



**PROFITSHARING**



**PartyCity**



# Making the most of the Profit Sharing Plan

**Profit Sharing Plan overview**

**Provided by the Canadian Tire Dealers' Association**

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# From profits to savings

As a participant in the Profit Sharing Plan, you have the opportunity to:

- ✓ Receive awards (money!) for your contributions to improving store profits
- ✓ Invest your awards to maximize their value
- ✓ Save and use your awards for important life events—such as buying a home, paying for school tuition, and, of course, financing your retirement.

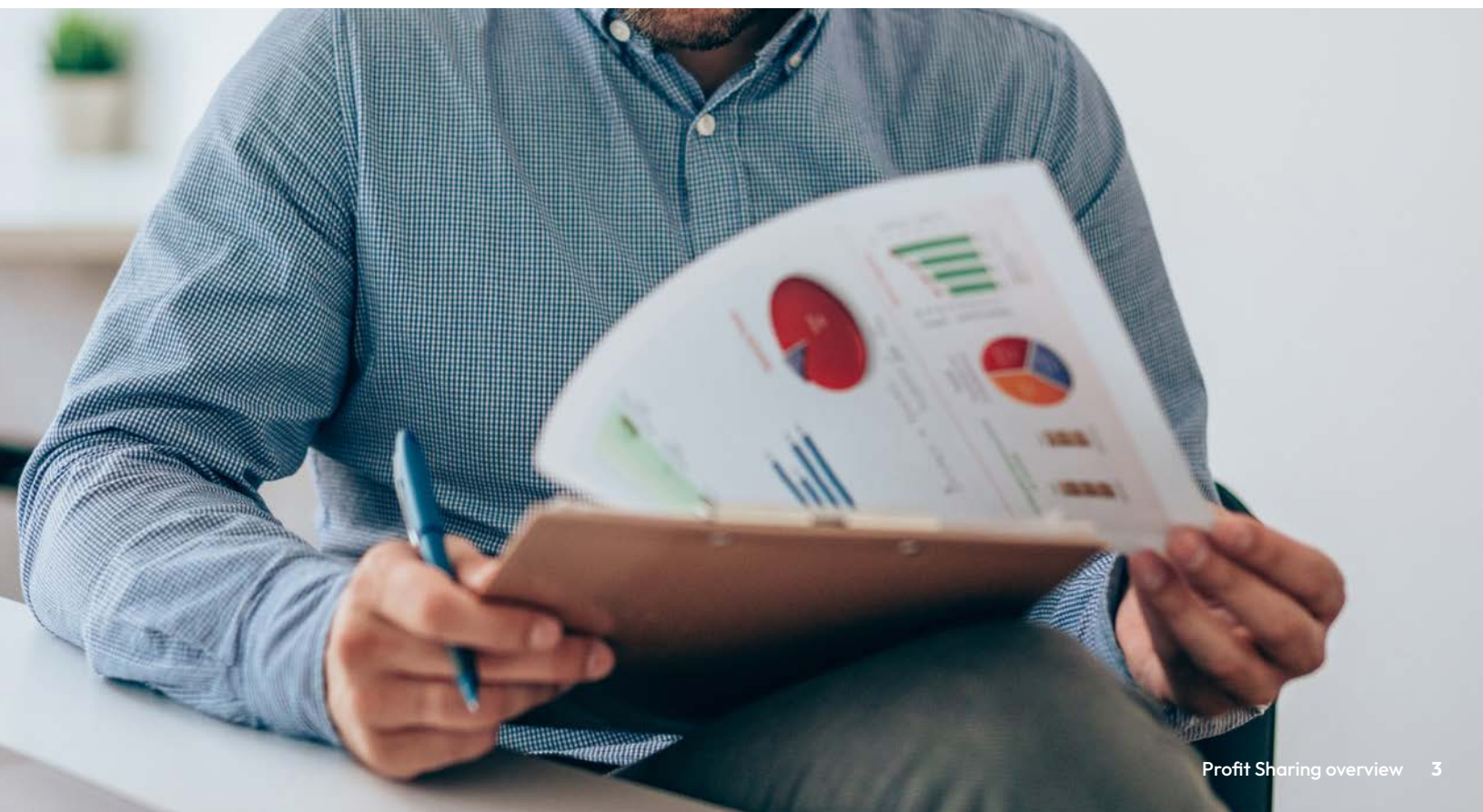
## **The Profit Sharing Plan puts you in control**

As a member of the Profit Sharing Plan, you have control over how your awards are invested. The plan offers a variety of investment options to help you create a savings portfolio that reflects your savings goals, years to retirement, and tolerance for risk.

