



# Retirement Plan for Employees of the CAE Military Aviation Training Division

2024 Briefing

**CAE**

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# Plan Options and Eligibility

## PLAN OPTIONS

- **Option 1:** Mandatory defined benefit + optional defined contribution component (DB/DC option)
- **Option 2:** Defined contribution only (DC only option)

Upon enrolment, employees are required to make an **irrevocable decision** between the DB/DC option (Option 1) and the DC only option (Option 2).

## ELIGIBILITY

### Permanent and temporary employees

- **Mandatory enrolment** on the first pay period after having completed 4 weeks of continuous service

**Note:** If enrolment form has not been received by the administrator within 30 days of date of hire, you will be **defaulted** to the DC only option (Option 2) without possibility of changing option (irrevocable).

### On-call employees

- **Mandatory enrolment** on January 1st following the year the employee meets the requirements of the federal legislation:
  - **Full time employees:** 2 years of continuous service
  - **Part time employees:** 2 years of continuous service and annual earnings of at least 35 % of YMPE in each of the 2 consecutive calendar years immediately preceding membership

**Note:** If enrolment form has not been received by the administrator within 30 days of date of eligibility, you will be **defaulted** to the DC only option (Option 2) without possibility of changing option (irrevocable).

# Difference Between DB and DC

	Defined Benefit (DB)	Defined Contribution (DC)
<b>Employee Contributions</b>	According to the plan formula	According to the plan formula
<b>Employer Contributions</b>	Amount required to fund benefits while considering the pension plan's experience	According to the plan formula
<b>Benefit</b>	Determined Fixed monthly payment (Formula)	Employee Contributions + Employer Contributions + Investment Return
<b>Fund Return</b>	Increases/Decreases employer contributions	Impacts the amount available at retirement
<b>Investment Risk Longevity Risk Annuitization Risk</b>	Employer	Employee

# Option 1 : Mandatory DB + Optional DC component

	Mandatory Defined Benefit (DB)	Optional Defined Contribution (DC)	
		Employee	Employer
<b>Contributions</b>	1.5% of Pensionable Earnings	1% 2% 3%	100% Match
<b>Benefit</b>	1% x Average Earnings x Years of Credited Service	Employee Contributions + Employer Contributions + Investment Return	

- **Pensionable earnings:** include base salary, overtime pay and premiums.
- **Average earnings:** highest average pensionable earnings in the 156 consecutive weeks of credited service in the last 520 weeks before retirement, termination of employment or death.
- **Years of credited service:** the period of continuous service a member has contributed to the Plan.

# Option 2: DC Only

Points (Age + Service)	Percentage of Pensionable Earnings					
	Mandatory Contributions		Optional Contributions		Total	Additional Contributions
	Employee	CMAT	Employee Up To	CMAT Up to		Employee Up to
Less than 35	3%	3%	4%	2%	12%	6%
35 to 54	4.5%	4.5%	4%	2%	15%	3%
55 to 74	5%	6%	4%	2%	17%	1%
75 and more	5%	7.5%	3.5%	2%	18%	0%

▪ **Points (Age + Service):** Based on the total of employee’s age and years of continuous service. The point bracket is determined at the beginning of each calendar year based on the number of points as of December 31<sup>st</sup>, of that calendar year.

▪ **Optional and Additional contributions:** may be suspended or modified at any time.

# DB Pension - Options at Retirement

Pension Formula	1% x Average Earnings x Years of Credited Service													
<b>Normal Retirement</b>	<ul style="list-style-type: none"> <li>Normal Retirement Date: Age of 65</li> <li>Normal Form of Pension:               <ul style="list-style-type: none"> <li>No Spouse: lifetime guaranteed for 36 months</li> <li>Spouse: as per legislation 60% joint and survivor (actuarial equivalent)</li> </ul> </li> <li>Other available forms offered at retirement</li> </ul>													
<b>Early Retirement</b>	<b>Unreduced Early Retirement Pension</b> <ul style="list-style-type: none"> <li>Age of 60</li> <li>Age 55 with 35 years of continuous service</li> </ul>	<b>Reduced Early Retirement Pension</b> <ul style="list-style-type: none"> <li>Between ages of 55 and 60 &amp; less than 35 years of continuous service</li> <li>Pension is reduced as follows:               <table border="1" data-bbox="1556 698 2257 901"> <thead> <tr> <th>Age at retirement</th> <th>% of your accumulated pension</th> </tr> </thead> <tbody> <tr> <td>59</td> <td>95%</td> </tr> <tr> <td>58</td> <td>90%</td> </tr> <tr> <td>57</td> <td>85%</td> </tr> <tr> <td>56</td> <td>80%</td> </tr> <tr> <td>55</td> <td>75%</td> </tr> </tbody> </table> </li> </ul>	Age at retirement	% of your accumulated pension	59	95%	58	90%	57	85%	56	80%	55	75%
Age at retirement	% of your accumulated pension													
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<b>Bridging Benefits (Temporary Pension)</b>	$0.5\% \times \text{Average earnings up to Average YMPE} \times \text{Years of credited service}$	<ul style="list-style-type: none"> <li>Age of 60</li> <li>Age of 55 with 35 years of continuous service</li> <li>Payable until age of 65, or until death if earlier</li> <li>If the employee retires before age of 60 with less than 35 years of continuous service, the bridge benefit will be actuarially reduced</li> </ul>												

