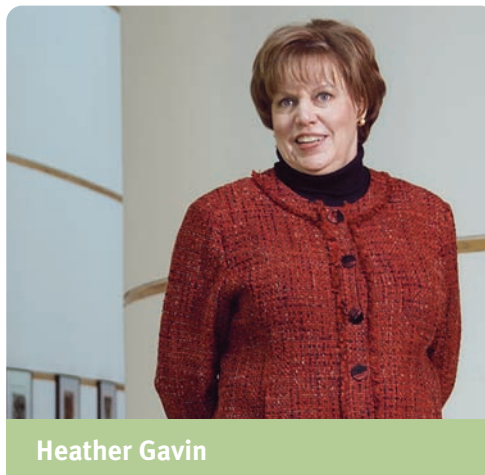


OPTions

A newsletter
for the members
of the OPSEU
Pension Trust

OPTrust Names New Chief Administrative Officer

OPTrust's Board of Trustees has appointed Heather Gavin to the position of Chief Administrative Officer (CAO) and Plan Manager as of January 1, 2006. Ms. Gavin replaces Colleen Parrish who retired earlier in 2005 from the position, which was formerly called President and Plan Manager. Prior to her appointment, Ms. Gavin worked for OPSEU for 18 years in various senior positions.



Heather Gavin

"I'm looking forward to this new opportunity and the exciting challenges that lie ahead," said Ms. Gavin. One of OPTrust's longest standing Trustees, Ms. Gavin lobbied for years for the establishment of OPTrust, and during its creation was on the planning and transition team.

On the OPTrust Board from its inception in 1995, Ms. Gavin brings a wealth of experience in pension plan governance and administration.

She was the former Chair of the Audit Committee and a member of the Investment and Administration Committees. Ms. Gavin also sits on several pension committees for the Ontario Federation of Labour and the National Union of Public and General Employees, as well as serving on the Financial Services Tribunal since 1999.

600 Divested Employees Continue With OPTrust

Approximately 600 employees of the former North Bay Psychiatric Hospital (NBPH) will remain active members of the OPSEU Pension Plan.

Under a "Voluntary Recognition Agreement" between OPSEU and their new employer – the North East Mental Health Centre (NEMHC) – members had their OPTrust membership

"grandfathered." The members' positions were divested from the NBPH on November 21, 2005. They will continue to contribute to the OPSEU Pension Plan and earn credit towards an OPTrust pension. The agreement also recognizes OPSEU as the bargaining agent for the affected employees.

> continued on page 2

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Members maintain secure pensions

The agreement is good news for both the members and OPTrust. For the members, it means that they will continue to enjoy all the benefits of OPTrust membership – including a secure pension that increases in value as their credit grows. It also means that they will continue to deal with a single pension plan, even though they have a new employer.

For its part, OPTrust is pleased to have the opportunity to continue providing these members with the level of service they have come to expect, both before and after retirement.

Special plan provision

The members at the NEMHC are able to remain in the OPSEU Pension Plan under a special Plan provision.

When a divestment occurs, this provision allows affected members who remain in OPSEU represented positions to stay in the OPSEU Pension Plan provided the new employer signs an agreement to that effect. Employees hired after the divestment at the NBPH or NEMHC are NOT eligible to join the OPSEU Pension Plan. They may enroll in another pension plan provided by their employer.

This provision currently applies only to employees who are employed by a provincial psychiatric institution.

In 2003, approximately 500 members at the St. Joseph's Care Group in Thunder Bay were able to stay with OPTrust under this provision, following divestment at the Lakehead Psychiatric Hospital.

Retirement: Preparing for a Major Life Change

So, you've decided to retire. You've examined your finances, done a pension estimate using the calculator available on our website, squirreled away RRSPs and other investments, and now you're wondering what's next. This is the final part of our series "Getting Ready to Retire," and we look at some of the questions that are important to consider before you receive your first OPTrust pension payment.

