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It's Your Pension

A guide to the OPSEU Pension Plan



OPSEU Pension Trust Fiducie du régime de retraite du SEFPO

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This booklet is intended as a summary description of the OPSEU Pension Plan. The Plan text contains numerous provisions not summarized in this booklet, which may apply to you. In the event of any conflict between this booklet and the OPSEU Pension Plan text, the Plan text will govern.

Throughout this booklet, most mathematical examples have been rounded to the nearest dollar.

Cette brochure est aussi offerte en français.

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CONTACT US

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It's your pension: take time to read about it

This booklet has information on contributions, early retirement provisions, divestments, transfers, survivor benefits and much more.

What's in this booklet?

Congratulations! As a member of the Ontario Public Service Employees Union (OPSEU) Pension Plan, you are part of one of Canada's leading pension plans.

The purpose of the OPSEU Pension Plan is to provide retirement income (a pension), protected against inflation, for you and your eligible survivors. This booklet provides an overview of the benefits available to you through the Plan.



The OPSEU Pension Plan is a **defined benefit** plan. This means you will receive a retirement pension based on a formula that uses your salary and credit in the Plan to calculate the value of your pension benefit.

In addition to a description of the normal retirement benefits, this booklet contains information about contributions, early retirement provisions, disability pensions and survivor benefits. The definitions included in the back of the booklet explain some of the pension-related terminology with special technical meanings.

This booklet includes the provisions of the Plan as of March 2010.

In cases where there is detailed information on a topic, we refer you to one of our pension booklets or fact sheets that provide additional information. These publications are available free of charge from the OPSEU Pension Trust (OPTrust) either in print or online at **www.optrust.com** or from your human resources representative.



About the OPSEU Pension Trust

OPTrust exists to administer the pension plan benefits of the OPSEU Pension Plan.

We are subject to the rules and regulations governing pension plans in Ontario and Canada. As the pension plan administrator, our role is to prudently manage the assets supporting the pension plan and administer the entitlements and benefits provided by the Plan.

The OPSEU Pension Plan has approximately 48,000 active members from bargaining units in the Ontario Public Service and certain agencies, boards, commissions and foundations, and 25,000 current pensioners. In addition, the Plan has 8,800 deferred pensioners.

JOINT GOVERNANCE

OPTrust was created to give plan members and the Government of Ontario an equal voice in the sponsorship of the OPSEU Pension Plan. As plan sponsors, the Government of Ontario and the Ontario Public Service Employees Union (OPSEU) each appoint five trustees to OPTrust's Board of Trustees. The Board is responsible for the investment of the Plan's funds and the administration of the Plan. OPTrust began operations in 1995, and is a separate organization at arm's length from both sponsors.

RISK AND REWARD SHARING

Every three years all registered pension plans must undertake an actuarial funding valuation to assess whether the required funds will be available to pay expected future pensions. During this valuation, gains and losses are examined based on actuarial assumptions and actual experience in the pension plan.

In the OPSEU Pension Plan, gains are shared equally – 50% to members and 50% to the Government of Ontario. The members' share can be used to stabilize or reduce member contributions or to fund improved benefits, at the choice of OPSEU. The Government of Ontario may use its gains to reduce contributions, to fund improved benefits or create a fund to stabilize its contributions. If there are losses in the Plan, these are also shared equally, between members and employers, by increasing contributions.

Pension plan basics

An OPTrust defined benefit pension is paid for your lifetime. It is adjusted annually for inflation and has a survivor benefit component.

What is the OPSEU Pension Plan?

DEFINED BENEFIT PLAN

The OPSEU Pension Plan is a defined benefit plan. This means that you will receive a secure lifetime retirement pension based on a formula that takes into account your salary and pensionable service credit. Unlike many RRSPs and other investments, your earned OPTrust pension does not change when investment market conditions fluctuate.

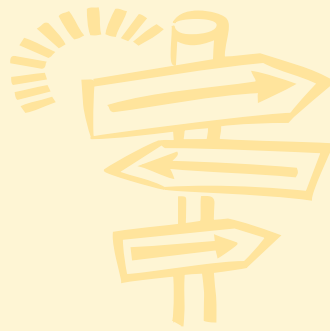
What is your pension benefit?

VESTING: YOUR RIGHT TO A PENSION

Under the OPSEU Pension Plan, the normal retirement age is 65. If you have at least two years of credit or continuous membership in the Plan, you are entitled to receive a pension at age 65 based on your credit. If you have this right to a pension, you are “vested.” If you are a vested member of the pension plan, you may be eligible for additional choices when you leave the Plan before retirement (see pages 24 to 28 for more information).

Less than two years of credit

You do not have a vested right to a pension if you have less than two years of credit and continuous membership. If you are not vested when you leave the Plan, you will receive a refund of your contributions plus interest. If you are 65 and are not vested when you leave the Plan, generally you will receive two times your contributions, plus interest.



THE BASIC FEATURES OF YOUR PENSION BENEFIT

The lifetime pension you accrue in the OPSEU Pension Plan:

- is based on
 - i) the average annual salary rates for the five consecutive years that produce the highest average and
 - ii) accrued pensionable service credit
- is paid for your lifetime
- is adjusted for inflation on an annual basis
- may be paid early without penalty if you qualify for early retirement options
- contains a survivor pension component for your eligible spouse and/or children.

HOW YOUR PENSION IS CALCULATED

If you retire before age 65, OPTrust pays the full 2% pension. At age 65 your 2% pension is made up of two pieces, the OPTrust pension and the Canada Pension Plan pension. If you decide to collect your CPP pension before age 65, that does not affect your OPTrust pension. OPTrust does not integrate your pension with CPP until age 65.

To receive a CPP pension, you must apply for it through Service Canada.

Your best five-year average annual salary and credit in the Plan are the two main components used to calculate your lifetime pension.

CALCULATING YOUR OPTRUST LIFETIME PENSION

$$2\% \times (a \times b) - (c \times d) = \text{lifetime pension}$$

a = your best five-year average annual salary

b = your credit

c = reduction at age 65 for CPP integration
 0.655% x the lesser of: your best average annual salary *and* your final five-year average Year's Maximum Pensionable Earnings (YMPE) under the CPP

d = your credit after 1965 (to a maximum of 35 years)

Your **average annual salary** is the average of your highest consecutive five-year annual salary rates during your membership. The average **YMPE** under the Canada Pension Plan is the average of the amounts set by the Canada Pension Plan for the year your membership in the OPSEU Pension Plan ends and the four preceding years.

EXAMPLE

Let's assume you are 65 years old and retired on August 31, 2011, with the following:

Average annual salary: \$52,000

Credit: 20 years

Average Year's Maximum Pensionable Earnings (YMPE):

2011	\$48,300
2010	\$47,200
2009	\$46,300
2008	\$44,900
2007	\$43,700

$$\underline{\$230,400} \div 5 = \$46,080$$

Using the basic pension formula, your lifetime OPTrust retirement pension would be calculated as follows:

$$.02 \times \$52,000 \times 20 \text{ years} = \$20,800$$

minus

reduction for CPP integration at age 65:

$$.00655 \times \$46,080 \times 20 \text{ years} = \$6,036$$

Gross annual benefit effective

$$\text{September 1, 2011} = \$14,764$$

To calculate the CPP integration amount, we use the lesser of the average YMPE and the average annual salary. In this example, because the average YMPE (\$46,080) is less than the average annual salary (\$52,000), the average YMPE is used to calculate the CPP integration amount.

Who pays for what?

Both you and your employer contribute to the Plan.



EMPLOYER CONTRIBUTIONS

Employers make pension contributions for all members of the Plan. The 2010 employer contribution rate is 8.4% of the member's pensionable earnings up to the YMPE, and 10% above the YMPE.

In 2012 the rate will increase to 9.4% of the member's pensionable earnings up to the YMPE and 11% above the YMPE.

EMPLOYEE CONTRIBUTIONS

Your contributions to the Plan are based on your pensionable earnings (this means your regular salary and does not include overtime pay). As long as you continue to receive your regular salary, you continue to make contributions to the Plan (i.e., during a paid leave of absence your contributions to the Plan continue). Contributions to the Plan are based on a formula that also takes into account your Canada Pension Plan (CPP) contributions.

Under the Plan's contribution formula, this is how your contributions are calculated:

8.4% of your salary up to the Year's Maximum Pensionable Earnings (YMPE)
plus 10% of your salary above the YMPE.

In 2012 the rate increases by 1% to

9.4% up to the YMPE and 11% above the YMPE.

Contributions to the Plan are based on a member's salary.

