

THE  
**PENSION**  
*connection*

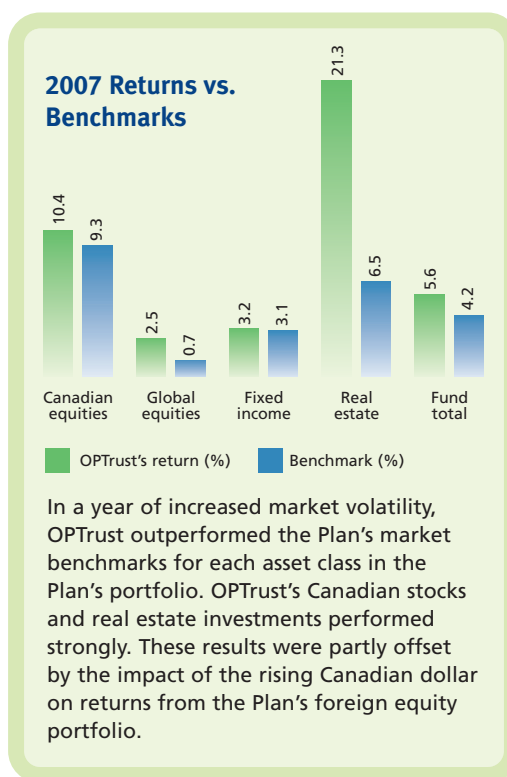
A newsletter  
for the pensioners  
of the OPSEU  
Pension Trust

## OPTrust's 2007 Investment Return Tops Benchmark for 8th Year Running

**O**PTrust achieved a 5.6% investment return in 2007, outperforming the Plan's weighted benchmark for the eighth year in a row. Over the year, OPTrust's diversified portfolio generated investment income of \$659 million. This helped increase the Plan's net assets to \$13.6 billion at year-end, up from \$13.1 billion in 2006.

The Plan's investment and financial results were released in April and are summarized in the *Annual Highlights for Members and Pensioners, 2007* included with this newsletter.

> *Investment... continued on page 3*



## OPSEU and Government Appoint New Trustees

**O**PTrust's 10-member Board of Trustees saw the appointment of new members – a union activist, a pension policy expert and an accountant – to replace three Trustees who stepped down in 2007.

**David Rapaport**, a former Trustee, returned to the Board in January 2008. Rapaport was first appointed to the Board of Trustees by OPSEU in 2001 and served as the Chair from 2002-2004.

> *Trustees... continued on page 2*

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**David Rapaport, Chair**



**John MacMillan**



**Maurice Gabay**

An OPSEU activist for more than 23 years, Rapaport served as a member of the union's executive board during the time the OPSEU Pension Trust was created and is currently OPSEU's Vice-President for the Toronto region. He works as a Project Leader and Systems Analyst within the Ministry of Education in Toronto.

"OPTrust is a great success story. I am helping great people help great people in their retirement. I'm proud to be associated with that," Rapaport says.

Rapaport will serve as Chair of the OPTrust Board until October, 2008. He replaces Jordan Berger, who stepped down from the Board following two terms.

**John MacMillan** was appointed to the OPTrust Board of Trustees by the Government of Ontario in November 2007. He brings to the Board more than 24 years of combined experience in the federal, provincial, municipal and private sectors. As the Manager of Pension Policy at the Ministry of Government and Consumer Services, MacMillan advises the government in its role as a pension plan sponsor.

MacMillan started his career in the Ontario Public Service as an OPSEU member at the Ministry of Labour. He has held various positions in infrastructure finance, growth management and communications with the Ministries of Public Infrastructure Renewal, Environment and Finance, and the Cabinet Office. MacMillan was twice

elected to the Board of the Ontario Civil Service Credit Union where he currently serves as Vice-Chair of the Board, and Chair of the Regulation, Ethics and Governance Committee.

"I have been impressed by the way that the Plan and the Trustees work to serve the interests of all members – both active employees and retirees," he said. "I've quickly discovered that this Board is filled with talented and dedicated Trustees, and I look forward to adding my experience to the decisions and deliberations that lie ahead."

MacMillan replaces Anne Marshall who served on the Board for three years.

