Executive Summary

Briefing Note Re: Motion to Amend WLU Pension Plan Respecting Money Purchase Indexing Formula

Motion: That the pension plan text be amended, effective January 1,2005, in sections 7.01(a), 7.02(a), 7.03(a) 7.04, 8.01 as follows: "*Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.*"

Please refer to page 6 of the Briefing note for the full wording of the plan text as amended by the forgoing.

The motion corrects a design issue in the existing money purchase indexing formula because the four year averaging, or smoothing technique, uses rates of return already employed to determine the money purchase balances at retirement. The existing formula creates a problem of double counting in the initial four years of retirement. The proposed amendment eliminates this. The attached documentation outlines how this is done and provides the material reviewed by the pension committee of the board of governors. The proposed amendment was arrived at after considerable consultation with all employee groups and the pension plan's actuary. The following are the salient points connected with this motion:

- In March 2004 the pension committee of the board of governors was informed of the design issue in the money purchase indexing formula and advised of a complaint brought forward by a recent retiree in July 2003. Recent retirees are concerned by the negative impact created by the present indexing formula because of the "double counting" effects of the investment rates of return used in the years prior to retirement.
- At the above mentioned meeting, the pension committee of the board passed a motion instructing human resources to meet with the executive of each employee group, review amended changes, and to bring the results back to the committee in May.
- At its May 2004 meeting a report was given to the pension committee concerning progress with the various employee groups and the committee advised human resources to continue the dialogue and to extend the original time line for implementation.
- June 23, 2005-After many discussions with all employee groups, including a review of a background paper prepared by the pension plan's actuary, a consensus agreement was developed for amending the indexing formula.
- A Memorandum of Agreement was prepared for each unionized employee group reflecting the consensus agreement (in addition, the notice provisions in the pension act respecting plan amendments were followed for employees not

covered by collective agreements). The MOA provided for a January 1, 2005 implementation date.

- Based on the advice of the pension plan's actuary, the firm of Cowan Wright Beauchamp, the proposed change is expected to be cost neutral given a January 1, 2005 implementation date.
- The signed MOA respecting the consensus amendment was incorporated into the WLUFA collective agreement ratified by the board in December 2005.
- At its October 19, 2005 meeting, the pension committee was asked to consider back dating the implementation date of the new money purchase indexing formula to July1, 2001. This would change the dollar impact from a cost neutral one to approximately $540,000 in increased liabilities. This was approved by the committee but put on hold at the following meeting held on January 26, 2006 pending 3rd party legal/consulting review of the implications of a retroactive application of the new post-retirement indexing formula to July1, 2001. Instead, the committee passed a motion to recommend to the board that the money purchase indexing formula be implemented on January 1, 2005 as per the MOA's. Moreover, this change was expected to be cost neutral, it immediately deals with the design issue, and would allow the university to proceed with the new method for the indexing for 2005 pensions.
- The July 1, 2001 implementation date for the change in indexing is a corollary issue and will be brought to the board of governors at a later date for its consideration.

The university administration is recommending the amendment to the money purchase indexing formula pension as contained in the motion. The amendment creates a fairer indexing formula to both retirees and to the pension plan itself, it is cost neutral, and it reflects a consensus decision of all employee groups that required months to achieve.

Prepared by Jim Butler,
Vice-President Finance and Administration

February 6, 2006

Board Briefing Notes

Proposed Change to Pension Plan Post-Retirement Indexing

January 31, 2006

Board Briefing Notes: Proposed Change to Pension Plan Post-Retirement Indexing

Purpose

The purpose of this document is to provide the Board with information on the proposed change to the Pension Plan's Post-Retirement Indexing formula in support of the following motion brought forward on January 26, 2006.

> That the pension plan text be amended in sections 7.01(a), 7.02(a), 7.03(a), 7.04, 8.01 as follows: **"Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement"**

Please refer to page 6 of this document for the full wording of the amended plan text.

Background Information

While the Plan Member is active, their Money Purchase Account (MPA) is credited each year with the actual net rate of return earned by the Fund. At retirement, the MPA balance is converted to a Money Purchase Pension (MPP) based on an actuarial conversion rate which includes, among other things, a conversion interest rate. Each year after retirement, the Member's MPP is adjusted based on a post-retirement indexing formula set out in the Plan. In addition, at retirement, the Minimum Guarantee Pension (MGP) is determined based on a specified formula and indexed annually based on increases in the Consumer Price Index to a maximum of 4% per year. The pension payable to the Member at retirement and each year thereafter is the larger of the MPP and the MGP.

Prior to 1995, post-retirement indexing for the Money Purchase Pension and the pension attributable to Additional Voluntary Contributions was calculated annually for retirees based on the Plan's current year earnings rate less the Member's conversion interest rate. This method, although accurate, could result in significant increases or decreases to retirees monthly pension amounts based on the Fund's performance in that year.

In December 1994 there was an agreed upon change to the post-retirement indexing formula for the Money Purchase Pensions and pension attributable to Additional Voluntary Contributions in an attempt to "smooth" the undesirable level of variations from year to year in the Member's MPP. From July 1995 forward, pensions were administered as per the Plan change and adjusted annually, either positively or negatively, based on the average rate of interest earned by the Fund during the most recent four-year period, less the Member's money purchase conversion rate.

Although this new formula created less potential variation from year to year, the four-year averaging "double counted" earnings rates during the first 3 years of retirement. For example, a Member retiring in July 1995 had their 1996 post-retirement indexing adjustment based on the average Fund earnings in the year's 1992-1995 minus conversion rate, even though the earnings rate in these years had already been applied to their Money Purchase Account balance when they were an active Member. The University was aware that this design attribute could have a positive or negative effect on Member's MPP depending on Fund performance in the years immediately prior to retirement, but at the time everyone was content with the design based on the assumption of rising markets.

From 1995 to 2000, the Plan performed well and retirees experienced positive annual post-retirement indexing ranging from 3.53% to 7.21%. The portion of this indexing that arose from the “double counting” was financed by the university and the liability thus created has increased the university’s funding obligations and thereby has contributed to the current funding deficit.

From 2001 to 2004, however, Plan performance declined and for the first time there was a consistent downturn in pension returns. This downturn highlighted the potentially negative consequences of the 4-years averaging formula to Members who retired during and this period as they were effected by the negative returns both pre and post retirement.

In July 2003, a newly retired faculty member formally voiced concerns to the AVP Human Resources regarding the fairness of the 4-year averaging formula, as the Fund earnings prior to his retirement were poor resulting in a decrease to his MPP.

On March 30, 2004 the AVP Human Resources brought forth the concerns of the newly retired faculty member to the Pension Committee. The committee was provided with information on the current post-retirement indexing method and presented with a proposed change that would transition to the 4-year averaging method but use fund earning rates for the years after retirement only. (Appendix A) A motion was carried that the AVP Human Resources would meet with the executive of the various employee groups and ask for their approval to move forward with a change to the current post-retirement indexing method.

On May 17, 2004 the Pension Committee was updated on the status of the post-retirement indexing change by the AVP Human Resources. Since the last committee meeting, the proposed change had been communicated to the various employee groups but had been met with some resistance. The committee advised the AVP HR to continue working with the employee groups to gain their agreement and to extend the original time line for implementation to allow for further discussion.

On June 23, 2005 the actuary from Cowan Wright Beauchamp updated the committee on the status of the change. He advised them that several meetings had taken place with the employee groups where a discussion paper was presented (Appendix C) and that all groups had verbally accepted the proposed change. Memorandums of Agreement had been prepared and presented to the executive of each union group asking for their signed agreement and a memo distributed to all non-union employees advising them of the amendment as per requirements under pension legislation. The implementation date on the MOA and memo was January 1, 2005. (Appendix B) In support of this MOA, the July 1, 2005 WLUFA collective agreement article 29.1.1(b) states “The Parties agree to amend the Pension Plan in accordance with the Memorandum of Agreement entered into by the Parties on June 21, 2005.”

On October 19, 2005 the VP Finance and Administration advised the committee that all employee groups but one had signed the Memorandums of Agreement supporting the new post-retirement indexing calculation effective January 1, 2005. The committee was also advised that a retiree affected by the negative fund returns from 2001-2004 had requested the new formula be applied retroactively to July 1, 2001. The actuary from Cowan Wright Beauchamp presented a discussion paper outlining the increased liabilities associated with applying the change retroactively to July 1, 2001. (Appendix C) The paper indicated that the change in the money purchase indexing is expected to be cost neutral if implemented January 1, 2005 and increases liabilities by $540,000, approximately, if implemented retrospectively to July 1, 2001. After lengthy discussion a motion was carried to approve the post-retirement indexing change on a retroactive basis to July 1, 2001.

In light of the fact that applying the change on a retroactive basis to July 1, 2001 would create a significant increase in Plan liabilities, the Executive Governance to the Board requested a 3rd party legal/consulting opinion to clarify the committee's fiduciary responsibilities and determine if this action is precedent setting.

On January 26, 2006, given the pending legal opinion on retroactive application of the change, the committee moved to decouple the retroactivity from the change itself and tabled a motion to approve the new post-retirement indexing method on a prospective basis only commencing January 1, 2005. This motion would allow for the implementation of the signed MOA's effective January 1, 2005 and avoid the need for further adjustments caused by a delay in implementation. The motion was carried and presented to the Board of Governors.

Chronological Summary

- July 2003: a newly retired faculty member formally voiced concerns regarding the fairness of the 4-year averaging formula for post retirement indexing due to the "double-counting" of years immediately prior to retirement

- March 2004**:** the retiree's concerns were brought forth to the Pension Committee and a motion was carried that the AVP Human Resources would meet with the executive of the various employee groups, asking for their approval to move forward with a change to the current post-retirement indexing method.

- May 2004**:** the committee was updated on the status of the post-retirement indexing change and advised that meetings had taken place with the various employee groups to obtain their input and approval.

- June 2005: the committee was updated on the status of the change by the actuary and advised that a Memorandum of Agreement (MOA) had been distributed to the employee groups for their review and signed approval. At that time both WLUSA and WLUFA had signed the MOA. The implementation date on the MOA was January 1, 2005.

- October 2005: The actuary presented a discussion paper outlining the liabilities associated with retroactivity. The paper indicated that the change in the money purchase indexing is expected to be cost neutral if implemented January 1, 2005 and increases liabilities by $540,000, approximately, if implemented retrospectively to July 1, 2001. A motion was carried to apply the post-retirement indexing change to July 1, 2001. (Appendix C)

- January 2006: the Executive and Governance to the Board requested a 3rd party legal/consulting opinion in an exercise of due diligence to clarify the Board's fiduciary responsibilities and determine if this action is precedent setting.

- January 26, 2006: the committee moved to decouple the retroactivity from the change itself and tabled a motion to approve the new post-retirement indexing method on a prospective basis only commencing January 1, 2005. This motion would allow for the implementation of the signed MOA's effective January 1, 2005 and avoid the need for further adjustments caused by a delay in implementation for those who retired since this date. The motion was carried and presented to the Board.

Summary of Change to Post Retirement Indexing Formula

Once retired, a member's Money Purchase pension is adjusted each year (up or down) based on the difference between the average fund earnings rate and the Member's conversion interest rate.

Adjustment Rate = Average Fund Earnings Rate – Member's Conversion Interest Rate

The example below is based on a **Member who retires July 1, 2004** and illustrates the difference between the current and proposed post-retirement indexing method in the 4 years post retirement.

Current Post-Retirement Indexing Formula		**Proposed Post-Retirement Indexing Formula**	
Adjustment Year	**Adjustment Rate (AR) Calculation**	**Adjustment Year**	**Adjustment Rate (AR) Calculation**
2005	25% of AR 2001, plus 25% of AR 2002, plus 25% of AR 2003, plus 25% of AR 2004	2005	25% of 2004 AR
2006	25% of AR 2002, plus 25% of AR 2003, plus 25% of AR 2004, plus 25% of AR 2005	2006	25% of 2004 AR, plus 25% of 2005 AR
2007	25% of AR 2003, plus 25% of AR 2004, plus 25% of AR 2005, plus 25% of AR 2006	2007	25% of 2004 AR, plus 25% of 2005 AR, plus 25% of 2006 AR
2008	25% of AR 2004, plus 25% of AR 2005, plus 25% of AR 2006, plus 25% of AR 2007	2008 (transition to 4 year average)	25% of 2004 AR, plus 25% of 2005 AR, plus 25% of 2006 AR, plus 25% of 2007 AR

The proposed post-retirement indexing formula is a transition to the 4-year averaging method but uses Fund earning rates for the years after retirement only. Thus, from the 4th year of retirement forward, the new calculation produces the same incremental results as the old calculation.

The actuaries have determined that the proposed calculation would be "cost-neutral" and would not expose the University to any additional obligations. (see attached Discussion Paper in Appendix C)

Pension Plan Amendment

The proposed post-retirement indexing change requires a formal amendment to the Pension Plan text as detailed below. The complete Pension Plan text is attached for your reference.

Section 7.01(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

Section 7.02(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

Section 7.03(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

Section 7.04 shall be amended by deleting the second paragraph in its entirety and replacing it with the following:

Alternatively, the Member may, except in so far as (and to the extent that) a valid agreement with a former employer prohibits, elect to receive such amount as an additional pension, commencing on the Member's retirement date. The additional pension will be provided from the total of such contributions and the Credited Interest thereon and based on

> the actuarial tables in force for purposes of the Plan at the time of retirement. The additional pension will be payable during the lifetime of the Member, in the form of a variable benefit which will remain constant during the Plan Year but will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

Section 8.01 shall be amended by deleting it in its entirety and replacing it with the following:

> The normal form of pension is one, which commences on the Member's retirement date, and is payable in equal monthly installments during the lifetime of the Member, with 60 months guaranteed. The amount of monthly payments arising from the Member's Money Purchase Component Account during each Plan Year will not vary, but will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement. The amount of supplementary pension required to provide the Member with the Minimum Guaranteed Benefit for that year, if any, will be payable from the Minimum Guarantee Fund in accordance with Sections 7.01(b), 7.02(b) or 7.03(b), as appropriate. The form of benefit arising from voluntary or special lump sum voluntary contributions will be the same form of benefit as that arising from the Member's Money Purchase Component Account.

<u>Next Steps</u>

1. Proposal to amend the post-retirement indexing formula on a prospective basis from January 1, 2005 forward. This has been determined to be cost-neutral to the pension plan. (see attached Discussion Paper in Appendix C)

2. Conduct due diligence by obtaining a 3rd party legal/consulting review of the implications of a retroactive application of the new post-retirement indexing formula to July 1, 2001. This has been determined by the actuary to increase the pension plan liabilities by approximately \$540,000. (Appendix C)

3. Present Pension Committee with results of 3rd party due diligence review. Resolution of retroactivity of post-retirement indexing change.

<u>Resolution: change to post retirement indexing prospectively from January 1, 2005</u>

The pension committee deliberated on the matter and voted on January 26, 2006 to recommend to the Board of Governors that the amendment to the post-retirement indexing formula be approved **prospectively from January 1, 2005.**

Based on this recommendation, the following motion is brought forward:

> That the pension plan text be amended in sections 7.01(a), 7.02(a), 7.03(a), 7.04, 8.01 as follows: **"Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement"**
>
> That this amendment be effective January 1, 2005.

