Employer liability **under DBplus**

What is an employer's financial liability for benefits accrued under DBplus?

As a participating employer in DBplus, the only contractual liability relating to benefits accrued under DBplus will be to remit contributions at the agreed-upon rate and within the specified timeframe, as determined between the employer and the CAAT Board of Trustees.

Employer contribution requirements under DBplus

The Participation Agreement requires the participating employer to:

- make all required employer contributions to the Plan in respect of their participating members, and
- calculate, withhold, and remit all participating member contributions,

in accordance with the terms of the Plan, the Employer Manual, the Memorandum of Agreement, and applicable laws. The Memorandum of Agreement and the Participation Agreement set out the agreed-upon contribution rates applicable to the employer and participating members.

Additionally, the Participation Agreement states that the employer has no obligation to provide benefits to participating members or make contributions to the Plan except as expressly contemplated by any Memorandum of Agreement executed between the parties, the Participation Agreement, the Plan, and applicable laws.

No forced increase to contribution rates

To provide employers with additional comfort and protection, the Participation Agreement states that were there to ever be a unilateral change in contribution rates by CAAT, the employer may immediately cease participation in the Plan.

No financial liability when Plan is less than 100% funded

The DBplus terms set out fixed employer contribution rates and provide that in the event of a funding deficiency, future benefit accruals shall be temporarily altered – not contribution rates. Thus, funding for benefits accrued under DBplus is limited to the fixed contribution rates agreed to by the parties.

Further, benefits already earned in DBplus (or past benefits from a merger) can never be reduced while the Plan is ongoing. The CAAT Pension Plan is not a target benefit plan and cannot reduce accrued pensions (including enhancements that have been granted and past benefits from a merger), except in the highly unlikely event of a total Plan wind up.

If the CAAT Pension Plan ever winds up:

No financial liability for DBplus accruals

In the highly unlikely event of a total Plan wind-up (which would require virtually all participating employers to cease participating, including the 24 Ontario Community Colleges that are required to participate) and there was a funding deficiency, then benefits accrued under DBplus could be reduced. Legislation does not permit jointly sponsored pension plans like CAAT to go back to members or employers seeking additional contributions.

Limited financial liability for past benefits

With regard to past benefits resulting from a merger, if a deficit occurs during a full Plan wind-up, the merger employer is required to fund the portion of the deficit related to the transferred past benefits. This obligation remains consistent with applicable Ontario pension asset transfer laws.