



Your Pension and Your Retirement

A guide to planning
your retirement



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, all mathematical examples have been rounded to the nearest dollar.



OPSEU Pension Plan – Temporary Provisions

If you receive a layoff notice, you may have access to the Surplus Factor 80 option. The government pays the cost of this benefit improvement, which was scheduled to end on December 31, 2004.

Under Surplus Factor 80, you may be eligible to retire with an immediate unreduced pension if:

- you receive a layoff notice on or before December 31, 2008, and
- your page plus your credit total 80 or more on or before December 31, 2008, and on or before your last day of employment.

To retire under Surplus Factor 80, you must:

- notify your employer in writing that you are retiring under this provision within 92 days of the last day of the month in which you receive your layoff notice, and
- leave your employment and end your membership in the Plan no later than the layoff date in the layoff notice.

If you think you may qualify for the Surplus Factor 80 provision – please contact OPTrust as soon as possible. We recommend that you confirm your eligibility **before** you notify your employer that you plan to retire. We will be happy to confirm your eligibility and provide you with more information.

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Introduction

KEEP THIS BOOKLET
IN A PLACE WHERE
FAMILY MEMBERS
CAN ALSO FIND IT
WITH COPIES OF
OTHER IMPORTANT
DOCUMENTS LIKE
YOUR WILL.

About OPSEU Pension Trust

The OPSEU Pension Plan is the result of years of discussion between the Government of Ontario and OPSEU to create a pension plan in which the members, who go on to become pensioners, have a say. The Board of Trustees of the OPSEU Pension Plan Trust Fund administer the OPSEU Pension Plan. The OPSEU Pension Trust (OPTrust) officially began operating on January 1, 1995.

OPSEU Pension Trust is a legal trust formed by a contractual agreement between the Plan sponsors, namely OPSEU and the Ontario Government. OPSEU Pension Trust is at arm's length from both Plan sponsors.

DEFINED BENEFIT PLAN

The OPSEU Pension Plan is a defined benefit plan. This means that your retirement pension is based on a formula that takes into account your salary and pensionable service credit. The OPSEU Pension Plan must comply with Canadian and Ontario laws that apply to pension plans.

JOINT GOVERNANCE

The OPSEU Pension Plan is governed by 10 trustees, five appointed by the Government of Ontario and five appointed by OPSEU. The Board of Trustees is responsible for the investment of the Plan's funds and the administration of the Plan.

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 actuarial experience in the pension plan.

In the OPSEU Pension Plan, gains are shared equally – 50% to members and pensioners and 50% to the Government of Ontario. The members' and pensioners' 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. Pensioners are not required to pay more.

How you and your family can use this booklet

This booklet is geared to the member who is planning to retire within a few years and for OPSEU Pension Trust retirees who are receiving a pension from the Plan. If you are eligible for or planning to collect a pension within the next five years, the first half of the booklet will guide you through the decisions you will need to make and the processes that occur while you are still a member. For people who are receiving a pension, the second half of the booklet explains integration with the Canada Pension Plan at age 65, factors to consider when planning for your survivors and matters of interest to pensioners.

This booklet includes the provisions of the Plan as of January 2005.

Planning for your retirement

ESTIMATING YOUR
EXPENSES AND
INCOME AT
RETIREMENT WILL
HELP YOU PLAN
FOR YOUR
FINANCIAL NEEDS.

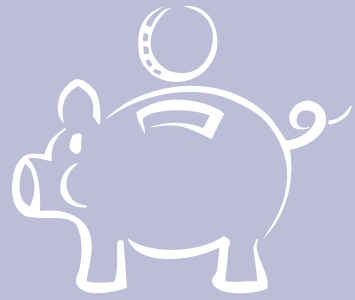
ASK IF YOUR
EMPLOYER OFFERS
A RETIREMENT
PLANNING COURSE.

Retirement income needs

Many financial advisors recommend that a comfortable retirement requires a retirement income of 60% to 80% of pre-retirement employment income. However, that percentage can be lower depending on how you spend your money. Figuring out what expenditures you will and won't have during retirement will help you plan and be prepared for the future. One of the unknowns in planning is future increases in the cost of living. Your pension from the OPSEU Pension Trust is indexed for inflation so you know that it will not depreciate.

Preparing detailed lists of your expenses and your income will help you form a clear picture of your financial status. What percentage of your current employment income do you estimate as your retirement income? Will it be enough to pay your expenses and still have money for discretionary items? Will you need to find an alternate source of income during retirement, such as a part-time job? Will your spouse be contributing to your household income? Do you have potential income from RRSPs or an inheritance? Once you have your personal "balance sheet" you can use it as a basis for planning.





YOUR ESTIMATED EXPENSES AT RETIREMENT:

Long-term debt: include mortgage/rent, loans, credit cards, etc.	\$
Estimated living expenses: food, clothing, medical and health, house and car maintenance, etc.	\$
Discretionary living expenses: entertainment, travel, etc.	\$
TOTAL HOUSEHOLD EXPENSES	\$

YOUR ESTIMATED RETIREMENT INCOME:

Try the retirement income calculator on our website or use this to calculate your retirement income.

Pension from OPTrust	\$
Pension from CPP (\$828.75/mo.)*	\$
Other pensions/annuities	\$
Old Age Security	\$
RRSP income	\$
Employment income	\$
Other investments	\$
Draw down from savings	\$
TOTAL HOUSEHOLD INCOME	\$

*This represents the maximum monthly amount payable from CPP at age 65 in 2005.

If you have a spouse, all these calculations should include your spouse's expenses and income. This is simply a starting point for determining your financial picture at retirement. By starting the exercise of examining your financial health before retirement, you can take the necessary steps to either increase your savings for retirement or adjust your lifestyle. A certified financial planner can help you do a thorough analysis of your financial situation and help you with planning for retirement. Some community agencies offer retirement planning courses.

AS PART OF YOUR
RETIREMENT
PLANNING,
CONSIDER
POTENTIAL INCOME
FROM OTHER
SOURCES, SUCH AS
CPP AND RRSPS.
YOUR OPTRUST
PENSION IS PAID
FOR YOUR LIFETIME,
IS ADJUSTED FOR
INFLATION
ANNUALLY AND
PROVIDES A
SURVIVOR BENEFIT.