OPSEU re-appointed **Maurice Gabay** to the OPTrust Board of Trustees in February 2008. He was previously on the Board from 2005-2007.

Gabay currently works as an Accountant at the OPSEU head office in Toronto. Before joining OPSEU, Gabay worked for the Ministry of Finance as a corporate tax auditor and was President of Local 599. Prior to joining the Ministry in 1998, he worked at Revenue Canada (now the Canada Revenue Agency) for five years.

Gabay replaces Don Jordan who served on the Board since 2001.

To learn more about the role of the Board of Trustees and read individual profiles, visit our website at [www.optrust.com](http://www.optrust.com) and click "About Us."

> **Investment**... continued from page 1

### Outperforming the benchmark

OPTrust's benchmark return for 2007 was 4.2%. The benchmark tracks the performance of the markets OPTrust invests in, and is weighted to reflect the Plan's asset mix. The 1.4% difference between the actual return of 5.6% and the benchmark reflects the value added by OPTrust's active management of the Plan's investments.

At the same time, in a year marked by increased market volatility, OPTrust's 2007 return fell short of the Plan's 6.75% funding target. The funding target is the rate of return needed to pay for members' and retirees' pensions over the long term. Over the past five years, the Plan has achieved an average return of 12.6%.

### Funding status

Despite lower returns in 2007, the Plan's funded position continued to strengthen, due largely to "smoothed" investment gains from 2003-2006. Smoothing helps buffer the Plan from short-term market volatility by recognizing part of each year's investment gains or losses evenly over a five-year period.

**We'd like your input** to help us plan for the future. Please take a moment to check out our interactive annual highlights report online. Then answer our brief online survey. By answering our survey, you can help us ensure that our reports continue to meet the needs of retirees.

In 2007, an interim funding valuation showed that the Plan's funding deficit had been reduced to \$105 million at the end of 2006, down from \$517 million the year before. The Plan's 2007 funding valuation is expected to mark the elimination of the remaining deficit and identify a net funding gain. The valuation will be completed later this year.

**"The Plan continues to deliver for members and retirees," said David Rapaport, who was re-appointed as Chair of OPTrust's Board of Trustees earlier this year.**

**"OPTrust's long-term investment performance and careful funding management, together with prudent decisions by the Plan's sponsors mean that active and retired members have a secure pension they can count on."**

### Stable contributions

In the meantime, OPTrust has been able to avoid increasing member and employer contributions from rising above normal rates. This has been done by using special stabilization reserves. These are funds that were set aside from past gains by the Plan's sponsors, OPSEU and the Government of Ontario.



## Your Plan for the Long Term

Want a summary of OPTrust's investment and financial performance in 2007? What about the Plan's funded status or how OPTrust works to provide you with prompt, friendly and efficient service? It's all at your fingertips in our *Annual Highlights for Members and Pensioners, 2007*, included with this issue of *The Pension Connection*.



## Get the Big Picture

For a closer look at our performance in 2007, check out the full annual report, available at [www.optrust.com](http://www.optrust.com). The report includes a detailed discussion of our performance for the year, together with the Plan's audited financial statements. A list of OPTrust's significant investments is also available on our website.

# Turning Age 65 and Your Pension

One of the most common questions we receive from OPTrust retirees and active members is what happens to pensions at age 65 and why. This is because at age 65, retirees notice a reduction in their OPTrust pension for integration with the Canada Pension Plan (CPP).

CPP provides retirement benefits to individuals who have contributed to it during their employment. The pension is designed to replace about 25 percent of the earnings on which you contributed to CPP during your career. Your OPTrust pension is designed to provide you with a combined pension income – from both OPTrust and CPP – that equals approximately 2% of your average annual salary multiplied by your years of credit in the Plan while you were a member.

You will be eligible to collect an unreduced pension from CPP at age 65. If you retire early (before age 65), OPTrust pays the full 2% pension benefit. Starting at age 65, your OPTrust pension will be reduced to reflect the fact that you are now eligible for CPP. So after age 65, your 2% pension will be made up of an OPTrust portion plus a CPP portion (see examples below).

## Examples

Let's say Samir retired on May 1, 2008 at age 62, for an early pension without penalty. But he decided to start taking CPP at age 65. Here's a snapshot of Samir's annual income before and after 65 to reflect integration with CPP.

