

**The Hospital for Sick Children  
Employee Pension Plan**  
(Defined Benefit Provisions)

## The Hospital for Sick Children Employee Pension Plan

The Hospital for Sick Children Employee Pension Plan is registered with the Financial Services Commission of Ontario and the Canada Revenue Agency 0258053. This brochure contains highlights of the plan. On the last page you'll find an explanation of the terms and definitions used throughout. More detailed information is available in the formal plan text. If you have questions please refer to the contact information on the back of this brochure.

Note: The information in this brochure is applicable to members that the Defined Benefit provisions apply to.

### Joining the Pension Plan

<p><b>Eligibility</b></p>	<p><b>Full-time or part-time with benefits</b></p> <ul style="list-style-type: none"> <li>• required to join the pension plan after:             <ul style="list-style-type: none"> <li>• 6 months of service, or</li> <li>• age 30, whichever occurs later</li> </ul> </li> <li>• Prior to age 30, employees may join after completing 24 months of continuous service</li> </ul> <p><b>Part-time without benefits or casual</b></p> <ul style="list-style-type: none"> <li>• may join the pension plan if:             <ul style="list-style-type: none"> <li>• worked at least 700 hours, or</li> <li>• earned at least 35 percent of the Years Maximum Pensionable Earnings (YMPE) in each of two consecutive years</li> </ul> </li> </ul>
<p><b>Transferring your pension from a former employer</b></p>	<p>You may transfer your pension from your previous employer if a reciprocal transfer agreement exists. SickKids has a transfer agreement with:</p> <ul style="list-style-type: none"> <li>• Hospitals of Ontario Pension Plan</li> <li>• University of Toronto</li> <li>• Ryerson University</li> <li>• Ontario Pension Board</li> <li>• St. Michael's Hospital</li> <li>• St. Joseph's Health Centre</li> </ul>
<p><b>Contributions</b></p>	<p>As a member you are required to contribute:</p> <ul style="list-style-type: none"> <li>• 3.9% of your annual earnings up to the YMPE, plus</li> <li>• 6.0% of your annual earnings above the YMPE,</li> <li>• To a maximum of 4.5 x the maximum unit benefit accrual for retirements during the calendar year as set by Canada Revenue Agency</li> </ul> <p><b>EXAMPLE:</b> Employee earning \$270,000 per year (earnings &gt; YMPE)          Lesser of (1) = \$46,300 x 0.039 + [(\$270,000-\$46,300) x 0.06], or;          (2) = 4.5 x 2,552.22</p> <p>(1) = \$1,805.70 + \$13,422.00      (2) = 4.5 x 2,552.22          = \$15,227.70 per year                      = \$11,485.00</p> <p>Since 11,485.00 &lt; 15,227.70, member contributes \$11,485.00 per year</p> <p><i>Note: The above examples are based on the 2011 YMPE figure of \$48,300 and maximum pension benefit of \$2,552.22. As a result, they are only valid for the calendar year 2011.</i></p>

<b>Beneficiary Designation</b>	<ul style="list-style-type: none"> <li>• You are encouraged to designate a beneficiary to ensure that: <ul style="list-style-type: none"> <li>• Your benefits are paid as you wish, should be die before your pension payments begin</li> <li>• Your heirs save time and money by avoiding the delays or probate/estate fees associated with processing your estate</li> </ul> </li> <li>• If you do not have a spouse you may designate a specific person, your estate, or a corporation such as a charity</li> <li>• If you do have a spouse, s/he is automatically your beneficiary</li> <li>• Spouse is defined as: <ul style="list-style-type: none"> <li>• the person who, at the earlier of the commencement of your pension and the date of your death, meets one of the following eligibility requirements: <ul style="list-style-type: none"> <li>a) the person who is your lawfully wedded spouse, provided that you are not living separate and apart; <i>or</i></li> <li>b) where there is no individual under (a) above, the person who has resided in a conjugal relationship with you as your spouse for a continuous period of three years or more, provided you are not living separate or apart; <i>or</i></li> <li>c) where there is no individual under (a) or (b) above, the person who resides in a conjugal relationship with you and is the natural or adoptive parent of your child, as defined in the Family Law Act (Ontario)</li> </ul> </li> </ul> </li> <li>• You may change your designation by completing a beneficiary designation form, available on eHR for Staff → Forms → Benefits Forms</li> </ul>
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## Pension While on a Leave of Absence

The table below provides a summary of how your credited service, earnings and pension contributions are handled while on a paid or unpaid leave of absence.

