



DBplus

Better retirement outcomes

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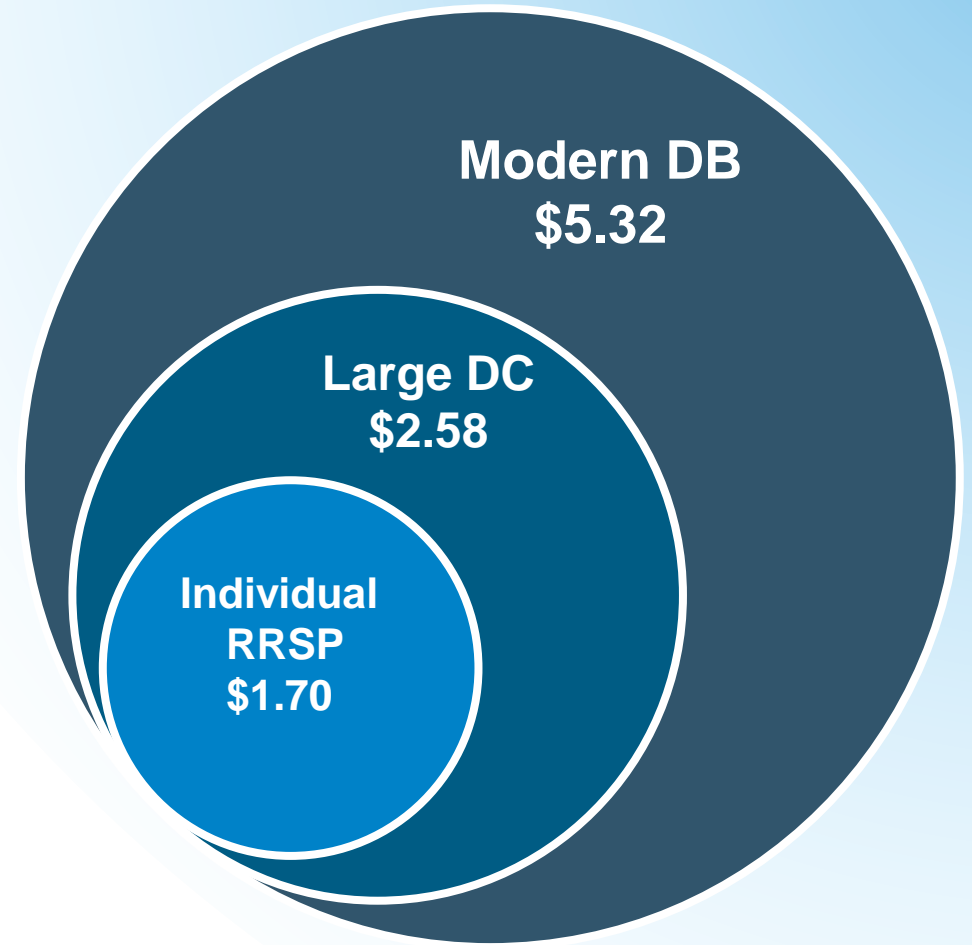
What we'll be talking about

- The DBplus advantage
- How DBplus works
- DBplus Value Tool
- Appendix

The DBplus advantage

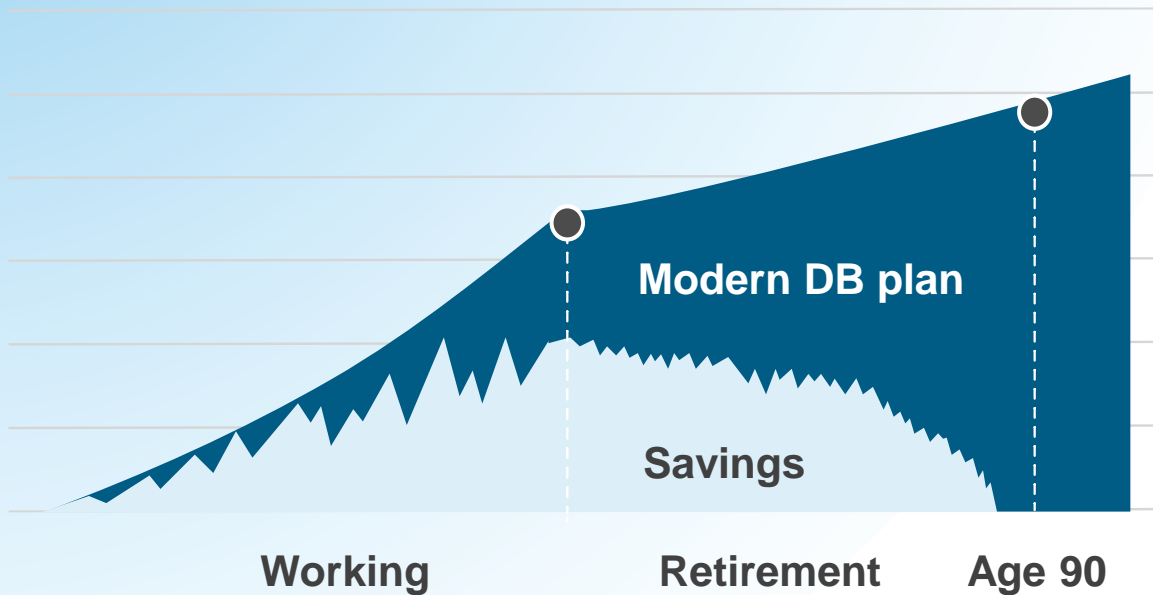
You get more for every dollar contributed

The expected payout for each dollar contributed is much higher with a modern DB plan, like DBplus, compared to other arrangements.



Source: 2018 study *The Value of a Good Pension*, prepared by the Healthcare of Ontario Pension Plan, NIA, and Common Wealth.

