



UNIVERSITY OF ALBERTA EXECUTIVE DEFINED CONTRIBUTION SUPPLEMENTARY RETIREMENT PLAN

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1. Introduction

- 1.01** The University of Alberta Executive Defined Contribution Supplementary Retirement Plan is established by the University of Alberta effective July 1, 2014.
- 1.02** Members of this Defined Contribution Supplementary Plan also participate in the Universities Academic Pension Plan (the “**Pension Plan**”), a defined benefit pension plan subject to the Alberta Employment Pensions Plans Act and Regulations and registered pursuant to the *Income Tax Act* (Canada).

The purpose of this Defined Contribution Supplementary Plan is to provide additional retirement benefits to eligible employees who are members of the Pension Plan and who are employed in a Designated Position on or after the Effective Date. This Defined Contribution Supplementary Plan provides defined contribution benefits on Earnings (as hereinafter defined) exceeding the Pension Plan Salary Cap (as hereinafter defined).

2. Definitions

Capitalized terms referenced in this Defined Contribution Supplementary Plan that are not defined below shall have the meaning set forth in the Pension Plan. The following terms shall have the following meanings unless the context indicates otherwise:

- 2.01** **Active Member** means an Employee who has been enrolled in the Defined Contribution Supplementary Plan pursuant to Section 3 and who continues to be entitled to receive annual Notional Contributions in accordance with Section 4.02. Active Members whose Excess Earnings in a Year are zero shall continue to be considered Active Members eligible for annual Notional Contributions in accordance with Section 4.02 should their Excess Earnings once again exceed zero. Suspended, Terminated and Retired Members shall not be considered Active Members.
- 2.02** **Beneficiary** means the person or persons designated by a Member on a form prescribed by the administrator to receive death benefits from the Defined Contribution Supplementary Plan. If no such person or persons survive the Member, “Beneficiary” shall mean the Member’s estate.
- 2.03** **Continuous Service**, expressed in years and fractions of years, means an uninterrupted period of employment with the University, including any periods of leave or any period while receiving benefits under a Disability Plan. Continuous Service shall:
- (a) commence on the most recent date that an Employee began working for the University;

- (b) have the meaning as defined under the Pension Plan only in respect of employment with the University; and
- (c) terminate on the earlier of a Member's termination of employment, retirement or death.

2.04 Day means a calendar day

2.05 Default Option means a notional investment in a balanced fund, selected by the University.

2.06 Designated Position means a position designated by the Governors as President and Vice President, Non-Union Employees (Academic Administrators, Continuing or Temporary) or such other position as the Governors may deem eligible to participate in this Defined Contribution Supplementary Plan.

2.07 Earnings means:

- (a) An Employee's gross basic pay for the performance of the regular duties of employment, excluding any research allowance, salary supplement, special remuneration, expense allowance, or other similar compensation; and
- (b) In the case of an Employee who is receiving benefits under a Disability Plan, Earnings are deemed to be the remuneration identified in Section 2.07(a) that the Employee was receiving immediately preceding the period of Disability, adjusted in accordance with any subsequent general adjustments in respect of Employees.

2.08 Effective Date means July 1, 2014.

2.09 Employee means a person who is employed by the University on or after the Effective Date.

2.10 Excess Earnings has the meaning set out in Sections 4.02(b) and (c), as applicable.

2.11 Governors means the Board of Governors of the University of Alberta, as established by an order of The Lieutenant Governor in Council of Alberta pursuant to the *Post-Secondary Learning Act*, RSA 2000, c. P-19.5.

