



Information session

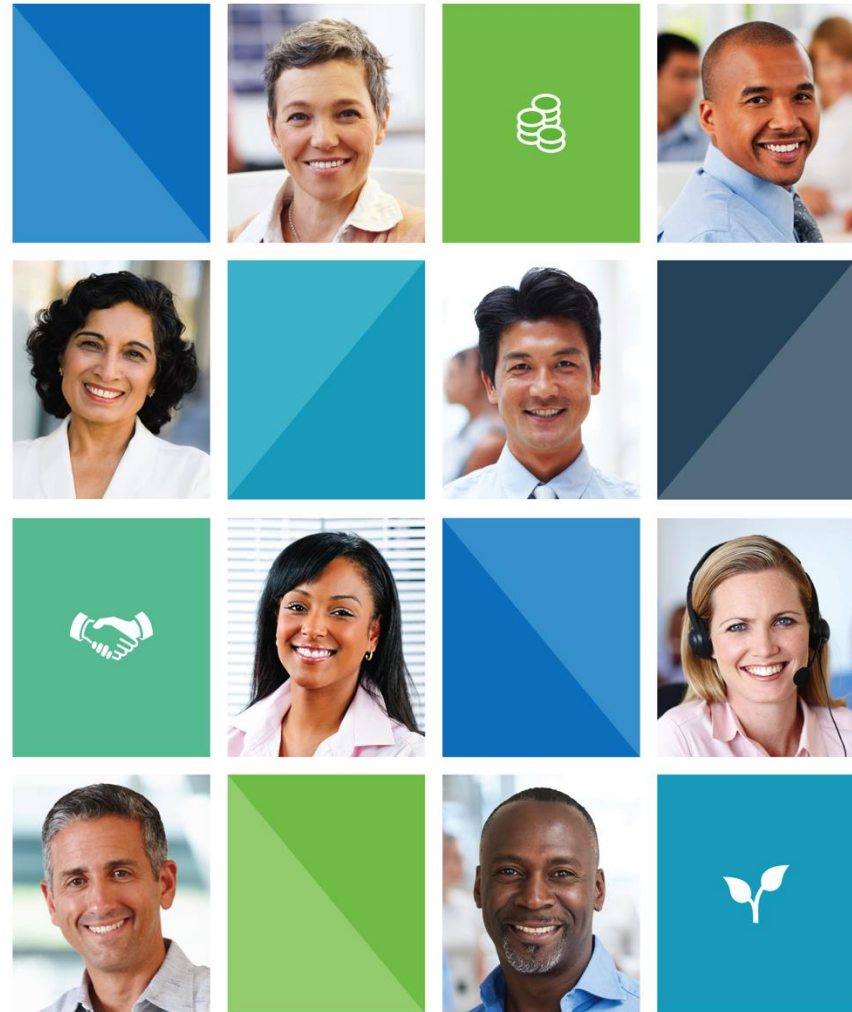
Nipissing University Faculty Association

October 21, 2016



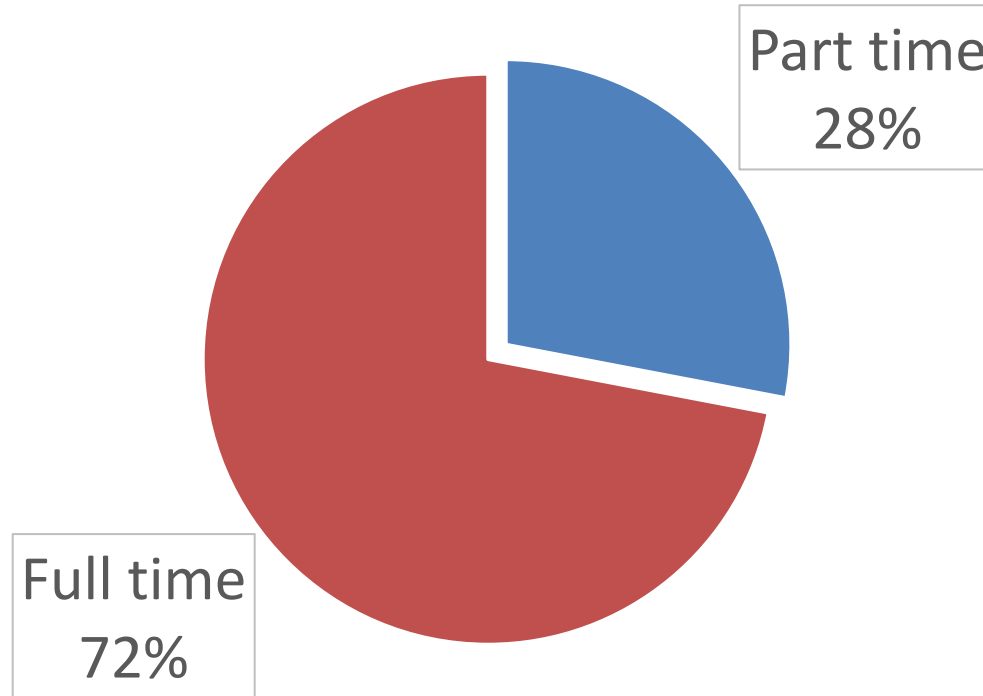
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CAAT Pension Plan



