

OP*T*ions

Ontario introduces new family law rules

Effective January 1, 2012, there is a change to the method for dividing a pension asset when a spousal relationship ends in Ontario. This change applies to anyone who is involved in a spousal relationship breakdown (same or opposite sex) in a common-law relationship or legal marriage with a court order, domestic contract or family arbitration award dated **on or after** January 1, 2012.

Key features of the new law:

- Only one method is used to divide pension assets in Ontario for court orders, domestic contracts or family arbitration awards dated January 1, 2012 or later.
- If you *separate before retirement* you have the option to directly transfer a lump sum amount from your OPTrust pension to your former spouse's locked-in retirement savings arrangement or pension plan (if allowed by the other plan).
- If you *separate after retirement* you have the option to divide your OPTrust pension by paying a portion to your former spouse.
 - If you die before your former spouse (who was your "eligible" spouse at retirement), he or she may be entitled to a survivor pension based on 60% of your pension before it was split.
- OPTrust will provide a valuation for you, as a pension plan member, and your former spouse within the prescribed time limits. You and your former spouse do not need to pay for an actuary to value your OPTrust pension.

For more information, visit our website at www.optrust.com to download our fact sheet *Spousal Relationship Breakdown: Your Pension and Dividing Your Family Assets*. If you are involved in a spousal relationship breakdown, please contact our office.

Unless you've already provided a copy to OPTrust, if your domestic contract, court order or family arbitration award was made before January 1, 2012, please contact OPTrust. ○



Tell us your pension story

Have you contacted OPTrust for help with a pension transaction? Where does your OPTrust pension fit in your financial plans? What does your pension mean to you? We'd like to hear your pension stories. Just send an e-mail to communications@optrust.com. We may use your story in *OP*T*ions* or our annual report. ○

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OPTrust's 2010 funding valuation confirms need for planned contribution rate increase in 2012

Under Ontario's pension legislation, OPTrust must file a funding valuation at least once every three years. Funding valuations determine if the Plan has a surplus or deficit by comparing its assets to the projected cost of members' and retirees' pensions.

OPTrust filed its most recent valuation with Ontario's pension regulator in the fall of 2011, a year ahead of schedule. Despite the Plan's continued deficit, the valuation showed a number of improvements in the Plan's funded position over the two-year period, which saw the Plan's net assets increase by \$2.3 billion, to \$13.3 billion at the end of 2010.

OPTrust's funding deficit fell slightly to \$586 million over the two years ending December 31, 2010, down from \$606 million at the end of 2008, according to the Plan's most recent actuarial funding valuation.

"Like all major pension plans, OPTrust has had to manage the impact of our investment losses during the market crisis of 2008," said Stephen J. Griggs, OPTrust's President and CEO. "In 2009 and 2010, OPTrust's strong investment returns, our deficit management strategy and prudent decisions by the Plan's sponsors helped strengthen the Plan's funding."

"At the same time, we are still managing a substantial deficit and the current volatility in the financial markets means the Plan will continue to face challenges in the future," Griggs said. "As a result, the third



annual 1% increase in members' and employers' contribution rates approved by the Plan's sponsors is still required. This increase will therefore go ahead in 2012 as planned."

Funding valuation

Several key factors affected the Plan's funded status in 2009 and 2010.

These included gains from OPTrust's double-digit investment returns and slower-than-expected growth in the cost of members' and retirees' pensions. The Plan also benefited from special deficit payments totalling \$130 million, which were drawn from the Plan's rate stabilization reserves approved by OPSEU and the Government of Ontario, in their role as the Plan's sponsors.

Contribution rates for members

As part of its deficit management strategy, OPTrust has implemented the last of three scheduled annual 1% increases in members' and employers' pension contribution rates in January 2012. This follows 1% contribution increases that took effect in 2010 and 2011, as part of a phased 3% increase in contribution rates approved by the Plan's sponsors.

Effective January 1, 2012, members and employers each pay pension contributions equal to:

- 9.4% of the member's salary, up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan¹
- 11% of salary above the YMPE.

