AGGREGATE RETIREMENT ARRANGEMENT
FOR MEMBERS OF
THE RPP
AND
THE SRA
AT TRENT UNIVERSITY

("ARA")

(Effective July 1, 2005)

SIGNED IN PETERBOROUGH, APRIL 28, 2006

Contents

Section 1 — Establishment of the Aggregate Retirement Arrangement

1.01 Effective Date

The Aggregate Retirement Arrangement ("ARA") is effective from July 1, 2005 pursuant to the Collective Agreement between Trent University (the "University") and the Trent University Faculty Association ("TUFA") and the Second Framework Agreement, which forms part of the Collective Agreement and which is attached hereto (without its two appendices) as Appendix B.

1.02 Function and Application

The ARA is the agreed framework within which The Contributory Pension Plan for TUFA Employees of Trent University (the "RPP") and the Supplemental Retirement Arrangement for Members of The Contributory Pension Plan for TUFA Employees of Trent University (the "SRA") shall operate on an ongoing basis. No interpretation of the RPP or the SRA is complete without reference to the ARA, but, for clarity, in the event of a conflict between the RPP text and the ARA text, the RPP text shall prevail and in the event of a conflict between the SRA text and the ARA text, the ARA text shall prevail.

1.03 Purpose and Operation

The purpose of the RPP and the SRA is to provide eligible members of the RPP and the SRA with a retirement income of 2% of Final Average Earnings for each year of Pensionable Service through the integrated and combined operation of the RPP and the SRA. The RPP and the SRA are differentiated only in regulatory treatment (since the SRA is not a registered pension plan; see Section 1.03 of the SRA) and creditor treatment (since the SRA Fund is not trust property; see Section 4.04 and Section 4.05 of the SRA). Otherwise, the RPP and the SRA operate in combination and in a uniform manner, both from the perspective of all the obligations associated with a defined benefit plan and from a financial management perspective.

1.04 Funding

In accordance with the terms hereunder and, by reference, the terms under the RPP and the SRA, the Members and the University shall provide regular contributions to the RPP and the University shall regularly set aside funds in the SRA Fund. In particular, without limiting the generality of the foregoing, such funding shall be sufficient to meet the obligations described under the RPP and the SRA and to ensure that Aggregate Benefits are fully funded on a going concern basis, and that benefits under the RPP are fully funded on a solvency basis, based on the Memorandum on Actuarial Assumptions, attached hereto as Appendix A. See Section 4 (ARA Funding) hereof.

1.05 Status

The ARA is made pursuant to and forms part of the provisions of the Collective Agreement. It is not a registered pension plan and is not required to be and shall not be registered with the federal government or any provincial government.

Section 2 — Definitions

All capitalized words used in this ARA shall have the meanings given in this Section 2 and, if not defined in this Section 2, shall have the meanings given in the SRA or, if not defined in the SRA, shall have the meanings given in the RPP.

2.01 Abbreviations

The following abbreviations are defined below under the terms they represent:

AA	Aggregate Assets
ACSC	Aggregate Current Service Cost
AD	Aggregate Deficit
AL	Aggregate Liabilities
ARA	Aggregate Retirement Arrangement
HCR	Health Care Reimbursements
IAAC	Initial Aggregate Amortization Component
MAC	Members' Amortization Component
MACSC	Members' Aggregate Current Service Cost
MRC	Members' Required Contributions
MRPPCSC	Members' RPP Current Service Cost
MSACSC	Members' Stabilized Aggregate Current Service Cost
MSRACSC	Members' SRA Current Service Cost
RPP	Registered Pension Plan
RPPCSC	RPP Current Service Cost
SACSC	Stabilized Aggregate Current Service Cost

SRA	Supplemental Retirement Arrangement
SRACSC	SRA Current Service Cost
TAA	Total Aggregate Amortization
TPA	Transition Pension Allocations
UAAA	University’s Additional Aggregate Amortization
UAC	University’s Amortization Component
UACSC	University’s Aggregate Current Service Cost
UARC	University’s Aggregate Required Contribution
UCSC	University’s Current Service Cost
UOBM	University’s On Behalf of Members Payment
URE	University’s Retirement Expenditure
URPPCSC	University’s RPP Current Service Cost
USACSC	University’s Stabilized Aggregate Current Service Cost
USDP	University’s Solvency Deficiency Payment
USRACSC	University’s SRA Current Service Cost
UTA	University’s Total Amortization
VER	Voluntary Early Retirement

2.02 Aggregate Assets (or “AA”)

“Aggregate Assets”(or “AA”) means the amount comprised of the combination of the assets of the Pension Fund and the funds set aside in the SRA Fund as of the beginning of a Plan Year, including the present value of Transition Pension Allocations, calculated pursuant to the Memorandum on Actuarial Assumptions.

2.03 Aggregate Benefits

“Aggregate Benefits” means aggregate retirement benefits payable to Members in a Plan Year under the RPP and the SRA including any SRA alternative pursuant to 9.03 (f) of the SRA. The Aggregate Benefits consist of (A) plus (B), where (A) is the amount equal to the retirement benefits provided under Section 6 (Retirement Benefits) of the RPP, without the application of the maximum retirement pension limits under the *Income Tax Act* described in

Section 6.05 (a) of the RPP; and (B) is the amount of any other benefits provided under the RPP and the SRA, including indexation and other benefits under the Plans generated through the financial arrangements described in Section 4.11 (a) (Use of Gains and Surplus) and Section 4.13 (Use of Aggregate Surplus for Indexation) herein.

2.04 Aggregate Current Service Cost (or "ACSC")

"Aggregate Current Service Cost" (or "ACSC") means the sum of the RPP Current Service Cost and the SRA Current Service Cost, as determined by the Actuary as of the beginning of the Plan Year, based on the Memorandum on Actuarial Assumptions. ACSC is expressed as a percentage rate of Members' Salaries.

2.05 Aggregate Deficit (or "AD")

"Aggregate Deficit" (or "AD") means the amount by which Aggregate Assets fall short of Aggregate Liabilities as of the beginning of a Plan Year. The Aggregate Assets and Aggregate Liabilities shall be as contained in the most recent annual Valuation.

2.06 Aggregate Liabilities (or "AL")

"Aggregate Liabilities" (or "AL") means the amount comprised of the combination of the accrued liabilities under the RPP, including the Voluntary Early Retirement benefit payable from the RPP pursuant to Section 6.02 (b) (ii) thereof, and the accrued liabilities under the SRA, including the present value of the Health Care Reimbursements, as determined by the Actuary on a going concern basis as of the beginning of a Plan Year, based on the Memorandum on Actuarial Assumptions.

2.07 Aggregate Retirement Arrangement (or "ARA")

"Aggregate Retirement Arrangement" (or "ARA") means the aggregate retirement arrangement for Members of the RPP and the SRA set out herein, effective July 1, 2005, as amended from time to time.

2.08 ARA Documents

"ARA Documents" means the RPP, the SRA (or the agreement regarding an SRA alternative, where applicable), the ARA, and the related sections of the Collective Agreement, in particular Section VIII.4.2 of the Collective Agreement effective July 1, 2005, as any of these are amended from time to time.

2.09 Aggregate Surplus

"Aggregate Surplus" means the positive amount by which Aggregate Assets exceed Aggregate Liabilities as of the beginning of a Plan Year. The Aggregate Assets and Aggregate Liabilities shall be as contained in the most recent Valuation.

2.10 Contingency Reserve

"Contingency Reserve" means the first portion of Aggregate Surplus in the amount equal to the Aggregate Current Service Cost in the Plan Year.

2.11 Effective Date

"Effective Date" means July 1, 2005.

2.12 Excess RPP Surplus

"Excess RPP Surplus" means RPP Surplus which exceeds the maximum excess of assets over liabilities permitted for employer contribution purposes under paragraph (d) of subsection 147.2(2) of the *Income Tax Act*, subject to the provisions of Regulation 8516(8) or any other provision under the *Income Tax Act* permitting the University in the event of solvency deficiency to continue contributions to the extent required by the *Pension Benefits Act*, with the result that, in the absence of amendments to enhance benefits under the RPP, the University is precluded in a Plan Year from depositing to the Pension Fund any or all of the Full Amount of University Contribution, the University's Retirement Expenditure, or any other contributions required to be made to the RPP.

2.13 Final Average Earnings

"Final Average Earnings" means Final Average Earnings as defined in the RPP but using Nominal Earnings as defined herein.

2.14 Full Amount of University Contribution

"Full Amount of University Contribution" means the amount of the contributions required to be paid by the University to the RPP in a Plan Year pursuant to paragraph (a) of Section 4.05 (University Contributions) of the RPP.

2.15 Fully Funded

"Fully Funded" means, in respect of the ARA, where as of the beginning of a Plan Year the Aggregate Assets combined with the present value of any scheduled amortization payments, including the present value of the IAAC calculated on the remaining period to June 30, 2025, are equal to or greater than the Aggregate Liabilities, calculated on a going concern basis.

2.16 Health Care Reimbursements (or "HCR")

"Health Care Reimbursements" (or "HCR") means reimbursements provided by the University, commencing on and after July 1, 1998, to a member of the RPP or Prior Plan who Retired prior to July 1, 1998 and/or to the Spouse (if any) of such member, in accordance with the terms of Section 2.07 (Health Care Reimbursements) of the SRA.

2.17 Initial Aggregate Amortization Component (or "IAAC")

"Initial Aggregate Amortization Component" (or "IAAC") means the contribution rate of 1.00% of Members' Salaries agreed upon by TUFA and the University under the Second Framework Agreement as required for the amortization of the going concern unfunded liability identified at July 1, 2005. The IAAC is comprised of the Members' Amortization Component (MAC, which forms a part of the MRC, that is, 0.40% of Members' Salaries) and the University's Amortization Component (UAC, that is, 0.60% of Members' Salaries). The present value of the IAAC will be calculated by the Actuary as of the beginning of each Plan Year on the remaining period to June 30, 2025. After June 30, 2025, the present value of the

IAAC shall equal zero, but the IAAC contribution rate of 1.00% of Members' Salaries shall remain as a normal part of the Required Contributions.

2.18 Member

"Member" means a member of the RPP and, where applicable, a member of the SRA.

2.19 Members' Amortization Component (or "MAC")

"Members' Amortization Component" (or "MAC") means the Members' 40% share of the IAAC, amounting to 0.40% of Members' Salaries in a Plan Year, agreed upon by TUFA and the University under the Second Framework Agreement. The MAC forms a part of the MRC as a permanent structural feature of funding under the ARA.

2.20 Members' Aggregate Current Service Cost (or "MACSC")

"Members' Aggregate Current Service Cost" (or "MACSC") means the Members' 40% share of the Aggregate Current Service Cost (ACSC). MACSC = MRPPCSC + MSRACSC.

