


PENSIONWISE

A PUBLICATION FOR ONTARIO TEACHERS

SUMMER 2018



How mussels
pay your pension

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PLANNING FOR A LONG RETIREMENT

We're ready for longer retirements and longer life expectancies

Our retired members are living longer and healthier lives than ever before which is a good thing! Longer, in fact, than the general Canadian retired population by roughly two years. So what does this mean for the health of your pension plan?

On average, after a 26-year career, our members will collect a pension for 32 years. While 32 years may seem high to some, it's based on data we've collected from our large membership base over a long period of time.

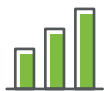
We use this data to project well into the future to ensure we're able to pay your pension. A few of the many factors we consider are:



how long members work



the rate at which members retire



life expectancy based on our custom mortality tables



whether or not you're married (and your spouse's age)

Another key assumption is that life expectancies will continue to increase.

As the ratio of working members to retired members continues to shrink, and life expectancies increase, making accurate projections is more vital than ever. These statistics, combined with all of the data we collect, are essential to helping us predict your future pension needs.

We need to make informed decisions today so we can keep our promise of providing you (and then your survivor) with a secure pension for the rest of your lives.



Why are teachers living longer?

While we can't say for certain, there are a few theories.

- **Healthier work environment** – Compared to the average Canadian, teachers tend to be more active in their jobs – you tend to stand and walk a lot more than a person with a typical desk job. Schools were one of the first workplaces to be designated a non-smoking environment. This means teachers typically tend to be in better health when they retire.
- **Level of education** – Teachers are an educated group of individuals and there is a proven positive link between a person's level of education and their life expectancy.
- **High proportion of married members** – Many of our plan members are married. According to insurance companies, married people tend to live longer in part because there is someone home to call 9-1-1. No joke!
- **Less financial stress** – Once you retire, your pension ensures a level of financial security many Canadians don't have. It turns out having economic stability – in both your working years and retirement years – helps to keep you healthier longer. In addition, 70% of our members are female. Statistics show Canadian women continue to have a longer life expectancy than men.

IN CASE YOU MISSED IT...

We answer your FAQs that followed the release of our annual results



Q: How will turbulence around international trade agreements affect our fund?

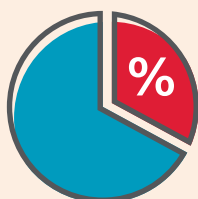
A: For decades now we've navigated geopolitical and economic issues. We build a risk-adjusted portfolio to withstand these kinds of buffeting.

If trade negotiations result in the introduction of tariffs, these would ultimately be a form of tax between countries. Higher taxes usually means a slower economy. The portfolio we've built is designed to handle changing economic conditions and a slower economy. That doesn't mean we won't experience ups and downs, but the plan remains in a strong financial position.

Q: Other pension plans similar to ours allow additional voluntary contributions (AVCs). Can I invest more in our plan?

A: The simple answer is no. Our legislated mandate doesn't currently allow us to manage and administer a personal investment account in the plan on your behalf. Allowing members to make personal investments would require changes to our legislated mandate.

We continuously evaluate opportunities to enhance our member service offerings. As part of this evaluation, we took a close look at some of the other plans allowing AVCs. The money collected as an AVC is registered, just like your regular contributions to your pension or RRSPs, and subject to the same contribution limits for income tax purposes. Only 3% of the Ontario Municipal Employees Retirement System's members take advantage of that particular plan's AVC benefit. Most of your annual contribution room is already used up with your regular pension contributions, so we didn't see a compelling cost benefit to pursuing an AVC program.



Q: What portion of the pension fund's assets came from contributions, and what percentage came from investment earnings?

A: Twenty percent of your pension comes from contributions, and 80% comes from the investment that we earn on those contributions.




How mussels pay your pension



Picture it...

You're heading to the east coast for a fun, family summer vacation. You're strolling along the red sand beaches, waves gently splash around your feet as the kids collect sea shells. You pause and wonder – how is this helping pay for my pension?

