



SickKids Employee Pension Plan

Defined Benefit Provisions



THE HOSPITAL FOR SICK CHILDREN EMPLOYEE PENSION PLAN

The Hospital for Sick Children Employee Pension Plan (“The Plan”) consists of both defined benefit provisions as well as defined contribution provisions. The Plan is registered with the Financial Services Commission of Ontario and the Canada Revenue Agency (Registration #0258053).

This brochure discusses the defined benefit provisions of the Plan and is applicable to CUPE and Non-Union Employees. A defined benefit means that you will receive a secure lifetime retirement income based on a formula that takes into account your pensionable earnings and pensionable service.

Physicians and Scientists should refer to The Hospital for Sick Children Employee Pension Plan for Physicians and Scientists (*Defined Contribution Provisions*). More detailed information about the Plan is available in the official plan text. If there is a discrepancy between the information in this brochure and the official pension plan text, the information found in the plan text will apply.

Definitions

The following are common terms used throughout the document providing further explanation.

Average Year’s Maximum Pensionable Earnings	<ul style="list-style-type: none"> The average of the YMPE during the years that were used to calculate your Best Average Earnings.
Best Average Earnings	<ul style="list-style-type: none"> Annual average of your highest 60 consecutive months of pensionable earnings.
Continuous Service	<ul style="list-style-type: none"> The period of uninterrupted service with SickKids since your most recent hire date.
Locked-In	<ul style="list-style-type: none"> A legislative requirement that vested benefits under the pension plan must be used to provide a lifetime retirement income and are not available as immediate cash.
Pensionable Service	<ul style="list-style-type: none"> The period of service with SickKids during which you made or were deemed to have made contributions to the pension plan.
Spouse	<p>The person who is:</p> <ul style="list-style-type: none"> married to the member; or not married to the member and is living with the member in a conjugal relationship: <ul style="list-style-type: none"> - continuously for a period of not less than 3 years; or - in a relationship of some permanence, if they are the parents of a child as defined in the Children’s Law Reform Act. <p>provided that the person is not living separate and apart from the member as at the date of termination, retirement or death.</p>
Vested	<ul style="list-style-type: none"> Effective July 1, 2012 all members are immediately vested. Thus, you are entitled to receive your pension benefit.
Year’s Maximum Pensionable Earnings (YMPE)	<ul style="list-style-type: none"> The maximum earnings from employment on which Canada Pension Plan (CPP) contributions and benefits are calculated. The YMPE is changed every year according to a formula based on average industrial wage levels.

JOINING THE PENSION PLAN

<p>Eligibility</p>	<p>Full-time or part-time employees with benefits are required to join the Plan after having:</p> <ul style="list-style-type: none"> • completed 6 months of service, or • attained age 30, whichever occurs later. <p>Prior to age 30, employees may join after completing 24 months of continuous service by submitting a completed “Employee Pension Plan Enrolment Form” to Human Resources.</p> <p>Part-time employees without benefits or casual employees may join the Plan by submitting a completed “Employee Pension Plan Enrolment Form” to Human Resources after having:</p> <ul style="list-style-type: none"> • worked at least 700 hours, or • earned at least 35% of the YMPE in each of two consecutive calendar years. <p>Once you are a member of the Plan you cannot cancel your membership unless you terminate or retire from employment.</p>
<p>Transferring your pension from a former employer</p>	<p>You may transfer your pension from your previous employer if a reciprocal transfer agreement exists. You may elect to transfer your pension at the time of hire or within 6 months of becoming a member of the Plan. Your election can be made when completing the Employee Pension Plan Enrolment Form and attaching a copy of your most recent Annual Pension Statement. The transfer may take up to one year to be completed. SickKids has transfer agreements with the following institutions:</p> <ul style="list-style-type: none"> • Healthcare of Ontario Pension Plan (HOOPP) • Ontario Pension Board • Providence Centre Pension Plan • St. Joseph’s Health Centre Pension Plan • St. Michael’s Hospital Pension Plan • University of Toronto Pension Plan
<p>Beneficiary Designation</p>	<p>The advantages of assigning a beneficiary under the Plan include:</p> <ul style="list-style-type: none"> • Having your pension benefits paid as you wish, should you die before your pension payments begin. • Saving your heirs time and/or money by avoiding the delays or probate/estate fees associated with processing your estate. <p>You may change your designation by completing an “Employee Pension Plan Beneficiary Election/Change Form”. This form is available from the hospital intranet as well as in Human Resources Reception.</p>

ONGOING PARTICIPATION

Plan Member Contributions

Contributions to the Plan are based on a formula that takes into account your Canada Pension Plan (CPP) contributions. You contribute a lower amount on your earnings up to the YMPE and contribute a higher amount on your earnings above the YMPE. These contributions are tax sheltered.