Other sources of retirement income

CANADA PENSION PLAN (CPP)

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 rather than pay an additional contribution to CPP. As a result, a portion of your contributions to the OPSEU Pension Plan is reduced (see contributions to Plan example on page 11). You will receive **two** payments – one from CPP and one from OPTrust. To receive CPP, you must apply for it through Human Resources and Skills Development Canada, Income Securities Program. You can receive CPP at age 65 or as early as age 60 with reductions in your CPP pension for early payment. The CPP reduction is 6% per year for every year you are less than 65. The maximum CPP retirement payment at age 65 in 2005 was \$828.75 per month.

OLD AGE SECURITY

In addition to CPP, you may be entitled to a monthly retirement benefit from Old Age Security (OAS). It is payable monthly and indexed quarterly. Your pension from the OPSEU Pension Trust is not adjusted due to OAS payments. OAS payments are separate from OPTrust and CPP payments. OAS starts at age 65 and cannot be taken any earlier. In the fourth quarter of 2004, maximum OAS monthly basic benefit payments were \$471.76.

RRSPS, EMPLOYMENT INCOME, SAVINGS, HOME EQUITY AND INSURANCE

You may have alternate sources of retirement income over and above your pension and government pensions. RRSPs can provide a supplement to your pension or they can be kept until age 69 and then converted into Registered Retirement Income Funds (RRIFs) or annuities.

Many pensioners choose to continue employment in either a full-time or part-time capacity as a means of supplementing their pensions. If you choose to return to work for an employer who contributes to the OPSEU Pension Plan, please read the section on re-employment (pages 27-28).

If you own your home, you may decide to move to a smaller place to use the home equity for living costs and to reduce expenses. Personal savings can also be a source of more liquid assets in retirement.

Life insurance options are available that offer a variety of packages from term to whole life annuities. This is a competitive field so you should explore your options and research the alternatives available.

Handling life changes

Retirement is a major life change. Adjusting to it requires more planning than looking for a job, getting married or buying a new house. Two of the most important elements of your life that will change are time and money. These two factors will have an impact on the other areas of your life – family, friends, home, interests, leisure activities and health.

Keeping busy is key in a happy retirement. Although your time will likely be less structured, managing your time is as necessary for success in retirement planning as it was while you were working. The years before retirement are an ideal time to think about the things you want to do during retirement and to plan whether you will have the financial resources to do them. As a starting point, think of all the things you like to do outside of work. How will you fit those activities/events into your daily and weekly schedule? How will you deal with your spouse and family if you will be at home more of the time? Do you have dreams and interests that you haven't had time to pursue but want to investigate in retirement? Now is a good time to start thinking about them and see if you can incorporate them into your retirement.

There are a multitude of books, videos and internet sites on planning for retirement. They can provide different ways to examine the lifestyle issues that occur in retirement. Thinking about how you envision the future will help you to plan for it and achieve your retirement goals.

ALL OPTRUST
PENSIONS ARE
ADJUSTED FOR CPP
INTEGRATION AT
AGE 65.

How much pension will you get from OPTrust?

The basic pension benefit 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.



CALCULATING YOUR PENSION AT AGE 65

Your basic pension will be calculated as follows:

$$2\% \times (a \times b) - (c \times d) = \text{age 65 pension}$$

a = your best five-year average annual salary

b = your credit

c = reduction 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)

Note: Your pension is integrated with the Canada Pension Plan (CPP) at age 65. The reduction for CPP integration at age 65 is an adjustment to your pension that reflects your reduced contributions to the OPSEU Pension Plan for the portion of your salary that is between the Year's Basic Exemption (YBE) and the YMPE. Integration is further explained on pages 9-10. For more information, see OPTrust's booklet *Your Pension and the Canada Pension Plan* available from your human resources representative, OPTrust or our website.

Your **average annual salary** is the average of your highest consecutive five-year salary rates during your membership.

The average **YMPE** under the CPP is an average of the amount set by CPP for the year your membership in the OPSEU Pension Plan ends and the four preceding years.

**IF YOU RETIRE
BEFORE AGE 65,
OPTRUST "TOPS UP"
YOUR PENSION.
AT AGE 65, YOUR
OPTRUST PENSION
IS REDUCED TO
REFLECT YOUR
CONTRIBUTIONS
TO CPP.**

INTEGRATION OF CPP CONTRIBUTIONS AND BENEFITS

When you were working, you made CPP contributions on the portion of your salary between the YBE and YMPE. For 2005, the YBE is \$3,500 and the YMPE is \$41,100, so the portion of salary used for determining the 2005 CPP contribution is \$37,600 (\$41,100 minus \$3,500). On this amount, you will pay 4.95% of your salary to CPP in 2005.

The example on page 11 shows that your contributions to the Plan are separated into two parts (6.4% and 8%). It also shows how your contributions to the OPSEU Pension Plan and CPP are integrated. You contribute a smaller amount to the OPSEU Pension Plan on the portion of your salary between the YBE and the YMPE because you also make contributions to CPP on that portion of your salary.

Your pension is integrated with CPP at age 65. The pension reduction reflects your reduced contributions to the OPSEU Pension Plan as a result of your contributions to CPP.



Example:

Let's assume you are 65 years old and retired on August 31, 2005, with the following:

Average annual salary: \$46,900

Credit: 20 years

Average Year's Maximum Pensionable Earnings (YMPE)

2005	\$41,100
2004	\$40,500
2003	\$39,900
2002	\$39,100
2001	\$38,300
	<hr/>
	\$198,900 ÷ 5 = \$39,780

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

$$.02 \times \$46,900 \times 20 \text{ years} = \$18,760$$

minus

reduction for CPP integration:

$$.00655 \times \$39,780 \times 20 \text{ years} = \$5,211.18$$

Gross annual benefit from OPTrust starting

Sept. 1, 2005 = \$13,548.82 (\$18,760 - \$5,211.18)

OPTrust uses either the five-year average YMPE or your average annual salary – whichever is lowest – to calculate the CPP integration. In this example, the average Year's Maximum Pensionable Earnings is used to calculate the reduction for CPP integration because the average YMPE of \$39,780 is less than the average annual salary of \$46,900.

ASK OPRUST TO
CONFIRM YOUR
CREDIT IN THE
PLAN AT LEAST
SIX MONTHS
BEFORE YOUR
RETIREMENT DATE.

CONTRIBUTIONS

Contributions to the Plan are based on your pensionable earnings (your regular salary not including overtime pay).