However, having control over your investments also means it is your responsibility to ensure you understand the options available in the plan—as well as a few basics about investing—so you can choose the investments that are best for you.

## **What you'll find in this Profit Sharing Plan booklet**

The following pages explain the rules of the Profit Sharing Plan and how you can make the most of your awards with the plan's investment options. You'll also find a list of resources for more information.



# What is profit sharing... and why is it important?

Profit sharing—simply put—is a financial incentive that gives you a “stake in the business.” Having a stake in the business means that the harder you work to help increase store sales, the higher the stake in those sales you will receive through profit sharing.

Profit sharing programs are a win-win for both employees and companies. Employees get to act like owners by contributing to and benefiting from the financial success of the company. Meanwhile, companies are able to motivate employees to work hard and to truly care about providing exceptional service to their customers.

In our Profit Sharing Plan, we take this one step further. While we do believe in giving employees a stake in the business and rewarding you for your contributions to building store profits—we also believe strongly in helping you build financial security for your future. So, in short, the purpose of our Profit Sharing Plan is to provide financial rewards (separate from your wages\*) for your hard work today—and to invest those rewards so you can grow your savings for your retirement.

\*Your Growth and Savings Awards are not considered part of your wages and are given to you at your Dealer's discretion, subject to the terms of the Profit Sharing Plan.

## Tips for improving store profits to help increase your awards

Providing exceptional service to customers is one of the best ways to improve store profits. You can provide excellent customer service by:

- Showing your customers a lot of respect. Treat every customer like they are your most important customer
- Paying attention to your customers' needs. Assess how customers want to be served and adjust your approach accordingly
- Proving that you care
- Demonstrating a positive and supportive attitude
- Being helpful and knowledgeable. Customers depend on you for advice and suggestions about products
- Improving your customers' experiences and being polite, helpful, and quick.

**Another way to increase profits is to simply help prevent the things that can take away from them. You can help prevent activities that can reduce our profits by looking out for:**

- Poor customer service
- Product damage/breakage
- Theft
- Breaks in security
- Providing “sale” prices before or after a sale
- Mistakes.

## Your role in the Profit Sharing Plan

As a member of the Profit Sharing Plan, you have an important role to play in determining the award amount you will receive.

The profit sharing awards you receive are directly dependent on the profits at your store and the contribution you make to its success. The hard work and attention to customer service you put in every day helps generate profits and can affect the amount of money you will ultimately receive through the plan. In other words, the Profit Sharing Plan lets you share in the success of your store.

The Profit Sharing Plan follows a process that continuously generates positive experiences for everyone involved.

### The profit sharing cycle

**Employee:** The process starts with YOU since your efforts help generate sales and reduce slippage.

**Customer:** The good customer service you provide not only generates sales for the store but also results in a happy (return!) customer.



**Plan accounts:** A portion of your store's sales are distributed to plan members' accounts in the form of Growth Awards and Savings Awards. These awards go directly to YOU —continuing the cycle of profit sharing.

**Store:** Each sale you support contributes to store sales and to the amount your Dealer is able to share with you through profit sharing.

# How the Profit Sharing Plan works

As a member of the Profit Sharing Plan, you are eligible to receive a Growth Award in June and a Savings Award in January. Read on to find a more detailed description of the Growth Award and Savings Award.



## The Growth Award

### Who's eligible?

Here's the criteria you need to meet:

- You worked at least 1,000 hours in the previous year
- You were actively employed\* at the same store on May 1 of the current year
- If you resign or terminate prior to May 1, you will not receive a Growth Award.

Are you a service centre employee? If so, you may be eligible to receive a Growth Award. Please speak with your Dealer to find out if you qualify.

\*If you are on salary continuance or if you are receiving compensation for the termination of your employment, you are not eligible to receive a Growth Award.