APPENDIX A

PENSION COMMITTEE MEETING MINUTES
MARCH 30, 2005

- First time proposed change was brought forward to the Pension Committee
- Committee provided with detailed information on current and proposed post-retirement indexing method by AVP Human Resources
- Motion to recommend that AVP HR meet with executive of the employee groups informing them of the proposed change.

Pension Committee of the Board of Governors
Tuesday, March 30, 2004 – 8:30am R138, 202 Regina St.

Those Present: Tamara Warren, Bill McTeer, Beverly Harris, John Radford, Joan Fisk, Mark Kilgour, Shelagh Pepper

Guests/Staff: Jim Butler, Mary Robinson (Russell Canada), Bruce Kerwood (Russell Canada), Tom Kidd (Cowan Wright Beauchamp), Phil Wong, Elizabeth Miller, Stacey Musgrove (Recording Secretary)

1) Tom Kidd, Cowan Wright Beauchamp – Presentation

Tom Kidd of Cowan Wright Beauchamp made a presentation to the Pension Committee.

Tom handed out a bound presentation to the committee. He reviewed who Cowan Wright Beauchamp is, and some of the major services they provide, including plan documents, plan amendments, regulatory filings, Governance material, and Employee communications.

Tom reviewed the Actuarial Services provided by Cowan Wright Beauchamp, and they are as follows:

Actuarial Valuations

- Funding (triennial or earlier)
- Solvency (along with Funding)
- Accounting (annual)
- Cost Certificates

Peer Review (done by an individual who has nothing to do with the plan)
Indexing Calculations
Service purchases
Fund rate of return (monthly)
Disclosure Statement projections
Commuted Value Calculations

- Method
- Oversee calculations

WLU Pension Plan

Tom Kidd then presented an overview of the Wilfrid Laurier University Pension Plan.

Beverly Harris asked if it is difficult to change aspects of a Pension Plan, to which Tom Kidd noted that while it is possible to make changes to a plan, unless there is a broad based agreement between the two parties, it cannot be done. Phil Wong added that both parties can agree to make changes.

Jim Butler made a comment to the committee that the portfolio management was improved, and another actuarial valuation should be done at the end of the year. The hope is to have had 18 months of good returns before the valuation is done.

A committee member asked what it costs to do an actuarial valuation. Jim Butler noted that he did not have any costs on hand, but that he will find out the costs, and provide that information at the next meeting.

A committee member asked if the committee needs to seek approval from the Board of Governors to proceed with the Valuation, and Jim Butler commented that yes, the Board of Governors would have to approve the request for a valuation, due to the costs involved.

Proposed Index Changing

Phil Wong brought an issue regarding changes to the indexing. He commented that a retired member brought a problem in index calculating to the attention of Human Resources.

*For purposes of explaining how the proposed changes came about, the following Background, Problem and Proposed Changes have been taken from a letter provided by Phil Wong written by Tom Kidd of Cowan Wright Beauchamp on March 25, 2004.

Background

While the Member is active, the Money Purchase Accounts (MPA) are credited each year with the actual rate of return earned by the fund. At retirement, the MPA balance is converted to a Variable Pension based on an actuarial conversion basis which includes, among other things, a conversion interest rate. After retirement, the Variable Pension is indexed at a rate equal to the difference between the “Fund Earnings Rate” and the conversion interest rate at retirement. For the first increase, indexing is based only on the period since retirement. In the past, the “Fund Earnings Rate” used in the above calculations has been the average rate earned by the fund over the prior 4 Plan Years. The original reason for using a 4 year average was to reduce the undesirable variation in the Member’s Variable Pension each year that could have resulted had actual year by year rates of return been used.

Problem

A concern has been expressed by newly retired Members that the current method has resulted in a situation whereby these Members whose MPA balances have already been affected by the actual rate of return for the past few years up to retirement will have the rates for the same years applied for the first few updates after retirement to their Variable Pensions. As a result, these Members feel that they have been hit twice with the poor rates of return earned recently.

Proposed Solution

Cowan Wright Beauchamp’s suggested proposed change to the indexing rules is to determine the average Fund earnings rate for indexing purposes over the 4 years previous to the indexing date but no prior to the date of retirement. This change would apply to any newly retired Member whose January 1, 2004 MPP would be higher under the new method than under the current method. In other words, Members whose money purchase pensions would be higher at January 1, 2004 if the new method had been applied since they retired and all new retirees in the future would be subject to the new method. Any Member whose January 1, 2004 money purchase pension would be lower under the new method than the current method will continue to be subject to the current method.

A comment was made that if we make the assumption that this will require a change in the plan, the university does not have the ability to make any changes without consulting all of the employee groups (WLUFA, WLUSA, CUPE etc…) and the Board of Governors.

Joan Fisk asked how these proposed changes would be communicated since a lot of members may have difficulty understand the changes proposed. The reply was that typically, the heads of the employee groups will be informed first, and hopefully get they are able to get the changes understood. Jim Butler added that a seminar will be run in the summer, and they will advertise that this seminar is coming, and that a change is also coming.

If this committee feels that there is logic to make the proposed changes, then he can meet with the employee groups, who would then go to the Board.

MOTION: (Fisk/McTeer): that the Pension Committee recommends that Phil Wong meet with Executive of the employee groups informing them of the amended changes to the Pension Plan and bring the results back to the Pension Committee in May

CARRIED

Phil Wong agreed to bring some anonymous scenarios to help show what the changes are when he meets with the various employee groups.

2) <u>Russell Canada Presentation- Mary Robinson & Bruce Kerwood</u>

A March 30, 2004 presentation was handed out to the committee, and an overview of the following items was presented:

<u>Introduction to Frank Russell Company</u>
Mary Robinson reviewed who Russell Canada is and she gave a brief overview of what they do as presented in the handout.

<u>Governance Overview (page 8)</u>
It was explained that Governance is the assignment of an authority to make decisions, or a decision structure. On page 10 of the presentation, a background is explained.

<u>How Russell Works with Laurier</u>

Russell is delegated to make the big decisions regarding the Pension Plan re: Governance, Objective Setting and Asset Allocation. Jim Butler gave a background on the previous portfolio managers and he explained how the previous committee struggled with hiring and firing of investment managers, so a decision was made to us a Manager of Managers approach. Russell Canada was selected in a Manager of Managers Request for Proposal. Russell acts as a Fiduciary in the hiring and firing of managers.

Fund Performance

Mary Robinson reviewed each slide in the handout, and answered questions of the committee.

Asset-Liability Study - Update

Mary Robinson explained that the Asset-Liability Study was a very technical process. Russell offered to go over the Asset Liability Study that had originally been presented to the (former) Investment Performance Sub-Committee, and the new Pension committee agreed that it would be extremely useful to have this presentation. This presentation would ideally be done before the May meeting.

Russell commented that they would like the committee to read the following documents (Russell will mail them to Jim Butler's office and they will distribute them to the committee via mail):

- Portable Pension Fiduciary
- Asset Allocation pamphlet

Follow Up Items:

- The Statement of Investment Policies and Procedures is to be distributed to the committee for review
- The Asset Mix Policy to be provided to the committee for review

Next Steps: Update asset-liability study presentation

A discussion took place regarding possible dates for the next Pension Committee meeting. Beverly Harris suggested that April 29th and/or 30th might be good days to meet. This meeting needs to be lengthy in order to get the committee up to speed on the pension.

Meeting adjourned at 11:00am

APPENDIX B

MEMORANDUM OF AGREEMENT BETWEEN WLU AND UNION GROUPS

and

MEMORANDUM TO NON-UNION MEMBERS

Re: Change to Post-Retirement Indexing of Pensions

- MOA Distributed to executive of all union groups in June, 2005
- MOA signed and agreed to by all union groups October 2005, subject to Board approval
- Memorandum distributed to all non-union employees October, 2005

MEMORANDUM OF AGREEMENT
BETWEEN
WILFRID LAURIER UNIVERSITY
AND
<name of union>

WHEREAS effective September 1, 1962, Wilfrid Laurier University (the "University") established the Wilfrid Laurier University Pension Plan (the "Plan");

AND WHEREAS pursuant to Section 15.01 of the Plan, the University retains the right to amend the Plan;

AND WHEREAS some members of the Plan have requested a change to the post-retirement indexing of the Plan and the University is considering an amendment to the Plan provisions with respect to the post-retirement indexing of pensions;

AND WHEREAS the University is seeking agreement to proposed changes prior to amending the Plan provisions;

AND WHEREAS the current post-retirement indexing method is described below;

Under the current rules, outlined in Sections 7.01(a), 7.02(a), 7.03 (a), 7.04 and 8.01 of the Plan, at the end of each year following a member's retirement, the Money Purchase Pension (MPP) is adjusted using the excess of the average of the fund earnings rates during the last 4 years over the conversion interest rate that was used to convert the member's Money Purchase Account (MPA) into a MPP at retirement. The 4 year averaging method attempts to reduce the magnitude of the fluctuations in Plan members' pensions.

If the fund earnings rate for the year less the conversion interest rate for the member is defined as the "Adjustment Rate" in respect of a year for a retired member, then the adjustment factor for a retired member at the end of a year can be determined as:

25% of the Adjustment Rate 3 years ago, plus
25% of the Adjustment Rate 2 years ago, plus
25% of the Adjustment Rate last year, plus
25% of the Adjustment Rate this year

Under the current 4 year fund earnings averaging formula, in the first few years immediately following retirement, the 4 year average method outlined above reflects years prior to retirement. For instance, at the first year end

after retirement, the averaging formula includes the last 3 years immediately prior to retirement.
While the Plan member was active, the entire annual fund earnings rate was applied to determine the balance of the member's MPA. This means that the fund earnings rates for the 3 years prior to retirement are double counted. These fund earnings rates are used first to find the MPA balance and then again to determine the adjustment to the MPP for the first 3 years.

While this might benefit the members if fund earnings rates immediately prior to retirement were good, it would be harmful if the fund earnings rates were poor during those years. This latter situation has occurred for the past few years.

AND WHEREAS, the suggested change to the post-retirement indexing method is to the fund earnings average formula as follows:

The main purpose of the suggested change to the fund earnings average formula would be to eliminate the double counting of the fund earnings rate for the years immediately prior to retirement, while still smoothing the year by year indexing, eliminating as much as possible the undesirable fluctuations.

The new fund earnings average formula would be similar to the current method (and in fact would be the same after 4 years). The new formula would use the fund earnings rates only for years after retirement. The MPP would be adjusted each year as follows:

- Adjustment at the end of the first year following retirement:

  25% of the Adjustment Rate for the year

- Adjustment at the end of the second year following retirement:

  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

- Adjustment at the end of the third year following retirement:

  25% of the Adjustment Rate for 2 years ago, plus
  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

- Adjustment at the end of the fourth year following retirement (and after):

  25% of the Adjustment Rate for 3 years ago, plus
  25% of the Adjustment Rate for 2 years ago, plus
  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

THE UNIVERSITY AND <name of UNION> HEREBY AGREE WITH THE PROPOSED CHANGE IN POST-RETIREMENT INDEXING, SUBJECT TO APPROVAL BY ALL PLAN MEMBER GROUPS AND BY THE UNIVERSITY BOARD OF GOVERNORS. THE EFFECTIVE DATE OF THE PROPOSED CHANGE WILL BE FOR RETIREMENTS ON OR AFTER JANUARY 1, 2005.

DATED AT THIS ______________ day of _________________, 2005.

FOR THE UNIVERSITY

____

____

____

FOR <name of UNION>

____

____

____

MEMORANDUM TO:	**Non-Union Members of the Wilfrid Laurier University Pension Plan (the "Plan") Registration Number: 0314492**
RE:	**Proposed Change to Post-Retirement Indexing of Pensions**
DATE:	**<date>**

The purpose of this document is to provide some background on a proposal to change the way that the Plan adjusts pensions in pay each year based on inflation and the pension fund earnings rate.

Background Information on Plan Retirement Benefits

Under the Plan, benefits after retirement are determined as the larger of two Plan provisions:

- a Money Purchase Pension (MPP), and
- a Minimum Guaranteed Pension (MGP)

Prior to retirement, members and WLU make MPP contributions. These contributions are deposited into the member's Money Purchase Account (MPA) and are credited with the actual net rate of investment return earned by the pension fund during the year. The MGP is funded by WLU.

At retirement, if the member chooses to receive a monthly pension from the fund, the MPA is converted into a pension (the MPP) using the annuity factors in effect at the retirement date. These conversion annuity factors depend, among other things, on a "conversion interest rate" that is set each year according to a formula based on long term Government of Canada bonds yields.

In addition, at retirement, the MGP is determined based on a formula set out in the Plan that depends on the member's best 5 year average pensionable earnings, the YMPE for those years and the member's pensionable service.

The pension payable to the retired member is the larger of the MPP and the MGP. Each year after retirement, the MPP and the MGP are adjusted. The MPP is adjusted based on the difference between the 4 year average of the fund earnings rate and the conversion interest rate for the member. This adjustment can be either positive or negative. The 4 year averaging method attempts to reduce the magnitude of the fluctuations in Plan members' MPP pensions. The MGP is adjusted based on increases in the Consumer Price Index (CPI) during the previous year. The pension payable for the following year is again the larger of the MPP and the MGP. This process continues as long as a pension is payable.

Current Post-Retirement Indexing of Pensions

Under the current rules, outlined in Sections 7.01(a), 7.02(a), 7.03 (a), 7.04 and 8.01 of the Plan, at the end of each year following a member's retirement, the Money Purchase Pension (MPP) is adjusted using the excess of the average of the fund earnings rates during the last 4 years over the conversion interest rate that was used to convert the member's Money Purchase Account (MPA) into a MPP at retirement. The 4 year averaging method attempts to reduce the magnitude of the fluctuations in Plan members' pensions.

If we define the Adjustment Rate in respect of a year for a retired member as the fund earnings rate for the year less the conversion interest rate for the member, then the Adjustment Factor for a retired member at the end of a year can be determined as:

> 25% of the Adjustment Rate 3 years ago, plus
> 25% of the Adjustment Rate 2 years ago, plus
> 25% of the Adjustment Rate last year, plus
> 25% of the Adjustment Rate this year

Under the current 4 year fund earnings averaging formula, in the first few years immediately following retirement, the 4 year average method outlined above reflects years prior to retirement. For instance, at the first year end after retirement, the averaging formula includes the last 3 years immediately prior to retirement.

While the Plan member was active, the entire annual fund earnings rate was applied to determine the balance of the member's MPA. This means that the fund earnings rates for the 3 years prior to retirement are double counted. These fund earnings rates are used first to find the MPA balance and then again to determine the adjustment to the MPP for the first 3 years.

While this might benefit the members if fund earnings rates immediately prior to retirement were good, it would be harmful if the fund earnings rates were poor during those years. This latter situation has occurred for the past few years.

Suggested Change to the Fund Earnings Average Formula for Post Retirement Indexing of Pensions

The main purpose of the suggested change to the fund earnings average formula would be to eliminate the double counting of the fund earnings rate for the years immediately prior to retirement, while still smoothing the year by year indexing, eliminating as much as possible the undesirable fluctuations.