2.12 Interest Option means a notional investment in a Treasury Bill index, selected by the University.

- 2.13 Member** means an Employee who has been enrolled in the Defined Contribution Supplementary Plan pursuant to Section 3 and who continues to be entitled to benefits under the Defined Contribution Supplementary Plan. Member includes Active Member, Suspended Member and Reactivated Member, Terminated Member and Retired Member who continues to be entitled to benefits under the Defined Contribution Supplementary Plan. Member excludes a person in respect of whom all benefit entitlements under the Defined Contribution Supplementary Plan have been discharged.
- 2.14 Notional Account** means an unfunded account established by the University on behalf of each Member, with such account to be comprised of Notional Contributions and Notional Earnings/Losses.
- 2.15 Notional Contributions** has the meaning set out in accordance with Section 4.02.
- 2.16 Notional Earnings/Losses** means the annual change in value of each Member's Notional Account from December 31st of the preceding Year to December 31st of the current Year as a result of the interest or gains or losses attributable to the notional investment of the Notional Account.
- 2.17 Pension Plan** means the Universities Academic Pension Plan, as amended from time to time.
- 2.18 Pension Plan Salary Cap** means with respect to any Year the sum of (a) and (b), where:
- (a) is 50 multiplied by 1/9 of the amount defined as the money purchase limit in the *Income Tax Act* (Canada), and
 - (b) is 30% of the YMPE for the Year.
- 2.19 Prior Service** means any service other than that for which a Member is receiving current service Notional Contributions.
- 2.20 Reactivated Member** means an individual who is a Suspended Member and who once again meets the requirements for participation in the Defined Contribution Supplementary Plan set forth in Section 3.01.
- 2.21 Retired Member** means a Member who has attained Vested Status and is at least age fifty-five (55) at the time of termination of employment from the University.
- 2.22 Reserve Account** means the fund referred to in Section 5.02.
- 2.23 Defined Contribution Supplementary Plan** means this University of Alberta Executive Defined Contribution Supplementary Retirement Plan.

- 2.24 *Suspended Member*** means a Member who remains employed by the University, but who is no longer employed in a Designated Position. Suspended Members shall not be considered Active Members.
- 2.25 *Supplementary Plan Salary Cap*** means with respect to any Year, the limit as approved by the Governors and applicable to Employees who are appointed to a Designated Position of Non-Union Employee (Academic Administrators, Continuing or Temporary) on or after January 1, 2017. Such limit shall apply to Earnings as defined in Section 2.07.
- 2.26 *Terminated Member*** means a Member who has attained Vested Status and is less than age fifty-five (55) at the time of termination of employment from the University.
- 2.27 *U.S. Member*** means a Member who has notified the University that, in respect of all or a portion of such U.S. Member's Continuous Service, he is a U.S. citizen, U.S. permanent resident or other person whose benefits under the Defined Contribution Supplementary Plan are subject to the United States *Internal Revenue Code* Section 409A.
- 2.28 *University*** means the University of Alberta.
- 2.29 *Vested Status*** shall have the same meaning as ascribed to it in the Pension Plan.
- 2.30 *Year*** means a calendar year.
- 2.31 *YMPE*** means in respect of any Year, the Year's Maximum Pensionable Earnings as defined under the Canada Pension Plan or any replacement for such plan.

In this Defined Contribution Supplementary Plan:

- (a) unless otherwise indicated or unless the context so requires, reference to the male gender includes the female gender and *vice versa*, and words importing the singular number shall include the plural number and *vice versa*;
- (b) unless reference is made to another document, act or regulation, references to Sections shall be interpreted as references to Sections of this Defined Contribution Supplementary Plan text; and,
- (c) the headings in this Defined Contribution Supplementary Plan are included for convenience only and shall not be used in interpreting the provisions of this Defined Contribution Supplementary Plan.

3. Membership

3.01 Eligibility

- (a) Subject to Section 3.01(b), an Employee shall become a Member of the Defined Contribution Supplementary Plan upon commencing employment with the University in a Designated Position.
- (b) An Employee who is accruing benefit entitlements in any other supplemental retirement benefit plan sponsored by the University shall not participate in this Defined Contribution Supplementary Plan.

3.02 Suspended Member

A Suspended Member shall remain a Member of the Defined Contribution Supplementary Plan and Notional Earnings/Losses shall continue to be allocated to such Member's Notional Account. Subject to Section 4.02(c) and for greater certainty, annual Notional Contributions shall not be made to any Suspended Member's Notional Account effective for the Years following the Year in which the Member becomes a Suspended Member.

3.03 Reactivated Member

A Suspended Member shall become a Reactivated Member upon satisfying the eligibility requirements under Section 3.01; Notional Contributions shall be credited to the Notional Account of the Reactivated Member in accordance with Section 4.02 as of the date such Reactivated Member re-commences employment with the University in a Designated Position.

3.04 Retired Member

A Retired Member who is eligible to receive their pension in accordance with Section 4.11 shall remain a Member of the Defined Contribution Supplementary Plan for the period immediately preceding the first payment of such benefit pursuant to Section 4.11. Notional Contributions for the year of retirement shall be prorated for that portion of the Year in which the Retired Member remained actively employed by the University.

3.05 Terminated Member

A Terminated Member shall remain a Member of the Defined Contribution Supplementary Plan until payment of the Member's Notional Account balance is made pursuant to Section 4.10. Notional Contributions for the Year of termination shall be prorated for that portion of the Year in which the Terminated Member remained actively employed by the University.

