

OPTions

Survivor benefits for common-law partners

A recent court decision, *Carrigan v. Carrigan Estate*, has a major impact on the eligibility of a common-law spouse for pre-retirement spousal death benefits available from pension plans in Ontario.

If you are separated from your spouse and not yet divorced, this court decision means that any future or subsequent common-law spouse you have is **not** eligible for pre-retirement spousal death benefits. In this situation, if you die before retirement, these benefits could be payable to your estate or the beneficiary you have named.

If you are a current or former member with credit in the OPSEU Pension Plan and this situation applies to you, here is what you need to do if you want your common-law spouse to receive **any** survivor benefits from the Plan:

- Designate your common-law spouse using your secure *Online Services* account. You can also complete a *Pension Beneficiaries* form and designate your common-law spouse as both your 'spouse' and 'beneficiary' in sections 1 and 2 and submit it to OPTrust as soon as possible.
- Consider seeking the advice of a lawyer and/or financial planner to advise you on your situation.

If you have questions or need help updating your beneficiaries, please contact us.

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SPECIAL PULLOUT SECTION INSIDE >

BUILDING RETIREMENT SECURITY: REPORT TO MEMBERS 2012



- > Want to know how your pension plan is addressing the funding impact of our 2008 investment loss? Interested in how OPTrust is building retirement security for the long term? Looking for the latest on OPTrust's investment performance?

Just turn to the special pullout section inside this newsletter to read the *Report to Members 2012*. There you'll find key statistics on the financial performance of the OPSEU Pension Plan and news on how we serve you and our 84,000 other members and retirees.

Is your relationship ending? Why you need to inform OPTrust

When your spousal relationship ends, your spouse may become entitled to a portion of your pension earned during your marriage as part of the equalization process under the *Family Law Act*.

If you enter into a domestic contract or are a party to a court order requiring a split of your pension, you must file a certified copy with OPTrust before you end your plan membership or retire. This document must clearly identify how your pension is to be split.

Pension law will not permit the payment of more than 50% of the pension benefit earned during the spousal relationship period to be paid to your former spouse to equalize family assets.

Your spouse has the option to transfer a lump sum amount of the family law value to his or her locked-in retirement savings arrangement or pension plan (if allowed by that plan), in accordance with the domestic contract or court order, and subject to the 50% rule.

WHAT YOU NEED TO DO:

- 1 **Apply** for a *Family Law Value* statement. Complete the online forms and OPTrust will provide the valuation of your pension at no cost to you or your representative.
- 2 **Determine** how the family law value is to be treated and provide the details to OPTrust in a court order, a domestic contract or family arbitration award.
- 3 **Advise** OPTrust of your decision to divide the family law value of your pension.
- 4 **Review** your beneficiary information and update it as necessary, in your *Online Services* account or using the paper form.

FOR MORE INFORMATION READ OPTRUST'S ONLINE FACT SHEETS:

- **Spousal relationship breakdown: Your pension and dividing your family assets**
 - Before January 1, 2012, or
 - After January 1, 2012



If your domestic contract, court order or family arbitration award occurred **before** January 1, 2012, please contact OPTrust.

WHO QUALIFIES AS AN ELIGIBLE SPOUSE?

Under the OPSEU Pension Plan, an eligible spouse is defined as one of two individuals, whether of the same or opposite sex, who:

- are married to each other, or
- are living together in a conjugal relationship for at least three years, or
- have a relationship of some permanence and are the natural or adoptive parents of a child.

Note: A common-law spouse is eligible only if the member common-law spouse is not still legally married to another person. □



Linda MacKinnon was appointed by OPSEU to the Board of Trustees in February 2013 for a two-year term.

OPSEU appoints Linda MacKinnon to the Board

MacKinnon is a Senior Law Clerk with the Alcohol and Gaming Commission of Ontario (AGCO). Before embarking on a second career with the Ontario Public Service in 2001, she worked for 33 years in education as a teacher, school principal and Superintendent of Education – with 14 years in management positions.

During a secondment from the AGCO in 2007, MacKinnon was the lead panelist on the School Community Safety Advisory Panel that investigated the shooting death of student Jordan Manners at C.W. Jefferys Collegiate Institute in Toronto.

MacKinnon is a strong union activist and has held several roles with OPSEU and the Ontario Teachers' Federation (OTF). She is a member of OPSEU's Greater Toronto Area Council Executive, and has served as chief steward for OPSEU Local 565 since 2008 representing employees at the AGCO. During her teaching career, MacKinnon was a chief negotiator, local president, provincial treasurer and Provincial Second Vice-President with the OTF before moving to a senior management position in 1982.

She is past Chair of the Board of Directors of the Toronto Humane Society (THS) and Association for the Reform of the Toronto Humane Society (ART). □

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*. □



EMPLOYEE PROFILE: APRIL ROBINSON

PENSION BENEFITS
CONSULTANT AT
OPTRUST

When members have questions about their OPTrust pensions, April Robinson has the answers. April is part of a team of frontline staff in our Member and Pensioner Services department dedicated to providing prompt, personalized service with one goal in mind: building retirement security for 84,000 members and retirees.