TAKING CPP AT AGE 65	From Age 62 – 65	Age 65 and Onward
<b>OPTrust pension</b>	\$21,550	\$15,990
<b>CPP</b>	—	\$10,610
<b>Old Age Security</b> (payable at age 65)	—	\$6,030
<b>Less income tax</b>	\$5,160	\$5,260
<b>Total income from all sources</b>	<b>\$16,390</b>	<b>\$27,370</b>

Now if Samir retired at age 62 and starts taking CPP at the same age, here's a snapshot of his income before and after 65, also reflecting integration with CPP.

TAKING CPP AT AGE 62	From Age 62 – 65	Age 65 and Onward
<b>OPTrust pension</b>	\$21,550	\$15,990
<b>CPP</b>	\$8,700	\$8,700
<b>Old Age Security</b> (payable at age 65)	—	\$6,030
<b>Less income tax</b>	\$4,750	\$4,850
<b>Total income from all sources</b>	<b>\$25,500</b>	<b>\$25,870</b>

Even though the normal age for starting CPP benefits is 65, 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. CPP annual maximum benefits increase every year to reflect changes in the cost of living. The maximum monthly CPP retirement pension in 2008 is \$884.58.

The CPP benefit calculation can be complex. As well, CPP benefits and contributions change over time. For more detailed information on CPP benefits, we suggest you contact the Canada Pension Plan directly at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca) and click "Seniors" or toll-free at 1 800 277-9914 (within Canada and the United States).

# Plan to Work in Retirement? What You Need to Know

According to a Fidelity Investments survey,<sup>1</sup> Canadian baby boomers “want to retire early and then keep on working.” The survey suggests that this new “transition into retirement” phase where you consider yourself retired from your primary occupation, yet you continue working is an increasing trend developing with Canadian baby boomers.

**Y**ou may be a part of this growing trend and decide to work in retirement but in a different role or work environment. Or maybe you’re thinking of returning to the workforce on a part-time or casual basis but not sure how it would affect your pension. Well this is what you need to know:

- If you work for a non-OPS employer who does not contribute to the OPSEU Pension 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 re-join the Plan. In this case, it is your responsibility to inform a participating employer that you are currently receiving a pension from OPTrust.

## Without rejoining the pension plan

Your monthly pension is subject to an earnings ceiling each calendar quarter, if you are i) re-employed or engaged by an employer who contributes to the OPSEU Pension Plan, and ii) if you do not re-join the Plan as a contributing member.

**For example,** let’s say Betty was earning an annual salary of \$53,000 before retirement and her pension income is \$19,000. Based on these figures, this is how we would calculate Betty’s re-employment earnings.

The maximum amount Betty can earn each quarter is \$8,500.

	Final quarterly pre-retirement earnings:	<b>\$ 13,250</b>
<b>minus</b>	Quarterly pension income:	<b>\$ 4,750</b>
<b>=</b>	<b>Re-employment maximum earnings:</b> (per quarter)	<b>\$ 8,500</b>

If you exceed the maximum amount for the quarter, we will reduce your pension payments accordingly. If you are planning to work for an employer that contributes to the OPSEU Pension Plan, you can locate your re-employment earnings amount on your *Pensioner Information Change Statement* (PICS). Your PICS is mailed every January and when there is a change to your pension, e.g. new insured benefits premium amounts. If you retired before 2002, the re-employment earnings is not listed on your PICS. However, you can contact our Member and Pensioner Services staff to find out your re-employment earnings amount.

