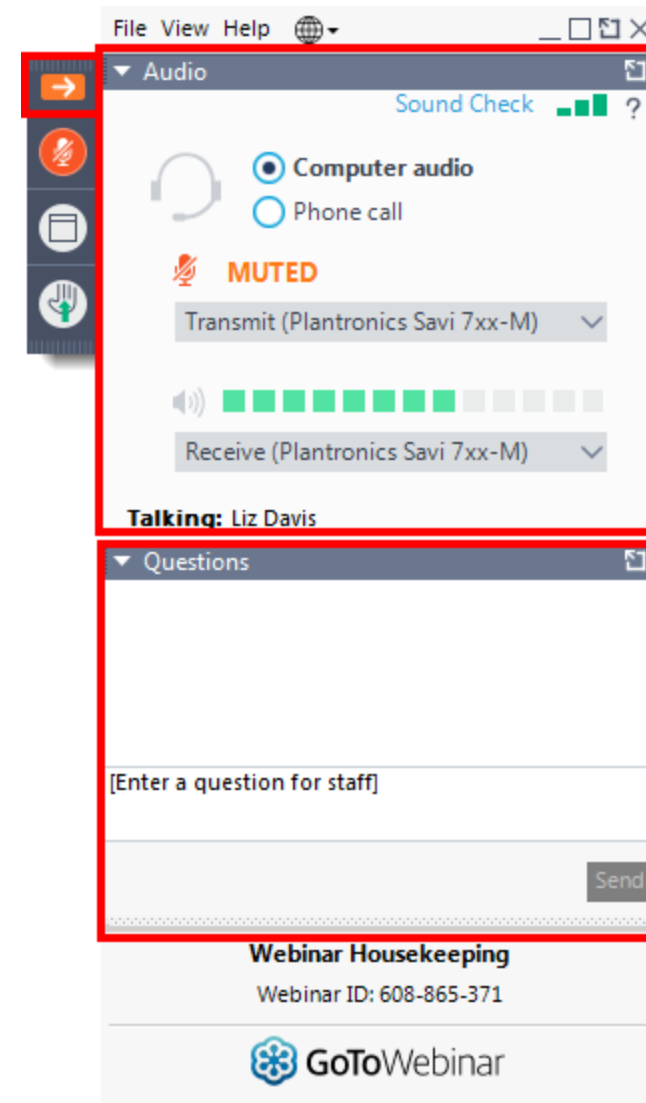


While we wait – audio instructions

1. Select the *Audio* section of the GoToWebinar control panel
2. Select *Computer audio*
3. To submit a question or comment, type it in the Questions panel



Leaves and pension purchases

Employer Education Session

October 7, 2021



Agenda:

- Breaks in employment
- Pre-enrolment cost shared
- Periods of employment before enrolment
- Summary

A photograph of a diverse group of people with their hands stacked in a circle, symbolizing teamwork and support. The image is overlaid with a semi-transparent blue rectangle. A solid green diagonal line runs across the bottom right corner of the blue rectangle.

Breaks in employment

Breaks in employment – employer calculated

- Eligible leaves
- Roles and responsibilities
- Pension Adjustments (PA) vs Past Service Pension Adjustments (PSPA)

Breaks in employment – employer calculated

Eligible periods

- Statutory leaves including:
 - Pregnancy / parental / adoption (shared cost)
- Unpaid leave of absence
- Grievance and layoff periods

Breaks in employment - Leave types and applicable forms

Leave type	Form to be completed
Pregnancy, parental or adoption leave	Leave notification and purchase request within 6 months from end of leave – Pregnancy, Parental or Adoption Leave
Statutory leave	Leave notification and purchase request within 6 months from end of leave (Statutory Leave of Absence)
Unpaid leave of absence	Leave notification and purchase request within 6 months from end of leave, Unpaid Leave of Absence

Breaks in employment - leave types and applicable forms

The screenshot shows a web browser window displaying the CAAT Employer Manual. The browser address bar shows the URL: https://manual.caatpension.ca/#Z_Forms/Forms.htm?TocPath=___16. The page features the CAAT Pension Plan logo and the title "EMPLOYER MANUAL" with the subtitle "A resource for CAAT Plan administrators".

