A guide to the WSIB Employees' Pension Plan

February 2023

wisetrust

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Contents

Welcome

Welcome to the WSIB Employees' Pension Plan (the Plan)! You are one of over 10,000 Plan members, made up of current and former employees of WSIB, Safe Workplace Association (SWA) and the Trustees of the Workplace Safety and Insurance Board Employees' Pension Plan Fund (WISE Trust), and the beneficiaries of those employees.

The Plan is administered by the Workplace Insurance and Safety Employee Trust (WISE Trust). WISE Trust was established to give the Plan's sponsors, the Workplace Safety and Insurance Board (WSIB) and the Ontario Compensation Employees Union CUPE 1750 (OCEU), equal voices in the administration and governance of the Plan. WISE Trust is governed by a Board of Trustees, four appointed by the WSIB and four appointed by OCEU.

This booklet provides a summary of the Plan as of January 2021 under the **jointly sponsored pension plan** (JSPP) arrangement. The Plan is registered and governed under the Ontario ***Pension Benefits Act*** and the ***Income Tax Act***.

Pension plan registration number: 0579839

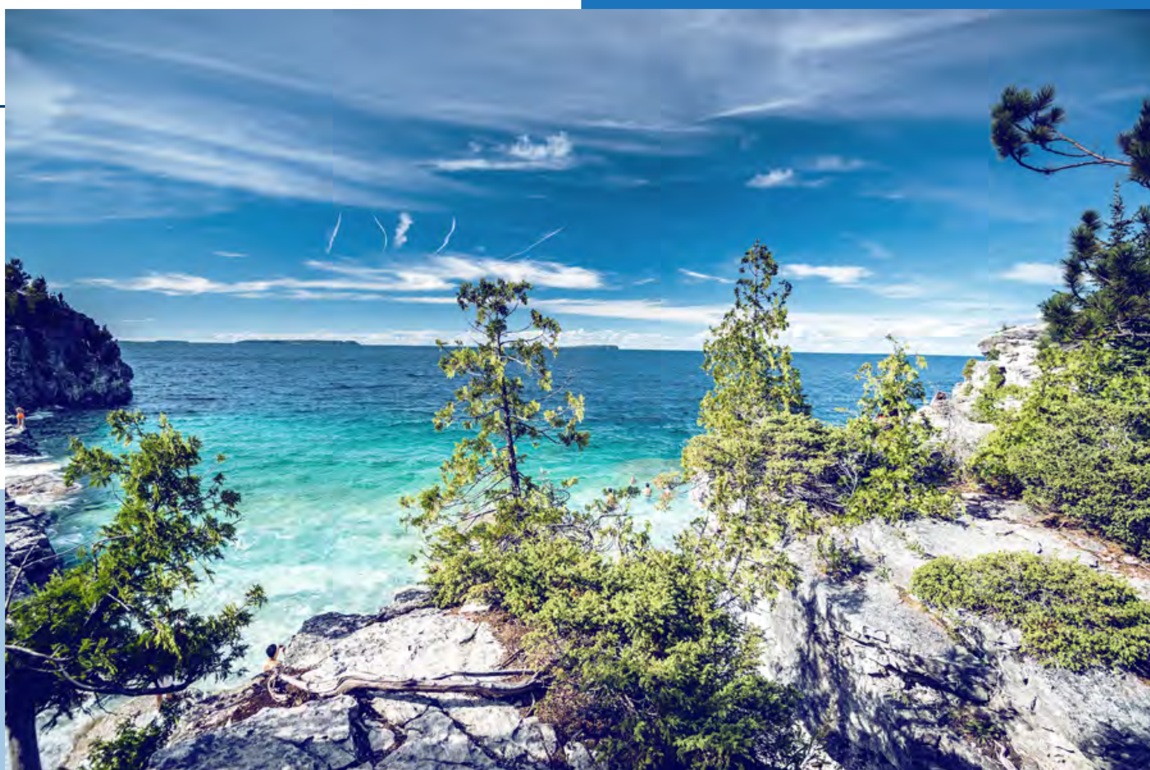
If you have questions, we are here to help.

Contact information

WISE Trust Pension Contact Centre
130 King Street West, Suite 1500
P.O. Box 424
Toronto, ON
M5X 1E3
Phone: 1-855-242-1526

wisetrust.ca

Section 1: Pension plan 101



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Top things you should know about your WISE Trust pension

Use the glossary at the back of the booklet to help you understand the highlighted and bolded terms found throughout.

It is a defined benefit pension

The Plan is a **defined benefit** pension plan where your monthly pension is based on a formula using your salary and service and is not impacted by market fluctuations. This means you can better predict what your monthly pension will be when you retire. The longer you work, the larger your pension will be.

Your WISE Trust pension is designed to be a part of your income in retirement, along with:

» government programs like the **Canada Pension Plan** (CPP) and Old Age Security (OAS)

» your personal savings, like your **Registered Retirement Savings Plan** (RRSP), your Tax-Free Savings Account (TFSA), and other assets

The Plan has survivor benefits

Survivor benefits can help protect your loved ones if you pass away before or after retirement. The type and amount of survivor benefits depend on whether you have an **eligible spouse** and/or **eligible children** and whether you have started to receive a pension at the time of your passing.

It is important to keep your spousal and **beneficiary** information up-to-date. Complete the spousal designation and beneficiary form found on My Pension Resource and send the original to the WISE Trust Pension Contact Centre. Learn more on page 34.

You can transfer your pension into the Plan

When you become a **member** of the Plan you may be able to transfer the value of your pension earned in a former employer's pension plan into the Plan. Transferring your pension value into the Plan will increase the amount of your pension benefit. Deadlines and eligibility requirements apply. Learn more on page 10.

You can purchase pensionable service

If you have periods of employment that aren't currently included in your **pensionable service**, such as temporary employment or an unpaid leave, you may be eligible to purchase them. The cost will depend on the type of pensionable service and when you are purchasing it. The longer you wait, the more expensive it may be. Learn more on page 12.

There are early retirement options

Normal retirement is age 65. You can choose to retire earlier if you qualify under any one of the following rules:

- unreduced **early retirement**
  - factor 85: when the sum of your age and your years of **membership** or pensionable service equal to 85
  - 60/20 rule: you are 60 years old or older and have 20 or more years of **membership** or pensionable service
- reduced early retirement from age 55, if none of the above

If you retire before age 65, you will receive a monthly **bridge benefit** in addition to your lifetime retirement pension. The bridge benefit acts as a top up and is payable until you reach age 65, or pass away, whichever occurs first. It is not payable if you are receiving a disability pension from the Plan. Learn more on page 26.

There are also postponed and disability retirement options available. Learn more on page 30.

Your pension is indexed

Your pension is indexed with a cost-of-living adjustment annually on January 1. Learn more on page 31.

Plan membership

Permanent full-time employees

You are automatically enrolled in the Plan on the first day of your permanent employment. You will remain a **member** of the Plan for as long as you remain an employee, even if you become part-time or change to a temporary employment status.

Permanent part-time employees

You are automatically enrolled in the Plan on your first day of permanent employment, provided that over a period of one calendar year of continuous employment you will have either:

- worked a minimum of 700 hours; or
- have earnings equal to at least 35 per cent of the current **year's maximum pensionable earnings** (YMPE)

If you are not immediately eligible to join the Plan, you will be enrolled in the Plan on the date that your normal working hours increase so that over a period of one calendar year of continuous employment, you would work at least 700 hours or earn at least 35 per cent of the YMPE.

Once you are enrolled in the Plan, your membership continues even if in future years you work less than 700 hours or earn less than 35 per cent of the YMPE.

Temporary employees

If you are a temporary employee, you may elect to join the Plan after 24 months of continuous employment provided you have worked at least 700 hours in the 12-month period preceding the date of your election or earned at least 35 per cent of the YMPE during that 12-month period. Since it is not mandatory that temporary employees join the Plan, enrollment is not automatic.