The new fund earnings average formula would be similar to the current method (and in fact would be the same after 4 years). The new formula would use the fund earnings rates only for years after retirement. The MPP would be adjusted each year as follows:

- Adjustment at the end of the first year following retirement:

  25% of the Adjustment Rate for the year

- Adjustment at the end of the second year following retirement:

  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

- Adjustment at the end of the third year following retirement:

  25% of the Adjustment Rate for 2 years ago, plus
  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

- Adjustment at the end of the fourth year following retirement (and after):

  25% of the Adjustment Rate for 3 years ago, plus
  25% of the Adjustment Rate for 2 years ago, plus
  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

If you have any comments about the proposed amendment, please send them **within the next 30 days** to:

Jim Butler
Vice President, Finance and
Administration
Wilfrid Laurier University

DATED AT ______________ this ________ day of _____________________, 2005.

WILFRID LAURIER UNIVERSITY

____
(Signature)

____
(Name and Title)

APPENDIX C

Costs Associated with Retroactive Application of Post-Retirement Indexing Change

- Prepared and presented to Pension Committee by Cowan Wright Beauchamp actuary on October 19, 2005.
- Revised version (attached) provided to Pension Committee on January 26, 2006.
- Appended discussion paper presented to WLUSA (June 2005)

Wilfrid Laurier University Pension Plan
Post-Retirement Indexing of Pensions
Costs Associated with Retroactive Application

Purpose of this Document

For some time, there has been discussion concerning revising the method of calculating the year by year Money Purchase Pension (MPP) adjustment factor. The current method uses a 4 year average based on fund earnings rates (including the period prior to retirement) and the MPP conversion interest rate. The proposed method would retain the 4 year average but only use fund earnings rates after retirement. This change to post-retirement rates only requires grading in over a 4 year period after retirement.

A note regarding the proposed method had been prepared as background material for a meeting with WLUSA. A copy of that note is attached.

In that note (last page), comments were made regarding the effective date of the proposed method and retroactivity (if any). We have now completed our calculations, which are the subject of this note.

Financial Effect of the Proposed Method for Future Retirees

The current method and the proposed method will result in the same year by year adjustment in the MPP for the fourth (and subsequent) indexing dates (i.e. Plan year-ends) after retirement. However, at the first 3 indexing dates there will be differences in the pension adjustment factors that will depend on the pattern of the fund earnings rates.

If the fund earns exactly the MPP conversion interest rate for a member during the first few years after retirement, the proposed method and current method would result in the same average adjustment factor. However, if the fund earnings rates are lower than the conversion rate during those years then the proposed method would result in higher pensions. The opposite is true if the fund earnings rates were higher than the conversion interest rate.

It is impossible to know (in advance) what the fund earnings rates will be for future years. We believe that the fund will earn a higher rate on average in the future than the current conversion interest rate. Thus, we would not expect there to be any long term cost to the Plan for future retirees.

However, we already know that for the past few years the fund has not earned an average rate of return equal to the MPP conversion interest rate. If the proposed method were extended retroactively, then there would be a cost to the Plan.

Financial Effect of the Proposed Method for Recent Retirees

We have been asked to determine that cost to the Plan should the proposed method be applied retroactively to recent retirements. The cost to the Plan would consist of two parts:

a) a lump sum retroactive payment equal to the difference between the pensions that would have been paid based on the proposed method vs. the current method, and

b) the increase in actuarial liabilities for future money purchase pensions arising from the higher revised money purchase pension.

We have reviewed the retirements during the past few years and have determined that the proposed method would result in an increased MPP for all retirements from July 1, 2001 and later. Some of these members have a Minimum Guaranteed Pension (MGP) that is higher than their MPP and thus there would be no increase in their actual pension paid.

We have separated the results for recent retirements during each Plan year (working backwards). The total costs by Plan Year of retirement are shown in the following table.

Retirements in Period	Total No.[1]	Affected No.	Increase in Pension	Retroactive Amount	Average % Increase[2]	Increase in Liabilities
Jan 04 - Dec 04	13	12	$793.25	$0.00	2.0%	$61,985
Jul 03 - Dec 03	5	4	1,534.79	6,078.96	6.8%	279,867
Jul 02 - Jun 03	12	9	1,237.08	9,287.58	7.2%	146,338
Jul 01 - Jun 02	11	7	366.12	2,122.92	3.2%	49,446
Total	**41**	**32**	**$3,931.24**	**$17,489.46**	**4.3%**	**$537,636**

Conclusion

The period for which retroactivity is granted is a matter for agreement by the parties involved.

There is no theoretical justification for picking any particular starting date. However, as mentioned earlier, retirements prior to July 1, 2001 would result in lower pensions. For all retirements on and after July 1, 2001 but before January 1, 2005, the MPP would be larger under the proposed method than under the current method.

For retirements on and after January 1, 2005, the actual future fund earnings rates would determine which method results in a larger pension.

---

1 In addition to the members shown, there was one member who died shortly after retirement. The total additional amount that would have been paid to this member was only $15.51.

2 Excludes members not affected by the proposed method (i.e. MGP > MPP).

Wilfrid Laurier University Pension Plan

Discussion Paper Regarding Post-Retirement Indexing of Pensions

Purpose of this Document

The main purpose of this document is to provide some background on a proposal to change the way that the Pension Plan adjusts pensions in pay each year based on inflation and the fund earnings rate. The document reviews the current methods used by the Pension Plan, sets forth some of the serious problems with the current method and explains the proposed changes to the indexing methods.

Determination of the Pension Plan Retirement Benefit - a Refresher

Under the Wilfrid Laurier University Pension Plan, the Plan benefits after retirement are determined as the larger of two Plan provisions:

a Money Purchase Pension (MPP), and
a Minimum Guaranteed Pension (MGP)

Prior to retirement, members and WLU make contributions (currently 7% of pensionable earnings each) with the total dollar contribution each calendar year subject to the Money Purchase Limit for the year specified in the Income Tax Act. These contributions are deposited into the member's Money Purchase Account (MPA) and are credited with the actual net rate of investment return earned by the pension fund during the year.

At retirement, if the member chooses to receive a monthly pension from the fund, the MPA is converted into a pension (the MPP) using the annuity factors in effect at the retirement date. These conversion annuity factors depend, among other things, on a "conversion interest rate" that is set each year according to a formula based on long term Government of Canada bonds yields.

In addition, at retirement, the MGP is determined based on a formula set out in the Plan that depends on the member's best 5 year average earnings, the YMPE for those years and the member's pensionable service.

The pension payable to the retired member is the larger of the MPP and the MGP.

Each year after retirement, the MPP and the MGP are adjusted. The MPP is adjusted based on the difference between the average fund earnings rate and the conversion interest rate for the member. This adjustment can be either positive or negative. The MGP is adjusted based on increases in the Consumer Price Index (CPI) during the previous year. The pension payable for the following year is again the larger of the MPP and the MGP. This process continues as long as a pension is payable.

Why Average the Fund Earnings Rates?

As explained above, the MPP is adjusted each year based on the difference between the average fund earnings rate and the conversion interest rate for the member. The conversion interest rate is currently 5.63% (for retirements that occur in 2005). For the past few years, this rate has been about 6%. In recent years, the actual fund earnings rate has varied from a low of -9.15% to a high of 22.84%. This means that if the difference between the actual fund earnings rate and the conversion interest rate were used (instead of an average) the MPP would have increased in one year by about 17%, only to decrease in another year by about 15%.

These large swings in the pension payable from year to year are undesirable. As a result, the adjustment formula attempts to reduce the size of the yearly swings by using a 4 year average of the fund earnings rates instead of the year by year rates.

Current Fund Earnings Averaging Formula

Under the current rules, at the end of each year following a member's retirement, the MPP is adjusted using the excess of the average of the fund earnings rates during the last 4 years over the conversion interest rate that was used to convert the member's MPA into a MPP at retirement.

If we define the Adjustment Rate in respect of a year for a retired member as the fund earnings rate for the year less the conversion interest rate for the member, then the Adjustment Factor for a retired member at the end of a year can be determined as:

25% of the Adjustment Rate 3 years ago, plus
25% of the Adjustment Rate 2 years ago, plus
25% of the Adjustment Rate last year, plus
25% of the Adjustment Rate this year

Problem with the Current Fund Earnings Averaging Formula

Under the current fund earnings averaging formula, in the first few years immediately following retirement, the 4 year average method outlined above reflects years prior to retirement. For instance, at the first year end after retirement, the averaging formula includes the last 3 years immediately prior to retirement.

While the member was active, the entire annual fund earnings rate was applied to determine the balance of the member's MPA. This means that the fund earnings rates for the 3 years prior to retirement are double counted. These fund earnings rates are used first to find the MPA balance and then again to determine the adjustment to the MPP for the first 3 years.

While this might benefit the members if fund earnings rates immediately prior to retirement were good, it would be harmful if the fund earnings rates were poor during those years. This latter situation has occurred for the past few years.

Suggested Change to the Fund Earnings Average Formula

The main purpose of the suggested change to the fund earnings average formula would be to eliminate the double counting of the fund earnings rate for the years immediately prior to retirement, while still smoothing the year by year indexing, eliminating as much as possible the undesirable fluctuations.

The new fund earnings average formula would be similar to the current method (and in fact would be the same after 4 years). The new formula would use the fund earnings rates only for years after retirement. The MPP would be adjusted each year as follows:

- Adjustment at the end of the first year following retirement:

  25% of the Adjustment Rate for the year

- Adjustment at the end of the second year following retirement:

  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

- Adjustment at the end of the third year following retirement:

  25% of the Adjustment Rate for 2 years ago, plus
  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

- Adjustment at the end of the fourth year following retirement (and after):

  25% of the Adjustment Rate for 3 years ago, plus
  25% of the Adjustment Rate for 2 years ago, plus
  25% of the Adjustment Rate for last year, plus
  25% of the Adjustment Rate for the year

Effective Date of the Revised Fund Earnings Average Formula

No decision has been made yet regarding the effective date of the revised formula, assuming it is approved by all concerned. Calculations will be made to determine the effect of applying the revised method retroactively. Any retroactivity would only be if it would benefit the retired member and would depend on the cost of applying the revised formula.

APPENDIX D

Costs Associated with Retroactive Application of Post-Retirement Indexing Change

- Prepared and presented to Pension Committee by Cowan Wright Beauchamp actuary on October 19, 2005.
- Revised version (attached) provided to Pension Committee on January 26, 2006.

Wilfrid Laurier University Pension Plan
Post-Retirement Indexing of Pensions
Costs Associated with Retroactive Application

Purpose of this Document

For some time, there has been discussion concerning revising the method of calculating the year by year Money Purchase Pension (MPP) adjustment factor. The current method uses a 4 year average based on fund earnings rates (including the period prior to retirement) and the MPP conversion interest rate. The proposed method would retain the 4 year average but only use fund earnings rates after retirement. This change to post-retirement rates only requires grading in over a 4 year period after retirement.

A note regarding the proposed method had been prepared as background material for a meeting with WLUSA. A copy of that note is attached.

In that note (last page), comments were made regarding the effective date of the proposed method and retroactivity (if any). We have now completed our calculations, which are the subject of this note.

Financial Effect of the Proposed Method for Future Retirees

The current method and the proposed method will result in the same year by year adjustment in the MPP for the fourth (and subsequent) indexing dates (i.e. Plan year-ends) after retirement. However, at the first 3 indexing dates there will be differences in the pension adjustment factors that will depend on the pattern of the fund earnings rates.

If the fund earns exactly the MPP conversion interest rate for a member during the first few years after retirement, the proposed method and current method would result in the same average adjustment factor. However, if the fund earnings rates are lower than the conversion rate during those years then the proposed method would result in higher pensions. The opposite is true if the fund earnings rates were higher than the conversion interest rate.

It is impossible to know (in advance) what the fund earnings rates will be for future years. We believe that the fund will earn a higher rate on average in the future than the current conversion interest rate. Thus, we would not expect there to be any long term cost to the Plan for future retirees.

However, we already know that for the past few years the fund has not earned an average rate of return equal to the MPP conversion interest rate. If the proposed method were extended retroactively, then there would be a cost to the Plan.

Financial Effect of the Proposed Method for Recent Retirees

We have been asked to determine that cost to the Plan should the proposed method be applied retroactively to recent retirements. The cost to the Plan would consist of two parts:

a) a lump sum retroactive payment equal to the difference between the pensions that would have been paid based on the proposed method vs. the current method, and

b) the increase in actuarial liabilities for future money purchase pensions arising from the higher revised money purchase pension.

We have reviewed the retirements during the past few years and have determined that the proposed method would result in an increased MPP for all retirements from July 1, 2001 and later. Some of these members have a Minimum Guaranteed Pension (MGP) that is higher than their MPP and thus there would be no increase in their actual pension paid.

We have separated the results for recent retirements during each Plan year (working backwards). The total costs by Plan Year of retirement are shown in the following table.

Retirements in Period	Total No.[1]	Affected No.	Increase in Pension	Retroactive Amount	Average % Increase[2]	Increase in Liabilities
Jan 04 - Dec 04	13	12	$793.25	$0.00	2.0%	$61,985
Jul 03 - Dec 03	5	4	1,534.79	6,078.96	6.8%	279,867
Jul 02 - Jun 03	12	9	1,237.08	9,287.58	7.2%	146,338
Jul 01 - Jun 02	11	7	366.12	2,122.92	3.2%	49,446
Total	**41**	**32**	**$3,931.24**	**$17,489.46**	**4.3%**	**$537,636**

Conclusion

The period for which retroactivity is granted is a matter for agreement by the parties involved.

There is no theoretical justification for picking any particular starting date. However, as mentioned earlier, retirements prior to July 1, 2001 would result in lower pensions. For all retirements on and after July 1, 2001 but before January 1, 2005, the MPP would be larger under the proposed method than under the current method.

For retirements on and after January 1, 2005, the actual future fund earnings rates would determine which method results in a larger pension.

---

1 In addition to the members shown, there was one member who died shortly after retirement. The total additional amount that would have been paid to this member was only $15.51.

