



ISSUE NUMBER 43 • August 2012

# Employer Update

## Update on PBA changes and the OPSEU Pension Plan

In 2010, the provincial government passed the *Pension Benefits Amendment Act*, also known as Bill 236. Bill 236 includes numerous changes to the Pension Benefits Act (the “PBA”), some of which will have a significant impact on the OPSEU Pension Plan and affected members and retirees.

The *Pension Benefits Amendment Act* received Royal Assent in May 2010. A number of changes contained in the act came into effect on July 1, 2012. Other changes will not take effect until final regulations are approved and the changes are proclaimed.

### Changes **Now** in Effect

The following changes to the PBA, which affect the OPSEU Pension Plan, came into force on July 1, 2012.

#### **i) Immediate Vesting**

Prior to July 1, 2012, OPTrust members’ pensions became vested only once they had at least two years of credit or continuous membership in the Plan.

Under the Plan, vested members are entitled to receive an OPTrust pension at age 65. Depending on their age and years of credit in the Plan, they may also qualify for an unreduced pension before age 65. If they leave the Plan before retirement, vested members qualify for a deferred pension and may have the option of transferring their pension entitlement to another pension plan. Vested

members who leave the Plan before age 55 also have the option of transferring the commuted value (CV) of their pension to a locked-in retirement account.

Under the changes to the PBA:

- Anyone who was an active member of the Plan on July 1, 2012, became vested on that date, regardless of their age or years of service. As a result, all active members are now eligible for pension benefits from the Plan, for both pre-1987 and post-1986 service.
- Anyone who joins the Plan on or after July 1, 2012, will be vested immediately.
- Anyone who terminated employment or was divested before July 1, 2012, is subject to the Plan’s previous vesting rules.

“Immediate vesting” means that ALL members who terminate employment after July 1, 2012 will have the right to a pension and/or the termination options outlined above.

*Note: Members with less than two years credit or continuous membership will no longer receive a refund of their own pension contributions plus interest when they leave the Plan. However, depending on their pension entitlement when they terminate employment, they may be eligible for a cash payout of the commuted value of their pension under changes to the PBA rules for the payment of small pensions (see next page).*



## ii) Small Pension Rule

Bill 236 also changes the rules for how small pension entitlements are handled for members who terminate employment or membership:

Prior to July 1, 2012, under the Plan's previous rules:

- A terminating member whose pension had not vested would receive a refund of their own pension contributions, plus interest.
- A terminating member with a vested annual pension less than 2% of the YMPE in the year of termination could choose to receive their CV in cash.

Under Bill 236, the Plan's rules for paying out small pension entitlements have changed. Effective July 1, 2012, a terminating member can choose a lump-sum payment or transfer the CV of their pension to a registered retirement savings account if:

- the annual pension payable at age 65 is less than 4% of the YMPE in the year the member terminates employment,

OR

- the commuted value of the age 65 pension payable in the year of termination is less than 20% of the YMPE.

For example, members who terminate employment after July 1, 2012 have the option of taking their pension as a cash payment if i) their annual pension is less than \$2,004 or the CV of their pension is less than \$10,200.

The same payment rules and options apply for small survivor pensions that are less than 4% of the YMPE,

or where the CV of the survivor pension is less than 20% of the YMPE, in the year of the member's death.

## iii) Grow-In Benefits

Under the changes to the PBA, a plan member whose employment is involuntarily terminated may qualify to "grow-in to" eligibility for an unreduced pension at a later date, based on their age and years of service in the Plan.

The new "grow-in" provision applies in cases where the member's employment is terminated involuntarily, but NOT in cases where:

- the termination is for "willful misconduct, disobedience or willful neglect of duty that is not trivial and has not been condoned by the employer"
- the employee is on temporary layoff within the meaning of subsection 56(2) of the *Employment Standards Act*.

To be eligible, a member's age plus his or her credit, service or continuous employment must total 55 years or more on the date of his or her termination, as set out in the notice of termination.

Under the changes to the PBA, the sponsors of jointly-sponsored pension plans (JSPPs) may agree to opt out of the new "grow-in" provisions. To opt out, plan sponsors must notify Ontario's pension regulator of their decision by June 30, 2013. To date the sponsors of the OPSEU Pension Plan (OPSEU and the Government of Ontario) have made no decision to opt out of this provision.

*Note: To administer grow-in benefits OPTrust will require an authorized employer representative to*



*certify that a member's termination was involuntary and meets the criteria set out above. OPTrust is currently working with representatives of the Ministry of Government Services to finalize procedures for administering this provision.*

*OPTrust will provide employer representatives with more information and any required forms once these procedures are finalized. In the meantime, if you need more information about grow-in rights and the OPSEU Pension Plan, please contact OPTrust's Member and Pensioner Services staff at 416-681-6100 or 1-800-637-0024.*

## Changes Not in Effect

The following provisions of Bill 236 have not been proclaimed and are not currently in effect.