Contributions to the Plan are based on a formula that takes into account CPP contributions.

Member normal contributions: example

Salary: \$46,900

2005 Year's Maximum Pensionable Earnings (YMPE*): **\$41,100**

6.4% of your salary up to the YMPE
contributions to the fund: **.064 x 41,100 = \$2,630**

plus

8% of your salary above the YMPE
contributions to the fund: **.08 x [46,900 – 41,100] = \$464**

Total contributions** to the fund:
\$2,630 + \$464 = \$3,094

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

**All calculations use the 2005 YMPE. Actual contributions will vary annually depending on the YMPE set by CPP.

PRE-1966 SERVICE

If you made pension contributions for service before 1966, your pension is calculated differently. Please call OPRust if this applies to you.

Getting a pension estimate

A pension estimate will give you a general idea of your retirement income. It is based on a snapshot of your current records. Many members want this general information before making a decision whether to take early retirement or as a tool for planning retirement needs. Usually the same information about your earned pension and pension at retirement appears in your *Annual Pension Statement*. You can also use OPTrust's pension estimator on the website to get an up-to-date estimate.

OPTrust can also provide you with an estimate of your early retirement dates based on existing records. However, if you are firm in your decision to retire, we advise you to confirm your credit in the Plan and ask for a written confirmation of your pension eligibility date. This allows a thorough review of your file prior to confirmation.

WHEN TO CONFIRM CREDIT IN THE PLAN

It's advisable to ask OPTrust to confirm your credit in the Plan at least six months before your termination date. This provides enough time to check your file and make sure that we have all the necessary information to process your pension.

Working past age 65 or age 69

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 69, 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.

SOME OF THE
DECISIONS YOU
MAY HAVE TO FACE
INCLUDE WHETHER
TO CONTINUE
WORKING
AND WHAT
ARRANGEMENTS
TO MAKE FOR
YOUR SURVIVORS.

Considering the pension needs of your spouse

If you have a spouse, that person's retirement needs will likely be part of your overall retirement plan. Your spouse's age and his/her own retirement income may affect your decision regarding the amount of the survivor pension you wish to provide. (For more information on increasing a survivor pension see page 35). The OPSEU Pension Plan provides a 60% spousal survivor pension with no reduction to the member's pension while it is paid to him or her.

If your spousal relationship ends before retirement

SPOUSAL RELATIONSHIP BREAKDOWN

If your spousal relationship ends, your spouse may become entitled to a portion of your pension accrued during your spousal relationship 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. If you were in a spousal relationship at the time you first began to receive your pension (and unless he or she waived it at the time), your ex-spouse is eligible to receive a full survivor pension after your death.

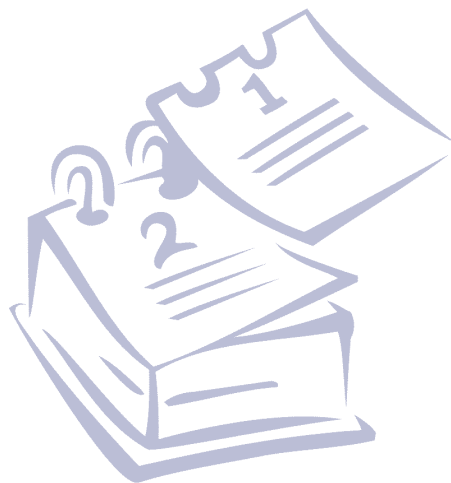
In all cases of separation, you and your spouse should obtain independent and separate legal advice about your pension rights and obligations.

Before retirement

If your spousal relationship ends before you retire, your spouse will be able to receive the same options for pension benefit payments as you have when you retire or terminate from 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.



What retirement options are available?

IN ADDITION TO
THE PERMANENT
UNREDUCED EARLY
RETIREMENT
PROVISIONS,
MEMBERS ALSO
HAVE THE OPTION
OF TAKING A
REDUCED PENSION
AT AGE 55.

Normal retirement 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. Pension payments start in the month following the month you retire and are payable for your lifetime. See page 8 for information on how we calculate your pension.

Early unreduced retirement

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

- **Factor 90** – your age plus your credit (in years, months and days) 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 (page 8) without CPP integration until age 65. You may decide to collect your CPP pension before age 65. Collecting CPP before age 65 does not affect your OPTrust pension. OPTrust does not integrate your pension with CPP until age 65.



BRIDGING TO A 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 in the Ontario Public Service who are declared surplus and are covered by the Central Collective Agreement between OPSEU and Management Board of Cabinet. Other OPTrust members may have access to a bridging option under their own collective agreements. In these cases, the terms of the bridging option may vary depending on specific language in each agreement.

If you receive a layoff notice and think you may be eligible for pension bridging, please contact your employer, union representative or OPTrust.

Bridging is also available to 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 booklet *Your Pension and Leaving Your Employment* or contact your employer, union representative or OPTrust.

IF YOU CHOOSE A
DEFERRED PENSION,
YOU HAVE THE
OPTION TO TAKE
A REDUCED
PENSION AS EARLY
AS AGE 55.
ALL DEFERRED
PENSIONS ARE
ADJUSTED FOR
INFLATION
ANNUALLY.

Early reduced retirement – age 55+

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 CPP reduction until age 65) and is then reduced by 5% for each year you are under age 65, if you do not qualify for other forms of early retirement. The reduction will be pro-rated for partial years.

Deferred pension

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 from the OPSEU Pension Trust, normally payable at age 65. You also have the option of a reduced pension payable as early as age 55.

Inflation protection for your deferred pension

A cost-of-living increase for a deferred pension is applied annually each January after your termination date. It is calculated annually to provide protection from inflation while you wait for your deferred pension to start. OPTrust sends a letter 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. This helps prevent your pension from declining in purchasing power while you wait to reach retirement. Inflation increases are based on increases in the Consumer Price Index in the previous year.

If you are considering a 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 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 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 have 10 or more years of credit or continuous membership** your disability pension is calculated using the basic pension formula (see page 8). 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:

Suppose you were approved for a disability pension from the OPSEU Pension Trust. Your highest consecutive five-year average salary was \$46,900 and you resigned at the end of 2004 with 19 years of credit. Your disability pension would be calculated as follows:

$$\begin{aligned} .02 \times \$46,900 \times 19 \text{ years} &= \$17,822 \\ \text{Annual disability pension} &= \$17,822 \end{aligned}$$

As usual, we integrate your OPTrust pension with CPP at age 65.

