



# CMAT Retirement Plan

Member's Handbook

Federal Registration Number: 57577

**CAE**

# Table of contents

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- 03 About The Program
- 04 Introduction
- 05 Eligibility
- 06 DB/DC Option
  - 06 Defined Benefit Plan
  - 06 Optional Defined Contribution Component
  - 07 Calculation of Pension Benefits
  - 09 Working Past Retirement – Deferred Pension
  - 09 Excess Contributions – The Fifty Percent Rule
  - 09 Your Payment at Retirement
  - 09 Normal Pension/Automatic Form
  - 10 Other Available Forms
  - 11 What happens if I leave the company?
  - 12 What happens if I die?
  - 13 What happens if I am absent from work?
- 14 DC Only Option
  - 16 What happens if I leave the company?
  - 16 What happens if I die?
  - 17 What happens if I am absent from work?
- 18 A Few Terms Defined

# About The Program

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Saving for retirement is an important part of developing and maintaining financial security later in life, when you are no longer working. The Retirement Plan for employees of the CAE Military Aviation Training division (the Plan) is designed to provide financial support to *Members* throughout their retirement, in combination with government plans and personal savings.

The program allows you to choose between two options, a Defined Benefit plan which includes an optional Defined Contribution component (DB/DC option) or a Defined Contribution plan (DC only option).

Upon enrollment, you will be required to make an **irrevocable decision** between the DB/DC option and the DC only option. If you do not make a decision, you will automatically be enrolled in the DC only option without the possibility of changing your option.

## Plan Administration

The Administrator is responsible for providing you with any information you need about the Plan. When enrolling in the Plan, you will receive a written description of the Plan terms, any changes that affect you, along with your rights and obligations under the Plan and the law.

## Terms Defined

You can find clarification on all italicized terms in the Terms Defined section on page 18 of this booklet.

## Have a question?

If you have any questions about the Plan, would like clarification or a copy of the full, detailed, and legal Plan text contact the CAE Call Center at 1-888-878-9636.

# Introduction

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## Where to Find Detailed and Official Plan Information

This booklet briefly describes the Retirement Plan for employees of the CAE Military Aviation Training division. It is **intended as a summary only**. Full details are set out in the official legal Plan documents. You can review these documents by contacting the CAE Call Center at 1-888-878-9636. **In the event of any discrepancy, benefits will be paid according to the terms of the legal documents and government regulations.**

## What is a Defined Benefit Plan?

A Defined Benefit (DB) Plan provides you with a pension calculated according to a set formula based on your *Average Earnings and Credited Service*. Your pension at retirement is guaranteed according to the formula. It is up to CAE Military Aviation Training division (CMAT) to pay to the pension *Fund* all amounts required to ensure that, together with member contributions and investment returns, the *Fund* will be sufficient to provide for the payment of the pensions for all members of the plan. As a *Member* of this Plan, you have the security of knowing what to expect at retirement.

## What is a Defined Contribution Plan?

A Defined Contribution (DC) Plan is a type of pension plan where both the *Member* and CMAT make contributions on a regular basis. Investments are primarily directed by you, the *Member*, from options made available to you in the Plan. CMAT matches a percentage of the earnings you contribute. The amount you are able to contribute, and the amount CMAT matches are defined in the Plan text. As a *Member* of this Plan, you have more flexibility in determining how much you save, and how to invest for retirement.

## Annual Statements

For the Defined Benefit plan, you will receive a pension statement each year within nine months after the end of the plan's fiscal year. This statement provides important information for your retirement planning such as your accrued pension and your estimated projected pension at retirement.

For the Defined Contribution plan, you will receive on a quarterly basis a statement showing important information such as your contributions, CMAT contributions, and investment returns.

# Eligibility

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## Permanent and temporary employees

You **must** enroll in the Plan on the first pay period after you have completed 4 weeks of continuous service.

## On-call employees

You **must** enroll in the Plan on January 1<sup>st</sup> following the year you meet 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

When enrolling in the Plan, you must complete your online enrollment on the Administrator website within 30 days of your hire date (or eligibility date if you are not eligible on your date of hire) or your pension election will be defaulted to the DC only option and will be irrevocable.

# DB/DC Option

## Defined Benefit Plan

### Contributions to the DB Plan

Your **required** contribution to the DB plan is equal to 1.5% of your *Pensionable Earnings*.

CMAT pays to the pension Fund all amounts required to ensure that, together with member contributions and investment return, the Fund will be sufficient to provide for the payment of the pensions for all members of the plan.

