An investment in your future

The CAAT Pension Plan provides members with a secure lifetime pension that includes valuable features such as early retirement, survivor benefits and inflation protection.

This Handbook explains the provisions of the CAAT Pension Plan as of October 2013.

A detailed legal description of the provisions of the Plan can be found in the Plan Text, which can be accessed at your employer’s Human Resources department or downloaded from our website. Should the information in this Handbook, our website or any other source differ from the Plan Text, the Plan Text will govern.
Member Handbook

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Getting to know your Plan

The CAAT Pension Plan is a jointly-sponsored, multi-employer pension plan providing retirement security to the full-time and participating part-time, active and retired employees of Ontario’s college system.

Our main purpose is to pay a predictable stream of pension payments to retired members and their surviving spouses.

To that end, the Plan manages a pool of assets which is funded by contributions from members, matching contributions from employers and the investment earnings on those contributions.
Getting to know the CAAT Pension Plan

Members and employers jointly govern the Plan
The CAAT Pension Plan is governed with equal representation from members and employers. As sponsors, Colleges Ontario, OPSEU (the Ontario Public Service Employees Union) and OCASA (the Ontario College Administrative Staff Association) appoint representatives to the Sponsors’ Committee and Board of Trustees.

A defined benefit lifetime pension
As a CAAT Pension Plan member, you can rely on a pension based on your earnings and service. This defined benefit formula means you don’t have to worry about complex investments, market volatility, or outliving your pension.

Your pension is based on your best five years of earnings
The pension formula uses your best five consecutive years of pensionable earnings, regardless of when they occur in your Ontario college career. You’ll receive a pension based on your best possible consecutive earnings, whether you scale back or take on more responsibility in later years.

Flexible retirement options
Choose from a variety of retirement dates to meet your individual needs. All members can retire as early as age 55, while members with over 20 years of pensionable service can retire starting at age 50. And, although 65 is the “normal retirement age”, members can work and earn benefits in the Plan up to the end of the year in which they turn 71, which is, by law, the age when they must start collecting a pension, even if they continue to work.

Survivor benefits upon your death
If you die before you retire, the value of the pension you accumulated will go to your spouse or beneficiaries. If you die in retirement, your eligible spouse will receive a pension for his or her life. Under some circumstances, your children and beneficiaries may also receive survivor benefits.

Inflation protection increases the value of your pension
The impact of inflation is partially offset through the Plan’s inflation protection, helping pensions retain purchasing power over time.

A tax-effective way to save for retirement
Your contributions to the Plan are tax-deductible, and the matching contributions from your employer are not a taxable benefit.

Funding for your future
The CAAT Pension Plan’s Funding Policy highlights the long-term focus of protecting promised pension benefits. The Plan undergoes regular actuarial valuations to measure its financial health and the Funding Policy lays out possible means of dealing with funding deficits and surpluses. The Funding Policy can be viewed on the CAAT Pension Plan website.
Joining the Plan

When you join the CAAT Pension Plan, you immediately start building a secure, life-long retirement income.

Whether you’re a full-time or part-time employee, the sooner you join the Plan and the longer you contribute, the larger your pension will be.

Full-time employees are automatically enrolled in the CAAT Pension Plan when they’re hired by an Ontario college or related employer participating in the Plan.

Part-time employees can join the Plan at any time while employed, and purchase any period of service worked for a CAAT employer before joining the Plan.

Part-time employees are those who work part time hours, as well as full-time hours on a short-term contract. Seasonal, sessional or temporary workers are also considered part-time.

The contribution formula and pension calculation are the same for all members, but for part-time members, we convert your actual earnings to the equivalent earnings of a full-time member in a comparable position. Then we prorate your contributions based on the percentage of full-time hours you work. For instance, if you work half the time of a full-time member, your contributions would be half that made by a full-time member whose earnings, on an hourly basis, are the same as yours.

For more information on part-time membership in the Plan, contact your Human Resources department for a copy of the part-time pamphlet or download it from our website.
Watch your pension grow

Your Annual Pension Statement is one of the most important documents you will receive from the Plan. Every year, your Statement provides you with a snapshot of your membership in the Plan from the date you joined until December 31 of the previous year.

Your Statement provides you with a calculation of the pension you have earned, as well as your projected early and normal retirement dates. It can also be a useful resource for your spouse and beneficiaries, in the event that you die before retiring.

Your Statement is a comprehensive summary of your membership. It itemizes your earnings and pensionable service - two important factors that form the basis of the pension calculation - and gives you details about your contributions and any service purchases you have made.

You’ll receive a Statement each year, so you can track how your benefit grows as your service increases.

