

pensionwise™

A Newsletter for Ontario Teachers • Spring 2006 • Issue 13

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to apply online for
her pension.

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Get ready to retire online!



Forget about all the paperwork. You now can apply to retire online at *iAccess Web*, the secure members-only section of our website.

A new pension process was introduced in late December to make it easier for you to plan and complete your retirement.

The service is part of a personal one-stop Retirement Centre that also allows you to:

- create and compare pension estimates based on various what-if scenarios;
- select your survivor benefit options;
- link into a buy back calculator;
- verify your personal information; and
- track the processing of your pension application.

Printed copies of documents, such as birth certificates, will still be required to support the online retirement application. Providing these documents to us before you apply online will prevent delays in the processing of your application.

To use the Retirement Centre, visit our website at www.otpp.com and click on the button to sign in to *iAccess Web*. You can apply online up to four months before you want to start your pension. ■

Anne will be applying online to retire in June.



Teachers find it easy to apply online for pension

On Dec. 30, Rosemarie became one of the first teachers in Canada to apply for her pension online.

A former teacher with the Hamilton Catholic School Board, Rosemarie began her pension in February after 37 years of teaching, mostly in elementary schools.

Rosemarie's experience of applying to retire on *iAccess Web*, the secure members-only section of our website, is being repeated all over the province as hundreds of teachers prepare to retire at the end of the school year.

Anne, an elementary school teacher in Scarborough, is one of those members making final retirement plans. She generated personal pension estimates and tapped other resources on *iAccess Web* before deciding to retire in June, four months after reaching her 85-factor.

"The calculator was well done and easy to use," said Anne who soon will complete the application process on the secure website.

Rosemarie McClean, Senior Vice-President, Member Services, said the new electronic application is part of an enhanced Retirement Centre that gives members a fast, safe and easy means to plan and initiate their retirement.

"The early response to this new service is very encouraging," said Rosemarie, noting that teachers used the application within days of its non-publicized launch.

"From the moment you are thinking about retiring until you complete your application, you will find tools and customized information to help you make informed decisions. And once you are retired, there are still lots of reasons to keep coming back to *iAccess Web*." ■

Retirement decisions are easier with online resources

The information required to make informed choices about your retirement options is available with a few clicks of your mouse at *iAccess Web*, the secure members-only section of our website. Here's what you will find online to help with key retirement decisions.

DECISIONS	ONLINE ASSISTANCE
When to start your pension	• Create customized pension estimates • Compare your own retirement options
Choose a survivor benefit	• View an audio-visual presentation on survivor benefits available if you die after retirement • See how each of your survivor options will affect your pension • Select your survivor option
Complete any outstanding buybacks	• View an audio-visual presentation on buybacks • Explore the cost of buying back an eligible period of service and the resulting increase in your pension • Buy back online
Gather missing documents	• Get a list of personal documents required to process your retirement application
Consider supplementary medical coverage	• Download copies of brochures on coverage provided by OTIP and RTO/ERO
Teach after retirement	• View an audio-visual presentation on re-employment



HOW TO REGISTER FOR ONLINE SERVICES

1

Call 416-226-2700 or 1-800-668-0105, weekdays from 8 a.m. to 5:30 p.m.; or

2

Download and complete the *iAccess Web* registration form found on our website at www.otpp.com. Just follow the link from the homepage.

Registration requires only five minutes and an active e-mail account.

HELP FOR THE NOVICE

Retiring online is easy, but if you get stuck help is only a phone call away.

By clicking a button, you can ask a Pension Benefits Specialist to call you immediately or at a specified time, Monday to Friday, from 8 a.m. to 5:30 p.m. The call will be returned within five minutes of your desired call-back time.

Specialists also can discuss your pension options.

APPLYING ONLINE IS EASY

YOU CAN APPLY FOR YOUR PENSION ONLINE IN SIX EASY STEPS:

1

Tell us when you want to begin your pension

2

Answer a few work-related questions

3

Verify your personal information

4

Tell us where to deposit your monthly pension

5

Review your application and submit it online

6

Print your online application for your records

Fund returns 17.2 per cent, but funding shortfall grows

The Ontario Teachers' Pension Plan achieved a 17.2 per cent rate of return in 2005, beating its composite benchmark by 4.5 per cent.



