

# OPTions

## Plan for the future with your Annual Pension Statement

**W**ondering how your pension increased during 2008? Want to find out when you can retire and how much you'll receive? You can start by checking out your 2008 Annual Pension Statement (APS) – available electronically or in print.

Whether you're a new member or a few years away from retirement, your statement is a great tool to help you plan for the future. It provides a detailed snapshot of your pension at December 31, 2008 and includes valuable retirement planning information, such as:

- an estimate of your earned pension at year-end
- a projection of your earned pension at retirement

- the pension credit and salary information used for your calculations, as well as your total contributions
- credit for buybacks you have paid for and/or transfers from other pension plans
- your beneficiaries on record at OPTrust.

### Online tools

Your 2008 Annual Pension Statement and OPTrust's online tools – pension estimator and retirement income calculator – are important resources that will help give you a clear picture of what you will receive and when you can retire.

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## Inside:

## 2008 Annual Highlights



Want to know how your pension plan responded to the difficult challenges in 2008? Interested in the approach OPTrust takes to build the long-term security of your pension? Looking for the latest on the Plan's funding status?

Just turn to the special pullout section inside this newsletter to read the 2008 Annual Highlights Report to OPTrust Members. There you'll find key statistics on the financial performance of the OPSEU Pension Plan and news on how we serve you and our 82,000 other members and retirees.



< **Jennifer Volpato**, is one of the OPTrust members profiled in the online version of our annual highlights report.



> **Annual Pension Statement...** continued from page 1

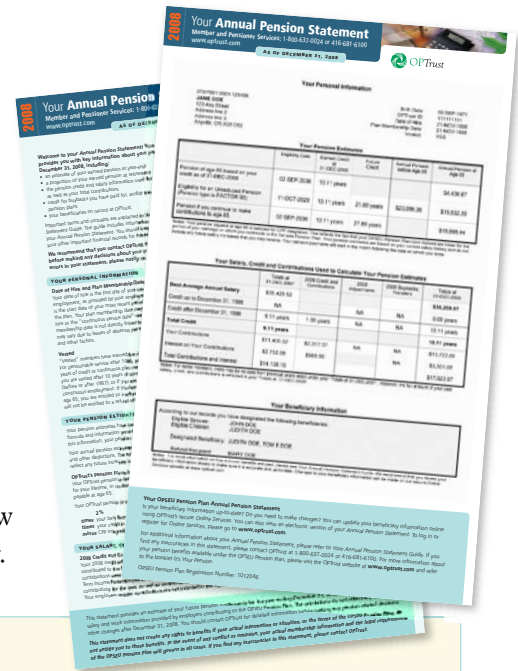
To explore various retirement options, simply visit our website and select “calculators” under the “Quick Links” from the homepage. First, start with the pension estimator to generate a chart showing your different retirement dates and pension amounts. From there, you can use the retirement income calculator to add additional income, for example government benefits and investments, and compare your options.

### Your green alternative

Your *Annual Pension Statement* is already available online. You do not need to wait for the mail to find out how the value of your pension grew in 2008. When you sign in or register for secure *Online Services* you have access to your three most recent statements.

Distributing members' *Annual Pension Statements* electronically is one more way OPTrust is working to reduce our environmental footprint. With your help we can continue to reduce paper and contribute to a greener future.

Want to make the switch? Simply sign in to your secure *Online Services* account, then go to *Communicate with OPTrust* and click on the link *Set your communication preferences* to let us know you want an electronic statement only.



### Mailing dates

For members who prefer to receive a printed copy, the statements will be mailed between May and June. To find out when your statement will be mailed, go to the “Member” section on our website and click *Annual Pension Statement*. ○

## New Proxy Voting Guidelines online

Ever wondered how OPTrust votes its shares in the companies we invest in? Want to know our voting standards on issues such as climate change or executive compensation? Our new *Proxy Voting Guidelines* answers these and other questions.

As part of our efforts to promote good corporate governance, OPTrust actively exercises our voting rights as a shareholder in over 1,000 companies around the world.

In order to meet the pension promise to our members and retirees, OPTrust prefers to invest in well governed companies with strong management structures and practices in place. The Plan's shares are voted according to our detailed *Proxy Voting Guidelines*.



**“OPTrust is committed to responsible investing and voting our proxies is key to this strategy. Not only does it help ensure strong, long-term investment performance**

**but it helps align our investments with the interests of our membership.”**

— Katharine Preston, Manager for OPTrust's Proxy Voting and Environmental, Social and Governance program.

The guidelines were updated in February 2009 and address key governance issues such as the nature of boards of directors, compensation of executives, protection from takeovers, labour rights, and shareholder rights. They also address a range of social and environmental concerns.

To learn more about OPTrust's approach to proxy voting and to download the guidelines visit the Investment section of our website at [www.optrust.com](http://www.optrust.com). If you have any questions or comments about the guidelines or for information on a specific vote, please contact OPTrust at [proxyvotes@optrust.com](mailto:proxyvotes@optrust.com). ○

# OPTrust welcomed over 1,500 new members

For most OPTrust members joining the OPSEU Pension Plan is mandatory. But for unclassified and contract employees membership is optional.

Over the last several years, OPTrust has sent e-mails to thousands of unclassified employees to inform them of the benefits of an OPTrust membership and their option to join. During 2008, more than 1,500 unclassified employees who recognized the benefits of becoming a Plan member opted to join and start contributing towards an OPTrust pension.

