

PENSION NEWS

INFORMATION FOR RETIRED TEACHERS AND THEIR SURVIVORS

SUMMER 2017



IN DISCUSSION WITH OUR
Responsible Investing team

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SOMETHING NEW FOR YOU

The Retired Member Statement is an annual snapshot of your pension benefits

The Retired Member Statement is an annual snapshot of your pension benefits, just like the annual statements you used to receive before you retired. Don't worry, the only thing you have to do is update your personal information if it's changed.

THINGS YOU NEED TO KNOW

1 The figures in the statement are "as of April 30, 2017." The statement doesn't have any connection with your taxes, we just had to pick a date to issue it.

2 All pension amounts, including your annual lifetime pension and bridge benefit, are adjusted for inflation each January. Your annual lifetime pension is what you'll receive each year for the rest of your life. We also provide a bridge benefit over and above your annual lifetime pension amount. The bridge benefit ends the month after you turn 65, or earlier if you start a disability pension from the Canada Pension Plan.

3 Your survivor benefits are determined by your spousal status at retirement. For example, if you remarry but still have a former spouse eligible for a survivor pension, your former spouse's name is shown as your eligible spouse and eligible survivor.

ONTARIO TEACHERS' PENSION PLAN - RÉGIME DE RETRAITE DES ENSEIGNANTES ET DES ENSEIGNANTS

Account number: 123456789
Have a question? Contact us
Phone: 416-226-2700
Toll Free: 1-800-668-0105
Fax: 416-730-7807
Email: inquiry@otpp.com

John Doe
5650 Yonge St.
TORONTO ON M2M 4H5
Canada

RETIRED MEMBER STATEMENT
For John Doe as of April 30, 2017 **1**
2017 amounts adjusted for inflation

Annual lifetime pension:	\$35,944
Bridge benefit paid to Dec. 31, 2022 (age 65):	\$8,231
Total annual pension:	\$42,175
First pension payment:	July 31, 2015





\$3,175.59
Your April 28, 2017 net monthly pension payment

About you
Date of birth: Dec. 1, 1957
Primary telephone: (123) 456-7890
Email: Please update

Eligible spouse: Jane Doe **3**

Survivor benefits
Your survivor benefits were determined when you retired. They include the **10-year pension guarantee** and a **60% joint and survivor pension**.
If you die before receiving 10 years of pension payments, your eligible spouse will receive your lifetime pension for the balance of the 10 years. After that, they'll receive 60% of your lifetime pension amount.
When your spouse dies, the survivor pension they would have received/were receiving will be shared amongst any dependent children for as long as they remain eligible. If you have no dependent children, or if your last dependent child ceases to be eligible within the 10-year period, your estate will receive a lump-sum payment equivalent to any remaining pension payments in the 10-year period.
If you remarry while on pension, your new spouse isn't automatically entitled to receive a survivor benefit. Please contact us to review the rules, application deadlines, and cost implications of providing your new spouse with a survivor pension between 50-75%.

Eligible survivor: Jane Doe

Stay connected    



CALL US (1-800-668-0105)

to register for an Ontario Teachers' online account or to update your spousal status.

IN CASE YOU MISSED IT... OUR ANNUAL MEETING

Read our 2016 Report to Members at
www.otpp.com/rtm



Approximately 600 members heard leaders at the pension plan talk about our 2016 investment performance, how responsible investing is helping to manage risks to the plan, and how we're using new digital platforms to advance the service we offer you at our AGM in April.

Ron Mock, President and CEO, noted that 2016 was a year of market volatility, low rates, low growth and a Canadian dollar that strengthened against the US dollar, British pound and Euro. But most important, he continued, the plan remains fully funded for the fourth consecutive year.

"This is the kind of volatility that we now work within daily and globally, it is our new normal. As the environment around us evolves, new demands are being placed on us," Ron told the crowd. "We must continually adapt to move forward."

Last year, we re-structured our investment teams to create more cohesion, with an emphasis on collaboration and global partnerships, said Bjarne Graven Larsen, Chief Investment Officer. This, combined with our diversified portfolio will help to generate solid returns in a variety of different market conditions.

"I am very confident that we have the right assets and strategy we need to pay pensions over the long-term," said Bjarne.

Responsible investing is a key part of the strategy to pay pensions over the long-term, Barbara Zvan, Chief Risk and Strategy Officer, told the audience.

"When we invest, we consider a broad range of environmental, social and governance, or ESG, factors when evaluating the potential to generate returns," said Barbara. "We believe that companies that are good at managing ESG factors are good investments."

While we're demanding an increased level of transparency from our portfolio companies, we're trying to lead by example with the release of our inaugural Responsible Investing Report, continued Barbara. The report delves into how we approach ESG risks, with an emphasis on cybersecurity, board governance and climate change.

