



A benefit on all
your pensionable earnings

RCA



CAAT Retirement
Compensation
Arrangement

If your employer participates in the CAAT Retirement Compensation Arrangement (CAAT RCA), and your highest average pensionable earnings result in a DBprime benefit above the Income Tax Act (ITA) maximum pension limit, the portion of your pension benefit above the limit will be paid from the CAAT RCA.

Membership in the CAAT RCA is automatic for CAAT Pension Plan members whose DBprime benefits exceed the ITA limit and whose employers participate in the CAAT RCA.

This pamphlet explains the benefits you may be entitled to under the CAAT RCA if you are earning a pension under DBprime.

The CAAT RCA

The Income Tax Act (ITA) limits the amount of pension benefit that can be paid from a Registered Pension Plan (RPP) like the CAAT Pension Plan. A retirement compensation arrangement is a vehicle under the ITA that enables the funding of pension benefits that exceed ITA maximums.

For CAAT Pension Plan members whose highest average pensionable earnings result in a DBprime pension benefit over the ITA maximum pension, the CAAT Retirement Compensation Arrangement (CAAT RCA) ensures they receive a combined pension reflecting their full pensionable earnings for periods in which they accrue CAAT RCA pensionable service.

In 2025, based on the CAAT Pension Plan benefit formula, pensionable earnings in excess of the ITA threshold of \$212,788.50 could result in a pension that exceeds the maximum. Therefore, contributions above this threshold are made to the CAAT RCA. The threshold is updated annually.

Who runs the CAAT RCA?

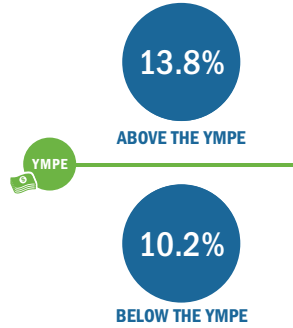
The CAAT RCA is separate from the CAAT Pension Plan and is governed by the CAAT RCA Sponsors' Committee, composed of the employer members of the CAAT Pension Plan's Sponsors' Committee, along with an OPSEU representative. Members are not responsible for funding shortfalls in the CAAT RCA – employers alone carry this responsibility. The CAAT RCA Sponsors' Committee oversees the administration of the CAAT RCA, which is carried out by staff of the CAAT Pension Plan. The CAAT RCA is charged by the CAAT Pension Plan for this service.

The CAAT RCA is subject to different income tax rules than the CAAT Pension Plan (a registered pension plan), whereby 50% of the contributions and investment income goes to Canada Revenue Agency (CRA) in the form of a refundable tax credit. These credits are paid back to the CAAT RCA as benefit payments and expenses are paid.

Your contribution rates

Member contributions to the CAAT RCA are the same as for the DBprime design of the CAAT Pension Plan.

You make contributions on all of your pensionable earnings. The earnings considered pensionable under the CAAT RCA are determined using the same rules as under the DBprime design of the CAAT Pension Plan. If these earnings exceed the year's ITA threshold, your contributions on earnings in excess of the ITA threshold are automatically directed to the CAAT RCA. No action is required on your part.



Prior to 2025, DBprime contribution rates were 11.2% below the YMPE and 14.8% above.

RCA contributions are tax deductible and appear on your T4 every year.

If your salary drops below the ITA threshold, your contributions will continue as normal, and no further contributions will be directed to the CAAT RCA. The CAAT Pension Plan and your employer will ensure that your contributions are properly directed.

As of January 2025, employer contributions to the RCA are 76.2% of pensionable earnings above the RCA earnings threshold. (Before 2025, employer contributions were three times the member contribution rate.) This change to RCA contributions was approved by the RCA Sponsors' Committee and supports the long-term sustainability of the RCA.

Employer contributions to the CAAT RCA are higher than employer contributions to the CAAT Pension Plan, accounting for the 50% refundable tax credit, the funding target set by the RCA Sponsors' Committee, and the employer's responsibility for any funding shortfall. This funding management strategy has been approved by all College Boards of Governors.

Service purchases and transfers

As long as you are contributing to the DBprime design, and your employer participates in the CAAT RCA, your basic CAAT Pension Plan service is CAAT RCA eligible, and is treated the same way in both plans. However, service purchases and transfers are handled differently.

