

SCHEDULE 2

MPP Supplemental Pension Plan

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1. Introduction

1.1 MPP Supplemental Pension Plan Provisions

This Schedule constitutes the provisions of the MPP Supplemental Pension Plan and applies to SPP Members and SPP Former Members in respect of their Service on and after the Effective Date.

1.2 Purpose

The primary purpose of the MPP Supplemental Pension Plan is to provide pension benefits in addition to those provided under the PSPP and PSPP RCA to MPPs in respect of their Service on and after the Effective Date.

2. Construction and Interpretation

2.1 Construction

The division of this Schedule into sections, subsections, clauses, and the insertion of headings, sub-headings, an introduction, and a table of contents is for convenience and reference only and shall not affect the construction or interpretation of this Schedule.

2.2 Interpretation

The provisions of this Schedule are to be interpreted in the same manner as the provisions of the PSPP subject to necessary modifications.

2.3 Conflicts with the PSPP or PSPP RCA

If there is a conflict or inconsistency between this Schedule and the PSPP or between this Schedule and Schedule 1 of Order in Council 1298/2021 as amended, this Schedule prevails.

2.4 Elections under the PSPP apply to the MPP Supplemental Pension Plan

Any choice, selection, election or waiver made or deemed to be made under the PSPP that can apply shall apply to the MPP Supplemental Pension Plan including but not limited to the following:

- (a) the type or form of a pension benefit,
- (b) the pension commencement date, except as otherwise set out in section 6.1,
- (c) the designation of beneficiaries and recipients,
- (d) joint and survivor pensions,
- (e) the division of pension assets on marriage breakdown, except that:
 - (i) there shall be no division or payment of entitlements under the MPP Supplemental Pension Plan unless and until such entitlements are vested in accordance with section 7.1, and

- (ii) any payment from the RCA Trust Fund with respect to the MPP Supplemental Pension Plan to the SPP Member's former spouse in respect of the value of the former spouse's pension benefit that is made prior to the date of pension commencement under the MPP Supplemental Pension Plan shall be paid in cash as a lump sum, or
- (f) shortened life expectancy.

3. Definitions

3.1 Definitions

In this Schedule,

"Administrator" means the Ontario Public Service Pension Board referred to in the PSPP or any other person with whom the Minister has entered into an agreement to administer the MPP Supplemental Pension Plan.

"Assembly" means the Legislative Assembly of Ontario.

"Average Annual Salary", for the purpose of the MPP Supplemental Pension Plan, means the average of the SPP Member's annual Salary rate in each month of the period of 36 consecutive months of Service while an SPP Member which produces the highest average or, if the number of consecutive months is less than 36, the total number of consecutive months.

"Average Year's Maximum Pensionable Earnings" means the average of the year's maximum pensionable earnings under the Canada Pension Plan for the year in which the SPP Member ceases to be an SPP Member and for each of the two preceding years.

"Credit", for the purpose of the MPP Supplemental Pension Plan, has the same meaning as under the PSPP, except that credit is restricted to the period of time for which contributions have been or are being made to the PSPP in respect of Service after the Effective Date. For greater certainty, (i) an SPP Member who ceases to make contributions to the PSPP in accordance with section 6(5) of the PSPP on or after attaining 65 years of age shall not accrue Credit in the MPP Supplemental Pension Plan for the period of time in which the SPP Member does not make contributions to the PSPP, (ii) Credit does not include a period for which an SPP Member has purchased credit for prior service under the PSPP (regardless of whether such service is in respect of a period before or after the Effective Date), and (iii) Credit does not include any period during which the SPP Member was not an MPP, including a period of time during which a person receives a benefit under the long term income protection plan and has ceased to be an MPP.

"Crown" means the Crown in right of Ontario.

"Effective Date" means January 1, 2026.

"MPP" means a person who is a member of the Assembly and who is eligible to participate in the MPP Supplemental Pension Plan pursuant to the *MPPs Pension Act, 1996*.

“MPP Supplemental Pension Plan” means the MPP Supplemental Pension Plan established pursuant to this Order in Council and set out in Schedule 2 to this Order in Council.