Contract employees

You are not eligible to join the Plan if you are employed under a contract for services.

Building your pension

Pension contributions

Both you and your employer contribute to the Plan. Your contributions to the Plan are based on your **pensionable earnings** and are deducted directly from your base salary. Employee contributions made to the Plan are tax-deductible. Starting July 1, 2020, employee contributions will increase gradually by 0.6 per cent of earnings per year until the funding for the Plan reaches a 50/50 employer-employee cost-sharing ratio. Starting July 1, 2020, the contribution formula is:

(A) per cent of **pensionable earnings below the YMPE** + (B) per cent of **pensionable earnings above the YMPE***

*Up to the maximum earnings threshold established for the year under the *Income Tax Act*.

Effective	(A) %	(B) %
July 1, 2020	5.8%	7.6%
July 1, 2021	6.4%	8.2%
July 1, 2022	7.0%	8.8%
July 1, 2023	7.6%	9.4%
July 1, 2024 and beyond	(A) and (B) are increased by 0.6 per cent of pensionable earnings per year until the 50/50 employer-employee cost-sharing ratio is reached	

If you continue to be an employee past age 65 and have begun receiving a pension from **CPP**, you will contribute at (B)% of your pensionable earnings.

Pensionable service

Pensionable service is the total years, months and days of service you have earned in the Plan. It is an important factor in determining the amount of your pension benefit from the Plan. If you are a part-time employee, your pensionable service is prorated based on your scheduled part-time hours to the full-time equivalent.

Example: Pensionable service for part-time employees

Taylor, Sam and Kim have the same position, but work different full/part-time schedules. See how the **pensionable service** they earn in a plan year differs:

	Taylor	Sam	Kim
Full-time hours/week	36.25	36.25	36.25
Scheduled hours/week	36.25	30.00	21.75
Full-time %	100.0%	82.8%	60.0%
# of days in the plan year	365	365	365
# of Pensionable days	365	302	219
	= 100% x 365	= 82.8% x 365	= 60% x 365
Pensionable service (years)	1.0000	0.8274	0.6000
	= 365/365	= 365/302	= 365/219

Transferring pensionable service from other pension plans

As a **member** of the Plan, you may be able to transfer the value of your pension earned in a former employer's pension plan into the Plan. Consolidating your pension into one plan may increase your pension at retirement. There are two ways that you may be eligible to transfer your pension value from a former pension plan into our Plan:

» under a reciprocal transfer agreement

» without a reciprocal transfer agreement

Transferring with a reciprocal transfer agreement

A group of Ontario pension plans entered into a pension transfer agreement to make it easier for members to transfer their pension benefit to or from any of the pension plans listed below.

If you are eligible to transfer your pension value into the Plan, your former pension plan will calculate the value of your pension in that plan. Once funds are transferred, you will have additional pensionable service in our Plan, limited to the pensionable service you earned in your former pension plan.

If the value of your former plan's pension is less than the cost of the equivalent pensionable service in our Plan, the service transferred into our Plan will be prorated. You may choose to pay all or some of the difference to avoid losing pensionable service.

Eligibility requirements for reciprocal transfer agreements:

- must have started working for one of the **participating employers** within 18 months of leaving your former employer
- must make your request to transfer your pension value within six months of joining the WSIB Employees' Pension Plan (or, in the case of transfers from the Federal Public Service Superannuation Plan, within twelve months)
- funds must still be in your former employer's pension plan

We participate in reciprocal transfer agreements with the following pension plans:

- Electrical Safety Authority Pension Plan
- Hydro One Inc. Pension Plan
- Independent Electricity System Operator (IESO) Pension Plan
- Ontario Municipal Employees' Retirement System (OMERS)
- Ontario Power Generation (OPG) Pension Plan
- Ontario Public Service Employees' Union Pension Plan (OPTrust)
- Ontario Teachers' Pension Plan (OTPP)
- Public Service Pension Plan (Ontario Pension Board)
- Federal Public Service Superannuation Plan

The participating pension plans of the reciprocal transfer agreements are subject to change.

Transferring without a reciprocal transfer agreement

If we do not have a reciprocal transfer agreement with your former employer, you may still be able to transfer your pension.

Eligibility requirements without a reciprocal transfer agreement:

- your pension funds must still be in your former employer's pension plan
- you must submit your request to transfer within 18 months of leaving your former employer and within six months of joining the Plan

Group RRSPs from your previous employer or personal RRSP accounts are **not eligible** for transfer into the Plan.

Purchasing pensionable service

Did you start your employment on a temporary contract and then become permanent? Did you have to leave work because of an illness? Did you take parental leave? Were you rehired after having transferred the commuted value of your benefit out of the Plan? These are some of the types of **pensionable service** that may be eligible for purchase.

The cost will depend on the type of pensionable service and when you are purchasing it. The longer you wait, the more expensive it may be. You may request a quote to purchase pensionable service on My Pension Resource.

Why should I purchase pensionable service?

When you purchase service, you gain additional pensionable service and **membership** in the Plan, increasing your overall pension at retirement.

Pensionable service you may be eligible to purchase

Type of service you can purchase	When do I have to make an election to purchase it?	What do I pay?
Probationary service before January 1, 1987	Anytime	Your share of the contributions, based on your current **pensionable earnings** and the current contribution rates in effect when the cost is determined.
Temporary service periods leading into current membership in the Plan	Anytime	Your contributions plus the employer's contributions, based on your current pensionable earnings and the current contribution rates in effect when the cost is determined.
A period of temporary service that is not immediately before your entry into the Plan	Anytime	**Actuarial present value**
Unpaid absence due to illness or disability	**Within** a period equal to the length of your leave period, starting from the date when you return to work.	Your share of the contributions you would have made had you not been absent.
	Beyond a period equal to the length of your leave period, starting from the date when you return to work.	Actuarial present value

table continued on next page

Type of service you can purchase	When do I have to make an election to purchase it?	What do I pay?
Educational or special purposes including personal unpaid leaves	**Within** a period equal to the length of your leave period, starting from the date when you return to work.	Your contributions plus the employer's contributions, based on your pensionable earnings and contributions rate in effect during your leave.
	Beyond a period equal to the length of your leave period, starting from the date when you return to work.	Actuarial present value
Leaves of absence under the *Employment Standards Act* (ESA), includes pregnancy/ parental leave	**Within** a period equal to the length of your leave period, staring from the date when you return to work.	Your share of the contributions you would have made had you not been absent, based on your **pensionable earnings** that were in effect during your leave.
	Beyond a period equal to the length of your leave period, starting from the date when you return to work.	**Actuarial present value**
Unpaid absence due to layoff or strike	**Within** six months of the date you return to work.	Your share of the contributions you would have made had you not been absent.
	Beyond six months after the date you return to work.	Actuarial present value
Prepaid leave (some conditions may apply)	**Within** a period equal to the length of your leave period, starting from the date when you return to work.	Your contributions plus the employer's contributions, based on your pensionable earnings and contribution rates that were in effect during your leave.
	Beyond a period equal to the length of your leave period, starting from the date when you return to work.	Actuarial present value
Prior service in the Plan (rehired former **member**)	Anytime	The minimum cost is the actuarial present value if the **commuted value** of your prior Plan benefit was transferred directly to another registered pension plan or retirement account. You must transfer those funds, plus any investment income, directly back into the Plan. Same conditions apply if you also received a refund of **excess contributions**. You may choose to pay all or some of the difference to avoid losing **pensionable service**. If your prior service was non-vested, you pay the actuarial present value.