Adjusting to Retirement

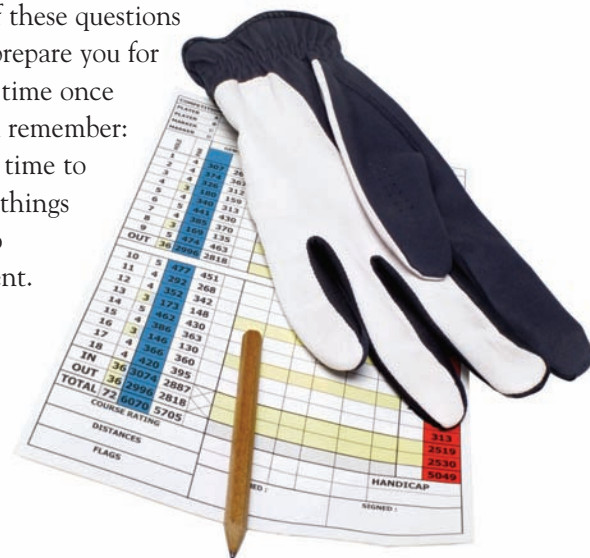
Retirement is a major life change. Adjusting to it requires more planning than looking for a job, getting married or even buying a new house. Two of the most important elements of your life that will change are time and money. These two factors will have an impact on the other areas of your life – family, friends, home, interests, leisure activities and health.

Keeping busy is key in a happy retirement. Although your time will likely be less structured, managing your time is as necessary for success in retirement planning as it was while you were working. The years before retirement are an ideal time to think about the things you want to do during retirement and to plan whether

you will have the financial resources to do them. As a starting point, think of all the things you like to do outside of work:

- How will you fit those activities/events into your daily and weekly schedule?
- How will you deal with your spouse and family if you will be at home more often?
- Do you have dreams and interests that you haven't had time to pursue but want to investigate in retirement?

Asking yourself these questions now will help prepare you for managing your time once you retire. And remember: now is the best time to start doing the things you'd like to do during retirement.



Planning a Retirement Move?

It's not unusual to consider living somewhere else after you retire. For instance, would you would like to live:

- somewhere warmer?
- in a smaller home or apartment?
- closer to your children and grandchildren?
- in a small town or on a country property?

There's a lot to think about before moving. Everything from the climate to your support system of friends, family, and doctor could affect you if you move. Some other questions to consider include:

- Would you remain at the new location if your spouse died? Would he or she remain if you died?
- Will you be able to make friends?
- Will you be able to pursue your interests and hobbies?
- How close will you be to stores, recreation facilities, clinics or hospitals?

- Would it be possible to work if you wanted to?

There are many books, videos and websites that discuss planning for retirement. They provide different ways for you to think about the lifestyle issues that arise when you retire. Thinking now about how you envision the future will help you plan for it, and that can help you achieve your retirement goals.

If retirement is fast approaching, be sure to attend one of our Pension Information Sessions (see the enclosed schedule for upcoming dates), where you can learn more about how your pension plan works. Visit our website to register to attend a session in your area. Once you have logged on, you'll also find additional resources to help you plan for retirement, including an interactive retirement presentation, as well as the booklet *Your Pension and Your Retirement*, which you can download.



You Asked...

Will the Ontario Government's elimination of mandatory retirement at age 65 affect my OPTrust pension?

The recent passing of Bill 211 by the Ontario Government does not affect your pension. Although age 65 is designated in the OPSEU Pension Plan as the "normal retirement age," some members may now choose to continue working and contributing to the Plan until the end of the year in which they reach age 69. Under the federal legislation that governs the Plan, a member must begin drawing his/her OPTrust pension at this time. If you choose to work beyond the end of the year in which you reach age 69, then you would no longer contribute to the Plan, as you would be a retiree collecting your pension.

New Board Trustee: Maurice Gabay

OPSEU has appointed Maurice Gabay to the OPTrust Board of Trustees for a three-year term ending September 2008.

Mr. Gabay works for the Ministry of Finance as a corporation tax auditor. Prior to joining the Ministry in 1998, he worked at Revenue Canada (now the Canada Revenue Agency) for five years.

