



DBplus

Member Handbook

For new members of the CAAT Pension Plan
earning a pension in DBplus





Welcome

to the CAAT Pension Plan!

This Member Handbook is for new members of the CAAT Pension Plan. It explains the provisions of the pension you are earning in the CAAT Pension Plan's DBplus design. For the most up-to-date version of this booklet, visit our website (www.caatpension.ca).

This Handbook describes the benefits earned up to the *Income Tax Act* (ITA) maximum pension under the CAAT Pension Plan (a registered pension plan, or RPP). As the CAAT Pension Plan is an RPP, it can only pay pensions up to the ITA maximum pension cap.

A detailed legal description of the provisions of the CAAT Pension Plan can be found in the Plan Text, which can be downloaded from www.caatpension.ca. If the information in this Handbook, our website, or any other source differs from the Plan Text, the Plan Text will govern.



What is the CAAT Pension Plan?

Established in 1967, the CAAT Pension Plan is a jointly sponsored defined benefit pension plan that offers benefit security to members across Canada.

Providing predictable, secure pensions to members is our business. To that end, the Plan manages a pool of assets, which is funded by contributions from active members and employers, and the investment earnings on those contributions. A jointly sponsored pension plan (JSPP) is a recognized model for keeping your pension plan sustainable. Learn more on page 4.

The members of the CAAT Plan

For more than 50 years, the CAAT Pension Plan has been delivering secure lifetime pensions to members who work for employers operating within the Ontario college system. Originally established for the 24 Ontario colleges, the CAAT Plan now proudly serves hundreds of participating employers from the for-profit, non-profit, and broader public sectors. As the only defined benefit plan open to all sectors, CAAT is committed to expand access to valuable pensions from coast to coast.

The CAAT Pension Plan is a defined benefit pension plan. As a member, you earn a valuable lifetime pension while you work. A lifetime pension means that, once you retire, you will collect pension payments every month for the rest of your life.

A lifetime of pension payments

With a defined benefit pension, you avoid the burden and risk of investing your retirement savings, both before and after retirement. You don't have to worry about investment decisions or fees, or base your retirement plan around market performance. When you retire, you'll collect monthly pension payments for the rest of your life.

Joint governance keeps your pension secure

In the jointly-sponsored pension plan governance model, members and employers have a say in how the Plan is run.

Members and employers, through their representatives on the Board of Trustees, together share the responsibility for the operation of the Plan. All of the Plan's governors are aligned in considering benefit security, stability, and equity among members to be top strategic priorities. This shared governance model has proven to lead to stability and prudence, fostering cooperation and flexibility.

As Plan sponsors, the Ontario Public Service Employees Union and Ontario College Administrative Staff Association (both representing employees), and the College Employer Council (representing employers) appoint the members of the Sponsors' Committee and Board of Trustees.

The eight members of the Sponsors' Committee approve Plan amendments and file the Plan's actuarial valuations. The 12 members of the Board of Trustees set the investment strategy and funding risk that are appropriate for the Plan's long-term obligations.

Funding for your future

The Plan undergoes regular actuarial valuations to measure its financial health, and the Plan's governors rely on a comprehensive Funding Policy to help guide the decisions that affect the pension fund. The Funding Policy highlights the long-term focus of protecting promised pension benefits. It defines six funding levels, and the funding controls available to the Plan's governors at each of those levels. The Funding Policy can be viewed on the CAAT Pension Plan website.

Investments

The CAAT Pension Plan's investment program is designed to generate sufficient long-term returns with a level of risk that is appropriate for the Plan to meet its key objectives. The pension fund consists of well-diversified assets that are invested in a prudent and skillful manner to help ensure the payment of promised pensions for years to come.

A lifetime pension, plus so much more...

Studies and surveys show that Canadians want the secure lifetime retirement income and valuable retirement features offered by defined benefit pension plans like the CAAT Plan.

*As a member, you earn a secure lifetime defined benefit pension,
plus additional valuable features:*



Build your retirement income while you're working

The pension you are earning in DBplus will be based on your contributions, and your employer's contributions, plus conditional Average Industrial Wage increases. With DBplus, you won't have to worry about complex investments, market volatility, or outliving your pension.



