

OPTions

A newsletter
for the members
of the OPSEU
Pension Trust

Your “defined benefit” advantage

The global financial crisis has put a spotlight on retirement security and retirement planning. As a result, many investors are worried about how the crisis will impact their portfolios and long-term plans.

Whether you have personal savings, contribute to RRSPs or have a managed investment fund, one thing is clear: like many Canadians you're waiting for the economy to bounce back.

In the meantime, you have the security of knowing the value of your OPTrust pension is not affected by the financial meltdown. That's because your pension plan is a “defined benefit” plan. This means your pension at retirement is based on a formula that uses your salary history

and credit in the OPSEU Pension Plan – not changing investment returns.

As an OPTrust member you can count on your pension to provide you with a predictable income in retirement, payable for your lifetime. With the Plan's pension formula, you know what to expect when you retire.

Key advantages to a defined benefit plan

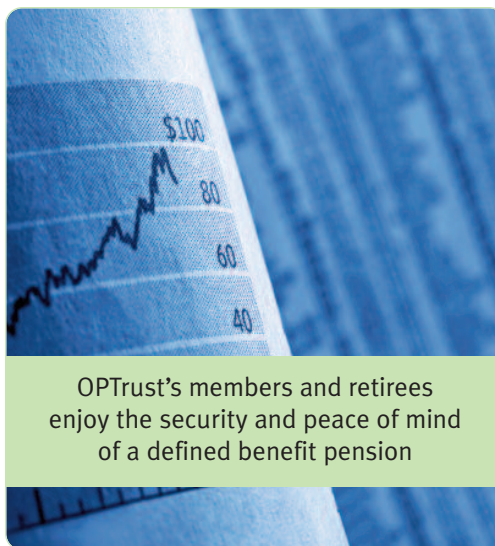
Defined benefit plans offer members peace of mind with a safe, easy and secure way to save for the future, providing a monthly income in retirement. There are several advantages to belonging to a defined benefit plan.

> *Defined benefit plans... continued on page 2*

Short-term market volatility does not affect the security of your OPTrust pension

Between September and December 2008, Canadian and international investment markets experienced sharp declines in response to the deepening global financial crisis.

As a long-term investor, OPTrust anticipates that market returns may experience significant short-term volatility from time to time. That is why our investment program has been designed to consider market risk and return in the asset classes in which we invest over a five-to-10 year time horizon. The goal is to achieve the long-term returns needed to pay for our members' and retirees' pensions.



OPTrust's members and retirees
enjoy the security and peace of mind
of a defined benefit pension

> *Market volatility... continued on page 2*

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> **Defined benefit plans...** continued from page 1

According to a report *A Better Bang for the Buck: The Economic Efficiencies of Defined Benefit Pension Plans* published by the National Institute on Retirement Security (NIRS), defined benefit plans deliver retirement benefits at a low cost.¹

What's more, like many defined benefit plans, OPTrust is professionally managed with a pool of contributions to achieve greater investment returns through a diversified portfolio of funds. Contributing to your OPTrust pension means you do not have to make investment decisions or track your investments throughout your career.

OPTrust has an inflation protection feature which means your pension in retirement will grow annually to keep pace with the cost of living.

So, while the world continues to weather the current financial storm, you do not have to worry about the value of your OPTrust pension. Although OPTrust, like many institutional investors, experienced losses in 2008, you can count on your earned pension at retirement.

OPTrust's pension formula

Your OPTrust pension is designed to provide a steady retirement income for your lifetime, in combination with Canada Pension Plan (CPP) benefits payable at age 65.

Your OPTrust pension is calculated using the following formula:

2%

times your best five-year average annual salary

times your credit in the Plan

minus CPP integration at age 65

Want to see an estimate of your pension at retirement? Visit our website at www.optrust.com to use the online pension estimator. When you plug in your personal information, including date of birth, salary, and years of credit you'll get an estimate of your pension along with different retirement dates.

1. *A Better Bang for the Buck: The Economic Efficiencies of Defined Benefit Pension Plans*, August 2008 – National Institute on Retirement Security (Washington, DC)

> **Market volatility...** continued from page 1

Financial results

Like all major institutional investors, OPTrust is affected by trends in the markets that we invest in. Our investment returns for 2008 and their impact on the Plan's financial position will be released in April as part of our 2008 annual report.

A secure pension

In the meantime, OPTrust's members and retirees enjoy the security and peace of mind of a defined benefit pension (see page 1). Your OPTrust pension is backed by the Plan's assets and the future contributions of more than 48,000 active members and the Government of Ontario.

