

OPTions

A newsletter
for the members
of the OPSEU
Pension Trust

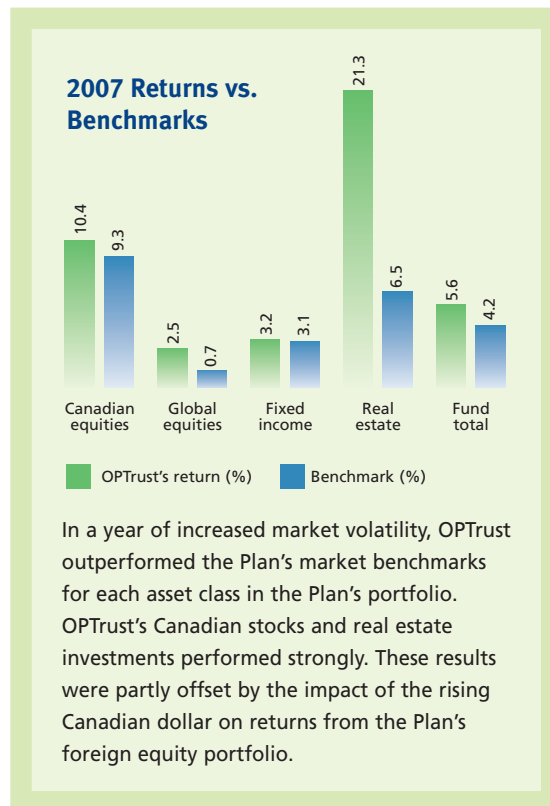
OPTrust's 2007 Investment Return Tops Benchmark for 8th Year Running

OPTrust achieved a 5.6% investment return in 2007, outperforming the Plan's weighted benchmark for the eighth year in a row. Over the year, OPTrust's diversified portfolio generated investment income of \$659 million. This helped increase the Plan's net assets to \$13.6 billion at year-end, up from \$13.1 billion in 2006.

The Plan's 2007 investment and financial results were released in April and are summarized in the *Annual Highlights for Members and Pensioners, 2007* included with this newsletter.

Outperforming the benchmark

OPTrust's total fund benchmark return for 2007 was 4.2%. The benchmark tracks the performance of the markets OPTrust invests in, and is weighted to reflect the Plan's asset mix. The 1.4% difference between the actual return of 5.6% and the benchmark reflects the value added by OPTrust's active management of the Plan's investments.



> *Benchmark...* continued on page 2

OPSEU and Government Appoint New Trustees

OPTrust's 10-member Board of Trustees saw the appointment of new members – a union activist, a pension policy expert and an accountant – to replace three Trustees who stepped down in 2007.

David Rapaport, a former Trustee, returned to the Board in January 2008. Rapaport was first appointed to the Board of Trustees by OPSEU in 2001 and served as the Chair from 2002-2004.

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Insured Benefits in Retirement

When planning for retirement, most Canadians forget to consider the cost of healthcare benefits as part of their overall plan. That is the key finding of a recent survey by Sun Life Financial released in February 2008.

According to the survey, just 9% of Canadians factor healthcare costs into their retirement savings, while 42% of Canadians said that they worry about paying for healthcare expenses.¹

So it is good to know you may be eligible to receive insured benefits in retirement based on your service and credit in the OPSEU Pension Plan. This coverage includes basic life insurance, dental and vision care.

Who is covered?

You, your eligible spouse and your eligible dependent children are entitled to insured benefits if you have at least 10 years of:

- credit in the OPSEU Pension Plan or the Public Service Pension Plan, or
- continuous employment and have some credit in the OPSEU Pension Plan for at least some part of each of those 10 years.

¹ Sun Life Financial (Canada) Survey News Release, February 15, 2008

The coverage applies to deferred pensions too. That means once you have 10 years of credit, you will be eligible for benefits

when you start to collect your pension – even if you change employers and terminate your plan membership before you retire. However, you will not qualify for these benefits if you choose to transfer your pension out of the Plan.

While your eligibility for coverage is based on service and credit in the OPSEU Pension Plan, insured benefits are provided separately by the Government of Ontario and administered by Great-West Life.

What are the benefits?

If you are eligible for insured benefits at retirement, your coverage includes: dental, supplementary health and hospital, and basic life insurance. The premiums for these benefits are paid by the Government of Ontario. You can also receive vision care and hearing aid plan coverage, by paying a small monthly premium. Currently, retired members pay just under \$3 a month in premiums for family coverage, and even less for single coverage.