42,000 members, 38 employers

- Mandatory for full-time staff
- Optional for others



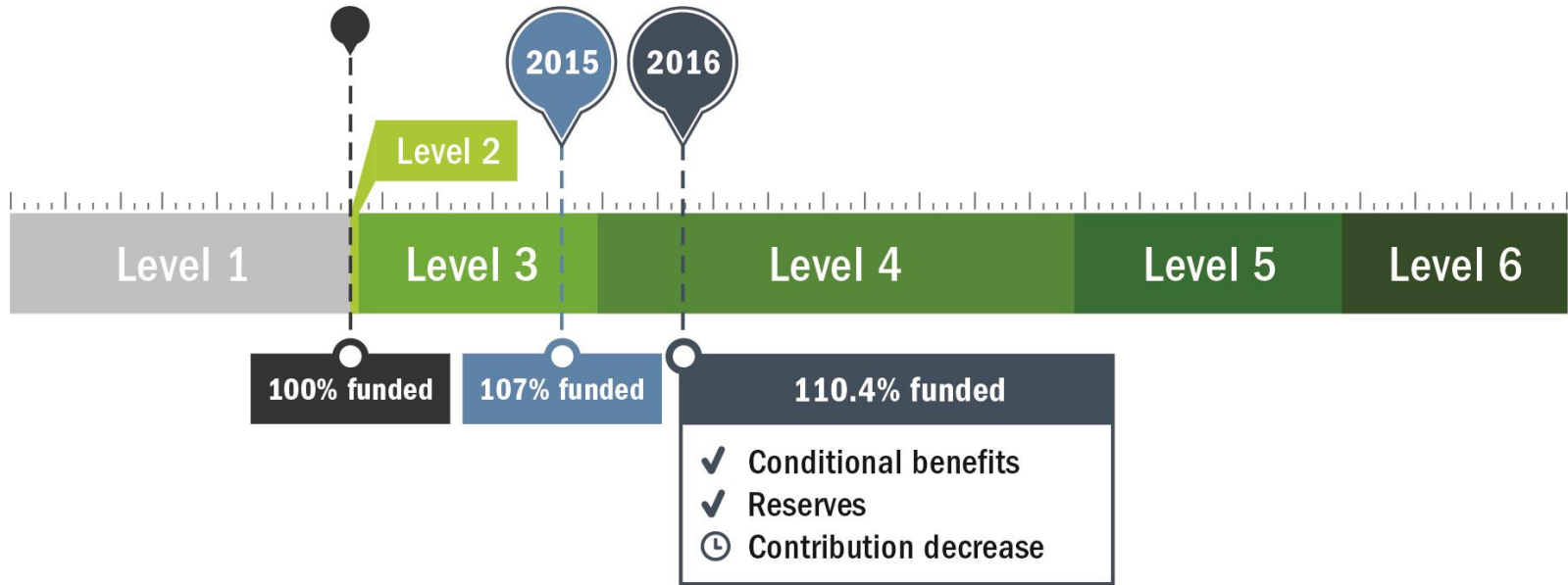
For members and employers CAAT offers ...

- Valuable, secure and portable DB pension guarantee
- Stable and appropriate contributions
- Effective joint governance
- Not-for-profit, expertise in pension risk management
- Consistent top-quartile investment performance

Assets and added value

- \$8.6 billion in assets to pay secure pensions
- Five-years of value add is \$550 million (above already strong benchmark returns)

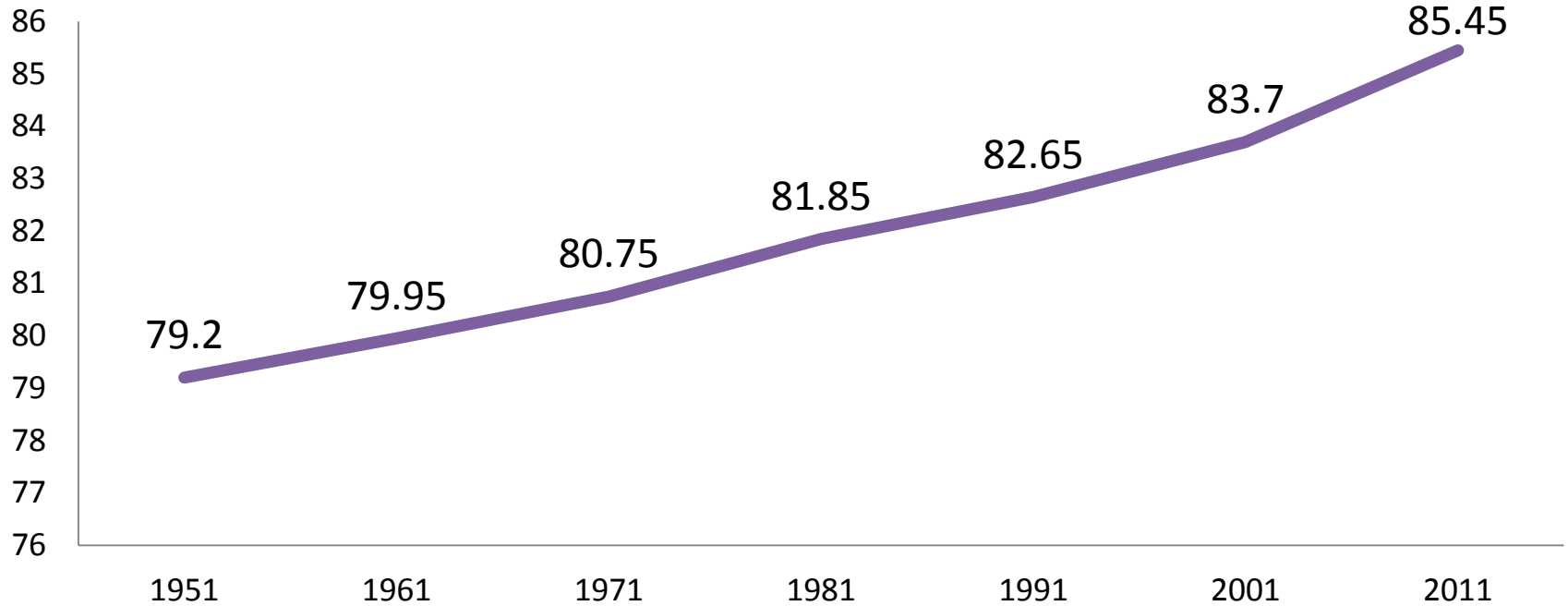
A transparent funding policy to build secure benefits and create stable contributions