2 Excludes members not affected by the proposed method (i.e. MGP > MPP).

WILFRID LAURIER UNIVERSITY PENSION PLAN

Effective September 1, 1962
Amended and Restated to July 1, 1999

Ontario Pension Benefits Act, R.S.O. 1990 and
Canada Customs and Revenue Agency
Registration Number 0314492

Adopted this 5th day of July, 2000.
day month year

Philip Wong
Signature

PHILIP H. WONG, Assistant V-P, Human Resources
Name and Title

WILFRID LAURIER UNIVERSITY PENSION PLAN

Effective September 1, 1962
Amended and Restated to July 1, 1999

Ontario Pension Benefits Act, R.S.O. 1990 and
Canada Customs and Revenue Agency
Registration Number 0314492

Adopted this ________ day of ________________, __________.
day month year

____
Signature

____
Name and Title

Table of Contents

Preface 1

Section 1 - Definitions 6

Section 2 - Eligibility 11

Section 3 - Participation 12

Section 4 - Contributions 13
- 4.01 Required Contributions 13
- 4.02 Additional Voluntary Contributions 14
- 4.03 Special Lump Sum Voluntary Contributions 14
- 4.04 Contributions by the University 15
- 4.05 Maximum Member Contributions 15
- 4.06 Maximum Pension Adjustment 15
- 4.07 Allocation of Earnings 16

Section 5 - Transfer of Contributions under Reciprocal Transfer Agreement 17

Section 6 - Retirement Dates 18
- 6.01 Normal Retirement Date 18
- 6.02 Early Retirement Date 18
- 6.03 Postponed Retirement Date 18

Section 7 - Retirement Benefits 20
- 7.01 At Normal Retirement Date 20
- 7.02 At Early Retirement Date 21
- 7.03 At Postponed Retirement Date 22
- 7.04 Pension Arising from Voluntary and Special Lump Sum Voluntary Contributions 23
- 7.05 Benefits under Policy No. 7472GP 24
- 7.06 Portability 24

Section 8 - Normal and Optional Forms of Pension 25
- 8.01 Normal Form of Pension 25
- 8.02 Requirement for Joint and Survivor Pension 25
- 8.03 Optional Forms of Pension 25
- 8.04 Integration with Statutory Benefits 27
- 8.05 Application of Optional Benefits Minimum Guaranteed Benefits 27

Section 9 - Benefits on Termination of Service 28

Section 10 - Benefits on Death 32
- 10.1 Prior to Retirement 32
- 10.2 After Retirement 34
- 10.3 Spousal Lump Sum Transfer Option 34

Section 11 - Designation of Beneficiary 35

Section 12 - Funding of Plan 36

Section 13 - General Provisions 37
13.01 Proof of Age 37
13.02 Non-Assignment and Non-Commutation of Benefits 37
13.03 No Enlargement of Rights 37
13.04 Form of Notice 37
13.05 Small Benefits 38
13.06 Special Transfer Agreements 38
13.07 Construction 38
13.08 Maximum Benefits 38
13.09 Disclosure 39

Section 14 - Administration of Plan 40
14.02 Function of the Pension Committee 40

Section 15 - Future of the Plan 41
15.01 Continuation of Plan 41
15.02 Amendment of Plan 41
15.03 Discontinuance of Plan 41
15.04 Statutory Requirements 42
15.05 Use of Surplus 42

PREFACE

1. Effective September 1, 1962, Wilfrid Laurier University established the Wilfrid Laurier University Pension Plan (the "Plan") for its Employees, funded under The Great-West Life Assurance Company Group Annuity Policy No. 7472GP. Under the Plan, Members' contributions together with the University's matching contributions were deposited in the Plan for the purchase of annuity benefits. Plan Members were given the option to invest the Member's contributions in the Equity Fund of The Great-West Life Assurance Company for the subsequent purchase of annuity benefits.

2. Effective September 1, 1973, the Plan was converted to a New Money Deposit Administration Contract issued by The Great-West Life Assurance Company. Arrangements were made with The Great-West Life Assurance Company for the conversion, based on individual Member releases of annuity benefits purchased to August 31, 1973, with the funds being "rolled over" into the investment accounts over a period of years.

   Each active Member of the Plan had a Money Purchase Component Account established for them, consisting of:

   The greater of

   - an amount equal to the Member's contributions made under Policy No. 7472GP, with interest credited at 3-3/4% per annum to August 31, 1973,

   or

   - if the Member had elected to invest in the Equity Fund, an amount equal to the market value of the units held to the Member's credit by The Great West Life Assurance Company on August 31, 1973.

   Plus

   - An amount equal to the University's contributions made on behalf of the Member under Policy No. 7472GP, with interest credited at 3-3/4% per annum to August 31, 1973.

   Furthermore, each Member received credit for the Pensionable Service for the period that the Member had made the required contributions under the Plan prior to September 1, 1973.

Additionally, if a Member had made voluntary contributions under Policy No. 7472GP, the Member's Money Purchase Component Account was credited with an amount equal to the greater of:

- the total of the Member's voluntary contributions with interest at 3-3/4% per annum to August 31, 1973, or
- if the Member's voluntary contributions were invested in equities, the market value of the equity units held to the Member's credit by The Great-West Life Assurance Company as at August 31, 1973.

On and after September 1 1973, Member's required contributions to the Plan together with matching contributions made by the University will be credited to the Member's Money Purchase Component Account. Each Member who elects to make additional voluntary contributions, special lump sum voluntary contributions or has special amounts transferred to the Member's credit as permitted in Section 4.03 hereof, shall be credited with such amount in a separate account that shall receive Credited Interest each year.

At retirement, the Member's Money Purchase Component Account was to be used to provide a variable annuity, fluctuating annually based on the investment results of the Fund, subject to a minimum guaranteed benefit based on:

- 1.75% of his average Earnings during his 5 consecutive years of highest Earnings with the University, multiplied by his years of Pensionable Service,
- less 1/35th of his Canada Pension Plan benefit for each year of contributory Service (maximum 35 years).

The minimum guaranteed benefit was to be adjusted annually after retirement to reflect increases in the Consumer Price Index to a maximum of 2% per annum cumulative from retirement.

Each year the University contributed an amount sufficient to fund the cost of the supplementary benefit, deposited under the Minimum Guarantee Fund.

3. Effective July 1, 1975, the Plan Year was changed to July 1st of each calendar year. The two previous Plan Years were the periods from September 1, 1973 to August 31, 1974 and from September 1, 1974 to June 30, 1975.

4. Effective June 30, 1981, the New Money Deposit Administration Contract issued by The Great-West Life Assurance Company was terminated and the balance of the fund was transferred to a trust fund established effective July 1, 1981. All contributions on and after that date were to be deposited therein.

5. Effective July 1, 1982 any Member who retired on or after September 1, 1973 but prior to July 1, 1982, was entitled to a supplementary monthly pension, equal to the excess, if any, of:

(a) the monthly pension that the Member was entitled to at retirement, increased by 50% of the percentage increase in the Consumer Price Index for the period from the Member's retirement date to June 30, 1982, over

(b) the monthly pension payable to the Member effective from July 1, 1982.

The above pension benefit was a fixed amount and would not vary depending upon fund experience or changes in the Consumer Price Index.

6. Effective January 1, 1988, the Plan was amended and restated to conform to the revised Pension Benefits Act, Chapter 35, Statutes of Ontario 1987, and its associated Regulations.

7. Effective April 10, 1990, the Plan was amended to change the minimum guaranteed benefit formula to:

- 1.3% of average Earnings during the 5 consecutive years of highest Earnings up to the average Year's Maximum Pensionable Earnings (as defined under the Canada Pension Plan) plus
- 1.9% of his average Earnings in excess of the average Year's Maximum Pensionable Earnings.

multiplied by years of Pensionable Service.

The above minimum guaranteed benefit was to be adjusted annually after retirement to reflect increases in the Consumer Price Index to a maximum of 3% per annum cumulative from retirement.

8. Effective January 1, 1992, the Plan was amended and restated to conform to the revised Income Tax Act and the Regulations.

9. Effective January 1, 1993, the Plan was amended and restated to incorporate all amendments made prior to January 1, 1993 and Revenue Canada legislation effective January 1, 1992.

10. On December 15, 1993, the plan was amended retroactive to January 1, 1992, to amend the maximum benefit section to comply with the legislative requirements.

11. Effective January 1, 1994, the Plan was amended to provide a special early retirement benefit for Members who elected to retire on July 1, 1994, if:

- as of June 30, 1994, the Member was age 55 or older, and the sum of the Member's age plus continuous Service was greater than or equal to 80, and
- the application to retire was made prior to February 15, 1994.

The special early retirement benefit was calculated in accordance with Sections 7.01 and 7.02, except that the early retirement reduction factors would not apply to the supplementary pension in Section 7.02(b).

12. Effective December 19, 1995, the Plan was amended to provide a special early retirement benefit for a Member who:

- as of July 1, 1996, was age 60 or more, but less than age 65, and had elected to retire on July 1, 1996 or January 1, 1997; or
- as of July 1, 1996, was age 59, and had elected to retire on July 1, 1997 or January 1, 1998, and
- made the application to retire during the period of February 1, 1996 to February 29, 1996.

The Member was entitled to receive a pension calculated in accordance with Sections 7.01 and 7.02, except that the early retirement reduction factors would not apply to the supplementary pension in Section 7.02(b). The minimum guaranteed component outlined in Section 7.01(b) was increased to 2% of the average Best Years' Earnings, calculated over a 3-year period.

The Member was also entitled to a bridging benefit, payable from the early retirement date to the first of the month following attainment of age 65. The bridging benefit was added to the minimum guaranteed benefit and would not be subject to any inflation adjustments. The annual amount of the bridging benefit was calculated as follows:

- 1/35 of 25% of the average of the Year's Maximum Pensionable Earnings, or Best Years' Earnings, if less, for the 3 years immediately preceding retirement, multiplied by years of Pensionable Service (maximum 35 years).

This special early retirement benefit was not available to any Member receiving Long Term Disability Insurance Benefits or on an unpaid leave of absence of one year duration or more.

13. On December 2, 1996, the plan was amended retroactive to January 1, 1992, to amend the plan to comply with the legislative requirements.

14. Effective July 1, 1996, the Plan was amended to increase the minimum guaranteed benefit formula to:

- 1.37% (previously 1.3%) of average Earnings during the 5 consecutive years of highest Earnings up to the average Year's Maximum Pensionable Earnings (as defined under the Canada Pension Plan) plus
- 2.0% (previously 1.9%) of his average Earnings in excess of the average Year's Maximum Pensionable Earnings,

multiplied by years of Pensionable Service.

The above minimum guaranteed benefit was to be adjusted annually after retirement to reflect increases in the Consumer Price Index to a maximum of 4% (previously 3%) per annum cumulative from retirement.

15. Effective July 1, 1999, the Plan is amended and restated retroactively:

- to incorporate all previous amendments,
- to increase the contribution rate to 7% of the Member's Earnings from:
  - 4.5% of the Member's Earnings to the Year's Maximum Pensionable Earnings; and
  - 6% of the Member's Earnings in excess of the Year's Maximum Pensionable Earnings.
- to provide a partial contribution holiday for all Employees to the earlier of June 30, 2001, or when the plan surplus is depleted,
- to clarify that portability is available at retirement, and
- to add provisions for the same sex Spouse.

SECTION 1 - DEFINITIONS

The following words and phrases shall, for purposes of this Plan, have the respective meanings given below, unless the context clearly requires a different meaning:

1.01 "Act" shall mean the Pension Benefits Act, Revised Statutes of Ontario 1990, Chapter P.8 and any future legislation, amending, supplementing or replacing it, and including any Regulations issued pursuant to it.

1.02 "Actuarial Equivalent" shall mean an actuarially equal value computed at the rate of interest and using the actuarial tables in force for Plan purposes at the relevant time on the advice of the Actuary, and in accordance with the Act.

1.03 "Actuary" shall mean the actuary or firm of actuaries retained by, but independent of, the University for purposes of the Plan, who is, or one of whose Members is, a Fellow of the Canadian Institute of Actuaries.

1.04 "Applicable Legislation" shall mean the laws and regulations with which the Plan must comply, including, as applicable, the administration rules of Canada Customs and Revenue Agency, the provisions of the Income Tax Act and Regulations, and the administration rules of the Pension Benefits Act.

1.05 "Board" or "Board of Governors" shall mean the Board of Governors of Wilfrid Laurier University.

1.06 "Credited Interest" shall mean the share of Fund earnings net of investment and other expenses, credited to a Member's Money Purchase Component Account, and to voluntary contributions, if any, compounded annually from the first day of the month following the month in which the contribution was made to the first day of the month in which a determination is made, whether by reason of termination of employment, retirement, death or a subsequent payment of benefits; and shall include both -

"Fund Interest" which shall be credited only to accounts of those individuals who have been Members for the full Plan Year, and shall mean interest at a rate calculated by the Actuary as of the close of each Plan Year for crediting to each Member's Money Purchase Component Account and to voluntary contributions, if any, including contributions made during the year, with respect to the Fund earnings (interest and dividends, and capital gains and/or losses, both realized and unrealized, net of investment and other expenses) during the year for which such rate is calculated; and

"Fixed Interest" which shall be credited only to the account of those individuals who are not Members for the full Plan Year, and shall mean interest at a rate established from time to time by the Pension Board in consultation with the Actuary, for use in crediting a Member's Money Purchase Component Account and voluntary contributions, if any, from the date of entry into the Plan to the close of that Plan Year and/or from the commencement of the Plan Year to the first day of the month in which the Member's termination, death or a subsequent payment of benefits occurs.

1.07 "Earnings" shall mean the "Reference Salary" where Reference Salary, which shall be determined by the University and subject to approval of Canada Customs and Revenue Agency, is the salary rate of an Employee excluding overtime, special supplements, and other similar supplementary payments such as stipends and/or payments for overload teaching. The salary of an Employee employed for less than a year shall be pro-rated on the basis of his/her Reference Salary. The salary of an Employee who is on an approved leave shall be pro-rated on the basis of his/her Reference Salary; and

"Best Years' Earnings" shall mean the average of the Employee's Earnings during the five (5) Plan Years of the highest Earnings from the University prior to the Employee's normal retirement date, whether prior to or after September 1, 1973. In the case of an Employee with less than 5 years' Service in all, shall mean the average of the Employee's Earnings during the total period of Service with the University. For the purpose of calculating Best Years' Earnings, a period during which the Employee was on a University-granted leave of absence with partial pay, or with no pay will be deemed to have been at the normal annual rate of Earnings.

1.08 "Effective Date" shall mean September 1, 1962

1.09 "Employee" means a person who is regularly employed in the Service of the University, either

(a) on a full-time basis; or

(b) on a part time basis having two consecutive calendar years in which Earnings have been at least 35% of the Years Maximum Pensionable Earnings or in which 700 hours of work have been completed.

1.10 a) "Fund" shall mean the fund established pursuant to the terms of the Plan and the Funding Agreement to which shall be credited all contributions made by the Employees and the University on their behalf, pursuant to the terms of the Plan, together with amounts credited by The Great-West Life Assurance Company in connection with the conversion of Policy No. 7472GP.

For accounting purposes, the fund shall be comprised of the Member's Money Purchase Component Accounts for the accumulation of basic benefits, a Minimum Guarantee Fund for the provision of supplementary benefits up to the guaranteed levels, and such other accounts as the University may authorize from time to time as appropriate for the administration of the Plan.

b) "Funding Agency" shall mean the insurance company or trust company or any successor insurance or trust company as the University may appoint from time to time to administer the Fund.

c) "Funding Agreement" shall mean the agreement or agreements entered into between the University and the Funding Agency governing the administration of the Fund.

d) "Investment Counsel" shall mean the person or company who may be appointed from time to time by the University to be responsible for the investment of the Fund.

1.11 "Highest Average Indexed Compensation" shall mean the Member's average of the best three complete years of indexed compensation where indexed compensation for any year is the compensation for the year adjusted to reflect increases in the average wage after the year or after 1986, if later.

1.12 "Income Tax Act" shall mean the Canadian Income Tax Act and the Regulations thereto.

1.13 "Member" shall mean a Member of the Plan and includes all individuals who have joined the Plan and are eligible to receive benefits or are receiving benefits under the terms of the Plan.

1.14 "Minimum Guarantee Fund" shall mean the fund established as a part of the Fund by University contributions in accordance with Section 4.04 hereof for the provision of supplementary benefits as required by Sections 7.01(b), 7.02(b) and 7.03(b), if any.