“PSPP” means the Public Service Pension Plan as set out in Schedule 1 under the *Public Service Pension Act*, R.S.O. 1990, c. P.48, as amended from time to time.

“PSPP Fund” means the Public Service Pension Fund.

“PSPP Maximum Age” means the maximum age for contributors under the PSPP.

“PSPP RCA” means the plan set out for members of the PSPP in Schedule 1 of Order in Council 1298/2021 as amended.

“RCA Trust Fund” means the Retirement Compensation Arrangement Trust Fund established pursuant to Schedule 1 of Order in Council 1298/2021 as amended.

“Salary”, for the purpose of the MPP Supplemental Pension Plan, has the same meaning as under the PSPP to the extent applicable to MPPs.

“Service” means the period of service of an MPP determined in accordance with subsection 61(2) of the *Legislative Assembly Act*.

“Service Level Agreement” means the agreement between the Administrator and the Crown regarding the administration of the MPP Supplemental Pension Plan.

“SPP Former Member” means a person who has ceased to be an SPP Member under section 4.2 and who is entitled, either immediately or at a future time, to payment of a Supplemental Benefit or any other form of payment under the MPP Supplemental Pension Plan.

“SPP Member” means a person who meets the requirements of section 4.1 but does not include an SPP Former Member.

“Supplemental Benefit” means the aggregate payments or payment, made periodically or at one time from the RCA Trust Fund as part of the MPP Supplemental Pension Plan.

3.2 PSPP Definitions Apply

Except as otherwise stated in section 3.1, where terms that are defined in the PSPP are used in this Schedule, the definitions of those terms in the PSPP apply to this Schedule with necessary modifications.

4. Membership

4.1 Membership

An MPP shall become an SPP Member on the date that the MPP becomes a member of and commences accruing benefits under the PSPP in respect of their Service. For greater certainty, no MPP shall become an SPP Member prior to the Effective Date.

4.2 Cessation of Membership

An SPP Member ceases to be an SPP Member upon the earliest of:

- (a) ceasing to hold office as an MPP,
- (b) ceasing to be a member of the PSPP, or
- (c) the death of the SPP Member.

5. Contributions and Funding

5.1 No Member Contributions

SPP Members shall not be required or permitted to contribute to the MPP Supplemental Pension Plan. For greater certainty, nothing in this Schedule affects any amounts SPP Members are required to contribute to the PSPP or the PSPP RCA under the terms of the PSPP and the PSPP RCA, respectively.

5.2 Funding by the Crown

The Crown shall contribute to the RCA Trust Fund in each calendar year in accordance with section 5.6 of Schedule 1 of Order in Council 1298/2021 as amended, and such contribution shall include an amount necessary to fund the benefits payable under the MPP Supplemental Pension Plan determined by an actuary and based on an actuarial valuation report prepared for the RCA Trust Fund that is not more than four years old.

5.3 Surplus May Reduce Crown Payments

Section 5.7 of Schedule 1 of Order in Council 1298/2021 as amended applies to the MPP Supplemental Pension Plan.

6. Pension Commencement Date

6.1 General

An SPP Former Member who has a vested entitlement under the MPP Supplemental Pension Plan shall commence receiving a Supplemental Benefit under the MPP Supplemental Pension Plan on the same day as the pension is paid to the SPP Former Member under the PSPP. Notwithstanding the foregoing, where the pension paid to an SPP Former Member under the PSPP commences prior to the SPP Former Member attaining 55 years of age, the SPP Former Member shall commence receiving a Supplemental Benefit under the MPP Supplemental Pension Plan in the month following the month in which the SPP Former Member attains 55 years of age.

6.2 Disability Pension

Notwithstanding section 6.1, where an SPP Former Member who has a vested entitlement under the MPP Supplemental Pension Plan becomes entitled to a disability pension in accordance with section 14 of the PSPP, such SPP Former Member shall be entitled to receive

a Supplemental Benefit under the MPP Supplemental Pension Plan, without reduction in accordance with section 7.5, commencing on the same day the disability pension is paid to the SPP Former Member under the PSPP for the period in which the disability pension is paid to the SPP Former Member under the PSPP.