EXAMPLE: MEMBER ANNUAL CONTRIBUTIONS†	
Salary:	\$52,000
Year's Basic Exemption (YBE*):	\$3,500
Year's Maximum Pensionable Earnings (YMPE**):	\$48,300
8.4% of your salary up to the YMPE contributions to the fund:	$.084 \times \$48,300 = \mathbf{\$3,864}$
<i>plus</i>	
10% of your salary above the YMPE contributions to the fund:	$.10 \times [\$52,000 - \$48,300] = \mathbf{\$370}$
Total member contributions*** to the fund:	$\$3,864 + 370 = \mathbf{\$4,234}$

† Contribution rates up to the YMPE and above the YMPE will increase by 1% in 2012.

INTEGRATION WITH CPP CONTRIBUTIONS

Most working Canadians are required to contribute to the Canada Pension Plan (CPP). When CPP started in 1966, the decision was made to blend (integrate) CPP contributions with those of the existing pension plan to recognize your contributions to both plans. As a result, a portion of your contributions to the OPSEU Pension Plan is reduced (see Member annual contributions example above).

You make CPP contributions on the portion of your salary between the Year's Basic Exemption (YBE) and the Year's Maximum Pensionable Earnings (YMPE). For 2011 the YBE is \$3,500 and the YMPE is \$48,300, so the portion of salary used for determining the 2010 CPP contribution is \$44,800 (\$48,300 minus \$3,500). On this amount, you will pay 4.95% of your salary to CPP in 2011.

The example above shows that your contributions to the Plan are separated into two parts (8.4% and 10%) and shows how your contributions to the OPSEU Pension Plan and CPP are integrated. You contribute a smaller

* The YBE is the earnings amount set every calendar year by CPP on which you do not make any CPP contributions.

** The YMPE refers to the maximum earnings from employment on which CPP contributions and benefits are calculated. The YMPE is based on average wage levels and changes every year.

*** All calculations use the 2011 YBE and YMPE. Actual contributions will vary depending on the YBE and YMPE set by CPP.

amount to the OPSEU Pension Plan on the portion of your salary up to the YMPE because you also make contributions to CPP on that portion of your salary.

Your OPTrust contributions are paid on an "annualized" basis. This means that the two rates, the one above and the one below the YMPE, are blended together. This results in level contributions throughout the year, based on your pensionable salary.

TAX STATUS OF CONTRIBUTIONS

The regular contributions you make to the OPSEU Pension Plan from your earnings are tax sheltered. When you complete your income tax return, you may claim your OPSEU Pension Plan contributions as a deduction from your taxable income.

CONTRIBUTING WHILE ON A LEAVE OF ABSENCE WITHOUT PAY

If you are taking a leave of absence without pay for longer than one month, you have the option of continuing to contribute to the Plan – and earning credit – during your leave. This applies for:

- pregnancy, parental and adoption leaves
- leaves due to illness or while on Workplace Safety and Insurance Board (WSIB) benefits
- organ donation, personal or declared emergency, or family medical leave
- special or educational leaves.

Before you start any of these types of leave, you must fill out OPTrust's *Application to Contribute During an Unpaid Leave of Absence* form with your human resources representative or complete the application online using OPTrust's *Online Services*. This form is used to indicate whether or not you want to make pension contributions during your leave. For pregnancy, parental and adoption leaves, the law requires you and your employer to contribute during the leave unless you submit a signed copy of the form declining to contribute.

EMPLOYER CONTRIBUTIONS IF MEMBER QUALIFIES FOR LTIP

If you qualify for benefits under the Long Term Income Protection (LTIP) plan, or an equivalent long-term disability plan, and do not resign from your employment, your employer makes contributions to the OPSEU Pension Plan on your behalf at the member contribution rate and pays the employer's share of contributions as well.

Joining the OPSEU Pension Plan

Employees who are represented by OPSEU and who are not currently in the Plan may be eligible to join.

Who are the members of the OPSEU Pension Plan?

MANDATORY MEMBERSHIP

You must join the OPSEU Pension Plan if you are less than 65 and:

- you work for an Ontario government ministry or scheduled agency as permanent, classified or probationary staff, and you are represented by OPSEU
- you are permanently employed by the OPSEU Pension Trust
- you are permanently employed by the Ontario Teachers' Pension Plan Board and are represented by OPSEU
- you are permanently employed by one of the following scheduled agencies, boards, commissions or organizations:
 - Alcohol & Gaming Commission of Ontario and are represented by OPSEU
 - Liquor Control Board of Ontario and are represented by the Liquor Board Employees' Division of OPSEU
 - Niagara Parks Commission and are represented by OPSEU
 - Ontario Lottery and Gaming Corporation and are represented by OPSEU (certain workplaces)
 - Ontario Pension Board and are represented by OPSEU
 - Workers' Compensation Appeals Tribunal and are represented by OPSEU
- you are a "grandfathered" member.

In certain divestment situations, those who are members of the OPSEU Pension Plan at divestment are "grandfathered" and are allowed to remain as active members in the OPSEU Pension Plan until termination or retirement. Members who fall into this category include:

- employees of the former Whitby Mental Health Centre,* North East Mental Health Centre, the Centre for Addiction and Mental Health (Addiction Research Foundation and Queen Street Mental Health Centre Divisions), Penetang Mental Health Services, Ontario Health Agency for Health Protection and Promotion who are represented by OPSEU.

*now called Ontario Shores Centre for Mental Health Services.



OPTIONAL MEMBERSHIP

You may be eligible to join the OPSEU Pension Plan at any time starting from your first day of employment if you are an OPSEU-represented employee after 1992 and are employed on a non-permanent basis:

- by the Crown under the *Public Service Act*
- by an agency, board, commission, foundation or organization that was a participating employer in the Public Service Pension Plan before December 31, 1994
- by an agency that is a participating employer in the OPSEU Pension Plan after December 31, 1994.

If your membership is optional and you decide to join the OPSEU Pension Plan, you must complete the membership forms that are available from your human resources representative. Once you join the Plan you cannot cancel your membership unless you terminate your employment.

PREVIOUS MEMBERSHIP IN THE OPSEU PENSION PLAN

If you become a member of the OPSEU Pension Plan when you return to the OPS or to an employer participating in the OPSEU Pension Plan and you have a deferred pension from OPTrust related to past service, your prior credit is linked to your current credit.

When calculating your average salary and credit we will consider both periods of membership. When you rejoin the Plan, any payment made to you when you previously left the Plan (i.e., excess contributions) must be repaid with interest; otherwise your pension will be actuarially reduced when you end your membership in the Plan.

PREVIOUS MEMBERSHIP IN THE PUBLIC SERVICE PENSION PLAN (PSPP)

Your credit in the PSPP (which is administered by the Ontario Pension Board) is not automatically added to your service in the OPSEU Pension Plan if you terminated employment and have a deferred pension certificate from the PSPP. If you have a deferred pension from the PSPP and want information about moving your prior credit to the OPSEU Pension Plan, please contact OPTrust for more information. You may choose to move your prior credit to the OPSEU Pension Plan or leave your credit with the PSPP. See page 21 about deadlines.



NOTE

Contract, unclassified and casual staff, who are in an OPSEU bargaining unit position, have the option to join the OPSEU Pension Plan at any time.

How do you get credit in the OPSEU Pension Plan?

Credit in the Plan is accrued based on the percentage of time worked, (i.e., full-time or part-time).

BUILDING CREDIT

Pensionable service credit (credit) is the total period of time during which you contribute to the pension fund or have contributions made on your behalf. The amount of credit you build up, or “accrue,” in the Plan depends on whether you work full-time or part-time. If you work full-time, you normally make contributions to the Plan based on your full-time salary and you accrue a full year of credit in the Plan for each calendar year of employment. If you earned \$52,000 (as in the example in the contribution section on page 12), your contributions to the OPSEU Pension Plan would be approximately \$3,925* in 2010, based on the Plan’s contribution formula.

WORKING PART-TIME

If you work part-time, you contribute to the Plan based on the percentage of time you work, compared to full-time employment. For example, if you work 50% of full-time work, you accrue 50% of one full-time year – or six months – of credit in the Plan. The example below shows the calculation for your contributions based on part-time earnings of \$20,000 as well as your credit and the amount of your earned pension.

EXAMPLE

Let’s assume you worked part-time for 20 years. During your final year your pay was based on the full-time equivalent annual salary rate of \$40,000, but because you worked part-time (50% of full-time), you earned approximately \$20,000 that year.

Earnings are used to calculate contributions.

The **average annual salary** is based on a full-time equivalent salary, which is used to calculate your pension.