2.21 Members' Required Contributions (or "MRC")

"Members' Required Contributions" (or "MRC") means the payment made by Members to the RPP (including payments made by the University on behalf of Members, i.e. the UOBM) during each Plan Year pursuant to Section 4.01 (Members' Required Contributions) of the RPP. Under the ARA, as described in Section 4.04 and Section 4.05 herein, MRC = MSACSC + MAC.

2.22 Members' RPP Current Service Cost (or "MRPPCSC")

"Members' RPP Current Service Cost" (or "MRPPCSC") means 40% of the RPPCSC in a Plan Year. The calculations shall be based on the Valuation for the Plan Year as of the beginning of the Plan Year.

2.23 Members' Salaries

"Members' Salaries" means the Members' Nominal Earnings or, in the case of Members employed on a less than full-time basis, those Members' Normal Earnings.

2.24 Members' SRA Current Service Cost (or "MSRACSC")

"Members' SRA Current Service Cost" (or "MSRACSC") means 40% of the SRACSC in a Plan Year. The calculations shall be based on the Valuation for the Plan Year as of the beginning of the Plan Year.

2.25 Members' Stabilized Aggregate Current Service Cost (or "MSACSC")

"Members' Stabilized Aggregate Current Service Cost" (or "MSACSC") means the Members' 40% share of the Stabilized Aggregate Current Service Cost (SACSC). For clarity, MSACSC = MACSC in the starting year of each Collective Agreement, but the value of MSACSC may be greater or less than the MACSC in subsequent Plan Years of that Collective Agreement pursuant to subparagraphs (i) and (ii) of paragraph (b) of Section 4.05 (Members' Required Contributions) herein.

2.26 Memorandum on Actuarial Assumptions

"Memorandum on Actuarial Assumptions" means the memorandum on "Actuarial Assumptions and Methods" prepared by the Actuary and attached in Appendix A herein, as amended from time to time in accordance with the provisions of Section 14.02 (Actuarial Valuation) of the RPP and Section 3.02 (b) of the ARA, provided that actuarial assumptions and methods shall be in accordance with generally accepted actuarial principles. The Memorandum on Actuarial Assumptions includes the assumptions and methods used for the RPP, the SRA, and the ARA. The Memorandum on Actuarial Assumptions shall be attached to the Collective Agreement for information purposes only but shall not form part of the Collective Agreement and shall be modifiable as described above.

2.27 Nominal Earnings

"Nominal Earnings" means the gross annual salary that would be paid to a Member by the University if the Member worked for the University full-time for a full year, as determined by the payroll records of the University, but not in excess of the maximum salary step under the Collective Agreement (currently, on the Effective Date, $144,867), as that salary step is adjusted from time to time. Nominal Earnings do not include living allowances, additional payments for research, stipends, grants-in-aid, and additional remuneration for part-time teaching.

2.28 Normal Earnings

"Normal Earnings" means the Nominal Earnings of a Member, as defined herein, multiplied by the Member's Percentage of Appointment.

2.29 Plans

"Plans" means the RPP and the SRA.

2.30 Proper Amortization

"Proper Amortization" means amortization in accordance with the requirements of the *Pension Benefits Act*. For the purposes of this definition, the Aggregate Deficit is subject to the same going concern amortization requirements as apply to the RPP, with the proviso that the Aggregate Deficit shall be amortized as a level percentage of Members' Salaries, pursuant to the Memorandum on Actuarial Assumptions. For clarity, for the purposes of this definition, the SRA is not deemed to be subject to the solvency funding requirements of the *Pension Benefits Act*.

2.31 Required Contributions

"Required Contributions" means, under the ARA, the sum of the SACSC and the IAAC, as described in Section 4.04 (a) herein. Required Contributions are comprised of the sum of the Members' Required Contributions (MRC) and the University's Aggregate Required Contributions (UARC). For clarity, Required Contributions form only a part of the funding of the Plans and include only a part of the University's Retirement Expenditure (URE) obligations.

2.32 RPP (or “Registered Pension Plan”)

“RPP” (or “Registered Pension Plan”) means The Contributory Pension Plan for TUFA Employees of Trent University, as amended from time to time.

2.33 RPP Current Service Cost (or “RPPCSC”)

“RPP Current Service Cost” (or “RPPCSC”) means the cost of benefits earned in a Plan Year under the RPP. The calculations shall be based on the Valuation for the Plan Year as of the beginning of the Plan Year.

2.34 RPP Surplus (or “Plan Surplus”)

“RPP Surplus” (or “Plan Surplus”) means, in any Plan Year, the excess, if any, of assets of the RPP over the accrued liabilities of the RPP, as determined by the Actuary based on the annual Valuation as of the beginning of the Plan Year.

2.35 Second Framework Agreement

“Second Framework Agreement” means the “Agreement on Retirement Benefit Issues Comprising an Amendment of the Collective Agreement” entered into between the University and TUFA on November 29, 2005, ratified by TUFA in February 2006 and by the University in March 2006, and effective July 1, 2005.

2.36 SRA (or “Supplemental Retirement Arrangement”)

“SRA” (or “Supplemental Retirement Arrangement”) means Supplemental Retirement Arrangement for Members of The Contributory Pension Plan for TUFA Employees of Trent University amended and restated by agreement of the University and TUFA effective July 1, 2005 and as amended from time to time. For clarity, SRA includes the provisions of any SRA alternative, where applicable, established pursuant to Section 9.03 (f) of the SRA.

2.37 SRA Current Service Cost (or “SRACSC”)

SRA Current Service Cost” (or “SRACSC”) means the cost of benefits earned in a Plan Year under the SRA. The calculations shall be based on the Valuation for the Plan Year as of the beginning of the Plan Year.

2.38 SRA Fund

“SRA Fund” means the special purpose fund in which the University sets aside funds on a monthly basis in respect of its obligations under the SRA, as described in Section 4 (Funding of Benefits) of the SRA and also herein.

2.39 SRA Surplus

“SRA Surplus” means the excess, if any, of funds set aside in the SRA Fund, including the present value of the Transition Pension Allocations, over the accrued liabilities of the SRA, including the present value of the Health Care Reimbursements, as determined by the Actuary based on the annual Valuation as of the beginning of the Plan Year.

2.40 Stabilized Aggregate Current Service Cost (or "SACSC")

"Stabilized Aggregate Current Service Cost" (or "SACSC") means the stabilized constant percentage rate of Members' Salaries that is set for each Plan Year of a Collective Agreement for the purpose of establishing the Required Contributions, pursuant to Section 4.03 (b), Section 4.05 (b), and Section 4.06 (a) herein. The SACSC is set (or reset) in the Plan Year that is the starting year of each Collective Agreement at a rate equivalent to the rate of the ACSC during that Plan Year. The SACSC remains a stabilized constant rate during subsequent Plan Years of each such Collective Agreement and may be greater or less than the ACSC. The calculation of the SACSC by the Actuary shall be based on the annual Valuation as of the beginning of the Plan Year that is the starting year of each Collective Agreement, unless TUFA and the University agree otherwise.

2.41 Total Aggregate Amortization (or "TAA")

"Total Aggregate Amortization" (or "TAA") means the special payments under the ARA in the amounts necessary for the Proper Amortization of the Aggregate Deficit on a going concern basis, including the portion of the Aggregate Deficit covered by the IAAC. The Aggregate Deficit is subject to the same going concern amortization requirements as apply to the RPP, with the proviso that the Aggregate Deficit shall be amortized as a level percentage of Members' Salaries, pursuant to the Memorandum on Actuarial Assumptions. For clarity, TAA = IAAC + UAAA. For further clarity, on a going concern basis up to June 30, 2025, the University's aggregate amortization is the TAA less the MAC, or, alternatively, the sum of the UAAA and the UAC; the Members' aggregate amortization is the MAC. After June 30, 2025, the present value of the IAAC shall equal zero; and thereafter the TAA shall equal the UAAA.

2.42 Transition Pension Allocations (or "TPA")

"Transition Pension Allocations" (or "TPA") means the amounts of funds which the University shall allocate to the SRA Fund in order to fund all Transition Pensions otherwise payable pursuant to the terms of the Voluntary Early Retirement ("VER") program provided in Appendix "D" to the 1996/99 Collective Agreement which, effective July 1, 1998, are payable from the RPP pursuant to Section 6.02 (b) (ii) thereof. Transition Pension Allocations shall be made to the SRA Fund at the same time and in the same amounts as would have been paid by the University pursuant to Appendix "D".

2.43 University's Additional Aggregate Amortization (or "UAAA")

"University's Additional Aggregate Amortization" (or "UAAA") means the University's special payments in the amounts necessary for the Proper Amortization of the Aggregate Deficit, beyond the portion of the Aggregate Deficit covered by the IAAC, on a going concern basis. The Aggregate Deficit is subject to the same going concern amortization requirements as apply to the RPP, with the proviso that the Aggregate Deficit shall be amortized as a level percentage of Members' Salaries, pursuant to the Memorandum on Actuarial Assumptions.

2.44 University's Aggregate Current Service Cost (or "UACSC")

"University's Aggregate Current Service Cost" (or "UACSC") means the University's 60% share of the ACSC. UACSC = URPPCSC + USRACSC.

2.45 University's Aggregate Required Contribution (or "UARC")

"University's Aggregate Required Contribution" (or "UARC") means the percentage rate of Members' Salaries paid by the University under the ARA in a Plan Year pursuant to Section 4.06 herein. Under the ARA, the UARC rate is 1.5 times (one and a half times) the rate of the Members' Required Contributions. The UARC is a part of the University's financial obligation to both the RPP and the SRA. Under the ARA, the UARC = USACSC + UAC.

2.46 University's Amortization Component (or "UAC")

"University's Amortization Component" (or "UAC") means the University's 60% share of the IAAC, amounting to 0.60% of Members' Salaries in a Plan Year, agreed upon by TUFA and the University under the Second Framework Agreement. The UAC forms a part of the UARC as a permanent structural feature of funding under the ARA.

2.47 University's Current Service Cost (or "UCSC")

"University's Current Service Cost" (or "UCSC") means the amount equal to the University's current service cost defined under the RPP in subparagraph (ii) of paragraph (a) of Section 4.05 of the RPP. For clarity, UCSC = RPPCSC – MRC.

2.48 University's On Behalf of Members Payment (or "UOBM")

"University's On Behalf of Members Payment" (or "UOBM") means the amounts paid on behalf of Members by the University pursuant to subparagraph (ii) of paragraph (c) of Section 4.01 (Members' Required Contributions) of the RPP. For clarity, the amounts paid under UOBM are in addition to the amounts paid under the UARC.