4. Benefits

4.01 Establishment of Notional Accounts

- (a) There will be established for each Member a Notional Account which will be credited, on an annual basis, with:
 - (i) Notional Contributions;
 - (ii) Notional interest on annual Notional Contributions pursuant to Section 4.02(d); and
 - (ii) Notional Earnings/Losses.
- (b) The University shall provide to each Member within one hundred and eighty (180) days after the end of each Year, a statement containing the following:
 - (i) the accrued balance of the Member's Notional Account as at January 1 of the immediately preceding Year;
 - (ii) the annual Notional Contribution made to the Member's Notional Account for the immediately preceding Year;
 - (iii) notional interest credited on the annual Notional Contribution pursuant to Section 4.02(d);
 - (iv) the Notional Earnings/Losses allocated to the accrued balance of the Member's Notional Account for the immediately preceding Year; and
 - (v) the total balance of the Member's Notional Account as at December 31 of the immediately preceding Year.

4.02 Notional Contributions

- (a) Annual Notional Contributions to each Active Member's Notional Account shall consist of a percentage of each Active Member's Excess Earnings for that Year. That percentage shall be in accordance with the following chart:

	Percentage Applied to Excess Earnings to Determine Annual Notional Contribution
Less than 55 points	8.0%
55 points and less than 80 points	12.0%
80 points or greater	16.0%

where the number of points is equal to:

- (i) in respect of Notional Contributions made at the end of a Year, the Member's age plus Continuous Service as at December 31 of that Year.
- (ii) in respect of Notional Contributions made during a Year as a result of the Member's termination of employment with the University (including retirement or death) or if the Member becomes a Suspended Member, the Member's age plus Continuous Service as of end of the month of the date of termination of employment or becoming a Suspended Member.

For greater certainty, for the purposes of this Section 4.02(a), Member's age and Continuous Service shall each be expressed in Years and fractions of Years.

- (b) Subject to Section 4.02(c), Excess Earnings means the Earnings of a Member which are in excess of the Pension Plan Salary Cap in any Year. For greater certainty, Excess Earnings of a Member who is in the Designated Position of Non-Union Employee (Academic Administrator, Continuing or Temporary) means the lesser of:

- (i) the Earnings of the Member; and
- (ii) the Supplementary Plan Salary Cap,

which are in excess of the Pension Plan Salary Cap in any Year.

- (c) The Excess Earnings of a Member who terminates employment with the University as a result of death, retirement or termination, who becomes a Suspended Member, or who becomes an Active Member during the Year such that the Days as an Active Member are less than the Days in that Year, shall be pro-rated in accordance with the following formula:

Excess Earnings the Member would have received had they been an Active Member during the entire Year	Multiplied by	Days as an Active Member during the Year, divided by Days in the Year
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- (d) Notional interest shall be determined in accordance with the Interest Option, and will accrue to the average annual Notional Contribution, which in all cases will be 50% of the annual Notional Contribution for the Year. In the case of a Member who terminates employment or who becomes a Suspended Member for any reason, on any day other than December 31, notional interest will be based upon

the annual year to date return to the end of the month of termination or suspension. In the case of an Employee who becomes an Active Member on any day other than January 1st, notional interest will be based upon the year to date return from the beginning of the month following the month of becoming an Active Member.

- (e) Notional Contributions and notional interest shall be credited to the Active Member's Notional Account within sixty (60) days of the earlier of;
 - (i) December 31; or
 - (ii) the date a Member ceases to be actively employed by the University by reason of death, retirement or termination of employment.

4.03 Additional Notional Contributions

Upon entering into a written agreement with a Member, under authority granted by the Board of Governors of the University of Alberta, the University may, in its sole discretion and at any time, credit the Notional Account of a Member with an additional Notional Contribution in recognition of past industry service, significant achievements, or loss of Continuous Service when returning to an academic position.

4.04 Member Contributions

The Member is neither required nor permitted to make contributions under the Defined Contribution Supplementary Plan.

4.05 Withdrawals by Members

A Member shall not be permitted to withdraw any amounts from the Defined Contribution Supplementary Plan while that individual remains an Active Member or a Suspended Member.

4.06 Notional Investment of Notional Accounts

- (a) Subject to Section 4.06(b), a Member's Notional Account shall be notionally invested in the Default Option.
- (b) A Member has a one-time irrevocable option, which may be exercised at any time, to choose to notionally invest the entirety of their Notional Account (including, for greater certainty, future annual Notional Contributions) in the Interest Option. This option will be implemented by the University where notice from the Member of the exercise of this option is received:
 - (i) at least fourteen (14) days prior to the end of the current month, at the end of such month; or

- (i) less than fourteen (14) days before the end of the current month, at the end of the immediately following month.

