

# Fact Sheet

## Inflation protection for your OPTrust pension

Starting January 2018, your OPTrust pension will increase by 1.6%. The annual increase applies to all OPTrust pensioners, survivor pensions and to the deferred pensions of former and divested OPTrust members.

Every January, OPTrust pensions are adjusted for the increase in the cost of living, as measured by the Consumer Price Index (CPI), reported by Statistics Canada. This helps to protect your pension against the power of inflation and to ensure it does not lose value over time.

The CPI used by OPTrust reflects the cost of a weighted basket of over 600 goods and services that are typically purchased by Canadian consumers every month. These weights ensure that a 10% price increase in rent, for example, would have a greater impact on the index than a 10% increase in the price of milk.

### HOW YOUR ANNUAL ADJUSTMENT IS CALCULATED

OPTrust's annual pension adjustment is calculated based on the change in the average monthly CPI between October and September for the previous two years. For example, the 2018 increase was calculated as follows:

$$\frac{\left[ \begin{array}{l} \text{October 2016 to} \\ \text{September 2017} \end{array} \right] \text{ minus } \left[ \begin{array}{l} \text{October 2015 to} \\ \text{September 2016} \end{array} \right]}{\text{October 2015 to September 2016}} = \frac{[129.9 - 127.9]}{127.9} = 1.6\%$$

The maximum increase in any single year is 8%. Any increase above this level is carried forward, and applied in the next year when the adjustment is less than 8%.



### CONSUMER PRICE INDEX

*The Consumer Price Index (CPI) is a measure produced by Statistics Canada, of price movements. The CPI is calculated by comparing the retail prices of a representative "shopping basket" of goods and services at two different points in time. This "shopping basket" includes a range of goods and services including food, fuel, transportation, home energy and shelter.*

*For more information on the Consumer Price Index, visit the Statistics Canada website at [statcan.gc.ca](http://statcan.gc.ca).*



## INFLATION PROTECTION OVERVIEW

< Using a \$20,000 pension as a starting point, this chart tracks the inflation protection increases since OPTrust's inception in 1995.

< **Year**  
< **% Inflation Adjustment**

## LIFETIME PROTECTION

The inflation protection feature is designed to protect your pension during your lifetime. For example, a pensioner who started receiving their pension in January 1995, with an annual pension of \$20,000 will receive \$30,248 from OPTrust in 2018 – a 51% increase over a 23-year period.

Since the Plan's inception, inflation adjustments have averaged 1.8%.

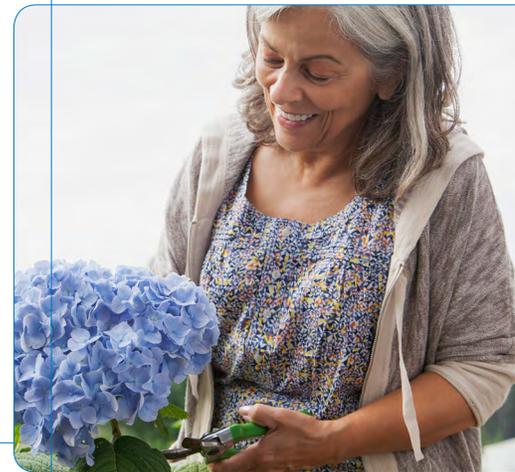
To find out how much your own pension will increase in 2018, view your *Pensioner Information Change Statement* available through secure *Online Services* or in print in early January, 2018.

## INCREASE PRO-RATED FOR NEW PENSIONERS

For OPTrust pensioners who retired in 2017, your inflation adjustment is pro-rated for the length of time you received a pension. For example let's say you retired in June 2017, your pro-rated adjustment is calculated by the number of months you received a pension, divided by 12, times the 2018 increase.

$$6 \div 12 \times 1.6\% = 0.8\%$$

In January 2018, your pension will increase by 0.8% to reflect the cost of living for six months. In following years the full CPI will be applied to your OPTrust pension.



*With a range of increases, OPTrust's annual inflation adjustment can make a big difference over time.*

## 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



## HOW TO REACH US

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