1.15 "Money Purchase Component Account" shall mean the account used to record:

- The initial deposit representing contributions to date by the Member and the University under Policy No. 7472GP for Service between September 1, 1962 and August 31, 1973, with interest credited on such amounts at 3-3/4% per annum to August 31, 1973, and in accordance with paragraph 1.06 thereafter, plus
- The Member's required contributions and the University's matching contributions to the Plan on and after September 1, 1973 plus interest credited in accordance with paragraph 1.06.

1.16 "Pension Adjustment" shall be as defined in Subsection 147.1(8) and 147.1(9) of the Income Tax Act.

1.17 "Pension Committee" shall mean the Committee appointed by the Board of Governors of the University for the purpose of administration of the Plan pursuant to Section 14 hereof.

1.18 "Pension Year" shall mean the period, normally of 12 months duration, commencing with the adjustment of pensions to reflect the financial experience of that portion of the Fund relating to retired Members during the preceding Plan Year and ending with the re-adjustment of pensions to reflect such experience in the succeeding Plan Year.

1.19 "Plan" shall mean the Wilfrid Laurier University Pension Plan as amended and restated at July 1, 1999, and as it may be amended from time to time hereafter.

1.20 "Plan Year" shall mean the 12 months commencing July 1st of each calendar year and ending on June 30th of the following year.

1.21 "Service" shall mean

(a) In the case of a full time Employee, the Employee's period of employment by the University from the Employee's last date of appointment or employment.

(b) In the case of an eligible part time Employee, the period for which the Employee made contributions to the Plan in accordance with Section 4.01, and

"Pensionable Service" shall mean that portion of the Employee's period of Service for which benefits are accrued under the Plan in accordance with Section 4.01 or 5.01 hereof.

For Members who "rolled over" their benefit from Group Annuity Policy No. 7472GP, Pensionable Service shall include the period that the Member had made the required contributions under the Plan prior to September 1, 1973.

An Employee on a University-approved leave of absence with part pay or with no pay shall receive:

(a) Full credit for Pensionable Service if, during such period, the Employee elects to make the full contributions required by Section 4.01 based on the Employee's normal Earnings, or

(b) A reduced period of Pensionable Service if such contributions are at a lower rate, calculated by multiplying such period of leave by a fraction:

- the numerator of which is the required contributions actually made during such period, and

- the denominator the required contributions which would have been made during such period based on the normal rate of Earnings, calculated in accordance with Section 4.01 hereof.

Pensionable Service shall also include periods of Service granted to the Employee in accordance with the terms of any reciprocal transfer agreement.

Pensionable Service during periods of leave of absence shall be limited by the time restrictions of Section 8507 of the Income Tax Regulations.

1.22 "Spouse" shall mean either of two persons of the opposite sex or of the same sex whom,

(a) are married to each other, or

(b) are not married to each other and are living together in a conjugal relationship

(i) continuously for a period of not less than one (1) year, or

(ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the Family Law Act, 1986.

1.23 "University" shall mean Wilfrid Laurier University or the Board of Governors or officers thereof acting on behalf of the Board of Governors, as the context may require.

1.24 "Year's Maximum Pensionable Earnings" shall have the meaning given to those words by Section 17 of the Canada Pension Plan Act.

1.25 "Year's Maximum Earnings" shall mean the average of the Year's Maximum Pensionable Earnings for the five (5) Plan years of highest Earnings from the University prior to the Member's normal retirement date. In the case of an Employee with less than 5 years Service in all, shall mean the average of the Year's Maximum Pensionable Earnings during the total period of Service with the University.

Words importing the singular number shall include the plural and vice versa; and words importing one gender shall extend to and include the other gender and vice versa.

SECTION 2 - ELIGIBILITY

2.01 Each Member of the Pension Plan as of June 30, 1999 shall continue as a Member of the restated Plan on July 1, 1999, subject to the provisions of Section 7, Section 9 and Section 10 hereof.

2.02 Each other Employee of the University will be eligible to become a Member of the Plan on the first of the month coincident with or next following:

(a) In the case of a full-time Employee, the date of the Employee's commencement of Service with the University; and

(b) In the case of a part time Employee, the date of completion of eligibility requirements under the definition of Employee in Section 1.09.

2.03 Each Employee will be required to become a Member of the Plan when first eligible, with the following exceptions:

(a) Participants in another registered plan for retirement purposes which by contract required the continuation of participation or the loss of employer's contributions.

(b) Participants in the Lutheran Church in America plan, or any successor plan.

(c) Any Employee under the age of 30.

(d) Any part time Employee.

2.04 A Member who has terminated employment for any reason and who subsequently re-employs by the University, the Member will be treated as a new Employee for purposes of the Plan. If the Member's former Money Purchase Component Account remains active, the University may, in its discretion, credit the Member with the Credited Service represented by such contributions.

SECTION 3 - PARTICIPATION

3.01 To participate in the Plan, each eligible Employee will be required to sign and deliver to the University such enrollment forms as the University may require for this purpose, including authorization to make the deduction of required contributions from the Employee's Earnings.

3.02 Each Member of the Plan shall receive a written summary of the terms and conditions of the Plan and of amendments thereto, which are applicable to the Member, together with an explanation of the Member's rights and duties with respect thereto.

3.03 A Member of the Plan shall not be entitled to withdraw from participation in the Plan while such Member remains in the employ of the University, except by election to commence pension payments at or after the Member's Normal Retirement Date. Further, the Member shall not be permitted to withdraw all or any part of the required and/or additional voluntary contributions while a Member of the Plan.

SECTION 4 - CONTRIBUTIONS

4.01 Required Contributions

Each Employee who is a Member of the Plan will be required to contribute, by payroll deduction, each year an amount equal to 7% of the Member's Earnings.

From July 1, 1999 to the earlier of a) June 30, 2001 or b) the point in time that Plan surplus is depleted as determined by the Actuary, 50% of the Employee Contributions will be paid by the University from surplus, in accordance with Section 4.04.

Notwithstanding the foregoing, a Member who, by reason of disability, is in receipt of salary continuance benefits under an insured plan contributed to or sponsored by the University shall not be required to contribute during such period of absence. The Member's required contributions together with the matching contribution otherwise made by the University shall be contributed entirely by the University. The contributions shall be based upon the Member's Earnings at the time of disability.

"Disability" for the purpose of the above paragraph and the Plan shall mean a physical or mental impairment that prevents the Member from performing the duties of employment in which the individual was engaged before the commencement of the impairment, as certified by a medical doctor licensed to practice under the laws of the province or of the place where the Member resides.

A Member of the Plan who is on University approved leaves of absence with or without pay may:

(1) elect to make the contributions required by the Plan according to the Member's normal Earnings during such period in order to receive credit for Pensionable Service for such period;

(2) elect to make the contributions required by the Plan according to the Member's actual Earnings during such period, in which event the Member will receive credit for a reduced period of Pensionable Service by multiplying the period of the Member's leave of absence by a fraction:

- the numerator of which is the contributions actually made, and
- the denominator the required contributions the Member would normally make during such period based on normal Earnings, or

(3) elect to make no required contributions, in which case the Member will receive no credit for Pensionable Service during such period.

Each Member's required contributions will be credited to the Member's Money Purchase Component Account.

4.02 Additional Voluntary Contributions

Each Member may elect to make additional voluntary contributions for the purpose of increasing the pension benefits. Such contributions will be accumulated with Credited Interest and will be used at retirement to provide such additional amount of pension as may be provided based on the actuarial tables in force for Plan purposes at that time. Such additional voluntary contributions will be permitted up to the maximum amounts allowable under the Income Tax Act from time to time as a deduction in computing taxable income.

Additional voluntary contributions will not be matched by University contributions nor will such contributions increase the Member's Pensionable Service in any way.

4.03 Special Lump Sum Voluntary Contributions

A Member may deposit a special lump sum voluntary contribution equal to:

(a) All or any portion of the amount the Member is entitled to receive on a non locked-in basis, or has received as a cash refund from a tax-exempt plan for pension purposes. Such deposit must be made within the period set forth in the Income Tax Act for the allowance of such deposit as a deduction from taxable income for that year.

(b) An amount the Member is entitled to receive on a locked-in basis, such as the transfer of the Member's equity in the pension plan of a former employer, for the provision of pension benefits at retirement. The University may enter into agreements guaranteeing the "locking in" of such transferred amounts, if appropriate, for the provision of pension benefits.

All such special lump sum voluntary contributions will be held to the Member's credit and accumulated with Credited Interest until retirement. At retirement such amount will be used to provide an additional amount of pension based on the actuarial tables in force for Plan purposes at that time.

4.04 Contributions by the University

The University shall contribute an amount equal to the total of the required contributions of Members of the Plan during each month of the year, and shall in addition contribute such amount as is certified by the Actuary as appropriate to make provision for the funding of benefits to be provided from the Minimum Guarantee Fund. If required by actuarial certificate, the University's contribution will be increased to meet the requirements of The Pension Benefits Act of Ontario as to the amortization of any initial unfunded liability or experience deficiency which may arise in the operation of the Plan.

An amount sufficient to match the required contributions of each Member during the year, will be credited to the individual Member’s Money Purchase Component Account and the balance of the University's contribution will be credited to the Minimum Guarantee Fund, or such other account as may be deemed appropriate.

Notwithstanding the foregoing provisions of Section 4.04, from July 1, 1999 to the earlier of a) June 30, 2001 or b) the point in time that Plan surplus is depleted as determined by the Actuary, 50% of the Employee Contributions will be paid by the University from surplus, in accordance with Section 15.05.

4.05 Maximum Member Contributions

Commencing January 1, 1991, a Member’s total contribution, in accordance with subsection 4.01, in any calendar year shall not be allowed to exceed the lesser of 9% of the Member’s Earnings in the year and one half of the maximum dollar limit defined in the Income Tax Act.

4.06 Maximum Pension Adjustment

For each calendar year after 1990, the Member’s Pension Adjustment will not be permitted to exceed the lesser of:

a) 18% of the Member’s compensation from the Employer for the year, and
b) the maximum dollar limit defined in the Income Tax Act.

And where necessary, benefits will be reduced accordingly. In the event that total contributions on behalf of any Member exceed the maximum Pension Adjustment in a year, the excess contributions shall be refunded to the contributor.

4.07 Allocation of Earnings

The earnings of the Plan to the extent they are not reasonably attributable to forfeited amounts or a surplus, are to be allocated to Plan Members on a reasonable basis and not less frequently than annually.

SECTION 5 - TRANSFER OF CONTRIBUTIONS UNDER RECIPROCAL TRANSFER AGREEMENT

5.01 A Member may arrange to deposit as a special initial contribution an amount agreed upon between the former employer and the University by any reciprocal transfer agreement for the purchase of a period of Pensionable Service. Such amount shall be credited to the Member's Money Purchase Component Account and other Fund accounts in accordance with the terms of the reciprocal transfer agreement.

SECTION 6 - RETIREMENT DATES

6.01 Normal Retirement Date

Normal Retirement Date will be the first day of the month coincident with or next following the Employee's 65th birthday.

6.02 Early Retirement Date

A Member may retire on the first day of any month within 10 years of the Normal Retirement Date.

For a Member who is in receipt of benefits under any insured plan contributed to or sponsored by the University, for the provision of continued income in the event of illness or disability, shall not be eligible to receive retirement benefits under this Plan until such other benefits have terminated, or the Member has attained Normal Retirement Date.

6.03 Postponed Retirement Date

By mutual consent of the Member and of the University, a Member may remain in the Service of the University following the Member's Normal Retirement Date on a year-to-year basis. In no event may the commencement of such Member's pension be postponed later than the end of the calendar year in which the Member attains age 69.

A Member who remains in the Service of the University following Normal Retirement Date will be required,

EITHER (a) to elect to commence pension payments in accordance with Section 7, in which event the Member will not be required or allowed to make further contributions to the Plan nor will such period of Service count as Pensionable Service for the calculation of retirement benefits;

OR (b) to elect to continue to make contributions to the Plan in accordance with Section 4, in which event such period of Service for which contributions are made will count as Pensionable Service for the calculation of retirement benefits at the Postponed Retirement Date.

Notwithstanding subsection 6.01 or the foregoing subsection 6.03, a Member may choose to remain in the Service of the University, following the Normal Retirement Date, up to the first day of July next following the Member's 65th birthday. During such period the Member will continue to make Required Contributions to the Plan in accordance with Section 4, and such period of Service will count as Pensionable Service for the calculation of retirement benefits.

The Member may choose to make additional voluntary contributions to the Plan, subject to the requirements of Section 4.02 hereof, but such contributions will not be matched by University contributions.

SECTION 7 - RETIREMENT BENEFITS

7.01 At Normal Retirement Date

At the Member's Normal Retirement Date, a Member who retires from active Service with the University, or elects to commence pension payments in accordance with Section 6.03, shall be entitled to receive the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Pension Year to take into account the rate of Fund Interest for the preceding Plan Year.

(b) Supplementary Pension

In addition, the Member shall be entitled to receive a supplementary pension from the Minimum Guarantee Fund as may be required to provide a total pension during each Pension Year equal to the Member's minimum guaranteed benefit for that year.

The amount of the minimum guaranteed benefit, payable at the Member's Normal Retirement Date, will be equal to the sum of:

(a) 1.37% of Best Years' Earnings up to the Year's Maximum Earnings, and

(b) 2.0% of Best Years' Earnings in excess of the Year's Maximum Earnings,

multiplied by the Member's years of Pensionable Service.

The above amount will be adjusted annually to compensate for changes in the cost of living as measured by the Consumer Price Index for all Canada, or any similar index issued by Statistics Canada in place thereof, to a maximum of 4% per year, cumulative from retirement.

The supplementary pension shall be equal to the minimum guaranteed benefit less the amount of the variable pension.

7.02 At Early Retirement Date

A Member who retires from active Service with the University at the Member's Early Retirement Date, shall be entitled to receive the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Pension Year to take into account the rate of Fund Interest for the preceding Plan Year.

(b) Supplementary Pension

In addition, the Member shall be entitled to receive a supplementary pension from the Minimum Guarantee Fund as may be required to provide a total pension during each Pension Year equal to the Member's minimum guaranteed benefit for that year.

The amount of the Minimum Guaranteed Benefit, payable at the Member's Early Retirement Date will be an amount calculated as at the Member's Normal Retirement Date in accordance with Section 7.01(b), but based on Earnings, Pensionable Service and Year's Maximum Earnings at the Member's early retirement date. This amount shall be reduced by:

- 5/24ths of 1% for each month between the Early Retirement Date and the Normal Retirement Date if the Early Retirement Date is before the Member's sixtieth (60th) birthday, or
- 3/24ths of 1% for each month between the Early Retirement Date and the Normal Retirement Date if the Early Retirement Date is after the Member's sixtieth (60th) birthday.

The above amount will be adjusted annually to compensate for changes in the cost of living as measured by the Consumer Price Index for all Canada, or any similar index issued by Statistics Canada in place thereof, to a maximum of 4% per year, cumulative from retirement.

The supplementary pension shall be equal to the minimum guaranteed benefit less the amount of the variable pension. The Actuarial Equivalent Value of the early retirement pension shall not be less than the Actuarial Equivalent Value of the pension payable from the Normal Retirement Date.

