

THE CITY OF CHARLOTTETOWN SUPERANNUATION PLAN

#2018-13

PLAN RULES

Consolidated and Restated Effective January 1, 2016
(including amendment 1 to the Restated Document)

November 2018

THE CITY OF CHARLOTTETOWN SUPERANNUATION PLAN

(This text incorporates all amendments (1-6) to January 1, 2016)

Resolution to Adopt Consolidated and Restated Plan Text Effective January 1, 2016

- WHEREAS** The City of Charlottetown (hereinafter called the "City") established the Superannuation Plan with effect from October 1, 1949, and;
- WHEREAS** the right is reserved to the City in Subsection 12.1 of the Plan to amend the Plan from time to time, and
- WHEREAS** the City wishes to incorporate into the Plan Rules all amendments (1-6) to January 1, 2016.
- BE IT RESOLVED** The Plan is hereby consolidated and restated effective January 1, 2016 as follows:

The pension plan text is revised in its entirety as shown in the attached consolidated and restated pension plan text.

Signed on behalf of the City on this _____ day of _____, _____.

Authorized Signature

Name

Title

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Section 1 Definitions

- 1.1 *"Actuarial Equivalent"* means having an equal value as determined by the Actuary using the actuarial assumptions from the most recent actuarial valuation.
- 1.2 *"Actuary"* means a Fellow of the Canadian Institute of Actuaries recommended by the Commission and appointed by the City to render actuarial services under the Plan.
- 1.2(a) *"Actuarial Valuation"* means the most recent actuarial valuation report on the Plan prepared by the Actuary and filed with the Canada Revenue Agency.
- 1.3 *"Administrator"* means the Commission as defined in this Section.
- 1.4 *"City"* means the City of Charlottetown and for the purposes of this Plan shall not be construed to include any predecessor employer of the City.
- 1.5 *"Commission"* means the Superannuation Commission for the City as described in Section 11 of this Plan.
- 1.6 *"Commuted Value"* of any benefit referred to in these plan rules means a single amount equal to the Actuarial Equivalent of the benefits to which the Member would otherwise be entitled.
- 1.7 *"Compensation"* has the same meaning as assigned in Subsection 147.1 of the Income Tax Act.
- 1.8 *"Dependent Child"* means a child of a Member who at the time of the Member's death is both dependent on the Member for support and,
- (a) under 18 years of age,
 - (b) under the age of 21 years and in full-time attendance at an educational institution, or
 - (c) dependent upon the Member by reason of physical or mental infirmity such that the child is incapable of pursuing any substantially gainful employment on a regular basis and is considered dependent for life.
- 1.9 *"Disabled"* means in relation to a member the same meaning as is ascribed under the City of Charlottetown's Group Long Term Disability Plan.
- 1.10 *"Effective Date"* means the effective date of the Plan, October 1, 1949.
- 1.11 *"Eligible Survivor Period"* means in relation to a child who was a "Dependent Child" at the time of the Member's death, the period commencing on the day of death of the Member and ending on the latest of such of the following days as are applicable:
- (a) Where the Dependent Child is under 18 years of age throughout the calendar year that includes the day of death of the Member, the earlier of:
 - (i) the last day of the month in which the Dependent Child attains 18 years of age, and
 - (ii) the day of death of the Dependent Child.

- (b) Where the Dependent Child was in full-time attendance at an educational institution on the later of the day of death of the Member and the last day of the month in which the Dependent Child attains 18 years of age, the earlier of:
 - (i) the day on which the Dependent Child ceases to be a person in full-time attendance at an educational institution, and
 - (ii) the last day of the month in which the Dependent Child attains age 21.
- (c) Where the Dependent Child is dependent on the Member at the time of the Member's death by reason of mental or physical infirmity, the earlier of:
 - (i) the day on which the Dependent Child ceases to be mentally or physically infirmed,
 - (ii) the day on which the Dependent Child ceases to be incapable of pursuing any substantially gainful employment on a regular basis, and
 - (iii) the day of death of the Dependent Child.

1.12 *"Employee"* means a permanent employee of the City, engaged or appointed by the City Council, now or hereafter in full-time employment and to no others and reference herein to any Employee shall mean such permanent Employee.

1.13 *"Fund"* means and includes all contributions paid by the Members and the City to the superannuation fund referred to in Subsection 10.1 and all property in which said contributions may be invested and all proceeds thereof and the earnings and profits derived therefrom.

1.14 *"Interest"* from January 1, 1985 to December 31, 1999 shall mean the average of the Chartered Bank rates on non-chequing savings accounts.

Effective January 1, 2000, Interest shall be calculated on the basis of the average of the yields of five year personal fixed term chartered bank deposit rates, (CANSIM Series B14045), over the preceding twelve month period.

Interest shall be credited to contributions from the time the contribution was made and shall be credited not less frequently than annually

1.15 *"Maximum Pension"* means,

- (i) in respect of the annual amount of the lifetime retirement benefits payable to the Member for the calendar year (in this paragraph referred to as the "year of commencement") in which the lifetime retirement benefits commence to be paid, an amount equal to the product of:
 - (A) the number of years of Pensionable Service, and
 - (B) the lesser of \$1,722.22 and 2% of the average annualized Salary of the Member for the best three years

or such other maximum pension as permitted by the Income Tax Act from time to time.

