



How soon can I retire?

Each CAAT Plan Member will answer this question differently. The main things you will have to determine are, how much income you will need to enjoy the kind of retirement you want to have, and how close you are to achieving that income.

The CAAT Pension Plan has several early retirement provisions for Members who qualify. The provision with the earliest possible retirement date is retirement at age 50, for Members who have 20 years of Pensionable Service. Within the Plan, this is known as the "50/20 provision."



Taking a pension

Currently, when you leave your employment under the 50/20 provision, you have more options for your pension benefit than under the Plan's other early retirement provisions. You have the choice of a retirement pension, either immediate or deferred, or of a termination option to transfer the Commuted Value of your benefit.

Note that this Commuted Value transfer option will cease to be available after the end of 2012.

Early Retirement Pension

Under the retirement option, you may qualify for a reduced Early Retirement Pension. The reduction would be 3% multiplied by the number of years and part years that you are retiring before the earliest point in time that you would qualify for an unreduced pension (either age 65 or one of the Plan's two early retirement provisions, the 85 Factor or the 60/20 Rule). This is a permanent reduction to your pension payment, but it should not be viewed as a penalty. It represents an assumption that since you are retiring younger, you will collect your pension over a longer period of time.

Deferred Pension

If you do not want to start an immediate pension, you could choose a deferred pension. In this case, you leave your benefit in the CAAT Plan and start collecting a pension later, at a date of your choosing (it must be by the time you reach age 65).

Note that if you choose to start your deferred pension before reaching age 65, it will also be reduced to reflect the extended length of time you are expected to collect it. In the case of a deferred pension, the reduction factor is higher – 5% for each year you are away from age 65, rather than the 3% per year reduction you would have with an Early Retirement.

Taking a Commuted Value transfer

Your benefit leaves with you

If you do not wish to receive a pension from the CAAT Plan and you are under age 55, you would then have the termination option to consider, up to the end of 2012. In this case, you can transfer the Commuted Value of your pension benefit out of the Plan. The Commuted Value is the amount that your pension is worth today, in a lump sum. You cannot take this money to spend as you like – you would be required to move it into a locked-in RRSP or another employer's pension plan, or use it to purchase a lifetime annuity. Keep in mind that you are entirely responsible for subsequent investment returns, and you will receive no other benefits from the CAAT Pension Plan. Once you reach age 55, the Commuted Value transfer is no longer an option.

There is a good chance in this situation that you will be subject to the maximum transfer amount set by the Canada Revenue Agency. This is a cap on the amount you can transfer on a tax-sheltered basis to a locked-in RRSP. There are a couple of things you can do with any difference between the cap and your Commuted Value. Whichever you choose, the amount would be taxed. You can take it as cash in a lump sum; or, you can receive it in the form of a temporary monthly pension. This monthly pension will have a set end date: no later than the date you reach age 65.

QUICK FACTS

Excess Contributions

When you take a deferred pension, or a Commuted Value transfer, there is another calculation to consider. The Plan compares 50% of your Commuted Value to the total of your own contributions plus interest. Contributions your College made on your behalf are not included. If your own contributions plus interest are more than 50% of your Commuted Value, then you are entitled to a refund of the difference. These Excess Contributions are payable only in cash, less tax.

Decisions, decisions

Although the Commuted Value option may be a good idea for some, keeping your pension benefit with the Plan has its advantages too. With a CAAT Plan pension, you receive a guaranteed retirement income without having to assume the investment risk. You will also have advantages such as Survivor Benefits, a Bridge Benefit (if you retire before age 65), and annual indexing if it applies.

You can discuss these options with your College's HR department. The College will give you the forms you need to start the pension process, and will help make sure you have accurately completed and signed a *TRD Pension Claim*. Once this is received, the Plan will send you a *50/20 Termination/Retirement Option Document*, on which you will specify your choice among the following.

Early retirement pension

Along with your signed option document, you will need to send *TD1* tax forms and a void cheque. If the required paperwork is completed in a timely manner, you should receive your first pension payment in the month following your retirement. Payments are made by direct bank deposit on the first business day of each month, and income tax will be deducted.

Deferred pension

Aside from your signed option document, no further forms are required until you decide to start your pension. You should contact the Plan again at that time. Note that you'll be deemed to have chosen a Deferred Pension if you don't return the forms before the deadline indicated on the option document.

Commuted Value transfer

Along with your signed option document, you will need to send a *CRA T2151* form, and a *Direction to RRSP/RPP Administrator form*. The Plan will send copies of these two forms for your use.

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