Calculating your contributions:

Your contributions to the Plan are calculated based on your earnings. This means that the contribution formula is applied to the \$20,000 yearly earnings. Let's assume that you planned to retire at the end of 2010. Your 2010 contributions to the Plan would be calculated as:

$$\begin{aligned} &7.4\% \text{ of your salary up to the YMPE*} \quad .074 \times \$20,000 = \mathbf{\$1,480} \\ &\text{you do not have salary above the YMPE} \\ &\mathbf{\text{Your total contributions for 2010}} \quad \quad \quad \mathbf{= \$1,480*} \end{aligned}$$

Credit:

Since your earnings are 50% of full-time, so is your accumulated pensionable service credit. You therefore accrue six months of credit for each year of employment. So after 20 years you will have earned 10 years (6 months x 20 years) of credit.

Pension calculation:

Your pension calculation uses your best five-year average annual salary. In this example, your best five-year average annual salary was \$40,000. It is this \$40,000 that is used in your pension calculation together with the total credit you accrued during your 20 years of Plan membership – not your earnings of \$20,000.

$$\begin{aligned} &.02 \times \$40,000 \times 10 \text{ years} \quad \quad \quad \mathbf{= \$8,000} \\ &\mathbf{\text{minus}} \\ &\text{CPP integration:} \\ &.00655 \times \$40,000 \times 10 \text{ years} \quad \quad \quad \mathbf{= \$2,620} \\ &\mathbf{\text{Annual lifetime pension payable at age 65}} \quad \quad \quad \mathbf{= \$5,380} \end{aligned}$$

PRE-RETIREMENT PART-TIME EMPLOYMENT

With the approval of your Deputy Minister, you may be allowed to switch from full-time to part-time employment within five years of retirement. After obtaining the consent of the Deputy Minister you must submit your notice to your employer to retire within five years. This special provision lets you work part-time while making full-time contributions to the Plan so that you accrue full-time credit. Contact your employer to find out if you qualify for this provision.

*All calculations use the 2010 YBE and YMPE. Actual contributions will vary depending on the YBE and YMPE set by the CPP.

Transfers to and from the OPSEU Pension Plan

Deadlines apply when transferring service credit from one pension plan to another.

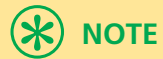
TRANSFERS FROM OTHER PENSION PLANS

The OPSEU Pension Plan has transfer agreements with many of the Canadian public and broader public sector pension plans. If you are joining the OPSEU Pension Plan and wish to transfer pensionable service credit, please notify OPTrust immediately. There are deadlines for transferring your service and we can inform you of the terms and any costs that may be involved. Contact OPTrust or check our website at www.optrust.com for a current list. Here are the plans that OPTrust has transfer agreements with as of March 2010:

- Alberta Local Authorities Pension Plan (LAPP)
- Alberta Management Employees Pension Plan
- Alberta Public Service Pension Plan
- British Columbia College Pension Plan
- British Columbia Municipal Pension Plan
- British Columbia Public Service Pension Plan
- British Columbia Teachers' Pension Plan
- Colleges of Applied Arts & Technology Pension Plan (CAAT)
- Electrical Safety Authority Pension Plan
- Federal Government Public Service Pension Plan
- Healthcare of Ontario Pension Plan (HOOPP)
- Hydro One Pension Plan
- Independent Electricity System Operators Pension Plan
- La Commission administrative des régimes de retraite et d'assurances (Carra)
- Manitoba Civil Service Superannuation Fund
- New Brunswick Public Service Superannuation Fund
- Newfoundland & Labrador Public Service Pension Plan
- Nova Scotia Public Service Superannuation Plan
- Ontario Municipal Employees Retirement System (OMERS)
- Ontario Power Generation Pension Plan
- Ontario Public Service Pension Plan (see transfers to Public Service Pension Plan)
- Ontario Teachers' Pension Plan (OTPP)
- OPSEU Staff Pension Plan
- Pathways to Independence
- Prince Edward Island Civil Service Superannuation Plan
- Providence Centre Pension Plan
- Ryerson Polytechnic University Pension Plan
- St. Joseph's Health Centre Pension Plan
- St. Michael's Hospital Pension Plan
- Workplace Safety & Insurance Board Pension Plan.

TRANSFERS TO OTHER PENSION PLANS

If you are resigning your current employment and taking a new job that is not part of the OPSEU Pension Plan, and your new employer contributes to any of the plans listed on page 18, you may be able to transfer your OPTrust pension credit to your new employer's plan. If you want to transfer, please notify OPTrust and your new employer's pension plan immediately as there are specific deadlines for applying. Once you submit an application, OPTrust and your new plan's administrator will handle the paperwork. To learn about transfers into and out of the OPSEU Pension Plan, please see the fact sheet *Transferring Your Credit into/out of the OPSEU Pension Plan*, available on our website or contact OPTrust.



NOTE

You may be eligible to transfer pension credit from a previous pension plan, however, timelines apply.

TRANSFERS TO THE PUBLIC SERVICE PENSION PLAN (PSPP)

There are special transfer arrangements between OPTrust and the Ontario Pension Board (administrator of the PSPP).

If you stay with your employer (and there is no break in service):

If you are in a bargaining unit position and transfer to an excluded or management position with your current employer, you are no longer eligible to be a member of the OPSEU Pension Plan. When this happens, your accrued credit is automatically transferred to the Public Service Pension Plan. We will process the paperwork for the transfer after your employer notifies us of the change in your position.

If you move to a new employer who is part of the PSPP (and there is a break in service):

When you terminate your employment but move to a new employer that participates in the PSPP, we will transfer your pension credits when you notify us of the change and if you elect to transfer these credits.

How could pension credit change while you are a member?

PURCHASING CREDIT (BUYBACKS)

As a member of the OPSEU Pension Plan you may be eligible to purchase, or buy back, credit in the Plan for any of the following:

- 1. non-credited government service** with the Ontario Public Service or any employer contributing to the OPSEU Pension Plan, the PSPP or its predecessor plan. This service includes periods of employment during which no contributions were made to the Plan (typically contract or unclassified employment) and periods of employment for which contributions were previously refunded. You can also apply to buy back credit for periods when you are on strike or locked out, once you return to work.

The type of credit purchased determines the cost. There is a 24-month time limit to submit your complete application.*

2. prior non-OPS employment with an employer who did not contribute to the Plan, but who offered employees a registered pension plan in Canada. During the period of employment, you must have been a member of that prior employer's pension plan. For periods before 1992, you must still have credit in your prior plan for the service you are purchasing and you must transfer the funds directly to the OPSEU Pension Plan. To be eligible to buy back credit for periods after 1991, your purchase must be approved by the Canada Revenue Agency.

3. leave of absence without pay for more than one month for illness, including WSIB compensated injuries, pregnancy, parental, adoption, special or educational purposes. You may accrue credit for these periods by making contributions to the Plan during the leave or you may apply to buy back these leaves when you return to work.

4. open option for any member who did not meet or apply within the 24-month window. You can apply to buyback:

- leaves of absences that ended more than 24 months before the application date
- non-contributory service (e.g. contract service) that you did not apply for within the 24-month application period
- service with other registered public sector pension plans.

COSTS OF BUYING BACK CREDIT

Depending on the type of leave, the cost to you may vary. If your leave of absence is for illness (including leaves without pay while receiving Workplace Safety and Insurance Board benefits) or pregnancy/parental/ adoption, you pay contributions based on the member pension contribution rate in effect during your leave while your employer pays based on the employer contribution rate. If you buy back a special or educational leave, you will pay either two times the member contribution rate or the member plus employer contribution rates. Some purchases of credit may need Canada Revenue Agency approval and/or may reduce your RRSP contribution room. You may wish to contact the Canada Revenue Agency for tax information.

You can transfer funds from your RRSP to buy back any credit.

1. The cost of buying back non-credited government service is based on this formula:

- annual salary rate (at time OPTrust receives complete application*)
- x** employee contribution rate during period you are purchasing
- x** years of prior service being purchased

*See OPTrust's booklet *Your Pension and Buying Back Credit* available on our website, www.optrust.com for detailed information on buybacks.

(For example, if your salary is \$40,000 per year and you want to buy back one year of non-credited government service, the approximate cost would be \$2,960 based on the 2010 contribution rate). When you buy back this type of credit, your contributions are matched by your employer.

2. prior non-OPS employment: The cost of buying back credit for prior non-OPS employment is calculated actuarially. Factors taken into account in the actuarial calculation include the cost of the increase in the pension as a result of the purchase and any applicable early retirement date.