- (ii) in respect of the amount of lifetime retirement benefits payable to the Member for a particular calendar year after the year in which the lifetime retirement benefits commence to be paid, an amount equal to the product of:
 - (A) the amount determined under subparagraph (i) above, and
 - (B) the greatest of all amounts each of which is the ratio of:
 - (I) the average Consumer Price Index for a calendar year not earlier than the calendar year in which the lifetime retirement benefits commence to be paid and not later than the particular year
 - to
 - (II) the average Consumer Price Index for the calendar year in which the lifetime retirement benefits commence to be paid.
- (iii) in respect of the amount of lifetime retirement benefits payable to the Member for periods prior to 1990, an amount not exceeding the limits prescribed by Income Tax Regulation 8504(6) and subject to 8504(7), where applicable.

- 1.16 *"Member"* means an Employee who has been enrolled in the Plan and whose membership has not been terminated.
- 1.17 *"Normal Retirement Date"* means the first day of the month coincident with or next following the sixty-fifth birthday of a Member.
- 1.18 *"Pension Adjustment"* of a Member for a calendar year means the total of the Member's Pension Credits in respect of this Plan.
- 1.19 *"Pension Credit"* of a Member means the measure of benefits accruing to the Member in a calendar year as determined in accordance with Part LXXXIII of the Income Tax Regulations.
- 1.20 *"Pensioner"* means a person for whom a retirement pension under this Plan has commenced.
- 1.21 *"Plan"* means the Superannuation Plan as provided by the bylaw set out on these and the following pages and as amended from time to time.
- 1.22 *"Predecessor Employer"* means the Community of Sherwood, Community of East Royalty, Community of West Royalty, Sherwood/Parkdale Recreation Committee and the Town of Parkdale.
- 1.23 *"Prescribed Compensation"* means an amount calculated in accordance with Income Tax Regulation 8507(2) in respect of a period of Temporary Leave of Absence which is a qualifying period as defined in 8507(3) or a period during which the Member is Disabled. The total of the eligible periods of Temporary Leave of Absence for which Compensation can be prescribed for a Member is limited to the equivalent of 5 years of remuneration plus the equivalent of an additional three years of remuneration for periods of parental leave occurring within the twelve months immediately after the birth or adoption of a child.

- 1.24 *"Retirement Date"* means the date on which a Member's retirement is effective and is the date pension payments commence.
- 1.25 *"Salary"* for a Member means all moneys and values regularly received by the Employee as recorded in the books of the City, including acting pay and perquisites such as fuel, housing and light if such be shown and valued on said books, but not including overtime pay or allowances for special or occasional services.
- 1.26 *"Spouse"* means,
- (a) a person of the opposite sex, or where permitted by applicable legislation, a person of the same sex to the Member, and
 - (b) either of a man or woman who
 - (i) are married to each other,
 - (ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity,
 - (iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the twelve-month period immediately preceding the date of entitlement,

or

 - (iv) not being married to each other and neither being married to another person, have lived together as husband and wife or as same sex partners for three years and are living together as husband and wife or as same sex partners at the relevant time, except that, in the event that the relevant time occurred before January 1, 1992 no benefits shall be payable by virtue of this paragraph (iv) before January 1, 1996 with the commencement of benefits being delayed no later than the end of the calendar year in which the beneficiary turns age 69 unless the attainment of age 69 occurs before January 1, 1996, in which case, the commencement of benefits will occur on January 1, 1996.
- Example:**
- Peter, a Member of the Plan, and Martha are not married, but have lived together as husband and wife for three years at the time of Peter's death on December 31, 1991. During those three years, neither Peter nor Martha was married to another person. From January 1, 1996 on, but not before, Martha shall be entitled to benefits applicable to Spouses under the Plan. Martha's benefits shall be determined based on Peter's membership status as at the time of his death.
- 1.27 *"Survivor's Pension"* is a pension paid to a deceased Member's Spouse as long as the Spouse survives.
- 1.28 *"Trustee"* means such trust or insurance company licensed to do business in Canada as may be designated by the City to hold and administer the Fund.
- 1.29 Words importing the masculine include the feminine and words importing the singular include the plural, or vice versa as the context requires. Defined terms are capitalized where they appear in the Plan for the convenience of the reader.

Section 2 Service

- 2.1 "Service" means employment in Canada on a full-time basis with the City, periods of employment with a Predecessor Employer, and employment with a former employer approved by the City in accordance with Section 14. It includes periods during which an Employee is on paid vacation leave, paid sick leave or any periods of approved paid leave.
- 2.2 "*Pensionable Service*" means Service after the Employee has become a Member of the Plan and for which a contribution has been made to the Plan. Pensionable Service shall also include the following periods:
- (a) Any period of interruption of employment with the City prior to January 1, 1990 to enable the Member to serve in the Armed Forces of Canada by compulsion or in emergency, shall be counted and included in the Pensionable Service and as if full contributions had been made.
 - (b) Subject to Subsections 13.10 and 13.11 and the Prescribed Compensation limitations where required, a period of temporary leave of absence from the City after December 31, 1989 to enable the Member to serve in the Armed Forces of Canada by compulsion or in emergency, shall be counted and included in the Pensionable Service and as if full contributions had been made.
 - (c) Periods of past Service with the City prior to August 1, 1978, in respect of any Member who having reached the age of twenty-five years before August 1, 1978 with uninterrupted service and who did not join the Plan at that time, provided the Member elected to purchase the past Service before January 1, 1995 and has made past service contributions in accordance with Subsections 4.6 or 4.8.
 - (d) Periods of past Service in respect of a former employee of the City rehired by the City who elected prior to January 1, 1995 to have his Pensionable Service in respect of his prior period of employment with the City reinstated, provided that the Member has made past service contributions in accordance with Subsections 4.7 or 4.8.
 - (e) Periods of temporary leave of absence from the City during which the Member was Disabled provided contributions were made to the Plan in accordance with Subsection 4.8 and Section 7.
 - (f) Periods of temporary leave of absence from the City during which the Member was on maternity leave, paternity leave, compassionate care leave, or any other leave required by law, provided contributions were made to the Plan in accordance with Subsection 4.9.
 - (g) Periods of employment with a Predecessor Employer for which the Member has purchased Pensionable Service in accordance with Subsection 4.11 of the Plan.
 - (h) Periods of employment with a former employer for which the Member has purchased Pensionable Service in accordance with Section 14 of the Plan.
 - (i) Periods of employment with the City prior to the date at which the Employee became a Member of the Plan, during which they were employed on a part-time, seasonal, entry level seasonal, casual, or contract employment basis, provided the Member has purchased such periods in accordance with Section 4.13.

