

# Pension

## CONNECTION



A NEWSLETTER FOR THE  
PENSIONERS OF OPTRUST

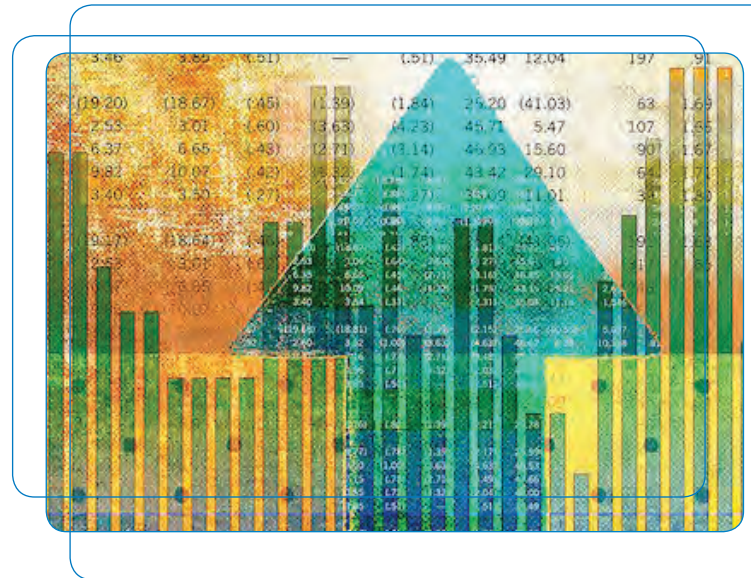
WINTER 2014, N° 60

## OPTrust pensions increase by 0.9%

**In January 2014, your OPTrust pension increased by 0.9%. 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. The result is protection for the buying power of your pension – and security for the future.

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 increase is calculated based on the change in the average monthly CPI between October and September for the previous two years. For example, the 2014 increase was calculated as shown on page 2.

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%.

CONTINUED ON PAGE 2 >

### In this issue:

- 3 Defined benefit pensions provide significant benefits to Canadian economy
- 4 Did you know?
- 4 Your 2014 pension pay dates
- 5 OPTrust appoints new Chief Investment Officer and Chief Risk Officer
- 6 Popular website gets a facelift
- 7 You asked...
- 8 Get a head start on your taxes
- 8 Extended telephone service hours



## CONSUMER PRICE INDEX

The Consumer Price Index (CPI), produced by Statistics Canada, is a measure 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 [www.statcan.gc.ca](http://www.statcan.gc.ca).

> OPTRUST PENSIONS INCREASE, CONTINUED FROM PAGE 1

$$\frac{\left[ \begin{array}{l} \text{Oct. 2012 to} \\ \text{Sept. 2013} \end{array} \text{ minus } \begin{array}{l} \text{Oct. 2011 to} \\ \text{Sept. 2012} \end{array} \right]}{\text{Oct. 2011 to Sept. 2012}} = \frac{[122.5 - 121.4]}{121.4} \times 100 = 0.9\%$$

## LIFETIME PROTECTION

The inflation protection feature is designed to protect your pension during your lifetime. For example, a pensioner who retired in December 2003 with an annual pension of \$23,873 will receive \$28,528 from OPTrust in 2014 – a 19% increase over a 10-year period.

With a range of increases, OPTrust’s annual inflation adjustment can make a big difference over time. Since the Plan’s inception, inflation adjustments have averaged 1.8%.

To find out how much your own pension will increase in 2014, view your *Pensioner Information Change Statement* available through secure *Online Services* or the print version mailed to your home.

## INCREASE PRO-RATED FOR NEW PENSIONERS

For OPTrust pensioners who retired in 2013, your inflation adjustment is pro-rated for the length of time you received a pension. For example let’s say you retired in June 2013, your pro-rated adjustment is calculated by the number of months you received a pension, divided by 12, times the 2014 increase.

$$6 \div 12 \times 0.9\% = 0.45\%$$

In January 2014, your pension would have increased by 0.45% to reflect the cost of living for six months. In the following years the full inflation protection will be applied to your OPTrust pension.