Pension Estimator

Our quick and easy Pension Estimator gives you real-life results.

All you need is:
• Your birth date
• Your salary
• Your pensionable service in the Plan

Pick different retirement dates and estimate future earnings increases to see the impact on your pension.

You can access the Estimator on our website. Watch the online “how to” video if you need help getting started.
Tax effective contributions

Your contributions to the CAAT Pension Plan make it easy for you to invest in your retirement on a tax-effective basis.

Your pension contributions are deducted from the pensionable earnings you receive from your CAAT employer throughout the year. The deductions are applied to your gross income, thereby reducing your taxable income each pay period.

Your contributions are 100% matched by your employer and these employer contributions are not a taxable benefit to you.

Pensionable Earnings

Your pensionable earnings are the earnings from your CAAT Plan employment on which you pay contributions. Typically, earnings that are “re-earnable” each year are pensionable earnings. Earnings that are not typically earned on a regular basis each year (such as overtime pay and certain lump sum payments) are not pensionable.
The contribution formula

Your contributions are based on a percentage of your earnings. The rate is the same for all active members and their employers. Effective January 1, 2014, the contribution rates are:

11.2% of your pensionable earnings up to the YMPE
+ 14.8% of your pensionable earnings above the YMPE

Your employer contributes an equal amount on your behalf.

The CAAT Pension Plan contribution formula considers the fact that you also contribute and earn benefits in the Canada Pension Plan (CPP) on your employment earnings. The formula is integrated at the same earnings levels used for the CPP, called the YMPE.

YMPE (Year’s Maximum Pensionable Earnings)

The maximum amount of earnings on which you are required to contribute to the Canada Pension Plan.

Your CAAT Plan contributions are lower on your earnings that fall below the YMPE; that is, the earnings on which you contribute to the CPP.

The YMPE increases each year. The 2013 YMPE is $51,100. The 2014 YMPE will be released by CRA at the end of 2013.
Pensionable Service

Pensionable service is an important component of your membership in the Plan. Along with your pensionable earnings, your pensionable service is used in the pension formula.

Many Plan members come to the college system after previous periods of employment with employers outside of the college system.

If you were previously a member of another registered pension plan, or if you had periods of employment with a college employer prior to becoming a member, you may be able to purchase those periods to increase your pensionable service in the CAAT Pension Plan.
The value of your service

Your pensionable service is the total time you were a member of and contributed to the CAAT Pension Plan.

The pension formula takes into account the amount of pensionable service you accumulate from the time you join the Plan until you end your employment or you retire – the more service you have, the higher your pension will be.

Your pensionable service includes the service you accrue while working and contributing to the Plan, any service you may have purchased or transferred into the Plan, and any service accrued while you received a Long Term Disability benefit or a full loss of earnings benefit under the Workplace Safety and Insurance Act.

It does not include any previous CAAT Plan pensionable service for which you previously received a payout.

More service increases your pension

Although the Plan does not currently permit additional contributions as a way to increase your pension, it does offer opportunities to increase your pensionable service:

- If your previous non-CAAT employer offered a registered pension plan, you may be able to increase your CAAT Plan pension through a transfer.

- If you worked at your CAAT Pension Plan employer before becoming a member, or you had breaks in service once you joined the Plan as a result of a leave, a service purchase can help you increase your pension.

The options for transferring and for purchasing service are outlined on the next page.

Calculating your pensionable service

Pensionable service is expressed as a fraction of the year: a full-time member with no breaks in service earns 1.00000 year of service per calendar year, which is the maximum yearly service a member can earn. The calculation of pensionable service for members with breaks in service uses the number of days contributions were made by the member, divided by the number of eligible days in the year.
Maximize your service

Transfer service from a previous pension plan
Were you a member of another Canadian registered pension plan before joining the CAAT Pension Plan? If so, transferring the service you earned from your previous plan into the CAAT Plan can allow you to increase your pension and consolidate your future pension payments.

Most transfers can take place at any time before you retire. Not all pension plans are the same, so the service you had in the previous plan may not be equivalent to the service you will have in the CAAT Plan.

In the CAAT Pension Plan, all transfers are processed based on rules prescribed by the Pension Benefits Act (PBA transfer). These PBA transfers do not have time limits – you can initiate a transfer at any time but generally the cost increases over time. Your transfer will be subject to the limits imposed by the Income Tax Act.

For details on transferring service, including the procedure and tax implications, request a copy of our pamphlet “Increase your service with a transfer” from your Human Resources department, or download it from our website.

Service purchase from a CAAT employer
Was there a time during which you were a member of the Plan but did not make contributions? If so, a service purchase can help you add some or all of that period to your CAAT Plan service and increase your future pension.