- 2.3 An Employee whose employment with the City is terminated due to resignation, discharge or lay-off for a period of six months or more, and who is re-employed by the City shall not receive any Pensionable Service for employment with the City prior to the date he is re-employed, except as otherwise provided by this Section. This shall not be construed as alienating any previously granted benefits, however.
- 2.4 Except as provided under Subsection 2.2, no period of interruption of Service with the City upon unpaid leave of absence or as a result of unpaid period of illness, shall in any way prejudice any Employee except that such period shall not be included in Pensionable Service.
- 2.5 In respect of Members who joined the Plan prior to 1992, Pensionable Service in respect of the calendar year in which membership commenced shall be reckoned a full year if equal to or greater than five months.

Section 3 *Eligibility and Membership*

- 3.1 All permanent, full-time Employees of the City are eligible to join the Plan immediately upon becoming employed by the City on a permanent, full-time basis.
- 3.2 An Employee is required to become a Member of the Plan immediately upon becoming eligible.
- 3.2 Employees are required to complete such forms, in respect of the Plan, as may be required by the Commission.
- 3.3 No Member may withdraw from the Plan while still employed by the City.

Section 4 Contributions

- 4.1 A Member's "Required Contributions" shall be an amount equal to such percentage of the Member's Salary as is required to pay the cost of providing benefits on an equally shared basis with the City.
- 4.2 Notwithstanding Subsection 4.1, a Member's Required Contributions in respect of a calendar year after 1990 shall not exceed the lesser of:
- (a) 9% of the total of the Member's Compensation from the City, and
 - (b) the total of \$1,000.00 and 70% of the total of all Pension Credits of the Member in respect of the City determined without regard to Subsections 8302(2)(b) and 8302(3)(g) of the Income Tax Regulations,
- unless the Minister of National Revenue has waived this condition in accordance with subsection 8505(5) of the Income Tax Regulations.
- 4.3 The Commission shall cause to be deducted and retained from each salary payment of every Member, such percentage of the payment as is required to fund the Member's Required Contributions.
- 4.4 The City shall regularly contribute to the Fund, from the general funds of the City, such percentage of Member's Salary as is recommended by the Actuary, pursuant to paragraph 147.2(2) of the Income Tax Act, to fund the cost of providing benefits under the Plan on an equally shared basis with the Members.
- 4.5 Any Member who reached the age of twenty-five years before August 1, 1978 with uninterrupted service with the City and who did not join the Plan at that time may elect to make past service contributions to purchase Pensionable Service for years of Service with the City prior to August 1, 1978. The Member shall be required to pay to the Fund the total actuarial cost of purchasing such service as determined by the Actuary. In lieu of an immediate lump sum payment, payment may be made by installments commencing immediately following such election. The length of the term over which the installment payments may be made by the Member shall be subject to approval of the City but in any case shall not exceed five years.
- 4.6 Subject to the Subsections 13.10 and 13.11 and with the consent of the Commission, a former employee who is re-hired by the City may elect to have his Pensionable Service in respect of his prior period of employment with the City reinstated provided that the Member pays to the Fund the total actuarial cost of purchasing such service as determined by the Actuary. In lieu of an immediate lump sum payment, payment may be made by installments commencing immediately following such election. The length of the term over which the installment payments may be made by the Member shall be subject to approval of the City but in any case shall not exceed five years.
- 4.7 Notwithstanding Subsections 4.5 and 4.6 above, the following shall apply in respect of any Member who elects prior to January 1, 1995 to purchase past Service as specified in Subsections 4.5 and 4.6.
- (i) The Member shall be required to pay to the Fund an amount equal to the product of the Member's current Salary times the current Required Contribution rate times the number of years of past service being purchased.

(ii) In lieu of an immediate lump sum payment, payment may be made by installments commencing immediately following the election. The length of the term over which the installment payments may be made by the Member shall be subject to approval of the City but in any case shall not exceed five years.

(iii) The City shall remit to the Fund an amount equal to 50% of the Member's payment.