Payment options for purchasing pensionable service

In all cases, you will be required to make a payment **within 90** days of being advised of the amount of the contributions in respect of the leave of absence. If the payment is not made within this 90-day window, the purchase of service may not be completed and a new estimate may need to be prepared which may result in a higher cost. There are three payment options, depending on your circumstances and the total cost of your purchase:

1. **Lump-sum payments**

   You may make a lump-sum payment by cheque. You may also be eligible to make a lump-sum payment through a direct transfer of funds from your RRSP.

2. **Payroll deductions** (available to WSIB and WISE Trust employees only)

   Purchases costing more than $100 may be paid through a series of biweekly payroll deductions. For this option, your total cost will include the principal cost of your purchase and interest charges. The total cost of your purchase will determine your repayment period options.

3. **Combined lump-sum and payroll deductions option** (available to WSIB and WISE Trust employees only)

   You may also choose to make payment through a combination of a lump-sum payment and payroll deductions. For this option, your total cost will include the principal cost of your purchase and interest charges. The total cost of your purchase, less your lump-sum payment, will determine your repayment period options.

Tax considerations

If you make a payment before April 30th for a period of absence that happened in the same tax year, your employer will file an amended **pension adjustment (PA)** which will impact your RRSP room for the following year.

If you pay for the leave after April 30th, a **past service pension adjustment (PSPA)** is required and you may need to create RRSP room by withdrawing funds from your personal RRSP. We recommend you seek professional tax advice for information regarding tax implications when purchasing pensionable service.

Section 2: Life events

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Leaves and employment status changes

Short-term disability

If you are away from work and you are in receipt of short-term disability benefits, contributions to the Plan will be automatically deducted from your **pensionable earnings**. This means that you will continue to earn **pensionable service** while contributions are being deducted from your pay.

For WSIB employees, as of the 41st continuous working day of your absence, the WSIB makes both its own share of contributions plus your share of contributions for the duration of the short-term disability period, which means you are continuing to earn pensionable service during this period.

SWA and WISE Trust employees receiving benefits during a short-term disability leave are responsible for making required member contributions during the period of short-term disability leave. Please contact your HR Department regarding short-term disability absences.

Long-term disability

If you are receiving long-term disability benefits, your employer makes contributions to the Plan on your behalf until your last day of employment. You continue to earn pensionable service even though you are not actively at work until you retire, reach age 65 or pass away, whichever occurs first. This only applies if your employer maintains a long-term disability plan. Please contact your HR department for further information regarding long-term disability absences.

Relationship changes

Whether you're getting married, entering a common-law relationship or have questions about pension and separation or divorce, we're here to help answer any questions you have. If your relationship status changes and you need to update your personal information, call the WISE Trust Pension Contact Centre.

Getting married or becoming common-law

If you get married or enter into a common-law relationship before you retire, your new spouse automatically becomes your **eligible spouse** by law. This means your eligible spouse will receive spousal benefits when you pass away. When you retire, your eligible spouse remains your **beneficiary** for any benefits payable upon your passing, even if you later divorce, separate from your common-law spouse, or remarry unless your eligible spouse waives their entitlement to the survivor pension before any division of your pension made as a result of the divorce or separation.

Beneficiaries

You should name a beneficiary and review your designation whenever your personal circumstances change. Your beneficiary can be one or more people or a corporation, such as a charity. Many people name their children as beneficiaries. Learn more on page 34.

End of a spousal relationship

If your spousal relationship ends, your pension may be affected. Under the Ontario *Family Law Act*, your pension benefits accumulated during your relationship may be included in the division of family property. What this means for you and your former spouse will depend on your own particular circumstances. We recommend you seek professional financial and legal advice before making any decisions regarding your pension.

You and/or your former spouse may need to obtain the value of the pension assets earned during the period of your relationship before dividing your family property. Here are a few steps to help you understand the process:

» To request information or provide instructions about the division of your pension assets, you and/or your former spouse must use prescribed application forms. You can find these forms on **FSRA's** website. Contact the WISE Trust Pension Contact Centre if you have any questions about the forms.

» To determine the value of your pension, you and your former spouse will need to receive a Family Law Valuation statement. To receive this statement, the WISE Trust Pension Contact Centre must receive a completed application for the valuation.

» The WISE Trust Pension Contact Centre will send you and your former spouse a Statement of Family Law Value within 60 days of receiving a completed application including all supporting documents. The Statement of Family Law Value details the value of your pension earned during your relationship and the maximum amount that you can assign or transfer to your former spouse.

If your relationship ends before your retirement

Once you receive the Statement of Family Law Value, you and your former spouse will need to decide if your pension will be divided. There are two options:

Do not divide your pension with your former spouse:

» Either you and/or your former spouse sends a completed application that specifies that your pension is not being divided or sends a certified copy of the court order, family arbitration award or domestic contract that provides this information to the WISE Trust Pension Contact Centre.

Divide your pension with your former spouse:

» Your separation agreement or court order must state your former spouse's share as a specified amount or percentage of the value of your pension. The WISE Trust Pension Contact Centre will transfer pension funds to your former spouse within 60 days of receiving the required documents and completed application from your former spouse. Your former spouse's entitlement will be paid as a lump-sum payment which must, in most cases, be transferred to a **locked-in** retirement vehicle or another pension plan, if that plan permits. Some exceptions may apply. Your pension will be adjusted to reflect the amount paid to your former spouse.

If your relationship ends after your retirement

Once you receive the Statement of Family Law Value, you and your former spouse will need to decide if your pension will be divided. There are two options:

Do not divide your pension with your former spouse:

» Either you and/or your former spouse sends a completed application that specifies that your pension is not being divided or sends a certified copy of the court order, family arbitration award or domestic contract that provides this information to the WISE Trust Pension Contact Centre.

Divide your pension with your former spouse:

» Your separation agreement or court order must state your former spouse's share as a specified amount or percentage of your monthly pension that is already in pay. Your former spouse will then receive this share as a monthly pension and your pension will be adjusted to reflect the amount paid to your former spouse. Send a certified copy of the court order, family arbitration award or domestic contract that provides this information to the WISE Trust Pension Contact Centre.

» When you pass away, your former spouse's share of the pension payment will stop and they will receive a joint and survivor pension (provided they were the **eligible spouse** on your date of retirement), and as long as a waiver of joint and survivor pension form was not signed and filed with the Plan administrator. Learn more about survivor benefits on page 33.

» If your former spouse predeceases you, their pension payment will stop and their share reverts back to you unless your separation agreement or court order filed with the application to divide your pension requires us to continue payment to your former spouse's estate during your lifetime.

Remember to review your **beneficiary** designation periodically and update as needed.

Income tax

For tax purposes, you and your former spouse are treated separately, and any pension benefit payment made to your former spouse is subject to taxation as their income. Payments made from the Plan directly to your former spouse have no impact on your income tax filing.

Special rules for agreements made before January 1, 2012

Separation agreements that are signed or court orders, family arbitration awards or domestic contracts made before January 1, 2012, will fall under the old marriage breakdown rules. This means that your former spouse won't receive any funds until those funds actually become payable – when you terminate, retire, or pass away, whichever comes first.

Leaving your employer

Terminating your employment before retirement

When your employment ends, your active membership in the Plan also ends, and you will need to make a decision about what to do with your pension entitlement from the Plan. Since your pension entitlement may be an important component of your financial future, you may wish to get independent financial advice.

Pension options available at termination

If you are under age 55 when your membership ends, you may have the following options for your pension benefit:

1. **Deferred pension**

   If you leave your employment with a **participating employer** but are not yet eligible for an immediate pension, you may leave your pension entitlement in the Plan and have a **deferred pension**. This means you will receive a pension at a later date.

   A deferred pension is the pension you earned up to the date you terminated employment, but is payable as a pension as early as age 55 at your reduced or unreduced retirement age, or on your **normal retirement** age of 65. Refer to page 26 for more information.

   Your deferred pension receives the same indexing as retiree pensions during the deferral period. Refer to page 29 for more information.

