TEACHERS' PENSION PLAN ONTARIO

Pension News

INFORMATION FOR RETIRED TEACHERS AND THEIR SURVIVORS SUMMER/FALL 2008

Shortfall resolved, current pensions unchanged

The Ontario Teachers' Federation (OTF) and the Ontario government have changed the way cost-of-living increases will be determined for future retirees' pensions to deal with a $12.7 billion funding shortfall.

The change does not affect you. You will continue to receive full cost-of-living increases every year. Your pension and the value of pensions already earned by working members are protected by legislation.

Jim Leech, President and CEO of the Ontario Teachers' Pension Plan, said the cost-of-living change for future retirees will help the pension plan manage funding challenges stemming from low interest rates, increased life expectancy and the risk that investment returns could fall short of the growth in plan liabilities.

How the new cost-of-living provision will work

Pension credit earned before Jan. 1, 2010, will still be 100 per cent protected against changes in the cost of living. Inflation increases for pension credit earned after Dec. 1, 2009, will range from 50 to 100 per cent of the change in the cost of living, depending on the plan's funding status.

The Ontario government and designated employers that participate in the plan will make extra payments equal to any inflation increases members forgo.

For more information on the change and how the pension plan is funded, please visit our website at www.otpp.com.

Your 2009 inflation increase will be announced in the next issue of *Pension News*, scheduled for release in November. ■

Keeping the pension plan healthy provides pension security for all generations of members.

Inside this issue…

Market turbulence won't affect your pension

Retirees need not worry about the impact of current market conditions on their pensions, said Jim Leech, President and CEO of the Ontario Teachers' Pension Plan.

Jim Leech

"You can rest assured your pension will be there for you," Jim said.

While the fund may experience short-term setbacks, long-term performance counts the most for pension plans.

Bob Bertram, Executive Vice-President of Investments, said the investment team will continue to take an appropriate level of risk and invest to achieve its long-term objective of paying teachers' pensions.

"In times of turmoil, the best response is to focus on the basics and not to overreact. We've experienced market swings before," he said.

Diversification is critical

Today's markets illustrate the importance of being diversified across industries, geographic areas and asset classes, Bob said.

"We will continue to closely monitor our investments, as we always do, to manage through this market cycle."

The pension plan reports investment performance at the portfolio level once a year. Results will be presented, as usual, in the *Report to Members* in the spring.

"It's important to remember that pensions being paid to retired members and benefits already earned by working members are protected by legislation," Jim said.

Re-employment limits apply to all positions

Working after retirement limits now apply to all pensioners who work for a designated private school or designated organization.

Before Sept. 1, 2008, the limits applied only to teaching and certain other positions at designated employers.

Working after retirement rules restrict the time retirees can work without affecting their pensions to:

- up to 95 days in each of the first three school years in which they return to work (these don't need to be consecutive years); and
- up to 20 days each school year after that.

Years worked during a five-year window that allowed for extended re-employment – from Sept.1, 2001, to Aug. 31, 2006 – are excluded from the limits.

Working after retirement limits now apply to all pensioners who work for a designated private school or designated organization.

News briefs

Life expectancy increases

A new mortality study shows Ontario teachers are living longer in retirement. The average female teacher who retires today can expect to live until age 90, three years longer than the average male teacher at retirement.

The table below shows the life expectancy for each funding valuation filed since the pension plan became an independent entity in 1990.

Keep in mind that life expectancy tables are based on averages. Your family history, general health, lifestyle, current age and other factors are a better indicator of your longevity.

Valuation Year	Life expectancy at retirement Males	Females
1993	24 years	28 years
1996	24 years	29 years
1998	24 years	29 years
1999	24 years	29 years
2000	24 years	29 years
2001	25 years	29 years
2002	28 years	30 years
2003	28 years	30 years
2005	28 years	30 years
2008	30 years	33 years

Supplementary pension plan needed to fill gap in retirement savings

A prominent business leader is calling for the creation of a major new supplementary pension plan for Canadians.

In a paper published by the C.D. Howe Institute, Keith Ambachtsheer said such a plan could prevent a decline in the standard of living in retirement for the millions of Canadians with no or inadequate workplace pension plans. The pooled plan would include optional payroll deductions, low administrative costs and professional money management.

National summit needed to fix Canada's pension system

A national summit is needed to reform the country's retirement system and stop the decline of defined benefit pension plans, said Claude Lamoureux, retired CEO of the Ontario Teachers' Pension Plan.