4.8 Subject to the Prescribed Compensation requirements and Subsection 13.10, a Disabled Member who is on temporary leave of absence from the City and who is in receipt of Worker's Compensation short-term disability benefits may elect to continue to make contributions to the Plan and accrue Pensionable Service in respect of such periods. The contributions required by the Member during such periods shall be determined in accordance with Subsection 4.1. The Member's eligible salary for the purpose of determining both benefits and contributions under the Plan in respect of such periods shall be Member's annual Salary in effect immediately prior to the commencement of the Member's leave, with due allowance for future salary adjustments within the classification to which the employee belonged at the time the leave commenced. During such periods, the City shall continue to remit contributions to the Fund, in respect of the Member, in accordance with Subsection 4.4 above.

4.9 A Member who is on temporary leave of absence from the City due to maternity leave, paternity leave, compassionate care leave, or any other leave required by law, may elect to continue to make contributions to the Plan and accrue Pensionable Service in respect of such periods. The contributions required by the Member during such periods shall be determined in accordance with Subsection 4.1. The Member's eligible salary for the purposes of determining both benefits and contributions under the Plan in respect of such periods shall be the Member's annual Salary in effect immediately prior to the commencement of the Member's leave, with due allowance for future salary adjustments within the classification to which the employee belonged at the time the leave commenced. During such periods, the City shall continue to remit contributions to the Fund in respect of the Member in accordance with Subsection 4.4 above.

Notwithstanding the above, in the event a Member elected not to make contributions to the Plan during a temporary leave of absence from the City due to maternity or paternity leave, they may elect to do so, thereby accruing Pensionable Service in respect of such periods, under the following conditions:

(i) For those on such a leave that ended between January 1, 2013 and January 1, 2016, the required contributions must be made in full, as a lump sum, by January 1, 2017.

(ii) For those on such a leave that ended after January 1, 2016, the election must be made within one year of the Member returning to work, and the required contributions must be made in full as a lump sum, or in regular instalments, within three years of the date of election.

The required contributions will be determined as the amount the Member would have contributed had they elected to make contributions during the temporary leave of absence, plus interest at the going concern interest rate used in the most recent Actuarial Valuation, from the middle of the period of the temporary leave of absence until the date the contributions are remitted to the Fund, or until the date that regular instalments begin.

Regular instalments will be determined by amortizing the full cost of the purchase, with interest at the going concern interest rate used in the most recent Actuarial Valuation, over a period not to exceed three years from the date of election.

- 4.10 A contribution made under this Plan by a Member or by the City may be returned to the person who made the contribution to avoid revocation of the registration to this Plan under the Income Tax Act.
- 4.11 Subject to Subsections 13.10 and 13.11 and with the consent of the Commission, a Member who at any time was employed by a Predecessor Employer may elect to purchase past service under this Plan in respect of all or a portion of the Member's full-time permanent employment with the Predecessor Employer. Such election must be made by the Member no later than January 2, 1996. A Member who makes such election shall be required to pay to the Fund the total actuarial cost of purchasing benefits in respect of such Pensionable Service as determined by the Actuary. In lieu of an immediate lump sum payment, payment may be made by installments, commencing immediately after such election, with interest at the valuation rates. The length of the term over which the installment payments may be made by the Member shall be subject to approval of the City but in any case shall not exceed five years. Notwithstanding the above, a Member may elect to transfer funds from the Member's Registered Retirement Savings Plan to fund all or a portion of the cost to purchase Pensionable Service under this Section.
- 4.12 An employee may elect to purchase a prior period of employment with a former employer in accordance with Subsection 14.3, provided that the Member pays to the Fund the total actuarial cost of purchasing such service as determined by the Actuary. Should the Member no longer have benefits in the pension plan of then former employer, the City may administer a fee to the Member equivalent to the administrative cost associated with the determination of the actuarial cost of purchasing such service.
- 4.13 In accordance with Subsection 2.2(i), a Member may elect to purchase a period of part-time, seasonal, entry level seasonal, casual, or contract employment basis, occurring prior to the date upon which they became a Member of the Plan. Such purchase is subject to the following conditions:
- (i) The Member pays to the Fund the total actuarial cost of purchasing such service as determined by the Actuary.
 - (ii) The City will administer a fee to the Member equivalent to the administrative cost associated with the determination of the actuarial cost of purchasing such service.
 - (iii) The election must be made by the latter of June 30, 2020, or two (2) years after the date the Employee becomes a Member of the Plan.
 - (iv) The required cost must be contributed in full as a lump sum, or in regular instalments, within three years of the date of election.

Regular instalments will be determined by amortizing the full cost of the purchase, with interest at the going concern interest rate used in the most recent Actuarial Valuation, over a period not to exceed three years from the date of election.
 - (v) The period of service purchased under this Subsection is limited to 10 years of service.

Section 5 Retirement Benefits

- 5.1 A Member is eligible for retirement benefits upon retirement, as provided in this Section. Retirement benefits shall be paid in the form of a pension commencing on the Retirement Date and monthly thereafter in an amount equal to one-twelfth of the annual benefit described in the Subsections below. The annual benefit, however, shall not exceed the Maximum Pension. Monthly payments shall continue to be made so long as the Pensioner lives.
- 5.2 A Member may retire after his Normal Retirement Date, while remaining in active employment for such period and upon such terms as specified by the City, but not later than:
- (i) The end of the calendar year in which a member attains age 71, if the member was born before 1926.
 - (ii) December 31, 1997 if the member was born in 1926 or 1927, and
 - (iii) the end of the calendar year in which the member attains age 69 if the member was born in 1928 or later.