### **i) Divestment Transfers**

Bill 236 includes changes to sections 80 and 81 of the PBA that would allow pension plans to negotiate special agreements to provide a transfer option to employees whose pension plan membership is changed as a result of a divestment. Under Bill 236, these agreements could allow affected employees to transfer their pension entitlement from the OPSEU Pension Plan to the plan provided by their new employer.

However, the final regulations governing such transfers have not been released and this provision has not been proclaimed. As a result, the divestment transfer option is not currently available. In the meantime, there have been no changes to the way OPTrust is currently required to administer the

pension benefits of members who have been affected by a divestment.

OPTrust will provide more information on divestment transfers once these sections of the Act come into effect.

### **ii) Notice of Plan Amendments**

The changes to the PBA also include a provision that would require OPTrust to notify all plan members of any amendments to the Plan. This provision has not yet come into effect. Under the current PBA regulations, pension plan administrators are required to provide notice of plan amendments only to those members who are affected by the plan change.



## Privacy matters at OPTrust

Protecting the privacy and confidentiality of members' personal information is important to OPTrust. We have several important ways to deliver on this commitment, from introducing a secure *Online Services* site and providing the membership with unique OPTrust ID numbers to verifying an individual's identity when communicating with us.

### New Forms, No SIN Reference

OPTrust has taken another measure to further protect the confidentiality of personal information – we have removed the use of Social Insurance Numbers (SIN) from all of our plan administration forms. The exceptions are tax-related forms required by the Canada Revenue Agency and our enrolment form.

The change in format has several important goals:

- secure the privacy of our almost 84,000 members' and pensioners' personal information
- avoid the exposure of personal information to any third-party
- increase the confidentiality of all member data
- comply with Ontario's current privacy legislation, which prohibits the practice of collecting or requesting a SIN for identification purposes.

Over the last couple of years, we have updated several external forms for transactions such as transfers, terminations, etc., where OPTrust has to send information externally. We are now shifting our focus to change all forms that originate with our members, pensioners and employers.

Please recycle any existing forms you may have in your workplace and download our updated forms from the OPTrust [website](#).

### OPTrust ID and WIN ID Numbers

All OPTrust members have been assigned a unique OPTrust ID number to identify individual records and personal information on file. The OPTrust ID further protects the privacy and security of personal data, and it can also be used to access our secure *Online Services*. The number is featured on all OPTrust statements and other documents.

We also now accept OPS employee WIN ID numbers both to identify member records at OPTrust and submit forms. When communicating with OPTrust about a member's individual pension file, please use his or her OPTrust ID or WIN number.

Over the next couple of months, OPTrust will obtain employee ID numbers from the LCBO for the same purpose. During 2013, we will work with employer representatives at the various agencies, boards and commissions to complete the project.

### Secure Employer Site

OPTrust's secure *Online Services* site is your tool to communicate and share personal member data with us electronically. For example, you can send a message using encrypted technology to protect the information you upload to the site. At the same time, our client services team can provide you with member information via the secure site. [Learn more](#) about the site and its features.

To set-up a secure *Online Services* account, please contact Kam Chuhan, OPTrust's Senior Data Analyst ([kchuhan@optrust.com](mailto:kchuhan@optrust.com)).



## Keeping Members Informed

In the summer issue of *OPTions*, we notified our members of our continuing commitment to protect their privacy. Going forward, OPTrust will continue to encourage members to use their OPTrust ID number and/or WIN number (if applicable) as their key identifiers when contacting us and avoid the use of their SINs.

## Quick Tips for Members

Here are some quick reminders to help members' protect their personal information with OPTrust:

- When visiting OPTrust in person, we require one piece of government-issued photo identification (e.g. driver's licence, health card, passport, etc.).
- Do not share their secure *Online Services* password or verification questions and answers with anyone.
- When communicating with OPTrust electronically

– use our secure *Online Services* account or the "*Contact Us*" section on our website, which use encrypted technology unlike regular e-mail.

- Use an OPTrust ID or WIN ID number when communicating with OPTrust.
- Keep personalized pension information, such as an Annual Pension Statement in a safe place along with other important financial documents.
- Inform OPTrust of any address changes. If a member moves we can continue to provide them with important information about his or her pension.

For more information on OPTrust's privacy policy, download our booklet *Privacy Matters at OPTrust*.

## OPSEU Pension Trust Employer Update

This employer update is intended to provide participating employers with news and information about the OPSEU Pension Plan. It does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflict or omission, the legal documents of the OPSEU Pension Plan will govern in all cases. Members who have questions about their pension benefits should contact OPTrust directly. For more information, please contact OPTrust.

### General Inquiries:

(416) 681-6161 or 1-800-906-7738

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