

**Annual Report 1996**

# Building the Trust



OPSEU Pension Trust

Fiducie du régime de  
retraite du SÉFPO

# *Building the Trust*



This is what we stand for:

- the provision of the finest service and communications to our members and pensioners;
- a rate of return on investments that finances pension liabilities of the OPSEU Pension Plan, moderates contributions, and contributes to better benefits;
- making joint trusteeship a reality in all the OPT does so that Plan members and pensioners have a real voice in the administration of their plan, and management of their pension fund.

In last year's annual report, the Trustees of the OPSEU Pension Trust – represented equally by the Ontario Public Service Employees Union and the Government of Ontario – shared OPSEU Pension Trust values and their commitment to both Service and Security with members, pensioners, employers and the public at large.

Today we are building the organization that can deliver what we stand for – and meet the OPSEU Pension Trust promise of Security and Service.

Together - we will Build the Trust.

# Highlights

With assets under management exceeding \$6.7 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 more than 66,000 Plan members and pensioners across Ontario.

## FINANCIAL HIGHLIGHTS

(\$ Thousands)

As at December 31

	1996	1995
Net Assets Available for Benefits	<b>\$6,774,519</b>	\$5,683,168
Total Increase in Changes in Net Assets	<b>1,091,351</b>	5,683,168
Accrued Pension Benefits	<b>6,179,957</b>	6,305,566
Deficiency	<b>1,321</b>	758,803
Total Portfolio Return for the Fund	<b>18.3%</b>	21.7%
Return on marketable portion of the Fund, excluding Special Ontario Government debentures	<b>21.5%</b>	19.3%

## MEMBERSHIP STATISTICS\*

### Active Members

Total as at December 31	<b>59,115</b>	64,300
Percentage of Female members	<b>54%</b>	52%
Percentage of Male members	<b>46%</b>	48%
Average Years Credited Service*	<b>11.6</b>	11.1
Average Salary*	<b>\$40,600</b>	\$39,809
Average Age*	<b>42.6</b>	41.9
Number of members enrolled	<b>1,024</b>	1,726
Number of members terminated	<b>6,209</b>	1,944
Net increase (decrease) in active membership	<b>(5,185)</b>	(218)

### Pensioners

Total	<b>7,012</b>	4,836
Average Age	<b>60.0</b>	59.9
Average Annual Pension	<b>\$16,942</b>	\$17,953

### Number of Pensioners by type of pension

Normal and Early Unreduced	<b>6,190</b>	4,360
Reduced	<b>518</b>	307
Eligible Survivors	<b>301</b>	167
Disability	<b>3</b>	2
Total	<b>7,012</b>	4,836

\* Averages presented in these statistics reflect data contained in actuarial valuations of the Plan (Buck Consultants.)

## *A Message from the Chair and Vice Chair*

The OPT's second year of operation – 1996 – was a year of building an organization that would make promises a reality, and principles the basis of what we do every day.



Len Hupet, Vice Chair and Jennifer Brown, Chair

The values and principles of the OPT create a blueprint for the future. We are following through on our promise of better service and strong financial returns. We want joint trusteeship to be a partnership that members and pensioners see working for them.

This means being open – and being tough on ourselves. Much has been done. Much remains to be done.

In 1996, the OPSEU Pension Trust moved to being among the top pension plans in Canada. Our Plan had an investment return of 18.3 per cent in 1996 – 20.0 per cent annualized since inception. Over a two year period, this is among the highest return of any public sector plan in Ontario.

Strong investment return is significant since it can provide greater security for the pension plan while ensuring that money is available to pay for programs like the “Factor 80” early retirement program, or to absorb the impact of recent contribution reductions.

It is important to note that the 1996 deficiency of \$1.3 million – down from \$758.8 million reported in the 1995 Financial Statements – shown in this Report on the Statement of Net Assets, is calculated on a different basis than the 1995 Actuarial Report Unfunded Liability of \$710.0 million. It is the latter number which determines the special payments to be made by the Government of Ontario over the next 32 years. The Building the Trust: Preparing for the Future section has more information on this matter.

In 1995, the liability side of the OPT’s financial position – what we are likely to pay in the future in pensions – was unclear. Our actuaries qualified our actuarial valuation because of uncertainty about potential pension plan liabilities. This uncertainty was caused by poor data provided to the OPSEU Pension Trust.

Throughout 1996, the OPT worked hard to obtain an accurate picture of who was a member of the OPSEU Pension Plan from its inception. As well, we wanted to determine the appropriate liability for the pension plan today – in other words, what the OPSEU Pension Trust would ultimately pay in pension benefits.

We’re pleased to say this work has paid off with an unqualified actuarial valuation report and financial statements for 1996. We have a clearer picture of the Plan’s funded position and its ability to pay for past benefit improvements and contribution reductions. The OPT has generated enough money to pay for the Factor 80 early retirement program until its termination on April 1, 2000, along with absorbing contribution reductions taken in the last three years.

There’s still much work to be done in obtaining complete and accurate pension data. Accurate data is the foundation of any pension plan. There are ongoing initiatives to obtain what we need to support and service the pension plan and its members. We will be diligent in meeting our obligations to protect member interests.



The OPSEU Pension Trust welcomed new members to the OPSEU Pension Plan during 1996: among them Robin Forbes (left) of the Addiction Research Foundation. Senior Benefits Analyst Vicki Hoffman reviews communication tools designed to educate and welcome members to the OPSEU Pension Plan.

Board members from the Administration Committee review expenditures and initiatives proposed in the technology, service and communication areas. Each initiative is designed to impact positively upon client service. Reviewing plans for an effective systems infrastructure, from left to right: Mike Plantinga, Data Base Administrator; Ingrid Peters, Trustee; Lori Ker, Data Control Group; Paul Scott, Trustee; Grant MacGillivray; Trustee; and Graeme Isdale, Manager, Systems Services and Planning.



OPSEU Pension Trust Trustees structure their work around four trustee committees, as well as having full joint decision-making at the Board level. The Committees each have a guiding principle designed to meet our joint obligations to the OPSEU Pension Plan.

The Audit Committee ensures integrity in financial reporting and strength in financial controls. The Investment Committee works for strong returns to minimize investment risk and prudent conduct of investment decisions. The Adjudication Committee oversees a principled review of disputed administrative

decisions so that there is compliance with the pension plan text and Ontario law. The Administration Committee pursues service excellence, communications and OPSEU Pension Trust operations – all with an eye to cost-effective use of member and employer contributions. The four committees are the building blocks of the work of the Trustees at the OPSEU Pension Trust.

The Trustees saw 1996 as a year to build upon better service delivery. Faced with a significant backlog and a new organization, the Trustees established firm priorities – and funded these priorities – to build the programs and processes for the OPSEU Pension Trust that would lead to better service. The priorities included:

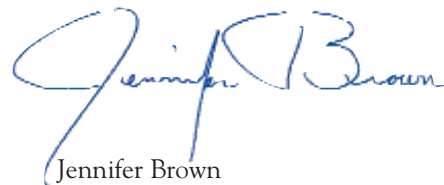
- establishing OPSEU Pension Trust information and records management systems;
- special backlog management initiatives;
- projects to manage pension service buybacks for lost strike service and the provision of pension and commuted value estimates to OPSEU Pension Trust members;
- examining all work processes for possible redesign to achieve greater efficiency and service orientation.

Service delays continue to be a problem for the OPSEU Pension Trust because of high demand for early retirement and terminations caused by government restructuring. Reducing delays and other service issues are an OPT priority. The Trustees maintain regular contact with members and pensioners, and listen to their concerns. Together with committed OPSEU Pension Trust staff, the Trustees will build the OPSEU Pension Trust into a unique organization that puts member and pensioner service first. We want to earn the trust and support of our members and pensioners, and to work with our sponsors and employers to achieve this.

As Chair and Vice Chair, we know we have the Trustees that can build the service organization our members and pensioners want and deserve. We have found the Trustees of the OPSEU Pension Trust to be knowledgeable, ethical and dedicated to the principle of joint trusteeship between OPSEU and the Government of Ontario.

During 1996, three Government-appointed trustees served throughout the year: Jennifer Brown, Bruce Curwood and Qaid Silk. Five OPSEU-appointed trustees served the OPT: Heather Gavin, Stephen Huff, Len Hupet, Pauline Lai and Grant MacGillivray. Also during the year, we welcomed two new trustees – Ingrid Peters and Paul Scott – each appointed by the Government of Ontario. Trustee Graham Hills stepped down after two years of able service to the OPT, including service on the Investment, Administration and Adjudication Committees. We thank Graham for his considerable contributions. He will be missed.

The Trustees and the capable and professional staff of the OPSEU Pension Trust look ahead with enthusiasm, as we look back on 1996 with pride. We know what we stand for, and we intend to deliver.



Jennifer Brown

Chair



Len Hupet

Vice Chair

# *Working at Building the Trust: Serving Members and Pensioners*

The Management Team of the OPSEU Pension Trust have had a busy and exciting year building a new organization for established OPT priorities and for responding to the strong and principled direction of our Trustees.



The OPT Management Team work together to implement trustee direction and to serve members and pensioners. Sherry MacDonald, Treasurer and Director of Financial and Administrative Services; Colleen Parrish, Plan Manager; Silvano Trinca, Director, Member and Pensioner Services; Marshall Lee, Director, Information Technology; Dan McArthur, Director, Policy and Trustee Support; and Douglas Kaye, Executive Assistant.

Colleen Parrish, Plan Manager



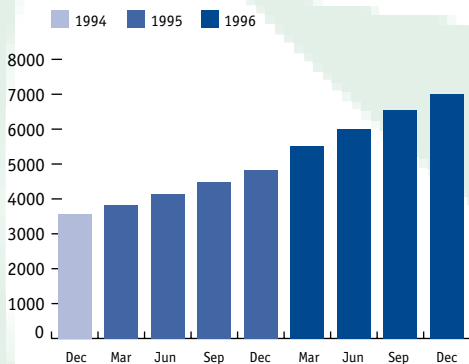
We have focused our work on two key commitments to members and pensioners: service excellence and a strong financial foundation.

We serve approximately 59,000 active members and more than 7,000 pensioners. We recognize that both members and pensioners have individual pension needs. For many, their OPT pension is one of their largest financial assets – like their home. We think seriously about being entrusted with something that’s so important to the lives of so many. We want to earn that trust.

**Building the Trust -  
Listening to Members and Pensioners**

We have listened to members and pensioners in establishing service levels at the OPT. We want to give them the service they want, and we intend to keep listening.

**OPT Pensioners**  
For the year ended December 31, 1996



Members told us in surveys and letters that they want pension material mailed to their homes – not to their work place. We mailed it to their homes.

Members told us they want information on difficult issues that really affect them, and information that can help with their decision making. We initiated the member newsletter OPTions, and have featured a series in the newsletter about termination and divestment because members in 1996 were affected by government restructuring. A termination booklet was developed as part of our valued educational booklet series. We also gave members the information they needed to ensure their benefits go as they direct in the event of death. Good information can help with difficult decisions.

Members who reviewed last year’s annual report told us they wanted more information about OPT investments and, in particular, about specific holdings. We provided that information upon request and, this year, have put it right into this annual report.