4.07 Notional Investment in Year of Termination

Subject to 4.06(b), where a Member retires, terminates or dies on a date other than December 31 of a Year, the Notional Earnings/Losses for that Member's Notional Account for that Year shall be calculated on the basis of the year to date return for the Default Option as of the last day of the month in which the Member ceases to be an Employee.

4.08 Expenses

The Notional Earnings/Losses credited to the Member's Notional Account will be net of any notional investment management fees.

4.09 Termination where Member does not have Vested Status

A Member who has not attained Vested Status as of the date such Member ceases to be actively employed by the University, for any reason other than death, is not entitled to receive benefits from this Supplementary Plan.

4.10 Vested Termination Prior to Age 55

Subject to Section 8.10, as at the date of termination of employment from the University, the University shall pay to a Terminated Member the balance of the Terminated Member's Notional Account as a single lump sum amount. This payment shall be made by the University on or before January 31 of the Year immediately following the Year in which the Terminated Member ceased to be actively employed by the University.

4.11 Vested Retirement Post Age 55

Subject to Section 8.10, the University shall pay to a Retired Member the balance of the Retired Member's Notional Account in no more than five (5) equal instalments, paid annually, with the first instalment to be made on January 31 of the Year immediately following the Year when the Retired Member ceased active employment with the University. Subsequent instalments shall be made on January 31 of each succeeding Year.

A Retired Member may make an application to the University in writing within the time period prescribed by the University to receive the balance of the Retired Member's Notional Account as a single lump sum amount. If such an application is approved by the University, the payment shall be made by the University on or before January 31 of the Year immediately following the Year when the Retired Member's employment terminated with the University.

4.12 Credits While Receiving Instalments

Where a Notional Account is paid to a Retired Member in annual installments in accordance with Section 4.11, the balance remaining in the Retired Member's Notional Account on December 31 of each Year, subsequent to any payment required to be made in that Year, shall be credited with Notional Earnings/Losses.

4.13 Small Benefit

Notwithstanding Section 4.11, if the balance of a Retired Member's Notional Account is less than 50% of the YMPE for the Year in which the Retired Member ceased active employment with the University, payment to the Retired Member shall be in the form of a single cash payment.

4.14 Death Prior to Attaining Vested Status

In the event a Member dies prior to attaining Vested Status, the Member shall be deemed to have attained Vested Status and their Beneficiary shall receive the balance of the Member's Notional Account as a single lump sum payment on or before January 31 of the Year immediately following the Year in which the Member died.

4.15 Death Before Commencement of Instalment Payments

With respect to a Retired Member who is entitled to receive annual instalment payments in accordance with Section 4.11 and who dies prior to the commencement of such payments, the University shall pay to the Member's Beneficiary the balance of the Retired Member's Notional Account as a single lump sum payment on or before January 31 of the Year immediately following the Year in which the Retired Member died.

4.16 Death After Commencement of Instalment Payments

In the event a Retired Member dies after commencing to receive annual instalment payments pursuant to Section 4.11, the balance remaining in the Retired Member's Notional Account shall be paid to the Member's Beneficiary as a single lump sum payment on or before January 31 of the Year immediately following the Year in which the Retired Member died.

5. Funding of Benefits

5.01 No Obligation to Fund

Amounts payable to, or in respect of, a Member under this Defined Contribution Supplementary Plan shall be paid by the University. The University shall not be required to establish or contribute to a funding arrangement of any kind that may be considered a Retirement Compensation Arrangement under the Income Tax Act (Canada) for the provision of benefits payable under this Defined Contribution Supplementary Plan.

5.02 Reserve Account

The University shall establish, for financial accounting purposes, a special purpose reserve account in respect of the liabilities of the University under the Defined Contribution Supplementary Plan. On or before December 31 of each Year, the University shall:

- (a) set aside in the Reserve Account the aggregate Notional Contributions for that Year;
- (b) adjust the amount in the Reserve Account for the aggregate effect of Notional Earnings/Losses, and
- (c) adjust the amount in the Reserve Account for the amount of any portion of the Reserve Account paid to a Member in the year in accordance with Section 4 (BENEFITS) of this Plan.

5.03 Ownership of Reserve Account

At all times the University shall be the sole legal and beneficial owner of the Reserve Account which shall remain the sole and exclusive property of the University.