Do you know a co-worker who is not part of the OPSEU Pension Plan? Why not suggest joining the Plan? All you need to do is refer them to our "Join the Plan" section on our website.



## Take a few minutes to update your beneficiary information

Your OPTrust pension provides a secure income that you can count on in retirement. You can also count on OPTrust to provide benefits for your survivors if you die before or after retirement. That's why it's important that you keep your beneficiary information up-to-date.

So, take a couple of minutes to check your *Annual Pension Statement* or secure *Online Services* account to make sure your beneficiary information is correct. Has your marital status changed since joining the Plan? If the answer is yes, you should confirm that OPTrust has the correct spousal information on record too.

### Who can join?

Employees who are in an unclassified, contract or other non-permanent position in the Ontario Public Service, affiliated agencies, boards or commissions have the option to join at anytime.

### Key benefits:

Unclassified workers receive the same benefits as permanent employees when they join the Plan, including a pension that:

- is paid for the member's lifetime
- may be paid early if a member qualifies for early retirement options
- is adjusted annually for inflation
- provides survivor benefits
- is portable until age 55.

Non-members can find out how to join by speaking to their human resources representative or by contacting OPTrust. ○



With the correct information in our files, we can pay survivor benefits quickly and according to your wishes when you die. If the information listed on your APS or *Online Services* is wrong, be sure to update your account. ○



## OPTions new look

If you think your *OPTions* newsletter looks fresh and different, you are right! After eight years, we are pleased to present you with a new design. In focus groups held in late 2008, members and retirees provided feedback that helped reshape the look of your newsletter.

You will also notice that your *2008 Annual Highlights Report to OPTrust Members* is incorporated into this issue (see the special section to read more). That's because members and retirees said they wanted to receive the Plan's financial highlights and newsletter content in one package.

Combining your highlights report with *OPTions* helps the environment and saves costs by not printing an envelope for this mailing.



# Your lifetime OPTrust pension value

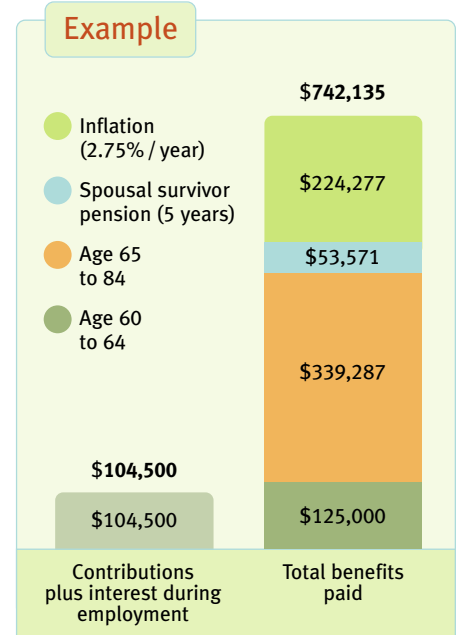
Your OPTrust pension provides a secure base for any retirement plan. Even if you have not yet developed a financial plan for your future, your OPTrust pension is a good investment with a predictable income that you can count on in retirement.

During your career you, along with your employer, are contributing towards your financial future through payroll deductions. This is a safe way to save for retirement regardless of what stage you are in your career.

What you may not realize is how the value of those contributions grows throughout your career and in retirement. In fact, the return on your payroll contributions, plus interest, may surprise you.

Let's look at an example. Michael retires at age 60 with 25 years of credit in the Plan and a best-average annual salary of \$50,000. The following chart shows the return on Michael's investment during his 25 year membership in the Plan, assuming an average 2.75% increase per year for inflation protection in retirement.

Michael's contributions plus interest during his employment total \$104,500. Let's say Michael lives to age 84 and has an eligible spouse, who receives his survivor pension, the total OPTrust benefits paid during his lifetime and to his spouse is \$742,135. That's an 8.16% annual return on his investment. You may not see such significant returns with other retirement savings arrangements.



Want to see how your contributions today will pay for your retirement tomorrow? Check out OPTrust's online pension estimator, where you can project your pension income and determine your retirement dates. ○

# Retirement planning

## Your employment income vs. your retirement income

Do you have an idea of how your future retirement income will compare to your present employment income? As a general rule, most financial advisors estimate that you will need between 60% and 80% of your pre-retirement income to maintain your lifestyle after retirement.

One of the ways you can find out is to use our online pension estimator and retirement income calculator to compare different scenarios. You'll have a better idea of how your pension will complement other sources of retirement income such as government benefits, RRSPs or personal savings to help plan for the future.

Example	Pre-retirement income	From age 60-65	Age 65 and onward
Employment income	\$54,000	\$0	\$0
OPTrust pension income		\$21,600	\$15,886
CPP			\$10,910
Old Age Security			\$6,200
<b>Total income from all sources</b>	<b>\$54,000</b>	<b>\$21,600</b>	<b>\$33,000</b>
<b>Less:</b>			
OPTrust pension contributions	\$3,580	—	—
CPP contributions	\$2,120	—	—
EI contributions	\$730	—	—
Income tax	\$8,490	\$5,100	\$5,210
<b>Net income</b>	<b>\$39,080</b>	<b>\$16,500</b>	<b>\$27,790</b>
Percentage of net pre-retirement income you may receive after you retire		42%	71%

All dollar values (except the OPTrust pension) are rounded to the nearest \$10.

