

PENSION PLAN EMPLOYEE GROUP AGREEMENT

THIS PENSION PLAN EMPLOYEE GROUP AGREEMENT (this "Agreement") is made this 6th day of May, 2015.

AMONG:

GOVERNORS OF ACADIA UNIVERSITY, a body corporate under the laws of Nova Scotia

(hereinafter, "Acadia")

-and-

ACADIA UNIVERSITY FACULTY ASSOCIATION, a union formed and subsisting under the *Trade Union Act* (Nova Scotia)

(hereinafter "AUFA")

-and-

SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 2 (ACADIA CAMPUS), a union formed and subsisting under the *Trade Union Act* (Nova Scotia)

(hereinafter, "SEIU")

-and-

ACADIA UNIVERSITY PROFESSIONAL, ADMINISTRATIVE & TECHNICAL EMPLOYEES

(hereinafter, "AUPAT", and together with Acadia, AUFA and SEIU, the "Parties"; and each individually, a "Party")

WHEREAS:

- A. A proposal (the "Pension Proposal") has been developed for the Pension Plan for Staff of Acadia University (the "Acadia Plan") to be transferred to the Public Service Superannuation Plan (the "PSSP") as of July 1, 2015 (the "Effective Date"), which is summarized as follows:
- (a) Members of the Acadia Plan will participate in the PSSP only in respect of all service under the Acadia Plan as of the Effective Date;
 - (b) All existing and future pension payments in respect of service under the Acadia Plan prior to the Effective Date (the "Past Service Liabilities") will be made from

the PSSP as of the Effective Date, in accordance with the terms of the PSSP, but subject to any modifications necessary to effect this transfer;

- (c) There will be a transfer of assets from the Acadia Plan fund to the PSSP fund in respect of the Past Service Liabilities, and, if necessary, and only to the extent as further described below, additional contributions in respect of the Past Service Liabilities made by Acadia and its employees; and

B. To support the Pension Proposal, and subject to its implementation, the Parties wish to agree to certain commitments, on the terms set out herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Subject to Section 5, the Parties agree to the Pension Proposal and will take all reasonable steps to obtain all other approvals necessary for its adoption.
2. Subject to Section 5 hereof, Acadia agrees to and makes the following commitments (collectively, the "**University Commitments**") to the other Parties hereto:
 - (a) If as of the Effective Date, the assets transferred from the Acadia Plan fund to the PSSP fund are less than the Past Service Liabilities (the "**Past Service Deficit**"), Acadia will be solely responsible for the Past Service Deficit up to \$5 million, and shall be responsible for fifty percent (50%) of any amount of the Past Service Deficit that exceeds \$5 million with payments by Acadia on the amount of the Past Service Deficit made in a manner and amount that matches the Employee Commitment set out in Paragraph 4;
 - (b) Effective January 1, 2015, Employee contributions to the Acadia Plan will be reduced to PSSP contribution rates. If Employee contributions cannot actually be reduced, then a credit will be calculated and applied after the Effective Date (the "**Employee Contribution Credit**"), subject to Section 4. The University may reduce its contributions to PSSP contribution rates for part or all of the same period provided that, after the reduction of the University contributions, the Past Service Deficit does not exceed \$5 million;
 - (c) The Acadia Plan shall pay or reimburse professional fees for AUFA's and Acadia's legal and actuarial advisors, to a total amount of \$250,000 for each of AUFA and Acadia, and \$500,000 in the aggregate (the "**Expenses**"), which reimbursement should occur within 30 days of the later of:
 - i. the Effective Date, and
 - ii. the date when Acadia is provided with the total cost of the fees, and copies of the invoices from the legal and actuarial advisors;
 - (d) If as of the Effective Date, the assets available to be transferred from the Acadia Plan fund to the PSSP fund exceed the Past Service Liabilities plus the Expenses, Acadia will be solely entitled to the excess amount of such assets;
 - (e) Subject to Section 4 and Section 2(f) hereof, commencing on the Effective Date, Acadia will make eight annual payments of \$500,000, totalling \$4 million (the

