

Fact Sheet

Inflation protection for your OPTrust pension

Starting January 2015, your OPTrust pension will increase by 1.7%. The annual increase applies to all OPTrust pensioners, survivor pensions and to the deferred pensions of former and divested OPTrust members.

Every January, OPTrust pensions are adjusted for the increase in the cost of living, as measured by the Consumer Price Index (CPI), reported by Statistics Canada. The result is protection for the buying power of your pension – and security for the future.

The CPI used by OPTrust reflects the cost of a weighted basket of over 600 goods and services that are typically purchased by Canadian consumers every month. These weights ensure that a 10% price increase in rent, for example, would have a greater impact on the index than a 10% increase in the price of milk.

HOW YOUR ANNUAL ADJUSTMENT IS CALCULATED

OPTrust's annual pension adjustment is calculated based on the change in the average monthly CPI between October and September for the previous two years. For example, the 2015 increase was calculated as follows:

$$\frac{\left[\begin{array}{l} \text{October 2013 to} \\ \text{September 2014} \end{array} \right] \text{ minus } \left[\begin{array}{l} \text{October 2012 to} \\ \text{September 2013} \end{array} \right]}{\text{October 2012 to September 2013}} = \frac{[124.6 - 122.5]}{122.5} = 1.7\%$$

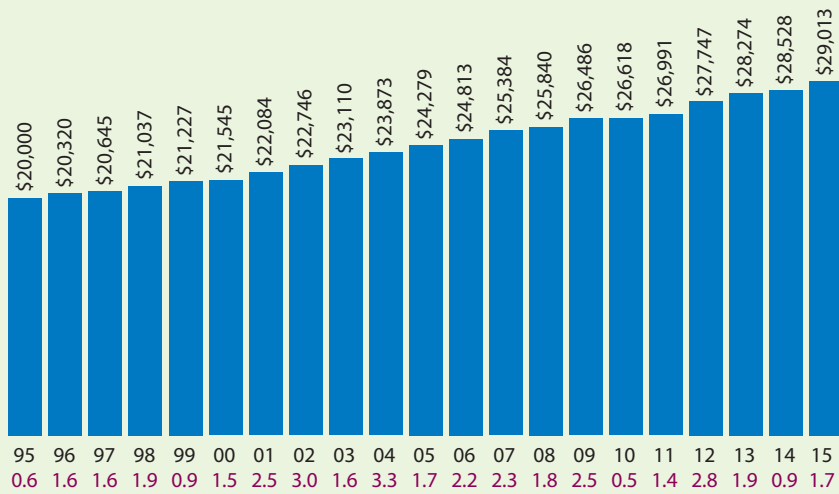
The maximum increase in any single year is 8%. Any increase above this level is carried forward, and applied in the next year when the adjustment is less than 8%.



CONSUMER PRICE INDEX

The Consumer Price Index (CPI) is a measure, produced by Statistics Canada, of price movements. The CPI is calculated by comparing the retail prices of a representative "shopping basket" of goods and services at two different points in time. This "shopping basket" includes a range of goods and services including food, fuel, transportation, home energy and shelter.

For more information on the Consumer Price Index, visit the Statistics Canada website at www.statcan.gc.ca.



INFLATION PROTECTION OVERVIEW

< Using a \$20,000 pension as a starting point, this chart tracks the inflation protection increases since OPTrust's inception in 1995. The "annual pension" amounts do not reflect CPP integration which goes into effect when a pensioner turns 65.

< **Year**
< **% Inflation Adjustment**

LIFETIME PROTECTION

The inflation protection feature is designed to protect your pension during your lifetime. For example, a pensioner who retired in December 2004, with an annual pension of \$24,279 will receive \$29,013 from OPTrust in 2015 – a 19% increase over a 10-year period.

Since the Plan's inception, inflation adjustments have averaged 1.8%.

To find out how much your own pension will increase in 2015, view your *Pensioner Information Change Statement* available through secure *Online Services* or in print in early January, 2015.

INCREASE PRO-RATED FOR NEW PENSIONERS

For OPTrust pensioners who retired in 2014, your inflation adjustment is pro-rated for the length of time you received a pension. For example let's say you retired in June 2014, your pro-rated adjustment is calculated by the number of months you received a pension, divided by 12, times the 2015 increase.

$$6 \div 12 \times 1.7\% = 0.85\%$$

In January 2015, your pension will increase by 0.85% to reflect the cost of living for six months. In the following years the full CPI will be applied to your OPTrust pension.



With a range of increases, OPTrust's annual inflation adjustment can make a big difference over time.

FOR MORE INFORMATION PLEASE CONTACT OPTRUST

This **Fact Sheet** is intended as a summary description of the OPSEU Pension Plan. The Plan text contains numerous provisions not described here that may apply to you. In the event of any conflict between this Fact Sheet and the OPSEU Pension Plan text, the Plan text will govern.



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