#### EXAMPLE

The chart below shows the annual member contributions based on Pensionable Earnings of \$65,000 and \$83,000

Pensionable Earnings	\$65,000	\$83,000
Contribution Calculation	1.5% of \$65,000 = \$975	1.5% of \$83,000 = \$1,245
Total Contributed	\$975 per year	\$1,245 per year

## Optional Defined Contribution Component

You may also make optional *Supplementary Contributions* to the Plan that will be credited to a separate account. These contributions are paid through payroll deductions equal to 1%, 2%, or 3% of your *Pensionable Earnings*. CMAT will contribute an amount equal to your own contributions. It is up to you to decide how the *Supplementary Contributions* and the corresponding contributions from CMAT are invested among the investment vehicles available to you. For more information about these investment vehicles, please review the Desjardins Insurance documentation available in your account, accessible via [dfs.ca/GroupPlanMember](https://dfs.ca/GroupPlanMember) or the Omni Desjardins app, under My Statements and documents > Forms and documents or contact Desjardins Insurance at 1-800-968-3587.

You may suspend or modify your optional *Supplementary Contributions* at any time. All you have to do is to log on your account on [www.eepoint.com/caecan](https://www.eepoint.com/caecan) website, go to the Manage Plan section > Contribution Options and make the desired changes.

# Calculation of Pension Benefits

## Normal Pension under the DB plan

Your *Normal Retirement Date* is the first day of the month coinciding with or following your 65<sup>th</sup> birthday.

If you retire on your *Normal Retirement Date*, you will receive an annual pension equal to 1% of your *Average Earnings*, multiplied by your years of *Credited Service*.

### EXAMPLE

The chart below shows the annual pension based on Average Earnings of \$70,000 and 20 years of Credited Service.

Average Earnings	\$70,000
Calculation	1% of \$70,000 = \$700 \$700 x 20 = \$14,000
Total Annual Pension	\$14,000 per year \$1,167 per month

## Optional DC component

The total of your accumulated contributions together with CMAT’s contributions and investment return may be used to buy a pension when you retire. The amount of your pension will depend on:

- The total amount accumulated at retirement
- Your age and sex
- Interest rates at the time your pension is bought from an insurance company

## Maximum Pension Amount

CMAT’s Retirement Plan is a Registered Pension Plan, governed by pension legislation and subject to the rules of Canada’s Income Tax Act. As a result, there are limits to the amount of retirement income that can be paid to you from this Plan. The limits that are determined by the Income Tax Act change year over year. When calculating your benefit, the applicable limits are determined as of the wind-up date to your retirement. For information on your maximum pension amount, see the full Plan text or visit the Canada Revenue Agency website [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).

## Early Pension

Under the Plan, you are eligible to retire as early as 50. Your pension under the Defined Benefit plan will be based on your *Average Earnings and years of Credited Service* at the date of your early retirement.

When you elect early retirement, your pension is normally reduced to account for the longer period over which it is expected to be paid.

However, your pension will not be reduced if you retire:

- From age 60, or
- From age 55, if you have at least 35 years of Continuous Service.

If you retire between 55 and 60 and you have not completed 35 years of *Continuous Service*, your pension will be reduced as follow:

Age at retirement	% of your accumulated pension
59	95%
58	90%
57	85%
56	80%
55	75%

You may also elect to retire as early as 50. In such case, the immediate pension you will receive will be the *Actuarial Equivalent Value* of the pension payable at 60.

## Bridging Benefits

If you retire early, and you are at least 60, or 55 with 35 years of *Continuous Service*, you will be entitled to receive a temporary pension, payable monthly, commencing on your *Early Retirement Date*, and payable until you are 65, or until death if earlier. This temporary annual pension is equal to 0.5% of your *Average Earnings* up to the *Average YMPE* multiplied by your years of *Credited Service*.

If you retire before 60 with less than 35 years of continuous service, your temporary pension will be *Actuarially Reduced*.



## Working Past Retirement – Deferred Pension

If you continue working for CMAT past your *Normal Retirement Date* your contributions to the Plan will be maintained and your pension will be deferred. An annual pension that starts on your *Deferred Retirement Date* will be adjusted to account for the postponed period.

If you defer your pension, and your earnings are lower than what you earned in the 12 months before your 65<sup>th</sup> birthday, you may choose to receive, once a year, some or all of or your pension up to the amount necessary to offset the reduction in your earnings.