How did we get so secure? And why?

- Using prudent, realistic assumptions about longevity, long-term investment returns, interest rates, inflation
- Setting appropriate contribution rates at a level adequate to sustain the Plan over the long term
- Promotes equity across members and generations

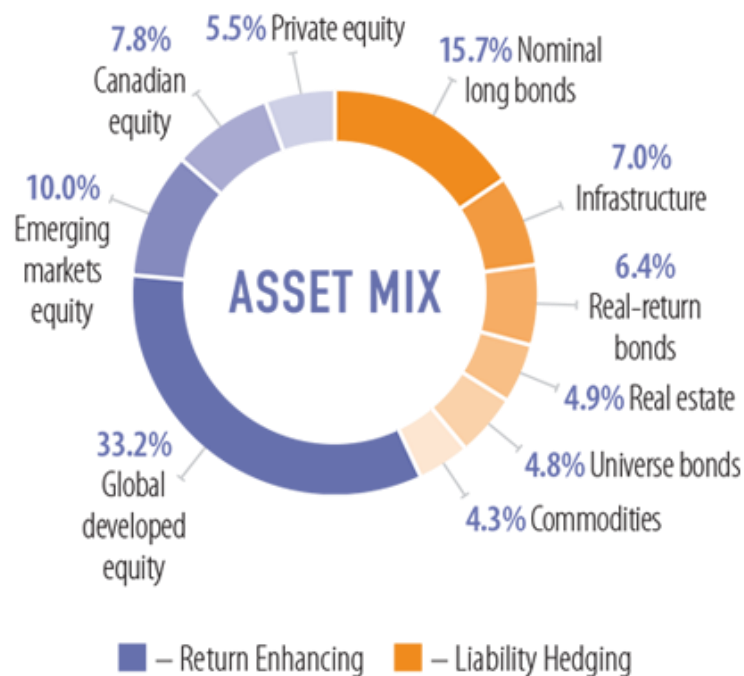
Life expectancy at age 65



How did we get there? (continued)

- We've built a healthy funding reserve
- Guided by a Funding Policy
- Diversified asset mix and sophisticated investment program

WELL-DIVERSIFIED \$8.6 BILLION IN INVESTMENTS



Cash, cash equivalents, and other: 0.4%

ALM Study results demonstrates continued health, benefit security, and lower contributions

98% probability of being fully

funded in 20 years – based on the 2016 Asset-Liability Modeling Study

We also educate and advocate to maintain secure benefits and stable contributions

For every \$1 of pension paid...



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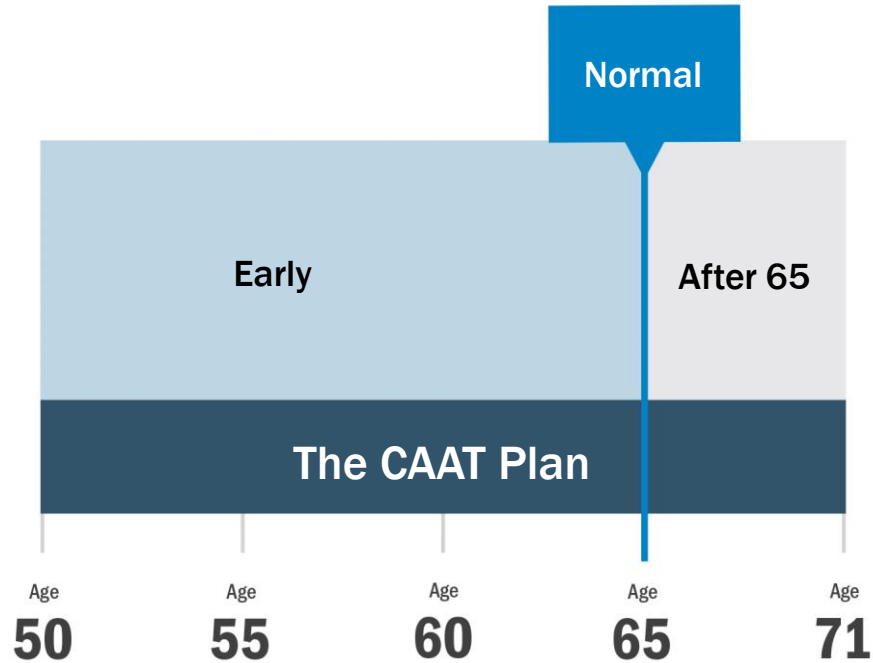
Pension features