As a member of OPSEU, Mr. Gabay has been active in several positions over the years. He is currently the president of Local 599, and a member of the Ministry of Finance Employee Relations Committee. He also co-chairs the Health & Safety Advisory Committee for the Ministry of Finance.

Mr. Gabay has a degree in economics and business from York University, as well as a Certified Management Accountant designation.



Maurice Gabay

"I am thrilled and honoured to be appointed a Trustee," says Mr. Gabay. "I look forward to working with the Board to ensure that OPTrust delivers the highest level of service and benefits to its members."

2006 Inflation Adjustment: 2.2%

One of the most significant benefits of your OPSEU Pension Plan is the security that comes from knowing that your pension will increase to reflect changes in the cost of living. Staying in step with inflation means your future retirement income will be protected.

In January 2006, the most recent increase – of 2.2% – took effect. OPTrust retirees saw an immediate increase to their annual pension amount.

The annual inflation increase applies to all future pensions including those of former members whose pensions were deferred, as a result of a termination or divestment.

For those who defer their pensions, the annual inflation increases start from the first day of the month following divestment or termination. The increase for the first year is prorated. In each subsequent year, the full increase applies.

When a member retires, OPTrust calculates the growing escalation factor for the whole deferred period and increases the former member's pension accordingly. From that point on, the former member's pension will continue to rise each January, based on the change in Canada's Consumer Price Index (CPI).

The maximum pension increase in any year is 8%, but if inflation rises higher than that, then any additional adjustment is carried forward to a year when the CPI increase is less than 8%.

For former members with special deferred pensions from a divestment, the 2006 pension escalation factor – and the increase in your future pension – will be shown on your 2005 *Annual Pension Statement* (APS), which will be available in the spring.

EXAMPLE

Inflation Protection and Lynda's Special Deferred OPTrust Pension

January 1st	Annual Amount
2001	\$17,500
2002 (3.0%)	\$18,025
2003 (1.6%)	\$18,313
2004 (3.3%)	\$18,917
2005 (1.7%)	\$19,239
2006 (2.2%)	\$19,662

Lynda's position was divested effective December 31, 2000. In January 2001, her special deferred pension was valued at \$17,500 per year, at retirement. With inflation protection, her future annual OPTrust pension is now worth \$19,662.

About the CPI

The CPI provides a broad measure of the cost of living in Canada. While there are other ways to measure price changes, the CPI is the most important indicator because of its widespread use, for example, to calculate changes in Government payments such as the Canada Pension Plan and Old Age Security.

Through the monthly CPI, Statistics Canada tracks the retail price of a representative shopping basket of about 600 goods and services from an average household's expenditure: food, housing, transportation, furniture, clothing, and recreation. Since people tend to spend more on food than clothing, changes in the price of food have a bigger impact on the index than, for example, changes in the price of clothing and footwear. (Source: Bank of Canada website.)

According to Statistics Canada, "Gasoline prices in recent months have apparently not yet had a major impact on other consumer prices." (Source: Statistics Canada).

Managing OPTrust's Investment Risk

In order to keep our members' contribution rates reasonable and stable, OPTrust's investments must achieve a 4% "real" (net of inflation) return, which is the long-term return required to pay pension benefits. That means a certain level of funding risk must be taken by OPTrust in the form of market risk. The trade-offs between risk and return are considered when we conduct asset/liability or asset mix studies, at which time various asset mix options are considered.

We do this primarily by constructing a broad, diverse portfolio, comprised of several distinct asset classes, such as Canadian equities, Canadian bonds, real estate, etc. Of course, a key concern when determining an appropriate asset mix for the Fund is also to lessen downside risk, that is the risk of negative returns in any given year(s).

Earlier in 2005, the OPTrust Board of Trustees approved a significant allocation to what are referred to as Private Markets investments. These included an allocation of up to 15% of the total Fund to "Infrastructure" investments, over a period of several years. The Board also approved an allocation of up to 10% of the total Fund to Private Equity, also over a period of several years. These allocations over time are expected to improve the Fund's risk/return profile by further diversifying the asset mix. In addition to these changes, other potential asset classes are also considered for the asset mix on an ongoing basis, as we try to construct the best possible investment portfolio over time.

