

OPSEU makes decision on use of pension plan gains

The OPSEU Executive Board has decided to allocate \$467 million in gains in the OPSEU Pension Plan to pay for a package of temporary and permanent benefit improvements, an extended contribution reduction and a contribution stabilization fund.

The \$467 million represents the members' and pensioners' unallocated share of funding gains realized by the Plan from 1999 – 2001. In total, the Plan experienced gains of \$867 million for the period, which are shared between the members and pensioners and the Government of Ontario.

The benefit and contribution changes selected by OPSEU will require an amendment to the text of the OPSEU Pension Plan. This amendment must be signed by the Plan sponsors – OPSEU and the Government of Ontario – before the OPSEU Pension Trust can administer gains-related decisions. OPTrust will update this Web site when such amendments are made and let members and pensioners know of the impact on them.

After reviewing a survey sent to all members, pensioners and divested members to obtain their views on benefit or contribution changes and rate stabilization, OPSEU has decided to use the gains as follows:

1. The Factor 80 early retirement option will be extended to March 31, 2005.
2. The CPP offset on pensions will be permanently reduced to .655% starting December 1, 2002. This means a smaller reduction to OPTrust pensions at age 65.
3. The CPP offset on survivor pensions prior to age 65 has been permanently eliminated effective December 1, 2002. Survivor pensions will now be paid at 60% of the pension their spouse or parent would have received until the date the pensioner would have reached age 65.
4. The “points off” program for members over 55 who choose to retire early with a reduced pension will be extended to December 31, 2005. Under this program, the member's pension reduction will be based on how many years he or she is from eligibility for an unreduced pension under one of Plan's permanent unreduced retirement options: these include Factor 90, the 60/20 option or normal retirement at age 65. Under the Plan's normal rules, the reduction is based on how far away they are from age 65.
5. Members' normal contribution rates are 8% integrated with CPP. However, until November 30, 2002 contribution rates are 4%. The new contribution rates will be:
 - a. 5% pension contributions as of December 1, 2002 pay period
 - b. 6% pension contributions as of December 1, 2003 pay period
 - c. 7% pension contributions as of December 1, 2004 pay period.Normal contribution rates, without these reductions are 8%.

The balance of the members' and pensioners' share of gains will be set aside in a contribution stabilization fund to reduce the impact of future contribution increases.

For more information on OPSEU's decision, visit the OPSEU Web site at www.opseu.org.