

# Proposed Plan Changes



## Impact on Projected Pension Benefits

| Current Age | Current Accrued Service | Current Earnings | Current Money Purchase Balance | Projected Final Average Earnings | 6.00% ACCUMULATION   |                       | 7.25% ACCUMULATION   |                       | 8.50% ACCUMULATION   |                       |
|-------------|-------------------------|------------------|--------------------------------|----------------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
|             |                         |                  |                                |                                  | Best Pension Current | Best Pension Proposed | Best Pension Current | Best Pension Proposed | Best Pension Current | Best Pension Proposed |
| 45          | 5 years                 | \$40,000         | \$20,000                       | \$87,000                         | \$31,000             | \$31,000              | \$31,000             | \$31,000              | \$32,900             | \$32,200              |
| 45          | 10                      | 40,000           | 45,000                         | 87,000                           | 37,200               | 37,200                | 37,200               | 37,200                | 43,400               | 45,700                |
| 45          | 15                      | 40,000           | 80,000                         | 87,000                           | 43,400               | 43,400                | 48,200               | 50,200                | 58,100               | 60,400                |
| 50          | 10                      | 60,000           | 75,000                         | 104,000                          | 40,300               | 40,300                | 40,300               | 40,300                | 42,600               | 44,500                |
| 50          | 15                      | 60,000           | 125,000                        | 104,000                          | 48,400               | 48,400                | 49,100               | 50,800                | 56,600               | 58,500                |
| 50          | 20                      | 60,000           | 200,000                        | 104,000                          | 57,500               | 59,000                | 66,800               | 68,500                | 77,700               | 79,600                |
| 50          | 5                       | 80,000           | 50,000                         | 139,000                          | 44,800               | 42,600                | 44,800               | 42,600                | 44,800               | 46,300                |
| 50          | 15                      | 80,000           | 175,000                        | 139,000                          | 67,100               | 65,000                | 68,400               | 70,600                | 78,800               | 81,400                |
| 55          | 10                      | 80,000           | 105,000                        | 111,000                          | 35,800               | 35,200                | 35,800               | 35,200                | 35,800               | 35,400                |
| 55          | 20                      | 80,000           | 280,000                        | 111,000                          | 54,400               | 55,500                | 60,400               | 61,600                | 67,000               | 68,300                |
| 45          | 5                       | 100,000          | 60,000                         | 216,000                          | 89,400               | 74,300                | 89,400               | 86,300                | 94,700               | 100,500               |
| 45          | 15                      | 100,000          | 225,000                        | 216,000                          | 125,200              | 117,800               | 136,100              | 141,200               | 164,000              | 169,800               |
| 50          | 5                       | 100,000          | 60,000                         | 174,000                          | 57,300               | 46,000                | 57,300               | 51,500                | 57,300               | 57,900                |
| 50          | 10                      | 100,000          | 130,000                        | 174,000                          | 71,600               | 60,000                | 71,600               | 68,100                | 74,400               | 77,600                |

# Proposed Plan Changes

## Summary



### Current Plan

### Proposed Plan

Money purchase contributions

- Employee

4 ½% up to YMPE\* /6% over YMPE

5%/6 ½%

- University

6%/7%

6 ½ %/7 ½%

Plus 1.5% of total money purchase contributions for non-reduction

Plus 1.5% of total money purchase contributions for non-reduction

Minimum guarantee formula (for future service)

1.4% up to YMPE

1.4% up to YMPE

1.8% above YMPE

1.8% above YMPE up to 2 x YMPE

0 above 2 x YMPE

Indexing formula

- All benefits subject to indexing
- 4 year average of fund returns over 6%
- Arithmetic averaging used
- No downward adjustment in year of retirement (at least 0% return credited to money purchase accounts)
- Use actual returns for years prior to retirement

- All benefits subject to indexing
- 6 year average (future retirees only)
- Geometric average (current and future retirees)
- Adjustment to reflect reduction in account balances to date of retirement due to negative fund return (future retirees only)
- Use 7% to backfill years prior to retirement

\* YMPE = Canada Pension Plan Maximum covered earnings level which is indexed annually (\$41,100 for 2005)