Let's look at an example. Orzala retires at age 60 with 20 years of credit and an annual salary of \$54,000. This chart shows how Orzala's net employment income compares to her retirement income. Orzala's retirement income at age 60 is 42% of her net income during her working years. But at age 65 when she starts to collect CPP and OAS, her total income increases to 71% of her pre-retirement income. Of course, if she has additional income, such as an RRSP or savings, the percentage would increase. ○



# 2008

## Annual Highlights Report to OPTrust Members



### Meeting Challenges | Building Security

At the OPSEU Pension Trust (OPTrust), we are here to serve you. With invested assets of \$11 billion, we manage one of Canada's largest pension funds and administer the OPSEU Pension Plan, a defined benefit plan with more than 82,000 members and retirees.

#### Our mandate includes three key objectives:

- Generating the investment returns needed to support the Plan's pension promise
- Delivering the finest service and communications to our members and pensioners
- Ensuring that you have a real voice in your pension plan through joint trusteeship

#### 2008 highlights

- Our funding valuation for 2005-2007 identified gains of \$841 million, eliminating the Plan's previous deficit and increasing the contribution rate stabilization funds to \$938 million at year-end.
- The Plan experienced an investment loss of 16.2%, compared to our weighted benchmark return of -16.8% in a year of sharp declines for stock markets worldwide.
- OPTrust adopted a comprehensive funding policy to ensure the long-term security of your pension and help keep contribution rates stable.



## FUNDING HIGHLIGHTS

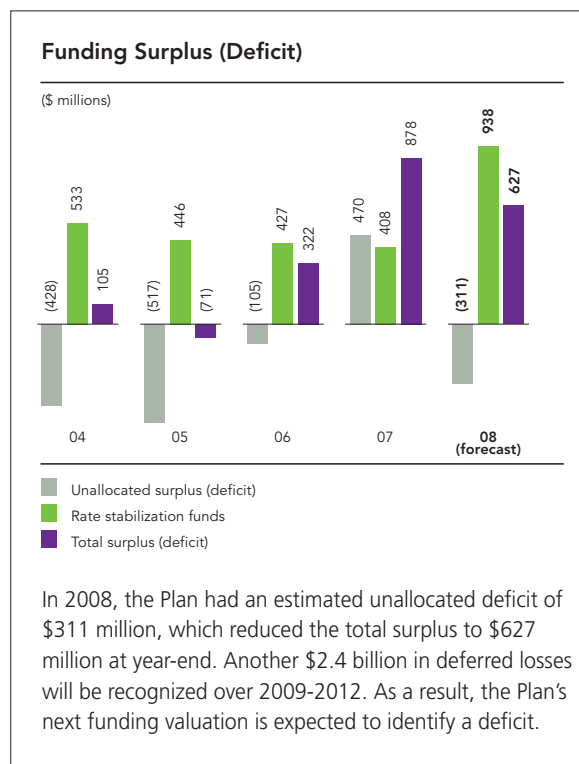
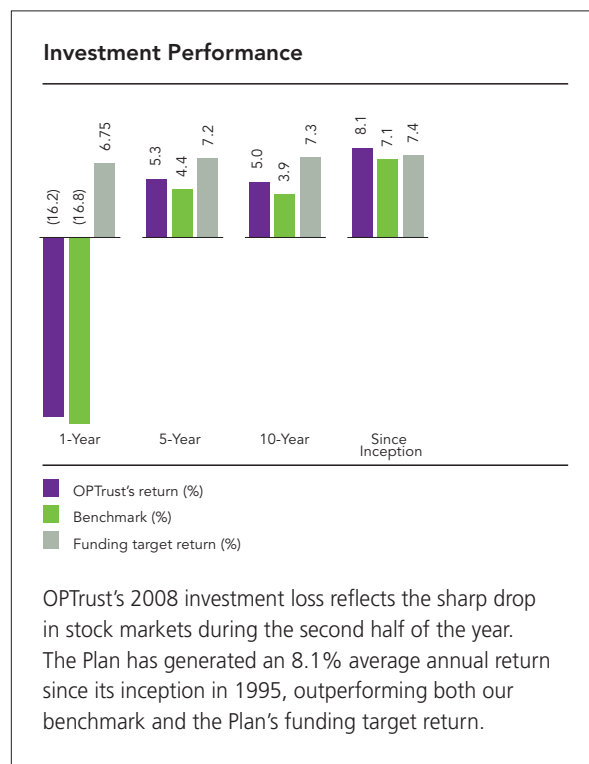
At December 31 (\$ millions)	Funding valuation	
	2008 (forecast)	2007
Net assets available for benefits	\$ 10,987	\$ 13,601
Actuarial smoothing adjustment	2,355	(643)
Actuarial value of net assets	13,342	12,958
Current cost of future pensions	12,715	12,080
Rate stabilization funds	938	408
Unallocated surplus (deficit)	(311)	470
Total surplus	\$ 627	\$ 878

## UNDERSTANDING THE NUMBERS

OPTrust's funding valuations determine if the Plan has a surplus or deficit by comparing its assets to the projected cost of members' and retirees' pensions. The results are used to set member and employer contribution rates.