Our varied service purchase provisions allow you to reduce the effect a break in your employment or a temporary leave may have on your pension calculation.

When you purchase a leave of absence or previous eligible service, you add that period of time to your pensionable service. This means that when you’re ready to retire, your pension will be higher than if you hadn’t purchased the service. It could also mean that you’ll be able to retire on an unreduced pension sooner.

For details, request a copy of our pamphlet “Getting more out of your pension – Purchasing service” from your Human Resources department, or download it from our website.

Get a cost estimate with our online ACE tool
If you have previous service that might be eligible to transfer into the CAAT Plan, use our online Actuarial Cost Estimator (ACE tool) to get an estimate of the cost. The ACE tool, which you’ll find on our website, gives you access to the instructions and forms you’ll need to get the transfer process started.
**Income tax considerations**

Your personal retirement savings – including your Registered Retirement Savings Plans (RRSPs) and Tax Free Savings Accounts (TFSAs) – can be important components of your retirement income.

Being a member of a registered pension plan comes with a number of income tax advantages, as outlined on page 8. Plan members should also be aware that your pension earned in each tax year will reduce your available “RRSP room” in the following tax year.

**The RRSP connection**

RRSPs are tax sheltered savings arrangements that allow you to save for retirement on a tax-deferred basis.

Your “RRSP room,” which is reported to you each year by the Canada Revenue Agency (CRA), is the amount you can contribute to your RRSP annually. CRA advises you of your RRSP room on the Notice of Assessment you receive after filing your income tax return each year.

Your RRSP room is calculated using your earned income in the prior year, and is offset by your Pension Adjustment (PA), which represents the "deemed value" of the CAAT Plan pension you earned during the prior year. You need to have enough RRSP room to make certain service purchases.

If you purchase any service earned after 1989, your PA for those years has to be adjusted retroactively. This is called a Past Service Pension Adjustment (PSPA). A PSPA ensures that your RRSP room matches what it would have been had you been a contributing member at that time.

**CAAT Plan registration number**

The registration number for income tax purposes is 0589895. Your prior pension plan or advisor may need this number when transferring RRSP money to the Plan to purchase eligible service. The number is also printed on your T4 slip and your annual statement.
A pension for your life

After you retire from your career in the Ontario college system, you can look forward to a steady stream of monthly pension payments you can depend on. For life.

When can you retire? Consult the following pages to learn about the Plan’s flexible retirement dates.

Depending on your age and how much pensionable service you have in the Plan, there are several retirement date options that might be available to you.
Planning your 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 CAAT Plan pension.

Some pension points to consider:

**Get an estimate**
Our online Pension Estimator is a great retirement planning tool that’s simple to use. Get an informal estimate of your future pension at any age in 3 easy steps. (If you’re close to retirement, you can get a more detailed estimate by contacting the Plan directly).

**Managing your pension payments**
The transition to retirement can mean changes to the way you manage your income. Your pension is deposited at the beginning of the month, rather than bi-weekly or weekly like most employment earnings. If you receive a bridge benefit when you retire, your pension and bridge will be combined into one deposit.

**Thinking of retiring outside Canada?**
Your CAAT Plan pension will go along with you! Pension payments are made in Canadian funds by direct deposit to a Canadian bank. For retired members living outside of Canada, a cheque option is available. The cheque is payable in Canadian funds and can be mailed to your non-Canadian home address.

Don’t forget to apply for your government pensions
The Canada Pension Plan (CPP) and Old Age Security (OAS) benefits will supplement your CAAT Plan pension to build your retirement income. Contact Service Canada to find out your entitlement or to apply.

**Think about taxes**
With taxable income from a variety of sources – including your CAAT Plan pension, your government benefits and income from savings plans and even post-retirement employment – many retired members find it useful to adjust the amount of income tax withheld from their pension to reduce any additional annual income taxes at the end of the year.

**Pension income splitting**
A useful option for many retired members when filing their income tax, pension income splitting allows individuals to notionally allocate up to 50% of pension income from the spouse in the higher tax bracket to the spouse in a lower tax bracket, reducing the overall tax payable for the couple.

www.caatpension.on.ca
Remember, the CAAT Pension Plan website is an excellent source of information about your pension. You’ll find the most up to date plan information, including our member E-Newsletters, online pamphlets and our Pension Estimator.

While you’re on the website, don’t forget to subscribe to My Pension NewsLink and get the latest Plan news by email!
Early retirement pensions

If you retire before turning 65, you will be entitled to either a reduced or an unreduced early retirement pension, accompanied by an additional monthly payment called a bridge benefit.

