



Ladysmith & District Credit Union (LDCU) and DBplus

Securing a lifetime
pension for members

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Agenda

1. Retirement refresher
2. About CAAT
3. What members and employers like about CAAT
4. What can be bargained now and in the future
5. Next steps

Retirement refresher

What is a defined benefit (DB) pension?



Based on a
formula



Predictable
income for life



Secure

Retirement income for life

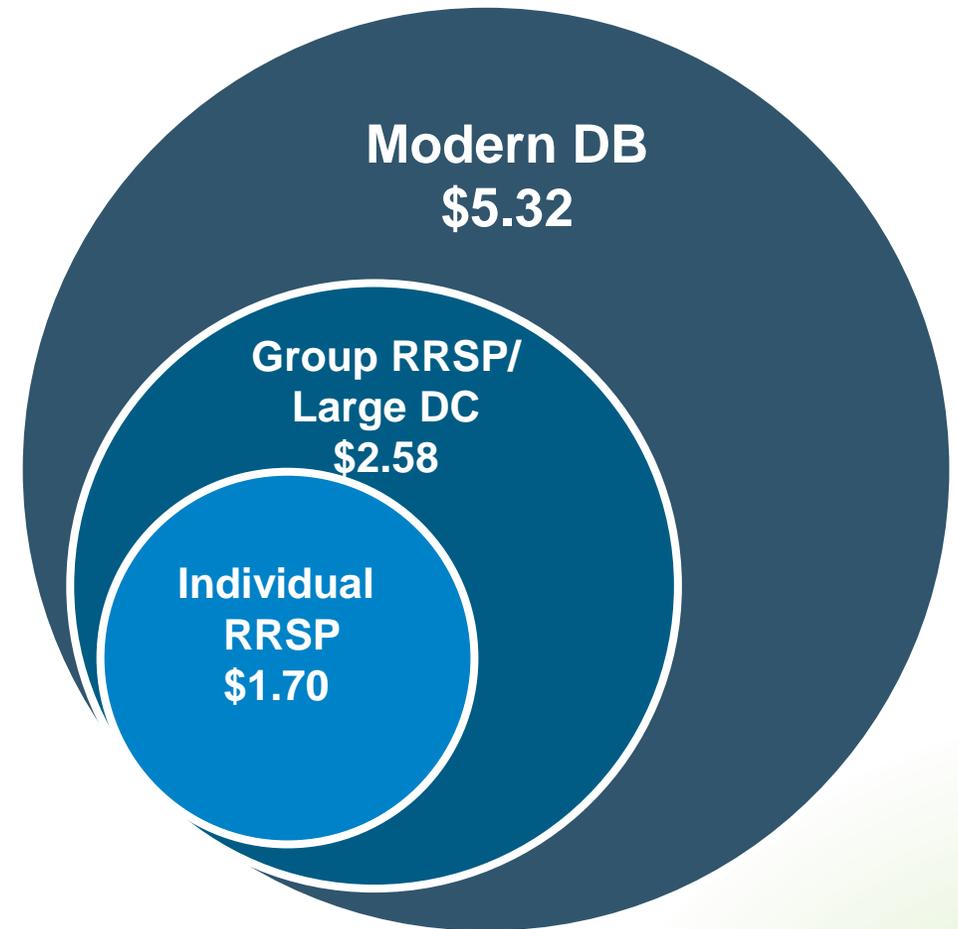
Other retirement savings plans

- Individual/group RRSPs – your savings + interest are what you get when you retire
- Defined contribution (DC) plan – your savings + interest are what you get when you retire
 - Similar to RRSPs
 - Larger private sector companies

Other retirement savings plans work differently than a DB plan

More value per contribution dollar

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.

A modern DB plan expected to provide the best value

About CAAT



- Established in 1967
- “Profit-for-members” Trust
- Secure benefits
- Jointly sponsored

Providing secure pensions for over 50 years



Accessible to workplaces across Canada

- 110,000+ members
- 700+ employers
- Employers from all sectors:
 - Not-for-profit
 - Private
 - Public

Available from coast to coast to coast

Well funded, high performing, sustainable

124%

FUNDED

\$20.1

BILLION NET ASSETS

\$5.3

BILLION FUNDING RESERVES

The better the plan does, the better the members do

What members and
employers like about
CAAT

DBplus: retirement income for life



Secure, predictable
lifetime pensions
workers want



No individual
investment decisions



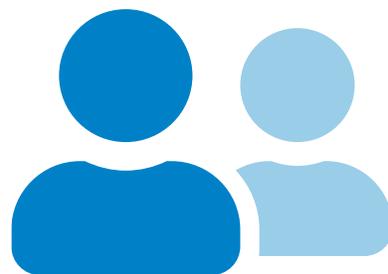
For all types
of workers –
new and
experienced

Provides financial security and peace of mind throughout retirement

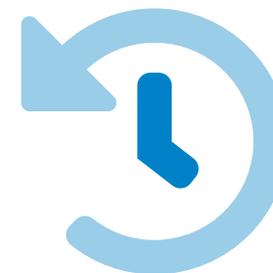
Predictable pension with valuable features