Retire when the time is right for you

In DBplus, you can choose from a variety of retirement dates to meet your individual needs, including the possibility of retiring as early as age 50.



The pension you earn with CAAT receives conditional inflation protection when you retire

When you retire, the impact of inflation on your pension will be partially offset by the Plan's conditional inflation protection, which will help your pension retain purchasing power over time.



Survivor benefits protect your loved ones

The Plan offers valuable survivor benefits to your spouse at no extra cost to you.



Your employer makes contributions

In addition to your contributions, your employer also makes contributions to the Plan on your behalf and your pension grows each year.

What to expect from Plan membership



Once you become a member of the CAAT Pension Plan, you immediately start building a secure, lifetime retirement income in DBplus.

Your contributions

Your pension grows as you and your employer contribute to the Plan. Contributions are made at the applicable contribution rate based on your eligible earnings. Your contributions to the Plan are deducted from your gross income, thereby reducing your taxable income each pay period.

Your Annual Pension Statement

Your Annual Pension Statement is a comprehensive summary of your membership, and one of your most valuable retirement planning resources. Every year, your statement gives you a snapshot of your membership in the Plan from the date you joined until December 31 of the previous year. It shows a calculation of the pension you have earned, as well as potential retirement dates.

Build your pension while you work

Flexible purchase and portability options enable you to maximize your pension.

Consolidate your pension

If you worked for an employer that does not participate in the CAAT Pension Plan, but that had a Canadian RPP that you participated in, you may be able to make a purchase in respect of that membership, as long as the funds are in a registered retirement savings account, such as an RRSP.

Similarly, during your CAAT Pension Plan membership there may be times when you temporarily stop working and contributing to DBplus due to a leave of absence, and wish to fill those gaps in your contributions. If this applies to your situation, you may be able to make a purchase, which will increase your pension.

Purchases are subject to the limits imposed by the *Income Tax Act*.

Moving to or from another CAAT Plan participating employer

One of the advantages of belonging to a jointly sponsored pension plan with many participating employers is the ability to move between the Plan's numerous participating employers, while continuing to build your retirement income. If you leave your current employer and begin working at another employer that participates in the CAAT Plan, your pension will transfer with you, and you will continue to build a valuable lifetime income in retirement with CAAT, while you work. Contact your employer for more information.

Returning to work for a participating employer after retiring

If you retire, then return to work and are eligible to join DBplus, you have the option to continue collecting your pension, or you can suspend your pension payments and resume making contributions. Contact your employer's HR department if this applies to you.

Transferring to a non-CAAT employer's pension plan

If you leave your CAAT Plan employer and begin working for an employer that does not participate in the CAAT Pension Plan, that offers a registered pension plan (and as long as you are still under age 65), you can transfer your CAAT Plan pension to your new employer's pension plan, providing that plan will accept the transfer.

Life changes and your pension



Like many pension plan members, you may experience events during your working years that could affect your pension.

Disability leave

If, during your membership in DBplus, you receive Long Term Disability (LTD) benefits through your employer's insurance, you should contact your employer for further information about how this impacts your DBplus pension. Your pension earned up to the LTD will continue to grow with AIW - and whether you are able to make further contributions during this time will depend on your employer's participation terms.

If your spousal status changes

In the case of separation or divorce, the treatment of the pension earned while you had a spouse may be considered as a family asset.

If you separate from or divorce your spouse, it is important that you notify the Plan as soon as possible to ensure your beneficiary designations are up to date and to avoid any delays when it's time to start your pension.



Definition

Spouse

Your spouse is the person to whom you are legally married or in a common-law relationship, as defined by your jurisdiction of employment.

The CAAT Pension Plan considers your spouse to be the eligible spouse for the pre-retirement death benefit if they meet the definition of spouse in your jurisdiction of employment, and your spouse has not waived the pre-retirement death benefit in accordance with the conditions set out by applicable legislation. Read more about the definitions of spouse as defined by your jurisdiction by visiting our website.

Child

A child is eligible for survivor benefits if they are dependent on the member and under age 18, under age 25 and a full-time student, or are unable to support themselves due to a disability (and either became disabled before the age of 18 years or before the age of 25 years if they were a full-time student).