AT AGE 55 YOU
CAN START
RECEIVING A
PENSION. AFTER
AGE 55 YOU CAN
NO LONGER
TRANSFER YOUR
PENSION
ENTITLEMENT TO
AN RRSP.

If you you have a limited life expectancy

If you have a limited life expectancy of less than two years due to a serious illness, you may be able to get a lump-sum payment in cash, instead of continued pension payments for the remainder of your lifetime and the lifetime of your surviving spouse.

You must apply in writing to OPTrust to withdraw the funds. The written request, explaining the circumstances, must be sent to OPTrust accompanied by:

- a *Termination of Membership Notice* (OPTrust1012) available from your employer, if you are not currently receiving a monthly OPTrust pension
- a physician's assessment that you have an illness or physical disability that is likely to shorten your life expectancy to less than two years, recorded on a *Medical Examination Report* (OPTrust3003)
- the written consent of your married or common-law spouse, if you have one, agreeing to waive any and all rights to survivor benefits from OPTrust upon your death, using the *Spousal Waiver of Survivor Benefit Entitlement* form (OPTrust3006)
- an *Identifying Benefit Recipients* form (OPTrust1015) revoking any and all previous designations. To do this, simply complete the "Your Identification" section then sign and date the form. All other sections must remain blank.

Generally, once you have started receiving a pension, what you would receive is the present day value of the stream of pension payments expected to be paid under the Plan, as a lump-sum amount. Because of your limited life expectancy, this amount would be approximately one year's pension payment. If you are considering applying, contact OPTrust as soon as possible.

Why your pension contributions or benefits cannot be transferred at age 55 and beyond

When you turn 55 and have more than two years of credit or continuous membership, you are eligible for a pension under the provisions of the OPSEU Pension Plan upon terminating plan membership. This means that if you end your active membership in the Plan and do not qualify for an unreduced pension you have two options:

- taking an immediate reduced pension
- OR
- deferring your pension until a later date.

Even though you may only qualify for a reduced pension, you no longer have the option of transferring your pension entitlement to another retirement arrangement unless it is transferred under a reciprocal transfer agreement to another pension plan.

Deferred pensions are not liquid assets, i.e. they cannot be cashed. In the OPSEU Pension Plan, you can start receiving your pension at age 55. From this point forward, you can no longer transfer your pension contributions or entitlements out of the Plan (e.g. to a locked-in RRSP).

If you are entitled to an immediate pension before age 55, e.g. age 53, you cannot transfer your pension entitlement out of the Plan.



How to retire from the OPSEU Pension Plan

DOCUMENTATION
FOR RETIREMENT
INCLUDES:
NOTICE OF
TERMINATION FORM,
BIRTH CERTIFICATE,
CONFIRMATION
OF SPOUSAL
RELATIONSHIP
(IF APPLICABLE),
IDENTIFYING BENEFIT
RECIPIENTS FORM,
VOID CHEQUE FOR
DIRECT DEPOSIT OF
PENSION PAYMENT.

WHEN TO APPLY

Approximately six months before you plan to retire is a reasonable period of time to start making arrangements for retiring. Of course, if you give less notice, OPTrust will serve you in a timely manner but waiting until only a few weeks before retirement could cause delays in your first pension payment.

HOW TO APPLY AND WHOM TO INFORM

Once you've made the decision to proceed with retirement, you need to inform your human resources office. They will have the necessary forms that must be completed in order to start the process.

CHOOSING A RETIREMENT DATE

When choosing a retirement date bear in mind that while your pension and insured benefits are in effect as of the first day of the month after your retirement date, you will not receive your pension payment until the 26th of the month.

THE NECESSARY FORMS

Your human resources representative will provide you with a number of forms. The most important one is the *Termination of Membership* form – it will confirm your intention to retire. You will also be asked to complete a spousal relationship form that states your current spousal status and "TD1" forms for income tax purposes. If you qualify, you will be asked to complete a benefits form for your post-retirement health, dental and medical benefits and you will be given an *Identifying Benefit Recipients (Retirement)* form to update your beneficiaries.



DOCUMENTS NEEDED

Some of these forms require additional documentation as proof, such as a birth certificate or information establishing your spousal relationship. Gather all of the relevant pieces of documentation and provide them to your employer so they can be forwarded to OPTrust as part of your termination package. You do have the choice of sending your confidential documentation and forms to OPTrust directly, i.e. all your forms and documentation other than the *Termination of Membership* can be sent directly to us. Your employer needs a completed *Termination of Membership* to start the process for your retirement. We cannot process your pension until we receive all the relevant documentation.

For spousal benefits:

Because spousal benefits are provided under the Plan, OPTrust needs proof of your spousal status when you end your membership in the Plan. If you are married, we require a copy of the marriage certificate; if you have a common-law partner we need three pieces of proof that you have been in the common-law relationship for at least three years or have been living together and have a natural or adopted child together. In addition, we need a copy of an eligible spouse's birth certificate and a completed *Statement of Spousal Relationship* form from everyone – married or common-law, same or opposite sex.

For other survivor benefits:

As part of the beneficiary information, we need proof of birth for your eligible children (i.e. under 18 or still in school). If, at retirement, you have eligible children, we need a copy of their birth certificates.

OPTRUST SENDS

ALL NEW

PENSIONERS A

PACKAGE

CONTAINING

INFORMATION

ABOUT THE

INDIVIDUAL'S

PENSION.

For pension payroll:

OPTrust has its own payroll system for pensions. We have no access to your payroll system through your employer. We must set you up on OPTrust's system in order to deposit your monthly pension into your bank account. To do that, we need a void cheque for the financial institution you plan to use for your retirement banking.

If you have special payroll deductions from the Canada Revenue Agency or for child/family support, you must have the appropriate agencies send us a "requirement to pay" notice for your pension. We cannot transfer this information from your employer. We cannot continue your deductions for Canada Savings Bonds, mortgage payments, car payments, loans, etc. You will have to set up these payments with your financial institution.

From your employer:

We will ask your employer for information to verify your salary and the period of time you worked if records are not already complete.