Looking for more information?

If you are nearing retirement or want more information on insured benefits coverage, contact your human resources representative and ask for the Ministry of Government and Consumer Services booklet *A Guide to Your Benefits after Retirement*.

> Benchmark... continued from page 1

At the same time, in a year marked by increased market volatility, OPTrust's 2007 return fell short of the Plan's 6.75% funding target. The funding target is the rate of return needed to pay for members' and retirees' pensions over the long term. Over the past five years, the Plan has achieved an average return of 12.6%.

Funding status

Despite lower returns in 2007, the Plan's funded position continued to strengthen, due largely to "smoothed" investment gains from 2003-2006. Smoothing helps buffer the Plan from short-term market volatility by recognizing part of each year's investment gains or losses evenly over a five-year period.

In 2007, an interim funding valuation showed that the Plan's funding deficit had been reduced to \$105 million at the end of 2006, down from \$517 million the year before.

The Plan's 2007 funding valuation is expected to mark the elimination of the remaining deficit and identify a net funding gain. The valuation will be completed later this year.

Stable contributions

In the meantime, OPTrust has been able to avoid increasing member and employer contributions from rising above normal rates. This has been done by using special stabilization reserves. These are funds that were set aside from past gains by the Plan's sponsors, OPSEU and the Government of Ontario.

"The Plan continues to deliver for members and retirees," said David Rapaport, who was re-appointed as Chair of OPTrust's Board of Trustees earlier this year.

"OPTrust's long-term investment performance and careful funding management, together with prudent decisions by the Plan's sponsors mean that active and retired members have a secure pension they can count on."



David Rapaport, Chair



John MacMillan



Maurice Gabay

An OPSEU activist for more than 23 years, Rapaport served as a member of the union's executive board during the time the OPSEU Pension Trust was created and is currently OPSEU's Vice-President for the Toronto region. He works as a Project Leader and Systems

Analyst within the Ministry of Education in Toronto.

Rapaport will serve as Chair of the OPTrust Board until October, 2008. He replaces Jordan Berger, who stepped down from the Board following two terms.

"OPTrust is a great success story. I am helping great people help great people in their retirement. I'm proud to be associated with that." – Rapaport

John MacMillan was appointed to the OPTrust Board of Trustees by the Government of Ontario in November 2007. He brings to the Board more than 24 years of combined experience in the federal, provincial, municipal and private sectors. As the Manager of Pension Policy at the Ministry of Government and Consumer Services, MacMillan advises the government in its role as a pension plan sponsor.

MacMillan started his career in the Ontario Public Service as an OPSEU member at the Ministry of Labour. He has held various positions in infrastructure finance, growth management and communications with the Ministries of Public Infrastructure Renewal, Environment and Finance, and the Cabinet Office. MacMillan was twice elected to the Board of the Ontario

Civil Service Credit Union where he currently serves as Vice-Chair of the Board, and Chair of the Regulation, Ethics and Governance Committee.

"I have been impressed by the way that the Plan and the Trustees work to serve the interests of all members – both active employees and retirees," he said. "I've quickly discovered that this Board is filled with talented and dedicated Trustees, and I look forward to adding my experience to the decisions and deliberations that lie ahead."

MacMillan replaces Anne Marshall who served on the Board for three years.

OPSEU re-appointed **Maurice Gabay** to the OPTrust Board of Trustees in February 2008. He was previously on the Board from 2005-2007.

Gabay currently works as an Accountant at the OPSEU head office in Toronto. Before joining OPSEU Gabay worked for the Ministry of Finance as a corporate tax auditor and was President of Local 599. Prior to joining the Ministry in 1998, he worked at Revenue Canada (now the Canada Revenue Agency) for five years.

Gabay replaces Don Jordan who served on the Board since 2001.

To learn more about the role of the Board of Trustees and read individual profiles, visit our website at www.optrust.com and click "About Us."

Your Plan for the Long Term

Want a summary of OPTrust's investment and financial performance in 2007? What about the Plan's funded status or how OPTrust works to provide you with prompt, friendly and efficient service? It's all at your fingertips in our *Annual Highlights for Members and Pensioners, 2007*, included with this issue of *OPTions*.