### Who contributes?

Your Dealer contributes all the money for your store's Growth Awards. Your personal award is given to you at your Dealer's discretion (subject to the plan's terms) and is based on:

- Your store's profits in the previous year

- The total number of plan members in your store
- Your personal performance.

### How much is the award?

Your Dealer will finalize the store's Growth Awards by May 31. Your Dealer will then tell you how much you have been awarded. Your Growth Award will be deposited to the "growth" part of your personal Profit Sharing Plan account in June.

### How is it invested?

You have four investment options for your Growth Award. They are:

- Target Date Funds
- Target Risk Funds
- Sun Life Guaranteed Daily Interest Account Fund
- Canadian Tire Stock Fund.

You can choose to invest your Growth Award in any combination of these options. However, according to plan rules, you must keep at least 10% invested in the Canadian Tire Stock Fund.

If you don't choose investment options for your Growth Award, it will be invested in the default options—10% in the Canadian Tire Stock Fund and 90% in the Target Date Fund closest to your 65<sup>th</sup> birthday (i.e., a typical retirement date).

### When can I withdraw money?

You cannot withdraw money from the “growth” part of the Profit Sharing Plan unless you:

- End your employment with Canadian Tire or Party City

- Retire from Canadian Tire or Party City
- Become a store Dealer or move to a position in Canadian Tire Corporation.



## The Savings Award

### Who's eligible?

Here's the criteria you need to meet:

- You received a Growth Award in the prior year, AND
- You were actively employed\* at the same store on December 31,\*\* OR
- You left your previous store and were hired by another Canadian Tire or Party City store within 30 days.
- If you resign or are terminated prior to December 31, you will not receive a Savings Award.

### Who contributes?

Canadian Tire Corporation contributes all the money for your store's Savings Awards. Your personal award is based on:

- The total Savings Award provided by the Corporation to your store
- The value of your Growth Award
- The total number of plan members in your store.

### How much is the award?

The Corporation will finalize your store's Savings Awards on December 31. Your Savings Award will be deposited to the “savings” part of your personal Profit Sharing Plan account in January. You can log in to your [mysunlife.ca](https://mysunlife.ca) account to see your award amount.

### How is it invested?

You have the same four options for investing your Savings Award as you do for your Growth Award:

- Target Date Funds
- Target Risk Funds
- Sun Life Guaranteed Daily Interest Account Fund
- Canadian Tire Stock Fund.

You can choose to invest your Savings Award in any combination of these options.

If you don't choose investment options for your Savings Award, it will be invested in the default — 100% in the Conservative Target Risk Fund.

\*If you are on salary continuance or if you are receiving compensation for the termination of your employment, you are not eligible to receive a Savings Award.

\*\*If you received a Growth Award in that same year and your age plus service is greater than age 65, then you will be eligible to receive the Savings Award.



### When can I withdraw money?

You can withdraw money from the “savings” part of the Profit Sharing Plan for the following reasons:

- To make a down payment on your primary residence
- To pay down your mortgage
- To pay tuition or education expenses (including up to \$1,500 for a computer purchase)

