



Employer Update

ISSUE NUMBER 36 • January 22, 2010

Open option buyback approved by Plan's sponsors

OPSEU and the Government of Ontario have approved a change to the Plan's rules. The change creates a new "open option" for eligible members to buy back credit after the Plan's normal 24-month application deadline has expired.

As a result, members who missed OPTrust's 24-month deadline to buy back past service credit can now obtain a cost quote from OPTrust and complete their purchase. Effective **February 1, 2010**, eligible members have an opportunity to boost their pension in retirement and possibly retire sooner.

How does an open option buyback work?

An open option buyback gives members who did not apply within the normal 24-month window the flexibility to complete a buyback. OPTrust now accepts applications from members:

- for leaves of absences that ended more than 24-months before the application date
- who did not apply within 24-months of their most recent plan membership date to purchase non-contributory service (e.g. contract service)
- for service with other registered public sector pension plans

The new open option buyback gives members an opportunity to secure a pension benefit that was previously out of reach. Eligible members may be closer to one of the Plan's early retirement options (Factor 90 or 60/20) and they would likely see an increase to their OPTrust pension at retirement.

However, the cost for this option may be significantly higher. That's why OPTrust encourages members who want to buy back service to still apply within the Plan's 24-month application window because it is less expensive.

Who qualifies?

The new rule applies to active OPTrust members who want to purchase:

- service with an employer who contributed to the OPSEU Pension Plan, the Public Service Pension Plan, or its predecessor
- unpaid leaves of absence from a participating employer
- service with another Canadian registered pension plan (Non-Ontario Public Service buyback and transfer top ups).

How much will it cost?

OPTrust actuarially calculates the cost of an open option buyback based on the projected value of the additional OPTrust pension benefit a member will receive at retirement. To determine the cost, we use factors such as the member's age, salary history, and credit to be bought back. The full cost of the buyback is paid for by the member.



Application process

Members will need to complete OPTrust's *Application for Past Service Credit* form, available online and return it to our office. OPTrust will then provide a formal cost quote. Due to the high volume of applications, it may take several weeks before members receive a quote.

Note: Previous buyback applications will be accepted. For members who want to re-open an application that was previously denied due to the Plan's normal 24-month application time limit, they do not need to re-send their records to OPTrust since we have this

For more information

Employer representatives and plan members who have questions about the new buyback rule should read our online fact sheet *Open Option Buyback* or contact OPTrust's Member and Pensioner Services by phone or e-mail. OPTrust's publication *Your Pension and Buying Back Credit* does not reflect the new change.

OPSEU Pension Trust Employer Update

This employer update is intended to provide participating employers with news and information about the OPSEU Pension Plan. It does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflict or omission, the legal documents of the OPSEU Pension Plan will govern in all cases. Members who have questions about their pension benefits should contact OPTrust directly. For more information, please contact OPTrust.

General Inquiries:
(416) 681-6161 or 1-800-906-7738

Member & Pensioner Services:
(416) 681-6100 or 1-800-637-0024

Fax: (416) 681-6175

E-mail: email@optrust.com

Website: www.optrust.com

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