Lifetime pension guarantee, plus ...

Inflation protection	75% of CPI conditional on Plan funding
Bridge benefit	From early retirement to age 65
Average best 5-ys	Highest average pensionable earnings based on 60 consecutive months
Retirement options	Unreduced at 85 factor, or age 60 with 20 years of service, or age 65
60% survivor benefit	Can be increased to 75% with reduction

Flexible retirement options



Early retirement feature

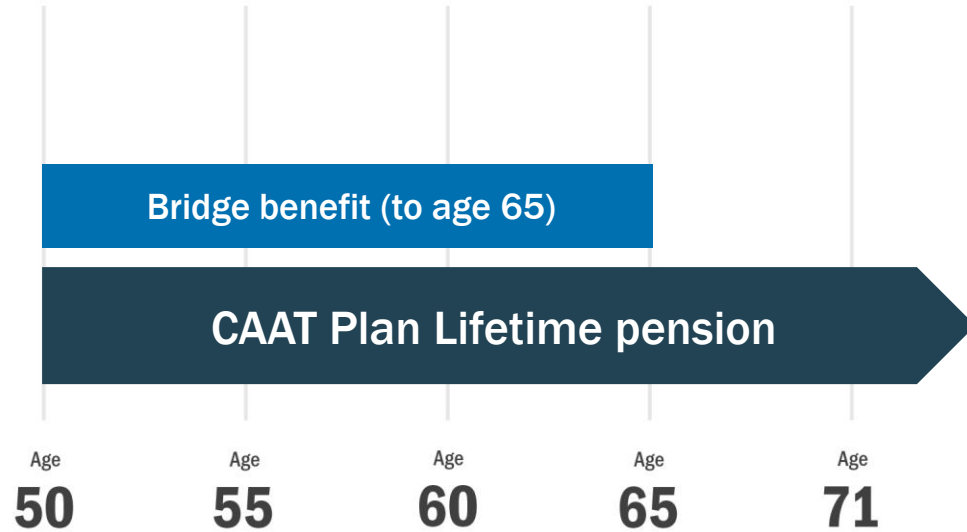
- The contribution rates include the cost for early retirement provisions – about 1% of pay
- If members need to retire before age 65, the early retirement provision is an inexpensive insurance against large reductions to their pensions and their quality of life.