Managing and Monitoring

Managing and monitoring the Fund's investment risk, once the asset mix has been established, is done by internal Investment staff who are guided by policies and guidelines established by the Board. Risk at the total Fund level is measured and managed using

sophisticated internal investment systems, ensuring that the Fund's asset mix is diversified across a series of different asset classes, and investment strategies. The level of risk undertaken for each asset class, (e.g., Canadian equities), is then determined through a risk-budgeting exercise, which allocates risk to different asset classes, and investment strategies, where risk is again further diversified.

To implement the Fund's investment strategies, OPTrust mostly uses external managers, while the portfolio level investment risk is managed by diversifying across global markets and investment management styles. Our investment managers are selected on the basis of two things: their expected value-added to the Fund's overall complement of investment strategies; and the impact they may have on the total Fund's risk/return profile. For example, some asset managers may perform better in times when markets go down, while others tend to outperform the market when markets are going up.

Staying Balanced

Another important risk management tool used by OPTrust is the setting and management of "rebalancing" limits for all of the Fund's portfolios. These limits are designed to ensure that the asset mix is kept within certain ranges of the target allocations. Rebalancing refers to a process whereby adjustments are made to the percentage of weight a portfolio or portfolios may have in the Fund. Rebalancing limits are reviewed and approved by the Board, and monitored by Investment staff on a daily basis. These limits allow for short-term portfolio movements, while taking into consideration the costs involved in rebalancing a portfolio.



Managing the Plan's investment risk plays a central role in the prudent management of the Plan's assets. By paying close attention to the managing of risk as we construct our asset mix and investment portfolios, we help ensure our investments will achieve the returns necessary to keep contribution rates stable, as we meet our pension obligations.

Your Pension and RRSPs

When it comes to preparing for retirement, your OPTrust pension can be the foundation upon which you build your retirement income. Financial advisors generally estimate that you will need 60% to 70% of your pre-retirement income to maintain your lifestyle after retirement. Depending on your situation, your OPTrust pension may not achieve the 60% to 70% level. That's why we suggest that – to the extent that you're able – you consider setting up other investments, including RRSPs (Registered Retirement Savings Plan). RRSPs provide another level of financial security to supplement your OPTrust pension and Government benefits (Canada Pension Plan and Old Age Security).

The following chart provides an overview of some of the differences between owning and investing in RRSPs compared with being a member in the OPSEU Pension Plan. One key difference is the degree of investment knowledge you need to grow your RRSP investments. As an OPTrust member, you don't need an investment strategy, nor are you vulnerable to market swings.

Your OPTrust Pension and RRSPs

	YOUR OPTRUST PENSION	RRSPs
WHAT ARE THE BENEFITS?	<ul style="list-style-type: none"> • Payable for your lifetime • Based on your salary and years of service in the Plan • May be paid early if you qualify for early retirement options • Adjusted annually to keep pace with inflation • Provides a pension for your eligible survivors • Includes disability benefits • Portable until you become eligible for an immediate pension. If you change jobs you may also have the option to transfer your pension. • Contributions are tax deductible. 	<ul style="list-style-type: none"> • You're setting aside income today that can help you meet your future retirement needs. • Your RRSP contribution can be deducted from your gross income at tax time, reducing the amount you pay in income tax that year. • Your investment will grow in a tax-sheltered environment. For some, choosing where and in what to invest is also a benefit.
WHO MAKES CONTRIBUTIONS?	You and your employer. The amount you contribute is based on a percentage of your earnings, (e.g., 6.4% up to the Canada Pension Plan's Year's Maximum Pensionable Earnings; and 8% above the YMPE).	You do. The maximum amount you may contribute is based on the annual assessment you receive from the federal government after filing your taxes. However, the amount you contribute may depend on your financial situation.
WHO DECIDES WHERE TO INVEST?	You don't have to worry about an investment strategy for your pension. At OPTrust, knowledgeable, experienced professionals manage the Plan's investments.	You do. You can pay professionals to advise you about the best investment strategy for you. Ultimately, you decide what investments you'd like to make, (e.g., bonds, stocks, mutual funds, etc.). However, knowing where and when to invest takes knowledge and time.
WHO ABSORBS THE RISKS ASSOCIATED WITH INVESTING?	Risk is diffused among all of OPTrust's members and the Province of Ontario. Because of the fund's size, the fact that it is invested in several areas (diversified), and because investments are closely monitored, risk is reduced even further.	You do.
WHAT DOES IT COST TO MANAGE?	Costs are spread across more than 74,000 Plan members, which creates an economy of scale.	Fees vary, but could include management fees based on a percentage of your RRSP's value (e.g., a 2% management fee is not unusual). There may also be transaction fees (for buying and selling of stocks).
WHAT WOULD MY INCOME BE?	Your pension is based on the average of your five best consecutive years of salary and your credited service multiplied by 2%.	That depends on how large your RRSPs have grown by the time you reach your chosen retirement date or age 69, which is when you must begin withdrawing funds.

