



Retirement Plan of Laurentian University of Sudbury

Education Session

June 2026

CONFIDENTIAL AND PROPRIETARY

- This presentation provides a summary of some of the key provision of your pension plan in simple terms
- It isn't a legal document and does not cover every detail
- If you have questions about how the plan works or would like to see a copy of the full plan text, please contact the University Pension Plan Administration
- Every effort has been made to provide an accurate summary however if there are any differences between the information here and in the full plan text, the plan text, as amended, will govern



What we want to cover today

ECKLER

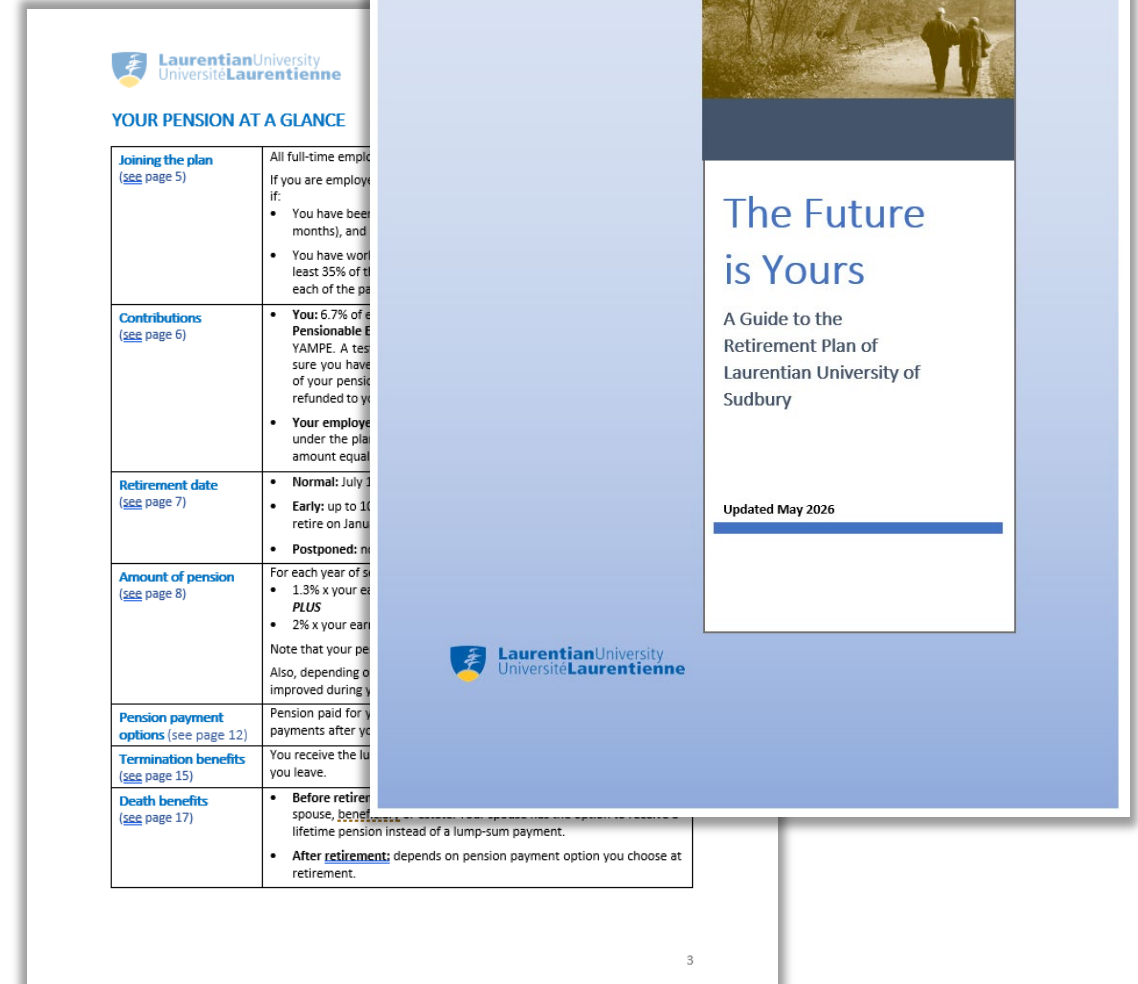
- Your Laurentian University Pension Plan
 - How the Plan works
 - What pension can you expect
 - Your options at retirement
 - Additional resources
- Any pension questions you may have

Before Starting : Booklet & Personal Statement ECKLER

- Your pension booklet can answer many questions. It has been updated to the most current plan provisions and is available on the pension website:

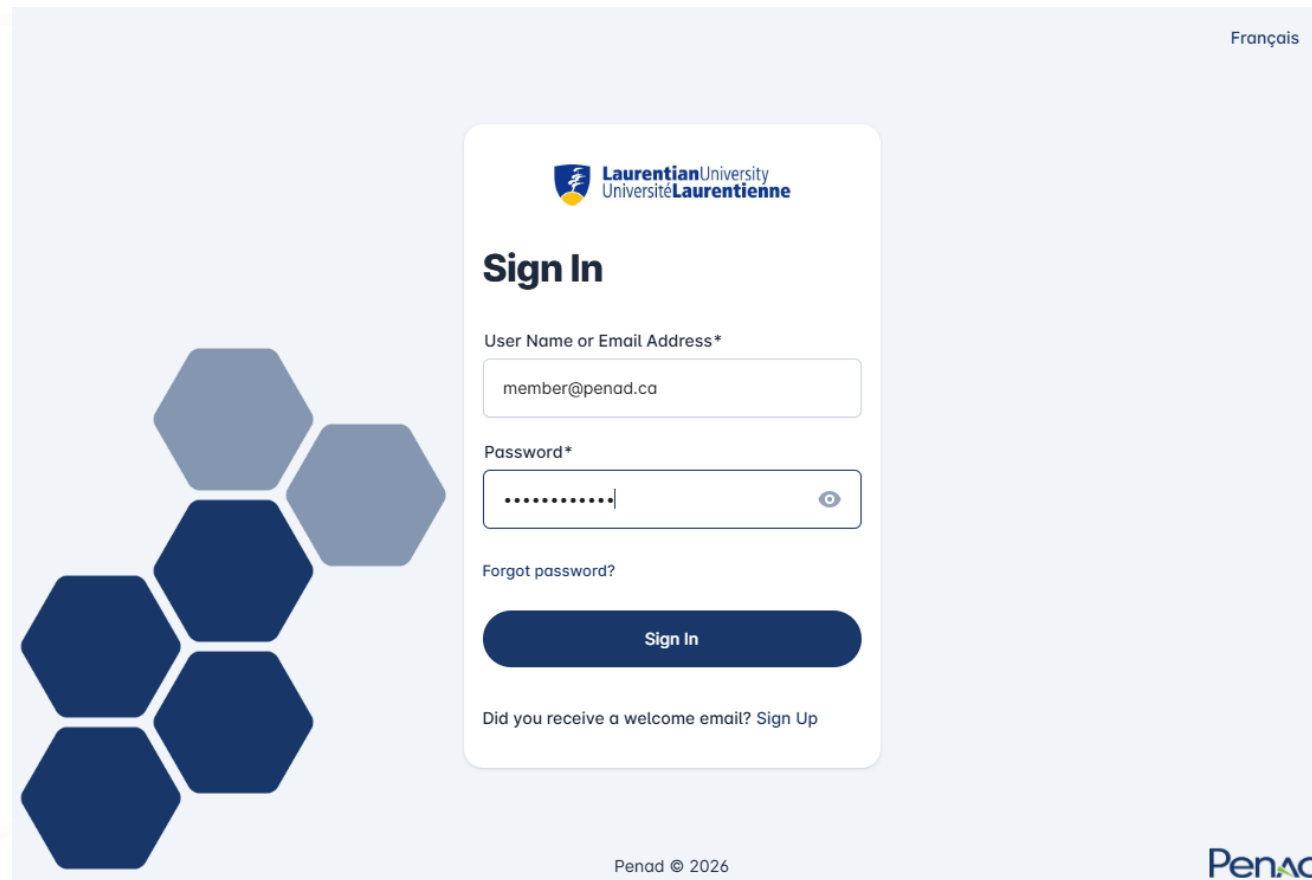
<https://www.laurentian-ret.ca>

- You also receive a personalized member statement every year which provides valuable information on your pension



- Consult the pension website for the latest information about the plan, to estimate your pension and to access your personal information:

