



FACT SHEET: CWIPP—A FLEXIBLE PENSION PLAN BUILT FOR UNIONS

CWIPP's plan design is flexible, because we appreciate that unions and employers have unique needs, and a one-size-fits-all approach won't actually fit all.



Designing a plan that works best for your group means choosing a *pension formula* that fits well with your workforce and the agreements in place, so your members earn a pension that is a valuable part of their total rewards. CWIPP provides monthly pensions paid for life that are earned based on a formula.

- No member accounts;
- No need for members to worry about investment decisions or short-term market volatility; and
- No need to worry about outliving their savings, because they'll receive a predictable annual pension paid *for life*.

No matter the pension formula or plan design options you choose in CWIPP—the end destination for members is the same: a predictable monthly pension paid for life. Can we say that again? *For life*.

Pension formulas

CWIPP can accommodate the three main types of pension formulas outlined below, as well as variations of these. The key features of each formula type are outlined for comparison purposes.

Type of pension formula	Overview	Pension benefit	Contributions
Benefit Level	The benefit level is a predetermined dollar amount that is multiplied by the member's months and years of service.	The amount of pension earned for each year of service is the same for all group members.	<p>Pension contributions are defined in the collective bargaining agreement as dollar amounts per hour, per shift, per week, etc. Member contributions can be included but are not required.</p> <p>The contributions for each year of service are the same for all group members.</p>
Percentage of Earnings Benefit Factor	<p>The pension at retirement will be based on a percentage of pensionable earnings over the plan member's career.</p> <p>Pensionable earnings are defined according to the collective agreement or pension agreement in place.</p>	The amount of pension earned will vary by group member based on their level of pensionable earnings.	<p>Pension contributions are defined in the collective bargaining agreement as a percentage of the plan member's earnings.</p> <p>Member contributions can be included but are not required. If the plan members are contributing, their rates are also set as a percentage of earnings.</p>
Percentage of Contributions Benefit Factor	The pension at retirement is based on the total plan contributions multiplied by a percentage established for the group.	The amount of benefit earned will vary based on the contributions made, but pension earned will be the same for every \$1 that is contributed.	Pension contribution rates can be a dollar amount per hour, shift, or week, or percentage of earnings can vary among plan members – for example, with different employee groups or by plan member service levels.

The examples on the next page show how using different approaches to designing a pension – like using different pension formulas – can help meet specific objectives while still arriving at the same total annual lifetime pension amount.



Calculating pensions at retirement – some examples

Assumptions have been made about member earnings, years of service, and contribution levels in each of these examples.

The pensions at retirement for plan members in your group will be calculated according to the pension formula for your group and will depend on negotiated contribution rates and the plan design options selected. Plan members in your group may also have different contribution levels, or tiered contribution levels, which will influence the amount of pension at retirement. The CWIPP team works with new employers to establish a plan formula, contribution levels, and plan options to meet their needs and their employees' needs.

As a result of this flexibility in plan design, the pensions for your group could be higher, or lower, than those shown in these examples.

Assumptions used	Example
<p>Benefit Level</p> <ul style="list-style-type: none"> ✓ 30 years of service ✓ Monthly Benefit Level of \$54 per year of service 	<p>Monthly Benefit Level \times years of service $= 12 \text{ months per year} \times \text{Benefit Level} \times \text{years of service}$ $= 12 \times \\$54 \times 30$ = \$19,500 annual lifetime pension</p>
<p>Percentage of Earnings Benefit Factor</p> <ul style="list-style-type: none"> ✓ 30 years of service ✓ \$50,000 annual earnings ✓ Annual Benefit Factor of 1.3% of earnings 	<p>Annual Benefit Factor \times Total Earnings (earnings per year, over 30 years) $= 1.3\% \times \\$50,000 \text{ (per year, over 30 years)}$ $= 1.3\% \times \\$50,000 \times 30$ = \$19,500 annual lifetime pension</p>
<p>Percentage of Contributions Benefit Factor</p> <ul style="list-style-type: none"> ✓ 30 years of service ✓ \$6,020 annual contributions ✓ Annual Benefit Factor of 10.8% of contributions 	<p>Annual Benefit Factor \times Total Contributions (contributions per year, over 30 years) $= 10.8\% \times \\$6,020 \text{ (per year, over 30 years)}$ $= 10.8\% \times \\$6,020 \times 30$ = \$19,500 annual lifetime pension</p>



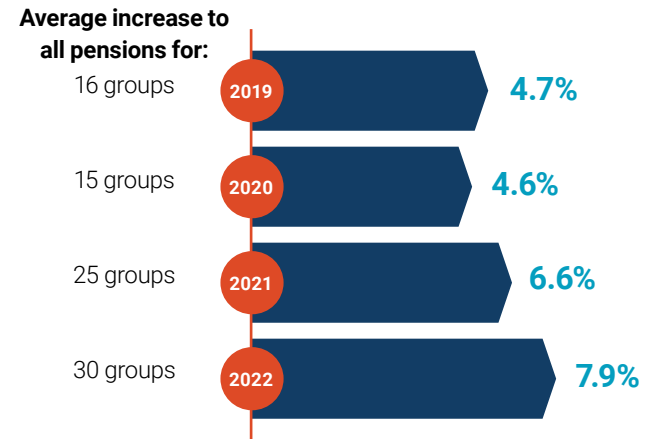
On average, the pension accrual rate in CWIPP works out to **10.8%** of contributions.

Opportunity for pension increases

CWIPP's funding policy is focused on long-term stability, and improving the likelihood of pension increases over time giving plan members confidence in the security of their future retirement income.

Unlike pension indexation which occurs only after a member is retired and in receipt of their pension, *CWIPP affords all members and pensioners the opportunity for pension increases based on a group's favourable experience.*

Annual pension increases



Customizable plan design options for your group

In CWIPP, flexibility means customizable contribution and benefit design. You choose plan design options to meet your employees' and members' needs.

Member contributions

Members can contribute, but are not required to do so.

Member contributions can be part of your plan design, providing larger pensions in retirement.

Contribution rates

Contribution rates are flexible. No minimum rate is required.

Rates can vary with service, by employee groups, etc.

Early retirement provisions

Members can retire as early as age 55 with a reduced pension.

You can build in early-retirement provisions that provide for an unreduced pension when eligibility requirements are met.

Survivor pension options

Forms of pension can include guaranteed payments and continuing survivor pensions, so members' loved ones are cared for.

A flexible pension plan built for unions, employers, and members.

Your members deserve financial security in retirement. Learn more about CWIPP's flexible pension solution by visiting www.cwipp.ca, or reaching out to the CWIPP team at info@cwipp.ca.

CWIPP.ca