This is the sixth straight year the fund has beaten its benchmark. In 2005, the fund returned \$3.6 billion more than the markets and increased net assets to \$96.1 billion from \$84.3 billion in 2004. The benchmark tracks standard indices for Canadian and foreign markets in proportion to the fund's asset mix.

Despite the solid performance, the pension plan's funding shortfall continued to grow because the cost of future benefits increased faster than plan assets, primarily as a result of low real (after inflation) interest rates. When interest rates drop, pension costs rise because more money must be invested today to pay promised pensions in the future. A one per cent drop in interest rates causes a 22 per cent increase in the amount required to fully fund benefits.

Teachers' President and CEO Claude Lamoureux said plan funding remains the number one concern.

"The Ontario Teachers' Federation and the Ontario government will address the funding shortfall this year. As the sponsors of the pension plan, they set benefit and contribution levels and share responsibility for surpluses and shortfalls," said Claude.

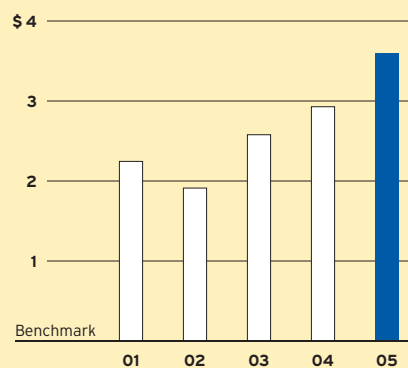
The OTF and government have been considering different options to bring the fund back into balance, including contribution rate increases. They will communicate any decisions to members as soon as they are reached.

More information on the plan's financial status and 2005 performance can be found in the annual *Report to Members*, which will be mailed or e-mailed to you in April.

You also can listen to a webcast of our April 7 annual meeting, featuring presentations on the plan's performance by key executives. To tune in, visit www.otpp.com and follow the link from the homepage. ■

VALUE ADDED ABOVE COMPOSITE BENCHMARK

(for the year ended December 31)
(\$ billions)



The fund has earned \$13.3 billion more than its benchmark during the past five years.

"The Ontario Teachers' Federation and the Ontario government will address the funding shortfall this year. As the sponsors of the pension plan, they set benefit and contribution levels and share responsibility for surpluses and shortfalls." – CLAUDE LAMOUREUX

Fund weighs dozens of factors when choosing investments

The Teachers’ pension fund reviews the impact of numerous risk and return considerations before deciding where to invest.

“We look at all factors that can affect a company’s long-term prospects,” said Bob Bertram, Executive Vice-President, Investments.

“Due diligence includes assessments of a company’s financial performance, industry position, operations, management quality, board structure, environmental practices, and a host of other considerations.”

Bob said the pension fund has a fiduciary duty to obtain the highest return for



the plan at moderate levels of risk. “Members sometimes ask us to screen investments on the basis of ethical considerations, which can vary dramatically from person to person,” Bob said. “We cannot, by law, select or exclude investments based solely on social, environmental, labour, political, religious, health or other non-financial criteria. We must invest in the best financial interests of our beneficiaries.”

While ethical screens are not used, Bob said companies can enhance shareholder value by addressing issues of social responsibility that are relevant to their business. Such issues could include:

- the environmental impact of the company’s products and operations;
- the impact of the company’s strategies and decisions on the communities and constituencies directly affected by its products and operations;
- fair labour practices for all segments of the population; and
- employee training and development. ■

Consolidating assets could increase your pension

You may be able to transfer credit to the Ontario Teachers’ Pension Plan from another pension plan registered in Canada. Moving credit into your plan may allow you to retire earlier with a larger pension.

For example, your qualifying years of service is one of the key factors used to determine when you can retire. By consolidating your pension credit in one plan, you may be eligible for an unreduced pension sooner.

