



Improving outcomes and reducing costs and risk

DBplus by the CAAT Pension Plan



What is DBplus?



Simply put, DBplus is an innovative defined benefit (DB) pension plan design from the CAAT Pension Plan that provides lifetime pensions at fixed contribution rates.

What does it cost?

Organizations select the contribution rate that works for them. After that, all employers have to do is simply deduct employee contributions from payroll, and remit to CAAT together with the corresponding employer contribution.

That's it! All administration and investments are managed by the team of experienced pension professionals at CAAT at no additional cost.



Why choose DBplus?

DBplus provides more value, simplicity, security and certainty– for both employers and employees – in comparison to other workplace retirement plans.

✔ **Value**

Contributions on average go twice as far in retirement compared to Group RRSP and defined contribution (DC) plans. Furthermore, DBplus provides valuable features such as inflation protection, survivor benefits, and early retirement options.

✔ **Simplicity**

Employers benefit from the simplicity and predictability of a DC plan, but with the unparalleled benefits of a DB plan for their employees. Investments, administration, governance and member communications are all managed by the team of dedicated pension experts at CAAT at no additional cost.

✔ **Security**

Employees enjoy the security of retirement income that is paid monthly for life. Together, employers and employees benefit from the sustainability and efficiency of a large, expertly run pension plan. The CAAT Pension Plan has more than 91,700 members working at, or retired from, more than 360 employers. The Plan is 124% funded on a going-concern basis, with a funding reserve of \$4.7 billion, based on its latest actuarial valuation as at January 1, 2023.

✔ **Certainty**

Employers are responsible for the employee and employers contributions they have agreed to. There is no balance sheet risk or contribution volatility. Employees have the assurance of knowing their pension will be there for them in retirement, with a plan that isn't reliant on the health of any one employer.

Why join?

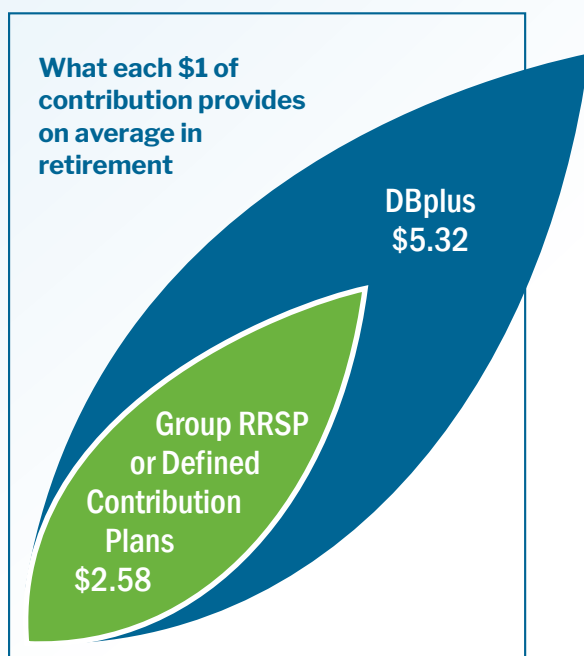
The ability to provide employees with a secure lifetime pension, with the certainty of a fixed cost for both employees and employers is unrivaled



Who can join?

DBplus by the CAAT Pension Plan is open to Canadian organizations of all sizes, across all sectors, including private, public and not-for-profit.

For organizations that currently offer a group RRSP, DB or DC pension plan, the transition to DBplus is seamless and efficient.



More retirement income for each dollar contributed

Considerable research has been done on how large, jointly-sponsored pension plans like DBplus can provide twice as much income in retirement as compared to large Group RRSP and DC plans – for the same cost.

The study *The Value of a Good Pension*, published by the Healthcare of Ontario Pension Plan, showed that Canada-model pension plans such as CAAT provide on average \$5.32 in retirement income for each \$1 in contributions, compared to large group RRSP and defined contribution plans, which provide on average \$2.58 for each \$1 contributed.



What is the CAAT Pension Plan?

CAAT is a not-for-profit trust that has been delivering secure lifetime pensions to its members for over 55 years. Delivering on the promise of benefit security demands adaptive thinking to ensure we remain relevant and ready for the future. In 2018, CAAT built on their strong foundation by launching DBplus, that provides secure lifetime pensions – with the certainty of a fixed cost.

DBplus, an award-winning plan design, and our original plan design, DBprime, share the

same investment fund, rigorous risk management, pension administration expertise, and successful joint governance structure. These principles have made the CAAT Pension Plan a model for delivering secure defined pensions efficiently.