   This is the default option if you do not return your election by the deadline indicated in your pension package and is irrevocable. You cannot request to transfer your deferred pension to another retirement arrangement after the deadline.

2. **Transfer your commuted value to a new employer's registered pension plan**

   You may be entitled to transfer the **commuted value** to your new employer's pension plan, if applicable. There are two ways in which the commuted value of your pension benefit can be transferred to your new employer: through a reciprocal transfer agreement or without a reciprocal transfer agreement. To transfer your pension to your new employer's plan, you must make your request to transfer within the deadlines outlined by your new pension plan. Contact your new employer for eligibility details. Refer to page 10 for more information.

3. **Transfer the commuted value of your pension to a locked-in retirement arrangement**

The **commuted value** is the amount of a lump-sum payment in today's dollars estimated to be equal in value to future pension payments.

If you terminate your employment before age 55 and are not eligible to retire immediately, instead of leaving your pension in the Plan and receiving it as monthly income at retirement, you may choose to transfer the commuted value of your pension out of the Plan.

In most cases, provincial pension law prohibits you from taking your termination benefit in cash. The money must be used to provide you with a retirement income. This income (i.e. your periodic pension payments) must start being paid by the end of the year in which you reach age 71 to comply with the rules in the *Income Tax Act*.

You may transfer the commuted value of your pension entitlement to:

+ a **locked-in** retirement account
+ a life income fund
+ another retirement savings vehicle prescribed by applicable pension legislation

Once you transfer your commuted value out of the Plan, you are responsible for the investment of your funds and you will receive no further benefits from the Plan.

You cannot transfer the commuted value of your pension out of the Plan if, on your date of termination of employment, you are:

+ age 55 or older
+ less than age 55, but are eligible to receive a pension under the Plan's Factor 85 **early retirement** option

If you were participating in your employer's group benefits programs at the time you terminated your employment, transferring your pension entitlement out of the Plan could potentially affect your eligibility for any post-retirement group benefits, if any, that are made available by your employer. WISE Trust is not responsible for the payment of any post-retirement group benefits or the administration of any such programs. Contact your employer's Benefits Department or your HR Representative for more information.

Should you choose a deferred pension or commuted value?

Whether you transfer your **commuted value** to a **locked-in retirement arrangement** or to leave your entitlement in the Plan is a big decision.

Many choose the security and reliability of a future pension from the Plan with its guaranteed lifetime retirement income. Some prefer to transfer the commuted value of the pension out of the Plan in anticipation of earning a higher retirement income through superior investment performance.

There are important factors to consider related to the benefits and risks of keeping your pension in the Plan or transferring your commuted value into a **locked-in** retirement arrangement. Carefully consider which option best suits your individual needs and circumstances. We recommend you talk to an independent financial advisor when considering pension options available when leaving your employer.

Considerations	Deferred Pension Option	Commuted value
Predictable income	The Plan provides you with a guaranteed pension income that is payable for your lifetime, starting on the date you elect to start your monthly pension payments. Your pension is calculated using a formula. The formula is not impacted by market fluctuations. You will never outlive your pension, regardless of how long you live.	If you purchase an annuity with the funds in your locked-in retirement arrangement, you will receive regular (e.g., monthly) retirement income starting on the date determined in the annuity contract. Your monthly payments will depend on the value of your investments, your age and interest rates at the time you convert your investments into retirement income. If the investment returns are not large enough, your retirement income may be lower than what you expect, or you could outlive your savings.
When you can receive pension income	Your pension is payable monthly beginning as early as age 55.	You cannot withdraw money from a locked-in retirement account before age 55, and all funds must be withdrawn or converted to an annuity or a Life Income Fund with payment of your retirement income beginning no later than the end of the year in which you reach age 71.
Survivor benefits	Your **eligible spouse**, at the time of your retirement, is typically considered the primary recipient for survivor benefits (unless they have signed a waiver). Survivor benefits are payable if you pass away before or after your retirement. Learn more about survivor benefits on page 32.	Upon your passing, your eligible spouse will receive a spousal death benefit equal to the value of the assets in the locked-in retirement arrangement. If you use the funds in your locked-in retirement arrangement to purchase an annuity from an insurance company that includes a survivor benefit, the cost will be more than an annuity that does not include this benefit.

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Considerations	Deferred Pension Option	Commuted value
Investment risk	The lifetime pension you receive from the Plan is not affected by market fluctuations; the formula of the Plan determines your pension amount. You don't need to be concerned about whether markets are up or down when you want to retire.	You assume all the investment risks and costs as well as rewards. Your retirement income will depend on how well your investments perform and the interest rates in effect at the time you convert your investments into retirement income. If your investments do not perform well, you may end up with a retirement fund that is smaller than what you had when you left the Plan. Superior investment returns are not a guarantee; investments that have higher returns may carry a higher risk. Managing your retirement investments typically involve transaction and expense costs that vary by investment type.
Inflation protection	Your pension receives a guaranteed annual cost of living adjustment equal to a percentage of the increase in the Consumer Price Index (CPI). Before you start to receive your pension, it will be adjusted for inflation during the deferral period. Once you start to receive your pension, your payments will continue to increase annually for inflation for the rest of your lifetime. This annual increase also applies to survivor benefits. Learn more about how your pension is indexed on page 30.	You may purchase an annuity from an insurance company that includes inflation protection, but it will cost more than an annuity that does not include inflation protection.
Maximum transfer value	N/A	The ***Income Tax Act*** imposes limits on the amount of money that can be transferred to a **locked-in retirement arrangement** on a tax-sheltered basis. Any amount above these limits will be paid to you in cash. The amount that you receive in cash is subject to withholding tax and must be declared as income in the year that you receive it. The amount you receive will be taxed at your personal income tax rate, and as a result, the amount of money available for investment can be reduced. Learn more on CRA's website.

Considerations	Deferred Pension Option	Commuted value
Post-retirement group health care benefits	You may be eligible for post-retirement group health care benefit coverage with your employer. WISE Trust is not responsible for the payment or administration of any post-retirement group health care benefit programs. Contact your employer for more information.	If you qualify for post-retirement group health care benefits with your employer and you choose to transfer your pension entitlement out of the Plan, you may not be eligible for group health benefit coverage. WISE Trust is not responsible for the payment or administration of any post-retirement group health care benefit programs. Contact your employer for more information.

Refund of excess contributions

Your contributions made to the Plan cannot exceed 50 per cent of the commuted value of your pension benefit earned. This rule applies when you terminate employment, retire, or pass away before retirement. Upon termination of membership in the Plan, if your contributions plus interest are more than 50 per cent of the **commuted value** of your pension, you will receive a refund of the difference, known as **excess contributions**. This rule does not apply when you transfer your pension benefits to another employer's pension plan under a reciprocal transfer agreement. If you are entitled to a refund, you can transfer your lump-sum payment into a registered retirement savings arrangement.

Small payment amounts

If your pension is considered to be a small pension under rules set out by the ***Pensions Benefit Act*** and the terms of the Plan, the commuted value of your pension benefit will be paid as a one-time lump-sum payment. If you are entitled to a refund, you can transfer your lump-sum payment into a registered retirement savings arrangement, or paid as cash, less applicable withholding tax.

Termination due to shortened life expectancy

If your life expectancy is less than two years, you may elect to terminate membership in the Plan and receive the commuted value of your pension. Under this circumstance, the payment of the commuted value is not subject to locking-in requirements.

Section 3: Retirement

DISCLAIMER: This Guidebook contains a summary of the Plan as of January 2021 under the jointly sponsored pension plan arrangement. The formal Plan text that has been registered under the *Pension Benefits Act* and the *Income Tax Act*, and the Funding Policy are the official Plan documents. The official Plan documents may be amended from time to time. You may submit a request to view these documents by contacting the WISE Trust Pension Contact Centre. This Guidebook does not modify or replace the official Plan documents. Where the information in this Guidebook and the official Plan documents differ, the official Plan documents will govern.

