

pensionwise™

A Newsletter for Ontario Teachers • **Summer 2003 • Issue 5**

Pension Estimates Only a Few Clicks Away

Find out when you can
afford to retire **PAGE 2**

NANCY WESTWOOD
teaches at Russell D. Barber P.S.
in Brampton

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Pension estimates only a few clicks away at **otpp.com**

Choosing a retirement date has never been so easy.

Just ask Grade 5 teacher Nancy Westwood. Like many teachers, Nancy is wondering when she can retire and how big her pension will be. To aid with retirement planning, Nancy tried the new pension calculator found on *iAccess*, our secure member Web site.



"I wish the calculator had been available when my husband retired from teaching," said Nancy, a teacher at Russell D. Barber Public School in Brampton. "It really is amazing. If I can use the calculator, anyone can."

Thomas Loftus, a plan member, agreed the calculator is a useful retirement planning tool.

"The Web site is easy to browse and I like having my actual data available to use to estimate my pension," said Thomas, who has taught for 32 years.

The calculator, launched in April, is one of the few in the world that uses current information from personal pension records to generate estimates for different retirement dates. Each estimate can be generated with as few as four clicks of a mouse.

The calculator is set to provide an estimate for your earliest unreduced retirement date (usually your 85 factor), which is when most teachers choose to retire. After that, you can generate as many estimates as you want by changing your retirement date, future salary, contract percentage or combination of all three.

To use the pension calculator, you need to register for *iAccess* (see story on page 3).

Rosemarie McClean, vice-president, Client Services, encourages clients to provide feedback.

"We're always striving to make the online experience faster, easier and more useful for clients," she said. "Let us know how *iAccess* works for you by completing our online survey or calling to share ideas."

Every three months, we enter the names of survey respondents into a draw for a \$25 bookstore gift certificate. ■

NANCY WESTWOOD generates pension estimates for different retirement dates using our online calculator.

Site offers 700 pages of information

Next time you're wondering where to look for specific information about your pension, try diving into our Web site.

You'll find more than 700 pages of news and information at www.otpp.com, including:

- ☐ Answers to most questions about your pension
- ☐ Copies of newsletters and annual reports
- ☐ News releases and speeches
- ☐ Biographies of investment team members
- ☐ A list of investments and performance results



If you register for *iAccess*, the secure member Web site, you can also:

- ☐ Use our pension calculator to plan for your retirement
- ☐ Change your address, phone number or other contact information
- ☐ View your current annual statement
- ☐ Buy back credit for a leave of absence
- ☐ Access information about the plan ■

No need to worry about online security

Member security is a top priority at the Teachers' pension plan.

We collect and use only that personal information required to administer the plan. Mailing lists or e-mail addresses are never sold and personal information is disclosed to third parties only in special circumstances and with confidentiality agreements.

To ensure the personal information you retrieve online is secure, we use different layers of security technology. For example, we allow only members with browsers capable of one of the highest forms of security available to use our secure member Web site.

LOOK FOR THE PADLOCK ICON

A padlock icon displayed near the bottom of your computer screen confirms the personal information on a Web page has been encrypted.

With encryption, plain text and numbers are converted to a scrambled code when transmitted over the Internet, then translated to a readable format at your computer.



We use the same high level of security as banks and other financial institutions. However, simple precautions will further protect your privacy:

- ☐ Keep your user ID and password confidential.
- ☐ Always sign out at the end of your session, especially if using a public computer. ■

How to register for online pension service



Five minutes is all you need to sign up for *iAccess*, the personalized Web site for pension plan

members. Once you register, you can easily access your personal information.

If you have an active e-mail account, you're ready to register by phone, fax or mail. Here's how:

BY PHONE

- 1** Call Client Services between 8 a.m. and 5:30 p.m., Monday to Friday. Our number is 416-226-2700

or toll-free at 1-800-668-0105.

- 2** We will set up your account and give you a unique user ID.

BY FAX OR MAIL

- 1** Visit our Web site – www.otpp.com – and click the link “*iAccess* Web Registration” in the Plan Info section.
- 2** Follow the instructions to download the registration form.
- 3** Fill out the form, print it, sign it and fax or mail it to us. (Fax number and address included on form.)
- 4** After we receive the form, we'll send you a user ID by regular mail. ■

Web site provides wealth of investment information

Do you ever wonder how your pension plan intends to vote on any major issue affecting the largest companies in Canada? The answer is available at www.otpp.com.