If you are 55 years old or you are 50 years old with at least 20 years of pensionable service, you qualify for an early retirement pension.

Reduced early pension
Depending on your age and the amount of service you have in the Plan, your early retirement pension may be reduced.

The reduction factor is equal to 3% per year (or 0.25% per month) multiplied by the number of years and part years you are away from qualifying for an unreduced pension. This is a permanent reduction to your lifetime pension payment and your bridge benefit.

Unreduced early pension
You can qualify for an early retirement pension without a reduction by meeting one of the following age and pensionable service criteria:

- The 85 Factor – your age plus pensionable service equals 85 or greater, or
- The 60/20 Rule – you are at least age 60 with 20 or more years of pensionable service.

Bridge benefit

The bridge benefit is a payment added to your early pension. You receive the bridge benefit each month until you turn 65.

If your pension is reduced, your bridge benefit will be reduced by the same percentage. If your pension increases due to inflation protection, your bridge benefit will increase by the same percentage.

The main difference between your pension and your bridge benefit payments is that you will receive your pension for life, but the bridge benefit (and any inflation protection applied to it) will stop at the earliest of when you turn 65 or die.

Government benefits

In addition to your CAAT Plan pension and your bridge benefit, you may also be entitled to a pension from the Canada Pension Plan (CPP) 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 and bridge benefit does not have an impact on your early CPP eligibility – you can collect your CAAT Plan pension and bridge benefit and your CPP pension at the same time.
Normal (age 65) 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, regardless of how much service you have earned in the Plan.

To begin your pension, you must retire, meaning you and your employer must have terminated your employment relationship.

Age 71

There is a maximum age limit to Plan participation: by November 30th of the year in which you turn 71, you will have to stop contributing to the Plan and you must start collecting a pension by December 1st of that year, even if you continue working.

Postponed retirement

(working past 65)

Even though age 65 is considered the “normal retirement age,” in the Plan, you don’t you have to stop working at that time.

You can continue working and contributing to the Plan past the age of 65 without any interruption to your membership - you simply continue to work, make contributions to the Plan, and watch your pension grow. However by law, you will have to stop contributing to the Plan and start collecting your pension by the end of the year in which you turn 71.

When you ultimately decide to retire, you can enjoy a pension that is based on a longer period of service.

Collecting CPP while working

You can choose to start collecting your CPP pension at age 65 even if you continue working. If you are collecting CPP while working, you can also choose to continue your CPP contributions and build CPP’s “Post-Retirement Benefit.” This benefit will be paid to you, in addition to your CPP pension, in the following year.

Your employer will also contribute to the Post-Retirement Benefit on your behalf. For more information on the Post-Retirement Benefit, contact Service Canada.
Calculating your pension

Your CAAT Plan pension will be calculated using a Defined Benefit formula that is based on your pensionable earnings and service in the Plan.

Like the contribution formula, the pension formula is integrated with the Canada Pension Plan (CPP) – it takes into account the fact that most members also contribute to and receive a benefit from the CPP. The CAAT Plan pension formula is adjusted on the portion of your earnings on which you receive a benefit from the CPP.

Annual pension formula

\[ 1.3\% \times \text{HAPE up to the AYMPE} \times \text{pensionable service} \]
\[ + 2.0\% \times \text{HAPE above the AYMPE} \times \text{pensionable service} \]

Annual bridge benefit formula

\[ 0.7\% \times \text{HAPE up to the AYMPE} \times \text{pensionable service} \]

If you are retiring early, your pension and your bridge benefit will be reduced by 3% for each year (0.25% per month) you are away from qualifying for an unreduced pension under the earliest of the following criteria:

• Age 65
• 85 Factor – your age + your years of pensionable service equals 85 or more
• 60/20 Rule – You are at least age 60 with 20 or more years of pensionable service

Definitions

The following terms are used in the pension calculation:

**Pensionable service:**
Your pensionable service is the total time you were a member of and contributed to the CAAT Pension Plan, expressed as a fraction of the year. A full-time member with no breaks in service earns 1.00000 year of pensionable service per calendar year, which is the maximum yearly pensionable service a member can earn.

**HAPE (Highest Average Pensionable Earnings):**
The annual average of your pensionable earnings over the 5 consecutive years of pensionable service during which your earnings were highest. If you have been a member for less than 5 years, we use all of your earnings and pensionable service to calculate the average.

**YMPE (Year’s Maximum Pensionable Earnings):**
The maximum earnings level on which you are required to contribute to the CPP. The YMPE forms part of the CAAT Pension Plan contribution formula. Your contributions are higher on your earnings above the YMPE.