When you purchase credit for prior non-OPS employment, your employer does not make any contributions for this benefit. You pay the full cost. If your former employer has a reciprocal transfer agreement with the OPSEU Pension Plan, you may qualify for a transfer of credit. If you are eligible, it is usually less costly to transfer your credit under a reciprocal agreement than it is to buy back the credit.

3. leave of absence without pay: The contribution formula for a leave of absence is the same as for non-credited government service and may be matched by your employer. It may be less costly to make contributions to the Plan during your leave rather than buying back the credit when you return to work. Your contributions to the Plan are based on your annual salary rate at the time of your complete application. Therefore, if you return to work and decide to apply to buy back your credit, but your salary has increased by the time you do this, the cost will be based on your new salary rate.

Before you start any unpaid leave longer than one month (including WSIB leaves), you must fill out OPTrust's *Application to Contribute during an Unpaid Leave of Absence* form. This form is used to indicate whether or not you want to make contributions during your leave.

4. open option buyback: The cost of buying back credit under the open option is calculated actuarially using factors such as the member's age, salary history and amount of credit that will be purchased. The member pays for the full cost of the buyback.

TIME LIMITS

To be eligible to buy back credit, other than the open option buyback, you must submit your application to the OPSEU Pension Trust within **24 months** from the later of:

- the date you first become a member of the OPSEU Pension Plan, or of the PSPP (if you were transferred from the PSPP), or
- the last day of the leave of absence you are applying to buy back, or
- the date you join the OPSEU Pension Plan (to transfer your deferred PSPP pension).

Application forms for leaves of absence buybacks are available on the OPTrust website or from your human resources representative. You can also file an application online using OPTrust's secure *Online Services*. There is no obligation to buy back the credit, it's simply a way to meet the application deadline in case you want to buy back the service at a later date.

**Your employer
pays its share
plus your pension
contributions
while you are
eligible to receive
LTIP benefits.**

Open option buyback

If you are considering the open option buyback, you can apply at any time, even if you missed the 24-month deadline for a past service credit purchase.

PAYMENT OPTIONS

You can pay for your purchase of credit:

- i) as a lump sum either by cheque or money order. Your payments must be completed within 10 years and three months from the date of the original agreement, or by the time you retire, whichever is earlier.
- ii) by monthly or quarterly instalment. OPTrust adds interest to the total cost. The minimum biweekly payment is \$10, however, each payment must reduce some portion of the initial principal. Other periodic payment arrangements can be made if you are on leave or LTIP.
- iii) through a series of biweekly payroll deductions for buybacks costing more than \$500.
- iv) through a combination of lump-sum payments and payroll deductions for buybacks costing more than \$500. This financing option is available only to full-time and regular part-time (not seasonal or casual) employees.

TERMINATION AND PURCHASE OF CREDIT

All payments for a purchase of credit must be completed when you end your membership in the Plan. Otherwise your credit will be reduced by the amount for which you did not pay. If you are retiring, your eligibility for early retirement may also be affected.

IF YOU BECOME DISABLED

Long Term Income Protection (LTIP) benefits are provided through your employer. Your human resources or union representative can provide you with more information.

What happens if you qualify for LTIP?

If you qualify for a benefit under LTIP (or equivalent long-term disability plan benefits) and do not resign your employment, your employer is required to make both their share and your share of contributions to the Plan on your behalf until you recover, resign your employment, reach age 65 or die (whichever occurs first). This also applies if you qualify for LTIP, but are paid directly by WSIB.

For pension purposes if you qualify to receive LTIP, 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 “base rate” is adjusted each year based on the inflation adjustment applied to pensions. Look at the section on pensions (pages 29 to 37) for more details and the

OPTrust fact sheet *Long Term Income Protection and Your Pension Contributions*. Be sure to read about disability pensions, as well.

If you retire before age 65, LTIP benefits are reduced by the amount of your monthly OPTrust pension. This reduction continues for as long as you receive benefits from both the Plan and LTIP. Contact your employer or the LTIP insurance company for complete details.

What happens if you only qualify for WSIB?

If you are paid directly by WSIB and do not qualify for LTIP, you have the option of paying contributions to OPTrust. You must complete the *Application to Contribute during an Unpaid Leave of Absence* form to advise OPTrust of your choice. If you choose not to contribute, you can apply to buy back the missed credit, subject to the Plan's 24-month application deadline. For more details, refer to our fact sheet *Contributing to Your Pension while on a WSIB Leave*.

What could happen to your pension benefit if your spousal relationship ends?

If your spousal relationship ends, your spouse may become entitled to a portion of your pension accrued 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. This document must clearly identify how the pension is to be split.

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

Before retirement

If your marriage ends before you retire, your spouse will be able to receive the pension benefit payments when you retire or end your plan membership in accordance with the domestic contract or court order, and subject to the 50% rule.

If you die

If you die before your pension begins, your spouse may be eligible for a portion of the death benefit payable under the Plan, depending on the terms of the domestic contract or court order, and subject to the 50% rule.

What happens if you work past age 65?

If you continue to work past the age of 65, you may choose to continue to contribute to the Plan and defer your pension. However, by the end of the year you reach the age of 71, the *Income Tax Act* requires that you stop making contributions to a registered pension plan. So, your membership in and contributions to the Plan must end at this time and pension payments must begin.

Leaving the OPSEU Pension Plan before your pension begins

What are your options when your employment ends before retirement?

Members who end their membership in the Plan before retirement may have a number of choices. The options depend on the member's age and whether or not he or she is vested.

IF YOU ARE NOT VESTED

If you have less than two years of credit and continuous membership in the Plan when you leave, you are not vested. In this case, you will receive a refund of your contributions, plus interest. The only exception to this is if you are 65 years or older when you leave and have less than two years of continuous membership or credit in the Plan. In this case, you will receive a refund of two times your contributions, plus interest.

IF YOU ARE VESTED AND UNDER AGE 55

When you have two or more years of continuous membership or credit in the Plan, you have earned the right to a pension (you are vested).

If you are vested and under age 55, you have some choices:

- you can choose a deferred pension (which means leaving your pension entitlement with OPTrust and having the right to a pension from OPTrust in the future)
- you can transfer the commuted value of your pension to another retirement savings arrangement such as a locked-in retirement account or another employer's pension plan, if that plan permits transfers.



IF YOU ARE VESTED AND AGE 55 OR OLDER

If you are 55 or older and have more than two years of credit or continuous membership, the value of your pension cannot be transferred (unless it is transferred under a reciprocal transfer agreement) because you are entitled to receive a pension. You may request to start your pension anytime between the ages of 55 and 71. If you are not eligible for an unreduced early retirement provision and you choose to start your pension between the ages of 55 and 65, your pension amount will be reduced (see page 30 for more information on the age-reduced early retirement provision).

For more information on the available options, refer to the OPTrust fact sheet *Pension Options When Your Employment Ends*. You can obtain a copy from OPTrust or the OPTrust website.

DIVESTMENT SITUATIONS

The *Pension Benefits Act* imposes statutory requirements to protect the pension benefits you accrued with your former employer if your branch or unit is divested or privatized. The effect of the divestment on your pension plan entitlement depends on whether your new employer provides employees with a registered pension plan. When a divestment happens, if the new employer has a pension plan for new employees, Ontario pension law imposes special obligations on both the OPSEU Pension Plan and the new pension plan. These obligations may provide special benefit rights and entitlements to the affected plan members.

If your new employer does not have a registered pension plan or only has a group RRSP, you are entitled to termination rights described above.

In some divestment situations, members of the OPSEU Pension Plan are “grandfathered” or allowed to remain as active members in the OPSEU Pension Plan.

Each divestment case has to be examined to determine if the *Pension Benefits Act* applies and if regulatory approval or guidance is needed from the Financial Services Commission of Ontario (FSCO). In addition, OPTrust liaises with employers and members where a “grandfathering” arrangement is possible. Contact OPTrust for more information.

A deferred pension offers an annual cost-of-living increase, as well as the option of an early reduced pension.

For more information on divestments, please refer to the booklet *Your Pension and Divestments* available from OPTrust.

LIMITED LIFE EXPECTANCY

If, based on medical evidence satisfactory to OPTrust, you have a life expectancy of less than 24 months, you may end your membership in the Plan without terminating your employment and OPTrust will pay you the commuted value of your deferred pension in cash or transfer it to an RRSP. To receive this benefit, you must apply to OPTrust and submit the appropriate medical information. If you have an eligible spouse at the time of application, your spouse will be required to waive all future survivor benefits. You must also revoke any beneficiaries you have named.

