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Teachers' Pension Act

R.S.O. 1990, CHAPTER T.1

Consolidation Period: From April 19, 2016 to the e-Laws currency date.

Last amendment: 2016, c. 5, Sched. 29.

Legislative History: 1991, c. 52, s. 1-8;1993, c. 39; 1998, c. 34, s. 98-103; 2005, c. 31, Sched. 21; 2006, c. 33, Sched. Z. 8; 2009, c. 18, Sched. 29; 2009, c. 34, Sched. V; 2016, c. 5, Sched. 29.

CONTENTS

Definitions

1. (1) In this Act,

"active plan member", of the pension plan, means a person who is making the contributions required of an active member of the plan or a person on whose behalf contributions required of an active member of the plan are being made; ("participant actif")

"Board" means the Ontario Teachers' Pension Plan Board; ("Conseil")

"pension fund" means, unless the context requires otherwise, the pension fund maintained to provide benefits in respect of the Ontario Teachers' Pension Plan; ("caisse de retraite")

"pension plan" means, unless otherwise provided, the Ontario Teachers' Pension Plan; ("régime de retraite")

"Schedule 1" means Schedule 1 to the *Teachers' Pension Act, 1989* as amended from time to time. ("annexe 1") R.S.O. 1990, c. T.1, s. 1; 1991, c. 52, s. 1; 1993, c. 39, s. 1; 1998, c. 34, s. 98 (1); 2009, c. 18, Sched. 29, s. 1.

Interpretation

(2) Expressions in this Act have the same meaning as under the *Pension Benefits Act* unless the context requires otherwise. 1998, c. 34, s. 98 (2).

Section Amendments with date in force (d/m/y)

1991, c. 52, s. 1 - 1/01/1992; 1993, c. 39, s. 1 - 31/12/1992; 1998, c. 34, s. 98 (1, 2) - 1/05/1999

2009, c. 18, Sched. 29, s. 1 (1, 2) - 5/06/2009

Pension plan continued

2. (1) A pension plan known as the Ontario Teachers' Pension Plan is continued under the name Ontario Teachers' Pension Plan in English and Régime de retraite des enseignantes et des enseignants de l'Ontario in French. R.S.O. 1990, c. T.1, s. 2 (1).

Defined benefits plan

(2) The pension plan is a defined benefit plan within the meaning of the *Pension Benefits Act*. R.S.O. 1990, c. T.1, s. 2 (2).

Plan documents

(3) The terms of the pension plan are as set out in Schedule 1 and in such other governing documents as may be created or adopted under this Act or that Schedule. R.S.O. 1990, c. T.1, s. 2 (3).

Sufficiency of assets

(4) The assets of the pension fund, including the present value of additional contributions to be made by the Minister of Education, shall be maintained at a level that, at the time of a valuation of the pension plan prepared by the plan actuary for filing with the Superintendent of Financial Services, is reasonably sufficient in the opinion of the actuary to meet the liabilities of the pension plan on a continuing basis. 1991, c. 52, s. 2; 1993, c. 39, s. 2; 1998, c. 34, s. 99; 2005, c. 31, Sched. 21, s. 1.

Section Amendments with date in force (d/m/y)

1991, c. 52, s. 2 - 1/01/1992; 1993, c. 39, s. 2 - 31/12/1992; 1998, c. 34, s. 99 - 1/05/1999

2005, c. 31, Sched. 21, s. 1 - 15/12/2005

Objects of the Board

3. The objects of the Board are to administer the pension plan and manage the pension fund in accordance with this Act, the *Pension Benefits Act* and the *Income Tax Act* (Canada). 2009, c. 18, Sched. 29, s. 2.

Section Amendments with date in force (d/m/y)

2009, c. 18, Sched. 29, s. 2 - 5/06/2009

Authorized subsidiaries

Definition

3.1 (1) In this section,

"pension plan" means the Ontario Teachers' Pension Plan or any other pension plan. 2009, c. 18, Sched. 29, s. 2.

Authorized by agreement

(2) If authorized by an agreement between the Minister of Education and the executive of The Ontario Teachers' Federation under section 12.1, the Board may incorporate or cause to be incorporated and may make and maintain an investment in one or more corporations that, after the investment is made, are authorized subsidiaries of the Board. 2009, c. 18, Sched. 29, s. 2.

Authorized subsidiary

(3) For the purposes of this section, a corporation is an authorized subsidiary of the Board if,

(a) the corporation carries on business with a view to profit;

(b) the business of the corporation is limited to providing one or more eligible services to one or more persons and entities described in subsection (6); and

(c) the Board has beneficial ownership of shares of the corporation representing more than 50 per cent of the shareholders' equity of the corporation. 2009, c. 18, Sched. 29, s. 2.

Authority re investment entity

(4) An authorized subsidiary of the Board may, for the purpose of providing eligible services, incorporate, establish, manage or operate one or more corporations, trusts, partnerships or other entities as investment entities. 2009, c. 18, Sched. 29, s. 2.

Eligible services

(5) For the purposes of this section, each of the following is an eligible service if it is carried out in compliance with all applicable laws:

1. Providing advice to an administrator of a pension plan regarding the administration of the pension plan or the investment policies for the pension fund maintained to provide benefits in respect of that pension plan.

2. Providing advice to a client on investing in, holding, buying or selling securities or other assets.
3. Buying, selling, holding and managing investments for a client, with or without discretionary authority granted by the client to manage the client's investment portfolio.
4. Activities and services ancillary to the services listed in paragraphs 1 to 3, including,
    i. activities relating to the distribution or sale to clients of securities issued by an investment entity referred to in subsection (4), and
    ii. entering into derivative contracts in which the return is based in whole or in part on the performance of all or part of the pension fund maintained to provide benefits in respect of the Ontario Teachers' Pension Plan or of any of the pension fund's investments.
5. Providing administrative services to an administrator of a pension plan. 2009, c. 18, Sched. 29, s. 2.

Clients

(6) An authorized subsidiary may provide services described in subsection (5) only to one or more of the following:

1. The Board.
2. The administrator of another pension plan, whether the pension plan is in or outside Canada.
3. The Government of Canada or the government of a province or territory of Canada, or
    i. a Crown corporation, Crown agency or wholly-owned entity of the Government of Canada or of the government of a province or territory of Canada, or
    ii. a corporation established by federal or provincial statute.
4. A municipal corporation or a municipal or public body performing a function of government in Canada.
5. A board, within the meaning of the *Education Act*, or a school board or similar authority that operates under comparable legislation in another province of Canada.
6. A college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*, a university that receives regular and ongoing operating funding from Ontario for purposes of post-secondary education or an educational institution in another province in Canada that receives regular and ongoing operating funding from the province.
7. An educational institution outside Canada.
8. An endowment fund for a university, college or educational institution referred to in paragraph 6 or 7.
9. A registered charity within the meaning of the *Income Tax Act* (Canada).
10. A national, federal, state, provincial, territorial or municipal government of or in any jurisdiction outside Canada or any entity owned or controlled by that government.
11. An investment entity referred to in subsection (4).
12. A client or class of clients prescribed by the regulations or that satisfies conditions prescribed by the regulations. 2009, c. 18, Sched. 29, s. 2.

Investing in or through investment entity of authorized subsidiary

(7) With the approval of the Board, assets of the pension fund maintained to provide benefits in respect of the Ontario Teachers' Pension Plan may be invested, directly or indirectly,

(a) in an investment entity referred to in subsection (4); or

(b) in an investment in which assets of an investment entity referred to in subsection (4) are also invested. 2009, c. 18, Sched. 29, s. 2.

Regulations

(8) The Minister of Finance may make regulations,

(a) prescribing clients or classes of clients for the purposes of paragraph 12 of subsection (6);

(b) prescribing conditions that must be satisfied by a client or class of clients for the purposes of paragraph 12 of subsection (6). 2009, c. 18, Sched. 29, s. 2.

Section Amendments with date in force (d/m/y)

2009, c. 18, Sched. 29, s. 2 - 5/06/2009

Pension fund

4. The pension fund is continued. R.S.O. 1990, c. T.1, s. 4.

Contributions by the Crown

5. (1) The Minister of Finance shall pay from the Consolidated Revenue Fund an amount equal to contributions under the pension plan payable by the Minister of Education. R.S.O. 1990, c. T.1, s. 5 (1); 1993, c. 39, s. 3 (1); 2005, c. 31, Sched. 21, s. 2 (1).

Matching contributions

(1.1) The total amount of the contributions payable by the Minister of Education and the employers who contribute under the pension plan in respect of any year shall not exceed the amount of contributions payable by or on behalf of active plan members in respect of credited service for that year. 1991, c. 52, s. 3; 1993, c. 39, s. 3 (1); 2005, c. 31, Sched. 21, s. 2 (2).

Idem

(1.2) For the purpose of subsection (1.1), payments made under subsections (3) and (7) shall not be included in determining the total amount of contributions payable by the Minister of Education and the employers who contribute under the plan. 1991, c. 52, s. 3; 1993, c. 39, s. 3 (1); 1998, c. 34, s. 100 (1); 2005, c. 31, Sched. 21, s. 2 (3); 2009, c. 34, Sched. V, s. 1 (1).

Payments for long term income protection

(2) For the purposes of subsection (1.1), no additional payments made on or after January 1, 1992 by the Minister of Education or employers who contribute under the pension plan in respect of active plan members receiving payments under a long term income protection agreement shall be included in determining the total amount of contributions payable by the Minister of Education and the employers who contribute under the plan. 2006, c. 33, Sched. Z.8, s. 1 (1).

Payments re foregone inflation adjustments

(2.1) For the purposes of subsection (1.1), no additional payments made on or after January 1, 2010 by the Minister of Education or employers who contribute under the pension plan in connection with the foregone inflation adjustments described in subsection (2.2) shall be included in determining the total amount of contributions payable by the Minister of Education and the employers who contribute under the plan. 2009, c. 34, Sched. V, s. 1 (2).

Same

(2.2) Foregone inflation adjustments are the inflation adjustments foregone in accordance with subsections 80 (3a) and (3b) of Schedule 1, as it reads on January 1, 2010, and the contributions to be made by the Minister of Education and the employers in connection with those adjustments are the contributions required by subsections 25 (2d) and 26 (1d) of Schedule 1, as it reads on January 1, 2010. 2009, c. 34, Sched. V, s. 1 (2).

Deficiency

(3) If in a year the amount of cash and assets capable of sale in the pension fund is insufficient to meet the payments out of the fund in the year after the sale of the assets capable of sale, the Minister of Finance shall pay from the Consolidated Revenue Fund an amount sufficient to make up the deficiency. R.S.O. 1990, c. T.1, s. 5 (3); 1993, c. 39, s. 3 (1).

Limitation

(4) Subsection (3) ceases to apply if an agreement mentioned in subsection 11 (1) is in force. R.S.O. 1990, c. T.1, s. 5 (4).

(5), (6) REPEALED: 1993, c. 39, s. 3 (2).

Solvency deficiency

(7) If a solvency deficiency is disclosed by a solvency valuation under the *Pension Benefits Act*, the Minister of Education may, during the five years following the date of the valuation, make additional contributions to the pension plan. 1991, c. 52, s. 3; 1993, c. 39, s. 3 (1); 2005, c. 31, Sched. 21, s. 2 (4).

Contributions for 2008

(8) Despite subsection (1.1), the total amount of contributions payable in respect of 2008 by the Minister of Education and the employers who contribute under the pension plan may exceed the amount of contributions payable by or on behalf of active plan members in respect of credited service for that year. 2006, c. 33, Sched. Z.8, s. 1 (2).

Section Amendments with date in force (d/m/y)

1991, c. 52, s. 3 - 1/01/1992; 1993, c. 39, s. 3 (1, 2) - 31/12/1992; 1998, c. 34, s. 100 (1, 2) - 1/05/1999

2005, c. 31, Sched. 21, s. 2 (1-4) - 15/12/2005

2006, c. 33, Sched. Z.8, s. 1 (1) - 1/01/1992; 2006, c. 33, Sched. Z.8, s. 1 (2) - 20/12/2006

2009, c. 34, Sched. V, s. 1 (1, 2) - 1/01/2010

5.1 REPEALED: 1998, c. 34, s. 101.

Section Amendments with date in force (d/m/y)

1998, c. 34, s. 101 - 1/05/1999

Board continued

6. (1) The Ontario Teachers' Pension Plan Board is continued as a corporation without share capital under the name Ontario Teachers' Pension Plan Board in English and Conseil du régime de retraite des enseignantes et des enseignants de l'Ontario in French. R.S.O. 1990, c. T.1, s. 6 (1).

Application of *Corporations Act*

(2) The *Corporations Act* does not apply with respect to the Board. R.S.O. 1990, c. T.1, s. 6 (2).

Composition of the Board

7. The composition of the Board shall be as is set out in the pension plan. R.S.O. 1990, c. T.1, s. 7.

Powers, etc., of the Board

8. (1) The powers and duties of the Board shall be as set out in this Act, the pension plan and any agreements under sections 10 and 12.1, except that in the event of any conflict between the pension plan and an agreement under section 10, the agreement under section 10 prevails. 2009, c. 18, Sched. 29, s. 3 (1).

Protection from liability

(2) No action or other proceeding for damages shall be commenced or continued against a member of the Board or against a member of a committee of the Board for an act done in good faith in the execution or intended execution of a power or duty under this Act, the pension plan or an agreement between the Minister of Education and the executive of The Ontario Teachers' Federation in respect of the plan. 1991, c. 52, s. 4; 2005, c. 31, Sched. 21, s. 3.

Exception re protection from liability

(3) Subsection (2) does not apply to,

(a) a member of the Board or to a member of a committee of the Board for any act done in relation to the activities of an authorized subsidiary or investment entity referred to in section 3.1; and

(b) an authorized subsidiary and an investment entity referred to in section 3.1. 2009, c. 18, Sched. 29, s. 3 (2).

Section Amendments with date in force (d/m/y)

1991, c. 52, s. 4 - 1/01/1992

2005, c. 31, Sched. 21, s. 3 - 15/12/2005

2009, c. 18, Sched. 29, s. 3 (1,2) - 5/06/2009

9. REPEALED: 1991, c. 52, s. 5.

Section Amendments with date in force (d/m/y)`

1991, c. 52, s. 5 - 1/01/1992

Joint management

10. (1) The Minister of Education and the executive of The Ontario Teachers' Federation may enter into an agreement that provides for the following matters:

1. The joint management of the pension plan by the Minister and the executive of the Federation.
2. The composition of the Board, the appointment of the members of the Board and the delineation of the powers and duties of the Board.