**AYMPE (Average Year’s Maximum Pensionable Earnings):**
The annual average of the YMPE for the year you retire, and the four previous years. Your CAAT Plan pension is higher on your HAPE above the AYMPE.
Calculating a normal pension

Jennifer works until 65
Jennifer\* has been working at the college for 29 years and is going to retire in December - the month she turns 65. As part of her financial planning, Jennifer and her husband want to know how much her income will be in retirement.

HAPE
First, Jennifer reviews her HAPE, also listed on her annual statement, which is the average of earnings in the 5 consecutive years when her earnings were highest:

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$69,900</td>
</tr>
<tr>
<td>2012</td>
<td>$67,830</td>
</tr>
<tr>
<td>2011</td>
<td>$65,200</td>
</tr>
<tr>
<td>2010</td>
<td>$63,240</td>
</tr>
<tr>
<td>2009</td>
<td>$60,130</td>
</tr>
</tbody>
</table>

Sub-total: $326,300

For HAPE divide by 5: $65,260

AYMPE
Jennifer reviews the AYMPE, also found on her annual statement, which is based on the YMPE for the current year and the 4 previous years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$51,100</td>
</tr>
<tr>
<td>2012</td>
<td>$50,100</td>
</tr>
<tr>
<td>2011</td>
<td>$48,300</td>
</tr>
<tr>
<td>2010</td>
<td>$47,200</td>
</tr>
<tr>
<td>2009</td>
<td>$46,300</td>
</tr>
</tbody>
</table>

Sub-total: $243,000

For AYMPE divide by 5: $48,600

She then calculates her earnings above the AYMPE:

$65,260 - $48,600 = $16,660

Jennifer’s pension calculation
Jennifer inputs these numbers into the pension formula:

\[ 1.3\% \times 48,600 \times 29 = 18,322 \]
\[ + \]
\[ 2.0\% \times 16,660 \times 29 = 9,663 \]

Jennifer’s annual pension = $27,985

Jennifer estimates that she will receive an annual pension of $27,985.

She divides that amount by 12 to get her monthly payment of $2,332. This amount is taxable, so she will need to estimate the amount of tax that will be deducted. With this information in hand, Jennifer and her husband can work on their financial plan, which will also include an estimate of her CPP and OAS benefits.

*Examples of fictional CAAT Plan members are for illustrative purposes only. Results have been rounded.*
Calculating an unreduced early pension

Simon wants to retire early
At 58, with 28 years of pensionable service, Simon is putting the final touches on his financial plan. He could have retired a few years ago with a reduced pension, but decided to wait until he became eligible for a larger, unreduced annual pension.

Simon qualifies for an unreduced pension under the 85 Factor since his age + pensionable service = 86.

Like Jennifer, Simon calculates his HAPE, the AYMPE and the difference between them. He also calculates his bridge benefit, since he will be retiring before the age of 65:

**HAPE:** $90,400
**AYMPE:** $48,600
(Earnings above the AYMPE: $90,400 - $48,600 = $41,800)

**Simon’s pension calculation**

\[
1.3% \times 48,600 \times 28 = 17,690 \\
+ 2.0% \times 41,800 \times 28 = 23,408
\]

Simon’s annual unreduced pension = $41,098

**Plus Simon’s bridge benefit**

\[
0.7\% \times 48,600 \times 28 = 9,526
\]

Simon’s annual pension to age 65 (with bridge benefit) = $50,624

Simon’s annual pension after age 65 (lifetime pension) = $41,098

Simon will start collecting his annual pension of $50,624 this year. He divides that amount by 12 to get his monthly pension and estimates the amount of tax that will be deducted.

He notes that, in 7 years when he turns 65, the bridge benefit, and any inflation protection increases that were added to it, will stop and he will continue to collect an annual pension for the rest of his life. With this information in hand, Simon can determine the role his RRSP income will play in his retirement plan and whether he wants to collect reduced CPP at age 60 or wait until he turns 65.

Whether you use our online Pension Estimator, or you do-it-yourself with the above formulas, you can get an estimate of your lifetime pension and bridge benefit so you can start planning your retirement, at any time during your membership.
Sunita is ready to retire
At 56, with 23 years of pensionable service at a college, Sunita is looking forward to joining her husband in retirement. She would be happy to accept the modest reduction in her pension so she can start her retirement as soon as possible.