Your required contributions are:

- 3.9% of your annual earnings up to the YMPE, plus
- 6.0% of your annual earnings above the YMPE.

In no event shall your contributions during any calendar year exceed the maximum allowable required contributions as set out in the Plan. In 2017, the maximum contribution limit is \$13,115.

Example 1 - Employee with earnings less than the YMPE	Example 2 - Employee with earnings greater than the YMPE
Employee earning \$35,000 per year = \$35,000 x 0.039 = \$1,365.00 per year = \$52.50 per pay (26 pay periods per year)	Employee earning \$70,000 per year = \$55,300 x 0.039 + [(\$70,000 – \$55,300) x 0.06] = \$2,156.70 + \$882.00 = \$3,038.70 per year = \$116.87 per pay (26 pay periods)

Note: The above examples are based on the 2017 YMPE figure of \$55,300 and only valid for 2017.

Taking a Leave of Absence

The table below provides a summary of how your pensionable service, earnings and pension contributions are administered while on a paid or unpaid leave of absence. Continuous service is not interrupted during an approved leave of absence.

Type of Leave	Employee Contributions	Pensionable Service and Earnings
<ul style="list-style-type: none"> • Maternity • Parental • Adoption • Compassionate Care • Family Caregiver • Crime Related Child Death or Disappearance • Critically Ill Child Care 	Permitted	If you elect to contribute during the leave you will continue to accrue pensionable service. Earnings for this period are deemed to have continued as at the rate in effect immediately before the leave began. If you choose not to contribute during the leave you will not accrue any pensionable service during the leave. Earnings will not be deemed for this period.
<ul style="list-style-type: none"> • Short Term Disability (employment insurance & income protection) • Long Term Disability* • WSIB* 	Not required	Pensionable service will continue to accrue during the leave. Earnings for this period are deemed to have continued as at the rate in effect immediately before the leave began.
<ul style="list-style-type: none"> • Education • Personal Non Emergency 	Not permitted	Pensionable service will not accrue during the leave. Earnings will not be deemed for this period.

* For members not eligible to receive long term disability benefits or WSIB benefits please refer to the Disability Retirement section below.

Changing your FTE – Pension Impact

You have the opportunity to request a change to your FTE subject to operational needs and Management or Director approval. You will continue to make contributions to the Plan and accrue pensionable service for this period based on your FTE.

RETIRING FROM THE PLAN

Retirement	<p>Your pension is paid monthly and begins the first of the calendar month following or coincident with your retirement date.</p> <p>Normal Retirement The normal retirement age under the Plan is 65. However, you are not required to retire at age 65.</p> <p>Early Retirement You may start to receive pension payments any time after reaching age 55 with no reduction to your pension if:</p> <ul style="list-style-type: none"> • you are at least age 55, and • the sum of your age and continuous service is equal to or greater than 82 points. <p>If you have reached age 55 and do not have 82 points your pension will be reduced by four-tenths of 1% for each month short of the earlier of:</p> <ul style="list-style-type: none"> • the date you would have reached 82 points, or • your normal retirement date. <p>Postponed Retirement You may choose to retire after age 65. If you decide to continue working after age 65 the Income Tax Act requires that your pension payments begin no later than the end of the calendar year you turn 71.</p>
Income at Retirement	<p>Your pension at retirement will be calculated according to the following formula:</p> <ul style="list-style-type: none"> • 2% of your Best Average Earnings multiplied by your years of Pensionable Service; <i>less</i> • 0.6% of your Best Average Earnings up to the Average YMPE, multiplied by your years of Pensionable Service earned before January 1, 1987; <i>less</i> • 0.7% of your Best Average Earnings up to the Average YMPE, multiplied by your years of Pensionable Service earned on and after January 1, 1987. <p>Your pension may be reduced for early retirement based on the Early Retirement provisions mentioned above. In no event will your required contributions with interest exceed 50% of the accumulated value of the pension. Your pension may be subject to the “Small Pension Payout” rules. See page 7 for details.</p>
Supplemental Employee Retirement Plan (SERP)	<ul style="list-style-type: none"> • The Income Tax Act sets limits on the maximum amount that can be paid from a registered pension plan. The portion of your pension above the Income Tax Act limit will be paid as a Supplemental Allowance. • You are not required or permitted to make contributions to the SERP. • The SERP is unfunded and payments are made from general Hospital funds.

