

# Does your Capital Accumulation Plan (CAP) align with the CAP guidelines?



Use the checklist below to assess your CAP. Don't forget that all information should be documented and clearly communicated to plan members. Review your CAP on a regular basis to make sure your practices are meeting the CAP guidelines.

## SETTING UP A CAP

- Have you defined the purpose of the CAP? (i.e. save for retirement, tax efficient compensation, profit sharing, assistance with savings for other financial goals such as education)
- Have you documented the purpose of the CAP for future reference?
- Have you outlined roles and responsibilities within the CAP?
- Have you selected a service provider based on specific criteria, which may include experience and knowledge within the industry, financial strength, cost of service and professional training?
- Have you selected a fund platform? Funds offered within the CAP must meet legislative requirements and offer CAP members a diverse selection of funds.
- Have you defined a document retention policy?

## INVESTMENT INFORMATION AND DECISION-MAKING TOOLS FOR CAP MEMBERS

- Have you reviewed demographics of CAP members, including location, diversity and investment savvy?
- Have you determined information and tools to be provided to CAP members so they can make informed investment and savings decisions?
- Have you determined who will provide investment advice to CAP members and how it will be delivered, helping members make sound investment decisions?

## INTRODUCING THE CAPITAL ACCUMULATION PLAN TO CAP MEMBERS

- Have you defined and developed a communication / education strategy for new CAP members, including plan details, investment details and CAP member fees, if applicable?

## PROVIDING ONGOING COMMUNICATION TO MEMBERS

- Have you defined and developed an ongoing communication / education strategy for CAP members, including frequency and content of a CAP member's statement?
- Have you determined communication requirements for investment changes within the CAP, including adding and/or removing investments and fund performance?

## MAINTAINING A CAP

- Have you completed an annual review of service provider, based on selection criteria?
- Have you completed an annual review of plan details, based on the purpose of CAP?
- Have you completed an annual review of investment platform and investment decision-making tools, based on selection criteria?
- Have you completed an annual review of maintenance of records and service expectations for CAP?
- Have you reviewed the decision-making tools available to your plan?

## TERMINATION

- Have you reviewed the option report sent out when terminating a CAP member?

**For a copy of the complete CAP guidelines, contact your Manulife Representative.**

**For more information, visit our  
website at [www.manulife.ca/GRO](http://www.manulife.ca/GRO)  
or call 1-888-713-7788.**

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## The Joint Forum of Financial Market Regulators has released the final version of the Capital Accumulation Plan (CAP) guidelines.

The intent of the CAP guidelines is to:

- Outline and clarify the rights and responsibilities of CAP sponsors, service providers and CAP members; and
- Ensure that CAP members receive the information and assistance they need to make educated investment decisions.

While these guidelines are not intended to replace legislative requirements, it is anticipated that plans will comply with the guidelines by December 31, 2005.

### WHAT IS A CAPITAL ACCUMULATION PLAN?

A CAP is a tax-assisted investment or savings plan that permits CAP members to make investment decisions among two or more options offered within the plan. Some examples of a CAP are: defined contribution registered pension plan (RPP), group registered retirement savings plan (RRSP) and a deferred profit sharing plan (DPSP).

### WHO CAN ESTABLISH A CAP?

An employer, trade union and/or association can establish a CAP for the benefit of its employees or members.

When an employer, trade union or association establishes a CAP, they are considered the **CAP sponsor**. If the CAP is a registered pension plan, many of the responsibilities of the CAP sponsor, described in the guidelines, are those of the pension's plan administrator.

### SUMMARY OF "KEY" RESPONSIBILITIES WITHIN THE CAP GUIDELINES:

- **Plan sponsors** are responsible for:
  - Ensuring that the CAP offers a wide range of investment options, and that guidelines for selecting funds are followed.
  - Providing members with sufficient information about the funds available to them and the decision-making tools needed to make educated investment decisions.
  - Monitoring service providers, investment options and funds.
- **Service providers**, to the extent that the plan sponsor delegates its CAP requirements to a service provider, are responsible for:
  - Following the CAP guidelines and any applicable legal requirements. A service provider includes any provider of services or advice required by the CAP sponsor in the design, establishment and operation of a CAP.
- **CAP members** are responsible for:
  - Making investment decisions within the CAP.
  - Utilizing the information and decision-making tools provided by the CAP plan sponsor.
  - Obtaining additional investment advice from a qualified third party if they feel this is needed.