3. The sharing of entitlement to gains or surplus under the plan and of liability for deficiencies in the pension fund by the Minister, the employers who contribute under the plan and the active plan members.
4. The amendment of the plan, including the amendment of Schedule 1, by agreement between the Minister and the executive of the Federation.
5. The resolution of disputes between the Minister and the executive of the Federation with respect to amendments to the plan.
6. Any other matter to which the Minister and the executive of the Federation agree. 1991, c. 52, s. 6; 1993, c. 39, s. 5; 2005, c. 31, Sched. 21, s. 4 (1).

Filing of amendment

(2) An agreement amending the pension plan under paragraph 4 of subsection (1) shall be filed with the Superintendent of Financial Services and the amendment to the plan comes into force on the date of filing or on such later date as may be set out in the agreement. 1991, c. 52, s. 6; 2005, c. 31, Sched. 21, s. 4 (2).

Conflict with *Pension Benefits Act*

(3) To the extent that an amendment to the pension plan conflicts with the *Pension Benefits Act* in a matter in which the conflict is not authorized by this Act or Schedule 1, the amendment is void. 1991, c. 52, s. 6.

Suspension of pension payments during re-employment

(4) On or after January 1, 1990, the pension plan may provide for the suspension of pension payments to a person,

(a) if, after the beginning of the month in which the person begins to receive the pension, the person becomes employed by, or is otherwise engaged, directly or indirectly, to provide services for compensation for an employer who participates in the pension plan; and

(b) if payment of the pension is suspended on account of the employment or engagement described in clause (a). 2016, c. 5, Sched. 29, s. 1.

Same

(5) For greater certainty, the employment or engagement described in clause (4) (a) may be, or may include, the provision of services, other than as a teacher, to the Ministry of Education. 2016, c. 5, Sched. 29, s. 1.

Reduction of pension benefits, retroactivity

(6) An amendment to the pension plan, on or after January 1, 1990, providing for the suspension of pension payments to a person in the circumstances described in subsection (4) may reduce, on or after January 1, 1990, the commuted value of the person's pension as a result of the suspension of payments. 2016, c. 5, Sched. 29, s. 1.

Conflict with the *Pension Benefits Act*, retroactivity

(7) On and after January 1, 1990, subsections (4), (5) and (6) and provisions of the pension plan that are referred to in those subsections prevail over the *Pension Benefits Act* to the extent of any conflict. 2016, c. 5, Sched. 29, s. 1.

Immunity

(8) No cause of action arises against the Crown or any of the Crown's ministers, agents, appointees and employees, against The Ontario Teachers' Federation or any of its executives and employees, against the Board or any of its executives and employees,

(a) as a direct or indirect result of the enactment of subsections (4) to (7);

(b) as a direct or indirect result of provisions of the pension plan that are referred to in subsections (4) to (7); or

(c) as a direct or indirect result of anything done or not done in order to comply with provisions of the pension plan that are referred to in subsections (4) to (7), including any denial of a pension payment that would otherwise have been payable to any person or any reduction in the amount of such a pension payment. 2016, c. 5, Sched. 29, s. 1.

Same

(9) Without limiting the generality of subsection (8), that subsection applies to an action or other proceeding claiming any remedy or relief, including specific performance, injunction, declaratory relief or any form of damages or any other remedy or relief, or a claim to be compensated for any losses, including loss of earnings or revenue. 2016, c. 5, Sched. 29, s. 1.

Same

(10) No proceeding, including but not limited to any proceeding in contract, restitution, tort, trust, fiduciary obligation or otherwise, that is directly or indirectly based on or related to anything referred to in clause (8) (a), (b) or (c) may be brought or maintained against any of the persons described in subsection (8). 2016, c. 5, Sched. 29, s. 1.

Section Amendments with date in force (d/m/y)

1991, c. 52, s. 6 - 1/01/1992; 1993, c. 39, s. 5 - 31/12/1992

2005, c. 31, Sched. 21, s. 4 (1, 2) - 15/12/2005

2016, c. 5, Sched. 29, s. 1 - 19/04/2016

Agreement for member responsibility

11. (1) The Minister of Education and the executive of The Ontario Teachers' Federation may enter into an agreement that provides,

(a) that the pension plan will continue;

(b) that the entitlement to gains or surplus and the liability for deficiencies in the pension fund are permanently assumed by the active plan members;

(c) that the liability of the Crown to contribute under the plan is limited to a specified amount or to a specified percentage of member contributions under the plan;

(d) that the members may amend the plan, subject to the restrictions described in clauses (b) and (c). 1991, c. 52, s. 7; 1993, c. 39, s. 6; 2005, c. 31, Sched. 21, s. 5 (1).

Filing of agreement

(2) An agreement under subsection (1) shall be filed with the Superintendent of Financial Services and comes into force on the date of filing or on such later date as may be set out in the agreement. 1991, c. 52, s. 7; 2005, c. 31, Sched. 21, s. 5 (2).

Repeal of Schedule 1

(3) **Schedule 1 is repealed on the day the agreement under subsection (1) comes into force. 1991, c. 52, s. 7.**

Section Amendments with date in force (d/m/y)

1991, c. 52, s. 7 - 1/01/1992; 1993, c. 39, s. 6 - 31/12/1992; 1998, c. 34, s. 102 - 18/12/1998

2005, c. 31, Sched. 21, s. 5 (1, 2) - 15/12/2005; 2005, c. 31, Sched. 21, s. 6 (1) - 31/12/2004

2009, c. 18, Sched. 29, s. 4 - 5/06/2009

Investments authorized

12. (1) Despite the *Pension Benefits Act* and the regulations thereunder, the receipt and holding by the Board of debentures issued or transferred under section 12 of the *Teachers' Pension Act, 1989*, being chapter 92, shall not be considered imprudent or unreasonable or contrary to the *Pension Benefits Act* and the regulations thereunder, and the nature, amount and terms of the debentures may be taken into account by the Board and any committee of the Board in determining future investments of the assets of the pension plan. R.S.O. 1990, c. T.1, s. 12 (1).

Transfer Teachers' Pensions

(2) Section 81 of the *Pension Benefits Act* does not apply to the transfers described in section 12 of the *Teachers' Pension Act, 1989*, being chapter 92. R.S.O. 1990, c. T.1, s. 12 (2).

Agreement respecting authorized subsidiaries

12.1 The Minister of Education and the executive of The Ontario Teachers' Federation may enter into an agreement granting to the Board the power to incorporate or cause to be incorporated and to make and maintain investments in one or more corporations if, after the investments are made in each such corporation, the corporation is an authorized subsidiary under section 3.1. 2009, c. 18, Sched. 29, s. 4.

Section Amendments with date in force (d/m/y)

1998, c. 34, s. 102 - 18/12/1998

2005, c. 31, Sched. 21, s. 6 (1) - 31/12/2004; 2005, c. 31, Sched. 21, s. 6 (2, 3) - 31/12/2004; 2005, c. 31, Sched. 21, s. 6 (4) - 1/07/2006

2009, c. 18, Sched. 29, s. 4 - 5/06/2009

12.2 Repealed: 2005, c. 31, Sched. 21, s. 7.

Section Amendments with date in force (d/m/y)

1998, c. 34, s. 102 - 18/12/1998

2005, c. 31, Sched. 21, s. 7 - 31/12/2004

Continued application

13. (1) The *Teachers' Superannuation Act, 1983*, being chapter 84, as it read on the 31st day of December, 1989, continues to apply to the computation or payment of every allowance, annuity, pension or deferred pension or payment to the payment of which a person became entitled under that Act before that date, and continues to apply in respect of every person who, within the meaning of that Act, ceased to be a contributor on or before that date and is entitled to a deferred allowance under that Act. R.S.O. 1990, c. T.1, s. 13 (1).

Idem

(2) The *Teachers' Superannuation Act, 1983*, being chapter 84, as it read on the 31st day of December, 1989, continues to apply in respect of every person who is entitled to a survivor benefit, death benefit, right or allowance with respect to contributions made by a person referred to in subsection (1). R.S.O. 1990, c. T.1, s. 13 (2).

Payment of pensions, predecessor Acts

14. Every allowance, pension or deferred pension or other payment under the *Teachers' Superannuation Act, 1983*, being chapter 84, or a predecessor Act or under the *Superannuation Adjustment Benefits Act*, being chapter 490 of the Revised Statutes of Ontario, 1980, or a predecessor Act, including any payment authorized to be made from the Consolidated Revenue Fund, that, before the 1st day of January, 1990, a person was receiving, was entitled to receive, or was entitled to receive with the payment thereof deferred until the year 1990 or later, shall be paid out of the pension fund in accordance with the Act under which entitlement to the payment arose. R.S.O. 1990, c. T.1, s. 14.

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ONTARIO TEACHERS' PENSION PLAN

SCHEDULE 1 to the *TEACHERS' PENSION ACT*

PART I
INTERPRETATION

Definitions

1. (1) In this Schedule,

“active member” means a person employed in education who is making contributions under the plan and includes a person receiving payments under a long term income protection agreement and by whom or on whose behalf contributions are being made in accordance with subsection 21 (1); (Last amended August 4, 2011 – Effective September 1, 2011)

"active member on LTIP" means an active member as described in section 6;

"administrator" means the Ontario Teachers' Pension Plan Board; (Last amended June 28, 1990 - Effective June 28, 1990)

"average salary", of a member, means the average salary determined in accordance with section 15;

“benefit” means an amount payable under the pension plan, including a pension, a commuted value or a lump-sum payment; (Last amended May 5, 2010 – Effective September 1, 2002)

"board of education" has the same meaning as "board" in subsection 1 (1) of the *Education Act*;

"child" has the same meaning as in subsection 1 (1) of the *Family Law Act*;

"date of disability", of an active member on LTIP, means the date on which the member ceases to be employed in education as a result of the disability;

"dependent child" means a child of a deceased member who was dependent on the member for support at the time of the member’s death, and who,

(a) is less than eighteen years of age, or

(b) is eighteen or more years of age but less than twenty-five years of age and is in full-time attendance at a school or university, having been in such attendance substantially without interruption since the child reached eighteen years of age or since the member died, whichever occurred later, or

(c) is disabled, having been disabled without interruption since the member died;

(Last amended May 5, 2010 – Effective January 1, 1992)

"designated organization" means an organization designated under subsection 119 (2);

"designated private school" means a school designated under subsection 119 (1);

"employed in education" means employed as described in section 2, 6, 7, 8 or 9; (Last amended October 10, 1995 - Effective January 1, 1990)

“employer-approved leave” means a leave of absence, with or without pay, to which the member’s employer consents; (Last amended July 21, 2014 – Effective September 1, 2014)

“long term income protection agreement” means an agreement to provide long term income protection in the event of a member’s long term disability that is entered into by an insurer within the meaning of section 1 of the *Insurance Act* and,

(a) the Minister of Education;

(b) a board of education;

(c) the Ontario Teachers’ Federation established under the *Teaching Profession Act*;

(d) an affiliated body described in the *Teaching Profession Act*; or

(e) an authority approved by the administrator.

(Last amended August 4, 2011 – Effective September 1, 2011)

"member" means a person who, as a result of his or her employment in education, is entitled to benefits or to a refund of contributions under the pension plan;

"re-employed pensioner" means a member who, after

(a) ceasing to be employed in education before, on or after September 1, 2012, and

(b) the beginning of the month in which the member’s retirement pension under the plan begins,

is employed by or otherwise engaged, directly or indirectly, to provide services for compensation for an employer who participates in the pension plan; (Last amended June 20, 2012 – Effective September 1, 2012)

“school day” has the same meaning as “school day” in subsection 1 (1) of the *Education Act* as amended from time to time; (Last amended July 21, 2014 – Effective September 1, 2014)

"school year" means the twelve-month period that normally begins on the 1st day of September, however, for a member whose school year commences prior to September 1st, the administrator may determine the days that the member is required to work prior to September 1st to be in the subsequent school year; (Last amended September 8, 2006 – Effective September 1, 2006)

“short absence” means an employer-approved leave of five or fewer consecutive school days; (Last amended July 21, 2014 – Effective September 1, 2014)

"spouse" means either of two persons who,

(a) are married to each other, or

(b) are not married to each other and are living together in a conjugal relationship,

(i) continuously for a period of not less than three years, or

(ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the *Family Law Act;*

(Last amended September 8, 2006 – Effective June 10, 2003)

"standard interest rate" means the interest rate determined under section 89;

"statutory leave" means any leave of absence within the meaning of the *Employment Standards Act, 2000* as amended from time to time; (Last amended September 8, 2006 – Effective September 4, 2001)

"Year's Maximum Pensionable Earnings", in relation to a year, means the Year's Maximum Pensionable Earnings prescribed under the *Canada Pension Plan.*

Qualification as a teacher

(2) A person is considered to be qualified as a teacher for the purposes of membership in the pension plan,

(a) if the person has obtained teacher certification from one of the Ministry of Education or the Ontario College of Teachers; or

(b) if a board of education holds a letter of permission granted by the Minister of Education in respect of the person.

(Last amended November 27, 2000 – Effective May 20, 1997)

Employment

(3) A person is considered to be employed,

(a) full-time, if the person is required to work throughout each work day of a year or of a session; and

(b) part-time, if the person is required to work on a regular but not full-time basis.

Idem

(4) A person is considered to be employed on an occasional basis as a teacher and not part-time if the person is an occasional teacher within the meaning of section 1 of the *Education Act*.

PART II
PARTICIPATION

A. Membership in the Plan

Eligibility for membership

2. (1) Every person is eligible to be an active member of the pension plan who is qualified as a teacher and is employed,

(a) as a teacher, as determined by the administrator, in a school within the meaning of subsection 1 (1) of the *Education Act*;

(b) as a teacher in a school outside Ontario under an approved teacher exchange system;

(c) as a teacher by the minister of a ministry of the Government of Ontario;

(d) as a teacher in a school or a class operated by the Toronto and Region Conservation Authority; or

(e) by a board of education.

(Last amended June 20, 2012 – Effective January 1, 2012)

Idem

(2) Every person is eligible to be an active member of the pension plan who is qualified as a teacher and is employed in a designated private school or a designated organization. (Last amended December 21, 2007 – Effective September 1, 2008)

Idem

(2a) Every person is eligible to be an active member of the pension plan who is qualified as a teacher and has taken a statutory leave from employment in education which leave began prior to the 1st day of September, 2010. (Last amended December 30, 2009 - Effective September 1, 2010)

Idem

(2b) Every person is eligible to be an active member of the pension plan who is qualified as a teacher and is receiving payments for loss of earnings in respect of employment in education under the *Workplace Safety and Insurance Act*. (Last amended September 8, 2006 – Effective September 1, 2006)

Exception

(3) No person is eligible to be an active member of the pension plan,

(a) if the person is regularly employed outside Ontario and is performing services in Ontario under an approved teacher exchange system; or

(b) beyond November 30th of the calendar year in which the person attains seventy-one years of age, or beyond such other time as is permitted under the *Income Tax Act* (Canada).