Retirement Income (Example)

The following retirement income example is provided for illustrative purposes only. Your actual benefit from the Plan will depend on your personal circumstances. To obtain a personalized estimate visit the Online Retirement Planner.

Sample Employee Information		Year	Pensionable Earnings	YMPE
Date of Birth:	January 1, 1947	2011	\$59,800	\$48,300
Date of Hire:	July 1, 1980	2010	\$59,000	\$47,200
Date of Enrollment:	January 1, 1981	2009	\$58,800	\$46,300
Date of Retirement:	January 1, 2012	2008	\$57,800	\$44,900
Age at Retirement:	65 years	2007	\$54,500	\$43,700
Pensionable Service at Retirement:	31 years	Best Average Earnings:	\$57,980	\$46,080

Annual pension income will be calculated as follows:

2% of Best Average Earnings multiplied by your years of Pensionable Service	$2\% \times \$57,980 \times 31 =$	\$35,947.60
Less	-	-
0.6% of Best Average Earnings up to the Average YMPE, multiplied by years of Pensionable Service earned before January 1, 1987	$0.6\% \times \$46,080 \times 6 =$	\$1,658.88
Less	-	-
0.7% of Best Average Earnings up to the Average YMPE, multiplied by years of Pensionable Service earned on and after January 1, 1987	$0.7\% \times \$46,080 \times 25 =$	\$8,064.00
Total annual pension at retirement:		= \$26,224.72
Total monthly pension at retirement:		= \$2,185.39

RETIRING FROM THE PLAN (CONTINUED)

Disability Retirement

Eligible Members	Disability Retirement Benefit
<p>Members who have completed 10 years of continuous service and attained age 45 who do not meet the requirements to receive benefits under the Hospital's Long Term Disability Plan or under the Workplace Safety and Insurance Act (Ontario).</p> <p>Examples include staff who are:</p> <ul style="list-style-type: none"> • Casual • Part time <0.5 • CUPE members who have not yet satisfied the waiting period 	<p>You may retire at any time on the first day of the month coincident with or next following the date upon which you become totally and permanently disabled which is defined as follows:</p> <ul style="list-style-type: none"> • disability is certified in writing by a medical Doctor, and; • prevents you from engaging in any employment that you are suited by virtue of your education, training or experience, and; • the disability is expected to continue for your lifetime. <p>Your disability pension is unreduced and is calculated based on the pensionable service earned up to your disability retirement date.</p>

Pension Payment Options

<p>Payment Options at Retirement</p>	<p>Your marital status at the time of retirement may impact the form in which your pension benefit is paid.</p> <p>Married at Retirement</p> <ul style="list-style-type: none"> • Your pension is payable for your lifetime. • Should you die before receiving 60 monthly payments and you are survived by the eligible spouse you were married to at the time of your retirement, he/she will receive 100% of your pension for the balance of the 60 months at which point he/she will receive 60% of the amount for his/her lifetime. • Should you die before receiving 60 monthly payments and the eligible spouse you were married to at the time of your retirement pre-deceases you, your designated beneficiary or estate will receive 100% of your pension for the balance of the 60 months. • Should you die after receiving 60 monthly payments, your eligible spouse will receive 60% of the amount for his/her lifetime. • You have the option of selecting a survivor pension for your eligible spouse equal to 75% or 100% of your pension (note, the 60 month guaranteed period does not apply). To provide this increased benefit, the monthly payments will be less. <p>Single at Retirement or your eligible spouse waived his/her entitlement to his/her survivor benefit.</p> <ul style="list-style-type: none"> • Your monthly pension is payable for your lifetime and is guaranteed to be paid for 60 months. • You may elect to increase the guaranteed period to 120 or 180 months. To provide for this increased guaranteed period, the monthly payments will be less. • If you should die before the end of the selected guaranteed period, the balance of the pension payments will be paid to your designated beneficiary or your estate.
<p>Inflation Protection</p>	<p>Your pension is partially indexed to help keep up with inflation. Here's how it works:</p> <ul style="list-style-type: none"> • The portion of pension benefits earned for service on and after January 1, 1989 is adjusted annually. The increase is 75% of the rate of increase of the Consumer Price Index (CPI) during the previous calendar year. The maximum CPI is 10%. • An annual increase may also be paid on the portion of the benefits earned for service up to December 31, 1988. The rate of increase is determined by SickKids. • After you retire, each April you will receive a notice explaining your pension income increases for the coming year. • Increases are provided only in respect of benefits that were being paid before January 1st of the calendar year prior to that during which the adjustment is being made. <ul style="list-style-type: none"> - Example: an employee who retires in August 2013 would receive the first adjustment effective April 2015.