<https://www.laurentian-ret.ca>

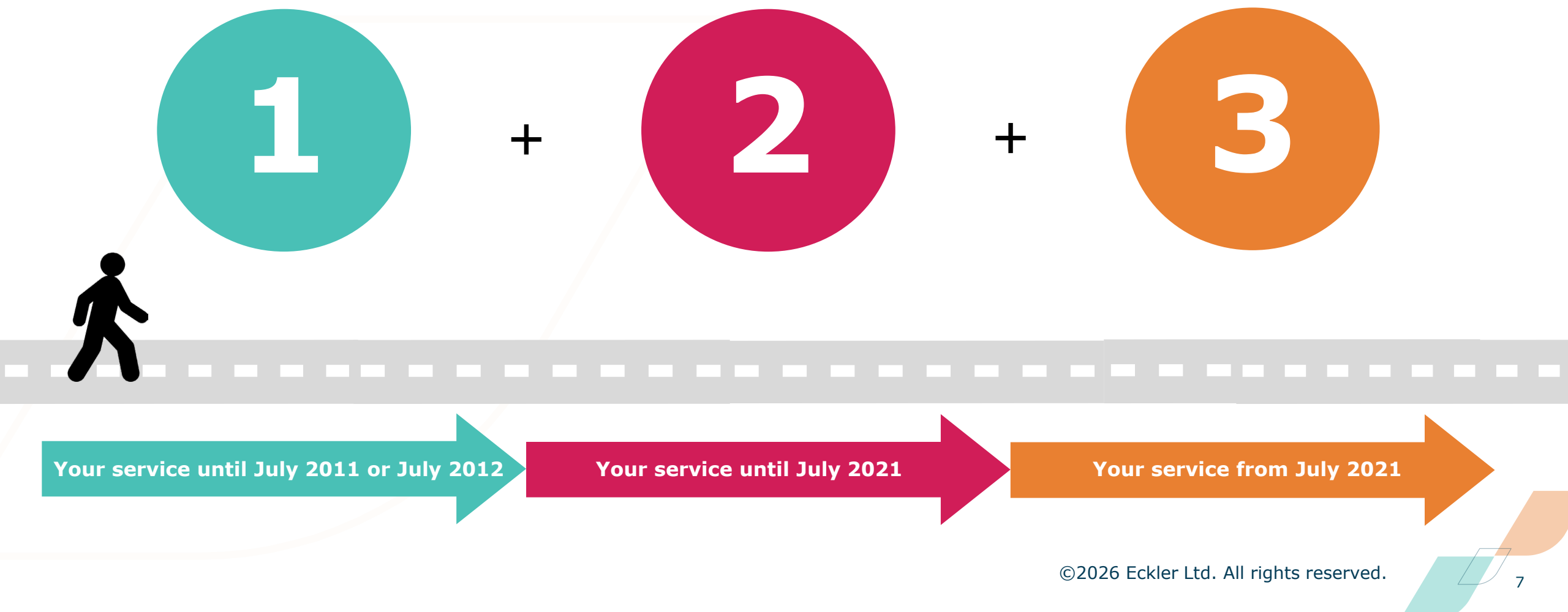
A screenshot of the Penad Sign In page. The page has a light blue background. On the left, there is a decorative graphic of several dark blue hexagons. In the center, there is a white rounded rectangle containing the sign-in form. At the top of this rectangle is the Laurentian University logo (a blue shield with a white 'L' and a yellow sun) and the text 'Laurentian University' and 'Université Laurentienne'. Below the logo is the heading 'Sign In'. The form includes two input fields: 'User Name or Email Address*' with the text 'member@penad.ca' and 'Password*' with a masked password '.....'. To the right of the password field is an eye icon. Below the password field is a link 'Forgot password?'. At the bottom of the form is a dark blue button with the text 'Sign In'. Below the button is a link 'Did you receive a welcome email? Sign Up'. In the top right corner of the page, there is a link 'Français'. In the bottom right corner, there is the 'Penad' logo. In the bottom center, there is the text 'Penad © 2026'.

- The Laurentian Pension Plan is an important component of your employment rewards
- The plan provides a defined benefit pension, a predictable retirement income which increases for every year you work for the University or other participating employer
- This pension cannot be reduced based on poor rate of investment return earned by the pension fund, and you will not outlive your pension. Investment risk and longevity are two of the biggest uncertainties in retirement

How the Laurentian plan works

ECKLER

- Your pension is made up of three parts:



- Let's look at the first two parts, the "Final Average Pension":



- The pension is made of up two pieces:
 - 1) 1.3% of your best average earnings at June 30, 2021 up to the average YMPE at June 30, 2021, plus
 - 2) 2.0% of your best average earnings at June 30, 2021 above the average YMPE at June 30, 2021
- For all service until June 30, 2021



NOTE: The pension calculated in **1** must be at least as large as the pension calculated from your contributions with interest for that period – sometimes we call it the **Hybrid Pension**

- Let's look at an example:
 - John has been participating in DB plan for 25 years at June 30, 2021
 - Best average earnings at June 30, 2021: \$70,000
 - Average YMPE at June 30, 2021: \$61,733
 - Earnings above YMPE = $\$70,000 - \$61,733 = \$8,267$
- 1** John has 15 years of service prior to July 1, 2011
- +
- 2** John has 10 years of service between July 1, 2011 and July 1, 2021

- Therefore John has accumulated a pension payable at the Normal Retirement Date of:

$$1.3\% \times \$61,733 + 2.0\% \times \$8,267 = \$968 \text{ per year of service}$$

1 Therefore for the first 15 years of service, a minimum of \$14,520 per year (\$968 X 15)

+

2 And for the following 10 years of service, a pension of \$9,680 per year (\$968 X 10)

- Together, those amounts are the pre- July 2021 pension

1 \$14,520 per year

+

2 \$9,680 per year

= \$24,200 per year - indexed

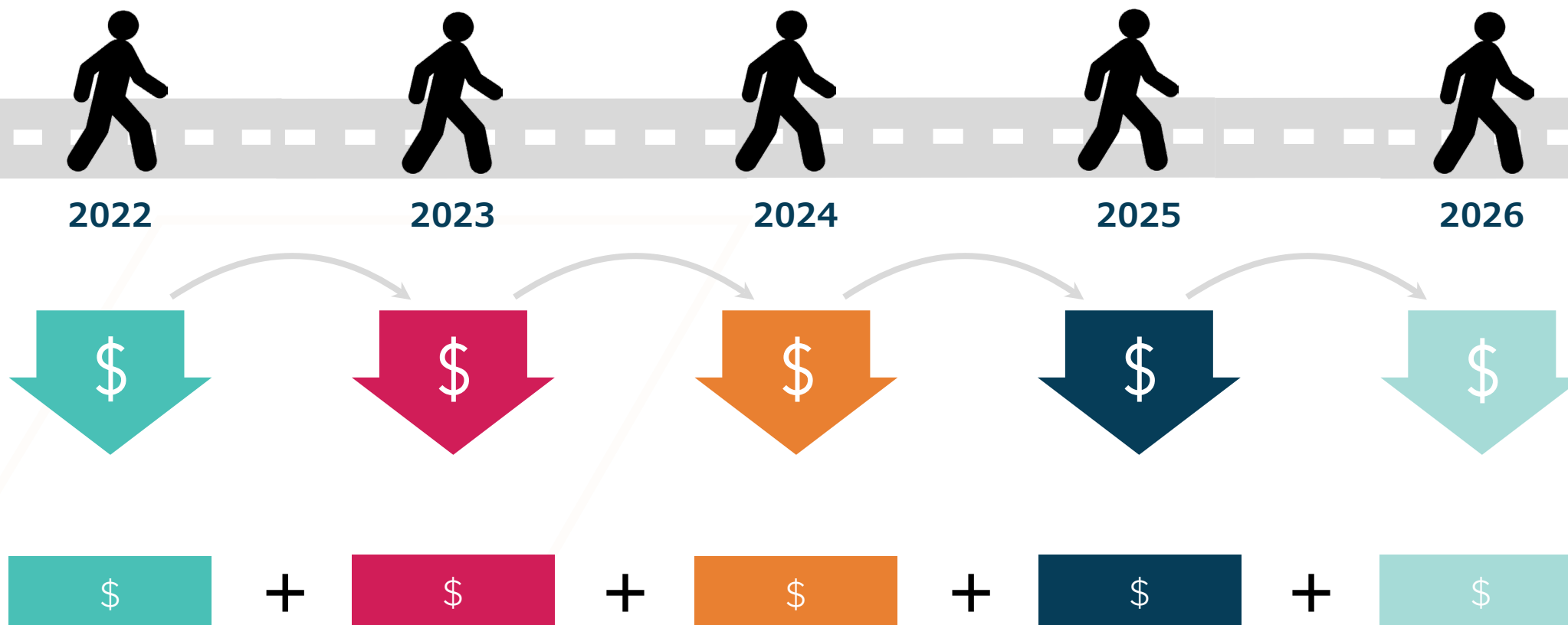
This pension is “indexed” which means that it will increase for inflation in retirement starting July 1 after the first full year of retirement (up to a maximum of 3% per year ; with excess carried forward)

- Let's look at the first two parts, the "Career Average Pension":
 - The pension is made of up two pieces:
 - 1) 1.3% of your earnings for each year following July 1, 2021 **up to** the YAMPE, plus
 - 2) 2.0% of your earnings for each year following July 1, 2021 **above** the YAMPE

3



This is called a career average pension – what's the difference?