(Last amended June 20, 2012 – Effective January 1, 2012)

Commencement of membership

3. (1) Every person employed as described in subsection 2 (1) full-time or part-time becomes an active member of the plan on the later of,

(a) the 1st day of January, 1990;

(b) the date the employment contract begins; or

(c) the date on which the person becomes qualified as a teacher.

(Last amended June 20, 2012 – Effective January 1, 2012)

Idem

(2) Subject to subsection 5 (1), every person employed as described in subsection 2 (2) full-time or part-time becomes an active member of the plan on the day that is the latest of,

(a) the 1st day of January, 1990;

(b) the date the employment contract begins; or

(c) the date the designation of the private school or the organization is effective.

Idem

(3) Every person employed in education on an occasional basis becomes an active member of the plan on the person's first day of employment in a school year. (Last amended February 20, 1997 - Effective January 1, 1997)

(3a) Revoked. (Last amended February 20, 1997 - Effective January 1, 1997)

Commencement of membership, re-employed pensioner

(4) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

Idem

(4a) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

Idem

(5) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

Idem

(6) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

Election re occasional employee

4. (1) Revoked. (Last amended February 20, 1997 - Effective January 1, 1997)

Obligations

(2) Revoked. (Last amended October 10, 1995 - Effective September 1, 1996)

Election re designated private schools, etc.

5. (1) A person employed at a designated private school or a designated organization on the date the designation becomes effective may elect not to become an active member of the plan.

Time for election

(2) An election under this section is not effective unless delivered in writing to the governing body of the designated private school or designated organization and to the administrator,

(a) not later than three months after the effective date of designation for the private school or organization, if the person is qualified as a teacher when the designation takes effect; or

(b) not later than three months after the date the person becomes qualified as a teacher, if the person is not so qualified on the effective date of designation for the private school or organization.

Not applicable

(3) This section does not apply to a person who is an active member of the plan or to a person who is receiving a pension under the plan on the date the designation becomes effective. (Last amended September 8, 2006 – Effective September 1, 2002)

Further election

(4) This section applies with necessary modifications to a person employed at a designated private school or a designated organization on September 1, 2008, who becomes eligible for active plan membership on that date in accordance with subsection 2 (2). The required election must be delivered by December 1, 2008. (Last amended December 21, 2007 – Effective September 1, 2008)

Active member on LTIP

6. (1) An active member who begins to receive payments under a long term income protection agreement continues as an active member of the plan until the earlier of:

(a) the date the member ceases to receive payments under the long term income protection agreement;

(b) the date the member begins receiving a benefit under the pension plan; or

(c) the end of the calendar year in which the member attains seventy-one years of age, or such other time as is permitted under the *Income Tax Act* (Canada).

(Last amended August 4, 2011 – Effective September 1, 2011)

Idem

(1a) For the purposes of subsection (1), an active member who has been approved for payments under a long term income protection agreement but is not receiving payments by reason of the application of offset or all-source maximum provisions of the long term income protection agreement shall be deemed to receive payments under a long term income protection agreement. (Last amended August 4, 2011 – Effective September 1, 2001)

Idem

(1b) For the purposes of subsection (1) and subject to the limits set forth therein, an active member who receives payment in the form of a lump sum under a long term income protection agreement shall be deemed to receive payments under a long term income protection agreement for the period determined by the administrator. (Last amended August 4, 2011 – Effective September 1, 2011)

Evidence of medical condition

(1c) The administrator may at any time require a member described in subsection (1b) to furnish evidence, in such form as the administrator directs, that the member is disabled as defined under Regulation 8500 (1) of the *Income Tax Act* (Canada) throughout the period of active membership on LTIP. The period of active membership on LTIP of a member described in subsection (1b) shall terminate at the end of the month in which the administrator notifies the member that the administrator is not satisfied that the member is disabled. (Last amended August 4, 2011 – Effective September 1, 2011)

Return to employment

(1d) If a member described in subsection (1b) becomes employed in education, other than as an active member on LTIP, and the percentage of full-time basis of that employment is equal to or greater than the percentage of full-time basis upon which the member was employed immediately prior to becoming disabled, the member shall be deemed to have ceased to receive payments under a long term income protection agreement on the date that the member commences that period of employment in education. (Last amended August 4, 2011 – Effective September 1, 2011)

Eligibility

(2) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(3) Revoked. (Last amended April 2, 2001- Effective September 1, 2001)

Definition

(4) Revoked. (Last amended August 4, 2011 – Effective September 1, 2011)

Active membership, university faculty

7. (1) A member who, during an employer-approved leave, becomes employed on the staff of a faculty of education of an Ontario university on or after the 1st day of January, 1990 is an active member of the plan. (Last amended July 21, 2014 – Effective September 1, 2014)

Limitation

(2) A person is eligible for active membership under this section for a maximum of five school years.

Not applicable

(3) This section does not apply to a person who is employed on the staff of a faculty of education of an Ontario university that is designated under section 119. (Last amended September 8, 2006 – Effective September 1, 2002)

Transitional re universities

8. (1) A person who, on the 1st day of January, 1990, is qualified as a teacher and is employed full-time on the staff of a faculty of education of an Ontario university is an active member of the plan as long as the person continues in full-time or part-time employment at such a faculty.

Idem, part-time employee

(2) A person who, on the 1st day of January, 1990, is qualified as a teacher and is employed part-time on the staff of a faculty of education of an Ontario university is an active member of the plan as long as the person continues either part-time or full-time employment at such a faculty.

Not applicable

(3) This section does not apply to a person who is employed on the staff of a faculty of education of an Ontario university that is designated under section 119. (Last amended September 8, 2006 – Effective September 1, 2002)

Transitional re Ryerson, CAATs

9. (1) This section applies with respect to a person who,

(a) is qualified as a teacher and is employed by Ryerson University; or

(b) was deemed, under a predecessor of this Act, to be employed in education by a college of applied arts and technology. (Last amended May 5, 2010 – Effective July 1, 2002)

Idem, full-time employee

(2) A person who, on the 1st day of January, 1990, has been employed full-time by Ryerson University or a college of applied arts and technology continuously since the 1st day of September, 1984 is an active member of the pension plan as long as the person continues in full-time employment either at Ryerson or at such a college. (Last amended May 5, 2010 – Effective July 1, 2002)

Idem, part-time employee

(3) A person who, on the 1st day of January, 1990, has been employed part-time by Ryerson University or a college of applied arts and technology continuously since the 1st day of September, 1984 is an active member of the pension plan as long as the person continues in part-time or full-time employment either at Ryerson or at such a college. (Last amended May 5, 2010 – Effective July 1, 2002)

B. Credit for Service

Credited service

10. (1) An active member receives one year of credited service for working a full-time school year. (Last amended June 28, 1990 - Effective June 28, 1990)

(1a) For the purpose of determining credited service of an active member under this section, for the period to August 31, 2001, the administrator may use one or more standard calendars. (Last amended April 15, 1998 - Effective January 1, 1990)

Idem, partial year

(2) An active member receives credited service for part of a year in the proportion that the number of hours or days worked by the member during the school year bears to the number of hours or days in a full-time school year. (Last amended June 28, 1990 - Effective June 28, 1990)

Credited service during statutory leave

(2a) Despite subsections (1) and (2) an active member who makes contributions during a statutory leave which began prior to the 1st day of September, 2010 receives credited service for the number of days which the member would have worked during that leave to earn the amount of pensionable salary attributed to the member in calculating the member's contributions during the leave. (Last amended December 30, 2009 - Effective September 1, 2010)

Credited service during LTIP

(2b) (a) Despite subsections (1) and (2), an active member who is receiving payments under a long term income protection agreement and in respect of whom required contributions are being made in accordance with subsection 21 (1) shall receive credited service for the period that the member's employer reports the member would have worked if the member had worked throughout the school year. (Last amended August 4, 2011 – Effective September 1, 2011)

(b) Despite subsections (1) and (2), an active member who receives payment in the form of a lump sum under a long term income protection agreement and in respect of whom required contributions are being made in accordance with subsection 21 (1) shall receive credited service for the period to which the lump sum payment relates, as determined by the administrator in accordance with subsection 6 (1b). (Last amended August 4, 2011 – Effective September 1, 2011)

Credited service during WSIB

(2c) Despite subsections (1) and (2), an active member who is receiving payments for loss of earnings under the *Workplace Safety and Insurance Act* and in respect of whom required contributions are being made, shall receive credited service for the period that the member's employer reports the member would have worked if the member had worked throughout the school year. (Last amended September 8, 2006 – Effective September 1, 2006)

Idem

(2d) Despite subsection (2b), for the period of September 1, 2001 to August 31, 2006, where the credited service of an active member as described in subsection 6 (1a) is subject to the certification of a Past Service Pension Adjustment under the *Income Tax Act* (Canada), an active member shall receive credited service only once the administrator has obtained a certificate from the Minister of National Revenue. (Last amended August 4, 2011 – Effective September 1, 2011)

Credited service during sick leave

(2e) Despite subsections (1) and (2), an active member who is receiving sick leave payments, and in respect of whom required contributions are being made, shall receive credited service for the period that the member’s employer reports the member would have worked if not for the sick leave. (Last amended December 19, 2012 – Effective September 1, 2012)

Credited service during unpaid professional activity days

(2f) Despite subsections (1) and (2), an active member who is subject to unpaid professional activity days, and in respect of whom required contributions are being made, shall receive credited service for the period that the member’s employer reports the member would have worked if not for the unpaid professional activity days. (Last amended April 2, 2013 – Effective September 1, 2012)

Credited service during a short absence

(2g) Despite subsections (1) and (2), an active member who is on a short absence, and in respect of whom required contributions are being made, shall receive credited service for the period that the member’s employer reports the member would have worked if not for the short absence. (Last amended July 21, 2014 – Effective September 1, 2014)

Idem, more than full-time school year

(3) Where an active member works more than a full-time school year he or she is not entitled to credited service for hours or days worked which are in excess of a full-time school year if he or she is entitled to a refund of contributions under s. 28, whether or not the refund is paid. (Last amended June 28, 1990 - Effective June 28, 1990)

Limitation

(4) Except for periods of lockout or legal strike or the strikes declared illegal by the Ontario Labour Relations Board on May 26, 2015 for the following periods:
(a) Durham District School Board – April 20, 2015 – May 26, 2015
(b) Rainbow District School Board – April 27, 2015 – May 26, 2015
(c) Peel District School Board – May 4, 2015 – May 26, 2015,
a person shall not receive credited service for employment unless contributions in respect of the employment are made by or on behalf of that person. (Last amended September 22, 2015 - Effective April 20, 2015)

Idem

(5) No person is entitled to receive more than one year of credited service in respect of the person's employment during one school year.

Idem

(6) Subject to subsection (7), no person is entitled to accumulate more than thirty-five years of credited service under the plan in respect of a period prior to the 1st day of January, 1992. (Last amended February 28, 1992 - Effective January 1, 1992)

Exception

(7) A member who accumulates thirty-five years of credited service may continue to accumulate credited service until the month in which he or she reaches the age which, when added to the member's credited service equals ninety. (Last amended February 28, 1992 - Effective January 1, 1992)

Idem

(8) Despite subsection (7) a member may accumulate credited service greater than the limit set out therein with respect to a period after the 31st day of December, 1991. (Last amended June 1, 1995 - Effective June 1, 1995)

Partial year

11. (1) The length of a member's qualifying service determined under this section applies for the purpose of determining the member's entitlement to a benefit but does not apply for the purpose of calculating the amount of the benefit. (Last amended October 10, 1995 - Effective September 1, 1995)

Idem

(2) If a member accumulates more than ten days but less than or equal to one year of credited service as determined under sections 10, 96, 97 or 97a during one school year, the member's qualifying service shall be considered to equal one year. (Last amended May 5, 2010 - Effective September 1, 2001)

Idem

(2a) If the administrator is unable to determine in which of two successive school years the credited service of a member described in subsection (2) took place, it shall be deemed to have taken place in the earlier year. (Last amended October 10, 1995 - Effective September 1, 1995)

Idem

(3) If a member described in subsection (2), or a survivor of a member, receives a pension during the school year, the member shall receive qualifying service only for those months which the member, or survivor of the member, as the case may be, does not receive a pension. (Last amended October 10, 1995 - Effective September 1, 1995)

Idem

(4) If a member described in subsection (2) becomes employed in education for the first time on or after the 1st day of January, 1990, the member shall receive qualifying service only for that portion of the school year during which the member is an active member. (Last amended October 10, 1995 - Effective September 1, 1995)

Idem

(5) Revoked. (Last amended October 10, 1995 - Effective September 1, 1995)

Purchases of credit

(6) Subsection (2) shall include credited service accumulated by a member for a school year under section 94 or 95 in respect of periods on or after the 1st day of September, 2010, provided that the member has completed a purchase of the entire eligible absence period in respect of that school year. (Last amended August 4, 2011 – Effective September 1, 2010)

Partial purchases of credit

(7) If a member referred to in subsection (6) does not complete a purchase of the entire eligible absence period for a school year, the member shall only receive qualifying service in respect of the purchase equal to the member's credited service in respect of the absence. (Last amended December 30, 2009 - Effective September 1, 2010)

Limitation

(8) A member is not entitled to accumulate more than one year of qualifying service under this section in respect of a school year. (Last amended December 30, 2009 - Effective September 1, 2010)

Idem

(9) If a member accumulates ten days or less of credited service in respect of a school year, the member shall receive qualifying service for that school year equal to the member's credited service for that school year. (Last amended December 30, 2009 - Effective September 1, 2010)

C. Calculation of Pensionable Salary

Pensionable salary

12. (1) A member's pensionable salary for a school year is the remuneration paid to the member respecting employment in education and excludes,

(a) remuneration for services other than for employment in education;

(b) perquisites related to employment;

(c) payments related to accumulated sick leave or other employment benefit credits;

(d) payments related to retirement or termination of employment;

(e) payments to reimburse the member for expenses incurred during the course of employment;

(f) payments related to employment or for loss of earnings under the *Workplace Safety and Insurance Act* during a period in which the member is already an active member under section 6; (Last amended May 5, 2010 – Effective September 1, 2006)

(g) payments related to employment during a period in which the member is already an active member by virtue of receiving payments for loss of earnings under the *Workplace Safety and Insurance Act*; and (Last amended September 8, 2006 – Effective September 1, 2006)

(h) any remuneration paid to the member respecting employment in education that exceeds an annual rate of pay of six times the Year's Maximum Pensionable Earnings in effect each year. (Last amended December 21, 2006 – Effective January 1, 2007)

Idem

(2) Pensionable salary excludes the amounts described in clauses (1) (a) to (h) whether paid under a contract or gratuitously by an employer. (Last amended December 21, 2006 – Effective January 1, 2007)

Idem

(3) The pensionable salary of a member who receives board or lodging related to employment in education shall be deemed to be such amount, having regard for the value of the board or lodging, as is determined by the administrator.