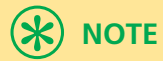
Any benefits you are receiving under the LTIP plan may be reduced by the amount of the lump-sum pension payment. Please contact your employer for more information.

REFUND OF EXCESS PENSION CONTRIBUTIONS

When OPTrust determines the commuted value of your pension at termination, we compare the total of your contributions plus interest to one half of the value of your benefit accrued after 1986. This ensures that you do not contribute more than 50% of the commuted value. For example: let's assume you end your membership in the Plan and we determine the value of your pension benefit to be \$80,000. You have made contributions of \$45,000 including interest. Fifty percent of \$80,000 is \$40,000. In this case you have an "excess" of \$5,000, which OPTrust will pay you.

If you take the refund as cash, it is subject to withholding tax. If you transfer it to an RRSP, it is not subject to tax.

What if you have a deferred pension?



If you have a deferred pension with OPTrust, it will be adjusted for inflation every January after your termination date.

RETIREMENT OPTIONS

If you leave your money with OPTrust and choose a deferred pension entitlement, you receive a deferred pension letter as proof of your deferred status. The letter indicates that you are entitled to a pension, normally payable at age 65, from the OPTrust. You also have the option of a reduced pension payable as early as age 55.

INFLATION PROTECTION

After your termination date, a cost-of-living increase is applied annually each January to your deferred pension. The adjustment is calculated annually to provide protection from inflation while you wait for your deferred pension payment to start. OPTrust sends a statement to deferred pensioners every year to inform them of the cost-of-living adjustment. Deferred pensions accumulate the cost-of-living adjustments starting the month after termination of employment. Inflation adjustments are based on increases in the Consumer Price Index in the previous year (see page 33 for more information).

REJOINING THE OPSEU PENSION PLAN

If you become a member of the OPSEU Pension Plan when you return to an employer who participates in the Plan, your credit accrued during prior service covered by your deferred entitlement statement is added to your current service. When your service is added, any previous payment made to you (i.e., excess contributions) must be repaid with interest. Otherwise, your pension will be actuarially reduced when you end your membership in the Plan. This reduction would reflect the non payment of the excess contribution refund and the interest that had accrued up to the date you end your membership in the Plan.

JOINING FROM THE PSPP

If you joined the OPSEU Pension Plan after January 1, 1995, and had a deferred pension from the PSPP, your credit in the PSPP is not automatically added to your credit in the OPSEU Pension Plan. If you have a deferred pension from the PSPP and want information on moving your prior credit to the OPSEU Pension Plan, please contact OPTrust for more information. You have the option of joining the credit or leaving the credit separate, however timelines apply.

Permanent early retirement options give you the choice of retiring with Factor 90 (age plus credit equals 90 years) or 60/20 (at least 60 years old with 20 years of credit).

JOINING THE PSPP

Your credit from the OPSEU Pension Plan is not automatically added to your credit in the PSPP. If you have a deferred pension from the OPSEU Pension Plan after 1994, are planning to join an employer that participates in the PSPP and want information on moving your prior service to the PSPP, please contact the Ontario Pension Board or OPTrust.

JOINING ANY OTHER PENSION PLAN

The OPSEU Pension Plan has transfer agreements with many of the Canadian public and broader public sector pension plans. If you are joining another pension plan, please notify OPTrust immediately. There are deadlines for transferring your service and we can inform you of the terms or any costs that may be involved. Be sure to read over the separate transfer section (on page 18).

TAKING THE COMMUTED VALUE UP TO AGE 55

When you have a deferred pension, you can still choose to transfer the commuted value of your pension to another retirement arrangement if you are under the age of 55.

A CHANGE IN YOUR SPOUSAL RELATIONSHIP

If you had a spouse when you ended your membership in the Plan and you have the same spouse when your pension begins, OPTrust pays for a 60% survivor pension at no cost to you, if your spouse meets the eligibility requirements.

Paying for the spousal survivor pension

Relationship at termination	Relationship when pension begins	Who pays for the survivor pension?
married/common-law	married (to same spouse as at termination)	OPTrust
single	married/common-law	you
married/common-law	remarried (new spouse)	you
married/common-law	single	n/a

For all other spousal situations, you must provide the survivor pension by having your pension reduced to pay for the 60% survivor benefit. If you do not want to provide this benefit, you and your spouse must waive this benefit and your new spouse will not receive survivor benefits. The waiver is not effective unless the form is signed, dated and received by OPTrust within 12 months before your pension begins. You must inform OPTrust of your decision to waive the benefit or to set up a survivor pension for your new spouse. If you are single when you end your membership, your pension will not have a spousal survivor benefit.

Retiring with a pension from the OPSEU Pension Plan

When can you retire?

AGE 65

The normal retirement age under the OPSEU Pension Plan is 65. If you have two or more years of continuous membership or credit in the Plan, you are entitled to a pension based on your credit.

EARLY RETIREMENT WITH AN UNREDUCED PENSION: FACTOR 90 AND 60/20

You may be eligible for an early **unreduced immediate pension** if you attain:

- **Factor 90** – your age plus your credit (in years and part years) total at least 90 years
- **60/20** – you are at least 60 years old and have 20 or more years of credit.

If you qualify for one of the early retirement provisions, your pension will be calculated based on your credit in the Plan and your termination date using the basic pension formula without CPP integration. You may decide to collect your CPP pension before age 65. OPTrust does not integrate your pension with CPP until age 65.

SURPLUS FACTOR 80 – TEMPORARY PROVISION

Surplus Factor 80 is a temporary early retirement option available to eligible pension plan members who are permanently laid off.

The provision allows affected members to qualify for an unreduced OPTrust pension if their age plus credit in the Plan total 80 or more years by the time their employment ends.

Who qualifies?

If you work in the Ontario Public Service (OPS), you may qualify for the temporary Surplus Factor 80 provision if you meet all of the following conditions:

- you are a member of the Plan and are covered by the Central Collective Agreement
- you are laid off before January 1, 2013
- your age plus your credit in the Plan equal 80 years or more before January 1, 2013 and on the date your employment ends, *and*
- your employer provides OPTrust with confirmation that the layoff is consistent with the OPS collective agreement. Appendix 17 of the collective agreement says, in part, that a laid-off member is eligible for Surplus Factor 80 only if the available options for reassignment, redeployment or displacement to a permanent vacancy have been exhausted.

Members with 10 or more years of credit in the Plan qualify for a disability pension if they are totally and permanently disabled.

Surplus Factor 80 in non-OPS bargaining units

For members of other bargaining units, employers and OPSEU may negotiate an agreement to provide access to the Surplus Factor 80 option or other similar provisions. In these cases, the parties must notify OPTrust of the terms of any such agreement.

Please contact your human resources representative or OPTrust for more information if one of these options could apply to you.

BRIDGING TO AN UNREDUCED PENSION

OPTrust members who receive a notice of layoff may be able to “bridge” to an unreduced pension.

Bridging requires special provisions in your collective agreement allowing the use of leaves of absence, the surplus notice period and the period represented by severance payments to reach the date on which you become eligible for one of the Plan’s unreduced retirement options. Bridging is currently available to:

- members whose positions are declared surplus and are covered by the Central Collective Agreement between OPSEU and Management Board of Cabinet
- members whose positions are declared surplus as a result of privatization, and are covered by the collective agreement between the Liquor Board Employees’ Division of OPSEU and the LCBO
- anyone in a divestment situation who
 - is covered by the Central Collective Agreement between Management Board of Cabinet and OPSEU

and

- declines a job offer that is less than 85% of his or her current salary or where the member’s service or seniority is not carried over to the new employer

or

- is declared surplus and the collective agreement provides for bridging

or

- the new employer’s collective agreement provides for bridging.

For more information on bridging, see OPTrust’s fact sheet, *Bridging to an unreduced pension* or contact your employer, union representative or OPTrust.

REDUCED PENSION

You are eligible for early retirement with a reduced pension if you have at least two years of credit or continuous membership in the Plan and are at least 55 years old when you end your membership in the Plan. With this type of early retirement, your pension is calculated using the basic pension

formula (and does not include the reduction for CPP integration until age 65). It is then reduced by 5% for each full and partial year you are under age 65, if you do not qualify for other forms of early retirement.