During the delayed period the Member shall continue to make Required Contributions and continue to earn Pensionable Service, subject to Subsection 1.15.

- 5.3 (a) Each Member who retires from the employ of the Employer and is within ten (10) years of attaining Normal Retirement Date or is within ten (10) years of being entitled to receive an unreduced pension may elect to retire prior to Normal Retirement Date and receive early retirement benefits commencing on the first day of the month following the date on which he submits notification to the Administrator of his intention to retire early.
- (b) The amount of the pension payable to a Member who retires early under Subsection (a) above shall be the amount of pension as determined under Subsection 5.6 subject to actuarial reduction in accordance with the actuarial assumptions being used at the most recent actuarial valuation and in such a way that there shall be neither a gain nor a loss to the Fund.
- (c) Notwithstanding Subsection (b) above, the amount of pension payable to a Member who after October 31, 1995 retires early under Subsection (a) above shall be calculated by multiplying an adjustment factor (taken from the table below) by the amount of pension the Member would otherwise have been entitled to receive in accordance with Subsections 5.5 and 5.6. The number of years prior to earliest possible retirement date is calculated as the lessor of A and B, where:

A = Normal Retirement Date minus actual Retirement Date

B = 85 minus (age + years of service as at actual Retirement Date)

and A and B are both measured in years, including fractional years.

Number of Years Prior to Earliest Possible Retirement Date	Adjustment Factor
0	1.00
1	0.95
2	0.91
3	0.88
4	0.85
5	0.82
6	0.79
7	0.77
8	0.75
9	0.73
10	0.71

If the number of years prior to the member's earliest possible retirement date with unreduced benefits includes part years, then the Adjustment Factor above will be appropriately interpolated.

(d) Notwithstanding the above, the amount of pension payable, in respect of Service after December 31, 1991, to a Member who retires prior to the earliest of:

- (i) attainment of age 60,
- (ii) completion of thirty years of Service or Pensionable Service, if greater, or
- (iii) the date upon which the Member's age plus years of Service or Pensionable Service, if greater, total 80,

shall not be greater than the lesser of:

- (A) the amount of pension accrued, in respect of Service after December 31, 1991, to the Member's actual Retirement Date reduced by 1/4 of 1% for each month prior to the date upon which the Member would have met one of (i), (ii), or (iii) above had they remained in employment with the City, or
- (B) the Maximum Pension determined in respect of the Member's Service after December 31, 1991 reduced by 1/4 of 1% for each month prior to the date upon which the Member would have met one of (i), (ii), or (iii) above had they remained in employment with the City.

5.4 Notwithstanding Subsection 5.3, in the case of any Female Member who joined the pension plan prior to January 1, 1987 and elects to take early retirement under Subsection 5.3(a) above due allowance shall be made when calculating the actuarial reduction described in 5.3(b) for the terms and conditions of the Plan as it existed prior to July 13, 1987, in respect of Pensionable Service prior to January 1, 1987. Specifically, that portion of her pension in respect of Pensionable Service prior to January 1, 1987 shall be payable without actuarial reduction if the Member retires after having attained age 60. In these circumstances, the actuarial reduction as described in Subsection 5.3(b) shall apply only in respect of benefits accrued for Pensionable Service after December 31, 1986.

5.5 Notwithstanding Subsections 5.3 and 5.4, a Member may retire earlier than his Normal Retirement Date, any time after the first day of the month following the date upon which the sum of age plus years of service with the City or Pensionable Service, if greater, totals at least 85. He shall receive a pension of an annual amount as determined in Subsection 5.6.

5.6 Each Member who retires on his Normal Retirement Date shall receive a pension of an annual amount equal to:

(a) 2.0% multiplied by the average annualized Salary of the Member for the best three years multiplied by Pensionable Service subject to a maximum of 35 years in respect of Service prior to January 1, 1992, or

at the election of the member

(b) 2.0% multiplied by the average annualized Salary of the Member for any ten (10) successive years multiplied by Pensionable Service subject to a maximum of 35 years in respect of Service prior to January 1, 1992.

5.7 Pensions in the course of payment on a direct basis from the Fund shall be increased from time to time in the manner described below.

(a) In the case of any Pensioner who commenced receiving benefits before January 1, 1987, his benefits shall be increased with effect from January 1, 1987 by the following percentages:

Retirement in 1984 or earlier:	9.27%
Retirement in 1985:	6.09%
Retirement in 1986:	3.00%

(b) Further increases effective January 1, 1988, and each January 1st thereafter for all Pensioners aged 60 and over and all surviving Spouses and Dependent Children in receipt of pension benefits shall be calculated on the total pension, including previous increases, through application of the excess interest method of indexing.

(c) For the purpose of this calculation, the rate of increase in respect of any year shall be calculated by deducting the base rate from the rate of interest earned by the Fund during the previous calendar year.

In calculating the rate of interest earned by the Fund, all interest, dividends and realized capital gains net of capital losses shall be taken into account and such calculation shall be based on the average book value of the Fund.

(d) In no event shall a Pensioner receive an increase which would result in his pension exceeding the amount of the original pension increased by the total increase in the Consumer Price Index since his Retirement Date.

(e) Notwithstanding the above, if the Plan is in an unfunded position (after taking into account the increase that would otherwise be granted under (d) above), per the most recent actuarial valuation or extrapolation as performed by the Plan Actuary, the increase shall be determined as the lesser of the amount calculated in (c) or the increase in the Consumer Price Index in the immediately preceding year.