Even though she has more than 20 years of service, Sunita is under 60, so she does not qualify for an unreduced pension under the 60/20 Rule. And, since her age plus her service equal 79, she does not qualify under the 85 Factor. So Sunita works out the percentage by which her pension and bridge benefit will be reduced if she retires now. She will use the lowest percentage reduction of the following:

Sunita is 9 years away from turning 65

\[ 65 - 56 = 9 \times 3\% = 27\% \]

Sunita is 4 years away from qualifying under the 60/20 Rule

\[ 60 - 56 = 4 \times 3\% = 12\% \]

Sunita is 3 years away from qualifying under the 85 Factor

\[ \frac{(85 - 79)}{2} = 3 \times 3\% = 9\% \]

*This amount is divided by 2 because both Sunita’s age and service increase by 1 each year.

Sunita would qualify for the 85 Factor first. Her lifetime pension and bridge benefit will be permanently reduced by 9%.

Here’s how the reduction looks when applied to Sunita’s pension and bridge benefit:

**HAPE:** $90,400

**AYMPE:** $48,600

(Earnings above the AYMPE: $90,400 - $48,600 = $41,800)

Sunita’s pension calculation

\[ 1.3\% \times 48,600 \times 23 = 14,531 \]

\[ + \]

\[ 2.0\% \times 41,800 \times 23 = 19,228 \]

Less 9% reduction

\[ - 3,038 \]

Sunita’s annual reduced pension

\[ = 30,721 \]

Sunita’s bridge benefit calculation

\[ 0.7\% \times 48,600 \times 23 = 7,825 \]

Less 9% reduction

\[ - 704 \]

Sunita’s annual reduced bridge benefit

\[ = 7,121 \]

Sunita will retire with a combined lifetime pension and bridge benefit of $37,842 per year. When she turns 65, her bridge benefit, and any inflation protection increases that were added to it, will stop and she will continue to collect her annual pension for life.
Protecting your pension

Inflation is the tendency of items to increase in price over time. The CAAT Pension Plan helps offset the negative impact of inflation by providing inflation protection – periodic increases to a pension payment that help reduce the erosion of the purchasing power of pensions caused by inflation.

The inflation protection increase is based on changes in the Consumer Price Index (CPI), a widely-used measure of inflation in Canada. On January 1 of each year, your lifetime pension (and your bridge benefit if you retired early) may increase due to the inflation protection adjustment.

Inflation protection is applied to pensions in payment and deferred pensions, including bridge benefits. When the bridge benefit ends at age 65, the payment of any inflation protection applied to it will end as well.

Calculating inflation protection

Inflation protection is calculated as 75% of the change in the average CPI from one year to the next. When calculating inflation protection, the pension you earn in the CAAT Plan is divided into three service periods and the increase will be based on when your service was earned:

Ad hoc inflation protection (Service earned before 1992)
Increases have been granted until January 1, 2014. When the Plan started in 1967, inflation protection was not directly funded by contributions made to the Plan but was granted on an ad hoc basis – the Plan’s Sponsors regularly evaluated the financial situation of the Plan and authorized an inflation protection increase if the Plan could afford to do so. Ad hoc inflation protection has been granted in every year but one, and will be granted up to 2014. Because such increases were not paid for in contributions, any future ad-hoc inflation protection for pre-1992 service would be considered a benefit improvement.

Guaranteed inflation protection (Service earned between 1992 and 2007)
Increases are funded and guaranteed indefinitely. In 1992, inflation protection on the pension in respect of service earned between 1992 and 2007 became a guaranteed feature of the Plan which was specifically funded through an increase to contribution rates.
Steps to your pension

Starting your pension is easy! Once you’ve made the decision to retire, you should notify your employer as soon as possible to start the process.

- Your employer will ask you to sign a Pension Application form which lists your most recent earnings and service data.

- We’ll calculate your pension and send you a Retirement Option Document which specifies the exact amount of your pension, and your options for receiving it. If you have a spouse, we’ll determine the survivor options available.

- Once your paperwork is complete, you’ll start receiving your pension by direct deposit in the month following your retirement.

- Your pension will be paid in equal monthly installments on the first day of each month.

Conditional inflation protection (Service earned after 2007)

Increases have been granted until January 1, 2017. In 2006, as part of the Funding Policy and in keeping with the funding challenges of the day, the Plan introduced a third service period of inflation protection coverage. The granting of inflation protection increases on service earned after 2007 ceased to be guaranteed and became conditional on affordability, based on the funding status of the Plan. As outlined in the Funding Policy, restoring inflation protection for this period of service is the first priority for the use of any surplus funds and is currently granted until January 1, 2017 for pensions in payment.

In years when there is no increase to the average CPI, there is no increase to your pension.

Want to learn more about the Funding Policy? Visit our website.
Life events

Many Plan members spend 20 years or more in their college career. During your time in the CAAT Pension Plan, you will likely experience life events that could have an influence on your pension.

