

Fact Sheet

QUICK FACTS ABOUT
YOUR PENSION

APRIL 2018



IN THIS FACT SHEET

- Increasing your pension
- What will I get when I retire?
- How does my pension fit with my investment strategy?
- Pension statement
- Online resources
- If you leave your employment before retirement
- Survivor benefits in the Plan
- When can I retire?

Quick Facts about Your Pension

Welcome to the OPSEU Pension Plan. You are now part of a defined benefit pension plan which means you will receive a retirement pension based on a formula that takes into account your salary and years of pension service. This fact sheet provides you with information on how your pension can influence your financial landscape.

TAXABLE INCOME

- You contribute approximately 10% of your regular salary to the Plan. You do not make pension contributions on overtime pay and bonuses.
- Contributions to the Plan are not taxed.
- When you start receiving your monthly pension, you will pay income tax on that retirement income.

HOW PENSION CONTRIBUTIONS AFFECT RRSP ROOM

- Canada Revenue Agency (CRA) rules determine your annual Pension Adjustment (PA) amount. This PA reduces your RRSP contribution room. The PA amount is the estimated value of your pension and is not equal to your contributions to the Plan.
- If you buy back prior service in the Plan your RRSP room may be reduced. In this case, OPTrust files a Past Service Pension Adjustment (PSPA) with CRA.

Please refer to the [Buying Back Pension Service](#) section of our website for more information.



INCREASING YOUR PENSION

While you are working, you can increase your pension service if:

- 1 you transfer in pension service from another pension plan, or buy back service for a period when you did not contribute to the Plan (e.g. contract, leave of absence, etc.).

For more information, see the fact sheets on transferring in service and buying back pension service in the publications section of our website at optrust.com. Pension service is accrued based on the percentage of time you work. For example, if you work part time one half of full time each year, you accrue 50%, or six months of pension service.

- 2 your salary increases. Your pension entitlement is based on the average of your best five consecutive years of salary.

This chart gives an idea what someone who retired in 2018 on an unreduced pension would receive.

	HIGHEST AVERAGE SALARY	YEARS OF PENSION SERVICE		
		20	25	30
BEFORE AGE 65	\$40,000	\$16,000	\$20,000	\$24,000
	\$50,000	\$20,000	\$25,000	\$30,000
	\$60,000	\$24,000	\$30,000	\$36,000
	\$70,000	\$28,000	\$35,000	\$42,000
AT AGE 65	\$40,000	\$10,760	\$13,450	\$16,140
	\$50,000	\$13,450	\$16,813	\$20,175
	\$60,000	\$16,868	\$21,085	\$25,303
	\$70,000	\$20,868	\$26,085	\$31,303

All numbers have been rounded to the nearest dollar.

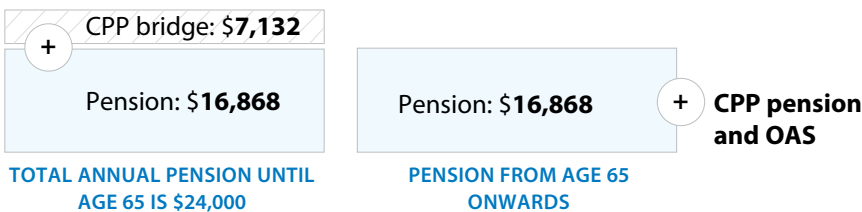
WHAT WILL I GET WHEN I RETIRE?

The calculation of your pension is based on a formula which takes into account your pension service and salary. *Please refer to the [It's Your Pension booklet on our website for details on the pension formula.](#)*

Under current plan terms, your pension is paid for your lifetime and it is adjusted annually for inflation.

If you retire before age 65, the OPSEU Pension Plan provides you with a CPP bridge benefit until the month in which you turn 65.

For example, for a member whose highest five-year average salary is \$60,000 and has 20 years of pension service in 2018, the benefit would look like this:



HOW DOES MY PENSION FIT WITH MY INVESTMENT STRATEGY?

Most financial planners will tell you that you need approximately 60% to 80% of your pre-retirement income to maintain your pre-retirement lifestyle. In combination with your expected income from CPP and OAS, consider what remaining income replacement you require, how to best use your remaining RRSP room and whether you require a tax free savings account (TFSA) in retirement.

ONLINE RESOURCES

OPTrust offers a wealth of online resources at optrust.com for everything you need to know about OPTrust at your fingertips.



While online take a look at our other social media channels to learn more about your pension and the OPSEU Pension Plan.



PENSION STATEMENT

All active and deferred members receive a personalized *Annual Pension Statement* by June 30 which covers the previous year. The statement shows the growth of your pension and your future pension entitlement.

IF YOU LEAVE YOUR EMPLOYMENT BEFORE RETIREMENT

If you are under the age of 55 you can:

- transfer the value of your pension to an RRSP or to your new employer's pension plan (reciprocal agreements must be in place)
- leave (defer) the pension with OPTrust and start to draw it when you are eligible
- use the commuted value of your pension to buy a deferred life annuity, subject to the requirements of the *Pension Benefits Act*.

Once you turn 55 you are no longer able to transfer your entitlement out of the Plan.

For more information on options at termination please refer to the fact sheet [Pension options when your employment ends](#) available on our website.

SURVIVOR BENEFITS IN THE PLAN

In the event of your death, under the current terms of the Plan, your eligible spouse will receive survivor benefits.

- **Death before retirement:** your spouse has the choice of taking either the full value of the pension benefit you were entitled to receive taken as a pension or as a lump sum.

If you do not have an eligible spouse, a lump sum payment will be split among all your named beneficiaries.

- **Death after retirement:** your spouse receives an indexed survivor pension that is 60% of what you were receiving, for his or her lifetime.

If you do not have an eligible spouse, a residual lump sum balance (if any) is split among your named beneficiaries.

Lump sum payments taken as cash are subject to withholding tax.

Additional details regarding death benefits can be found on our website, in the fact sheet [Your Pension Beneficiaries](#).

WHEN CAN I RETIRE?

The normal retirement age from the OPSEU Pension Plan is 65, however there are early retirement options for long serving members based on service and age.

Please refer to the [It's Your Pension](#) booklet on our website for details on how to qualify for early retirement.

FOR MORE INFORMATION PLEASE CONTACT OPTRUST

This fact sheet is intended as a summary description of certain provisions of the OPSEU Pension Plan. The OPSEU Pension Plan Text contains detailed information which may not be 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.



OPSEU Pension Trust Fiducie du régime de retraite du SEFPO



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