DISABILITY PENSION

To qualify for a disability pension you must be totally and permanently physically and/or mentally disabled. In order to receive the disability pension you must apply to OPTrust, satisfy the above criteria and, if your application is approved, you must resign from your employment. The medical evidence must be satisfactory to OPTrust. The amount of your disability pension will depend on your total credit in the Plan up to your resignation date and your best five-year average salary:

- **If you have less than 10 years of credit and membership** you do not qualify for a disability pension. You may receive a special disability refund under the Plan, plus interest. If you are not eligible for a refund, you are still entitled to a regular pension at age 65, based on your credit and salary. Taking a reduced pension at age 55 is also an option.
- **If you have more than 10 years of credit or continuous membership** your disability pension is calculated using the basic pension formula. Adjustments for inflation will be taken into consideration to calculate your salary for the period during which you were receiving or eligible to receive LTIP. Your pension benefit is based on your credit in the Plan up to the date of your resignation.

EXAMPLE

Assume you were approved for a disability pension from the OPSEU Pension Trust and your highest consecutive five-year average salary was **\$53,000** and you resigned at the end of 2010 with **19 years of credit**. Your disability pension would be calculated as follows:

$$.02 \times \$53,000 \times 19 \text{ years} = \$20,140$$

$$\text{Annual disability pension} = \$20,140$$

As with all pensions, OPTrust integrates with CPP at age 65, regardless of whether or not you are receiving a CPP disability pension.

REFUND OF EXCESS PENSION CONTRIBUTIONS

When OPTrust determines the commuted value of your pension at termination or retirement, we compare the total of your contributions plus interest to one half the value of your benefit accrued after 1986. This ensures that you do not contribute more than 50% of the commuted value for this period.

For example: let's assume you terminated and we determine the value of your pension benefit to be \$180,000. You have made contributions of \$60,000 including interest. Fifty percent of the \$180,000 is \$90,000. In this case you do not have an "excess" owing to you because one half the value of your benefit is greater than your contributions plus interest.

Your OPTrust pension is indexed, which helps it keep pace with inflation.

What happens to your pension when you reach age 65?

CANADA PENSION PLAN (CPP)

The Canada Pension Plan provides retirement benefits to individuals who have contributed to it during their employment. The normal retirement age for CPP benefits is 65; however, you can apply for a CPP pension as early as age 60. If you receive an early CPP pension, it is reduced 6% for every year you are less than 65. The annual maximum benefits are adjusted every year to reflect changes in the cost of living. The maximum monthly retirement pension in 2010 was \$943.17. For more information, contact your local Service Canada office.

Age 65 – OPTrust pension integrated with CPP

When you reach age 65, OPTrust integrates your pension with CPP. During your membership in the OPSEU Pension Plan, your contributions to the Plan were reduced because you also made contributions to the CPP on the portion of your salary up to the YMPE. When you turn 65 you are eligible to collect a pension from CPP. So the pension you receive from the OPSEU Pension Plan is adjusted for CPP integration and reflects the lower contributions you made to the Plan while you were employed. For more information on CPP integration see OPTrust's booklet *Your Pension During Retirement*.

OLD AGE SECURITY

In addition to CPP, you may be entitled to a monthly retirement benefit from Old Age Security (OAS) at age 65. It is payable monthly, indexed quarterly and taxed as it is paid during the year. Your pension from the OPSEU Pension Trust is not adjusted due to OAS payments.



How is your pension protected when you retire?

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 to receive a pension. The first adjustment is pro-rated 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]). It is calculated by dividing the Consumer Price Index average for the two 12-month periods ending the preceding September. For example, the 2011 inflation adjustment was calculated as

$$\frac{\text{October 2009 to September 2010} = 115.8}{\text{October 2008 to September 2009} = 114.2} = 1.4\%$$

The maximum increase in any one year is 8%. Any increase above 8% is rolled forward into the next year, to be used when the adjustment is less than 8%. (See inflation protection chart on next page.)

EXAMPLE OF PENSION WITH PRO-RATED INFLATION INCREASE:

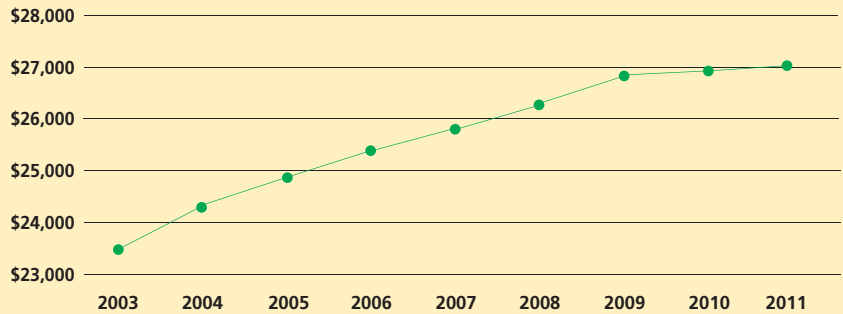
Terminated from Plan	March 2010
Pension began	April 2010
Number of months on pension	9 (April–December)
CPI increase for 2010	1.4%

How to calculate your 2011 increase:

$$\begin{aligned} &\text{number of months on pension, divided by 12} \times \text{increase in CPI for 2011} \\ &= \text{your 2011 adjustment} \\ &\mathbf{(9 \div 12 \times 1.4\% = 1.05\%)} \end{aligned}$$

In January 2011, your pension would be increased by 1.05% to reflect the cost of living for nine months. In following years the full CPI increase is applied.

EXAMPLE: HOW A PENSION GROWS WITH INFLATION PROTECTION



This chart shows how the inflation protection feature of the OPSEU Pension Plan works. The graph plots the growth of an average pension over an 9-year period from 2003.

What happens if you work after your pension starts?

Many pensioners continue to work after their pension starts. Working for an employer who participates in the OPSEU Pension Plan may affect your pension.

WORKING AFTER YOUR PENSION STARTS

If you are receiving a pension from the OPSEU Pension Plan and start working again, who you work for may affect your pension. If you work for an employer who does not contribute to the Plan, your pension is not affected. If you are re-employed or engaged by an employer who contributes to the Plan, the impact on your pension depends on your salary and whether or not you rejoin the Plan. Please contact OPTrust before you decide to work again for an employer who contributes to the Plan. It is your responsibility to inform a participating employer that you are currently receiving a pension.

Without rejoining the Plan

Your monthly pension is subject to a re-employment earnings maximum each calendar quarter (e.g., January – March) if

- i) you are re-employed or engaged by an employer who contributes to the Plan and
- ii) you do not rejoin the Plan as a contributing member.

Your earnings maximum is determined by subtracting your quarterly OPTrust pension income from your final quarterly pre-retirement salary.

The amount left over is the maximum amount you can earn in any calendar quarter from re-employment before we reduce your pension. This amount is provided on your *Pensioner Information Change Statement*. If you are unsure of the limit, please call OPTrust. If you do exceed your limit for the quarter, we will reduce future pension payments by the amount you have exceeded your maximum.

With Plan membership

Depending on the nature of your re-employment and your age, you may have the option or may be required to rejoin the Plan. If you rejoin, your pension stops immediately. While you are making contributions to the Plan, you are accruing additional pension credit so when your employment ends, we will recalculate your pension.

OPTrust will add the additional credit you earned during your re-employment to your previous credit whether you retired under the Factor 80, Factor 90 or 60/20 provision or age 65. OPTrust then recalculates your pension at the end of your re-employment period to include the additional credit you accrued. However, if you were previously receiving a reduced pension, your new pension amount will be actuarially adjusted to take into account any pension payments you have already received.

What could happen to your pension benefit if your spousal relationship ends?

After retirement

If your spousal relationship ends after you retire and start receiving your pension payments, your former eligible spouse will be able to receive the pension benefit payments from the date stated in the court order or domestic contract as long as the date is in the future. Pension payments cannot be backdated. The end of the spousal relationship after retirement does not affect the ex-spouse's eligibility for a survivor pension under the Plan.

If you die

If you die before your pension begins, your spouse may be eligible for a portion of the death benefit payable under the Plan, depending on the terms of the domestic contract or court order, and subject to the 50% rule.

Health and dental benefits for you and your dependants provide additional assurance during retirement.

SPOUSAL/CHILD SUPPORT

While you are receiving your pension, it is exempt from most creditors. The exceptions are Canada Revenue Agency, your former spouse in the case of a marriage breakdown, and orders for child support.

What about health, dental and life insurance benefits after retirement?

WHO GETS THEM

Currently, you, your eligible spouse and your eligible dependent children qualify* for insured benefits if you meet one of the following criteria:

- 1.** you are receiving a pension based on at least 10 years of credit in the OPSEU Pension Plan or the PSPP, or
- 2.** you are receiving a pension based on at least 10 years of continuous employment and have some credit in the OPSEU Pension Plan for at least some part of each of those 10 years.