= Career Average Pension post July 2021

- So what is the difference?

1 + 2

- **“Final Average Pension”**

- Pension is based on best average earnings at June 30, 2021
- Uses average YMPE at June 30, 2021
- **Pre-retirement** inflation protection up to June 30, 2021
 - Using best average earnings up to 2021
 - (May be subject to further increases in accordance with the Benefits and Funding Policy)
- **Post-retirement** inflation protection
 - Increases with inflation (max 3% for a given year)

3

- **“Career Average Pension”**

- Pension is an annual credit based on earnings for each year worked
- Uses YAMPE for the calculation
- **Pre-retirement** inflation protection
 - Only if granted in accordance with the Benefits and Funding Policy
- **Post-retirement** inflation protection
 - Only if granted in accordance with the Benefits and Funding Policy

- The Benefits and Funding Policy is a document managed by the pension committee which aims to provide improvements to the pensions when the plan has sufficient reserves to do so
- When the plan's financial position has met certain criteria of financial health and is able to afford an improvement, the pension committee will be able to authorize a pension increase
- This financial health assessment will be conducted annually
- When affordable, these improvements will affect pensions as follows:
 - **Pre-retirement** pensions for active members and
 - **Post-retirement** pensions for retirees (for post 2021 service)
- No increases granted before July 1, 2025 unless the plan has excess surplus

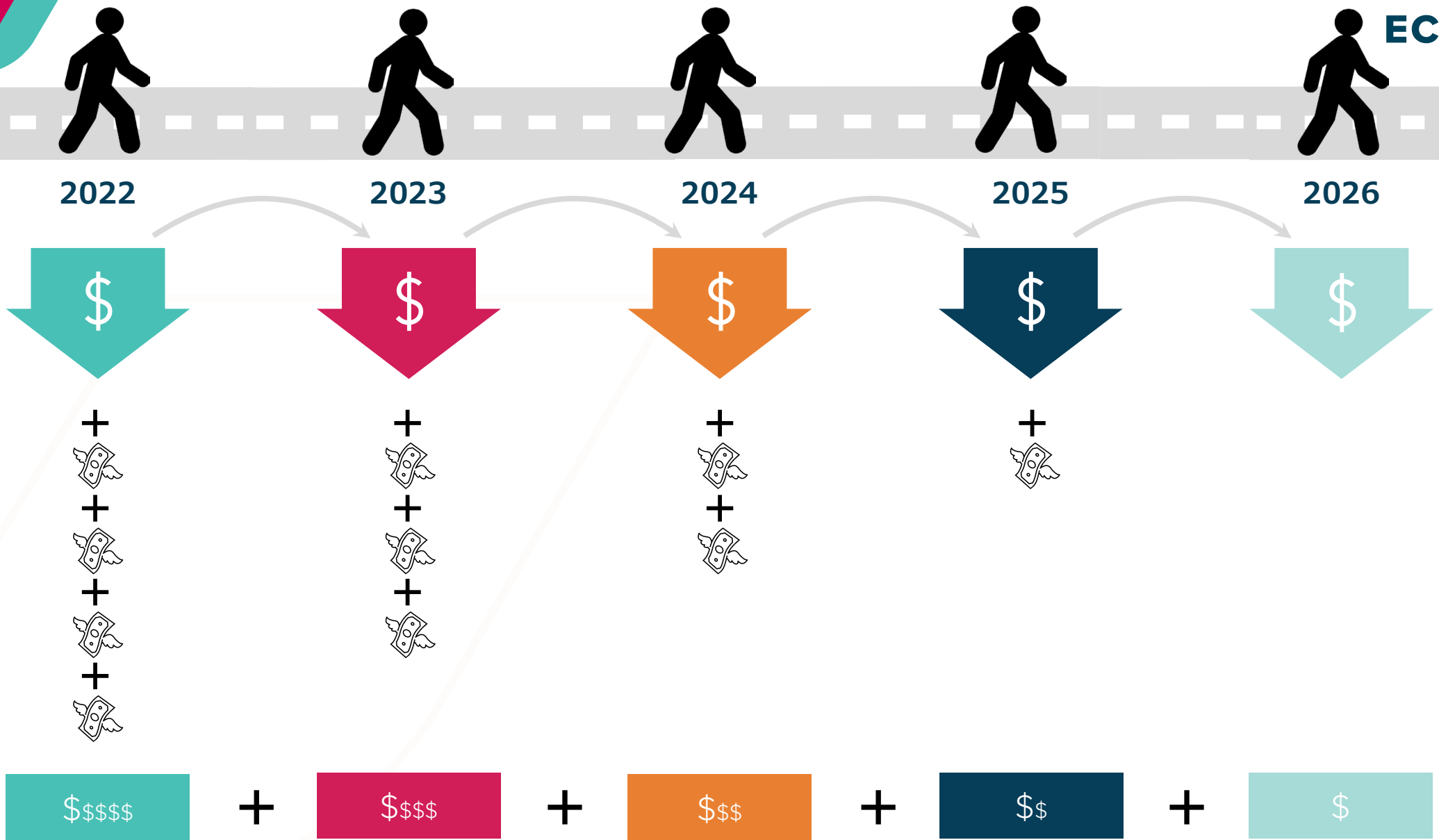
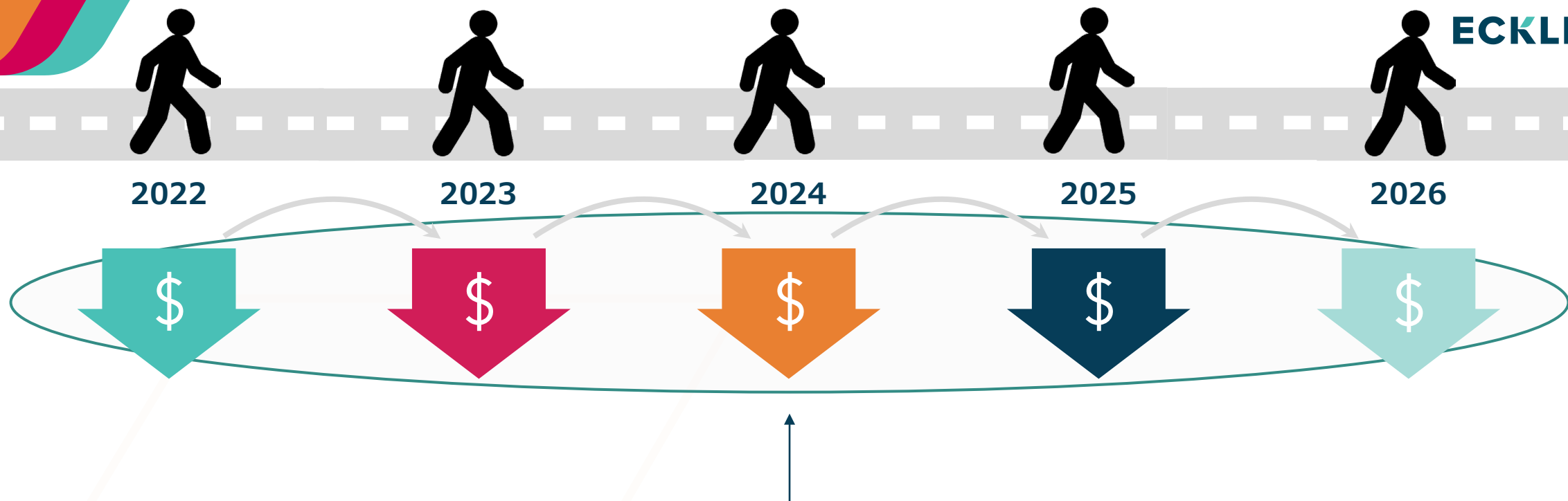


Illustration of how the plan works – actual improvements may differ



This represents the career average part
– a pension credit for every year worked

It can be viewed as a core minimum
benefit

Illustration of how the plan works – actual improvements may differ

2022

2023

2024

2025

2026



Those increases are subject to the financial health of the plan. Can be paused when times are difficult. And resumed when times are good.

Illustration of how the plan works – actual improvements may differ

2022

2023

2024

2025

2026



If granted, they would increase the pension in each year and help protect against inflation.