- Yearly Maximum Pensionable Earnings (YMPE):** Maximum pensionable earnings as defined by the Canada Pension Plan. 2024 YMPE is \$68,500
- Average YMPE:** Average YMPE's for the last three years before retirement

# DB Pension - Options at Termination of Employment / Death

Type of Event	Options	
<b>Termination of Employment</b>	<b>Before Age of 55</b> <ul style="list-style-type: none"> <li>▪ A deferred pension at age 60; or,</li> <li>▪ <b>Transfer</b> of the lump sum value of the deferred pension to:                             <ul style="list-style-type: none"> <li>▪ A locked-in instrument vehicle prescribed by the Income Tax Act</li> <li>▪ The pension plan of another employer, if the plan accepts transfers</li> <li>▪ An insurance company to buy a lifetime pension</li> </ul> </li> </ul>	<b>After Age of 55</b> <ul style="list-style-type: none"> <li>▪ A deferred pension starting at age 60</li> </ul>
	<b>Death</b> <ul style="list-style-type: none"> <li>▪ <b>Before Retirement</b> <ul style="list-style-type: none"> <li>▪ Spouse: Cash refund of the value of the pension accumulated at the date of death</li> <li>▪ No Spouse: Benefit will be paid to the designated beneficiary</li> </ul> </li> <li>▪ <b>After Retirement</b> <ul style="list-style-type: none"> <li>▪ According to the option selected at retirement</li> </ul> </li> </ul>	



# DC Pension - Options at Retirement / Termination of Employment / Death

Event	Benefit	Options
<b>Retirement/ Termination</b>	Employee Contributions + Employer Contributions + Investment Return	<p>The value of your mandatory and optional contributions can be <b>transferred</b> to one of the following retirement vehicles:</p> <ul style="list-style-type: none"> <li>▪ A locked-in instrument vehicle prescribed by the Income Tax Act</li> <li>▪ The pension plan of another employer, if the plan accepts transfers</li> <li>▪ An insurance company to buy a lifetime pension</li> </ul> <p>Additional contributions may be transferred in a RRSP</p>
<b>Death</b>	Employee Contributions + Employer Contributions + Investment Return	<p>Before retirement</p> <ul style="list-style-type: none"> <li>▪ Spouse: a cash refund or transfer the value of the benefit</li> <li>▪ No spouse: Benefit will be paid to the designated beneficiary</li> </ul> <p>After retirement</p> <ul style="list-style-type: none"> <li>▪ According to the option selected at retirement</li> </ul>

# Absence From Work

Type of Absence	Defined Benefit (DB)	Defined Contribution (DC)
<b>Maternity, Paternity, Adoption, Parental Leave, Apprentice Leave</b>	<ul style="list-style-type: none"> <li>Employee contributions <b>may be maintained</b> or suspended during leave</li> <li>If employee contributions are maintained, service during leave will be considered in the calculation of pension at retirement</li> </ul>	<ul style="list-style-type: none"> <li>Employee contributions <b>may be maintained</b> or suspended during leave</li> <li>If employee contributions are maintained, employer contributions will also be maintained</li> </ul>
<b>Disability Leave</b>	<ul style="list-style-type: none"> <li><b>If</b> receiving benefits under any long-term disability plan sponsored by CMAT, <b>employee contributions are waived</b></li> <li>The period of disability will count toward the total credited service and the calculation of pension at retirement</li> </ul>	<ul style="list-style-type: none"> <li><b>If</b> receiving benefits under any long term-disability plan sponsored by CMAT, mandatory <b>employee contributions are waived and employer contributions are maintained</b></li> <li>If optional and/or additional employee contributions are maintained, optional employer contributions will also be maintained</li> </ul>
<b>Leave of Absence Without Pay</b>	<ul style="list-style-type: none"> <li>Pension participation is <b>suspended</b> during leave</li> </ul>	<ul style="list-style-type: none"> <li>Pension participation is <b>suspended</b> during leave</li> </ul>

# Additional Information

## RETIREMENT

- Inform direct manager and HRBP
- Contact pension plan administrator two (2) months before retirement date to avoid delay between last pay and first pension payment
- Meet with your financial planner for retirement planning

## TERMINATION OF EMPLOYMENT

- Inform direct manager and HRBP
- Termination documents should be sent to the home address of the participants one month after the deposit of the last pay

# Resources

## CAE CALL CENTER:

For any questions regarding CMAT's retirement plan:

Contact our **pension administrator** through our CAE Call Center at **1-888-878-9636**, after selecting your preferred language, **select option 3** or go to **www.caepension.com** website and in the top right corner of the page, **click on AskUs**.

## DESJARDINS FINANCIAL:

For any questions regarding the DC option, such as:

- Opening of an account
- Investment profile and investment options
- Options at retirement and termination

Contact **Desjardins** at **1-800-968-3587**

Access your profile: [www.dfs.ca/participant](http://www.dfs.ca/participant)

## SERVICE CANADA:

For questions regarding:

- Old age security pension (OAS)
- Guaranteed income supplement (GIS)

Contact **Service Canada** at **1-800-227-9914** or access their website for more information: [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)



Thank you!

**CAE**