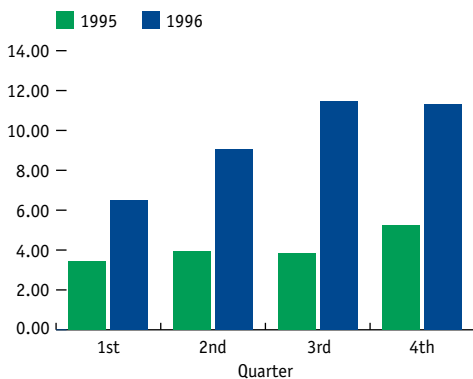
Members told us they needed both a pension estimate and a commuted value estimate service. We established these services in 1996 and provided 1,243 pension estimates and 1,338 commuted value estimates – most within the OPT service turnaround standard of three weeks.

Pensioners told us they wanted many more questions answered about their supplementary health plan – and a card proving they are an OPT pensioner

## Termination Payments and Transfers to Other Plans

(\$ Millions)

For the years ended December 31



to gain access to retiree discounts. The Pension Connection Newsletter now responds regularly to commonly-asked questions about supplementary health benefits, and identification cards have been sent to our pensioners.

Members and pensioners expressed some frustration with “getting through” to the OPT. Service staff at the OPT fielded more than 47,000 calls in 1996 – triple the number from 1995. To deal with this increased volume, we have upgraded our telephone systems and added a second toll free line. We were able to talk to more members and pensioners and, in most months, we answered the phone in less than 30 seconds. We also handled more than 55,000 written requests for information.

Members told us they wanted OPT staff to come to their workplace or union meetings across Ontario to tell them about their pension plan. OPT staff have

made a number of visits to workplaces and union local meetings, while also having a popular booth at the OPSEU annual convention. Our Trustees also participated in presentations across Ontario.

Members told us that, as participants in a mobile workforce, the ability to transfer their pension credit to or from another pension plan was an important option. During 1996, the OPSEU Pension Trust completed a series of negotiations and signed a multi-lateral portability agreement with Ontario’s largest pension plans. Reciprocal agreements also have been signed with other provinces. By reaching these agreements, OPT members have more pension options when they change jobs. Currently, pension benefits transfer arrangements exist between the OPT and :

- British Columbia Public Service Pension Plan
- College of Applied Arts and Technology Pension Plan
- Hospitals of Ontario Pension Plan
- Government of Newfoundland
- Ontario Municipal Employees Retirement Scheme
- Ontario Teachers’ Pension Plan
- Pathways to Independence Pension Plan
- Ryerson Polytechnic University Pension Plan
- St. Joseph’s Health Center Pension Plan
- St. Michael’s Pension Plan
- Workers’ Compensation Board Superannuation Fund

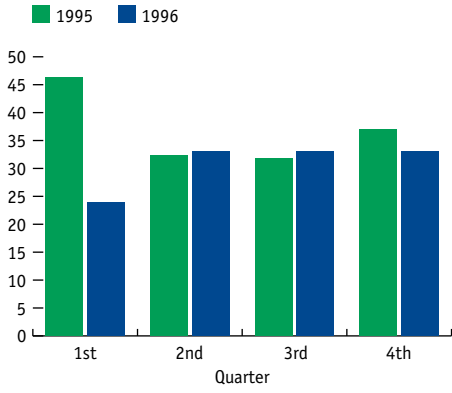


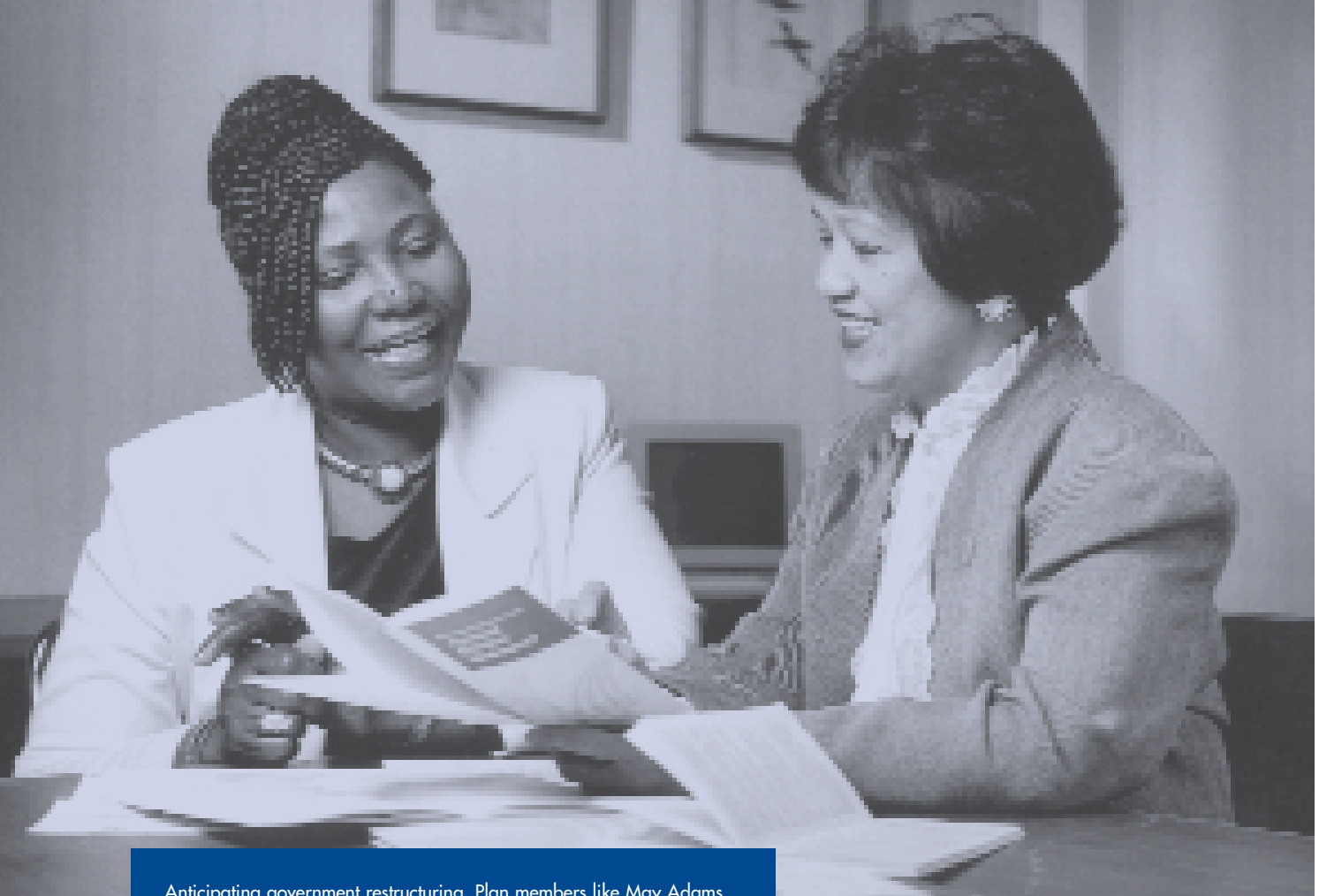
Although retirement is years away, Ilonka Czibere (right), an employee on maternity leave from the Ministry of Community and Social Services, takes steps today to ensure three-month old son Amadeus will be well-provided as a beneficiary under the OPSEU Pension Plan. With Ilonka, Benefits Specialist Penny Smiley.

Members have told us about service delays and the importance of standards of accuracy in their personal pension data. Backlog management and improving data accuracy were major priorities during 1996, and this will continue in 1997.

**Members' Contributions**

(\$ Millions)  
As at December 31





Anticipating government restructuring, Plan members like May Adams (left) of the Ontario Realty Corporation contacted the OPSEU Pension Trust during 1996 to explore their options. Assisting May is Senior Benefits Analyst Aida Villaruz.

Building productive partnerships. Policy Analyst Farhan Khokhar gets feedback from human resource representatives in the Ontario Government to produce effective reference tools aimed at improving OPT administration and assisting employers in meeting their pension benefit obligations. Seated, from left to right: Sharon Amin, Ministry of Municipal Affairs and Housing; Brenda Hymus, Ministry of the Attorney General; and Tracy Micks, Ministry of Transportation.



## **Building the Trust -**

### **Working Together for a Better Future**

To reduce service delay and to have complete and accurate data, the OPT needed the infrastructure to support service delivery.

During 1996, the OPT established its own information management system (called OPTims), and initiated a major project pertaining to document management. This document management project will transfer more than 3 million aging paper and hard-to-read fiche records to clear CD images, accessible on staff computers. Our goal is to decrease staff time spent locating paper files and using fiche reader stations, allowing more time for analysis, processing and prompt response to inquiries.

With its own systems, the OPT can apply technology to meet the future needs of our members and pensioners. These systems should help the OPT meet service priorities and attain high standards in accuracy and completeness of financial information.

During 1996, the OPT dealt with high demand and backlog management. Government restructuring accelerated the demand for OPT service. There was a dramatic increase in retirement, especially early retirement. Our pensioner payroll increased by 45 per cent – 7,012 pensions in 1996 compared with 4,836 pensions the previous year. Having the pension in place when the member retires was our highest processing priority. In most cases, the cheque was deposited on time, even when short notice was given to the OPT.

The OPT inherited a 4,000 case backlog from the previous administrator of the pension plan. This backlog was eliminated in 1996, wiping out service backlogs dating back to 1993, 1994 and 1995.

But – as a result of high retirement rates and terminations due to our members being affected by downsizing – an OPT-created backlog resulted. In late 1996, we decided to take staff who had tackled our inherited backlog and turn their attention to processing terminations. Since we are generally up-to-date in putting pensions into pay, terminations constitute our next highest service priority.

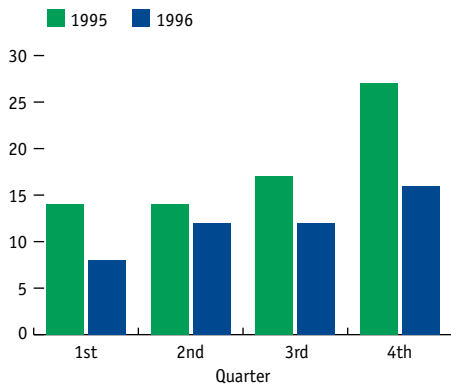
We don't want "backlog" to be a way of life at the OPT. As a result, we also initiated a project to review and, if necessary, redesign all work processes. The intention is to be more responsive – but also to provide better service in terms of clarity and consistency of information, courtesy and plain language communications. The progress to date and anticipated outcomes of these projects give us reason to look forward to the future, and to work hard to have the future come quickly.

The OPSEU Pension Trust delivers service to individuals according to directives set out in the Pension Benefits Act, as well as OPT's own service standards. There are also situations where deadlines are set by our Plan Sponsors. For example, more than 40,000 members of the OPSEU Pension Plan were affected by the Ontario Public Service Employees strike in early 1996. These members did not accrue pensionable service credit during the strike period. In the fall of 1996 and early 1997, the OPT provided

## Employers' Contributions

(\$ Millions)

As at December 31



members with the opportunity to recoup lost credit via payroll deduction through their employer.

Approximately 60 per cent of those affected took advantage of the buyback offer. Since strike service records provided to the OPT by employers often contained errors, thousands of records were corrected by the OPT.