# Manulife is committed to helping plan sponsors meet the requirements of the CAP guidelines.

## SETTING UP A CAP:

Setting up a CAP involves many decisions. Partnering with an experienced and knowledgeable service provider can help. Manulife has the tools, resources and knowledge to assist plan sponsors.

- Our member education and communication material, including our industry-leading Steps Retirement Program™, will assist you in communicating the terms of the CAP to your employees.
- Manulife has alliances with Canada's top institutional and retail managers and offers a wide array of guaranteed interest and market-based funds, giving you plenty of investment options when selecting funds for a CAP.
- Manulife's **Group Investment Report** offers detailed information on each investment and fund manager.
- Manulife's i-Watch program monitors fund managers and fund performance on our standard investment platform.
- Manulife's investments comply with the investment rules under applicable pension benefits standards legislation and the investment rules of group variable insurance contracts.
- Manulife's documentation retention policy aligns with applicable legislation.

## INVESTMENT INFORMATION AND DECISION-MAKING TOOLS FOR CAP MEMBERS

Manulife provides a variety of tools to assist CAP members in making informed decisions about their retirement plans and options. The education services and support outlined below are available on our website and in paper form for CAP members.

- The Steps Retirement Program™ gives CAP members the opportunity to set a retirement goal, create a plan to achieve it and track their progress towards meeting their goal.
- Our **Investor Strategy Worksheet** helps CAP members determine their investor profile.
- Our **Group Investment Report** outlines our fund platform and provides detailed information about fund managers and funds.
- Manulife's qualified Financial Education Specialists are available to provide investment education to all CAP members through a toll-free number.

## INTRODUCING THE CAPITAL ACCUMULATION PLAN TO EMPLOYEES

Manulife has a variety of communication materials to help you introduce the CAP to employees. Our material will provide detailed information on CAP rules as well as easy to follow, step-by-step instructions on how to enrol in the plan.

- Comprehensive enrolment packages include financial planning tips for your employees.
- Member booklets outline plan details, fees and legislation affecting their retirement savings plan.
- Welcome letters for plan members explain how to access the website, IVR and other Manulife services.



## ONGOING COMMUNICATION TO CAP MEMBERS

Our industry-leading member statements are provided to CAP members, at a minimum, on an annual basis. These statements include a wealth of information for your CAP members.

- CAP members see an estimate of what their current retirement savings will provide as an annual income in retirement, giving them a better view of their retirement.
- Member level personalized messaging capabilities on member statements are based on differing member demographics.
- Personal rates of return enable CAP members to see how their funds are performing.
- Investment details specific to their policy, including unit values and historical performance of our funds, keep members informed.

All of the information above can also be found within our plan member secure website and is easily accessible by CAP members.

## MAINTAINING A CAP

It is the CAP sponsor's responsibility to periodically review the service provider, fund line-up, records maintenance and decision-making tools provided to CAP members.

A checklist is attached to help with the annual review of the plan. Your Manulife Financial account manager will be able to review the specifics of your policy with you, including:

- Service requirements and expectations.
- Member education and communication tools, both online and handouts.
- Your fund line-up.
- Quality of service provided to your CAP members.

## TERMINATION

Termination of a CAP should be completed in accordance with the policy contract and applicable legislation. Manulife Financial provides support to CAP sponsors by meeting reporting and communication requirements for its members.

- We work with the applicable legislative authorities to ensure proper approval of your CAP termination.
- We provide detailed option reports to CAP members outlining a CAP member's options and timing of CAP termination. These are also provided to CAP members when a CAP member initiates the termination of their account through termination of employment, retirement or death.