



DB Pension Plans vs DC Pension Plans

Defined Benefit Plan - risks	Defined Contribution Plan - risks
Plan bears risk that investments don't perform as expected (investment risk)	Individual bears investment risk
Plan sponsor responsible for choosing investments	Individual responsible for choosing investments from available choices
Plan bears risk that pensioners live longer than expected (longevity risk)	Individual bears longevity risk
Pensioner does not bear the risk of outliving his/her pension	Individual bears the risk of outliving his/her assets
Pensioner bears risk that he/she and/or pension partner doesn't live as long as expected (value of contributions put into the fund may not be returned via pension payments)	Account value goes to individual's survivors on death so no loss in value on early death



Registered Pension Plans vs Non-Registered Retirement Arrangements

Registered Pension Plans	Most Non-Registered Arrangements
Plan provisions registered with CRA and the provincial regulator	Plan is not registered with CRA or a provincial regulator
Plan provisions must comply with the ITA and the provincial regulations	There are no regulations with which to comply
Plan sponsor contributions are tax-deductible	Plan sponsor contributions not tax-deductible
Member contributions are tax-deductible	Member contributions are not tax-deductible (so usually are none)
Investment income in pension fund not taxable	Pension fund not allowed, pensions are unsecured promises by plan sponsor
Pension taxable upon receipt	Pension taxable upon receipt
CRA and ATBF require certain items to be filed with them for continued registration	No filings



CRA vs ATBF

CRA	ATBF
Affects pension plans via the ITA, which allows tax breaks & tax deferrals to pension plans & pension income	Affects registered pension plans in Alberta via the EPPA
CRA wants to limit these breaks & deferrals	ATBF wants to ensure that pension plan members have adequate protections
ITA contains maximums and limits	EPPA contain minimums and guarantees
Pension plans, pension plan sponsors and individuals are caught between the ceilings imposed by the ITA and the floors imposed by the EPPA	