2.49 University's Retirement Expenditure (or "URE")

"University's Retirement Expenditure" (or "URE") means the University's total financial obligation in a Plan Year to both the RPP and the SRA, in addition to the UOBM and the TPA. The URE is the balance of the cost of benefits under the Plans after allowing for the payment of the MRC. For clarity, the URE = UARC + UAAA (if any) + USDP (if any). The URE is in part deposited into the Pension Fund and in part allocated to the SRA Fund, as applicable under the provisions herein, on a monthly basis, within the calendar month following the month such amounts are due or, under the RPP, such earlier date as prescribed under the *Pension Benefits Act*.

2.50 University's RPP Current Service Cost (or "URPPCSC")

"University's RPP Current Service Cost" (or "URPPCSC") means 60% of the RPPCSC in a Plan Year. The calculations shall be based on the Valuation for the Plan Year as of the beginning of the Plan Year. For clarity, the URPPCSC (which is equal to RPPCSC – MRPPCSC) under the ARA is not the same value as the University's Current Service Cost (which is equal to RPPCSC – MRC) under paragraph (ii) of Section 4.05 (a) of the RPP, in as much as the MRPPCSC is not equal to the MRC.

2.51 University's Solvency Deficiency Payments (or "USDP")

"University's Solvency Deficiency Payments" or ("USDP") means the University's special payments in a Plan Year in the amounts necessary for the Proper Amortization of all solvency deficiencies in the RPP. For clarity, solvency deficiencies are not amortized under the SRA, but the accrued benefits under the SRA, in case of wind-up, remain legal obligations under the SRA and the Collective Agreement.

2.52 University's SRA Current Service Cost (or "USRACSC")

"University's SRA Current Service Cost" (or "URPPCSC") means 60% of SRACSC in a Plan Year. The calculations shall be based on the Valuation for the Plan Year as of the beginning of the Plan Year.

2.53 University's Stabilized Aggregate Current Service Cost (or "USACSC")

"University's Stabilized Aggregate Current Service Cost" (or "USACSC") means the University's 60% share of the Stabilized Aggregate Current Service Cost (SACSC). For clarity, USACSC = UACSC in the starting year of each Collective Agreement, but the value of USACSC may be greater or less than the UACSC in subsequent Plan Years of that Collective Agreement pursuant to paragraphs (i) and (ii) of Section 4.06 (a) (University's Required Contributions) herein.

2.54 University's Total Amortization (or "UTA")

"University's Total Amortization" or ("UTA") means the University's special payments in a Plan Year in the amounts necessary for the Proper Amortization of the Aggregate Deficit, after allowing for the MAC, and all RPP solvency deficiencies. UTA = UAC + UAAA + USDP. The Aggregate Deficit is subject to the same going concern amortization requirements as apply to the RPP, with the proviso that the Aggregate Deficit shall be amortized as a level percentage of Members' Salaries, pursuant to the Memorandum on Actuarial Assumptions.

2.55 Useable Surplus

"Useable Surplus" means the amount of Aggregate Surplus that exceeds the Contingency Reserve.

2.56 Valuation

"Valuation" means the actuarial valuation of the assets and liabilities of each of the RPP and the SRA, conducted annually by the Actuary pursuant to Section 14.02 (Actuarial Valuation) of the RPP and Section 10.03 (Administration) of the SRA, as applicable, and the valuation of the Aggregate Assets and Aggregate Liabilities under the ARA pursuant to Section 3.02 (c) (Additional Administrative Provisions) herein.

2.57 Voluntary Early Retirement (or "VER")

"Voluntary Early Retirement" (or "VER") means voluntary full or partial early retirement under the provisions of the Voluntary Early Retirement program provided in Appendix "D" of the 1996/99 Collective Agreement and its successors.

Section 3 — General Provisions

3.01 Administration, Operation, Information

The general provisions under the RPP and the SRA, as well as the specific administrative and operational provisions under the RPP and the SRA, including the provisions on the Pension Subcommittee, shall be the governing provisions of the ARA.

3.02 Additional Administrative Provisions

(a) TUFA and the University will be provided annually with a complete detailed report of all the expenses associated with the Plans.

(b) Proposed changes in actuarial assumptions and methods will be presented to the Pension Subcommittee for discussion and review of options, along with a rationale for the changes, and an analysis of the impact of each change on the assets and liabilities of the RPP and the SRA and on the Aggregate Assets and Aggregate Liabilities under the ARA. Sufficient notification must be provided to TUFA of any proposed change to actuarial assumptions and methods to provide TUFA reasonable opportunity for consultation with its actuary and for timely input into the decision process. The University shall give due consideration to any such input.

(c) The University shall cause the Actuary to conduct an annual Valuation of the Aggregate Assets and Aggregate Liabilities under the ARA. The annual Valuation shall provide valuation details in a form and manner pertinent to the ARA, as well as to the RPP and SRA, including the assets, liabilities, experience gains and losses, transfers, departures from normal funding sequences and allocations of funds, and other transactions under the ARA, sufficient to support the proper monitoring of the RPP, the SRA, and the ARA by the Pension Subcommittee.

(d) TUFA shall be provided with the financial statements of the Plans, and related financial information in connection with the ARA as required herein, annually in a timely way, sufficient to allow reasonable opportunity for review, consult as necessary with TUFA's actuary, and make a timely input to the University's approval or review process, and with such other information and documentation as is provided to the Pension Subcommittee.

3.03 Successors and Assigns

The ARA shall be binding on the successors and assigns of the University.

3.04 Applicable Laws

The ARA shall be interpreted and administered in accordance with the laws applicable in the Province of Ontario.

Section 4 — ARA Funding

4.01 Aggregate Funding of Benefits

It is the purpose of the funding commitments under the ARA to satisfy all of the financial obligations under the RPP and the SRA, including annually paying the Aggregate Current Service Cost of the accruing benefits under the Plans and maintaining the Plans in a Fully Funded state. ARA funding is by contributions from Members and from the University. Members' Required Contributions and the aggregated contributions by the University that make up the University's Retirement Expenditure are paid monthly, and funds are allocated as provided hereunder. Funding under the ARA funds the Aggregate Current Service Cost plus the Proper Amortization of the Aggregate Deficit (if any) plus any solvency deficiencies of the RPP, under the terms provided herein.

4.02 SRA Fund

For financial accounting purposes, the University shall set aside operating funds on a monthly basis in a segregated account to serve as a special purpose fund (hereafter SRA Fund) in respect of its obligations under the SRA. The University shall retain ownership of the SRA Fund and in no event shall the SRA Fund constitute a trust fund.

4.03 Funding Model

(a) Aggregate funding of the Plans shall be at the level of the Stabilized Aggregate Current Service Cost (SACSC) plus 1.00% of Members' Salaries (IAAC) plus special payments (UAAA) as required for the Proper Amortization of all unfunded liabilities (if any) on a going concern basis under the Plans plus special payments (USDP) as required for the Proper Amortization of all solvency deficiencies (if any) under the RPP.

(b) The Stabilized Aggregate Current Service Cost (SACSC) for each Plan Year of a Collective Agreement will be set at a rate that is identical to the Aggregate Current Service Cost (ACSC) for the Plan Year that is the starting year of a Collective Agreement, but, for each subsequent Plan Year under a Collective Agreement, the SACSC will be stabilized as a constant and shall continue at the rate that was set in the starting year of the Collective Agreement. For clarity, the ACSC and the SACSC, and any values derived from them, may be at variance from one another from time to time during such subsequent Plan Years under each Collective Agreement.

(c) The IAAC is a permanent structural feature of the funding model, to ensure that contributions in a Plan Year both pay the ACSC and provide an initial amount of amortization of the Aggregate Deficit as well as a long term cushion against future liabilities. The IAAC will continue to be supported by the contributions of Members (MAC) and the University (UAC) even after the amortization payments identified at the Effective Date are completed (on or before June 30, 2025).

(d) For clarity, it is the objective and the expectation of the funding model that (SACSC + IAAC) will be greater than ACSC, with the result that in any Plan Year the Required Contributions will exceed the ACSC by some approximation to 1.00% of Members' Salaries.

(e) All of the operational values under the funding model, including values for current service cost, contributions, special payments, credits, assets, liabilities, surplus, deficit, and the like, shall be calculated by the Actuary and shall be based on the latest Valuation prepared for the Plans and the ARA, except as otherwise specified hereunder.

4.04 Required Contributions

(a) Required Contributions = SACSC + IAAC

Required Contributions are the sum of the Stabilized Aggregate Current Service Cost (SACSC) and the Initial Aggregate Amortization Component (IAAC). These terms are defined in Section 2 and described in Section 4.03.

(b) Required Contributions = MRC + UARC

Required Contributions are defined in Section 2 and specified as to their use hereunder. MRC is set as 40% of Required Contributions and UARC is set as 60% of Required Contributions (i.e., 1.5 times MRC). Special payments under the funding model are described elsewhere herein, particularly under Sections 4.08, 4.09, and 4.10.

(c) Distribution of Required Contributions

Members' Required Contributions (MRC) are paid in their entirety directly to the RPP in each Plan Year, under the provisions of Section 4.01 (Members' Required Contributions) of the RPP. Members' Required Contributions finance not only the Members' share of the cost of benefits earned under the RPP (MRPPCSC) but also the Members' share of the cost of benefits earned under the SRA (MSRACSC), as well as the Members' share (MAC) of the Initial Aggregate Amortization Component (IAAC).

The payment of the Members' Required Contributions in their entirety directly to the RPP has the effect of reducing the University's payment to the RPP below 60% of the cost of benefits earned under the RPP in each Plan Year (URPPCSC) and has the corollary effect of allocating a larger portion of the University's Aggregate Required Contributions to the SRA Fund than the amount equal to the University's share of the costs of the SRA (USRACSC) and the University's share (UAC) of the IAAC.

The funding obligations as described herein govern the integrated operations of the RPP and the SRA under the ARA.

4.05 Members' Required Contributions

(a) MRC

Members shall pay by deposit to the Pension Fund on a monthly basis in each Plan Year the Members' Required Contributions (MRC) at the per-member rates and in the manner provided in Section 4.01 of the RPP.

(b) MRC = MSACSC + MAC

(i) The Members' Required Contributions (MRC) have two components: the Members' Stabilized Aggregate Current Service Cost (MSACSC) and the Members' Amortization Component (MAC).

MRC is a periodically variable percentage rate of Members' Salaries, which is reset in the first Plan Year of each Collective Agreement to a rate that is 40% of Required Contributions and then remains stabilized as a constant at that rate for each Plan Year prior to the first Plan Year of the next Collective Agreement as set out in subparagraphs (ii) through (v) below.

(ii) The MSACSC component is a periodically variable percentage rate of Members' Salaries, which is recalculated in the first Plan Year of each Collective Agreement as a percentage rate of Members' Salaries that comprises 40% of the SACSC for that Plan Year, and thereafter remains constant at that rate for each Plan Year prior to the first Plan Year of the next Collective Agreement.