TYPE OF LEAVE	EMPLOYEE CONTRIBUTIONS	SERVICE AND EARNINGS
<b>Maternity, Parental &amp; Adoption</b>	Permitted	<b>Employee elects to contribute:</b> <ul style="list-style-type: none"> <li>• Service and pensionable earnings are credited during your leave of absence for the duration that pension contributions are made</li> </ul> <b>Employee elects not to contribute:</b> <ul style="list-style-type: none"> <li>• Service and pensionable earnings will <b>not</b> be deemed (credited) for the duration of your leave of absence</li> </ul>
<b>Short Term Disability</b> (employment insurance & income protection), <b>Long Term Disability, Workers Compensation, Compassionate Care</b>	Not required	<ul style="list-style-type: none"> <li>• Service and pensionable earnings will be deemed (credited) for the duration of your leave of absence</li> </ul>
<b>Personal &amp; Education</b>	Not permitted	<ul style="list-style-type: none"> <li>• Service and pensionable earnings will <b>not</b> be deemed (credited) for the duration of your leave of absence</li> </ul>

## Retiring from the Plan

<p><b>Retirement</b></p>	<p><b>Normal Retirement</b>            First of the calendar month following your 65<sup>th</sup> birthday, although you're not required to retire at age 65</p> <p><b>Early Retirement</b>            Permitted any time after reaching age 55 with no reduction to your pension if:</p> <ul style="list-style-type: none"> <li>• you are at least age 55 and the sum of your age and service is equal to or greater than 82 points</li> </ul> <p>If you do not have 82 points your pension will be reduced by:</p> <ul style="list-style-type: none"> <li>• four-tenths of 1% for each month short of the earlier of:               <ul style="list-style-type: none"> <li>○ the date you would have reached 82 points, or</li> <li>○ your normal retirement date</li> </ul> </li> </ul>
<p><b>Income at Retirement</b></p>	<p>Your pension at retirement will be calculated according to the following formula:</p> <ul style="list-style-type: none"> <li>• 2% of your Best Average Earnings multiplied by your years of Contributory Service; <i>less</i></li> <li>• Six-tenths of 1% of your Best Average Earnings up to the Average YMPE, multiplied by your years of Contributory Service earned before January 1, 1987; <i>less</i></li> <li>• Seven-tenths of 1% of your Best Average Earnings up to the Average YMPE, multiplied by your years of Contributory Service earned on and after January 1, 1987</li> </ul>
<p><b>Supplemental Employee Retirement Plan (SERP)</b></p>	<ul style="list-style-type: none"> <li>• The Income Tax Act (ITA) sets limits on the maximum amount that can be paid from a registered pension plan.</li> <li>• Upon retirement if your monthly pension payments exceed the amount permitted by the ITA, the portion above the ITA limit will be paid as a Supplemental Allowance</li> <li>• You are not required or permitted to make contributions to the SERP</li> <li>• The SERP is unfunded and payments are made from general Hospital revenues</li> </ul>
<p><b>Payment Options at Retirement</b></p>	<p><b>Guaranteed Term</b></p> <ul style="list-style-type: none"> <li>• Your monthly pension is payable for your lifetime or 60 months, whichever is greater</li> <li>• If you die before the minimum 60 month guarantee period, your pension payments will continue to your beneficiary until the end of the guarantee period</li> <li>• May be extended to 10 or 15 years, but monthly payments will be reduced</li> </ul> <p><b>Spousal Continuance</b></p> <ul style="list-style-type: none"> <li>• Your monthly pension is payable for your lifetime and 60% of your monthly pension is payable for your spouse's lifetime if you die first</li> <li>• If your spouse predeceases you, your pension payments will cease upon your death</li> <li>• May be increased to 75% or 100%, but your monthly payments will be reduced</li> </ul>
<p><b>Inflation Protection</b></p>	<ul style="list-style-type: none"> <li>• Your pension is indexed to help keep up with inflation. Here's how it works:           <ul style="list-style-type: none"> <li>• The portion of benefits earned for service 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%</li> <li>• 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</li> </ul> </li> <li>• After you retire, each April you will receive a notice explaining your pension income increases for the coming year.</li> <li>• Increases are provided only in respect of benefits that were in the course of payment before January 1<sup>st</sup> of the calendar year prior to that during which the adjustment is being made. For example, an employee who retires in August 2008 would receive the first adjustment effective April 2010.</li> </ul>