Illustration of how the plan works – actual improvements may differ

2022

2023

2024

2025

2026

+
 ☒ 5.4%
 +
 ☒ 2.5%
 +
 ☒ 3.0%
 +
 ☒ 4.0%

+
 ☒ 2.5%
 +
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In January 2026,
 following the
 strong Plan
 financial
 position, the
 Pension
 Committee
 authorized the
 following
 improvements

In addition - the Pension Committee authorized an improvement for the pre July 1, 2021 Final Average Pension. The increase for all service pre July 1, 2021 was 15.7% (all 4 increases)

2022

2023

2024

2025

2026

This represents the amount of pension for each year of service accrued at retirement, inclusive of the pre-retirement increases if granted under the Funding and Benefits Policy.

This pension may be further increased in retirement in accordance with the Funding and Benefits Policy.



\$\$\$\$\$

+

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+

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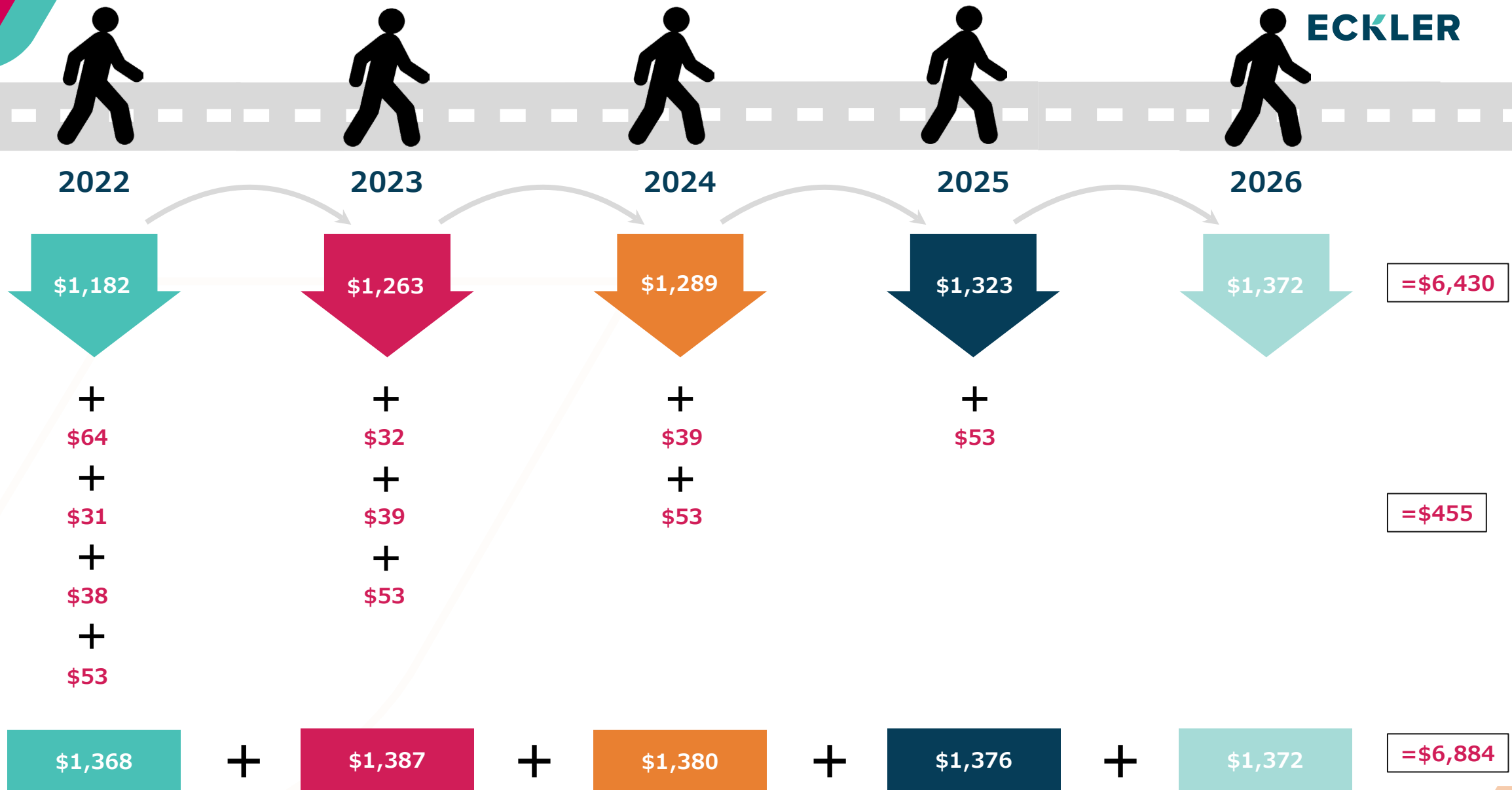
+

\$\$

+

\$

Illustration of how the plan works – actual improvements may differ



In addition - the Pension Committee authorized an improvement for the pre July 1, 2021 Final Average Pension. The increase for all service pre July 1, 2021 was 15.7% (all 4 increases)

- Let's get back to John and assume he retires July 1, 2026 having accumulated a pension of \$34,890 for his 30 years of service as follows:
 - \$28,006 for 25 years of Pre-2021 service (\$24,200 + \$3,806), and
 - \$6,884 for 5 years of Post-2021 service (\$6,430 + \$445)

\$34,890

\$24,200 is eligible for Automatic Cost of Living Adjustment

\$10,690 is eligible for conditional Cost of Living Adjustment as determined under the Benefits and Funding Policy

\$10,690 is eligible for conditional Cost of Living Adjustment as determined under the Benefits and Funding Policy



- In January 2026, the Pension Committee au, following the strong Plan financial position, the pension committee authorized the following improvements:
 - 2.4% increase for pensions earned in 2021/2022
 - 6.3% increase for pensions earned in 2021/2022 & 2022/2023
 - 4.7% increase for pensions earned in 2021/2022 & 2022/2023 & 2023/2024
 - 2.7% increase for pensions earned in 2021/2022 & 2022/2023 & 2023/2024 & 2024/2025

- The conditional features of the plan improvements allow for greater risk management
- It provides for the unique ability to pause (or adjust the improvement levels) when the financial health of the plan and affordability criteria have been met
- A number of plans have moved towards this design following the success of the Dutch pension system which is consistently recognized as one of the best pension system in the world, and which contains risk sharing and conditional benefits
- The future will invariably reveal periods of economic difficulty, however the plan as designed is better equipped to handle fluctuations since it only improves benefits in consideration of affordability (i.e. when the financial health of the plan and affordability criteria have been met)

When can you start your pension

"Normal" retirement

- **July 1st on or after your 65th birthday**

Retire before 65

- **Up to 10 years before age 65**
- **Faculty must retire on Jan. / Jul. 1st**

Retire after 65

- **Working past age 65**
- **Must start pension by Dec. 1st in year you turn age 71**

Unreduced Retirement Date

- Your pension is not reduced at your Unreduced Retirement Date
- Starting July 1, 2026, the Unreduced Retirement date is the date you turn age 62 (for all groups)
- If retirement is prior Unreduced Retirement Date, reduction is **actuarial equivalent**

Actuarial equivalent: Fancy way of saying that the reduction is cost neutral to the Plan

What pension should Jane receive for the Pension Plan cost remaining the same?