Late last year, we put some mussel into our portfolio by acquiring PEI-based Atlantic Aqua Farms. We see long-term benefits from a few different angles:

-  Shellfish aquaculture (think mussels, oysters and clams) is one of the most sustainable and eco-friendly food sources available;
-  There's a growing hunger for healthy proteins, especially environmentally friendly seafood, and aquaculture production is well-positioned to expand to feed the growing population and demand; and
-  Investments in commodities provide stability during periods of high inflation.

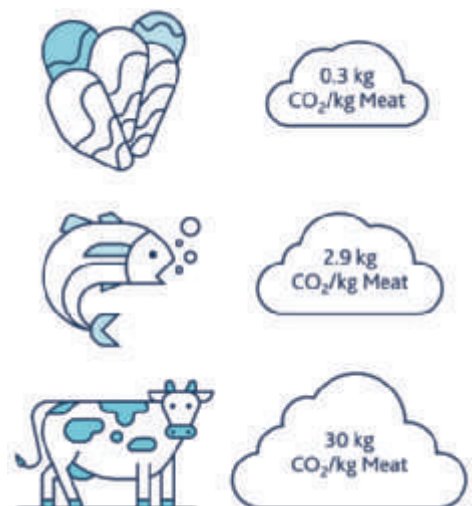
What's good for your dinner table is good for the earth

Farming mussels and oysters is a natural, organic process. Ropes containing mussel socks and oyster cages are deployed on our farm sites in the sea, and the mussels and oysters feed off the plankton and other nutrients that naturally occur in the water. It's a natural process that grows a delicious, nutrient-dense food product.

Here's a few reasons why Atlantic Aqua Farms is such a good catch:

- First mussel company to receive a best aquaculture practices (BAP) designation from the Global Aquaculture Alliance
- Don't require external feed or antibiotics to grow mussels
- Have met rigorous standards to receive Canadian Organic certification

Another plus? The carbon dioxide (CO₂) output of aquaculture farming is a fraction of other forms of agriculture.





Our acquisition of Atlantic Aqua Farms was our first dive into aquaculture. Find out why we see big opportunities in this sustainable food source.

Mussels are catching on

People's dietary needs and/or preferences are constantly changing. The growing middle class and westernization of diets in places like China and India are fueling a hunger for proteins. This growing global demand for seafood and the fact that the market is also seeking healthier, environmentally friendly options all bodes well for the long-term future of aquaculture.

Our investment team canvassed the earth for an opportunity that would help meet this growing demand, while providing the best risk-adjusted returns. After researching the opportunities both on land and water, the team saw an opportunity to expand its food portfolio to include investments in aquaculture. We have a mandate to invest in sustainable organizations within the global food basket. Aquaculture fits this bill.

Not only is global protein consumption on a per capita basis increasing, but seafood consumption as a percentage of the overall protein basket is also increasing.

Shellfish aquaculture naturally uses low impact farming techniques, which allows for increased supply without significant environmental or social impact. It's a degree of flexibility that simply doesn't exist with wild catch or land-based agriculture.

Stability when inflation is high

When inflation creeps up, the performance of equities and bonds historically trends down. On the other hand, the value of commodity investments, like food, increases as inflation increases.

Adding Atlantic Aqua Farms to our portfolio helps maintain a balance during times of volatility or higher inflation. It's fair to say that this water-based investment should help keep your pension on solid ground for the long term.

Atlantic Aqua Farms at a glance



Based in Prince Edward Island



Sold at Costco, Loblaws, and Metro under the Canadian Cove brand



More than 3,700 acres of mussel and oyster acreage



Largest grower and processor of blue mussels in North America

THE LINK BETWEEN CPP AND YOUR PENSION

What happens to your Ontario Teachers' pension after you turn 65?

The Canada Pension Plan (CPP) and your Ontario Teachers' pension will likely be your two primary sources of retirement income. Whether you're in the early planning stages of retirement or getting set to celebrate your 65th birthday, it's important to understand the connection between these two pensions.