Starting your pension

To initiate your retirement from active employment, we recommend you talk to your manager and contact the WISE Trust Pension Contact Centre approximately six months in advance of your desired retirement date to avoid delays in starting your pension payments.

Retirement dates are on the first of the month and monthly pensions are paid by direct deposit to a Canadian bank account on the first business day of each month.

The **normal retirement** age is age 65. You can choose to retire earlier, if you qualify under any one of the **early retirement** rules below.

If actively employed by a participating employer beyond age 65, you will begin to receive payment of your pension from the Plan on the first day of the month following the date you terminate employment with the participating employer or, if earlier, December 1st of the year in which you reach age 71. The Plan also provides for a disability pension, if you meet all of the eligibility criteria.

How your pension is calculated

The monthly pension you will receive in retirement is determined using a formula that is based on your earnings and how much service you have built in the Plan, subject to the maximum pension limits imposed by the *Income Tax Act*. Estimate your pension on My Pension Resource.

The Plan lifetime pension formula

$$\left[\left\{2\% \times \textbf{best average earnings}\right\} - \left\{0.5\% \times \text{the lesser of: } \textbf{best average earnings}\text{, or } \textbf{average YMPE}\right\}\right] \times \text{years of } \textbf{pensionable service} = \text{annual } \textbf{lifetime pension} \text{ payable at age 65}$$

Best average earnings is the highest average of your annualized **pensionable earnings** during any consecutive 60 months during your last 120 months of **pensionable service** before your termination, retirement or passing. If you have less than 60 months in the Plan, your best average earnings will be based on your number of months of pensionable service. In general, the higher your average earnings, the higher your pension will be.

Average year's maximum pensionable earnings (**average YMPE**) is the average of the YMPEs during the same averaging period as your best average earnings.

Your years of pensionable service is the total years, months, and days of service that you contributed to the Plan or that the employer contributed on your behalf, including any service you transferred in or purchased.

Retiring before age 65

If you retire before age 65, you will receive a monthly **bridge benefit** in addition to your lifetime retirement pension. The bridge benefit is payable until you reach age 65, when you can begin receiving your full CPP, or pass away, whichever occurs first. It is not payable if you are receiving a disability pension from the Plan.

Unreduced early retirement

You can retire without any reduction to your **lifetime pension** if:

» factor 85 — your age when added to your years of **membership** or pensionable service equals at least 85 years

» 60/20 rule — you are at least 60 years old and you have at least 20 years of membership or pensionable service in the Plan

Your monthly bridge benefit does not have an **early retirement** reduction.

Reduced early retirement

If you do not qualify for an unreduced early retirement, you can still retire early if you are age 55 or older. Your lifetime pension will be reduced to reflect the fact that you are starting your pension earlier and will probably receive it for a longer period of time.

The reduction is three per cent for each year (or 0.25 per cent for each month) that your retirement falls before the date you would have qualified for an unreduced early retirement or turned age 65, whichever occurs first.

Your monthly bridge benefit does not have an early retirement reduction.

The Plan bridge benefit formula

$$\left\{ 0.5\,\% \times \begin{array}{c}\text{the lesser of:}\\ \textbf{best average}\\ \textbf{earnings}\text{, or}\\ \textbf{average YMPE}\end{array} \right\} \times \begin{array}{c}\text{years of}\\ \textbf{pensionable}\\ \textbf{service}\end{array} = \begin{array}{c}\text{annual}\\ \textbf{bridge}\\ \textbf{benefit}\\ \text{payable until}\\ \text{age 65}\end{array}$$

Example: How the bridge benefit works

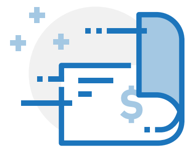
Congratulations, Stella!

Stella is turning 65 but has been retired for 10 years now.

Because she retired before age 65, the Plan has paid her a **lifetime pension** plus a **bridge benefit** – until today.

The Bridge Benefit helps level your income until age 65 – when you can collect an **unreduced pension** from the **CPP**.

One month later



Stella receives her pension cheque in the mail.

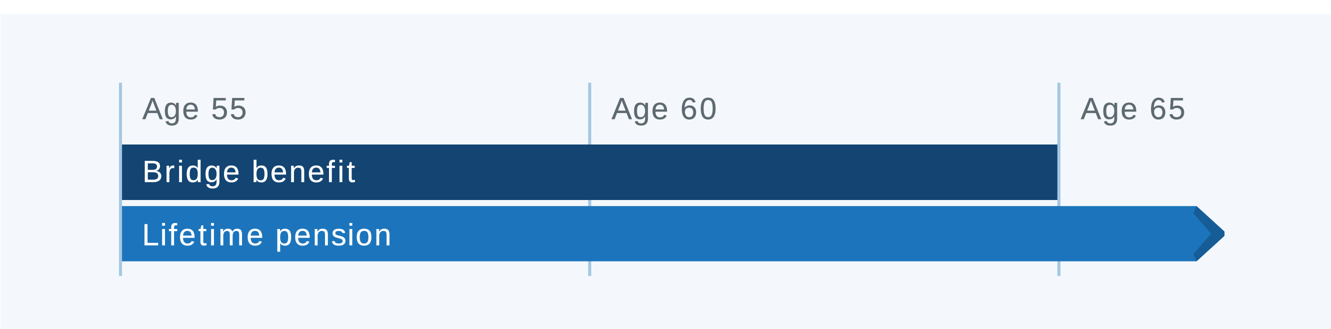
Once you turn 65, your lifetime pension continues for the rest of your life but the bridge benefit is no longer paid. Even though you can start receiving a reduced CPP pension at age 60, when paying the bridge benefit, the Plan assumes everyone starts collecting their CPP pension at age 65.

More mail

Stella has received an envelope marked “OAS”.

At age 65 you may also be entitled to a retirement benefit from Old Age Security (OAS). Your WISE Trust pension is not integrated with OAS and those payments are separate from the Plan and CPP entitlements. OAS starts at age 65 and can’t be taken earlier. If you start OAS at 65, this does not impact your Plan benefit in any way.

Stella received a monthly bridge benefit in addition to her lifetime pension until she turned age 65, the age when she can begin receiving CPP and, if she qualifies, OAS. Your CPP does not start automatically and will not be equal to the amount of the bridge benefit. Learn more about CPP and OAS by contacting Service Canada.



Example: Early retirement pension calculation

Erin retires in 2022. Her age plus years of **membership** or **pensionable service** equal 85. This entitles her to an unreduced **lifetime pension**.

Age: 56
Years of pensionable service: 29
Best average earnings: $59,890
Average YMPE: $57,780

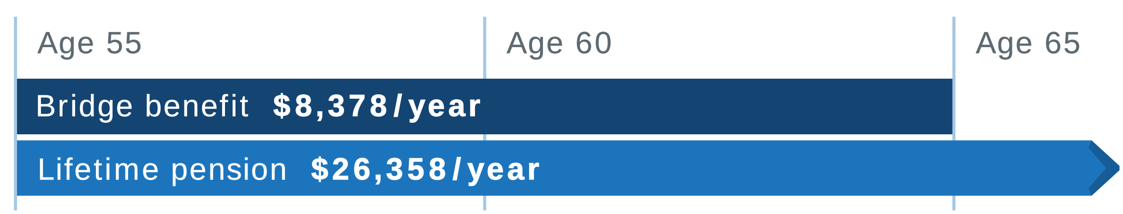
Erin's annual unreduced lifetime pension is:

$$\left[\left\{\begin{array}{c} 2\% \\ \times \\ \text{best average earnings} \end{array}\right\} - \left\{\begin{array}{c} 0.5\% \\ \times \\ \text{the lesser of:} \\ \text{» \$59,890} \\ \text{» \$57,780} \end{array}\right\}\right] \times 29 = \$26,358$$

The annual bridge benefit payable from age 56 to age 65:

$$\left\{\begin{array}{c} 0.5\% \\ \times \\ \text{the lesser of:} \\ \text{» \$59,890} \\ \text{» \$57,780} \end{array}\right\} \times 29 = \$8,378$$

Erin's pension is $34,736 per year until age 65, then $26,358 per year starting at age 65.