At the end of 2008, the Plan had an "actuarial smoothing adjustment" of \$2.4 billion. This represents deferred investment losses that will reduce the total surplus over the next four years. Without smoothing, the Plan was in a net deficit position at year-end.

In 2008, the \$470 million unallocated surplus identified in the 2007 funding valuation was added to the Plan's rate stabilization funds. The stabilization funds can be used to help reduce the impact of the deferred losses on future contribution rates.



For more information on OPTrust's investment and financial results for 2008, please see our full annual report available at [www.optrust.com](http://www.optrust.com).

## IN THIS REPORT

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# Message from the Chair and Vice-Chair

The past year has been one of significant challenges for the OPSEU Pension Plan, our sponsors and the members and pensioners we serve.

## Meeting challenges

Like most major institutional investors, OPTrust experienced investment losses in 2008 in a year of sharp declines for global stock markets. The Plan's return for the year was -16.2%, compared to -16.8% for our weighted benchmark. Over the long term, the Plan has achieved an 8.1% average annual return since OPTrust's launch in 1995.

Our negative returns in 2008 left the Plan with \$2.4 billion in deferred investment losses at year-end. These losses will be recognized over the next four years.

As a result, we expect the Plan's next funding valuation to identify a deficit. Normally, this funding shortfall would trigger an immediate increase in members' and employers' contribution rates.

Fortunately, the Plan started the year with a surplus, based on past investment gains. As sponsors, OPSEU and the Government of Ontario have prudently set this surplus aside in separate rate stabilization funds.

These funds – which reached \$938 million at year-end – can be used to help manage the impact of future funding deficits. As a result, it may be possible to limit or avoid an immediate contribution rate increase when OPTrust files the Plan's next funding valuation.

## 2008 HIGHLIGHTS

- Diversification partly offset the impact of the sharp drop in global stock market returns.
- Actuarial smoothing helped cushion the short-term impact of our negative investment returns, deferring losses of \$2.4 billion for recognition in 2009-2012.
- The Plan's next funding valuation is expected to identify a deficit. The Plan's stabilization funds can be used to help reduce the impact on members' and employers' contribution rates.

## Building security

While the past year produced significant challenges for the Plan, your OPTrust pension remains an important source of financial security for your future.

As an OPTrust member, you are part of a "defined benefit" pension plan. This means the value of your earned pension is not affected by volatile investment returns. Instead, your pension is based on your best average annual salary and your years of credited service in the Plan.

This pension entitlement is supported by an \$11 billion investment fund and the contributions paid by more than 48,000 active members and their employers in Ontario's public sector.

In 2008, there were many ways we worked to build the long-term security of your pension.

- We continued to implement a multi-year investment diversification strategy. This helped limit our losses in 2008 and puts us in a strong position for growth over the long term.
- We made a tactical decision to reduce our investment risk by transferring 10% of the Fund's assets out of public equities and into a short-term money market portfolio.
- We adopted a comprehensive funding policy to help manage the risk of funding deficits, keep contribution rates stable and ensure the Plan can meet our pension obligations decades into the future.
- We provided information and services to help you maximize the value of your pension and plan for your retirement.

## Looking ahead

Going forward, our deferred losses will present a significant funding challenge over the next several years. OPTrust's staff and Trustees will continue to closely monitor the Plan's funded status and identify options for managing the impact of these losses.

We will also review the Plan's long-term asset mix targets in 2009 and continue implementing our diversification strategy. This will strengthen our ability to meet the Plan's funding requirements while keeping risk at an appropriate level.

Together with our fellow Trustees, the Plan's sponsors and OPTrust's management and staff, we look forward to building on the Plan's record of success and responding to the challenges and opportunities ahead.





Tony Ross  
Chair



Doug Paolini  
Vice-Chair

# Investment Strategy and Performance

OPTrust's investment program is designed to meet one overriding objective: generating the investment returns needed to provide our members and retirees with a secure lifetime pension.

## Long-term objective

To meet that goal, our investment portfolio needs to achieve our funding target return of 6.75% over the long term.

At the same time, we expect the Plan's investment results to vary from year to year in response to changing market conditions. So, we also compare our returns to benchmarks, which track the performance of the markets we invest in and are weighted to reflect the Plan's asset mix.

Over our 14 years of operation, OPTrust has posted an average return of 8.1%, outperforming both the Plan's funding target and our benchmark for the same period.

## Impact of the market crisis<sup>1</sup>

In 2008, the global financial crisis produced steep losses for most major pension funds, including OPTrust.

Over the year, the Plan experienced an investment loss of 16.2%, slightly better than the -16.8% return for our weighted benchmark. While substantial, this loss compares favorably to the 30% to 40% drop in major stock market indices. The difference reflects the value of our long-term diversification strategy.

In 2008, our Canadian equity portfolio lost 30.1%, while our global equities lost 37.4% in Canadian-dollar terms. These losses were partly offset by strong positive returns from other asset classes.

## 2008 HIGHLIGHTS

- OPTrust's investment portfolio lost 16.2% in 2008, reflecting the steep drop in global stock markets.
- Strong returns from fixed income, real estate and infrastructure investments helped offset sharply negative public equity returns.
- A tactical reallocation of 10% of the Plan's assets from stocks to money-market investments reduced the Fund's exposure to public equity market volatility.