"Acadia Payments"), to the employees of Acadia who are members in the Acadia Plan as of the Effective Date (the "2015 Employees"). Each of the seven Acadia Payments required to be made following the Effective Date will be made on the anniversary date of the Effective Date. The formula for distribution of each of these Acadia Payments amongst the 2015 Employees is set out in Schedule 2(e). For greater certainty, but subject to Section 4 hereof, the 2015 Employees shall be entitled to each of the Acadia Payments, even if a 2015 Employee does not remain an employee of Acadia. Notwithstanding the foregoing, payments by Acadia to a 2015 Employee other than a 2015 Employees represented by AUFA or SEIU shall be subject to execution by the 2015 Employee of an acceptance of the terms of this Agreement, including an acceptance of the Pension Proposal.

- (f) Acadia may, in its discretion, pay to a 2015 Employee a lump sum amount representing the commuted value of the remaining Acadia Payments, calculated on the basis set out in Schedule 2(e), if:
 - i. The 2015 Employee terminates employment;
 - ii. The 2015 Employee dies, in which case the Acadia payments shall be paid to the lawful beneficiary of the 2015 Employee; or
 - iii. The lump sum amount of the remaining Acadia Payments for the 2015 Employee is less than \$5,000;

- (g) Acadia will use reasonable efforts to obtain the agreement of Public Service Superannuation Plan Trustee Inc. ("PSSPTI"), the trustee of the PSSP, to the effect that the amount of pension paid after the Effective Date to each Acadia employee who has retired pursuant to Section 5 of the Acadia Plan and is in receipt of benefits pursuant to Section 6 of the Acadia Plan (each an "Acadia Retiree") in respect of "pensionable service" (as defined in Section 1.12 of the Acadia Plan) that accrued prior to the Effective Date shall be in the same amount as was paid to such Acadia Retiree from the Acadia Plan prior to the Effective Date, without any reduction as of the Effective Date or subsequently, but subject to increase from the indexing of pension payments; and

- (h) Each Acadia Retiree will receive indexing in accordance with the Acadia Plan as of the Effective Date (the July 1, 2015 scheduled indexing under the Acadia Plan), and thereafter will be entitled to elect from the Effective Date one of the following forms of indexing of future pension payments:
 - i. Continue with guaranteed indexing in the same form as currently provided under the Acadia Plan, without any entitlement to conditional indexing calculated under the PSSP; or
 - ii. Convert to conditional indexing calculated under the PSSP, without any entitlement to indexing calculated under the Acadia Plan.

Acadia will provide each Acadia Retiree with an appropriate election form within 60 days of the Effective Date and shall provide 60 days to the Acadia Retiree to complete the form. In the absence of a response by the required date, the Acadia Retiree will be deemed to have elected to continue with the indexing in the form currently provided under the Acadia Plan.

3. With respect to part-time employees, each 2015 Employee who is a part-time employee will continue membership in the PSSP as of the Effective Date and future eligibility to participate will be governed by the provisions of the PSSP.
4. Subject to Section 5, below, if as of the Effective Date there is a Past Service Deficit that exceeds \$5 million, the Acadia employees shall be responsible for 50% of the amount of the Past Service Deficit that exceeds \$5 million plus applicable interest during the payment period (the "**Employee Commitment**"). The Employee Commitment shall be included in the Definitive Agreement (as defined below) and shall be binding upon the Acadia employees. The Employee Commitment will be reduced by the application of the following credits or payments, as of the Effective Date, and applied in the following order of priority:
 - (a) Any unpaid Employee Contribution Credit will be applied to reduce the Employee Commitment, with a sum equal to the amount of the reduction in the Employee Commitment being remitted by Acadia to the PSSP within 90 days of the Effective Date. Any remaining balance of the Employee Contribution Credit shall be paid in accordance with Section 2(b) hereof;
 - (b) After the application of the Employee Contribution Credit as described in Section 4(a), any remaining Employee Commitment will be further reduced by the application of the unpaid Acadia Payments. Any remaining balance of the Acadia Payments will be paid in accordance with Section 2(e) hereof;
 - (c) In the event that after the application of the Employee Contribution Credit and the Acadia Payment, there remains an unpaid Employee Commitment, subject to the requirements of the *Income Tax Act*, Acadia shall deduct and remit 1% of pensionable earnings for all Acadia employees participating in the PSSP to fund the remaining Employee Commitment with Acadia making additional matching contributions to the PSSP. The payments made pursuant to the Employee Commitment and the Acadia matching payments shall continue until the amount of the Past Service Deficit in excess of \$5,000,000 (plus applicable interest accruing during the payment period) is paid.

