

Pension

CONNECTION



A NEWSLETTER FOR
PENSIONERS OF THE OPSEU
PENSION PLAN

SUMMER 2018, N° 68

Weathering market turmoil — OPTrust's investment strategy provides an effective approach

Stock markets around the world were extremely volatile in February, and provided a good test of OPTrust's strategy to keep the fund stable.

Our Member-Driven Investment strategy has a singular focus — to maintain the Plan's fully funded status. This means earning a return high enough to ensure Plan sustainability, while employing risk efficiently so that stability is maintained. This ensures that our members and retirees are not affected by market volatility.

During the week of February 5, a broad-based market decline included drops in every sector. At some points markets lost between five and 10 per cent in a single day.

In the face of this market volatility our funded status, on a market value basis, remained essentially the same — meaning the movements in the market did not affect OPTrust's ability to pay pensions today and preserve them for tomorrow.



Your defined benefit pension is designed to weigh long-term investments against long-term liabilities. So it is possible to have a strategy that successfully confronts extreme market volatility.

Our strategy is working — despite the ups and downs of the markets, your pension plan is stable and secure.



OPTrust 2017 Funded Status Report

OPTrust remained fully funded in 2017 on a regulatory filing basis, for the ninth year in a row. The total fund achieved an investment return of 9.5%, net of external management fees. Service satisfaction scores were high, and the organization is one of the first plans to report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures. See page 5 for more details.



Everyone at OPTrust knows about the great value of defined benefit (DB) pensions for workers and employers. DB pensions provide retirees with secure, predictable income — which provides social and economic benefits for all Canadians.

Now we want to spread the word! This is why OPTrust launched **People for Pensions**, a program to raise awareness about the value of DB pensions. Visit peopleforpensions.com to find out more and to join us in sharing information and building a connected community in support of the defined benefit model. □

I N T R O D U C I N G

OPTrustSelect



OPTrust launches the first new defined benefit product offering in a generation

We are pleased to introduce *OPTrust Select*, a new defined benefit pension offering for those who do not currently have one.

OPTrust Select will offer a secure, reliable retirement solution at a moderate cost. It will be targeted to Ontario workplaces in the broader public sector and not-for-profit groups without a defined benefit pension plan.

The new offering will not affect the monthly pension you are receiving or change benefits that are offered to members of the OPSEU Pension Plan. *OPTrust Select* will be available only to employers and employees that do not participate in the OPSEU Pension Plan.

The income a defined benefit pension provides has a real effect on the quality of life for retirees, who know what their monthly income will be. As the first new jointly sponsored, defined benefit product for modest income earners in a generation, *OPTrust Select* will help more Ontarians benefit from a secure, reliable stream of income in retirement. □



Learn more at optrustselect.com
Simple. Smart. Select.



How we protect your privacy

Safeguarding your personal information is a top priority for OPTrust. We have measures in place to deliver on this commitment to protect your personal information from being compromised, at all times. We have three important ways of protecting your personal information:

- **Physical.** Clean and locked desk policies, locked filing cabinets and restricted access to our offices.
- **Organizational.** Staff training and awareness initiatives, visitor controls, limited access on an 'individual approval' basis, and authentication of callers' identities when calls are received.
- **Technological.** Server security features, individual passwords and industry-leading encryption.

OPTrust ID provides added security

OPTrust uses a unique identifier known as your OPTrust ID. We will ask you to provide your OPTrust ID when we communicate with you over the phone, in person, or online. It effectively identifies you as a member, and is secure, as it is not used for any other purpose.

For more information on OPTrust's privacy policy, download our booklet *Privacy Matters at OPTrust* available online. [□](#)

Protecting your pension: cost of living increase for 2018

Increasing your pension to keep up with the cost of living is an annual event at OPTrust. Every January, OPTrust pensions are adjusted for the increase in inflation, as measured by the Consumer Price Index (CPI), reported by Statistics Canada.

The 2018 increase is 1.6%. At the beginning of January, all OPTrust pensions, including survivor pensions and the deferred pensions of former and divested OPTrust members, were increased by 1.6%.