(iii) Effective with the Collective Agreement for July 1, 2005 to June 30, 2008, MSACSC is calculated at 6.10% of Members' Salaries, subject to 4.05 (c) below.

(iv) The MAC component is a constant rate of Members' Salaries, which comprises 40% of the IAAC. As the IAAC is set at 1.00% of Members' Salaries in each Plan Year, the MAC is a constant rate of 0.40% of Members' Salaries in each Plan Year.

(v) In accordance with subparagraphs (i), (iii), and (iv) above, but subject to 4.05 (c) below, effective with the Collective Agreement for July 1, 2005 to June 30, 2008, MRC is set at the rate of 6.50% of Members' Salaries in each Plan Year.

(c) Transition Payment Schedule

Notwithstanding the provisions under 4.05 (b) above, during the Plan Year starting July 1, 2005, transitionally, the MRC rate shall be 5.25% of Members' Salaries during July 1, 2005 to December 31, 2005, and 5.75% of Members' Salaries during January 1, 2006 to June 30, 2006. Thereafter, the MRC rate shall be 6.50% of Members' Salaries, until and unless it is changed under the terms of the ARA.

4.06 University's Aggregate Required Contributions

(a) UARC = USACSC + UAC

(i) The University's Aggregate Required Contributions (UARC) have two components: the University's Stabilized Aggregate Current Service Cost (USACSC) and the University's Amortization Component (UAC).

UARC is a periodically variable percentage rate of Members' Salaries, which is reset in the first Plan Year of each Collective Agreement to a rate that is 60% of Required Contributions, amounting to 1.5 times the rate set for MRC, and then remains stabilized as a constant at that rate for each Plan Year prior to the first Plan Year of the next Collective Agreement as set out in subparagraphs (ii) through (v) below.

In each Plan Year, the University shall pay the UARC by deposits to the Pension Fund and allocation of funds to the SRA Fund on a monthly basis.

(ii) The USACSC component is a periodically variable percentage rate of Members' Salaries, which is recalculated in the first Plan Year of each Collective Agreement as a percentage rate of Members' Salaries that comprises 60% of the SACSC for that Plan Year, and thereafter remains constant at that rate for each Plan Year prior to the first Plan Year of the next Collective Agreement.

(iii) Effective with the Collective Agreement for July 1, 2005 to June 30, 2008, USACSC is calculated at 9.15% of Members' Salaries subject to 4.06 (b) below.

(iv) The UAC component is a constant rate of Members' Salaries, which comprises 60% of the IAAC. As the IAAC is set at 1.00% of Members' Salaries in each Plan Year, the UAC is a constant rate of 0.60% of Members' Salaries in each Plan Year.

(v) In accordance with subparagraphs (i), (iii), and (iv) above, but subject to 4.06 (b) below, effective with the Collective Agreement for July 1, 2005 to June 30, 2008, UARC is set at the rate of 9.75% of Members' Salaries in each Plan Year.

(vi) For clarity, the University cannot take account of actuarial gains or Aggregate Surplus in calculating UARC.

(b) Transition Payment Schedule

Notwithstanding the provisions under 4.06 (a) above, during the Plan Year starting July 1, 2005, transitionally, the UARC rate shall be 5.25% of Members' Salaries during July 1, 2005 to December 31, 2005, 12.00% of Members' Salaries during January 1, 2006 to April 30, 2006, and 9.75% of Members' Salaries during May 1, 2006 to June 30, 2006. Thereafter, the UARC rate shall be 9.75% of Members' Salaries, until and unless it is changed under the terms of the ARA.

(c) Minimum Contributions

Notwithstanding any funding provision of the ARA, the University's payments shall not be less in a Plan Year than the RPP Current Service Cost minus the Members' Aggregate Current Service Cost (RPPCSC – MACSC), except as provided under Section 4.09 (b) below.

4.07 Normal Funding Sequence for the UARC

(a) Normal Sequence

In each Plan Year, starting July 1, 2005, the University's Aggregate Required Contributions (UARC) will be allocated in the following order, to be considered the normal funding sequence:

(i) By deposit to the Pension Fund, to satisfy the UCSC;

(ii) By allocation of funds to the SRA Fund, to satisfy the SRACSC;

(iii) By deposit to the Pension Fund or allocation of funds to the SRA Fund, as deemed necessary by the Actuary to meet the obligations under the Plans.

(b) Exception to the Normal Sequence in Case of Solvency Deficiency

Notwithstanding the provisions under Section 4.07 (a) above, in any Plan Year when a filed Valuation has identified a solvency deficiency under the RPP, the University's Aggregate Required Contributions, up to the full amount of such contributions, as may be necessary, can be directed entirely to the RPP, provided that such departure from the normal funding sequence defined under Section 4.07 (a) shall be subject to the provisions of Section 4.10 (Solvency Arrangements) and Section 4.11(b) (Excess RPP Surplus) herein.

4.08 University's Additional Contributions (1): Going Concern Special Payments and Credits

(a) Going Concern Payments

(i) In each Plan Year, the University shall pay by deposits to the Pension Fund and allocation of funds to the SRA Fund on a monthly basis the amounts necessary (UAAA) for the Proper Amortization of the Aggregate Deficit identified in the annual Valuation pursuant to Section 3.02 (c) (Additional Administrative Provisions) herein which is conducted in the Plan Year in which a Valuation respecting the RPP is filed with the Financial Services Commission of Ontario pursuant to Section 14.02 (b) (Annual Actuarial Valuations) of the RPP, and to the extent that such unfunded liabilities are not already covered under the IAAC.

(ii) For purposes of determining "the amounts necessary" under subparagraph (i) above, the legislation applicable to the RPP is deemed by the University and TUFA also to apply to the SRA with respect to the Proper Amortization of going concern unfunded liabilities, with the proviso that the Aggregate Deficit shall be amortized as a level percentage of Members' Salaries, pursuant to the actuarial methods provided in the Memorandum on Actuarial Assumptions.

(iii) For clarity, at any point in time, the present value of the amortization payments under the ARA in respect of the IAAC (that is, 1.00% of Members' Salaries) will be calculated on the remaining period to June 30, 2025, i.e., a period of 20 years from July 1, 2005. For purposes of determining the University's amortization payments under the ARA in addition to the University's portion of the IAAC (UAC), the Aggregate Deficit will be offset by the present value of the IAAC payments for the period remaining until June 30, 2005.

(b) Going Concern Credits

(i) To the extent that additional special payments by the University are required for the liquidation of the Aggregate Deficit, the amount of such special payments shall be available as a credit against the University's Aggregate Required Contributions in any of the three Plan Years following the Plan Year in which the special payment was made, provided that the use of any such credit in a Plan Year shall not create or increase an Aggregate Deficit beyond an amount equal to the present value of the IAAC for the remaining period up to June 30, 2025.

(ii) For clarity, the University is not eligible for any credits against UARC under subparagraph (i) above unless and until the present value of the IAAC for the remaining period up to June 30, 2025 exceeds the Aggregate Deficit, and the amount of such credit shall be limited to a maximum of the amount of such excess; in other words, the retroactive recapture of some or all of the special payments within the limits described in subparagraph (i) of paragraph (b) of Section 4.08 through the contribution credits described in the same subparagraph must have its source in sufficient aggregate actuarial gains or Aggregate Surplus and must not trigger University's Additional Aggregate Amortization (UAAA). For clarity, Transition Pension Allocations are not eligible for credit under the terms of Section 4.08 herein.

4.09 University's Additional Contributions (2): Solvency Special Payments and Credits

(a) Solvency Deficiency Payments

In each Plan Year, the University shall contribute to the Pension Fund on a monthly basis the amounts of any special payments necessary (USDP) for the Proper Amortization of all solvency deficiencies under the RPP.

(b) Solvency Deficiency Credits

(i) In any Plan Year, the University may take a credit against the University 's Aggregate Required Contributions up to the full amount of any solvency special payments which were made by the University directly to the RPP in any of the previous ten Plan Years and for which such a credit was not previously taken, provided that the use of any such credit shall not create a solvency deficiency in the RPP and provided that the use of any such credit shall not create or increase an Aggregate Deficit under the Plans beyond an amount equal to the present value of the IAAC for the remaining period up to June 30, 2025.

(ii) For clarity, the retroactive recapture of solvency special payments, where permissible, is the only exception to the minimum prescribed under Section 4.06 (c) herein. For clarity, such recapture, and the recapture provided under Section 4.08(b) above, and such credits against contributions as are provided pursuant to subparagraphs (iv) and (v) of paragraph (a) of Section 4.11 (Actuarial Gains and Surplus) below, provide the only means of reducing the University's Retirement Expenditure in a Plan Year under the ARA.

(iii) Funds withheld or transferred from the SRA Fund under Section 4.10 (Solvency Arrangements) below to cover any solvency deficiency under the RPP are not eligible for solvency deficiency credits pursuant to Section 4.09 herein.

4.10 Solvency Arrangements

(a) Solvency Deficiency Sequence of Funding and Transfers from the SRA Fund

The normal funding sequence described under Section 4.07 (a) shall be modified as follows in any Plan Year where, on the basis of a filed Valuation, the University is required to make special payments to amortize a solvency deficiency under the RPP:

(i) The first portion of the UARC shall be deposited to the Pension Fund, in accordance with paragraph (i) of Section 4.07 (a).

(ii) Of the remainder of the UARC, if any, the next portion, up to an amount equivalent to the amount of the IAAC for the Plan Year (1.00% of Members' Salaries) shall be used to satisfy any going concern special payments in respect of the RPP.

(iii) Any remaining portion of the UARC may be used in respect of the solvency special payments by deposit to the Pension Fund. For clarity, up to the full amount of the UARC may therefore be directed to the Pension Fund.

(iv) Any remaining portion of the solvency special payments shall be contributed by the University pursuant to Section 4.09 (a) above. However, up to the full amount of the University's payments in a Plan Year under this subparagraph (iv) may be satisfied by transferring a corresponding amount from the SRA Fund to the RPP, but only provided that sufficient funds are available in the SRA Fund and subject to, on any transfer of funds, maintaining assets in the SRA Fund at that time in an amount that is at least equal to five years of benefit payments payable from the SRA, calculated as 60 times the monthly benefit payments in the annual Valuation as of the beginning of the Plan Year.

(v) Under the modified funding sequence of this Section 4.10 (Solvency Arrangements), special payments shall be limited to the minimum required by applicable legislation.

(b) Solvency Transfers and Unfunded Liabilities

(i) Actuarial advice, auditing transparency, and financial management of the ARA shall ensure that neither the modified funding sequence under Section 4.10 (a) nor the withholding or transferring of funds from the SRA Fund to meet solvency deficiencies under the RPP shall have the result of creating or increasing any going concern Aggregate Deficit under the Plans or the result of reducing the University's going concern special payment obligations under Section 4.08 herein.

