

# OPTions

A newsletter  
for the members  
of the OPSEU  
Pension Trust

## Canada's Aging Population – What It Means for You and Your Pension

**T**he Canadian workplace is expected to undergo a significant facelift in the coming years as the aging population is projected to have a direct impact on the changing demographics of the workforce.

The increase in retirees relative to active members in the pension plan means that there are fewer people making contributions to help sustain pension benefits in the future. With life expectancies steadily rising and retirement ages dropping, it is expected that plans will be providing retiree benefits longer.

### A look at our numbers

- The average age of OPTrust pensioners at retirement – 58.08 years old
- The ratio of active members to retirees = 44,636 active to 21,385 retirees, which translates to a 2.1:1 ratio. Based on current membership, it is projected that by the year 2025, there will be .81 active members for every retiree.

### What are we doing to protect your pension?

OPTrust has always maintained a responsible approach to funding. The Plan Sponsors continue to use funds that were set aside from gains in earlier, prosperous years to stabilize member and employer contribution rates at normal levels – whereas some other large plans are continuing to increase contribution rates and doing away with inflation adjustments to cover their funding deficits.

> continued on page 3

### IN THIS ISSUE

- 1 Canada's Aging Population – What It Means for You and Your Pension
- 1 New Chair and Vice-Chair
- 2 Inflation Adjustments
- 3 Service Spotlight – Proactive Member Communications
- 4 Online Services – What's Available to You
- 4 Your Privacy Matters to Us
- 5 Direct Contact Schedule
- 7 You Asked
- 8 A Special Welcome

## New Chair and Vice-Chair

**O**PTrust's Board of Trustees has named its new Chair and Vice-Chair for the next two years. Jordan Berger will take over as Chair, directly following his two year tenure as Vice-Chair. Jordan was first appointed to the OPTrust Board of Trustees by OPSEU in 2001, and is now also Chair of the Administration Committee. "OPTrust's tradition of delivering superior service and benefits to its members is one I am proud of, and I am pleased to continue serving as a member of the Board of Trustees."

> continued on page 2





Jordan Berger, Chair



Tony Ross, Vice-Chair

Tony Ross takes on the role of Vice-Chair. A Government appointee to the Board, Tony retired as Vice-Chair of Merrill Lynch Canada in 1999, where he was responsible for debt and equity issues for Canadian governments and corporations. He has more than 30 years' experience in the investment field. He is the Chair of the Investment Committee and was appointed to the Board in March 2000. *"I look forward to my continued relationship with OPTrust. The governance of this Plan is of the utmost importance to its strength and stability, and I am honoured to be given this responsibility, which I hold in the highest regard."*

## Inflation Adjustments

In January of each year, pensions are adjusted for the increase in the cost of living. The cost of living is determined by the Consumer Price Index (CPI) as reported by Statistics Canada. In the Plan, indexation is referred to as "inflation adjustment."

The maximum increase in any one year is 8%. Any increase above 8% is carried forward to be used in the next year(s) where the inflation adjustment is less than 8%. When a member terminates employment or retires partway through a year, the subsequent inflation adjustment will be pro-rated in the first year.

Inflation adjustments are also applied to deferred pensions. Plan members sometimes leave their job before they are eligible for an immediate pension. Inflation protection maintains the value of their pension during this deferred period.

### Why have inflation adjustments?

The main reason for having inflation adjustments is to protect the value of your pension over time.

For example, by applying inflation adjustments a \$20,000 annual pension in 1996 would be worth \$24,422 in 2006.

### Why use CPI as the index for inflation adjustments?

CPI is generally regarded as the best option for measuring inflation adjustments. Using a Canada-wide CPI index reflects the fact that our pensioners do not live only in Ontario and enables inflation adjustments to be fair for all pensioners in the Plan. By increasing pensions according to this index, pensioners' benefits from the Plan maintain the same value they had when the benefits were put into pay.

The CPI directly or indirectly affects nearly all Canadians. It is used to determine increases in payments from the Canada Pension Plan and Old Age Security. The CPI also affects wage increases, labour contracts, rental agreements, spousal support agreements and real return bonds.

