



SUPPLEMENTAL ARRANGEMENT

This summary outlines the details of the University of British Columbia (UBC) Supplemental Arrangement. In the event of a discrepancy between this summary and the Canada Revenue Agency (CRA) tax ruling, the benefits will be administered according to the ruling. Copies of CRA's tax ruling are available by contacting the UBC Pension Administration Office at (604) 822-8100.

Overview

An extension to the UBC Faculty Pension Plan (FPP), the Supplemental Arrangement has been in effect since December 1992. The Supplemental Arrangement is a non-registered plan; however, investment earnings are accumulated on a tax-sheltered basis.

Membership

Membership is automatic once the total required contributions to the UBC FPP have reached the maximum annual amount allowed under the Federal Income Tax Act. Annual contribution limits are available through the Plan's website at faculty.pensions.ubc.ca. Select **For Plan Members > Supplemental Arrangement** (under **Quick Links**).

Contributions and taxes

Once the annual contribution limit has been reached, required employee contributions will continue to the FPP and excess University contributions will be redirected to the Supplemental Arrangement. Contributions to the Supplemental Arrangement are not reported on tax slips. Members therefore maximize their registered pension plan contribution to the FPP.

Beneficiaries

Funds held in the Supplemental Arrangement are not covered by the British Columbia *Pension Benefits Standards Act* and spousal waivers are not required for members who wish to designate someone other than their spouse as their beneficiary(ies). Although beneficiaries are designated upon enrolment, members can make changes at any time by completing a Change of Records Form from faculty.pensions.ubc.ca. Under **Forms & Resources**, select **Forms > General**. This designation is separate and apart from your beneficiary designation under the FPP.

Investment earnings, expenses and statements

Investment earnings are tax-sheltered and should not be included on Income Tax and Benefit Returns. Investment fees and administration expenses are built into the unit value of the fund. Statements of Account for each quarter are available online through mysunlife.ca/ubcfpp. Hard copies are mailed annually while the quarterly statements are posted online. To view the fund's investment returns and expenses, please see the Supplemental Arrangement Annual Report on the FPP website. Select **For Plan Members > Supplemental Arrangement** (under **Quick Links**).

Retirement benefits

As the funds held in the Supplemental Arrangement are not registered, the funds cannot be transferred to registered retirement vehicles such as RRSPs, RRFs, LIFs, or life annuities. The only option available to members is cash payments. Members may elect to receive either a lump sum payment or annual installments over a period of up to 15 years. All payments are taxed as regular income.

Members may defer the payment of their supplemental benefit until the first day of the month following their 71st birthday. Taxes will be withheld at source and members will receive tax slips by the end of March of the following year. Requests to withdraw funds must be sent to the UBC Pension Administration Office.

Employment termination

Members who leave UBC before retirement age have the same options as retiring members except that annual cash installments cannot start until a member has reached the age of 55.

Death

In the event a member dies while still employed by UBC or before having selected a payment option, the designated beneficiary(ies) will have the same benefit options as retiring or terminating employees. In the case where a member had already selected a payment option (lump sum or annual installments), payments to the beneficiary(ies) will continue under the terms chosen by the member. Members should ensure that there is a beneficiary designation on record in order to minimize possible legal complications after their death.

Administration

The funds in the Supplemental Arrangement are the general liability of the University and are subject to the general creditors of the University. The University invests the funds and remains the sole legal and beneficial owner of the assets.

The Board of Governors of the University is responsible for the administration of the Supplemental Arrangement.

The funds are invested in the BlackRock Moderate Balanced Index Fund. BlackRock Asset Management Canada Limited was selected to manage the Supplemental Arrangement's assets, effective October 31, 2012. The fund consists of a combination of Canadian and Foreign Equity, Canadian Fixed Income and Real Estate Income Trust (REIT) index funds. To view the fund's asset allocation, please see the Supplemental Arrangement Annual Report on the FPP website. Select **For Plan Members > Supplemental Arrangement** (under **Quick Links**).

Sun Life has been retained to maintain the Supplemental Arrangement accounts, apply investment earnings (losses), deduct investment and administration expenses, produce quarterly Statements of Account and pay benefits to the members or beneficiary(ies) according to the provisions of the Plan.

Further information

You can review your beneficiary information and check your account online by visiting mysunlife.ca/ubcfpp. For further information, contact the UBC Pension Administration Office at (604) 822-8100 or email fpp@hr.ubc.ca.