

10 Reasons Your Firm's Pension Should Begin And End With DBplus



The average retirement age in Canada is 63.6.¹ But according to the Government of Canada, lawyers, judges, and Quebec notaries stick it out for five years more than the rest of us—retiring at an estimated median age of 69.² It makes sense: If your work is meaningful and fulfilling, as it is for many lawyers, why on earth would you want to stop?

The only problem: the built-in expectation of long careers means that many [lawyers put off solving the problem of retirement planning](#).

That's where **Rosalyn Jell** comes in. Jell is a pension specialist at Lawyers Financial and expert on [DBplus](#), the defined benefit pension plan for law firms of every size—even one. We asked Jell 10 of the biggest questions she hears from Canadian lawyers, including the biggest of all, “what’s in it for me?” and “what’s in it for my firm?”

1. ROSALYN, CAN YOU GIVE US A BRIEF OVERVIEW OF DBPLUS?

A. DBplus is a modern defined benefit plan offered by the CAAT pension plan, which was started in 1967. CAAT was originally created for Ontario's college system but has expanded considerably since then.

Today, there are more than 94,000 active and retired members from 370 employers in 20 different industries.³ CAAT has approximately \$20 billion of assets under management and the latest actuarial valuation shows it was 124% funded as of January 1, 2024. That means there's \$1.24 set aside for every dollar promised in pensions.⁴ So it's well funded.

2. WHO CAN PARTICIPATE IN DBPLUS?

A. DBplus is available to law firms and their employees, including associates, support staff and management. Sole practitioners and law firm partners can also participate if they have a professional corporation and are reporting T4 earnings through it.

3. HOW DO CONTRIBUTIONS WORK?

A. The employer and the employee contribute equally to the plan. Contributions can

range between 5% and 9% of an employee's gross earnings. There's also an option to start at 3%, which the employer agrees to increase by 0.5% or 1% per year until the 5% minimum matching rate is reached.

4. ARE THERE ANY OTHER COSTS OR FEES?

A. No. Contributions are the only cost for both the employer and employee and the firm's contribution is considered a benefit expense from a tax perspective.

5. HOW ARE DBPLUS BENEFITS CALCULATED?

A. A member's pension is based on the total contributions made to the plan by both the employer and employee. Those contributions are multiplied by an annual pension factor, which is currently 8.5%, to determine the guaranteed base pension each year. Due to the plan's very solid funding position, the Plan recently announced that the pension factor will increase from 8.5% to 9.5% on January 1, 2025.

Related: [Something for nothing? Your pension just got better](#)

6. DOES DBPLUS TAKE INFLATION INTO ACCOUNT?

A. Yes. In retirement, DBplus provides annual inflation increases equal to 75% of the Consumer Price Index (CPI). This means your pension will increase every year to help keep up with inflation.

7. ARE THERE SURVIVOR BENEFITS?

A. Yes. DBplus provides a survivor pension to your eligible spouse, or if there's no spouse, to eligible children in certain provinces. Your surviving spouse will receive a lifetime pension that includes inflation adjustments every year.

8. WHAT ARE SOME ADVANTAGES FOR EMPLOYERS?

A. Well, given the rising costs of just about everything, it's not surprising that running out of money in retirement is the biggest fear Canadians cite when they think ahead to their retirement readiness.⁵

Offering a defined benefit pension can help eliminate that anxiety and make your firm more attractive for talented lawyers.

A 2021 survey indicated that more than 70% of Canadian workers would prefer a workplace pension over a pay increase, and nearly 80% say they'd switch jobs for a better pension.⁶ And with inflation everywhere, it's also not surprising that most Canadians want pensions that give them a predictable monthly retirement income for life that is adjusted for inflation.

DBplus does that.

9. AT WHAT AGE CAN I START COLLECTING MY DBPLUS PENSION?

A. Like the Canada Pension Plan (CPP), the standard retirement age for your DBplus pension is 65, but you can start as early as age 50. And like the CPP, starting early will mean a smaller monthly benefit to reflect the fact that that you'll be receiving the pension for a longer period. It's called an early start adjustment rate and is 3% for each year below the age of 65. This compares quite favorably to the 7.2% adjustment rate for starting your CPP pension before you're 65.

10. HOW MUCH PENSION CAN I EXPECT TO RECEIVE?

A. You can get an estimate by using the [DBplus Value Tool](#), which allows you to model different scenarios, based on your age, income, contribution rate, and the date you plan to retire.

Footnotes

1. Statistics Canada, "Retirement age by class of worker," January 2021.
2. Government of Canada, "Canadian Occupational Projection System (COPS), Search Result: Judges, lawyers and Quebec notaries (4110).
3. CAAT Pension Plan Announces Strong Growth Results for 2023
4. *ibid.*
5. CAAT Pension Plan, 2023, "A better pension matters: the attraction and retention strategy every employer should be thinking about."
6. Healthcare of Ontario Pension Plan and Abacus Data, "2021 Canadian Retirement Survey," May 2021.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

[Lawyers Financial](#)