

OPTions

A newsletter
for the members
of the OPSEU
Pension Trust

The Importance of Designating a Beneficiary

The OPSEU Pension Plan provides benefits to your survivors. That's why it is important that you designate beneficiaries who will receive survivor benefits. You can do so at any time online by accessing our *Online Services* at www.opstrust.com. Alternatively you can call our offices at 416 681-6100 or 1 800 637-0024 to obtain an *Identifying Benefits Recipient (IBR)* form. Once you have designated your beneficiary, only you can change it.

Provincial law and the Plan dictate who receives survivor benefits. Usually, benefits are paid automatically to your surviving eligible spouse, but you may not have a surviving eligible spouse or your spouse may have waived entitlement to survivor benefits. If you do not have a spouse and you have not designated a beneficiary, your survivor benefits will automatically be paid to your estate.

Who qualifies as an eligible spouse? A spouse is identified as someone of the same

or opposite sex with whom you are married or have been living together in a conjugal, common-law relationship continuously for at least three years, or in a relationship of some permanence and are the natural or adoptive parents of a child.

For complete information on survivor benefits and who is eligible to receive them, please refer to our website at www.opstrust.com.

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Correction to Whitby Mental Health Centre Article

In Issue 38 of *OPTions*, we erroneously stated that 331 employees at the Whitby Mental Health Centre maintained their membership in the OPSEU Pension Plan following the Centre's transfer from the provincial government to the public hospital system. The correct number of employees who continued as Plan members is 679.



Did you know... Not all Pension Plans are Alike?

Not all pension plans are alike. What sets the OPSEU Pension Plan apart from the others?

Securing Your Pension

The secret to our funding success is that our sponsors, the Province and OPSEU acted responsibly by making prudent Plan decisions and by setting aside surplus in the good years to help cover funding deficiencies in the lean years.

A way in which the Plan maintains the value of your pension is through inflation protection. Every January your pension, or that of your survivor, is adjusted for the increase in the cost of living. The adjustment is applied the year after you start receiving your pension. The first adjustment is prorated for the length of time you received a pension in the previous year. The inflation adjustment reflects the increase in the cost of living in Canada, as measured by the Consumer Price Index (CPI). Under the inflation adjustment formula in the Plan, the maximum increase in pension in any one year is 8%. Any increase in the CPI above 8% is rolled forward into the next year, to be used when the adjustment is less than 8%. At a time when many pension plans are eliminating their inflation protection, OPTrust has been able to maintain ours.

Investing

Historically, pension funds of all sizes invested in similar assets – mainly a mix of fixed income securities and publicly traded equities. Risks and returns of most funds were therefore relatively similar for large and small pension plans. However in recent years mid-sized to large pension funds, such as OPTrust, have begun to allocate their capital to so-called ‘alternative’ investment areas such as real estate, and in many cases to private equity, hedge funds, infrastructure and even commodities. The benefit of this investment trend has been a significant increase in the portfolio diversification of many larger plans, resulting in reduced fund risk with the same or higher expected return.

The difference in returns between small and large pension funds is expected to further widen in the future, as the large funds continue to broaden the list of asset classes they invest in compared to the traditional fixed income/equities structures that continue to represent the dominant asset mix structure of small funds. Larger funds also have the additional advantages of having the capital necessary to make deals on their own terms, negotiate lower fees, and they can afford to hire the expertise to source, negotiate and manage assets to help them achieve superior ‘risk-adjusted’ returns.

Monitoring the Trends

While many pension plans are increasing employee contribution rates to historic highs or reducing pension benefits, the OPSEU Pension Plan’s contribution rates remain at their normal level. We continue to monitor the funded status of the Plan because lean investment years, such as 2001/2002 can occur again.

Since the Plan’s inception there has been a significant decline in active membership and a considerable increase in pensioners. As well, the membership is aging – from an average of 41.9 years of age in 1995 to 44.7 in 2005. This pace is expected to accelerate to an average age of 47.0 by 2015. We also recognize that retirees are living longer, and drawing on their benefits longer.

In light of these trends, the Board of Trustees is constantly monitoring the Plan’s funding status. How? They conduct asset liability studies to ensure appropriate risk adjusted investment returns are considered when making strategic investment decisions. They also provide oversight to the current investment program and review actuarial studies and sensitivity testing to ensure the continued funding of your pension benefits.

Service Spotlight – New to the Plan? Make an Investment in Your Future!



Often our members first obtain contract work and are unclassified and are not obligated to join the Plan immediately. When you do enrol in the Plan, if your employment start date is before your Plan membership date, we obtain your service records for that period from your employer. It can take time for the employer to compile your service history and provide it to us.

With that information we are able to provide you with a cost quote to purchase that service prior to your enrolment date. Approximately four months after you join the Plan you will receive an enrolment kit, which includes the costing to purchase past unclassified service and other important information about the Plan.

