


Pension Plan Presentation For Local 229-1 and 229-3 (Aramark) Membership

CUPE


CUPE National Research
April 22nd, 2024



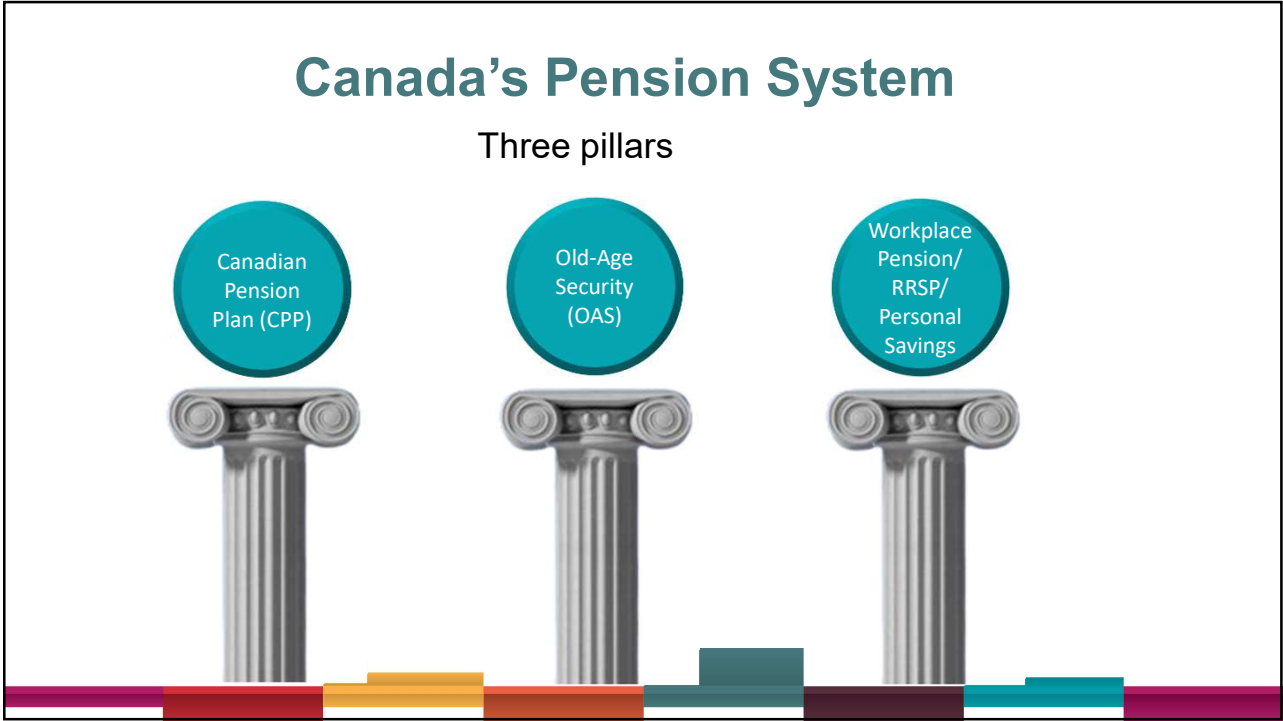
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Notes

- Presentation summarizes terms of different pension plan documents. If there are any inaccuracies between this presentation and the plan documents, the plan documents prevail.
- Pension projections are projections and not guarantees.
- High-level summary due to time—not covering all aspects of these plans.
- Presentation is not complete without commentary.
- We could meet with representatives from any of the plans if local wants.



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CPP and OAS Payments

CPP Average (as of January 2024)	= \$831.92 per month ¹
Max. OAS Amount (as of April 2024)	= \$713.34 (age 65 to 74) per month ²
	= \$784.67 (age 75 & over) per month ²

Note

CPP and OAS amounts can be different for each member depending on work and residency history.

¹CPP Government of Canada, <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

²OAS Government of Canada, <https://open.canada.ca/data/en/dataset/ff1e4882-685c-4518-b741-c3cf9bb74c3e/resource/51adb987-fecd-4890-9ac9-a184a9462b6e>

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Defined Benefit Pension Plan vs. RRSP

Defined Benefit (DB) Pension Plan

- Defined Benefit plans provide a guaranteed monthly income when you retire, and the risk is typically borne by the employer but can be shared in larger plans (i.e. OMERS, HOOPP, UPP).
- The plans use a benefit formula to calculate what your guaranteed monthly income will be. The formula can be different from plan to plan.

RRSP

- Not a pension but an investment tool designed with retirement savings in mind.
- RRSPs have no guarantees, risk lies with the worker and has much higher fees than pension plans.
- Investment returns are normally lower than with any pension.