Teachers' pension plan, a leader at promoting good corporate governance in Canada, follows what it preaches by disclosing proxy voting decisions on its Web site.

"We consider the right to vote as one of our most effective tools for promoting good corporate practices," said Robert Bertram, executive vice-president, Investments. "We try to vote every share of every company we own at every meeting of that company's stakeholders. And we encourage all other shareholders to do the same."

Proxy voting guidelines, as well as searchable records of voting decisions, are posted in advance on



GRACE HESSION, Manager, Proxy Voting; ROBERT BERTRAM, Executive VP, Investments; and BRIAN GIBSON, Senior VP, Active Equities.

the corporate governance section of our Web site.

If you own stock in companies that are also owned by us, visit the Web site to see how we intend to vote our proxies and the reasons behind our decisions. That information, along with other research findings, might help you decide how to vote.

The site provides other investment information, including our major investments, investment strategy, proxy voting guidelines and investment performance. ■

BUYBACK QUOTES NOW AT YOUR FINGERTIPS

Buying back credit online was a good choice for Kim, a new mother. With a busy job and family to juggle, Kim found it convenient to purchase credit online for her recent maternity leave.

Teachers who take a leave of absence can continue to accumulate credit by contributing to the pension plan while they are away. A purchase of credit gives you a larger pension and may allow you to retire sooner.

To get a buyback estimate, purchase credit online, or view your buyback record, visit *iAccess*, our secure member Web site.

CONTRIBUTIONS

How much do you pay?

Do you know how much you contribute to your Teachers' pension?

Check your most recent Personal Statement of Benefits or T4 slip to see what you paid last year or try calculating your contributions using our formula.

As our examples show, a teacher earning a salary of \$70,000 pays almost \$5,600 in pension contributions in 2003, while a teacher earning \$40,000 contributes about \$2,900.

On average, every dollar a member contributes to the plan results in about \$10 of pension benefits for the member and his or her eligible survivors.

Your employer deducts your pension contributions, which are tax-deductible, from your pay and sends them to us. Member contributions are matched by the Ontario government and invested for the future.

Teachers contributed \$680 million to the plan in 2002, while the government contributed \$700 million, including interest payments.

THE CONTRIBUTION FORMULA

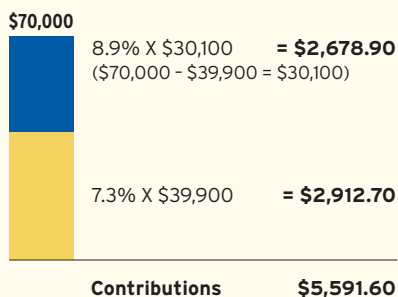
A two-tiered formula is used to calculate your contributions to the Teachers' plan.

You pay 7.3 per cent of your salary covered by the Canada Pension Plan (CPP), plus 8.9 per cent of any salary above the CPP coverage level. The CPP level, which changes annually, is \$39,900 in 2003.

How much do you pay?

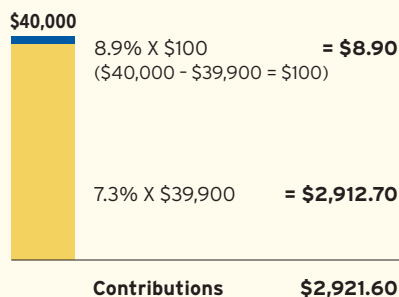
MARGARET'S CONTRIBUTIONS

Margaret's salary is \$70,000. In 2003, she'll contribute almost \$5,600 to the plan, as follows.