More pension with less risk and stress



- More pension for each dollar contributed
- Without the stress, risks or costs of a Group RRSP

Why members love DBplus

DBplus: value & security

- Secure, predictable lifetime pension
- No cost survivor benefits
- No investment decisions and not impacted by market volatility

Group RRSP: uncertainties

- Retirement payouts are unknown
- Risk of outliving savings
- Members face investment volatility and making difficult decisions – before and during retirement

How DBplus works



Innovative plan design

- DB pension design
- Fixed contribution rates
(Contribution Choice available)
- “Profit-for-member” model
provides enhancements based on
funding level

Contributions and benefits

- ✓ Benefits earned directly linked to contributions made
- ✓ Every dollar contributed increases pension

The DBplus pension formula

Annual base pension

Annual pension factor
8.5% until end of 2024
9.5% effective 2025

X

Total contributions
each year

plus

Average Industrial Wage (AIW) enhancements

Total pension
earned to date

X

AIW enhancement rate

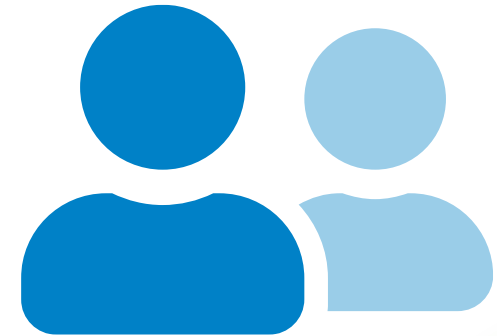
Additional DBplus features



Subsidized early
retirement



Conditional inflation
protection enhancements



Survivor benefits
at no cost

What happens if employment ends before retirement age?



Defer your pension



Transfer your pension to another pension plan



Take your benefit with you

What if I retire before 65?

- DBplus early retirement adjustments are subsidized
- Only* reduced by 3% to 5%** per year from age 65
 - * Compared to CPP which is reduced by 7.2% per year from age 65
 - ** Depending on Funding Level (currently 3%)

What COLA increases will I get?

While working





Average Industrial Wage
increases at 100% of AIW

While retired



Post-retirement inflation
increases at 75% of CPI

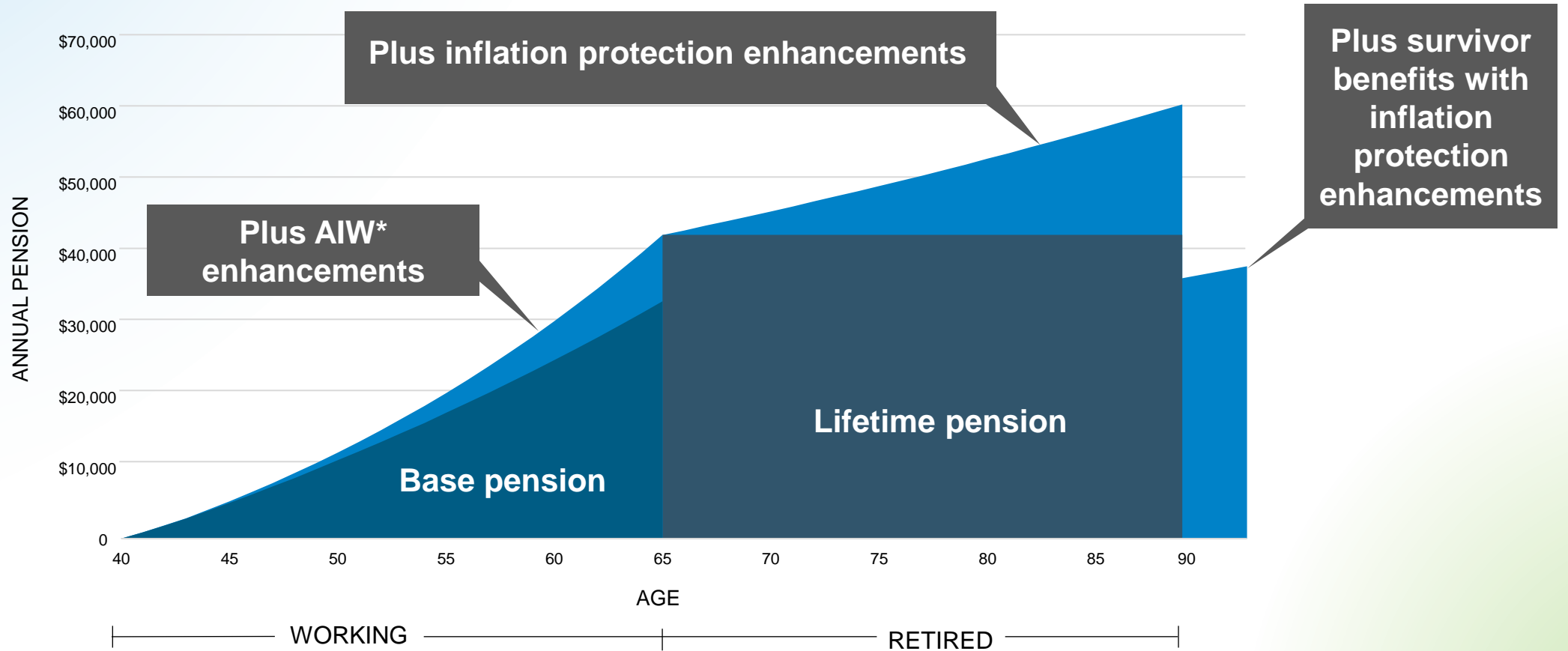
Are conditional enhancements likely?