Notwithstanding the foregoing, the minimum guaranteed benefit should not apply in the case of a Member who has less than two (2) years of Plan Membership prior to retirement.

The following paragraph is to meet the Income Tax Act Regulations and is not intended to improve benefits outlined in any of the early retirement provisions outlined in Section 7.

Where a Member commences pension payments prior to the Member's earliest reduced date, as defined below, the level of such Member's Lifetime Retirement Benefits must be reduced, by at least 1/4 percent for each month (3% per year) that the commencement date precedes the Member's earliest unreduced date. For the purpose of this paragraph, the Member's earliest unreduced date shall be the earlier of:

(a) the date the Member attains age 60,

(b) the day the Member has completed at least 30 years Service, or

(c) the date the Member's age plus years of Service equals a total of 80, assuming for (b) and (c) that the Member had continued to be employed.

7.03 <u>At Postponed Retirement Date</u>

A Member who retires from active Service with the University at the Member's Postponed Retirement Date, in accordance with Section 6.03(b), shall be entitled to receive the following:

(a) <u>Variable Pension</u>

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Pension Year to take into account the rate of Fund Interest for the preceding Plan Year.

(b) Supplementary Pension

In addition, the Member shall be entitled to receive a supplementary pension from the Minimum Guarantee Fund as may be required to provide a total pension during each Pension Year equal to the Member's minimum guaranteed benefit for that year.

The amount of the Minimum Guaranteed Benefit, payable at the Member's Postponed Retirement Date will be an amount calculated as at the Member's Normal Retirement Date in accordance with Section 7.01(b), but based on Earnings, Pensionable Service and Year's Maximum Earnings at the Member's Postponed Retirement Date. This amount will be subject to adjustment annually thereafter to compensate for changes in the cost of living as measured by the Consumer Price Index for all Canada, or any similar index issued by Statistics Canada in place thereof, to a maximum of 4% per year, cumulative from retirement.

The supplementary pension shall be equal to the minimum guaranteed benefit less the amount of the variable pension.

7.04 Pension Arising from Voluntary and Special Lump Sum Voluntary Contributions

At retirement (whether normal, early or postponed), each Member who has made additional voluntary, or special lump sum voluntary contributions, or has had transferred to the Plan the equity in the pension plan of a former employer, may, except in so far as (and to the extent that) a valid agreement with a former employer prohibits, elect to receive a lump sum payment equal to the total of such contributions with Credited Interest.

Alternatively, the Member may, except in so far as (and to the extent that) a valid agreement with a former employer prohibits, elect to receive such amount as an additional pension, commencing on the Member's retirement date. The additional pension will be provided from the total of such contributions and the Credited Interest thereon and based on the actuarial tables in force for purposes of the Plan at the time of retirement. The additional pension will be payable during the lifetime of the Member, in the form of a variable benefit which will remain constant during the Pension Year but will vary from year to year depending upon the experience of that portion of the Fund relating to retired Members during the preceding Plan Year, as determined by the Actuary.

The additional amount of pension will not be considered in determining the amount of supplementary pension required to provide the Member with the minimum guaranteed benefit.

7.05 Benefits Under Policy No. 7472GP

In addition, a Member who had accrued benefits under Policy No. 7472GP prior to September 1, 1973, and who elected not to sign the necessary release or other authorization form provided by The Great-West Life Assurance Company, will receive the benefits under that policy for Service prior to September 1, 1973.

7.06 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.

SECTION 8 - NORMAL AND OPTIONAL FORMS OF PENSION

8.01 Normal Form of Pension

The normal form of pension is one, which commences on the Member's retirement date, and is payable in equal monthly installments during the lifetime of the Member, with 60 months guaranteed. The amount of monthly payments arising from the Member's Money Purchase Component Account during each Pension Year will not vary, but will vary from year to year depending upon the rate of Fund Interest for the preceding Plan Year and the experience of pensioners, as determined by the Actuary. The amount of supplementary pension required to provide the Member with the Minimum Guaranteed Benefit for that year, if any, will be payable from the Minimum Guarantee Fund in accordance with Sections 7.01(b), 7.02(b) or 7.03(b), as appropriate. The form of benefit arising from voluntary or special lump sum voluntary contributions will be the same form of benefit as that arising from the Member's Money Purchase Component Account.

8.02 Requirement for Joint and Survivor Pension

Every pension paid under the Plan to a Member who has a Spouse on the date that the first pension installment is due will be a joint and survivor pension. The joint and survivor pension amount will be calculated as the amount, which has the Actuarial Equivalent value as the Normal Form of pension in Section 8.01 above.

The persons entitled to a joint and survivor pension may waive the entitlement by delivery of notice in writing in the prescribed form or by delivery of a certified copy of a domestic contract as defined in Part IV of the Family Law Act 1986 or any superseding law. The administrator must receive such notice within the period of twelve (12) months immediately preceding commencement of payment of the pension benefit.

8.03 Optional Forms of Pension

Subject to Sections 8.01 and 8.02 above a Member shall elect, by written notice received by the administrator not less than 60 days prior to retirement, one of the forms of pension benefits set forth below. Such election may be amended or canceled by written notice to the University prior to the Member's retirement date while the Member is a participant in the Plan.

The Member may elect to have the pension paid in any one of the following forms, with the amount of the monthly payment to be adjusted to the Actuarial Equivalent of the Member's normal retirement benefit, yet retaining the annual adjustment in amount of benefit provided from the Member's Money Purchase Component Account to reflect the rate of Fund Interest for the preceding Plan Year, as determined by the Actuary, and the annual adjustment in the amount of minimum guaranteed benefit to reflect changes in the cost of living as provided under Sections 7.01(b), 7.02(b) or 7.03(b) hereof, as appropriate:

(a) <u>Normal Form</u>

A monthly pension which is payable for the remaining lifetime of the retired Member but is guaranteed for a minimum of 60 months in any event.

(b) <u>Automatic Option - Participant and Spouse</u>

A reduced monthly pension payable during the retired Member's lifetime with 60% of such reduced amount being continued after the death of the Member during the life of the Spouse.

(c) <u>Joint and Survivor Option</u>

A reduced monthly pension payable during the retired Member's life with at least 60% but not more than 100% of such reduced amount being continued after the death of the Member during the life of the Spouse.

(d) <u>Life Only</u>

An increased monthly pension which is payable for the remaining lifetime of the retired Member, ceasing upon the Member's death.

(e) <u>Life, Guaranteed 10 Years</u>

A reduced monthly benefit which is payable for the remaining lifetime of the retired Member but is guaranteed for a minimum of 120 months in any event.

(f) Life, Guaranteed 15 Years

A further reduced monthly benefit, which is payable for the remaining lifetime of the retired Member but is guaranteed for a minimum of 180 months in any event.

The University may adopt or approve other optional types of retirement benefits consistent with legislation affecting the Plan and may, in special circumstances and subject to the prior approval of the Minister of National Revenue and of government provincial regulatory bodies, permit other alternative settlements. In no event, however, may a guaranteed period of payment exceed 15 years nor one which, when added to the Member's age at retirement, will total more than 85 years.

8.04 Integration with Statutory Benefits

In conjunction with either the normal or one of the optional forms of pension benefit based on a single life, a Member who retires prior to becoming eligible to receive Old Age Security pension and Canada Pension Plan benefits, may elect to receive an increased amount of pension from retirement to the date on which the Member will be so eligible (but no later than age 65), then reducing by the amount of the Old Age Security pension payable in accordance with the Old Age Security Act (R.S.C. 1952), as amended to the date of the Member's retirement and/or the Canada Pension Plan benefits to which the Member is entitled, as estimated at the Member's retirement date.

In no event will the additional amount of retirement benefit payable before age 65 be greater than the sum of the maximum Old Age Security and Canada Pension Plan benefits which would be payable if the Member were age 65, reduced if a Member is less than age 60 at pension commencement, by 0.25% for each month between the commencement date and the Member's attainment of age 60, and also reduced, on a prorated basis, if the Member has less than ten years of Credited Service.

8.05 Application of Optional Benefits Minimum Guaranteed Benefits

When a Member elects one of the optional forms of benefit permitted under the Plan, for the purpose of calculating the amount of supplement payable to provide the minimum guaranteed benefit in accordance with Sections 7 and 8, the same actuarial factor used in converting the amount of the Member's Money Purchase Component Account benefit from the normal to the elected optional form of benefit will be applied to this minimum guaranteed benefit.

SECTION 9 - <u>BENEFITS ON TERMINATION OF SERVICE</u>

9.01 Subject to the provisions of Section 9.02 below, a Member who terminates employment with the University otherwise than by death or retirement, may make the following elections with respect to benefits arising from the following classes of contributions:

(a) <u>Required Contributions</u>

The Member may elect one of the following options with respect to the Money Purchase Component Account:

(i) To have an amount equal to the balance in the Money Purchase Component Account plus the commuted value of any supplementary pension accrued to the date of termination under Section 7.01(b) paid

(a) to the pension fund related to another pension plan if the administrator agrees to accept the payment and agrees to administer these funds in accordance with the locking-in provisions of the Act, or

(b) into a locked-in prescribed registered retirement savings arrangement, or

(c) for the purchase of a life annuity that will not commence before the earliest date on which a Member would have been entitled to receive a pension under the Plan.

OR

(ii) To leave the balance to the Member's credit on deposit in the Money Purchase Component Account, and receive at Normal Retirement Date such amount of pension as can be provided therefrom, together with Credited Interest to that date, in accordance with the provisions of Section 7.01(a), plus any supplementary pension accrued to the date of termination in accordance with the provisions under Section 7.01(b).

OR

(iii) To the extent allowed by the Act and the Income Tax Act and Regulations, to receive a lump sum cash refund equal to the total of the Member's required contributions with Credited Interest to the date of payment. If this option is available and chosen by the Member, the University contributions are forfeited, as well as any supplementary pension earned.

(b) Additional Voluntary Contributions

A Member who prior to termination of employment had made additional voluntary contributions or who had deposited special lump sum voluntary contributions pursuant to Section 4.03(a), may elect one of the following settlements with respect to such contributions:

(i) To have an amount equal to the total of such contributions with Credited Interest thereon paid:

(a) To the pension fund related to another pension plan if the administrator agrees to accept the payment, or

(b) To a locked-in prescribed registered retirement savings arrangement, or

(c) For the purchase of a life annuity that will not commence before the earliest date on which the Member would have been entitled to receive a pension under the Plan.

OR

(ii) To leave such contributions on deposit in the Plan, and at retirement receive the amount of pension as can be provided therefrom, with Credited Interest to that date, in accordance with the provisions of Section 7.04.

OR

(iii) To receive a lump sum payment equal to the total of the Member's additional voluntary and special lump sum voluntary contributions with Credited Interest thereon, subject to Section 9.01(c) below.

(c) Special Lump Sum Voluntary Contributions

A Member who has arranged for the transfer to the Member's credit in the Plan of an amount of special lump sum voluntary contributions pursuant to Section 4.03(b), which the University was required to agree, would be "locked in" for the provision of pension benefits at retirement, may elect one of the following options with respect to such contributions:

(i) To have such amount paid:

(a) To the pension fund related to another pension plan if the administrator agrees to accept the payment and agrees to administer these funds in accordance with the locking in provision of the Act, or

(b) To a locked-in prescribed registered retirement savings arrangement, or

(c) For the purchase of a life annuity that will not commence before the earliest date on which the Member would have been entitled to receive a pension under the Plan;

OR

(ii) To leave such contributions on deposit in the Plan for the provision at Normal Retirement Date of such amount of pension as can be provided therefrom, with Credited Interest thereon to that date, in accordance with the provisions of Section 7.04 hereof.

9.02 (a) Relative to Service on or after January 1, 1987

Notwithstanding the provisions of Section 9.01 above, if the Member has completed two (2) or more years of Plan Membership prior to the termination of employment, the Member is not entitled to receive a cash refund of the required contributions to the Plan with respect to Service on and after January 1, 1987, as provided under Section 9.01(a)(iii).

(b) Relative to Service after January 1, 1965 but prior to January 1, 1987

Notwithstanding the provisions of Section 9.01 above, a Member who has both attained age 45 and completed 10 or more years of continuous Service with the University prior to the termination of employment is not entitled to receive a cash refund of the required contributions to the Plan, with respect to Service on and after January 1, 1965 but before January 1, 1987, as provided under Section 9.01(a)(iii).

In lieu of the cash refund option under Section 9.01(a)(iii), and in addition to the other options under Section 9.01(a), the Member shall be entitled to the following option:

- To receive a lump sum payment equal to 25% of the Member's Money Purchase Component Account at December 31, 1986, with Credited Interest to the date of termination, plus a deferred pension, which can be provided from the remaining balance in the Member's Money Purchase

Component Account with Credited Interest to the Member's Normal Retirement Date, calculated in accordance with Section 7.01(a). The Member may elect and direct that the remaining balance in the Member's Money Purchase Component Account be paid in accordance with Sections 9.01(a)(i)(a), 9.01(a)(i)(b) or 9.01(a)(i)(c).

9.03 In addition, a Member who had accrued benefits under Policy No. 7472GP prior to September 1, 1973, and who elected not to sign the necessary release or other authorization form provided by The Great-West Life Assurance Company, will receive the benefits under that policy for Service prior to September 1, 1973.

SECTION 10 - BENEFITS ON DEATH

10.01 Prior to Retirement

In the event of the Member's death while in the employ of the University but prior to retirement, or following termination of employment while contributions remain to the Member's credit in the Member's Money Purchase Component Account, death benefits shall be payable in accordance with one of the following settlement options:

(a) Benefits relative to Service prior to January 1, 1987

A Member may elect by written notice filed with the University during the Member's lifetime or, in default of such election, the Member's Spouse may elect following the Member's death, that settlement of pre-retirement death benefits be made in any of the following ways:

(i) In the form of an immediate life annuity, or a deferred life annuity, to commence prior to the Spouse or beneficiary attaining age 65, either fixed or variable in amount, in accordance with the provisions of Section 7.01(a), with or without a guaranteed period but in no event guaranteed in excess of 15 years.

OR

(ii) In a lump sum.

Where the beneficiary is not an opposite sex Spouse, the Member's beneficiary or same sex Spouse shall be entitled to settlement according to Section 10.01(a)(ii) only.

The lump sum in Section 10.01(a)(ii) shall be the balance in the Member's Money Purchase Component Account at December 31, 1986 with Credited Interest to the date of death and subsequently, to the date of payment.

Settlements under Sections 10.01(a)(i) shall have an Actuarial Equivalent value to the lump sum payment in Section 10.01(a)(ii).

(b) Benefits relative to Service on or after January 1, 1987

The Member's Spouse entitled to payment may elect, following the Member's death, that settlement of pre-retirement death benefits relative to Service on and after January 1, 1987 be made in any one of the following ways:

(i) In the form of an immediate life annuity or a deferred life annuity to commence prior to the Spouse or beneficiary attaining age 65, either fixed or variable in amount, in accordance with the provisions of Section 7.01(a) hereof, with or without a guaranteed period, but in no event guaranteed in excess of 15 years.

OR

(ii) In a lump sum.

Where the beneficiary is not an opposite sex Spouse, the Member's beneficiary or same sex Spouse shall be entitled to settlement according to Section 10.01(b)(ii) only.