Postponed retirement

If you continue to work for a participating employer past age 65, you will continue to make contributions to the Plan and earn **pensionable service** until the date you terminate employment with the participating employer or, if earlier, November 30th of the year in which you reach age 71. You must stop contributing to the Plan and begin receiving your pension on the first day of the month following the date you terminate employment with a participating employer or, if earlier, December 1st of the year in which you reach age 71.

Disability pension

If you are unable to work because of a total and permanent disability and are not in receipt of long-term disability benefits, you may qualify for a disability pension.

You will qualify for a disability pension if:

- you have at least 10 years of **membership** or pensionable service; and
- a qualified medical practitioner selected by WISE Trust confirms that your disability:
  - is expected to last the rest of your life; and
  - prevents you from doing any job for which you are reasonably suited, based on your education, training or experience

You cannot receive a disability pension from the Plan if you are receiving long-term disability benefits through your employer.

The amount of your disability pension will be based on the Plan **lifetime pension** formula, with no **early retirement** reduction. Your disability pension will continue for your lifetime unless you are able to return to work. You are not eligible for the **bridge benefit** while you are receiving the disability pension.

Indexation

The Plan provides **indexation** for your pension every January 1 based on changes in the **CPI**. Your pension will be inflation-adjusted based on a formula set out in the Plan's terms.

To be entitled to the annual increase, you must have received pension payments in the previous year. For your first year of retirement, your increase is prorated for the number of months you have received a pension before the January 1 increase. If the percentage change in CPI is negative, the indexing factor is zero and there will be no increase applied to your pension on January 1 in respect of the prior year.

If you are a deferred member, your deferred pension will be inflation-adjusted until you begin receiving your pension, using the same indexation formula as is applied to retiree pensions.

Depending on when you earned your **pensionable service**, different indexation rules will apply, as outlined in the chart below.

For your...	Before July 1, 2025	On and after July 1, 2025
Lifetime pension	Increased by 75 per cent of the percentage change in CPI.	Increased by 50 per cent of the percentage change in CPI. Increases above 50 per cent and up to 100 per cent of the percentage change in CPI are determined by the WISE Trust Board of Trustees in accordance with the **Funding Policy**.
Bridge benefit	No indexing on your bridge benefit.	Same indexing as the **lifetime pension**.

The percentage change in CPI is calculated by comparing the average of the CPI for the 12-month period ending the previous October 31, to the average of the CPI for the 12-month period ending October 31 a year earlier, as published by Statistics Canada.

Living outside of Canada

The Plan does not provide for direct-deposit payments to accounts held outside of Canada. If you live outside of Canada after retirement, you will need to make arrangements with your Canadian bank to transfer or wire the payments to your account in the country of residence.

If you wish to change your status to a non-resident of Canada for income tax purposes, you will need to contact Service Canada.

Small pension payments

If your pension is considered to be a small pension under rules set out by the ***Pension Benefits Act*** and the terms of the Plan, the **commuted value** of your pension benefit will be paid as a one-time lump-sum payment. If you are entitled to a refund, you can transfer your lump-sum payment into a registered retirement savings arrangement, or paid as cash, less applicable withholding tax.

Rehired after retirement

If you are rehired by a **participating employer** as a permanent employee after you begin receiving a pension from the Plan, your pension will be suspended while you are a permanent employee, up to December 1 of the calendar year in which you reach age 71. When you retire again, your pension is recalculated.

If you are rehired as a temporary or contract employee after you begin receiving your pension, your pension will not be suspended.

Section 4: Survivor benefits

DISCLAIMER: This Guidebook contains a summary of the Plan as of January 2021 under the jointly sponsored pension plan arrangement. The formal Plan text that has been registered under the *Pension Benefits Act* and the *Income Tax Act*, and the Funding Policy are the official Plan documents. The official Plan documents may be amended from time to time. You may submit a request to view these documents by contacting the WISE Trust Pension Contact Centre. This Guidebook does not modify or replace the official Plan documents. Where the information in this Guidebook and the official Plan documents differ, the official Plan documents will govern.

Survivor benefits

Survivor benefits can help protect your loved ones financially when you pass away before or after retirement. The type and amount of survivor benefits depend on whether you have an **eligible spouse** and/or **eligible children** and whether you have begun receiving a pension when you pass away.

Your eligible spouse is, by law, entitled to receive survivor benefits when you pass away. If you don't have an eligible spouse and/or eligible children, your **beneficiary** may be entitled to receive survivor benefits. A beneficiary can be any person, persons or organization you choose. If you don't choose a beneficiary(s), or your beneficiary(s) passes away before you, any benefits payable when you pass away will go to your estate as a lump-sum payment (less applicable withholding taxes).

Who can I designate as my beneficiaries?

Your beneficiary is the person you have chosen to receive your survivor benefits if you do not have an eligible spouse or eligible children when you die, or if your eligible spouse has waived their entitlement.

If you are designating a child under the age of 18 as your beneficiary, special rules regarding the payment of survivor benefits apply. Since WISE Trust cannot make payments directly to minor children under the Plan, the guardian of property must be designated in order to receive the payments on behalf of the child. If you do not have an eligible spouse or eligible children when you die and you have not designated a beneficiary, your entitlement, if any, will be paid to your estate.

It is important to keep your spousal and beneficiary information up-to-date. Complete the spousal designation and beneficiary form found on My Pension Resource and send the original to the WISE Trust Pension Contact Centre.

Who is an eligible spouse?

An eligible spouse means, on the relevant date, either of two persons who are:

» married to each other; or

» not married to each other but are living together in a conjugal relationship, either:
  + continuously for a period of not less than three years; or
  + in a relationship of some permanence, if they are the parents of a child, as set out in section 4 of the *Children's Law Reform Act* pursuant to subsection 1 (1) of the ***Pensions Benefit Act***.

If you have both a former spouse from whom you are separated but not legally divorced and a common-law spouse with whom you are living on the date that the first installment of your pension is due, your **eligible spouse** is your common-law spouse with whom you are living. If you have a spouse from whom you are living separate and apart at the time of determination that person is not an eligible spouse.

Who is an eligible child?

An **eligible child** includes a natural, adopted, or step child that the person is acting in the role of a parent who is:

» under age 18; or

» 18 or older but less than 25 and attending full-time, continuous education; or

» 18 or older and suffers from a physical or mental disability that has prevented them from earning a living since reaching 18 or since your passing, whichever occurred most recently

What happens if I pass away before I retire?

If you pass away before you retire, survivor benefits are paid from the Plan. Your eligible spouse is typically considered the primary recipient of survivor benefits. If you do not have an eligible spouse, survivor benefits may be paid to your eligible children. If you do not have an eligible spouse and/or eligible children, a lump-sum death benefit is payable to your designated **beneficiary**.

The following describes the survivor benefits and/or lump-sum death benefits that are paid under various situations at the time of your passing.

If you have...	Survivor benefit paid...
An eligible spouse	» immediate or deferred monthly pension; OR » lump-sum **commuted value**
An eligible spouse and eligible children	» immediate or deferred monthly pension paid to eligible spouse; PLUS » your eligible children may be entitled to each receive a pension up to 10 per cent of your **lifetime pension**; OR: » lump-sum commuted value paid to eligible spouse
No eligible spouse but eligible children	A pension equal to 66 2/3 per cent of the lifetime pension you earned, divided equally.
No eligible spouse and no eligible children	Payment of the commuted value of your lifetime pension to your designated beneficiary(s) or, if none, to your estate.