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Possible Pension Plan Options

CAAT Pension Plan (CAAT DBPlus option)

University Pension Plan (UPP)

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	Current RRSP	CAAT DBPlus	UPP
TYPE OF PLAN	RRSP	Defined Benefit Pension Plan (with some Target Benefit features)	Defined Benefit Pension Plan (with some Target Benefit features)
CONTRIBUTION RATES	5.0% Employer matches	Collectively bargained Total between 10-18% (board can approve lower) Employer must pay at least half	9.2% up to YMPE 11.5% above YMPE Employer matches

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	Current RRSP	CAAT DBPlus	UPP
ELIGIBILITY	Members of the Local	Participating employer decides which class of employees are eligible to participate.	Full-Time Continuous: first day of the month (or first full pay period if paid bi-weekly) on or following the date you join a participating employer, or when you become full-time. Other Than Continuous Full-Time: first day of the month when you either earn at least 35% of the YMPE/or you work 700+ hours in a year.

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	Current RRSP	CAAT DBPlus	UPP
BENEFIT FORMULA	None Lump sum at retirement	Base Guaranteed Annual Pension = 8.5% x Contributions (could change) + Non-Guaranteed Annual Improvements (once awarded become guaranteed)	$\begin{aligned} & ([\text{Best Average Earnings up to aYMPE} \times 1.6\%]) \\ & + \\ & (\text{Best Average Earnings above aYMPE} \times 2.0\%) \\ & \times \text{Pensionable Service} \\ & = \text{Annual UPP Pension} \end{aligned}$ <p>NOTE: Best Average Earnings is best 48 months (non-consecutive)</p> <p>aYMPE: Average YMPE established by the federal government in the last 48 months before you retire</p>
INDEXATION	Likely DIY	Non-guaranteed @ 75% of CPI	Conditional Indexation @ 75% of CPI

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	Current RRSP	CAAT DBPlus	UPP
GOVERNANCE	Insurance Company	Joint Union / Employer (OPSEU, OCASA / Colleges)	Joint Union / Employer (CUPE, USW, FA/ University Admin.)
AGE OF RETIREMENT	N/A	65 Between 3-5%/year before 65, currently 3%	65 5%/year penalty before 65 (if you don't meet the unreduced early retirement requirements)
UNREDUCED EARLY RETIREMENT	N/A	N/A	Minimum Age 60 + Factor 80 (age + years of pensionable service)

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	Current RRSP	CAAT DBPlus	UPP
BENEFIT GUARANTEE?	No	Yes (on some but not all benefits)	Yes (on some but not all benefits)
SURVIVOR BENEFITS	N/A	Joint and Survivor Benefit (60%) Life Pension with 5-Year Minimum	Joint and Survivor Benefit (50%) (Options available to increase to 60%, 80% or 100%) Life Pension with 10-Year Minimum
RISK POOLING?	No	Yes	Yes

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Current Member Contributions to RRSP				
Hourly Rate	Hours per Week	Contribution Rate	Member Contribution Amount per Year (8 months)	Bi-Weekly Amount
Full-Time Members				
\$22/hr	37.5	5.0%	\$1,320.00	\$50.77

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Contribution Comparison of CAAT

