Supplemental Notional Arrangement (SNA): for eligible employees aged 65 to 69

**Participation:**

The Supplemental Notional Arrangement (SNA) is a benefit for eligible members of the McGill University Pension Plan (MUPP) who were members of the MUPP as of January 1, 2012 and who continue to be employed by the University beyond the Normal Retirement Date.

Age 65 is defined in the MUPP as the Normal Retirement Date (NRD). The SNA is available to eligible McGill University employees who continue working past the age of 65 but who are less than 69.

Eligibility is limited to those employees who have participated in the MUPP up to NRD, who remain employed after NRD in an eligible position as determined by the eligibility requirements for participation in the MUPP and who meet the other criteria of the SNA. Post-retirement appointments are not eligible positions for the SNA.

**Program description:**

The SNA is based on an agreement between MAUT and the Administration, signed 22 December 2011. Subsequent to Pension Amendment 24 (effective 1 January 2012) current employees past NRD no longer receive University contributions to their MUPP accounts. The SNA provides notional credits from the University for a supplemental payment to be made at termination, retirement, or death, whichever occurs first.

At NRD:

1. a notional account will be created in the name of each employee;
2. HR Pension Administration will determine whether or not an employee must receive a Defined Benefit Minimum (DBM) supplemental retirement benefit contribution to the MUPP under existing rules;
3. at the end of each month the University will credit to the employee’s supplemental notional account an amount equal to 5% of eligible earnings for that period;
4. eligible earnings shall be defined as gross monthly earnings excluding stipends, lump-sum payments and bonuses, overtime or any other form of temporary or occasional income;

5. in any given year, eligible earnings under this arrangement shall be subject to a maximum amount established as the earnings level at which member and University contributions cease under the MUPP;

6. in the calendar year in which the employee reaches the age of 65, the maximum eligible earnings amount recognized under the supplemental notional arrangement shall be reduced by the amount of Basic Earnings upon which contributions were made by the employee and University in the MUPP;

7. the University’s credits to the supplemental notional account cease after the month in which the employee reaches age 69;

8. the final notional account value available to the employee at the earlier of the month end in which he/she turns age 69, retirement, termination or death is calculated as the excess of the accumulated notional credits over the value of the DBM supplement, if any and, 

9. the employee may further contribute to his/her MUPP by means of an Additional Voluntary Contribution (AVC) up to the (age and dollar) limits prescribed by extant tax legislation.

A. Other considerations

i. Under the MUPP, total contributions by the University and the employee are subject to limits prescribed by tax legislation. In the case of an employee whose earnings are subject to such limits, the University’s contributions to the Pension Plan will be capped and may consequently be at a rate below 5% of eligible income. Hence, in any given year, an eligible employee cannot receive more University contributions to the supplemental notional account (or the Pension Plan and supplemental notional accounts together in the year one turns 65) than would have been otherwise possible through the Pension Plan alone.

ii. Any amounts in the notional account will be viewable in a secure area of the employee’s benefits web site, or otherwise made available to him or her from the Pension Office.
B. **Duration of the SNA implementation**

As per the agreement between MAUT and the Administration, this SNA program must be reviewed by the Committee on Academic Staff Compensation (CASC) prior to 31 December 2016.