

# PENSION NEWS

INFORMATION FOR RETIRED TEACHERS AND THEIR SURVIVORS

AUTUMN 2018



The 2019 inflation  
rate is 2.2%

What does this  
mean for you?

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# YOUR RE-EMPLOYMENT REMINDERS

If you've been re-employed on what would be considered a full-time schedule since the school year started, then chances are you're getting close to hitting your 50-day limit.

We put together some reminders to make sure you keep your pension on track.

## REMINDER

# 1

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If you reach the 50-day limit, you can work until the end of the month in which you exceed the limit.

Let's say your 50th day falls on November 30, and you work on December 3. Then you exceeded the limit in December and can work until the end of the month without affecting your pension.

If you continue to work after the month in which you exceed the limit, let us know and we'll suspend your pension. You can call our Member Hotline (1-800-668-0105) and a Pension Benefits Specialist will discuss your options with you.

If you continue to work and continue to collect your pension, we'll collect the overpayment, plus interest.

## REMINDER

# 2

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It's on you to track the number of days you work. Your employer will report your service to us, but it's ultimately up to you to keep track.

## REMINDER

# 3

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Re-employment rules may apply, even if you don't get paid for your work. If you're unsure if the work you're doing counts towards your re-employment limit, even volunteer work, then call our Member Hotline (1-800-668-0105).

## REMINDER

# 4

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If you helped set up a classroom in August, that day could count towards the current school year. Make sure to ask your employer which school year your August work days fall under (calendars vary).

# WHAT'S THE DEAL WITH HEALTH INSURANCE AND YOUR PENSION?

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



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

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:

- Active Retired Members (ARM) Health Insurance Plan administered by the Ontario Teachers Insurance Plan (OTIP);
- Retired Teachers Insurance Plan (RTIP) administered by the Ontario Teachers Insurance Plan (OTIP); and
- The Retired Teachers of Ontario (RTO/ERO), Johnson Inc.

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.



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

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.



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

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.

Active Retired Members  
(ARM) Health  
Insurance Plan:  
1-800-267-7867;  
[www.arm.otip.com](http://www.arm.otip.com)

Retired Teachers  
Insurance Plan (RTIP):  
1-800-267-6847;  
[www.otip.com/rtip](http://www.otip.com/rtip)

RTO/ERO:  
1-800-361-9888;  
[www.rto-ero.org](http://www.rto-ero.org)



# KEEPING YOUR PENSION STRONG

**The 2019 inflation adjustment rate is 2.2%. All pension credit will receive the full increase, effective January 1.**

If you retire(d) in 2018, your first pension increase will be prorated from your last day of credit in 2018.

While inflation protection helps you to maintain your purchasing power throughout retirement, it's also an important tool to help maintain the pension plan's long term strength.

*Sign in to your online Ontario Teachers' account to see your new pension amount. It'll be available in the third week of January.*



# COMMON QUESTIONS ABOUT INFLATION PROTECTION

Every year we see some of the same questions being asked on this topic. We're going to answer them for you to help clear up some of the confusion.



## Q: Is conditional inflation protection the same as deindexing my pension?

A: No. Deindexing means that your pension would never receive a cost-of-living increase.

Conditional inflation protection, which is the mechanism we use, means the amount of inflation protection we provide on the portion of your pension you earned after 2009 will vary depending on the plan's funding status during your retirement.

Here's a breakdown:

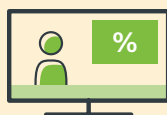
- The portion of your pension earned before 2010 will keep pace with the annual increases in the Consumer Price Index (CPI).
- The portion of your pension earned during 2010-2013 will receive at least 50% and up to 100% of the annual increase in CPI.
- The portion of your pension earned after 2013 will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



## Q: Does inflation protection get banked for future years? As an example, the inflation increase retirees received on January 1, 2018 was 100%. Does that mean the service I earned in 2018 will always receive the full inflation adjustment during my retirement?

A: No, inflation protection does not get banked. On a regular basis 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 sponsors, Ontario Teachers Federation and the Ontario government, adjust inflation protection in times of funding surpluses and shortfalls. Changes in inflation protection levels can only be made when valuation reports are filed with the regulators.

The sponsors have also used surpluses to "boost" pensions for retirees who may have had a year where they received an adjustment less than 100% of the CPI to the level they would have been at had full inflation protection been provided. In a nutshell, income tax laws prohibit us from repaying you the difference, but with the boost your next cost-of-living increase is calculated on a higher base pension.



