



CAAT PENSION PLAN

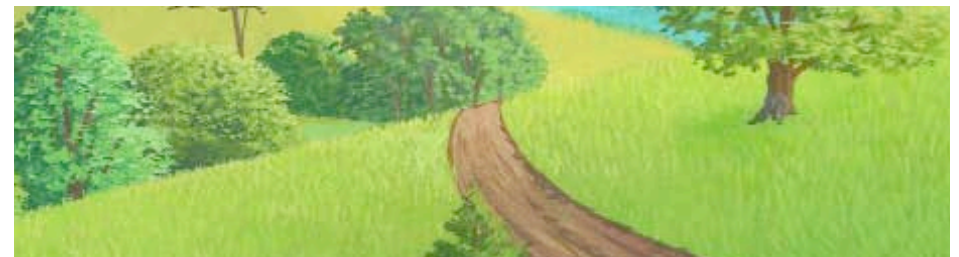
Ask for these pamphlets that explain other provisions of the CAAT Plan:

- *Disability and your pension*
- *Transferring service*
- *Other Than Regular Full-Time employment*
- *Retiring early: the 50/20 option*
- *Collecting a deferred pension or reducing your pension*
- *Collecting an unreduced pension*
- *Planning to leave your job or retire? (discusses normal retirement and termination options)*
- *Purchasing Past Service: A Buyer's Guide*



## WHEN AN ACTIVE PLAN MEMBER DIES

*The CAAT Pension Plan's main purpose is to pay pensions to Members once they retire. The Plan also makes sure that your Beneficiaries are protected upon your death. Knowing in advance what to expect from the Plan can help your loved ones during a difficult time. This pamphlet explains the benefits your Spouse, Children and Beneficiaries could be eligible to receive if you were to die before you retire, as an active Plan Member.*



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## Survivor Benefit Entitlement

All Plan Members who are entitled to a pension also have a right to some form of Survivor Benefit for their Beneficiaries when they die. This includes Members who die while employed at a College as well as

those who are on an approved leave of absence or disability leave. The Beneficiaries of former Members who left the Plan and are eligible to receive a deferred pension are also entitled to a Survivor Benefit.

### If you are not Vested

If you have been a Member for less than two years or have completed less than two years of Pensionable Service, you are not Vested. This means you are not yet entitled to receive a pension benefit when you retire. It also means that if you die, your Spouse or Beneficiary is not entitled to collect Survivor Benefits. Instead, they will receive a refund of the contributions you have made to the Plan during your membership, plus interest.

In order to receive the refund, your Spouse or Beneficiary will have to complete a TRD Pension Claim form, sign it, and return it to your College. The CAAT Plan will send a Pre-Retirement Death Benefit Option Document, which must be completed and returned to the Plan along with any supporting documents that may be required.

### If you are Vested

Once you become Vested in the Plan, the benefits available to your Survivors depend largely on whether or not you have a Spouse or eligible Children.

Survivor Benefits are paid according to a specific order of eligibility:

- **Your Spouse**
- **Your Eligible Children**
- **Your Beneficiary**

For the details of each of these cases, see the examples starting on the next page.

## You have a Spouse (with or without Children)

Pension law dictates that if you have a Spouse, he or she is your Beneficiary and will collect a Spousal Pension when you die. This entitlement is based on the benefit you earned during your Membership in the Plan.

Your Spouse, for the purposes of the Plan, is the person of the same or opposite sex to whom you are married or with whom you are living in a common law, conjugal relationship. You and your Spouse must not be living separate and apart at the time of your death.

Your Spouse has a few options for the collection of the Spousal Benefit:

### 1. An immediate pension

The benefit is paid as a monthly pension directly to your Spouse's bank account via direct deposit. The Spousal Pension is based on the actuarial equivalent of the pension you earned during your membership in the Plan and also takes into consideration your Spouse's age. Your Spouse will begin collecting the benefit on the first day of the month following your death and will receive it for his or her lifetime. Spousal pensions are subject to any increases which may be granted each year due to indexation.



## **2. A deferred pension payable when your Spouse turns 65**

Rather than an immediate pension, your Spouse may opt to collect a pension starting at the age of 65. The deferred Spousal Pension is calculated the same way as the immediate pension. Payments begin when your Spouse turns 65 and continue until your Spouse's death. This deferred pension is also subject to increases each year due to indexation.

In the event that your Spouse dies before starting the deferred Spousal pension, the Beneficiary of your Spouse will receive the Commuted Value of the Spousal pension in one payment. (The Commuted Value is an actuarial calculation of what your future pension is worth today in a lump sum). If your Spouse does not stipulate a Beneficiary, any entitlement will go to his or her Estate.

## **3. Immediate lump sum payment**

Your Spouse may choose to receive a lump sum payment rather than collecting a pension. This benefit is the Commuted Value of the benefit you earned during your membership in the Plan. It can be taken as a cash payout that is taxable to your Spouse. Your Spouse may choose

instead to take the amount as a transfer into another eligible pension plan (if that plan allows) or into his or her RRSP or another retirement arrangement. Such transfers are tax-exempt, subject to the approval of the Canada Revenue Agency.

