additional voluntary contributions before January 1, 1992, these contributions are paid in a lump sum on termination of employment or death. On retirement you may receive them as a lump sum, as an annuity that is purchased from an insurance company, or you may use them to increase your pension paid from the Plan. You cannot withdraw additional voluntary contributions except on termination, retirement or death.

Past Service Contributions

You may elect to make additional contributions to the Plan if you have Employment Service with the University prior to the date you joined the Plan provided your employment with the University has not ceased by reason of retirement or termination of employment. These additional contributions will be subject to the maximums permitted by the Income Tax Act. If you elect to make additional contributions in respect of pre-membership Service with the University:

i) you shall make all Member and University contributions to the Fund with respect to those periods,
ii) the University is not required to make any contributions with respect to those periods, and
iii) you will be responsible for any actuarial costs to provide the quotation of the amount of contribution required to purchase the Service whether you elect to make the additional contribution or not.

"Employment Service" is the length of time you have been employed by the University including paid and unpaid leaves of absence.

PENSION COMMENCEMENT

Normal Pension Commencement Date

Your normal pension commencement date will be the first of the month coincident with or next following your 65th birthday.

Early Pension Commencement Date

You can retire and start receiving your pension at any time after age 55; however, your pension would be reduced to partially offset the cost of paying into the Plan for fewer years and receiving pension for more years.

(A) Reduction A:

i) If you retire before you complete 15 years of Qualifying Service, your pension will be reduced by 1/3% for each month between your actual retirement date and age 65.

ii) If you retire after you complete 15 years of Qualifying Service and are at least age 60, your pension will be reduced by 1/6% for each month between your actual retirement date and age 65.

iii) If you retire after you complete 15 years of Qualifying Service but before reaching age 60, your pension will be reduced by 10% plus 1/2% for each month between your actual retirement date and age 60.

(B) Reduction B:

i) If your age plus Qualifying Service equals at least 85 and you are at least age 60, there is no early retirement reduction.

ii) If you do not satisfy the conditions of (B)(i), the early retirement reduction is 1/3% per month between the date your pension starts and the earlier of:

a) The date you would first satisfy the conditions of (B)(i) if your employment had continued, and
b) The Normal Pension Commencement Date.

The reduced pension will be based on whichever provision, (A) or (B) above, provides the greater pension.

"Qualifying Service" for most members will mean the period from the date when they last joined the Plan. The exceptions are:

(i) for Service before April 1, 1974, Qualifying Service will include Service from the date of hire, except leaves of absence during this period; and
(ii) if you terminated employment with the University and you did not transfer the value of your benefit out of the Plan and you rejoined the Plan within 5 years, qualifying service will include the earlier period of membership but not, of course, the period of absence.

Late Pension Commencement Date

If you continue employment with the University after your Normal Pension Commencement Date, you may choose to continue to make contributions and earn additional pension or cease contributing to the Plan at any time on or after age 65 and thereby stop accruing additional benefits.

The pension payable on your late commencement date will be the greater of:
(i) the pension based on the plan formula, as described below,
(ii) the actuarial equivalent of the pension that would have been payable at your Normal Pension Commencement Date,
(iii) the actuarial equivalent of the pension that would have been payable had you retired on the date you ceased making contributions.

If you do intend to continue working after age 65, you should consult Human Resources for information regarding your pension. In any event, your pension must commence prior to the end of the year in which you attain age 71.

PENSION BENEFITS

Your pension is based on a formula which takes into account your years of Credited Service in the Plan and your average salary in the years prior to retirement. If you retire at your Normal Pension Commencement Date, or at a date following when your age plus Qualifying Service equals at least 85 and you are at least age 60 there is no reduction to the formula pension.

"Credited Service" is the period of Service during which you made contributions to this Plan. It includes leaves of absence as long as contributions are continued. During part-time employment a proportionate amount of service credit is earned. It also includes Service while the member is receiving benefits from the University Long-Term Disability Plan.