## Excess Contributions – The Fifty Percent Rule

As required by the legislation, your required contributions with interest under the DB plan may not provide for more than 50% of the *Actuarial Equivalent Value* of your pension. Thus, in the event of termination of employment, death prior to retirement, or retirement, any excess contributions will be used to buy a supplementary pension, payable in the same form as your normal pension.

## Your Payment at Retirement

When you retire, you will receive equal monthly pension payments on the first day of every month. Income taxes will be deducted from each monthly payment.

You can receive your pension payment in a variety of ways. The standard form of payment is called the Normal Pension or Automatic Form. There are also other optional forms that may work better for you. See below for all your payment options.

## Normal Pension/Automatic Form

### Normal Pension - If you do not have a spouse at the time of retirement

If you do not have an eligible *Spouse* at the time of your retirement, the *Normal Pension* is a lifetime pension guaranteed for 36 months. Should you die before the end of the 36-months guaranteed period, the pension will continue to be paid to your designated *Beneficiary* until the end of the guarantee period.

### Automatic Form - If you have a spouse at the time of retirement

If you have an eligible *Spouse* at the time of your retirement, the law requires that you select a joint and survivor pension, where 60% of your pension continues to be paid to your eligible *Spouse* after your death. To account for this additional pension, your own pension will be reduced to 88% of your accumulated pension. Note that your pension will be further reduced if your eligible *Spouse* is more than 10 years younger than you.

If you have an eligible *Spouse* at retirement but wish to select a less generous form of pension, your *Spouse* must waive the right to the 60% pension in writing.

## Other Available Forms

### Lifetime Pension with a Guarantee of 120 Payments

This pension is the *Actuarial Equivalent Value* of your *Normal Pension*. This pension is a lifetime pension guaranteed for 120 months. Should you die before the end of the 120-month guaranteed period, the pension will continue to be paid to your *designated Beneficiary* until the end of the guarantee period.

### Modified Joint and Survivor 50% Pension

This pension is equal to 90% of your *Normal Pension*. This pension is paid for your lifetime. Should you die, 50% of your pension will continue to be paid to your eligible *Spouse* for his or her lifetime. Note that this pension will be further reduced if your eligible *Spouse* is more than 10 years younger than you.

### Modified Joint and Survivor Pension of 60% with a Guarantee of 120 Payments

This pension is the *Actuarial Equivalent Value* of your *Normal Pension*. This form of pension guarantees 120 monthly payments including a pension payable to your eligible *Spouse*. If you have not received the full guaranteed payments when you die, the remaining payments will continue to be made to your eligible *Spouse*, or your *designated Beneficiary* if you no longer have an eligible *Spouse*, in equal monthly instalments. Should the guaranteed period expire, 60% of the pension you were receiving will be paid to your eligible *Spouse* for his or her lifetime. Should you die before your eligible *Spouse* and after receiving the guaranteed number of payments, your eligible *Spouse* will receive 60% of the pension you were receiving at the time of your death.

### Modified Joint and Survivor Pension of 100%

This pension is equal to 82% of your *Normal Pension*. This pension is paid for your lifetime. Should you die, 100% of your pension will continue to be paid to your eligible *Spouse* for his or her lifetime. Note that this pension will be further reduced if your eligible *Spouse* is more than 10 years younger than you.

# What happens if I leave the company?

## If your employment ends before age 55

If your employment ends before 55 for reasons other than retirement or death, you are entitled to a deferred pension starting at 60. You can choose to receive your deferred pension as early as 50. If you decide to retire between 50 and 60, the immediate pension you will receive will be the *Actuarial Equivalent Value* of the pension payable at 60. You will also be entitled to an *Actuarially Reduced* bridging benefit.

You may also elect to transfer the lump sum value of your deferred pension from the Plan to any of the following retirement vehicles:

- A locked-in instrument vehicle prescribed by the Income Tax Act; or
- The pension plan of another employer, if the plan accepts transfers; or
- An insurance company in order to buy a lifetime pension.

## If your employment ends at age 55 or later

The value of your pension must stay in the plan. You are entitled to receive a deferred pension starting at 60. You may also choose to receive an early retirement pension as described in the Early Pension section.

However, if you are 60 or older at your date of termination, or if you are 55 or older with 35 years of *Continuous Service*, you are entitled to an immediate pension without any reduction. You will also be entitled to the bridging benefit

### Optional DC Component

Should you terminate your employment, you will be entitled to transfer the value of your contributions and the matching CMAT contributions accumulated with interest under the optional DC component to a prescribed instrument vehicle authorized by the Income Tax Act.

