

# Fact Sheet

YOUR OPTRUST PENSION  
AND TURNING AGE 65

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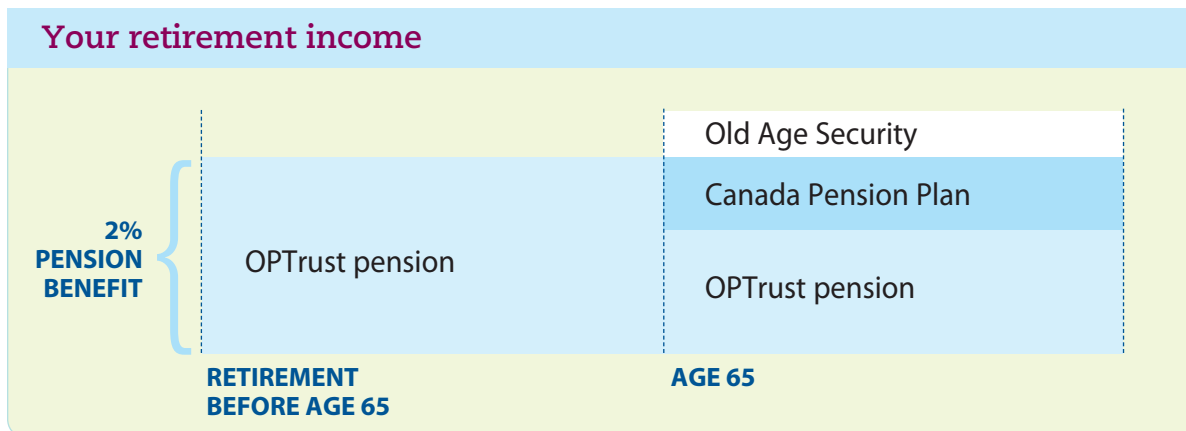
## Your OPTrust pension and turning age 65

One of the most common questions we receive from OPTrust pensioners and active members is why their pensions change when they reach age 65. When a pensioner turns 65, their temporary OPTrust benefit ends because they are now eligible to collect a CPP retirement pension.

### OPTRUST AND THE CANADA PENSION PLAN

Canada Pension Plan (CPP) provides retirement benefits to individuals who have contributed to it during their employment. The pension is designed to replace about 25% of the earnings on which you contributed to CPP during your career. Your OPTrust pension is designed to provide you with a combined pension income – from both OPTrust and CPP – that equals approximately 2% of your average annual salary multiplied by your years of pension service in the OPSEU Pension Plan during your membership.

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While you were an active member, you made reduced contributions to OPTrust because you were also contributing to CPP. This contribution “integration” is taken into account in the way your OPTrust pension is calculated starting at age 65 (see chart above).

If you retire early (before age 65), OPTrust pays the full 2% pension benefit (see chart). This *temporary* benefit helps level your pension income until age 65 when you can collect an unreduced CPP retirement pension. Starting at age 65, your OPTrust pension will be reduced to reflect the fact that you are now eligible for CPP. So after age 65, your 2% pension will be made up of an OPTrust portion plus a CPP portion. For a breakdown of how this works refer to the examples below.

## EXAMPLES

Let’s say Samir retired on February 1, 2015 at age 62, with an unreduced OPTrust pension. Samir decides to start CPP at age 65. Example 1 is a snapshot showing how CPP integration affects Samir’s annual income before and after age 65.

### Example 1: Starting CPP at age 65

	FROM AGE 62 – 65	AGE 65 AND ONWARD
OPTrust pension	\$ 30,800	\$ 20,713
Canada Pension Plan	—	\$ 12,150
Old Age Security (payable at age 65)	—	\$ 6,599
<i>Less income tax</i>	\$ 4,316	\$ 6,203
<b>Total income from all sources</b>	<b>\$ 26,484</b>	<b>\$ 33,259</b>

Now let's see what happens if Samir retires at age 62 and starts taking CPP at the same age. Example 2 shows the impact of CPP integration on Samir's retirement income before and after 65, under this scenario.