If you choose to purchase the periods of past service, the cost quote you receive in your enrolment kit is valid for 45 days from the mailing date. Acting after the 45 days will not eliminate your eligibility, but it will increase the cost to allow for interest charges. You can make your payment selection by sending back the signed application or through our secure *Online Services*. Payment options include transfers from an existing RRSP, lump sum payments or periodic payments for amounts over \$500.

OPTrust is required to apply to the Canada Revenue Agency (CRA) to approve your purchase of past service. The CRA will determine if you have eligible RRSP room to make the purchase.

We are not always able to access all your pensionable past service; therefore, it is important to know that:

- You must apply for any past service within a 24 month time limit. You have a 10-year window within which to make the final decision with respect to the purchase and to complete buy back payments.
- If the cost to purchase the past service exceeds \$500, the cost may be paid in installments over a period of not more than 10 years.
- We do not always receive a member's full work history from your employer and therefore cannot guarantee that we will automatically provide you with a costing to buy back past service. Therefore, it is still your responsibility to apply for all additional past service that we don't know about, even if you do not receive a cost quote from the OPTrust.

Call our office today; an OPTrust representative would be happy to answer your questions.



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Interested in Being Featured in Our Annual Report?



Ever wondered how you could be featured in OPTrust's Annual Report? Want to share your experience as an OPSEU Pension Plan member? Well here's your chance. OPTrust is looking for current members to be featured in our 2006 Annual Report.

Every year we include actual members and pensioners as the voice of the OPSEU Pension Plan in the full Annual Report and our Annual Highlights report.

If you're interested in this opportunity, please contact OPTrust's Communications department at communications@optrust.com, 416 681-6100 or toll-free at 1 800 637-0024. Photography is normally conducted in the fall.

Direct Contact – How we Bring your Pension to You

The Direct Contact program was established five years ago and was designed specifically to bring your pension information to you in a format that suits your needs, regardless of your membership status and at what stage in your career you happen to be.

We understand that you have specific questions related to your situation, and that is why our Direct Contact sessions are so effective. The sessions are offered across Ontario throughout the year, and are intended to provide an informal setting in which to ask questions and get clarification on your pension issues. It also gives members and non-members the opportunity to interact with OPTrust representatives and gain valuable information about their pension, as well as sign up for *Online Services*.

Since everyone's needs are different, we are committed to providing tailored service in a setting that is comfortable and accessible. No question will go unanswered as our knowledgeable Direct Contact team is prepared to expertly address your questions and concerns.

We are constantly adding new dates to our schedule, so please see the pullout provided in *OPTions* for Direct Contact sessions taking place in your area, or visit us online at www.optrust.com for a complete schedule.

DIRECT contact

We bring your pension plan to you

Want to know more about the OPSEU Pension Plan?

OPTrust Direct Contact sessions are a great way to learn more about your pension – directly from an OPTrust representative. Each seminar provides detailed information on the OPSEU Pension Plan and an opportunity to ask questions in an informal setting. Non-members who are eligible to join the Plan (e.g., “unclassified” or contract employees) are also welcome to come and learn more about enrolling in the Plan.

Understanding Your Pension Benefits

This seminar covers the key features of your pension and answers important questions including:

- How your pension grows over your career
- What your options are if you leave your job
- When can you retire
- What “CPP integration” means and how it affects you
- How to buy back credit for past service
- What other benefits are available, and more...



Lunch & Learn Sessions

OPTrust representatives are also holding lunchtime seminars in individual workplaces across Ontario. Ask your Human Resources representatives if there is an upcoming meeting in your area. If there isn't a session planned, we can arrange one on request.

OPSEU Pension Trust Direct Contact Sessions Schedule 5:30 to 7:30 pm See over to register >>

DATE	CITY	LOCATION
October 11 , 2006	Chatham	Wheels Inn – 615 Richmond Street
October 24, 2006	Belleville	Best Western – 387 N Front Street
November 14, 2006	Barrie	Days Inn – 60 Bryne Drive
November 21, 2006	Oshawa	Holiday Inn Oshawa – 1011 Bloor Street East
November 29, 2006	Toronto	Metro Toronto Convention Centre – 255 Front Street West
December 5, 2006	Scarborough	Ramada Don Valley Hotel – 185 Yorkland Boulevard
January 23, 2007	Ottawa	Quality Inn Hotel – 290 Rideau Street
February 22, 2007	St. Catharines	Four Points Sheraton/Niagara Suites – 3530 Schmon Parkway
March 27, 2007	Hamilton	Sheraton Hamilton – 116 King Street W.

Future sessions will be scheduled for other communities across Ontario. To view a complete, up-to-date schedule and register online, visit the OPTrust website at www.optrust.com.



Important: Please register at least two weeks in advance – space is limited.



There are three ways to register for the Direct Contact session in your area:

- **Online at www.optrust.com.** You'll also find a complete, up-to-date schedule of upcoming presentations.
- **By fax or mail.** Just check the schedule on the reverse for the session nearest you, then fill out the registration form below and fax or mail it to OPTrust.
- **By phone.** Check the schedule, then call OPTrust at **416-681-6100** in Toronto or toll free at **1-800-637-0024**.