In a speech to the Economic Club of Toronto, Claude called on policy makers to piece together the "patchwork" of provincial pension legislation.

"I believe the defined benefit pension is one of the best ways to save for retirement," he said.

Claude said employers are moving away from defined benefit plans because of their high cost and complexity. Only about 20 per cent of private sector workers are covered by such plans in Canada, compared with 80 per cent for the broader public sector.

Read the full speech at www.otpp.com.

i Access Trivia

- About 36,000 pensioners, or 33 per cent of our retired population, are registered for *i* Access Web, the secure members-only section of our website.
- Members log into *i* Access Web from 77 countries.
- Our oldest online user is 101.
- One member went online 134 times last year.
- If all members read *Pension News* online, instead of in print, we could save about 30 trees a year.
- Member use of *i* Access Web increased 29 per cent last year.

Real estate recognized for environmental standards

The next time you go shopping, think about this: the money being invested on your behalf might be helping to build some of the most environmentally friendly retail and commercial buildings in the country.

Cadillac Fairview, the pension plan's wholly owned real estate subsidiary, is recognized as an industry leader in adopting progressive environmental standards for building and managing properties.

Nine properties earn green certification

About 11 per cent of Cadillac Fairview properties have earned the "Go Green Plus" certification from the Building Owners and Managers Association (BOMA). Certification is awarded for meeting best practices in the real estate industry by reducing energy consumption, lowering operating costs and improving waste management. Among the properties to receive this prestigious award are the Toronto Eaton Centre, the TD Centre and Simcoe Place.

Cadillac Fairview's innovation in addressing environmental issues dates back to 2004 when the company became one of the first to convert several office buildings to a new Enwave Deep Lake-Water Cooling system that dramatically reduces energy consumption and emissions. In 2006, construction began on the RBC Centre, which will become one of Canada's greenest office buildings.


Karen Jalon

Leading by example

As one of the largest owners and managers of commercial real estate in North America, Cadillac Fairview strives to be not only the best at what it does, but to set an example for others.

"We want to lead by example in everything we do and this applies to our green initiatives," said Karen Jalon, Director, National Sustainable Operations.

Research suggests that retail and office tenants are influenced by their landlord's commitment to sound environmental practices.

"We believe that a focused green program not only supports our corporate best-in-class vision, but also can positively impact our financial performance. It's a win-win for everyone," Karen said.

The Green Vision

Cadillac Fairview's Green program focuses on the following principles and long-term objectives:

- Energy and water conservation and efficiency: sustain energy at each property by using renewable energy sources
- Waste management and recycling: generate zero waste by implementing a consistent and dedicated approach to waste diversion and minimization
- Environmental protection: eliminate adverse impacts at Cadillac Fairview properties wherever activities, products and services interact with the environment (while ensuring compliance with government regulation)
- Green procurement: use environmentally friendly products and services at all properties and adopt environmentally friendly best management practices
- Green communications: inform, educate and share information with employees and tenants on ongoing initiatives, so everyone can work together to make a difference

Cadillac Fairview has developed a comprehensive green strategy founded on the principles of environmental protection, conservation of resources, technological innovation and social responsibility. “We strongly believe this approach is good for business in the long term and will have a positive impact on our employees, tenants and customers,” Karen said.

RBC Centre achieves top rating for being green

The RBC Centre has been creating quite a buzz in downtown Toronto since construction began in 2006.

In addition to the striking architecture and optimal location, it will be the first major highrise office building in Canada to achieve the industry’s gold standard in green leadership through new technologies and partnerships with tenants to minimize energy and environmental impact.

The standard from the Leadership in Energy and Environmental Design (LEED) “Green Building Rating System” is an internationally accepted measurement for sustainable sites, water efficiency, energy, and atmosphere and materials.

The 1.2 million sq. ft. property will include features such as:

- automated systems for lighting and windows;
- floor-to-ceiling insulated glass for greater natural light;
- water collection and high-efficiency recycling systems;
- low-emitting materials; and
- biofuel emergency generators providing 100 per cent power to all electrical systems.

The RBC Centre, scheduled to open in June 2009, will rise 41 storeys on Wellington Street, steps from Toronto’s Union Station. It will be connected to Simcoe Place and the Ritz-Carlton Hotel, which Cadillac Fairview jointly owns. ■

Cadillac Fairview's RBC Centre, scheduled to open in 2009, is expected to use 50 per cent less energy than buildings built to the Canadian National Energy Code.

