

While we wait – dial in audio instructions

To ask questions during the Q&A, dial in by phone:

1. Select the *Audio* section of the GoToWebinar control panel.
2. Select *Telephone*.
3. Dial the phone number that appears.
4. Then enter the access code and audio PIN.



Pension Purchases

Employer Training

October 3, 2019

Agenda:

- In-year reporting for leaves
- Pre-enrolment cost shared
- Member-direct purchases

Employer-assisted – employer calculated cost

Employer-assisted purchases – employer calculated

- Eligible leaves
- Roles and responsibilities
- PSPA vs PA

Employer-assisted purchases – employer calculated

Eligible periods

- ESA including pregnancy/parental/adoption Leave (shared cost)
- Unpaid leave of absence
- Grievance and layoff periods

Payroll leaves - Paternity Leave (Statutory Leaves)

1. Ongoing payroll deductions from the SUB plan payment, with contributions remitted to the Plan during the leave, or
 2. Lump sum payment within six months of the end of the leave
- Complete Leave notification and purchase form (pregnancy/parental)
 - Leave start date
 - Payroll deductions is assumed unless waiver section is signed

Employer-assisted purchases – employer calculated

Employer responsibilities

- Communicate the option to purchase
- Calculate contribution cost and complete form
- Request pre-authorized T2033 for RRSP purchases

Leave notification and purchase request

F Federal Tax Treatment

If Member chooses to purchase service indicate Pension Adjustment treatment

Pension Adjustment reported by employer

Or

Purchase chosen after CRA deadline (April 30th). The CAAT Plan must request PSPA. *Payment Type:* Cash RRSP

Note: If a PSPA is required please wait until after the CAAT Pension Plan has confirmed that the PSPA has been approved to send payment.

G Signatures only complete this section if the member is choosing to purchase the leave within 6 months from end of leave.

I choose to purchase the period of leave at the total member contribution amount shown above, and by the payment deadline shown above. I understand that if I make the purchase at a later date, the cost will be based on the higher of 2 times contributions or the actuarial value of the purchase based on my annual salary rate at that time.

Member Signature

Date

PSPA vs. PA

- PA triggered through DCT if:
 - Purchase was made from January 1 to December 31 for the same calendar year, or
 - Purchase was made from January 1 to April 30 for the previous calendar year
- PSPA is triggered through DCT if:
 - Purchase is made between May 1 to December 31 for a period that is in a previous calendar year

Purchases

Contributions Remittance Summary

1. Employer Identification

Name of Employer

Group No.

Prepared by

Name **Email** **Telephone (and extension)**

2. Contributions

For the Month/Year:

Month **Year**

Form of Payment

Payment Date (YYYYMMDD)

TOTAL PAYMENT AMOUNT \$ -

(RPP + RCA)

Contributions Type	Amount - RPP	Amount - RCA	Comments (limited to 36 char)
Current Service - Employee	<input type="text"/>	<input type="text"/>	<input type="text"/>
Current Service - Employee	<input type="text"/>	\$ <input type="text"/> -	<input type="text"/>
Pregnancy/Parental - Emp	<input type="text"/>	<input type="text"/>	<input type="text"/>
Pregnancy/Parental - Emp	<input type="text"/>	<input type="text"/>	<input type="text"/>

Quiz



Pre-Enrolment – shared cost

Pre-enrolment service (shared cost)

- Qualifying service
 - A current **full-time** member who was employed at full-time hours prior to enrolling
 - Worked in years prior to January 1, 2014 before enrolling
 - Cost is shared 50/50 between member and current employer

Pre-enrolment

Employer Responsibilities

- Send completed *Request to Purchase Service* application form to CAAT
- Review quote package with member and determine if a PSPA is required
- Proceed with payment to CIBC Mellon once CAAT sends notification of PSPA approval (when required)

Quiz

Member-direct purchases

Member-direct purchases

- Eligible purchases
- Timing
- Roles and responsibilities

Member-direct purchases

Eligible periods

- Employment with a non-participating employer's Canadian Registered Pension Plan (i.e. PBA Transfer)
 - Direct Transfer from former employer's pension plan or;
 - A former benefit transferred to CAAT via a financial institution
- Other Than Regular Full Time (OTRFT) prior to enrolment
 - CAAT participating employer
 - 100% member cost

Eligible periods for DBplus purchases

Purchasing pension under DBplus



Purchases are only permitted for periods of employment on or after January 1, 1991.

