1. Introduction

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

The SNA is effective January 1, 2012 (the "Effective Date")

2. Definitions

For the purpose of this document, all terms shall have the meaning as set forth in the McGill University Pension Plan where applicable, unless specifically modified by the terms of this document. In addition, the following terms shall have the following meanings:

**Applicable Legislation:** shall mean the Income tax Act (Canada) and the Taxation Act (Quebec), the Regulations thereunder and the administrative rules of the Canada Revenue Agency, and any legislation enacted in Canada, together with relevant regulations and rules thereunder, as adopted or amended from time to time, that applies to this SNA.

**Basic Earnings:** shall have the meaning set forth in the McGill University Pension Plan

**Eligible Earnings:** Eligible Earnings shall be defined as gross monthly earnings excluding stipends, lump-sum payments and bonuses, overtime, any other form of temporary or occasional income, or income for a periods of long-term disability.

**Eligible Employee:** shall mean an employee who satisfies the eligibility requirements as outlined under the terms of Section 3 and those outlined under the terms of the McGill University Pension Plan, as amended from time to time.

**Member:** shall mean an employee who is participating in the SNA and has not withdrawn from the SNA

**Normal Retirement Date (NRD):** shall be the last day of the month in which the Member reaches the age of 65 years as set forth in the McGill University Pension Plan.

**Pension Plan:** shall mean the McGill University Pension Plan, as amended from time to time.
3. Eligibility and Membership

Commencing on the Effective Date, participation in the SNA is open to all Eligible Employees who continue to be employed by the University in an eligible position beyond their Normal Retirement Date and who participated in the Pension Plan as of January 1, 2012. Eligible positions shall be determined in accordance with the eligibility requirements for participation in the Pension Plan.

Eligible Employees who have yet to reach their NRD on the Effective Date shall be enrolled in the SNA commencing the first day of the month following their NRD.

In the case of Eligible Employees who on the Effective Date were beyond the NRD but under age 69, participation shall commence on January 1, 2012.

4. Notional Accounts and Notional Contribution Amounts

A notional account will be established for each Member.

At the end of each calendar year, the University shall credit a notional contribution amount to the Member’s notional account.

In any given year, it should not be possible for Members to receive more University contributions and/or notional credits when combining the Pension Plan and notional accounts together than would have been otherwise possible through the Pension Plan alone. The notional contribution amount shall be equivalent to 5% of the Member’s Eligible Earnings for the year subject to the following limitations:

i. Eligible Earnings in any given calendar year shall be subject to a maximum amount established as the Basic Earnings level at which University and member contributions under the Pension Plan cease in accordance with Applicable Legislation and the terms and conditions of the Pension Plan, and

ii. The maximum Eligible Earnings amount recognized in the calendar year under this SNA shall also be reduced by the amount of Basic Earnings upon which contributions were made by the member and University in the Pension Plan in the same calendar year.

5. Notional Contributions

The SNA is not funded. Payments from the SNA shall be made from the general funds of the University and shall constitute a general liability of the University.

No assets will be held in trust or set aside for the purposes of the SNA.

6. Value of Notional Account
The value of the notional account is equal to the accumulated notional contributions held in the notional account, reduced by the value of the University DBM supplemental contribution made under the Pension Plan, if any.

The value of the notional account shall not be subject to any investment gains / losses or rate of interest.

7. Cessation of Participation

Participation shall cease at the earliest of;
   i)  the date of retirement,
   ii) the date of termination of employment,
   iii) the date of death, or
   iv) the last day of the month in which such Member reaches the age of 69 years.

8. Timing and Form of Payment

Subsequent to the cessation of participation, the University will pay to the Member an amount equal to the value of the Member’s notional account in a single lump sum less any withholding taxes and other applicable deductions.

Subject to Applicable Legislation and maximum contribution limits, the Member may alternatively instruct the University to deposit settlement amounts towards the Member’s Registered Retirement Savings Plan (RRSP). Evidence of available unused RRSP room in the form of the Federal Notice of Assessment will need to be submitted to the University at the time of the request.

9. Death Benefit

In the event of the death of a Member, the value of the Member’s notional account, determined pursuant to Section 6, shall be payable in a single lump-sum, less any withholding taxes and other applicable deductions, to the beneficiary designated in the will, or if no beneficiary has been so designated, or if the designated beneficiary has predeceased the Member, to the Member’s estate.

10. Periods of Disability and Paid/Unpaid Leaves

Members are ineligible to participate in the SNA during periods of long-term disability and/or unpaid leaves.

11. Annual Statement

Each Member shall receive on an annual basis a statement indicating the value of his/her notional account.

12. Amendment/Termination
The SNA is to be reviewed, with appropriate consultation, prior to December 31, 2016. As is usual for these types of arrangements, the University, as the sponsor, reserves the right to terminate or amend, in whole or in part, the SNA at any time and at its sole discretion. Other than amendments or the termination of the SNA required as a result of a change in Applicable Legislation, no amendment or termination shall adversely affect the benefit entitlement accrued prior to the effective date of such amendment or termination.

13. Interpretation

The University shall have full power and discretion to interpret the terms of this benefit and its decisions in this respect shall be binding and conclusive on the Members, their spouse, estate, heirs, beneficiary, administrators and legal representatives.

14. Administration

The SNA is administered by the University.

15. Notice

The University shall transmit notice of any amendment under this SNA to the Members and such effective date of the amendment shall not be earlier than the date on which notice of such amendment is transmitted to the Members.

All notices will be deemed to have been received by the Member on the date of its transmission.

16. Severability

If any provision of the SNA is held to be invalid or unenforceable by a court of competent jurisdiction, its invalidity or unenforceability shall not affect any other provision of the SNA and the SNA shall be construed and enforced as if such provision had not been included therein.

17. Captions and Headings

The captions and headings of this SNA are included for convenience of reference only and shall not be used in interpreting the provisions of this SNA.

18. No Enlargement of Employment Rights

Participation in the SNA shall not enlarge or establish any rights to employment with the University which the Member did not formerly possess as an employee of the University.

This SNA shall be governed by and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

Les parties ont convenu que cette entente soit rédigée en anglais.