The main content area is titled "Leave, Purchase and Transfer forms" and lists several forms:

- [Service Purchase Application - Transfer from a former employer's pension plan](#) (form updated July 2019, timelines attached to form)
- [Service Purchase Application - OTRFT Prior to Enrolment](#) (including Pre-Enrolment Service on or after Jan 1, 2014) (updated July 2019, tim form)
- [Request to purchase service - DBprime](#) (updated July 2019, timelines attached to form)
- [Request to purchase service - Pre-enrolment service prior to January 1, 2014](#) (January 2019)
- [PSPA Confirmation](#) (formerly Request for PSPA, updated January 2017)
- [DBplus purchase application - Period of employment with an employer that participates in the CAAT Pension Plan](#) (February 2021)
- [DBplus purchase application - Transfer in of funds related to a former employer's pension plan](#) (April 2019)
- [Leave notification and purchase request within 6 months from end of leave, Unpaid Leave of Absence](#) (updated June 2020)
- [Leave notification and purchase request within 6 months from end of leave, Pregnancy, Parental or Adoption Leave](#) (updated April 2019)
- [Leave notification and purchase request within 6 months from end of leave \(Statutory Leave of Absence\)](#) (updated May 2021)

The last three items are highlighted with a green border. The left sidebar contains a "Contents" menu with categories like Welcome, Getting Started, What's New, Income Tax, Enrolment, Contributions, Service and Earnings, Leaves and Pension Purchases, Transfers, Disability, Marriage Breakdown, Termination, Working past age 65, Retirement, Death, Member/Non-Member monthly data, Forms, and Calculators and spreadsheets.

Breaks in employment – payroll leaves (paternity / statutory)

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

Breaks in employment – employer calculated

Employer responsibilities

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

Important note for DBplus:

- Only statutory leaves may be purchased using cash if purchased within 6 months of return to work

PA vs. PSPA

- **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 if:**

- Purchase is made between May 1 to December 31 for a period that is in a previous calendar year

Leave notification and purchase request

G Federal tax treatment

If Member chooses to purchase, indicate Pension Adjustment treatment:

Pension Adjustment reported by employer

Or

Purchase chosen after CRA deadline (April 30). 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.

PSPA approval and sending payment

- No longer need to wait for PSPA approval to send payment to plan when completing form
- CAAT will still calculate PSPA and request approval
- Most PSPAs are approved so this will speed up the process

Purchases



1. Employer Identification

Employer name

Group number

Contact

Name	Email

Phone number and extension

2. Contributions

Form of payment

Payment Date (DD-MMM-YYYY)

Total Payment Amount

Purchases	Amount	Comments (limited to 50 characters)
Please select option		
Please select option		
Please select option		
Please select option		
Please select option		
Please select option		

Members who switch Plan designs

- If the member purchases their leave period **after** switching Plan designs:
 - Purchase will be made in their **current Plan design**
(even if the leave occurred when they were under the prior Plan design)
- Exception:
 - Members that switch Plan designs can purchase leave in the prior plan design if purchased within 6 months of return to work

Things to remember

- When reporting leave start and stop dates, please check box on top of the form

<input checked="" type="checkbox"/>	This is a leave start/stop notification: Complete sections A-D for an Unpaid Leave of Absence (including layoff or grievance).
<input type="checkbox"/>	This is a purchase request: Complete sections E-H for the purchase of an Unpaid Leave of Absence within six months of return to work.

- When reporting a purchase request, please check both boxes

<input checked="" type="checkbox"/>	This is a leave start/stop notification: Complete sections A-D for an Unpaid Leave of Absence (including layoff or grievance).
<input checked="" type="checkbox"/>	This is a purchase request: Complete sections E-H for the purchase of an Unpaid Leave of Absence within six months of return to work.





Pre-enrolment – shared cost

Pre-enrolment service - shared cost

Qualifying service

- A **full-time** member who was employed at full-time hours (Sessional, Appendix D or full-time contract) 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 service - shared cost

Employer responsibilities

- Send completed *Request to Purchase Service – Pre-enrolment service prior to January 1, 2014* application form
- Review quote package with member
 - Determine if a PSPA is required
- Proceed with payment to CIBC Mellon

A group of people's hands are stacked in a circle, symbolizing teamwork and collaboration. The image is overlaid with a semi-transparent blue rectangle containing white text. A green diagonal line runs across the bottom right corner of the blue rectangle.

