



# Improving outcomes and reducing costs and risk

DBplus by the CAAT Pension Plan

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# What is DBplus?



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?

By implementing the DBplus plan design, CAAT Pension Plan assumes plan administration and governance, and supports employers with member communication and education - at no additional cost for employers or members.

Employers are responsible for at least matching member contributions, remitting these contributions monthly, and providing administrative data.



## Why choose DBplus?

DBplus provides more value, simplicity, security and certainty – for both employers and employees.

### ✔ Value

Contributions to DBplus 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 cost predictability, similar to 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 105,000 members working at, or retired from, more than 600 employers. The Plan is 124% funded on a going-concern basis, with a funding reserve of \$5.3 billion, based on its latest actuarial valuation as at January 1, 2024.

### ✔ Certainty

Employer costs are limited to the contributions as agreed in the Participation Agreement. 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?

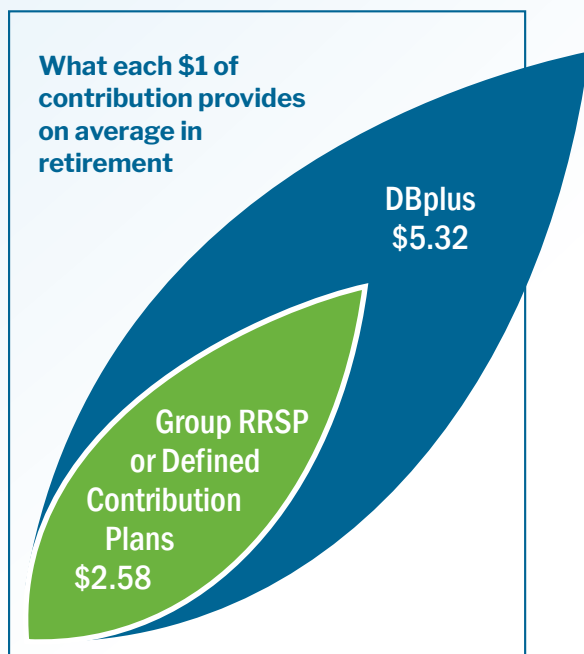
The ability to provide employees with a secure lifetime pension, with the certainty of a fixed cost for both employees and employers is unrivaled



## 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 streamlined.



## More retirement income for each dollar contributed

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

Canada-model pension plans, such as CAAT, provide \$5.32 on average in retirement income for each \$1 in contributions, compared to large group RRSP and DC plans, which provide \$2.58 for each \$1 contributed.<sup>1</sup>

<sup>1</sup>Healthcare of Ontario Pension Plan (HOOPP). "The Value of a Good Pension." 2018



## 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 DB pensions efficiently.

Making DB pensions 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 more than 105,000 members and more than 600 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

CAAT is a not-for-profit pension plan dedicated to providing secure and sustainable defined benefit pensions for its members. Put simply, CAAT is a “profit for members” organization, meaning when the Plan does well, both members and employers experience enhanced value for their contribution dollar.

## Sustainable and secure

Backed by \$20.1 billion in assets, the jointly governed CAAT Pension Plan stands 124% funded on a going-concern basis, with a funding reserve of \$5.3 billion, based on its latest actuarial valuation as at January 1, 2024.

## 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 - the Sponsor's Committee and the Board of Trustees - 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 DB pension plans relevant and sustainable.

## Established onboarding

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

## Overwhelming endorsement of consent from new members

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

## De-risking that benefits employers and employees

Organizations joining DBplus by merging their past DB liabilities with CAAT remove the costs and risks associated with managing and governing their own single-employer pension plan.

## Recognizing the broader social impact of a multi-employer plan

Unfortunately due to volatile and unpredictable costs and increasing regulatory burden, many employers have had to stop 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 conditional 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.
- ✓ Responsibility limited to selected contribution rate remission, therefore there is no balance sheet risk or contribution volatility.
- ✓ 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 conditional inflation protection enhancements provide additional certainty, leading to improved wellness and productivity.

## Real value for members in DBplus

Members participating in DBplus earn a lifetime pension, equal to the total contributions made (member and employer contributions), multiplied by an Annual Pension Factor of 9.5% 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.

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](http://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 3.0%

COMPONENT OF CALCULATION	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	TOTAL CONTRIBUTIONS	ANNUAL BASE PENSION EARNED	AVERAGE INDUSTRIAL WAGE (AIW) ENHANCEMENTS *	TOTAL ANNUAL ACCRUED PENSION
<b>FORMULA</b>	5% x total earnings	5% x total earnings	Employee + employer contributions	9.5% x total contributions	Total accrued pension from previous year x AIW rate	Previous years' accrued pension + current year's accrued pension + AIW increase (if applied)
<b>2025</b>	5% x \$55,000 = \$2,750	5% x \$55,000 = \$2,750	= \$5,500	9.5% x \$5,500 = \$522.50	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 = <b>\$522.50</b>
<b>2026</b>	5% x \$56,100 = \$2,805	5% x \$56,100 = \$2,805	= \$5,610	9.5% x \$5,610 = \$532.95	\$522.50 x 3.0% = \$15.68	In Year 2, the total accrued pension is the previous year's accrued pension (Year 1) + Year 2's accrued pension + AIW increase = \$522.50 + \$532.95 + \$15.68 = <b>\$1,071.13</b>
<b>2027</b>	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	\$1,071.13 x 3.0% = \$32.13	In Year 3, the total pension accrued is the previous years' accrued pension + Year 3's accrued pension + AIW increase = \$1,071.13 + \$543.61 + \$32.13 = <b>\$1,646.87</b>