Continued commitment to data accuracy also was demonstrated by the creation of a specialized Data Control Unit in 1996. Working with employers, this group is validating and ensuring the continued integrity of membership information transferred to the OPT. This group also will provide assistance to the Management Board Secretariat data purification work. The Management Board Secretariat's mandate is to ensure computerized pension records are thoroughly investigated and corrected and, in this way, an error-free Plan membership database will be created. This

project began in 1995 and is expected to continue to the year 2000. The OPT will work in partnership on an ongoing basis with employers and the Management Board Secretariat to develop and maintain quality membership information.

Well-documented and understood processes and open communication can reduce both error and delay in pension administration. Work began in 1996 on an OPSEU Pension Trust Administration Manual. This manual is designed primarily to meet the pension information processing needs of employer benefits co-ordinators and regional human resources offices, as well as assisting OPT staff. Benefits co-ordinators have volunteered to assist with the manual's development, and their helpful feedback is welcomed. Working together will lead to a better product and better service.

Throughout the year, OPT staff also took part in the regularly scheduled Benefits Co-ordinators Forum of the Ontario Public Service. These venues provide good opportunities to alert benefits co-ordinators to administration and policy changes, and to hear about concerns or problems.

In building the OPSEU Pension Trust, the work completed in 1996 established a critical building block for a better future.

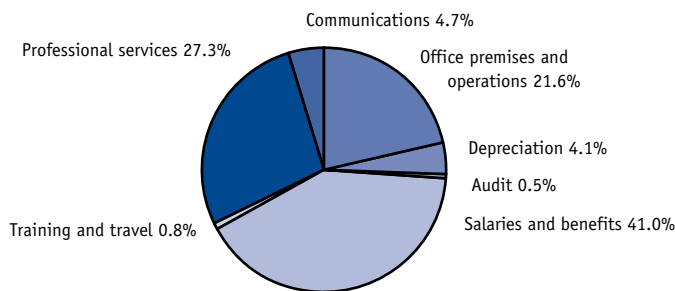
In 1995, the OPSEU Pension Trust had a qualified actuarial valuation. As a result, we had qualified financial statements which stemmed from inaccurate

and incomplete employer data. This data gap – particularly the uncertainty as to the number of people in the Plan – meant that it was difficult to know precisely how much money the OPT would pay to pensioners in the future, and to secure proper payment from employers for any shortfall. While the OPSEU Pension Plan is governed by an equal gains and losses sharing arrangement between members and the Government of Ontario, only the Government of Ontario is to pay for any initial funding shortfall.

It was a priority for us to obtain a complete and accurate picture of who was in the OPSEU Pension Plan at inception and in subsequent years. This would give us an accurate picture of the Plan’s liabilities for the future, as well as the amount owed to the OPSEU Pension Plan by the Government of Ontario.

### Operating Expenses

For the year ended December 31, 1996



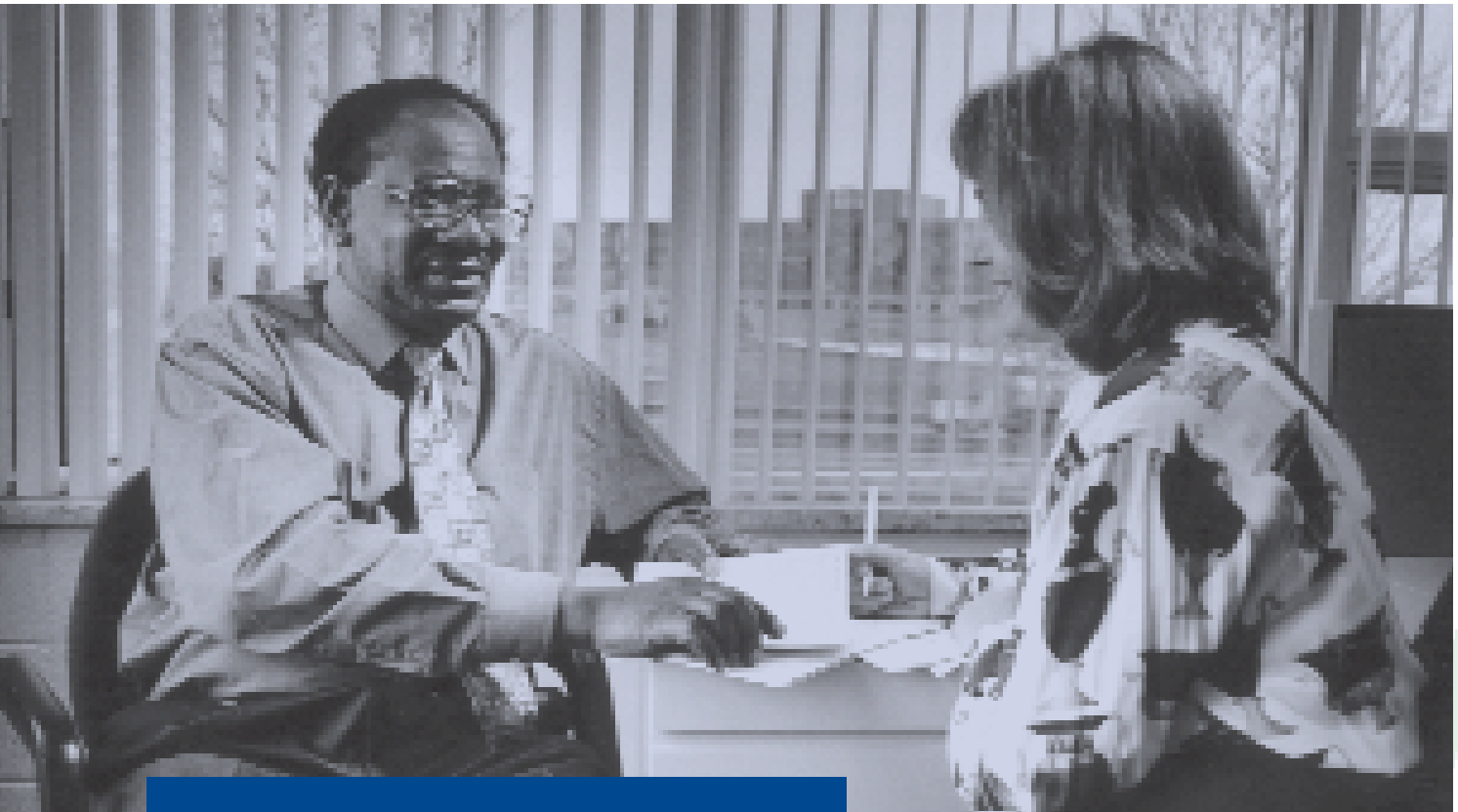
Success with this important task has led to earning an unqualified actuarial valuation for the OPSEU Pension Plan, and a clear picture of Plan liabilities and employer contribution obligations. This in turn led to unqualified financial statements for the OPSEU Pension Trust. The actuarial information shows OPT’s funded position as a Plan is stable, with the contribution stream being adequate to fund the Plan’s obligations. We have protected the financial interests of our members and pensioners.

Our work in this area isn’t complete. We must still work to ensure individual member records are accurate and complete. This will be achieved by scrutinizing data currently provided by employers, responding to member corrections noted in relation to Annual Pension Statements, and assisting the Management Board Secretariat in its data purification work.

Knowing what we now know about our pension plan liabilities, we were pleased to see that strong OPT investment returns have cushioned the impact of recent contribution reductions. There are also sufficient monies to pay for the “Factor 80” early retirement option, despite the doubling of uptake and costs relative to expectations.

The investment mandate of the OPT is always directed at the goals of service improvement and greater financial stability and security for members and pensioners. It is another way we work together for a better future.

# *Building the Trust: A Strong Financial Foundation*



Early retirement provisions available under the OPSEU Pension Plan were explored by many Plan members during 1996. Plan member Lawrence Wayne from the Ministry of Transportation speaks to Charline McKissick, a manager in the Member and Pensioner Services of the OPSEU Pension Trust.

Pension plan investment involves both long-term planning and consideration of short-term market conditions. Board members carefully scrutinize the Fund's investment activity. Several of the Board's Investment Committee members – (from left to right) Qaid Silk, Heather Gavin and Stephen Huff – review information with Roger Phillips, Investment Coordinator.

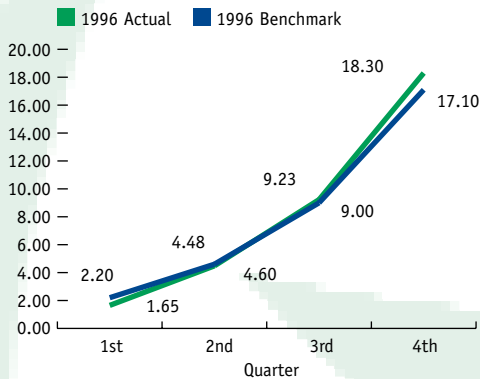




### Building the Trust: Reaching \$6.7 billion

The OPSEU Pension Plan Fund has in excess of \$6.7 billion dollars. In 1995, our reported investment return was among the highest posted among major public sector plans in Ontario. In our second year, we again posted impressive results. In 1996, our total portfolio return measured 18.3 per cent, with our annualized two year average being 20.0 per cent. In terms of the marketable portion of the Fund, excluding Special Ontario Government debentures, the return was 21.5 per cent at year end 1996. These returns exceeded benchmarks established for the OPT through its investment policies.

#### Comparative of Cumulative Rate of Returns to Benchmark Returns for 1996 Percentages



Our members and pensioners have a direct interest in the funded status of the Plan. It's important that the Fund provide security for the promised benefits. It's equally important that member and employer contribution levels remain stable, and the risk of increases in the unfunded liability of the Plan be minimized.

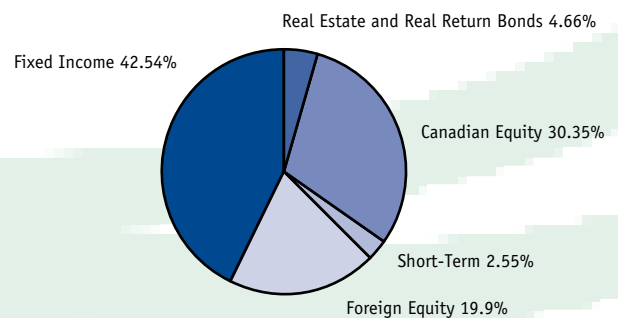
Based upon the Plan's financial position, positive cash flow and Plan membership profile, the Fund can assume a reasonably high level of investment risk to achieve superior long-term investment results. To achieve such results, we continue to pursue a long-term asset mix strategy that favors equities.

As at December 31, 1996, the Fund was comprised of fixed-income securities and short-term assets, equities and real estate. The Fund continues to be diversified on a geographic basis between Canadian and foreign investments.