5.8 Notwithstanding Subsection 5.1, and subject to acceptance of this provision by any and all regulatory authorities, each Pensioner whose Retirement Date preceded January 1, 2001 and each individual in receipt of a Survivor's Pension at January 1, 2001, shall be provided a one-time lump sum payment in the amount of \$500.00.

5.9 Notwithstanding the above, in the event a Member retires, and their last day of work is prior to the last business day of the month, their first pension payment will include a partial payment for that month. The payment will be determined as $A \times (C - B)/C$, where:

A = the monthly pension entitlement determined under this Section 5

B = the calendar day in the month the Member ceased working

C = the number of days in the month in which the Member ceased working

Thereafter, pensions will be paid on a monthly basis.

Section 6 *Normal and Optional Forms of Retirement Benefit*

6.1 The pension determined in Section 5 shall be payable monthly during the lifetime of the Pensioner as long as he shall survive.

6.2 (a) With respect to retirements occurring before January 1, 1994, the surviving Spouse at time of retirement of the deceased Pensioner shall receive a Survivor's Pension in an amount equal to fifty percent of the pension payments received by the Member at the time of his death provided that their marriage occurred prior to the Member's Retirement Date. In addition, if the Pensioner dies leaving Dependent Children, an amount equal to 20% of the Survivor's Pension shall be payable in respect of each Dependent Child (up to a maximum of four). The total amount of death benefits will be reduced accordingly as each Dependent Child reaches the end of the Eligible Survivor Period.

If however, the surviving Spouse of the Pensioner is more than ten years younger than the Pensioner and became married to the Member after his attainment of age 55, then the surviving Spouse's pension shall be actuarially reduced for each year or portion of a year that the Spouse is more than ten years younger.

(b) With respect to retirements occurring on or after January 1, 1994, the surviving Spouse at time of retirement of the deceased Pensioner shall receive a Survivor's Pension in the normal form which is equal to sixty percent of the pension payments received by the Member at the time of his death provided that their marriage occurred prior to the Member's Retirement Date. In addition, if the Pensioner dies leaving Dependent Children, an amount equal to 16 $\frac{2}{3}$ % of the Survivor's Pension shall be payable in respect of each Dependent Child (up to a maximum of four). The total amount of death benefits will be reduced accordingly as each Dependent Child reaches the end of the Eligible Survivor Period.

If however, the surviving Spouse of the Pensioner is more than ten years younger than the Pensioner and became married to the Member after his attainment of age 55, then the surviving Spouse's pension shall be actuarially reduced for each year or portion of a year that the Spouse is more than ten years younger.

6.3 The Normal form of Pension payable to a member who does not have a spouse at the time of retirement is a pension payable as long as he shall survive, with payments guaranteed for a period of ten (10) years.

6.4 With respect to retirements occurring after December 31, 2001, in lieu of the normal form of pension, a Member with a Spouse may elect one of the following optional forms of pension:

(a) 66 $\frac{2}{3}$ % Joint and Last Survivor

A pension payable monthly for the lifetime of the Pensioner and providing the surviving Spouse with a Survivor's Pension in an amount equal to 66 $\frac{2}{3}$ % of the pension payments received by the Pensioner at the time of his death provided that their marriage occurred prior to the Member's Retirement Date. The Spouse's Survivor Pension shall be payable for life. The amount of this pension shall be the Actuarial Equivalent of the normal form of pension as prescribed in Subsection 6.2(b).

(b) 66⅔% Joint and Last Survivor, Guaranteed Five Years

A pension payable monthly for the lifetime of the Pensioner with payments guaranteed for five years from the Member's Retirement Date. A Survivor's Pension shall be provided to the surviving Spouse in an amount equal to 66⅔% of the pension payments received by the Pensioner at the time of his death, or after 5 years' payments, whichever is later, provided that their marriage occurred prior to the Member's Retirement Date.

In the event that both the Pensioner and the surviving Spouse die before receiving a total of five years' payments, then the balance remaining shall be payable to the estate of the person last receiving pension payments. The amount of this pension shall be the Actuarial Equivalent of the normal form of pension as prescribed in Subsection 6.2(b).

Section 7 Disability

- 7.1 An active Member who becomes Disabled and eligible to receive benefits under the City's Group Long Term Disability Plan, shall be permitted to continue making contributions to the Plan and, for the purpose of calculation of benefits under the Plan, will be deemed to continue as an active Member of the Plan and accrue Pensionable Service. The Member shall continue to accrue Pensionable Service in this manner for as long as he continues to be eligible to receive benefits under the Group Long Term Disability Plan and continues to make contributions to the Plan. During such periods, the City shall continue to remit to the Fund an amount equivalent to the Member's contribution in accordance with Subsection 4.4. In the event that the Member continues to make contributions and accrue Pensionable Service in accordance with this Section until age 65, his pension will commence in the normal manner at Normal Retirement Date.
- 7.2 During the period of disability, as defined above, eligible Salary shall be deemed to be the Member's annual rate of Salary upon the date he became Disabled. Allowance will be made for salary adjustments within the classification to which the employee belonged at the time the leave commenced.
- 7.3 Benefits shall not be paid in respect of any period during which the Member was Disabled on or after January 1, 1992 unless the Administrator has received satisfactory written proof from a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the member resides, that the Member was Disabled during that period.
- 7.4 Notwithstanding the foregoing, benefits and contributions under this Section in respect of Pensionable Service after January 1, 1992 shall be subject to the Prescribed Compensation requirements.