70% of Canadians

**retire earlier than they planned,
sometimes due to unforeseen
health reasons, need for family
caregiving or job loss**

- The 2014 Sun Life Canadian Health Index

Early retirement comes with a bridge benefit



Early unreduced pension

60/20

Rule



Age 60

20 years of service

85

Factor



Age + years of service = 85

Early start adjustment

Only
3% 
per year



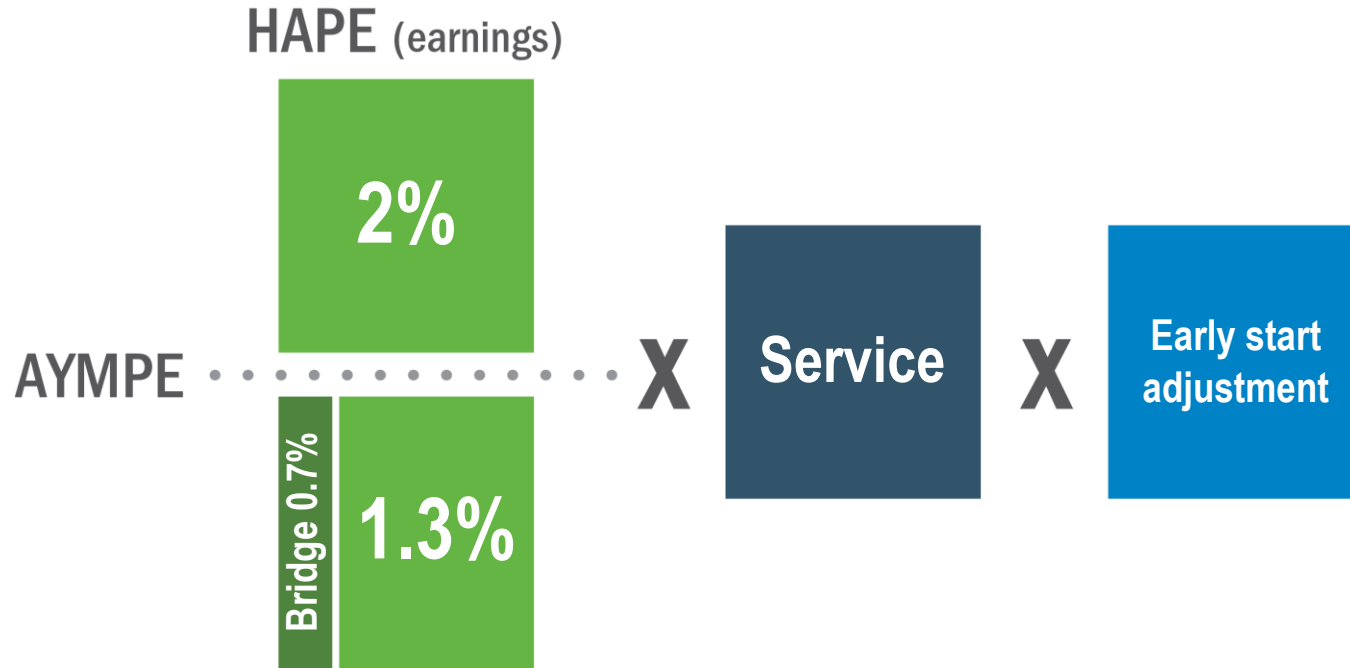
Robin

Age: **57**

Service: **22 years**

HAPE: **\$140,000**

The pension formula



Calculating the lowest early start adjustment

Age 65

$$65 - 57 = 8 \text{ years} \times 3\% = 24\%$$

60/20 Rule

$$60 - 57 = 3 \text{ years} \times 3\% = 9\%$$

85 factor

$$(85 - 79)/2 = 3 \text{ years} \times 3\% = 9\%$$

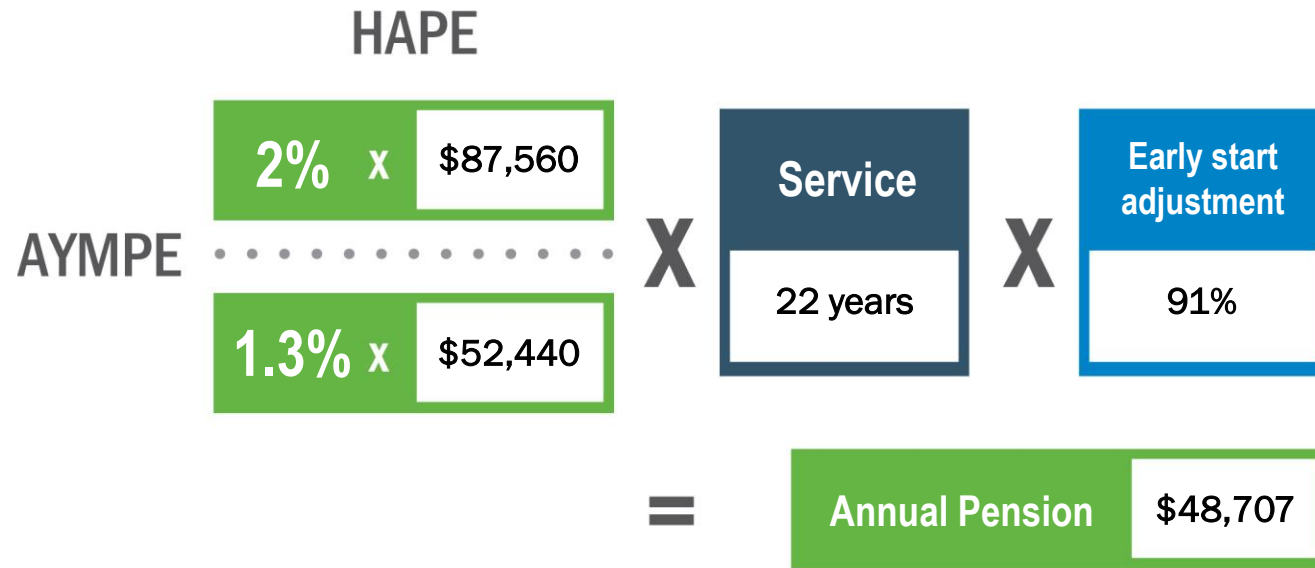
Calculating the lowest early start adjustment

85 factor or **60/20 Rule** = 9%

Early start adjustment = $1 - .09 = 0.91$ (91%)