If you die before retirement

All Plan members are entitled to survivor benefits. This includes members who die while working for a participating employer, and those who are on an approved leave of absence or disability leave.

If you have an eligible spouse: Your eligible spouse is the sole recipient of the pre-retirement death benefit. No other survivor benefits are paid. Your spouse can choose between a lump sum payment, an immediate monthly pension, or a deferred monthly pension payable at the age of 65. If your jurisdiction of employment is Quebec, other payment options may be available to your surviving eligible spouse. Details will be provided in the document you receive from the Plan.

If your jurisdiction of employment is Ontario or Nova Scotia, and you do not have a spouse upon your death, your eligible child(ren) will receive a children's pension, and the pre-retirement death benefit paid to your designated beneficiaries or estate will be correspondingly reduced.

If you have no eligible spouse (and no eligible children): Your designated beneficiaries (or your estate if you did not name any designated beneficiaries) will receive a payment equal to the commuted value of your pension.



Name your designated beneficiary

Even if you do have an eligible spouse, naming designated beneficiaries is still a good practice in the event that:

- your eligible spouse dies before you,
- you and your eligible spouse die at the same time, or
- your children no longer meet the definition of child (applicable to those whose jurisdiction of employment is Ontario or Nova Scotia).

Having a designated beneficiary ensures that any death benefit is paid directly to the person(s) of your choice rather than your estate. You can name anyone as your designated beneficiaries, including your children.

Planning for retirement

It's never too early or too late to think about retirement. Having a solid plan will help you choose the right time to retire, understand the income available from various sources, and ease into retired life, built on the strong foundation of your DBplus pension.

Even if you're not ready to retire, you can take advantage of the Plan's helpful retirement planning resources at any time during your membership.



Attend a retirement planning session

The CAAT Plan offers retirement planning sessions to all employers throughout the year. These valuable sessions introduce you to the pension you will receive in retirement, and help you understand the things to think about before retiring. You can attend as many times as you want.



Get an estimate

The My Pension Estimator is a great retirement planning tool that's easy to use. Get an estimate of your future pension at any age, any time you want.



Check your statement

Your Annual Pension Statement, mailed to you every spring, is an important planning tool. It shows the pension you have earned to the end of the previous year as well as your key retirement dates.



Visit our website

Our website is an excellent source of information about your pension. You'll find the most up-to-date Plan information and handy resources.

Be sure to keep the Plan up to date on events that could impact your pension, such as a change in your home address.

Retire when the time is right for you

Because the CAAT Plan is a defined benefit plan, you can easily answer the two key questions about your pension at any time during your membership – “When can I retire?” and “How much will my pension be?”

That’s because your pension is based on a formula, so even if you’re not close to retirement, you can plan to retire on the date that’s right for you.

When can you retire?

Your DBplus pension offers flexible retirement dates:

Retire at age 65 (normal retirement)

Your normal retirement date is the last day of the month in which you turn 65. When you turn 65, you become eligible for an immediate unreduced pension.

Retire before age 65 (early retirement)

The CAAT Plan’s flexible retirement date options let you retire when the time is right for you. In DBplus, you can retire as early as age 50.

If you retire before age 65, an early start reduction will apply to your pension. This permanent reduction reflects the fact that by starting your pension early, you will receive it for a longer period of time than if you start at age 65. In DBplus, the early start reduction rate is based on the Plan’s Funding Policy. It is a maximum of between 3% and 5% for each year that you are under age 65. Currently, the rate is 3% per year. The actual rate will depend on the Plan terms in effect at your retirement.

Keep working after age 65 (postponed retirement)

Even though age 65 is considered your “normal retirement” age, you can continue working and contributing to the Plan past that age without any interruption to your membership. You simply continue to work, make contributions to the Plan, and watch your pension grow. By November 30 of the year in which you turn 71, you will have to stop contributing to the Plan, and start collecting your pension by December 1 of that year, even if you continue working.

How much will your DBplus pension be?

Your DBplus pension is calculated using a formula, so you know what your annual pension will be when you retire.

The DBplus pension formula is made up of two parts:

- 1 Guaranteed annual base pension**

The guaranteed annual base pension is calculated at the end of each year that you contribute, using an annual pension factor of 8.5%, subject to the CAAT Plan's Funding Policy.