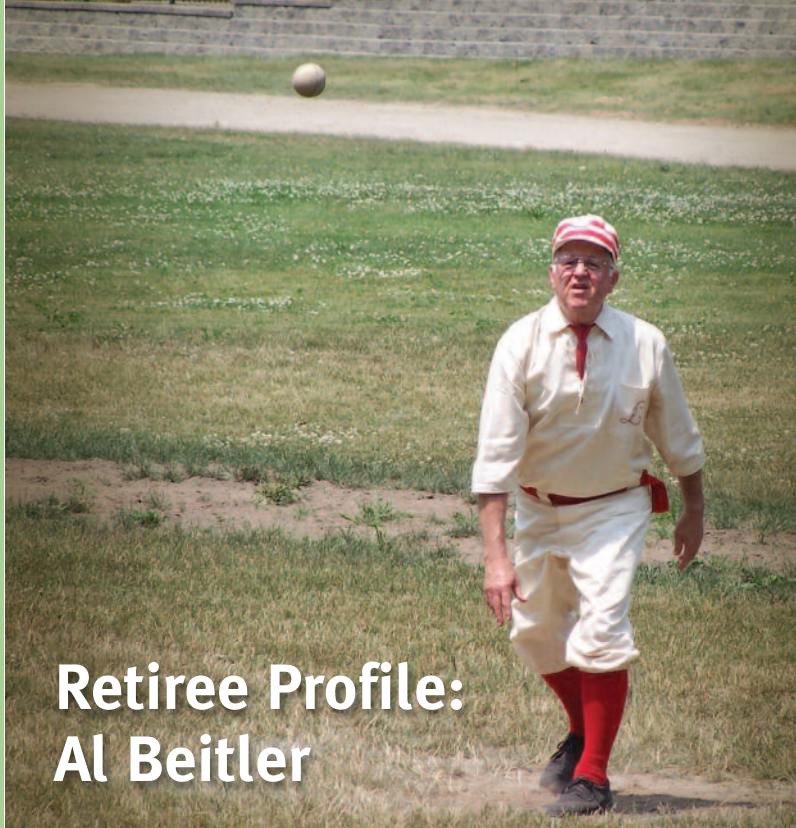
<sup>1</sup> 2006-2007 Fidelity Canadian Retirement Survey, News Release, December 11, 2007



## With rejoining the pension plan

Depending on your re-employment and your age, you may have the option to re-join the Plan. If you re-join, your OPTrust pension stops immediately. While you are making contributions to the Plan, you are earning additional credit so when your employment ends, we will re-calculate your pension.

If you are planning to work for an employer that contributes to the OPSEU Pension Plan and are not sure how this will affect you, contact our Member and Pensioner Services staff for more information.



## Retiree Profile: Al Beitler

**F**or Al Beitler retirement means living life to the fullest, with more time to do what he really loves – traveling, renovating his home, reading and playing baseball. And his OPTrust pension is a valuable component to this freedom. Al retired at age 65 following a 28 year career in the Ontario Public Service as an Industrial Training Consultant with the Ministry of Training, Colleges and Universities.

*“Retirement has been rich and rewarding. I love every minute of it! The extra years I worked in the OPS to age 65, have added to my OPTrust pension and give me more financial security for my wife Adele and me.”*

Over the last couple of years, Al and Adele have traveled worldwide to London, Paris, Italy, Switzerland, Lichtenstein, Austria, and Bavaria. Just last year, they rang in the New Year in Budapest, before continuing on to Vienna and Prague. The couple also rented cars and drove around both Costa Rica and Ireland. Closer to home they have visited several destinations in North America from Moosonee to Nashville, New York and Chicago.

While his wife continues to work, Al says that he enjoys cooking meals for the two of them every night. In 2005, Al fulfilled a longtime dream to play vintage baseball as the oldest player on the team at age 70, for a club in Michigan. Al’s active retirement also includes delivering Meals on Wheels every week and conducting workshops on the theme *Great Cities of the World* to various seniors’ groups. He serves on the Board of Governors for UNI-COM, a seniors’ organization adjunct to the University of Windsor. He also keeps up with the local cultural scene by going to the opera, concerts and theatre.

Al adds that keeping fit both mentally and physically is an integral component to a long and happy retirement. As an avid subscriber to the University of California publication *The Wellness Letter*, Al advises other retirees to exercise the mind and body whether it’s going for a brisk walk, playing baseball or learning new languages and keeping up with health and wellness trends.

### What are you doing in retirement?

We want to hear about how you are enjoying retirement. Maybe you’re working part-time, traveling, volunteering or spending more time with family and friends. Share your stories and tips on how to enjoy your retirement with other retirees. Send an e-mail to [communications@optrust.com](mailto:communications@optrust.com) and you could be featured in a future issue of *The Pension Connection* and *OPTions* newsletters.