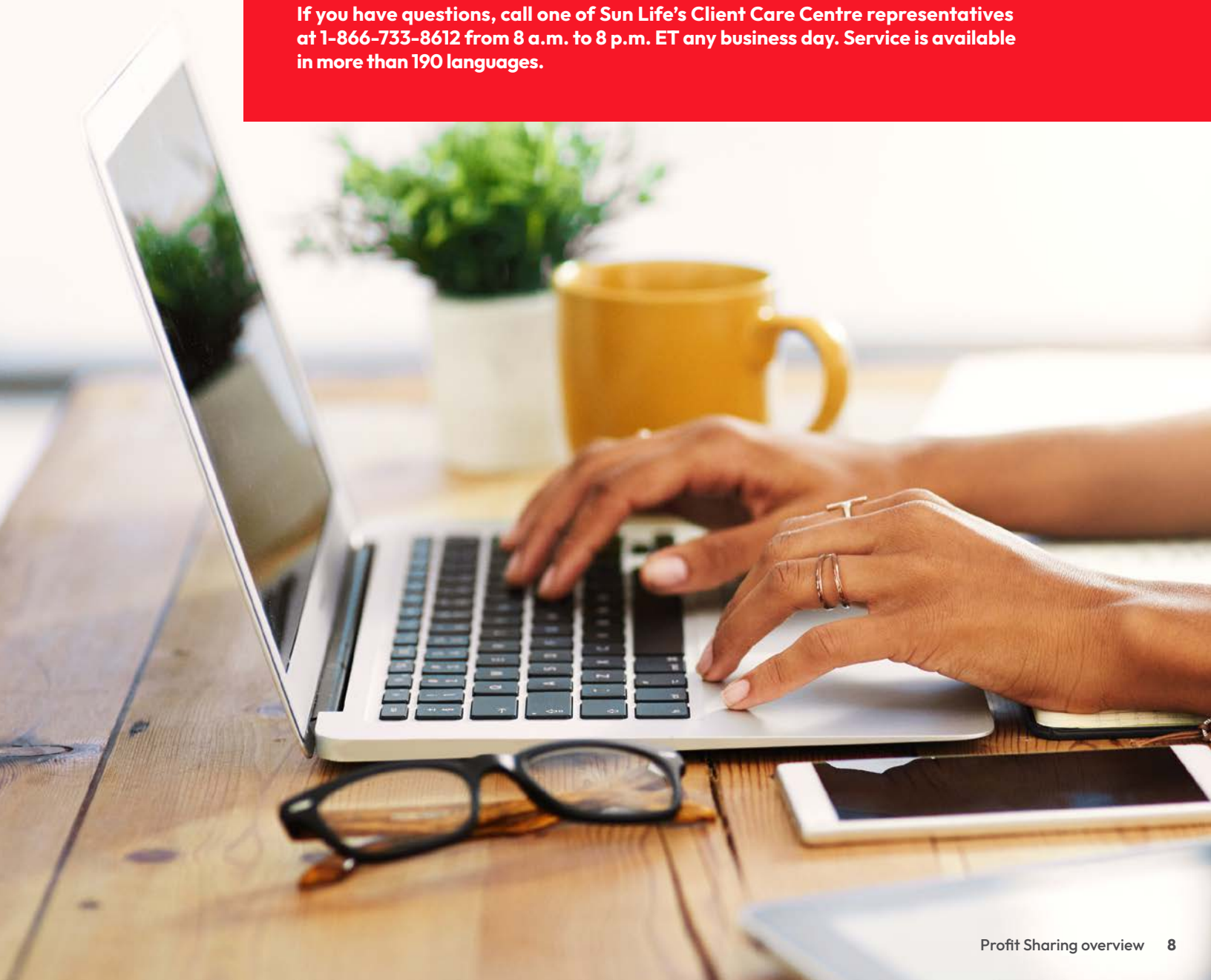
- To pay for investment advice from a personal financial advisor (up to \$500 per year).

You can also make one withdrawal per year (up to 50% of your current year’s Savings Award for any reason).

#### Note:

If you wish to withdraw money from your Savings Award account, you must complete a withdrawal form (available from your Dealer) and submit it to Sun Life for review and approval.

**If you have questions, call one of Sun Life’s Client Care Centre representatives at 1-866-733-8612 from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.**





# Your Growth and Savings Award accounts

Once you receive an award, it is automatically deposited to your profit sharing account and directed to the appropriate “sub-account.” For example, your Growth Award is deposited to your Growth Award account, and your Savings Award is deposited to your Savings Award account.



Your Growth and Savings Awards accounts are made up of smaller accounts that are used to hold the different components of your savings.

These can include:

- A deferred profit sharing plan account (DPSP)
- A registered retirement savings plan account (RRSP)
- An employee profit sharing plan account (EPSP).

The EPSP is designed to hold awards that cannot be contributed to the DPSP or RRSP portion of the plan due to Canada Revenue Agency restrictions.

Contributions and investment earnings in the EPSP are taxable to you each year, but still allow you to save for the future within the plan.

For details about when deposits are made to your DPSP or RRSP, [see page 10](#).

### Tax-free savings account (TFSA)

You also have the option to open a TFSA. Your TFSA can be used as another tool to build your retirement income, but you can also use it for your shorter-term savings goals, such as buying a home, paying tuition, and more.