7. Supplemental Benefits

7.1 Vesting

All entitlements under the MPP Supplemental Pension Plan vest as follows:

- (a) for an SPP Member who is an MPP during the 44th Parliament:
 - (i) on the day the 44th Parliament is dissolved, if the SPP Member is still an MPP on that day and, on that day, the SPP Member has at least six years of Service, or
 - (ii) on the day the SPP Member dies, if the person dies before the 44th Parliament is dissolved and, on the day the SPP Member dies, the SPP Member is still an MPP and has at least six years of Service, and
- (b) for an SPP Member who is an MPP during a Parliament after the 44th Parliament but for whom section 7.1(a)(i) does not apply, on the day the Member has at least six years of Service while an SPP Member.

For purposes of determining vesting under this section, the six years of Service need not be consecutive and, for greater certainty, only Service while an SPP Member after the Effective Date is considered unless section 7.1(a) applies.

Subject to section 7.7(e), any entitlement under the MPP Supplemental Pension Plan that is unvested on the date an SPP Member ceases to be an SPP Member pursuant to section 4.2 shall be forfeited immediately and such SPP Member shall not be entitled to any payment or other benefit under the MPP Supplemental Plan in respect of such unvested entitlement.

7.2 Computation of Pension

Subject to section 7.7, the annual Supplemental Benefit payable to an SPP Former Member who has a vested entitlement under the MPP Supplemental Pension Plan is a pension equal to:

- (a) three percent (3%) of the SPP Former Member's Average Annual Salary multiplied by the SPP Former Member's years of Credit, including any fraction of a year, to a maximum of 35 years of Credit,

reduced by

- (b) the amount payable to the person under the PSPP and PSPP RCA (which is subject to any applicable reductions in accordance with the PSPP and PSPP RCA) in respect of Service during the same period of Credit for which benefits accrued under the MPP Supplemental Pension Plan.

For greater certainty, the Supplemental Benefit described in this section is inclusive of the

bridging benefit calculated under section 7.4 and shall be subject to reduction on account of the elimination of such bridging benefit in accordance with section 7.4.

7.3 Calculation Date

The Supplemental Benefit, if vested, shall be calculated at the date on which membership ceases in the MPP Supplemental Pension Plan.

7.4 Elimination of Bridging Benefit at Age 65

When an SPP Former Member,

- (a) who is in receipt of a Supplemental Benefit attains 65 years of age, or
- (b) who is not in receipt of a Supplemental Benefit commences to receive a Supplemental Benefit on or after attaining 65 years of age,

the bridging benefit shall cease to be paid and the annual amount of the SPP Former Member's pension computed under section 7.2(a) shall be reduced by the amount of the bridging benefit. The bridging benefit is the product of,

- (c) 0.7 percent of the lesser of,
 - (i) the SPP Former Member's Average Annual Salary, and
 - (ii) the SPP Former Member's Average Year's Maximum Pensionable Earnings, and
- (d) the SPP Former Member's years, including any fraction of a year, of Credit, to a maximum of 35 years.

For greater certainty, the bridging benefit is inclusive of any adjustments made to the pension computed under section 7.2(a) while the benefit is paid, including, but not limited to, adjustments for inflation pursuant to section 24 of the PSPP and any applicable reduction.

7.5 Early Retirement Reduction

Where payment of an SPP Former Member's Supplemental Benefit commences prior to the SPP Former Member attaining 65 years of age, the annual amount of the SPP Former Member's pension for purposes of section 7.2(a) is reduced by the total of one-sixth of one percent for each month in the period commencing on the first day of the month in which payment of the pension is to commence and ending with the last day of the month when the SPP Former Member will attain 65 years of age.

When the elimination of the bridging benefit required by section 7.4 is calculated, the reduction required by this section applies only after giving effect to the elimination of the bridging benefit required by section 7.4 and shall, if applicable, be recalculated on that basis.

For greater certainty, an early retirement reduction may apply to the Supplemental Benefit under the MPP Supplemental Pension Plan even if no early retirement reduction is applicable to the SPP Former Member's pension benefit under the PSPP and PSPP RCA.

