

How Pension Benefits Have Evolved



YEAR	EVENT
1917	<p>Pension plan created for Ontario teachers.</p> <p>Forty years of service required to qualify for maximum annual pension of \$1,000.</p> <p>Pension formula: $1.67\% \times \text{years of credit} \times \text{career-average salary}$.</p> <p>No death benefits and no refund of contributions for teachers who leave before retirement age.</p>
1924	<p>Refund of contributions, without interest, if member leaves before retirement after 5 years' service.</p>
1927	<p>Maximum annual pension increased to \$1,250 after 39 years of service.</p>
1928	<p>Unreduced pension available after 40 years' service, reduced pension available after 30 years and disability pension after 15 years.</p>
1933	<p>Maximum annual pension increases to \$1,250 or 60% of average salary, whichever is less.</p>
1945	<p>Unreduced pension available after 36 years of credit and age 65 for males; 36 years of credit and age 62 for females.</p> <p>Maximum annual pension increases to \$1,500.</p>
1949	<p>Unreduced pension available at age 62 with 35 years' credit or at any age with 40 years of credit.</p> <p>Maximum annual pension doubles to \$3,000.</p> <p>Pension formula: $2\% \times \text{years of credit} \times \text{last 15 years' average salary}$.</p> <p>Reduced pension available at age 62 with 25 years' credit or at any age with 30 years' credit.</p> <p>Survivor pension, equaling 50% of member's pension introduced, but many conditions apply. Husbands and children of female teachers only qualify for this benefit if they are fully dependent.</p>
1953	<p>Elimination of \$3,000 cap on annual pension.</p> <p>No minimum credit required to obtain a refund of contributions if the member leaves the plan before retirement.</p>
1954	<p>Pensions based on last 10 years' average salary.</p>
1961	<p>Contributions returned with interest if member has at least 15 years' credit and is forced into retirement before becoming eligible for a pension.</p>

YEAR	EVENT
1965	Reduced pension available after age 55 with at least 10 years of credit.
1966	Contributions and benefits are integrated with newly established Canada Pension Plan. Disability pensions available after 10 years' credit. Survivor pensions available after 10 years' credit. Pensions based on best seven years' salary.
1971	90 factor introduced, enabling teachers to retire when their age + years of credit = 90. CPP reduction applies at age 65 to all pensions. Survivor pensions introduced for widowers of female members, not just those who are fully dependent. Possible to receive both a survivor pension and a retirement pension.
1976	Inflation protection added. No reduction to survivor pensions where spouse is more than 10 years younger than the member. Survivor pensions that are terminated on remarriage are now reinstated on the death of the new spouse or upon divorce.
1984	Credit and salaries are now annualized. Any days worked during a school year count as a qualifying year for determining pension eligibility. Pensions are based on best-5 years' average salary. CPP reduction is lowered, allowing teachers to keep more of their pension after age 65. Survivor pensions are no longer terminated on remarriage. Survivor pensions extended to common-law spouses.
1986	Early retirement window opened between May 31, 1986, and Sept. 1, 1989. Provides unreduced pensions to members who retire after age 55 with at least 10 years' credit.
1987	Unreduced pension extended to members who retire with at least 35 qualifying years between May 31, 1987, and Sept. 1, 1990.
1988	Reduced pensions available after age 55 to members with at least two qualifying years after 1986. Post-1986 portion of pre-retirement death benefit becomes commuted value of pension credit earned after 1986.

YEAR	EVENT
1990	<p>More than 20 days of work during school year count as a qualifying year for determining pension eligibility.</p> <p>50% survivor pension provided automatically to spouse at inception of pension at no cost to member.</p>
1997	<p>Early retirement reduction for immediate reduced pensions is 2.5% for each point below the 90 factor.</p> <p>More than 10 days of work during school year count as a qualifying year for determining pension eligibility.</p> <p>CPP reduction factor lowered to 0.68% from 0.7%.</p>
1998	<p>85 factor introduced as a temporary benefit, enabling teachers to retire when their age + qualifying years = 85.</p> <p>CPP reduction factor lowered to 0.6% from 0.68%.</p> <p>Survivor pensions provided to same-sex partners.</p>
2000	<p>Early pension payout available if member faces shortened life expectancy.</p>
2001	<p>85 factor made permanent feature of pension plan, enabling teachers to retire when their age + qualifying years = 85.</p> <p>CPP reduction factor is lowered to 0.45% from 0.6% and reduction is based on 5-year average of CPP earnings ceiling. Change allows teachers to keep more of their pension after age 65.</p> <p>Retirees' pensions recalculated to approximate best-5 years' average salary, from best-7 or 10 years.</p> <p>10-year pension guarantee introduced.</p> <p>Reduced retirement pensions available at age 50.</p> <p>Members on long-term disability build bigger pensions and have contributions waived.</p>
2008	<p>Conditional inflation protection introduced. Annual inflation increases for the portion of credit earned after 2009 can range from 50% to 100% of the annual cost-of-living increase, depending on plan's funded status.</p>
2012	<p>All pension benefits earned by members who terminate employment on or after July 1, 2012 now immediately vested and locked-in.</p> <p>From September 1, 2012 onwards, the re-employment limit for pensioners became 50 days per school year throughout retirement.</p>
2013	<p>Inflation protection for pension credit earned after 2013 is made conditional on the pension plan's funded status and can range from zero to 100% of the increase in the Consumer Price Index (CPI).</p>

YEAR	EVENT
2014	<p>Where the monthly amount of a spousal survivor pension falls below the regulatory threshold (i.e. the small benefit test), survivors receive a commuted value lump-sum payment.</p> <p>Contributions for employer approved absences of five or fewer consecutive school days becomes mandatory.</p>
2015	<p>Re-employment limits amended so that non-teaching employment with the Ministry of Education would only apply to members who began a retirement pension after September 1, 2010.</p>
2016	<p>Post-retirement spousal waiver permitted in specific circumstances.</p> <p>Election to increase a spousal survivor pension no longer requires a medical exam.</p>
2017	<p>Retroactive Pension Payments were permitted by introducing a deemed application for members who ceased employment in education and reached an unreduced pension start date.</p> <p>Early Retirement Reduction of 2.5% applies to eligible members regardless if they defer their pension.</p>
2018	<p>Extra 1.1% contribution rate removed effective January 1, 2018. Contribution rates are 10.4% of earnings up to the YMPE and 12% of earnings over the YMPE.</p>