

# Financial security for life



Retiring at 65





## A pension for life

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As a member of the CAAT Pension Plan, you are entitled to a lifetime pension that is based on your earnings and service in the Plan.

Your “Normal” retirement date in the CAAT Plan is the last day of the month in which you turn 65. You can also choose to retire earlier or later than 65.

Retired members of the Plan enjoy valuable pension benefits:

- A monthly pension paid for life
- A lifetime survivor pension for your eligible surviving spouse
- Inflation protection to partially offset the rising cost of living

For many Canadians, the time they spend in retirement is longer than the time they spent in the workforce. For members of the CAAT Plan, that can be especially true, as our Plan members, on average, live longer than the general Canadian population.

Read on to learn how your CAAT Plan pension, in combination with your government pensions and your personal retirement savings, form the foundation of your secure retirement.

## Your pension at a glance

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Once you've applied for your pension from the CAAT Plan, you'll start receiving a monthly stream of income, paid by direct deposit. You'll receive your pension on the first calendar day of most months, (or earlier in some cases, if the first day of the month falls on a weekend or holiday.)

Along with a pension paid for the rest of your life, you'll have access to the following valuable benefits:

### **Survivor benefits**

When you die, your spouse receives a lifetime survivor pension equal to 60% of the pension you were receiving at the time of your death. If you are married when you retire, you can choose to lower the pension you receive so that your spouse can get a 75% survivor benefit.

Your retirement option documents will detail the pension amounts in both scenarios so you can make an informed decision.

For more information on survivor benefits, refer to our Survivor benefits pamphlet *Protecting your loved ones*.

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### **Inflation protection**

Your pension will increase each year that inflation protection is granted. Inflation protection helps offset the rising cost of living by providing an increase to pensions based on the changes in the Consumer Price Index (CPI).

Inflation protection is cumulative: once an increase has been granted to your pension, it is permanent. Any subsequent inflation protection increase will be added to your total pension from the previous year.

The years you earned your service in the Plan are a factor in determining your inflation protection increases, and those of your eligible spouse upon your death.

Each year in December, retired members are sent a notice that details the increase to their pensions (if any) as a result of inflation protection increases.

For more information on inflation protection, please refer to our inflation protection pamphlet *Enhancing an already valuable benefit*.

## Total retirement income

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Your CAAT Plan pension is an important piece of your total retirement income. It is a stable source of monthly income that will be paid to you for life. However it's important not to overlook the role other sources of income will play.

### Government pensions

#### ***Canada Pension Plan***

The Canada Pension Plan (CPP) provides a monthly benefit to retired Canadians who worked in Canada after age 18. The benefit is based on your CPP contributions through the years.

You can start collecting CPP payments as early as age 60 with a reduction, even if you continue working. If you start collecting CPP at age 65, there is no reduction, and if you wait even longer to start it, your CPP pension will be increased.

#### ***Old Age Security (OAS)***

OAS provides a modest monthly income to retirees who have lived in Canada for at least 10 years. Under the current rules, you can start collecting OAS at age 65. Starting in 2023, the age at which you can start collecting OAS will increase to 67.

If your income exceeds a certain threshold, some of your OAS payments will be clawed back. Lower income Canadians may be entitled to collect additional benefits such as the Guaranteed Income Supplement.

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For more information on government benefits, or to apply, contact Service Canada ([www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)).

### **Your personal savings**

Your personal savings are an important third component of your total retirement income.

Once you've retired, you will be able to start receiving income from the funds you contributed to your Registered Retirement Savings Plans (RRSPs), or other registered savings accounts.

There are a variety of options for the management and payment of your retirement savings that you will need to review carefully. You may wish to consult a financial advisor for the arrangement that's right for you.

By the end of the year in which you turn 71, you must have closed your RRSP and transferred your funds into some form of retirement income fund from which you must receive regular payments.

## Your retirement income and taxes

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Once you start receiving your monthly pension, you'll receive a T4A slip every year to use to complete and file your taxes. Most of your sources of retirement income are taxable, including your CAAT Plan pension, your benefits from CPP and OAS, and your payments from your RRSPs.

To avoid owing taxes after filing, you may choose to adjust the amount of tax deducted from one or more of your sources of income. To adjust the taxes deducted from your CAAT Plan pension, contact us directly to request Personal Tax Credits Return forms.

To save on taxes, you may also be able to take advantage of federal "tax splitting" provisions. These provisions allow Canadians who are married or in a common-law relationship, to allocate up to 50% of certain pension income to the lower-income spouse. This often results in a reduction of the couple's overall payable taxes.

Pension income splitting is done every year when you complete your income tax return, so it's a good idea to reassess your personal tax situation annually. Contact the Canada Revenue Agency for more information.



## What to expect

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### **Pension payments**

Your pension will be paid in equal monthly installments, via direct deposit on the first of every month. Inflation protection increases, when granted, will be added to your monthly pension payment as of January 1<sup>st</sup>.

### **Budgeting**

Most of your retirement income from various sources will be paid monthly. For budgeting purposes, it's important to know that your CAAT Plan Pension is paid on the first calendar day of the month, while government pensions such as CPP and OAS are paid near the end of the month.

### **Health care benefits**

When you retire, you may be eligible for some health insurance benefits with your current employer. These optional benefits are 100% paid by you, and you should apply for them when you retire. For further information, contact your employer's Human Resources department.

### **The latest news**

You'll receive the Retired Member newsletter by mail several times a year so you can stay informed. You can also sign up to receive Plan news, updates, and general information directly from the Plan via email. Visit our website to sign up!

## Making the leap

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### **Ready to retire? It's easy!**

As you approach 65, make sure your employer knows it's time to get the process started. Once the CAAT Plan has been notified of your retirement date, we'll provide you with all of your available pension options. You simply choose the right option for you, submit the appropriate paperwork, and we'll do the rest.

### **One final reminder...**

Well before you retire, be sure to investigate if there are any gaps in your pensionable service (e.g. an unpaid leave of absence) that you can purchase.

A purchase of service will mean a larger pension for you, so you must complete the purchase before you retire. Bear in mind that the cost of service purchases generally increase the older you are, and purchases take time, so the earlier you start planning, the better.





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