Despite the improvement in the Plan's overall financial position, the final 1% contribution increase is still needed to return the Plan to full funding. This reflects the fact that the funding valuation takes into account members' and employers' future contributions – including the full 3% increase – in calculating the Plan's total assets.

At the same time, by approving the use of the rate stabilization reserves, the sponsors are allowing OPTrust to pay down the Plan's remaining deficit without further increasing contribution rates or reducing members' future pension benefits.

Funding outlook

"By filing the valuation one year earlier than required, we have ensured that our deficit management strategy remains on track," Griggs said. "This decision also gives OPTrust and our sponsors greater flexibility in managing the Plan's funding over the next three-year period – flexibility we will need in the current economic environment." ○

¹ For 2012, the YMPE is \$50,100. The YMPE is adjusted annually by the Canada Revenue Agency to reflect the growth in average earnings in Canada.

Facts about... Your defined benefit pension

OPTrust members have the security of knowing the value of their pension is not affected by current market turbulence. That's because your pension plan is a "defined benefit" plan. It 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. You have the added security of belonging to one of Canada's largest pension plans with \$13 billion in assets and supported by the future contributions of 47,000 active members and the Government of Ontario.

What your defined benefit pension offers

Defined benefit plans give a safe, easy and secure way to save for the future, providing you with a steady pension income in retirement.

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. Your OPTrust pension is a fixed amount payable in retirement.

Added to that, OPTrust has an inflation protection feature which means your pension in retirement will be adjusted annually to keep pace with the cost of living during your retirement.

OPTrust's pension formula

OPTrust's pension formula makes it easy to estimate your pension income and help you plan ahead. Your lifetime OPTrust pension is integrated with Canada Pension Plan (CPP) benefits payable at age 65. It is calculated using the following formula:

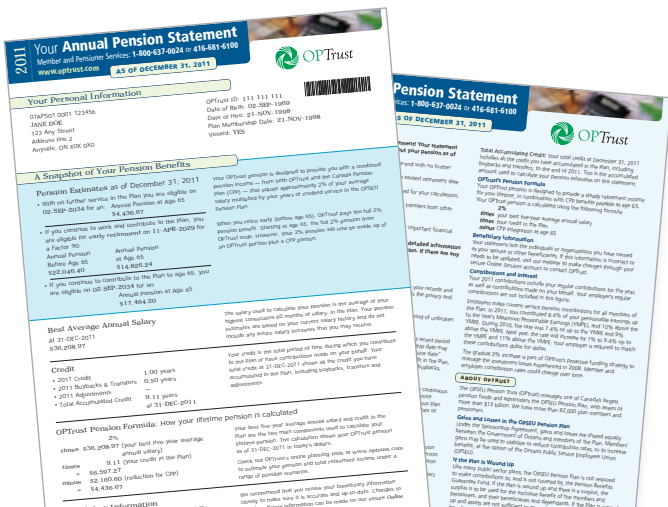
2%

times your best five-year average annual salary

times your credit in the Plan

minus CPP integration at age 65

For an estimate of your OPTrust pension at retirement check out your 2011 Annual Pension Statement. The statement will be available through your secure Online Services account in April.



Do we have your correct beneficiary information?

With your 2011 *Annual Pension Statement* available soon, now is a good time to check if the beneficiary information we have on record for you is correct.

You can view, add a new beneficiary or update your current information through OPTrust's secure *Online Services* site. Alternatively, you can complete a *Pension Beneficiaries* form available online or from OPTrust.

Your OPTrust pension provides benefits for your survivors. By informing us of who you want to receive those benefits, OPTrust can administer payment of your survivor's benefits according to your wishes.

For more information on how survivor benefits are paid when you die, download our fact sheet *Your Pension Beneficiaries* at www.optrust.com.





You asked...

Question: I have never logged onto my OPTrust *Online Services* account. How do I obtain my OPTrust ID number and password to access the site?