# What happens if I die?

## Before You Retire

Should you die before retirement, your surviving *Spouse* (or your *Children* under 18 if you do not have a surviving *Spouse*) will receive a pension equal to 50% of the pension accumulated at the date of your death. In lieu of this pension, your *Spouse* may elect to receive a cash refund of the value of your pension accumulated at the date of your death. If you do not have a *Spouse* or *Children* under 18 at the time of your death, your *designated Beneficiary* will receive a cash refund of the value of your pension accumulated at the date of your death.

### Optional DC Component

Should you die before retirement, your *Spouse* will be entitled to either receiving a cash refund or transferring the value of your contributions and the matching CMAT contributions accumulated with interest under the optional DC component. If you do not have a *Spouse* at the time of your death, the benefit becomes payable to your *designated Beneficiary*.

## After You Retire

Should you die while receiving pension benefits from the Plan, a death benefit might be paid to your *Spouse*, *Beneficiary* or estate according to the form of pension payment you chose at retirement.

# What happens if I am absent from work?

## Maternity, Paternity, Adoption or Parental Leave

During the leave, your pension and *Credited Service* under the DB plan stop accumulating unless you elect to maintain your contributions. You may also continue or suspend your optional *Supplementary Contributions* under the DC component. If you maintain your contributions, CMAT contributions will also be maintained. Please refer to the Maternity, Paternity and Related Leaves policy for more details.

## Apprentice Leave

During the leave, your pension and *Credited Service* under the DB plan stop accumulating unless you elect to maintain your contributions. You may also continue or suspend your optional *Supplementary Contributions* under the DC component. If you maintain your optional *Supplementary Contributions*, CMAT contributions will also be maintained. If you elect to continue contributing to the Plan, your contributions will be taken from your supplementary allowance.

## Disability Leave

If you become disabled, as certified by a medical practitioner, and are receiving benefits under any long-term disability income insurance sponsored by CMAT or under any government sponsored program, you are not required to contribute to the Plan. The period of disability will count towards your total years of *Credited Service* and your pension benefits, as if you had worked and contributed to the Plan during that time based on your annual base salary on the date you became disabled.

## Optional DC Component

Your contributions are suspended when you are on long-term disability. If you wish, you may continue to make contributions with post-dated cheques. In this case, CMAT's contributions will also be maintained.

## Leave of Absence without Pay

Your pension and *Credited Service* under the DB plan as long as your optional *Supplementary Contributions* under the DC component (if any) will be suspended.

# DC only option

If you elect to participate to the DC only option, you and CMAT will make contributions to the plan based on your *Pensionable Earnings*. These contributions come out through payroll deductions and are based on the total of your age and years of *Continuous Service* as indicated in the table below.

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%

You may suspend or modify your optional or additional contributions at any time. All you have to do is log on your account on [caepension.com](http://caepension.com) website, go to the Manage Plan section > Contribution Options and make the desired changes.

It is up to you to decide how your contributions and the corresponding contributions from CMAT are invested among the investment vehicles available to you. For more information about these investment vehicles, please review the Desjardins Insurance documentation available in your account, accessible via [dfs.ca/GroupPlanMember](http://dfs.ca/GroupPlanMember) or the Omni Desjardins app, under My Statements and documents > Forms and documents or contact Desjardins Insurance at 1-800-968-3587.

### EXAMPLE

The example below shows the contribution amounts for a person 45 years of age, enrolled in the DC only option, with pensionable earnings of \$70,000, and 15 years of Continuous Service.

Pensionable Earnings	\$70,000
Points	45 (Age) + 15 (Continuous Service) = 60
Mandatory DC Contributions	5% or \$3,500 per year
CMAT Match on Mandatory Contributions	6% or \$4,200 per year
Optional Contributions Maximum	an additional 4% or \$2,800
CMAT Match on Optional Contributions	50% of \$2,800 or \$1,400
Additional Contributions (no CMAT Match)	\$700
Total Contributed to the DC only Option	\$12,600 per year

In total, this *Member* may contribute a maximum of 10% of his *Pensionable Earnings*. CMAT will match the mandatory 5% contribution at 6%, and contribute 50% of the optional contributions he makes up to 4%. If he contributes the maximum amount he is entitled to, CMAT is contributing a total of 8% of his *Pensionable Earnings*.