Notwithstanding the foregoing, if as of the Effective Date, the Past Service Deficit exceeds \$15 million (\$15 million), any Party may elect to terminate this Agreement by providing notice to the other parties within 15 days of being notified by Acadia of the amount of the Past Service Deficit.

5. Each of the following conditions precedent must be satisfied on or before the Effective Date in order for any of the University Commitments or the Employee Commitment to be binding on the respective Parties:
 - (a) The required majority of the members of the Acadia Plan vote in favour of the Pension Proposal;
 - (b) The Pension Proposal shall have been approved and ratified by Acadia;
 - (c) Acadia shall have entered into a binding definitive agreement (the "**Definitive Agreement**") with PSSPTI with respect to the Pension Proposal and all related

matters, which shall contain one or more provisions with respect to the Employee Commitment; and

- (d) Legislation shall have been enacted by the Province of Nova Scotia with respect to the *Pension Benefits Act (Nova Scotia)* and the *Public Sector Superannuation Act (Nova Scotia)* to the satisfaction of Acadia.

For the removal of doubt, in the event that any one or more of the foregoing conditions precedent is not satisfied on or before the Effective Date, this Agreement shall terminate and be of no further force and effect.

6. Subject to Section 5 hereof, Acadia, AUFA and SEIU agree that this Agreement shall form part of the collective agreement between Acadia and AUFA or SEIU and shall be incorporated as a Memorandum of Agreement ("MOA") of their respective current and any future collective agreements until all obligations of the parties are met in accordance with Section 10 hereof. Any dispute related to the interpretation of obligations under the MOA only is expressly subject to the grievance and arbitration procedures of the AUFA collective agreement and the SEIU collective agreement, in respect of 2015 Employee represented by AUFA or SEIU. Notwithstanding any provision in this agreement, AUFA, SEIU, 2015 Employees and any other employee of Acadia as of the Effective Date or any later date shall not be permitted to grieve any issue related to rights, obligations, benefits, or any other entitlements under the PSSP.
7. Each of the Parties represents and warrants as follows, on the understanding that each of the other Parties is relying on such representations and warranties in entering into this Agreement:
 - (a) It has been duly formed and organized and is validly subsisting under the laws of Nova Scotia;
 - (b) It has the necessary power, authority and capacity to enter into, execute and deliver this Agreement and to carry out the transactions contemplated hereby;
 - (c) The entering into, execution and delivery of this Agreement by it and the performance of its obligations hereunder have been duly and validly authorized by all requisite proceedings of such Party; and
 - (d) Neither the execution of this Agreement by it nor the performance by it of its obligations hereunder will result in a breach of its constating documents or governing legislation or any other laws applicable to it.
8. The Parties shall co-operate and promptly and diligently shall take such actions, execute and deliver such documents and agreements and seek such approvals of the appropriate regulatory authorities as may be required or reasonably requested for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.
9. This Agreement is the entire agreement amongst the Parties with respect to the subject matter hereof and supercedes all prior agreements, understandings, negotiations and discussions, whether written or oral.