Making defined benefit pension plans accessible to all Canadians is something that we strongly believe in. Through the creation of DBplus, we are delivering retirement income security to a growing number of Canadians. The CAAT Pension Plan brings together a diverse and growing community of 91,700 members and more than 360 employers. This expansion and diversification of our membership is one of the key ways we are making the Plan stronger and more resilient for the future.

Why choose CAAT?



The CAAT Pension Plan is independent, jointly governed and fully funded. Our focus on benefit security ensures a strong and stable plan for all members. Our success is built on leading expertise, rigorous risk management and strong governance.

Not-for-profit

We invest funds and manage pensions on a not-for-profit basis. Expenditures are minimized so there is more money to pay pensions rather than high management fees, commissions, and overhead.

Sustainable and secure

Backed by \$18.2 billion in assets, the jointly governed CAAT Pension Plan stands 124% funded on a going-concern basis, with a funding reserve of \$4.7 billion, based on its latest actuarial valuation as at January 1, 2023.

Well-respected expertise

The CAAT Plan exists to pay lifetime pensions to its members. First and foremost, this requires dedicated focus and expert management of

a range of funding, demographic, investment, and operational risks. With a committed and knowledgeable team of staff, together with our Plan governors, the CAAT Pension Plan is highly respected for delivering benefit security and long-term plan sustainability.

Rigorous Funding Policy

The CAAT Pension Plan Funding Policy has been used to manage through periods of volatility to keep the Plan sustainable over the long term. The policy was built on the Plan's fundamental principles of paying both promised and conditional benefits, and its commitment to equity across the entire membership and from generation to generation.

Joint governance

Through their representatives on two governing bodies, members and employers have an equal say in Plan decisions about benefits, contributions, and funding. This joint governance structure is a successful model for keeping defined benefit pension plans relevant and sustainable.

Established onboarding

The CAAT team is well-experienced in managing the transition and consolidation of existing workplace defined benefit pension plans, in addition to integrating new employers with a defined contribution plan or group RRSP, and those with no current arrangement.

Overwhelming endorsement of consent from new members

All of our new participating employers received overwhelming employee and union endorsement to join DBplus.

De-risking that benefits employers and employees

Organizations joining DBplus remove the costs and risks associated with managing and governing their single employer pension plan. For employees, their promised benefits are protected, as they are not dependent on the financial health of their employer.

Recognizing the broader social impact of a multi-employer plan

Unfortunately, many employers have stopped offering their own DB plans, inherently passing on investment risks and fees to their employees (and by extension, governments and taxpayers). This suboptimal outcome leads to substantially lower retirement income per contribution dollar, which in turn impacts employee stress and health, and the demand for social programs in retirement.



An award-winning plan

Winner: 2020 Chief Investment Officer of the Year. Awarded by Canadian Investment Review to Julie Cays.

Winner: Canada's Most Admired Corporate Cultures 2019 - 2020, 2022 and Greater Toronto's Top Employers 2020 - 2023.

Winner: Innovation in Plan Design and Reform Award for DBplus at the Pensions & Investments 2018 World Pension Summit in the Hague, Netherlands.

Winner: Benefits Canada 2018 - 2019 Workplace Benefits Award for Top Pension Performance.

How everyone benefits

Employees

- ✓ Earn predictable and secure pension benefits payable for life with valuable inflation protection, survivor benefits, and early retirement features.
- ✓ Reduced stress, with less burden of financial planning or complex investment decisions.
- ✓ Increased security with a fully funded, sustainable pension plan that isn't reliant on the financial health of employers.
- ✓ Prior pension plan entitlements can be consolidated into DBplus

Employers

- ✓ Reduced costs, risks and administration, compared to other retirement programs
- ✓ Responsible for remitted contributions they set there is no balance sheet risk, contribution volatility or administrative costs
- ✓ DB pension features are highly valued by employees, providing a compelling attraction and retention tool reducing turnover and risks
- ✓ Valuable features such as early retirement options and inflation increases provide additional certainty, leading to improved wellness and productivity

Real value for members in DBplus

Members participating in DBplus earn a guaranteed lifetime pension, equal to the total contributions made (member and employer contributions), multiplied by an Annual Pension Factor of 8.5%* each year they contribute. On average, a member who participates over their entire career in DBplus is expected to receive approximately \$8 in benefits for each \$1 they contribute.

**On January 1, 2025 the annual pension factor increases to 9.5%*

Depending on the Plan's funding level, benefit enhancements are also provided to reflect wage growth, inflation, and early retirement factors. The better the funding status of the Plan, the more enhancements that are made.

The chart on the following page helps to demonstrate how a Plan member's pension earnings grow over time.

