



**“Pensions 101”:
An Overview of the University
Pension Landscape**

April 2025

Agenda

1. Disclaimer and quick poll
2. Pension Plans at Ontario Universities
3. The Western Academic Pension Plan
4. Maximizing your Post-retirement Income Security in the Western Plan
5. Next Steps in Preparing to Bargain for Pension Improvements
6. Questions and Discussion

Disclaimer: Not Investment or Retirement Planning Advice

- *This session is intended to provide UWOFA members information about pension plans at Ontario universities as support in engaging in conversations about collective bargaining priorities.*
- *While the session is also intended to inform you about choices you need to make about your pension, it does not constitute expert advice, legal, financial, or otherwise, to guide your pension investment or retirement planning decisions. We refer you to Sun Life or another qualified financial advisor for advice of that nature.*

Quick poll

- *How would you situate yourself now on your timeline to retirement?*
 - a. Far away
 - b. Getting closer but still a ways to go
 - c. Close

- *How well do you feel you know the pension plan at Western?*
 - a. I know it well
 - b. I have some knowledge but wouldn't say I know it well
 - c. I am just starting to learn about it

Pension Plans at Ontario Universities

Pensions at Ontario Universities: Defined Benefit (DB)

- How does a Defined Benefit (DB) plan work?
 - Employees and employer contribute to a pool of funds managed in common, from which each employee after retirement draws a pension of an amount defined by a formula
- Single-Employer DB plan (*= hybrid plan, with DB plus a defined contribution (DC) component)
 - A pension plan for the employees of one university
 - Plan sponsor bears investment risk
 - Brock*, Carleton*, King's, Laurentian, McMaster, Ottawa, Renison (Waterloo plan), St. Jerome's (Waterloo plan), Saint Paul*, St. Michael's, TMU, Waterloo, Windsor*, York*

Pensions at Ontario Universities: Defined Benefit (DB)

- University Pension Plan (UPP) Jointly Sponsored Pension Plan (JSPP)
 - A plan created recently for the university sector, jointly sponsored by employers and unions of plan member institutions
 - Investment risk is shared by plan sponsors
 - Guelph, Laurier (soon), Toronto, Trent, Queen's
- Colleges of Applied Arts and Technology (CAAT) DB Plus JSPP
 - Lakehead
- Healthcare of Ontario Pension Plan (HOOPP) JSPP
 - Northern Ontario School of Medicine

Pensions at Ontario Universities: Defined Contribution (DC)

- How does a Defined Contribution (DC) plan work?
 - Employees and employer contribute to an account for each employee who draws a pension after retirement based on the funds accumulated and other factors; Individual employees bear investment risk
- Which Ontario universities have a DC plan?
 - Huron, Nipissing, Ontario College of Art and Design, Ontario Tech, Western
- And the following have DC-like Group RRSP plans
 - Algoma, McMaster librarians and archivists

The Western Academic Pension Plan

The Western Academic Pension Plan

What is the plan and who is in it?

- A Defined Contribution (DC) capital accumulation plan administered for Western by Sun Life. The amount of money added to your pension account is “defined”.
- Western librarians, archivists, professors and lecturers are in the plan.

Who owns funds contributed to the plan?

- The individual employee owns the funds in their own pension account
- However, the employee’s access to them is subject to regulations
 - e.g. funds from required contributions are “locked in” and can’t be cashed in as lump-sum payments.

The Western Academic Pension Plan

How much of a pension can an employee expect to receive?

- No accrual of entitlement to a defined level of income. The amount of income you will receive from your pension is “not defined”.
- Income available in retirement is based on “the amount saved, investment return achieved, and the length of time a member contributes to the plan” (Retirement guide, p. 4).
- Dollar value of accumulated funds is converted into a Registered Retirement Income Fund (RRIF) and/or a Life Income Fund (LIF: for locked-in funds), and/or an annuity.
- There are minimum LIF/RRIF withdrawal requirements as dictated by tax regulations.
- A retiree may withdraw more than these minimums at any point during retirement, up to the maximum in the case of a LIF.

The Western Academic Pension Plan

How is the pension indexed to the cost of living to protect against inflation?

- No inherent indexation of the pension to the cost of living to account for inflation.
- Ability of a retiree's pension income to increase in retirement will depend on LIF/RRIF investment performance and on whether any annuity purchased is indexed.

Who bears the risk of pension investment performance?

- Western contracts with Sun Life to administer the pension and provides pension support for employees but the individual employee bears all the risk of investment performance.
- With this risk comes the opportunity to increase growth in one's pension funds by managing one's own investments.

The Western Academic Pension Plan

How much does the employer contribute?

- For members with fewer than 20 years of service: 8.5% of pensionable earnings
- For members with 20 years or more of Full-Time service who contribute at least 5.5% themselves: 9.0%

The Western Academic Pension Plan

How much do employees contribute?

- Minimum contribution is 5.5%
- For members who elected a lower contribution before June 30, 2011, the minimum is 1.5%
- Option to contribute:
 - Up to 9.5% if employer is contributing 8.5%
 - Up to 9% if employer is contributing 9%

The Western Academic Pension Plan

How is the pension plan governed?

- By a Joint Pension Board comprised of:
 - 4 elected academic staff members,
 - 4 elected administrative staff,
 - 3 university-appointed members

How portable is the plan if an employee changes jobs?

- If an employee moves to another university, they maintain their Western plan as a separate pension fund from the pension plan that they join with their new employer.

