

P & B Times

NEWS FROM THE PENSION & BENEFITS OFFICE (ASKPB@YORKU.CA)

SEPTEMBER 2014— ISSUE 22

This newsletter is designed to present York employees, former employees and retirees with useful general information pertaining to their pension & benefits. Please keep in mind that as this newsletter is distributed to different groups with different entitlements, all articles may not pertain to you and your situation.

Pension Plan Contribution Rate Changes Effective September 2014

Members of the York University Pension Plan are required to contribute pension contributions based on a formula that takes into account earnings and the year's maximum pensionable earnings (YMPE). The YMPE for 2014 is \$52,500. Contributions are deducted from each pay and are tax-deductible up to the annual limit set out in the Income Tax Act

As was communicated in Issue 18 of the P & B Times the York University pension plan contribution rates are being increased in five equal increments. The first change was effective March 1, 2014 when pension contributions increased from 4.5% to 4.95% on earnings up to the YMPE and from 6.0% to 6.63% on earnings above the YMPE. The second change is **effective September 1, 2014** with pension contributions changing to **5.4% on earnings up to the YMPE** and **7.26% on earnings above the YMPE**. The chart below helps provide context:

<i>School</i>	<i>Current Contribution Rates</i>
<i>York University</i>	<i>5.4% up to the YMPE and 7.26% above the YMPE</i>
<i>University of Toronto</i>	<i>6.3% up to the YMPE and 8.4% above the YMPE</i>
<i>Ryerson</i>	<i>9.5% up to the Year's Basic Exemption (YBE), plus 7.4% between the YBE and the YMPE, plus 9.5% above the YMPE.</i>

How the changes came to be:

Pension contribution rate changes were approved following negotiations between York University and the All-Union Pension Group. On a 50/50 cost sharing basis for the Money Purchase component of the pension plan, the required member and University contribution rates will be further increased as follows. Effective March 1, 2015, pension contributions will be 5.85% on earnings up to the YMPE and 7.89% on earnings above the YMPE. Effective September 1, 2015, pension contributions will be 6.3% up to the YMPE and 8.52% above the YMPE. Effective March 1, 2016, pension contributions will be 6.75% up to the YMPE and 9.15% above the YMPE.

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How will this affect my pay?

Pension contributions are deducted before income taxes on your pay. As a result of the increased pension contributions, the amount of income taxes being deducted will be reduced. The net affect to your pay will be determined by your salary rate and TD1 Personal Tax Credits.

PBA Amendments in Response to Carrigan Case Become Law

Effective July 24, 2014, amendments to the Ontario Pension Benefits Act (PBA) reversed the October 31, 2012 decision of the Ontario Court of Appeal in *Carrigan v. Carrigan Estate* (Carrigan). The Carrigan case established a new priority scheme for the payment of pre-retirement death benefits, and by extension joint-and-survivor benefits, under the Pension Benefits Act (PBA).

The Court of Appeal held that where a pension plan member died prior to retirement, even if the member had a common law spouse on the date of death, that spouse would not be entitled to receive the pre-retirement death benefits if the member had previously been married, and was separated from but never divorced from a previous spouse. (The former spouse was also not entitled to the death benefits; instead, they would be payable to the member's named beneficiary.)

Prior to the Carrigan decision, virtually all pension practitioners and pension administrators interpreted the PBA as requiring payment of the death benefit to the member's common law spouse in this situation.

PBA Amendments Now In Force

Changes to s. 48 of the PBA clarify that in circumstances where a pension plan member is legally married to a spouse from whom he or she is separated, is living with a new spouse in a common law conjugal relationship, and dies prior to retirement, the common law spouse will be entitled to the pre-retirement death benefit.

It was widely believed that the interpretation of the PBA in Carrigan was unfair to common law spouses of pension plan members, since it led to their disentitlement to death benefits where the pension plan member had not divorced a former spouse, even if the member had separated from the former spouse years or even decades prior to death. The PBA amendments passed in the 2014 budget bill restore the entitlement of common law spouses in such circumstances.

Calculating Your Pension

The York University Pension Plan is made up of two parts. There is the Money Purchase Component which provides you with a benefit based on the accumulated contributions and investment earnings of your account balance. And there is the Minimum Guarantee Formula which provides you with a benefit based on a formula that takes into account your earnings and service. The amount of the minimum guarantee benefit you earn is guaranteed and does not depend on how well the investments in the fund perform.

The Minimum Guaranteed Benefit Formula is as follows :

1.4% of your final average earnings at retirement up to the average YMPE for those year	PLUS	1.9% of your final average earnings at retirement above the average YMPE for those years	MULTIPLIED BY	Your Credited Service
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What will I receive when I retire?

At retirement, you will receive a pension based on the amount provided by your Money Purchase Component Account.

If your Minimum Guaranteed Benefit is greater than your Money Purchase Component Account pension, you will also receive a supplementary pension to bring your retirement income up to the amount of the Minimum Guaranteed Benefit.