7.6 Reductions to PSPP Pension Apply

Subject to sections 7.4 and 7.5, where an SPP Member's pension benefit in respect of Service under the PSPP is reduced for a reason including but not limited to the rules regarding:

- (a) spousal survivor pensions,
- (b) the application of shortened life expectancy provisions, and
- (c) the division of pension assets on marriage breakdown,

any Supplemental Benefit calculated under section 7.2(a) shall be reduced in proportion to the reduction applied to the SPP Member's pension benefit under the PSPP.

7.7 Receipt of MPP Salary, Re-election, Re-employment or Re-engagement

- (a) If an SPP Former Member who is receiving a Supplemental Benefit is (i) an MPP in receipt of Salary and not a member of the PSPP, or (ii) re-employed or re-engaged by an employer who contributes to the PSPP Fund and does not become a member of the PSPP, the formula set out in subsection 26(1) or 26(4), as applicable, of the PSPP shall apply to the SPP Former Member's Supplemental Benefit with necessary modifications and subject to the other conditions and exceptions set out in section 26 of the PSPP.
- (b) If an SPP Former Member who is receiving a Supplemental Benefit is (i) re-elected as an MPP or (ii) is re-employed or re-engaged by an employer who contributes to the PSPP Fund, and, in either case, becomes a member of the PSPP, the Supplemental Benefit shall cease to be paid as long as the person remains a member of the PSPP.
- (c) If an SPP Former Member is subsequently elected as an MPP and becomes an SPP Member, such subsequent Service shall be added to the SPP Former Member's Credit under the MPP Supplemental Pension Plan and their Supplemental Benefit shall be re-calculated to take into account the additional Credit and any pension earlier received by the SPP Former Member.
- (d) If an MPP terminates membership in the PSPP and the MPP Supplemental Pension Plan and subsequently becomes an SPP Member through further Service, and upon such prior termination had an entitlement under the MPP Supplemental Pension Plan and the MPP elected to receive the commuted value of such previous entitlement in accordance with section 7.9, (i) such MPP is deemed to be a new SPP Member with no prior Credit under the MPP Supplemental Pension Plan for all purposes, and (ii) prior Service will only be considered for the purposes of (A) determining whether vesting conditions under section 7.1 are met, and (B) determining Average Annual Salary.
- (e) If an MPP terminates membership in the PSPP and MPP Supplemental Pension Plan and subsequently becomes an SPP Member through further Service, and upon such prior termination had an entitlement under the MPP Supplemental Pension Plan that was forfeited in accordance with section 7.1, such MPP's prior Service while an SPP Member will be considered for the purposes of (A) determining whether vesting conditions under section 7.1 are met, (B) determining Average Annual Salary, and (C)

the calculation of Credit, provided that the MPP has a benefit payable under the PSPP in respect of the same period of Service.

7.8 Same Form as PSPP

The Supplemental Benefit payable to an SPP Former Member shall be payable in the same manner and in the same form as pension benefits payable to the SPP Former Member under the PSPP and all conditions, terms and rules that apply and options that are available under the PSPP for the payment, eligibility and entitlement of a Pension or other payment apply to the payment, entitlement and eligibility for a Supplemental Benefit under this Schedule, except for any modifications necessary because of the existence of this Schedule.

7.9 Payment of Supplemental Benefit upon Transfer or Withdrawal from PSPP Fund

Where an SPP Former Member withdraws or transfers from the PSPP Fund any amount payable under the PSPP, the commuted value of the Supplemental Benefit calculated under this section 7 shall be paid to the SPP Former Member in cash unless the SPP Former Member elects to transfer the funds to another retirement compensation arrangement and such transfer is accepted by such other retirement compensation arrangement provided that any such transfer must be carried out in accordance with any requirements of the *Income Tax Act* (Canada) and Regulations under that Act. For greater certainty, an SPP Former Member is not entitled to any payment or other benefit under the MPP Supplemental Pension Plan if such SPP Former Member's entitlements under the MPP Supplemental Pension Plan have not vested in accordance with section 7.1, nor is an SPP Former Member entitled to transfer any such unvested entitlements.