Spousal waiver of pre-retirement survivor benefits

Under Ontario pension law, if you pass away before retirement and you have an **eligible spouse**, your spouse is typically considered the primary recipient for survivor benefits payable by the Plan. However, there may be situations where your eligible spouse may want to waive their right to these benefits.

If your eligible spouse chooses to waive these benefits and you die before your pension begins, any survivor benefits payable would be paid to your designated **beneficiary**, if you don't have an eligible child. If you do not designate a beneficiary, these benefits will be payable to your estate. Your eligible spouse may elect to waive their right to the pre-retirement survivor benefits, at any time before your passing. They can also cancel the waiver at any time, prior to your passing. After you pass away, the waiver cannot be changed.

If your eligible spouse is waiving their entitlement, they are also waiving their coverage under your employer's group benefit programs. For WSIB employees, contact the WSIB Benefits Department for more information. For SWA and WISE Trust employees, contact your HR Representative.

We recommend that you and your eligible spouse obtain independent legal advice before signing any waiver to a pension benefit entitlement.

What happens if I pass away after I retire?

Your eligible spouse will receive a **lifetime pension** equal to 66 2/3 per cent of the lifetime pension you were receiving if you were living together when your pension started. In addition, if you have one or more **eligible children**, each may receive a pension of up to 10 per cent of the lifetime pension you were receiving at the time of your passing. The exact amount will depend on the number of eligible children you have.

The following table provides a quick reference of the survivor benefits that may be paid if you pass away after retirement.

If you have...	Survivor benefit paid...
An **eligible spouse**	A spousal pension equal to 66 2/3 per cent of the **lifetime pension** you were receiving (or 75 per cent or 100 per cent, if you chose one of these options before retirement – see the chart below for an example).
An eligible spouse and **eligible children**	A spousal pension equal to 66 2/3 per cent of the lifetime pension you were receiving (or 75 per cent or 100 per cent, if you chose one of these options before retirement – see the chart below for an example). PLUS » your eligible children may be entitled to each receive a pension up to 10 per cent of your lifetime pension
No eligible spouse but eligible children	A pension equal to 66 2/3 per cent of the lifetime pension, divided equally among your eligible children.
No eligible spouse and no eligible children	Payment to your **beneficiary** or estate of the excess, if any, of your contributions made to the Plan plus interest, less any pension payments you received.

Can I increase my spousal benefits?

The Plan automatically provides a spousal benefit equal to 66 2/3 per cent of your lifetime pension to your eligible spouse at retirement, provided they have not waived their entitlement. You can increase the survivor protection from 66 2/3 per cent to either 75 per cent or 100 per cent. The option for increasing the protection is not subsidized by the Plan; your pension is actuarially reduced to provide for the higher survivor benefit.

The following table shows an example of the reduction made to a monthly pension for an individual who retires at age 55 with an eligible spouse who is age 53.

Percentage of joint and survivor benefits	Monthly lifetime pension	Monthly survivor benefits
66 2/3 per cent	$2,493	$1,662
75 per cent	$2,461	$1,846
100 per cent	$2,373	$2,373

If you want to increase the survivor benefit payable to your eligible spouse upon your passing, you will be given the option to make this choice during the retirement process. It's important to know that this is a permanent decision. The reduction will not be reversed if your spouse passes away first.

Entering into a spousal relationship after retirement

If you did not have a spouse on the date you retire, and you enter into a spousal relationship after you have retired, you may be able to apply to provide your new eligible spouse with access to the post-retirement survivor benefit in the event that you pass away first, provided that:

» you did not have an **eligible spouse** on your retirement date; or

» you did have an eligible spouse on your retirement date and they have passed away and you have no **eligible children** entitled to survivor benefits

Since survivor benefits for a spousal relationship commencing after retirement are not funded by the Plan, your pension is actuarially reduced to provide survivor benefits to your post-retirement eligible spouse. You must make an election to add this survivor protection within a six-month period beginning one year after you begin a relationship with your post-retirement eligible spouse.

Spousal waiver of joint and survivor pension

Under Ontario pension law, if you pass away after retirement and you have an eligible spouse, your spouse is typically considered the primary recipient for survivor pension payable by the Plan. However, there may be situations where your eligible spouse may want to waive their right to this benefit.

To waive their right, your eligible spouse must submit a waiver during the 12-month period before your retirement. This waiver cannot be cancelled once you start collecting your pension.

If your eligible spouse submits a waiver, survivor benefits will be paid to any eligible children you have. If you do not have eligible children, the excess, if any, of your contributions plus interest made to the Plan, less any pension payments you received will be paid to your designated **beneficiary** or, if there are no designated beneficiary(s), to your estate.

If your eligible spouse is waiving their entitlement, they are also waiving their coverage under your employer’s group benefit programs. For WSIB employees, contact the WSIB Benefits Department for more information. For SWA and WISE Trust employees, contact your HR Representative.

We recommend that you and your eligible spouse obtain independent legal advice before signing any waiver to a pension benefit entitlement.

Section 5: Other information

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Credit, seizure, and garnishment of pension assets

Ontario pension legislation prohibits creditors from seizing or garnishing pension contributions and benefits payable under the Plan. However, once a pension entitlement becomes payable, your pension payments can be garnisheed or seized through a court order or agreement made under the Ontario *Family Law Act* or the ***Income Tax Act***.

Administrative expenses

The pension fund provides for payment of all normal and reasonable expenses incurred in the operation of the Plan.

Glossary

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Actuarial present value: The estimated amount of money needed today to be invested to pay the future benefits you have under the Plan. The actuarial present value is based on assumptions such as interest rates, inflation, mortality, and salary escalation.

Average year's maximum pensionable earnings (YMPE): The YMPE in each year in the averaging period used to determine your best average earnings for calculation of your pension benefit at termination or retirement. Here is how we determined the average YMPE for a member who is retiring on January 1, 2023:

2022 YMPE	$64,900
2021 YMPE	$61,600
2020 YMPE	$58,700
2019 YMPE	$57,400
2018 YMPE	$55,900
Subtotal	$298,500
Divide by five	**$59, 700**

Beneficiary: You can name any person, organization, or your estate as your beneficiary to receive survivor benefits in the event that you do not have an eligible spouse, or spousal benefits have been waived, or you do not have eligible children at the time of your passing.

Best average earnings: The annual average of your pensionable earnings for the highest 60 consecutive months of service during the last 120 months of pensionable service before your retirement or termination from the Plan. If you worked less than 60 months, your best average earnings will be based on your average earnings as a member of the Plan.

Bridge benefit: A temporary benefit provided to employees who retire prior to the age when unreduced CPP benefits begin. It is paid when you retire from your participating employer before age 65 (even if you collect an early CPP pension). The bridge benefit is payable until the earlier of age 65 or your passing.

Canada Pension Plan (CPP): The CPP is a contributory, earnings-related social insurance program that is paid by the federal government. It provides a measure of income to contributors and their families upon retirement, disability, and death. For further details, contact Service Canada.

Canada Revenue Agency (CRA): The CRA is the federal regulatory agency that administers the *Income Tax Act*.

Commuted value: The lump-sum value of your earned pension. The commuted value changes based on factors such as age, life expectancy, inflation and interest rates.

Consumer Price Index (CPI): An inflation measure computed by Statistics Canada that calculates the change in prices of a fixed set of commodities purchased by Canadians each month. If the combined cost of these goods goes up, inflation increases. The CPI is used to calculate annual cost-of-living increases for pension benefits, also referred to as “indexing”.

Deferred pension: This is the pension benefit earned up to the date of termination of employment, which is calculated at the time of termination of employment but payable at a later date.

Defined benefit plan: A pension plan that defines the ultimate pension benefit to be provided in accordance with a formula, usually based on years of service and earnings.