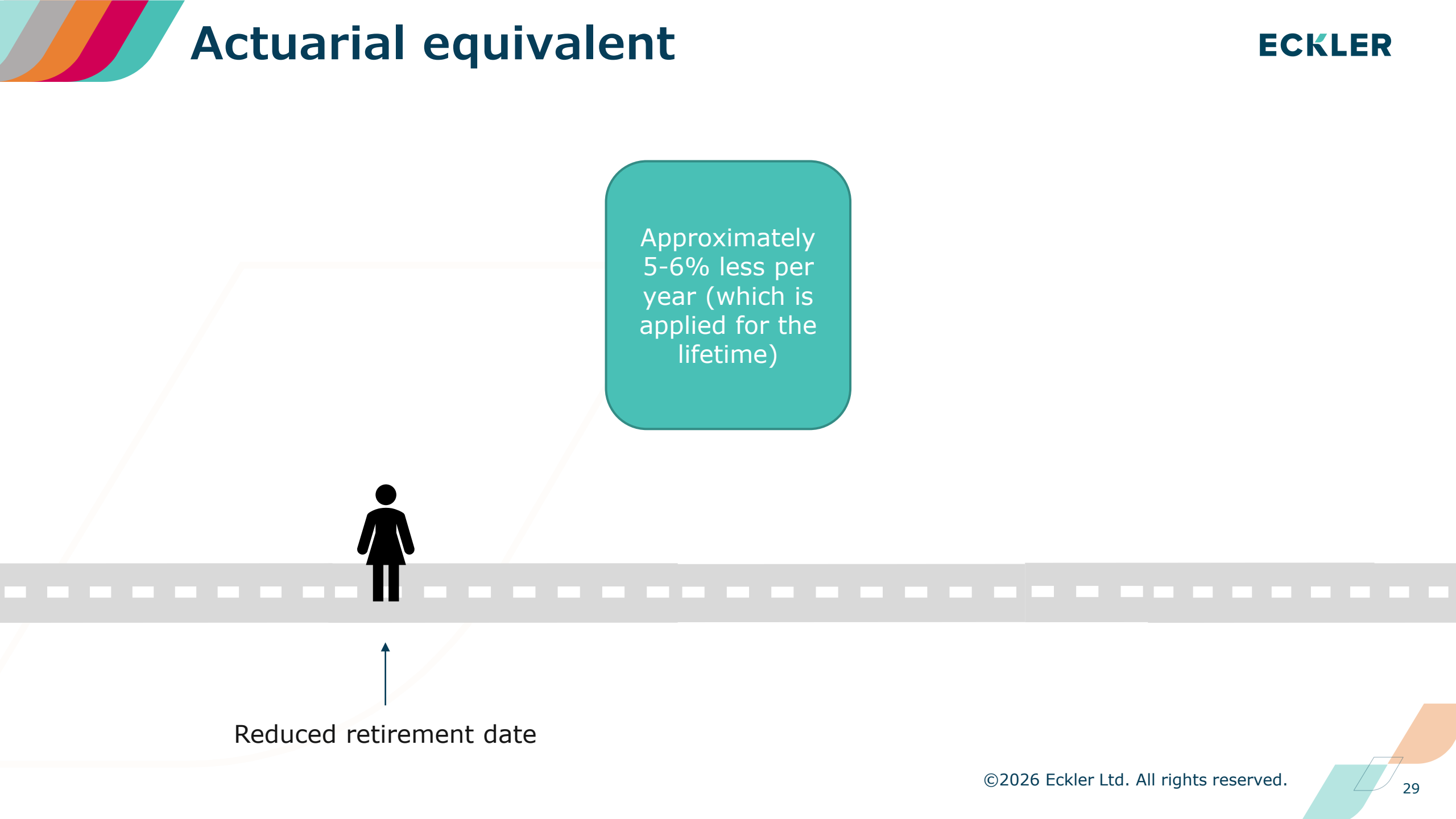
Jane retires 3 years earlier

Jane has a pension of \$1,000 per month payable for life



Reduced retirement date

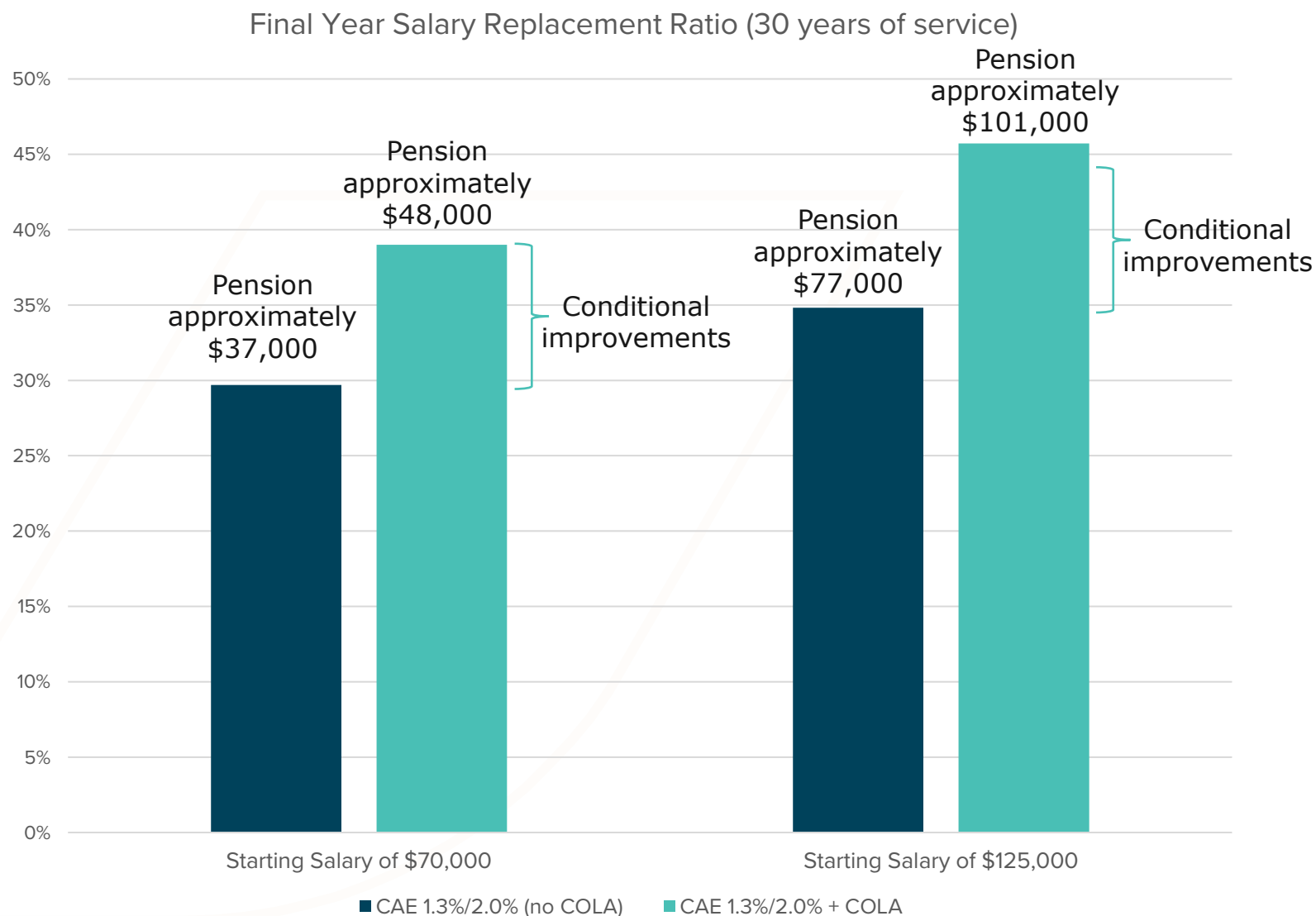
Unreduced retirement date



Approximately
5-6% less per
year (which is
applied for the
lifetime)