(ii) For clarity, in any Plan Year, the withholding or transferring of funds from the SRA Fund to meet solvency deficiencies under the RPP shall not reduce the accrual of benefits under the SRA nor reduce the University's benefit obligations under the SRA and the Collective Agreement respecting the SRA, on either a going concern or a wind-up basis.

(c) Administrative Mechanics of Solvency Arrangements

Any amounts withheld from the normal allocation of funds in the amount of the SRA Current Service Cost to the SRA Fund, or any amounts transferred out of the SRA Fund to the RPP, in respect of solvency special payments, shall be properly tracked, reported, reviewed during the annual Valuation, disclosed in the audited financial statements of the RPP and the SRA, and related financial information in connection with the ARA as required herein, and reallocated to the SRA Fund in accordance with subparagraph (i)(4) below.

(i) In addition, such amounts shall be

(1) counted only once, as part of the assets of the RPP, when assessing the financial position of the Plans;

(2) noted, for purposes of reporting the financial position of the SRA, as having been withheld from or transferred out of the SRA Fund;

(3) credited with the investment income, net of expenses, earned while the withheld or transferred funds remain in the RPP, which credited investment income shall also be counted only once, as part of the assets of the RPP, when assessing the financial position of the Plans; and

(4) reallocated by the University to the SRA Fund as soon as is reasonably practicable, provided such reallocation of funds does not create a solvency deficiency within the RPP, with the objective of achieving and sustaining a balanced SRA within a balanced ARA. Reallocation funds shall be provided to the SRA Fund in an amount equal to the sum of the amounts under subparagraphs (2) and (3) of subparagraph (i) of Section 4.10 (c) herein, unless the University and TUFA agree in writing to leave any portion of such assets in the RPP for a determinate period of time. Specifically, the University shall

provide reallocation funds to the SRA Fund in any Plan Year where a going concern Valuation discloses RPP Surplus and where such reallocation of funds does not create a solvency deficiency within the RPP. For clarity, the application of RPP Surplus as a credit against the portion of the University's Aggregate Required Contributions otherwise required to be paid to the RPP under the terms of the ARA shall be equivalent to the amount of funds that the University reallocates to the SRA Fund. For further clarity, the use of RPP Surplus under such circumstances does not reduce the University's Retirement Expenditure.

(ii) In the event that a dispute arises between the University and TUFA with respect to the reallocation of funds in order to achieve and sustain a balanced SRA within a balanced ARA, then, notwithstanding any provision of the Collective Agreement, either the University or TUFA may refer the dispute directly to arbitration under Article VI.9 of the Collective Agreement, either to arbitrator Kevin Burkett or arbitrator William Kaplan, whoever is first available, and if neither can hear the matter in a timely manner, the grieving party may elect to have the matter heard by any of the arbitrators named in the Collective Agreement, either as single arbitrator or chair of an arbitration board. The arbitrator or arbitration board may direct what steps shall be taken in order to achieve and sustain a balanced SRA within a balanced ARA and may grant such other relief as the board of arbitration in its discretion deems necessary.

4.11 Actuarial Gains and Surplus

(a) Use of Gains and Surplus

Unless and until TUFA and the University otherwise agree, aggregate actuarial gains since the previous Valuation, and Aggregate Surplus, both on a going concern basis, must be used in the manner and in the order of priority specified below, and can be used as a source of funds only for the purposes and according to the sequence detailed below. Except for the special payment credits provided under Section 4.08 and Section 4.09 herein, and except as specified below in subparagraphs (iv) and (v) of this paragraph (a) of Section 4.11, aggregate actuarial gains or Aggregate Surplus must be excluded, subject to subparagraph (i) below, in calculating the contribution obligations that constitute the University's Retirement Expenditure under the ARA, and the University cannot use aggregate actuarial gains or Aggregate Surplus to reduce the contribution obligations that constitute the University's Retirement Expenditure under the ARA.

Availability of aggregate actuarial gains and Aggregate Surplus for the uses specified in Section 4.11 herein, subject to the requirement that any such use under subparagraphs (iv) and (v) below shall not create or increase a solvency deficiency in the RPP, will be determined annually by the Actuary following an actuarial assessment of Aggregate Assets, Aggregate Liabilities, and the Aggregate Current Service Cost under the Plans.

The order of “calls” on aggregate actuarial gains and Aggregate Surplus will be as follows:

(i) In any Plan Year, the first call will be to liquidate any going concern Aggregate Deficit or experience deficiency under the Plans, to the extent required by law under the RPP and to the same extent voluntarily under the SRA. Annual amortization payments shall be kept to the minimum required by the applicable legislation with respect to the RPP and to the agreed-upon amortization of the Aggregate Deficit as a level percentage of Members’ Salaries with respect to the ARA pursuant to the Memorandum on Actuarial Assumptions.

(ii) The next call will be to build up and sustain a Contingency Reserve in the amount of the Aggregate Current Service Cost for one Plan Year.

(iii) The next call will be for Aggregate-Surplus-based indexation to increase the pensions in payment for retirements on and after July 1, 2006, as provided under Section 7.07 (Further Indexation) of the RPP and Section 4.13 (Use of Aggregate Surplus for Indexation) herein. Indexation to the greater of 50% of the annual percentage increase in the Consumer Price Index for all Plan Years or parity with the level of indexation provided under Sections 7.01 through 7.05 of the RPP is the maximum level of indexation available under this subparagraph (iii), but indexation must be satisfied at this maximum level before any calls under subparagraphs (iv) and (v) below.

(iv) The next call will be for credits against the UARC for eligible payments in excess of UARC made by the University from operating funds in the event that the SRA is not in operation pursuant to Section 2.07 (Health Care Reimbursements) of the SRA; and thereafter for such improved benefits for Members as TUFA and the University may agree from time to time, including any further indexation beyond the level provided under the previous call in paragraph (iii) above, up to a maximum of 100% of the annual percentage increase in the Consumer Price Index for all Plan Years.

(v) Thereafter, any calls on or utilization of Aggregate Surplus will be as TUFA and the University may agree from time to time, including any contribution holidays by the University and/or the Members, provided that such contribution holidays or other agreements under this subparagraph do not put the sustainability of the Plans in jeopardy and do not render the previous call under subparagraph (iv) above, respecting improved benefits including further indexation, without effect.

(b) Excess RPP Surplus

Where, as a consequence of Excess RPP Surplus in the Pension Fund, the University is precluded by provisions of the *Income Tax Act* from depositing any or all of the payments that would otherwise be paid by the University to the Pension Fund in a Plan Year, then the portion of the UARC and the UOBM equal to the payments that the University is so precluded from making to the Pension Fund shall be allocated by the University to the SRA Fund for the purpose of providing retirement benefits or, as applicable, to a separate account in accordance with Section 9.03 (e) of the SRA.

(c) Surplus Management

The University and TUFA may agree in respect of any Plan Year that any SRA Surplus may be used to liquidate unfunded liabilities under the RPP on a going concern basis, or that RPP Surplus may be applied as a credit against payments the University would otherwise be required to deposit to the Pension Fund in the amount equal to the amount of funds that the University allocates to the SRA Fund in order to liquidate unfunded liabilities under the SRA on a going concern basis, provided that the availability of any such use of SRA Surplus or RPP Surplus shall be determined by the Actuary on the basis of the most recent annual Valuation pursuant to Section 3.02 (c) (Additional Administrative Provisions) of the ARA. For clarity, pursuant to Section 4.05 (b) (iii) (2) of the RPP, the University and TUFA may agree in respect of any Plan Year that the University shall make greater direct allocation of funds from the UARC to the SRA Fund than the amount equal to the SRACSC for the purpose of achieving and sustaining a balanced SRA. For clarity, surplus management under this paragraph (c) of Section 4.11 (Actuarial Gains and Surplus) shall not reduce the University's Aggregate Required Contributions.

4.12 Transfer of Liabilities and Assets

In any Plan Year after the ratification date of the Second Framework Agreement, when legislative changes are enacted respecting the maximum retirement benefit limits under the *Income Tax Act* described in Section 6.05 (a) (Maximum Retirement Pension) of the RPP with the effect of increasing the accrued liabilities under the RPP and correspondingly decreasing by a matching amount the accrued liabilities under the SRA on a going concern basis, an amount of assets in the SRA Fund up to that matching amount may be transferred to the RPP, but only provided that funds set aside in the SRA Fund are greater than the remaining accrued liabilities under the SRA and subject to maintaining funds in the SRA Fund at least equal to the remaining accrued liabilities under the SRA. Any such transfer from the SRA Fund to the RPP shall be determined by the Actuary on the basis of the most recent annual Valuation pursuant to paragraph (c) of Section 3.02 (Additional Administrative Provisions) of the ARA. For clarity, the transfer of liabilities and assets under this Section 4.12 (Transfer of Liabilities and Assets) shall not reduce the University's Aggregate Required Contributions and shall not create or increase any Aggregate Deficit nor decrease any Aggregate Surplus.

4.13 Use of Aggregate Surplus for Indexation

(a) Indexation Based on Aggregate Surplus

Pursuant to Section 7.07 (Further Indexation) of the RPP, for Retirements (but not for terminations) on and after July 1, 2006, and applying equally to benefits payable under the RPP and benefits payable under the SRA, Aggregate-Surplus-based indexation, on each March 1, starting with March 1, 2008, shall be used to increase the annual benefits payable to a Member under the Plans, in addition to the excess-investment-earnings-based indexation described in Section 7.06 (Indexation for Retirements and Terminations On and After July 1, 2006) of the RPP and Section 5.04 (Indexation) of the SRA for Retirements and terminations, and shall be determined as follows:

(i) First, in accordance with subparagraph (iii) of Section 4.11 (a) (Use of Gains and Surplus) herein, Aggregate-Surplus-based indexation will be applied to pensions in payment to supplement excess-investment-earnings-based indexation for any Plan Year in which indexation was less than the annual percentage increase in the Consumer Price Index, proceeding to provide catch-up Plan Year by Plan Year, in reverse chronological order, from the most recent Plan Year backward, to bring total indexation, including excess-investment-earnings-based indexation, for each unindexed or partially indexed year to the greater of 50% of the annual percentage increase in the Consumer Price Index or parity with the indexation provided to Retirements prior to July 1, 2006, as described under Sections 7.01 through 7.05 of the RPP.

Second, after that target has been achieved for all years, thereafter, in accordance with subparagraph (iv) of Section 4.11 (a) (Use of Gains and Surplus), Aggregate-Surplus-based indexation will be applied to pensions in payment to provide catch-up, Plan Year by Plan Year, in reverse chronological order, to bring total indexation, including excess-investment-earnings-based indexation, for each partially indexed year to 100% but never more than 100% of the annual percentage increase in the Consumer Price Index for that year, subject to the requirement that any such indexation shall not create or increase a solvency deficiency in the RPP. For clarity, the 5-year limit of Section 7.06 (d) of the RPP does not apply to the Aggregate-Surplus-based indexation.

