UNIVERSITY OF TORONTO

OFFICE OF THE VICE-PRESIDENT
HUMAN RESOURCES & EQUITY

TO: Business Board

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DATE: June 4, 2012, 2012 for June 14, 2012

AGENDA ITEM: **8**

ITEM IDENTIFICATION:

Pension Benefits Amendment Act 2010 (Bill 236) and Grow-in Rights after July 1, 2012

JURISDICTIONAL INFORMATION:

Business Board is responsible for the approval of amendments to the Pension Plans.

PREVIOUS ACTION TAKEN:

N/A

HIGHLIGHTS:

The *Pension Benefits Amendment Act, 2010* ("Bill 236") received Royal Assent on May 18, 2010, and has been proclaimed into force with the passing of the provincial budget. Effective July 1, 2012, among other changes, Bill 236 amends the provisions of the Ontario *Pension Benefits Act* ("PBA") that provide so-called "grow-in" rights to pension plan members upon full or partial wind-up of their pension plan. Grow-in rights provide that eligible members who, at the time of termination have at least 55 age/service points, be entitled to an unreduced early retirement pension on the date they would have been eligible under the terms of the Plan had their employment not ended. This amendment replaces the current partial wind-up provisions of the PBA and extends "grow-in" rights to all eligible pension plan members whose employment is involuntarily terminated without cause on or after July 1, 2012. Under the U of T Plan, this means that any member who is terminated without cause after July 1, 2012 who has 55 age/service points or more at the date of termination will be eligible to leave their pension in the Plan and commence an unreduced pension at the earliest date they would have been eligible had they remained employed in the University (60/80, 60+10 or 60+15 depending on the employee group).

In connection with the PBA's expanded grow-in provisions for U of T Plan members, the University is amending the Plan to enable those Plan members whose age and service on their termination date totals 55 or more points and who are eligible for an immediate reduced pension at the time of their involuntary termination to receive an immediate pension subject to a 5% per year reduction for each year by which their termination date precedes their earliest unreduced retirement date. Previously these same members would have had a 5% reduction from their Normal Retirement Date (NRD), which is the June 30th coincident with or next following their 65th birthday. This amendment recognizes the fact that under Bill 236, these members would now be eligible for an unreduced pension commencing prior to their Normal Retirement Date. As a result, enabling these terminated members to commence their pension immediately at a reduction of 5% from their earliest unreduced date instead of waiting for an unreduced pension at their earliest unreduced date will be cost neutral to the Plan.

This amendment to the Plan will take effect for any involuntary terminations without cause that occur on or after July 1, 2012.

FINANCIAL AND.OR PLANNING IMPLICATIONS
None – the change is cost neutral to the Plan

RECOMMENDATION
THAT Business Board authorize the Plan Actuary to make the necessary amendments to the Pension Plans