7.10 Marriage Breakdown – Unvested Entitlements

Where an SPP Member's entitlement under the MPP Supplemental Pension Plan is unvested and the SPP Member experiences a marriage breakdown, there shall be no division or payment of entitlements under the MPP Supplemental Pension Plan unless and until such entitlements are vested in accordance with section 7.1.

7.11 Inflation

Supplemental Benefits shall be adjusted for inflation in the same manner and at the same time as pension benefits payable under the PSPP.

8. Death Prior to or After Commencement of Supplemental Benefit

8.1 Pre-Retirement Death Benefit

The death benefit for an SPP Member or SPP Former Member under the MPP Supplemental Pension Plan who dies prior to the commencement of their Supplemental Benefit shall be equal to the commuted value of the Supplemental Benefit calculated under section 7 and shall be payable in the same form and to the same person(s) as the pre-retirement death benefit payable under the PSPP. For greater certainty, no death benefit under this section is payable in respect of any entitlements under the MPP Supplemental Pension Plan that have not vested in accordance with section 7.1.

8.2 *Post-Retirement Death Benefit*

The death benefit for an SPP Former Member under the MPP Supplemental Pension Plan who dies after the commencement of their Supplemental Benefit shall be calculated with regard to the Supplemental Benefit in the same manner as the post-retirement death benefit is calculated under the PSPP and shall be payable in the same form and to the same person(s) as the post-retirement death benefit payable under the PSPP.

9. *RCA Trust Fund*

9.1 *Payments from the RCA Trust Fund*

Payments for any vested entitlement under the MPP Supplemental Pension Plan shall be from the RCA Trust Fund.

9.2 *Payment of Expenses*

The payments of expenses related to administering the MPP Supplemental Pension Plan and administering and investing the RCA Trust Fund shall be payable from the RCA Trust Fund to the extent permissible under the *Income Tax Act* (Canada) and Regulations under that Act, and paid in accordance with the Service Level Agreement. Any expenses not payable from the RCA Trust Fund shall be payable by the Crown.

9.3 *Audited Financial Statements*

The audited financial statements of the RCA prepared in accordance with Schedule 1 of Order in Council 1298/2021 as amended shall reflect the obligations of the MPP Supplemental Pension Plan.

9.4 *Deficiency*

If in any year the amount of cash and assets capable of sale in the RCA Trust Fund, including any refundable tax, is insufficient to meet the payments out of the RCA Trust Fund in the year after the sale of the assets capable of sale, the Minister of Finance shall pay from the Consolidated Revenue Fund an amount sufficient to make up the deficiency.

10. *Administration*

10.1 *Limitation of Assignment*

No right of a person under the MPP Supplemental Pension Plan is capable of being assigned, charged, anticipated, given as security or surrendered, except in a manner consistent with the treatment of benefits under the PSPP, with other applicable law, or with the vesting provisions of section 7.1.

10.2 *No Right to Engagement*

The MPP Supplemental Pension Plan does not convey any further rights on an SPP Member to continue to be engaged by the Crown.

11. Non-Application of Legislation

11.1 Non-Application of Income Tax Act (Canada)

The provisions of the PSPP requiring compliance with the *Income Tax Act* (Canada) and Regulations for all credit accruing and all contributions after December 31, 1991 do not apply to the MPP Supplemental Pension Plan.

11.2 Non-Application of the Pension Benefits Act

Pursuant to subsection 47(3) of Regulation 909 made under the *Pension Benefits Act*, the MPP Supplemental Pension Plan is exempt from the *Pension Benefits Act*.

12. Amendments and Termination

12.1 Amendment and Termination of the MPP Supplemental Pension Plan

The MPP Supplemental Pension Plan may be amended or terminated by Order of the Lieutenant Governor in Council. Notwithstanding the foregoing, any amendment that would change the pension benefits, ancillary benefits or contribution rates of SPP Members may only be made with the consent of the Board of Internal Economy described in section 87 of the *Legislative Assembly Act*, unless required by the *Income Tax Act* (Canada) or other applicable law.