DC VERSUS DB:
What's the difference?

If you participate in a Defined Contribution Pension Plan (DCPP), this means:

- you have responsibilities as a plan member;
- you have control over your investments; and
- you can transfer your assets to another plan if you leave your current employer.

Under a DCPP, your retirement income is not pre-determined. What goes into your account and how you invest it determines how much money you will have at retirement, which will in turn determine your income in retirement.

In this article, we'll tell you all about how the DCPP compares to a Defined Benefit Pension Plan (DBPP).

The ins and outs	DCPP (Retirement income determined by account balance)	DBPP (Retirement income pre-determined by a formula)
What goes in — who makes contributions?	Your company contributes. In some DCPPs, you may contribute too, which could attract additional matching contributions from the company.	Your company contributes, and in some DBPPs, you can contribute too.
Leaving — what can I take with me?	Your DCPP value is based on contributions and their investment returns. If you are vested, you may have the option of transferring the value of your account to a locked-in retirement account (LIRA) or a locked-in Registered Retirement Savings Plan (RRSP), depending on jurisdiction. DCPP assets can also be transferred to other retirement income accounts such as a Registered Retirement Income Fund (RRIF), a Life Income Fund (LIF) or a Locked-in Retirement Income Fund.	Some DBPPs will allow you to transfer a lump sum equivalent of your earned benefits (called a commuted value) to the pension plan of a new employer (if that plan accepts such transfers) or to a LIRA or a locked-in Registered Retirement Savings Plan (RRSP), depending on jurisdiction. In other plans you will leave your earned benefits in the pension plan and receive an income at retirement according to the plan rules.
Retirement — what kind of income can I expect?	The earnings in your account (through contributions and investment earnings on those contributions) at the time you retire become your income source.	Your retirement income is based on your years of service, your pensionable earnings, and your age at retirement.

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Taking control means taking on risk

Risk can go either way. Taking risks may mean greater rewards or losses. The underlying difference between DCPPs and DBPPs is who assumes the risk, which is tied to who makes the investment decisions within the plan.

In a DCPP...	In a DBPP...
• you're responsible for your investment decisions and their related gains or losses; and • your retirement income directly reflects your investment decisions. If your investments earn more or less than you expected, you have more or less money in your account to use for retirement income.	• the company makes the decisions about investing the overall plan's funds; • the company is responsible for paying your pre-determined retirement income when you retire; and • you get the same retirement income, no matter how the investments perform. If they do better than expected, or worse than expected, you still receive a pre-determined retirement income according to the plan's DB formula.

I have control — do I have help?

That's where Sun Life Financial comes in. As your company's plan provider, we are here to help you make the most of your DCPP. **Here's how to start:**

1. Learn about your plan and how you can maximize it. This means taking advantage of the materials and information offered by Sun Life Financial and your Company. You can also call Sun Life Financial's Customer Care Centre at **1-866-896-6976** any business day from 8 a.m. to 8 p.m. ET for information on the plan and its available investment options.

2. Use the Investment risk profiler to help you understand your comfort level with investment risk – so you can choose investments to suit your individual profile. Once you've enrolled in your Company's DCPP, you can access this tool online:
   - Sign in to **mysunlife.ca** using your access ID and password.
   - On the Home page, under my financial future select **my financial centre**.
   - Under the Resource Centre drop-down menu, select **my money tools**.
   - Select **Continue** to begin.

3. Create a portfolio suited to your own investment goals and your comfort level with investment risk. Choose how your contributions are invested from a selection of fund options offered under your plan.

4. Monitor your progress over time – you'll receive updates on your account and on the investment funds you've chosen. You should consider doing periodic checks of your Investment risk profile and of your related investment choices to make sure your investing keeps pace with any changes in your life. If you need advice about your individual situation, we recommend contacting a qualified financial advisor.

Know your responsibilities

As a member of a group retirement savings plan you are responsible for making investment decisions regarding your plan. We've provided tools and information to help you make these decisions. You should also decide if seeking investment advice from a qualified financial professional makes sense for you.