

**Letter of Understanding
Between
Wilfrid Laurier University
And
The Wilfrid Laurier University Faculty Association
for Full-time Faculty and Professional Librarians
and for Part-time Contract Academic Staff and Part-time Librarians**

Re: Wilfrid Laurier University Pension Plan ("the Plan") Commuted Value Transfer Option On and After Normal Retirement Date

Whereas Article 29.3.2 states that the University shall provide the following information about the WLU Pension Plan:

- (a) *the University shall include in the WLU Pension Plan a statement that upon retirement a member of the plan may withdraw all funds in his/her account from the Money Purchase component of the plan, and this statement shall be included in the Annual Information Brochure; and*

Whereas, the university was formally notified in February 2016 by the Plan Actuary, Aon Hewitt, that the Pension Benefits Act no longer permits the portability option (i.e. to transfer the commuted value out of the Plan) for members who retire on or after Normal Retirement Date (NRD) which, under the Laurier Plan, is the 1st day of the month coincident with, or following a members 65th birthday; and

Whereas the Board of Governors has the authority to amend the Plan pursuant to Section 15.01 of the Plan; and

Whereas the Board of Governors wishes to amend the Plan to permit portability only prior to a member's normal retirement date in compliance with the Pension Benefits Act (Ontario); and

Whereas Article 29.1.1 states that any amendment to the Plan during the term of the Agreement shall be subject to the agreement of the Association;

The Parties agree to amend the Plan text as follows:

Effective January 1, 2017, the current section 7.07:

"7.07 Portability

Notwithstanding the foregoing provisions of Section 7, in lieu of receiving a monthly retirement pension, a Member may elect that the commuted value of the retirement pension be transferred, on a locked-in basis, to:

- (a) a prescribed registered retirement savings arrangement , or
(b) the pension fund related to another pension plan if the administrator agrees to accept the payment, or

- (c) purchase a life annuity from an insurance company licensed in Canada.”

shall be deleted in its entirety and replaced as follows:

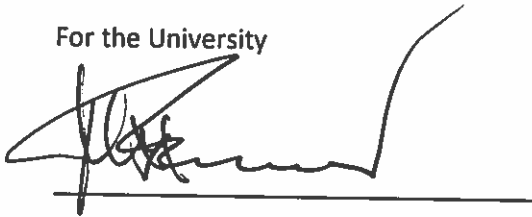
“7.07 Portability

In lieu of receiving a monthly retirement pension pursuant to the foregoing provisions of Section 7, a Member who retires prior to his or her Normal Retirement Date may elect that the commuted value of the retirement pension be transferred, on a locked-in basis, to:

- (a) a prescribed registered retirement saving arrangement, or
- (b) the pension fund related to another pension plan if the administrator agrees to accept the payment, or
- (c) purchase a life annuity from an insurance company licensed in Canada.”

The Parties further agree that plan changes will be communicated to all pension plan members in a letter from the Assistant Vice President Human Resources (attached).

For the University



Date: JUN - 9 2016

for the Association



Date: June 10, 2016



xx, 2016

Dear Pension Plan Member:

RE: Wilfrid Laurier Pension Plan

The purpose of this letter is to provide important information on a change in legislation that will impact Wilfrid Laurier's Pension Plan effective January 1, 2017. This change is applicable to active and deferred members only, and will not impact members who are already retired under the Plan.

Background

Pension Plans in Ontario are subject to the Pension Benefits Act of Ontario (PBA). The Financial Services Commission of Ontario (FSCO) is the regulatory body that ensures registered pension plans are compliant with the PBA legislation. Under the PBA, the right to transfer a commuted value from the Pension fund is available to former members on termination of employment or at retirement under section 42. This section did not change as part of broad changes to the PBA in 2012, but the definition of "former members" did change.

Prior to July 1, 2012, "former members" included members terminating plan membership and it did not matter whether that was on or after the member's Normal Retirement Date (NRD) which, under the Laurier Plan, is the 1st day of the month coincident with, or following a member's 65th birthday.

Changes to the Pension Benefits Act of Ontario

Effective July 1, 2012, a new definition was added to the PBA for "retired members". "Retired members" includes individuals who are receiving a pension, as well as individuals who have not yet started a pension but are "entitled to begin to receive a pension from the pension fund by virtue of having reached the NRD under the pension plan". As such, "former members" no longer includes individuals who have reached NRD and therefore the portability option has been narrowed to only allow eligibility for members who have not yet reached NRD.

This restriction was not announced or highlighted at the time when the PBA was amended, and as such, the pension industry and plan sponsors have only recently become aware of it. FSCO has now confirmed that it expects plan sponsors to comply with this legislative change and our Plan Actuary (AON Hewitt) has also confirmed that Laurier must comply

Impact to Plan Members – notice of change

Effective January 1, 2017 plan members who terminate or retire on or after their normal retirement age (the 1st day of the month coincident with, or following a members 65th birthday) will no longer be eligible to transfer the commuted value of their pension benefits from the Wilfrid Laurier Pension Plan. The only option will be to draw a pension from the Plan. It is important to remember that effective January 1, 2016 most employees who retire and choose a commuted value option are no longer eligible for post-retirement benefits. Given this restriction on retiree benefits eligibility, we do not anticipate that many employees would have chosen portability and therefore the change under the PBA will not have as significant an impact at Laurier.

If you have any questions, please contact:

Mary Jo DaSilva, Pension and Benefits Specialist at (519) 884-0710 Ext. 4368 or mdasilva@wlu.ca or
Krista Boertien, Director, Total rewards at (519) 884-0710 ext. 4487 or kboertien@wlu.ca

Sincerely,

Pamela Cant
AVP: Human Resources