Plan surplus

According to our recent actuarial valuation, the OPSEU Pension Plan had a \$470 million funding surplus as of December 31, 2007. This reflects OPTrust's strong investment returns from 2003-2006. In 2008, the Plan's sponsors, OPSEU and the Government of Ontario, chose to add this surplus to their existing contribution rate stabilization funds, bringing the total stabilization reserves to \$878 million, as of the start of 2008.

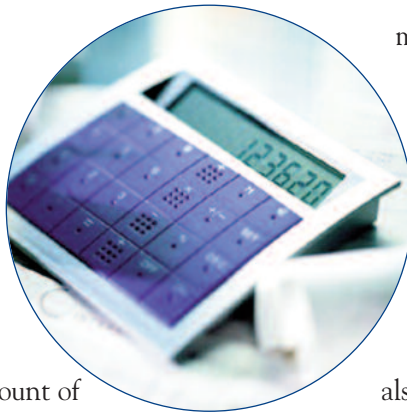
The sponsors can use these funds to offset the impact of any future funding loss that may result from the current market downturn.

Member profiles: Share your story

Are you getting ready to retire? Did a buyback help increase your OPTrust pension? Do you have retirement planning advice for other active members? We want to learn more about how your OPTrust pension fits in to your overall retirement goals. Send an e-mail to communications@optrust.com, and your story may be featured in a future issue of *OPTions*.

Change to commuted value calculations

The Canadian Institute of Actuaries is changing its rules on commuted value (CV) calculations for defined benefit plans. With longer life expectancies and increasing interest rates, the new guidelines will better reflect pension values for members of all ages.



A “commuted value” is the amount of an immediate lump-sum payment in today’s dollars, estimated to be equal in value to your future lifetime pension.

The change will generally lead to lower CVs for members who leave the Plan before retirement and transfer their pension to a locked-in retirement arrangement. For younger OPTrust

members, this may mean an estimated 15 to 20% decrease to their commuted value. Commuted values for older members will go down by approximately 5 to 10%.

The change has no impact on the value of your OPTrust pension when you retire. It also does not affect members who end their membership with OPTrust and leave their deferred pension in the Plan.

The change is set to take effect April 1, 2009. *The Pension Benefits Act (PBA)* will be amended to adopt the new standards. OPTrust along with all public sector pension plans must follow the new rules.

For more information visit the Canadian Institute of Actuaries website at www.actuaries.ca.

2009 inflation adjustment: 2.5%

OPTrust pensions increased by 2.5% effective January 1, 2009. The 2.5% increase was also applied to future pensions of deferred and divested members for 2009. Last year’s increase was 1.8%.

How OPTrust calculates the annual increase

OPTrust calculates the annual increase by dividing the Consumer Price Index (CPI) average for the two 12-month periods ending the previous September. For example, the 2009 escalation factor and resulting 2.5% increase were calculated as follows:

$$\frac{\text{Average CPI – October 2007 to September 2008}}{\text{Average CPI – October 2006 to September 2007}} = \frac{113.6}{110.8} = 2.5\%$$

The maximum increase in any year is 8%. An increase above that level is carried forward and applied in the next year when the adjustment is below 8%.

For more information

More information about inflation protection and the OPSEU Pension Plan is available in the OPTrust Fact Sheet on *Inflation Adjustments* available online at www.optrust.com under the “Publications” section.



OPSEU appoints new Trustee

OPSEU named Maureen Whyte to the OPTrust Board of Trustees in January 2009.

An activist and OPSEU member since 2003, Whyte is the vice-president of OPSEU Local 333 in Oshawa. She has also served as union steward and local secretary.

Whyte started her career with the Ontario Public Service over two decades ago before working for several years as a financial planner in the banking sector. She returned to the OPS in 2003 and now works as a Claims Assessor within the Ministry of Health and Long-Term Care.

“Protecting members’ and retirees’ interests and benefits is very important to me,” Whyte says. “I am concerned about pension security due to emerging trends and issues in this area. I look forward to this tremendous opportunity to serve on the Board,” she adds.

Whyte teaches part-time at Durham College in Oshawa.

She replaces OPSEU Trustee Ruth Galinis who served on the Board for three years.

Buy back credit today; increase your pension in the future

Wondering if buying back credit will make a difference to your overall pension at retirement? For members planning to take a leave of absence or having just returned from one, this may be a critical question.

But considering your OPTrust pension may likely be the most valuable component to your retirement income, it's a good idea to weigh your options with facts and figures that apply to your individual situation.