For the pension you earn after January 1, 2025, the annual pension factor will be 9.5% of member and employer contributions (an increase from the current rate of 8.5%). This means your pension will grow over 10% faster, while your contributions stay the same!
- 2 Average Industrial Wage (AIW) enhancements**

At the start of each year in which you are a contributing member, AIW enhancements are applied to the total pension you earned in DBplus to the end of the previous year, subject to the CAAT Plan's Funding Policy.

Guaranteed annual base pension - pre-2025

8.5%
annual pension factor

x

Total contributions
(member + employer)

plus

Average Industrial Wage (AIW) enhancements

Total pension
earned to the end of the previous year

x

AIW enhancement rate



Definitions

Average Industrial Wage (AIW)

Calculated by Statistics Canada, the AIW rate represents wage inflation in Canada. Subject to the Plan's Funding Policy, AIW enhancements will be applied to the previous year's total pension for members in DBplus.

Early Start Reduction

If you start your pension before age 65, it will be reduced to reflect the longer period of time you are expected to receive your pension than if you start at age 65. The reduction is between 3% and 5% for each year you are under age 65 when you start to collect your pension. The reduction is permanent. It is subject to CAAT's Funding Policy, and is currently set at 3%, the lowest rate.

Once you've retired



Once you've started collecting your pension from the CAAT Plan, you will receive monthly payments for life. Here are some things to consider when you retire with a pension from the CAAT Plan.

Predictable monthly pension payments

Pension payments are made by direct deposit to a Canadian bank.

Valuable inflation protection

The CAAT Pension Plan helps offset the negative impact of inflation by providing conditional inflation protection increases, which are periodic enhancements to a pension payment that help reduce the erosion of the purchasing power of pensions caused by inflation. The annual increase is based on changes in the Consumer Price Index (CPI), a widely-used measure of inflation in Canada, and is calculated as 75% of the change in the average CPI from one year to the next. Conditional inflation protection increases are applied as of January 1 of each year to pensions in pay, deferred pensions and survivor pensions that were earned under the CAAT Plan. Inflation protection increases are conditional on the Plan's funded status.

Survivor benefits after retirement for your pension earned with CAAT

If you have an eligible spouse at the time of your death, that person is entitled to a survivor pension for life. The post-retirement survivor pension is equal to 60% (or 75% if you choose that option when you retire) of the lifetime DBplus pension you were receiving at the date of your death. The survivor benefit includes conditional inflation protection.

If your eligible spouse on death is different from the eligible spouse at retirement or you had no eligible spouse at retirement, your eligible spouse will only receive a 60% lifetime pension. The 75% survivor pension can only be paid to the person who was your eligible spouse when you retired. If you've separated from that spouse or have a new spouse, be sure to contact the Plan as soon as possible to keep your records up to date.

If you have eligible children, they could receive a survivor benefit. Visit our website for more information on post-retirement survivor benefits.

Separation or divorce after retirement

If you and your eligible spouse at retirement separate after your pension starts, the spouse at retirement is your eligible spouse and retains the right to a survivor pension unless they have properly waived the survivor pension in accordance with applicable legislation.

Government benefits

In addition to your CAAT Plan pension, you may also be entitled to a pension from the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP) that can start as early as age 60 (on a reduced basis) and Old Age Security (OAS) that starts at age 65. Collecting your CAAT Plan pension does not have an impact on eligibility for your government pensions.



Keeping in touch

When you retire, keep us up to date with any changes that may have an impact on your pension payments, such as your address, banking information and marital status. Each year in retirement, you will receive a Retired Member Annual Statement, which shows you how your pension grows in retirement with conditional inflation protection increases.

What if you leave your job before retirement?

Leaving your job doesn't mean you have to give up your valuable CAAT Plan pension. If you are not yet eligible or not yet ready for a pension, the Plan's termination options provide both flexibility and security so you can make the best choice for your retirement income.

24-month extension of membership

When you leave your job with a CAAT Plan employer, you stop accruing a pension, but your pension plan membership will be automatically extended for 24 months from the date of your last contribution to the Plan.

During this period, called the extension of membership, your pension will continue to grow with an annual increase based on the Average Industrial Wage index, a measurement of wage increases across Canada.