We participate in two transfer agreements – the Major Ontario Pension Plans (MOPPs) Transfer Agreement and the Interprovincial Transfer Agreement.

If you cannot transfer your pension assets under these agreements, you may qualify to purchase credit in our plan for the time you belonged to another registered pension plan.

Here’s an overview of your options.

METHOD/AGREEMENT	DESCRIPTION	DEADLINES/LIMITS/CAVEATS
1. Major Ontario Pension Plans (MOPPs) Transfer Agreement	Covers 15 Ontario public-sector pension plans, including those serving provincial government, hospital, and municipal government employees	• No more than 18 months between jobs with a participating plan • Must apply within 6 months of when you start teaching in Ontario
2. Interprovincial Transfer Agreement	Covers the Canadian Teachers’ Federation and teachers’ pension plans in every province, except Newfoundland and Labrador	• Apply any time before you retire • To qualify, you need 20 days of credit in our plan after you terminate from the other plan
3. Buying credit for “other employment”	Allows you to purchase credit in our plan for service with another registered pension plan, if you can’t transfer under the MOPPs or interprovincial agreements	• Apply any time before you retire • You pay the full amount of the expected increase in the value of your pension

FUND ACQUIRES INTEREST IN SPORTS EQUIPMENT POWERHOUSE

The Teachers’ pension fund has acquired a significant minority interest in Easton-Bell Sports Inc., a new company formed out of the merger of two leading sports enterprises.

The new company manufactures sports equipment under the Easton, Giro, Bell and Riddell brand names. The company expects to hold leading market positions in equipment for baseball, softball, football, hockey, cycling, auto racing and snow and motorcycle sports. ■

Five myths about online pension services

Don't let a myth stop you from enjoying the benefits of personal pension services. Here are the facts on five concerns you may have about *iAccess Web*, the secure members-only section of our website.

1 IT'S NOT SAFE TO ACCESS PERSONAL INFORMATION ON THE INTERNET

FACT: Your personal information is secure. We use different layers of security technology to safeguard your information and transactions. In fact, we only register members who use computers with 128-bit encryption, one of the highest forms of security available today. With encryption, plain text and numbers are converted to scrambled code when transmitted over the Internet, then translated to a readable format at your computer. We also use third-party verification and authentication for added security.

2 THERE'S NO POINT IN REGISTERING IF I'M YEARS AWAY FROM RETIREMENT

FACT: Your pension may be your largest asset and should play a significant role in your financial and estate plans. Whether you're nearing retirement or just starting your career, *iAccess Web* offers valuable tools and information. For example, you can buy back a leave of absence; see how much your pension is worth; change your personal information; watch audio-visual presentations on popular pension

subjects; retire online; and generate and compare pension estimates for different retirement scenarios.

You even can retrieve an always-current personal statement of pension benefits instead of waiting a year for a printed summary.

3 IT'S HARD TO RETRIEVE A FORGOTTEN PASSWORD OR USER ID

FACT: If you forget your password or if your temporary password expires, you can receive a new one by e-mail in an instant. A forgotten user ID can also be retrieved right away. And it's all protected by our security features so you don't have to worry about someone else accessing your information.



4 IF I SIGN UP, I WON'T BE ABLE TO CALL OR VISIT YOUR OFFICE

FACT: You can sign up for *iAccess Web* without giving up a thing. You still can request personal service by phone or in person, or ask us to provide printed publications.

5 IT'S DIFFICULT TO GET AND USE INFORMATION ONLINE

FACT: Research shows most users find it easy to find and use our online tools and other features. And if you run into trouble, help is only a telephone call away. ■

10-year guarantee provides security

The 10-year pension guarantee can provide financial security to your heirs should you die within 10 years of the start of your pension.

Introduced in 2001 as part of a package of plan improvements, the benefit ensures a total of 120 payments of your pension.

If you have an eligible spouse, you can choose this option when you apply for your pension in exchange for a 0.1 per cent lifetime reduction in your pension, or typically about \$35 per year.

If you do not have an eligible spouse, you're automatically entitled to the 10-year guarantee with no reduction to your pension.