Once we receive your *Termination of Membership Notice*, we will check to ensure we have everything we need and send you a letter of acknowledgement and a retirement package. It includes:

- a request for any missing or required information
- this booklet
- OPTrust's booklet *Your Pension and Your Beneficiaries*
- an *Identifying Benefit Recipients (Retirement)* form
- a *Personal Information Change Request* form
- *The Pension Connection* newsletter

- any current information that may apply to you
- the benefits booklet *A Guide to your Benefits – After Retirement* (if applicable)
- an insured benefits claim form
- a life insurance waiver form and information sheet (if applicable).

Once we receive all of the forms and documentation, we will process your file and send you a confirmation of the amount of your pension.

OPTrust keeps in regular contact with our pensioners through our quarterly newsletter and our website.

Changing the decision to retire

When is it too late to change your decision?

Situations change. You may decide that your plans to retire need to be changed. At OPTrust we will try to accommodate your needs. However, we strongly encourage you to inform us of any change by the first day of the month before your pension is scheduled to start (i.e. if you were to start getting a pension in May, let us know of your decision to change that by April 1st). If you decide to change your decision to retire or your retirement date, please let us know as soon as possible.

Retroactive salary changes affecting your pension

In cases where you receive a retroactive salary increase, please have your former employer notify OPTrust and we will re-calculate your pension using your new salary. We must have salary information from the employer. Employers often provide this information but sometimes miss those who are retired. It is a good idea to follow up.

What happens to your pension after you retire?

ALL OPTRUST
PENSIONS ARE PAID
ON THE 26TH OF
EACH MONTH,
EXCEPT DECEMBER
WHEN THEY ARE
PAID EARLIER.

How and when your pension is paid

At OPTrust, pensions are paid on a monthly basis, usually on the 26th, except for December when we pay pensions earlier. For your convenience, we offer direct deposit to the financial institution of your choice anywhere in Canada. Pensions are paid on the 26th of the month following your retirement, i.e. if you retire on May 15th, your first pension payment would arrive on June 26th. Normally, we only deduct income tax based on your OPTrust pension income unless you tell us you want other deductions (see pages 30-31). If you want additional tax deducted, just complete a *Personal Information Change Request* form and send it to OPTrust.

IF A SCHEDULED
PAY DATE FALLS ON
THE WEEKEND OR A
HOLIDAY, YOUR
PENSION IS PAID
THE FRIDAY BEFORE.

Inflation protection – annual increase

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). It is calculated by dividing the Consumer Price Index (CPI) average for the two 12-month periods ending the preceding September. For example, the 2005 inflation adjustment was calculated as:

$$\frac{\text{October 2003 to September 2004} = 123.9}{\text{October 2002 to September 2003} = 121.8} = 1.7\%$$



The maximum increase in any one year is 8%. Any increase above 8% is carried forward into the next year when the adjustment is less than 8%.

Example of pension with pro-rated inflation increase:

Terminated from Plan	March 2004
Pension began	April 2004
Number of months on pension	9 (April – December)
CPI increase for 2005	1.7%

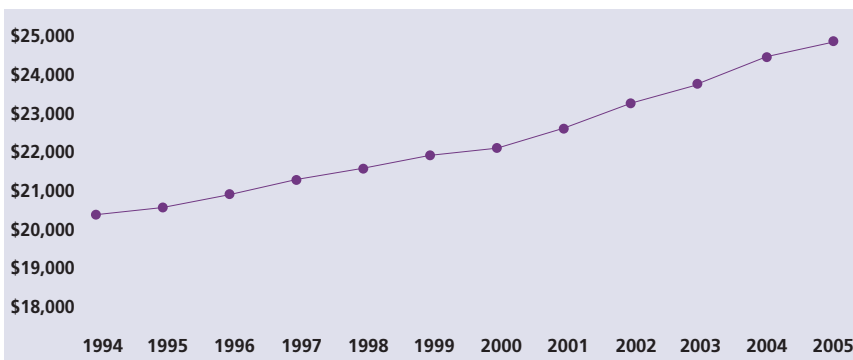
How to calculate your 2005 increase:

number of months on pension, divided by 12 x increase in CPI for 2005
= your 2005 adjustment

$$(9 \div 12 \times 1.7\% = 1.275\%)$$

In January 2005, your pension would be increased by 1.275% to reflect the cost of living for nine months. In following years the full CPI increase (up to 8%) in any given year is applied.

INFLATION PROTECTION CHART



This chart shows how the inflation protection feature of the OPSEU Pension Plan works. The graph plots the growth of an average pension over a 12-year period from 1994.

IF YOU WORK
AFTER YOUR
PENSION HAS
STARTED AND
YOUR NEW
EMPLOYER DOES
NOT CONTRIBUTE
TO THE OPSEU
PENSION PLAN,
YOUR PENSION IS
NOT AFFECTED.

Changes to pension at 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 increased every year to reflect changes in the cost of living. The maximum monthly pension in 2005 was \$828.75. For more information, contact your local office of Human Resources and Skills Development Canada, Income Securities Program.

Age 65 CPP integration: When you reach age 65, we integrate your pension for 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 that is between the YBE and 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 reduced to reflect the lower contributions you made to the OPSEU Pension Plan while you were employed (see pages 8-9 or OPTrust's booklet *Your Pension and the Canada Pension Plan*).

Working after your pension begins

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 (see page 43 for definition) by an employer who contributes to the Plan, the impact on your pension depends on your salary and whether or not you re-join the Plan. It is your responsibility to inform a participating employer that you are currently receiving a pension from OPTrust.

Without membership: Your monthly pension is subject to a re-employment earnings maximum each calendar quarter (e.g. January – March), if you are re-employed or engaged by an employer who contributes to the Plan and if you do not re-join the Plan as a contributing member.

Your re-employment earnings maximum is determined by subtracting your quarterly OPTrust pension income from your final quarterly pre-retirement earnings. The difference between these two figures is the maximum amount you can earn in a calendar quarter from re-employment before we reduce your pension. This amount is provided on your confirmation statement from OPTrust. If you are unsure of the limit, please call OPTrust.

If you do exceed your maximum for the quarter, we will reduce future pension payments by the amount that you have exceeded your maximum. We will not recover more than your pension payment amount for the calendar quarter.

Example: Determining your re-employment maximum earnings

Final quarterly pre-retirement earnings:	\$11,725
<i>minus</i> Quarterly pension income:	\$ 4,500
Re-employment maximum earnings (\$11,725 - \$4,500) =	\$ 7,225 (per quarter)

Note: we use your gross earnings and gross pension in our calculations. Your re-employment earnings maximum is also expressed as a gross amount. When your employer reports your quarterly re-employment earnings to OPTrust, they report the amounts paid to you on the pay dates that fall within the calendar quarter.