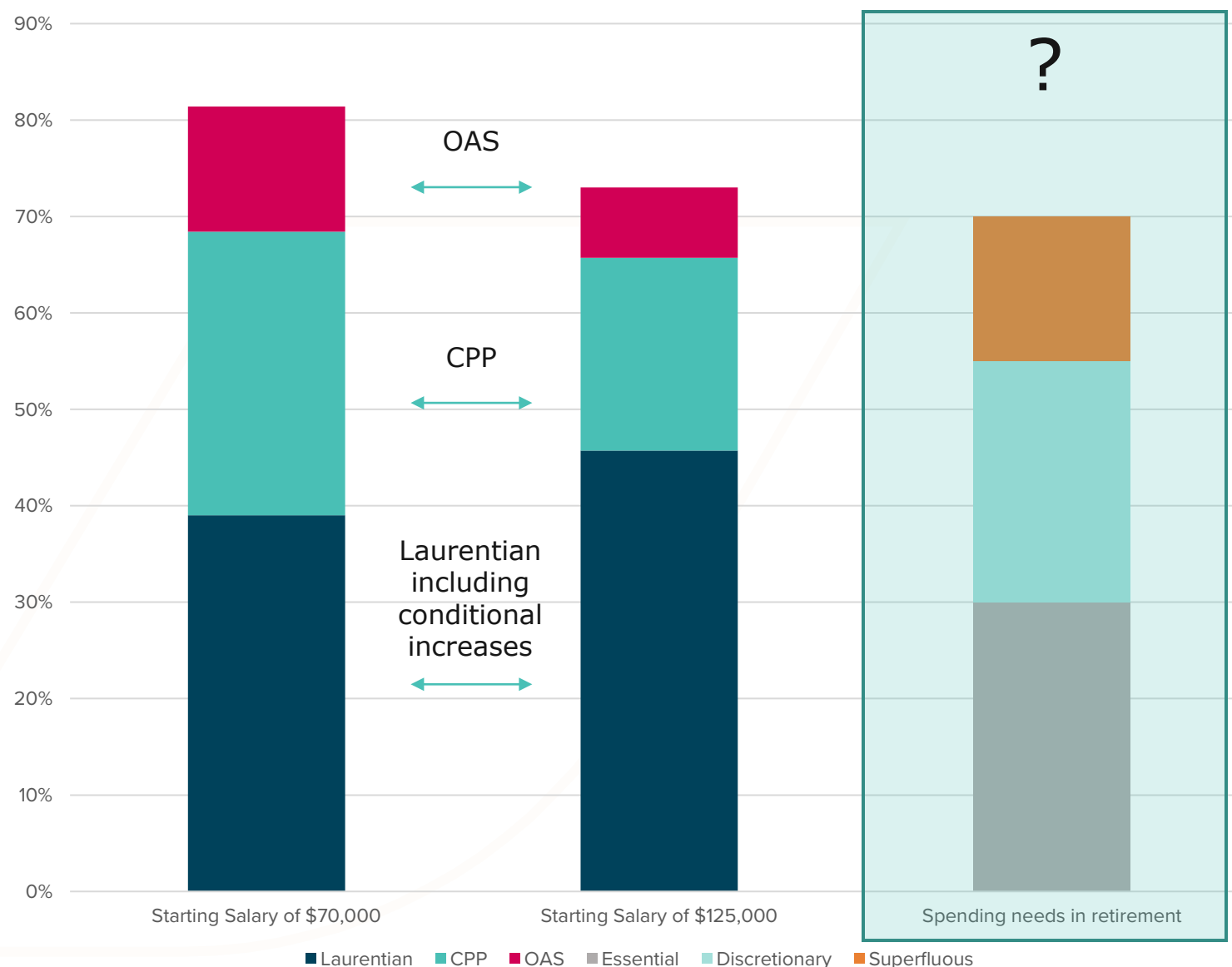
Reduced retirement date

What pension can you expect



- The replacement ratio is a measure of your pension once you retire compared to your salary just before you retire
- To this ratio you need to add CPP, OAS and personal savings
- Assumes starting salary of \$70,000 and \$125,000 respectively, 2% earnings growth and inflation
- The calculations assume a new hire in 2026 with a 30-year career, and we show the improvement if increases are provided consistently

What pension can you expect



- A general rule is that you need 70% replacement ratio in retirement
- However, this is really an individual assessment
- Lower earners typically require a higher replacement ratio
- Higher earners typically require a lower replacement ratio
- Your spending needs in retirement are also part of the financial picture and those require some work to identify

- When you retire you will have one more decision to make – your pension form



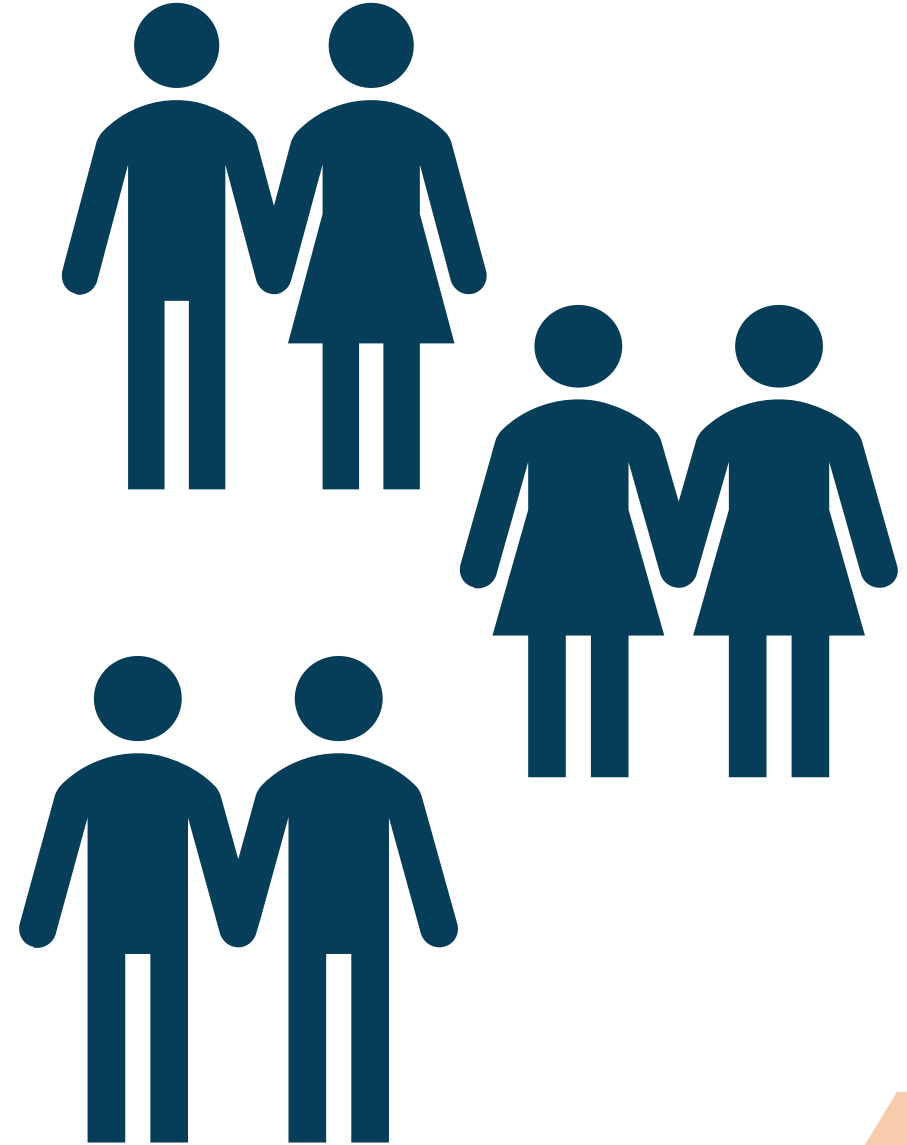
Single: Lifetime with guarantee 5, 10 or 15 years



Spouse: Lifetime with 60% or 100% continuing to spouse
Adding a guarantee is also possible

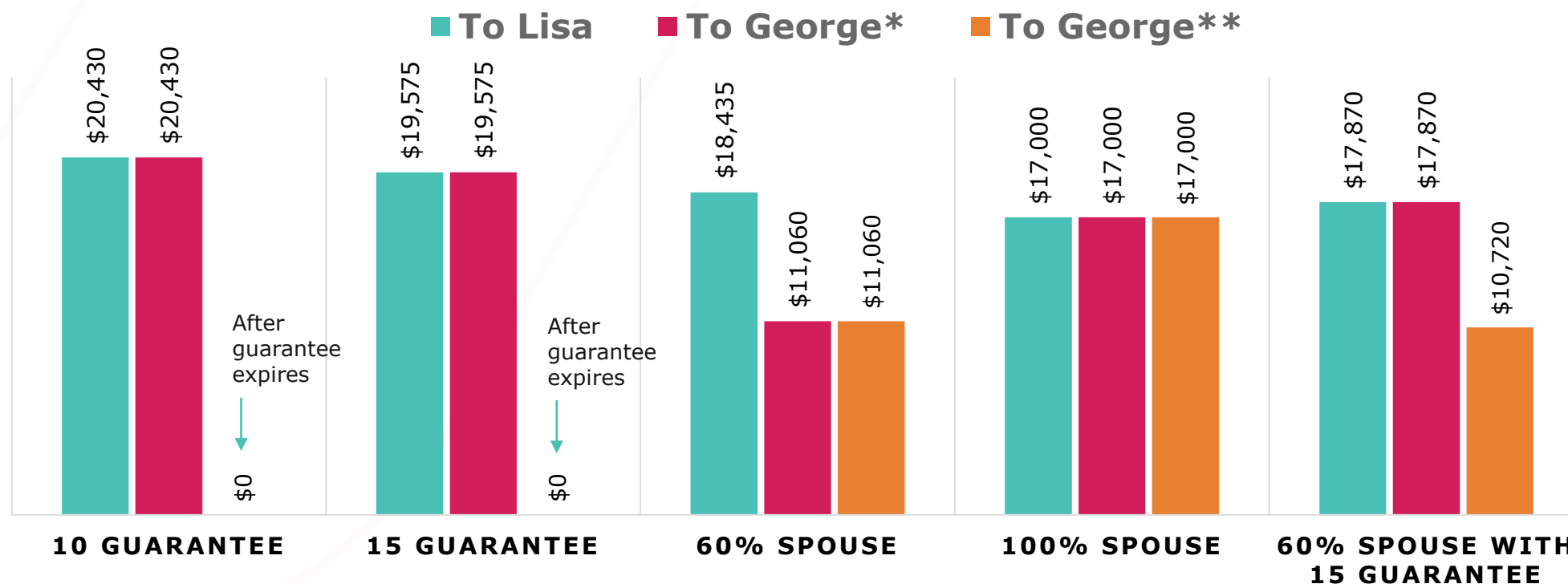
Your pension payment options

- Pension is adjusted for the form chosen
- If you have a spouse,
 - Minimum 60% is required **unless spouse signs a waiver**
 - **Signing waiver is a serious decision and your spouse should get independent legal advice**