Your OPTrust pension at retirement is calculated using a formula that takes into account your years of credit and salary. So, the more credit you have, the higher your pension will be in retirement. That's why buying back credit is a smart investment in your financial future.

The following examples show how buying back credit can increase your future retirement income.



EXAMPLE 1			EXAMPLE 2		
<p>Shooreh worked in an unclassified position for three years at the Ministry of Transportation before obtaining a permanent position. Once hired in a permanent position, Shooreh opted to buy back her three years of service.</p> <p>• Age: 38 • Salary: \$48,000 • Credit to buy back: 3 years</p>			<p>Peter took a one-year unpaid leave of absence from his job with the Ministry of Finance. When Peter returned to work, he decided that buying back his past service made sense.</p> <p>• Age: 50 • Salary: \$56,000 • Credit to buy back: 1 year</p>		
	AT AGE 60	AT AGE 65*		AT AGE 60	AT AGE 65*
Annual pension (retiring at age 60)			Annual pension (retiring at age 60)		
Buying back service (25 yrs credit)	\$24,000	\$16,857.23	Buying back service (25 yrs credit)	\$28,000	\$20,857.23
Not buying back service (22 yrs credit)	\$21,120	\$14,834.36	Not buying back service (24 yrs credit)	\$26,880	\$20,022.94
Annual pension (retiring at age 65)			Annual pension (retiring at age 65)		
Buying back service (30 yrs credit)	N/A	\$20,228.67	Buying back service (30 yrs credit)	N/A	\$25,028.67
Not buying back service (27 yrs credit)	N/A	\$18,205.80	Not buying back service (29 yrs credit)	N/A	\$24,194.38
<p><i>*Your OPTrust pension is designed to provide you with a combined pension income – from both OPTrust and the Canada Pension Plan (CPP) – that equals approximately 2% of your average salary multiplied by your years of credited service in the OPSEU Pension Plan. If you retire before age 65, OPTrust pays the full 2% pension. Starting at age 65, your 2% pension will be made up of an OPTrust portion plus a CPP portion.</i></p>					

Get a cost quote

Want to know how a buyback will increase your pension in retirement? When you submit an online or written application to purchase past credit, OPTrust will provide you with:

- a cost quotation
- an outline of the increase in your monthly lifetime pension at age 65, based on completing the buyback
- how much time a buyback will pay for itself (for online quotes only).

OPTrust has a flexible 10-year payment timeframe to complete payments, making buying back credit easier.

For more information, refer to OPTrust's publication *Your Pension and Buying Back Credit* available online or in print.

Strict timelines apply

To be eligible to buy back past service, you must submit your online or written application to OPTrust within **24 months** of:

- the start of your most recent period of membership in the Plan, or
- the last day of the leave of absence you are applying to buy back.

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, contract or casual 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...**



OPSEU Pension Trust Direct Contact Sessions Schedule

5:30 to 7:30 pm

See over to register >>

DATE	CITY	LOCATION
March 5, 2009	Guelph	Holiday Inn Guelph – 601 Scottsdale Drive
March 26, 2009	Burlington	Holiday Inn Hotel & Conference Centre – 3063 South Service Rd.
March 31, 2009	Ottawa	Holiday Inn Hotel & Suites – 111 Cooper Street
April 7, 2009	Belleville	Fairfield Inn & Suites By Marriott – 407 North Front Street
April 23, 2009	Kingston	Holiday Inn – Waterfront – 2 Princess Street
April 30, 2009	Brantford	The Bodega Inn – 75 Dalhousie Street
May 7, 2009	Peterborough	Best Western Otonabee Inn – 84 Lansdowne Street East
June 25, 2009	Thunder Bay	Valhalla Inn – 1 Valhalla Inn Road

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.



Lunch & Learn Sessions

OPTrust representatives also deliver 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.

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.

Registration Form:

First Name: _____ Last Name: _____

OPTrust ID Number:

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:

OPSEU Pension Trust Direct Contact Sessions

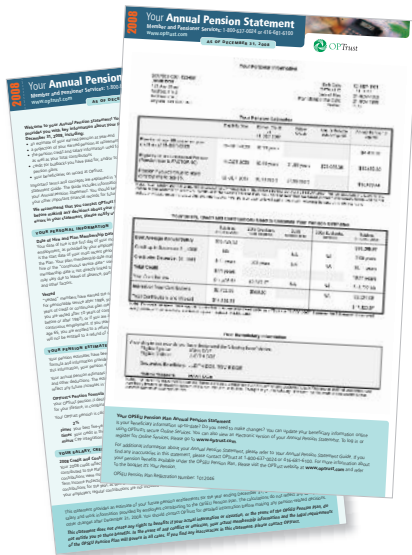
OPTrust staff will be available after your session if you wish to discuss a specific personal pension issue.