Period	Granted
2007-2023	
2024-2026	
2027+	<ul style="list-style-type: none">• Very high probability based on funding projections• If not granted, “catch-up” provisions will grant them in future

Survivor pensions

- 60% survivor pension at no cost to member
- Payable to spouse for life, then eligible child(ren)
- Applies to eligible spouse if you have a new spouse after retirement
- Five-year payment guarantee if member dies early

Secure lifetime pension with an upside



*AIW = Average Industrial Wage

Illustrative examples

Illustration disclaimer:

Information in this presentation is provided “as is” for information purposes only. The benefit calculation examples are presented as a sample illustration and actual results will vary by individual participant.

Illustration assumptions

- Common assumptions

- Salary increases: 1.0% per annum
- Assuming members are married and elect Joint and Survivor 60% option at retirement

- DBplus

- Annual DBplus pension factor: 8.5% increasing to 9.5% in 2025
- Conditional Average Industrial Wage (AIW) enhancements: 3.2% per annum, granted
- Conditional post-retirement indexing: 1.65% per annum (75% of assumed 2.2% Consumer Price Index), granted

Member A

- Age 25
- Earnings of \$42,000
- Retirement age of 65
- DBplus contribution:
 - Employee: 1.0%
 - Employer: 8.5%
 - Total: 9.5%

Member A's pension

Contribution in year 1 is:

$$1\% \times \$42,000 = \$420$$

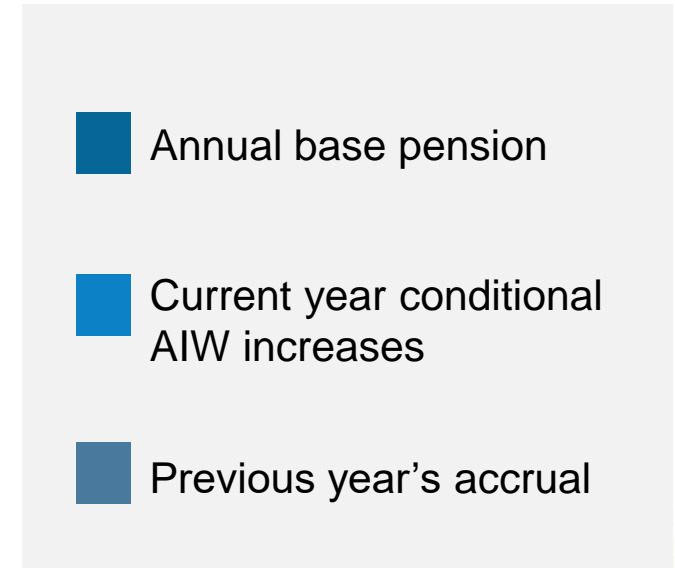
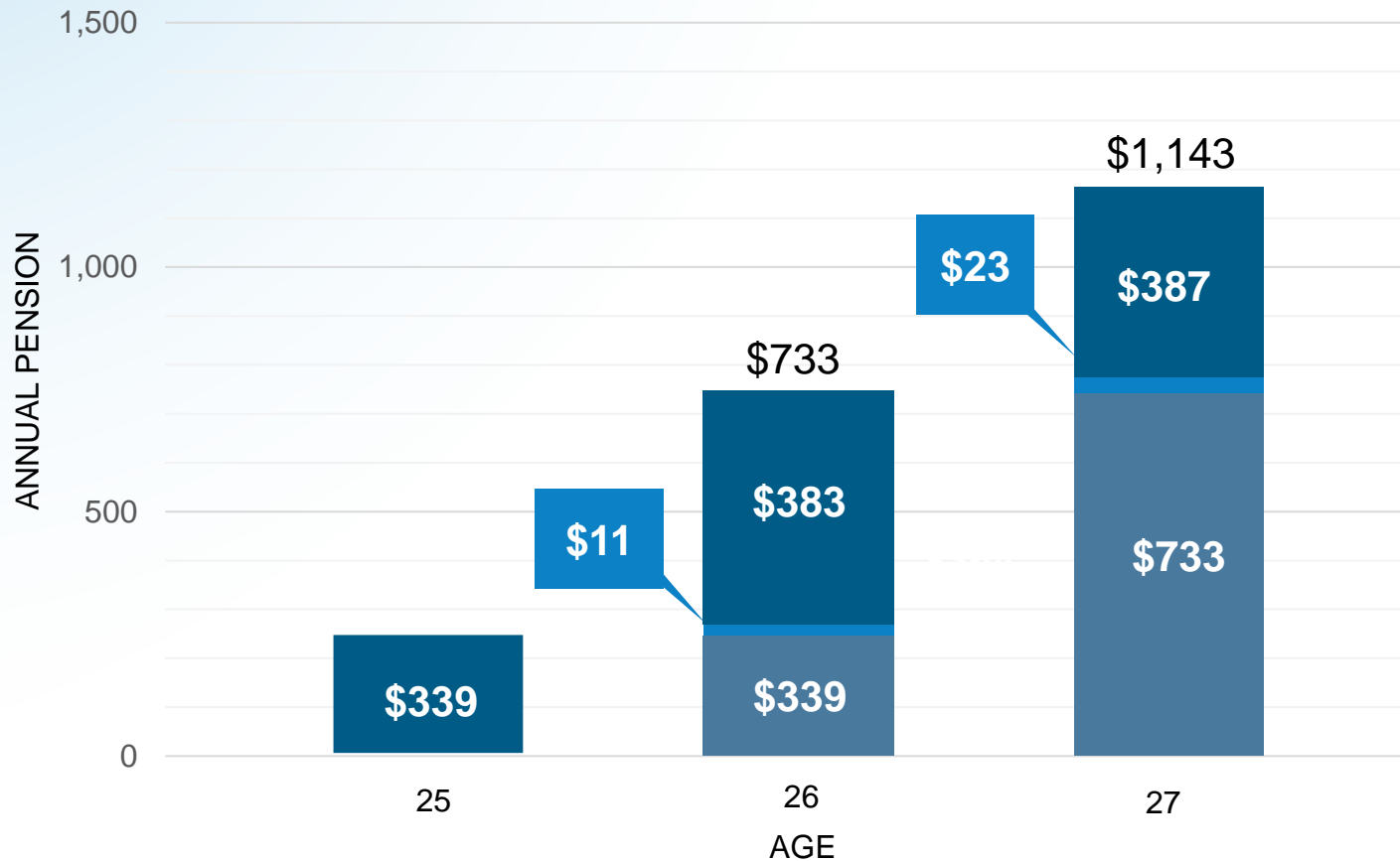
Employer contribution in year 1 is:

$$8.5\% \times \$42,000 = \$3,570$$

Member A earns an annual pension in year 1 of:

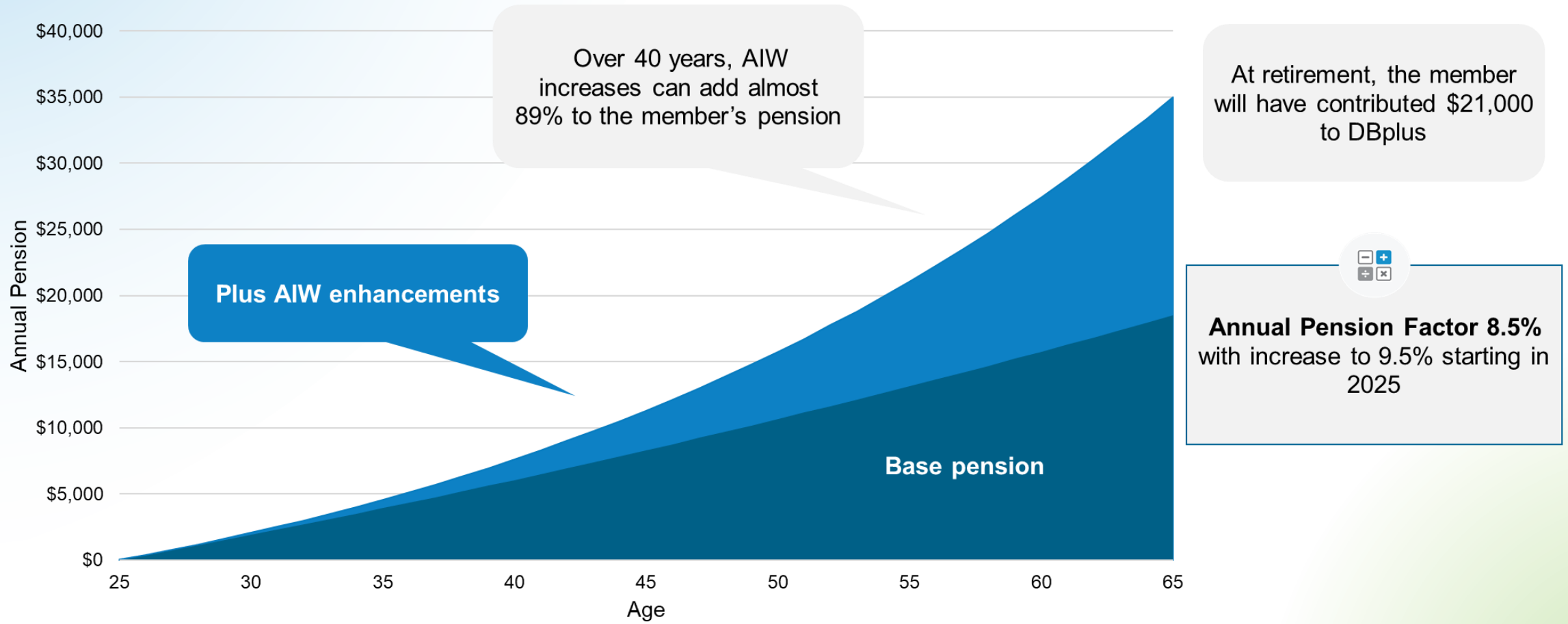
$$8.5\% \times \$3,990 = \mathbf{\$339}$$

Member A's pension builds each year...