Service purchases and transfers into the CAAT Pension Plan are capped at the maximum registered pension plan benefit allowable under the ITA. Purchases and transfers into the CAAT RCA would be transactions separate from those under the CAAT Pension Plan and are costed on a different basis than the CAAT Pension Plan. (The exception is an approved leave for which your employer is obliged to continue to match your contributions under the CAAT Pension Plan, for example Pregnancy/Parental leave. In this case, contributions would be directed to the CAAT RCA in the usual fashion.)

To complete a service purchase in respect of the CAAT RCA, you must be an active participant in DBprime, have earnings in excess of the ITA threshold, and you would need to secure the agreement of your current employer, which under tax law would be responsible for at least 50% of the cost of the purchase or transfer, with you paying the balance.

If you have accrued benefits in respect of a previous employer's retirement compensation arrangement, it may be possible to have such credits and assets transferred into the CAAT RCA directly, provided that you are an active participant in DBprime and have earnings in excess of the ITA threshold.

If you are interested in exploring the possibility of making a purchase or a transfer into the CAAT RCA, ask your HR department to contact the CAAT Pension Plan for a quote.

To have CAAT RCA benefits on service purchases, service purchases must be made in respect of both the registered pension plan (DBprime) and the CAAT RCA.

Retirement benefits

Your CAAT RCA pension is based on your highest average pensionable earnings and all your active service in the DBprime design of the CAAT Pension Plan with a CAAT RCA participating employer, plus any separate purchases of prior service or transfers made into the CAAT RCA.

If your calculated pension exceeds the ITA maximum pension limit in the year you start collecting your benefit, any pension you have earned in excess of the ITA limit will be paid to you from the CAAT RCA. In 2025, the maximum pension payable from a registered plan is \$3,756.67 per year of service (different limits exist for purchases of service accrued prior to 1992).

In some cases, a member contributes to the CAAT RCA but ultimately does not get a pension from the CAAT RCA. For example, if a member has pensionable earnings that exceed the ITA threshold in one year but not in other years, a portion of their contributions would be directed to the CAAT RCA. However, the overall impact on their final pension calculation may not result in a pension that exceeds the ITA maximum. This is not inequitable to the member because the same contributions are payable regardless of whether the ultimate pension comes from the CAAT Pension Plan or the CAAT RCA. The total pension paid from the CAAT Pension Plan and CAAT RCA reflects the full value of the benefit earned by the member. The CAAT RCA provides a reliable way of ensuring that high earning members receive a pension on all pensionable earnings earned with their participating CAAT employer.

If you receive a pension from the CAAT RCA when you retire, you will receive two pension payments each month – one from the CAAT Pension Plan and one from the CAAT RCA. You will receive two income tax slips each year: a T4A and a T4A- RCA.

Your Annual Statement is sent from the CAAT Pension Plan each year and states:

- Your pension earned to the end of the previous year
- If your pension exceeds the current ITA maximum and may be paid out of the CAAT RCA
- If any of your contributions were directed to the CAAT RCA.

.....

List of employers that participate in the CAAT RCA:

- Algonquin College
- College Boreal
- Cambrian College
- Canadore College
- Centennial College
- La Cite Collegial
- College Employer Council
- Colleges Ontario
- Conestoga College Institute
- Confederation College
- Durham College
- Fanshawe College
- Fleming College
- George Brown College
- Georgian College
- Humber College Institute
- Lambton College
- Loyalist College
- Mohawk College
- Niagara College
- Northern Centre for Advanced Technology (closed group)
- Northern College
- Ontario College Application Service
- Ontario Colleges Library Service
- OntarioLearn Online Collaborative
- St. Lawrence College
- Sault College
- Seneca College
- Sheridan College Institute
- St. Clair College

CAAT RCA

Email: member@caatpension.ca

Tel: 416.673.9000

Toll Free: 1.866.350.2228

Fax: 416.673.9028

A detailed legal description of the provisions of the CAAT RCA can be found in the CAAT RCA Plan Text, which is available from the CAAT Pension Plan for contributors to the CAAT RCA. Should the information in this booklet or any other source differ from the CAAT RCA Plan Text, the CAAT RCA Plan Text will govern.

RCA : CAAT Retirement
: Compensation
: Arrangement

250 Yonge Street, Suite 2500
P.O. Box 40 Toronto ON M5B 2L7
Tel 416.673.9000 Toll Free 1.866.350.2228
www.caatpension.ca