

# PENSION NEWS

INFORMATION FOR RETIRED TEACHERS AND THEIR SURVIVORS

WINTER 2017



Sue answers  
your most  
common  
questions

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# THE PEOPLE BEHIND YOUR PLAN

If you've called our Member Hotline you may have chatted with **Sue Panici**.



Sue spends her days helping retirees, just like you. Whether it's by phone, email or in-person, there's a chance she's answered a question you've had about your pension. With more than 28 years of experience, Sue has handled more than 145,000 calls and met in-person with about 370 members. Over the course of her career she's developed a deep understanding of our complex and ever-evolving plan.

"When I talk to one of our retired members, I need to ensure that they understand the information I'm giving them," Sue says. "Sometimes that information can be complex. The best part of my job is knowing that I've given the person the information they needed, in a way they understand."



We asked Sue what your most common questions are. Check them out below, with the answers:

**Q: What happens when your 50th day of re-employment lands on the last day of the month?**

**A:** You can work until the end of the month in which you exceed your 50-day limit without affecting your pension. So, if your 50th day of reemployment falls on January 31, and your 51st day is in February, you can work until the end of February without affecting your pension.

**Q: What does my spouse or estate representative need to do when I die?**

**A:** They can contact us via email ([inquiry@otpp.com](mailto:inquiry@otpp.com)) or call our Member Hotline (1-800-668-0105) to notify us of your death. We'll require proof of your death, which can be a death certificate or a funeral director's statement. If you'd like to confirm your survivor pension percentage, check page 1 of your Retired Member Statement (under Survivor benefits) or your online account.

**Q: Do I get a statement when my pension is deposited each month?**

**A:** You'll only receive a statement if there's a change in your net monthly amount. For example, you'll receive one when the inflation adjustment is applied, or if you increase the amount of tax we're taking at source. Otherwise, you'll receive your deposit on the last business day of each month without a formal statement (check page 8 for a list of 2018 pension deposit dates).

**Her most memorable conversation**

*A retiree in her 80s, living in a retirement home, was planning her second wedding. Both she and her husband-to-be were in wheelchairs and they were hosting the ceremony in the retirement home.*

*"She lost her first husband very early in life, and it took a long time, but she found a new love. You just couldn't help but feel so happy and excited for her," Sue recalls.*

**Did you turn 65 in December?**

If yes, then your bridge benefit will end and your pension will be adjusted in January. Why? We provide a bridge benefit, which is intended to supplement your retirement income until age 65 when you're eligible for an unreduced pension from the Canada Pension Plan (CPP). If you've told us you're collecting a CPP disability pension, your pension has already been adjusted.

# YOUR JANUARY PENSION

Here are four things to watch for on your January pension:

1

## **The Retired Teachers of Ontario (RTO) membership fee deduction.**

If you're an RTO member, the membership fee is around \$60 (based on an annual pension of \$48,000), and deducted once a year, in January.

## **2018 inflation adjustment.**

In 2018, all pensions will receive the full 1.6% increase, even on post-2009 credit (see pages 4 and 5 to learn more).

2

3

## **Adjustments to health insurance premiums.**

If you subscribe to a health insurance plan through the RTO (Johnson's) or Ontario Teachers Insurance Plan (OTIP), premiums are often adjusted in December or January (premiums are deducted each month). Other than deducting premiums, we don't administer your health insurance plan. If you have questions about your coverage or premiums, please contact your health insurance plan directly.

## **Changes in your income tax deductions.**

The Canada Revenue Agency sets the income tax rates deducted from your pension. The rates used in 2018 can be adjusted by CRA right up until Dec. 31, 2017.

You can increase the amount of tax deducted each month from your pension by signing in to your Ontario Teachers' online account.

4

## YOUR 2018 INFLATION

# INCREASE

# 1.6

### **The 2018 inflation rate is 1.6%.**

As announced earlier this year, all pension credit will receive 100% inflation protection for 2018.

#### **RECAP**

In March 2017, the partners announced a preliminary \$11.5 billion funding surplus. Some of this surplus is being used to fully restore cost-of-living increases for the portion of pensions earned after 2009. Here's what this change means for your 2018 inflation increase:

- In January 2018, you'll receive a pension increase equal to 100% of the annual increase.
- If you retired after 2009, your pension will be restored to the level it would be at if 100% inflation protection had been provided on January 1, 2017.
- If you retired in 2017, your first pension increase will be prorated from your last day of credit in 2017.



*The adjustment is based on 100% of the adjustment in the Consumer Price Index (CPI), a weighted basket of goods and services typically purchased by Canadian households each month. You'll be able to see your new net amount in your online account by about the third week of the new year.*



## MYTH BUSTERS

Let's set the record straight on some of the myths surrounding inflation protection.

### Myth #1 Pension credit earned after 2009 isn't protected against inflation.

#### REALITY

It depends on the plan's funding status. The portion of your pension earned before 2010 will keep pace with annual increases in the CPI. The portion of your pension earned during 2010-2013 will receive at least 50% and up to 100% of the annual increase in CPI, and the portion of your pension earned after 2013 will receive from zero to 100% of the annual increase, depending on the plan's funding status.