Each year, you can make after-tax contributions towards your TFSA and invest your contributions in the same investment options available through the Profit Sharing Plan. Like the RRSP, your TFSA balance grows, tax-free.

Also like the RRSP, there is a limit on the amount you can contribute each year. This amount is reviewed every year by the Canada Revenue Agency. If you do not contribute the maximum amount to your TFSA in a given year, your unused contribution room accumulates and will be carried forward to be used in subsequent years.

It is your responsibility to ensure that your contributions do not exceed the limit set by the Canada Revenue Agency. Visit [canada.ca](https://canada.ca) to find out the annual TFSA contribution limit.

## Deposits to your Growth Award account

When you receive your Growth Award in June, the money is deposited into the DPSP part of your Growth Award account.

If the deposit to your DPSP is larger than the maximum contribution that's allowed by Canada Revenue Agency rules, the extra money is automatically transferred to your RRSP account. If the deposit to your RRSP is larger than the maximum contribution that's allowed, the extra money automatically goes to the EPSP.



This automatic transfer to your RRSP or EPSP helps reduce the overall amount of tax you need to pay.

### Did you know...

#### The Growth Award sub-accounts have different default investment options:

- **DPSP: 90%** Target Date Fund closest to your 65<sup>th</sup> birthday (i.e., a typical retirement date)
- **10%** Canadian Tire Stock Fund
- **RRSP: 100%** Target Risk Conservative Fund
- **EPSP: 100%** Guaranteed Daily Interest Account (GDIA).

### Why all the rules around “maximum contributions” for each account type?

Most members will only need the DPSP part of the account, but there are some cases where the RRSP and EPSP accounts are required—and that’s why the plan includes them!

The Canada Revenue Agency sets a maximum on the amount that you can contribute to DPSP’s and RRSP’s each year. This is because:

- Deposits to these accounts are made with “before tax” dollars
- You don’t have to pay income tax on the money in your account or on any investment returns you earn on this money until you withdraw it.

On the other hand, deposits to an EPSP are made with “after tax” dollars and investment returns are subject to tax, so there is no limit (or maximum) to the amount that can be transferred over to this type of account.

Sun Life will automatically manage this deposit process for you based on current Canada Revenue Agency rules. However, if you are contributing to another plan—such as a personal RRSP through your financial institution—you may wish to contact a Sun Life representative to see how it will work with the Profit Sharing Plan.

**Are you age 71 or older?** Your Growth and Savings Awards automatically go to your EPSP (instead of the DPSP or RRSP). This is a rule set by the Canada Revenue Agency.





## Deposits to your Savings Award account

Your Savings Award account follows a similar process to the Growth Award account.

When you receive your Savings Award in January, the money is deposited into the DPSP part of your Savings Award account.

If the deposit to your DPSP is larger than the maximum contribution that's allowed, the extra money is automatically transferred to your RRSP account.

If the deposit to your RRSP is larger than the maximum contribution that's allowed, the extra money automatically goes to the EPSP.

Again, the purpose of the accounts is to minimize the amount of tax you have to pay on your awards.



## Personally contributing to your savings

Any personal contributions you make go directly to your RRSP account or your TFSA account.

Why make personal contributions? There are many good reasons:

- To help increase your retirement savings
- To take advantage of the plan's professional investment managers

- To benefit from the plan's lower investment management fees. Typically, the fees you would pay on a personal RRSP or TFSA through your bank are much higher than the fees through the Profit Sharing Plan!

### Did you know...

**The Savings Award sub-accounts have different default investment options:**



**100%** Target Risk  
Conservative Fund



**100%** Target Risk  
Conservative Fund



**100%** Sun Life Guaranteed  
Daily Interest Account Fund

### **You need to note your EPSP when filing income taxes:**

Since the EPSP part of your Savings Award account is not registered, you have to pay tax on any investment earnings you make from it. If you have money in the EPSP part of your account, Sun Life will mail you a tax slip each year to assist you in filing your income taxes.





# Investing your awards

Deciding how to invest your awards is an important part of making the most of your Profit Sharing Plan.

## Your investment options in the Profit Sharing Plan

When you join the Profit Sharing Plan, you will be asked to choose a mix of investments for your awards from the following investment options. Each option has a different amount of risk and investment philosophy:

- Target Date Funds
- Target Risk Funds
- Sun Life Guaranteed Daily Interest Account Fund
- Canadian Tire Stock Fund.