The lump sum payment in Section 10.01(b)(ii) shall be the excess of (iii) plus (iv) over (v) as follows:

(iii) The balance in the Member's Money Purchase Component Account with Credited Interest to the date of death and subsequently to the date of payment.

(iv) The commuted value at the date of death of any supplementary pension accrued from January 1, 1987 to the date of death in accordance with Section 7.01(b), and with Credited Interest subsequently to the date of payment. The calculation of such supplementary pension is to assume that the date of death is the date of retirement.

(v) The balance in the Member's Money Purchase Component Account at December 31, 1986, with Credited Interest to the date of death and subsequently to the date of payment.

Notwithstanding anything to the contrary contained in Section 10.01(b), the requirement of payment to the Spouse shall not apply where the Member and the Spouse are living separate and apart on the date of death of the Member.

(c) Benefits Relative to Additional Voluntary or Special Lump Sum Voluntary Contributions

In addition, if the Member has made additional voluntary or special lump sum voluntary contributions to the Plan, including amounts transferred under special agreement with a former employer, such amount as may be on deposit to the Member's credit with Credited Interest to the date of death and subsequently to the date of payment, will be paid as an additional lump sum payment to the Member's designated beneficiary or, if none, to the Member's estate.

10.02 After Retirement

Upon the death of a Member following retirement, pension payment will continue or cease according to the form of pension elected at retirement, and subject to Section 8. If prior to retirement, the Member elected one of the optional forms of pension benefit provided in accordance with Section 8, the benefits payable following the Member's death will be in accordance with the provisions of the option elected. In such event, benefits will be payable to the Spouse, joint annuitant, designated beneficiary or estate of the deceased Member, as appropriate.

10.03 Spousal Lump Sum Transfer Options

An opposite sex Spouse who is entitled to a lump sum cash settlement under the Plan in respect of a pre-retirement death of a Member, may direct the amount be transferred to a registered retirement savings plan, or to another registered pension plan or to a tax-exempt trust or plan designated by the Member, subject to the Applicable Legislation and the Income Tax Act.

SECTION 11 - DESIGNATION OF BENEFICIARY

11.01 Designation of Beneficiary

A Member may, by written notice to the University during the Member's lifetime, designate or appoint a beneficiary to whom, in the event of such notice, shall be paid any death benefits under the Plan, except with respect to benefits payable under the joint and survivor option and except in so far as benefits are required to be paid to the Spouse. Provided there is no legal or other restriction to the contrary, such Member may from time to time revoke or alter any such designation or appointment, without the consent of the former beneficiary. Each such written notice shall be in such form and executed in such manner as the University, in its discretion, may from time to time determine.

11.02 If on the death of the Member there shall be no designated beneficiary, or if the beneficiary shall not then be living, any benefits which may be payable shall be paid to the estate of the deceased Member and will normally be paid in a lump sum.

11.03 If a beneficiary who is entitled to benefit payments as the result of the death of a participant should die before the end of any applicable period of guaranteed payment, the balance of the guaranteed payments shall be paid to the estate of such beneficiary, normally in a lump sum equal to the commuted value of such payments.

SECTION 12 - FUNDING OF PLAN

12.01 The University shall establish a Fund for the provision of benefits pursuant to the Plan under a Funding Agreement with the Funding Agency as of July 1, 1981.

12.02 The University shall retain the right to make such amendments to the Funding Agreement entered into with the Funding Agency as may, in its opinion, be appropriate from time to time and shall further retain the right to suspend or terminate that Funding Agreement upon entering into further Funding Agreements, whether insured contracts or trust agreements, as may be appropriate from time to time.

12.03 The Investment Counsel shall invest the Fund in accordance with the terms of an agreement between the University and the Investment Counsel. All investments of the Fund shall be governed by the provisions of the Pension Benefits Act of Ontario with respect to the investment of pension funds.

12.04 All benefits payable under the Plan shall be payable from the Fund.

12.05 All expenses with respect to the operation or administration of the Plan shall be payable from the Fund, unless such expenses are paid directly by the University.

SECTION 13 - GENERAL PROVISIONS

13.01 Proof of Age

No payment of pension benefits shall commence to any Member until satisfactory proof of age has been furnished to the University. Should a Member elect a joint and survivor option, proof of age of the joint annuitant must also be furnished before payment of the pension can commence.

13.02 Non-Assignment and Non-Commutation of Benefits

All benefits provided under the terms of the Plan are for the Members own use and benefit and so long as the Member shall be living, are not capable of being assigned, charged, anticipated, given as security or surrendered and do not confer upon any Member, personal representative or dependent, or any other person, any right or interest in the pension benefits or deferred pension benefits which is capable of being assigned, charged, anticipated, given as security or surrendered; nor shall the pension benefit or deferred pension benefit to which a Member becomes entitled, be capable of surrender or commutation except as provided in the Plan.

The above paragraph shall not apply to any court order or written inter-spousal contract made under the Family Law Act, 1986, of Ontario on marriage breakdown or to the assignment by the legal representative of a deceased individual on the distribution of the individual's estate.

Surrender or commutation of an immediate or deferred pension benefit, other than as provided in the Plan and under Applicable Legislation, shall not be allowed under the terms of the Plan for any Member whose benefit is subject to the terms of any Applicable Legislation, except where such surrender includes a reduction in benefits to avoid the revocation of the registration of the Plan.

13.03 No Enlargement of Rights

Participation in the Plan shall not enlarge or establish any rights to employment with the University, which the Member did not formerly possess as an Employee of the University.

13.04 Form of Notice

Any notice or election to be made or given for any purposes of the Plan, whether by a Member or by the University, shall be made, given or communicated, as the case may be, in such manner as the University shall determine.

13.05 Small Benefits

Notwithstanding any other provisions of the Plan, in the event the pension to which any Member is entitled at normal retirement date shall be not in excess of two per cent (2%) of the Year's Maximum Pensionable Earnings in the year of termination of employment, the University may, in its sole discretion, authorize that such benefit be payable quarterly, semi-annually or annually in advance, in an amount which is the Actuarial Equivalent thereof, or that it be paid in a single lump sum equal to the commuted value of such benefits.

13.06 Special Transfer Agreements

Subject to the approval of the Financial Services Commission of Ontario and Canada Customs and Revenue Agency, the University may make special transfer agreements with respect to the transfer of funds to or from the pension plans of other universities or employers. Such agreements may contain guarantees that funds transferred will not be available for cash refund but will be held for the provision of pension benefits either through deposits as special lump sum voluntary contributions, or through deposits in the Member's Money Purchase Component Account, and used as the basis for crediting a period of Pensionable Service calculated in accordance with the agreement.

13.07 Construction

The provisions of the Plan shall be construed, governed and administered in accordance with the laws of the Province of Ontario.

13.08 Maximum Benefits

With respect to death, retirement, termination of employment or termination of the Plan, the minimum guaranteed pension shall not exceed the lesser of:

a) 2% of the Member's Highest Average Indexed Compensation times the number of years of Pensionable Service (not exceeding 35 years for Service prior to January 1, 1992), and

b) $1,722, or any other defined benefit maximum permitted by the Income Tax Act, times the number of years of Pensionable Service (not exceeding 35 years for Service prior to January 1, 1992).

Notwithstanding the foregoing, in no event shall the annual amount of lifetime retirement benefits plus temporary bridge benefits payable to the Member prior to the attainment of age 65 exceed:

(a) $1,722.22 or any defined benefit maximum permitted by the Income Tax Act, multiplied by years of Pensionable Service, plus

(b) 1/35 of 25% of the average of the YMPE (or Earnings if less) for the 3 years immediately preceding retirement, multiplied by years of Pensionable Service, to a maximum of 35 years.

13.09 Disclosure

Each eligible Employee shall receive a written explanation of the terms and conditions of the Plan and amendments thereto applicable to the Member together with an explanation of the Member's rights and duties with respect to benefits available to the Member under the terms of the Plan and such other information as may be prescribed by Applicable Legislation.

Each Member shall receive an annual statement containing prescribed information in respect of the Plan, the Member's pension and any ancillary benefits.

Where a Member ceases to be a Member, by reason of termination, retirement or death, the Member or the person entitled to receive a benefit under the Plan shall receive a statement setting out the Member's benefits, rights and obligations.

A copy of the prescribed documents and information in respect of the Plan and the Fund shall be made available for inspection at a time and place mutually convenient to the Employer and the Employee as required by Applicable Legislation.

SECTION 14 - ADMINISTRATION OF PLAN

14.01 The University shall be responsible for the administration of the Plan and may appoint a Pension Committee.

14.02 Functions of the Pension Committee

If appointed, the Pension Committee shall determine all questions arising in the administration of the Plan, including the interpretation and application of the provisions of the Plan together with Eligibility, Service, Earnings and Retirement Dates of Members for purposes of the Plan. Such decisions of the Pension Committee shall be final and binding on all concerned, subject, when necessary, to referral to the Board of Governors of the University.

In addition, the Pension Committee will be responsible for reviewing the performance of the Fund, and for the preparation of recommendations to the Board of Governors of the University concerning proposed changes in the Plan, or in its funding.

SECTION 15 - FUTURE OF THE PLAN

15.01 Continuation of Plan

The University intends to maintain the Plan in force indefinitely, but nevertheless reserves the right to amend or discontinue the Plan, in whole or in part, at any time or times, as the Board of Governors, in its absolute discretion, may determine.

15.02 Amendment of Plan

No amendments to the Plan shall operate to reduce the benefits, which have accrued under the Plan to the Members prior to the date of such amendment.

15.03 Discontinuance of Plan

In the event of discontinuance of the Plan for any reason, the assets of the Trust Fund shall be applied for the benefit of retired Members, active Members, Members entitled to deferred vested benefits, their respective estates, beneficiaries and joint annuitants in an equitable manner. Such benefits may be provided through the continuation of the Fund, the establishment of a new Fund for the purpose or through the purchase of deferred or immediate annuity contracts.

Notwithstanding the foregoing, no benefit shall be provided in excess of the maximum specified in Section 13.08.

Upon any distribution, the amount of Trust fund assets shall be allocated, subject to provision for expenses of administration and liquidation and subject to the prior approval of the Financial Services Commission of Ontario, in the following manner and order to the extent of the sufficiency of such assets:

(a) Provision to retired Employees, their contingent annuitants and their beneficiaries of the remainder of the benefits to which they shall be entitled under the Plan.

(b) Provision to all other Employees to the extent of the balance in their Money Purchase Component account.

(c) Provision to Employees who shall at that time be entitled to retire normally, and to their contingent annuitants and beneficiaries, of the remainder of the benefits to which they shall be entitled under the Plan.

(d) Provision to Employees who shall at that time be entitled to retire early and to their contingent annuitants and beneficiaries, of the remainder of the benefits to which they shall be entitled under the Plan.

(e) Provision to Employees who shall at that time be vested Employees and to their contingent annuitants and beneficiaries, of the remainder of the benefits to which they shall be entitled under the Plan.

(f) Provisions to all other Employees and their contingent annuitants and beneficiaries of the remainder of the benefits to which they shall be contingently entitled under the Plan.

To the extent that there are not sufficient funds available to provide in full the benefits credited to all Employees, the equity of each Employee will be abated proportionately.

Any assets remaining after providing for such benefits shall revert to the University.

No liability shall attach to the University, the liquidator or any trustee in bankruptcy in connection with such distribution if made in good faith.

15.04 Statutory Requirements

In the event of wind-up of the Plan, the distribution of benefits shall be subject to the provisions of The Pension Benefits Act of Ontario and Regulation thereunder.

15.05 Use of Surplus

When the actuarial valuation reveals a surplus of assets over liabilities in the Plan, such surplus shall be used to pay future Employer contributions.

Alternatively, the Employer may request that the surplus be refunded in cash after:

(i) fulfilling the conditions required within the Applicable Legislation, and

(ii) obtaining the prior written approval of the Financial Services Commission of Ontario and Canada Customs and Revenue Agency.

RESOLUTION OF THE BOARD OF GOVERNORS

OF WILFRID LAURIER UNIVERSITY

WHEREAS WILFRID LAURIER UNIVERSITY desires to amend the WILFRID LAURIER UNIVERSITY PENSION PLAN and to reissue the plan document effective July 1, 1999.

IT IS HEREBY RESOLVED THAT:

The Plan is amended and restated retroactively to July 1, 1999 to include the following amendments:

1. To increase the contribution rate to 7% of the Member's Earnings from:
   - 4.5% of the Member's Earnings to the Year's Maximum Pensionable Earnings; and
   - 6% of the Member's Earnings in excess of the Year's Maximum Pensionable Earnings.
2. To provide a partial contribution holiday for all Employees to the earlier of June 30, 2001, or when the plan surplus is depleted.
3. To clarify that portability is available at retirement.
4. To add provisions for the same sex Spouse.

CERTIFIED to be a true and correct copy of a Resolution of the Board of Governors of WILFRID LAURIER UNIVERSITY, passed at a meeting held on the 14 day of December, ~~2000~~. 1999

07/11/00
Date

(Signature)

CHAIR
(Name and Title)

AMENDMENT NUMBER 1
TO THE
WILFRID LAURIER UNIVERSITY PENSION PLAN

Registration Number 0314492

WHEREAS effective September 1, 1962, Wilfrid Laurier University (the "University") established the Wilfrid Laurier University Pension Plan (the "Plan");

AND WHEREAS pursuant to Section 15.01 of the Plan, the University retains the right to amend the Plan;

AND WHEREAS the University wishes to amend and clarify certain provisions of the Plan and change the plan year;

AND WHEREAS the said changes shall constitute Amendment Number 1 to the Plan as Amended and Restated July 1, 1999;

NOW THEREFORE BE IT RESOLVED THAT effective January 1, 2003, the Plan is amended as follows:

1. The PREFACE shall be amended by adding item #16 as follows:

   16. Effective January 1, 2003, the Plan is amended to
       - clarify earnings and service for part-time employees,
       - include provisions for past service purchases,
       - include associated employers under the Plan as designated by the University,
       - allow Members under the age of 30 to suspend membership in the Plan until the age of 30,
       - clarify the adjustment applicable to the variable pension,
       - clarify the minimum CCRA early retirement reduction provision,
       - clarify death benefit payable to beneficiary,
       - clarify the maximum pension calculation, and
       - clarify small pension cash-out rules.

2. Section 1.07 shall be amended by deleting it in its entirety and replacing it with the following:

   1.07 "Earnings" shall mean the "Reference Salary" where Reference Salary, which shall be determined by the University and subject to approval of Canada Customs and Revenue Agency, is the salary rate of an Employee excluding overtime, special supplements and other similar supplementary payments such as stipends and/or payments for overload teaching. The salary of an Employee employed for less than a year shall be pro-rated on the basis of his/her Reference Salary. The salary of an Employee who is on an approved leave shall be pro-rated on the basis of his/her Reference Salary; and

"Best Years' Earnings" shall mean the average of the Employee's Earnings during the five (5) Plan Years of the highest Earnings from the University prior to the Employee's normal retirement date, whether prior to or after September 1, 1973. In the case of an Employee with less than 5 years Service in all, shall mean the average of the Employee's Earnings during the total period of Service with the University. For the purpose of calculating Best Years' Earnings, a period during which the Employee was on a University-granted leave of absence with partial pay, or with no pay will be deemed to have been at the normal annual rate of Earnings. Also for the purpose of calculating Best Years' Earnings for a part-time Employee, the salary of a part-time Employee shall be annualized on the basis of the number of hours actually worked divided by 1,820 hours.