1990 1991

Purchasing pension earned in a non-participating employer's DB plan

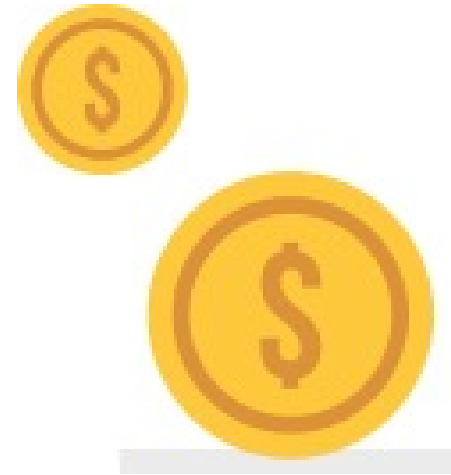


Pension earned in a non-participating employer's Defined Benefit (DB) pension plan is only eligible for purchase for periods on or after January 1, 1992.

1991 1992

Where can funds come from?

- Personal RRSP
- LIRA
- Defined Contribution Plan



Member-direct purchases

- Non Vested Prior – Contributions refund
- Vested Prior – Commuted value refund
- Pregnancy/parental/adoption leave (after 6 months)
- Unpaid LOA (after 6 months)

Quiz



Member-direct purchases – tools

Employer role

- Direct members to the Increasing your pension
 - DBprime – ACE tool
 - DBplus – DBplus Purchase Tool

Why is it important?

- Purchase costs can be quite high
- Helps members in decision-making
- Helps members understand the impact of a pension purchase

Member-direct purchases

Timing

- The CAAT Plan allows these purchases at any time up to termination or retirement
 - Previous employer's plan may have deadlines
 - Plans registered outside of Ontario may have legislative restrictions
- The member is responsible for the purchase

Costing Methodology

- DBplus maximum contribution
 - 18% of T4 Earnings (up to the ITA max)
- DBprime cost
 - Two Costing Methods:
 - Actuarial OR
 - Higher of Actuarial or 2*contribution

Member-direct – Roles and responsibilities

Employer role

- Complete applicable sections of application forms
- Ensure latest forms are used

CAAT RCA eligible members

- Purchases do not pertain to the CAAT RCA
- The CAAT Plan can provide a separate quote for a transfer/purchase into the CAAT RCA if requested
 - If the employer agrees, they are responsible for a minimum of 50% of the cost

Member-direct purchases

Final steps:

1. Update member's record when funds are received
2. Send confirmation letter indicating the amount of service purchased
3. Issue tax receipt for cash purchases
4. Annual statements will have purchased service reflected if payment is received by December 6

QUIZ

Summary

Summary of key points

- The 3 categories of purchase calculations:
 1. Employer calculated pertaining largely to leaves within 6 months
 2. Pre-enrolment (cost shared)
 3. Member Direct purchases – e.g. Prior Plan Transfer-In, OTRFT
- Reference the timelines on the website which illustrate the details from today's session
- Instruct members to use the website tools to estimate the cost of a member-direct purchase

Timing - for members terminating or retiring

- Purchases must be started before termination of employment
 - A purchase can be completed during the EOM period, but cannot be initiated during EOM
- Purchases must be completed before retirement option documents can be sent

Summary of key points

- Be aware: some purchases may require PSPA approval prior to payment
- Active members will see any purchases up to December 6 on their next annual statement
- Purchases and transfers involve many parties and take time
 - Inform your members to plan ahead to avoid rushing near the end of their career





PENSION PLAN