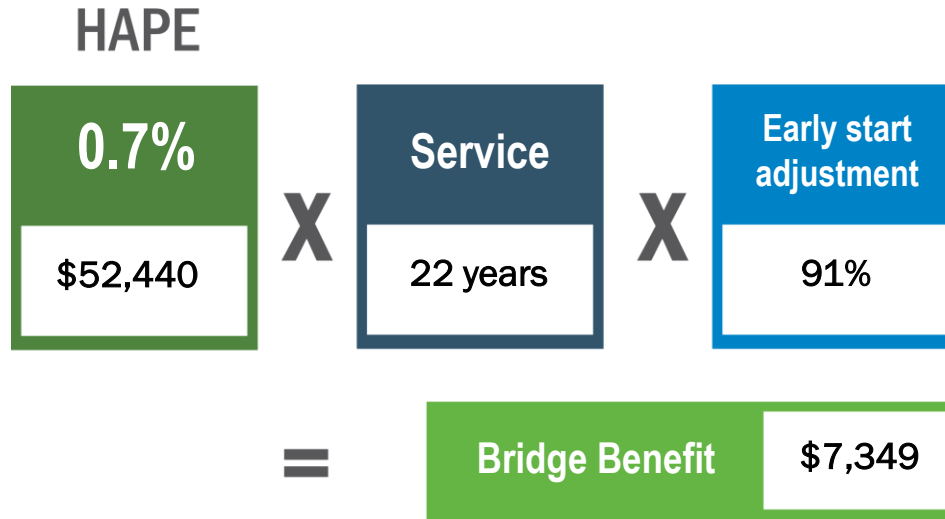


Lifetime pension calculation at age 57



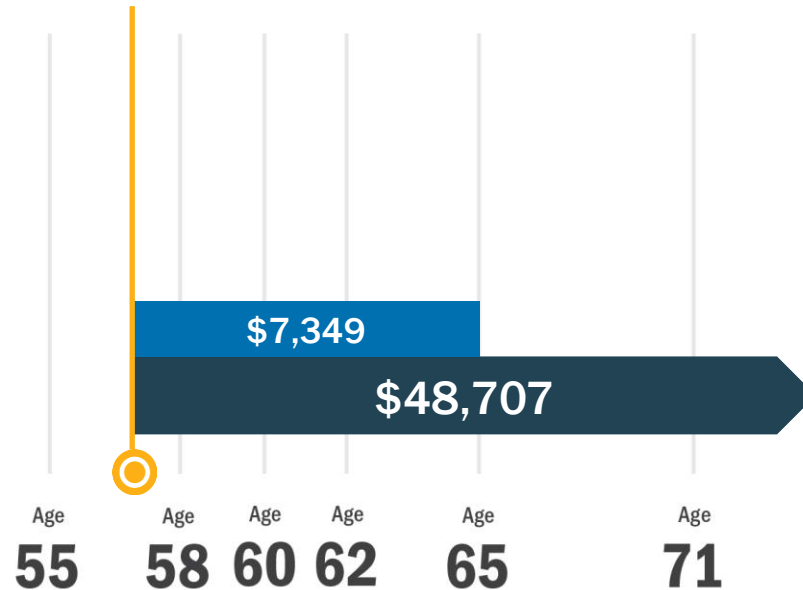


Bridge benefit calculation at age 57





Robin's retirement income at age 57



Tools for planning



Pension Estimator



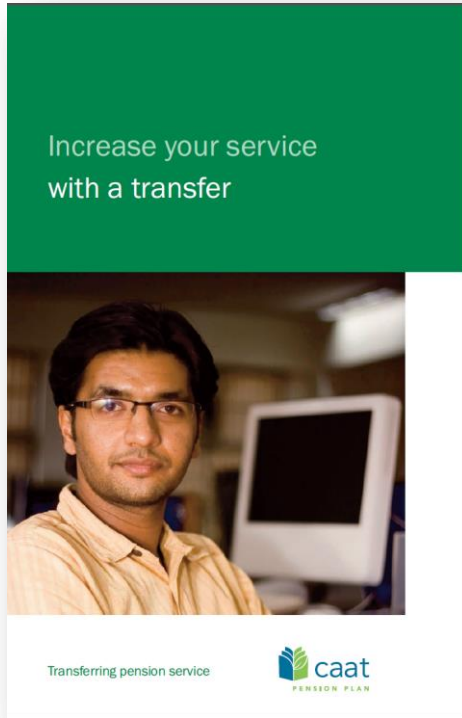
Planning for retirement?

This quick and simple tool gives you real-life results.

Visit www.caatpension.on.ca



Transferring pension service into CAAT



- Members of the CAAT Plan can transfer service from any Canadian registered pension plan – including DC plans
- Actuarial Cost Estimator tool will help you get an approximate cost

› The value of membership

› Your contributions

› New Members

› Part-time

› **Increasing your service**

› Purchasing Service

› Transferring in service

› **Actuarial Cost Estimator**

› ACE Tool How-to

› Planning your retirement

actuarial Cost Estimator

3 Easy Steps

If you've ever worked for an employer with a registered pension plan or worked for a CAAT Pension Plan employer BEFORE you became a member of the Plan, you may be able to purchase the service, and increase your total service in the CAAT Pension Plan.

Use the Actuarial Cost Estimator to get an estimate of the cost of your 100% member paid service purchase.

Need help getting started? Read the [ACE tool how-to](#).

Before using this estimator, please read the [Terms of Use](#).