## HOW MUCH WILL YOUR PENSION INCREASE?

Annual Pension	Increase	Annual Pension	Increase
\$20,000	\$180	\$35,000	\$315
\$25,000	\$225	\$40,000	\$360
\$30,000	\$270	\$45,000	\$405



# Defined benefit pensions provide significant benefits to Canadian economy, analysis confirms

Canadian retirees with defined benefit (DB) pensions are far less likely than other retirees to collect the government's Guaranteed Income Supplement (GIS), shows a study on the economic impact of DB pension plans.

The study, conducted by the Boston Consulting Group (BCG), confirms that an estimated 10% to 15% of DB beneficiaries collect the GIS, compared with 45–50% of other Canadian retirees. DB pensions reduce the annual pay out of GIS, a supplementary government benefit provided to low-income seniors, by approximately \$2–3 billion a year. The study also finds that defined benefit recipients contribute \$14–16 billion annually to government coffers across Canada through income, sales and property taxes.

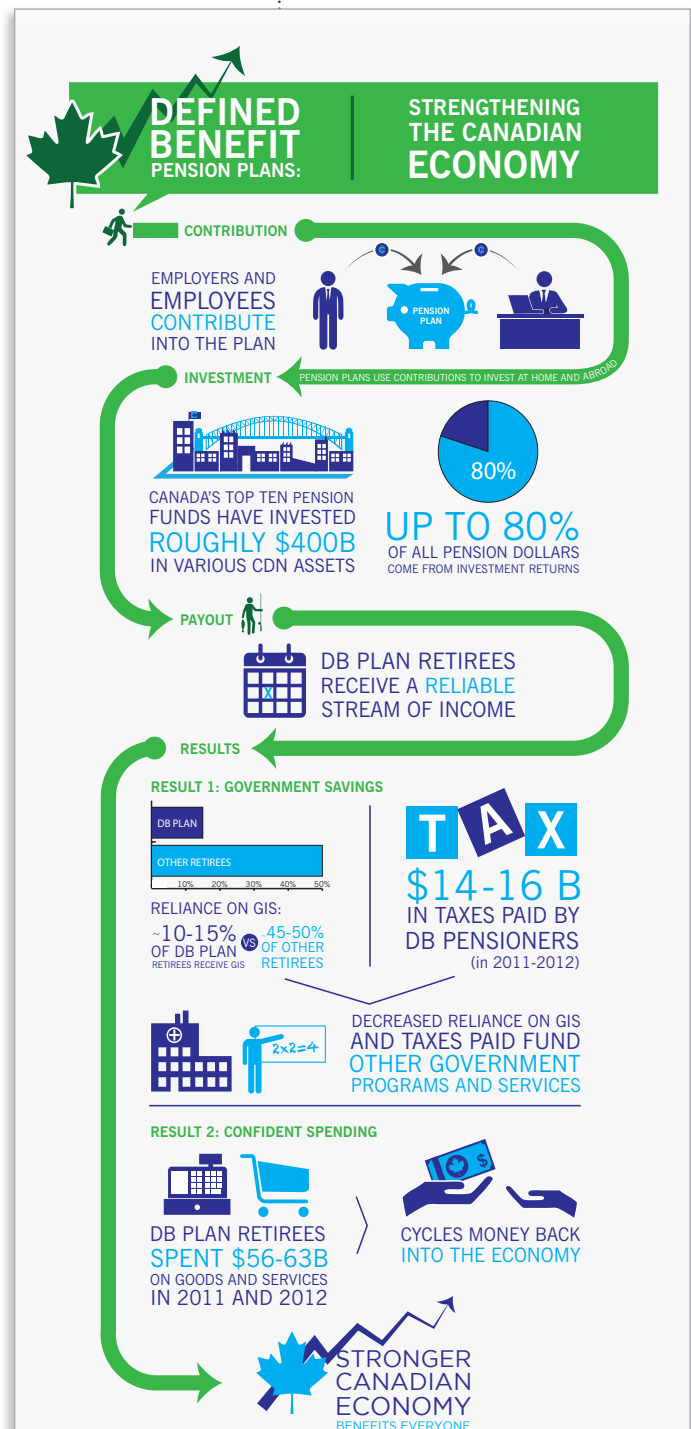
## QUICK FACTS

- In the years analyzed (2011 and 2012), DB beneficiaries spent \$56-63 billion annually on durable and consumable goods
- DB pension beneficiaries paid taxes estimated at \$14–16 billion annually: about \$7–9 billion in income tax, \$4 billion in sales tax and \$3 billion in property tax
- DB pension benefits had the greatest impact on small towns, with DB pensions forming on average 9% of the total earnings in those communities versus 6% for large metropolitan areas
- The impact of DB pensions was especially strong in Ontario, translating into \$27 billion in expenditures on consumables and durables, shelter, recreation, and services; and generating \$6 billion in taxes.

## FOR MORE INFORMATION

Read the complete study, *Defined Benefit Pension Plans: Strengthening the Canadian Economy* and view the full-size image on our website at [optrust.com](http://optrust.com). □

The study was commissioned by a group of Canada's leading DB pension plans: Healthcare of Ontario Pension Plan (HOOPP), Ontario Municipal Employees Retirement System (OMERS), OPSEU Pension Trust (OPTrust) and Ontario Teachers' Pension Plan (OTPP).





## Your 2014 pension pay dates

At OPTrust, pensions are paid on a monthly basis, usually on the 26th except for December when the pension is paid by the 20th. However, if the 26th falls on a Saturday or Sunday the pension is paid the previous Friday. For your convenience, we offer direct deposit to the financial institution of your choice (within Canada and the United States).

