

Real pension innovation that's available to all workplaces

Finally, a pension everyone can support

By Derek W. Dobson, CEO of the CAAT Pension Plan



The CAAT Pension Plan has a winning solution to how employers and employee groups can join an exceptional plan to provide a simple, sustainable workplace pension.

The popular DBplus, which delivers the promise of a lifetime pension for employees with cost certainty for employers, has attracted strong endorsements from a plethora of employers, employees, and industry experts. DBplus has received several retirement industry innovation awards.

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Rahima Mamdani, United Way of Greater Toronto

Research shows that Canadians want, and are willing to contribute to achieve, secure, predictable, lifetime retirement income. Likewise, employees, unions and employers are increasingly looking for better and more secure pension options that have the best features of large defined benefit (DB) pensions without the costs and risks of traditional single employer plans. Valuable and secure DB plans have a significant and positive impact on employee attraction, retention, and engagement.

Canadians who belong to these plans report significantly lower financial planning stress and retire on a more predictable basis allowing employers to plan better. Employers also benefit from lower stress in the workplace which leads to lower benefit costs and absenteeism.

Although DBplus was only made available to all Canadian workplaces in 2019, more than 15,000 members from 33 employers have already joined. CAAT has groups from nine industries across Canada, representing the private, not-for-profit, and public sectors. Members from every province, except PEI, now participate in the Plan. The Plan also has support and participation from 14 different unions.

Membership in CAAT, which is currently 63,000, is expected to grow to 300,000 in the next six years.

For instance, CAAT has signed an affinity agreement with the Canadian Bar Insurance Association (CBIA) to offer DBplus to law firms across Canada.

Secure predictable lifetime retirement income delivered by a well-established and trusted not-for-profit is a strong trend that many are learning more about.

Let's examine three organizations that have joined CAAT's DBplus: United Way of Greater Toronto; SHARE (Shareholder Association of Research & Education), and Torstar Corporation.



**United Way
Greater Toronto**

United Way of Greater Toronto

"We are delighted to have joined CAAT's DBplus after an enthusiastic endorsement from our members," says Rahima Mamdani, Vice-President, People & Culture, for the United Way. "This move has allowed us to improve the pension plan we offer to our employees, helping ensure long-term, sustainable and secure retirement savings."

The United Way merged its single employer pension plan with CAAT. The more than 300 employees at the United Way voted 99% in favour of joining CAAT. United Way employees earn a defined benefit pension through CAAT's DBplus going forward, while pensions earned to the date of the merger are replicated and administered by CAAT. The non-profit United Way joined CAAT

much more predictable funding profile associated with DBplus," says Lorenzo DeMarchi, Executive Vice President & Chief Financial Officer of Torstar Corporation.

Torstar Corporation, a publicly traded company, and its union partners place high value on a sustainable pension benefit for its employees. Its workforce

was covered by a mix of defined benefit, defined contribution and Group RRSP programs. Torstar was searching for ways to manage pension balance sheet volatility, while still providing secure and valuable defined pension benefits for all employees.

The 3,400 Torstar defined benefit members, voted 97% in favour to merge with the CAAT Plan.

Torstar employees are a mix of non-bargaining and bargaining staff represented by two unions – Unifor and Teamsters. In all, there are about 5,400 Torstar employees and their contribution rates for DBplus are at 9% for former DB members and 5% for all other employees.

"Being part of a plan that has significantly greater scale and is managed by a team of people that are solely focussed on providing defined pension benefits was also attractive to us. With our pension benefits now being administered by CAAT, management has more time to focus on our core business," says DeMarchi.

“ We were attracted to the CAAT Plan by the opportunity to replace fluctuating and sometimes unpredictable funding requirements under our plans by the much more predictable funding profile associated with DBplus. ”

Lorenzo DeMarchi, Torstar Corporation

at the beginning of 2020 and, after a brief phase-in period, will have member pension contributions fixed at 6% of income, matched by the employer. Once fixed, the contribution rate can never change, regardless of the funded status of the Plan.



Torstar

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A pension merger with the CAAT Pension Plan allowed Torstar to exit the pension risk management business and eliminate defined benefit pension volatility on their balance sheet, thereby providing an overall benefit to its business.



SHARE

“SHARE advocates for expansion of retirement benefits for all Canadian workers, but our own non-profit sector has historically been particularly disadvantaged in providing stable retirement options for employees,” says Kevin Thomas, CEO of SHARE. “When CAAT opened the DBplus plan, it finally gave us the opportunity to offer a secure pension promise for SHARE staff that builds on our own commitment to a sustainable, unionized, living wage workplace.”

Employers that are relatively small have also joined CAAT. SHARE’s 14 employees led the search for a new retirement savings program. The employer was already contributing 5% of base earning to employees’ RRSP of choice, but it felt impossible to access pension plans generally only available to larger organizations. DBplus

under the CAAT Pension Plan allowed employees to ‘trade-up’ to a secure and valuable defined benefit pension, at no additional cost to SHARE.

SHARE has offices in both Vancouver and Toronto, and works with a growing network of institutional investors, helping them to develop and implement responsible investment policies and practices.

CAAT’s responsible investing policies and approach are aligned with SHARE’s organizational focus, specifically emphasis on proxy voting, corporate engagement, and encouraging the integration of environmental, social and governance (ESG) factors in the investment process.

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Kevin Thomas, SHARE

“DBplus is sustainable and portable, and CAAT’s own advocacy for defined-benefit pensions in Canada is aligned with our values as an organization,” says Thomas.

About CAAT and DBplus

CAAT’s DBplus offers organizations the flexibility to select a contribution rate that ranges from 5% to 9%, matched by the employer. The higher

the contribution rate, the better the pension. CAAT also allows groups that currently have no or low contributions to gradually phase-in to their ultimate desired fixed contribution rate.

The DBplus pension is paid for life and includes valuable features such as conditional inflation enhancements in retirement, subsidized early retirement, no-cost survivor benefits, and members have the option to consolidate their retirement savings by purchasing additional pension in DBplus, where permitted.

To learn more, visit DBplus.ca.

CAAT, which stands for the Colleges of Applied Arts and Technologies, was created in 1967, originally as the pension plan serving all of Ontario’s 24 community colleges. Today 79 employers participate in CAAT. With assets of \$13.5 billion, CAAT is 118% funded, and has a \$2.9 billion funding reserve.

CAAT is an independent not-for-profit trust focused on ensuring the pension benefit security for its members.



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