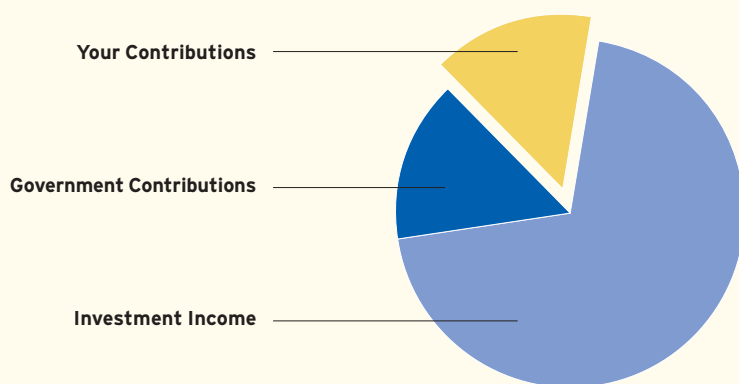


DANIEL'S CONTRIBUTIONS

Daniel's salary is \$40,000. As you can see, almost all of his contributions will be made at the lower contribution rate in 2003.



SOURCES OF PENSION INCOME



Member contributions are one of three sources of income for the Teachers' pension plan. Income also comes from investment returns and contributions from the Ontario government. Teachers contributed \$680 million to the plan in 2002, while the government contributed \$700 million, including interest.

How your pension is integrated with CPP

The Teachers' pension plan is integrated with the Canada Pension Plan (CPP).

That means contributions to and benefits from the Teachers' plan reflect your participation in CPP.

In our example, Margaret and Daniel, like all other members, contribute to CPP on earnings up to \$39,900, the 2003 salary limit on which CPP contributions and benefits are based.

Contributions to the Teachers' plan are lower on earnings up to the \$39,900 CPP limit and higher on earnings above it. Similarly, when you retire, the formula used to calculate your pension provides a lower benefit on salary up to an average of the CPP limit and a higher benefit on salary above it. This integration is achieved through a reduction to your Teachers' pension that goes into effect when you turn 65 and qualify for unreduced CPP benefits.

Integrating the Teachers' plan with the CPP in 1966 was designed to provide you with a combined income from the plans equal to about two per cent of your average annual salary for each year of service credit. Today, your combined income at age 65 is higher because the Teachers' pension plan reduced the CPP offset it applies to your pension.

Collecting CPP early doesn't affect the reduction to your Teachers' pension. ■

Pension portability: You can take it with you

Every year, hundreds of teachers leave the classroom for other professions. If you plan to leave teaching or teach in another province, you may be able to move your pension to your new job.

The Teachers' pension plan has a transfer agreement with other major pension plans in Ontario. The agreement allows you to move your pension into or out of the Teachers' plan within certain time limits after you leave your teaching job.

Pension plans serving provincial government employees, health-care workers and municipal employees in Ontario are among the 15 plans covered by this agreement.

TEACHING IN ANOTHER PROVINCE

If you plan to teach in another province, your pension is also portable. We have transfer agreements with teachers' pension plans in every province except Newfoundland and Labrador. We also have an agreement with the Canadian Teachers' Federation.

CONSOLIDATING BENEFITS

Transfer agreements stipulate the rules for transferring credits from one plan to another. This makes it relatively



easy to consolidate pension benefits in a single plan. This consolidation could allow teachers to retire sooner or with a larger pension because it's usually better to have all credit in one plan.

The transfer of pension credit usually can occur any time before you retire.

Plan differences such as early retirement provisions, benefit formulas, inflation adjustments and

differences in salary can make the present value of your pension differ from plan to plan.

Take the time to thoroughly research your options; your pension could be your biggest financial asset, exceeding even the value of your home. And don't forget: you can always leave your money in the Teachers' plan to collect when you reach retirement age.

OTHER OPTIONS

Some pension plans without transfer agreements may still allow you to move the commuted value of your pension into their plan. The commuted value is the lump-sum amount you would need today to replace your future pension. To qualify for such transfers you must be under age 50 and meet other requirements.

MORE INFORMATION

More details on the pension options available if you leave your job can be found in our booklet *Weighing Your Options*. ■

Teachers get personal service from Client Services team

The personal service begins the second we answer the phone. “Client Services, Charlotte speaking. How may I help you today, Mrs. Wilson?”

“Oh, my goodness, you know my name,” the pleasantly surprised member replied, as have countless callers before her.

Mrs. Wilson’s pension file was displayed on Charlotte’s computer screen seconds after our integrated communications system recognized her home phone number.

Within six minutes, she had received a pension estimate based on current

data, as well as an estimate for survivor benefit upgrades. She also signed up for *iAccess* and confirmed her mailing address.