Under the guarantee, if you die within 10 years of beginning your pension, your survivor will receive your pension (minus the CPP reduction that normally applies at age 65) for the balance of the 10 years. After that time, your spouse or dependent children will collect the survivor pension you selected before you retired. This will be a percentage of your pension (50 to 75 per cent). If your spouse also dies within the 10 years, the balance is paid to your spouse's estate.

If you have no survivors and you die within 10 years, any balance remaining on the 10 years of pension payments is paid to your estate in a lump sum. ■

INVESTMENT TRIVIA

The Teachers' pension plan is the second largest institutional investor in Canada, behind the Caisse de dépôt et placement du Québec.

About 48 per cent of the fund's stocks are invested in Canada. The next most popular investment destination for stocks is the U.S., at 15 per cent, followed by Europe, at 12 per cent.



You Asked Us...

Q: How will an end to mandatory retirement affect my pension?

A: In late December, the provincial government outlawed mandatory retirement at age 65 in Ontario. The change will not affect your participation in the Teachers' pension plan. You still can accrue benefits until the end of the calendar year in which you turn 69. At that point, you must start your pension even if you continue to work. Fewer than one per cent of members work until age 65. The average retirement age is now 57.

Q: Do I have to select my survivor benefit before I apply for my pension?

A: Yes, we need to know before you retire if you want a survivor pension higher or lower than the automatic 60 per cent survivor pension.

If you want to increase your survivor pension to 65, 70 or 75 per cent of your pension, you must apply to do so at least two years before your pension starts, or before age 63, whichever is earlier. If you miss this deadline, you still may be eligible provided you pass a medical examination confirming you are in good health for your age.

If you and your spouse want to waive the 60 per cent survivor pension in favour of a 50 per cent survivor pension, do so within the 12-month period before your pension begins.

Q: When I purchase credit, does the government match my contributions?

A: Yes, the government matches your contributions if you work for a school board. If you're employed at a designated private school or organization, your employer matches your contributions. However, in a defined benefit pension plan like the Teachers' plan, your pension is not based on what you contribute. It is determined by your years of credit and your average best-five years' salary. Buying back credit for an absence means you accumulate more credit. More credit entitles you to a larger pension.

Q: What happens to my pension while I'm on maternity leave?

A: You can continue contributing through your employer while on maternity leave. This will allow your pension to accumulate as if you are still at work. If you decide not to make contributions through your employer, you may buy back the credit through the Teachers' pension plan within five years from the end of your leave of absence. Interest charges will apply.

Making contributions or buying back the service will allow you to accumulate credit for the time you are away. Credit is one of the key factors that determines the size of your pension.

For more information on buybacks, visit our website at www.otpp.com. If you are registered for iAccess Web, the secure members-only section of our website, you also can view an audio-visual presentation on buybacks. ■

FAST FACTS

57

Average age at retirement

86

Average life expectancy at retirement

2,189

Number of pensioners in their 90s

58

Number of pensioners aged 100 or older

105

Age of our oldest pensioner

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.



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PENSION PLAN

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BRIEFLY

Teachers give service A+ grade

Teachers continued to give us top marks for service in 2005. Our member satisfaction score was 9.2 of a possible 10, holding steady at our 2004 level.

We measure client satisfaction with personal services and communications by conducting hundreds of telephone calls through an independent research firm.

We use the research to evaluate our performance, guide improvements and reward employees.

"As our ratings get higher, it becomes a bigger challenge to maintain them, and even more difficult to improve," said Rosemarie McClean, Senior Vice-President, Member Services.

"To keep the bar high,



we will continue to use technology to enhance and customize service, and we'll become more proactive.

For example, when we learn a member is on a leave of absence, we will automatically provide an information package, instead of waiting until one is requested," said Rosemarie.

"We will also identify member communications preferences. For example, does a member prefer e-mail or regular mail? What time of day should we call?"

"We're proud of our service record and grateful to members for taking the time to evaluate how we're doing," said Rosemarie. ■

Return undeliverable Canadian addresses to:

PM# 40062973

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