

Definitions

Registered Pension Plans (RPPs): An employer-sponsored plan registered with Canada Customs and Revenue Agency and most commonly also with one of the pension regulatory authorities. The purpose of such plans is to provide employees with a regular income at retirement.

Defined benefit (DB) plan: An RPP that defines the benefits by a formula stipulated in the plan text. The employer contributions are not predetermined but are a function of the cost of providing the promised pension, taking into consideration employee contributions, if any. DB plans can be subdivided into unit benefit and flat benefit plans:

Defined contribution (DC) plan: An RPP that specifies the employee's (if the plan is contributory) and the employer's contributions. Members' benefits are provided from accumulated contributions plus the return on the investment of these monies.

Hybrid plan: An RPA with two components, a Defined benefit (DB) component and a Defined contribution (DC) component.

Private Sector: Type of organization that includes incorporated and unincorporated businesses, religious, charitable and other non-profit organizations, co-operatives, trade or employee associations, and private educational and health institutions.

Public Sector: Type of organization that includes municipal, provincial and federal governments and enterprises, crown corporations, government boards, commissions and agencies, and public educational and health institutions.

Contributory plan: An RPP under which employees are required to contribute a portion of the cost of the benefits.

Non Contributory plan: An RPP under which the entire cost of the benefits is borne by the employer.

Vesting: The right of a plan member to the employer's contribution to an RPP or a Deferred profit sharing plan as a result of achieving a specified length of service or plan membership.