Please be sure to provide your mailing address and a phone number where we can reach you during the day. We will send you a confirmation card approximately one week before your session. OPTrust will contact you if there are any changes to the time or location of your presentation. Sessions may be rescheduled depending on demand.

Please note: OPTrust Direct Contact sessions are designed to give you a general overview of the OPSEU Pension Plan and the options that may be available to you. OPTrust representatives cannot provide personal financial advice.

Check Out OPTrust Online

Visit OPTrust's website at www.optrust.com for the latest information on your pension. Online resources include:

- An up-to-date schedule for OPTrust Direct Contact sessions and an online registration form
- OPTrust's Pension Estimate Calculator, which you can use to project your future pension and test different retirement scenarios
- OPTrust's booklets and the *OPtions* newsletter
- Access to change your mailing address and update your beneficiary information
- View your *Annual Pension Statement*.

Registration Form:

First Name: _____ Last Name: _____

Social Insurance Number (SIN):

Home Address: _____

Postal Code: _____

Ministry/Employer: _____

Telephone (work): () _____ (home): () _____

Fax: () _____ E-mail: _____

Presentation you wish to attend:

Date: _____ Time: _____

City/Location: _____

Please list any specific questions or information about your pension you would like us to bring:

I would like to bring a guest

Please return your complete registration to
OPSEU Pension Trust
1 Adelaide Street East, Suite 1200
Toronto, Ontario M5C 3A7
Fax: 416-681-6175

OPSEU Pension Trust Direct Contact Sessions

OPTrust staff will be available after your session if you wish to discuss a specific personal pension issue.



You Asked...

Question: I am experiencing financial difficulties; can I access funds from my pension?

Answer: No. Pension contributions are intended to provide you with a pension for your retirement. Funds in pension plans cannot be accessed until you terminate membership and/or retire.

If you are vested when you terminate or retire, your pension will be locked-in and may not be accessed in cash. Depending on your age when you terminate membership, you may be able to transfer your entitlement to a locked-in retirement savings arrangement such as a LIRA. If you retire, your entitlement under the Plan will be used to provide you with a pension from the Plan.

Question: I joined the OPSEU Pension Plan a few months ago, why haven't I received my enrolment package and buyback cost yet?

Answer: You can expect to receive a welcome package from us which may include your buyback cost, if applicable, about four months from the date you enrol in the Plan.

Question: Why did I receive a letter regarding buying back service, as I already applied and I am paying/have paid for my unclassified service?

Answer: We want to make sure that you are aware of all the different types of service that you may be eligible to buyback. For example you may be eligible to apply for a reinstatement of service and you may be eligible for non-OPS buybacks that we may not know about. This letter is a reminder of the service that you may be eligible to buy back so that you can apply to buy it back if you choose to do so before the application deadline closes.

Question: I am going through a divorce; can I use the information in my Annual Pension Statement or pension estimate or commuted value (CV) estimate as the value of my pension?

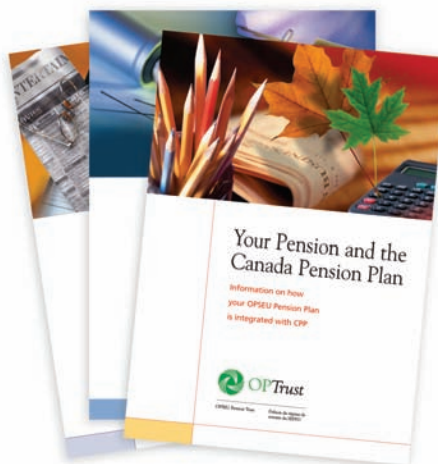
Answer: No. Upon your request OPTrust provides you with information to take to your actuary to allow him or her to calculate the value of your pension.



**YOU
ASKED**

OPTrust Communications Research

One of our main goals at OPTrust is to provide members and pensioners with excellent service and communications. As part of our communications program, we periodically seek the views of our membership to help us tailor our communications to meet your specific needs. For example, in 2001 *OPTions* and *The Pension Connection* underwent a makeover based on feedback received from members and pensioners and just recently our website was enhanced in response to input from our members and pensioners.



We may be contacting you this fall to find out if you will participate in our communications focus groups. During the small group sessions we will be asking members and pensioners to give us an opinion about OPTrust's newsletters *OPTions* and *The Pension Connection* and our booklet series. The results will be analyzed and used to help us as we continue to improve our communications efforts.

OPTrust works with an external research firm to conduct the focus groups and to analyze the results. The research firm will be telephoning members and pensioners to solicit participation in the interviews later this fall. The selection process is completely random.

If you are solicited to participate in a focus group, you can be assured that the process is entirely confidential, and the results will be used only to improve the way OPTrust serves you.

OPTions

OPTions is a newsletter for members of the OPSEU Pension Trust. 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.



OPSEU Pension Trust

Fiducie du régime de
retraite du SEFPO

Return undeliverable Canadian addresses to:
OPSEU Pension Trust
1 Adelaide Street East, Suite 1200
Toronto, Ontario
M5C 3A7



How to Reach Us

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