(ii) In a Plan Year, Aggregate-Surplus-based indexation shall be initiated whenever Useable Surplus exists, provided that only Useable Surplus is available for Aggregate-Surplus-based indexation, and subject to the requirement that any such indexation in accordance with subparagraph (iv) of Section 4.11 (a) (Use of Gains and Surplus) shall not create or increase a solvency deficiency in the RPP.

(iii) The Useable Surplus available for Aggregate-Surplus-based indexation will be determined in each Valuation not later than December of each Plan Year, and will be applied effective March 1 of the same Plan Year for the immediately preceding Plan Year. The application of Useable Surplus for catch-up in respect of prior Plan Years shall be based for each prior Plan Year on the annual percentage increase in the Consumer Price Index for the immediately preceding year, calculated as of March 31 of that preceding year.

(b) Parity Between Retiree Cohorts

It is the intent of the University and TUFA that, funds permitting, ultimately the application of indexation provisions should achieve parity between cohorts of Retired Members. In the event that indexation of Retirements on and after July 1, 2006 under Section 7.06 and Section 7.07 of the RPP comes to match the indexation of Retirements prior to July 1, 2006 under Sections 7.01 through Section 7.05 of the RPP, then further Aggregate-Surplus-based indexation for post-2006 Retired Members shall not be unreasonably or automatically provided at the expense of the Aggregate-Surplus-based ad hoc negotiable indexation for which pre-2006 Retired Members are eligible under Section 7.04 of the RPP.

Section 5 — Amendment and Discontinuation

5.01 Continuation of the ARA

(a) The ARA shall remain in force subject to the terms of the Collective Agreement. The ARA shall not be amended or discontinued other than by the mutual written consent of the University and TUFA. In no event shall any amendment to the ARA operate to reduce the benefits under the Plans which have accrued to any Member or other person entitled to benefits under the Plans prior to the date of such amendment.

(b) In the event that a governmental authority determines that the ARA is subject to provincial pension legislation and must be materially changed, TUFA and the University shall expeditiously agree on a reasonable alternative, failing which either the University or TUFA may refer the matters in dispute directly to arbitration under the procedure set out in Section 4.10 (c)(ii) above, with the necessary modifications.

5.02 Discontinuation of the SRA

Unless TUFA and the University agree otherwise, the SRA may only be discontinued under the following circumstances:

(a) Under the terms of paragraph (a) of Section 9.02 of the SRA, and with the consequences set out in Section 9.03 of the SRA; or

(b) Under the terms of paragraph (b) of Section 9.02 of the SRA, and with the consequences set out in Section 9.04 of the SRA.

5.03 Alternative Benefit

In the event of discontinuation of the SRA under the terms of Section 9.02 (a), and in accordance with Sections 9.03 (f) and 9.03 (g) of the SRA,

(a) The University and TUFA shall expeditiously implement a reasonable alternative to the SRA of equal benefit, in order to improve the retirement incomes of TUFA bargaining unit members, either within the RPP or by some other means. For the purposes of this paragraph, "equal benefit" means the amount necessary to ensure that the RPP and alternative benefit combined continue to provide a total retirement benefit to Members equal to the benefits provided under the RPP and the SRA at the time the SRA was discontinued, in addition to providing Health Care Reimbursements to eligible Retired members of the RPP or Prior Plan and/or their Spouses. Upon the establishment of such an alternative to the SRA by agreement between the University and TUFA, the contributions to be paid by the University to the RPP in a Plan Year and the funding under the ARA shall again follow the model of contribution and funding provided in Section 4 (ARA Funding) herein, with the necessary modifications, unless the University and TUFA shall agree to alternative provisions.

(b) Unless TUFA and the University agree otherwise, any SRA Surplus, including any remaining Transition Pension Allocations payments, or any unfunded liability of the SRA at discontinuation, including any liabilities in respect of the Health Care Reimbursements, shall be rolled over into the alternative retirement arrangement provided in paragraph (a) above, as assets or liabilities at its startup.

(c) In conjunction with the agreement concerning the alternative benefit to be provided pursuant to Section 5.03 (a) and 5.03 (b) above, the ARA shall be amended to reflect the provisions agreed upon by TUFA and the University regarding the alternative benefit.

DATED at Peterborough, this 28th day of April, 2006.

Signed: **For the University**	**For TUFA**
David Mahy, Chief Negotiator	Dr. John Fekete, Chief Pension Negotiator
Don O'Leary, Vice-President (Administration)	Dr. Graham Cogley, Pension Negotiator
Garth Brownscombe, Director of Finance	Dr. Douglas Curtis, Pension Negotiator
Sharon Stover, Pension Co-ordinator	Dr. George Nader, Pension Negotiator

Appendix A

Memorandum on Actuarial Assumptions

In accordance with Section 14.02 of The Contributory Pension Plan for TUFA Employees of Trent University (the "RPP") and Section 3.02 (b) of the Aggregate Retirement Arrangement (the "ARA"), this Memorandum on Actuarial Assumptions sets out the actuarial assumptions and methods used in respect of the RPP, the SRA, and the ARA. As per Section 14.02 of the RPP and Section 3.02 (b) of the ARA, the actuarial assumptions and methods used in the actuarial valuations may be changed but only on the recommendation of the Actuary and provided that (1) proposed changes in actuarial assumptions and methods have been presented to the Pension Subcommittee for discussion and review of options, along with a rationale for the changes, and an analysis of the impact of each change on the assets and liabilities of the RPP and the SRA and on the Aggregate Assets and Aggregate Liabilities under the ARA, and (2) sufficient notification has been provided to TUFA of any proposed change to actuarial assumptions and methods to provide TUFA reasonable opportunity for consultation with its actuary and for timely input into the decision process where the University shall give due consideration to any such input.

This Memorandum on Actuarial Assumptions shall be attached to the Collective Agreement for information purposes only but shall not form part of the Collective Agreement.

The following pages set out the actuarial assumptions and methods for the Going Concern Valuation as of July 1, 2005. A definition of terms is also included.

Dated at Peterborough, this 28th day of April, 2006.

David Mahy
Chief Negotiator, Trent University

John Fekete
Chief Pension Negotiator, TUFA

Allan Shapira
Actuary, Hewitt Associates

Actuarial Assumptions and Methods: Valuation of the RPP, the SRA, and the ARA as of July 1, 2005

Going Concern Valuation—Demographic Assumptions

Retirement Age	Normal Retirement Date.
Mortality Rates	1994 Uninsured Pensioner Mortality Table Without Projection (sex-distinct rates).
Withdrawal Rates	See Table A following.
Percentage of Participants With a Spouse at Retirement	80% with spouse; female spouse assumed to be three years younger than male spouse.

Going Concern Valuation—Economic Assumptions

Increase in CPI	2.75% per year.
Increase in Maximum Pension under *Income Tax Act* (after scheduled increases to 2009)	2.75% per year.
Increase in Maximum Salary[1]	2.75% per year.
Increase in Salary	4.25% per year.
Interest Rate	
Before Retirement	6.50% per year.
After Retirement[2]	6.00% per year for Retirements prior to July 1, 2006. 6.50% per year for Retirements on or after July 1, 2006.
Expenses and Contingencies	Interest rates above are net of all expenses.

Going Concern Valuation—Actuarial Methods

Actuarial Cost Method	Projected Unit Credit Cost Method, Prorated on Pensionable Service.
Asset Valuation Method	Market value of assets, adjusted for any contributions and benefit payments in transit.
Amortization Method	Aggregate Deficit amortized as a level percentage of salary.
Reserve Method for Excess Interest Indexation	Reserve for future indexing based on excess rate of return to valuation date.

[1] D21 Grid Step used since no member currently in D22 Grid Step
[2] Or termination/death if earlier

Actuarial Assumptions and Methods: Valuation of the RPP, the SRA, and the ARA as of July 1, 2005

Table A

Annual Withdrawals per 1,000 Participants

Age	Annual Number of Withdrawals	Age	Annual Number of Withdrawals
25 and less	200	35	63
26	180	36	56
27	160	37	50
28	142	38	44
29	126	39	39
30	112	40	34
31	100	41	30
32	90	42	26
33	80	43	23
34	71	44	20
		45 and over	0

Actuarial Assumptions and Methods: Definition of Terms

The terms “going concern Valuation”, “solvency Valuation”, “accrued liabilities”, and “current service cost” used in the RPP and the SRA are defined as follows:

Going Concern Valuation
The valuation of liabilities and assets of a retirement benefits plan using methods and actuarial assumptions in accordance with generally accepted actuarial principles and practices for the valuation of a continuing plan.

Solvency Valuation
The valuation of liabilities and assets of the RPP determined as if the RPP had been wound up on the Valuation date using methods and actuarial assumptions in accordance with generally accepted actuarial principles and practices appropriate for such determination.

Accrued Liabilities
The actuarial present value of the retirement benefits earned by Members under the RPP and the SRA, as applicable, in respect of their Pensionable Service prior to the Valuation date.

Current Service Cost
The actuarial present value of the retirement benefits expected to be earned by Members under the RPP and the SRA, as applicable, in respect of Pensionable Service during the Plan Year following the Valuation date.

Appendix B

Second Framework Agreement:
Agreement on Retirement Benefit Issues Comprising an Amendment of the Collective Agreement. November 29, 2005.
(Appendix A and Appendix B not included)

Nov. 29, 2005

AGREEMENT

ON RETIREMENT BENEFIT ISSUES

COMPRISING AN AMENDMENT OF THE COLLECTIVE AGREEMENT

BETWEEN:

THE BOARD OF GOVERNORS ON BEHALF OF TRENT UNIVERSITY ("TRENT")

- AND -

THE TRENT UNIVERSITY FACULTY ASSOCIATION ("TUFA")

1. Trent and TUFA (the parties) are parties to a collective agreement, the terms of which incorporate by reference the Contributory Pension Plan for TUFA Employees of Trent University (the "RPP") and the Supplemental Retirement Arrangement for Members of The Contributory Pension Plan for TUFA Employees of Trent University (the "SRA");

Representatives of the parties have engaged in discussions with respect to a variety of issues related to the RPP and the SRA as they affect TUFA members and have reached this agreement for inclusion in a renewal collective agreement between the parties with the effective date July 1, 2005, and with the commitment that this agreement shall serve as the basis for amendments and changes in respect of TUFA pension and retirement benefit issues.

Capitalized terms are defined in the RPP or SRA documents or herein. "Pension" and "retirement benefit" are interchangeable terms with the same meaning.