## Which investment is best suited to you?

If you don't have much experience with investing, it can be difficult to choose an investment option (or options) and have confidence in your decision. To help you choose the right investment options for you and your goals, log in to [mysunlife.ca](https://mysunlife.ca) and use the Asset Allocation tool or contact the Sun Life's Client Care Centre.

Each investment option is also explained in the next section.

### Note:

You may wish to review these questions once or twice each year, as your investment style and needs can change over time. If you find that they do, you can change your investment options at any time through [mysunlife.ca](https://mysunlife.ca).



# Taking a closer look at different investment funds

## Target Date Funds

### Did you know...

The Target Date Fund that you invest in can be based on your retirement date (which typically takes place around age 65), or you can choose to invest in a fund with another date in mind (such as the date when you will need your money).

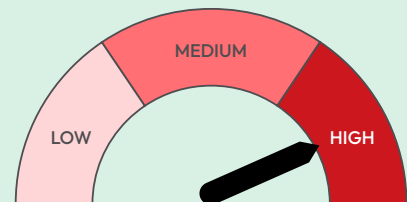
If you haven't provided investment instructions for your Growth Award, the default option is the Target Date Fund closest to your 65th birthday.

High risk when far from retirement and low risk when close to it

- Invests in a mixture of equities and bonds. The further you are from retirement, the greater the risk and investment mix of equities; the closer you are to retirement, the lower the risk and greater the investment in bonds
- The fund is automatically rebalanced and de-risked over time, based on the time to your retirement age.

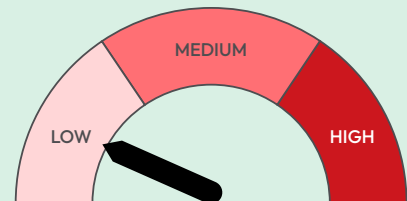
### Higher risk

You take higher investment risk when you're further away from retirement to maximize your investment earnings (i.e. your potential investment earnings mix is more aggressive with a greater amount of equities).



### Lower risk

As you near retirement and eventually need to draw on funds, you take lower investment risk (i.e. your investment mix becomes more conservative).



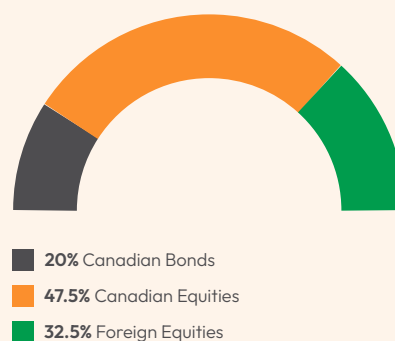
## Canadian Tire Stock Fund

- Higher risk and volatility, but potentially higher rewards
- Allows you to share in the success of the Canadian Tire Corporation
- Invests in Canadian Tire Class “A” Shares
- Because of the high risk associated with investing in a single stock, most financial experts recommend limiting your investments in a single stock fund.



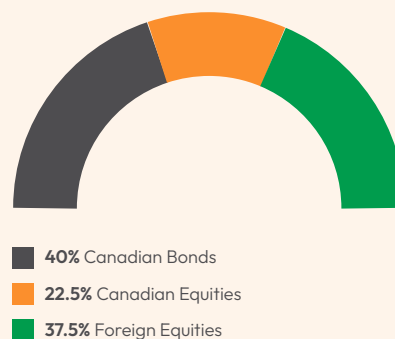
## Target Risk Aggressive Fund

- Moderate to high risk, moderate to high potential rewards
- Invests in an aggressive mixture of primarily equities to encourage long-term capital growth, plus some bonds for balance.



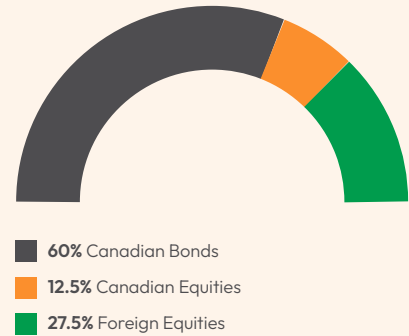
## Target Risk Moderate Fund

- Moderate risk, moderate potential rewards
- Invests in a relatively even mixture of bonds and equities to balance your potential investment risk.