Idem

(4) The pensionable salary of a member who is entitled to a refund under s. 28 (overpayment) shall be reduced by the amount of remuneration for which the contributions could have been refunded, whether or not the refund is paid. (Last amended June 28, 1990 - Effective June 28, 1990)

Pensionable salary during statutory leave

(5) The pensionable salary of an active member who makes contributions for a statutory leave which began prior to the 1st day of September, 2010 is the remuneration that the member's employer reports that the member would have earned if the member had not taken a statutory leave. (Last amended December 30, 2009 - Effective September 1, 2010)

Pensionable salary during WSIB

(5a) The pensionable salary of an active member who is receiving payments for loss of earnings under the *Workplace Safety and Insurance Act* is the remuneration that the member's employer reports that the member would have earned if the member had not been receiving such payments under the *Workplace Safety and Insurance Act*. (Last amended September 8, 2006 – Effective September 1, 2006)

Pensionable salary during sick leave

(5b) For the purposes of subsection 10 (2e), the pensionable salary of an active member who is receiving sick leave payments is the remuneration that the member’s employer reports that the member would have earned if not for the sick leave. (Last amended December 19, 2012 – Effective September 1, 2012)

Pensionable salary during unpaid professional activity days

(5c) For the purposes of subsection 10 (2f), the pensionable salary of an active member who is subject to unpaid professional activity days is the remuneration that the member’s employer reports that the member would have earned if not for the unpaid professional activity days. (Last amended April 2, 2013 – Effective September 1, 2012)

Pensionable salary during a short absence

(5d) For the purposes of subsection 10 (2g), the pensionable salary of an active member who is on a short absence is the remuneration that the member’s employer reports that the member would have earned if not for the short absence. (Last amended July 21, 2014 – Effective September 1, 2014)

Pensionable salary

(6) Revoked. (Last amended June 29, 1994 - Effective January 1, 1992)

Deferred salary leave plans

12a. (1) This section applies to a member who participates in a deferred salary leave plan entered into in writing between the member and his or her employer. (Last amended April 2, 2001- Effective September 1, 2001)

Deemed pensionable salary

(2) Despite subsection 12 (1) the pensionable salary of a member referred to in subsection (1) is the amount that the member's employer advises the administrator would have been paid to the member but for the member's participation in a deferred salary leave plan. (Last amended June 29, 1994 - Effective January 1, 1992)

Coming into force

(3) Revoked. (Last amended April 2, 2001- Effective September 1, 2001)

Pensionable salary re active member on LTIP

13. (1) The pensionable salary of an active member on LTIP is the remuneration that the member's employer reports the member would have earned if the member had worked throughout the school year in which the member began receiving LTIP benefits. (Last amended April 2, 2001- Effective September 1, 2001)

Idem

(2) Revoked. (Last amended April 2, 2001- Effective September 1, 2001)

Idem

(3) Despite subsection (1), for the period of September 1, 2001 to August 31, 2011, the pensionable salary of an active member as described in subsection 6 (1a) shall be the greater of:

(a) the pensionable salary determined in accordance with subsection (1) and increased in accordance with subsections 15 (4) to (4c); and

(b) the pensionable salary determined in accordance with subsection 12 (5a).

(Last amended August 4, 2011 – Effective September 1, 2011)

Pensionable salary re purchases of credit prior to September 1, 2010

14. (1) The pensionable salary of a member who purchases credited service under section 94, 95 or 96 for an absence is the amount of remuneration that, in the opinion of the member's employer, the member would have earned had he or she not taken the absence. (Last amended April 2, 2001 - Effective September 1, 2001)

Idem re pensionable salary for purchases on or after September 1, 2010

(1a) Despite subsection (1), the pensionable salary for a purchase of credited service under section 94, 95 or 96, where the member has not completed payment prior to the 1st day of September, 2010 for the entire eligible absence period, is an amount based upon the annual pensionable salary that, in the opinion of the administrator, the member earned prior to the start of the absence as adjusted in accordance with this section. (Last amended October 19, 2012 – Effective September 1, 2010)

Adjusted pensionable salary

(1b) For the purposes of subsection (1a), a member’s pensionable salary for an absence is adjusted after the school year in which the member began the absence by multiplying the pensionable salary for that year by the accumulated adjustment ratio determined in the manner set out in subsection (1d). (Last amended June 20, 2012 – Effective September 1, 2010)

Exception

(1c) Despite subsection (1b), where an absence begins on the first day of the member’s school year, the pensionable salary is adjusted in the manner set out in subsection (1b) beginning with the school year in which the member began the absence. (Last amended December 30, 2009 - Effective September 1, 2010)

Accumulated adjustment ratio

(1d) A member's accumulated adjustment ratio for purposes of subsection (1b) is the product of the basic ratio for each school year beginning with the school year following the school year in which the member began the absence and ending with the school year for which the accumulated adjustment ratio is being determined. (Last amended December 30, 2009 - Effective September 1, 2010)

Exception

(1e) Despite subsection (1d), where an absence begins on the first day of the member's school year, the member's accumulated adjustment ratio for purposes of subsection (1b) is the product of the basic ratio for each school year beginning with the school year in which the member began the absence and ending with the school year for which the accumulated adjustment ratio is being determined. (Last amended December 30, 2009 - Effective September 1, 2010)

Basic ratio

(1f) The basic ratio for a school year referred to in subsections (1d) and (1e) is a factor provided by the Minister. (Last amended December 30, 2009 - Effective September 1, 2010)

Alternative basic ratio

(1g) In the event that the basic ratio described in subsection (1f) is not provided by the Minister before the date that the cost for the purchase of credited service is calculated, the basic ratio for a school year referred to in subsections (1d) and (1e) is the ratio expressed to three decimal places that the average for the consumer price index over the last twelve months of the twenty-four month period ending with the 31st day of July in the preceding school year bears to the average for the consumer price index over the first twelve months of that period. (Last amended December 30, 2009 - Effective September 1, 2010)

Idem

(1h) For the purposes of subsection (1g), "consumer price index" means the Consumer Price Index for Canada as published by Statistics Canada under the authority of the *Statistics Act* (Canada). (Last amended December 30, 2009 - Effective September 1, 2010)

Transition

(1i) Revoked. (Last amended October 19, 2012 - Effective September 1, 2010)

Grandfathering the portion of an absence previously considered complete

(1j) Despite subsection (1a), where, in the opinion of the administrator, payment was considered to be complete as of the 1st day of September, 2010 for a portion of the entire eligible absence period, the pensionable salary for that portion of the absence is determined in accordance with subsection 14(1). (Last amended October 19, 2012 - Effective September 1, 2010)

Idem re pensionable salary for the remaining portion of an employer approved leave

(1k) Despite subsection (1a), where, in the opinion of the administrator, payment was considered to be complete as of the 1st day of September, 2010 for a portion of the entire eligible absence period, the pensionable salary for any remaining subsequent portion of the entire eligible absence period that is an employer-approved leave is determined in accordance with subsection (1j), and adjusted, with necessary modifications, in accordance with subsections (1b) to (1h). (Last amended October 19, 2012 - Effective September 1, 2010)

Idem

(2) The pensionable salary of a member who purchases credited service under section 103 is the amount of the member's remuneration for employment during the applicable period.

(3) The pensionable salary described in subsection 14(2) shall not be used in the calculation of the average salary of the member. (Last amended June 29, 1994-Effective January 1, 1992)

Average salary

15. (1) The average salary of a member,

(a) with more than five years' qualifying service is the average of the member's annual pensionable salary for the five school years during which it was highest; and

(b) with five years' or less qualifying service is the average of the member's annual pensionable salary. (Last amended October 10, 1995 - Effective September 1, 1995)

Part-time or occasional employee

(2) For the purpose of determining the average salary of a member employed more than ten days but less than a full-time school year or an active member on LTIP whose LTIP payments are based upon a less than full-time salary, the annual pensionable salary of the member is calculated using the formula,

$$\mathbf{(A/B) \times C}$$

in which,

"A" is the amount of the member's pensionable salary for the school year,

"B" is the lesser of,

(a) the number of days of credited service accumulated by the member during the school year, and

(b) the number of days in a full-time school year, and

"C" is the number of days in a full-time school year except,

(a) in the first year of the member's employment in education when it is the number of days between the first day worked by the member and the end of the school year, or

(b) in the final year of active membership when it is the number of days in a full-time school year between the beginning of the school year and the date the member's pension or the pension of a survivor of the member begins. (Last amended February 20, 1997 - Effective January 1, 1997)

Employee working less than full final year

(2a) For the purpose of determining the average salary of a member employed more than ten days but less than a full-time school year during his or her final year of active membership, the pensionable salary of the member as determined under subsection (2) for that final year shall be increased by an amount calculated using the formula,

$$\mathbf{A \times B/C}$$

in which,

"A" is the member's pensionable salary for the school year in which it was sixth highest,

"B" is the number of days in a full-time school year between the date the member's pension or the pension of a survivor of the member begins and the end of the school year, and

"C" is the number of days in a full-time school year. (Last amended February 20, 1997 - Effective January 1, 1997)

Purchases of credit

(2b) Subsections (2) and (2a) shall apply, with necessary modifications, to credited service accumulated by a member for a school year under section 94 or 95 in respect of periods on or after the 1st day of September, 2010, provided that the member has completed a purchase of the entire eligible absence period in respect of that school year. (Last amended August 4, 2011 – Effective September 1, 2010)

Restriction

(3) Revoked.

(a) Revoked.

(b) Revoked. (Last amended October 10, 1995 - Effective September 1, 1995)

Inflation adjusted pensionable salary

(4) For the purposes of this section, the pensionable salary for an active member on LTIP is increased after the school year in which the member began receiving LTIP benefits by multiplying the pensionable salary for that year, as determined under section 13, by the accumulated adjustment ratio determined in the manner set out in subsection (4a). (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(4a) A member's accumulated adjustment ratio for purposes of subsection (4) is the product by multiplication of the basic ratio for each school year beginning with the school year following the school year in which the member began receiving LTIP benefits and ending with the school year for which the accumulated adjustment ratio is being determined. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(4b) The basic ratio for a school year referred to in subsection (4a) is the ratio expressed to three decimal places that the average for the consumer price index over the last twelve months of the twenty-four month period ending with the 30th day of September in that school year bears to the average for the consumer price index over the first twelve months of that period. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(4c) For the purposes of subsection (4b), "consumer price index" means the Consumer Price Index for Canada as published by Statistics Canada under the authority of the *Statistics Act* (Canada). (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(4d) Subsections (4) to (4c) do not apply for the period of September 1, 2001 to August 31, 2011 in respect of a member who is an active member as described in subsection 6 (1a) and whose pensionable salary is determined in accordance with subsection 12 (5a). (Last amended August 4, 2011 – Effective September 1, 2011)

D. Transitional

Transitional re membership

16. (1) Every person who has credit in the Teachers' Superannuation Fund on the 31st day of December, 1989 and who is not entitled to an allowance under a predecessor of this Act becomes an active member of the pension plan upon completing one day of employment in education on or after the 1st day of January, 1990.

Idem, active member on LTIP

(2) Every person who was making contributions or on whose behalf contributions were being made on the 31st day of December, 1989 under an agreement referred to in section 4 of the *Teachers' Superannuation Act*, *1983* or under a predecessor of that section is considered to be an active member on LTIP.

Transitional re credited service

17. Every active member shall be considered to have accumulated credited or qualifying service under the pension plan in an amount equal to the credited or qualifying service that he or she had accumulated under a predecessor of this Act. (Last amended October 10, 1995 - Effective September 1, 1995)

Re-employed pensioners

18. A re-employed pensioner making contributions under the pension plan or a predecessor of this Act on or after the 1st day of September, 1989 up to the 1st day of January, 1990 is entitled to a refund of contributions, if any, made in respect of the first ninety-five days or less of employment during that period.