The asset mix (on a market value basis) as at year end 1996 comprised the following: fixed-income investments totalling \$2.9 billion, an increase from \$2.7 billion from 1995; Canadian equities exceeding \$2.0 billion, up from \$1.6 billion in 1995; foreign equities of

#### Asset Mix

As at December 31, 1996

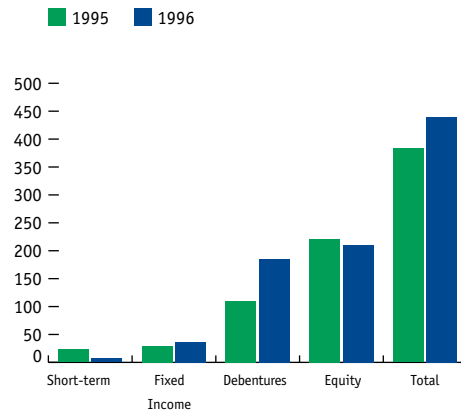


\$1.3 billion, an increase from \$1.1 billion of a year earlier; and real return bonds of \$293.0 million, up significantly from \$100.0 million in 1995.

Our active fixed income portfolio, containing bonds and debentures issued by the Government of Canada, Province of Ontario, and leading corporations, returned 11.5 per cent. Our equities portfolio returned 26.9 per cent on the Canadian portion and 17.0 per cent on the foreign component, compared to 12.0 per cent and 23.6 per cent earned respectively in 1995. The domestic equities portfolio continues to hold stocks and share issues of leading corporations in Canada.

During 1996, the OPSEU Pension Trust investments were externally managed by leading firms, recognized in Canada and worldwide. The investment management firms selected, specializing in Canadian equities, were TD Asset Management-Quantitative Capital, Beutel Goodman & Co., and J.R. Senecal & Associates. Our investment managers, specializing in global equities, were Barclay's Global Investors, Gartmore Investment Management plc, and Lazard

**Investment Income**  
(\$ Millions)



Frères. Handling fixed income investment management were Montrusco Associates and Phillips, Hager & North Investment Management Ltd. Penreal Advisors Limited managed the real estate portion. The custodian for the OPSEU Pension Plan Fund continued to be The Royal Trust Corporation.

As a result of membership feedback, this year's annual report contains a significantly enhanced list of individual investments of the Trust. It's hoped this additional information will allow members to assess the portfolio's diversification.

## Building the Trust: Prudent Policies and Risk Control

The OPSEU Pension Trust regards the voting of proxies as part of the fiduciary responsibility of the Board of Trustees and of those agents of the OPT entrusted with the management of its investment assets. The OPT policy is to vote all shares.

To guide both itself and its agents, the Board of Trustees has developed documented guidelines so that the Board's position on issues is known in advance.

The Board of Trustees concurs with the Corporate Governance Standards of the Pension Investment Association of Canada (PIAC), of which it is a member.

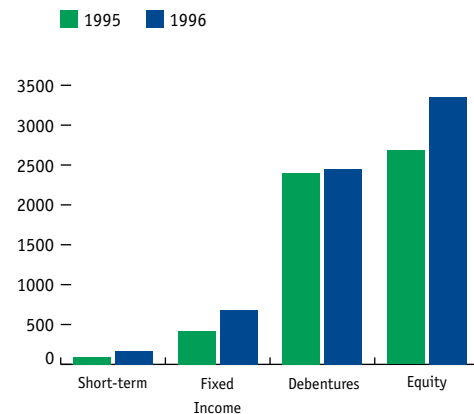
The Trustees and staff of the OPSEU Pension Trust know that only the greatest care will meet the standards required in investing the money of members and pensioners. Policies are in place to ensure diversification of investment. Credit risk is managed through high credit standards being set. Any new area of investment is independently researched. Investment partners are chosen competitively and through direct

trustee selection. Once selected, these partners are monitored and held to high standards of business conduct.

In 1997, the OPSEU Pension Trust will explore further opportunities for investment diversification, including looking at emerging markets, small cap investment, and the use of derivatives.

### Investment Assets

(\$ Millions)



# Building the Trust: Preparing for the Future

The OPSEU Pension Plan has the important job of providing defined pension benefits for the retirement years of its members and their survivors. The investment policies underlying this important job are set out in a document called the Statement of Investment Policies and Goals, reviewed and revised every fall by the Trustees and filed with the Pension Commission of Ontario.

The investment policies of the OPSEU Pension Trust set long-term investment goals and asset mix. In 1996, the OPSEU Pension Trust significantly exceeded its investment goal of a 7.5 per cent return while maintaining its portfolio close to its policy-mandated asset mix.

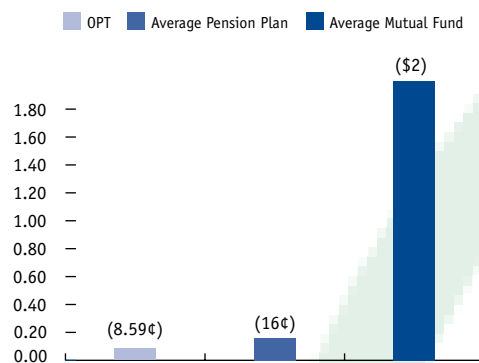
The OPSEU Pension Trust also had in place policies and tools to manage investment risk, whether the potential risk relates to liquidity, credit risk or market exposure, or concentration risk. The tools used by the OPT to control investment risk include:

- diversification of investments geographically and across a wide range of potentially solid equity investments;
- high credit standards for security issues;
- limitations on the amount of investment in any one entity and limitations on the proportion of shares or debentures of any one company that the OPSEU Pension Plan can own;

- constant forecasting of potential cash needs and the cash flow or cash instruments available to meet demands;
- continuous monitoring of the results obtained by independent investment managers to ensure the OPT's high investment standards are met;
- obtaining independent research on potential areas of investment and on the track record of the OPT in matters such as relative investment costs incurred by the OPT compared to other pension plans.

## Comparative Investment Expenses 1996

Cost per \$100 of assets



## Increases in Assets

The OPSEU Pension Plan began operations on January 1, 1995 with assets of \$4.6 billion. After the first year, these assets had increased by \$1.1 billion. The results were favorable again in 1996, with net assets growing by \$1.1 billion in the second full year of operations. The Plan's strong asset growth in 1996 is largely attributed to investment income of \$1.0 billion. Investment returns exceeded both the benchmark for the year and the previous year income of \$979.0 million. Investment return exceeded long-term investment rate of return goals set in the OPT's Statement of Investment Policies and Goals.

These results support the OPT's long-term objective to provide security of benefits to members, to minimize the risk of increases in the unfunded liability of the Plan, and to minimize volatility in the contributions required by members and employers.

While a reasonable performance in the rate of return on investment income is also expected in 1997, it is essential that the Plan meet or exceed long-term goals over a longer period to ensure asset growth is adequate to meet the projected increases in pension liabilities of the Plan. The OPT is a pension plan with a relatively young population that will require pensions many years in the future. Of necessity, the Plan's rate of return goals need to match the very long-term needs of its members.

Discussion and negotiation of the assets to be transferred to the OPSEU Pension Plan continued during 1996. The final phase of the asset transfer, the purification adjustment, has required a recalculation of the net actuarial liabilities of OPSEU Pension Plan members, compared to total net actuarial liabilities of the pension plan, including members of the Public Service Pension Plan (PSP Plan). This adjustment was necessary since the total Plan membership and the split of the members between the OPSEU Pension Plan and the PSP Plan could not be accurately determined at the time of the first phase of the asset transfer in 1995. The recalculation includes interest, and is included as part of the asset transfer receivable of \$64.3 million as at December 31, 1996. The assets transferred will include marketable assets paid to the OPT by the PSP Plan, as well as re-issued Special Ontario Government debentures.

Contributions of \$169.3 million in 1996 added to the assets of the Plan, compared to \$218.5 million in the previous year. The reduction in overall contributions was a result of the strike in the Ontario public service during the year, along with a lower active membership in 1996. Terms of the strike settlement have provided members with the option of buying back their service during this period, and the OPT provided options during both the fall of 1996 and early in 1997.



Richard Griffin, formerly with GO Transit, began to receive his pension from the OPSEU Pension Plan in 1996. Richard is one of more than 7,000 pensioners served by the OPSEU Pension Trust. With Richard, OPT's Information and Communications Assistant Beth Lashbrook.

Accountability – the basis of trust. Trustees and members of the Audit Committee (Pauline Lai and Bruce Curwood) work with Tracy Hatanaka-Lejnieks, Manager, Internal Budget and Investment Accounting (center) to ensure an effective system of financial reporting is maintained.



Contributions in 1997 are expected to increase as the rate of contribution for members will increase from 7 per cent to 8 per cent effective April 1, 1997, and the three-year contribution reduction for the employer also will be completed, and full matching of member contributions will commence April 1, 1997. Special payments also will recommence on April 1, 1997.

### Decreases in Assets

During the year, pension payments totalled \$105.1 million, representing an increase of 43 per cent over 1995.

The OPSEU Pension Plan began operations on January 1, 1995 with 3,517 pensioners and now provides monthly benefits to 7,012 pensioners and survivors. The increase is largely a result of members electing to take advantage of both early and normal retirement options as the Province reduces its workforce. In addition, termination payments have increased from \$16.5 million in 1995 to \$38.3 million in 1996 as members who lose their jobs or who resign, but who are not eligible for pensions, withdraw their accumulated benefits from the Plan.

Transfers out of the Plan cover payments made to members who transfer to organizations with whom the OPT has bilateral and multilateral transfer agreements.

Both investment and operating expenses increased in 1996. The increase in operating costs from \$12.5 million in 1995 to \$14.8 million in 1996 was due to the difference in ongoing costs for a full year of operations in 1996 compared to the first year of start-up in 1995. The OPT also incurred additional costs to serve a higher volume of retirements and terminations. There also were additional consulting costs in 1996 for completing our actuarial funding valuation and asset transfer negotiations.

Investment expenses of \$5.7 million in 1996 reflect a full year of active investment management compared to the transition year of 1995 when the Plan was beginning to enter various capital markets. As the volume of investment assets increase, the costs associated with management of these funds also increases.

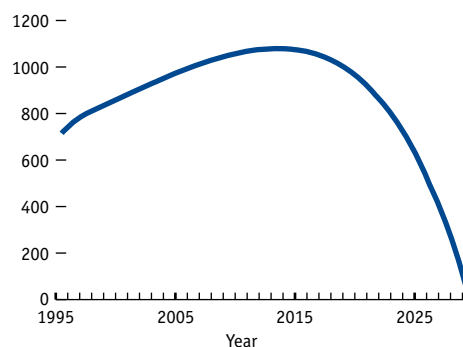
### Liabilities of the Plan

#### Financial Reporting Liabilities

The most critical liability of any pension plan is the value of pension benefits to be paid to its members in future periods. In 1996, the Plan undertook a calculation of these liabilities by completing an actuarial funding valuation of the Plan as at December 31, 1995. A valuation of liabilities

#### Unfunded Liability

(\$ Millions)



using accounting methodology was performed using December 31, 1995 membership data, and these liabilities were then projected 12 months to correspond to the assets of the Plan as at December 31, 1996, and to determine the deficiency or surplus.

Results of the financial projection of the liabilities showed that, during 1996, the accrued pension liabilities decreased from \$6.3 billion to \$6.2 billion. Taking this decrease into account, along with the increase in the actuarial value of the assets from \$5.5 billion to \$6.2 billion, the deficit of the Plan decreased from \$758.8 million to \$1.3 million.

This deficit reduction is a result of an appropriate change in economic assumptions regarding inflation and salary expectations since the first actuarial funding valuation prepared in January 1, 1994. The economic assumptions used in these financial statements are the same as those used in the 1995 actuarial funding valuation.