Section 8 *Death Benefits*

- 8.1 Upon the death of a Pensioner who is survived by the same eligible Spouse as at retirement, a Survivor's Pension shall be payable to that surviving Spouse in accordance with Subsection 6.2.
- 8.2 If a Member dies prior to actual retirement date and is not survived by a Spouse, the Member's required contributions accumulated with Interest shall be payable to his Dependent Child(ren), if the Member is so survived, or failing that to his designated beneficiary. Where there is no living designated beneficiary, any amounts which would be payable to the designated beneficiary shall be paid to the Member's Estate.
- 8.3 If a Member who dies before his actual retirement date, and is survived by a Spouse:
- (i) his spouse shall receive a Survivor's Pension equal to 60% of the pension accrued by the Member up to his date of death, and
 - (ii) an amount equal to 16 $\frac{2}{3}$ % of the Survivor's Pension shall be payable in respect of each Dependent Child (up to a maximum of four). The total amount of death benefits will be reduced accordingly as each Dependent Child reaches the end of the Eligible Survivor Period.

If the surviving Spouse of the deceased Member is more than ten years younger than the Member and became married to the Member after the Member had attained 55 years of age, then the Survivor's Pension shall be actuarially reduced for each year or portion of a year that the Spouse is more than ten years younger.

Section 9 *Termination of Employment*

- 9.1 In the event that a Member ceases employment with the City other than by death or retirement, he shall be entitled to elect one of the following options:
- (a) a paid-up deferred annuity which will entitle the Member at his Normal Retirement Date to receive a pension subject to the conditions stated hereunder:
 - (i) the amount of his pension shall be as determined under Section 5, taking into account his Salary as an active Member, and shall be payable in the normal form,
 - (ii) no further contributions shall be made to the Plan on his behalf, and
- or
- (b) a return of his contributions with Interest as defined in this Plan.
- 9.2 If a terminated Member to whom a deferred pension is payable under this Section dies before actual Retirement Date, death benefits shall be payable in accordance with the provisions of Section 8 (Death Benefits).
- 9.3 Notwithstanding Subsection 9.1, in the event that a Member ceases employment with the City other than by death or retirement and is within ten (10) years of his Normal Retirement Date or is within ten (10) years of being entitled to receive an unreduced pension, he must elect a retirement benefit in accordance with Section 5.

Section 10 *Funding and Investment*

- 10.1 The Commission shall make arrangements to establish a Fund for the accumulation and investment of all contributions made by Members and the City in accordance with the provisions of the Plan and the Income Tax Act and Regulations. The Commission shall seek the advice of a professional investment counselor before investing any pension funds. The Commission shall also designate a chartered bank to maintain a special account to hold funds pending investment or necessary disbursement.
- 10.2 The Fund, or any parts thereof, may be from time to time entrusted to a Trustee doing business in Charlottetown, to be invested in investments that conform to the requirements of the Pension Benefits Standards Act and Income Tax Act and regulations thereunder.
- 10.3 All benefits under the Plan shall be provided by the Fund.

Section 11 Administration

- 11.1 The Superannuation Commission for the City consisting of the following persons and their successors in office or appointment:
- (a) the Mayor,
 - (b) the members of the HR Committee of the City Council,
 - (c) the City Administrator,
 - (d) one employee from each union local,
 - (e) one non-union member, and
 - (f) one Pensioner who will be appointed from time to time by such organization as may represent the civic employees, which appointment shall state its terms,
- is hereby constituted.
- 11.2 No member of the Commission may act by a majority of its members, and a majority shall constitute a quorum at any meeting of which notice has been given to all available.
- 11.3 The Commission shall administer the Plan on behalf of the City in accordance with the provisions contained herein.
- 11.4 The Commission shall have the full discretion, limited only by the clear provisions of this Plan and the Income Tax Act and Regulations, to determine all matters of dispute or difference arising hereunder or by reason of this Plan and neither the City nor any Employee shall have recourse of any kind against such determination.
- 11.5 The Commission may retain consultants and professionals to give advice to it with respect to any matters within its power.
- 11.6 The Commission may from time to time make recommendations to the City with respect to amendments to the Plan.
- 11.7 The Commission shall meet at least once a year.

Section 12 *Amendment or Termination of the Plan*

- 12.1 The City intends to maintain the Plan in force indefinitely but necessarily reserves the right to amend or terminate the Plan, either in whole or in part, after prior consultation with the Committee, subject always to the requirements of the Income Tax Act and Regulations and the Plan.
- 12.2 If the Plan is amended, a Member's entitlement to benefits in respect of Service prior to the date of amendment under the amended plan shall not be less than the Member's entitlement to benefits at the date of amendment as provided under this Plan. Replacement of this Plan by another plan shall be considered as an amendment to the Plan.
- 12.3 Subject to the provisions of the Income Tax Act and Regulations, if the Plan is terminated and not replaced by a new plan, the assets of the Pension Fund as described in Section 10 (Funding and Investment) shall be used to provide the benefits to which the Members are entitled at the date of termination. Each Member shall be entitled to a pension, not to exceed the Maximum Pension, earned in respect of his Pensionable Service in the Plan, as described in Section 5 (Retirement Benefits), commencing on the Member's Normal Retirement Date or on the first day of the month following the date of termination of the Plan if this is later.
- 12.4 If after provision has been made for these benefits, there are any assets remaining in the Fund, any portion arising through the use of current salaries rather than projected salaries in providing for the benefits described in Subsection 12.3 shall be used solely for the benefit of the Plan Members. Any assets remaining after that shall be returned to the City.
- 12.5 The treatment or disposition of surplus determined by the actuarial review on an on-going basis (including the withdrawal of surplus funds), shall be decided upon by the Commission, subject to approval by the City. Any improvements in benefits for Plan Members, shall be subject to the requirements of the Income Tax Act and Regulations and the Plan.
- 12.6 This Plan may be amended at any time to reduce the benefits provided under this Plan in respect of a Member to avoid revocation of the registration of this Plan under the Income Tax Act.