LEAVING THE PENSION PLAN

Termination

The following chart outlines the options payable from the Plan upon your termination.

Age	Option
Under age 55	<p>You will have three options to choose from as follows:</p> <p>A. Transfer the value of your accumulated pension to a retirement savings arrangement such as a locked-in retirement account; <i>or</i></p> <p>B. Transfer the value of your accumulated pension to the pension plan of your new employer, if your new employer allows for such a transfer; <i>or</i></p> <p>C. Choose to receive a deferred pension at age 65. If you choose this option, pension payments may begin any time after age 55, however the amount you receive may be reduced.</p> <p>In addition to the above, you may also be eligible to receive a refund of excess contributions, provided your required contributions with interest made on and after January 1, 1987 exceed 50% of the accumulated value of the pension earned on and after January 1, 1987. The Plan provides a further guarantee that the accumulated value in respect of your pension earned prior to April 1, 2012 will not be less than twice your contributions made prior to April 2012 with interest.</p>
Age 55 and over	<p>You will have two options to choose from:</p> <p>A. An immediate pension (which may be reduced as outlined under the “Retiring From The Plan” section); <i>or</i></p> <p>B. You can choose to start receiving your pension payments at a later date but no later than the end of the calendar year you turn age 71.</p> <p>In rare circumstances, you may be eligible to receive a lump sum payment which either replaces these two options or is in addition to these two options.</p>

Grow-in Benefits

If you are terminated by SickKids without cause on or after July 1, 2012 and your age plus years of continuous employment equal at least 55, you are entitled to “grow-in” to the early retirement provisions outlined in the “Retiring From The Plan” section as if your employment had continued.

Small Pension Payout

You will receive a single lump sum payment equal to the accumulated value of your pension if;

- your annual pension is less than 4% of the YMPE in the year you terminate, or;
- the accumulated value of your pension is less than 20% of the YMPE in the year of termination

Death Benefits

The following chart outlines the options payable from the Plan upon your death.

Date of Death	Death Benefit
Before Retirement	<p>If you are survived by an eligible spouse, your eligible spouse will have the option of receiving:</p> <ul style="list-style-type: none"> • A lump sum payment of the accumulated value of your pension; or • An immediate pension or a deferred pension. <p>If you do not have an eligible spouse, your designated beneficiary or your estate will receive a lump sum payment of the accumulated value of your pension. The Plan provides a guarantee that the accumulated value in respect of your pension earned prior to April 1, 2012 will not be less than twice your contributions made prior to April 2012 with interest.</p>
After Retirement	<p>The death benefit owing, if any, will depend on the payment option you choose at retirement. Please refer to the “Payment Options at Retirement” wording on page 6 for further details.</p>

IMPORTANT REFERENCE MATERIAL

Forms:

- Employee Pension Plan Enrolment Form available at <http://my.sickkids.ca/staff-support-resources/hr/employee/pension/Pages/Defined-Benefit.aspx> in section entitled “Forms” as well as in Human Resources Reception.
- Employee Pension Plan Beneficiary Election/Change Form available at <http://my.sickkids.ca/staff-support-resources/hr/employee/pension/Pages/Defined-Benefit-Provisions.aspx> in section entitled “Forms” as well as in Human Resources Reception.

Policies:

- Retirement From Employment
- Division of Pension Assets on the Breakdown of a Spousal Relationship

Online Tool:

- Retirement Planner available at <https://skids.penproplus.com/>
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