The Minimum Guarantee Benefit Formula uses a 1.4% and 1.9% accrual rate as described above. The maximum accrual rate provided by paragraph 8503(3)(g) of the Income Tax Regulations is 2% .

Transferring from another Pension Plan

Pension Benefits Act Transfers

You may transfer pension benefits from your former employer's defined benefit pension plan provided you make the request to transfer within twelve months of joining the York University Pension Plan. The fact that not all pension plans are the same may affect your transfer of service as follows:

If the pension benefit in your former plan doesn't purchase the same amount of credited service in the York University Pension Plan, you may contribute whatever amount is required, up to the Income Tax Act limits, to increase your credited service in the University Plan to make it equivalent. This can only be done through a lump-sum contribution from your RRSP and must be completed within 60 days of the transfer occurring.

If the pension benefit in your former plan purchases more credited service in the York University Pension Plan than you had in your former plan, a proportionate amount of the transfer will be credited to your Money Purchase Component Account and the remainder will be credited to the Special Transferred Contributions Fund.

If your transfer of service into the York University Pension Plan improves your pension benefit for earlier years (because of differences in pension plan benefit formulas), you may receive a past service pension adjustment (**PSPA**). A PSPA reduces the amount you may contribute to a registered retirement savings plan (RRSP).



*A **PSPA** is the difference between the pension adjustment (PA) you originally received, and the PA you should have received, based on the impact of the improvement. A PSPA reduces the amount you may contribute to an RRSP.*

PSPAs must be certified by the Canada Revenue Agency before the transfer can take place. If your PSPA is greater than your available RRSP contribution room, your PSPA won't be certified unless you can withdraw sufficient funds from your RRSP.

*A **pension adjustment** is the deemed value assigned to the benefit earned per year in a pension plan. A PA reduces the amount you can contribute to an RRSP.*

Other Transfers (RRSP's & Defined Contribution Plans)

You can transfer funds from a Defined Contribution pension plan or from an individual or group RRSP at any time prior to termination or retirement. These funds will attract the same rate of return of the York University Pension Fund which means they can fluctuate up and down in value. At termination/retirement these funds can be used to provide you with additional pension income or transferred out.



New Pension Plan Booklet

The Pension and Benefits Office recently posted a new Pension Plan Booklet at: http://www.yorku.ca/hr/documents/pension/York_University_Pension_Plan.pdf. Your pension is an important part of your total compensation package. Please take the time to read through this booklet to develop an understanding of the Plan.

Help us help you.

We average 475 phone calls per month through the general “askpb” extension 27572 and well over 700 emails. Three pension and benefits administrators handle these calls and emails. **Much of the information we are asked to provide is available online.** In order for us to better serve you, **please take a moment to see if the information you require is available** at YU Link (yulink.yorku.ca), the Pension & Benefits website (www.yorku.ca/hr/units/cpb/), the SunLife website (www.sunlife.ca/member) or any of the other resources listed below. We believe you will be pleasantly surprised at the amount of information that is available at the click of a button. For those instances when you do need to contact our office, please be sure to have your nine digit employee number available.

For:	Contact:
Courses covered by Tuition Fee Waiver	sfs.yorku.ca/fees/waivers/
Personal Expense Reimbursement	Finance Department (416) 736-5661
T4'S (Active Employees)	Payroll Department, Extension 55552
Retiree questions re T4A's, monthly pension cheques, taxes, changes in banking information	CIBC Mellon 1-800-565-0479 Extension 0
Address Changes - Active Employees	Employee Records, Human Resources
Vacation, Sick Leaves, Personal Credits	Refer to your department or union group
Employment Letter	Employee Records, Human Resources
RRSP Limits	Canada Revenue Agency
Benefits (health, dental, vision) questions, claim denials	SunLife 1-800-361-6212 (Contract #14098)

Here are some websites you can access to gain more information:

- ◇ Sun Life's Plan Member Services: sunlife.ca/member
- ◇ York's Retirement Planning Centre: yorku.ca/retire
- ◇ York University Retirement Planner: yorku-ret.ca
- ◇ York's HR Self Service: hrselfserve.yorku.ca

Thanks, but no thanks.

We average well over 700 emails per month. While we appreciate you sending us a “thank you email” after we’ve helped you out, we would in fact prefer that you did not, so as to help us reduce the number of emails that we have to log and process.

Need Further Information?

Information provided in this newsletter is of a general nature. Should you require further information that specifically pertains to you please contact the Pension & Benefits office by e-mailing askpb@yorku.ca or by calling 416-736-2100 extension (27572) between 8:30 am and 4:30 pm Monday to Friday. For Fridays from June 1 up to and including Labour Day weekend the phones will be answered until 3:30 pm. It is your responsibility to check your pay advice each pay to ensure all deductions are appropriate. You can also access this information through HR Self Service.

In the event the information contained herein conflicts with the applicable contract, policy or guideline, the terms of the contract, policy or guideline will prevail.