3. Section 1.18 shall be deleted in its entirety.

4. Section 1.21 shall be amended by deleting the second paragraph in its entirety and replacing it with the following:

"Pensionable Service" shall mean that portion of the Employee's period of Service for which benefits are accrued under the plan in accordance with Section 4.01 or 5.01 hereof. For part-time Employees, Pensionable Service shall be determined by dividing the actual number of hours worked in a year by 1,820 rounded to three decimal places.

5. Section 1.21 shall be further amended by adding the following paragraph just prior to the last paragraph of the section:

Pensionable Service shall also include periods of service with a previous employer after December 31, 1991, in respect of which the Employee transferred money into the Plan in accordance with Section 4.03 and for which the University is allowing the Employee to purchase past service under the Plan in respect of the Employee's service with the previous employer. Such purchase of service shall be subject to Past Service Pension Adjustments.

6. Section 1.23 shall be amended by deleting it in its entirety and replacing it with the following:

1.23 "University" shall mean Wilfrid Laurier University or the Board of Governors or officers thereof acting on behalf of the Board of Governors, as the context may require. University shall also include any participating subsidiary or associated employers. Addition or deletion of a subsidiary or associated employer shall be made by Wilfrid Laurier University extending participation by a resolution of the Board of Governors and by the subsidiary or associated employer adopting the Plan by board resolution. Any reference in the Plan to any action to be taken, consent, approval or opinion to be given, discretion or decision to be exercised or made shall refer only to Wilfrid Laurier University.

7. Section 3.03 shall be amended by deleting it in its entirety and replacing it with the following:

3.03 A Member of the Plan who is required to be a Member in accordance with Section 2.02 and 2.03, shall not be entitled to withdraw from participation in the Plan while such Member remains in the employ of the University, except by election to commence pension payments at or after the Member's Normal Retirement Date.

A Member of the Plan who was eligible to join the Plan but not required to join the plan due to the exception under 2.03(c), may withdraw from active participation in the Plan prior to the age of 30 while such Member remains in the employ of the University, but must recommence active participation in the Plan at the age of 30. Withdrawal from active participation shall mean the cessation of making Member contributions in accordance with Section 4.01 or 4.02 as well as the cessation of accrual of Pensionable Service in respect of the period of Service during which the Member has withdrawn from active participation. Periods during which the Member has withdrawn from active participation are not included in the calculation of Best Average Earnings.

No Member shall be permitted to withdraw all or any part of the required and/or additional voluntary contributions while a Member of the Plan.

8. Section 5.01 shall be amended by deleting it in its entirety and replacing it with the following:

5.01 A Member may arrange to deposit as a special initial contribution an amount agreed upon between the former employer and the University by any reciprocal transfer agreement for the purchase of a period of Pensionable Service in respect of service with a previous employer prior to January 1, 1992. Such amount shall be credited to the Member's Money Purchase Component Account and other Fund accounts in accordance with the terms of the reciprocal transfer agreement.

9. Section 7.01(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) <u>Variable Pension</u>

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years.

10. Section 7.01(b) shall be amended by deleting the first paragraph in its entirety and replacing it with the following:

> In addition, the Member shall be entitled to receive a supplementary pension from the Minimum Guarantee Fund as may be required to provide a total pension during each Plan Year equal to the Member's minimum guaranteed benefit for that year.

11. Section 7.02(a) shall be amended by deleting it in its entirety and replacing it with the following:

> (a) <u>Variable Pension</u>
>
> The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years.

12. Section 7.02(b) shall be amended by deleting the first paragraph in its entirety and replacing it with the following:

> In addition, the Member shall be entitled to receive a supplementary pension from the Minimum Guarantee Fund as may be required to provide a total pension during each Plan Year equal to the Member's minimum guaranteed benefit for that year.

13. Section 7.02(b) shall be further amended by deleting the last two paragraphs of that section in their entirety and replacing them with the following:

> Notwithstanding the foregoing paragraphs of this Section 7.02(b), where a Member commences pension payments prior to a date that is the earliest of:
> (a) the date the Member would attain age 60,
> (b) the date the Member would complete 30 years of Service had Service not ceased, or
> (c) the date the Member's age plus years of Service would have totaled 80, had Service not ceased,
> the Income Tax Act Regulations require that the reduction to the pension as calculated above cannot be less than 1/4 percent for each month (3% per year) that the pension commencement date precedes such date.
>
> **The preceding paragraph is for compliance with the Income Tax Act Regulations and is not intended to improve benefits outlined in any of the early retirement provisions outlined in Section 7.**

14. Section 7.03(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) <u>Variable Pension</u>

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years.

15. Section 7.03(b) shall be amended by deleting the first paragraph in its entirety and replacing it with the following:

In addition, the Member shall be entitled to receive a supplementary pension from the Minimum Guarantee Fund as may be required to provide a total pension during each Plan Year equal to the Member's minimum guaranteed benefit for that year.

16. Section 7.04 shall be amended by deleting the second paragraph in its entirety and replacing it with the following:

Alternatively, the Member may, except in so far as (and to the extent that) a valid agreement with a former employer prohibits, elect to receive such amount as an additional pension, commencing on the Member's retirement date. The additional pension will be provided from the total of such contributions and the Credited Interest thereon and based on the actuarial tables in force for purposes of the Plan at the time of retirement. The additional pension will be payable during the lifetime of the Member, in the form of a variable benefit which will remain constant during the Plan Year but will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years.

17. Section 8.01 shall be amended by deleting it in its entirety and replacing it with the following:

The normal form of pension is one, which commences on the Member's retirement date, and is payable in equal monthly installments during the lifetime of the Member, with 60 months guaranteed. The amount of monthly payments arising from the Member's Money Purchase Component Account during each Plan Year will not vary, but will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. The amount of supplementary pension required to provide the Member with the Minimum Guaranteed Benefit for that year, if any, will be payable from the Minimum Guarantee Fund in accordance with Sections 7.01(b), 7.02(b) or 7.03(b), as appropriate. The form of benefit arising from voluntary or special lump sum voluntary contributions will be the same form of benefit as that arising from the Member's Money Purchase Component Account.

18. Section 10.01(a) shall be amended by deleting the second paragraph in its entirety and replacing it with the following:

 Where the death benefit is payable to the Member's beneficiary, the settlement will be according to Section 10.01(a)(ii).

19. Section 10.01(b) shall be amended by deleting the second paragraph in its entirety and replacing it with the following:

 Where the death benefit is payable to the Member's beneficiary, the settlement will be according to Section 10.01(b)(ii).

20. Section 10.03 shall be amended by deleting the phrase "opposite sex".

21. Section 13.05 shall be amended by deleting it in its entirety and replacing it with the following:

 13.05 Notwithstanding any other provisions of the Plan, in the event the pension to which a Member, who has 2 or more years of membership in the Plan, is entitled at normal retirement date, is less than of two per cent (2%) of the Year's Maximum Pensionable Earnings in the year of termination of employment, the University may, in its sole discretion, authorize that such benefit be payable quarterly, semi-annually or annually in advance, in an amount which is the Actuarial Equivalent thereof, or that it be paid in a single lump sum equal to the commuted value of such benefits.

22. Section 13.08 shall be amended by deleting it in its entirety and replacing it with the following:

 13.08 <u>Maximum Benefits</u>

 With respect to death, retirement, termination of employment or termination of the Plan, the minimum guaranteed pension payable in the year of pension commencement shall not exceed the lesser of:

 a) 2% of the Member's Highest Average Indexed Compensation times the number of years of Pensionable Service (not exceeding 35 years for Service prior to January 1, 1992), and

 b) $1,722, or any other defined benefit maximum permitted by the Income Tax Act, times the number of years of Pensionable Service (not exceeding 35 years for Service prior to January 1, 1992).

 The maximum pension amount described above will be reduced by ¼% for each month that the pension commencement date precedes the earliest of the day on which the Member will attain age 60, would have completed 30 years of Service, or the Member's age plus years of Service would equal 80.

 Notwithstanding the foregoing, in no event shall the annual amount of lifetime retirement benefits plus temporary bridge benefits payable to the Member prior to the attainment of age 65 exceed:

(i) the maximum as calculated above, plus

(ii) 1/35 of 25% of the average of the YMPE (or Earnings if less) for the 3 years immediately preceding retirement, multiplied by years of Pensionable Service, to a maximum of 35 years.

All provisions outlined in this Section 13.08 are to ensure compliance with the maximum pension provisions of the Income Tax Act and in no way are meant to provide a pension benefit in excess of the benefit defined under Section 7.

NOW THEREFORE BE IT RESOLVED THAT effective July 1, 2003, the Plan is amended as follows:

1. The PREFACE shall be amended by adding item #17 as follows:

   17. Effective July 1, 2003, the Plan is amended to change the plan year to the calendar year.

2. Section 1.20 shall be amended by deleting it in its entirety and replacing it with the following:

   1.20 "Plan Year" shall mean the 12 months commencing July 1st of each calendar year and ending on June 30th of the following year. Notwithstanding the above, the Plan Year commencing July 1, 2003 shall end on December 31, 2003 and effective January 1, 2004, Plan Year shall mean the calendar year.

The proper officer(s) of the University are authorized and directed to do all things necessary to give effect to this Resolution and to make such minor revisions to the Plan as may be required to ensure the continued registration of the Plan.

CERTIFIED TO BE A RESOLUTION OF THE BOARD OF GOVERNORS OF WILFRID LAURIER UNIVERSITY PASSED AT IS MEETING HELD ON

April 29, 2003.

Dated at Waterloo, Ontario the 24 day of February, 2004.

Philip Wong

Signature

Philip Wong, AVP HR

Name and Title

RESOLUTION OF THE BOARD OF GOVERNORS
REGARDING AMENDMENT NUMBER 2
TO THE
WILFRID LAURIER UNIVERSITY PENSION PLAN

Registration Number 0314492

WHEREAS effective September 1, 1962, Wilfrid Laurier University (the "University") established the Wilfrid Laurier University Pension Plan (the "Plan");

AND WHEREAS pursuant to Section 15.01 of the Plan, the University retains the right to amend the Plan;

AND WHEREAS the University wishes to amend the adjustment applicable to the variable pension and clarify the leave of absence provision with respect to the University's special voluntary exit plan;

AND WHEREAS the said changes shall constitute Amendment Number 2 to the Plan as Amended and Restated July 1, 1999;

NOW THEREFORE BE IT RESOLVED THAT effective *<date>,* the Plan is amended as follows:

1. The PREFACE shall be amended by adding item #18 as follows:

   18. Effective <date>, the Plan is amended to
       - revise the adjustment applicable to the variable pension during the first four years of retirement, and
       - clarify the leave of absence provision with respect to the University-approved special voluntary exit plan.

2. Section 1.07 is amended by deleting the last sentence under the definition for "Earnings" and replacing it with the following:

   The salary of an Employee, who is on an approved leave where Pensionable Service is not credited to the Member during such leave, shall be pro-rated on the basis of his/her Reference Salary; and

3. Section 1.21 shall be amended by adding subparagraph (c) immediately following subparagraph (b) under the title Pensionable Service as follows:

   (c) Full credit for Pensionable Service in respect of the period leading up to a Member's Normal Retirement Date in respect of any Member who elects to participate in the University-approved special voluntary exit plan, whether the Member elects to make the contributions based on the Employee's normal Earnings or based on the Member's actual Earnings during such period.

4. Section 1.21 shall be further amended by deleting the last paragraph in its entirety and replacing it with the following:

   The Pensionable Service that can be credited in total during such periods of leave of absence is limited by the restrictions of Section 8507 of the Income Tax Regulations, and a Member's Earnings during such periods of leave of absence where Pensionable Service is credited, shall include Prescribed Compensation as defined in Section 8507 of the Income Tax Regulations.

5. Section 4.01 shall be amended by deleting point (2) in its entirety and replacing it with the following:

   (2) provided the Member is not participating in the University-approved special voluntary exit plan, elect to make the contributions required by the Plan according to the Member's actual Earnings during such period, in which event the Member will receive credit for a reduced period of Pensionable Service by multiplying the period of the Member's leave of absence by a fraction:
   - the numerator of which is the contributions actually made, and
   - the denominator of which is the required contributions the Member would normally make during such period based on normal Earnings, or

   (2.1) in respect of a Member who is participating in the University-approved special voluntary exit plan, elect to make the contributions required by the Plan according to the Member's actual Earnings during such period, in which event the Member will receive full credit for Pensionable Service in respect of the period leading up to a Member's Normal Retirement Date, or

6. Section 7.01(a) shall be amended by deleting it in its entirety and replacing it with the following:

   (a) Variable Pension

   The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

7. Section 7.02(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

8. Section 7.03(a) shall be amended by deleting it in its entirety and replacing it with the following:

(a) Variable Pension

The amount of variable pension that can be provided from the total balance of the Member's Money Purchase Component Account, based on the actuarial tables in force for Plan purposes at that time. Such basic pension will be in the form of equal monthly installments, payable during the lifetime of the Member, and will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

9. Section 7.04 shall be amended by deleting the second paragraph in its entirety and replacing it with the following:

Alternatively, the Member may, except in so far as (and to the extent that) a valid agreement with a former employer prohibits, elect to receive such amount as an additional pension, commencing on the Member's retirement date. The additional pension will be provided from the total of such contributions and the Credited Interest thereon and based on the actuarial tables in force for purposes of the Plan at the time of retirement. The additional pension will be payable during the lifetime of the Member, in the form of a variable benefit which will remain constant during the Plan Year but will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement.

10. Section 8.01 shall be amended by deleting it in its entirety and replacing it with the following:

The normal form of pension is one, which commences on the Member's retirement date, and is payable in equal monthly installments during the lifetime of the Member, with 60 months guaranteed. The amount of monthly payments arising from the Member's Money Purchase Component Account during each Plan Year will not vary, but will be adjusted at the beginning of each Plan Year to take into account the average rate of Fund Interest for the preceding four years. Notwithstanding, for retirees who have been retired for less than four years, the averaging period will be based on the number of full years since retirement. The amount of supplementary pension required to provide the Member with the Minimum Guaranteed Benefit for that year, if any, will be payable from the Minimum Guarantee Fund in accordance with Sections 7.01(b), 7.02(b) or 7.03(b), as appropriate. The form of benefit arising from voluntary or special lump sum voluntary contributions will be the same form of benefit as that arising from the Member's Money Purchase Component Account.

The proper officer(s) of the University are authorized and directed to do all things necessary to give effect to this Resolution and to make such minor revisions to the Plan as may be required to ensure the continued registration of the Plan.

CERTIFIED TO BE A TRUE AND CORRECT COPY OF A RESOLUTION DULY PASSED BY THE BOARD OF GOVERNORS OF WILFRID LAURIER UNIVERSITY PASSED AT THE MEETING HELD ON

__________________________, _________.

Dated at Waterloo, Ontario the _______ day of _______________________, _________.

____
Signature

____
Name and Title