Glossary

Canada Revenue Contribution (CRA) Limit
CRA limits the total amount that can be contributed to your pension plan, including your Required Contributions, Western contributions and voluntary contributions. The maximum allowed annually is the lesser of 18% of the member’s earning for the year or a dollar limit, which is $22,970 in 2011. In some cases, a member’s Required Contributions to their regular account plus the university employer contribution may exceed the dollar cap for the year. These members will have an entitlement under the Supplemental Pension Arrangement.

Capital Accumulation Plan
A Capital Accumulation Plan (CAP) is any arrangement whereby money (capital) is set aside for the future benefit of plan members. Some examples of CAPs that are tax assisted are: defined contribution pension plans, group RRSPs, Deferred Profit Sharing Plans and Registered Education Savings Plans. In a CAP plan members can exercise a choice among investment options.

Defined Contribution pension plan
A Defined Contribution pension plan is a type of pension plan where the employer and employee contributions are defined by formula but where the amount of income at retirement is not guaranteed and depends on the value of the account at retirement. The value of the account at retirement will depend on a number of factors including the investments that have been chosen by the member and the rate of return on those investments.

Locked-in
Locked-in refers to a provision under pension legislation that requires that the funds in question be used only for income during the member’s retirement. Locked-in funds cannot be withdrawn as cash in a lump sum payment either before or after retirement. Locked in funds can be transferred out of the pension plan when a member leaves Western but they need to be transferred to a specific type of account and the new administrator must confirm that the funds will continue to be locked in.

Required contributions
Required contributions are the contributions that a plan member must make to their regular pension account. After two years of plan membership these contributions are locked in. A member must elect to make Required Contributions to their regular account at the rate of either 1.5% or 5.5%. This election must be made by June 30, 2011 and is irrevocable. As of November 16th, 2010, new members joining the Academic Pension Plan are required to make regular contributions to the plan at the rate of 5.5%.

Voluntary contributions
Voluntary contributions are optional contributions that a member chooses to make above their Required Contributions to the pension plan. Other than funds that are in the voluntary account because they were transferred in from another locked plan, voluntary contributions are not locked-in. Members
make voluntary contributions subject to the annual CRA contribution limit. They can elect to discontinue or alter their level of voluntary contributions. Unlocked Voluntary Contributions can be removed from the pension plan (less tax at source and an administration fee) at the request of the member.

Regular Account
A pension account that holds all the accumulated Required Contributions made by the member and the University on the member’s behalf and earnings on these contributions, in accordance with the terms of the plan. The funds are invested as per the member’s direction. Voluntary contributions are not held in the regular account.

Supplemental Pension Arrangement (SPA)
In some cases, the member’s Required Contributions to their regular account, combined with the University’s contribution to the account, exceed the total contributions permitted under the Canada Revenue Agency (CRA) contribution limit for the year. The SPA is a plan that provides a notional account that holds University contributions to a member’s account that are in excess of the CRA limit. A member of the SPA does not direct the investment option for this account. Instead, the SPA is credited with the same return realized by The University of Western Ontario’s Operating and Endowment funds. Members receive an annual SPA statement. More information on this plan is available at: http://www.uwo.ca/humanresources/facultystaff/comp/pension/spa_info_idx.htm