Whether you're new to the workforce or close to retirement, newly married or starting a family, you can rest assured that the CAAT Plan will be there to meet your changing needs.

Even if the career path you follow takes you away from your CAAT Pension Plan employment, the pension you earned will help fund your retirement future.
The Family Law Act treats pensions that were earned during the period of marriage as a family asset. If you and your former spouse were married, the value of the pension you earned during your time together must be included in the calculation of net family property. There is no requirement to divide your pension, only to consider its value in the division of all family property. Many members and their former spouses agree not to split the CAAT Plan pension in exchange for other assets during equalization.

For common-law partners, there is no requirement to divide net family property on breakdown of the spousal relationship, though these couples may decide to do so.

Each individual's situation is different, please refer to our pamphlet “Your pension and separation or divorce” for more information.

A note on survivor benefits
Keeping us up to date with any changes to your marital status will help with the distribution of survivor benefits to your eligible spouse, if applicable, if you were to die while an active member of the Plan.

Note that if you separated from your spouse prior to retirement, your former spouse has no entitlement to collect survivor benefits from the Plan.

For further details on survivor benefits, see page 30.

Changes in marital status

If you get married or divorced, or you enter into or end a common-law relationship during your membership, please be sure to keep us informed by completing a Change of Information or Beneficiary form and submitting it to the Plan.

Who is your eligible spouse?
For the purposes of survivor benefits, a “spouse” is defined as the legal or common-law, same or opposite-sex partner of a member, former member or retired member.

Generally, a former spouse or a separated spouse who is living separate and apart from you on a permanent basis does not qualify as a spouse and is not entitled to pre-retirement survivor benefits. However, take note if you have a former legal spouse from whom you are separated but not legally divorced, and you also have a current common-law spouse. In this case, you should designate your current common-law spouse as your beneficiary under the CAAT Plan, if you wish to ensure that any survivor benefits are paid to your common-law spouse.

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For further details on survivor benefits, see page 30.
Excess contributions

At the end of your 24-month membership extension, the Plan does an additional calculation to ensure that you do not pay for more than 50% of the value of your benefit (The 50% Rule). This calculation could result in a refund of excess contributions.

To calculate a refund, the Plan compares 50% of the commuted value of your deferred pension to the total amount of contributions you made during your membership, plus interest. If your contributions plus interest total more than 50% of your commuted value, you are entitled to a refund of the difference.

Excess contributions are not calculated if you transfer directly to another employer that participates in the CAAT Pension Plan.

If, after receiving a refund under the 50% rule, you return to work for a CAAT Pension Plan employer and re-enroll in the Plan, you can repay any excess contribution refund you previously received, plus interest, to restore your prior service, as long as your pension entitlement from the previous period of membership remained in the Plan.

Disability

If during your membership you become disabled, you will likely receive Long Term Disability (LTD) benefits through your employer’s insurance, or total disability benefits under the Workplace Safety and Insurance Act (WSIA).

During your disability, your pensionable earnings are “deemed” for the purposes of calculating the pension you earn while on disability. Each year you are on disability, your deemed earnings will be increased using the same rate used for inflation protection on pensions.

Although you and your employer stop making contributions to the Plan during your disability, your membership will continue and you will accumulate pensionable service until the first of the following events occur:

- Your eligibility to disability benefits stops
- Your employment is terminated
- You turn 65
- You retire
- You die

When you return to work, you will resume regular contributions unless you are on rehabilitative employment.
Leaving your job before retirement

Leaving your job doesn’t mean you have to give up your valuable CAAT Plan pension. Even if you leave your job before retirement age, you’ll still benefit from the pension you earned in the Plan no matter where your career path leads you.

All CAAT Pension Plan members are entitled to a pension at retirement. However if you terminate your employment with a CAAT Plan employer but are not yet eligible for a pension, the Plan’s termination options provide both flexibility and security so you can make the best choice for your retirement income.

When you leave your job with a CAAT Plan employer, your pension plan membership will be automatically extended for 24 months from the date of your last contributions to the Plan. During this time, you do not accrue additional service in the Plan.

During the 24-month membership extension period, you have some portability options that allow you to move your pension benefit to another pension plan if you start a new job. After the 24-month membership extension period has ended, you’ll gain additional options.

During the 24-month extension

Many employees leave their jobs and immediately embark on a new career with a new employer. When you leave your job at the CAAT Pension Plan, you have the option to:

Move to another CAAT Plan employer
If you begin working for another CAAT Plan employer during your 24-month extension of membership period, your pension will seamlessly transfer with you, helping you continue to build your CAAT Pension Plan benefit.

