

Consider Joining the OPSEU Pension Plan

A secure investment in your financial future



Information for unclassified and contract employees of the Ontario Public Service and various Ontario agencies, boards and commissions.



OPTrust

OPSEU Pension Trust

Fiducie du régime de
retraite du SEFPO



Planning for the future

As a general rule, financial advisors estimate that you will need between 60% and 80% of your pre-retirement income to maintain your lifestyle after retirement. To get you there, three key financial pillars can form the foundation for your financial security and freedom in retirement:

- an OPTrust pension
- individual investments or savings
- government benefits
(Canada Pension Plan & Old Age Security).

Why should you join?

With family and work commitments, it's often hard to make time for retirement planning or to put aside savings. Joining the OPSEU Pension Plan is a simple, easy way to invest in your financial future and earn a secure pension at retirement, payable for your lifetime. Your employer matches your pension contributions when you join. And your pension contributions are automatically deducted from your paycheque and sent to OPTrust.



Who can join?

You can join if you work in an unclassified or contract position that is part of the OLBEU bargaining unit in the LCBO, the OPSEU bargaining unit in the OPS, or at an agency, board, commission or organization that contributes to the OPSEU Pension Plan.

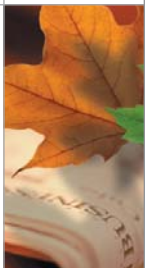
Membership in the Plan is mandatory for permanently employed bargaining unit members of the OPS and certain agencies, boards, commissions and organizations.

If you're currently in an unclassified or contract position, you can join the OPSEU Pension Plan at any time. It is up to you.

What benefits can you expect?

The OPSEU Pension Plan provides several important benefits for plan members and pensioners. As a member of the Plan your pension:

- is payable for your lifetime
- is based on your salary and years of service in the Plan
- may be paid early if you qualify for early retirement options
- is adjusted annually to keep pace with inflation
- provides a pension for your survivors
- includes disability benefits
- is portable until age 55. If you change jobs you may also have the option to transfer your pension.



How does OPTrust compare with RRSPs and mutual funds?

During market downturns and uncertain times, an OPTrust pension always remains safe and secure. Unlike RRSPs, mutual funds and other types of retirement savings, your OPTrust pension is not subject to market risks or the success of particular investments.

By contributing to an OPTrust pension you don't have to worry about an investment strategy for your pension.

How much will it cost?

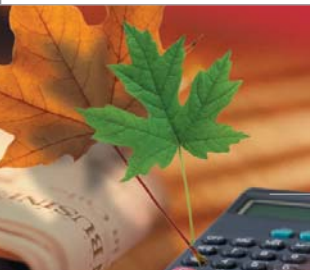
When you join the OPSEU Pension Plan, your employer also makes contributions on your behalf. Your OPTrust contributions – and those paid by your employer – are calculated in two steps:

- 6.4% of your earnings up to the Year's Maximum Pensionable Earnings (YMPE)
- 8% contributions for earnings above the YMPE. The YMPE is the limit for making contributions to CPP. The YMPE for 2005 is \$41,100.

Example:

For example, a member earning \$45,000 in 2005 would contribute \$2,942, and the member's employer would pay the same amount.

It is OPTrust's return on investments that pay most of the cost for members' pensions.



OPTrust pension formula

The OPSEU Pension Plan is a defined benefit plan, which means that you will receive a pension based on your salary and years of credit in the Plan. OPTrust members earn the right to a lifetime pension based on the following formula:

| | |
|--------------|--|
| | 2% |
| <i>times</i> | best five-year average annual salary rate |
| <i>times</i> | years of credit in the Plan |
| <i>minus</i> | CPP integration ¹ (a reduction at age 65) |

Leaving your job

One of the benefits of an OPTrust pension is that it is portable. If you leave before completing two years of plan membership, you will get a refund of your contributions, plus interest.

If you leave after completing two years (once you are “vested”), you have a number of choices:

- transferring the value of your pension to a “locked-in” RRSP
- transferring to another pension plan
- leaving the money at OPTrust and getting a pension anytime after age 55.

If you leave your employment after you turn 55 and have more than two years of credit or continuous membership, you cannot transfer or withdraw your pension because you are already entitled to receive a pension. You may be able to transfer to another pension plan.

Let's look at a couple of examples

To get a better understanding of the impact an OPTrust pension can have on your financial future compared to an average RRSP* investment, we'll look at two typical members.