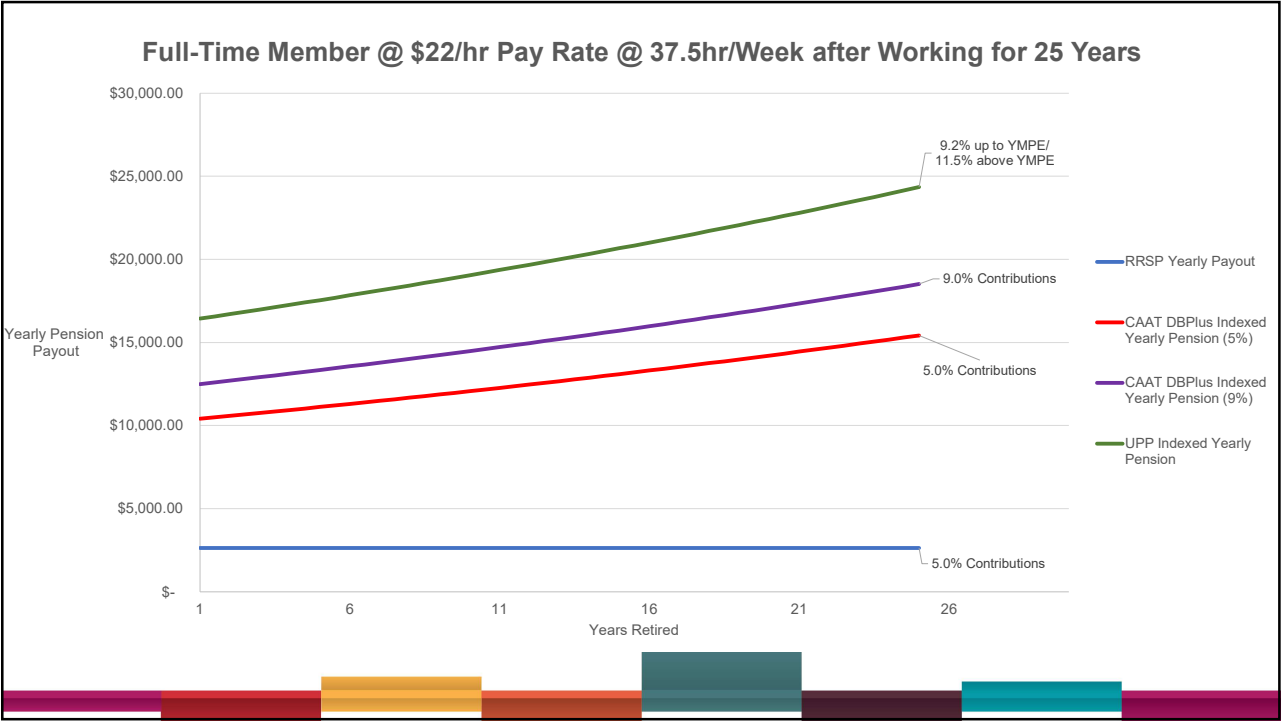
Hourly Rate	Contribution Rates	Bi-Weekly Amounts		Difference per Paycheck
		Current RRSP	CAAT DBPlus	
Full-Time Members				
\$22/hr @ 37.5hr/week	5.0%	\$50.77	\$50.77	-
Full-Time Members				
\$22/hr @ 37.5hr/week	9.0%	\$91.38	\$91.38	\$40.61

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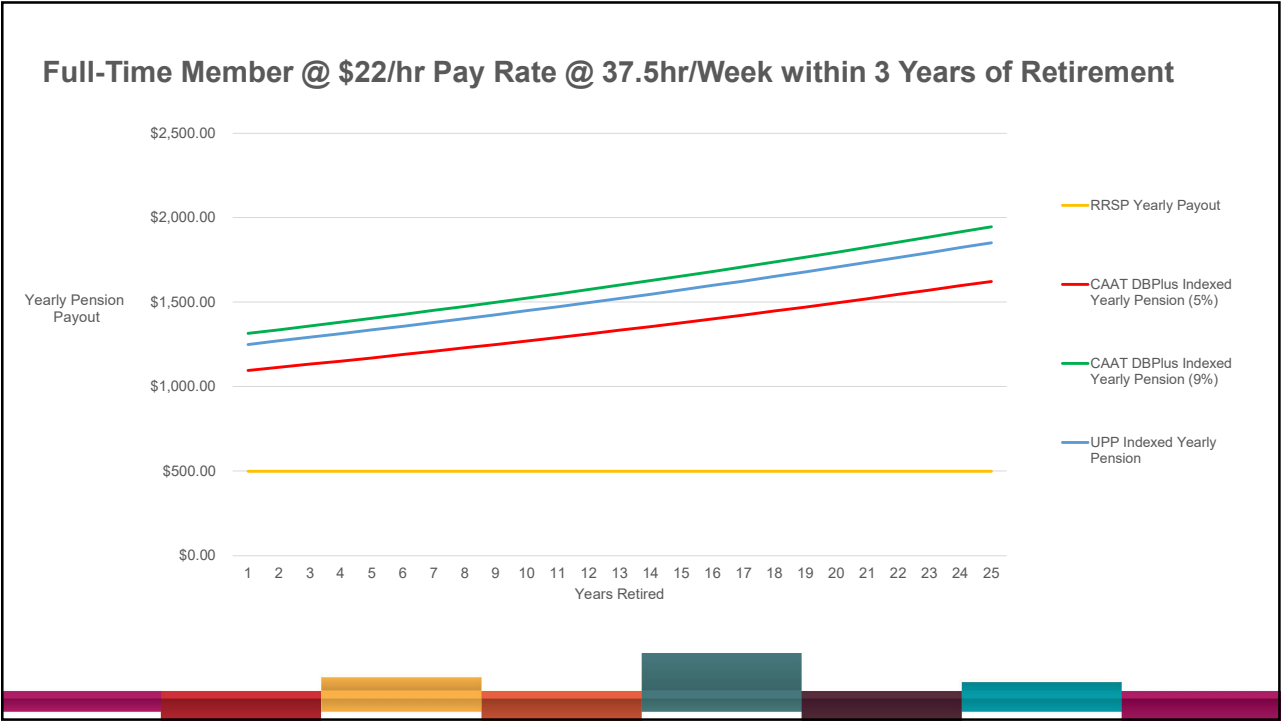
Contribution Comparison of UPP

