

PENSIONWISE

A PUBLICATION FOR ONTARIO TEACHERS

AUTUMN 2018

Get prepped to check out
your annual statement

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INFLATION PROTECTION AND YOUR RETIREMENT



Cost-of-living increases, inflation protection, adjustments for inflation, whichever term you use, these annual increases to your pension will help you to maintain your purchasing power throughout retirement. But, they're also an important tool to help maintain the pension plan's long term strength.

Common questions about inflation protection

Inflation protection won't affect you until you retire, but it's worth taking the time to understand the role it'll play in your retirement now. Every year we see some of the same questions being asked on this topic. We're going to answer them to help clear up some of the confusion that might exist.

Q: Will the part of my pension earned after 2009 be protected against inflation?

A: Any pension credit you earned before 2010 will receive the full inflation adjustment. But how much of that increase you'll get for the portion of your pension you earn after 2009 will depend on the plan's funding status.

Here's the 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 during your retirement.

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.

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 for retirees 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 Consumer Price Index (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.

YOUR ANNUAL STATEMENT PRIMER

Your Statement of Pension Benefits offers you a snapshot of the pension benefit you've earned so far in the plan, and a look ahead to what your future pension will be.



HERE'S A PRIMER FOR WHEN YOU REVIEW YOUR STATEMENT:

- 1** "Normal retirement date" versus "earliest unreduced pension start date" on page 1. Your normal retirement date is the first of the month following your 65th birthday. Your earliest unreduced pension start date is either the date when you hit your 85 factor (age + qualifying years) or your "normal retirement date", whichever comes first.
- 2** The amounts on pages one and two are different. Page one tells you what you'd receive if you retired at your earliest unreduced pension start date. Page two tells you what you'd receive if you stopped teaching at the end of the 2017–18 school year, and doesn't include inflation.
- 3** If you have graphs on page 3, you'll see a bridge benefit amount. We provide a bridge benefit, which is intended to supplement your retirement income until age 65 when you're eligible for an unreduced Canada Pension Plan (CPP) pension. This benefit ends the month after you turn 65, or earlier if you start a CPP disability pension. At age 65, you should be eligible to apply for an unreduced CPP pension, which can help make up for the difference in your monthly income once the bridge benefit ends.



MAKE SURE YOU DON'T MISS OUR EMAILS.

Add us to your address book to ensure we don't end up in your spam folder.



Stacking your deck

Roughly 1-in-5 of our members under the age of 30 are occasional teachers. In those first years of your teaching career you've probably been dealt a hand that involves hustling between jobs and navigating new schools. We've been listening to new teachers and have a few tricks that just may prove to be aces up your sleeve as you begin your career.

Play every card you can

While working a night shift in hospitality won't help grow your pension, teaching night school likely will. The fact is, any time you spend working for a participating employer will add to your credit, up to a full school year. The more credit you have, the bigger your pension will be. Keep this in mind when weighing your options for supplementing your income.

Deal from more than one deck

While you're searching for that full-time permanent position, you don't have to limit yourself to just one employer. If you end up supply teaching for more than one school board, you'll grow your pension with every pay cheque you earn.

It's not just public schools that count. If you're considering a job with an independent school, check to see if they participate in our plan. You can find a list of private schools and designated organizations on our website.

You can be a jack of all suits, or in this case, trades

If you're a certified teacher in Ontario, and a school board asks you to do some non-teaching work, like admin or support work, you'll be building credit in the plan. If you find yourself answering phones, helping out with filing, or helping to herd youngsters, remember, every gig, as long as it's with a school board, counts.



Playing from the same deck

Even as an occasional teacher you have all of the same pension plan features as full-time permanent teachers. That's why it's so important to designate a beneficiary, which you can do online once you sign up for an online account. Call our Member Hotline (1-800-668-0105) and we'll get you going.

Stack your social deck

When you don't have a home base school, we know it can be tough to build relationships and find mentors. Teachers tend to lean on one another, and while your fellow OT colleagues offer you lots of support, there's also a bastion of seasoned veterans out there who are happy to share some of their experiences with you.



WHEN YOU HAVE A MOMENT, HEAD OVER TO

www.facebook.com/myOTPP

and check out the community of teachers from across the spectrum, you'll be able to connect with fellow newbies, educators who are midway through their career, and those who have retired.

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) 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 is 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, 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.

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

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.



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.

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