The Western Academic Pension Plan

What about pensions for faculty who teach on Limited-Duties contracts?

- Part-time faculty are eligible to enroll in the pension if they meet the criteria quoted here from the pension web page (<https://www.uwo.ca/hr/pension/index.html>):
 - *If your employment earnings from Western or a participating employer have been at least 21% of the year's maximum pensionable earnings* in the last two consecutive calendar years, you will be offered enrolment effective January 1st of the following year. This means your Western T4 earnings in 2023 must have been a minimum of \$13,986, and for 2024, a minimum of \$14,385; OR,*
 - *If you have earned at least 21% or more of the year's maximum pensionable earnings* from employment at Western or a participating employer in the last two consecutive calendar years (minimum \$13,986 in 2023, \$14,385 in 2024 and \$14,973 in 2025), and as well you have 24 months of continual service, you will be offered enrolment the first of the following month.*

The Western Academic Pension Plan

How does retiring before or beyond age 65 affect an employee's pension?

- An employee can retire at any time starting at age 55.
- The amount of pension income will depend on the amount of funds they have accumulated in the plan.
- Working beyond 65 can allow for continued contributions to the plan, up to age 71.

What benefits does the plan provide for surviving family members?

- The balance in a deceased employee's (or deceased retired employee's) account is paid to their beneficiary (e.g. spouse, children, estate)

The Western Academic Pension Plan

What is the plan's commitment to responsible, ethical investment?

- The HR Pension webpage states:
 - *The Western pension plans have considered Environmental, Social, and Governance (ESG) factors in the investment portfolio since 2007 and have offered a Socially Responsible Global Equity fund option since 2008. The Academic and Administrative Pension Boards are reviewing the approach to ESG considerations and engaged with plan members in May and June 2022.*

**Maximizing Your
Post-Retirement Income
Security in the Western DC Plan**

Maximizing Your Post-Retirement Income Security

- Remember that you need to make choices in a DC pension, so inform yourself to be sure you are making good choices
- As the plan sponsor, Western has a fiduciary responsibility to ensure you receive the information you need to make pension and retirement decisions
- Start learning about the pension early in your career and start your retirement planning early
- Seek professional advice on asset allocations, contributions above minimum and to RRSPs, TFSA, etc.
- Login to the Sun Life web portal periodically to monitor your pension account balance, and contact a Sun Life advisor if you have any questions or concerns

Maximizing Your Post-Retirement Income Security

- See Western Human Resources pension page* for detailed information about the pension and about services offered by Sun Life:
 - Online retirement planning tools
 - Webinars
 - Annual member meeting
 - Consultation with an advisor: “360 Plan Advice”
 - Within five years of retirement, dedicated support from a Sun Life Retirement Consultant
- Adjust your asset mix as needed according to your risk profile, proximity to retirement, and advice from a financial advisor

*<https://www.uwo.ca/hr/pension/index.html>

Next Steps in Preparing to Bargain for Pension Improvements

UWOFA Pension Study

- UWOFA is undertaking a study of the pension in the coming weeks to inform collective bargaining
- We have not actively bargained improvements to the pension for ten years, having been prevented by Bill 124 from getting increased employer contributions in 2019 UWOFA-LA and 2022 UWOFA-F negotiations.
- We are turning our attention to the possibility of achieving pension improvements a priority for 2026 faculty bargaining, bearing in mind that what is bargained at that table will likely apply to librarians and archivists as well.
- We will develop scenarios for the September session to illustrate how well the Western plan generates post-retirement income as compared to comparators

Some Assumptions and Hypotheses

- We assume all UWOFA members want to retire with sufficient income to sustain them for the rest of their life
- The current level of employer contributions to our pension probably needs to be go up in order to increase the likelihood that members retire with sufficient income
- The current level of contributions many members are making to their pension probably needs to be increased to ensure sufficient post-retirement income

Some Assumptions and Hypotheses

- While some members know the pension well and are getting advice to make good decisions, others have not yet informed themselves of the choices they need to make
- Among those members who know the Western pension plan well, some like the control it affords them over allocation of their own retirement assets, while others would prefer to be in a plan that generates a defined amount of pension income

Considering the New Pension Plan in the Sector: The UPP

- The University Pension Plan (UPP)
- A Defined Benefit (DB) multi-employer Jointly Sponsored Pension Plan (JSPP)
- Recently established for the university sector; jointly sponsored by employers and employees, with pooled sharing of risk
- Current members: Guelph, Queen's Toronto, Trent, with Laurier joining soon
- For more information: UPP Member Handbook <https://myupp.ca>

Considering the New Pension Plan in the Sector: The UPP

- Employer (and employee) contribution levels are considerably higher than in Western's DC plan: approximately 10.25% of pensionable earnings, matched by employees)
- The benefit of a known income for life after retirement makes it worth exploring
- We will present the UPP in more detail at the September session, with UPP representatives on hand to answer questions
- We will take guidance from you (through surveys and other means of engagement) as we weigh the prospect of transitioning to the UPP

Next Steps in Member Engagement on Pensions

- Short survey in May: questions about your knowledge of the pension, your engagement in getting Sun Life advice to make choices about your pension, your level of confidence that you will retire with sufficient income
- Session in September reporting on the pension study, with in-depth information about the UPP
- Discussions in October on bargaining options for the pension led by Stewards
- Survey in November on member views for bargaining goals for pensions
- We need to hear from you – what you tell us will determine what we seek to bargain for your pension!

Questions and Discussion