Answer: To register for *Online Services* you'll need your OPTrust ID and the first six digits of your Social Insurance Number as your temporary password. Your OPTrust ID number is located in the top right hand corner of your *Annual Pension Statement* and other documents. If you do not have a copy of your statement, please contact us and will provide you with the information. For security reasons, you do not need to provide your full Social Insurance Number to register or log in to *Online Services*.



Question: I am currently on a LTIP leave from my job. Does my employer continue to make contributions to my pension during my leave?

Answer: Yes. Your employer is responsible for paying both the employee and employer pension contributions to the OPSEU Pension Plan.

The salary you were earning on the date of your disability is the base rate used for determining both your pension contributions and pension benefit. This rate increases each year based on the inflation adjustment applied to OPTrust pensions.



Question: If I buy back past service, is my best five-year average salary used to calculate the purchase?

Answer: No. Your buy back is calculated using the current annual salary rate at the time OPTrust receives your complete application. If your salary increases before we receive your application, your cost will increase as well.



Question: Do the pension estimates on my *Annual Pension Statement* include my over-time earnings each year?

Answer: Your contributions to the Plan are calculated based on your pensionable earnings, which is your regular salary and does not include overtime pay. The pension amounts shown on your statement reflect your annual salary rate for the previous year. For example, your 2011 statement includes your annual salary rate at December 31, 2011. ○

Go paperless: View your *Annual Pension Statement* online

Get access to your 2011 *Annual Pension Statement* weeks in advance of the print distribution when you register for secure *Online Services*. Your statement will be available online in April. OPTrust will send you an e-mail when your statement is available.

Once you sign in to your secure *Online Services* account, you can change your communications preferences to receive an electronic statement only. We list the three most recent statements in your account. This service is not available for deferred and divested members.

A snapshot of your pension

Your 2011 statement provides a detailed explanation of your OPTrust pension estimates at December 31, 2011 and what you will receive if you:

- had stopped contributing to the Plan at year-end
- contribute to the Plan up to your earliest retirement date
- continue to contribute to the Plan up to age 65.

The statement shows OPTrust's pension formula and how we calculated your lifetime pension at age 65 using your personal data including your best five-year average salary and credit in the Plan.

For more retirement planning information, use your 2011 statement along with OPTrust's online calculators – pension estimator and retirement income calculator – to give you a clear picture of your future retirement income and options. ○

OPTrust's 2012 inflation adjustment

OPTrust pensions for deferred members and retirees increased by 2.8% in January 2012. The pension escalation factor is the annual inflation-related adjustment applied to all OPTrust pensions.

The pension escalation factor is also used to calculate contributions for members who:

- qualify for or are deemed eligible to receive Long Term Income Protection (LTIP) benefits, or
- are on leaves of absence without pay that extend beyond the end of the calendar year.

In these cases, the escalated salary amount is also used to calculate the members' annual pension adjustment for the periods concerned.

The annual inflation adjustment increase is calculated based on the change in the average monthly Consumer Price Index (CPI) between October and September for the previous two years. For example the 2012 increase was calculated as follows:

$$\frac{\left[\begin{array}{ccc} \text{October 2010 to} & \text{minus} & \text{October 2009 to} \\ \text{September 2011} & & \text{September 2010} \end{array} \right]}{\text{October 2009 to September 2010}} = \frac{[119.1 - 115.8]}{115.8} = 2.8\%$$

All OPTrust pensions affected

All OPTrust pensions are adjusted annually each January for inflation. The adjustment begins the year after the former member's pension starts. The escalation is applied both to the former members' pensions and to survivors' pensions.

For recently retired pensioners, the adjustment after the first year of retirement is pro-rated. In this case, the increase is based on the number of full months for which a pension was paid in the preceding calendar year. In the following years, the full adjustment is applied.

The inflation adjustment is also applied to former members' deferred pensions and to divested members' "special deferred" pensions. ○

OPSEU appoints new Trustee



Randy Marie Sloat

OPSEU named Randy Marie Sloat to the Board of Trustees in January 2012 for a three-year term.