PROCESS AND RELATED MATTERS

2. The parties will conclude such further legal agreements as are necessary to implement this agreement as expeditiously as is practicable, and in any event not later than March 31, 2006, through further pragmatic discussion in the context of and consistent with this agreement, such further legal agreements to consist of the final language of amendments to the RPP, the SRA, and the collective agreement, as necessary, along with such other documents as are necessary. For a list of RPP and SRA provisions anticipated to be in need of amendment, see Appendix A of this agreement, for informational purposes.

3. This agreement is grievable and arbitrable under the collective agreement and can be the subject of a complaint under the *Ontario Labour Relations Act*.

4. In the event that issues remain to be resolved respecting the legal agreements referenced in item 2. above, either party can bring any such issues directly to arbitrator Kevin Burkett or William Kaplan (whoever is first available) on the giving of one week's written notice to the other party. This provision is a special facilitating fast-track, with the following two conditions: (a) the arbitrator will meet with and endeavour to assist the parties as necessary in resolving any outstanding issues in the context of and consistent with this agreement; however, in the event that the parties are unable to resolve an outstanding issue, the arbitrator shall have the authority to resolve it in a manner consistent with this agreement, and such resolution shall be binding on both parties; (b) the costs of the arbitrator shall be paid jointly and equally by the parties.

5. Unless the parties agree otherwise, no departure shall occur from the normal manner for satisfying the current service costs of both the RPP and the SRA in each Plan Year as detailed in item 10.(a) below, nor shall any transfer of assets to the RPP from the SRA Fund (as constituted under the Advanced Income Tax Act Ruling) occur, unless and until the legal agreements implementing this agreement are successfully concluded, and then only to the extent and in the manner provided in the legal agreements.

CHANGES OR AMENDMENTS TO THE RPP AND THE SRA

6. **An "Aggregate Plan"**

(a) The parties agree to establish a framework for the continuing operation of the RPP and the SRA within a properly funded defined benefit Aggregate Plan (Aggregate Plan = RPP+SRA) that will deliver to Aggregate Plan members a retirement benefit of 2% of final average earnings for each year of pensionable service. Under the Aggregate Plan, the RPP and the SRA are differentiated only in regulatory and creditor treatment, but otherwise operate in a uniform manner, combined into one Aggregate Plan, both from the perspective of all the obligations associated with a defined benefit plan and from a financial management perspective.

(b) The Aggregate Plan shall be funded at the level of the Aggregate Current Service Cost (ACSC) + 1%, where the ACSC is defined as the sum of the total current service cost of the RPP and the SRA, and 1% is the Initial Aggregate Amortization Component (IAAC), defined as the agreed-upon contribution rate required for the amortization of the going concern unfunded liability identified at July 1, 2005--except that the University has a further obligation to amortize any new or additional going concern unfunded liabilities or solvency deficiencies under the terms of this agreement.

7. **SRA No Longer Surplus-Dependent and No Longer Probationary**

(a) Under the provisions of this agreement, effective July 1, 2005, the suspension and termination provisions of the SRA (Section 9 of the SRA) shall be removed. Moreover, the SRA Fund will be funded from Aggregate Plan contributions, in the same manner as the RPP.

(b) The parties shall review and revise the remaining portion of Section 9 of the SRA (Discontinuation for Legal Reasons) within the legal agreements to be prepared under item 2. of this agreement. No revision under this item 7.(b) shall disadvantage members in comparison with the current provisions for discontinuation for legal reasons under Section 9 of the SRA.

8. **Members' Required Contributions**

(a) Effective with the collective agreement starting July 1, 2005, Members' Required Contributions under the Aggregate Plan for each Plan Year shall be

(i) deposited to the RPP in each Plan Year;

(ii) set at 6.50% of the Nominal Earnings of members (or the Normal Earnings of part-time members), which contribution rate includes the members' Current Service Cost components for the RPP and for the SRA (a total of 6.1%), and the agreed member amortization component (0.4%) for the amortization of the going concern unfunded liability identified at July 1, 2005 (approximately 3.5 million dollars);

(iii) readjusted, with respect to the Current Service Cost component of the Members' Required Contributions, effective the first Plan Year of each collective agreement, to a rate that is equivalent to 40% of the total Aggregate Current Service Cost ("ACSC"). In addition, the 0.4% agreed member amortization component will remain part of the Members' Required Contributions. For clarity, the 0.4% agreed member amortization component will remain part of the Members' Required Contributions even after the identified amortization payments are completed, unless the parties agree otherwise.

(b) Notwithstanding the provisions under 8.(a).ii above, during the Plan Year starting July 1, 2005, Members' Required Contributions shall be 5.25% during July 1, 2005 to December 31, 2005, and 5.75% during January 1, 2006 to June 30, 2006. For clarity, thereafter, starting July 1, 2006, Members' Required Contributions shall be 6.50% in each Plan Year unless and until the provision of 8.(a)(iii) takes effect.

9. **University's Required Contributions**

(a) Effective with the collective agreement starting July 1, 2005, the University's Required Contributions under the Aggregate Plan for each Plan Year shall be (A) + (B) where the components (A) and (B) are defined below in 9.(b) and 9.(c).

(b) (A) shall be

(i) set at 9.75% of the Nominal Earnings of members (or the Normal Earnings of part-time members), which contribution rate includes the University's Current Service Cost components for the RPP and for the SRA (a total of 9.15%), and the agreed University amortization component (0.6%) for the amortization of the going concern unfunded liability identified at July 1, 2005 (approximately 3.5 million dollars);

(ii) readjusted, with respect to the Current Service Cost component of the University's Required Contributions, effective the first Plan Year of each collective agreement, to a rate that is equivalent to 60% of the total Aggregate Current Service Cost ("ACSC"). In addition, the 0.6% agreed University amortization component will remain part of the University's Required Contributions. For clarity, the 0.6% agreed University amortization component will remain part of the University's Required Contributions even after the identified amortization payments are completed, unless the parties agree otherwise. For a definition of the ACSC, see item 6.(b) above;

(iii) set, during the Plan Year starting July 1, 2005, notwithstanding the provisions under 9.(b)(i) above, at 5.25% during July 1, 2005 to December 31, 2005; 12.00% during

January 1, 2006 to April 30, 2006; and 9.75% during May l to June 30, 2006. For clarity, thereafter, starting July 1, 2006, the University's Required Contributions under (A) in this item shall be 9.75% in each Plan Year unless and until the provision of 9.(b)(ii) takes effect;

(iv) not less in any event, notwithstanding any provision above, than the balance of the cost of benefits being earned in the Plan Year under the RPP after allowing for the Current Service Cost component of the Members' Required Contributions (which for this purpose shall include the University's contributions on behalf of Members under Section 4.01(b) of the RPP).

(c) (B) shall be the amount necessary for the proper amortization of all solvency deficiencies (if any) under the RPP, and all unfunded liabilities (if any) under the Aggregate Plan on a going concern basis if such unfunded liabilities are not already covered under the aggregate 1% amortization component (IAAC) provided by the member amortization component under 8.(a) and the University amortization component under 9.(b), subject to 9.(d) below.

For the purposes of determining "the amount necessary" under this provision, the legislation applicable to the RPP is deemed to apply also to the SRA with respect to the proper amortization of going concern unfunded liabilities, subject to the agreed-upon method of amortization. See Appendix B for the "agreed-upon method."

For clarity, at any point in time, the present value of the amortization payment to the Aggregate Plan in respect of the IAAC (that is, 1%) will be calculated on the remaining period to June 30, 2025, i.e., a period of 20 years from July 1, 2005. For each Plan Year of the 20-year period up to June 30, 2025, the going concern unfunded liability of the Aggregate Plan will be reduced at each annual valuation by the present value of the Initial Aggregate Amortization Component for the period remaining.

The provisions of item 10.(b) (Allocation) and item 12 (Solvency) of this agreement address the solvency deficiency payments under this component (B) of the University's obligation.

(d) (i) In any Plan Year, to the extent that additional special payments by the University are required for the liquidation of a going concern unfunded liability under the Aggregate Plan, such special payments shall be deemed to be a credit against University contributions in any of the following three Plan Years, provided that the use of any such credit shall not increase the going concern unfunded liability of the Aggregate Plan beyond an amount equal to the present value of the IAAC for the remaining period up to June 30, 2025.

(ii) In any Plan Year, the University may take a credit against University contributions up to the full amount of any solvency special payments made directly by the University to the RPP in any of the previous ten Plan Years, provided that such credit does not create a solvency deficiency. For clarity, funds withdrawn, withheld, or transferred from the SRA Fund under item 12 to cover solvency deficiency under the RPP are not eligible for such credits.

(e) For clarity, the University cannot take account of actuarial gains or cumulative aggregate surplus in calculating its total required contribution obligations under component (A) of item 9, nor use actuarial gains or aggregate surplus to reduce its total contribution obligations under the Aggregate Plan except as set out in item 9.(d) above and in item 13. below.

10. **Allocation of the University's Required Contributions**

(a) In each Plan Year starting July 1, 2005, the University's required contributions will be allocated in the following order, to be considered the normal funding sequence:

(i) By deposit to the RPP, to satisfy the University's current service cost under the RPP which is defined as the balance of the cost of benefits being earned in the Plan Year after allowing for the Members' Required Contributions (which for this purpose shall include the University's contributions on behalf of Members under Section 4.01(b) of the RPP);

(ii) By deposit to the SRA Fund, to satisfy the current service cost under the SRA, which is defined as the cost of the benefits being earned in the Plan Year under the SRA;

(iii) By deposit to the RPP or the SRA Fund, as deemed necessary on the Actuary's advice, to meet the obligations of the Aggregate Plan.

(b) Notwithstanding the provisions under item 10.(a) above, in any Plan Year when a filed actuarial valuation has identified a solvency deficiency under the RPP, University contributions, up to the full required amount of such contributions as may be necessary, can be directed entirely to the

RPP, provided that such departures from the norms that are defined in item 10.(a) shall be subject to the provisions of item 12. and item 13.(b) of this agreement.

11. **Indexation**

(a) The same rate of indexation will apply to pensions payable under the SRA as to pensions payable under the RPP, under all the provisions of this item on indexation.

(b) The current indexation provisions of the RPP and SRA will continue to apply to retirements and terminations prior to July 1, 2006, i.e. will be applied to the full retirement benefit under the Aggregate Plan. The sections on indexation below, which are more restrictive than the provisions currently in place, apply only to the cohort of retirements and terminations on and after July 1, 2006, except that the indexation rate applicable to the earnings of members who are disabled on or after July 1, 2006 will be the better of the two rates.