# Service Spotlight – Proactive Member Communications

**O**ur Member and Pensioner Services department has always been focused on providing proactive member services and communications. Recently we have taken greater strides to move towards a more member focused environment. As well as analyzing and processing pensions, we have established a mandate to become pension communicators, helping to ensure excellence in service through timely responses to your questions, and a focus on resolving issues. We have pledged to provide our members and pensioners with one-on-one targeted communications, such as:

- offering *Online Services* registration to all callers
- providing targeted communications to members with e-blasts, newsletters and fact sheets
- enrolling more unclassified, contract and non-permanent employees in the Plan

## Achieving our project goals

The goals of this project are to develop new and effective methods of contacting

members to inform you of changes that affect your pension, to increase your awareness of the benefits of Plan membership, build relationships with new members and strengthen our existing relationships. On an operational basis we will also develop initiatives to increase the number of cases processed within the OPTrust service standards to meet with your expectations. We routinely monitor our outgoing communications to determine their effectiveness and obtain your feedback and suggestions on how to improve the communications process. Recently we conducted focus groups with our members and pensioners, and gained valuable feedback which we have incorporated into our publications.

The e-mail on the right is an example of the feedback we receive from you about our service provision. It was sent to a staffer in our Member and Pensioner Services department expressing appreciation for the swift work in addressing a pressing issue.

**We appreciate your feedback and use it to improve upon our current member communications program. We encourage you to e-mail or call us.**

### E-mail from member

*Last Sunday I lost my wallet. On Monday August 14th I notified OPTrust in regards to my personal information that may have been compromised. Shortly thereafter I received a letter from OPTrust dated August 15th informing me that they had been alerted to the situation and would follow up. I just wanted to let you know how much your help was appreciated during a stressful period. Also, the people I dealt with over the phone were very helpful, understanding and polite. Thanks to OPTrust. Your employees are the greatest.*

> *Canada's Aging Population... continued from page 1*

Every three years we examine our experience based on funding assumptions to ensure that we can continue to adequately fund our pension obligations. We are also beginning to examine our funding policy through discussions with the Plan Sponsors, OPSEU and the Ontario Government, to raise awareness and identify potential options.

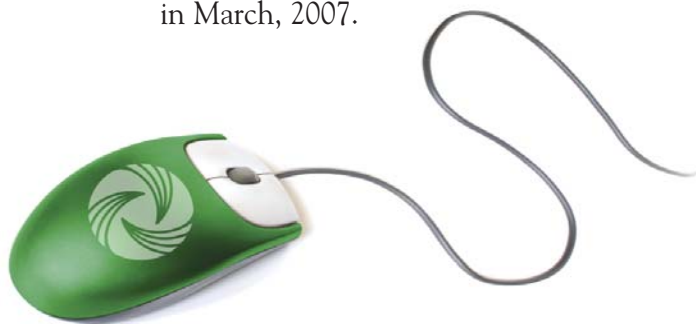
Population aging is a complex issue that concerns not only the well-being of our members but also broader areas and sectors affecting the total population, such as health, labour markets and public finances. While the alarm bells aren't yet ringing, this situation does warrant closer attention from the country's policymakers and planners who need to develop a plan for Canada's future workforce. We are continuing to monitor any developments to help ensure the safety and protection of your financial future.

# Online Services – What’s Available to You

**The following is a list of *Online Services* available to members. We encourage you to register online to access these services.**

- apply for *Leave of Absence Buybacks*
- update costs and make lump sum payments on previously approved buybacks
- view *Annual Pension Statements*
- view *Annual Buyback Statements*
- view and update beneficiary information
- view and update contact information
- send and receive secure messages
- choose to receive correspondence electronically only

Remember that registering for *Online Services* enables you to view your *Annual Pension Statement* and *Annual Buyback Statement* weeks before they are mailed. It will be posted to the “Your Pension Statements” section of OPTrust’s secure *Online Services*, and will be available for viewing online in March, 2007.



## Your Privacy Matters to Us

**W**hen you communicate with OPTrust online, over the phone or by mail – your personal information is always protected. We respect your privacy and want you to understand how we protect your personal information.

### Why we collect your personal information

OPTrust uses your personal information to administer your pension, which is why we need your personal information to be accurate and current. We also collect your personal information to keep you informed of any changes to the Plan that may affect you.

### Your personal information is protected

OPTrust has a comprehensive privacy policy with strict principles to protect your personal information. Our policy requires us to:

- advise you as to why we collect personal information and what we use it for
- outline the conditions under which your personal information is disclosed to third parties
- obtain your consent to collect personal information
- identify uses and potential disclosure of personal information

- ensure that your personal information is not used or disclosed for purposes other than administering your pension, without your consent.