New retirees receive their first pension payment in the month following their retirement. So, if you retired on February 28th, you can expect your first payment as an OPTrust retiree on March 26th.

### DID YOU KNOW?

- The maximum monthly Canada Pension Plan (CPP) retirement benefit in 2014 is **\$1,038.33**.
- In the first quarter of 2014, the maximum Old Age Security (OAS) monthly basic benefit payment is **\$551.54**.
- To receive CPP or OAS benefits you must apply directly to Service Canada ([www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)) or **1 800-277-9914**.

### CUT-OFF DATES FOR CHANGES

Friday, January 17  
Tuesday, February 18  
Wednesday, March 19  
Wednesday, April 16  
Friday, May 16  
Thursday, June 19  
Friday, July 18  
Tuesday, August 19  
Friday, September 19  
Friday, October 17  
Wednesday, November 19  
Friday, December 12

### 2014 PENSION PAY DATES

Friday, January 24 (paid)  
Tuesday, February 25  
Wednesday, March 26  
Friday, April 25  
Monday, May 26  
Thursday, June 26  
Friday, July 25  
Tuesday, August 26  
Friday, September 26  
Friday, October 24  
Wednesday, November 26  
Friday, December 19

The cut-off date is the last day on which you can make a change to your personal information (i.e. banking, address or insured benefit beneficiary) and have it go into effect within the month that your pension is paid. Any changes made after the cut-off date go into effect the following month. □

# OPTrust appoints new Chief Investment Officer and Chief Risk Officer



## ALEX MACDONALD

**OPTrust has named Alex Macdonald to the role of Chief Investment Officer.** Mr. Macdonald succeeds OPTrust's CIO, Morgan Eastman, who retired at the end of 2013.

Mr. Macdonald has 25 years of investment management experience with an outstanding track record of delivering strong investment results and building collaborative teams. Most recently he held the role

of Executive Vice President, Canadian Investments and Global Investment Strategy with Manulife. He has also served as President of Laketon Investment Management and held a number of progressively senior roles with Canada Life.

Mr. Macdonald holds a B.A. in Economics from Queen's University and an MBA from York University. He is also a CFA charterholder and holds the Financial Risk Manager (FRM) and Professional Risk Manager (PRM) designations.