#### **Funding Liabilities**

Pension plans project liabilities each year to report their financial position in their annual financial statements. Both the Pension Benefits Act and, in the

case of the OPSEU Pension Plan, the founding Sponsorship Agreement between the Province and OPSEU, requires a valuation be prepared in 1995 and every three years thereafter to assess the financial status of the Plan. The valuation, and the funding of the Plan through contributions and investment returns, ensures that the growth in Plan liabilities in future years is adequately matched by assets contributed to the Plan.

The 1995 actuarial funding valuation disclosed unfunded liabilities of \$710.0 million, comprising the initial liability in the Plan (at the date of its creation on January 1, 1993) of \$781.7 million and net actuarial gains of \$71.7 million for the period January, 1993 to December, 1995. The Province is required to pay this initial unfunded liability, updated with interest to March 31, 1997, through special payments from April 1, 1997 to December 1, 2029.

As part of the calculation of future liabilities in these types of valuations – used for actual Plan funding – assumptions and methods are used which are conservative and which tend to result in a greater probability that assets increase at a rate which is more than sufficient to meet increasing liabilities. During the review of the results of the 1995 valuation, actual



experience was compared to the assumptions predicted at the date of the OPT's first actuarial valuation as at January 1, 1994, and a wide range of predicted inflation and real return indices were examined. This resulted in the assumptions used for inflation and salary escalation being moderately adjusted downward by 0.25 per cent.

Data for OPSEU Plan members only has been available since 1992. Assumptions were altered to reflect certain increases in early retirement take up (Factor 80). However, it was concluded that additional economic and demographic assumption changes would not serve the Plan well at this time, given its short history and the need to ensure Plan stability during a time of change. As more information becomes available each year through actual experience versus assumed experience, the assumptions used for financial reporting, referred to as "management's best estimates", will be assessed.

The difference between the amount found to be unfunded with the 1995 actuarial valuation and the 1996 financial statements can be accounted for by the year's difference in recording and by the fact that the accounting standard requirements use somewhat

different methodology than the actuarial valuation.

However, the economic and demographic assumptions used were the same.

### **1997 at the OPT**

OPT goals in 1997 are to place a priority on excellent service to members and to pensioners, and to continue to build a strong financial foundation for the pension plan. It can be expected that 1997 will continue to be a year of demand for OPT services from pensioners and members facing job loss. Early signs are also that 1997 will show some investment volatility. OPT is well-positioned for 1997. In 1996, we built the foundation for a solid year of performance in 1997 by:

- obtaining a solid actuarial forecast of liabilities and by establishing a contribution stream to address deficiencies;
- having thoughtful and well-reasoned investment policies and by implementing them professionally and prudently;
- having the operational tools in place to meet service commitments and to provide excellent communication.

The OPT continues to build for the future.





To the Board of Trustees of the OPSEU Pension Trust

We have audited the statement of net assets available for benefits and accrued pension benefits and deficiency of the Ontario Public Service Employees Union Pension Plan (the Plan) as at December 31, 1996 and the statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in deficiency for the year then ended. These statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and deficiency of the Plan as at December 31, 1996 and the changes in its net assets available for benefits, accrued pension benefits and deficiency for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

June 5, 1997

We performed an actuarial valuation of the Ontario Public Service Employees Union Pension Plan (the OPSEU Pension Plan) for funding purposes as of December 31, 1995 as stated in Note 7 of these financial statements. In respect of that valuation, we hereby certify that, in our opinion, the assumptions are, in aggregate, appropriate for the purposes of the valuation and the data is sufficient and reliable for the purposes of the valuation. The valuation was prepared, and our opinions given, in accordance with accepted actuarial practice.

As further stated in Note 7 of these financial statements, we have prepared an actuarial valuation of the OPSEU Pension Plan accrued pension benefits for accounting purposes as of December 31, 1996 in accordance with the Canadian Institute of Chartered Accountants Handbook Section 4100. The valuation was based on an extrapolation of the December 31, 1995 accrued pension benefits determined using the membership data from the December 31, 1995 funding valuation. In our opinion, the assumptions, in aggregate, fall within a reasonable range of assumptions for financial statement purposes.

In our opinion, the December 31, 1996 actuarial valuation for accounting purposes was prepared in accordance with accepted actuarial practice.



Peter C. Hirst  
Fellow, Institute of Actuaries  
Fellow, Canadian Institute of Actuaries



W. Scott Simpson  
Fellow, Society of Actuaries  
Fellow, Canadian Institute of Actuaries

June 5, 1997

## Management Responsibility for Financial Reporting

The management of the OPSEU Pension Trust (OPT) is responsible for the integrity and objectivity of the financial information presented in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles and comply with the financial reporting requirements of the Pension Benefits Act. The financial statements include amounts which must of necessity be based on the best estimates and judgment of management with appropriate consideration as to materiality. Financial information presented throughout this annual report is consistent with the financial statements.

Management have recognized the importance of the OPT maintaining and reinforcing a high standard of conduct in all of its actions, including the preparation and publication of statements fairly presenting the financial condition of the OPSEU Pension Plan. Systems of internal control and supporting procedures are maintained to provide assurance that transactions are properly authorized, assets are safeguarded against unauthorized use or disposition and proper records maintained. The system is augmented by the careful training and selection of qualified staff, the establishment of organizational structures providing for a well-defined division of responsibilities, and the communication of policies and guidelines of business conduct throughout the OPT.

The Board of Trustees has the ultimate responsibility for the financial statements presented to plan members. An Audit Committee, consisting of Trustees appointed by each of the Government and OPSEU, reviews the financial statements in detail with management and the external auditors before such statements are recommended to the Board for approval. The Audit Committee meets on a regular basis with management and with the external auditors to review the scope of the audit and discuss their findings and to satisfy itself that their responsibilities have been adequately discharged.

Price Waterhouse, the external auditors, have conducted an independent examination of the financial statements in accordance with generally accepted auditing standards and have expressed their opinion upon completion of such examination in their report to the Board of Trustees. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings as to the integrity of the Plan's financial reporting and the adequacy of the system of internal controls.



Colleen Parrish  
Plan Manager



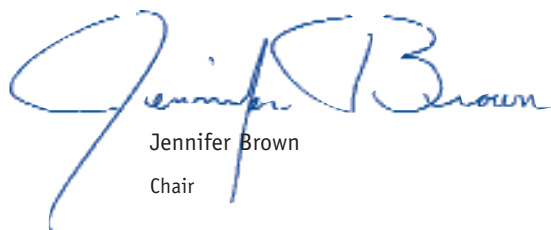
Sherry MacDonald, CA  
Treasurer and Director of Financial  
and Administrative Services

# STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AND DEFICIENCY

As at December 31, 1996

(\$ Thousands)	1996	1995
<b>Assets</b>		
Investments (Note 4)	\$6,656,198	\$5,602,222
Due from Ontario Pension Board and the Province (Note 5)	64,260	32,000
Contributions receivable		
Members	11,125	10,703
Employers	20,106	19,341
Accrued income	24,411	20,163
Fixed assets	3,371	2,665
	<u>6,779,471</u>	<u>5,687,094</u>
<b>Liabilities</b>		
Accounts payable and accrued charges	3,240	2,583
Income tax withheld on pension benefit payments	1,712	1,343
	<u>4,952</u>	<u>3,926</u>
<b>Net Assets Available for Benefits</b>	<b>6,774,519</b>	<b>5,683,168</b>
Actuarial asset value adjustment (Note 7)	<u>(595,883)</u>	<u>(136,405)</u>
<b>Actuarial Value of Net Assets Available for Benefits</b>	<b><u>\$6,178,636</u></b>	<b><u>\$5,546,763</u></b>
<b>Accrued Pension Benefits and Deficiency (Note 7)</b>		
Accrued pension benefits	\$6,179,957	\$6,305,566
Deficiency	<u>(1,321)</u>	<u>(758,803)</u>
	<b><u>\$6,178,636</u></b>	<b><u>\$5,546,763</u></b>

On behalf of the Board of Trustees

  
 Jennifer Brown  
 Chair

  
 Len Hupet  
 Vice-Chair

# STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 1996

(\$ Thousands)	1996	1995
<b>Increase in Assets</b>		
Transfer of assets to the OPSEU Pension Plan Fund (Note 5)	\$ 53,062	\$4,588,345
Net investment income (Note 8)	440,669	379,048
Unrealized increase in market value of investments	586,577	599,992
Contributions (Note 9)	169,323	218,475
	<u>1,249,631</u>	<u>5,785,860</u>
<b>Decrease in Net Assets</b>		
Pensions paid	105,153	73,762
Termination payments and transfers to other plans	38,304	16,470
Operating expenses (Note 10)	14,823	12,460
	<u>158,280</u>	<u>102,692</u>
<b>Total Increase for the Period</b>	<b>1,091,351</b>	5,683,168
<b>Net Assets at Beginning of Year</b>	<b>5,683,168</b>	<u>—</u>
<b>Net Assets at End of Period</b>	<b><u>\$6,774,519</u></b>	<b><u>\$5,683,168</u></b>

## STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

For the year ended December 31, 1996

(\$ Thousands)	1996
<b>Accrued Pension Benefits at Beginning of Year</b>	<b>\$6,305,566</b>
<b>Increase in Accrued Pension Benefits</b>	
Interest on accrued pension benefits	467,635
Benefits earned	345,050
	<u>812,685</u>
<b>Decrease in Accrued Pension Benefits</b>	
Changes in actuarial assumptions and methods	134,341
Benefits paid	143,457
Experience gains	660,496
	<u>938,294</u>
<b>Net Decrease in Accrued Pension Benefits</b>	<b>(125,609)</b>
<b>Accrued Pension Benefits at End of Year</b>	<b><u><u>\$6,179,957</u></u></b>

## STATEMENT OF CHANGES IN DEFICIENCY

For the year ended December 31, 1996

(\$ Thousands)	1996
<b>Deficiency, at Beginning of Year</b>	<b><u><u>\$(758,803)</u></u></b>
Increase in net assets available for benefits	1,091,351
Change in actuarial asset value adjustment	(459,478)
Net decrease in accrued pension benefits	125,609
	<u>125,609</u>
<b>Deficiency, at End of Year</b>	<b><u><u>\$ (1,321)</u></u></b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## 1. ONTARIO PUBLIC SERVICE EMPLOYEES UNION PENSION ACT, 1994

Based on the terms of a Sponsorship Agreement between the Province and the Ontario Public Service Employees Union (OPSEU), a new pension plan, the OPSEU Pension Plan (the Plan), was established effective January 1, 1993 for employees of the Province in bargaining units represented by OPSEU and other designated bargaining units. The Agreement established the Province and OPSEU as joint sponsors of the new Plan and provided for the transfer of assets and obligations for benefits for members of the OPSEU Pension Plan from the Public Service Pension Fund (PSP Fund) to the OPSEU Pension Plan Fund (the Fund)(see Note 5).

Both the OPSEU Pension Plan and the OPSEU Pension Plan Fund are administered and managed by a Board of Trustees as described in the Trust Agreement between the Sponsors. The Board of Trustees is comprised of five persons appointed by each of the Province and OPSEU. The OPSEU Pension Trust (OPT), under the direction of the Board of Trustees, is the organization that administers the Plan and the Fund.