The Plan's fixed income investments generated a return of 7.5% over the year. Our growing real estate and infrastructure portfolios produced returns of 9.4% and 12.1%, respectively. Our private equity portfolio also performed well compared to public equities, posting a return of -2.1% for the year.

## Diversification

These results show the importance of diversification. By investing in an appropriate mix of assets and markets we aim to manage investment risk, reduce volatility and meet the Plan's target return over the long term.

For the past several years, OPTrust has been gradually reducing the Plan's weighting to public equities. At the same time, we have been building significant real estate, infrastructure and private equity portfolios. When our diversification strategy is fully implemented, these portfolios will account for 10%, 15% and 10% of the Fund, respectively.

## Managing investment risk

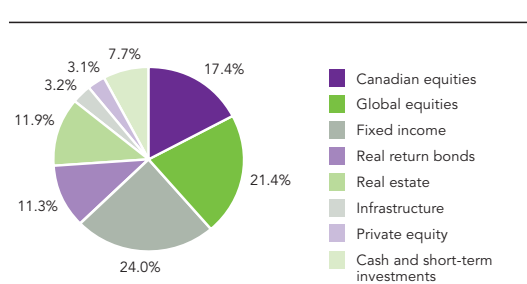
OPTrust has a robust program for managing investment risk at the total fund level and for each asset class, portfolio and investment manager. This includes close monitoring of each portfolio's performance and our managers' compliance with OPTrust's investment policies.

As the market crisis deepened in the fall of 2008, we moved 10% of the Plan's assets – valued at nearly \$1 billion – from public equities into more stable money-market investments. While this reduced our risk exposure, the Fund's overall volatility remains high compared to historical levels.

Our conservative approach to credit risk meant that the Plan held no "toxic" sub-prime mortgage assets. Our exposure to non-bank asset-backed commercial paper is also negligible.

With the challenging investment outlook for 2009, our goal is to preserve the Fund's capital and achieve the best possible risk-adjusted returns over the long term. We will continue to apply our diversified investment strategy and closely monitor the Fund's performance and risk exposure.

OPTrust's Asset Mix\*



In 2008, the Plan's real estate, infrastructure and private equity investments increased to 11.9%, 3.2% and 3.1% of the Fund, respectively. There were corresponding reductions in our Canadian and global equity portfolios.

\*Categories include temporary cash balances.

<sup>1</sup> For more information on OPTrust's investment strategy and performance for 2008, please see our full annual report available at [www.optrust.com](http://www.optrust.com).



# Pension Funding

## 2008 HIGHLIGHTS

- Gains from the Plan's 2007 funding valuation were used to eliminate the Plan's previous deficit and increase the rate stabilization funds to \$938 million at year-end.
- The Plan entered a net deficit position due to investment losses of \$2.4 billion. Actuarial smoothing is used to spread the impact of these losses evenly over a five-year period.
- The Plan's next funding valuation is expected to identify a deficit. In this case, the stabilization funds can be used to help reduce or avoid the need for a contribution rate increase.

Like all registered pension plans in Ontario, OPTrust must file a funding valuation with the provincial regulator at least once every three years. These valuations compare the Plan's assets to the projected cost of members' and retirees' future pensions to determine if the Plan has a funding surplus or a deficit.

Because the Plan is jointly sponsored, OPTrust's membership and the Government of Ontario have an equal share in any funding surplus. They also share the responsibility for making up any deficit, through increased member and employer contributions.

### 2007 valuation

In 2008, OPTrust filed the Plan's funding valuation for the three years ending December 31, 2007. This valuation identified net gains of \$841 million, largely due to strong investment returns between 2003 and 2006.

Of these gains, \$371 million were used to pay down the balance of the Plan's funding deficit from the 2004 valuation. In their role as sponsors, OPSEU and the Government of Ontario added the remaining \$470 million to the Plan's separate member and employer rate stabilization funds.

### Stabilization funds

By the end of 2008, the stabilization funds reached a total of \$938 million. If a future valuation identifies a deficit, these funds can be used to offset the contribution increases that would otherwise be required.

This approach has worked well in the past. Between 2003 and 2007, the stabilization funds allowed OPTrust to manage a deficit of more than \$400 million without raising contribution rates above the Plan's normal rate.

### Funding outlook

OPTrust uses a technique called "actuarial smoothing" to spread each year's investment gains or losses over a five-year period. At the end of 2008, the Plan had \$2.4 billion in deferred losses, which will be recognized between 2009 and 2012.

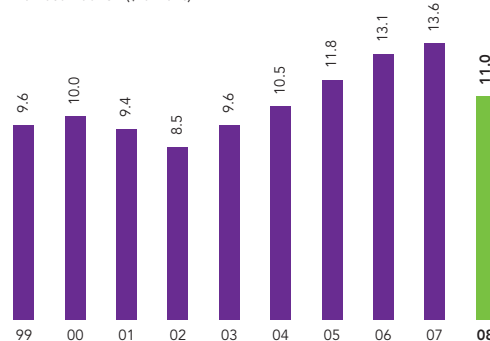
We therefore expect our next funding valuation to identify a deficit. The size of the shortfall will depend on a number of factors, including the timing of the valuation and how quickly investment markets recover.

When the next funding valuation is filed, the sponsors may use the stabilization funds to cover some or all of the required deficit payments. As a result, it may be possible to reduce or avoid an immediate increase in contribution rates.