## Target Risk Conservative Fund

- Low to moderate risk, low to moderate potential rewards
- Invests primarily in bonds to preserve savings and a mixture of Canadian equities and global equities.



## Sun Life Guaranteed Daily Interest Account Fund

- Low risk, low potential rewards
- The safest short-term investment
- In the long-term, this option runs the risk of not keeping up with inflation and missing out of potential investment gains from higher risk options.



### Please remember

Any information provided about the investment options is not intended as investment advice. Your investment decisions are your responsibility. If you need assistance in selecting your investment options, you should speak with a personal financial advisor.

## Changing your investment options

At any time throughout the year you have the flexibility to change the way your awards are invested. Simply log in to [mysunlife.ca](https://mysunlife.ca), to change your investment options.

To complete your login, you will need to know your access ID and password, which Sun Life gives you when you join the plan. If you have misplaced your access ID or password or have trouble logging in to the website, call one of Sun Life's Client Care Centre representatives at 1-866-733-8612 from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.

## Looking for investment advice?

As a plan member, it is your responsibility to seek financial guidance if you need it. Talk to your personal financial advisor if you'd like some advice choosing your investment options and managing your savings in the Profit Sharing Plan.

If you require more information about the investment options, you can visit [mysunlife.ca](https://mysunlife.ca) or contact a Sun Life representative.

### Did you know...

**You can get FREE financial support from Sun Life. You can also withdraw up to \$500 from your Savings Award account to pay for investment advice from a personal financial advisor!**

If you require more information about the investment options, you can visit [mysunlife.ca](https://mysunlife.ca) or contact a Sun Life representative.



# Making withdrawals from the Profit Sharing Plan

The Profit Sharing Plan is designed to help you save for retirement. As such, there are specific guidelines about how much money you can withdraw from the plan before that time.



## **Growth Award account**

You can only withdraw from your Growth Award account when you leave the plan, end your employment with Canadian Tire or Party City, retire from Canadian Tire or Party City, become an Associate Dealer, or take a position with Canadian Tire Corporation.



## **Savings Award account**

You can withdraw money from your Savings Award account for these four reasons:

1. To make a down payment on your primary residence
2. To pay down your mortgage
3. To pay tuition or education expenses (including up to \$1,500 for a computer purchase)
4. To pay for investment advice from a personal financial advisor (up to \$500 per year).

You can also make one withdrawal per year—up to 50% of your current year's Savings Award.

In addition, you can make a withdrawal from your RRSP sub-account for the Home Buyers' Plan (HBP) in equal amounts over 15 years or Lifelong Learning Plan (LLP) over 10 years. However, keep in mind that you must repay the amount to an RRSP in equal amounts over 15 years for the HBP and in equal amounts over 10 years for the LLP. If you do not make your repayment amount for a calendar year, the amount you should have repaid in that year will be included in your income for that year and you will be taxed. You can also repay your amounts more quickly than scheduled.

If you wish to withdraw money from your Savings Award account, you must complete a withdrawal form (available from your Dealer) and submit it to Sun Life for review and approval.

# Paying taxes on your Growth and Savings Awards accounts

When it comes to taxes on registered accounts, such as the DPSP and RRSP, you are only required to pay when you withdraw money.

Non-registered accounts, such as the employee profit sharing plan (EPSP), are subject to tax—any money you earn through your investment options will be subject to income tax in the year it is earned.

The table below provides a closer look at when you should expect to pay taxes on the money in each account.

Account type	Will you be taxed?
Growth DPSP	Only when you end your Profit Sharing Plan membership and withdraw your money from the plan in cash. If you transfer this money directly to a personal RRSP, you can defer paying taxes.
Growth RRSP	Only when you end your Profit Sharing Plan membership and withdraw your money from the plan in cash. If you transfer this money directly to a personal RRSP, you can defer paying taxes.
Savings DPSP	You will pay “withholding tax” immediately when you withdraw from your Savings DPSP. The amount you withdraw will be added to your income for that year. If you transfer this money directly to a personal RRSP, you can defer paying taxes.
Savings RRSP	You will pay “withholding tax” immediately when you withdraw from your Savings RRSP. The amount you withdraw will be added to your income for that year. If you transfer this money directly to a personal RRSP, you can defer paying taxes.
EPSP	You will pay income tax each year on the investment income you earn.
TFSA	The money you deposit to the TFSA is after tax (i.e. you will not get a tax-deduction for contributing to the TFSA). You do not pay tax on investment earnings or withdrawals.



