

April, 2009

**Notice to Members of the  
Pension Plan for Non-Academic Employees of Mount Allison University  
(the “Non-Academic Plan”)**

**New Retirement Option Introduced**

Following recent work with the Pension Advisory Committee in analyzing the current pension plan design, the University is pleased to advise members of the Non-Academic Plan that a new retirement option has been added to the plan. This option will assist members retiring early by allowing them to integrate their pension with the Old Age Security benefit.

**How the Option Works**

This integrated option allows a plan member to elect a smaller lifetime pension from the plan in exchange for additional retirement income up to age 65. The additional retirement income before 65 (sometimes called a “bridge”) is based on the monthly Old Age Security benefit in effect at the time the member retires. In this way, the sum of the member’s pension and Old Age Security benefits would be roughly the same before and after age 65.

The integrated option is actuarially equivalent to the normal form pension, so it should represent the same overall financial value to the retiree. Even so, the new option could be very useful to early retirees seeking to make their total retirement income relatively level before and after age 65.

**An Example**

Using current actuarial assumptions, take the example of a member who has accumulated a pension of \$1,500 as at age 60. If the member decides to retire at age 60 and chooses this new option, the accumulated lifetime pension would be reduced to approximately \$1,300 per month but an additional \$500 per month in bridging benefit would be paid until the member’s 65th birthday. As a result, the member would receive approximately \$1,800 per month from the plan until age 65 and thereafter \$1,300 per month from the plan plus the actual Old Age Security benefit from the government of Canada.

All retirement options offered by the Non-Academic Plan are fully described in the retirement option form package prepared for every member at the time of retirement. If you have further questions on this new retirement option, please contact Betty Hunter -Brayley at 364-2246.