## Q: Why is the inflation adjustment rate we calculate sometimes different than what's reported in the media?

A: Sometimes the rate we use will be higher and sometimes it'll be lower than the inflation rates reported in the media. That's because the media compares the CPI for the current month to the same month a year earlier. We compare the average monthly CPI for the 12-month period ending in September to the 12-month average a year earlier, effectively smoothing the adjustment from year to year.

# PROTECTING YOUR PERSONAL INFORMATION

**The protection of your information and our transparency with you are top priorities for Ontario Teachers'. That's why we wanted to update you on a recent issue affecting a limited number of incoming emails sent to Ontario Teachers'. The issue has been resolved and there is no current risk to emails you may have sent us.**

We recently discovered that certain emails that members sent in reply to our newsletters and other informational emails (sent from [reply@reply.otppmembers.com](mailto:reply@reply.otppmembers.com)) may have been inadvertently directed to an outside company that works with website providers to conduct security analysis of incoming emails. This issue was discovered by Ontario Teachers' and was promptly fixed.

We have thoroughly investigated, and this issue was caused by an operational error. We have been in contact with the security analysis company to confirm that any emails received in error were not shared with anyone else, were promptly deleted, and that no information in the emails was used or stored. Further, we have taken steps to prevent incidents of this kind in the future.

There is no current risk to sending emails to us, our internal systems were not affected and all your information stored by Ontario Teachers' is safe and secure.

## Cyber Security Awareness Month

Since October was Cyber Security Awareness Month, we also wanted to share some tips to help you safeguard your information.

- 1** Always use your Ontario Teachers' online account or contact us by phone to update your confidential information.
- 2** Be aware of potential scammers who may use fake emails, pop-up ads, text messages, or phone calls to try to trick you into sharing personal information.
- 3** Open emails from those you know. If you don't recognize the sender, think twice before opening or responding to unsolicited email. And don't click on email links or attachments from unknown sources unless you're sure they're coming from a reputable source.
- 4** Keep your account number and password confidential. Don't share them with anyone, including family members.
- 5** If you believe that your account number or password are no longer secure, or you receive what may be a phishing email, spam or other suspicious messages that look like they're from Ontario Teachers', call us immediately at 416-226-2700 or 1-800-668-0105, Monday to Friday between 8:00 a.m. and 5:30 p.m.

**With these tips, you can protect your data and feel confident that you're taking the right steps to being safe online. If you have any questions, please contact us at [inquiry@otpp.com](mailto:inquiry@otpp.com), 416-226-2700 or 1-800-668-0105.**



# WE'RE GOING TOBACCO-FREE

We joined finance leaders, health officials and governments from around the world and pledged to go tobacco-free.



## By signing the pledge, we're committing to divesting all direct tobacco holdings in our portfolio.

"Given the reputational, social and commercial headwinds facing the tobacco industry today, we are no longer confident that tobacco represents an attractive investment opportunity for a long-term investor," said Barbara Zvan, our Chief Risk and Strategy Officer.

"Signing this pledge reinforces and institutionalizes our conviction that tobacco is no longer a sensible investment for our fund."

We intend to exclude businesses involved in the production of tobacco from our investment portfolio.

## How does butting out of tobacco affect your pension?

Our fiduciary duty, ensuring your and future generation's pension, is our driver. We consider and assess risk factors that may have a material impact on the plan's financial performance, including our reputation, over both short and long-term horizons.

We'll exclude investments that pose risks that cannot be mitigated and that outweigh potential returns.

We believe this decision will help our returns over the long term.

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# NEWS BRIEFS



## Investing in online quote comparison tool

We've agreed to acquire Kanetix Ltd., Canada's largest digital customer acquisition platform and marketplace that provides quote comparison search tools for insurance and financial products.

Kanetix has been a leader in providing millions of Canadians' online insurance quotes since its launch in 1999 and has built successful partnerships with Canada's leading insurance companies.

The investment is one of the latest in our private capital group's long track record of investing in the financial services and technology industry.

## New Chief Investment Officer named

Ziad Hindo has been named our Executive Managing Director and Chief Investment Officer.

Ziad, a veteran investment professional, joined Ontario Teachers' in 2000. He's responsible for all aspects of our investment activities, including oversight of the global portfolio managed through our international offices in London and Hong Kong, and our wholly-owned real estate subsidiary Cadillac Fairview.

He brings his global experience in both public and private markets, spanning multiple asset classes and was most recently head of our Capital Markets group.



**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)

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

Return undeliverable Canadian addresses to:

PM# 40062973

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