Example:

Sean joins the OPSEU Pension Plan today at age 40 with:

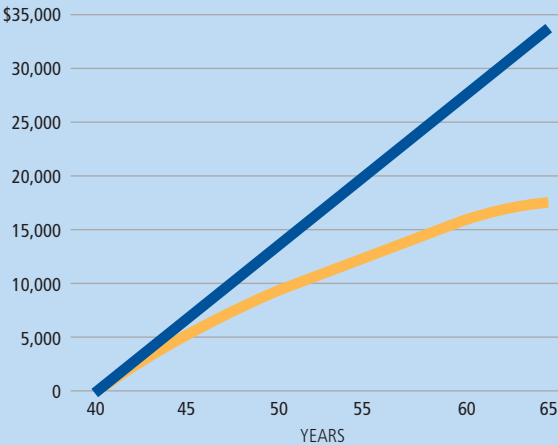
- an average annual salary of \$45,000

Over the course of Sean's career, the value of his OPTrust pension increases significantly, higher than the value of his RRSP.

At retirement – based on 25 years of pension contributions – Sean receives an annual OPTrust pension of \$33,950.² During Sean's career he also contributes the same amount to an RRSP as to OPTrust. Sean uses his RRSP to buy a pension or "annuity" with the same options as his OPTrust pension. But at retirement, Sean's annuity pension is much lower than his OPTrust pension.

After retirement, Sean's OPTrust pension will increase annually for inflation.

OPTRUST PENSION AT AGE 65 vs. ANNUITY PENSION



OPSEU Pension Plan

Annuity pension based on Sean contributing the same amount to his RRSP as he contributes to the OPSEU Pension Plan

*Based on actuarial assumptions with a 7.75% annual rate of return on RRSP contributions. Earned RRSP calculation assumes member would contribute the same amount to an RRSP he or she is contributing to the OPSEU Pension Plan.

For members who leave the OPSEU Pension Plan, OPTrust offers a number of different options regarding their earned pensions. One such option is to transfer the “commuted value”³ of an OPTrust pension to a retirement savings arrangement.

Example:

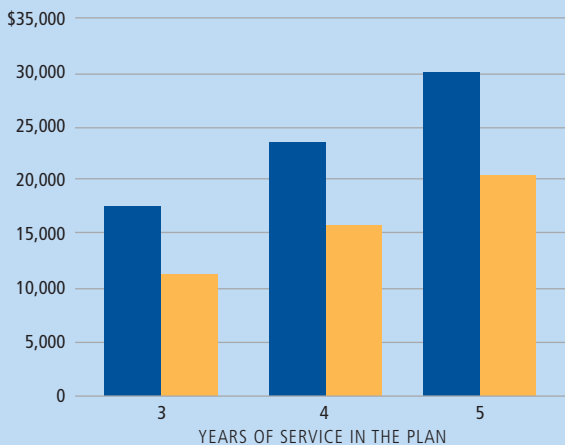
Nadia joins the OPSEU Pension Plan at age 26 with:

- an average annual salary of \$47,000

After three years of service, Nadia decides to go back to school. When Nadia leaves the OPSEU Pension Plan, she chooses to transfer the commuted value of her OPTrust pension to a locked-in retirement account. At termination, Nadia receives an OPTrust entitlement of \$17,350.⁴ Of course the longer Nadia stays in the Plan, the higher her OPTrust entitlement will be.

During this period Nadia also contributed to an RRSP – based on the same contributions she made to the OPSEU Pension Plan. After three years, the value of Nadia’s RRSP is \$11,390.

OPTRUST ENTITLEMENT vs. RRSP



OPTrust Entitlement RRSP

¹ OPTrust contributions are “integrated” with the Canada Pension Plan (CPP). When you turn age 65 your OPTrust pension is adjusted (reduced). While you are a contributing member you pay lower contributions to OPTrust for the portion of your salary that is also covered by CPP.

² Projected OPTrust pension at retirement, assuming a 3% annual salary increase.

³ Commuted value is the amount of an immediate lump-sum payment in today’s dollars, estimated to be equal in value to a future lifetime pension.

⁴ The amount equals the commuted value plus an excess contribution refund.



Need more information?

To confirm that you are eligible to join or to find out more about the benefits of joining the OPSEU Pension Plan, please visit our website at www.optrust.com, call us directly at 416-681-6100 (in Toronto) or 1-800-637-0024 (toll-free) or speak to your human resources or benefits representative.

About the OPSEU Pension Plan

With assets under management of over \$10 billion, the OPSEU Pension Trust (OPTrust) manages one of Canada's largest pension funds and administers the OPSEU Pension Plan, a defined benefit plan covering almost 75,000 members and pensioners.

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