If you were employed in the OPS or certain other eligible organizations and meet the requirements above, you are entitled to insured benefits in retirement.

*Eligibility for coverage under the group insured benefit plan for eligible Ontario government retirees, is subject to the policy terms and conditions in effect at retirement.

A SUMMARY OF BENEFITS

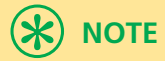
Insured benefits for eligible pensioners include coverage for: dental, vision, hearing aid coverage, supplementary health and hospital and basic life insurance. The premiums for these benefits are paid by the Ontario Government or relevant agency, board or commission.

The premiums for basic life insurance are paid by your employer and are a taxable benefit.

HOW THEY ARE ADMINISTERED

For more details on insured benefits, please refer to the Ministry of Government Services publication: *A Guide to Your Benefits – After Retirement*. This booklet is available from OPTrust.

Note: These benefits are not part of the OPSEU Pension Plan. They are provided separately by the Government of Ontario and may be subject to change in the future.



NOTE

With 10 years of credit in the pension plan, you and your spouse may be eligible for insured benefits in retirement.



When a member or pensioner dies

Survivor benefits are a valuable feature of the OPSEU Pension Plan.

What benefits are available if you die before retirement?

If you die while you have an eligible spouse, your spouse automatically receives almost all survivor benefits. You can update your beneficiaries using OPTrust's secure *Online Services* or by completing a *Pension Beneficiaries* form.

BENEFITS TO SURVIVORS

The following chart explains who is eligible to receive the survivor benefit if you die before retirement and what the benefit is:

VESTED	
CREDIT UP TO OR BEFORE DECEMBER 31/86	CREDIT AFTER DECEMBER 31/86
<p>ELIGIBLE SPOUSE GETS: immediate 60% pension (of what you would have received at age 65)</p> <ul style="list-style-type: none"> • <i>if no spouse</i> 	<p>ELIGIBLE SPOUSE GETS: commuted value of deceased's deferred pension (choice of lump-sum, immediate or deferred pension)</p> <ul style="list-style-type: none"> • <i>if no spouse</i>
<p>ELIGIBLE CHILDREN GET: 60% immediate pension (of what you would have received at age 65)</p> <ul style="list-style-type: none"> • <i>if no eligible children</i> 	<p>BENEFICIARIES* GET: commuted value of deferred pension (paid as a lump sum)</p> <ul style="list-style-type: none"> • <i>if no other beneficiaries</i>
<p>OTHER BENEFICIARIES* GET: any other lump sum refunds</p> <ul style="list-style-type: none"> • <i>if no other beneficiaries</i> 	<p>ESTATE GETS: commuted value of deferred pension (paid as a lump sum)</p>
<p>ESTATE GETS: any other lump sum refunds</p>	

* If you want your children to receive this benefit, you must identify them in this category.

NOT VESTED (less than two years of credit in the Plan)

**ELIGIBLE SPOUSE GETS:
two times your contributions, plus interest**

- *if no eligible spouse*

**ELIGIBLE CHILDREN GET:
two times your contributions, plus interest**

- *if no eligible children*

**OTHER BENEFICIARIES GET:
your contributions, plus interest**

- *if no other beneficiaries*

**ESTATE GETS:
your contributions, plus interest**

Eligible spouse

A 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, common-law or same-sex relationship

(1) for at least three years

OR

(2) have a relationship of some permanence and are the natural or adoptive parents of a child.

If you die before your pension begins, to be eligible, your spouse must:

- satisfy the definition of spouse

AND

- must not be living separate and apart from you at the time of termination from the Plan (if applicable) **and** at the time of your death.

Choice for eligible spouse

For the portion of your service until December 31, 1986, your eligible spouse is entitled to an immediate pension equal to 60% of the pension you would have received at age 65. For your service after December 31, 1986, your spouse has three choices:

- the lump-sum commuted value of your pension
- a deferred pension, or
- an immediate pension.

Eligible child

Under the OPSEU Pension Plan, a child is eligible to receive survivor benefits for your service until December 31, 1986, if the child is under the age of 18, or if over 18, the child is in continuous full-time attendance at a secondary school or, immediately following secondary school, is attending a post-secondary institution to a maximum of five years. Survivor benefits are payable to an eligible child only if there is no eligible spouse.

To receive survivor benefits for your service after December 31, 1986, your child must be named as a beneficiary. Payments can only be made to a beneficiary if you have no spouse or your spouse had waived his or her right to a survivor pension for this period of service.



Beneficiaries

A beneficiary is the person(s) or organization(s) you identify to receive survivor benefits in case you have no eligible spouse when you die before your pension begins. You may name your children, other relatives, friends or organizations. If you name a minor child to receive this benefit, please refer to the *Survivor Benefits and Minor Children* fact sheet for information on appointing a trustee or a guardian of property. Any benefits payable will be divided equally among all the named beneficiaries. If you are survived by a spouse, the beneficiary is not entitled to any benefits.

IF NO ELIGIBLE SURVIVORS OR BENEFICIARIES

When a member does not have any eligible survivors, that is, there is no eligible spouse, children or other beneficiary, any funds that are payable from the Plan will be paid to the estate.

Funds paid to an eligible spouse, eligible children or beneficiaries cannot be claimed by creditors of the estate. Funds paid to the estate can be claimed by creditors.

WHEN DEATH OCCURS

A termination package is sent to the eligible survivor or the former member's estate. This personalized package provides details of any survivor benefits.

Notification of death

If you die while employed, your survivor should contact your employer who will contact OPTrust. OPTrust will then issue a statement outlining the survivor options available.

If you die after your pension has started, your family or other authorized person should notify OPTrust immediately.

Your OPTrust pension provides survivor benefits for your eligible spouse or children when you die.

How can you plan for benefits for your survivors?

If you are receiving an OPTrust pension and die before age 65, your spouse or eligible child receives a survivor pension based on 60% of the pension you were receiving. The survivor pension is recalculated to 60% of your lifetime pension, on what would have been your 65th birthday. If you die after age 65, you are already receiving your lifetime pension, so your spouse or eligible child will receive payments based on the amount of pension you were receiving when you died.

Pension used to calculate survivor benefits

The following example shows how a survivor pension changes if the member dies before age 65. At age 65, the member's pension would have been reduced for CPP integration. Therefore, the survivor's pension is reduced to 60% of the member's CPP integrated pension.

EXAMPLE

Member's age at termination	58
Member's age at death	60
Spouse, at termination and when pension started?	yes
Member's pension plus bridge benefit before age 65	\$2,027
Member's lifetime pension at age 65	\$1,400
Percentage to surviving spouse	60%
Surviving spouse's pension (until spouse's 65th birthday)	\$1,216
Surviving spouse's pension (after spouse's 65th birthday)	\$840

INCREASED SURVIVOR PENSION FOR SPOUSE

You also have the option of providing a higher survivor pension for your spouse in increments of 5% (i.e., 65%, 70%, 75%). To provide this increased benefit, your pension will be reduced. You must inform OPTrust before you retire if you want to increase your spouse's survivor pension.

If you apply at least two years before your pension begins, no medical information is necessary. If you apply within two years of your retirement, we require a *Certificate of Health* and OPTrust must approve your application. The necessary forms are available from your human resources representative or from OPTrust's website. You may cancel the higher survivor benefit at any time, up to one month before your pension starts.

Once your pension begins, you no longer have the option to cancel the increased survivor pension. This means that if your spouse dies before you do, you continue to receive a reduced pension.

Below are examples showing the pension that would be paid to the surviving spouse based on a 60%, 65%, 70% and 75% survivor pension. It also shows the reduction to the member's pension when more than a 60% survivor pension is provided.

EXAMPLE				
Percentage to surviving spouse	60%	65%	70%	75%
Member's age at termination	65	65	65	65
Spouse's age	62	62	62	62
Spouse at termination and when pension started?	YES	YES	YES	YES
Member's pension	\$2,000	\$1,979	\$1,959	\$1,939
Surviving spouse's pension	\$1,200	\$1,287	\$1,371	\$1,455

What benefits are available when you die after retirement?

Usually survivor benefits are automatically payable to your eligible spouse. But, you may not have a surviving eligible spouse. If you die after you have started receiving a pension and you do not have an eligible spouse or eligible children, no further benefits will be paid from the OPSEU Pension Plan. What may be payable is a residual balance payment.

Surviving spouses who remarry continue to receive survivor benefits, but their new spouse is not eligible for insured benefits or survivor benefits.