OPTrust will continue to monitor the Plan's funding situation closely and explore options for managing our deferred losses. In the meantime, members and pensioners can take comfort in the continued security of their earned OPTrust pension.

### Net Assets Available for Benefits

At December 31 (\$ billions)



The Plan's net assets fell to \$11 billion in 2008, down from \$13.6 billion the year before. The decline in net assets is the result of a \$2.4 billion investment loss and benefit payments and expenses that exceeded contributions by \$179 million.

# Membership Services

## 2008 HIGHLIGHTS

- OPTrust completed almost 64,000 individual transactions, a 9% increase over 2007.
- Growing demand for online services and communications resulted in a 12% increase in visits to our website.
- Since 2004, we have reduced administration costs by 20% per member while maintaining our high quality of service.

In 2008, OPTrust met ambitious targets for delivering prompt, friendly and efficient service while responding to members' and pensioners' changing needs.

### Service standards

Our staff processed 63,761 individual transactions – from enrolments, pension transfers and buybacks to pension estimates, terminations and retirements – up 9% from 2007. At the same time, we:

- completed 85% of cases on time, even though one in five is delayed for reasons outside OPTrust's control
- reduced the number of cases overdue by more than 30 days to 5%, down from 7% in 2007
- received more than 49,000 calls from our members and pensioners, answering 98% with an average response time of just 11 seconds.

### Proactive services

We delivered a range of proactive services to help members and retirees maximize their pensions and plan for the future. In 2008, we:

- sent e-mail and printed notices to more than 7,200 contract employees reminding them about their option to join the Plan; more than 1,500 enrolled over the year

- provided buyback cost quotes to 1,300 new members
- sent reminders to another 3,000 members whose buyback application deadlines were about to expire
- mailed pension estimates to almost 9,000 members aged 55 or older
- sent information about CPP integration and their OPTrust pensions to more than 1,000 retirees who were nearing their 65<sup>th</sup> birthdays.




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### Joel Daoust

OPTrust Member  
Aviation and Forest Fire Management  
Branch  
Ministry of Natural Resources

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"I just joined OPTrust when I started full-time last spring, but my pension is an important part of my financial plan. That's why I took advantage of the opportunity to buy back my past contract service. It will increase my pension and it may allow me to retire sooner. And paying by instalments makes it easier to afford. It's important to plan ahead."

## MEMBERSHIP SNAPSHOT

At December 31	2008	2007
Active members	<b>47,850</b>	47,717
Former members with entitlements in the Plan	<b>1,782</b>	1,375
Pensioners		
Current	<b>23,686</b>	22,756
Deferred	<b>8,806</b>	8,741
Total members and pensioners	<b>82,124</b>	80,589

OPTrust's active membership remained stable in 2008, increasing by a total of 133 members to 47,850 at year-end. The number of current OPTrust pensioners continued to increase, reflecting the gradual maturing of the Plan's demographic profile.

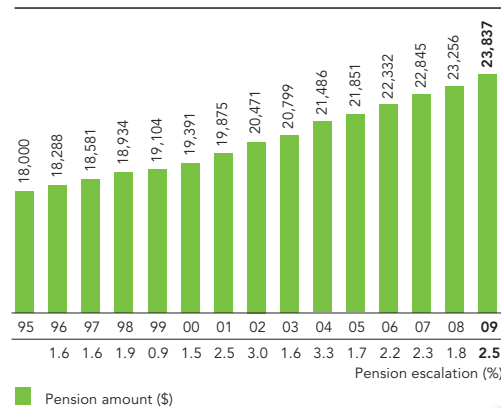
### Responding to your needs

OPTrust also responded to members' and retirees' increasing demand for online service and communications. Over the year our public website received almost 280,000 visits, up 12% from 2007. At the same time, more than 5,400 new users signed up for our secure *Online Services* site.

Meanwhile, OPTrust members and pensioners continued to give us high marks for the quality of service we provide. Over the year, survey responses from almost 900 individuals who completed a pension transaction showed an overall satisfaction rating of 8.4 out of 10, maintaining our consistently high ratings of the past four years.

In 2009, we will continue providing quality services while exploring cost-effective options for meeting your changing needs.

### Inflation Protection for Pensioners



OPTrust pensions are adjusted annually for inflation to protect retirees' purchasing power. In January 2009, payments to pensioners rose by 2.5%, reflecting changes in Canada's Consumer Price Index. A retired member who received a typical annual pension of \$18,000 in 1995 will receive \$23,837 in 2009 – an increase of 32% over 14 years.

### Anita Porter

OPTrust Member  
Communications and Information Branch  
Ministry of Health and Long-Term Care

"I'm in the middle of my career, so I'm starting to think about my retirement. OPTrust does a good job keeping me up to date about my pension and helping me plan ahead. It's hard to find the money to put into an RRSP, so my pension is important to me. It means I'll have a secure income when I'm ready to retire. And it's a big plus that my employer contributes, too."

For more member and pensioner profiles, visit the online version of this report or our full annual report at [www.optrust.com](http://www.optrust.com).



## OPTRUST'S BOARD OF TRUSTEES

The OPSEU Pension Trust was established to give plan members and the Government of Ontario an equal voice in the OPSEU Pension Plan through joint trusteeship. As sponsors, the Ontario Public Service Employees Union (OPSEU) and the Government of Ontario each appoint five Trustees to the OPTrust Board. Together, the Trustees oversee all aspects of the Plan's operations in the interests of our more than 82,000 members and retirees.