Early retirement: Retirement before you reach age 65, in which you may receive a reduced pension or an unreduced pension.

Eligible child(ren): An eligible child includes your natural, adopted, or step child in respect of whom you are acting in the role of a parent and who is:

» under age 18; or
» 18 or older but less than 25 and attending full-time, continuous education; or
» 18 or older and suffers from a physical or mental disability that has prevented them from earning a living since reaching 18 or since your death, whichever occurred most recently.

Eligible spouse: Eligible spouse means, on the relevant date, either of two persons who are

» married to each other; or
» not married to each other but are living together in a conjugal relationship, either:
  + continuously for a period of not less than three years; or
  + in a relationship of some permanence, if they are the parents of a child, as set out in Section 4 of the *Children's Law Reform Act* pursuant to subsection 1 (1) of the *Pensions Benefit Act*.

Excess contributions: On termination of employment, the Plan compares 50 per cent of the commuted value of the member's deferred pension to the total of their contributions plus interest. If the member's contributions plus interest equal more than 50 per cent of the commuted value of the pension, then that member is entitled to a refund of the difference, called excess contributions.

Financial Services Regulatory Authority of Ontario (FSRA): An independent regulatory agency, an objective of which is to improve consumer and pension plan beneficiary protections in Ontario.

Funding Policy: The Policy, which is approved by the WSIB and the OCEU as sponsors of the Plan, provides a framework for the financial management of the pension benefits earned under the Plan and the corresponding assets of the trust fund that secure those pension benefits.

Income Tax Act: A federally legislated act with underlying regulations that outline, among other things, the maximum limits for registered pension plans. The *Income Tax Act* allows employees and employers to deduct pension contributions from their respective income for tax purposes and sets standards for the benefits a pension plan can provide. It is regulated by CRA.

Indexation: A method in which pension benefits are adjusted to take into account changes in the cost of living.

Jointly sponsored pension plan (JSPP): A pension plan in which decision making and funding of the benefits is shared jointly by both employees and the participating employer. It's a pension plan where there is a partnership in the governance of the plan.

Lifetime pension: The lifetime pension is the amount paid to you for the rest of your life once you retire, inclusive of any further indexation. This amount does not include the bridge benefit, which is paid on top of the lifetime pension up to age 65. Once you reach age 65, the bridge benefit ends and you continue to receive the lifetime pension.

Locked-in: A legislative requirement stipulating that vested entitlements under a pension plan must be used to provide pension payments at retirement and are not available as immediate cash.

Locked-in retirement arrangement: A tax-sheltered retirement savings arrangement in which the funds are subject to locking in under pension legislation. Funds in a locked-in retirement savings arrangement cannot be withdrawn prior to the age of 55 and the payment of retirement income from the arrangement must begin no later than the end of the year in which you reach age 71. Examples include annuities, locked-in retirement accounts, life income funds, and other registered pension plans that will accept the commuted value of a deferred pension.

Locked-in RRSP: A type of RRSP available to maintain funds that are locked-in as required by pension legislation. These funds must be used to purchase a life annuity or be transferred to a life income fund no later than the end of the year in which you reach age 71.

Member: An employee of a participating employer who is contributing to the Plan or has contributions made on their behalf. Member also includes a former employee of a participating employer who made contributions to the Plan and has either terminated employment or terminated membership in the Plan and (i) retains the right to a deferred pension payable from the Plan or (ii) is receiving a pension payable from the Plan.

Membership: This includes the period commencing on the date an employee becomes a member of the Plan until the date the employee terminates the employment that relates to the Plan or terminates membership in the Plan. Any period during which a member was absent from work on a leave of absence, as well as any period of pensionable service transferred into the plan or purchased subject to the Plan's terms will be included in the calculation of the member's period of membership. Membership will not be broken for the sole reason that an employee ceased employment with one participating employer and immediately began employment with another participating employer.

Normal retirement: Normal retirement age under the Plan is age 65. The normal retirement age does not compel retirement at age 65, but rather sets the age when unreduced pensions are paid regardless of the years of pensionable service you have under the Plan.

Participating employer(s): The Workplace Safety and Insurance Board (WSIB), Safe Workplace Associations (SWA), and the Trustees of the Workplace Safety and Insurance Board Employees' Pension Plan Fund (WISE Trust).

Past service pension adjustment (PSPA): The deemed value of additional pension benefits purchased for service in previous years. The CRA generally must approve the PSPA before the purchase of additional benefits can be completed and before the purchase can be included in any benefit calculation.

Pension adjustment: The CRA's deemed value of the lifetime benefit a member earns during a calendar year under a pension plan, and it affects the member's RRSP contribution room for the following year.

The pension adjustment is the annual pension amount earned by the member during the year, multiplied by nine, and then the prescribed amount of $600 is subtracted.

The pension adjustment is reported on your T4 tax slip, and your available RRSP contribution room for the following year is reduced by the pension adjustment amount.

Pension Benefits Act: Provincial legislation enforced by FSRA, which regulates pension plans in Ontario and determines minimum standards for eligibility, funding, and benefits for Ontario-registered pension plans.

Pensionable earnings: The basic amount of remuneration actually received for the position held by you, as a member of the Plan, and includes:

» the amount of benefits that you are in receipt of under the *Workplace Safety & Insurance Act* (WSIA) for loss of earnings and any amount supplemented by your employer up to the maximum of your regular earnings

» non-bargaining unit lump-sum merit awards

» earnings if you are receiving long-term disability benefits

Pensionable earnings do not include:

» overtime pay

» irregular-hour premiums

» performance bonuses

» job differential pay

» second-language bonuses

» pay in lieu of vacation or Management Compensation Option

» any payment in lieu of a benefit provided by your participating employer

Pensionable service: Represents the total years, months and days of service during which you or your employer have contributed to the Plan on your behalf. Subject to the Plan's terms, it includes any pensionable service you have purchased, transferred in, or service during which you were receiving short-term or long-term disability benefits or while you were in receipt of benefits from a claim filed under the WSIA.

If you are a part-time employee, your pensionable service is calculated as a proportion of the pensionable service that an equivalent full-time employee in the same employment category would earn.

Reduced pension: A pension that starts before age 65 and is subject to a reduction for starting your pension early. The reduction for starting your pension early means the pension is reduced by three per cent for each year (and any fraction thereof) your retirement falls before the date you would have qualified for your earliest unreduced pension.

Registered Retirement Savings Plan (RRSP): This is a savings arrangement available from most financial institutions that accumulates contributions and investment earnings on a tax-sheltered basis.

T4 tax slip: The annual statement of earnings and deductions provided to employees and to the CRA by the employer.

Unreduced pension: An unreduced pension is a pension that is not subject to an age reduction. You may receive an unreduced or lesser reduced pension at age 65 or, earlier provided you have qualified under the early retirement provisions of the factor 85 or 60/20 rule.

Vested: You are entitled to receive the pension benefits you have earned under the Plan even if you cease employment before your retirement date. You are vested automatically on the date you join the Plan.

Year's Maximum Pensionable Earnings (YMPE): A term used in the CPP that refers to the earnings on which CPP and Quebec Pension Plan contributions and benefits are calculated. The YMPE is re-calculated each year according to a formula based on average wage levels. The YMPE is published annually by the CRA.

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DISCLAIMER: This Guidebook contains a summary of the Plan as of January 2021 under the jointly sponsored pension plan arrangement. The formal Plan text that has been registered under the *Pension Benefits Act* and the *Income Tax Act*, and the Funding Policy are the official Plan documents. The official Plan documents may be amended from time to time. You may submit a request to view these documents by contacting the WISE Trust Pension Contact Centre. This Guidebook does not modify or replace the official Plan documents. Where the information in this Guidebook and the official Plan documents differ, the official Plan documents will govern.