Periods of prior employment before enrolment

Periods of prior employment before enrolment

- Eligible purchases
- Timing
- Roles and responsibilities

Periods of prior employment before enrolment

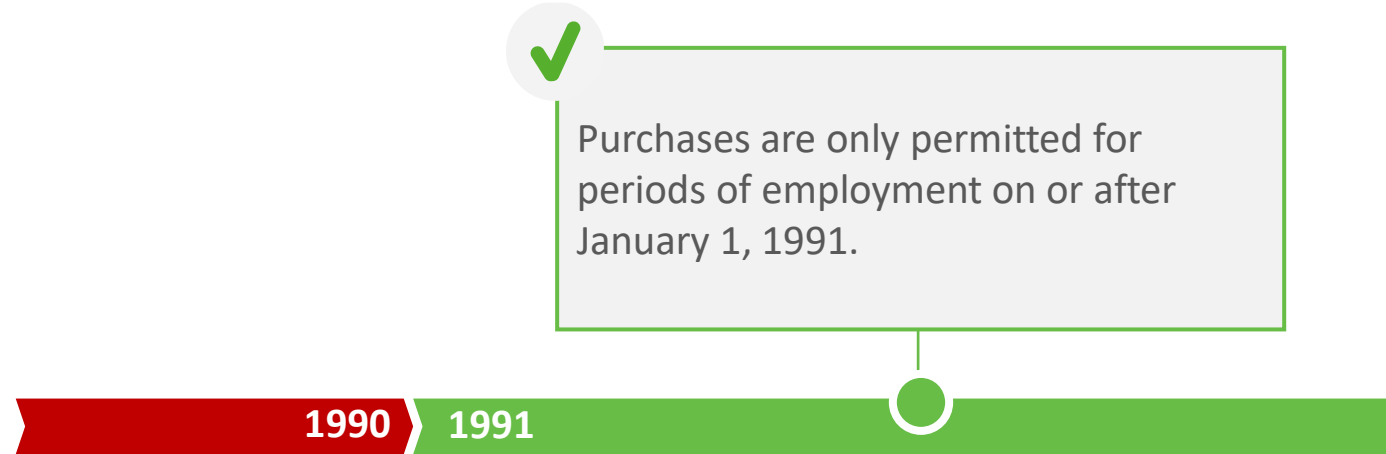
Eligible periods

- 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

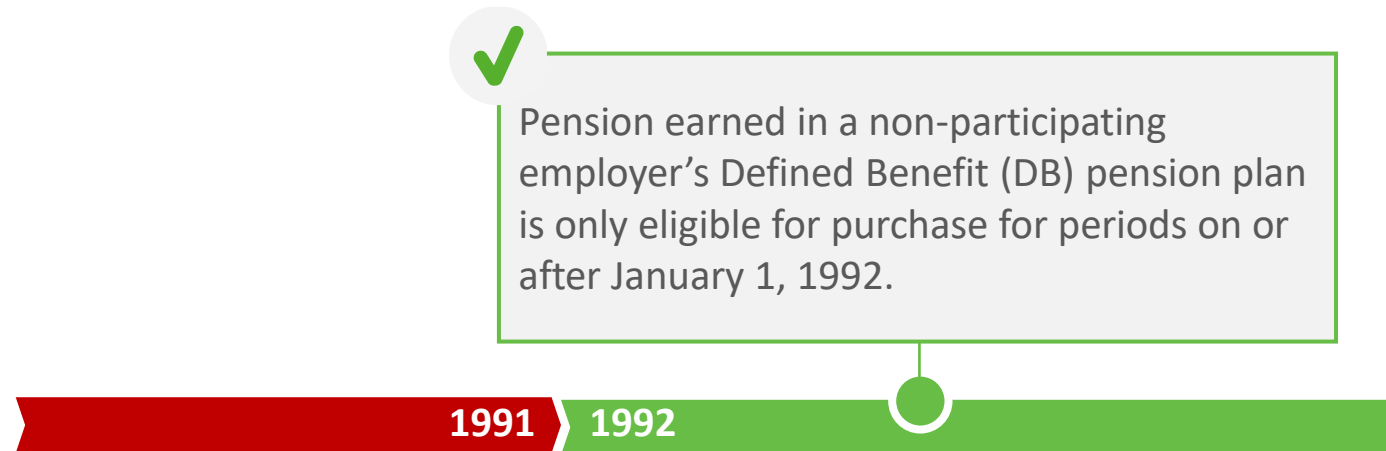
Periods of prior employment before enrolment

Eligible periods for DBplus purchases

Purchasing pension under DBplus

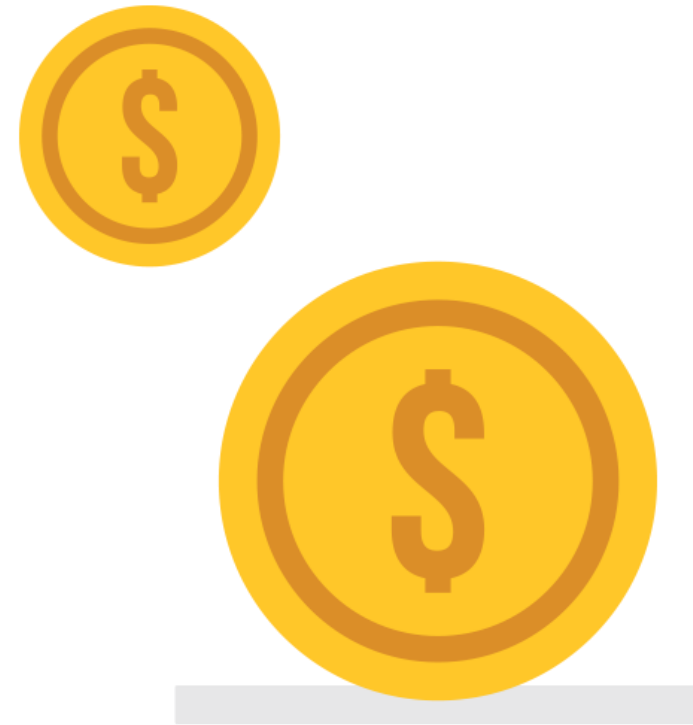


Purchasing pension earned in a non-participating employer's DB plan



DBplus pension purchases - Where can funds come from?