## ANCA DREXLER

**Anca Drexler was appointed to the role of Senior Vice President, Enterprise Risk Management and Asset Mix Research (Chief Risk Officer).** In this newly-created role, Ms. Drexler becomes the top risk officer for OPTrust, responsible for OPTrust's enterprise risk management strategy and programs.

Ms. Drexler joined OPTrust in 2001 and has been a key member of the organization's investment team.

Most recently she held the position of Managing Director, Investment Research and Risk.

Ms. Drexler has a B.Sc. in Math and Statistics from the University of Toronto, an M.Math from the University of Waterloo and is a CFA charterholder. She has also completed the Program for Leadership Development at Harvard Business School. □

*"Morgan Eastman built our investment operations from a small team to a diverse group with sophisticated capabilities. In Alex Macdonald, we have found a worthy successor who will continue to build on our track record of strong, long-term investment results," said CEO Bill Hatanaka. "We are delighted to have him join our organization."*

*"Anca Drexler has demonstrated tremendous leadership at OPTrust in our investment research and risk management activities," said Bill Hatanaka. "I am delighted to welcome her to the organization's Executive Committee."*

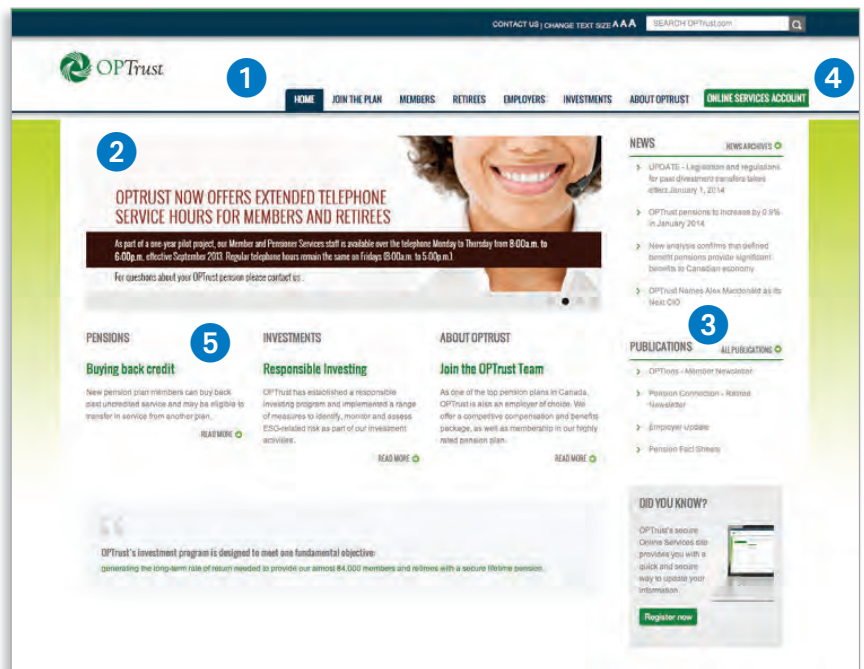
# Popular website gets a facelift

OPTrust has unveiled its fresh and dynamic new website giving you a better online experience. When you visit [optrust.com](http://optrust.com) you'll notice a modern look and several new features.

The website is structured to make it easier for you to find information with fewer clicks. The new design is a facelift rather than a change in how the overall site functions.

The site navigation is easier with more efficient organization of information about your pension.

- 1 The home page reflects OPTrust's various stakeholder groups – potential members, members, retirees and employers.
- 2 The main banner features information about the OPSEU Pension Plan.
- 3 News and publications are prominently displayed in the right-hand column.
- 4 A link to *Online Services* is spotlighted in the top right-hand corner.
- 5 General information about OPTrust including pensions and investments is at the bottom.



## LIFE STAGE APPROACH

Retirees have access to a dedicated section directly from the home page where resources are easy to navigate and information is segmented into different life stages:

- > Starting your pension
- > Pension changes at age 65
- > Insured benefits
- > Marital status changes
- > Planning for your survivors

In each section the information is divided by: what you need to know, what you need to do, when to contact us, forms and background material for more information.

