The OPSEU Pension Trust is committed to effective communication with its plan members and pensioners. Questions or comments regarding this report or aspects of our communication program should be addressed to:

Dan McArthur  
Director, Policy and Trustee Support  
OPSEU Pension Trust  
1 Adelaide Street East, Suite 1200  
Toronto, Ontario  
M5C 3A7  
FAX: (416) 681-6175

We would be pleased to provide you with a copy of our Annual Report. Please call:

Telephone: (416) 681-6161  
Toll Free: 1-800-906-7738

Service & Security

OPSEU Pension Trust
Fiducie du régime de retraite du SEFPO

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Union LOGO

Ce rapport est aussi disponible en français. Veuillez nous le demander.
OPSEU Pension Trust

With assets under management exceeding $5 billion, the OPSEU Pension Trust manages one of Canada’s largest pension funds and administers the OPSEU Pension Plan, a defined benefit pension plan covering almost 70,000 plan members and pensioners across Ontario.

We officially commenced operations on January 1, 1995 with a vision that we believe will, today and in future years, serve all of our stakeholders — our members and pensioners, our employees, the communities in which we invest and those with whom we interact.

Our vision is this:
• to provide the finest service to, and communications with, our members and pensioners;
• to ensure a rate of return on our investments which finances liabilities of the OPSEU Pension Plan, moderates contributions and contributes to enhanced benefits; and,
• to recognize in all our undertakings the OPSEU Pension Plan’s joint trusteeship by providing members and pensioners — through the Board of Trustee appointees of the Ontario Public Service Employees’ Union and the Government of Ontario — with a voice in the administration of the Plan and the management of the Fund.

Message from the Chair and Vice-Chair

We are proud to present our first Report to the plan members and pensioners of the OPSEU Pension Trust, reviewing our mandate, discussing our goals and reflecting on the concrete results which came from putting the partnership of union and employer Trustees to work for the benefit of our plan members and pensioners.

The OPSEU Pension Trust was created to ensure good service to plan members and pensioners; to ensure a solid rate of return on investments; and, to provide an equal voice for plan members with their employers in the administration of the OPSEU Pension Plan and management of the Fund.

In order to build a new organization that would implement these goals, Trustees had very specific tasks to perform. Indeed, to have the right organization and investment capacity in place in the short time available, involved cooperation, creativity and commitment.

In late 1994, we began the investment of pension plan assets transferred to the OPSEU Pension Trust from the Ontario Pension Board. We completed the bulk of transferred asset investment in early 1995. The OPSEU Pension Trust had a thoughtful investment policy to implement and proceeded in a prudent way to move its assets toward that policy. This included Trustee selection of each investment manager, following a rigorous selection process.

While the OPSEU Pension Trust investment policy is a long-term policy, the decision to move to equity investment and retain long-term Ontario government debentures as part of the Fund’s portfolio was an investment decision that reaped immediate reward in 1995.

At year end, the total portfolio return for the Fund was 21.7 per cent while the marketable portion of the Fund earned 19.3 per cent, in each case exceeding established benchmarks. These results place the OPSEU Pension Trust in the top group of pension plans in Canada in terms of investment performance.

In late 1994 and early 1995, the OPSEU Pension Trust brought on board key management staff and also benefited from the transfer of experienced pension administration staff from the Ontario Pension Board. By year end, the OPSEU Pension Trust was fully staffed by an excellent team.

In 1995, the Trustees were determined to have an effective infrastructure in place for Board decision-making and supervision. The establishment of an Audit Committee and...
Although 1995 marks our first complete year in operation, we took a number of steps in 1994 that contributed toward our first year success. Just prior to commencing operations in 1995, we positioned ourselves to receive our share of the assets of the Public Service Pension Plan by having our asset custodian secured as well as our investment managers ready to move quickly and effectively in the marketplace. The role played by our Board of Trustees in achieving this objective was a major factor and one which we acknowledge.

The year 1995 was indeed filled with challenges and achievements.

One significant challenge for the OPSEU Pension Trust in 1995 was obtaining the necessary staffing. The pension area is a specialized field, so this proved to be a considerable undertaking.

We want to provide excellent service to our members. For this reason, we are moving as quickly as possible to establish service levels that not only meet the expectations of plan membership but also exceed that provided by other large pension administrations in Canada. We have, to date, received positive feedback from our active and retired members regarding service provided. We have been organizing focus groups to draw together additional feedback, which we will use to plan and implement future improvements to our service.

The OPSEU Pension Trust acquired its own computer equipment in 1995 and is currently in the process of transferring both information and the responsibility for computer processing to its own mainframe. The OPSEU Pension Trust worked cooperatively with the Ontario Pension Board in this particular venture and in the continued development of the Pension and Retirement Information System (PRISM).