## 2. DESCRIPTION OF THE OPSEU PENSION PLAN

The following is a brief description of the OPSEU Pension Plan. Further information can be found by reference to the Sponsorship Agreement, the OPSEU Pension Plan document and the Trust Agreement.

### a) General

The OPSEU Pension Plan is a contributory defined benefit pension plan. The Plan is jointly sponsored by the Province and OPSEU. Membership within the Plan consists largely of civil servants or Crown employees in bargaining units represented by OPSEU, persons employed by the Toronto Area Transit Operating Authority and in a bargaining unit represented by the Amalgamated Transit Union (ATU, Local 1587), persons employed by the Liquor Control Board of Ontario or the Liquor License Board of Ontario and in a bargaining unit represented by the Ontario Liquor Control Board Employees Union (OLBEU) and persons employed by housing authorities created pursuant to the Housing Development Act and in a bargaining unit represented by CUPE Local 3096.

The OPSEU Pension Plan is registered under the Pension Benefits Act of Ontario, registration number C-104998 and the Income Tax Act (Canada), registration number 1012046.

### b) Funding

Plan benefits are funded by contributions and investment earnings. The determination of the value of the benefits and required contributions is based on periodic actuarial valuations (see Note 7).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## **c) Contributions**

The OPSEU Pension Plan is integrated with the Canada Pension Plan (CPP). Members normally contribute 8 % of salary up to the Year's Basic Exemption (YBE) as prescribed by CPP, 6.2 % of salary between the YBE and the Year's Maximum Pensionable Earnings (YMPE) under CPP, and 8 % on the balance of the salary over the YMPE. The employers also normally contribute matching amounts. Pursuant to the Sponsorship Agreement and the OPSEU Pension Act, 1994, employee and employer contributions, special payments and other payments required to be made to the Fund have been reduced for specific periods.

## **d) Pensions**

The factors to determine whether a pension is available are: the number of months of continuous membership in the Plan; the number of months of credit in the Plan; average salary (usually 5 years); and the age of the member at retirement. An unreduced pension can be received before age 65 if the member's age and credit total 90 (the 90 factor) or when the member reaches age 60 and has 20 or more years of credit. There is also a new provision which is available that provides for an enhanced retirement opportunity for those members of the Plan whose age and credit total 80 (the 80 Factor) prior to April 1, 2000. Actuarially reduced pensions are available at age 55. A member can also elect to have their pension actuarially reduced in order to provide a higher survivor pension for their spouse. The Plan provides a 50 % survivor pension with no actuarial reduction.

## **e) Death Benefits**

Upon the death of a member or pensioner, death benefits are available to a surviving eligible spouse, children, designated beneficiary or estate. The death benefit may be in the form of a survivor pension, a lump sum payment or both.

## **f) Disability Pensions**

A disability pension may be available to members with a minimum of 10 years of credit in the Plan and who meet the criteria as established in the Plan document. The amount of the disability pension depends on the years of credit and the average salary of the disabled member.

## **g) Termination Payments**

Subject to certain lock-in provisions, a member who terminates employment may be entitled to transfer the commuted value or refund of contributions to a registered retirement savings plan, to another eligible pension plan or purchase a life annuity.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## h) Escalation of Benefits

An adjustment to pension benefits for inflation is made annually based on the Consumer Price Index to a maximum of 8 % in any one year. Where the inflation adjustment exceeds 8 % in any one year, the excess is carried forward to any subsequent year when the adjustment is less than 8 %.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles and present the OPSEU Pension Plan as a separate entity independent of the employers and plan members. The period covered for the comparative figures in these financial statements is from December 15, 1994, the date on which investments began to be administered by the Board of Trustees, to December 31, 1995.

### b) Investments

#### Valuation of Investments

Securities listed on a public stock exchange are recorded as of the trade date and are valued at their closing sale price on the valuation date. Securities not traded on that date are valued at the average of the closing recorded bid and ask prices. Short term investments are carried at amortized cost. Special Ontario Government debentures, which are non-marketable, are recorded at estimated market values based on the market yields of comparable securities. Real estate is valued at market which is currently estimated to be equivalent to the acquisition cost.

#### Income Recognition

i) Interest income is recorded on the accrual basis. ii) Dividend income is recorded on the ex-dividend date. iii) Realized gains and losses are credited or charged to investment income based on average cost or carrying value. iv) Unrealized gains and losses attributable to changes in the difference between the market value and the cost of investments at the beginning and end of each period are separately presented in the Statement of Changes of Net Asset Available for Benefits.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## c) **Accrued Pension Benefits**

The value of accrued pension benefits are determined based on an actuarial valuation prepared by an independent actuarial firm. The valuation for financial reporting purposes is made as at the date of the last completed funding valuation using the projected benefit method pro-rated on service and management's best estimate assumptions of certain future economic events. This valuation is extrapolated to the date reported in the financial statements.

## d) **Contributions**

Contributions from members and employers which are due to the OPSEU Pension Plan at year end are recorded as a receivable. Contributions and matching contributions relating to purchases of credit for prior employment and transfers are recorded when cash is received. Special payments from the Province are recorded in the period in which they are received.

## e) **Pensions**

Payments of pensions, refunds and transfers are recorded in the period in which they are incurred.

## f) **Fixed Assets**

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows:

Furniture and Fixtures	– 10 years
Computer Equipment	– 5 years
Software and Systems Development	– 3 years
Leasehold Improvements	– Remaining life of lease

## g) **Foreign Currency Translation**

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The market value of investments and cash balances denominated in foreign currencies are translated at the rates in effect at year end. The resulting unrealized gain or loss is included in the Statement of Changes in Net Assets Available for Benefits.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## 4. INVESTMENTS

The long term objectives of the Plan are to provide security of benefits to members, to minimize the risk of increases in the unfunded liability of the Plan, and to minimize increases in the contributions required by members and employers. To achieve these objectives, a target of a long term rate of return has been established at 7.5%, which combines assumptions regarding return before inflation and an actuarially assumed rate of inflation. The current actuarial assumed rate of inflation is 3.75 %.

The Fund's assets are comprised of marketable assets and non-marketable Special Ontario Government debentures. The debentures generate monthly cash flows of principal and interest payments. Currently, these non-marketable debentures yield a weighted average interest rate of 11.69 % with the final debentures maturing in 2014.

(\$ Thousands)	1996		1995	
	Market Value	Cost	Market Value	Cost
Special Ontario Govt. debentures	\$2,449,007	\$2,026,763	\$2,400,214	\$2,094,014
<b>Canadian</b>				
Cash and short term investments	169,217	169,217	96,267	96,267
Bonds	677,016	641,529	419,431	404,624
Equities	2,020,513	1,563,726	1,597,612	1,448,192
	<u>2,866,746</u>	<u>2,374,472</u>	2,113,310	1,949,083
<b>Foreign</b>				
Cash and short term investments	871	871	207	207
Bonds	8,932	8,740	3,638	3,463
Equities	1,329,642	1,044,812	1,084,853	956,628
	<u>1,339,445</u>	<u>1,054,423</u>	1,088,698	960,298
<b>Real Estate</b>	1,000	1,000		
<b>Total Investments</b>	<b>\$6,656,198</b>	<b>\$5,456,658</b>	<b>\$5,602,222</b>	<b>\$5,003,395</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## Interest Rate Risk

Interest rate risk arises from interest rate fluctuations which may adversely affect the Plan's cash flows and financial position. The potential exposure is as a result of differences in timing and cash flow in relation to the Plan's assets and liabilities.

Changes in the short term nominal interest rates and variability in the equity markets will affect the value of the Plan's assets. The pension liabilities of the Plan are exposed to the long term expectation of rates of return on investments as well as expectations of inflation and salary increases.

The Plan has established an asset mix policy of approximately 55 % equities and real estate, and 45 % fixed income securities. The returns on the fixed income component reflect the changes in the nominal interest rates while the equity returns have, over the long term, demonstrated a positive correlation to changes in inflation and salary increases.

## Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at its fair value.

Liquidity management for the Plan is designed to ensure the ability to generate or obtain sufficient cash or its equivalents in a timely manner at a reasonable price to meet its commitments as required. The Plan manages its liquidity conservatively at all times by carefully measuring and forecasting cash commitments and diversifying investments by instrument, type and geography.

## Credit Risk

Credit risk refers to the potential loss arising from a security issuer being unable to meet its financial obligations. The greatest credit exposure for the Plan is with the Province of Ontario. As at December 31, 1996, the Plan was holding \$2.449 billion in Special Ontario Government debentures and the Province is also responsible for the funding of the transferred initial unfunded liability of the Plan as at December 31, 1992.

Investment restrictions within the Plan have been set to limit the credit exposure to security issuers of bonds and debentures with a minimum rating of "A" or better and short term investments rated as "R-1" or better.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## 5. TRANSFER OF ASSETS TO THE OPSEU PENSION PLAN

The Sponsorship Agreement and the OPSEU Pension Act, 1994 provided that effective January 1, 1993 all obligations for benefits under the terms of the plan text with respect to members of the OPSEU Pension Plan and the assets pertaining to these obligations be transferred from the Public Service Pension Fund (PSP Fund) to the OPSEU Pension Plan Fund. The calculation of the obligations and transferable assets was detailed in the Sponsorship Agreement and further defined in a Sponsorship Amendment and Asset Transfer Agreement dated December 12, 1994 between the sponsors of the OPSEU Pension Plan, the Ontario Pension Board, and the Trustees of the OPSEU Pension Plan Trust Fund.

The first phase, the marketable transfer adjustment, required that assets be transferred to the OPSEU Pension Plan in January 1995, based on the best available data at the time. This data was estimated and not accurate. The market value of the assets that were transferred was \$4.556 billion as at December, 1994. The transfer was completed on January 5, 1995 and consisted of \$2.150 billion in Special Ontario Government debentures and \$2.406 billion in marketable assets.

The second phase of the asset transfer, the purification adjustment, was scheduled to take place by October 1996 based on accurate member data. The purpose of this final adjustment was to recalculate the initial asset transfer, the transferred initial unfunded liability of the Plan and the resulting special contributions to be made by the Province. These calculations were to follow a similar method used in the first phase and were to be based on accurate data used in the December 31, 1992 actuarial valuation, updated to December 31, 1994.

As there were a number of outstanding issues regarding membership data, installments of \$10 million on February 27, 1996 and \$18.4 million on April 18, 1996 were paid to the OPT by the Ontario Pension Board for the PSP Plan.

The Province is undertaking a purification of data in accordance with the terms of the Sponsorship Agreement. Currently a split of members between the OPSEU Pension Plan and the PSP Plan has been completed based on accurate plan affiliation data, while the correction of member employment data is in progress and is expected to be completed by March 31, 2001.

Since the purification of data is not finished, the parties have agreed to amend and restate the Asset Transfer Agreement and the Sponsorship Agreement and complete the purification adjustment in two parts.