Tracy Abel, Chief Pension Officer, told the crowd that technology advances have allowed us to explore new methods of service in a very effective and cost-efficient way. "Last year we introduced

myOTPP 101 via Facebook Live. It's an online curriculum that lets members learn more about their pension plan whenever and wherever they want," Tracy said. Visit www.pinterest.com/myOTPP to check it out.

Watch our Facebook Live interviews from the evening, including one with Tracy in which she explains three key initiatives that helped us achieve a 9.1/10 service rating and how we plan to maintain that high grade from you. You can find them at www.otpp.com/AGM.

The complete AGM is also available to watch via webcast at www.otpp.com/webcast.

DOWNLOAD A COPY
of our Responsible Investing
Report at
www.otpp.com/Rlreport



Sarah Takaki



Jean Lavigueur

THE EVOLUTION OF Responsible Investing

Managing risks helps us pay pensions many years into the future. When we invest, we consider a broad range of environmental, social and governance (ESG) risks. Three members of our Strategy and Risk team, Deborah Ng, Director, Responsible Investing, Sarah Takaki, Principal, and Jean Lavigueur, Investment Associate, recently shared their experiences about how ESG risks have evolved over their careers, some of the surprises they've encountered in bringing the principles of responsible investing to life, and what's on the responsible investing horizon.

Deborah noted that when we started our responsible investing journey, a great amount of work was done across the pension plan to develop five principles. "Those principles are really about integrating ESG in our investments, about engagement with companies, about seeking disclosure as well as about collaboration and continuous learning," she said.

"Rather than making it a separate analysis on the side, we've really integrated ESG factors into how we manage investments," explained Sarah. "We're thinking about risks and issues that might impact the investments and could impact the returns and our ability to pay pensions decades into the future."

Jean added that our approach to ESG risks has evolved beyond simply excluding stocks, with a wider breadth of focus beyond just climate change.

Today, that includes three areas: cyber security, effective board governance, and climate change.

"Cyber security is an issue that cuts across all of our investments," said Sarah. "It's one that several years ago might have been a little bit more niche and didn't get as much attention, but nowadays when even household appliances are connected, internet security and data security and privacy are issues that impact pretty much all types of companies around the world."

"Rather than making it a separate analysis on the side, we've really integrated environmental, social and governance factors into how we manage investments"

Jean pointed to an example of when our strategy of engagement with portfolio companies on cybersecurity risks ultimately improved their disclosure, another principle of our approach to responsible investing.



Deborah Ng

"Why is there so much focus on disclosures?" asked Deborah.

"The old adage is true that you manage what you measure," said Jean. "Getting disclosure actually gets us one step towards being able to understand the risks in our portfolio. So, we're not looking for them to just disclose all information. We're really looking for material information."

Deborah asked the team what the most surprising thing members would find about their responsible investing work.

Jean noted the evolution beyond just a climate change focus.

"For example, our corporate governance colleagues are really focusing on gender diversity and the role of the board and the composition of the board," so that companies have the most skilled and best suited management teams.

For Sarah, the surprise might be that many of the companies in which we invest are already leaders in sustainability and managing ESG factors. "Whether that's pleasing customers or maintaining positive relationships with their local communities, we find that many companies go above and beyond what they're required to do."

And that, she continued, enables us to learn about industry best practices and to take those and share them with other companies to help raise the bar.

Visit www.otpp.com/Rldiscussion to watch the team discuss divestment, and how managing risks also uncovers investment opportunities.

OUR INAUGURAL Responsible Investing Report



We've built rigorous frameworks for managing environmental, social and governance (ESG) risks. Our decision to issue a stand-alone report on responsible investing builds awareness and understanding of ESG factors among fellow investors. As we demand increased transparency and disclosure on ESG matters from our portfolio companies, we need to lead by example by providing information as well.

Here are three things you need to know about our inaugural report:

1. It's a snapshot of our approach to responsible investing and includes 2016 proxy voting and engagement highlights.
2. It delves into climate change, cybersecurity, and board effectiveness. These key areas are material to a wide range of industries and companies in our portfolio.
3. It signals our 2017 responsible investing goals.

DOWNLOAD
the Responsible Investing Report at
www.otpp.com/Rlreport

HEALTH INSURANCE AND YOUR PENSION

We answer your FAQs about supplementary medical coverage and your pension.

Q: My premiums are deducted directly from my pension, is Ontario Teachers' involved in the administration of the insurance plans?

A: If you've opted for supplementary medical coverage from one of the three plans offered to members of our pension plan, then you'll see premiums deducted directly from your pension. The three plans are:

- ARM Retiree Health Insurance Plan;
- The Retired Teachers of Ontario (RTO); and
- The Retired Teachers Insurance Plan (RTIP) administered by the Ontario Teachers Insurance Plan (OTIP).

While your premiums are deducted from your pension, these plans are independent of Ontario Teachers' and we have nothing to do with setting premium levels, determining coverage or the administration of these plans.