PART III
CONTRIBUTIONS

A. Member Contributions

Amount of member's contributions

19. (1) Every active member who is required to contribute to the *Canada Pension Plan* or to the *Quebec Pension Plan* shall contribute for a year, for salary paid after 2011,

(a) 10.4 per cent of that portion of the member's pensionable salary up to and including the amount of the Year's Maximum Pensionable Earnings as prescribed under the *Canada Pension Plan*; and

(b) 12 per cent of that portion of the member's pensionable salary that exceeds the amount of the Year's Maximum Pensionable Earnings. (Last amended August 4, 2011 – Effective January 1, 2012)

Idem

(2) Every active member who is not required to contribute to the *Canada Pension Plan* or to the *Quebec Pension Plan* shall contribute 12 per cent of the member's pensionable salary for the year, for salary paid after 2011. (Last amended August 4, 2011 – Effective January 1, 2012)

Maximum amount of contributions, R.S.C. 1952, C. 148

(2a) If a member's contributions calculated under this section for a period after the 31st day of December, 1991 exceeds the lesser of the maximum contribution permitted under the *Income Tax Act* (Canada) and the maximum contribution determined by the actuary, it shall be reduced to an amount equal to the lesser maximum. (Last amended December 21, 2006 – Effective January 1, 2007)

Deemed required to contribute to CPP

(2b) An active member who at any time after the end of the month in which he or she attains the age of 65 years and before the end of the month in which he or she attains the age of 70 years receives a Canada Pension Plan retirement pension shall contribute for salary paid after 2011 the contributions set out in paragraphs (1) (a) and (b) if an election under paragraph 12 (1) (c) of the *Canada Pension Plan* is not in effect at the time of the salary payment. (Last amended June 20, 2012 – Effective January 1, 2012)

Pensionable salary

(3) Revoked. (Last amended October 23, 1991 - Effective October 23, 1991)

Additional contributions

(4) In addition to the contributions required under subsection (1) or (2), every active member shall contribute 2.0 per cent of the member's pensionable salary for the year, for salary paid during the year 2007. (Last amended December 21, 2006 – Effective January 1, 2007)

Idem

(5) In addition to the contributions required under subsection (1) or (2), every active member shall contribute 2.3 per cent of the member's pensionable salary for the year, for salary paid during the year 2008. (Last amended December 21, 2006 – Effective January 1, 2007)

Idem

(6) In addition to the contributions required under subsection (1) or (2), every active member shall contribute 2.1 per cent of the member's pensionable salary for the year, for salary paid after 2008 but before 2012. (Last amended August 4, 2011 – Effective January 1, 2012)

Idem

(7) In addition to the contributions required under subsection (1), (2) or (2b), every active member shall contribute 0.4 per cent of the member's pensionable salary for the year, for salary paid during the year 2012. (Last amended June 20, 2012 – Effective January 1, 2012)

Idem

(8) In addition to the contributions required under subsection (1), (2) or (2b), every active member shall contribute 0.75 per cent of the member's pensionable salary for the year, for salary paid during the year 2013. (Last amended June 20, 2012 – Effective January 1, 2012)

Idem

(9) In addition to the contributions required under subsection (1), (2) or (2b), every active member shall contribute 1.1 per cent of the member's pensionable salary for the year, for salary paid after 2013 but before 2027. (Last amended June 20, 2012 – Effective January 1, 2012)

Contributions by members working more than full-time

19a. An active member who is employed on a full-time basis to work a full-time school year is not required to make a contribution for any employment during that school year in excess of a full-time school year. (Last amended June 28, 1990 - Effective June 28, 1990)

Member contributions during statutory leaves

19b. An active member shall, during a statutory leave which began prior to the 1st day of September, 2010, contribute the applicable amount set out in section 19 unless the member has notified the employer in writing that she or he elects not to participate in the pension plan during the statutory leave. (Last amended December 30, 2009 - Effective September 1, 2010)

Member contributions during statutory leaves on or after September 1, 2010

19c. A member shall, during a statutory leave which begins on or after the 1st day of September, 2010, contribute the applicable amount set out in section 94 unless the member has notified the employer in writing that she or he elects not to participate in the pension plan during the statutory leave. (Last amended December 30, 2009 - Effective September 1, 2010)

Collection of member contributions

20. (1) The employer of an active member shall deduct the amount the member is required to contribute under section 19 from the salary paid to the member.

Transfer of amount deducted

(2) An employer shall deliver to the administrator or deposit to the account of the pension fund on or before the last day of each month in which a member's salary is paid the amount deducted for the member's contribution.

Interest payable

(3) An employer shall pay interest on amounts in arrears from the date the payment is due to the day before it is made, calculated at the standard interest rate. (Last amended September 8, 2006 - Effective January 1, 2003)

Idem

(3a) An employer shall pay additional interest at the rate of 4 per cent compounded annually on amounts in arrears after the last day of the month following the month in which the employer billing occurs. (Last amended September 8, 2006 – Effective January 1, 2003)

Report to administrator

(4) An employer shall make such reports to the administrator as the administrator requires in respect of member contributions.

Member contributions not to be collected

(5) An employer shall not deduct from the salary paid to an active member employed on a full-time basis for a full-time school year an amount greater than the contributions payable under section 19 by an employee who works a full-time school year unless the member directs the employer to do so. (Last amended June 28, 1990 - Effective June 28, 1990)

Idem

(6) An employer who is provided with evidence that an active member is employed on a full-time basis for a full-time school year by another employer shall not make any deduction from the salary paid to that member for contributions under section 19 unless the member directs the employer to do so. (Last amended June 28, 1990 - Effective June 28, 1990)

Status of contributions

(7) A contribution which an active member directs his or her employer to deduct under subsection (5) or (6) is considered to be a required contribution for the purpose of sections 25 and 26. (Last amended June 28, 1990 - Effective June 28, 1990)

Underpayment of contributions

20a. (1) A member who has for any year contributed an amount less than that calculated under section 19 shall, upon being notified of the amount of the undercontribution, pay as a lump sum an amount equal to the undercontribution. (Last amended February 28, 1992 - Effective January 1, 1992)

Interest

(2) A member referred to in subsection (1) shall pay interest calculated at the standard rate on the amount of the undercontribution from the day the member is notified to the day before the undercontribution is paid. (Last amended February 28, 1992 - Effective January 1, 1992)

Contributions re active members on LTIP

21. (1) The amount of the required contribution for an active member on LTIP is,

(a) 6.9 per cent of the pensionable salary of a member who becomes disabled before the 1st day of January, 1991, and

(b) 8.9 per cent of the pensionable salary of a member who becomes disabled after the 31st day of December, 1990, except that payment of the required contribution is waived for a member who becomes disabled after the 31st day of August, 2001. (Last amended April 2, 2001 – Effective September 1, 2001)

Inflation adjusted pensionable salary

(2) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(2a) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(2b) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem S.C. 1970 - 1971 - 1972 c. 15

(2c) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

(2d) If a member's contribution calculated under subsection (1) for a period after the 31st day of December, 1991 exceeds the lesser of the maximum contribution to a registered pension plan permitted under the *Income Tax Act* (Canada) and the maximum contribution determined by the actuary, it shall be reduced to an amount equal to the lesser maximum. (Last amended June 1, 1995 - Effective June 1, 1995)

Restriction re election

(3) Revoked. (Last amended October 23, 1991 - Effective October 23, 1991)

Notice of status

(4) An active member on LTIP shall give notice on the first day of each school year to his or her employer or former employer that the member continues to be an active member on LTIP.

Minister's payments re active member on LTIP

22. The contributions required under subsection 21 (1) from an active member on LTIP who is receiving benefits under a long term income protection plan established under the *Public Service Act* shall be paid on behalf of the member by the Minister.

Collection re active member on LTIP

23. (1) The required contribution for an active member on LTIP shall be paid to the person who was his or her employer on the date of disability.

Idem

(2) Payments under subsection (1) must be made on or before the fifteenth day of the month following the month in which each payment under the long term income protection agreement is made to the member.

Increased contributions

(3) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Transfer of contribution

(4) An employer to whom a payment in respect of an active member on LTIP is to be made under this section shall, whether or not the payment is made, deliver to the administrator on or before the last day of each month in which the member's LTIP payment is required the amount of the member's required contribution. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(5) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Interest payable

(6) Interest is payable on payments in arrears made to the employer or by the employer from the date the payment is due to the day before it is made, calculated at the standard interest rate plus 4 per cent. (Last amended February 28, 1992 - Effective January 1, 1992)

Cause of action

(7) An employer may maintain an action for the recovery of an amount paid to the administrator under subsection (4) if the employer has not received the corresponding payment of required contributions for an active member on LTIP.

Collection re member on statutory leave

23a. (1) An active member who has taken a statutory leave which began prior to the 1st day of September, 2010 and has not notified his or her employer in writing that she or he elects not to participate in the pension plan during the leave, shall pay the member's contribution to the member's employer on or before the normal pay day of the employer. (Last amended December 30, 2009 - Effective September 1, 2010)

(2) An employer to whom a payment in respect of an active member referred to in subsection (1) is to be made shall, whether or not the payment is made, deliver to the administrator on or before the last day of each month of the member's statutory leave the amount of the member's required contribution. (Last amended October 23, 1991 - Effective October 23, 1991)

(3) Interest is payable on payments due from the employer which are in arrears from the date the payment is due to the day before it is made, calculated at the standard interest rate. (Last amended May 5, 2010 – Effective January 1, 2003)

(3a) An employer shall pay additional interest at the rate of 4 per cent compounded annually on amounts in arrears after the last day of the month following the month in which the employer billing occurs. (Last amended May 5, 2010 – Effective January 1, 2003)

(4) An employer may maintain an action for the recovery of an amount paid to the administrator together with interest thereon at the standard interest rate under this section if the employer has not received the corresponding payment of required contributions from the active member who has taken a statutory leave. (Last amended October 23, 1991 - Effective October 23, 1991)

B. Employer Contributions

Liability for contributions

24. (1) Employer contributions in respect of an active member employed as described in subsection 2 (1) shall be paid by the Minister.

Idem

(2) Subsection (1) does not apply with respect to any contribution in relation to which the member is required under this pension plan to make the contribution that would otherwise be made by the Minister.

Idem

(3) Employer contributions in respect of an active member employed as described in subsection 2 (2) or section 7, 8 or 9 shall be paid by the employer of the member.

Idem

(4) Employer contributions in respect of an active member on LTIP shall be paid by the person making the employer contributions in respect of the member immediately before the date of disability.

(5) No employer contribution, other than an eligible contribution under the *Income Tax Act* (Canada), shall be made to the plan. (Last amended June 29, 1994 - Effective January 1, 1992)

Contributions by the Minister

25. (1) The Minister shall contribute in each year an amount equal to the required contributions made during the year before the preceding year by or on behalf of those members for whom the Minister is required to make employer contributions.

Idem, active members on LTIP

(2) In addition to the amount required under subsection (1), the Minister shall contribute in each year, in respect of the year before the preceding year, 4 per cent of the pensionable salaries of active members on LTIP who become disabled before the 1st day of January, 1991. (Last amended June 3, 2009 – Effective January 1, 2010)

Idem

(2a) In addition to the amounts required under subsections (1) and (2), the Minister shall contribute in each year, in respect of the year before the preceding year:

(a) an amount equal to the required contributions that would have been made by or on behalf of active members on LTIP who became disabled after the 31st day of August, 2001, but for the waiver in subsection 21(1); and

(b) an amount equal to the required contributions that would have been made by or on behalf of active members on LTIP to increase the member's pensionable salary under section 15, if contributions were required on such increase in pensionable salary. (Last amended June 3, 2009 – Effective January 1, 2010)

Additional contributions

(2b) In respect of the year 2008, the Minister shall contribute, in addition to the amounts required under this section, an amount equal to 0.8 per cent of the pensionable salaries of active members in respect of whom required contributions were made during that year in accordance with section 19 and for whom the Minister is required to make employer contributions. (Last amended December 21, 2006 – Effective January 1, 2007)

Idem

(2c) In respect of the year 2008, the Minister shall contribute, in addition to the amounts required under this section, an amount equal to 0.8 per cent of the pensionable salaries of members who purchase credit under the pension plan in respect of that year and for whom the Minister is required to make employer contributions. (Last amended December 21, 2007 – Effective January 1, 2007)

Idem

(2d) In addition to the amounts required under this section, the Minister shall contribute in each year a proportional amount of the difference, as calculated by the administrator, between the inflation adjustments that were included in pensions, commuted values and lump sum payments (other than reciprocal transfers) that were paid in the year before the preceding year and the inflation adjustments that would have been included in such benefits but for the combined application of subsections 80(3a) and (3b). The Minister's proportional amount shall be based on the pensionable salaries of active members for whom the Minister is required to make employer contributions, in respect of the year before the preceding year, as a percentage of the pensionable salaries of all active members for that year. (Last amended September 17, 2013 - Effective January 1, 2014)

Idem

(2e) For greater certainty, if inflation adjustments have ever been made in accordance with subsection 80(3d), the Minister's contributions pursuant to subsection 25(2d) shall be determined as if inflation adjustments had never been made in accordance with subsection 80(3d). (Last amended September 17, 2013 - Effective January 1, 2014)

Due date

(3) The Minister's contribution is due on the first business day following the 1st day of January in each year and not as required under the *Pension Benefits Act*. (Last amended June 28, 1990 - Effective June 28, 1990)

Interest payable

(4) Interest on the Minister's contribution is payable for the period beginning on the 1st day of June of the year that was two years before the date on which a payment is due and ending on the day before the payment is made, calculated at the standard interest rate in effect on that 1st day of June.

(4a) Despite subsections (3) and (4), $500,000,000 of the Minister's contribution due on January 4, 1993 shall be made on April 1, 1993 with interest at the rate of 11.25% per annum applied from January 4, 1993 to March 31, 1993. (Last amended May 29, 1992 - Effective May 29, 1992)

Idem, transitional

(5) Interest payable in respect of a period before the 1st day of January, 1990 shall be calculated,

(a) up to that date, in accordance with the *Teachers' Superannuation Act, 1983;*

(b) on and after that date, at the standard interest rate in effect on the 1st day of January, 1990.

Delivery

(6) The Minister shall deliver contributions to the administrator or deposit them to the account of the pension fund.

Order of Lieutenant Governor in Council

(7) To reduce the time between the date of payment mentioned in subsection (3) and the payment of contributions by or on behalf of those members for whom the Minister is required to make employer contributions, the Lieutenant Governor in Council may, despite subsections (1) and (4), by order require the Minister to make payments for such number of months in the preceding year as are specified in the order in respect of contributions in those months by or on behalf of those members for whom the Minister is required to make employer contributions.

Idem

(8) An order made under subsection (7) shall revise the period of time mentioned in subsection (1) in respect of which contributions by the Minister are computed so that it reflects the additional contributions required to be made by the Minister.

Idem

(9) An order under subsection (7) shall adjust the date from which interest is to be calculated under subsection (4) to reflect the reduced time between the last month in which contributions are made by or on behalf of those members for whom the Minister is required to make employer contributions and the month when the Minister pays an amount equal to those contributions.

Contributions by employers

26. (1) An employer shall contribute in each month an amount equal to the required contributions made during the month by or on behalf of those members for whom the employer is required to make employer contributions.

Idem, active members on LTIP

(1a) In addition to the amount required under subsection (1), an employer shall contribute:

(a) an amount equal to the required contributions that would have been made by or on behalf of active members on LTIP who became disabled after the 31st day of August, 2001, but for the waiver in subsection 21(1); and

(b) an amount equal to the required contributions that would have been made by or on behalf of active members on LTIP to increase the member's pensionable salary under section 15, if contributions were required on such increase in pensionable salary. (Last amended April 2, 2001 – Effective September 1, 2001)

Additional contributions

(1b) In respect of the year 2008, an employer shall contribute, in addition to the amounts required under this section, an amount equal to 0.8 per cent of the pensionable salaries of active members in respect of whom required contributions are made during that year in accordance with section 19 and for whom the employer is required to make employer contributions. (Last amended December 21, 2006 – Effective January 1, 2007)

Idem

(1c) In respect of the year 2008, an employer shall contribute, in addition to the amounts required under this section, an amount equal to 0.8 per cent of the pensionable salaries of members who purchase credit under the pension plan in respect of that year and for whom the employer is required to make employer contributions. (Last amended December 21, 2007 – Effective January 1, 2007)

Idem

(1d) In addition to the amounts required under this section, an employer shall contribute in each year a proportional amount of the difference, as calculated by the administrator, between the inflation adjustments that were included in pensions, commuted values and lump sum payments (other than reciprocal transfers) that were paid in the year before the preceding year and the inflation adjustments that would have been included in such benefits but for the combined application of subsections 80(3a) and (3b). The employer's proportional amount shall be based on the pensionable salaries of active members for whom the employer was required to make employer contributions, in respect of the year before the preceding year, as a percentage of the pensionable salaries of all active members for that year. (Last amended September 17, 2013 – Effective January 1, 2014)

Idem

(1e) For greater certainty, if inflation adjustments have ever been made in accordance with subsection 80(3d), an employer's contributions pursuant to subsection 26(1d) shall be determined as if inflation adjustments had never been made in accordance with subsection 80(3d). (Last amended September 17, 2013 - Effective January 1, 2014)

Due date

(2) An employer's contribution is due on the last day of the month.