Members can also try the DBplus Value Tool online, located on the homepage of dbplus.ca

Example of a member who has joined DBplus on a go-forward basis, showing earnings over a three-year period.

The following figures are for illustrative purposes:

- A pension contribution rate of 5% from the member, matched by the employer
- Annual earnings of \$55,000 in Year 1
- Annual earnings of \$56,100 in Year 2 (based on a 2% increase in earnings)
- Annual earnings of \$57,222 in Year 3 (based on a 2% increase in earnings)
- Average industrial wage (AIW) enhancement rate of 2.2%

COMPONENT OF CALCULATION	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	TOTAL CONTRIBUTIONS	ANNUAL BASE PENSION EARNED	AVERAGE INDUSTRIAL WAGE (AIW) ENHANCEMENTS *	TOTAL ANNUAL ACCRUED PENSION
FORMULA	5% x total earnings	5% x total earnings	Employee + employer contributions	8.5% x total contributions	Total pension accrued from previous year x AIW rate	Previous years' accrued pension earnings + current year's accrued pension earnings + AIW increase (if applied)
2024	5% x \$55,000 = \$2,750	5% x \$55,000 = \$2,750	= \$5,500	8.5% x \$5,500 = \$467.50	AIW is not applied in the first year of membership, as there is no accrued pension from the previous year.	In Year 1, the total accrued pension is the base pension earned = \$467.50
2025	5% x \$56,100 = \$2,805	5% x \$56,100 = \$2,805	= \$5,610	9.5% x \$5,610 = \$532.95	\$467.50 x 2.2% = \$10.29	In Year 2, the total accrued pension is the previous year's accrued pension (Year 1) + Year 2's accrued pension + AIW increase = \$467.50 + \$532.95 + \$10.29 = \$1,010.74
2026	5% x \$57,222 = \$2,861.10	5% x \$57,222 = \$2,861.10	= \$5,722.20	9.5% x \$5,722.20 = \$543.61	\$1,010.74 x 2.2% = \$22.24	In Year 3, the total pension accrued is the previous years' accrued pension + Year 3's accrued pension + AIW increase = \$1,010.74 + \$543.61 + \$22.24 = \$1,576.59

* Explanation of average industrial wage enhancement:

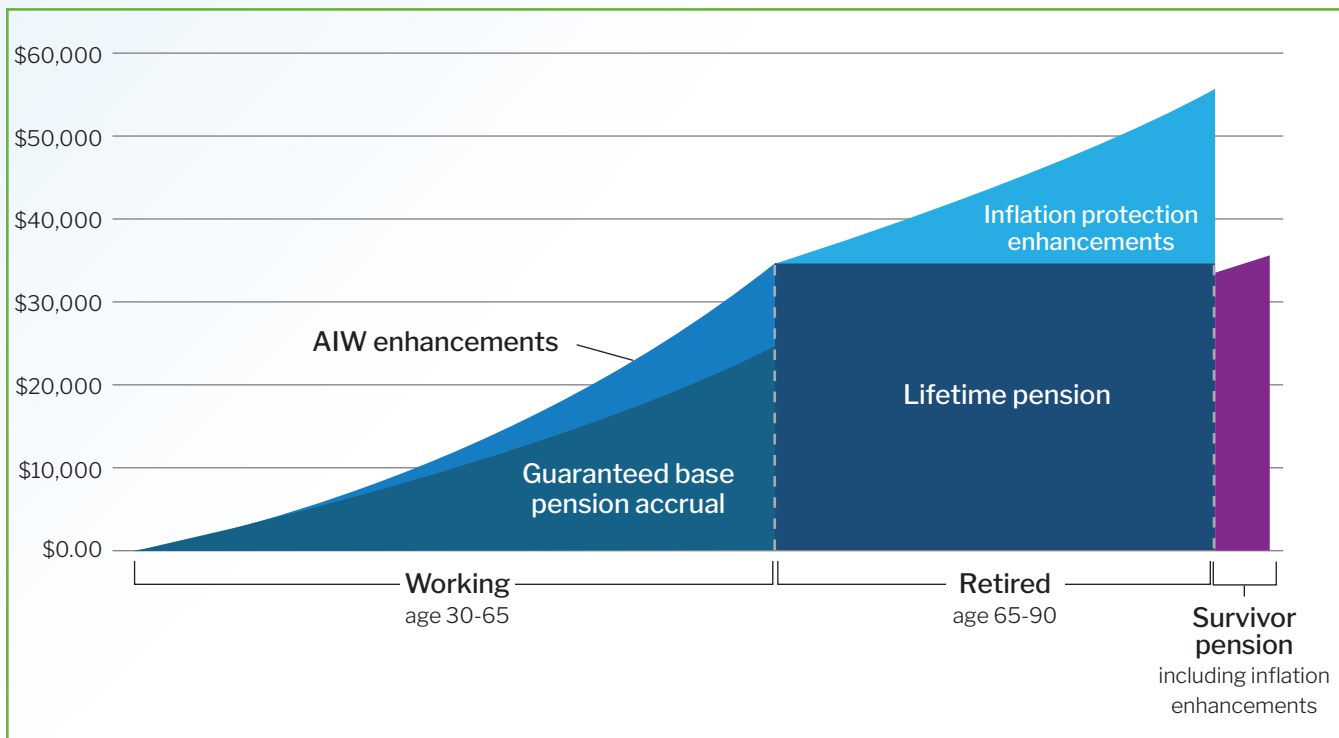
• The average industrial wage enhancement provides increases to the total pension a member has accrued up to the end of the previous year, and is applied at the end of each current year of contribution.

