WLUFA
Wilfrid Laurier University
Faculty Association

How Would Conversion of the Pension Plan Happen?

The process for converting a Single Employer Pension to a Jointly Sponsored Pension involves member consent and government approval.

The Rules of Conversion are established by Provincial Legislation:

· The Pension Benefits Act, R.S.O. 1990, c. P.8: Section 80.4: Transfers to jointly sponsored pension plan (conversion of Single Employer Pension Plan)

· PBA Ontario Regulation 311/15: Conversions and transfers of assets under Section 80.4 of the Act and conversions under Section 81.0.1 of the Act

The Financial Services Regulatory Authority (FSRA), which oversees the conversion process, stipulates that:

· Anomalies in existing plans should be dealt with before the process starts.

· Past services benefits (i.e., the benefits of the existing plans) must be maintained for that past service within the JSPP and each employer sponsor must show that the money to pay for this is accounted for.

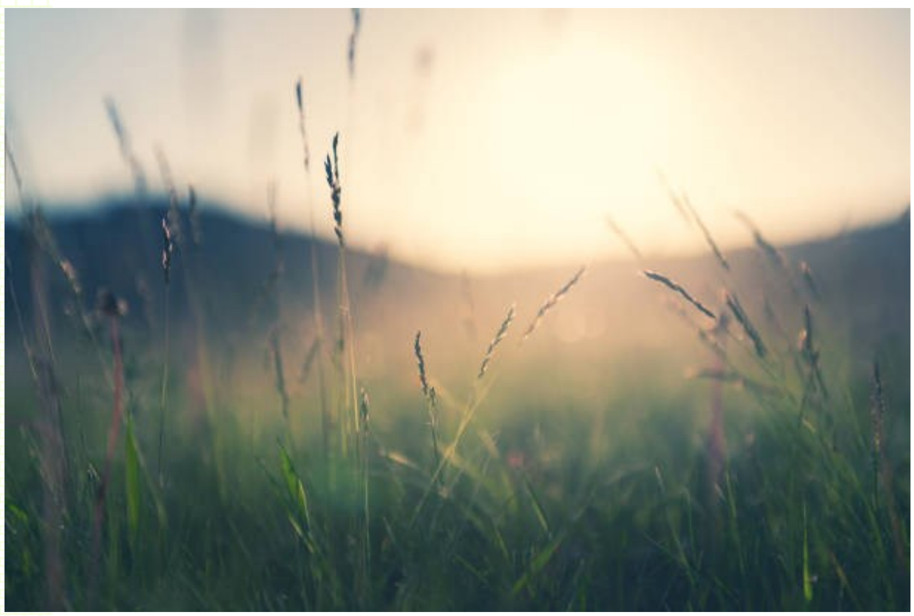
· Governance, funding policy and administrative policy must be finalized in the application.

Pension plan members or unions must give consent for conversion and transfer:

· As bargaining agents, unions are empowered to consent on behalf their plan members.

· Non-unionized plan members each receive an individual consent form.

· Retirees (any plan member drawing a pension) each receive an objection form.



Threshold for Consent

For a sponsor of an existing pension plan to receive consent to convert and transfer assets from the existing plan to a Jointly Sponsored Pension Plan (JSPP), two-thirds (2/3) of active plan members must give consent (non-unionized members consenting + the total of all plan members represented by unions that consent).

For unionized members, consent is given by the union, on behalf each member. Not more than 1/3 of retirees (persons receiving pension payments), and other persons entitled to benefits in the existing plan (survivors) may object to the conversion and transfer.

If consent is not achieved, the existing plan remains in place and unaffected.

Prior to initiating the consent process, the unions, representing plan members, and the University will negotiate the conversion of benefits (such as the Supplementary Pension) not included in the University Pension Plan (UPP), but provided in the Laurier Pension Plan (LPP). It will also negotiate the terms of conversion (such as an offset to cover the difference in contributions between the LPP and the UPP).

So how will it all unfold?

Wilfrid Laurier University, as the Plan sponsor, will send out a notice & statement containing information about the proposed transfer as well as the consent/objection forms. The forms must be created no earlier than 6 months before they are sent out.

All the persons and trade unions representing plan members eligible to give consent or to object have 90 days from having received the notice and forms to submit them.

In addition to the material you receive from WLUFA, the University, as plan sponsor, must provide you with information relating to the two plans in general, as well as information tailored to your individual circumstance.

A consent vote will not be held until negotiations on benefits and processes are concluded, so that members are fully informed of what they may be consenting to.

Prior to the end of the 90-day period, WLUFA will determine if negotiations have concluded positively.

If negotiations have concluded positively, the WLUFA Executive will determine the threshold for member consent: this could be a simple majority of those casting the ballot, a majority of eligible plan members, or a super-majority of either

If the threshold is met, WLUFA will submit a consent form to the University.

The application to the FSRA for its Superintendent's consent to transfer assets must be received within 9 months of the notices and forms being sent.

Failure to conform to FSRA regulations will lead to the denial of the application to convert.

If there is consent to transfer, a Conversion Date is set.

The Conversion Date is subject to many factors including:

· Agreement from the UPP Joint Sponsors/Board of Trustees and the Laurier Board of Governors.

· Application and receipt of approval from the FSRA

· 120 days after the date upon which the Superintendent consents to the transfer, the assets must be transferred from the LPP to the JSPP.

What would post-Conversion look like?

As of the Conversion Date, employees' benefits from the Laurier Plan transfer to the UPP and employees begin to contribute to and accrue defined benefit pensions under the UPP for the future.

There is no change to pensions for those already retired as of the Conversion Date; any changes to a plan would need to be negotiated prior to conversion.

As of the Conversion Date, all retirees will receive their monthly pension from the UPP instead of from the Laurier Pension Plan

Benefits accrued by former employees but not yet paid out will also be transferred and paid from the UPP instead of from the Laurier Plan.

What will a UPP benefit payment look like?

When an employee retires with a UPP pension and has entitlements under the prior university plan provisions, benefits will be composed of two parts, both payable from the UPP:

· The first part consists of the value of the pension that the member had accrued prior to conversion. A pension from this fund will continue to be paid out in accordance with the existing Laurier pension formula. The MPP account balance is credited with investment returns between conversion date and retirement date, but no additional contributions are made to this fund.

· The second part of the pension is the benefit accrued since conversion using the UPP formula