The formula is:

> 2% x Final Average Earnings x years of Credited Service
> ***minus***
> 0.6% x CPP Average Earnings x years of Credited Service after January 1, 1990

In the above formula, "Final Average Earnings" means your basic salary in the highest 60 months during the last 12 years of employment divided by 5 and "CPP Average Earnings" means your CPP earnings (i.e., your earnings up to the YMPE) in the same 60 months as above divided by 5. Where a member has made an election to stop contributing to the Plan after their Normal Pension Commencement Date the Final Average Earnings is frozen at the time the contributions stop. If the contributions stop at a date other than a calendar year-end, the Final Average Earnings and CPP Average Earnings will be calculated using prorated earnings and service for the last calendar year in which contributions were made.

If you are not employed on a full-time basis (i.e., employed on a part-time basis), in determining average earnings, we use the annual earnings you would have received if you had been employed on a full-time basis, multiplied by your proportionate amount of Credited Service.

Example

Consider a member who is retiring on January 1, 2023 who has 25 years of Credited Service and assume that their salary in 2022 is $75,000 and that it had increased by approximately 3% each year for the last few years.

Then we have:

	Salary	**Maximum CPP Salary**
2018	$66,400	$55,900
2019	68,500	57,400
2020	70,600	58,700
2021	72,800	61,600
2022	75,000	64,900
Average	$70,660	$59,700

The yearly pension is therefore:
(2% x $70,660 x 25) – (0.6% x $59,700 x 25) = $26,375

In addition to the Brandon University pension you may also receive pension from the CPP as early as age 60 and Old Age Security (OAS) at age 65. The maximum pension at age 65 in 2023 under the CPP is $1,306.57 per month and the maximum pension from OAS at March 2023 is $687.56 per month. If you retire prior to 65, the CPP pension is reduced by 0.6% per month for each month between your retirement date and age 65. For more details on these programs you should contact Service Canada, at 1-800-277-9914.

MAXIMUM PENSION

The maximum annual pension you may receive at retirement or on termination of employment shall be limited to $1,975 multiplied by your years of Credited Service if your employment terminates any time after March 31, 2009, otherwise $1,722 multiplied by your years of Credited Service.

FORM OF PENSION

The formula pension as calculated above is based on a pension which is payable during your lifetime but with a guarantee that:

- If you do not have a Spouse/Common-law Partner at the time of retirement or have not made contributions to the Plan at any time after November 9, 2008, if you should die in the first 5 years, it will continue until the end of that 5-year period, or
- If you do have a Spouse/Common-law Partner and have made contributions to the Plan at any time after November 9, 2008, if you should die before your Spouse/Common-law Partner, it will continue to be paid for the life of your Spouse/Common-law Partner at 66 2/3rds of the amount being paid immediately before your death.

This is referred to as the normal form of pension.

<u>Normal Form Equal to Life Guaranteed 5 Years with Spouse/Common-law Partner</u>

If you have a Spouse or Common-law Partner at retirement (please refer to the *"Spouse/Common-law Partner"* section for definitions), but did not make contributions to the Plan after November 9, 2008, under the Plan, the minimum survivor benefit that must be provided to your Spouse/Common-law Partner is 66 2/3% of your pension.

Because this form of pension is normally more expensive to provide than the normal form of pension, the level of pension you receive usually will be less than the normal formula pension outlined above. The exact amount payable will depend on your age and the age difference between you and your Spouse/Common-law Partner, but it will typically be in the range of 85% - 90% of the normal formula pension.

There may be circumstances in which a joint pension may not be appropriate, e.g. where your Spouse/Common-law Partner has adequate pension from other sources. Your Spouse/Common-law Partner may waive the right to the joint pension by signing a form provided for that purpose. The form must be signed by your Spouse/Common-law Partner in the presence of a witness, while you are not present, and within 60 days before your pension starts.

Optional Forms of Pension

You may elect a variety of other forms of pensions subject to the regulations of the Manitoba *Pension Benefits Act*, and Canada Revenue Agency (CRA) regulations. These options include guarantees of 5, 10 or 15 years, or a joint and survivor pension which continues to your Spouse/Common-law Partner at 100% on your death, or which reduces by 1/4 or 1/3 on your death. On your retirement, you will be provided with a list of options which will show the amount of pension for each option. Advance planning is suggested prior to your retirement. It is recommended that you discuss these options with Human Resources if you so wish.