SURVIVOR BENEFITS FOR ELIGIBLE SPOUSE OR CHILD

If you die after retirement, the benefits normally flow as follows:

**ELIGIBLE SPOUSE GETS:
60% of lifetime pension***

- *if no eligible spouse*

**ELIGIBLE CHILDREN GET:
60% of lifetime pension***

- *if no eligible children*

**OTHER BENEFICIARIES GET:
residual balance (if any)**

- *if no other beneficiaries*

**ESTATE GETS:
residual balance (if any)**

* If you are receiving an OPTrust pension and die before age 65, your spouse or eligible child receives a survivor pension based on 60% of the pension you were receiving (before CPP integration). The survivor pension is recalculated to 60% of your CPP integrated pension on what would have been your 65th birthday.

For eligible spouse

If your spouse qualifies as “eligible” (see definition on page 48) and was not living separate and apart from you when you ended your membership in the Plan and when your pension began, he or she may be entitled to 60% of your pension.

If you started receiving an OPTrust pension and you die before age 65, your spouse will receive 60% of your pension until the date you would have reached age 65. At age 65, your pension would have been reduced for CPP integration. On what would have been your 65th birthday, your spouse’s pension is reduced to 60% of your CPP integrated pension.

For eligible children

If your children are “eligible” (see definition on page 47), and are the recipients of the survivor benefit, they will receive 60% of your pension. Your children who do not meet the definition of “eligible” can be named as beneficiaries, in case there is a residual balance payment.

Survivor benefits are payable to an eligible child only if there is no eligible spouse or if the eligible spouse has waived the survivor benefits.

REMARRIAGE OF SURVIVING SPOUSE

If your surviving spouse remarries after your death, he or she will continue to receive survivor benefits. However, if your surviving spouse remarries, his or her new spouse is not eligible for insured benefits or survivor benefits. If your surviving spouse dies, any further benefits go to any of your eligible children.

RESIDUAL BALANCE

If you die after your pension payments have started, a residual balance may be payable. We only calculate the residual balance when there are no more survivors. To determine if there is any residual balance OPTrust calculates the difference between your contributions plus interest, minus all the pension payments made to you and your survivors. If your contributions and interest exceed the pension payments, we will refund the residual balance to your spouse, children, beneficiaries or estate.

$$a - b = c$$

a = your contributions to the Plan, plus interest

minus

b = pension paid to you + survivor benefits paid

c = residual balance

IF NO ELIGIBLE SURVIVORS

When a pensioner does not have any eligible survivors, that is, there is no eligible spouse, eligible children or other beneficiaries, any residual balance payable from the Plan will be paid to the estate of the pensioner.

OPTrust sends an entitlement package to the executor of the estate when there is no survivor. This personalized information provides details of any benefits payable.

Notification of death: If you die after your pension has started, your survivor or the executor of your estate should notify OPTrust immediately.

Commonly used pension terms

Accrued pension/benefit – the amount of annual pension earned by a plan member based on credit and salary rate up to a given date.

Basic pension – is the gross pension payable at age 65. See “Calculating Your OPTrust Lifetime Pension” on page 10.

Commuted value – the amount of an immediate lump-sum payment in today’s dollars estimated to be equal in value to a future series of pension payments.

Deferred pension – a specified pension determined at the time of termination of employment, which is payable at normal retirement age.

Defined benefit plan – a plan that defines the pension to be provided (based on credit and average salary) but not the total contributions.

Divestment – under Ontario’s *Pension Benefits Act*, there are special rules protecting the pension entitlements of Plan members in the event of a divestment. These special rules apply when:

- the former employer transfers, or “divests,” all or part of an operation to another employer
- affected employees become employed by the new employer
- the new employer contributes to a different pension plan, and
- the affected employees become members of the new employer’s pension plan.

When OPTrust members are affected by a divestment, their earned pension remains with OPTrust and they have the right to a “special deferred pension” from the OPSEU Pension Plan. The new employer must recognize the period of membership in the OPSEU Pension Plan when determining eligibility for the new employer’s pension plan.

Division of pension – where one spouse, on dissolution of the spousal relationship, may obtain a share of the pension value earned by the other spouse during the period of marriage or common-law or same-sex relationship.



Eligible child – under the OPSEU Pension Plan, a child is eligible to receive survivor benefits if the child is under the age of 18, or if over 18, the child is in continuous full-time attendance at a secondary school or, immediately following secondary school, is attending a post-secondary institution to a maximum of five years.

Immediate pension – a pension which starts on the first of the month following the month of termination from the Plan and is payable each month by the 26th. An immediate unreduced pension may be payable to a member who qualifies for Factor 90, 60/20 or age 65. An immediate reduced pension is payable as early as age 55.

Lifetime pension – is the pension amount paid to you after integration with CPP at age 65. If you start your pension before age 65 OPTrust pays the full 2% pension. When you reach age 65, your 2% pension is made up of the OPTrust portion and the CPP portion.

Locked-in – a legislative requirement that vested benefits under the pension plan must be used to provide a lifetime retirement income and are not available as immediate cash.

Pensionable service credit (credit) – the total period of time during which a member contributes to the pension fund or has contributions made on his or her behalf.

Plan sponsors – the Government of Ontario and OPSEU. Each appoints five trustees to the OPTrust Board that oversees the OPSEU Pension Trust.

Public Service Pension Plan (PSPP) – the predecessor plan to the OPSEU Pension Plan. The PSPP is administered by the Ontario Pension Board.

Re-employed or engaged – a re-employed pensioner is someone who is working for (becomes an employee of) an employer who contributes to the OPSEU Pension Plan. The pensioner is considered engaged if he or she has a fee-for-service contract with an employer who contributes to the Plan.

Residual balance – when a pensioner dies and all eligible survivors have been paid, a calculation is done to determine if there is any money owing. This calculation compares the pension payments made plus all the survivor benefits paid to the total amount the member contributed, plus interest, to the Plan.

Spouse – 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, common-law or same-sex relationship

(1) for at least three years

or

(2) have a relationship of some permanence and are the natural or adoptive parents of a child.

Generally, a spouse is not eligible for survivor or death benefits under the Plan, if the spouse and the member are living separate and apart at the date of death (for pre-retirement death benefits) or the date that the first pension payment is due (for post-retirement survivor benefits.)

Termination – in the OPSEU Pension Plan “termination” of plan membership means that you stop making contributions to the pension plan because your employment has ended. Employment could end because of retirement, layoff, dismissal, resignation, death or permanent disability. When your employment ends and you no longer make contributions to the Plan, you stop being a member of the Plan (you terminate your membership).

Vested – when a member is entitled to benefits under the Plan as a result of satisfying membership and credited service requirements. Benefits accrued after December 31, 1986, are vested after two years of credit or membership and are locked in. Before December 31, 1986 your service is vested after 10 years of plan membership, credit or employment or if you are 45 or older and have 10 years of continuous employment.

Year’s Basic Exemption (YBE) – the earnings amount set every calendar year by CPP below which Canadians do not make any CPP contributions.

Year’s Maximum Pensionable Earnings (YMPE) – the maximum earnings from employment on which CPP contributions and benefits are calculated. The YMPE is changed every year according to a formula based on average industrial wage levels.

How we stay in touch



OUR PUBLICATIONS

Your Pension and Buying Back Credit – Purchasing Credit in the OPSEU Pension Plan

Your Pension and Divestments – The process and available options when a divestment occurs

Your Pension and Planning Your Retirement – A guide for getting started on your retirement plans

Your Pension During Retirement – What you need to know after your pension starts

OPTions – A newsletter for OPTrust members and special deferred pensioners

Pension Connection – A newsletter for OPTrust pensioners

OPTrust Annual Report – A yearly report on the administration of the OPSEU Pension Plan, its annual investment results and audited financial statements

Annual Pension Statement – A personalized statement for plan members estimating their earned pension and projecting their pension amount at retirement



OUR WEBSITE

Visit our website at www.optrust.com for additional information, online resources and secure access to your personal pension information.

Secure *Online Services* for Registered Members

Use OPTrust's secure *Online Services* to:

- view and print your current *Annual Pension Statement*
- update beneficiary information – you can update this as needed
- change address information – can be changed as needed
- send and receive secure e-mail messages for your pension questions.

To register for *Online Services*, click on the secure *Online Services* icon on the homepage of OPTrust's website, or call us at **416-681-6100** or toll-free at **1-800-637-0024**.



www.optrust.com

Online Services... your pension information at your fingertips.

The OPSEU Pension Trust manages one of Canada's largest pension funds and administers the OPSEU Pension Plan. The OPSEU Pension Plan is a defined benefit plan covering approximately 82,000 plan members and pensioners.