Your pension payment options

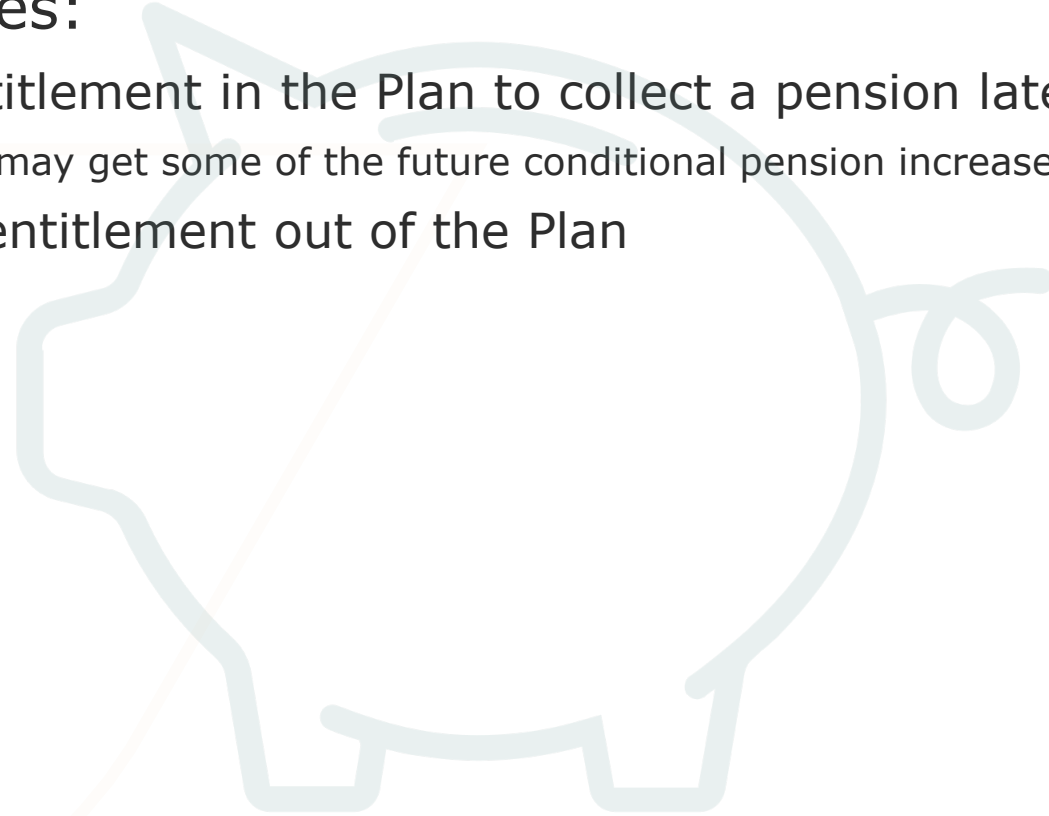
- Lisa is 62 years old.
- Her husband, George, is 59 years old.
- Lisa is retiring with pension of \$20,430.

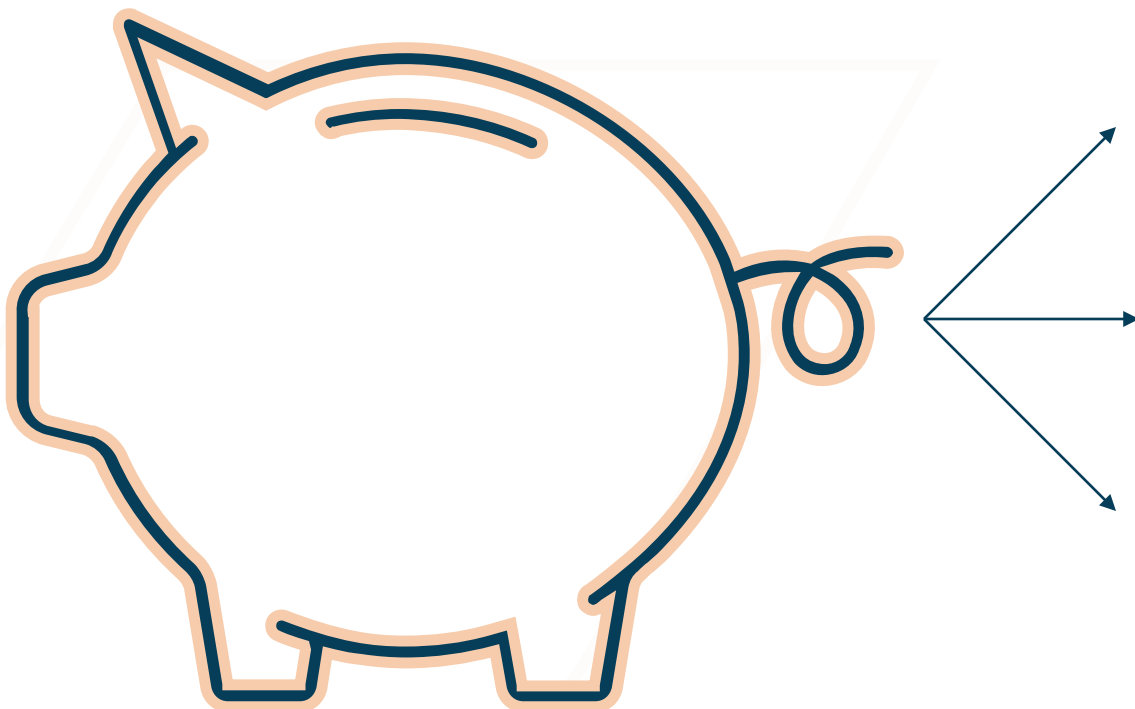


* After Lisa's death, during guarantee period

** After Lisa's death, after end of guarantee period

- If you leave the university before being eligible for retirement you have two broad choices:
 - 1) Leave your entitlement in the Plan to collect a pension later
 - If you do, you may get some of the future conditional pension increases
 - 2) Transfer your entitlement out of the Plan

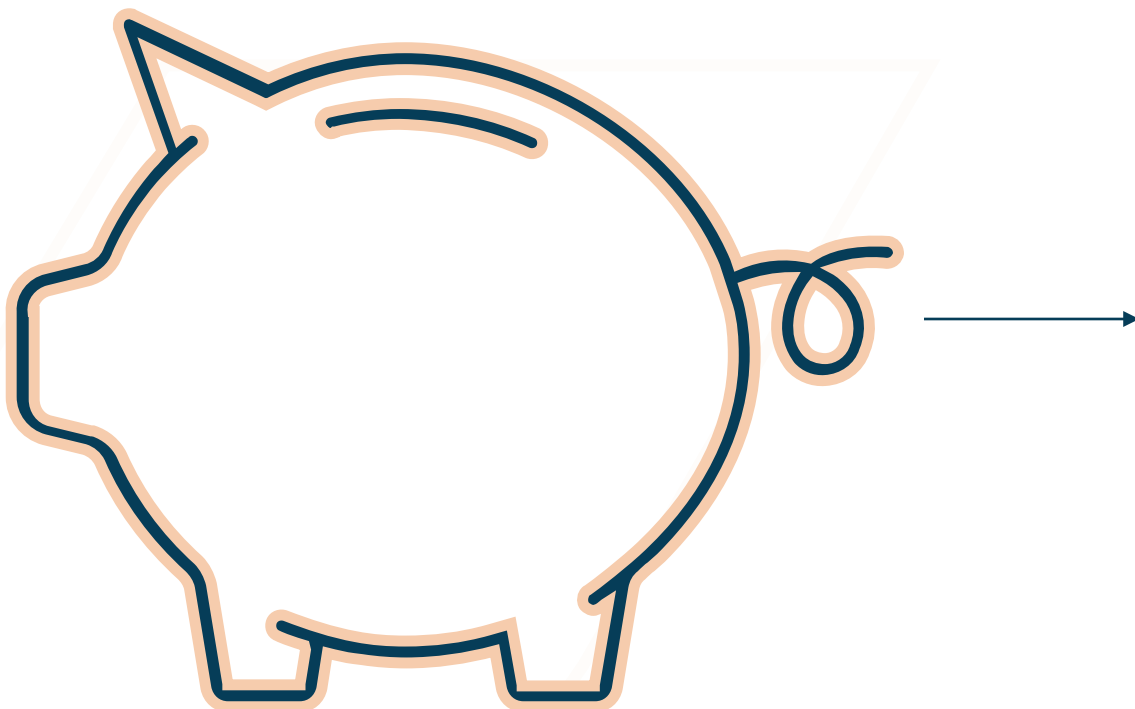




Locked-in retirement account
(LIRA)

Annuity from insurance
company

Pension plan of your new
employer (if they accept it)



A LIRA is like a RRSP except that it is locked-in before age 55. Once you reach age 55 you can start using some of this capital to supplement your retirement income. It requires a transfer to a Life Income Fund (LIF) to do so and up to 50% can be unlocked within 60 days of transfer.