10. The provisions of this Agreement terminate, and shall be of no further force and effect, as follows:
 - (a) Section 1 - as of the Effective Date;
 - (b) Section 2, other than Section 2(h) - when the University Commitments set out in Section 2, other than Section 2(h), have been performed;
 - (c) Section 2(h) – when each Acadia Retiree electing to receive indexing under 2(h)(i) dies;
 - (d) Section 3 – as of the Effective Date;
 - (e) Section 4 – when the Employee Commitment has been performed;
 - (f) Section 5 – as of the Effective Date;
 - (g) Sections 6 to 13 inclusive – when each other section of this Agreement has terminated.

11. No amendment or waiver of any provision of this Agreement shall be binding on any Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

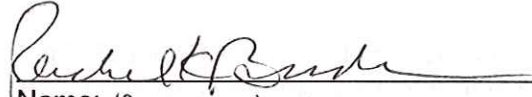
12. This Agreement shall be governed by the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein. The Parties hereby irrevocably and unconditionally attorn to the non-exclusive jurisdiction of the courts of the Province of Nova Scotia over any action or proceeding arising out of or relating to this Agreement.

13. This Agreement may be executed in counterparts, including by facsimile or in Portable Document Format (PDF) sent by email transmission, each of which when so executed and delivered shall constitute an original, and all of which when taken together shall form one and the same Agreement.

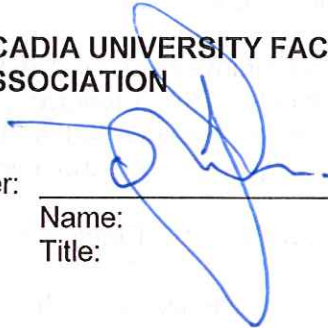
[Signature page follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the date first written above.

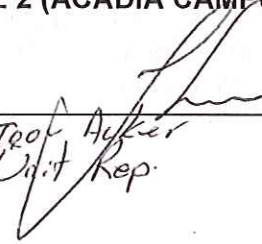
GOVERNORS OF ACADIA UNIVERSITY

Per: 
Name: Rachel K. Bricker
Title: President, AU EA


ACADIA UNIVERSITY FACULTY ASSOCIATION

Per: 
Name:
Title:

SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 2 (ACADIA CAMPUS)

Per: 
Name: Tom Auker
Title: Unit Rep.

ACADIA UNIVERSITY PROFESSIONAL, ADMINISTRATIVE & TECHNICAL EMPLOYEES

Per: 
Name: Rosie C. Hare
Title: Chair, AUPAT Liaison Committee

Schedule 2(e)

Distribution Formula for Annual Payment

Each 2015 Employee will be allocated points (the "Points") as of the Effective Date in an amount equal to $A \times B \times C$, where A, B, and C are all measured as of the Effective Date and:

A = Pensionable service as defined in section 1.12 of the Acadia Plan;

B = $1.0575^M - M$;

C = 1.4% of X, plus 2.0% of Y;

M = 1, if the 2015 Employee is over Age 61, or, if the 2015 Employee is under Age 62, then 62 minus the Age of the 2015 Employee;

X = Lesser of Earnings and \$52,500; and

Y = Lesser of Earnings and \$160,000, minus \$52,500, the result being no less than \$0.

"Age" means the age of the 2015 Employee measured in years and rounded to the nearest year.

"Earnings" is as defined in section 1.6 of the Acadia Plan and determined in respect of the 12 month period ending on the Effective Date.

\$500,000 will be divided by the sum of the Points determined in respect of the 2015 Employees to produce a value per Point (the "Point Value"). The annual payment to a 2015 Employee will equal the Points allocated to the 2015 Employee multiplied by the Point Value. For greater certainty, the Points and Point Value will be calculated once as of the Effective Date.

Schedule 2(f)

Calculation of Lump Sum Amount equalling Commuted Value

The commuted value shall be calculated using the total of any remaining annual payments to the 2015 Employee, discounted by 5.75% from the scheduled dates of the annual payment to the date of the earlier payment.