Ms. Sloat is currently a customer care representative with Service Ontario in Hamilton. She has more than 20 years' experience in human resources and labour relations working with various trade unions and industry. A union activist, she is the President of OPSEU Local 201 in Hamilton and also serves on several Local Executive Committees.

"I look forward to working with the Board of Trustees, the Plan's sponsors and OPTrust management to support our pension promise to more than 82,000 members and retirees," says Sloat.

She replaces Maureen Whyte whose term on the board ended in December 2011. For more information on the Board of Trustees, view their individual profiles at www.optrust.com under the "About Us" section. ○



Did you know? You can boost your pension by working past age 65

OPTrust members can keep working and contributing to the OPSEU Pension Plan up to age 71. While most OPTrust members often choose to retire at or before age 65, delaying your retirement may be an attractive option to continue increasing your future OPTrust pension.

The *Income Tax Act* requires that you stop making contributions to a registered pension plan by the end of the year you reach the age of 71. As a result, you must end your plan membership by November 30th of that year. So, your membership in and contributions to the Plan must end at this time and pension payments must begin.

You can also continue contributing to your RRSP and delay when you convert your RRSPs into retirement income. ○

Buying back credit while on a WSIB leave

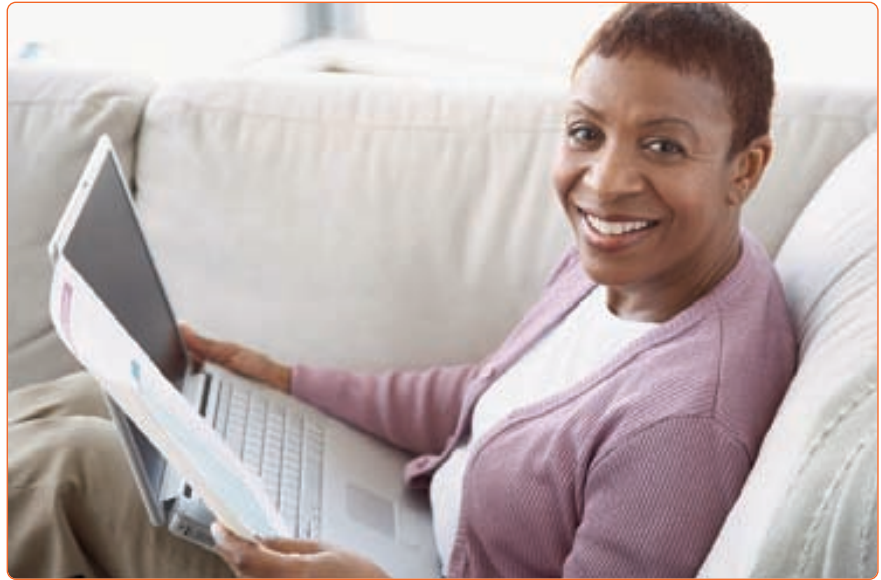
If you are off work due to a workplace injury and apply for benefits from the Workplace Safety and Insurance Board (WSIB), you are eligible to continue contributing to your OPTrust pension and receive credit for the period of your leave. This applies to regular and fixed term employees.

As long as you are still paid by your employer, your OPTrust pension contributions will continue automatically. If you are paid directly by WSIB, your contributions will be interrupted. You have the option of paying contributions to OPTrust during your leave or buying back the service later.

Contributing during your leave

You may find it less expensive to continue making regular contributions during your WSIB leave since a buyback after the leave has ended is based on your annual salary rate on the date OPTrust receives your application.

If you decide to contribute, you will continue to earn credit for the period of your leave. In this case, you should submit an application through our secure *Online Services* site or by completing the *Application to*



Contribute During an Unpaid Leave of Absence (OPTrust 1025) form, indicating whether or not you want to contribute while you are away from work.

Once you have submitted your application, we will contact you regarding your monthly payments. It is important that you submit your application before you start your leave.

Paying for a buyback after your leave

Although you can still apply to buy back credit for your leave when you return to work, this may increase your cost.