The first purification adjustment, based on correct plan affiliation of members, is to be made between the PSP Plan and the OPSEU Pension Plan. The amount of marketable assets to be transferred to the OPSEU Pension Plan at December 31, 1996 by the PSP Plan is \$42.3 million. At the same time the Province will re-issue the Special Ontario Government debentures which will result in an increase in value of \$22.0 million in these assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

A second adjustment, based on accurate member data, will be made between the Trustees of the OPSEU Pension Plan and the Province. The second adjustment will occur after the correction of member data by the Province has been finalized. Payment by the Province or the establishment of a credit owed to the Province is scheduled to take place before December 31, 2001.

## 6. FIXED ASSETS

(\$ Thousands)	Cost	1996		1995
		Accumulated Depreciation	Net	Net
Computer Equipment	\$1,791	\$412	\$1,379	\$1,024
Software and Systems Development	1,210	250	960	492
Furniture and Fixtures	773	117	656	799
Leasehold Improvements	485	109	376	350
<b>Total Fixed Assets</b>	<b>\$4,259</b>	<b>\$888</b>	<b>\$3,371</b>	<b>\$2,665</b>

## 7. ACCRUED PENSION BENEFITS

### a) Funding

#### Valuation

Funding valuations are required to be completed periodically in accordance with the requirements of the Pension Benefits Act and the Sponsorship Agreement. The actuarial valuation as at January 1, 1994 completed for the registration of the OPSEU Pension Plan, reported an unfunded liability of \$719.9 million which represented \$644.5 million in the balance of the transferred initial unfunded liability and \$75.4 million for the 1993 net actuarial losses.

The latest funding valuation of the OPSEU Pension Plan as at December 31, 1995 was prepared by Buck Consultants. The actuaries certified in their report that the data was sufficient and reliable for purposes of the actuarial valuation. The valuation disclosed an unfunded liability of \$710.0 million which was comprised of the balance of the transferred initial unfunded liability of \$781.7 million and a net actuarial gain of \$71.7 million. The Province is responsible for the initial unfunded liability and is required to pay it off by a series of special payments beginning April 1, 1997 through December 1, 2029.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## Actuarial Assumptions

Generally, the actuarial assumptions used to determine the pension liabilities for funding purposes are conservative. The funding method considers a time horizon which includes future periods. The assumptions used for the funding valuation as at December 31, 1995 are as follows:

Investment return	7.50 %
Inflation rate	3.75 %
Salary escalation	4.75 %

## Actuarial Gains

In accordance with the terms of the Sponsorship Agreement, the net actuarial gains at December 31, 1995, after recognizing the contribution and funding reductions for the period April 1, 1994 to March 31, 1997 and the cost of the 80 Factor, have been accumulated with interest to March 31, 1997 and applied to reduce the balance of the transferred initial unfunded liability of \$777.2 million as at March 31, 1997.

## **b) Financial Reporting**

For financial reporting purposes the Canadian Institute of Chartered Accountants (CICA) requires that pension plans report the actuarial value of accrued pension benefits using management's best estimate assumptions and the projected benefit method pro-rated on services. This method calculates the actuarial value of pension benefits accrued up to the financial reporting date after the projected benefits have been attributed equally to each year of a member's service.

The actuarial value of marketable assets at December 31, 1996 has been determined using a formula that smooths out the effects of the changes in market factors and recognizes the gains and losses over four years. Special Ontario Government debentures have been valued at market to determine their actuarial value. In future, once sufficient market value information is available for these debentures, they will also be smoothed over four years. The actuarial asset value adjustment reflects the differences between the market value of these assets as reported in Note 4 and the actuarial value of assets.

By valuing assets on an actuarial basis and comparing them to the actuarial value of accrued pension benefits calculated in accordance with the CICA requirements, the result is a deficiency of \$1.3 million as at December 31, 1996.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## c) Management's Best Estimate Assumptions

The actuarial assumptions used in determining the value of accrued pension benefits reflect management's best estimate of expected long-term economic trends, as follows:

	<b>1996</b>	1995	1995	1994
	<b>Financial</b>	Funding	Financial	Funding
	<b>Statement</b>	Valuation	Statement	Valuation
	<b><u>Assumptions</u></b>	<u>Assumptions</u>	<u>Assumptions</u>	<u>Assumptions</u>
Investment return	<b>7.50%</b>	7.50%	7.50%	7.50%
Inflation rate	<b>3.75%</b>	3.75%	4.00%	4.00%
Salary escalation	<b>4.75%</b>	4.75%	5.00%	5.00%

The Trustees of the OPSEU Pension Plan reviewed the actuarial assumptions used for both the December 31, 1995 funding valuation, completed in May 1997, the best estimate assumptions used for the December 31, 1996 financial statements and the best estimate assumptions used for the December 31, 1995 financial statements, which were derived from the January 1, 1994 valuation.

The review of actuarial assumptions included an examination of the interplay between economic best estimate actuarial assumptions and demographic actuarial assumptions. The demographic experience of the OPSEU Pension Plan is very short, suggesting caution in actuarial assumptions is appropriate. It was also observed that predictions of long term inflation rates should remain cautious in the Plan due to the demographic characteristics of the Plan which has a large, relatively young active member population and a small, relatively young pensioner population. For these reasons, adjustments were not made between the assumptions used for 1995 actuarial funding valuation and best estimate economic trend assumptions used in the December 31, 1996 financial statements.

1996 best estimate assumptions reflect a reduction of 0.25 % in the inflation rate and salary escalation from 1995 best estimate assumptions. This change resulted in a net decrease in the value of accrued pension benefits of \$268.2 million.

## d) Experience Gains

Experience gains were primarily due to the differences arising between the actuarial assumptions and actual experience due to actual demographic experience and lower than expected salary increases. These gains were partially offset by experience losses due to the funding reductions for the period April 1, 1994 to December 31, 1996.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## 8. NET INVESTMENT INCOME

(\$ Thousands)	1996	1995
<b>Interest Income</b>		
Special Ontario Government debentures	<b>\$209,819</b>	\$220,880
Cash and short term investments		
Canadian	<b>14,913</b>	22,974
Foreign	<b>15</b>	272
Bonds		
Canadian	<b>36,366</b>	28,884
Foreign	<b>347</b>	379
<b>Total Interest Income</b>	<b>261,460</b>	273,389
<b>Dividend Income</b>		
Canadian	<b>42,201</b>	32,577
Foreign	<b>12,005</b>	22,786
<b>Total Dividend Income</b>	<b>54,206</b>	55,363
<b>Realized gain on investments</b>	<b>130,743</b>	54,725
<b>Total Investment Income</b>	<b>446,409</b>	383,477
Investment expenses	<b>5,740</b>	4,429
<b>Net Investment Income</b>	<b>\$440,669</b>	\$379,048

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1996

## 9. CONTRIBUTIONS

(\$ Thousands)	1996	1995
<b>Members</b>		
Current service	\$117,140	\$141,909
Prior service	5,903	5,507
	<u>123,043</u>	<u>147,416</u>
<b>Employers</b>		
Current service	35,882	60,528
Prior service	3,358	2,081
Long Term Income Protection (LTIP)*	5,868	7,886
	<u>45,108</u>	<u>70,495</u>
<b>Transfer from Other Plans</b>	<b>1,172</b>	<b>564</b>
<b>Total Member and Employer Contributions</b>	<b>\$169,323</b>	<b>\$218,475</b>

The Sponsorship Agreement and the OPSEU Pension Plan Act, 1994 provided for a reduction in employer matching contributions and special payments to reduce unfunded liabilities for the three year period commencing April 1, 1994 and ending March 31, 1997. The total reduction for the period was \$335.4 million.

\* Members' portion of contributions made by the Province on behalf of members disabled and in receipt of the Province's long term income protection benefits.

## 10. OPERATING EXPENSES

(\$ Thousands)	1996	1995
Salaries and benefits	\$ 6,084	\$ 4,342
Professional services	4,053	3,967
Office premises and operations	3,194	3,136
Communications	698	542
Depreciation	606	281
Training and travel	113	142
Audit	75	50
<b>Total Operating Expenses</b>	<b>\$14,823</b>	<b>\$12,460</b>

# SCHEDULE OF SPECIAL ONTARIO GOVERNMENT DEBENTURES

As at December 31, 1996

(\$ Thousands)

<b>Maturity Date</b>	<b>Coupon %</b>	<b>Market Value</b>	<b>Cost</b>
<b>1997-2000</b>	6.00 - 6.99	\$ 13,905	\$ 17,538
	8.00 - 8.99	62,969	57,346
	9.00 - 9.99	10,402	13,099
	10.00 - 10.99	41,860	36,789
	11.00 - 11.99	22	19
	14.00 - 14.99	17,600	16,184
		<b>146,758</b>	<b>140,975</b>
<b>2001-2005</b>	9.00 - 9.99	239,698	202,797
	10.00 - 10.99	57,303	49,582
	11.00 - 11.99	105,761	87,952
	12.00 - 12.99	57	48
	13.00 - 13.99	100	84
	14.00 - 14.99	48	41
	16.00 - 16.99	37	31
		<b>403,004</b>	<b>340,535</b>
<b>2006-2010</b>	11.00 - 11.99	74	61
	12.00 - 12.99	376,851	308,303
	13.00 - 13.99	338,410	276,799
	15.00 - 15.99	170,391	139,730
		<b>885,726</b>	<b>724,893</b>
<b>2011-2014</b>	10.00 - 10.99	229,676	186,478
	11.00 - 11.99	783,843	633,882
		<b>1,013,519</b>	<b>820,360</b>
		<b>2,449,007</b>	<b>2,026,763</b>
<b>Accrued Interest</b>		<b>7,873</b>	<b>7,873</b>
<b>TOTAL</b>		<b>\$2,456,880</b>	<b>\$2,034,636</b>

# SCHEDULE OF SIGNIFICANT INVESTMENTS

As at December 31, 1996

Investments held by the OPSEU Pension Plan Fund greater than \$5 million.

(Thousands)	Number of Shares	Market	Cost
<b>COMMON STOCKS</b>			
<b>Canadian</b>			
BCE Inc.	1,465	\$95,665	\$68,650
Canadian Imperial Bank of Commerce	1,441	87,125	55,877
Barrick Gold Corporation	1,905	74,768	63,349
Toronto Dominion Bank	1,776	62,523	38,419
Bank of Montreal	1,313	57,264	36,070
Petro-Canada	2,977	53,896	37,480
Seagram Company Ltd.	961	52,149	42,852
Bank of Nova Scotia	1,090	49,963	30,111
Inco Limited	1,102	47,527	46,192
Nova Corporation	3,787	46,012	44,351
Alcan Aluminum Limited	976	45,155	37,071
Talisman Energy Inc.	965	43,998	26,982
Noranda Inc.	1,436	43,867	35,795
Northern Telecom Ltd.	506	43,069	30,306
Canadian Pacific Ltd.	1,193	43,020	23,935
Imasco Ltd.	1,196	40,179	27,198
Placer Dome Inc.	1,263	37,960	38,641
Royal Bank of Canada	750	36,099	20,871
Laidlaw Inc.	2,100	33,603	25,396
Canadian National Railway Co.	610	31,771	20,111
Westcoast Energy Inc.	1,266	29,052	26,209
Newbridge Networks Corporation	642	24,930	21,849
Magna International Inc.	325	24,751	19,944
Renaissance Energy Ltd.	509	23,763	15,217
Avenor Inc.	1,160	23,554	32,059
Quebecor Inc.	1,027	23,517	20,949
Alberta Energy Company Ltd.	701	22,920	16,086
Methanex Corporation	1,745	21,725	24,640
Agrium Inc.	1,143	21,375	17,602
Potash Corp of Saskatchewan Inc.	168	19,547	10,989
Wascana Energy Inc.	1,127	17,803	13,200
Macmillan Bloedel Ltd.	982	17,632	17,279
Stone Consolidated Corporation	899	17,624	17,208
Cameco Corporation	328	17,328	12,393
Bre-X Minerals Ltd.	758	16,456	16,965
Anderson Exploration Ltd.	912	16,134	12,063

# SCHEDULE OF SIGNIFICANT INVESTMENTS

As at December 31, 1996

Investments held by the OPSEU Pension Plan Fund greater than \$5 million.