The new provisions under 11.(c) below are not expected to produce indexation of pensions until and unless the RPP's cumulative returns calculated under a smoothing method exceed 6.5% over a period of time, i.e. unless the RPP performs better than currently expected, and the new provisions under 11.(d) below are not expected to produce indexation of pensions until and unless the Aggregate Plan has no unfunded or unamortized liabilities and aggregate surplus grows to exceed the amount of aggregate surplus designated under 11.(d)(ii) below for use as a contingency reserve.

(c) For retirements and terminations on and after July 1, 2006, excess-earnings-based indexation under the Aggregate Plan on each July 1st, starting with July 1, 2007, shall be determined as follows:

> (i) Excess earnings shall be defined as a percentage value that is the cumulative excess/deficiency of the rate of return on the RPP, after the deduction of expenses, above/below 6.5% for the period ending on the immediately preceding March 31, with the starting measurement date for the rate of return and the cumulative excess/deficiency being April 1, 2006. For the four 12-month periods from April 1, 2006 to March 31, 2010, the rate of return shall be the 1-year, 2-year, 3-year and 4-year averages respectively and thereafter a 4-year average rate of return shall be used.
>
> (ii) If there is a cumulative deficiency as of March 31, there will be no indexation on the subsequent July 1; however, there will be no reduction in pension benefits.

(iii) If there is a cumulative excess as of March 31, the indexation as of the subsequent July 1 will be the lesser of the cumulative excess and 50% of the annual rate of increase in the Consumer Price Index as of the immediately preceding March 31. The percentage expended on indexation will be deducted from the cumulative excess.

(iv) If there is any remaining cumulative excess, 50% of that excess will be used for catch-up in respect of any one or more of the prior five years when the indexing was less than 50% of the increase in CPI. The application of the catch-up to previously unindexed or partially indexed years will proceed in reverse chronological order, from the most recent Plan Year backward.

(d) For retirements on and after July 1, 2006 (for clarity: not for terminations), aggregate-surplus-based indexation under the Aggregate Plan on each March 1, starting with March 1, 2008, is in addition to the excess-earnings-based indexation described in 11.(c) above for retirements and terminations, and shall be determined as follows:

(i) Aggregate-surplus-based indexation will be applied to pensions in payment to supplement excess-earnings-based indexation for any Plan Year in which indexing was less than the increase in CPI, proceeding to provide catch-up year by year in reverse chronological order, from the most recent Plan Year backward, first to bring each unindexed or partially indexed year to 50% of the increase in CPI, and then, secondly, after that target has been achieved for all years, to bring each year, Plan Year by Plan Year, in reverse chronological order, to 100% but never more than 100% of the increase in CPI for that year, including excess-earnings-based indexation, subject to item 13.(a)(iii). For clarity, the 5-year limit of item 11.(c)(iv) does not apply to the aggregate-surplus-based indexation.

(ii) The threshold for initiating aggregate-surplus-based indexation will be an aggregate contingency reserve of aggregate surplus funds on a going concern basis equal to the Aggregate Current Service Cost. Only aggregate surplus in excess of that contingency reserve is available for indexation under this provision.

(iii) The funds available for aggregate-surplus-based indexation will be determined in each actuarial valuation not later than December of each Plan Year, and will be applied effective March 1 of the same Plan Year for the immediately preceding Plan Year. The application of funds for catch-up in respect of prior Plan Years shall be based for each prior Plan Year on CPI for the immediately preceding year and calculated as of March 31 of that preceding year.

(e) It is the intent of the parties that, funds permitting, ultimately the application of indexation provisions should achieve equity between the pre-2006 and the post-2006 cohorts of retirements. In the event that indexation of post-2006 retirements under these excess-earnings and aggregate-surplus-based provisions comes to match the indexation provided under the current provisions to retirements prior to July 1, 2006, further aggregate-surplus-based indexation for post-2006 retirees shall not be unreasonably provided at the expense of aggregate-surplus-based indexation for pre-2006 retirees under the current Article 7.04 of the RPP respecting "insufficient excess investment earnings."

12. **Solvency**

(a) If, in any Plan Year, on the basis of a filed valuation, the University is required to make special payments to amortize a solvency deficiency under the RPP, up to the full amount of the University's Required Contributions, as may be necessary, shall be directed to the RPP. The portion of the contribution in excess of the University current service cost for the RPP, up to an amount equivalent to the IAAC (1%), shall be used to satisfy any going concern special payments, with the balance of the excess contribution, if any, used in respect of the solvency special payments. The remainder of the solvency special payments for the Plan Year can then be satisfied by transferring a corresponding amount from the SRA Fund to the RPP, provided that sufficient funds are available in the SRA Fund and subject to maintaining assets in the SRA Fund at least equal to five years of pension payments under the SRA.

For clarity, in each PlanYear, the five years of pension payments will be calculated on a rolling basis as 60 times the monthly pension payments as of the effective date of the filed valuation and as of each subsequent annual valuation.

(b) The parties agree, in preparing the legal agreements under item 2. of this agreement, to provide mechanisms to ensure that any amounts withdrawn from the SRA Fund, or transferred from the SRA Fund to the RPP, or withheld from normal current service allocations to the SRA Fund, in respect of solvency special payments, shall be (i) noted, for purposes of reporting the financial position of the SRA, as having been withdrawn, withheld from, or transferred out of the SRA Fund; and (ii) credited with the investment income, net of expenses, earned while the withdrawn, transferred, or withheld funds remain in the RPP. An amount equal to the sum of the amounts under

12.(b)(i) and 12.(b)(ii) shall be reallocated by the University to the SRA Fund as soon as is reasonably practicable, with the objective of achieving and sustaining a balanced SRA within a balanced Aggregate Plan. The parties are agreed that any such mechanisms for withholding, withdrawing, or transferring funds from the SRA Fund shall comply with applicable legislation.

(c) The parties further agree:

(i) to ensure that any going concern special payments or solvency special payments to the RPP are limited to the minimum required by applicable legislation;

(ii) to ensure that solvency transfers or departures from the normal funding that is defined in item 10.(a) do not result in changing or masking any going concern unfunded liability in the Aggregate Plan. For clarity, with respect to *going concern* unfunded liabilities under the Aggregate Plan, the University cannot take account of the provisions of item 12 (Solvency) in calculating its contribution obligations under component (B) in item 9 nor reduce its required contribution deposits under component (B) in item 9;

(iii) to ensure that assets transferred, withdrawn, or withheld from the SRA Fund are counted only once when assessing the financial position of the Aggregate Plan;

(iv) to ensure that transfers and departures from the normal funding that is defined in item 10.(a) are properly tracked, reported, assessed for their impact, reviewed by the parties during the annual valuations, and audited;

For clarity, any withdrawal or withholding of funding from the SRA Fund or any transfer of assets from the SRA Fund to the RPP which would have the effect of creating or increasing an unfunded liability in the SRA shall be permitted only in the case of solvency deficiency in the RPP. Such transactions shall not impact on the financial standing of the Aggregate Plan on a going concern basis.

13. **Surplus**

(a) Unless and until the parties otherwise agree, aggregate actuarial gains since the previous valuation and cumulative aggregate surplus, on a going concern basis, must be used in the manner and in the order of priority specified below, and can be used as a source of funds only for the purposes and according to the sequence detailed below. Except as specified below in item 13.(a)(v), the University cannot use aggregate actuarial gains or cumulative aggregate surplus to reduce its contribution obligations to the Aggregate Plan under component A of item 9.(a) and 9.(b) of this agreement. Use of aggregate actuarial gains and cumulative aggregate surplus will be decided annually following an actuarial determination of assets, liabilities, and total current service costs in the Aggregate Plan, that is both the RPP and the SRA.

The order of "calls" on aggregate actuarial gains and cumulative aggregate surplus will be as follows:

(i) The first call will be to liquidate any going concern unfunded liability or experience deficiency in the Aggregate Plan to the extent required by law or by law mirrored voluntarily. Such liquidation shall occur on an amortized basis in both the RPP and the SRA, and the annual special payments shall be kept to the minimum required by the applicable legislation with respect to the RPP and the agreed-upon amortization method with respect to the Aggregate Plan. For the "agreed-upon method," see Appendix B.

(ii) The next call will be to build up and sustain an aggregate contingency reserve in the amount of the Aggregate Current Service Cost for one Plan Year.

(iii) The next call will be for aggregate-surplus-based indexation, as detailed above in section 11. of this agreement. Unless otherwise agreed by the parties, indexation to the greater of 50% of CPI levels for all Plan Years or the level of indexation provided to pre-2006 retirees is the precondition for the eligibility of calls (iv) and (v) below.

(iv) The next call will be for such improved benefits for members as the parties may agree from time to time, including any further indexation.

(v) Thereafter, any "calls" on or utilization of aggregate surplus will be as the parties may agree from time to time, including any contribution holidays by the parties, provided that such contribution holidays do not unreasonably put the sustainability of the Aggregate Plan in jeopardy and do not render the previous "call" under item (iv) above without effect.

(b) Excess surplus under the Income Tax Act (ITA) definition, and any prohibited contributions to the RPP under the ITA's excess surplus requirements, shall be directed to the SRA Fund.

14. **Administration**

(a) The parties will be provided annually with a complete detailed report of all the expenses associated with the Aggregate Plan.

(b) Proposed changes in actuarial assumptions and methods will be presented to the Pension Subcommittee for discussion and review of options, along with a rationale for the changes, and an analysis of the impact of each change on the assets and liabilities of the Aggregate Plan. Notification to TUFA of any proposed change shall provide reasonable opportunity for consultation with TUFA's actuary and for timely input to the decision process, within which due consideration of such input shall not be unreasonably denied.

(c) Language will be drafted to require that the annual valuation report shall provide valuation details in a form and manner pertinent to the Aggregate Plan, as well as to the RPP and SRA, including the assets, liabilities, experiences, transfers, departures from normal funding under item 10.(a), and other transactions under the Aggregate Plan, sufficient to support the proper monitoring of the Aggregate Plan.

(d) TUFA shall be provided with the financial statements of the RPP, the SRA, and the Aggregate Plan annually in a timely way, sufficient to allow reasonable opportunity to review them, consult as necessary with TUFA's actuary, and make a timely input to the Board's approval or review process.

EFFECTIVE DATE

15. The effective date of this agreement is July 1, 2005. The parties will endeavour to conclude final language negotiations such that amendments to the RPP and the SRA and other documents will be effective as of July 1, 2005.

SIGNING

16. This agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts, including facsimile signatures, shall be construed together, and shall constitute one and the same agreement.

Signed, in Peterborough, Ontario, this 29th day of November, 2005

FOR TUFA	**FOR TRENT**
______________________________	______________________________
Dr. John Fekete, Chief Pension Negotiator	David Mahy, Chief Negotiator

Dr. Graham Cogley, Pension Negotiator

Don O'Leary, Vice-President

Dr. Douglas Curtis, Pension Negotiator

Garth Brownscombe, Director of Finance

Dr. George Nader, Pension Negotiator