SPOUSE/COMMON-LAW PARTNER

For the purpose of the Plan, and in accordance with Manitoba pension legislation:

“Spouse” means the person who is married to the member, and “Spouses” means two people who are married to each other.

“Common-law Partner” means a person with whom the member is registered in a common-law relationship under the Vital Statistics Act or who, not being married to the member, cohabitated with him or her in a conjugal relationship
(i) for a period of at least 3 years, if either of them is married, or
(ii) for a period of at least 1 year, if neither of them is married.

“Common-law relationship” means the relationship between two persons who are common-law partners of each other.

SUPPLEMENTARY PENSION (COST OF LIVING INCREASES)

After your pension has started it may be increased to partially offset the effects of inflation. The amount of the increase is dependent on the investment performance of the Fund and is limited to the increase in the Consumer Price Index (CPI) over the same period. If the Fund earns a four-year average rate of return on investment in excess of 6% per year, your pension will be increased by the difference between the average rate of return on the Fund and 6% or the increase in CPI, whichever is less. These adjustments will be made at July 1 of each year and are based on the average investment return of the previous four years.

Example

The averaged return on the Fund applicable to the year 2022 was 7.08%. The increase is the excess of the averaged return over 6.0% but is limited by the CPI increase which in 2022 was 6.3%. Accordingly, the increase at July 1, 2023 was 1.08%.

BENEFITS ON TERMINATION OF EMPLOYMENT

The Plan has immediate vesting which means that on your termination of employment you would be entitled to a Deferred Pension, based on your earnings and years of Credited Service up to your date of termination, payable at age 65. If, at termination of employment, you have at least 15 years of Service, the provisions applicable to pensions as described in the *"Early Pension Commencement Date"* section of this booklet will apply. If you have less than 15 years of Service, the reduction is 1/3% per month between the date the pension starts and age 65. This Deferred Pension is adjusted for inflation in the deferral period as well as after your pension starts, in the same way as described above for the supplementary pension.

"Deferred Pension" is a monthly income which becomes payable at Normal Pension Commencement Date or at any time after age 55, but, in that case, it may be subject to an early retirement reduction.

In accordance with the Manitoba *Pension Benefits Act*, "Locked-In" funds may only be used eventually to provide a lifetime pension. Locked-in benefits may be transferred on termination of employment to your Locked-In Retirement Account (LIRA) or to the pension plan of your new employer if that plan so permits.

If the Locked-In portion of your termination benefit results in a Deferred Pension of less than 4% of the YMPE or the Commuted Value of that pension is less than 20% of the YMPE, the Lock-In restriction does not apply and the lump sum benefit must be paid out of the plan (i.e. there is no option to receive a Deferred Pension payable as a monthly benefit from the Plan).

If your contributions with interest made from January 1, 1985 amount to more than 50% of the Commuted Value of the Deferred Pension with respect to that period of Service where you made contributions to the Plan, you may either receive a refund of the excess contributions or apply them to increase the Deferred Pension.

"Commuted Value" is the lump sum amount calculated on the date of termination of employment or death which, on the advice of the Actuary, is required to provide an immediate or deferred pension, whichever is applicable.

On termination of employment, you will be provided with your termination options with respect to your pension. You are encouraged to seek assistance from Human Resources when selecting your option.

INTEREST

The interest rate applied to a member's contribution account for any year is the average for that year of the yields on 5-year personal fixed term-chartered bank deposits. This rate changes each year - in 2022 it was 2.6%. The interest rate does not have an impact on the amount of your pension, however the interest rate is used in the determination of the excess of your contributions over 50% of the Commuted Value, if any.

MARRIAGE BREAK-UP

In accordance with the Manitoba *Pension Benefits Act*, in the event of marriage break-up on or after January 1, 1984, the pension credits accumulated by one or both Spouses/Common-Law Partners, during the years of marriage and/or common-law relationship may be divided between the Spouses/Common-law Partners.