With membership: Depending on the nature of your re-employment and your age, you may have the option or may be required to re-join the Plan. If you re-join, 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 re-calculate 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 re-calculates 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.

WHEN A PENSIONER
IS NO LONGER
ABLE TO DEAL WITH
HIS/HER OWN
FINANCIAL AFFAIRS,
OPTRUST CANNOT
RECOGNIZE
ANOTHER PERSON
ACTING ON THE
PENSIONER'S
BEHALF WITHOUT
PROOF OF
PROPER LEGAL
AUTHORIZATION.

If a pensioner lacks the capacity to deal with his or her financial affairs

When a pensioner is no longer able to deal with his/her financial affairs and a Power of Attorney is in effect, the OPTrust needs a notarized copy of the document or the original, in order to validate the appointment. (All original PoAs are returned to the owner). Then the person appointed under the Power of Attorney can handle any matters dealing with the pension in the usual manner. If the pensioner wants to redirect his/her material to another address (e.g. to a daughter's address, so there is assistance available in reading and understanding material), he/she can do so by sending OPTrust a written change of address notice. Then everything we send will go to the new address. We cannot have two addresses on file. Since any bank change under this arrangement would require the pensioner's signature, we cannot make funds payable to another person or make deposits in someone else's account without Power of Attorney or a court order.

If there is no Power of Attorney in place, the family needs to seek legal advice from the proper authorities and make the necessary arrangements. OPTrust cannot accept changes without the proper authority, i.e. Power of Attorney or court order.

The pensioner may have made all the arrangements prior to his/her incapacity, but if he or she has not, improper withdrawals from a pensioner's account are unlawful. It is the responsibility of those caring for the pensioner to ensure they act under proper legal authority. They have the legal obligation to act in the best interests of the pensioner. Accordingly, it is the responsibility of the person caring for the pensioner to obtain proper authorization to deal with financial affairs including an OPTrust pension. Pensioners can assist by putting in place Power of Attorney before incapacity occurs.

Please note that the person appointed under the Power of Attorney cannot change life insurance designations, nor can he or she designate beneficiaries under the Plan.

What deductions are taken from your pension?

Taxes

Pensions are considered income and as such are subject to income tax. As part of your retirement package we ask you to complete two TD1 forms, one federal and one provincial form. Unless you inform us otherwise, we only deduct tax based on your OPTrust pension income. If you are collecting CPP and OAS and have other income, you may be in a higher tax bracket, but unless you provide that information on your TD1, we don't know and can't deduct additional money. This could lead to tax owing and even tax penalties.

Insured benefit premiums

If you qualify for benefits, your former employer pays most of the cost for your insured benefit premiums. You pay a small portion of the premium if you want vision care and hearing aid plan coverage. If you choose only medical and dental coverage you will pay no premium at all. You may elect vision and hearing aid plan coverage and cancel it later. However, once you cancel coverage, it cannot be reinstated. You cannot elect in and out of the benefit plan.



**PENSIONS ARE
LEGALLY EXEMPT
FROM MOST
CREDITORS. IN
ADDITION TO
INCOME TAX,
DEDUCTIONS FROM
YOUR PENSION MAY
INCLUDE: INSURED
BENEFIT PREMIUMS,
SPOUSAL OR
CHILD SUPPORT
PAYMENTS, AND
CANADA REVENUE
AGENCY
GARNISHMENTS.**

Spousal or child support payments

It is your responsibility to provide OPTrust with the necessary paperwork if you have a requirement to pay from your pension payment for either spousal or child support payments. Family support is one of two types of third party demands that we will deduct from your pension. If we receive a court order or domestic contract we will deduct the specified amount from your pension.

Additional Canada Revenue Agency deductions

Canada Revenue Agency is the other third party demand that we will deduct from your pension. If you have a requirement to pay, we need to have the documentation sent to us by Canada Revenue Agency in order to make the deduction. We do not have access to your employer's records and cannot use that requirement in our administration.

No other deductions permitted

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 spousal relationship breakdown and orders for child support. If you die after retirement and do not have an eligible spouse, eligible children or a named payment recipient, payments made to your estate can be claimed by creditors.

What death benefits are available for your survivors after retirement?

The OPSEU Pension Plan provides benefits for your survivors, whether you die before or after your pension begins. The entitlements for survivors, if death occurs after retirement, are outlined below.

Who gets a survivor benefit?

For death after retirement, benefits normally flow as follows:

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

- *if no eligible spouse*

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

- *if no eligible children*

**PAYMENT RECIPIENT GETS:
residual balance (if any)**

- *if no payment recipient*

**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 at the time of death. The survivor pension is re-calculated 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 42) 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 at no additional cost to you.

AN ELIGIBLE SPOUSE

– WHO MUST BE

YOUR SPOUSE

WHEN YOUR PLAN

MEMBERSHIP ENDED

AND WHEN YOUR

PENSION BEGAN

– IS ELIGIBLE TO

RECEIVE A

SURVIVOR BENEFIT

FOR HIS/HER

LIFETIME.

For eligible children

If your children are “eligible” (see definition on page 42), and are the recipients of the survivor benefit, they will each receive an equal share of 60% of your pension.

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

Residual balance and payment recipient

If you die after your pension payments have started, a residual balance may be payable. Your adult children, friends or other family members can be named as payment recipients, in case there is a residual balance payment. We only calculate the residual balance when there are no more survivors, i.e. eligible spouse or eligible children.

To determine if there is any residual balance OPTrust calculates the difference between your contributions plus interest at retirement, minus all the pension payments made to you and your survivors. If your contributions and interest exceed the pension payments this is the residual balance and we will refund it to your payment recipient. You can name a payment recipient by using the *Identifying Benefit Recipients (Retirement)* form. If you have not named a payment recipient, any residual balance is paid to your estate.



Residual balance calculation

$$a - b = c$$

a = your contributions to Plan, plus interest to your retirement date
minus

b = pension paid to you + survivor benefits paid

c = residual balance

Planning your survivor's pension

Your spouse's survivor pension is based on your pension at age 65. This means a pension that has been integrated for CPP. However, 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 re-calculated to 60% of your CPP-integrated pension on what would have been your 65th birthday. If you die after age 65, your pension has already been integrated, so your spouse or eligible child will receive payments based on 60% of the amount of pension you were receiving when you died.

