

2025 Plan changes - impacts

In March 2023, the CAAT Pension Plan announced valuable pension changes to both DBprime and DBplus starting January 1, 2025. This fact sheet provides an overview of the upcoming changes and potential implications to you and your employees.

DBprime – contribution rate decrease

Starting January 1, 2025, the contribution rates for members earning a pension in DBprime (and their employers) will decrease from 11.2% to 10.2% on earnings up to the Year's Maximum Pensionable Earnings (YMPE), and from 14.8% to 13.8% on earnings above the YMPE.

Impact on members

The DBprime pension calculation is based on the members' earnings and pensionable service in the Plan. This means that, as of January 1, 2025:

- Members earning a pension in DBprime will continue to earn the same amount of pension, but with lower pension contributions. This means more value for members.
- Lower pension contributions will result in higher reported earnings after deductions. Therefore DBprime members can expect the increase in take home pay to be partially offset by higher tax deductions.
- Since the change in DBprime contribution rate will not change the amount of pension that members earn, the reduction will have no impact on the calculation of Pension Adjustments (PAs) or the amount of RRSP room available to them in the following tax year.
- The decrease in contributions also applies to RCA earnings for members participating in the RCA.

Impact on employers

The matching contributions you make on behalf of members earning a pension in DBprime will also decrease by 1% of earnings starting January 1, 2025. This will reduce the overall cost of offering secure and valuable pensions to your employees.

- Your payroll system will need to be adjusted to take the lower rates into consideration.
- No changes to the calculation of PAs will be required.
- The employer portion of contributions on RCA earnings will be increasing January 1, 2025. Further communication will be provided to impacted employers.

DBplus – pension factor increase

Starting January 1, 2025, the DBplus pension factor used to calculate pensions earned on or after January 1, 2025 will increase from 8.5% to 9.5%.

Impact on members

In DBplus, the pension calculation is based on member contributions plus employer contributions multiplied by a pension factor. The higher the pension factor, the higher the pension.

This means:

- As of January 1, 2025, members will see the pension they earn in DBplus grow over 10% faster, with no change to their expected contributions.
- The higher pension factor means the value of the pension members accrue will increase. This may have an impact on PA calculations, and, potentially, a greater reduction in the members' RRSP room for the following tax year.

Impact on employers

The change to the DBplus pension factor will not impact the contributions you make on behalf of your members.

- No payroll or HRIS system changes will be required with respect to pension contributions. However, changes may be required if your payroll/HRIS system is used to calculate PAs.
- The DBplus pension factor that is used to calculate DBplus PAs will be updated from 8.5% to 9.5% for reporting years 2025 and onwards.

For more information

During 2024, we will work with employers and our administration partners to implement these changes and ensure members are aware of the increasing value of their pensions.

Members with questions should reach out to the Member Services team via the Message Centre in My Pension (for those who have access) or by email at member@caatpension.ca.

If you do not work directly with CAAT for pension administration, please direct your members with questions to reach out to their member services contact centre.