### Calculation of your Pension

The total of your accumulated contributions together with CMAT’s contributions and investment return may be used to buy a pension when you retire. The amount of your pension will depend on:

- The total amount accumulated at retirement
- Your age and sex
- Interest rates at the time your pension is bought from an insurance company

## What happens if I leave the company?

You may choose to transfer the value of your mandatory and optional contributions and CMAT's matching contributions with interest to any of the following retirement vehicles:

- A locked in instrument vehicle prescribed by the Income Tax Act; or
- The pension plan of another employer, if the plan accepts transfers; or
- An insurance company in order to buy a lifetime pension.

Also note that additional contributions may also be transferred in a RRSP.

## What happens if I die?

### Before You Retire

Should you die before retirement, your *Spouse* will be entitled to either receiving a cash refund or transferring the value of your contributions and the matching CMAT contributions accumulated with interest. If you do not have a *Spouse* at the time of your death, the benefit becomes payable to your designated *Beneficiary*.

### After You Retire

Should you die after retirement, a death benefit might be paid to your *Spouse*, *Beneficiary* or estate according to the form of pension payment you chose at retirement.



# What happens if I am absent from work?

## **Maternity, Paternity, Adoption or Parental Leave**

You may continue or suspend your contributions to the Plan. If you maintain your contributions, CMAT contributions will also be maintained. Please refer to the Maternity, Paternity and Related Leaves policy for more details.

## **Apprentice Leave**

If you elect to continue contributing to the plan, your contributions will be taken from your supplementary allowance, and CMAT contributions will be maintained.

## **Disability Leave**

If you become disabled, as certified by a medical practitioner, and are receiving benefits under any long-term disability income insurance sponsored by CMAT or under any government sponsored program, your mandatory contributions will be suspended and CMAT's mandatory contributions will be maintained. If you wish, you may continue to make your optional and/or additional contributions with post-dated cheques. In this case, CMAT's optional contributions will also be maintained.

## **Leave of Absence without Pay**

Your pension participation will be suspended during your leave.

# A Few Terms Defined

For full descriptions, please see the full Plan text available to you from your *Administrator*.

**Actuarial Equivalent Value:** equivalent value of the pension, calculated based on interest and mortality assumptions recommended by an actuary

**Actuarially Reduced:** a decrease in the amount of benefit a Member may receive, calculated based on assumptions and recommendations provided by an Actuary

**Administrator:** CAE

**Average Earnings:** highest average pensionable earnings in the 156 consecutive weeks of continuous service in the last 520 weeks before retirement, termination or death

**Average YMPE:** average YMPE for the last three years before retirement

**Beneficiary:** person(s) identified by you to the Administrator as the recipient(s) of payment in the event of your death that are not payable to your spouse or child

**Children:** the Member's children, including a child that the Member has legally adopted. In addition, at the time of his or her death, the Member must have been supporting the children, who must be under the age of 18

**Continuous Service:** the period of time a Member has been member of the Plan irrespective of periods of temporary interruption or authorized leave

**Credited Service:** the period of Continuous Service a Member has contributed to the Plan

**Deferred Retirement Date:** the first day of the month following the day on which you retire, after the Normal Retirement Date. You must retire or be presumed to have retired under the Plan on or before December 1 of the calendar year in which you turn 71, or any other age limit as specified by the Income Tax Act

**Early Retirement Date:** the first day of any month in the 15 years preceding the Normal Retirement Date

**Fund:** the Fund established by the Administrator from time to time in order to provide for payment of the payments in the Plan

**Member:** an employee who participates in this Plan, a Retired Member or any Non-Active Member who retains entitlements under this Plan

**Normal Pension:** the Normal Pension is a lifetime pension guaranteed for 36 months

**Normal Retirement Date:** the first day of the month in which you turn 65 or the first day of the month that follows

**Pensionable Earnings:** include base salary, overtime pay and premiums. Excluded are payments related to incentive plans, living expenses and allowances, disability benefits, royalties, payment of unused vacation days and other payment of a similar nature

**Spouse:** An individual, who, once you begin to collect your pension or pass away, whichever occurs first, meets one of the following conditions:

- (i) a person who has been living with you in a conjugal relationship continuously for a period of one year or more; or
- (ii) if there is no one who meets the definition in paragraph (i), a person who is married to you or is in a valid marriage with you

**Supplementary Contributions:** contributions to the optional DC component when you are enrolled to the DB/DC Option

**Yearly Maximum Pensionable Earnings (YMPE):** the maximum pensionable earnings for the Fiscal Year as defined by the provisions of the Canada Pension.

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