If you decide not to contribute to your pension during your WSIB leave, you have the option of buying back credit for your leave at a later date. To buy back this service, you must complete an application through your secure *Online Services* account or submit an *Application for Past Service Credit* (OPTrust 1036) form to OPTrust.

The Plan's normal application window is 24 months from the last day of your leave. However, you can apply outside the 24-month window but it will likely increase the cost of your buyback.

Why buy back credit?

- by increasing your credit, your buyback will increase your pension when you retire
- increasing your credit may help you qualify for one of the Plan's unreduced early retirement options (Factor 90 and 60/20) – or help you to qualify sooner
- your credit is also used to determine your eligibility for post-retirement insured benefits provided by the Government of Ontario.

Of course, it is up to you to assess the costs and benefits of buying back credit based on your own circumstances. For more information, download our booklet *Your Pension and Buying Back Credit* at www.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. Non-members who are eligible to join the Plan (e.g., fixed term or casual employees) are also welcome to come and learn more about enrolling in the Plan.

Getting Ready to Retire – Evening Seminars

Our evening seminars are tailored for members who are within 10 years of retirement, but all members are welcome to attend.



Topics include:

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

Understanding Your Pension – Lunch & Learn Seminars

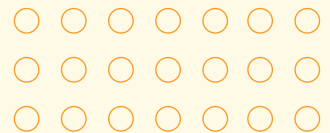
OPTrust staff also offer shorter lunchtime seminars in workplaces across Ontario for members at any stage in their careers. Special sessions for fixed term/casual staff who may be interested in joining are also an option.

To book a lunchtime seminar for your workplace, you or your human resources representative can contact us at infosessions@optrust.com.

Register now!

See the schedule below for a session in your area and sign up online at www.optrust.com, or call us at **416-681-6100** or **1-800-637-0024**.

Important: Space is limited. Please register at least two weeks in advance. Direct Contact sessions are designed to give you an overview of the OPSEU Pension Plan. OPTrust staff cannot provide personal financial advice.



OPSEU Pension Trust Direct Contact Sessions Schedule

5:30 to 7:30 pm

DATE	CITY	LOCATION
February 28, 2012	Brampton	Holiday Inn Toronto-Brampton Conference Centre – 30 Peel Centre Drive
March 28, 2012	Toronto	The Sutton Place Hotel – 955 Bay Street
April 25, 2012	Kingston	Kingston Banquet & Conference Centre – 33 Benson Street
May 30, 2012	Ottawa	Hampton Inn Ottawa & Conference Centre – 200 Coventry 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. ○

Five ways to protect your online identity

With an increasing number of members turning to the OPTrust website for answers to questions about pensions and retirement options, we want to remind you of some quick tips to protect your identity online.

- 1 When using a shared computer, for example in a library or Internet café, always log out after you finish each session. Remember to clear out the computer's cache.
- 2 Do not send or reply to requests for personal and confidential information via e-mail – only use OPTrust's secure *Online Services* site or the "Contact Us" form on our website. They are both secure.
- 3 Choose a unique *Online Services* password that is difficult to guess, keep it confidential and change it often.
- 4 Do not share the verification questions and answers for your secure *Online Services* account with anyone.
- 5 For your home computer, install anti-spyware and anti-virus software to protect the information you have stored.



Your security is important to us and our top priority is to protect the privacy of your personal information while online. We use different layers of security technology to ensure the privacy of information transactions through our popular *Online Services* site. ○

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.

How to Reach Us

OPSEU Pension Trust

1 Adelaide Street East, Suite 1200
Toronto, ON M5C 3A7

Member and Pensioner Services

Tel: 416-681-6100 in Toronto
1-800-637-0024 toll-free in Canada
Fax: 416-681-6175

www.optrust.com | email@optrust.com



OPSEU Pension Trust

Fiducie du régime de
retraite du SEFFO

Return undeliverable Canadian addresses to:

OPSEU Pension Trust
1 Adelaide Street East
Suite 1200
Toronto, ON M5C 3A7