- Personal RRSP
- LIRA
- Defined contribution plan



Other types of eligible purchases

- Non-vested prior period - contribution refund
- Vested prior period - commuted value payment
- Pregnancy / parental / adoption / statutory leave (after 6 months)
- Unpaid LOA (after 6 months)

Periods of prior employment before enrolment and other

Employer role

- Direct members to the [Increasing your pension page](#)
 - 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

Periods of prior employment before enrolment

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

Periods of prior employment before enrolment

Costing methodology

- DBplus maximum contribution
 - 18% of T4 earnings (up to the ITA max)
- DBprime cost
 - Two costing methods:
 - Actuarial cost or;
 - Higher of actuarial cost or 2 times contributions

Periods of prior employment before enrolment – roles and responsibilities

Employer role

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

Periods of prior employment before enrolment - applicable forms

Purchase Type	Form to be completed
Transfer from a former employer's pension plan – DBprime member	DBprime Service Purchase Application – Transfer from a former employer's pension plan
OTRFT prior to enrolment – DBprime member	DBprime Service Purchase Application – Other Than Regular Full Time Prior to Enrolment (including Pre-Enrolment service on or after January 1, 2014)
Other Types of purchases – DBprime member	DBprime Request to purchase service
DBplus member – Transfer in of funds related to former employer's pension plan	DBplus purchase application – Transfer in of funds related to a former employer's pension plan
DBplus member – Period of employment with a CAAT participating employer	DBplus purchase application – Period of employment with an employer that participates in the CAAT Pension Plan.

Periods of prior employment before enrolment - CAAT RCA eligible members

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

Periods of prior employment before enrolment

CAAT Plan 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 the end of November



Summary

Summary of key points

- The 3 categories of purchase calculations:
 1. Breaks in employment - largely leaves within 6 months
 2. Pre-enrolment – prior to January 1, 2014 (cost shared)
 3. Period of employment prior to enrolment – e.g., Prior Plan Transfer-In, OTRFT service
- Instruct members to use the website tools to estimate the cost of a purchase

Timing - members terminating or retiring

- Purchases must be initiated 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

- Purchases will be posted to member's record once we receive funds and PSPA approval
- Active members will see any pension purchases completed up to the end of December 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

Additional resources – Employer Manual

The screenshot shows a web browser displaying the CAAT Employer Manual website. The browser's address bar shows the URL: https://manual.caatpension.ca/#G_Leaves and Pension Purchases/Leaves and Pension Purchase front. The page features the CAAT Pension Plan logo and the title 'EMPLOYER MANUAL: A resource for CAAT Plan administrators'. A search bar is located in the top right corner.

The main content area is titled 'Leaves and Pension Purchases' and includes a breadcrumb trail: 'You are here: Leaves and Pension Purchases'. A prominent blue banner displays the section title. Below this, a green box contains a link to a PDF document: [Employer guidelines for non-statutory and statutory leaves of absence \(PDF\) \(applicable for Employers that participate in DBprime and DBplus\)](#). The text below the box states: 'This document provides a summary of the treatment of leaves and layoffs arising from the ongoing COVID-19 situation.'

The left sidebar contains a 'Contents' menu with the following items: Welcome, Getting Started, What's New (marked with a 'NEW' badge), Income Tax, Enrolment, Contributions, Service and Earnings, **Leaves and Pension Purchases** (highlighted), Process, Forms and Tools, Training Resources, Service levels, FAQs, Transfers, Disability, Marriage Breakdown, Termination, Working past age 65, Retirement, and Death.

The main text area contains the following information:

A member, prior to reaching their termination of employment date, may be eligible to increase their pension by making a pension purchase. This page contains important information on topics related to pension purchases in the Plan. Select the items in the list to view the applicable section.

Note: All purchases are subject to the applicable maximums set out in the *Income Tax Act* (Canada) (ITA).

Employers that participate in DBplus only

Under DBplus, a member may elect to increase their pension by making a pension purchase for a period of eligible employment, including pre-enrolment employment or a leave of absence.

Any pension purchased will continue to grow with conditional AIW enhancement increases.

Periods prior to January 1, 1991 are not eligible for purchase under DBplus.

Leaves and pension purchases on PAL

- We are working on adding leaves and pension purchases to PAL
- Targeting for Q2 2022 – stay tuned