Every year, Client Services handles



Benefits Specialist CHARLOTTE MARCHILDON

nearly 150,000 telephone calls from members. Members can get on-the-spot pension estimates on the phone or through our secure member Web site. Requests for most other services usually are handled within two days, but complex queries such as pension transfers can take several weeks.

To see how we’re doing, we regularly survey teachers through an independent market research firm.

“We really appreciate the feedback we get from teachers,” said Rosemarie McClean, vice-president, Client Services.

Last year, clients gave Rosemarie and her team the highest service rating since the survey was initiated in 1993.

“We’re delighted with the results, but we are always striving to do better,” she said. “Our long-term goal is to provide every member with immediate, personalized service.” ■

Pensionwise wins two awards

Your publication *Pensionwise* took top honours for benefits newsletters in a recent communications competition sponsored by Benefits Canada magazine.

The Teachers’ newsletter beat competitors from across Canada for the award, which recognizes excellence in communications.

“An above-average newsletter with good use of pictures and headlines,” said the competition judge. “Content was sufficiently varied and appeared to meet stated objectives.



“The strength of this submission is bolstered by the research that was done to track its effectiveness and impact over time,” said the judge.

Overall, 94 per cent of teachers surveyed last year by an independent company retained by us said they were satisfied with the newsletter.

Pensionwise, which was redesigned last year, also won an award for the most improved newsletter in the international Apex publications competition. ■

You Asked Us...

Q: Did the plan benefit from any strategic decisions in relation to the Canadian dollar?



A: During the past few years, we assumed the Canadian dollar would perform better than the U.S. dollar. That strategic position enabled us to add approximately \$800 million in additional value to the fund during the first six months of this year.

Q: Can I purchase credit for a time when I was recently on strike?

A: Your pension credit is not affected during a legal strike. Your employer reports a loss of salary, but not your absence. This means you do not lose credit. If a strike occurs in one of your best five-years' salary, your federation can make up the loss of salary on your behalf. ■

Pensionwise™ is published for members of the Ontario Teachers' Pension Plan at a cost of 19¢ a copy.

We appreciate your comments about anything you read in *Pensionwise*. Please contact Debra Hanna at (416) 730-5351 or 1-877-812-7989, or e-mail: dhanna@otpp.com

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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.



**TEACHERS'™
PENSION PLAN**

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Pensions protected against inflation

During periods of low inflation, it's easy to overlook the value of indexing. But even moderate increases in the cost of living will erode the purchasing power of a pension unless it's protected against inflation.

The Teachers' plan is one of only a few that provides 100 per cent protection against inflation to a maximum annual increase of eight per cent.

As the chart shows, a \$3,000 monthly pension that started 10 years ago has grown to \$3,554 as a result of annual cost of living adjustments. ■

YEAR	COST OF LIVING ADJUSTMENT	MONTHLY PENSION
2003	1.6%	\$3,554
2002	3.0%	\$3,498
2001	2.5%	\$3,396
2000	1.5%	\$3,313
1999	0.9%	\$3,264
1998	1.9%	\$3,235
1997	1.6%	\$3,175
1996	1.6%	\$3,125
1995	0.6%	\$3,075
1994	1.9%	\$3,057
1993	Pension begins*	\$3,000

* Jan. 1 start date

Members facing shortened life expectancy can withdraw pension while still employed

Terminally ill members now can withdraw the commuted value of their pension before retirement without severing their employment relationship.

Up until now, members with a life expectancy of less than two years had to terminate employment before they could withdraw the commuted value of their pension to help meet living expenses.

A recent change to the Teachers' pension plan allows terminally ill members to withdraw their pension while still employed. Before you apply to withdraw your pension funds, check with your employer and insurance carrier to ensure you will continue to qualify for

medical and long-term disability benefits if you receive your pension benefits early.

To qualify for early withdrawal of funds, a member must provide medical evidence of a shortened life expectancy and permission from his or her spouse to withdraw funds. Spousal permission is needed because a spouse forfeits the right to a survivor pension if the member receives a shortened life expectancy benefit.

More information is available from Client Services. Call 416-226-2700 or toll-free at 1-800-668-0105, weekdays from 8 a.m. to 5:30 p.m. ■