### Members of the Board of Trustees at December 31, 2008

#### Tony Ross, Chair\*

Former Vice-Chair (retired)  
Merrill Lynch Canada

#### Doug Paolini, Vice-Chair\*\*

Bilingual Employer Specialist  
Office of the Employer Advisor  
Ministry of Labour

#### Michael Beswick\*

Senior Vice-President, Pensions (retired)  
Ontario Municipal Employees  
Retirement System

#### Alicia Czekierda\*\*

Secretary, Roberts/Amethyst Schools  
Ministry of Education

#### Maurice Gabay\*\*

Accountant  
Ontario Public Service Employees  
Union (OPSEU)

#### Ruth Galinis\*\*

Retired OPSEU local representative  
Ministry of Culture and Ministry of  
Tourism and Recreation

#### Richard Johnston\*

Former administrator and counsellor  
Trent University  
Former President, Centennial College

#### Mahmood Nanji\*

Assistant Deputy Minister  
Strategic Asset Management Division  
Ministry of Public Infrastructure Renewal

#### David Rapaport\*\*

Project Coordinator  
Ministry of Education

\* Appointed by the Government of Ontario

\*\* Appointed by OPSEU

## HOW TO REACH US

### OPSEU Pension Trust

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### Member and Pensioner Services

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

www.optrust.com  
email@optrust.com

This report summarizes certain provisions of the OPSEU Pension Plan. Please note that this report 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 requirements of the OPSEU Pension Plan will govern in all cases.

*Ce rapport est aussi disponible en français.*

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### Woodman Yeung

OPTrust Retiree  
Centre for Addiction and Mental Health

"I used OPTrust's website to learn about the retirement process. I also attended an OPTrust seminar, which was really helpful. My pension is enough to cover my living expenses, so I have time for other things. I've been working with another OPTrust retiree, providing computer support for an agency that helps the homeless. But I've recently become a grandfather, so I'm planning to retire again and take care of my grandson."



## GET THE BIG PICTURE

OPTrust's full annual report is available online at [www.optrust.com](http://www.optrust.com). A list of OPTrust's significant investments is also available on the OPTrust site. To order a printed copy of the annual report, please contact us.

# 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. 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.

### Getting Ready to Retire – Evening Seminars

Our evening seminars are tailored for members who are within 10 years of retirement, but all members are welcome to attend.



#### Topics include:

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

### Understanding Your Pension – Lunch & Learn Seminars

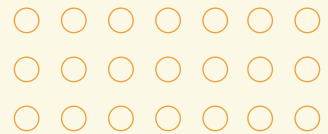
OPTrust staff also offer shorter lunchtime seminars in workplaces across Ontario for members at any stage in their careers. Special sessions for unclassified/contract staff who may be interested in joining are also an option.

To book a lunchtime seminar for your workplace, you or your human resources representative can contact us at [infosessions@optrust.com](mailto:infosessions@optrust.com).

### Register now!

See the schedule below for a session in your area and sign up online at [www.optrust.com](http://www.optrust.com), or call us at **416-681-6100** or **1-800-637-0024**.

**Important:** Space is limited. Please register at least two weeks in advance. Direct Contact sessions are designed to give you an overview of the OPSEU Pension Plan. OPTrust staff cannot provide personal financial advice.



## OPSEU Pension Trust Direct Contact Sessions Schedule

5:30 to 7:30 pm

DATE	CITY	LOCATION
May 7, 2009	<b>Peterborough</b>	Best Western Otonabee Inn – 84 Lansdowne Street East
May 21, 2009	<b>Toronto</b>	Courtyard by Marriott Downtown Toronto – 475 Yonge Street
June 16, 2009	<b>Cornwall</b>	Best Western Parkway Inn – 1515 Vincent Massey Drive
June 25, 2009	<b>Thunder Bay</b>	Valhalla Inn – 1 Valhalla Inn Road

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](http://www.optrust.com).

# Planning a leave of absence without pay? Don't forget to inform OPTrust

If you're planning to take a leave of absence longer than one month, you have the option of continuing to contribute to the Plan – and increasing your pension – during your leave.

**This applies for:**

- pregnancy, parental, adoption and family medical leaves
- leaves due to illness or while on Workplace Safety and Insurance Board (WSIB) benefits
- special or educational leaves.

Before you start any of these types of leave, you must complete an application online using our secure *Online Services* or fill out an *Application to Contribute During an Unpaid Leave of Absence* form with your human resources representative.

This form is used to indicate whether or not you want to make pension contributions during your leave. For pregnancy, parental, adoption and family medical leaves, the law *requires* you and your employer to contribute during the leave unless you submit a

signed copy of the form declining to contribute.

If you decide not to contribute during your absence, you have the option to buy back your missed period of service when you return. Buying back credit is an important way to boost your pension in retirement and may help you qualify sooner for one of the Plan's early retirement options.

For more information on buying back credit after a leave of absence, see our booklet *Your Pension and Buying Back Credit* available online. ○



## Planning to leave your employment?

Throughout your career, you may work for different employers in both the public and private sectors. As your career changes, it's good to know that your OPTrust pension is portable. Depending on where you work, you may have the option to take it with you.

So, if you're planning to leave your job and end your membership in the Plan before retirement, you have several options for your pension benefit.

