



# Employer liability under DBplus

## What is an employer's financial liability under DBplus?

As a participating employer in DBplus, the only contractual liability relating to benefits accrued under DBplus will be to remit contributions at the rate and within the timeframe agreed upon between the employer and the CAAT Board of Trustees. There are no residual liabilities for benefits accrued under DBplus beyond remittances at the agreed rate.

## Employer contribution requirements

The Participation Agreement requires the participating employer to:

- make all required employer contributions to the Plan in respect of their participating members, and
- calculate, withhold, and remit all participating member contributions,

in accordance with the terms of the Plan, the Employer Manual, and applicable laws. The Plan terms set out the contribution rates applicable to the employer and participating members consistent with the terms agreed upon. Additionally, the Participation Agreement states that the employer has no obligation to provide benefits to participating members or make contributions to the Plan except as expressly contemplated by the Participation Agreement, the Plan, and applicable laws.

## No forced increase to contribution rates

To provide employers with additional comfort and protection, the Participation Agreement states that were there to ever be a unilateral change in contribution rates, the employer may immediately cease participation in the Plan.

## No financial liability when Plan is less than 100% funded

The DBplus terms set out fixed employer contribution rates and provide that in the event of a funding deficiency, future benefit accruals shall be temporarily altered – not contributions. Thus, funding for benefits accrued under DBplus is limited to the fixed contribution rates agreed to by the parties.

Further, benefits already earned in DBplus can never be reduced while the Plan is ongoing. The CAAT Pension Plan is not a target benefit plan and cannot reduce accrued pensions (including enhancements that have been granted), except in the highly unlikely event of a total Plan wind-up.

## No financial liability if the Plan ever winds up

In the highly unlikely event of a total Plan wind-up (which would require virtually all participating employers to cease participating, including the 24 Ontario Community Colleges that are required to participate) and there was a funding deficiency, then benefits accrued under DBplus could be reduced, as legislation does not permit jointly sponsored pension plans like CAAT to go back to members or employers seeking additional contributions.