

MINIMUM GUARANTEE

Approved by the Executive Board, February 28, 2008

- (i) Subject to the condition described in (ii), the Minimum Guarantee applies to an employee who retires from the service of Huron University College after attaining age 55, who was in the College's **employ prior to 1987**, who contributed to the previous retirement plan and as a result has an entitlement to a pension benefit under the London Life group policy GA847N and/or the Standard Life group annuity contract GR.P.T. 11622. For such an employee, Huron University College undertakes to guarantee that the actuarial value of the member's combined pension (from the London Life and Standard Life group annuity contracts plus the life annuity that could be provided by the member's account balance in the UWO pension plans) will be no less than the actuarial value of a pension of 1.4 percent multiplied by the member's years of pensionable service multiplied by the member's final five years average earnings, payable from the normal retirement date on the member's life only and guaranteed for five years. The calculation and determination of whether a member has a pension shortfall and the value of the shortfall will take place at the earlier of the member's actual date of retirement and the member's normal retirement date.

If a pension shortfall exists as described in the previous paragraph, Huron University College will pay the value of the pension shortfall in the form of a retirement gratuity, which can be used to purchase the pension shortfall. Payment of the retirement gratuity, if any, will occur at or as soon as practically possible after the member's actual retirement date.

If a member's actual retirement date occurs after the member's normal retirement date, a notional investment return will be credited on a calendar quarter basis on the value of the pension shortfall determined at the member's normal retirement date. The notional investment return for a given calendar quarter shall be applied to the then updated value of the pension shortfall as of the beginning of the calendar quarter adjusted on a pro-rata basis for periods of less than a full calendar quarter.

The notional rate of return credited in respect of a given calendar quarter shall equal 50% of the Median Balanced Fund Return for the quarter, plus 50% of the Median Money Market Return for the quarter, both from the Mercer Summary of Investment Performance Survey of Canadian Institutional Pooled Funds. However, if the sum is zero or less than zero, the notional rate of return will be zero.

- (ii) A condition which applies to those entitled to the Minimum Guarantee is that during each of the last five years before the earlier of the member's proposed retirement date and the member's normal retirement date, funds within the University of Western Ontario Academic/Staff Pension Plan must be transferred to one of the Target Date Funds within the University of Western Ontario Academic/Staff Pension Fund in line with the following minimums:

Table 1

Period of time before the earlier of the member's Proposed Retirement Date and Normal Retirement Date	Minimum % Invested in Target Date Funds
5 years or less	20%
4 years or less	25%
3 years or less	33.3%
2 years or less	50%
1 year or less	100%

Members who are subject to the Minimum Guarantee will be notified by the College on or before the date which is 3 months before the month in which the earlier of the member's proposed or normal retirement date falls in each of these last five years, that he or she must make the transfers referred to in Table 1 in order to remain covered by the Minimum Guarantee. Members who **choose not to or do not** make the transfers referred to in Table 1 will forfeit the Minimum Guarantee.

The member will be required to complete an investment mix change form each time defined percentages are changed. This is necessary to reallocate pension holdings. A copy of this completed investment mix change form must also be provided to the employer. When the TDF matures prior to the retirement date, funds will be allocated to the Money Market Fund. Members choosing not to make the transfers must notify the College, by signing a form attached to the Notification, of their intention to not make the transfers and thus to forgo the Minimum Guarantee. The College's Chief Administrative Officer will be responsible for administering this policy and following up with members.

Notwithstanding the foregoing, if a member retires after attaining age 55 and before Normal Retirement Date as a result of the member's unforeseen disability, the member shall be eligible for the Minimum Guarantee even though the member may not have made the required fund transfers prior to that time in accordance with Table 1, as long as the member had not previously notified the College of her/his decision to forfeit the Minimum Guarantee. For this purpose, a member shall be considered to suffer a disability if the member is entitled, or would upon application be entitled, to a disability retirement pension under the Canada Pension Plan. A member shall apply for receipt of a disability retirement pension from the Canada Pension Plan as soon as practical after the member has become disabled.

Once the determination and calculation of the member's minimum pension guarantee pension shortfall and the retirement gratuity has been finalized at the earlier of the member's actual retirement date and normal retirement date, the above conditions with respect to the investment of his or her funds within the University of Western Ontario Academic/Staff Pension Plan will no longer apply to such funds.