Since your OPTrust pension will likely be a significant component of your retirement income, it's important to have the information you need to make an informed decision as your career changes.

> Leaving your job can mean big changes – and important decisions – about your career and your financial future.

**OPTrust has three new fact sheets to help you decide what to do with your earned OPTrust pension should you change employers:**

- *Pension options when your employment ends*
- *Leaving your employment – checklist for process and paperwork*
- *Bridging to an unreduced pension*

For more information, refer to these fact sheets on our website at [www.optrust.com](http://www.optrust.com) under the “Publications” section. ○

# You asked...

**Question:** Is it possible to stop paying my pension contributions for a period of time? I am going through financial difficulty and would like to access some extra money.

**Answer:** No. Once you join the Plan you cannot stop pension contributions unless you end your employment and membership in the Plan. Your payroll deductions will continue for as long as you are a member of the Plan.



**Question:** How is my pension at retirement calculated?

**Answer:** Your OPTrust pension is calculated based on a formula that uses your years of credit and salary. One way to find out how much you'll get in retirement is to use our online pension planning tools such as our pension estimate calculator. OPTrust also provides members who are over the age of 55 with detailed pension estimates.



**Question:** I plan to work past age 65. Do I need to complete a form, or will my pension contributions continue until I retire?

**Answer:** No, you do not need to complete a form. You can continue contributing to your

pension until you reach age 71, when you are required by the *Income Tax Act* to stop making pension contributions.



**Question:** I noticed on my *Annual Pension Statement* there are two different amounts for my pension before and at age 65. Why is there a difference?

**Answer:** As a plan member, your contributions to OPTrust are integrated with the Canada Pension Plan (CPP). This means you pay lower contributions to OPTrust for the part of your earnings that are also covered by CPP. These reduced contributions are taken into account in the way your OPTrust pension is calculated starting at age 65.

Your OPTrust pension at retirement is designed to provide you with a combined pension income – from both OPTrust and CPP – that equals approximately 2% of your average salary multiplied by your years of credited service in the Plan. If you retire before age 65, OPTrust pays the full 2% pension. At age 65, your 2% pension is made up of two pieces, the OPTrust pension and CPP. ○



Welcome to the  
OPSEU Pension Plan  
[an interactive overview]

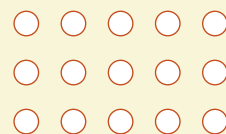


2009

[www.optrust.com](http://www.optrust.com)

## Point and click your way through the Plan

Want a quick overview of your pension plan? Our interactive online presentation is a great place to start. You can find out more about your pension plan by clicking on the “Overview of the Plan” link in the Member section of the OPTrust website. With links to different sections of our website and a description of key plan features, the presentation is one way to learn more about your pension plan in a couple of minutes. Check it out at [www.optrust.com](http://www.optrust.com). ○



## Booklet series covers a range of topics

For a more detailed description of your pension plan benefits, you can read and download a booklet from our series online, including:

- ***It's Your Pension*** – a guide to the OPSEU Pension Plan.
- ***Your Pension and Planning Your Retirement*** – a guide for getting started on your retirement plans.
- ***Your Pension during Retirement*** – what you need to know after your pension starts.
- ***Your Pension and Buying Back Credit*** – detailed information on how to purchase credit for eligible periods of past service.
- ***Your Pension and Your Beneficiaries*** – detailed instructions on naming beneficiaries for your pension survivor benefits.
- ***Your Pension and Divestments*** – the process and options available during a divestment. ○

# Marriage breakdown rules set to change

The Government of Ontario is proposing new legislation to clarify how and when pensions are divided when a marriage breaks down. The changes are designed to reduce some of the strain of family court proceedings by saving court time and the cost of hiring experts.

The proposed legislation would allow for a simple way for separating couples to find out the value of the pension benefits to which they are entitled and allows pension plans to pay out the non-member spouse's share.<sup>1</sup>

The proposed changes follow the general direction of advice provided by the Law Commission of Ontario. The Commission consulted widely with pension plan administrators on the best ways to divide pensions when marriages break down.

OPTrust plans to update its fact sheet on this topic in the near future. But until then, if you are involved in a marriage breakdown and you need information please contact us. ○

<sup>1</sup> Ontario Ministry of the Attorney General website ([www.attorneygeneral.jus.gov.on.ca](http://www.attorneygeneral.jus.gov.on.ca))

## 600 divested employees remain with OPTrust

Approximately 600 OPTrust members from the Ontario Public Health Laboratories at the Ministry of Health and Long-Term Care were transferred to the new Ontario Agency for Health Protection and Promotion (OAHP). Even though their positions were divested on December 15, 2008, these employees will remain active members of the OPSEU Pension Plan.

Under an agreement between OPSEU and OAHP, their OPTrust membership has been "grandfathered." As a result, they will continue to contribute to the OPSEU Pension Plan – and earn credit towards an OPTrust pension.

The members at the new agency are able to remain with OPTrust under a special provision in the OPSEU Pension Plan. This allows divested members who remain in OPSEU to stay in the OPSEU Pension Plan, provided OPSEU and the new employer sign an agreement to that effect. ○

## 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

#### OPSEU Pension Trust

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#### Member and Pensioner Services

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Fax: 416-681-6175

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OPSEU Pension Trust

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retraite du SEFPO

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