# Slight Increase to Insured Benefits Premiums

Retirees who are eligible for insured benefits will see a slight increase to their insured benefits monthly premiums rates effective April 1, 2008, for vision care and hearing aid plan coverage. The amounts are shown on your April 2008 *Pensioner Information Change Statement*.

SINGLE COVERAGE		FAMILY COVERAGE	
Retiree	Ontario Government	Retiree	Ontario Government
\$1.41	\$141.06	\$2.88	\$255.98
GO Transit Retiree	Ontario Government	GO Transit Retiree	Ontario Government
\$1.59	\$68.91	\$3.66	\$159.16

You, your eligible spouse and your eligible dependent children are entitled to insured benefits, in retirement, if you are receiving a pension based on:

- at least 10 years of credit in the OPSEU Pension Plan or the Public Service Pension Plan, or
- 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.

While your eligibility for coverage is based on service and credit in the OPSEU Pension Plan, insured benefits are provided separately by the Government of Ontario and administered by Great-West Life.

## What are the benefits?

If you are eligible for insured benefits at retirement, your coverage includes: dental, supplementary health and hospital, and basic life insurance. The premiums for these benefits are paid by the Ontario Government. For vision care and hearing aid plan coverage, retirees pay a small premium (see rates chart). For more information, check out the Ministry of Government and Consumer Services booklet *A Guide to Benefits after Retirement* available from OPTrust.

## Go Green! Access Your PICS Online

Have you checked your secure *Online Services* account? Your *Pensioner Information Change Statement* is waiting. Why not receive your statement the green way – online.

Simply sign in to *Online Services*, then go to “Communicate with OPTrust” to make the switch to an electronic statement only. OPTrust will continue to send you an e-mail notice when your new statement is available – often weeks before the print version is mailed.

Once you choose to receive your *Pensioner Information Change Statement* online only, a copy of your statement will be there when you need it, without the fuss of handling paper.

**Distributing retirees’ *Pensioner Information Change Statement* electronically is one more way OPTrust is working to reduce our environmental footprint. With your help we can continue to reduce paper usage and contribute to a greener future.**





## YOU ASKED

**Question:** I noticed my *Pensioner Information Change Statement* shows an OPTrust ID number. What is this for?

**Answer:** A new change to your PICS and other OPTrust documents is the addition of your OPTrust ID, a unique 9-digit number. Every retiree and active member is assigned an OPTrust ID to further protect the security and confidentiality of your data.

The OPTrust ID was first introduced three years ago to register for and access our secure *Online Services* feature. But it now replaces your Social Insurance Number (SIN) in communicating with OPTrust – over the phone, online and with personal documents.

If you are eligible for insured benefits, the OPTrust ID is used to submit claims with Great-West Life and to access your online account.

**Question:** I retired at age 60. Will my insured benefits coverage continue past age 65?

**Answer:** Yes, your coverage will continue past age 65. Once you are eligible for insured benefits, based on your years of credit in the OPSEU Pension Plan the benefits are paid during your retirement, regardless of when you retired. Remember insured benefits are provided by the Government of Ontario and administered by Great-West Life, even though your eligibility is based on your credit in the Plan.

**Question:** I work for a private consulting firm that is bidding on a contract for a project with the Ministry of Health, where I used to work. Will this have an impact on my OPTrust pension?

**Answer:** No. Generally, your pension is unaffected when you work for an employer that does not contribute to the OPSEU Pension Plan. Even though you previously worked for the Ministry of Health, your private sector employer does not contribute to the OPSEU Pension Plan. If on the other hand you had returned to work within the Ontario Public Service as a consultant to the Ministry of Health, your pension would be affected. For more information on re-employment refer to page 5.

## Fast Facts about your pension plan in 2007

22,756

Retirees

65.9

Average age of an OPTrust retiree

698

New retirees in 2007

47,717

Active members

Learn more about other Plan facts in the full 2007 annual report available online at [www.optrust.com](http://www.optrust.com).

The *Pension Connection* is published by OPSEU Pension Trust for its pensioners.

If you have any comments or questions, please contact **Member and Pensioner Services** at:

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