

## While we wait – 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 *Computer Audio*.




Leaves and Pension Purchases  
Employer Training  
October 1, 2020



# Agenda:

1. In-year reporting for leaves
2. Pre-enrolment cost shared
3. 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

- Statutory leaves including:
  - Pregnancy / parental / adoption (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

## **Important note for DBplus:**

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



# 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 30<sup>th</sup>). 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



**1. Employer Identification**

Employer Name

Group Number

Contact    
Name Email

Telephone (including area code) and Extension

**2. Contributions**

Form of Payment

Payment Date (YYYYMMDD)

Total Payment Amount

| Purchases   | Amount               | Comments (limited to 30 characters) |
|---|----------------------|-------------------------------------|
| <input type="text" value="Please Select Option"/> | <input type="text"/> | <input type="text"/>                |
| <input type="text" value="Please Select Option"/> | <input type="text"/> | <input type="text"/>                |
| <input type="text" value="Please Select Option"/> | <input type="text"/> | <input type="text"/>                |
| <input type="text" value="Please Select Option"/> | <input type="text"/> | <input type="text"/>                |
| <input type="text" value="Please Select Option"/> | <input type="text"/> | <input type="text"/>                |

## 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

# Leaves as a result of COVID-19

- If you have a large amount of members on leave as a result COVID-19:
  - Report the leave and in-year information on spreadsheet provided in the May 14 education session.
- If you have **non-union members** who work in Ontario and have been laid-off as a result of COVID-19:
  - Contact your employer PA
  - Legislation has been passed for non-union members impacted by COVID-19 in Ontario



A photograph of a diverse group of people's hands stacked in a circle, symbolizing teamwork and shared responsibility. 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.

**Pre-Enrolment – shared cost**

## Pre-enrolment service - shared cost

- Qualifying service
  - A **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
- Review quote package with member
  - Determine if a PSPA is required
- Proceed with payment to CIBC Mellon after CAAT sends notification of PSPA approval (when required)

A photograph of a diverse group of people's hands stacked in a circle, symbolizing unity and teamwork. 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.

# 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.

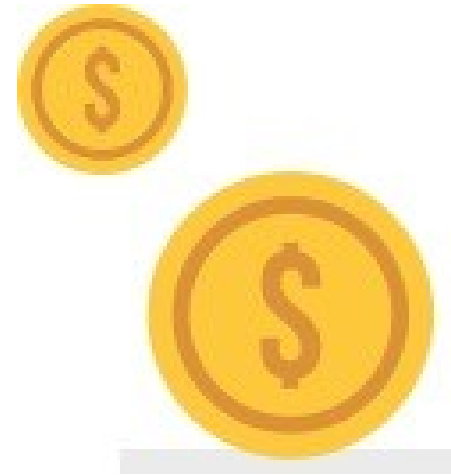
1991

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)





# Member-direct purchases – tools

## 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

# 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
- 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

# 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 the end of November



# 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
- Instruct members to use the website tools to estimate the cost of a member-direct 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

- Be aware: some purchases may require PSPA approval prior to payment
- Active members will see any pension purchases completed up to the end of November 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