

PENSIONWISE

A PUBLICATION FOR ONTARIO TEACHERS

SUMMER 2017



IN DISCUSSION WITH OUR
Responsible Investing team

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FACT OR FICTION FOR OCCASIONAL TEACHERS





Even if you're still working towards a full-time, permanent gig know that every little bit of time you spend working in education counts towards your retirement.


May is a popular month for new members to sign their first contracts and kick off their teaching careers. For many, the first years teaching will be on an occasional basis. But even if you're working towards that full-time permanent gig, you should know that every little bit of time you spend in the classroom counts towards your retirement.


 **FICTION:** You have to have a full-time, permanent position before you can contribute to your pension.


 **FACT:** If you're certified by the Ontario College of Teachers and work for a participating employer, you're vested. Once you work more than 10 days in a school year for a participating employer, you've earned a qualifying year of credit towards your pension.


 **FICTION:** Only teaching jobs count towards your pension.

 **FACT:** If you're certified by the Ontario College of Teachers, any income you earn from a participating employer, even as a custodian, will help you to build credit in your pension. So, consider taking any job you can get in those first years. It all adds up.

 **FICTION:** You can only work for one school board and contribute to the pension plan.

 **FACT:** If you haven't taught full-time during the school year, you can boost your credit in the plan by teaching summer school or doing some admin work for any of our participating employers. Or, maybe you teach on an occasional basis for more than one board? That's okay too. The more experience and exposure you get, the better your chances of landing that full-time job could be, and the more credit you build in your pension.

 **FICTION:** Occasional teachers can't use the pension calculator in their online account.

 **FACT:** Once you've got a year of service under your belt, you can sign in to explore different retirement scenarios. It's never too early to get a sense of the role your pension will play in your finances.

Share these tips with your fellow teachers!
www.otpp.com/factorfiction

LET'S CONNECT!

Register today for your Ontario Teachers' online account.

Call 1-800-668-0105, Monday to Friday, between 8 a.m. and 5:30 p.m. and we'll set you up.

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

HOW TO PAY FOR YOUR LEAVE

If your leave ends in 2017 you have until April 30, 2018 to tell us if you plan to pay for your leave. Remember, you don't have to make payments immediately.

If you told us you plan to pay for your leave, you may be wondering what the next step is.



Many of your colleagues pay using an electronic transfer of funds in multiple installments.

For example, if you spread payments for a

\$10,000 leave

out over five years,
your monthly cost would be about

\$180

(including interest)

To pay using an electronic transfer of funds:

- 1 Sign into your financial institution's online account
- 2 Set Ontario Teachers' Pension Plan as a payee
- 3 Use your Ontario Teachers' account number as the bill account number

TIP: you can find this in the top right corner of the emails we send you

You can also pay using RRSPs, but the process is more complex and you won't get a tax break. You'll need to take a Direct Transfer T2033 form to your financial institution (you can download this from our website) to start the process. The transfer could take upwards of six weeks and you'll likely have to pay administrative fees to your financial institution.

Want more info?

Check out our Pinterest board,
"Going on a leave – myOTPP 101" for articles
and a Facebook Live on the topic.

DIGITAL BRIEFS

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



Subscribe in your online Ontario Teachers' account



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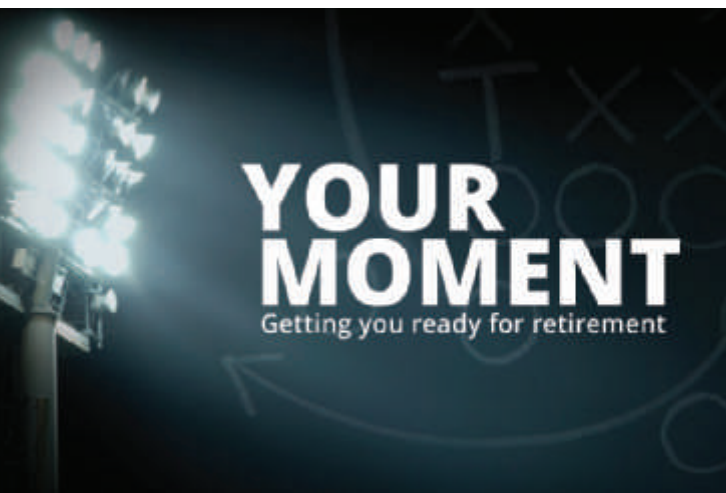
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More than 2,500 teachers have applied for their pension and are set to retire at the end of this school year.

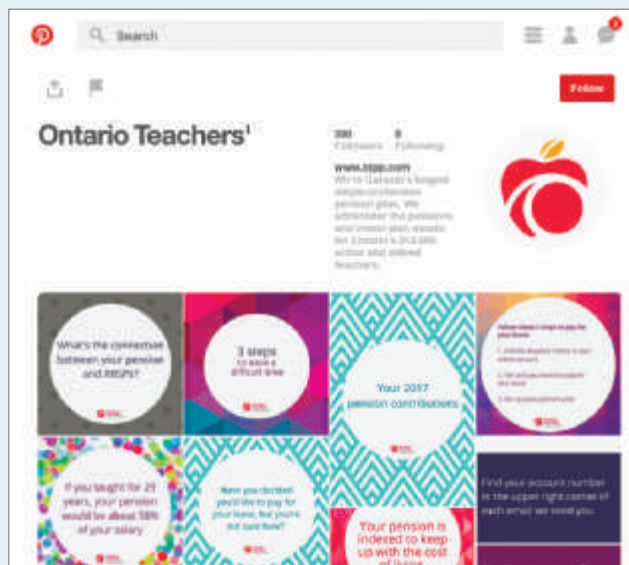
Don't wait until the moments before the final buzzer sounds on your career to start prepping for your moment. Visit www.otpp.com/yourmoment for your playbook, now with video boot camp tutorials to help whip you into great shape for your retirement.

You can now snap a photo of your document from your mobile device and upload it directly to your profile. It's a virtual slam dunk. Check out the one-minute video tutorial on how to upload pictures of your documents to your online account.



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

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 topics as we post them.



Check out www.pinterest.com/myOTPP for Pinterest boards that tackle going on a leave, retirement readiness and ending a spousal relationship. On each board you'll find Facebook Live videos and articles related to each topic.

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."

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

We appreciate your comments about anything you read in *Pensionwise*.

Please email: member_communications@otpp.com

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Ce bulletin est disponible également en français.

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