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



Your Annual Pension Statement is coming soon



Why wait for the mail, when you can view your *Annual Pension Statement* online in advance of the print version. With a secure *Online Services* account, members have access to their APS statements in mid-April. So, now is a good time to update your personal information and make sure OPTrust has your correct e-mail or home mailing address.

You can make address changes directly through our secure *Online Services*. As a registered user, you can update your:

- home mailing address
- e-mail address
- beneficiary information
- communications preferences – whether you want to receive material from OPTrust via e-mail or print.

The online APS will be available mid-April, while the printed statements will be mailed starting May through June.

It's always a good idea to keep your e-mail and home mailing addresses up-to-date, that way we can keep you informed about your pension. Not registered for *Online Services* yet? Visit our website at www.optrust.com and click the secure *Online Services* icon in the top right-hand corner.

Pension report reflects OPTrust's recommendations

In October 2007, OPTrust offered a set of recommendations to strengthen defined benefit pension plans in Ontario in its submission to the Ontario Expert Commission on Pensions (OECPC).

The OECPC report, which was released on November 20, 2008, echoes several of OPTrust's proposed recommendations to strengthen the pension sector.

Many of OPTrust's recommendations reflect its own success in administering the OPSEU Pension Plan, which is jointly sponsored by the Government of Ontario and OPSEU.

The Expert Commission was appointed in late 2006. Its mandate includes reviewing the province's *Pension Benefits Act*, the rules governing the funding, deficits and surpluses of defined benefit pension plans, and other issues relating to the security, viability and sustainability of the pension system in Ontario.

OPTrust will monitor the progress of the OECPC's findings and provide additional information in a future issue of *OPTions*.

For more information and to read the full report *A Fine Balance* visit www.pensionreview.on.ca.



OPTrust named one of Canada's Top 100 Employers for second year running

OPTrust was named one of Canada's Top 100 Employers for 2009. This marks the second year in a row that OPTrust has been selected for the award, which is sponsored by *Maclean's* magazine.

"It is an honour to be recognized again as one of Canada's leading employers," said Heather Gavin, OPTrust's Chief Administrative Officer and Plan Manager.

"At OPTrust, our staff is critical to our success in delivering the finest service to our members and retirees, and managing the Plan's investments to ensure the long-term security of our pension promise," Gavin said.

This award recognizes OPTrust's commitment to deliver on its pension promise to provide service and security to over 81,000 members and retirees.



Question: Will the current financial crisis affect the security of my OPTrust pension when I retire?

Answer: No. Your earned OPTrust pension is a defined benefit pension (see page 1). That means when you retire, your pension is calculated based on the Plan's formula. So, your OPTrust pension is based on your years of credit in the Plan and your best five-year average annual salary.

Unlike a defined contribution pension plan, RRSPs or other personal investments, the value of your OPTrust pension is not affected by changes in investment market returns. Once you retire, your OPTrust pension is payable for your lifetime, and increases each year to reflect changes in the cost-of-living.

Question: Are my pension contributions tax deductible?

Answer: Yes. Your employer will keep track of your contributions and report them on your T4 slip as contributions to a registered pension plan.

Your T4 will also show a "pension adjustment" amount. The Canada Revenue Agency (CRA) uses the pension adjustment to calculate the amount of RRSP contribution room you will have in the following year. The CRA will notify you of your RRSP room for the following year on your annual *Notice of Assessment*.

If you made a buyback payment in 2008, OPTrust will send you a T4A income tax receipt by the end of February. You should report your buyback contributions on your 2008 income tax return in addition to your pension contributions.

Question: I joined the Plan in October 2008. Before I was hired for my permanent position, I worked as a co-op student at the Ministry of Culture for two summers. Do I have the option to buyback credit for these periods?

Answer: Yes, you can buy back the service for the period you worked as a co-op student. You must submit an application within 24 months of the date you first became a member of the Plan. To apply to buy back this service, you will need to complete OPTrust's *Application for Past Service Credit* form (OPTrust 1036). The form is available on our website at www.optrust.com or from your Human Resources representative.

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.



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OPSEU Pension Trust Fiducie du régime de retraite du SEFPO

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