(Thousands)	Number of Shares	Market	Cost
<b>COMMON STOCKS</b>			
<b>Canadian</b>			
Bombardier Inc.	631	\$15,963	\$ 7,767
Hudson's Bay Company	692	15,841	17,735
Trizec Hahn Corporation	526	15,763	10,298
Ranger Oil Ltd.	1,147	15,596	9,640
Molson Companies	715	15,342	15,097
Fletcher Challenge Canadian Ltd.	683	14,751	13,332
Domtar Inc.	1,207	14,000	13,734
Suncor Inc.	223	12,645	9,138
Poco Petroleum Limited	964	12,631	8,270
Shell Canada Ltd.	230	12,326	9,739
Transcanada Pipelines Ltd.	507	12,061	8,779
Thomson Corp	395	11,949	6,715
Stelco Inc.	1,278	10,732	9,132
Telus Corporation	521	10,332	8,936
Canadian Tire Corporation Ltd.	448	10,201	5,789
Falconbridge	437	9,723	9,249
Kinross Gold Corporation	949	9,200	9,156
Qlt Phototherapeutics Inc.	319	8,861	7,054
Canadian Natural Resources Ltd.	231	8,678	3,662
Weston George Ltd.	128	8,541	5,262
Air Canada Inc.	1,343	8,325	10,092
Ipsco Inc.	202	7,894	4,531
Loewen Group Inc.	143	7,649	5,711
Shaw Communication Inc.	998	7,587	8,613
Imperial Oil Ltd.	116	7,504	5,277
Cambior Inc.	359	7,252	5,342
Teck Corporation	220	6,982	5,339
Moore Corporation Ltd.	239	6,801	5,927
Fairfax Financial Holdings Ltd.	23	6,786	2,517
Transalta Corporation	387	6,669	5,313
Co-Steel Inc.	266	6,459	6,432
IPL Energy Inc.	155	6,182	4,511
Franco Nevada Mining Corp	89	5,583	3,435
National Bank of Canada	399	5,530	3,735
Dofasco Inc.	207	5,368	3,800
Canadian Occidental Petroleum Ltd.	233	5,112	3,739

# SCHEDULE OF SIGNIFICANT INVESTMENTS

As at December 31, 1996

Investments held by the OPSEU Pension Plan Fund greater than \$5 million.

(Thousands)	Number of Shares	Market	Cost
<b>COMMON STOCKS</b>			
<b>Foreign</b>			
Philip Morris	73	\$11,368	\$6,503
Aetna Inc.	94	10,318	8,773
General Electric Company	75	10,124	7,625
Bank America Corporation	71	9,707	6,535
Mobil Corporation	57	9,585	7,176
International Business Machines Corp.	46	9,490	5,378
Veba	116	9,146	5,794
Royal Dutch Petrol	39	9,011	6,455
Hoechst	137	8,669	4,415
Novartis	5	8,499	6,764
Sony Corporation	89	7,932	7,001
Daimler-Benz	82	7,704	6,180
Ricoh	472	7,413	7,048
Hong Kong & Shanghai Bank	244	7,148	4,645
Travelers Group Inc.	109	6,767	2,920
Chase Manhattan Corp.	54	6,615	3,055
Mitsubishi Heavy Industries	593	6,442	5,979
British Aerospace	214	6,414	2,242
Rhone-Poulenc	137	6,369	4,689
Mannesmann	11	6,184	4,358
Matsushita Electric	272	6,071	6,260
Cie Generale Des Eaux	36	6,069	4,916
National Power	526	6,032	5,254
Societe Elf Aquitaines	48	6,014	4,844
Columbia/Hca Health Care Corp.	105	5,890	4,143
Grand Metropolitan	546	5,877	5,517
Bat Industries	489	5,555	5,145
Sears Roebuck & Co.	87	5,504	3,730
Union Pacific Corp.	65	5,357	4,522
Btr Ord	768	5,115	4,621
Deere & Co.	92	5,085	4,789
Nestle	3	5,031	4,717
Digital Equipment Corp.	95	4,735	7,391
Sumitomo Trust & Bank	341	4,671	6,278



# SCHEDULE OF SIGNIFICANT INVESTMENTS

As at December 31, 1996

Investments held by the OPSEU Pension Plan Fund greater than \$5 million.

(Thousands)	Number of Units	Market	Cost
<b>POOLED EQUITY FUNDS</b>			
<b>Foreign</b>			
Barclays Global Investors N.A., Equity Index Funds B.	3,505	\$417,860	\$272,463
Barclays Global Investors N.A., EAFE Equity Index Funds B.	6,952	255,382	227,800

(Thousands)	Par Value	Market	Cost
<b>FIXED INCOME</b>			
<b>Canadian</b>			
Special Ontario Government debentures	\$1,782,142	\$2,449,007	\$2,026,763
Government of Canada Bonds (1998 - 2026)	1,104,114	539,875	516,102
Ontario Province (2003 - 2026)	18,960	20,901	18,963
Transcanada Pipelines Ltd Notes (1997 - 2010)	13,650	15,435	14,678
Quebec Province (1997 - 2023)	13,745	15,094	14,275
Canada Trustco Mtge Co Ser 1 12/03/2003	11,000	11,512	11,399
Thomson Corp Deb (2004 - 2006)	7,165	7,959	7,677
Alberta Prov Deb 08/05/1998	6,015	6,460	6,533
B C E Inc Series 8 01/04/2002	5,393	6,114	5,615
GMAC Term Note (1997 - 2000)	5,600	5,834	5,655
<b>Foreign</b>			
USA Treasury Nts 6.25% 15/2/03 UAd1000	5,000	6,849	6,604

## DISCOUNT NOTES

<b>Canadian</b>			
Government of Canada Treasury Bills		\$130,551	\$130,551
Royal Trust Short Term Investment Fund		8,864	8,864
BC Central Credit Union		5,026	5,026
<b>Foreign</b>			
Gartmore Foreign Currency		10,402	10,402
Lazard Foreign Currency		8,726	8,726

## **Board of Trustees**

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Manager, Benefits and Pensions Policy  
Government Management Board Secretariat

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Correctional Officer  
Ministry of the Solicitor General and  
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Graham Hills  
Pension Consultant  
Management Board Secretariat  
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Ministry of Finance

- (1) Adjudication Committee
- (2) Administration Committee
- (3) Audit Committee
- (4) Investment Committee
- (5) Appointed by the Ontario Public Service  
Employees Union
- (6) Appointed by the Government of Ontario

## **Standing Trustee Committees**

### **Adjudication Committee.**

The Adjudication Committee acts impartially to review disputed administration decisions pertaining to eligibility, benefits, entitlements and other rights under the terms of the OPSEU Pension Plan.

### **Audit Committee.**

The mandate of the Audit Committee is to review the adequacy and objectivity of financial statements. The Audit Committee ensures an effective system of internal control is maintained over operational and financial reporting, and that systems and processes comply with applicable laws and professional standards.

### **Administration Committee.**

The Administration Committee monitors service and communication activity and operational expenditures, providing a full review of plans and initiatives which impact upon client service levels. The Administration Committee also provides recommendations on Plan amendments, legislative changes and administrative policies, and has within its mandate the overall human resources management of the OPSEU Pension Trust.

### **Investment Committee.**

The Investment Committee oversees the performance of the OPSEU Pension Trust Fund, and monitors individual investment managers. The Investment Committee reviews investment activity to ensure both regulatory compliance and compliance with OPT's investment policy. It recommends changes in investment policy or investment managers.

## **Professional Advisors to the Trustees**

Actuary  
Buck Consultants

Auditors  
Price Waterhouse

Investment Consultants  
James P. Marshall, Inc.

Legal Counsel  
Koskie Minsky

## About our history:

### April 1994

The Government of Ontario and the Ontario Public Service Employees Union signed the Sponsorship Agreement to split the Public Service Pension Plan and to establish the new OPSEU Pension Plan.

### May 1994

Members of the Ontario Public Service Employees Union ratified the pension agreement to create the new jointly-managed pension plan. Four additional groups of government employees (employees of the Liquor Licence Board of Ontario, Liquor Control Board of Ontario, GO Transit, and certain employees of the Ontario Housing Corporation) vote to join the OPSEU Pension Plan.

### May 1994

A Transition Team was established whose mandate was to implement the OPSEU Pension Plan Act (1994), and to put in place the OPSEU Pension Trust. Transition Team members were drawn equally from the Government of Ontario and the Ontario Public Service Employees Union.

### June 1994

Legislation passed in Provincial Legislature establishing the new OPSEU Pension Plan.

### October 1994

Trust Agreement signed between the Government of Ontario and the Ontario Public Service Employees Union for the OPSEU Pension Plan. Trustees appointed.

### December 1994 and January 1995

Assets transferred to the OPSEU Pension Plan Fund.

### January 1995

The OPSEU Pension Trust officially commences operations.

### March 1995

Addiction Research Foundation staff represented by OPSEU join the OPT.

### July 1996

Workers' Compensation Appeal Tribunal staff represented by OPSEU join the OPT.

## OPSEU Pension Trust Management Team

Colleen Parrish, LL.B.  
Plan Manager

Roger Phillips  
Investment Coordinator

Marshall Lee  
Director, Information Technology

Sherry MacDonald, CA  
Treasurer and Director of Financial and  
Administrative Services

Dan McArthur  
Director, Policy and Trustee Support

Silvano Trinca, CA  
Director, Member and Pensioner Services

## About our members:

More than 59,000 members of the OPSEU Pension Plan are employed across Ontario. Civil servants, Crown employees and employees of certain agencies, boards, commissions, foundations or other organizations, who are in bargaining units represented by the Ontario Public Service Employees Union, are members of the OPSEU Pension Plan. Plan members also include employees of certain agencies and members of bargaining units represented by other unions, including the Ontario Liquor Board Employees Union; the Amalgamated Transit Union; the Addiction Research Foundation; GO Transit; Liquor Control and Licence Board of Ontario; Local Housing Corporations; Niagara Parks Commission; Ontario Pension Board; Teachers' Pension Plan Board; and the Canadian Union of Public Employees, who have elected to be covered by the OPSEU Pension Plan.

More than 7,000 OPT pensioners live in Ontario and throughout Canada and the world.

The OPSEU Pension Trust is committed to effective communication with its Plan members and pensioners. Questions or comments regarding the Annual 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

Additional copies of this report are available upon request.

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



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Ce rapport est aussi disponible en français.

Veuillez nous le demander.

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