Transfer to another employer’s pension plan
If you begin working for a non-CAAT Plan employer that offers a registered pension plan, you can transfer your CAAT Plan pension to your new employer’s pension plan, providing that plan will accept the transfer.
After the 24-month membership extension

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

**Defer your pension**
A deferred pension is the pension you earned up to your termination of employment date that you keep in the Plan until you reach retirement age. When you collect it, you’ll receive a steady stream of pension income for life.

After leaving the Plan, you must keep us up-to-date of any changes to your address, marital status or beneficiary so that we can keep you informed about the Plan and your pension.

**Commuted Value transfer**
The commuted value is what your lifetime of pension payments is worth in a lump sum. As long as you are not eligible for retirement at the end of the 24-month membership extension, you can choose to transfer the commuted value of your benefit out of the Plan into a Locked-In Retirement Account (LIRA) or other locked in retirement arrangement. Commuted value funds must remain locked-in and they must be used for retirement income starting at the age of 55 at the earliest.

If you take the commuted value out of the Plan, you have no further entitlement from the CAAT Plan.

**Learn more**

The decision to defer your pension or take your commuted value is an important one. To help choose the option that’s right for you, read our booklet “Making choices: Commuted value or Deferred Pension?”

For details about your termination options, refer to our pamphlet “Leaving your job, not your pension plan.” Both of these publications are available from your Human Resources department or on our website.
Assignment

Contributions made to, and benefits paid by, the Plan are generally not subject to garnishment, attachment or seizure. However, your pension benefits may be assignable through an order or agreement under the Ontario Family Law Act or the Canada Revenue Agency.

Our privacy commitment

As outlined in our Privacy Statement, which you can find on our website, under no circumstance will we provide your personal information to outside parties for purposes other than administering your pension.

To further ensure the protection of your privacy, we ask that you never send personal data (e.g. your Social Insurance Number) via email, as it is not a secure method of communication. If your request is confidential, or requires the transmission of personal information, please contact us by phone, fax, or mail.

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 Benefits Act (PBA), do not apply to any members of the CAAT Plan. This is because the CAAT Plan, in accordance with the PBA, elected to opt out of their application, effective July 1, 2012, pursuant to a notice of election filed with the Superintendent of Financial Services.

Pension Adjustment Reversal (PAR)

A PAR is generated when a Plan member chooses a commuted value transfer after terminating from the Plan. If the total of PAs and PSPAs is more than the value of the benefit for post 1989 service, a PAR is generated. A PAR is designed to restore lost RRSP room, if any.
Death before retirement

If you die before you retire, and you are married, your spouse is automatically entitled to a pre-retirement death benefit.

If you have a spouse when you die, your spouse can choose between a lump sum payment, an immediate monthly pension, or a deferred monthly pension payable when he or she turns 65.

If you die without a spouse, your eligible child will be entitled to a temporary monthly pension to age 18, paid to his or her legal guardian. To be eligible, your child has to be under the age of 18 and dependent on you. Your designated beneficiary (or estate if you did not designate one) will also receive a payment.

If you have no spouse and no children, your beneficiary will receive a payment equal to the commuted value of your pension.

Even if you do have a spouse and children, designating a beneficiary is still a good idea. In the event that your spouse dies before you, you and your spouse die at the same time, or your children are over 18, having a beneficiary means a payment will be made to the person of your choice, rather than your estate. You can name anyone as your non-spouse beneficiary, including your children.

Death after retirement

If you have a spouse at the time of your death, he or she will receive a spousal pension for life. The post-retirement spousal pension is equal to 60% (or 75% - if you choose the “Optional Survivor Pension” when you retire) of the lifetime pension you were receiving at the date of your death (not including the bridge benefit, if you were receiving one).

If you have no spouse, your eligible children will receive 60% divided equally between them and re-divided as each child turns 18.

Under the provisions of the 60 Months’ Guarantee, your beneficiary could receive a payment if you and your spouse, if applicable, die early in retirement.

Survivor benefit pamphlets

For further details on survivor benefits following the death of an active or retired Plan member, contact your Human Resources department for a copy of the pamphlet “Protecting your loved ones” or “When a retired member dies.” These pamphlets are also available on our website.
For any questions related to your pension

To notify us of a change to your address or marital status

If you have any questions about how your personal information is being used

Toll-free: 1-866-350-2228
Email: member@caatpension.on.ca
Website: www.caatpension.on.ca

SERVICE CANADA
To apply for your CPP and OAS retirement benefits

Toll-free: 1-800-277-9914
Website: www.servicecanada.gc.ca