### Example 2: Starting CPP at age 62

	FROM AGE 62 – 65	AGE 65 AND ONWARD
OPTrust pension	\$ 30,800	\$ 20,713
Canada Pension Plan	\$ 9,448	\$ 9,448
Old Age Security (payable at age 65)	—	\$ 6,599
<i>Less income tax</i>	\$ 6,382	\$ 5,557
<b>Total income from all sources</b>	<b>\$ 33,866</b>	<b>\$ 31,203</b>

Even though the normal age for starting CPP benefits is 65, you can apply for a CPP pension as early as age 60. CPP annual maximum benefits increase every year to reflect changes in the cost of living. The maximum monthly CPP retirement pension in 2015 is \$1,065.00.

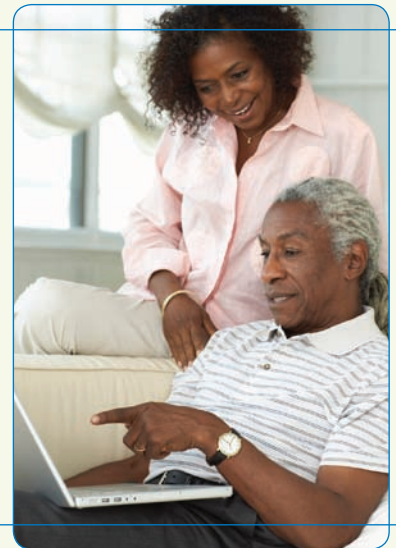
### OLD AGE SECURITY

In addition to CPP, you may be entitled to a retirement benefit from Old Age Security (OAS). It is payable monthly and indexed quarterly. Your OPTrust pension is not adjusted due to OAS payments.

OAS payments are separate from OPTrust and CPP payments. OAS starts at age 65 and cannot be taken any earlier. In the first quarter of 2015, the maximum OAS monthly basic benefit payment is \$563.74.

### WANT MORE INFORMATION?

For more detailed information on your OPTrust pension and the Canada Pension Plan, read our booklet *Your Pension during Retirement* available online at [optrust.com](http://optrust.com) or in print.



### RETIREMENT INCOME CALCULATOR

*OPTrust's retirement income calculator can help you find out how:*

- *integration with CPP changes your OPTrust pension at age 65*
- *taking CPP early will affect your total retirement income, before and after age 65*
- *OAS payments at age 65 add to your total retirement income.*

*To use the retirement income calculator, go to the Pensioner section on the OPTrust website and click "Retirement Planning Tools." If you are currently retired, you will need to enter today's date as your "Projected Retirement Date."*

## FREQUENTLY ASKED QUESTIONS

### How is my age 65 pension calculated?

Your OPTrust pension has two components – a lifetime retirement pension benefit, plus a temporary benefit if you retire before age 65 as shown on page 2. We calculate your lifetime pension at age 65 as:

<b>2%</b>	<b>X</b>	<b>Your best five-year average annual salary</b>	<b>X</b>	<b>Your pension service</b>
<b>Less adjustment for CPP</b>				
<b>0.655%</b>	<b>X</b>	<b>The lesser of:</b> your best five-year average annual salary, <b>and</b> your final five-year average Year's Maximum Pensionable Earnings (YMPE) set under CPP	<b>X</b>	<b>Your pension service</b> (to a maximum of 35 years)

For example, Annabelle's lifetime OPTrust pension at age 65 is calculated as:

$$2\% \times \$50,000 \times 30 = \$30,000$$

*Less*

$$0.655\% \times \$48,600 \times 30 = \$9,550 \\ = \$20,450$$

When Annabelle turns 65 and starts CPP, her lifetime OPTrust pension will be **\$20,450**.

OPTrust will provide you with a statement six months before you turn age 65 to show your lifetime pension amount from the Plan.

### My friend's pension didn't decrease as much as mine did at age 65. Isn't the reduction the same for everyone?

The formula for calculating the reduction is the same for every OPTrust pensioner, but unless you and your friend had exactly the same average salary, amount of pension service and retired the same year, your reduction amount would be different (see example above).

### My spouse is also receiving CPP. Will this affect my OPTrust pension too?

No. Your OPTrust pension is based only on your contributions and pension service in the Plan. Your spouse's income has no bearing on the formula for calculating your pension benefit or your spouse's survivor benefit.

*The CPP benefit calculation can be complex. As well, CPP benefits and contributions change over time. For information on your CPP benefits, we suggest you contact the Canada Pension Plan directly at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca) and click "Seniors" or toll-free at 1-800-277-9914 (within Canada and the United States).*

## 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.



## HOW TO REACH US

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