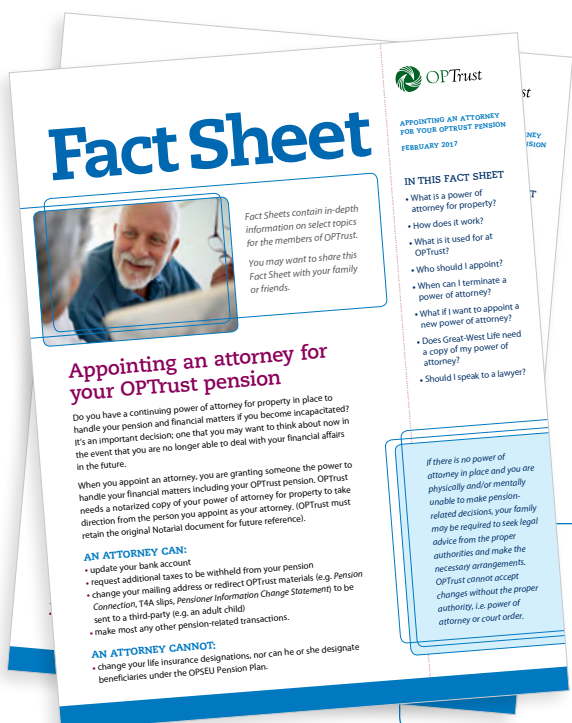
The increase is pro-rated for members who retired and began receiving their pensions in 2017. For example, a pension that began payment in July 2017, half way through the year, would receive a 2018 increase of 0.8%, rather than 1.6%. In the following years, the pension will receive the full increase.

The cost of living adjustment is designed to protect your pension throughout your lifetime. A pensioner who started receiving an annual pension of \$20,000 in January 1995 will receive \$30,248 from OPTrust in 2018 — a 51% increase over a 23-year period.

Since the Plan's inception, cost of living adjustments have averaged 1.8%.

The change to your monthly pension that took effect in January 2018 was outlined on your *Pensioner Information Change Statement*. These statements are available in your *Online Services* account, or by mail. □

Appointing a power of attorney for your OPTrust pension



Do you have a continuing power of attorney for property in place to handle your pension and financial matters if you become incapacitated? It's an important decision; one that you may want to think about now in the event that you are no longer able to deal with your financial affairs in the future.

When you appoint an attorney, you are granting someone the power to handle your financial matters including your OPTrust pension. OPTrust needs an original or notarized copy of your power of attorney for property to take direction from the person you appoint as your attorney. □

To learn more, visit our website at optrust.com to download our power of attorney fact sheet under the "Publications" section.

OPTrust 2017 Funded Status Report Highlights



SECURING YOUR PENSION

We invite you to read our *Funded Status Report* at optrust.com and encourage you to visit our site regularly for the latest news and updates.

CONTINUING THE CONVERSATION

In 2016, we started a conversation with you about what we thought mattered most as a pension plan. Our answer hasn't changed: the **Plan's funded status**. It is the foundation on which secure, sustainable retirement futures rest, and when gauging the success of a defined benefit pension plan, it is **the measure that matters**.



Hugh O'Reilly
President and CEO
OPTrust



Fully funded
defined benefit pension plan



Over
92,000
members and retirees



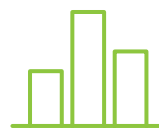
Contributed to a World Bank report and participated in a day-long session on retirement at the Brookings Institution to **continue our advocacy** as pension citizens

Received a **Member Services satisfaction** score of

9/10



President and CEO received a **CORPaTH Crystal Globe** award, in acknowledgement of OPTrust's ongoing efforts to promote defined benefit pension plans globally



Over
\$20
billion in net assets



9.5%
net investment return



Went live with the internalization of our **Member-Driven Investing** strategy



Increased our focus on understanding the **implications of climate change** for the Plan

A+

Received A+ for strategy and governance approach to **responsible investing** from the Principles for Responsible Investment (PRI) and scored above the median in a majority of categories

A CHANGE IN DIRECTION:

Divesting from tobacco

A notable change was made to OPTrust's investment portfolios at the beginning of 2018. OPTrust has divested from all equity and fixed income investments in public companies that derive a majority of their revenue from the production or manufacture of tobacco products.

At OPTrust we use a responsible investment approach that can drive long-term investment performance. In this framework, we use corporate engagement — promotion of better business behaviours — in our investment and ownership practices. However, as there is no safe level of consumption of tobacco products, companies that produce tobacco products do not align with our responsible investment principles.



OPTrust's leadership recognizes that environmental, social and governance factors are a key part of a responsible investing approach. This divestment keeps OPTrust in line with responsible investing best practices. □

Pension Connection is a newsletter for pensioners of the OPSEU Pension Plan. Its goal is to provide useful and timely information about the OPSEU Pension Plan.

If there is any conflict between statements in this newsletter and the legal documents of the OPSEU Pension Plan, the legal documents will prevail. Please direct any questions about your personal benefits under the Plan to OPTrust. You should contact OPTrust before making any pension-related decisions.

If you have any questions or comments, please contact us.

HOW TO REACH US

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