The ability for our plan partners to raise and lower inflation protection on post-2009 credit has helped to keep your plan strong. If all pensions received full inflation protection, we would've projected funding shortfalls. Instead, we've projected surpluses for the past four years.

### Myth #2 I can bank inflation protection for future years. So, if inflation protection was 90% in 2017, then the service I earned in 2017 will always receive 90% inflation protection.

#### REALITY

No, you can't bank inflation protection. Every year we check our financial health to ensure we can pay pensions for your lifetime and beyond. Some years will be better than others. Our plan partners adjust inflation protection in times of funding surpluses and shortfalls. Without this ability to adjust inflation protection on post-2009 credit, we would've faced shortfalls totaling around \$50 billion.

The partners have also used surpluses to make up for years you didn't receive full inflation protection.

### Myth #3 My pension will be reduced during periods of funding shortfalls.

#### REALITY

Current Ontario legislation protects the value of pension benefits already earned by working and retired members. Under the Pension Benefits Act, whatever benefits you've accrued or earned to date in your career can't be reduced.



# DON'T LET TAX TIME TAKE ITS TOLL

We've got tips to help you get organized before you file your income taxes.



Your T4A will be mailed to you along with your January pension deposit advice slip. If you need a duplicate, sign in to your Ontario Teachers' online account and download it from your Document Centre.



If you have other sources of retirement income, you may end up with a hefty tax bill when you file. You can increase the amount of tax we take at source from your Ontario Teachers' pension to reduce the likelihood that you'll owe money when you file. Here's how to increase the amount of tax we're deducting:



**SIGN IN** to your online account

**CLICK** the "My Pension" tab

**SELECT** "Pension Payments"

**CLICK** "Increase tax"

**ENTER** the additional amount of tax you would like deducted

If either you or your spouse have a higher retirement income than the other, consider splitting your pension income.

This could help to reduce the amount of taxes your household will have to pay.

Finding the right balance is dependent on your personal situation. Contact the Canada Revenue Agency (1-800-959-8281) to see if you qualify. If you do, consult a tax professional to find the optimal split for you and your spouse.

# DIGITAL BRIEFS

Keep up-to-date with plan news, as it happens.



Subscribe in your online Ontario Teachers' account



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## Need some inspiration?

We asked the retirees in our Facebook community to help take the chill out of the air and warm our hearts by finishing the following sentence:



**KATE:** The Donkey Sanctuary of Canada

**ALBERT:** Sea2Sea2017 (Support team); Omwabini Rescue Steps, Kimilili, Kenya; WorldRenew Disaster Response (various locations); and First Assembly Helps, Fort Meyers, Florida. Variety certainly keeps it interesting.

**TERI:** The Alzheimer Society; my church; and crocheting plastic bag mats for homeless persons.

**LINDA:** Play music with my husband at senior homes and hospitals.

**LORRI:** Secretary for the local agricultural society and on the board of directors for an active running series, which I also run in!

**RACHEL:** My local hospital, for 15 years.



149 REACTIONS  
70 SHARES

Roughly 900 of our current pensioners served our country.

111 REACTIONS  
29 SHARES

## 2017 ROUND-UP

CHECK OUT OUR  
**TOP 3**  
FACEBOOK POSTS OF 2017



23 REACTIONS  
70 COMMENTS  
12 SHARES

**PATRICIA:** I loved teaching and learning from my kids. Now I love learning new things and knowing that kids are in good hands with a new and talented group of teachers.



# NEWS BRIEFS

## 2018 PENSION PAY DAYS

Your pension is deposited on the last business day of each month.

IN 2018, THOSE DATES ARE:

**JANUARY**  
**31**

**FEBRUARY**  
**28**

**MARCH**  
**29**

**APRIL**  
**30**

**MAY**  
**31**

**JUNE**  
**29**

**JULY**  
**31**

**AUGUST**  
**31**

**SEPTEMBER**  
**28**

**OCTOBER**  
**31**

**NOVEMBER**  
**30**

**DECEMBER**  
**31**

### The bright side of copper

We're partnering with Glencore to create BaseCore Metals, a company focused on base metals streaming and royalties.

BaseCore Metals will be a 50:50 joint venture with Baar, Switzerland-based Glencore, comprising \$300 million in current royalty assets.

This investment reflects an important component of Ontario Teachers' Natural Resources mandate to ensure attractive returns through exposure to commodities that are well-positioned as the world transitions to a low-carbon economy. Copper, used in electric vehicles and power distribution, will be a key metal in this transition.

### Cheers!

In 2016 we acquired Canada's largest wine business from Constellation. In 2017, we rebranded as Arterra. Learn more about the producer of Inniskillin and Jackson-Triggs at [www.arterracanada.com](http://www.arterracanada.com).

*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](mailto:member_communications@otpp.com)

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Ce bulletin est disponible également en français.

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### Canadian lift-off for Lyft

We've participated in the most recent round of funding for ride-sharing platform Lyft.

This financing will bring Lyft's post-money valuation to \$11.5 billion.

The news comes as Lyft makes its international debut in Toronto, its first international market. Over the past year the company has more than doubled the number of rides given in 2016.

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