• The AIW enhancement rate is based on the percentage increase in Canada's AIW index.
 • The AIW enhancement is conditional, based on the funded position of the Plan.

Your pension grows during your working years and in retirement

Each year that you work, your accrued pension increases based on contributions made and the compounding effect of AIW enhancements that are applied (AIW enhancements are contingent on the funding level of the Plan).

The example in the chart below illustrates the pension benefits earned at age 30 through to age 65, and paid in retirement from age 65 to 90.



Summary of the valuable features included in DBplus

Inflation enhancements in retirement

The impact of inflation is offset through the Plan's conditional inflation protection of 75% of the year-over-year increase in the Consumer Price Index.

Average wage enhancements while working

Conditional wage inflation enhancements are applied to pension accruals to reflect general wage increases in Canada, calculated from 100% of the increase in the yearly average industrial wage index.

Survivor benefits

A lifetime pension is payable to the member's surviving spouse, even if the member marries after retirement. In a case of death before retirement, more options are available.

Portability

A member's pension is seamlessly portable among participating employers and highly portable with other plans.

Purchase past service

Members have the option to purchase eligible pension service or transfer pensions from any registered pension plan in Canada and consolidate a bigger DBplus pension.

Essential factors for evaluating retirement plans

When assessing whether an organization should offer a single-employer defined benefit pension plan, a defined contribution pension plan, a group RRSP, or DBplus, it is important to weigh the risks and benefits of each type.

This chart provides the key factors to take into consideration when making a decision on your workplace retirement plan. As the chart demonstrates, DBplus provides certainty, practicality and ease for employers, with tremendous value for your employees.

Key Factors	DBplus by CAAT	Defined Contribution Plan or Group RRSP	Single-Employer Defined Benefit Plan
Financial			
Fixed monthly cost	Yes	Yes	No
Eliminates contribution volatility	Yes	Yes	No
Eliminates employer risk of funding deficits	Yes	Yes	No
Reduces turnover cost	Yes	No	Yes
Eliminates balance sheet liability	Yes	Yes	No
Governance and Oversight			
Eliminates administration obligations (beyond enrolment, change in employment status)	Yes	Yes	No
Eliminates investment and fiduciary obligations	Yes	No	No
Eliminates responsibility for member communications	Yes	No	No
Eliminates risk of member litigation (e.g. undisclosed fees, poor education)	Yes	No	Yes
Eliminates risk of regulatory changes (e.g. decumulation requirements for DC plans, filing fees for DB plans, etc.)	Yes	No	No
Workforce Management			
Helps employee attraction and retention	Yes	No	Yes
Helps improve employee wellness, engagement and productivity	Yes	No	Yes
Reduces turnover costs and time (recruiting and training)	Yes	No	Yes
Facilitates enhanced workforce planning (diminishing risk of “hidden pensioners”, delayed retirements)	Yes	No	Yes
Employee Perspective			
Helps reduce stress about retirement	Yes	No	Yes
Predictable lifetime income (no concern about outliving one’s savings)	Yes	No	Yes
Ability to purchase additional pension	Yes	No	Maybe

Interested in learning more? Let's connect.

Connect with us to learn more about how DBplus can add value at your organization. Our pension plan experts are here to help you assess the benefits of DBplus and make a smooth transition to the Plan.

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Visit our website at
caatpension.ca to learn more.

DBplus is open to workplaces of different sizes, sectors, and industries across Canada. There are exceptions that apply which may require individual regulatory approval from appropriate provincial authorities.

We care about the security of our data.
CAAT's information security management system is ISO 27001 certified.



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