Below you will find options available to you during and after the 24-month extension of membership and once that period has expired.

	During the 24-month extension of membership period	After the 24-month extension of membership period
Under age 50	<p>Transfer to another employer's registered pension plan, provided the plan will accept the transfer.</p> <p>If you begin working for a CAAT Plan participating employer, you may be required to resume contributions.</p>	<p>Transfer to another employer's registered pension plan, provided the plan will accept the transfer.</p> <p>Defer your pension to a later date and collect secure pension payments for life when you retire.</p> <p>Transfer the commuted value of your pension (within a six-month window).</p>
Age 50 to 65	<p>Transfer to another employer's registered pension plan, provided the plan will accept the transfer.</p> <p>Start your pension early. An early start reduction will apply.</p> <p>If you begin working for a CAAT Plan participating employer, you may be required to resume contributions.</p>	<p>Transfer to another employer's registered pension plan, provided the plan will accept the transfer.</p> <p>Start your pension early. An early start reduction will apply.</p> <p>Defer your pension to a later date and collect secure pension payments for life when you are ready.</p>
Age 65 and older	Start your pension immediately.	

Payment options may differ depending on your jurisdiction of employment. Contact the CAAT Pension Plan for further details.

After the 24-month extension of membership

At the end of the 24-month extension of membership period, the following options become available to you, in addition to those offered during the extension of membership period:

The option to choose a secure lifetime pension

By deferring your pension, you leave it in the CAAT Plan until you reach retirement age and are eligible to start collecting it. The deferred pension includes all the benefits of a regular pension plus the following valuable features:

- The option to begin your pension as early as age 50 (with an early start reduction).
- During the deferral period, your pension continues to grow with conditional inflation protection increases.
- Conditional inflation protection increases also apply when you start collecting your pension.
- A lifetime survivor pension for your eligible spouse on your death.

The option to transfer the commuted value

The commuted value is a lump-sum payment of the 'present value' of a member's earned pension. The commuted value is a one-time payment representing what your future pension would be worth today if invested at current interest rates. Commuted value assumptions and calculation methodology are prescribed by legislation.

If you are under 50 at the end of your 24-month extension of membership, you have six months to choose to transfer the commuted value of your benefit out of the Plan into a locked in retirement account. The funds must remain locked-in and can only be used to provide retirement income. For information about the types of locked-in retirement accounts available to you, we suggest that you seek independent advice from a financial advisor. Options and specific requirements may differ based on your jurisdiction of employment. More information will be provided in the document you receive from the Plan.

If you take the commuted value out of the Plan, you have no further entitlement from the CAAT Plan and you will be responsible for investing the funds yourself.

Pension plan details

ITA maximums

All benefits described in this Handbook and provided under the CAAT Pension Plan are subject to applicable *Income Tax Act* maximums.

Assignment

Contributions made to, and benefits paid by, the CAAT Pension Plan are generally not subject to garnishment, attachment, or seizure. However, your pension benefits may be assignable through an order or agreement under applicable family law legislation or the Canada Revenue Agency.

Grow-in benefits

Your benefit under the CAAT Plan is determined exclusively under the terms of the CAAT Plan. Grow-in benefits for involuntarily terminated employees, as provided under the pension standards legislation of certain jurisdictions, do not apply to members of the CAAT Plan. This is because the CAAT Plan, in accordance with the Ontario *Pension Benefits Act*, elected to opt out of their application, effective July 1, 2012, pursuant to a notice of election filed with the Superintendent of Financial Services.

CAAT Plan registration number

The registration number for income tax purposes is **0589895**. This number can be found on your T4 and your Annual Statement. Your prior pension plan or advisor may need this number when transferring funds to the Plan to make a pension purchase.

Connect with us

Visit our website at www.caatpension.ca

Protecting your privacy

As outlined in our Privacy Statement, under no circumstance will we provide your personal information to outside parties for purposes other than administering your pension without receiving your prior consent.

Occasionally, you will receive news emails from us with links to our website. However, these emails will never ask you to reply to the email or send any personal information.

If you are ever suspicious of an email coming from the CAAT Pension Plan, please contact us to verify the authenticity of the email.