5.04 No Restrictions on Use of Reserve Account

- (a) The assets held in the Reserve Account may be commingled with other assets of the University and do not constitute separate and distinct trust property.
- (b) No portion of the Reserve Account will be set aside or earmarked in the name of a Member.
- (c) The Reserve Account will be available for the benefit of the general creditors of the University.

6. Plan Governance

6.01 Defined Contribution Supplementary Plan Sponsors

The Governors of the University are the sponsors of the Defined Contribution Supplementary Plan. Subject to the provisions of this Defined Contribution Supplementary Plan, the Governors approve plan design, plan changes and amendments, funding and investment policies, plan performance and operations.

6.02 Fiduciary Responsibility

When making decisions of an administrative nature, the Governors of the University shall each act on the basis that it owes a fiduciary duty to the Members and, accordingly, shall:

- (a) adopt and adhere to a conflict of interest policy;
- (b) act as a prudent and reasonable person would, when that person is charged with managing the property of another person;
- (c) act in the best interests of the Members; and
- (d) treat all Members impartially and equitably.

7. Future of the Defined Contribution Supplementary Plan

7.01 Amendments and Termination

- (a) The Governors anticipate that the Defined Contribution Supplementary Plan will continue indefinitely; however, the Governors reserve the right, to amend, modify or terminate (with or without replacement) this Defined Contribution Supplementary Plan in part or in full, provided that, except as specifically indicated otherwise in this Defined Contribution Supplementary Plan, no such amendment, modification or termination shall operate retroactively so as to reduce any benefits accrued to a Member or Beneficiary under the provisions of this Defined Contribution Supplementary Plan in effect prior to such action, without the consent of such Member or Beneficiary.
- (b) The Governors reserve the right to temporarily suspend future Notional Contributions to the Defined Contribution Supplementary Plan for a specified period of time. For the duration of the suspension period, Members shall be classified as Suspended Members with the commensurate rights as are set out in this Plan.

8. General Provisions

8.01 Arrangement

This Defined Contribution Supplementary Plan is not intended to be a registered pension plan under the terms of the *Employment Pension Plans Act* (Alberta) or the *Income Tax Act* (Canada), nor is it intended to be a retirement compensation arrangement under the *Income Tax Act* (Canada).

8.02 Assignment

Neither the Member nor any other Beneficiary shall have the right to assign, anticipate, pledge or otherwise encumber any right or interest under the Defined Contribution Supplementary Plan.

8.03 Legal Rights

This Defined Contribution Supplementary Plan shall not be construed as conferring any legal rights upon the Member for continuation of employment, and shall not interfere in any way with the right of the University to terminate the Member's employment for any reason.

8.04 Records

Whenever used for the purposes of the Defined Contribution Supplementary Plan, the records of the University shall be deemed to be conclusive as to the facts with which they are concerned.

8.05 Liability for Investment Performance

None of the University, the Governors, nor any of their respective board members, committee members, officers, employees, contractors, delegates, agents, or their respective successors, assigns, heirs, survivors, administrators, executors and legal representatives (as applicable), shall be responsible for the Notional Earnings/Losses of any Member's Notional Account.

8.06 Currency

All amounts under this Defined Contribution Supplementary Plan shall be in Canadian currency.

8.07 Withholding and Reporting

All payments under this Defined Contribution Supplementary Plan are expressed on a pre-tax basis and shall be subject to applicable withholding taxes and reporting pursuant to the *Income Tax Act* (Canada) and any other applicable law. No payment from the Defined Contribution Supplementary Plan shall have added to it a gross-up in respect of any tax or other statutory withholding or deduction.

8.08 Interpretation

This Defined Contribution Supplementary Plan shall be interpreted in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein.

8.09 Payments to Incapacitated Persons

If the University receives evidence satisfactory to it that any person entitled to a benefit under the Defined Contribution Supplementary Plan is legally incapable of managing the benefits construed by this Defined Contribution Supplementary Plan, by reason of mental or physical infirmity, or is a minor Beneficiary, the University may pay such benefit to the legal guardian or trustee for such Beneficiary.

Any payment made in accordance with the law of the jurisdiction where the Member is or was resident will be deemed a payment for the account of the person and will constitute a discharge of all obligations to such Member under this Defined Contribution Supplementary Plan.

8.10 U.S. Members

If, at any time, a U.S. Member has attained Vested Status, such U.S. Member shall only be entitled to the single lump sum payment provided under Section 4.11 regardless of age at the date such U.S. Member ceases to be employed by the University. Any payment made to a U.S. Member pursuant to this Defined Contribution Supplementary Plan may not exceed the applicable dollar amount allowable under the United States *Internal Revenue Code* Section 402(g)(1)(B).