Member service ranked first in North America

The Ontario Teachers' Pension Plan provides best-in-class pension service in North America.

A recent report from CEM Benchmarking Inc. ranked the Teachers' plan first among its peers in North America, based on an evaluation of 11 service categories, ranging from the payment of pensions to contact with members.

The Teachers' plan also tied for first place internationally, beating out 58 other leading pension plans in Canada, the U.S., the Netherlands and Australia.

The Teachers' plan scored 89 of a possible 100, compared with a median score of 74 for North American and 60 for Canadian pension plan peers.

Ann, a Pension Benefits Specialist, is part of the top-rated Member Services team.

Participating plans are evaluated in such areas as telephone call wait times, availability of website tools, accuracy of member data, and quality of member pension statements. The Teachers' pension plan has placed in the top five for service levels in each of the last five years.

"These results reflect our team's ongoing commitment to provide outstanding personalized service to our members," said Rosemarie McClean, Senior Vice-President, Member Services.

"I'm very proud of these results and the passion our group brings to the table each and every day."

To continue to stay ahead of the curve, Rosemarie said the pension plan will be rolling out new services to members over the next three to five years.

"With apologies to Einstein, we dubbed our new service delivery strategy: $e = mc^3$," Rosemarie said.

The "e" stands for excellence and the rest of the equation stands for:

- More customization
- More choice
- More counselling

"Enhanced technology has increased the automation of routine transactions and requests. Many members are now answering their own basic questions and updating their personal information online. This frees up staff to provide more value-added services," Rosemarie said.

She said customers can expect future service to be better tailored to their individual needs.

"Our current approach is full disclosure – we explain a member's options, but leave it to the member to make his or her choice.

"In the future, our staff will be able to delve more deeply into a member's circumstances and actually help the member make the optimal choice."

It's a subtle difference, but counselling members through complex pension rules will meet a long-expressed client demand for help in making informed decisions about their pensions.

Rosemarie said pensioners will be informed of new services as soon as they are introduced. ■

Service scores

Score	Service category
94%	Web services
92%	Paying pensions
92%	Benefit estimates
89%	Mass communications
89%	Starting new pensions
88%	Member contacts
86%	Pension purchases and transfers
84%	Service to participating employers

Test your knowledge of investment terms

Test your investment knowledge by selecting a term from the list to match each description. The answers are printed upside down in the order in which they should appear.

Terms:

- Commodity
- Common share
- Debenture
- Derivative
- Hedge fund
- Real-return bond ■

Description	Term
A special government bond that is linked to changes in the cost of living.	
A fund that pools investors' money, using different investment approaches, to protect against loss.	
A raw material, such as gold or wheat, that trades in volume on a stock exchange.	
A financial instrument whose underlying value is tied to another investment and which gives you the right to buy and sell at set prices.	
An investment, such as a Treasury bill, that involves lending a company or government money that is not backed with collateral.	
A security that gives you ownership in a company.	

Real-return bond, hedge fund, commodity, derivative, debenture, common share

You Asked Us

Q *I've forgotten my password and user ID for your secure website. What should I do?*

A You can easily retrieve a forgotten password or user ID online. Click Member Sign-in from any page of our website at www.otpp.com, and then follow the instructions on the sign-in page under "Trouble Signing in." Your ID or password will be e-mailed to you. If you changed your e-mail address without notifying us, call us for help.

Q *Is my disabled adult daughter entitled to survivor benefits?*

A If you don't have an eligible spouse, your daughter may qualify for a survivor pension when you die. We can do a preliminary assessment now of your daughter's medical eligibility for benefits. If she meets our requirements and her disability is the same or worse at the time of your death, she should qualify for benefits. Your daughter or her legal representative must apply for the benefit – and show proof of medical eligibility – upon your death. No two cases are alike, so call us if you have questions.

Q *I will be spending the winter in Arizona. Can you send my pension there?*

A Yes, we can deposit your monthly pension in U.S. dollars in your Arizona bank account. To arrange for a U.S. deposit, complete the *U.S. Direct Deposit Sign Up* form, available in the publications section of our website at www.otpp.com. When you return home, you can arrange to have your pension deposited in your local bank account.

Q *Can my husband act on my behalf if I become incapacitated?*

A We require your Power of Attorney for Property if you want your husband or anyone else to act on your behalf.

The Public Guardian and Trustee's office has a Power of Attorney Kit. You can get a copy by calling 1-800-366-0335 or 416-314-2800. You may also want to consult a lawyer for help. ■

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