Another significant undertaking for our organization is the purification of membership data. This project, undertaken by the Management Board Secretariat, will continue into 1998. We are pleased to assist the Management Board Secretariat in the thorough
For many Canadians, a pension is among the largest of personal assets owned. Added to this is a tremendous amount of media attention surrounding public and private pension plans as well as all aspects of retirement planning. We recognize these facts and acknowledge the value that our plan members and pensioners place on quality service and the continued security of pension plan assets.

The OPSEU Pension Plan is registered with the provincial and federal governments and is being maintained in a highly-regulated environment. The legislative guidelines set out in the Pension Benefits Act of Ontario and in the Income Tax Act (Canada), as well as the role of the Pension Commission of Ontario in monitoring pension plan solvency and funding, have contributed to an environment wherein the principal objective is the protection of plan member and pensioner benefits. We have structured ourselves to maintain the OPSEU Pension Plan’s integrity within this environment.

In addition, we must remain alert to changes in regulation and position ourselves to deal with proposed changes quickly. From a plan administrator’s point of view, our success depends on our ability to initiate effective contingency plans in response to any number of environmental changes; such changes may include, for example, the provincial government’s proposal to decrease staffing levels.

As we enter our second year of operation, we will continue to streamline our establishment. We plan to improve our service, to develop our systems, and to expand our communication efforts. In 1996, we will develop a multi-year strategic plan to address these objectives.

We are confident that the OPSEU Pension Trust is ready to meet the challenges that lie ahead. A great deal of work was accomplished in 1995 thanks to the cooperative efforts of our Board of Trustees and our staff. We are looking forward to the future.

William A. Phipps
Plan Manager
**Statement Of Net Assets Available For Benefits**
And Accrued Pension Benefits And Deficiency

As at December 31, 1995

<table>
<thead>
<tr>
<th>[in thousands of dollars]</th>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Investments</td>
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<tr>
<td>Asset rollforward adjustment due from Public Service Pension Fund</td>
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<tr>
<td>Contributions receivable</td>
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<tr>
<td>Members</td>
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<tr>
<td>Employers</td>
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<tr>
<td>Accrued income</td>
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<tr>
<td>Fixed assets</td>
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<tr>
<td><strong>Total Assets</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
</tr>
<tr>
<td>Accounts payable and accrued charges</td>
</tr>
<tr>
<td>Income tax withheld on pension benefit payments</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
</tr>
</tbody>
</table>

Net Assets Available

For Benefits 5,683,168

Actuarial asset value adjustment (136,405)

**Actuarial Value of Net Assets Available for Benefits** $5,546,763

**ACCRUED PENSION BENEFITS AND DEFICIENCY**

Accrued pension benefits 6,305,566

Deficiency (758,803)

**Accrued Pension Benefits and Deficiency** $5,546,763

On behalf of the Board of Trustees:

Len Hupet  
Chair

Colleen Parrish  
Vice-Chair

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**Statement Of Changes In Net Assets Available For Benefits**

For the period ended December 31, 1995

<table>
<thead>
<tr>
<th>[in thousands of dollars]</th>
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<tbody>
<tr>
<td><strong>INCREASE IN NET ASSETS</strong></td>
</tr>
<tr>
<td>Transfer of assets to the OPSEU Pension Plan</td>
</tr>
<tr>
<td>Net investment income</td>
</tr>
<tr>
<td>Unrealized increase in market value of investments</td>
</tr>
<tr>
<td>Contributions</td>
</tr>
<tr>
<td><strong>Total Increase</strong></td>
</tr>
</tbody>
</table>

| **DECREASE IN NET ASSETS** |
| Pensions paid | 73,762 |
| Termination payments and transfers to other plans | 16,470 |
| Operating expenses | 12,460 |
| **Total Decrease** | 102,692 |

**TOTAL INCREASE FOR THE PERIOD**  
And Net Assets at End of Period 5,683,168

The OPSEU Pension Trust's Financial Statements together with the Notes to the Financial Statements, Actuaries' Certificate and Auditors' Report appear in the OPSEU Pension Trust Annual Report. The Annual Report is available upon request. Further information regarding 1995 results will also be contained in future issues of the OPSEU Pension Trust plan member and pensioner newsletters.
Tracing the Development of the OPSEU Pension Trust:

- **April 1994** Sponsorship Agreement signed by the Government of Ontario and the Ontario Public Service Employees’ Union to split the Public Service Pension Plan and establish the new OPSEU Pension Plan.
- **April 1994** Transition Team named. Appointed by the Ontario Public Service Employees’ Union: Heather Gavin, Len Hupet, Leah Casselman, Grant MacGillivray, and Paul Lane. Appointed by the Government of Ontario: Colleen Parrish, Gra...