If your separation date is prior to October 1, 2021, the available options include not dividing the pension, dividing 50% of the pension, or potentially, if both parties are members of pension plans, dividing the net difference between you and your Spouse/Common-law Partner's pension values. This does not apply where both of you have received independent legal advice and a statement showing the Commuted Value of the pension benefit credit to which each of you would be entitled and you enter into a written agreement between you not to divide the pension credits.

If your separation date is on or after October 1, 2021, there is additional flexibility as you and your former partner may agree to the percentage to be divided, anywhere from 0% up to a maximum of 50%.

The Spouse/Common-law Partner's share of the benefit, if any, will be transferred out of the Plan and the pension benefit will be reduced accordingly. A member who wishes to restore, either fully or partially, the benefits lost due to a marriage break-up, in respect of Service before January 1, 1990, may transfer monies from either the additional voluntary contribution account or an RRSP.

For further information, please refer to Policy Bulletin #5 Pension Benefit Division on the Office of the Superintendent - Pension Commission for Manitoba’s website.

For pre-October 1, 2021 separation date:
https://www.gov.mb.ca/finance/pension/pdf/bulletin5.pdf

For post October 1, 2021 separation date:
https://www.gov.mb.ca/finance/pension/pdf/bulletin5_2021.pdf

DEATH BENEFITS

If you die after your pension has started, the benefit will depend on the type of pension selected.

If you die before pension commencement, the benefit that your Spouse/Common-law Partner or beneficiary would receive is equal to the Commuted Value of your pension that you would have received if you retired/terminated immediately prior to your death.

The benefit will be paid to your Spouse/Common-law Partner, or if you do not have a Spouse/Common-law Partner, to your beneficiary or estate.

Your Spouse/Common-law Partner may choose to receive the death benefit as a monthly pension, on an actuarially equivalent basis, or transfer it to a Locked-In Retirement Account (LIRA) or Life Income Fund (LIF), if applicable. If you do not have a Spouse/Common-law Partner, the death benefit will be paid as a lump-sum payment to your designated beneficiary(ies) or estate.

LEAVES OF ABSENCE

With Pay

You will continue to make contributions based on full basic salary and continue to earn a pension.

Without Pay

During your leave of absence, you are not required to contribute to the Plan, therefore your pension benefit will stop accruing until you return to work and start contributing to the Plan. If you have at least 3 years' Service, you can choose to contribute both the University's and your portion of contributions for a maximum period of 5 years. Your pension will continue to accrue during the period in which contributions are paid.

DISABILITY

If you are receiving benefits under the University's Long-Term Disability Plan, you will stop making contributions to the Plan, but you will continue to earn a pensionable service for as long as you continue to receive disability benefits up to your Normal Pension Commencement Date.

REDUCED APPOINTMENT

If you are on a reduced appointment under an agreement with the University, other than regular part-time employment, you will continue to make contributions based on full basic salary and continue to accrue your pension as if you are employed on a full-time basis, subject to the limitations of paragraph 8507 of the Income Tax Act.

PENSION TRUSTEES

The administration of the Plan is directed by the Pension Trustees which are made up of:

2 representatives from the Board of Governors
2 representatives from Brandon University Faculty Assoc. (BUFA)

2 representatives from Manitoba Government and General Employees' Union (MGEU)
1 representative from International Union of Operating Engineers (IUOE) (A)
1 representative from International Union of Operating Engineers (IUOE) (D)
1 representative from exempt employees
1 representative from retired employees who are receiving a pension from the Plan

Meetings are typically held three times per year, or more frequently if required.

THE PENSION FUND

Contributions from members and the University are paid to, and benefits are paid from, a trust Fund and invested in accordance with the Manitoba *Pension Benefits Act* and Canada Revenue Agency regulations. The Plan is subject to an actuarial review at least every 3 years to determine if the assets are sufficient to provide the promised benefits. The investment of the funds is directed by an investment manager.