Idem

(2a) Notwithstanding subsection (2), an employer's contribution under subsection (1d) is due on the first business day following the 1st day of January in each year. (Last amended June 3, 2009 – Effective January 1, 2010)

Interest payable

(3) Interest on an employer's contribution is payable from the date the payment is due to the day before it is made, calculated at the standard interest rate. (Last amended September 8, 2006 - Effective January 1, 2003)

Idem

(3a) An employer shall pay additional interest at the rate of 4 per cent compounded annually on amounts in arrears after the last day of the month following the month in which the employer billing occurs. (Last amended September 8, 2006 – Effective January 1, 2003)

Idem

(3b) Notwithstanding subsection (3), interest on an employer's contribution under subsection (1d) is payable from June 1st of the year before the preceding year to the day before the payment is made, calculated at the standard interest rate in effect on that June 1st. (Last amended June 3, 2009 - Effective January 1, 2010)

Delivery

(4) An employer shall deliver contributions to the administrator or deposit them to the account of the pension fund.

C. Refund of Overpayments

Refund error

27. The administrator shall refund contributions or other payments made in error or not permitted under the pension plan, together with interest, if the administrator received the contributions or other payments.

Overpayment of contributions

28. (1) This section applies to an active member who,

(a) (i) works more than a full-time school year during the school year, or

(ii) was employed on an occasional basis in addition to an absence purchased on a contributions plus interest basis in accordance with section 94; and (Last amended April 2, 2001 – Effective September 1, 2001)

(b) has made contributions greater than those required under s. 19 of a member working a full-time school year. (Last amended June 28, 1990 - Effective June 28, 1990)

Idem

(2) An active member described in subsection (1) is entitled to a refund of contributions calculated in accordance with subsection (4). (Last amended June 28, 1990 - Effective June 28, 1990)

Refund to employer

(3) Despite section 78 of the *Pension Benefits Act*, a person who has made employer contributions in respect of a member described in subsection (1) is entitled to a refund of employer contributions equal to the amount of the refund to which the member is entitled. (Last amended June 28, 1990 - Effective June 28, 1990)

Amount of refund

(4) The refund of contributions is calculated using the formula,

$$(A + B + C \ldots) \times N$$

in which, "A", "B", "C" … is the series in which each variable is the amount of salary paid to the member at each different rate of salary earned by the member during the school year and/or the amount of salary attributable to the credit purchase in accordance with section 94, beginning with the lowest rate of salary and ending with the highest provided that the number of days for which salary is accumulated by the addition of variables does not exceed the number of days in excess of a full-time school year for which the member makes contributions, and

"N" is the per cent referred to in clause 19 (1) (b), plus any additional per cent of salary that was paid by the member in accordance with section 19 in respect of the salary being refunded, expressed as a decimal fraction. (Last amended December 21, 2006 – Effective January 1, 2007)

(4a) For the purposes of subsection (4), credit purchased on an actuarial cost basis, or transferred into the plan in accordance with section 104, will be deemed to be the highest rate of salary. (Last amended December 20, 1999 - Effective September 1, 1998)

Interest payable

(5) Interest is payable on a refund of contributions from the last day of the school year until the day before it is paid. (Last amended February 28, 1992 - Effective January 1, 1992)

Lump sum

(6) A refund of contributions shall be paid as a lump sum. (Last amended June 28, 1990 - Effective June 28, 1990)

Refund, re-employed pensioners

29. Despite subsection 63 (4) of the *Pension Benefits Act*, a person described in subsection 46 (3) of the *Teachers' Superannuation Act*, *1983* who became re-employed in education for less than twenty days between the 1st day of September, 1986 and the 31st day of August, 1989 is entitled to the refund described in that section.

PART IV
PAYMENTS UPON TERMINATION OF MEMBERSHIP

A. Vesting

Vesting of benefits

30. (1) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Idem

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Payment of deferred pension

(3) A member who terminates membership in the pension plan on or after July 1, 2012 is entitled to a deferred pension calculated and paid in accordance with Part V. (Last amended June 19, 2012 – Effective July 1, 2012)

Payment of benefits upon death of member

(3a) Benefits payable in respect of a member who terminates membership in the pension plan as a result of the member's death on or after July 1, 2012, and before the commencement of payment of the deferred pension to which the member was entitled on the date of death, shall be calculated and paid in accordance with Part VII. (Last amended December 13, 2012 – Effective July 1, 2012)

Limit

(4) No person is entitled to more than one deferred pension in respect of the same period of employment.

Entitlement on termination of membership

31. (1) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Idem

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Limitation

(3) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Idem, transitional

(4) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Rights of former members

32. Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

B. Refunds and Transfers

Refund re post-1986 contributions

33. Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Refund re pre-1987 contributions

34. (1) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Refund at or after sixty-five years of age

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Refund re pre-1987 deferred pension

35. (1) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Before reaching forty-five years of age

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

On or after forty-five years of age

(3) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Reduction in deferred pension

(4) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

50 per cent rule

36. (1) A member entitled to a deferred pension relating to employment after the 31st day of December, 1986 is entitled to a refund, paid in a lump sum, upon ceasing to be employed in education, of the amount by which the member's required contributions plus interest for the period after that date exceeds one half of the commuted value of the deferred pension for that period. (Last amended June 19, 2012 – Effective July 1, 2012)

Exclusion

(2) Subsection (1) does not apply with respect to a member's contributions and credited service for which no corresponding employer contribution is required under section 25 or 26. (Last amended June 1, 1995 - Effective June 1, 1995)

(3) A member who receives a refund under subsection (1), who elects to receive a deferred pension and who subsequently becomes re-employed in education or completes a purchase of credited service, must repay the refund together with interest thereon before the pension commences. (Last amended September 8, 2006 - Effective September 1, 2001)

(4) Revoked. (Last amended September 8, 2006 - Effective September 1, 2002)

(5) Revoked. (Last amended September 8, 2006 - Effective September 1, 2002)

(6) Revoked. (Last amended September 8, 2006 - Effective September 1, 2002)

(7) The member or survivor benefit, as the case may be, shall be actuarially reduced to reflect the unpaid portion of the repayment not completed under subsection (3) with interest thereon to the commencement date of the benefit. The actuarial reduction will be offset by any lump sum payment that would otherwise be payable to the member. (Last amended September 8, 2006 – Effective September 1, 2002)

Transfer re deferred pension

37. (1) A member entitled to a deferred pension who ceases to be employed in education is entitled to a transfer of the commuted value of the deferred pension, paid in a lump sum, to another retirement savings arrangement in accordance with section 42 of the *Pension Benefits Act* and to a refund or transfer of excess contributions, calculated under section 36, subject to the limitations of the *Income Tax Act* (Canada). (Last amended June 19, 2012 – Effective July 1, 2012)

(2) A member who is entitled to an immediate payment of a pension benefit is not entitled to a refund or transfer under this section. (Last amended September 8, 2006 – Effective June 1, 1995)

(3) A member who is entitled to a transfer under this section shall deliver a completed termination options application, including all supporting documentation, to the administrator within six months of the member's termination of membership in the plan. (Last amended September 8, 2006 – Effective January 1, 1995)

(4) A termination options application completed after the deadline specified in subsection (3) shall be considered a new notification of intention to terminate membership in the plan and the member's entitlement to a transfer under this section shall be determined as of the new termination of membership date. (Last amended September 8, 2006 – Effective January 1, 1995)

Application for refund, etc.

38. (1) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Payment of refund

(2) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

PART V
RETIREMENT PENSIONS

A. Entitlement to Pension

One pension only

39. (1) No member is entitled to more than one retirement pension under the pension plan in respect of the same period of credited service.

Idem

(2) A member receiving a disability pension under the pension plan is not eligible to receive a retirement pension.

Retirement

(3) No member is entitled to begin to receive a retirement pension or a disability pension while the member is employed in education until the end of the calendar year in which the member attains seventy-one years of age, or until such other time as is required under the *Income Tax Act* (Canada). (Last amended June 20, 2012 – Effective January 1, 2012)

Normal retirement date

40. The normal retirement date of a member is the first day of the month following the date on which the member reaches sixty-five years of age.

Entitlement to pension (2 year rule)

41. (1) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Commencement

(2) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Amount of pension (2 year rule)

(3) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Maximum pension payable, R.S.C. 1952, c. 148

(3a) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Payment, pre-1987 service

(4) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Limitation on pensions less than $2,400

(5) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Entitlement to pension (10 year rule), transitional

42. (1) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Commencement

(2) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Amount of pension (10 year rule)

(3) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Maximum pension payable, R.S.C. 1952, c. 148

(3a) Revoked. (Last amended June 19, 2012 – Effective July 1, 2012)

Entitlement to pension (immediate vesting)

42a. (1) A member who terminates membership in the pension plan on or after July 1, 2012 is entitled to receive a retirement pension for the member’s lifetime calculated under subsection (3). (Last amended June 19, 2012 – Effective July 1, 2012)

Commencement

(2) A retirement pension under this section begins as of the member's normal retirement date. (Last amended June 19, 2012 – Effective July 1, 2012)

Amount of pension

(3) Subject to subsection (4), the amount of the retirement pension, before adjustment for inflation, is calculated using the formula,

$$\mathbf{(A \times B) - C}$$

in which,

"A" is 2 per cent of the member's average salary,

"B" is the number of years of the member's credited service, and

"C" is the amount, if any, calculated under section 81 (CPP reduction). (Last amended June 19, 2012 – Effective July 1, 2012)

Payment of pensions, predecessor Acts

(4) The retirement pension of a member who ceased to be employed in education prior to January 1, 1990 shall be calculated, with necessary modifications, in accordance with the terms of the *Teachers' Superannuation Act, 1983*, or a predecessor Act, and shall be paid out of the pension fund in accordance with the Act under which the member ceased to be employed in education. (Last amended June 19, 2012 – Effective July 1, 2012)

Maximum pension payable, R.S.C. 1952, c. 148

(5) If the amount of the retirement pension calculated under subsection (3) in respect of a period after the 31st day of December, 1991 is greater than the maximum pension payable by a registered pension plan under the *Income Tax Act* (Canada), it shall be reduced to an amount equal to the maximum. (Last amended June 19, 2012 – Effective July 1, 2012)

Limitation on pensions less than $2,400

(6) Subject to section 84, where the annual amount of the retirement pension calculated under subsection (3) or (4) is less than $2,400 the member is entitled to a pension in that lesser amount and not to a pension in the amount of $2,400 as provided for by Order in Council 1453/74. (Last amended June 19, 2012 – Effective July 1, 2012)

Exception

(7) Subsection (6) shall not apply to a member who has at least ten years of credited service in whole or in part before the 1st day of January, 1987 on the date he or she ceased to be employed in education. (Last amended June 19, 2012 – Effective July 1, 2012)

Limitation

(8) For greater certainty, subsection 76 (2) of the *Teachers' Superannuation Act, 1983* shall not apply to the retirement pension of a member who did not have at least ten years of credited service on the date he or she ceased to be employed in education. (Last amended June 19, 2012 – Effective July 1, 2012)

Entitlement to pension (special early retirement)

43. (1) A member who has accumulated at least that number of years of qualifying service that, when added to the member's age upon termination of employment in education, totals ninety years is entitled to a retirement pension for the member's lifetime calculated under subsection (4). (Last amended October 10, 1995 - Effective September 1, 1995)

(1a) A member who ceases to be employed in education on or after June 1, 1998, and who has accumulated at least that number of years of qualifying service that, when added to the member's age upon termination of employment in education, totals eighty-five years is entitled to a retirement pension for the member's lifetime calculated under subsection (4). (Last amended April 2, 2001 – Effective April 1, 2001)

Idem (35 year rule)

(2) A member who ceases to be employed in education after the 31st day of May, 1987 and before the 1st day of September, 1990 and who has thirty-five years of qualifying service is entitled to a retirement pension for the member's lifetime calculated under subsection (4). (Last amended October 10, 1995 - Effective September 1, 1995)

(2a) A member who has accumulated thirty-five or more years of credited service is entitled to a retirement pension for the member's lifetime calculated under subsection (4). (Last amended February 20, 1997 - Effective January 1, 1997)

Commencement

(3) A retirement pension under this section begins as of the beginning of the month following the date the member ceases to be employed in education or, at the election of the member, of any month thereafter that is not later than:

(a) the end of the calendar year in which the member attains seventy-one years of age, or

(b) such other time as is required under the *Income Tax Act* (Canada).

(Last amended June 20, 2012 – Effective January 1, 2012)

Amount of pension

(4) The amount of the retirement pension, before adjustment for inflation, is calculated using the formula,

$$(A \times B) - C$$

in which,

"A" is 2 per cent of the member's average salary,

"B" is the number of years of the member's credited service, and

"C" is the amount, if any, calculated under section 81 (CPP reduction).

Maximum pension payable, R.S.C. 1952, c. 148

(4a) If the amount of the retirement pension calculated under subsection (4) in respect of a period after the 31st day of December, 1991 is greater than the maximum pension payable by a registered pension plan under the *Income Tax Act* (Canada), it shall be reduced to an amount equal to the maximum. (Last amended February 28, 1992 - Effective January 1, 1992)

Early retirement option

44. (1) A member entitled to a deferred pension under section 42a may elect to begin to receive a retirement pension on the first day of any month that is ten years before the member's normal retirement date. (Last amended June 19, 2012 – Effective July 1, 2012)

Idem

(1a) A member who ceases to be employed in education on or after June 30, 2001 and who is entitled to a deferred pension under section 42a may elect to begin to receive a retirement pension on the first day of any month that is within fifteen years of the member's normal retirement date. (Last amended June 19, 2012 – Effective July 1, 2012)

Amount of early retirement pension

(2) The amount of the annual retirement pension, before adjustment for inflation, of a member who elects early retirement under subsection (1) and who elects to begin to receive the pension on the first day of the month following the later of: the cessation of employment in education; or the last day of credited service in the plan, shall be calculated using the formula,

$$[A \times B \times (1 - C)] - D$$

in which,

"A" is 2 per cent of the member's average salary,

"B" is the number of years of the member's credited service,

"C" is an amount equal to the lesser of,

(a) 0.05 times the number of years by which the member's age is less than sixty-five on the date the pension is to begin, and

(b) 0.025 times the difference between ninety and the sum of,

(i) the number of years of the member's qualifying service determined under section 11, and
(ii) the member's age on the date the pension is to begin, and

"D" is the amount, if any, calculated under section 81 (CPP reduction).