Here are the answers to some of your FAQs:

Q: When should I collect CPP?

A: Deciding when to collect CPP is a highly personal decision, and your situation is unique. Consider what your living expenses will be like during your retirement. Will your mortgage be paid off? Will your kids be finished school? What is your health like?

If your expenses will be high during your early retirement years, consider collecting a pension early from the CPP. By starting a reduced CPP retirement pension early, you may receive it for a longer period of time. However, by waiting until age 65 (or later), you'll receive more each month.

We recommend consulting a financial advisor to find the right time for you.

Q: If I delay taking CPP, will my Ontario Teachers' pension still be adjusted when I turn 65?

A: We provide a bridge benefit, which is intended to supplement your retirement income until age 65 when you're eligible for an unreduced CPP pension. The month after you turn 65 (even if you started to collect CPP earlier) or immediately if you start a CPP disability pension, the bridge benefit ends and your pension payment is adjusted.

Q: How much will my Ontario Teachers' pension be adjusted by when I turn 65?

A: The adjustment is based on a formula, (and not the actual amount that you'll personally end up receiving from the CPP). To see the impact to your pension, sign in to your Ontario Teachers' online account.

Want estimates of your reduced and unreduced Canada Pension Plan (CPP) benefit to help you decide when to take CPP? Visit the Government of Canada's Canada Pension Plan Overview online.

Find it at www.canada.ca



THEIR MOMENT

More than 3,200 teachers retired on the last day of school this year. We'd like to send a big thanks to the members of "Class of 2018" for sharing their snaps and smiles with us on our Facebook page (www.facebook.com/myOTPP).



Karen
Happily retired in North Bay!
😄👍🌸



Anna



Lisa
Cheers!



Charlotte



Laurie
Celebrating my retirement at the Sydney Opera House, Australia!



Lorraine

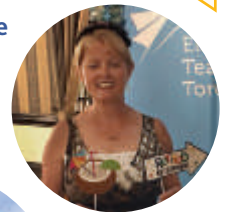


Mary



Beth
We were roommates at our faculty of ed 85/86 and retired together! Our hubbies sent us this to pick us up on our last day. ❤️

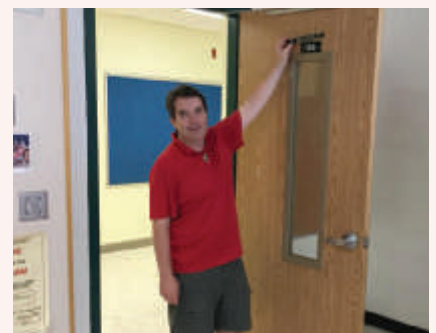
Beatrice



Krista



Karen



Thomas
After 30 years of doing my best to make a positive difference in the lives of children, Mr. MacInnes has left the building. My heart is full. Life is good.



NEWS BRIEFS

[CAMP] FIRING UP OUR PORTFOLIO

It's summer vacation and we're not just setting tent stakes.
We acquired a 40% stake in the European Camping Group (ECG).

ECG OWNS AND OPERATES
A RENTAL FLEET OF MORE THAN

20,000

MOBILE-HOME HOLIDAY
RENTALS, IN ABOUT

300

CAMPsites ACROSS CROATIA,
FRANCE, ITALY AND SPAIN.

People tend to be keen on s'more downtime away from the hustle and bustle, whether the economy is flying high or in a slump. This makes ECG's business of offering high-quality, affordable vacations resilient to economic shifts. In fact, over the last decade the company has created **25% annual growth**.



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

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.

Ontario Teachers' Pension Plan
5650 Yonge Street
Toronto, Ontario M2M 4H5

Client Services

Telephone: 416.226.2700
or 1.800.668.0105

Fax: 416.730.7807
or 1.800.949.8208

Email: inquiry@otpp.com
Website: www.otpp.com



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Return undeliverable Canadian addresses to:

Ontario Teachers' Pension Plan
5650 Yonge Street
Toronto, Ontario
M2M 4H5

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