## Leaving the Pension Plan (termination or death)

<b>Termination prior to age 55</b>	<p>The options available to you depend upon the amount of service you have in the pension plan and with SickKids. The following chart outlines the available options under the different scenarios.</p>										
	<table border="1"> <thead> <tr> <th data-bbox="302 348 618 384">Service</th> <th data-bbox="618 348 1487 384">Option</th> </tr> </thead> <tbody> <tr> <td data-bbox="302 384 618 674"> <p>&lt; 2 years membership in the pension plan, or &lt; 5 years continuous service with SickKids</p> </td> <td data-bbox="618 384 1487 674"> <p>You are considered "non-vested" and will have two options to choose from as follows:</p> <p>A. Receive a refund of your contributions plus interest less applicable withholding tax;</p> <p>OR</p> <p>B. Transfer the funds, tax-free, to a Registered Retirement Savings Plan</p> </td> </tr> <tr> <td data-bbox="302 674 618 1318"> <p>&gt; 2 years membership in the pension plan, or &gt; 5 years continuous service with SickKids</p> </td> <td data-bbox="618 674 1487 1318"> <p>You are considered "vested" and will have three options to choose from as follows:</p> <p>A. Transfer a lump sum equal to the larger amount of:</p> <ul style="list-style-type: none"> <li>- the value of your accumulated pension, <i>or</i></li> <li>- two times your required contributions with interest to a locked-in Registered Retirement Savings Plan or a Life Income Fund (LIF):</li> </ul> <p>OR</p> <p>B. Transfer the value of your pension credits to the pension plan of your new employer, if a reciprocal transfer agreement exists:</p> <p>OR</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, although the amount you receive will be reduced</p> </td> </tr> </tbody> </table>	Service	Option	<p>&lt; 2 years membership in the pension plan, or &lt; 5 years continuous service with SickKids</p>	<p>You are considered "non-vested" and will have two options to choose from as follows:</p> <p>A. Receive a refund of your contributions plus interest less applicable withholding tax;</p> <p>OR</p> <p>B. Transfer the funds, tax-free, to a Registered Retirement Savings Plan</p>	<p>&gt; 2 years membership in the pension plan, or &gt; 5 years continuous service with SickKids</p>	<p>You are considered "vested" and will have three options to choose from as follows:</p> <p>A. Transfer a lump sum equal to the larger amount of:</p> <ul style="list-style-type: none"> <li>- the value of your accumulated pension, <i>or</i></li> <li>- two times your required contributions with interest to a locked-in Registered Retirement Savings Plan or a Life Income Fund (LIF):</li> </ul> <p>OR</p> <p>B. Transfer the value of your pension credits to the pension plan of your new employer, if a reciprocal transfer agreement exists:</p> <p>OR</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, although the amount you receive will be reduced</p>				
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<b>Death</b>	<p>The options available to you depend upon various factors including your date of death. The following chart outlines the available options under the different scenarios.</p>										
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<p>After Retirement</p>	<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 3 for some further details.</p>										

## Definitions

<b>Average Year's Maximum Pensionable Earnings</b>	<ul style="list-style-type: none"> <li>The average of the YMPE during the years that were used to calculate the Best Average Earnings</li> </ul>
<b>Best Average Earnings</b>	<ul style="list-style-type: none"> <li>Annual average of the highest 60 consecutive months</li> </ul>
<b>Contributory Service</b>	<ul style="list-style-type: none"> <li>Your period of service with SickKids during which you made or were deemed to have made contributions to the pension plan</li> </ul>
<b>Locked-In</b>	<ul style="list-style-type: none"> <li>Government legislation required that pension funds considered locked-in can only be used to provide income at retirement</li> <li>Funds cannot be cashed in but can be used to buy a life annuity or Life Income Fund (LIF) at maturity</li> </ul>
<b>Registered Retirement Savings Plan (RRSP)</b>	<ul style="list-style-type: none"> <li>Designed for tax-sheltered savings for use during retirement</li> <li>Contributions are tax deductible (subject to prescribed limits)</li> <li>You are permitted to hold an RRSP until age 71</li> </ul>
<b>Year's Maximum Pensionable Earnings (YMPE)</b>	<ul style="list-style-type: none"> <li>annual earnings level set by the Canada Pension Plan</li> <li>used to determine the maximum contributions allowed to a registered pension plan (combined employee and employer contributions)</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>Your right to your accumulated pension even if you terminate prior to retirement</li> <li>You are vested after:             <ul style="list-style-type: none"> <li>Two years of plan membership, or</li> <li>Five years of continuous service with SickKids</li> </ul> </li> </ul>

**Please note:** 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.