\* Explanation of average industrial wage enhancement:

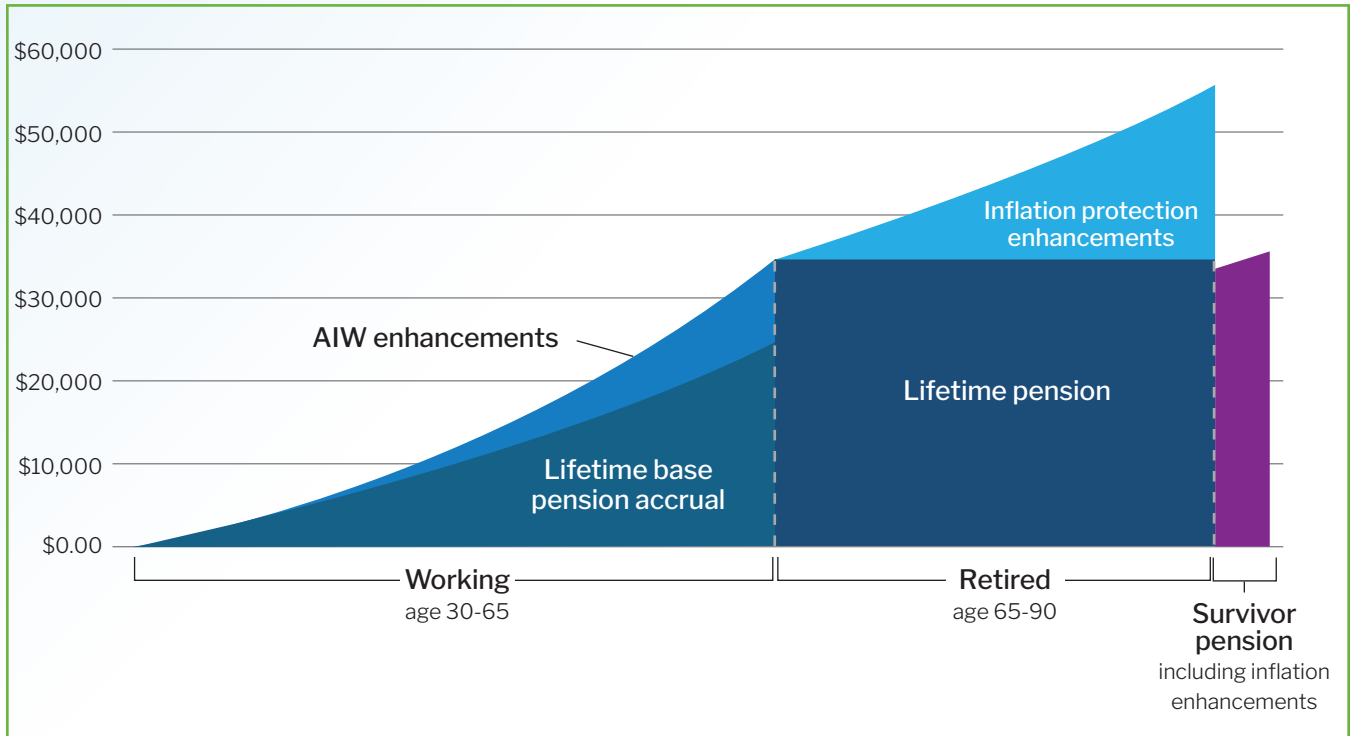
• The average industrial wage enhancement provides increases to the total pension a member has accrued up to the end of the previous year, and is applied at the end of each current year of contribution.

• 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 Plan's conditional inflation protection offsets 75% of the annual increase in the Consumer Price Index, mitigating the impact of inflation.

### 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 is 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 DB pension plan, a DC 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.

Factors	DBplus by CAAT	Defined Contribution Plan or Group RRSP	Single-Employer Defined Benefit Plan
<b>Financial Risks</b>			
Fixed cost	Yes	Yes	No
Eliminates contribution volatility	Yes	Yes	No
Eliminates employer risk of funding deficits (i.e., going concern, solvency and wind-up)	Yes	Yes	No
Predictable annual expense	Yes	Yes	No
Eliminates pension liabilities from balance sheet	Yes	Yes	No
<b>Workforce Management</b>			
Helps employee attraction and retention	Yes	Somewhat	Yes
Helps improve employee engagement	Yes	Somewhat	Yes
Contributes to reduced costs of turnover	Yes	Somewhat	Yes
Facilitates enhanced workforce planning	Yes	No	Yes
<b>Governance and Oversight</b>			
Significantly reduces administrative burden	Yes	Somewhat	No
Eliminates investment and fiduciary obligations associated with administering a plan	Yes	No	No
Eliminates responsibility for member communications	Yes	No	No
Eliminates employer risk of regulatory changes	Yes	No	Yes
<b>Employee Perspective</b>			
Helps reduce stress about retirement	Yes	Somewhat	Yes
Predictable lifetime income	Yes	No	Yes
Ability to purchase additional pension	Yes	No	Maybe
Employees relieved of making investment decisions	Yes	No	Yes



# Interested in learning more? **Let's connect.**

Discover how CAAT can transform challenges into opportunities.

Contact [pensionsmatter@caatpension.ca](mailto:pensionsmatter@caatpension.ca)  
or visit [caatpension.ca/pension-solutions](http://caatpension.ca/pension-solutions)  
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 jurisdictional authorities.*

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



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