Member's age at death	62
Member's pension before age 65	\$2,002/mo
Member's integrated pension at age 65	\$1,400/mo
Per cent to surviving spouse	60%
Surviving spouse's pension when member dies	\$1,201
Surviving spouse's pension on member's 65 th birthday	\$840

The example above shows that the surviving spouse receives 60% of the pension the member was receiving when he or she died. On what would have been the member's 65th birthday, the survivor pension is reduced to 60% of the former member's CPP-integrated pension.

YOUR ELIGIBLE SPOUSE RECEIVES A 60% SURVIVOR PENSION. HOWEVER, YOU CAN PROVIDE A HIGHER PENSION BY HAVING YOUR PENSION REDUCED.

	A	B
Member's age at death	78	80
Member's basic integrated pension	\$1,400/mo	\$1,400/mo
Member's pension at death (after spousal reduction)	\$1,282/mo	\$1,400/mo
Per cent to surviving spouse	75%	60%
Surviving spouse's pension	\$962/mo	\$840/mo

Example "A" shows a 75% survivor pension with the actuarial reduction that is made to the member's pension for the higher survivor pension. The resulting survivor pension is \$962 per month.

If the member in these examples had no surviving spouse but did have an eligible child, for example a 22-year old university student, that child would typically receive 60% of the member's pension. This would continue until the student stopped full-time attendance at school or reached the limit of five years in a post-secondary institution.

INCREASING THE SPOUSAL SURVIVOR PENSION

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 the month your pension begins, no medical information is necessary. If you apply after this time but before the month when your pension begins, we require a *Medical Examination Report* and OPTrust must approve your application. Both the *Application for Increased Survivor Benefits* and the *Medical Examination Report* are available from your human resources representative or from OPTrust.

You may cancel the higher survivor benefit at any time, up to one month before your pension starts. **Once your pension is effective, 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.** Pensions are effective on the first of the month.

REMARRIAGE OF SURVIVING SPOUSE

If your surviving spouse remarries after your death, your surviving spouse will continue to receive survivor benefits from OPTrust. However, if your surviving spouse remarries, that 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. If there are no eligible children, any residual balance is payable to any payment recipient you have designated or your estate, not to your spouse's estate.

IF YOUR SPOUSE DIES BEFORE YOU

In cases where your spouse dies before you, there is no change in the pension you are receiving. Please notify OPTrust if this happens so we can adjust our records accordingly. As noted above, if you chose an increased survivor pension, you will continue to receive a reduced pension despite the fact that your spouse died before you.

IF YOU HAVE A NEW SPOUSE BEFORE YOUR PENSION BEGINS

If you did not have a spouse when you terminated from the Plan, but you have a spouse when your pension begins, i.e. during the deferred period, or if you have a different spouse when your pension begins, your current spouse at retirement is legally entitled to a 60% survivor pension unless it is waived by you and your spouse. Because you did not have this spouse at the time of termination, in order to provide the survivor benefit, your pension will be reduced actuarially to pay the full cost of the 60% survivor pension. If you both waive this benefit, your spouse will not receive survivor benefits. Please note that if your spouse has waived the survivor pension and you die before your spouse, he or she will no longer be covered for insured benefits. In these circumstances, we urge both you and your spouse to get independent legal advice before deciding to waive the survivor benefits.

**A NUMBER OF
CONDITIONS MUST
BE MET BEFORE A
NEW SPOUSE CAN
BE SET UP FOR A
SURVIVOR PENSION.**

IF YOU HAVE A NEW SPOUSE AFTER RETIREMENT

When a pensioner marries or starts a common-law relationship after retirement (after your pension starts) the new spouse is not automatically set up for survivor benefits. Under the OPSEU Pension Plan, for a spouse to be eligible to receive survivor benefits, the person must have been your spouse when you terminated from the Plan and when your pension began. However, if you do marry after retirement or acquire a common-law spouse you may request that a survivor pension be established for your new spouse. To fund the survivor benefit, your pension is actuarially reduced. If your spouse dies before you, the actuarial adjustment to your pension will continue.

To set up a new spouse for survivor benefits, send us a request for information, a copy of the marriage certificate and your spouse's birth certificate. If your spousal relationship is common-law, call OPTrust and we will send you a package outlining the information we need.

To set up a survivor pension for a new spouse, the following conditions must be met:

- If you already have an eligible spouse who is entitled to a survivor pension, you cannot set up a survivor pension for a post-retirement spouse.
- Your application to set up a survivor pension must be delivered to OPTrust within 90 days of whichever occurs first, either:
 - the date of your marriage, or
 - the date on which your common-law criteria are satisfied (see definition on page 42).
- If there is an eligible child from your former spousal relationship, the child will receive a survivor pension until the child no longer meets the definition of "eligible." To set up your new spouse, you must deliver the application to OPTrust within 90 days from the date that the child is no longer eligible to receive a survivor pension.
- If your application is delivered after the time limits noted in the points above, you must prove you are in good health.

When we receive your spousal documentation, we will send you an election form showing the cost for providing a 50%, 55%, 60%, 65%, 70% or 75% survivor pension.

Your new spouse may be eligible for coverage under your insured benefits (if you are receiving them) and if you do not have a former spouse who is covered by your insured benefits. To start the coverage, please send a written request to OPTrust.

IF YOUR SPOUSAL RELATIONSHIP ENDS

If your spousal relationship ends, your spouse may become entitled to a portion of your pension accrued during your spousal relationship 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. If you had an eligible spouse at the time you first began to receive your pension, your ex-spouse is entitled to receive a full survivor pension after your death (unless he or she waived it at that time).

The end of the spousal relationship after retirement does not affect the ex-spouse's eligibility for a survivor pension under the Plan.

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 to a former spouse cannot be backdated.

IF YOU HAVE NO ELIGIBLE SURVIVORS WHEN YOU DIE

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

What about health, dental and life insurance benefits?

HEALTH AND
DENTAL BENEFITS
FOR YOU AND
YOUR DEPENDANTS
ARE AN IMPORTANT
COMPONENT OF
YOUR PENSION.

Who gets the benefits?

