

Fact Sheet

MARCH 2015

Joining the OPSEU Pension Plan

WHO CAN JOIN?

The OPSEU Pension Plan rules have changed to allow employers outside of the Ontario Public Service to join the pension plan. The employers who have the option to join fall into two categories.

Authorized Employers are employers who deliver a public service and/or perform a function on behalf of the Ontario Government.

Post-2012 receiving employers are employers who have members who were transferred in from the OPSEU Pension Plan. These employers deliver a public service and/or perform a function on behalf of the Ontario Government.

In both categories, the employer must have entered into a participation agreement with the OPTrust Board of Trustees.

To be considered eligible to participate in the OPSEU Pension Plan, an employer must deliver some level of public service or perform a function on behalf of the Ontario government.

Other employers may be considered by the Sponsors if OPTrust members have been transferred to them.

Defined benefit pension plans provide significant benefits to the Canadian economy and recent analysis confirms the important and multi-generational contributions that defined benefit plans make to the overall Canadian economy.



WHO WE ARE

OPTrust manages the OPSEU Pension Plan which is one of Canada's largest pension plans with more than 84,000 members and pensioners. We employ 250 staff specializing in pension administration, investments, finance, information technology and other business support functions. Our offices are centrally located in downtown Toronto.

The employer's role and responsibility

As the employer, it is your responsibility to send accurate pension data through our secure site and remit payment for employer and employee contributions monthly. OPTrust has a team that works with all employers and will guide you through the process.

Generally, employers must deduct and remit contributions for all members of the Plan and match the amount the member contributes. In some cases employers must also match other contributions made by members (e.g. when a member makes contributions for an unpaid leave of absence). The *Participation Agreement*, which both the employer and OPTrust signs, explicitly describes the full range of employer responsibilities.

Participation in a defined benefit pension plan can help you attract and retain employees and contribute to their well-being in retirement.

CONTRIBUTION RATES

As an example, here are annual contribution rates based on a range of salaries. In 2015, contributions are calculated at 9.4% on salaries up to \$53,600, the Yearly Maximum Pensionable Earnings (YMPE*), for CPP. For salaries above \$53,600 (YMPE), contributions are calculated at 11%. For more details see [our contribution rates](#).

SALARY	ANNUAL MEMBER RATE	ANNUAL EMPLOYER RATE
\$45,000	\$4,230	\$4,230
\$50,000	\$4,700	\$4,700
\$55,000	\$5,192	\$5,192
\$60,000	\$5,742	\$5,742
\$70,000	\$6,842	\$6,842
\$80,000	\$7,942	\$7,942

How to join

THE APPLICATION PROCESS

The process starts by completing an application form and sending it to OPTrust. You may also be asked to provide a letter of intent.

Once your application is received it is reviewed by the Ministry of Finance and then by OPTrust. You may be contacted to provide additional information at any stage in the process.

If your organization does qualify, your organization and OPTrust sign a *Participation Agreement* before any employee can be enrolled in the Plan.

* The YMPE is the maximum earnings from employment on which CPP contributions and benefits are calculated for that year.

What OPTrust offers

AN INCOME FOR LIFE

The OPSEU Pension Plan is a **defined benefit** plan. The goal of a defined benefit plan is to provide members with a lifetime retirement pension based on a formula that uses a member's salary and pension service in the Plan to calculate the value of the benefit. A defined benefit plan is unlike an RSP. While investment returns are vital to sustainability, an individual's pension benefit is not subject to short term market volatility.

The OPSEU Pension Plan provides a 2% retirement benefit based on the member's best five-year salary and years of service. For more information on how a pension is calculated and integrated with the Canada Pension Plan, see our plan booklet.

In the OPSEU Pension Plan, members are entitled to receive a pension at age 65, or sooner if they qualify for an early retirement option. That pension also provides a survivor pension.

OPTrust is party to several reciprocal transfer agreements with other public sector pension plans, providing members an opportunity to transfer their accrued benefits if they change jobs.

PROFESSIONAL INVESTMENT MANAGEMENT

The OPSEU Pension Plan has a team of investment professionals dedicated to generating the investment income needed to fund members' and retirees' pensions over the long term. Over OPTrust's 19 years of operation, the Plan's investment portfolio has realized an average annual return on 8.3% net of all investment management expenses. This exceeded the funding target of 7.2% we had for the same period.

STAFF ATTRACTION AND RETENTION

Participation in a defined benefit pension plan can help you attract and retain employees and contribute to their well-being in retirement. Many employees who contribute to group RSPs for their staff find that retirement plans are sometimes delayed if the markets are down and cash balances are low. A defined benefit pension plan mitigates that risk for the member, providing them retirement planning certainty without the fear of outliving their savings.

CURRENT FRAMEWORK

Until December 30, 2017, OPTrust is operating under a funding framework where member and employer contribution rates are frozen. If there is a funding shortfall before the end of the agreement, the Plan would be required to reduce future benefits up to a certain threshold, after which contribution increases could be considered. Improvements to benefits can only be made if the Plan remains 105% funded after the improvement.

PLAN ADMINISTRATION

We handle the administration aspects of the pension plan for you. OPTrust provides member direct services which means we handle all the reporting and member communication (pension statements, newsletters) etc. We also offer orientation for employers to help you get started with the pension plan.

FOR MORE INFORMATION PLEASE CONTACT OPTRUST

This **Fact Sheet** is intended as a summary description of the OPSEU Pension Plan. The Plan text contains numerous provisions not described here that may apply to you. In the event of any conflict between this Fact Sheet and the OPSEU Pension Plan text, the Plan text will govern.



HOW TO REACH US

OPSEU Pension Trust

1 Adelaide Street East, Suite 1200
Toronto, ON M5C 3A7

Member Services

Tel: 416 681-6100 in Toronto
1 800 637-0024 toll-free in Canada
Fax: 416 681-6175