I have read and understood the Terms of Use ☒

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Start your estimate

 [Help](#)



News

3 approaches to planning your retirement

Direct deposit in one easy step

How investments contribute to your benefit security

Dedicated to good governance

Getting to know your member ID

More news 

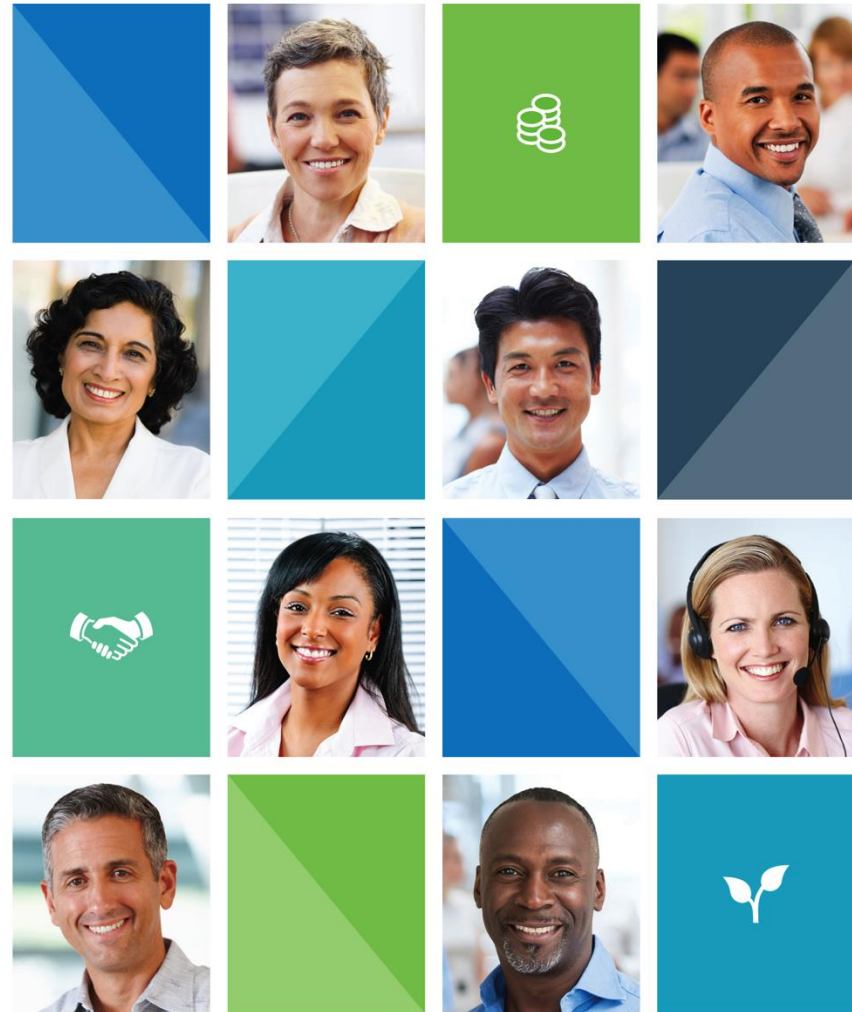
MY PENSION 

Disability benefit

- If you're on long-term disability, you retain your membership in the CAAT Plan and continue to accrue pensionable service towards your pension
- No cost to member or employer

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Contributions



Setting contribution rates for a secure pension

- Contribution rates in a jointly sponsored pension plan are designed to provide a buffer against unforeseen economic and demographic shocks



Contributions in two parts

Basic – the cost of benefits being earned

- Reflects longevity and reasonable assumptions

Stability (as needed) – supplementary to secure fund

- Conditional indexing
- Future mortality improvements
- Withstand market volatility

Blended Contribution rate

Basic (8.2% / 11.8%)	9.2%
Stability (temporary)	3.0%
<hr/>	
Contribution rate	12.2%

Stability rates determined by
the Funding Policy

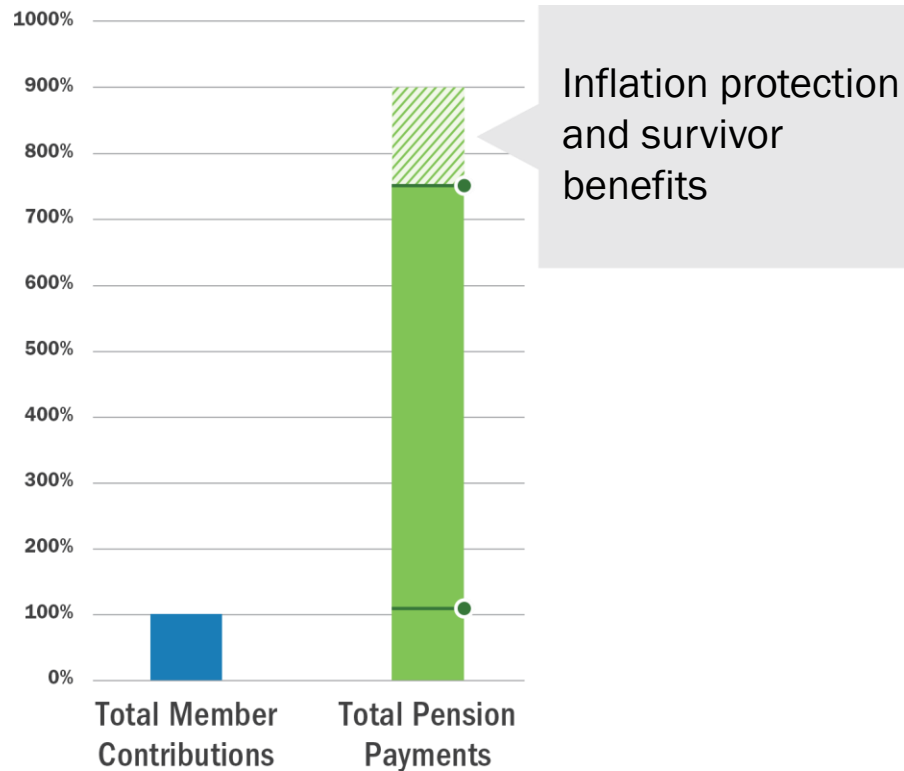
Tax deductible
and matched by
the employer