The site also complies with accessibility standards making it easier for people with disabilities to get information they need in a format that works for them.

## 5 REASONS TO VISIT OPTRUST.COM

Remember to add OPTrust's website to your bookmarks. When online you can:

- Log in to your secure *Online Services* account
- Keep up to date with news about your pension plan
- Access a wide range of online forms and tools
- View your pension pay dates
- Download publications including *Pension Connection*.

**Question:** How much tax do you deduct from my pension?

**Answer:** As part of your retirement package we ask you to complete two TD1 forms, one federal and one provincial. Unless you inform us otherwise, we only deduct based on your OPTrust pension income. If you are collecting CPP and OAS and have other income, you may be in a higher tax bracket, but unless you provide that information on your TD1, we don't know and won't deduct additional income tax.

---

**Question:** Why did my taxes drop so much at age 65?

**Answer:** At age 65 your pension is smaller as the bridge benefit expires. Once you reach age 65, you are eligible for additional tax credits. However, you must submit revised federal and provincial TD1 forms to change your non-refundable tax credits.

---

**Question:** Can you deduct less income tax from my pension?

**Answer:** Yes. You can change the amount of income tax deducted from your monthly OPTrust pension payment through your secure *Online Services* account (see page 8) or by completing an *Income Tax Deduction Change* form (OPTrust 3023). OPTrust cannot reduce the withholding tax below the amount required by the Canada Revenue Agency (CRA).

---

**Question:** I've misplaced my T4A, where can I get another copy?

**Answer:** You can view and print your 2013 T4A tax slip online through OPTrust's secure *Online Services* site. Alternatively, you can contact OPTrust's Member and Pensioner Services staff at **416 681-6100** or **1 800 637-0024**.



**Question:** Can I split my pension income with my spouse?

**Answer:** You can allocate up to one-half of your pension income to your spouse for tax purposes. If both you and your spouse have eligible pension income, you will have to decide which one of you will act as the pensioner and elect to allocate part of your eligible pension income to your spouse. □



## Get a head start on your taxes

Your 2013 T4A is available in the *Online Services* area of our website. Sign in to *Online Services* to view and print your T4A at **optrust.com**.

When online, go to "Your Pension Statements" then click on the *Tax Information T4A and TD1* link. To see your statement click on T4A - 2013. Please note that although the online version says "duplicate," you can still use it for tax purposes. OPTrust will still send you a paper version of your 2013 T4A. It will be mailed to your home address in February.

### WANT ADDITIONAL TAX DEDUCTED?

If you want OPTrust to deduct additional income tax from your pension, using your *Online Services* account, click on the link *Tax Information T4A and TD1*.

### EXTENDED TELEPHONE SERVICE HOURS

You asked and we listened. As part of a pilot project, OPTrust has expanded our telephone hours to serve you better and offer you more time to talk about your pension.

Telephone hours > **Monday to Thursday from 8:00 a.m. to 6:00 p.m.**

Regular telephone hours remain the same on Fridays (8:00 a.m. to 5:00 p.m.).

Call us at **416 681-6100** (in Toronto) or **1 800 637-0024** (toll-free in Canada). You can also send a secure message through your *Online Services* account at any time.

*Pension Connection* is a newsletter for pensioners of the OPSEU Pension Trust. Its goal is to provide useful and timely information about the OPSEU Pension Plan.

If there is any conflict between statements in this newsletter and the legal documents of the OPSEU Pension Plan, the legal documents will prevail. Please direct any questions about your personal benefits under the Plan to OPTrust. You should contact OPTrust before making any pension-related decisions.

If you have any questions or comments, please contact us.

### HOW TO REACH US

#### OPSEU Pension Trust

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

#### Member and Pensioner Services

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

**optrust.com** | **email@optrust.com**



OPSEU Pension Trust    Fiducie du régime de retraite du SEFPO

Return undeliverable Canadian addresses to:

**OPSEU Pension Trust**  
1 Adelaide Street East, Suite 1200  
Toronto, ON M5C 3A7