- Generally speaking:
 - Under pension law, a “spouse” takes precedence over a beneficiary over the eligibility of benefits upon death
 - Beneficiaries take precedence over the estate
- If you pass away before retirement, your surviving spouse will have three broad choices:
 - 1) Transfer the entitlement out of the plan
 - 2) Elect a pension from the plan, based on the lump sum value of benefit entitlements
 - 3) Transfer to a new pension plan, RRSP or RRIF/LIF
- If you do not have a spouse, your beneficiary or estate will have to transfer the entitlement out of the plan

- Contributions are required for all working Canadians between age 18 and 65
 - Fully financed by equal employee and employer contributions
 - Your pension is based on earnings from age 18 to 65
 - Contributions are currently 5.95% (x 2) on earnings up to \$74,600 (maximum is \$4,230.45 for 2026)
 - Second additional CPP (CPP2) contributions of 4% (x2) on earnings above \$74,600 up to \$85,000 (maximum \$416 for 2026)

- CPP benefit aims to replace 33% of earnings on which contributions were based (previously 25%)
- When CPP can start
 - Earliest start age: 60 (pension reduced by 7.2%/year or 0.6%/month) ► 36% less!
 - Latest start age: 70 (pension increased by 8.4%/year or 0.7%/month) ► 42% more!

	Maximum pension	Average Canadian pension in pay
For someone turning age 65 in 2026	\$18,092 per year, or \$1,508 per month	\$11,100 per year, or \$925 per month

- Funded from general taxation and eligibility based only on age and residency in Canada
 - Full pension after 40 years
 - Partial pension after at least 10 years
- Earliest start: age 65
- Indexed quarterly
- Latest start: age 70 (pension increased by 7.2%/year or 0.6%/month)
- ▶ 36% more!

	Maximum Pension
For someone turning 65 in January 2026	\$8,916 annually or \$743 per month
Age 75 and over	\$9,804 annually or \$817 per month

- Note : the 2026 OAS clawback starts at \$95,323 of net income and takes back 15 cents of every dollar above it up to \$152,062.

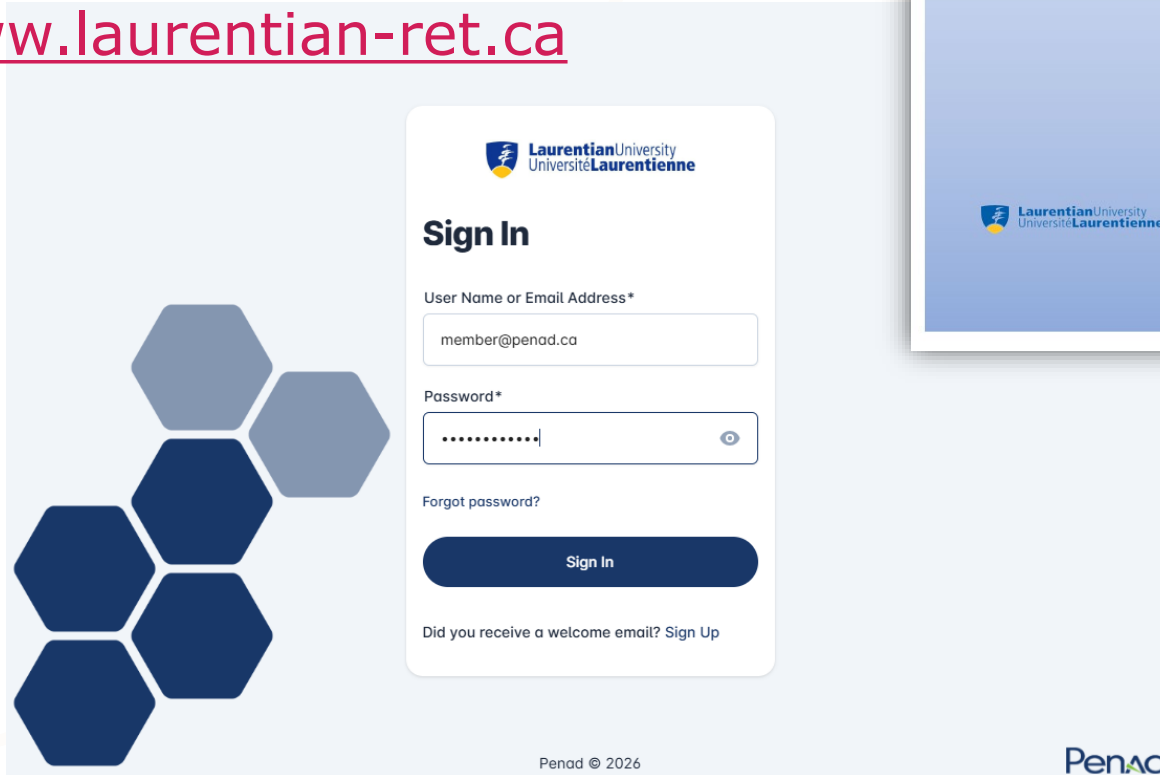
I want to retire – now what?



Notes: It can take up to 60 days from when the Pension Administrator receives your election forms to process the documentation. You should consider this normal pension plan processing time in your financial planning at retirement.

- Your booklet
- Your personal pension statement
- Pension website and online pension planning tool

<https://www.laurentian-ret.ca>



Laurentian University
Université Laurentienne

Sign In

User Name or Email Address*

member@penad.ca

Password*

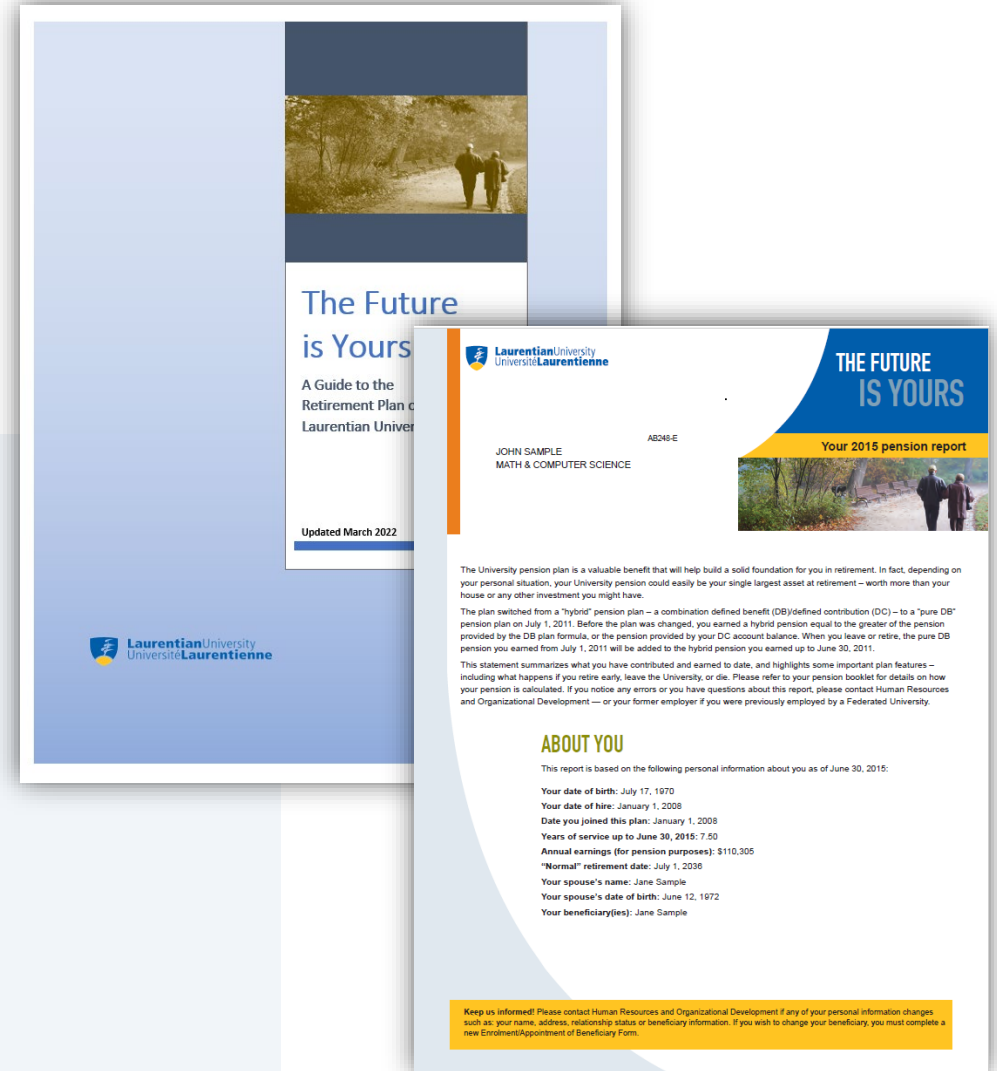
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Forgot password?

Sign In

Did you receive a welcome email? Sign Up

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