Annual Pension Factor 8.5%
Increasing to 9.5% starting in 2025

...and it continues to build until retirement



...and after retirement

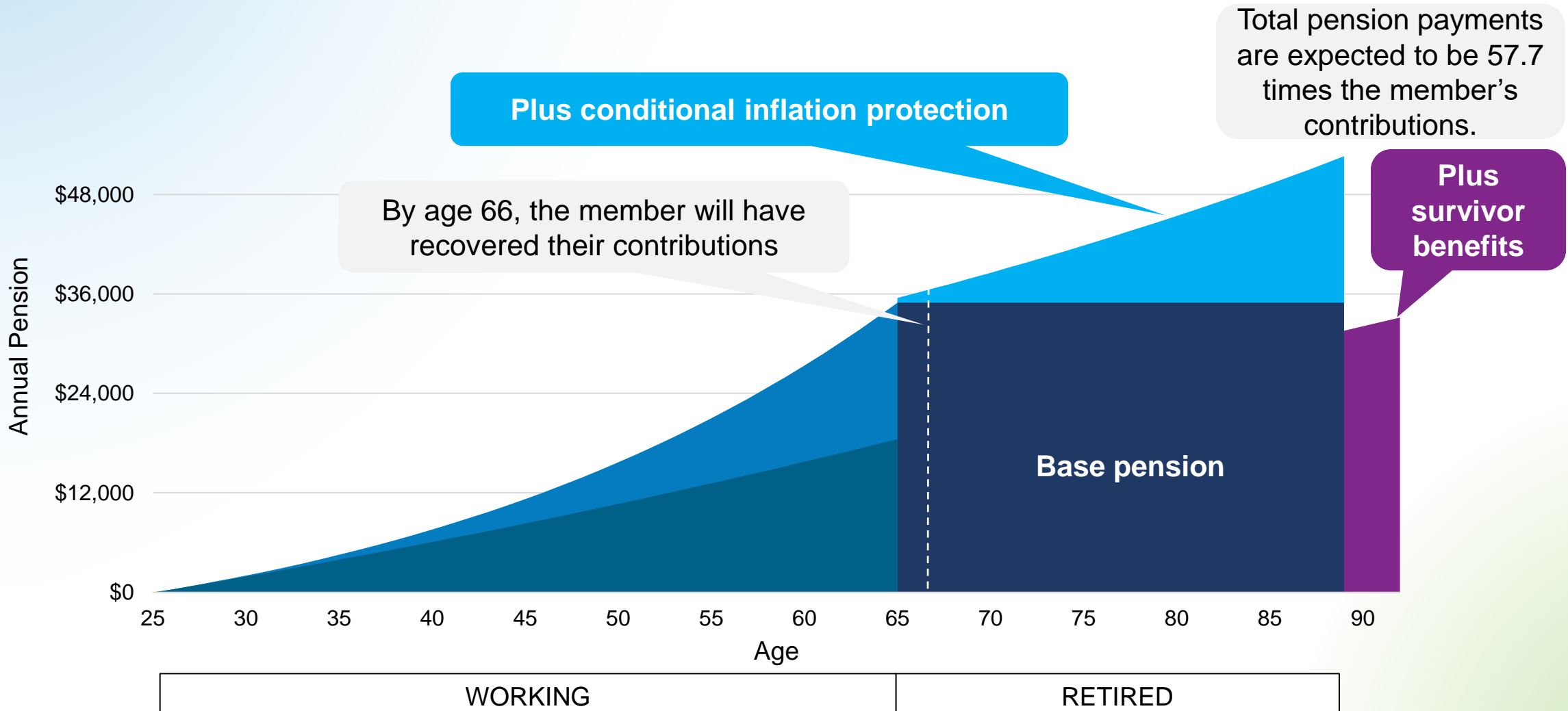


Illustration assumptions (continued)

- GRRSP accumulation assumptions (forward looking and internally consistent)

FP Guidance Rates of return	Low fee *	High fee *	Assumed asset mix
Pre-retirement	5.5% (6.2% net of 0.7% fees)	4.2% (6.2% net of 2.0% fees)	Balanced mix 40% Canadian equities, 40% Foreign equities, 20% Fixed-income
Post-retirement	4.0% (5.0% net of 1.0% fees)	3.0% (5.0% net of 2.0% fees)	Conservative mix 20% Canadian equities, 20% Foreign equities, 60% Fixed-income

- GRRSP decumulation assumptions

- Withdrawals indexed at 1.65% per annum (75% of CPI) for consistency with DBplus
- GRRSP to last until age 95 based on guidance by the Financial Planning Standards Council (“FP Guidance”)

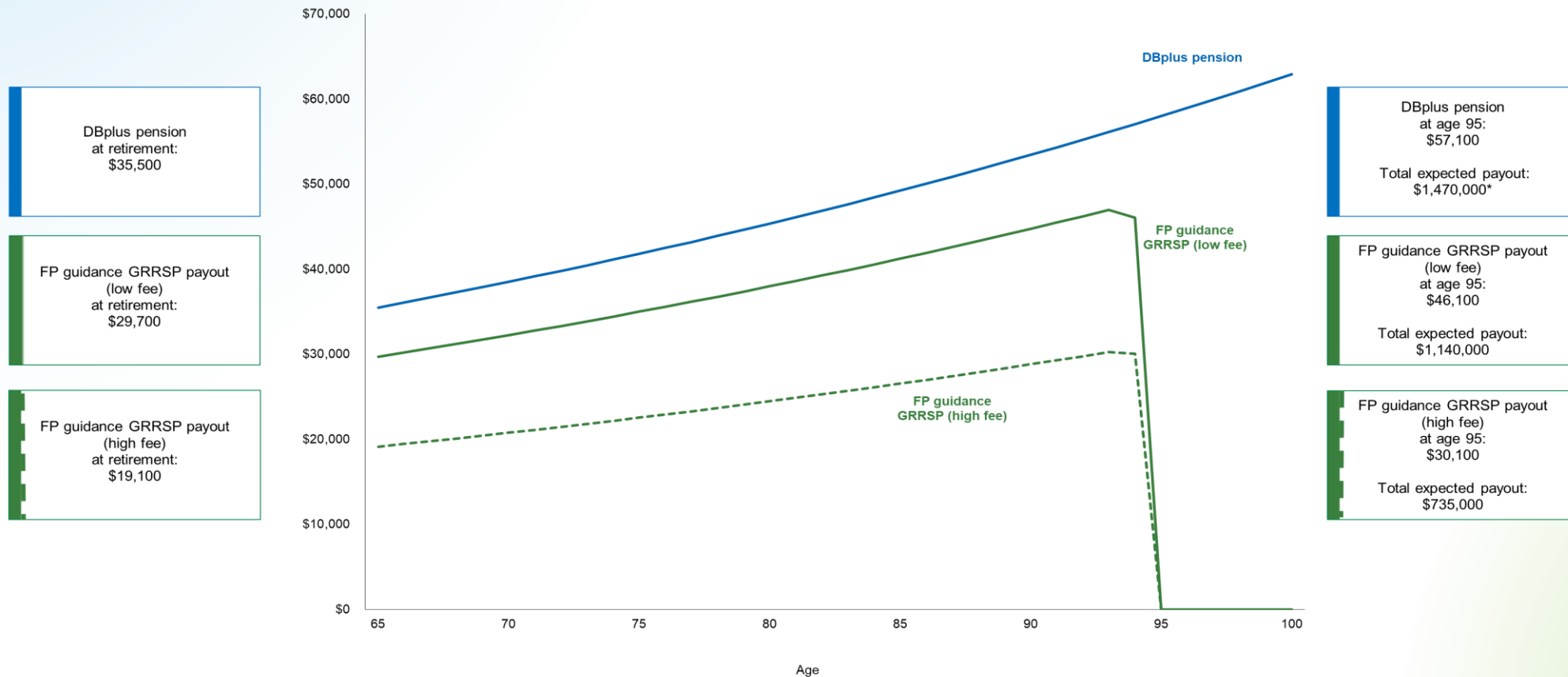
* Fees have a material impact on results. Although fees may be low for indexed funds, they may be in excess of 2.0% for actively managed funds. Typically, fees are higher post-retirement due to the change from wholesale to retail markets.