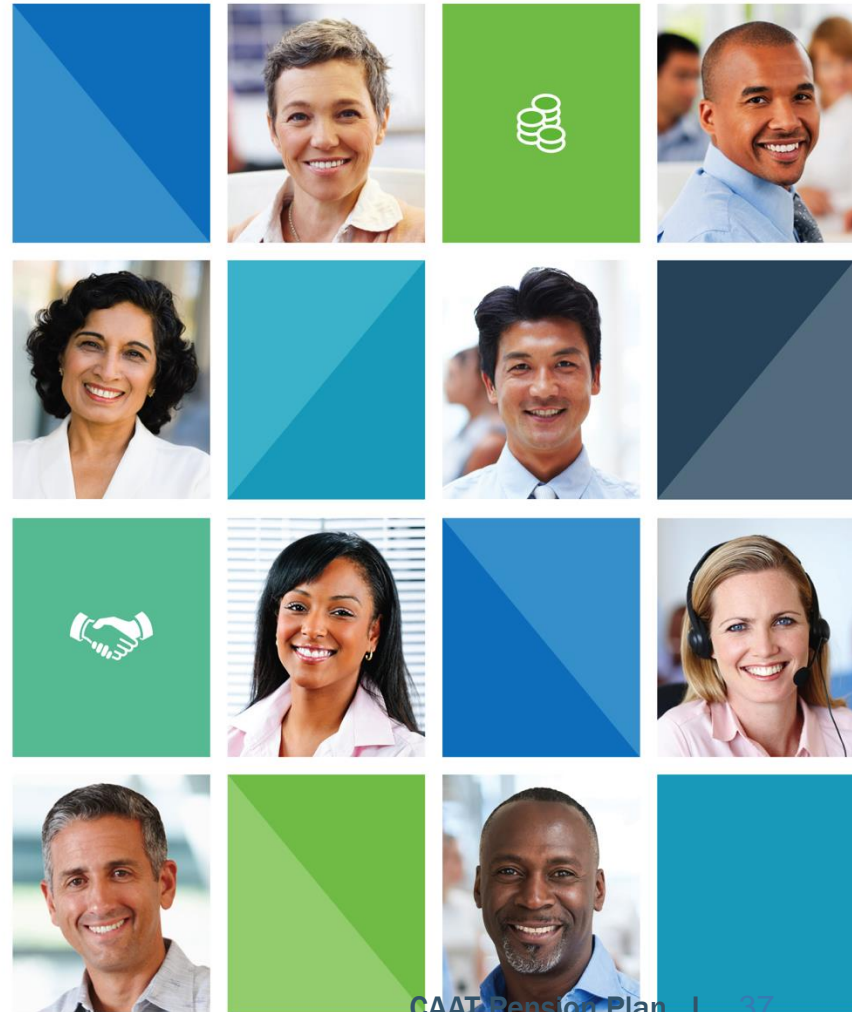
The Average Member

Pension payments are
over 800% of
contributions paid



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Alignment of interest



Members



Employers

Joint governance promotes Trust

- Shared risk and responsibility
- Transparency and trust
- Cooperation in long-term sustainability of the plan
- Focus on pension management business – removes pensions from collective bargaining process



Value of modern DB plan

- Pooling investment risk
- Pooling longevity risk
- Pooling timing risk
- Pooling expertise
- Wide portability

CAAT Plan is the best of both worlds

**It's acts like a DC for
employers**

**and provides DB for
members (and employers)**

Members benefit

- Secure, guaranteed pension for life, indexed to inflation with a survivor pension
- Removes complexities of pensions from collective bargaining process
- Great service: onsite presentations and award-winning communications

CAAT Plan welcomes ROM



97% of ROM members voted to join

Employers benefit

- Provides valuable DB plan in low risk joint governance model
- Powerful attraction and retention benefits
- Employer of choice
- Continued stable cash accounting
- Administrative support, including call centre

Mark Engstrom
*Deputy Director,
Collections & Research, the ROM*



“The merger means the ROM will be able to spend much less time and resources on pensions and more on what we do best ...”

CAAT Plan benefits

- Growth in membership adds value
- Improves the likelihood of remaining fully funded and paying conditional inflation

CAAT Plan provides the best of both worlds

DC plan for employers, DB plan for members

Recommended reading – from our website