Cost-of-living
enhancements



Survivor benefits
at no cost



Subsidized early
retirement

Providing added value to members

Conditional enhancements

While working



Average Industrial Wage
increases at 100% of AIW

While retired



Post-retirement inflation
increases at 75% of CPI

Valuable inflation protection

Survivor pensions at no cost

- 60% survivor pension with inflation protection
 - Payable to spouse for life, then to eligible children for as long as eligible
 - Eligible spouse could be spouse at retirement or a new spouse after retirement
 - Eligible children are children under 18 or under 25 if in full time school or adult children with a disability who are dependent on the member
- Beneficiary or estate receives balance of:

60 x member's initial monthly pension

less

cumulative payments to member, spouse, children

Valuable survivor benefits are built into DBplus

Early retirement adjustment

3%*

per year prior to age 65

* Between 3% - 6% based on our Funding Policy

What happens if employment ends before retirement age?



Defer pension



Transfer pension to
another pension plan



Transfer the value of the
pension out and invest
(if eligible)

The earned pension is the member's to keep

Simplified pension consolidation options



Save with the CAAT
investment account
(benefit from CAAT's
investment return)



Purchase additional
pension
(benefit from more lifetime
pension for eligible periods)

Ways to increase retirement income and save more

Understanding employer concerns

- Fixed cost – same as RRSPs, DC plans
- No administrative or service fees
- No financial risks for employers
- No fiduciary or governance oversight costs
- Improved member outcomes

A solution that benefits both members and employers

What can be bargained
now and in the future

What can be bargained

- Contribution rules
 - Must be a percentage of earnings (no annual or monthly flat dollar contributions)
 - Member contributes between 1% and 9%
 - Employer must at least match
 - Total no more than 18%
 - Can have annual dollar cap, subject to CAAT approval
- Flexibility
 - Can vary by employee classes
 - More contribution options – Phase-in or Contribution Choice

Contribution flexibility supports bargaining

More negotiable terms

- Can align waiting periods with other benefits
- Pensionable earnings definition
 - Can be for hours worked, regular hour wages, straight time hours
 - Can have annual cap on hours
- Can limit participation to certain groups
- Can stagger effective dates (by group/location)

Support your design upgrades now and in the future

Next steps

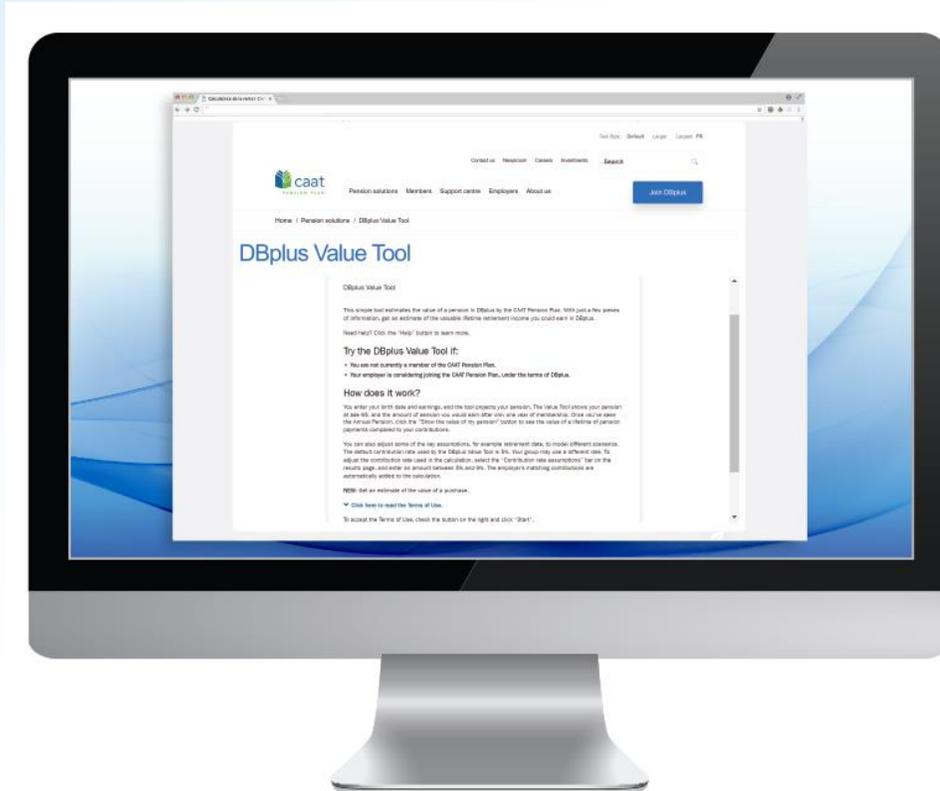
We are here to help

- Joint union/employer sessions
- Tailored confidential support
- Bargaining team education
 - Here to answer any questions
 - Due diligence support
 - Can provide sample bargaining language
- General membership meeting presentations
- Any time – 9-5, evenings, weekends

CAAT is here for you: before, during, and after bargaining

DBplus Value Tool

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



Estimate your pension