How does DBplus compare to GRRSP?

More lifetime pension

Member description
 Age: 25
 Earnings: \$42,000
 Retirement age: 65

Comparison of annual pension and total payout during retirement



* Includes 3 years of survivor pension

Member B

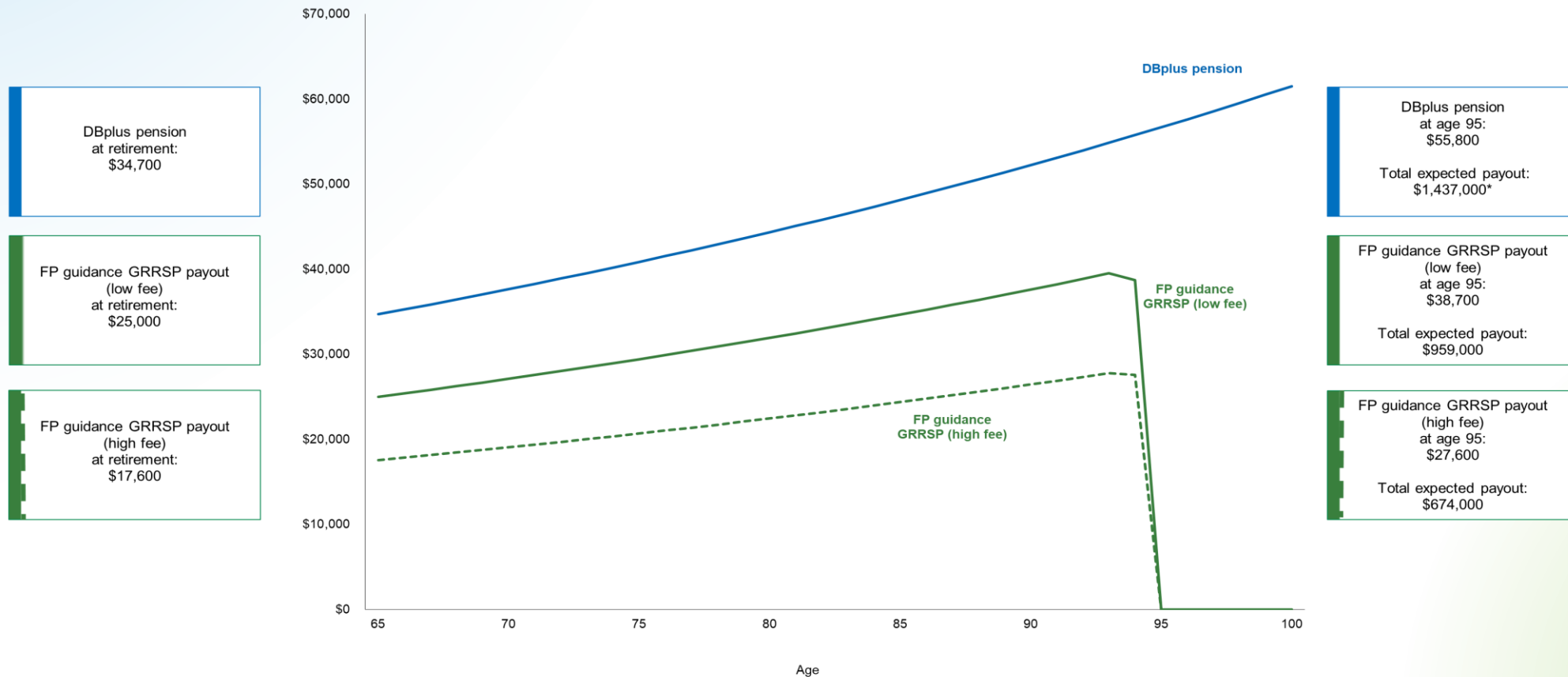
- Age 35
- Earnings of \$48,000
- Retirement age of 65
- DBplus contribution:
 - Employee: 5.0%
 - Employer: 8.5%
 - Total: 13.5%

How does DBplus compare to GRRSP?