"Our members count on us to help them make important decisions about their financial futures. So we're always looking at ways to enhance the level of service we provide and tailor the information and services we deliver to the needs of our members and retirees." □

Funding framework agreement

In the winter issue of OPTions OPTrust announced that the OPSEU Pension Plan's sponsors – OPSEU and the Government of Ontario – negotiated an agreement that establishes a funding framework for the next five years while maintaining stability, sustainability and autonomy for the Plan.

*The agreement freezes contribution rate increases for active members and employers for the next five years, beginning December 2012, except in exceptional circumstances. In the event of a funding shortfall during this time, the Plan would be required to reduce **future benefits**. However, even in the event of a deficit, there will be no impact on the benefits members have earned for their past service, or the pensions paid to OPTrust's retirees.*

Question: Does the funding agreement mean my pension could be reduced?

Answer: Under the framework agreement and Ontario's current *Pension Benefits Act*, the OPTrust pension you have already earned for your past service cannot be reduced. The same protection applies to the pensions paid to current retirees and to the deferred pensions of former OPTrust members.

If the Plan experiences a funding deficit over the next five years, the framework agreement may mean that there could be a reduction in the pension benefits you would earn for your future service only.

Once the Plan returns to a surplus position, the framework agreement provides the option of returning pension benefits to the current level, provided the Plan remains fully funded.

Question: Does OPTrust have a deficit?

Answer: Based on our most recent funding valuation, the OPSEU Pension Plan was fully funded as of December 31, 2012 with a surplus of \$34 million.

Under the framework agreement, a reduction in active members' future pension benefits will be required only if a deficit is identified in a draft funding valuation that is to be filed with Ontario's pension regulator.

At the same time, the framework agreement:

- extends the time limits for filing the Plan's funding valuations, and
- allows for a delay in the implementation of any benefit reduction of up to two years after the valuation date of the filed funding valuation, or until December 30, 2017, whichever comes first.

As a result, the agreement gives OPTrust and the Plan's sponsors greater flexibility to manage any deficit while potentially reducing any impact on members' future pension benefits.

Question: Does the funding agreement affect current retirees' pensions?

Answer: No. Under the framework agreement and Ontario's *Pension Benefits Act*, the pensions paid to current retirees cannot be reduced. This protection also applies to the deferred pensions of former and divested OPTrust members, and the pensions active members have earned for their service to date.

For our current retirees, this means there will be no change in their monthly pension amount, and their pensions will continue to be adjusted annually to keep pace with inflation. □

Pension contributions

Your pension contributions are a valuable investment in your financial future. By paying contributions with your employer, you earn a pension payable for your life. The value of your pension continues to grow for as long as you contribute.

OPTrust calculates your pension contributions as a percentage of your regular salary and deducts it directly from your pay making it easy to save for retirement.

Pension contributions are calculated in two steps:

- 9.4% of your salary up to the Year's Maximum Pensionable Earnings (YMPE)
- 11% contributions for salary above the YMPE.

For example, Suki who earns \$52,000 in 2013 would contribute \$4,902 or \$189 each pay and her employer would pay the same amount.

(The YMPE is the limit for making contributions to the Canada Pension Plan. The YMPE for 2013 is \$51,100.)

Your OPTrust pension is integrated with CPP. This means that you pay lower contributions to OPTrust for the part of your salary that is also covered by CPP. The lower contribution rate applies to salaries below the YMPE. □

OPTrust shortlisted for responsible investment reporting award

OPTrust is honoured to be the only Canadian pension plan shortlisted for a new global award to recognize excellence in responsible investment reporting, the RI Reporting Award for best responsible investment report by a small or medium-sized pension fund.

As a major Canadian institutional investor, OPTrust is a signatory to the United Nations-backed Principles for Responsible Investment and has implemented a range of specific measures to identify, monitor and mitigate environmental, social and governance-related issues, as part of our investment activities. □



DITCH THE PAPER AND GO GREEN

Help reduce OPTrust's environmental footprint by opting to receive OPTions and other communications electronically, rather than in print. When you log in to your secure account, you can change your "communications preferences" to receive news and information online only.

Registered users are increasingly using Online Services to view their pension statements, with total statement views growing to just over 60,000 during 2012, up more than 5,000 views from the previous year.

Fast facts

- more than **13,000** individual transactions were completed through Online Services in 2012
- OPTrust received more than **8,000** secure messages through the site last year
- users gave the site an overall satisfaction score of **8.6 out of 10**. □

Your membership with OPTrust

As an OPTrust member you can count on your pension to provide you with a secure income in retirement, payable for your lifetime. During your membership, you may have some important decisions to make about your pension with career and life changes.

Explore how different stages in your career and life may impact your OPTrust pension.