Get the Big Picture

For a closer look at our performance in 2007, check out the full annual report, available at www.optrust.com.

The report includes a detailed discussion of our performance for the year, together with the Plan's audited financial statements. A list of OPTrust's significant investments is also available on our website.



We'd like your input to help us plan for the future. Please take a moment to check out our interactive annual report online. Then answer our brief online survey. By answering our survey, you can help us ensure that our annual reports continue to meet the needs of members.

New Poll Says Canadians are Unprepared for Retirement

According to a recent TD Waterhouse poll, 87% of Canadians – are not prepared for retirement, despite having RRSPs. And within this group of Canadians who have RRSPs, only 14% have developed a formal plan detailing their financial goals and what is required to reach them.²

What does this mean for you? As an OPTrust member, you have an added advantage. That is because your OPTrust pension is payable for your lifetime and increases annually to keep up with inflation. Of course, it is still a good idea to have a retirement plan that takes into account all your sources of income, such as your pension, government benefits, investments and savings. That way, you will have a clear picture of when you can retire and how much income you can expect.

How much will you need?

Most financial advisors suggest that you will need 60% to 80% of your current salary for a comfortable retirement income. Like many OPTrust members, your retirement income will likely consist of three pillars:

- 1. OPTrust pension.** Your *Annual Pension Statement* shows how much you will receive and when. Whether you retire early or contribute to age 65, you can estimate your annual pension. Remember, once you're retired your OPTrust pension increases annually to keep pace with the cost of living.
- 2. Government Benefits.** Like most working Canadians, during your career you contribute to the Canada Pension Plan (CPP). Therefore your government benefits will generally include CPP and Old Age Security (OAS). In 2008, the maximum monthly CPP and OAS benefit payments are \$884.58 and \$502.31, respectively. OAS is indexed quarterly. This rate is effective April to June 2008.
- 3. Investments and RRSPs.** You may have set aside funds in an RRSP account or other investments to contribute to your retirement income. Depending on your financial situation, you may want to contribute more to reach 60-80% of your pre-retirement income.

OPTrust's retirement income calculators

Do you have a sound financial plan to reach your retirement income? Will you need to contribute more to investments or RRSPs? Or maybe you'll decide to work to age 65 to increase your pension.

When you use OPTrust's Pension Estimator and Retirement Income Calculators, you'll have a better idea of where you may need to increase savings or investments to supplement your pension and government benefits. Both calculators are available online at www.optrust.com.

It's also important to remember additional factors when looking at various retirement scenarios. For example, during your working career you have more deductions from your income including taxes, pension contributions and union dues than you would in retirement.

Of course, when planning for a major life change such as retirement it is a good idea to seek professional advice from a financial advisor to help make your goals a reality.

Want to know how retired members are faring? In a future issue of *OPTions*, we'll feature advice and feedback from retired members on how planning for retirement paid off.

² Canadians Unprepared for Retirement: Poll, *Benefits Canada* February 12, 2008

Go Green! Access your APS online

Have you checked your secure *Online Services* account? Your 2007 *Annual Pension Statement* is waiting. Why not receive your statement the green way – online only – leaving the paper clutter behind?

Simply sign in to *Online Services*, then go to "Communicate with OPTrust" to make the switch to an electronic statement only. OPTrust will continue to send you an e-mail notice when your new statement is available – often weeks before the print version is mailed.

Once you choose to receive your *Annual Pension Statement* online only, a copy of your statement will be there when you need it, without the fuss of handling paper.



DIRECT contact

We bring your pension plan to you

Want to know more about the OPSEU Pension Plan?

OPTrust Direct Contact sessions are a great way to learn more about your pension – directly from an OPTrust representative. Each seminar provides detailed information on the OPSEU Pension Plan and an opportunity to ask questions in an informal setting. Non-members who are eligible to join the Plan (e.g., unclassified, contract or casual employees) are also welcome to come and learn more about enrolling in the Plan.

Understanding Your Pension Benefits

This seminar covers the key features of your pension and answers important questions including:

- How your pension grows over your career
- What your options are if you leave your job
- When can you retire
- What “CPP integration” means and how it affects you
- How to buy back credit for past service
- What other benefits are available, **and more...**



Lunch & Learn Sessions

OPTrust representatives also deliver lunchtime seminars in individual workplaces across Ontario. Ask your Human Resources representatives if there is an upcoming meeting in your area. If there isn't a session planned, we can arrange one on request.