Section 13 General

- 13.1 The primary purpose of this Plan is to provide periodic payments to Members after retirement and until death in respect of their membership.
- 13.2 The establishment of the Plan shall not give any Employee or Member the right to be retained in the service of the City nor shall it prevent the City from discharging an Employee or Member at any time.
- 13.3 The provision of this Plan shall be deemed to be a part of every contract of employment now existing or hereafter to exist between the City and every employee intended to be affected hereby.
- 13.4 No benefit hereunder is assignable or subject to levy or attachment.
- 13.5 Notwithstanding Subsection 13.4, no right of a person under this Plan is capable of being assigned, charged, anticipated, given as security, or surrendered and, for the purposes of this provision,
- (a) assignment does not include:
 - (i) assignment pursuant to a decree, order or judgement of a competent tribunal or a written agreement in settlement of rights arising as a consequence of the breakdown of a marriage or other conjugal relationship between an individual and the individual's Spouse or former Spouse (where such assignment is a requirement of any applicable provincial pension legislation), or
 - (ii) assignment by the legal representative of a deceased individual in the distribution of the person's estate, and
 - (b) surrender does not include a reduction in benefits to avoid revocation of the registration of the Plan under the Income Tax Act.
- 13.6 No employee nor his representative shall by reason of contribution hereunder or of any provision hereof or of the existence of this Plan have any right of action against the City or otherwise in respect of the Fund except for such entitlement as is clearly provided for him hereby .
- 13.7 The Commission shall have the right to require satisfactory proof of age prior to the commencement of any pension or annuity and proof of survival or proof of any other eligibility requirement on the due date of each payment, in respect of the life or the lives upon which the pension or annuity depends.
- 13.8 Subject to the Income Tax Act and Regulations, a Member may, by written notice satisfactory to the Commission, designate a beneficiary or beneficiaries to receive any benefits payable under the Plan on his death other than Survivor's Pension and alter or revoke such a designation from time to time.
- 13.9 All contributions and benefit payments under this Plan shall be made in lawful currency of Canada.

- 13.10 The Pension Adjustment and Past Service Pension Adjustments in respect of this Plan shall be determined in accordance with Part LXXXIII of the Income Tax Regulations and shall be appropriate with regard to that Part and the purpose for which the amount is determined. The Pension Adjustment of a Member for a calendar year shall not exceed the lesser of:
- (a) the Money Purchase Limit for the year, and
 - (b) 18% of the Member's Compensation from the City for the year.
- 13.11 All past service benefits provided in respect of Service on or after January 1, 1992 under this Plan shall comply with Subsection 147.1(10) of the Income Tax Act.
- 13.12 No contributions shall be made to this Plan except those made in accordance with Sections 4 and 7.
- 13.13 All benefits provided in respect of this Plan shall be in accordance with the provisions of this Plan.
- 13.14 There shall be no distributions made from this Plan except payment of benefits in accordance with the provisions of the Plan, and payments in accordance with Section 12 of the Plan.
- 13.15 An external audit of the Fund on all matters affecting the Plan shall be made every three years under the direction of the Provincial Auditor and at the cost of the Commission, if the Commission shall so direct; otherwise annual audits by the auditor of the City shall suffice.
- 13.16 The Commission shall have an actuarial study completed by the Actuary every three years.
- 13.17 The Administrator is authorized to accept transfers of funds from a Member's Registered Retirement Savings Plan where such funds are used for the purchase of past service under Subsection 4.11 of the Plan.

Section 14 Portability of Benefits and Reciprocal Agreements

- 14.1 Any Member who ceases employment with the City and is not within ten (10) years of his Normal Retirement Date or is not within ten (10) years of entitled to receive an unreduced pension, may direct that the Commuted Value of the benefit to which he is entitled under the Plan shall be transferred to another pension plan (if that other plan permits), to a Registered Retirement Savings Plan, a prescribed retirement savings arrangement, or used to purchase an immediate or deferred annuity, subject to the requirements of the Income Tax Act and Regulations thereunder.
- 14.2 The City may enter into a reciprocal agreement with the Government of Canada, the Government of Prince Edward Island, other Canadian municipalities, or any other employer in Canada which is approved by the City in order to permit the transfer of contributions between this Plan and the other employer's plan subject to any applicable government regulations relating to such arrangements.
- 14.3 Where an Employee has become a Member of the Plan, following termination of employment with an employer other than one that has entered into a reciprocal agreement with the City, the Member may elect to purchase their prior period of employment with the former employer in accordance with Subsection 4.12 and subject to the requirements of the Income Tax Act and Regulations thereunder.

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