NEW MEMBER

- Register for OPTrust's secure *Online Services*
- Designate a beneficiary
- Transfer credit from other pension plans
- Buy back credit for past service

ILLNESS STRIKES

- Contribute to your pension, while on leave
- Unable to work due to illness, apply for a disability pension

LIFE CHANGES

- Take an educational leave, buy back credit for the service
- Just married? Designate your partner as a beneficiary
- Baby onboard? Buy back credit for your parental leave
- Marriage breakdown, apply for a *Family Law Value* statement
- Update your beneficiary information
- Moving? Change your address
- Leave your job
 - Take a deferred pension
 - Transfer pension to another pension plan
 - Transfer the value of your pension to a retirement savings arrangement

NEARING RETIREMENT

- Use the online pension estimator
 - find out when you can retire
 - get an estimate of your annual pension
- Update your beneficiary information
- Collect required documents
- Notify your employer and OPTrust
- Attend a Direct Contact information session
- Complete employer retirement package forms

AT RETIREMENT

- Start your pension, paid 26th of every month
- Change your income tax deduction
- Update your beneficiary information

Your OPTrust advantage

Ever wondered how the pension contributions you pay during your career add up in retirement? Whether you're a new member or are nearing retirement, you might be surprised to learn what the value of your OPTrust pension benefit may be over the course of your lifetime.

The OPSEU Pension Plan is a defined benefit pension plan. This means that you will receive a lifetime retirement pension based on a formula that takes into account your salary and credit. You can count on your OPTrust pension to provide you with a predictable income in retirement, payable for your lifetime.



WATCH THIS SPACE:
www.optrust.com

OPTrust is set to unveil its newly redesigned website this summer.

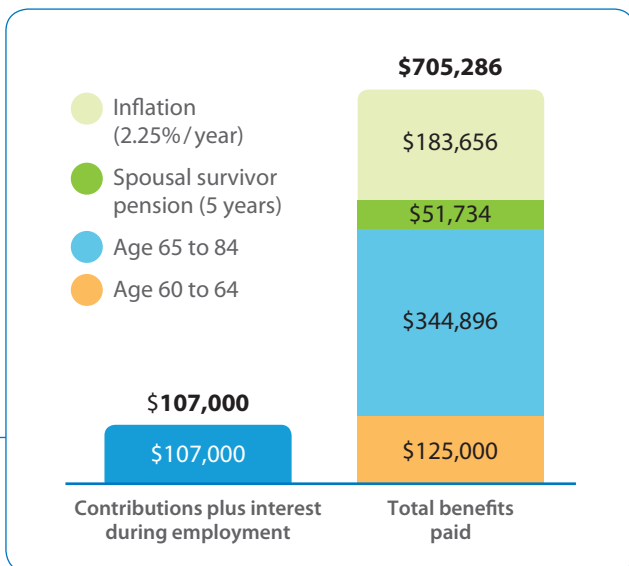
Our popular website is getting a modern facelift to serve you better. Stay tuned for our new look.



EXAMPLE

Davis retires at age 60 with 25 years of credit

- His best average annual salary is **\$50,000**
- He contributed **\$107,000 plus interest** during his employment
- He collects a pension for **24 years**
- His surviving partner collects a pension for **5 years**
- Inflation increase is **2.25% per year**
- Total benefits paid to Davis and his partner are **\$705,286**



Of course the value of an OPTrust pension benefit will vary based on a number of factors including: your salary, years of service in the Plan, when you retire, how long you collect a pension and inflation rates.

FIVE ADVANTAGES TO YOUR OPTRUST PENSION

- 1 you receive a pension payable for life
- 2 your employer contributes to your pension
- 3 your pension will be adjusted for inflation annually
- 4 if you leave your job, you can move your pension to an RRSP or another pension plan, or leave it with OPTrust
- 5 it's an easy and safe way to save for the future.

Starting to think about your retirement?

Do you know what your future pension will be? What about your personal savings or other sources of retirement income?

Your OPTrust pension will likely be a major component of your financial future, so it's important to know what you can expect to receive at retirement to help you prepare in advance. Whether you're nearing retirement, are in mid-career or are just starting out, it's never too early to set your financial goals and plan for the future.

Your 2012 *Annual Pension Statement* and OPTrust's online calculators – pension estimator and retirement income calculator – are additional tools that will help give you a clear picture of your future retirement income and options.

YOUR RETIREMENT INCOME

If you are like most OPTrust members, your retirement income will consist of **three pillars**:

- your OPTrust pension
- government benefits (Canada Pension Plan and Old Age Security)
- RRSPs, investments or other savings.

WANT MORE INFORMATION?

For more information on your pension, visit our website at www.optrust.com to download one of our booklets:

- *It's Your Pension*
- *Your Pension and Planning Your Retirement*
- *Your Pension during Retirement*

OPTrust also offers fact sheets on a range of more specific topics. □

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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