More lifetime pension

Member description
 Age: 35
 Earnings: \$48,000
 Retirement age: 65

Comparison of annual pension and total payout during retirement



* Includes 3 years of survivor pension

Member C

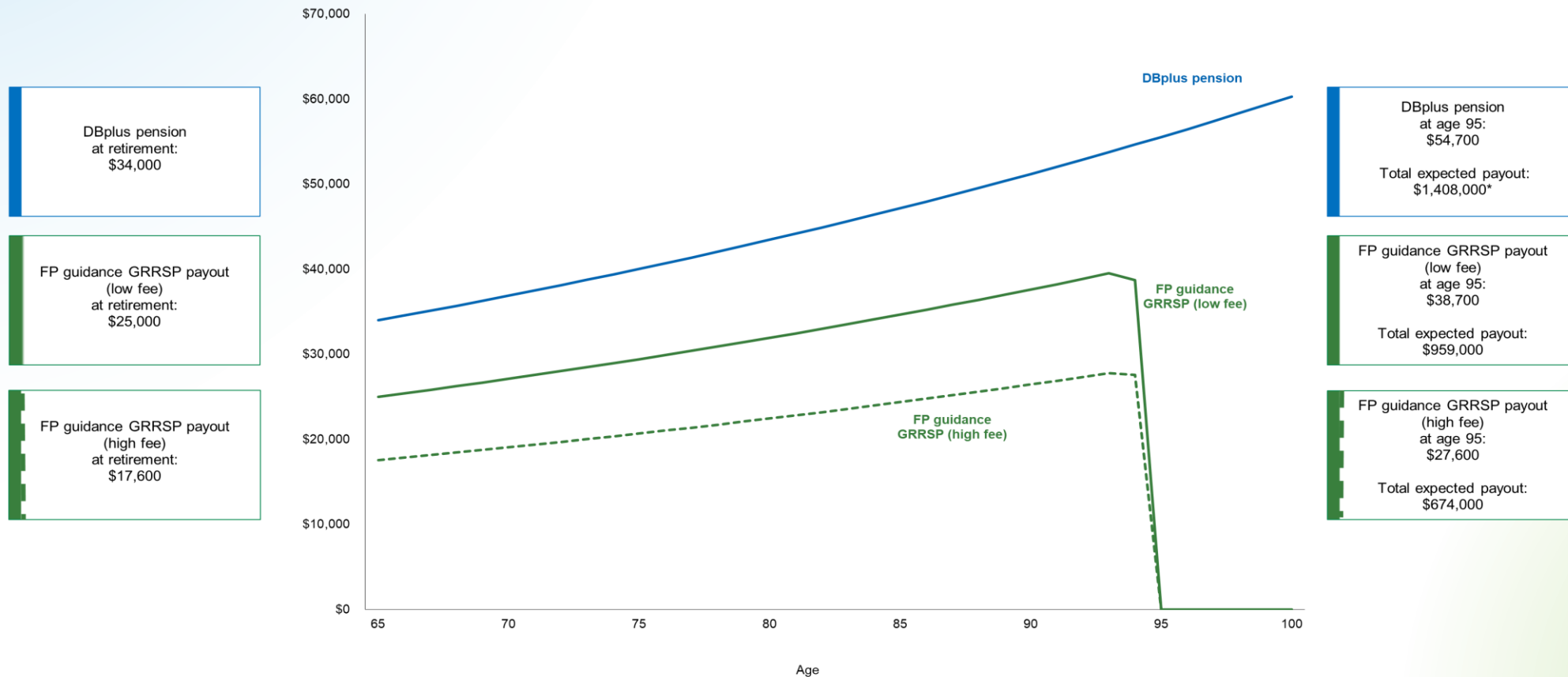
- Age 35
- Earnings of \$48,000
- Retirement age of 65
- DBplus contribution:
 - Employee: Phase-in
 - 1st year: 1.0%
 - 2nd year: 3.0%
 - 3rd year: 5.0%
 - Employer: 8.5%

How does DBplus compare to GRRSP?

More lifetime pension

Member description
 Age: 35
 Earnings: \$48,000
 Retirement age: 65

Comparison of annual pension and total payout during retirement



* Includes 3 years of survivor pension

Member D

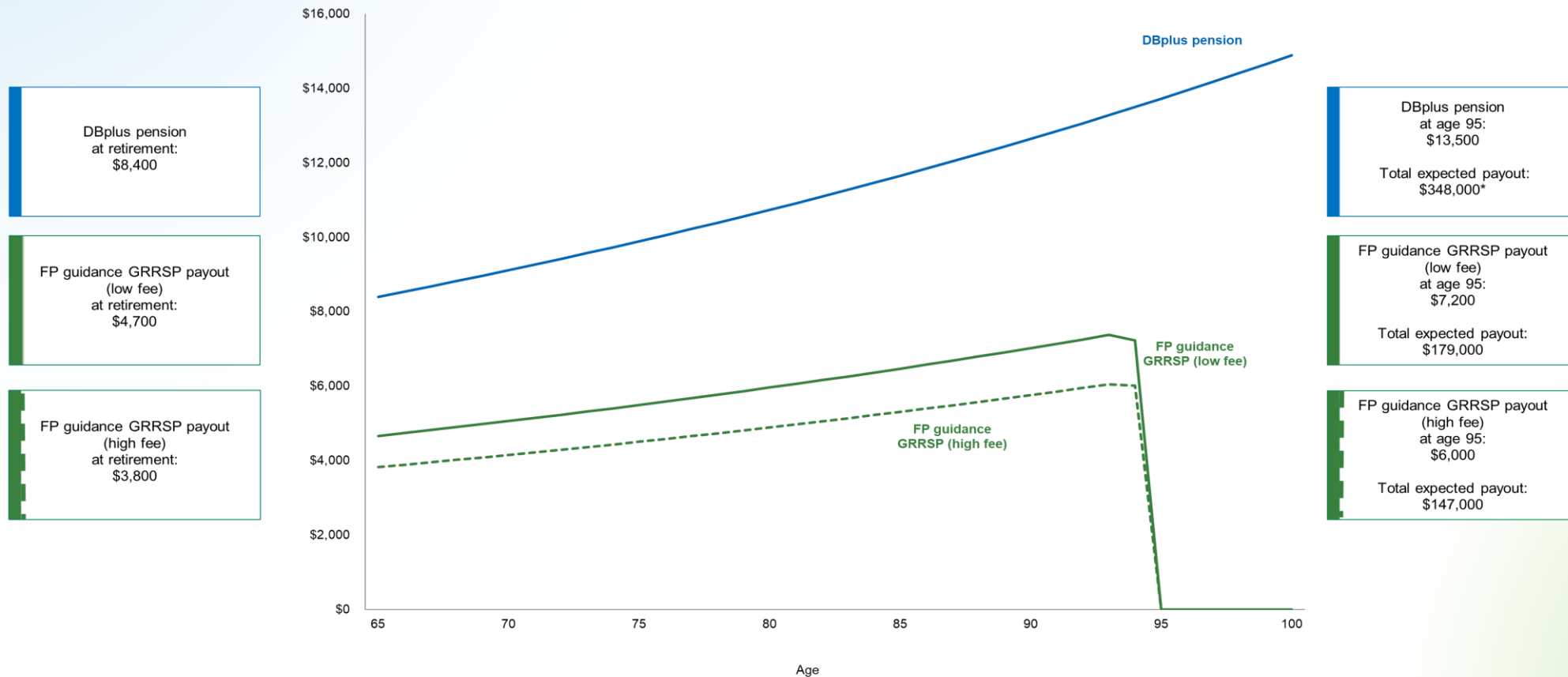
- Age 55
- Earnings of \$54,000
- Retirement age of 65
- DBplus contribution:
 - Employee: 5.0%
 - Employer: 8.5%
 - Total: 13.5%