Our Website Just Got Better

If you've been there you know. If you haven't you'll be pleasantly surprised. It's crisp, it's clear, and with its new design, our website is smartly laid out and looks great. Now easier to read and navigate, the site includes information geared to our members' and pensioners' life stages. As the design is more intuitive, you'll be able to find what you want when you want it.

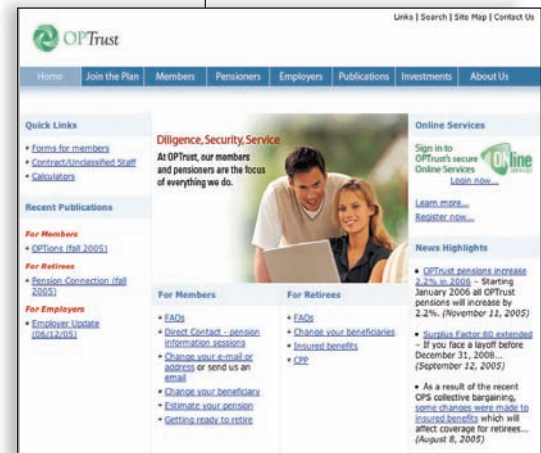
Secure Online Services

You'll find a quick and easy entry to our secure *Online Services* – your portal to change or update your personal information directly from the home page. Once there, you can:

- view your latest *Annual Pension Statement*
- view your latest *Annual Buyback Statement*
- update your beneficiary information
- update your e-mail and mailing addresses
- send and receive secure online messages.

To keep your information private and secure, you'll be assigned your own OPTrust ID number when you register. When you visit our website your information will be protected, as we use state-of-the-art technology. Whether it's registering for Pension Information Sessions, sending us e-mail or using our interactive forms, your information is secure.

The only way to find out how good our website is – and how well it can serve you – is to pay it a visit. Want some insight into your retirement income? Then use your *Annual Pension Statement* along with our Retirement Income Calculator to create a number of retirement income scenarios. Visit www.optrust.com to learn more.



If you have any concerns or questions regarding OPTrust's privacy policies and procedures, please contact our Privacy Coordinator at (416) 681-6161 or toll-free within Canada at 1-800-906-7738.

Facts About... Post-Retirement Benefits

You, your spouse and your eligible dependent children are entitled to post-retirement insured benefits if you meet one of the following criteria:

- You are receiving a pension based on at least 10 years of credit in the OPSEU Pension Plan or the PSPP, OR you are receiving a pension based on at least 10 years of continuous employment and have some credit in the OPSEU Pension Plan for at least some part of each of those 10 years.
- If you were employed by a scheduled agency, board or commission outside the OPS, then your benefits depend on the collective agreement in place with your former employer at the time of termination.

Please note that your employer, not the OPSEU Pension Plan, provides these insured benefits.

What are the benefits?

Insured benefits for eligible pensioners currently include coverage for: dental, supplementary health and hospital and basic life insurance. The Ontario Government pays the premiums for these benefits.