Hourly Rate	Contribution Rates		Bi-Weekly Amount		Difference per Paycheck
	Current RRSP	UPP	Current RRSP	UPP	
Full-Time Members					
\$22/hr @ 37.5hr/week	5.0%	9.2% up to YMPE 11.5% above YMPE	\$50.77	\$93.42	\$42.65

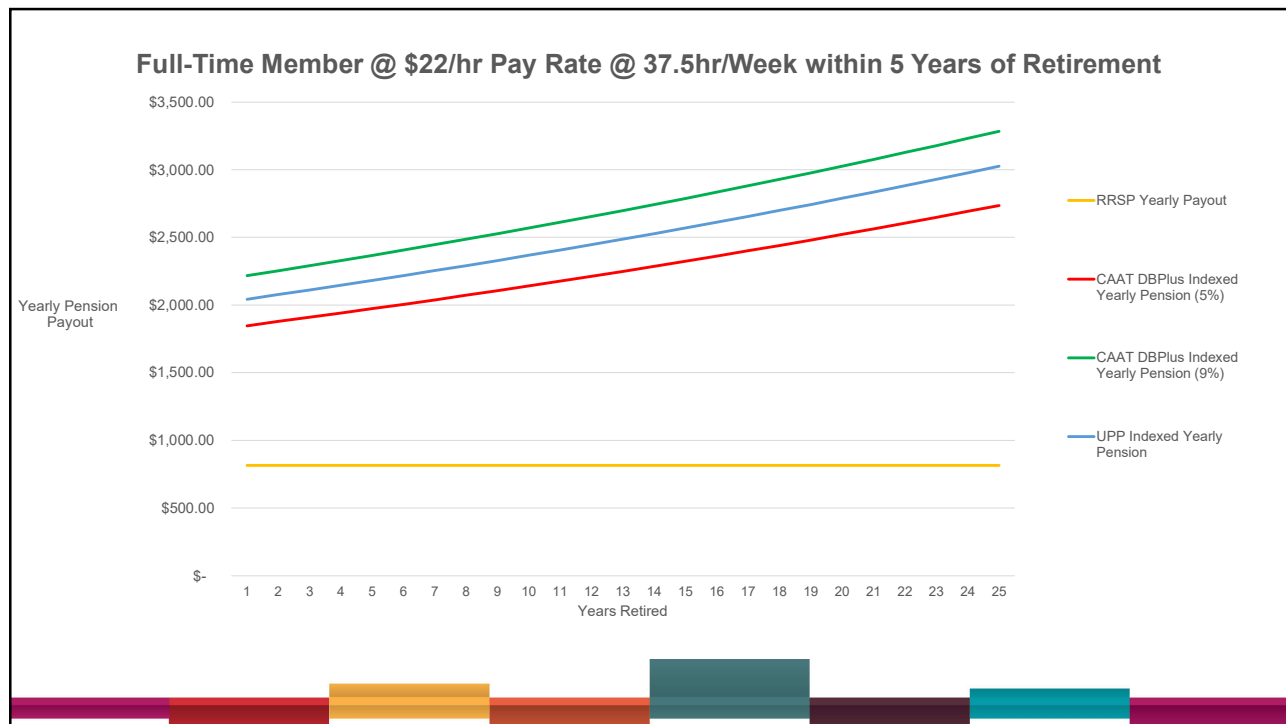
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What is Credited Years of Service?

The total amount of years that you have been contributing to your pension.

Some pension plans, like UPP, use Credited Years of Service to calculate the pension you will receive at retirement.

Why is this important for Locals 229-1 & 229-3?

- Since members only work 8 months (32 weeks) out of the year, this will reduce the total amount of Credited Years of Service.

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Examples of Credited Years of Service

For a member who worked 32 weeks per year for 25 years:

- Total Credited Years of Service approx. 15.4 years
(32 weeks × 25 years ÷ 52 weeks per year = 15.4 years)

For a member who starts paying into the pension plan within 5 years of retirement:

- Total Credited Years of Service approx. 3.1 years
(32 weeks × 5 years ÷ 52 weeks per year = 3.1 years)

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Contributions During Lay-offs

Under CAAT

- If a member is laid-off, they have the option to continue to make contributions to their pension while on lay-off.
- If the member chooses to continue making pension contributions, the employer is required to also continue contributing to your pension.

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Contributions During Lay-offs

Under UPP

- If a member is on a temporary lay-off, they may elect to continue making contributions to their pension.
- Must submit request to the Board of Trustees within one month of starting the lay-off.
- If the member continues to make pension contributions while on lay-off, the employer is required to also continue contributing to your pension.

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Questions / Discussions / Next Steps?

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