OPTrust appointed a Privacy Coordinator and conducted a thorough review to determine how to enhance our privacy policies keeping our members and pensioners in mind. In fact, OPTrust along with other public sector pension plans already had strict standards in place about dealing with personal information.

### Keeping you informed

Rest assured that the use, collection and disclosure of your personal information is a top priority for OPTrust. We will continue to assess the impact of any business changes and ensure that our business practices meet or exceed industry standards. We will also keep you informed about any measures we take to further protect your privacy.

If you have any questions or concerns regarding OPTrust’s privacy policy, please contact our Privacy Coordinator toll-free within Canada at 1-800-906-7738 or via e-mail at [privacy@optrust.com](mailto:privacy@optrust.com).

# 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
February 22, 2007	<b>St. Catharines</b>	Four Points Sheraton/Niagara Suites – 3530 Schmon Parkway
March 27, 2007	<b>Hamilton</b>	Sheraton Hamilton – 116 King Street W.
April 12, 2007	<b>Toronto</b>	Days Inn Downtown – 30 Carlton Street
May 15, 2007	<b>Peterborough</b>	Best Western Peterborough – 84 Lansdowne St. E
June 12, 2007	<b>Sault Ste. Marie</b>	Holiday Inn – 208 St. Mary's River Drive

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](http://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](http://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](http://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, ON 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...



**YOU  
ASKED**

**Question:** How does the income trust tax imposed by the federal government affect the OPSEU Pension Plan?

**Answer:** OPTrust hires investment managers to invest the Fund's Public Markets assets. The Fund has had and continues to have exposure to income trust investments as a by-product of investing in the Canadian market S&P/TSX Composite Index. However, the Fund was "underweight" in our holdings of income trust investments on October 31, 2006 when the tax change was announced, relative to the weight of income trusts in the Index. While the relative weight of income trusts in the TSX composite index was 11.18% on October 31st, the Fund held only 5.24% of this weighting in income trust investments in various portfolios. This reduced exposure to income trust investments meant your Fund did not suffer the same magnitude of losses as did investors who held the Index weight on that date may have had.

While our investment in income trusts did drop from \$145 million on October 31, 2006 to \$129 million on November 6th, it is worthy to note that partially offsetting this drop following the announcement on income trusts, many investors chose to move investments from income trusts into banks and other high dividend paying stocks. As a consequence, these types of stocks had substantial gains in the market. OPTrust benefited, as we had and continue to have substantial investments in bank stocks and other high dividend paying stocks and consequently prospered from this movement.

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**Question:** Does the new income trust tax affect the pensions paid by the Plan to its retirees?

**Answer:** OPTrust's pensions are safe and secure and payments are unaffected by tax changes to income trusts. Your OPTrust pension is not subject to market risks or the success of particular investments. Your OPTrust pension is a defined benefit which means you will receive a pension based on your salary and years of credit in the plan.

**Rest assured  
that OPTrust's  
pensions are safe  
and secure and  
payments are  
unaffected by  
tax changes to  
income trusts.**

# A Special Welcome

**O**PTrust would like to welcome back **The Central North Correctional Centre**, which transferred membership out of the Plan on October 29, 2001 and rejoined the Plan on November 8, 2006.

On January 1, 2007 an estimated 700 federal jobs were transferred into the Ontario Public Service and OPSEU under a new deal between Ontario and the federal government. Under a *Labour Market Development Agreement*, some federal Employment Insurance (EI) programs have transferred to the Ontario Ministry of Training, Colleges and Universities (MTCU). The programs relate to apprenticeship, integration of recent immigrants, literacy and essential skills, skills upgrading, aboriginal peoples, and workers who face barriers to employment. These programs are already provided provincially in most of Canada.

## IMPORTANT NOTICE

Under the employee transfer arrangement, former federal employees are entitled to pension termination options under the **Public Service Superannuation Act**. One of the available options is to transfer your pension assets from the federal plan to the OPSEU Pension Plan. Affected employees have up to one year to decide to transfer their pensions.

We understand that the value of the transfer of your pensions from the federal pension plan may increase if the transfer is made on or after January 1, 2008. This can mean a smaller “top-up” to obtain all your pension credits in the OPSEU Pension Plan. Please submit your “no obligation to transfer application” now. We will delay requesting the transfer of your pension assets until this information is confirmed.

# 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, ON M5C 3A7



## How to Reach Us

**OPSEU Pension Trust**  
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### Member and Pensioner Services

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