For pensioners who want vision care and hearing aid plan coverage, there is a small premium that is deducted from the monthly pension payment. Employer-paid premiums for basic life insurance are considered a taxable benefit. For more details on insured benefits, please refer to the Management Board Secretariat booklet: *A Guide to Your Benefits – After Retirement*. To obtain a copy, contact our Member and Pensioner Services staff.

Your 2005 Annual Pension Statement

When you register for OPTrust's secure Online Services, you have immediate access to your Annual Pension Statement (APS) before our mailings start in 2006. Your 2005 APS will be available online in early April. It will also be archived for future reference on your personalized, secure home page. As in past years, OPTrust will mail the statements to members in four separate batches, by ministry or employer groups. Mailings will take place between late April and late June.

Don't have Internet access? No problem. You can check your beneficiary information when you receive your 2005 Annual Pension Statement, and make any changes using our Identifying Benefit Recipients form. This form is available from OPTrust or your human resources representative.

The deadline for making changes that

you want to appear on your 2005 APS is March 10, 2006.

Pension Planning Tool

Your 2005 APS will give you a detailed snapshot of your OPTrust pension as of December 31, 2005. It will also provide valuable information to help you plan for the future. This includes:

- an estimate of the pension you have earned in the OPSEU Pension Plan
- the earliest date when you will qualify for an unreduced pension
- an estimated projection of the pension you will receive when you retire
- the pension credit and salary information used for your calculations, and your total contributions, plus interest
- the individuals or organizations you have identified to receive survivor benefits.

OPTions

OPTions is a newsletter for members 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

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Toronto, ON M5C 3A7

Member and Pensioner Services

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in Toronto
1-800-637-0024 toll-free
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Publications Mail Agreement 40052641



OPSEU Pension Trust Fiducie du régime de retraite du SEFPO

2005 Your Annual Pension Statement
Member and Pensioner Services: 1-800-637-0024 or 416-681-6100
AS OF DECEMBER 31, 2005

JANE DOE
123 Any Street
Anyville, ON X0X 0X0

Your Personal Information

Birth Date: 02-SEP-1971
SIN: 111 111 111
Plan Membership Date: 21-NOV-1997
Vested: YES

Your Pension Estimates

	Eligibility Date	Earned Credit at 31-DEC-2005	Future Credit	Annual Pension before Age 65	Annual Pension at Age 65
Pension at age 65 based on your credit as of 31-DEC-2005	02-SEP-2036	8.70 years			
Eligibility for an Unreduced Pension (Pension type is FACTOR 90)	26-DEC-2028	8.70 years	23.99 years	\$23,160.24	\$3,192.12
Pension if you continue to make contributions to age 65.	02-SEP-2036	8.70 years	32.67 years		\$15,575.28
					\$19,237.80

Notes: Your pension payable at age 65 is reduced to reflect the fact that your OPSEU Pension Plan contributions are lower for the portion of your earnings on which you contribute to the Canada Pension Plan. Your pension estimates are based on your current salary history and do not include any future salary increases that you may receive. Your pension payments will start the month following the date on which you retire.

Your Salary, Credit and Contributions Used to Calculate Your Pension Estimates

	Totals at 31-DEC-2004	2005 Credit and Contributions	2005 Adjustments	2005 Buybacks, Transfers	Totals at 31-DEC-2005
Best Average Annual Salary	\$34,639.08				\$35,429.52
Credit up to December 31, 1986	NA		NA	NA	0.00 years
Credit after December 31, 1986	8.70 years	NA	NA	NA	8.70 years
Total Credit	8.70 years				8.70 years
Your Contributions	\$11,405.52	NA	NA	NA	8.70 years
Interest on Your Contributions	\$2,230.77	\$501.81	NA	NA	\$11,405.52
Total Contributions and Interest	\$13,636.29			NA	\$2,732.58
					\$14,138.10

Notes: This statement shows your pension credit in decimal format. Your credit data includes the years, months, and days of credit you have earned as of 31-DEC-2005.