"C" in the above formula shall not be less than the minimum reduction on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada). (Last amended June 19, 2012 – Effective July 1, 2012)

Maximum pension payable, R.S.C. 1952, c. 148

(2a) Revoked. (Last amended February 20, 1997 - Effective January 1, 1997)

(2b) The amount of the annual retirement pension, before adjustment for inflation, for a member who ceases to be employed in education on or after June 1, 1998, where the member elects early retirement under subsection (1) or (1a) and elects to begin to receive the pension on the first day of the month following the later of: the cessation of employment in education; or the last day of credited service in the plan, shall be calculated using the formula set out in subsection (2) except that:

"C" is an amount equal to the lesser of,

(a) 0.05 times the number of years by which the member's age is less than sixty-five on the date the pension is to begin, and

(b) 0.025 times the difference between eighty-five and the sum of,

(i) the number of years of the member's qualifying service determined under section 11, and

(ii) the member's age on the date the pension is to begin,

however, "C" shall not be less than the minimum reduction on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada). (Last amended April 2, 2001 – Effective April 1, 2001)

(3) The amount of the annual retirement pension, before adjustment for inflation, of a member who elects early retirement under subsection (1) on a deferred pension shall be calculated using the formula,

$$[A \times B \times (1 - C)] - D$$

in which,

"A" is 2 per cent of the member's average salary,

"B" is the number of years of the member's credited service,

"C" is an amount equal to the lesser of,

(a) 0.05 times the number of years by which the member's age is less than sixty-five on the date the pension is to begin, and

(b) 0.05 times the difference between ninety and the sum of,

(i) the number of years of the member's qualifying service determined under section 11, and

(ii) the member's age on the date the pension is to begin, and

"D" is the amount, if any, calculated under section 81 (CPP reduction).

"C" in the above formula shall not be less than the minimum reduction on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada). (Last amended June 19, 2012 – Effective July 1, 2012)

(3a) The amount of the annual retirement pension, before adjustment for inflation, for a member who ceases to be employed in education on or after June 1, 1998, where the member elects early retirement under subsection (1) or (1a) on a deferred pension shall be calculated using the formula set out in subsection (3) except that:

"C" is an amount equal to the lesser of,

(a) 0.05 times the number of years by which the member's age is less than sixty-five on the date the pension is to begin, and

(b) 0.05 times the difference between eighty-five and the sum of,

(i) the number of years of the member's qualifying service determined under section 11, and

(ii) the member's age on the date the pension is to begin,

however, "C" shall not be less than the minimum reduction on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada). (Last amended April 2, 2001 – Effective April 1, 2001)

Maximum pension payable, R.S.C. 1952, c. 148

(4) If the amount of the retirement pension determined under subsection (2), (2b), (3), (3a) or (5), in respect of a period after the 31st day of December, 1991 is greater than the maximum pension payable by a registered pension plan under the *Income Tax Act* (Canada) after taking into account the reduction (if any) on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada) it shall be reduced to an amount equal to such maximum. (Last amended May 27, 1998 - Effective June 1, 1998)

Commuted value

(5) Despite subsections (3) and (3a), the commuted value of the retirement pension received on early retirement shall be not less than the commuted value of the retirement pension to which the member would be entitled on the normal retirement date based upon the member's credited service up to the early retirement date. (Last amended May 27, 1998 - Effective June 1, 1998)

Postponed pension option

45. (1) A member may elect to begin to receive his or her retirement pension in any month after the member's normal retirement date, but not later than:

(a) the end of the calendar year in which the member attains seventy-one years of age, or

(b) such other time as is required under the *Income Tax Act* (Canada).

(Last amended June 20, 2012 – Effective January 1, 2012)

Amount of late retirement pension

(2) The amount of the annual retirement pension, before adjustment for inflation, of a member who elects late retirement as described in subsection (1) is calculated using the formula,

$$(A \times B) - C$$

in which,

"A" is 2 per cent of the member's average salary,

"B" is the number of years of the member's credited service, and

"C" is the amount, if any, calculated under section 81 (CPP reduction).

(2a) If the amount of the retirement pension calculated under subsection (2) in respect of a period after the 31st day of December, 1991 is greater than the maximum pension payable by a registered pension plan under the *Income Tax Act* (Canada), it shall be reduced to an amount equal to the maximum. (Last amended June 29, 1994 - Effective January 1, 1992)

Re-employed pensioner election

46. (1) Prior to commencing re-employment for the first time after commencement of pension, a pensioner may elect to become an active member for the purpose of a pension recalculation in accordance with subsection (2), in which case the pension is suspended immediately upon the re-employment. (Last amended October 23, 2008 – Effective January 1, 2009)

Recalculation of pension

(2) If a re-employed pensioner accumulates one year or more of credited service after becoming an active member, other than by means of a purchase of credited service or by the annualization of a partial year of credited service under section 11, and, if the re-employed pensioner makes an application to the administrator, the amount of the pensioner's retirement pension shall be recalculated in accordance with the terms of the pension plan in force on the date of the application.

(2a) A re-employed pensioner making application under subsection (2) shall repay any refund previously made under section 36 together with interest thereon before the pension commences. (Last amended April 15, 1998 - Effective June 1, 1995)

(2b) Revoked. (Last amended September 8, 2006 – Effective September 1, 2002)

(2c) Revoked. (Last amended September 8, 2006 – Effective September 1, 2002)

(2d) Revoked. (Last amended September 8, 2006 – Effective September 1, 2002)

(2e) The member or survivor benefit, as the case may be, shall be actuarially reduced to reflect the unpaid portion of the repayment not completed under subsection (2a) with interest thereon to the commencement date of the benefit. The actuarial reduction will be offset by any lump sum payment that would otherwise be payable to the member. (Last amended September 8, 2006 – Effective September 1, 2002)

Exception

(3) A re-employed pensioner who does not accumulate one year of credited service after becoming an active member is entitled when the re-employment ceases,

(a) to the resumption of the retirement pension to which the pensioner was entitled immediately before becoming re-employed; and

(b) to the refund of the member's required contributions, together with interest thereon, made during the re-employment.

Pension suspension

(3a) Except for a pensioner whose pension is suspended immediately under subsection (1), no retirement pension is payable to a re-employed pensioner as of the month following the member's fifty-first day of re-employment in a school year. (Last amended May 6, 2010 – Effective September 1, 2012)

Pension resumption

(3b) A re-employed pensioner whose pension is suspended in accordance with subsection (3a) is entitled, when the re-employment ceases, to the resumption of the retirement pension to which the pensioner was entitled immediately before becoming re-employed. (Last amended October 23, 2008 – Effective January 1, 2009)

Notice of re-employment

(3c) A re-employed pensioner shall notify the administrator promptly upon exceeding the limits under subsection (3a). (Last amended October 23, 2008 – Effective January 1, 2009)

Reporting of re-employment

(3d) An employer shall report to the administrator any service provided to the employer by a re-employed pensioner. (Last amended May 6, 2010 – Effective September 1, 2012)

Idem

(3e) At the request of the administrator, a re-employed pensioner shall report to the administrator the number of days, if any, that the member provides services to an employer as a re-employed pensioner. If the member does not report within a reasonable time after the request, the administrator shall cease to pay the pension until the report is given. (Last amended May 6, 2010 – Effective September 1, 2012)

Repayment

(4) A re-employed pensioner who receives pension payments to which the pensioner is not entitled shall repay the amount so received, together with interest thereon, before becoming entitled to further payments under the pension plan.

"Re-employed pensioner" limitation

(5) The term "re-employed pensioner" shall include a member who provides services, other than as a teacher, to a ministry of the Government of Ontario only if:

(a) the ministry is the Ministry of Education, and

(b) the member's retirement pension under the plan begins after September 1, 2010.

(Last amended November 28, 2015 – Effective September 1, 2010)

Idem

(6) Revoked. (Last amended November 28, 2015 – Effective September 1, 2015)

B. Payment of Retirement Pensions

Application for retirement pension

47. (1) A member who wishes to begin receiving a retirement pension shall apply to the administrator.

Deemed application

(2) A member who does not apply to begin receiving a retirement pension shall be deemed to do so on November 30th of the calendar year in which the member attains seventy-one years of age, or at such other time as is required under the *Income Tax Act* (Canada). (Last amended June 20, 2012 – Effective January 1, 2012)

Payment of pension

48. (1) The administrator shall begin payment of a member's retirement pension not later than the later of,

(a) the month following the month in which the member ceases to be employed in education; or

(b) the month following the month in which application for the pension is complete.

Monthly instalments

(2) The administrator shall pay a retirement pension in monthly instalments on the last day of the month.

Interest payable

(3) The administrator shall pay interest on late payments, from the first day of the month following the month in which the member's pension begins. (Last amended June 20, 2012 – Effective January 1, 2012)

Notice of re-employment

49. (1) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

Failure to give notice

(2) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

Repayment of pension

(3) Revoked. (Last amended October 23, 2008 – Effective January 1, 2009)

PART VI
DISABILITY PENSIONS

A. Entitlement to Disability Pension

Entitlement to disability pension

50. (1) This section applies to a member with at least ten years of qualifying service who becomes disabled while employed in education and who, as a result of the disability, ceases before the normal retirement date to be employed in education. (Last amended October 10, 1995 - Effective September 1, 1995)

Full disability pension

(2) If the administrator finds that a member described in subsection (1) is incapable of further employment, the member is entitled to a full disability pension for the member's lifetime.

Partial disability pension

(3) If the administrator finds that a member described in subsection (1) is incapable of further employment in education, the member is entitled to a partial disability pension for the member's lifetime.

Eligibility

(4) A member who has previously terminated his or her membership and who returns to membership and purchases credited service for previous employment in education is not eligible to receive a disability pension until the member accumulates two additional years of credited service.

Idem

(5) Subsection 11 (2) (partial year) does not apply for the purpose of determining a member's accumulation of the two additional years of credited service under subsection (4).

Effect of re-employment

51. (1) A member receiving a full disability pension who becomes employed ceases to be entitled to a full disability pension.

Idem

(2) A member receiving a disability pension who becomes employed in education ceases to be entitled to a disability pension. (Last amended June 1, 1995 - Effective June 1, 1995)

Reduced partial disability pension

(3) Revoked. (Last amended February 28, 1992 - Effective January 1, 1992)

Application

(4) This section applies with respect to a member who is receiving a disability pension on or after the 1st day of January, 1990.

Amount of full disability pension

52. (1) The amount of the annual full disability pension, before adjustment for inflation, for a member is calculated using the formula,

$$(A \times B) - C$$

in which,

"A" is 2 per cent of the member's average salary,

"B" is the number of years of the member's credited service under the plan, and

"C" is the amount, if any, calculated under section 81 (CPP reduction).

Amount of partial disability pension

(2) The amount of a partial disability pension, before adjustment for inflation, for a member is calculated using the formula,

$$[(A \times B)\ (1 - C)] - D$$

in which,

"A" and "B" have the same meaning as in the formula for calculating the amount of a full disability pension,

"C" is an amount equal to 0.025 times the lesser of,

(a) the number of years by which the member's age on the date the pension begins is less than 65, and

(b) ninety minus the sum of,

(i) the number of years of the member's qualifying service determined under section 11, and

(ii) the member's age on the date the pension begins, and

"D" is the amount, if any, calculated under section 81 (CPP reduction).

"C" in the above formula shall not be less than the minimum reduction on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada). (Last amended April 15, 1998 - Effective January 1, 1992)

(2a) The amount of a partial disability pension, before adjustment for inflation, for a member who ceases to be employed in education on or after June 1, 1998, is calculated using the formula set out in subsection (2), except that:

"C" is an amount equal to 0.025 times the lesser of,

(a) the number of years by which the member's age on the date the pension begins is less than sixty-five, and

(b) eighty-five minus the sum of,

(i) the number of years of the member's qualifying service determined under section 11, and

(ii) the member's age on the date the pension begins,

however, "C" shall not be less than the minimum reduction on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada). (Last amended April 2, 2001 – Effective April 1, 2001)

Maximum pension payable, R.S.C. 1952, c. 148

(2b) If the amount of the full or partial disability pension determined under either subsection (1), (2), or (2a), as applicable, in respect of a period after the 31st day of December, 1991 is greater than the maximum pension payable by a registered pension plan under the *Income Tax Act* (Canada) after taking into account the reduction (if any) on early retirement applicable to registered pension plans under the *Income Tax Act* (Canada), it shall be reduced to an amount equal to such maximum. (Last amended May 27, 1998 - Effective June 1, 1998)

Limitation

(3) Revoked. (Last amended February 28, 1992 - Effective January 1, 1992)

Amount of reduced partial disability pension

(4) Revoked. (Last amended February 28, 1992 - Effective January 1, 1992)

Resumption of disability pension

53. (1) Subject to subsection (2), if a member becomes re-employed in education and ceases to receive a disability pension under the pension plan or a predecessor Act, the member is entitled upon ceasing the re-employment to the resumption of the original disability pension without adjustment of the amount of the pension and to a refund of the member's contributions made during the period of re-employment, together with interest thereon. (Last amended June 1, 1995 - Effective June 1, 1995)

Idem

(2) A member described in subsection (1) who completes the equivalent of two years of full-time employment in education after becoming re-employed and then ceases to be so employed shall make a fresh application for a pension, and the terms of the pension plan on the date the application is made shall apply with respect to the member's entitlement to a pension.

(3) A member making application under subsection (2) shall repay any refund previously made under section 36 together with interest thereon before the pension commences. (Last amended September 8, 2006 – Effective September 1, 2006)

(4) The member or survivor benefit, as the case may be, shall be actuarially reduced to reflect the unpaid portion of the repayment not completed under subsection (3) with interest thereon to the commencement date of the benefit. The actuarial reduction will be offset by any lump sum payment that would otherwise be payable to the member. (Last amended September 8, 2006 – Effective September 1, 2006)

Change of disability status re survivor pension

54. (1) This section applies if a member receiving a partial disability pension dies while the administrator is considering whether the member is entitled to a full disability pension based upon fresh medical evidence concerning the member's disability. (Last amended February 28, 1992 - Effective January 1, 1992)

Determination by the administrator

(2) Having regard to the facts established at the date of the member's death, the administrator shall determine whether the member would have been entitled, immediately before the date of death, to a full disability pension.