How does DBplus compare to GRRSP?

More lifetime pension

Member description
 Age: 55
 Earnings: \$54,000
 Retirement age: 65

Comparison of annual pension and total payout during retirement



Illustrations show members are better off with DBplus

Sample member	Age	Earnings	Employee contribution rate	Employer contribution rate	Additional pension under DBplus	
					Age 65 (low fee – high fee)	Age 95 (low fee – high fee)
Member A	25	\$42,000	1.0%	8.5%	\$5,800 - \$16,400	\$ 11,000 - \$27,000
Member B	35	\$48,000	5.0%	8.5%	\$9,700 - \$17,100	\$ 17,100 - \$28,200
Member C	35	\$48,000	Annual phase-in 1%/3%/5%	8.5%	\$9,000 - \$16,400	\$ 16,000 - \$27,100
Member D	55	\$54,000	5.0%	8.5%	\$3,700 - \$4,600	\$ 6,300 - \$7,500

Your VantageOne RRSP's are yours

- Continue to invest your current Group RRSP accounts
- Plus, a valuable option to purchase more DBplus pension at any time prior to retirement



Purchasing additional pension

DBplus members can purchase additional pension which must be tied to employment:

- With VantageOne, before joining the CAAT plan
- As a member of a registered pension plan with a previous non-participating employer
 - Provided the value of any plan entitlements have been transferred out of the plan

DBplus Value Tool

DBplus Value Tool

<https://www.caatpension.ca/pension-solutions/dbplus-value-tool>



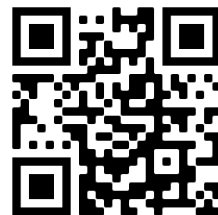
Joining DBplus is easy and simple

- When ready
 - CAAT is available to support discussions
 - Choose effective date and contribution rates
 - Employer submits application
 - CAAT completes due diligence
 - Employer signs participation agreement
- Fully supported by CAAT team
 - Onboarding
 - Member sessions
 - Training
- Can be completed in a matter of months

Questions?



www.caatpension.ca



Appendix

Plan provision comparison

	Vantage One Credit Union DC plan	CAAT DBplus
Pension formula	Account balance at time of retirement	Career Average Earnings (CAE) with upgrades , accrual rate is based on contribution: Pension = 8.5% (increasing to 9.5% in 2025)* x total contributions (employee and employer) plus Average Industrial Wage (AIW) updates* for prior year accruals while the member is active. For a combined 18% contribution rate, similar to a 1.53% (1.71% in 2025) FAE1 formula if earnings increase with AIW
Early retirement	Account balance at time of retirement	A member may retire after age 50 3%* reduction per year preceding age 65
Normal form of pension	Account balance at time of retirement	<ul style="list-style-type: none"> • Life with 5-year guarantee for single employee • Joint survivor 60% with 5-year guarantee for employee with spouse • Spouse can be added after retirement
Earnings Definition	Regular earnings and variable pay	T4 earnings (can accommodate different earnings definition)
Post-retirement increases	N/A	75% of CPI*
Member contributions	1%/5%	TBD - can have different phase-in options to 1% minimum
Employer contributions	8.5%	TBD - Must at least match member. Combined contribution capped at 18% Payment or amortization of any merger shortfall

This is a summary of the plan provisions and is not intended as a complete description of the plans

*Determined on CAAT Plan funded status

DBplus Funding Policy

	LEVERS OF CONTROL	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6
DBplus	Post-retirement conditional inflation protection increases (75% of CPI)	None	Applied	Applied plus consider-catch-up	Applied plus reserves	Applied plus reserves	Consider increases above 75% of CPI
	Pre-retirement benefit increase (100% of AIW)	None	None	Applied	Applied plus consider catch-up	Applied	Applied
	Lifetime annual pension factor (PF)	Consider reduction below 8.5%	8.5% plus consider catch-up	8.5%	8.5%	Consider 8.5% to 9.5%	9.5% (Consider an increase beyond 9.5%)
	Early retirement factor (ERF) (from age 65)	5% or higher	5%	5%	Consider 3%, 4% or 5%	3%	3%
	Discount rate reserves	Fully used	Consider up to 1.0%	Consider up to 1.5%	Consider up to 2%	2% plus up to 7.5% increase in liabilities	Further build, up to tax limit

100% funded

124% funded
as of January 1, 2023