You, your spouse and your eligible dependent children are entitled to 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 any of the above requirements, you are entitled to insured benefits in retirement. If you were employed by a scheduled agency, board or commission outside the OPS, your benefits depend on the collective agreement in place with your former employer at the time of termination.

Please note that these insured benefits are provided by your employer, not the OPSEU Pension Plan.

What are the benefits?

Insured benefits for eligible pensioners include coverage for: dental, supplementary health and hospital and basic life insurance. The premiums for these benefits are paid by the Ontario Government. For members who want vision care and hearing aid plan coverage, there is a small premium that is deducted from the monthly pension payment. Employer-paid premiums for basic life insurance are considered a taxable benefit.

For more details on insured benefits, please refer to the Management Board Secretariat booklet: *A Guide to your Benefits – After Retirement*. This booklet is available from OPTrust. *The Pension Connection*, a quarterly OPTrust newsletter for pensioners, regularly provides questions and answers related to insured benefits.

What should be done when a pensioner dies?

Contacting OPTrust

If an OPTrust pensioner dies after the pension has started, the family or other authorized person should notify OPTrust immediately.

We need to know:

- the date of the death
- if there is a surviving spouse or eligible children
- who is handling the estate along with his/her name, address and phone number.

The necessary forms

For any pensioners who have basic life insurance through Great-West Life, there is a \$2,000 life insurance benefit payable to the person designated as the beneficiary. OPTrust will send the claim form to the person who is handling the estate.

The executor or administrator must then mail the form to Great-West Life in Winnipeg. They will then send a cheque to the beneficiary. It takes approximately three weeks for Great-West Life to send the basic life insurance cheque. If there is no named beneficiary on the policy, the benefit is payable to the estate.

Documents needed

The most important information we need is banking information for the survivor (i.e. account number for direct deposit of the payments). Many spouses have joint banking accounts, but these can be frozen as part of an estate settlement, so it may be advisable for the survivor to set up his/her own account. The financial institution can help with this when the survivor is ready to deal with it, but until this is done, OPTrust can send the pension cheques to the survivor by regular mail.

GETTING BANKING
INFORMATION FOR
SURVIVORS IS ONE
OF THE MOST
IMPORTANT
ASPECTS OPTRUST
DEALS WITH WHEN
A PENSIONER DIES.

HEALTH AND
DENTAL BENEFITS
FOR YOU AND YOUR
DEPENDANTS ARE
AN IMPORTANT
COMPONENT OF
YOUR PENSION.

Payments to survivors, beneficiaries or the estate

Usually survivor benefits are automatically payable to your eligible spouse once the information is provided, avoiding any gaps in pension payment. 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, which is defined on page 43.

How to plan ahead to avoid delay and reduce costs

It's important to know that benefits that flow from the OPSEU Pension Plan are not subject to probate fees if there is an eligible survivor; neither can they be claimed by other creditors. A surviving eligible spouse will receive benefits and in cases where there is no surviving spouse, there may be benefits payable to eligible children. Unless someone is named as the payment recipient, any money payable will be paid to the estate and can be claimed by creditors and is subject to probate fees. By completing an *Identifying Benefit Recipients (Retirement)* form, OPTrust can pay directly to a beneficiary rather than the estate. A photocopy of this completed form should be kept with your other important documents such as your Will.

If OPTrust is not informed of a pensioner's death, we will continue to pay the full pension, which will result in an overpayment. When that happens all overpayments will be recovered by OPTrust.

Defined 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 pension at age 65* on page 8.

CPP integration – is a reduction to your pension at age 65 to reflect the lower contributions you pay to the OPSEU Pension Plan for the portion of your earnings between the Year's Basic Exemption (YBE) and the Year's Maximum Pensionable Earnings (YMPE).

Deferred pension – a specified pension determined at the time of termination of membership 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.

Eligible spouse – a spouse is defined as someone, of the same or opposite sex, with whom you:

- are married
OR
- are living together in a conjugal, common-law relationship
 - (1) for at least three years
OR
 - (2) in 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 not be living separate and apart from you at the time of termination from the Plan *and* at the time of your death.

If you die *after* your pension begins, to be eligible, your spouse must not be living separate and apart from you at the time of termination from the Plan *and* at the time your pension began.

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 payable at the end of the month following the month of termination from the Plan. 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.

Inflation protection – is the annual adjustment applied every January to all pensions that reflects the increase in the cost of living in Canada as measured by the Consumer Price Index.

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

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

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/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.

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.

Commonly asked questions

Who should I contact about my Great-West Life benefits – Great-West Life or OPTrust?

If your questions are about coverage of a specific drug, treatment or procedure, contact Great-West Life. If you want to know if you are covered for benefits or if you have a general question, contact OPTrust.

Do medical benefits exist past age 65?

Your medical benefits with Great-West Life remain the same except for drugs that are covered under the Ontario Drug Benefit Plan (ODB). The Ontario Drug Benefit Plan for senior citizens goes into effect when you turn 65. It covers the cost of certain drugs according to a formula. If that drug is covered by the ODB, Great-West Life will not reimburse you for the cost.

Why do my taxes drop so much at age 65?

At age 65 your pension is smaller as a result of CPP integration. Once you reach age 65, you are eligible for additional exemptions. However, you must submit revised federal and provincial TD1 forms to change your non-refundable tax credits.

Do I have to notify OPTrust if my spouse dies?

Yes, please provide proof of death – either a copy of the Death Certificate or the Funeral Director's Certificate. OPTrust requires this information to update your beneficiary information.

How we stay in touch with pensioners – our publications

Your Pension and Your Beneficiaries

Detailed information on naming beneficiaries for your pension survivor benefits

Your Pension and the Canada Pension Plan

An overview of how the OPSEU Pension Plan is integrated with CPP

The Pension Connection

A quarterly newsletter for OPTrust pensioners

OPTrust annual report and financial statements

A yearly report on the administration of the pension plan, investment results each year end and annual audited financial statements.

Our website:

www.optrust.com

Important facts

My lawyer is:

Phone number:

My Will is located:

The administrator of my Will is:

Phone number:

My life insurance policy is with:

Policy number:

Amount:

My RRSPs are at:

Account number:

Account number:

My bank account(s) are at:

Account number:

Account number:

Financial Power of Attorney is:

Phone number:

Health care Power of Attorney is:

Phone number:

Other key contacts in the event of death or serious illness:

Other important information in the event of my death or serious illness:

Forms and other resources



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 75,000 plan members and pensioners.