Contact the insurance providers directly with any questions or for information on coverage options.

Q: Why doesn't Ontario Teachers' provide medical and dental benefits for retired teachers?

A: Some employers provide health benefits to their retired employees. Ontario Teachers' is not the former employer of teachers and can't provide health benefits in the same way.

Q: What is the Ontario Health Premium and did I pay for it twice when I filed my tax return?

A: The Ontario Health Premium is a provincial tax that we are required to deduct from pensions paid to Ontario residents. We'll only deduct this tax if your pension is more than \$20,000 per year. The premium is included in your total tax deductions in box 22 of your T4A. While you are required to calculate the premium and enter the amount on your tax return, rest assured the tax is not deducted twice. For more information, contact the Ontario Ministry of Finance (1-866-668-8297).

ARM RETIREE HEALTH INSURANCE PLAN:

1-800-267-7867
<http://arm.otip.com>

RTO:

1-800-361-9888
www.rto-ero.org

OTIP's Retired Teachers Insurance Plan

1-866-783-6847
www.otip.com/rtip



DIGITAL BRIEFS

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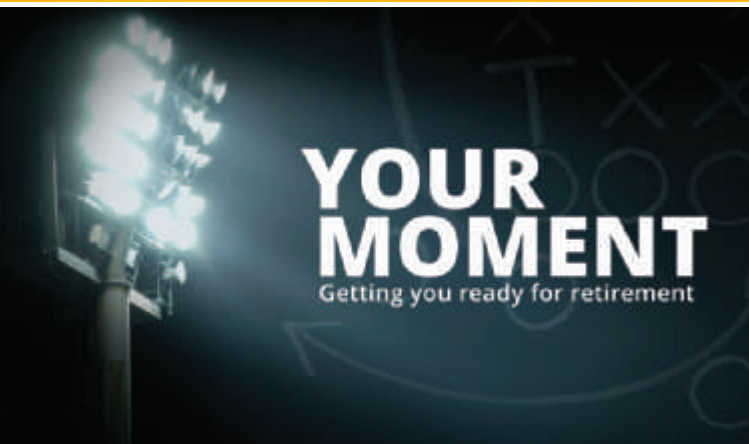
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Welcome to Your Moment!

More than 2,500 teachers will retire at the end of this school year. Tweet us a photo or share one on our Facebook page of your moment to help inspire them for this next chapter. Be sure to check out your colleagues' snaps on our "Show us your retirement" Pinterest board.



MyOTPP101, our online curriculum that lets you learn about your pension anytime, from anywhere, continues to grow.

Check out www.pinterest.com/myOTPP for boards that tackle topics ranging from your new annual statement to your bridge benefit.

On each board you'll find Facebook Live videos, and articles related to each topic.

A new topic will be added each month, be sure to like www.facebook.com/myOTPP to participate in the Facebook Lives, and follow us on Pinterest to stay on top of new subjects as we post them.



We asked our Facebook community how they made this decision.

Here are some of the responses we got:

JOAN: I put mine off until 65. My wife is still working so the lesser amount to be taxed on was a consideration. Also, I plan to live a long time which made waiting for the higher amount smart.

MARI: I think everyone's situation is different and unique. I decided to collect at 60... the rationale is that in most cases, a 60-year-old has higher expenses than an 85-year-old, and most of those extra expenses relate to enjoying life. Visit our Facebook page to read the other responses.

NEWS BRIEFS

Stronger together

We hosted our first Global Relationship Summit, during which our investment team met with prominent investors, captains of industry and ministers of state from the Philippines, Netherlands, Singapore, Colombia, Japan, Mexico, Abu Dhabi, Sweden, Qatar, U.S. and Canada.

The event explored how creating and sustaining strategic relationships can uncover and bring together different capabilities, while producing high-risk adjusted returns and sustained performance for all involved.

"Our future success as a plan increasingly relies on our ability to partner with like-minded investors."

— Bjarne Graven Larsen, Chief Investment Officer

First Indian deal an important milestone

Our Hong Kong office has closed its first direct investment in India. Working alongside our partner, Kedaara Capital, we are part of a consortium that will acquire a controlling ownership in Spandana Sphoorty, a leading micro-finance institution offering loans to women of low-income households across the country.

"This is an important investment for us, as it marks our entry into a core geography in Asia that will hopefully lead to more investment opportunities in the future," said Raju Ruparelia, Director, Private Capital, Asia. "It also aligns with our strategy of investing alongside local partners, and we are excited to be working with Kedaara, a key Ontario Teachers' partner in India."

Pension News is published for members of the Ontario Teachers' Pension Plan.

We appreciate your comments about anything you read in *Pension News*.

Please email: member_communications@otpp.com

This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.

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Printed on
recycled stock
ISSN 1180-3282

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