# Becoming a responsible investor and plan member

As a member of the Profit Sharing Plan, it is your responsibility to understand how the plan works and how it fits into your overall savings goals. More specifically, you are responsible for:

- Making investment decisions for your Growth and Savings Awards
- Understanding how to use [mysunlife.ca](https://mysunlife.ca), to make your investment choices
- Periodically reviewing your investments to make sure they continue to align with your investment strategy and comfort with risk
- Asking questions if you do not understand any aspect of the plan
- Keeping your personal information and beneficiary designation up-to-date
- Researching additional information from other sources such as newspapers, magazines, books, websites, and independent financial advisors
- Understanding how your savings will affect your present and future financial goals and needs (Hint: Check out the Retirement planning tool, available on [mysunlife.ca](https://mysunlife.ca))
- Determining how you can save for your retirement based on your overall retirement picture (e.g., through an RRSP or personal savings) to meet your retirement goals.



# Learning more about the plan and staying informed

## The Profit Sharing Plan website

Visit [profitsharingplan.ca](https://profitsharingplan.ca) and find all your Profit Sharing Plan information in one place:

- Watch our [plan videos](#) to learn how the Profit Sharing Plan works
- Read the [Track Record](#) newsletter for the latest plan updates
- Read the interactive [annual report](#) to learn more about investing, and to find out how your investments have performed
- Looking for support? Find the contact information you need.

### Have a question about the plan?

Visit the [FAQ](#) page to find answers to our top plan questions!

Once you have the plan information you need, log in to [mysunlife.ca](https://mysunlife.ca) to invest and manage your Profit Sharing Plan savings.

## Track Record newsletter

Twice a year, the CTDA publishes a newsletter called the Track Record for all members of the Profit Sharing Plan. It includes information about the plan and articles to help you make the most of being a plan member. [Click here for the latest edition.](#)

## Profit Sharing Plan annual report

The Profit Sharing Plan annual report is published each spring and is distributed to each plan member. Inside the report, you will find how the investment options performed in the previous year, the outlook for the following year, and key contacts for your questions about the plan.

[Click here](#) to find the latest annual report.

## Sun Life Plan Member website ([mysunlife.ca](https://mysunlife.ca))

When you first join the plan, Sun Life will email you your website access ID, along with instructions on how to set your password. If you have not received your access ID, you can get one online by clicking on the “Register Now” button. You can also contact a Sun Life representative to request an access ID.

When you log in, you will see your personal account balance, your beneficiary, your statements, any transactions you have made, and how your investments are performing. The website also has a lot of tools and materials to help you learn more about investing and saving for retirement, including:

- Asset allocation tool—to help you select the investment options best suited to you
- Retirement planning tool—to help you determine how much you need to save for retirement.

While visiting [mysunlife.ca](https://mysunlife.ca), take the time to review and update your beneficiaries.

## Plan statements provided by Sun Life

You will receive a personal print and electronic Profit Sharing Plan statement, one in July and one in February, that will give you an overview of your accounts and information throughout the year. Depending on your preferences, you may receive a mailed copy to your home. The statements are a good way to help you monitor your account and the performance of your investments.

### One-on-one support

You can also speak to a Sun Life Retirement Consultant\* for a one-on-one overview of the plan and your investment options by calling 1-866-292-3664 any business day from 8 a.m. to 6 p.m. ET.

\*Registered as Financial Security Advisors in the province of Quebec.



# Have questions?

For more information about the Profit Sharing Plan, check out [mysunlife.ca](https://mysunlife.ca), or contact Sun Life's Client Care Centre representatives at 1-866-733-8612 from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.

If you have questions or suggestions about this document or any other Profit Sharing Plan communications, please contact us at [profitsharingplan@lifeworks.com](mailto:profitsharingplan@lifeworks.com).