### **How to collect the Spousal Benefit**

Regardless of how your Spouse chooses to receive the benefit, he or she will have to complete and sign a TRD Pension Claim form and return it to your College. The CAAT Plan will send a Pre-Retirement Death Benefit Option Document, which must be completed and returned to the Plan along with a death certificate and, if required, proof of age.

If your Spouse chooses an immediate pension, the Plan will require a void cheque from his or her bank account as well as federal and provincial TD1 forms for income tax purposes. If your Spouse chooses the RRSP transfer option, the Plan will also require a completed T2151 form. The CAAT Plan sends these tax forms to your Spouse.

## **You have eligible Children but no Spouse**

If you do not have a Spouse, your eligible Child will receive a Children's pension upon your death. This benefit is equal to 50% of the pension you earned during your Plan membership, up until your death.

To be eligible, your son or daughter must be your biological or adopted Child who is under the age of 18 and dependent on you for support. If you have two or more eligible Children, they will share the benefit until they turn 18. When the oldest turns 18, he or she is no longer eligible, and the balance of the benefit is re-divided among the remaining eligible Children.

A Guardian - the person who is legally responsible for the care of the Children - will collect the benefit on their behalf. The Guardian can be an individual stipulated in your will or assigned by the courts upon your death.

In addition to the Children's pension, your Beneficiary (or your Estate if you have not named one) will receive a lump sum payment. This payment is equal to the Commuted Value of the pension you accumulated up to your death, minus the Commuted Value of the benefit the Children are entitled to receive.

### **How to collect the Children's pension and lump sum benefit**

Your Children's Guardian and your Beneficiary must submit completed and signed TRD Pension Claim forms to your College. The Plan will send Pre-Retirement Death Benefit Option Documents, which must be completed and returned, along with a certificate of death and any supporting documents. In order to begin payment of the Children's pension, a void cheque from the Guardian's account and proof of age of the Children will be required. The Guardian must also provide written confirmation that there is no Spouse and that the Children were dependent on you.

## **You have no eligible Children and no Spouse**

Your Beneficiary is the person (or persons) chosen by you to receive benefits upon your death. If you have a Spouse, he or she is automatically your Beneficiary. However you may still wish to designate another individual to collect Survivor Benefits. By doing so, in the event that you and your Spouse die at the same time, or your Spouse dies before collecting his or her entitlement, a benefit will go to the person of your choice, rather than to your Estate.

A Beneficiary can be anyone you choose – a child or other relative, a family friend or associate. If you name more than one Beneficiary, the benefit will be split among them in the manner dictated by you.

Your Beneficiary (or if there is no Beneficiary, your Estate) is eligible to receive a lump sum payment upon your death. This payment is equal to the Commuted Value of the pension that you accumulated during your Plan Membership.

### **How to collect the lump sum benefit**

To receive the lump sum payment, your Beneficiary must submit a completed and signed TRD Pension Claim form to your College. The Plan will send a Pre-Retirement Death Benefit Option document, which must be returned to the Plan along with a certificate of death and any supporting documents that may be needed. Your Beneficiary must provide the Plan with proof of your age as well as written confirmation that there is no Spouse or eligible Children.

## **The importance of your Beneficiary**

If you have no Spouse or eligible Children, designating a Beneficiary is an important part of retirement planning. Without one, any Survivor Benefits and Excess Contributions owed to you will go to your Estate, which may or may not be in accordance with your wishes. You may have already named a Beneficiary on your Pension Membership Enrolment form when you joined the Plan. If you did not, or if you wish to change or update your Beneficiary, contact your College to request a Pension Membership Change of Information or Beneficiary form. You can also use this form to keep the Plan up to date on any change to your marital status that may occur during your membership.

## **Your Spouse dies while collecting a pension**

Your Spouse's pension will continue until his or her death, at which point it will stop. There is, however, a possibility that your Spouse's Beneficiary will be eligible to receive Survivor Benefits upon your Spouse's death. If your Spouse dies before 60 months worth of pension payments have been made, a payment of the difference between that amount and the amount your Spouse received will be made to your Spouse's Beneficiary or Estate.

## **Excess Contributions**

If, when you die, you are entitled to receive Excess Contributions, they will be paid to your Spouse or Beneficiary in a lump sum. Excess Contributions are refunded when the total amount of the contributions you made during your Membership (plus interest) exceeds 50% of the Commuted Value of your benefit.



## **Change in marital status**

A change in your marital status may have an effect on Survivor Benefits. If a marriage, separation or divorce occurs during the course of your membership, it's important to contact your College's Human Resources department to discuss the procedure to follow. If your Spouse wishes to revoke his or her rights to the Spousal pension, the request must come directly from your Spouse. It is in your Spouse's best interest to receive independent legal counsel before making this decision.