OPSEU Pension Trust Direct Contact Sessions Schedule

5:30 to 7:30 pm

See over to register >>

DATE

CITY

LOCATION

May 7, 2008

Brampton

Best Western – 30 Clark Boulevard

May 21, 2008

Barrie

Days Inn – 60 Bryne Drive

May 22, 2008

Sudbury

Days Inn – 117 Elm Street

June 5, 2008

Kingston

Days Inn Kingston Hotel & Convention Centre –
33 Benson Street

June 11, 2008

London

Four Points Hotel & Suites – 1150 Wellington Road South

June 18, 2008

Sault Ste. Marie

Bayfront Quality Inn – 180 Bay Street

Future sessions will be scheduled for other communities across Ontario. To view a complete, up-to-date schedule and register online, visit the OPTrust website at www.optrust.com.



Important: Please register at least two weeks in advance – space is limited.



There are three ways to register for the Direct Contact session in your area:

- **Online at www.optrust.com.** You'll also find a complete, up-to-date schedule of upcoming presentations.
- **By fax or mail.** Just check the schedule on the reverse for the session nearest you, then fill out the registration form below and fax or mail it to OPTrust.
- **By phone.** Check the schedule, then call OPTrust at **416-681-6100** in Toronto or toll free at **1-800-637-0024**.

Please be sure to provide your mailing address and a phone number where we can reach you during the day. We will send you a confirmation card approximately one week before your session. OPTrust will contact you if there are any changes to the time or location of your presentation. Sessions may be rescheduled depending on demand.

Please note: OPTrust Direct Contact sessions are designed to give you a general overview of the OPSEU Pension Plan and the options that may be available to you. OPTrust representatives cannot provide personal financial advice.

Check Out OPTrust Online

Visit OPTrust's website at www.optrust.com for the latest information on your pension. Online resources include:

- An up-to-date schedule for OPTrust Direct Contact sessions and an online registration form
- OPTrust's Pension Estimator and Retirement Income Calculator, which you can use to project your future pension and test different retirement scenarios
- OPTrust's booklets and the *OPTions* newsletter
- Access to change your mailing address and update your beneficiary information
- View your *Annual Pension Statement*.

Registration Form:

First Name: _____ Last Name: _____

OPTrust ID Number:

Home Address: _____

Postal Code: _____

Ministry/Employer: _____

Telephone (work): () (home): ()

Fax: () E-mail: _____

Presentation you wish to attend:

Date: _____ Time: _____

City/Location: _____

Please list any specific questions or information about your pension you would like us to bring:

OPSEU Pension Trust Direct Contact Sessions

OPTrust staff will be available after your session if you wish to discuss a specific personal pension issue.

I would like to bring a guest

Please return your complete registration to
OPSEU Pension Trust
1 Adelaide Street East, Suite 1200
Toronto, Ontario M5C 3A7
Fax: 416-681-6175



2007 Annual Pension Statement: Your Pension at a Glance

Your 2007 Annual Pension Statement is about to go into the mail – and is already available online.

In May and June, OPTrust will mail statements to more than 45,000 members throughout Ontario. For a list of mailing dates, visit our website and go to the “Member” section.

What’s included in your APS?

Your 2007 statement features valuable information about your earned pension at December 31, 2007. As a result, it is a valuable tool to help you plan for your financial future, whether you’ve just started your career or are only a couple years away from retirement.

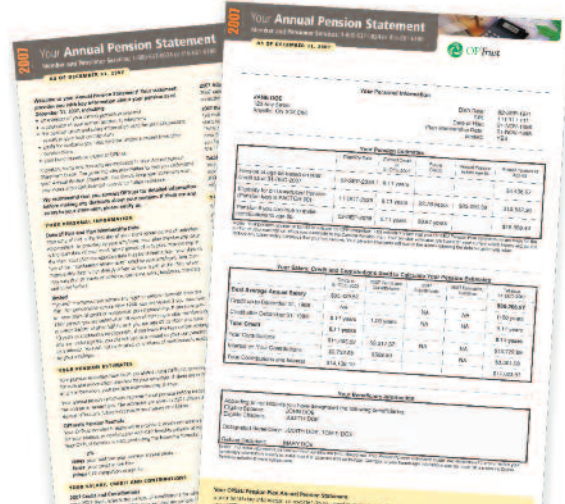
Your statement shows your estimated pension at three key dates to give you a clear picture of your future retirement income. These include:

- **Your earned pension as of December 31, 2007.** Your statement shows the annual pension you have earned as of the end of 2007. This pension is payable when you reach age 65, the Plan’s normal retirement age.
- **Your early retirement pension.** Your statement also projects the earliest date you can retire without penalty, if applicable, along with an estimate of the OPTrust pension you may receive both before and after age 65. The Plan includes two permanent early retirement options: Factor 90 (age + credit = 90) or 60/20 (age 60 with 20 years of credit).
- **Your pension if you work until age 65.** Finally, your statement also provides an estimate of your pension if you contribute to the Plan up to age 65.

What’s new?

We have made two changes to your statement for 2007:

- First, we have removed any reference to your Social Insurance Number and replaced it with your OPTrust ID number. This will further protect the security of your personal



information because your OPTrust ID is used only for pension transactions with OPTrust.

- Second, we now include your Date of Hire in addition to your Plan Membership Date. For some members these dates may be different due to seasonal or classified employment and when they joined the Plan.

Doing the math

Planning ahead for your retirement is even easier when you use our online pension planning tools – the Pension Estimator and Retirement Income Calculator – together with your current *Annual Pension Statement*. The online calculators let you factor in income from other sources such as your RRSPs, investments, and government benefits for a picture of your income in retirement.

Want to see how your retirement finances add up? Visit www.optrust.com and select calculators under the “Quick Links” button on the OPTrust homepage. From there you can enter the information shown on your current APS to project your future retirement income.

Of course it is always a good idea to check with a financial advisor when preparing for your retirement. But our online tools are a good place to start.

How your OPTrust pension is calculated

Your OPTrust pension is designed to provide you with a steady retirement income for your lifetime, in combination with Canada Pension Plan (CPP) benefits payable at age 65. Your pension is calculated using the following formula:

2%
times
your best five-year
average annual salary
times
your credit in the Plan
minus
CPP integration at
age 65

CPP provides retirement benefits to individuals who have contributed to it during their employment. You will be eligible to collect an unreduced pension from CPP at age 65. If you retire early (before age 65), OPTrust pays the full 2% pension benefit.

Starting at age 65, your OPTrust pension will be reduced to reflect the fact that you are now eligible for CPP. So after age 65, your 2% pension will be made up of an OPTrust portion plus a CPP portion. (**Note:** Your OPTrust pension amount before and after age 65 does not change if you decide to take CPP early.)

Designate a Beneficiary Online

OPTrust provides benefits for your survivors. That's why it's important that you identify beneficiaries who will receive your survivor benefits in the event of your death, before retirement.

Your beneficiaries on record at OPTrust are shown on your *Annual Pension Statement* and in your secure *Online Services* account. These include a list of the people you have named as your spouse, eligible children, and designated beneficiaries, and who would receive your survivor benefits if you die before your pension begins.

Perhaps you've had a baby or recently married since the last time you viewed your *Annual Pension Statement*. So it is a good idea to ensure that the information we have on record is correct.

With the ability to complete more pension transactions in a secure online environment, members and retirees are turning to *Online Services* to update their personal information. You can too.

A few minutes on our website are all it takes to ensure that your beneficiary information is accurate and up-to-date. You can also make changes by downloading an *Identifying Benefits Recipient* form or calling our Member and Pensioner Services line.

By informing OPTrust, we can administer payment of your survivors' benefits according to your wishes.



Work Information Network (WIN) Not Connected to OPTrust

To update your address or make other changes affecting your pension, register for *Online Services* at www.optrust.com or contact our Member and Pensioner Services staff.

Reminder: Have you moved recently or changed your beneficiaries? Don't forget to let us know!

When you notify your employer of changes to your personal information through the WIN system, this information is NOT sent to OPTrust. WIN is entirely separate from OPTrust's secure *Online Services*. OPTrust does not have access to the WIN system nor does your employer have access to your *Online Services* account.

That means that it is up to you to notify us directly of any changes to your personal information. That way we can ensure you continue to receive important information about your pension in a timely manner. Remember too that your WIN number and OPTrust ID are not the same.

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

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Publications Mail Agreement 40052641



OPSEU Pension Trust

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retraite du SEFPO