Deemed receipt

(3) For the purpose of calculating the amount of a survivor pension, child's pension or beneficiary's pension, if the administrator determines that the member would have been entitled to a full disability pension, the member shall be deemed to have been receiving it on the date of death.

(4) Despite subsection 3, where the benefit otherwise payable to a survivor exceeds the maximum payable under the regulations of the *Income Tax Act* (Canada), the amount in excess shall not be paid. (Last amended June 29, 1994 - Effective January 1, 1992)

B. Payment of Disability Pension

Application for disability pension

55. (1) A member shall apply for a disability pension within two years after the date when the member ceases, as a result of the disability, to be employed in education.

Idem

(2) The administrator shall accept an application for a disability pension that is made after the time described in subsection (1) if the administrator is satisfied,

(a) that the delay in making the application resulted from a delay in diagnosing the disability; or

(b) that the member was unable, because of the effects of the disability, to make the application within the time described in subsection (1).

Proof of disability

(3) No application for a disability pension shall be considered by the administrator until the administrator has received,

(a) the certificate of a medical doctor licensed in Ontario designated by the administrator, certifying that the applicant became mentally or physically disabled while employed in education and indicating the nature and degree of the disability; and

(b) a report of the medical referee of the administrator containing such recommendations as the medical referee considers proper with regard to the granting of a disability pension to the applicant. (Last amended April 15, 1998 - Effective January 1, 1992)

Disability pension, predecessor Acts

56. (1) This section applies with respect to a person who ceased to be employed in education before the 1st day of January, 1990 as a result of a mental or physical incapacity and who did not apply for a disability allowance under a predecessor of this Act.

Application

(2) Section 55 applies with necessary modifications to an application by a person described in subsection (1).

Entitlement

(3) The person is entitled to a disability allowance determined in accordance with the *Teachers' Superannuation Act*, *1983.*

Idem

(4) Clause 17 (1) (d) or 18 (1) (d) of the *Teachers' Superannuation Act*, *1983* does not apply if the administrator accepts an application under subsection 55 (2).

Commencement of disability pension

57. (1) Subject to subsection (2), a member's disability pension shall begin as of the first day of the month following the month in which the member ceases to be employed in education.

Idem

(2) No disability pension shall begin as of a date earlier than one year before the date the administrator receives the completed application for the pension.

Reduced partial disability pension

(3) Revoked. (Last amended February 28, 1992 - Effective January 1, 1992)

Monthly instalments

(4) The administrator shall pay a disability pension in monthly instalments.

Due date

(5) Disability pension payments are due on the last day of the month.

Interest payable

(6) Interest shall be paid on overdue pension payments if the administrator does not begin paying a pension by the end of the month in which the member becomes entitled to receive it.

Interest payable

(7) Interest on each overdue monthly pension payment, calculated at the standard rate, shall be paid from the date the payment was due to the day before it was made. (Last amended February 28, 1992 - Effective January 1, 1992)

Evidence of medical condition

58. (1) The administrator may at any time require a member who is receiving a disability pension to furnish evidence, in such form as the administrator directs, of the member's mental or physical condition.

Failure to furnish evidence

(2) If the member fails to furnish evidence within a reasonable time that his or her condition continues to be of a nature that entitles the member to receive the disability pension, the administrator shall terminate payment of the pension.

Review by administrator

(3) If the administrator terminates payment of a full disability pension, the member may request the administrator to review the decision to terminate payment.

Idem

(4) If the administrator is satisfied upon reviewing a decision to terminate payment that the member is entitled to a disability pension under section 50 or 51, the administrator shall pay the disability pension.

Application

(5) This section does not apply with respect to a member who has reached normal retirement age.

Notice of re-employment

59. (1) A member receiving a disability pension shall notify the administrator in writing promptly upon becoming employed or changing employment.

Failure to give notice

(2) A member who fails to comply with subsection (1) is not entitled to receive a disability pension payment during a period when notice should have been given under that subsection.

Repayment of pension

(3) A member who receives pension payments to which the member is not entitled shall repay the amount so received, together with interest thereon, before becoming entitled to further payments under the pension plan.

PART VII
BENEFITS UPON DEATH

A. Upon the Death of a Member not Entitled to a Pension

Refund of contributions

60. Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Refund of post-1986 contributions

60a. (1) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Application

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Refund of pre-1987 contributions

60b. (1) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Application

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

B. Upon the Death of a Member Entitled to a Deferred Pension

Pre-retirement (spousal) death benefit

61. (1) If a member who is entitled to a deferred pension dies before commencement of payment of the deferred pension, the person who is the spouse of the member on the date of death is entitled to receive,

(a) the benefit described in section 62, in respect of the member's employment, if any, before the 1st day of January, 1987; and

(b) the benefit described in section 63, in respect of the member's employment, if any, on or after the 1st day of January, 1987.

(Last amended May 5, 2010 – Effective June 1, 1995)

Application

(2) Subsection (1) does not apply if the member and the spouse are living separate and apart on the date of death of the member.

Further application

(3) Revoked. (Last amended August 4, 2011 – Effective March 1, 2007)

Idem

(4) Revoked. (Last amended August 4, 2011 – Effective March 1, 2007)

Idem

(5) Revoked. (Last amended August 4, 2011 – Effective March 1, 2007)

Idem

(6) Revoked. (Last amended August 4, 2011 – Effective March 1, 2007)

Pre-1987 (spousal) death benefit

62. (1) This section applies with respect to that portion of the death benefit that relates to a member's employment before the 1st day of January, 1987.

Survivor pension

(2) The spouse of a member with ten years or more qualifying service is entitled to the survivor pension described in subsection (3) for the lifetime of the spouse. (Last amended October 10, 1995 - Effective September 1, 1995)

Pre-1987 survivor pension

(3) The amount of the survivor pension, before adjustment for inflation, shall be based upon the member's credited service for employment before the 1st day of January, 1987 and shall be one half of the amount of the pension, before adjustment for inflation,

(a) that would have been paid to the member at the date of death, if the member was at least sixty-five years of age on the date of death; or

(b) that would have been paid to the member as of the first day of the month following the month in which he or she would have reached sixty-five years of age, if the member was less than sixty-five years of age on the date of death.

Commutation of pension

(3a) If the spouse of a member elects to receive payment of the benefit described under clause 63 (4) (a), then the spouse of the member shall receive a lump sum payment equal to the commuted value of the survivor pension calculated in accordance with subsection (3), and not the survivor pension calculated in accordance with subsection (3). (Last amended December 13, 2012 - Effective July 1, 2012)

Refund of contributions (10 year rule)

(3b) If the commuted value of the survivor pension calculated in accordance with subsection (3) is less than the amount of the member’s contributions for employment before the 1st day of January, 1987 together with interest thereon, then the spouse of the member is entitled to a refund, paid in a lump sum, of the member’s contributions for employment before the 1st day of January, 1987 together with interest thereon, and not to the benefit described in either subsection (3) or (3a). (Last amended December 13, 2012 - Effective July 1, 2012)

Refund of contributions

(4) The spouse of a member who dies with less than ten years of qualifying service is entitled to a refund of the member's contributions for employment before the 1st day of January, 1987 together with interest thereon. (Last amended June 19, 2012 - Effective July 1, 2012)

Post-1986 (spousal) death benefit

63. (1) This section applies with respect to that portion of the death benefit that relates to a member's employment on or after the 1st day of January, 1987.

Benefit

(2) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Refund of contributions

(3) Revoked. (Last amended September 8, 2006 - Effective September 1, 1995)

Idem

(4) The spouse of a member is entitled to receive,

(a) a lump sum payment equal to the commuted value of the deferred pension to which the member was entitled for credited service for employment on or after the 1st day of January, 1987; or

(b) a survivor pension for the lifetime of the spouse, the commuted value of which is at least equal to the commuted value of a pension for credited service for the member's employment on or after the 1st day of January, 1987, calculated as if the member had become entitled to a retirement pension on the date of death.

(Last amended June 19, 2012 - Effective July 1, 2012)

Election

(5) The spouse may elect the form of benefit to be paid under subsection (4) and a spouse who does not do so within twelve months after the death of the member shall be deemed to have elected to receive a survivor pension. (Last amended May 5, 2010 – Effective January 1, 2008)

Deemed election

(5a) The spouse of a member who dies within twelve months after the death of the member without electing the form of benefit to be paid under subsection (4) shall be deemed to have elected to receive payment of the benefit described under clause (4) (a). (Last amended December 13, 2012 - Effective July 1, 2012)

Survivor pension

(6) A spouse who elects to receive a survivor pension may elect to begin to receive the pension at any time up to the end of the calendar year in which the spouse attains seventy-one years of age, or up to such other time as is required under the *Income Tax Act* (Canada), provided that the pension shall not begin before the month following the month in which the administrator has received all supporting documentation required to pay the pension. (Last amended June 20, 2012 – Effective January 1, 2012)

Pre-retirement child's pension

64. (1) This section applies with respect to the dependent children of a member entitled to a deferred pension who died before commencement of payment of the deferred pension and,

(a) who had a spouse who became entitled to a survivor pension who subsequently died; or

(b) who did not have a spouse entitled to a survivor pension.

(Last amended May 5, 2010 – Effective June 1, 1995)

Entitlement to child's pension

(2) Subject to subsections (3), (3a) and (3b), each dependent child of a member is entitled upon the death of the spouse or the member, as the case may be, to receive a child's pension calculated under subsections (4a) and (4b) while the child remains a dependent child. (Last amended December 13, 2012 - Effective July 1, 2012)

Exception re: post-1986 spousal death benefit

(3) No child's pension is payable in respect of the credited service of a deceased member for which the spouse of the member received the lump sum payment described in clause 63 (4) (a).

Exception re: post-1986 benefit to spouse's estate

(3a) No child's pension is payable in respect of the credited service of a deceased member for which the spouse's estate is entitled to payment of the benefit described under clause 63 (4) (a). (Last amended December 13, 2012 - Effective July 1, 2012)

Exception re: pre-1987 spousal death benefit

(3b) No child’s pension is payable in respect of the credited service of a deceased member for which the spouse of the member is entitled to payment of the benefit described under either subsection 62 (3), 62 (3a) or 62 (3b). (Last amended December 13, 2012 - Effective July 1, 2012)

Amount of child's pension

(4) Revoked. (Last amended June 19, 2012 - Effective July 1, 2012)

Pre-1987 (child) death benefit

(4a) (a) This subsection applies with respect to that portion of the death benefit that relates to a member's employment before the 1st day of January, 1987. (Last amended June 19, 2012 - Effective July 1, 2012)

Survivor pension

(b) The dependent child of a member with ten years or more qualifying service is entitled to the child’s pension described in subsection (4a) (c) while the child remains a dependent child. (Last amended June 19, 2012 – Effective July 1, 2012)

Pre-1987 child’s pension

(c) The amount of the child’s pension, before adjustment for inflation, shall be based upon the member's credited service for employment before the 1st day of January, 1987 and shall be one half of the amount of the pension, before adjustment for inflation,

(i) that would have been paid to the member at the date of death, if the member was at least sixty-five years of age on that date; or

(ii) that would have been paid to the member as of the first day of the month following the month in which he or she would have reached sixty-five years of age, if the member was less than sixty-five years of age on the date of death.

(Last amended June 19, 2012 - Effective July 1, 2012)

Post-1986 (child) death benefit

(4b) (a) This subsection applies with respect to that portion of the death benefit that relates to a member's employment on or after the 1st day of January, 1987. (Last amended June 19, 2012 - Effective July 1, 2012)

Benefit

(b) The amount of the child’s pension, before adjustment for inflation, shall be based upon the member's credited service for employment on or after the 1st day of January, 1987 and shall be one half of the amount of the pension, before adjustment for inflation,

(i) that would have been paid to the member at the date of death, if the member was at least sixty-five years of age on that date; or

(ii) that would have been paid to the member as of the first day of the month following the month in which he or she would have reached sixty-five years of age, if the member was less than sixty-five years of age on the date of death.

(Last amended June 19, 2012 - Effective July 1, 2012)

Idem

(5) The child's pension shall be shared equally among the member's dependent children.

Share accrues to others

(6) The share of the child's pension of each of the children who ceases to be a dependent child accrues to the remaining dependent children, if any.

Benefit to beneficiary

65. (1) A beneficiary designated by a member entitled to a deferred pension is entitled to the benefit described in subsection (2),

(a) if the member dies before commencement of payment of the deferred pension; and

(b) if, on the date of death, the member does not have a spouse entitled to a benefit payable on his or her death.

(Last amended December 13, 2012 - Effective July 1, 2012)

Amount of benefit

(2) Subject to subsection (3), a beneficiary designated by a member is entitled to receive,

(a) a refund of the member's contributions for employment before the 1st day of January, 1987 together with interest thereon; and

(b) a lump sum payment equal to the commuted value of the deferred pension to which the member was entitled for credited service for employment on or after the 1st day of January, 1987.

(Last amended December 13, 2012 - Effective July 1, 2012)

Residual entitlement

(3) If a person is entitled to a child's pension under section 64 on the death of the member, the beneficiary is entitled to a refund of the amount by which the amount calculated under clause (2) (a) exceeds the commuted value of the amount payable under subsection 64 (4a), together with interest thereon, and a refund of the amount by which the amount calculated under clause (2) (b) exceeds the commuted value of the amount payable under subsection 64 (4b), together with interest thereon. (Last amended December 13, 2012 - Effective July 1, 2012)

Benefit to member's estate

66. (1) The estate of a member entitled to a deferred pension who dies before commencement of payment of the deferred pension is entitled to the payments described in this section. (Last amended May 5, 2010 – Effective June 1, 1995)

Idem, no others entitled

(2) Subject to subsection (3), if no spouse or designated beneficiary is entitled to a benefit on the death of the member, the estate is entitled to,

(a) a refund of the member's contributions for employment before the 1st day of January, 1987 together with interest thereon; and

(b) a lump sum payment equal to the commuted value of the deferred pension to which the member was entitled for credited service for employment on or after the 1st day of January, 1987.

(Last amended December 13, 2012 - Effective July 1, 2012)

Residual entitlement

(3) If a person is entitled to a child's pension under section 64 on the death of the member, the estate is entitled to a refund of the amount by which the amount calculated under clause (2) (a) exceeds the commuted value of the amount payable under subsection 64 (4a), together with interest thereon, and a refund of the amount by which the amount calculated under clause (2) (b) exceeds the commuted value of the amount payable under subsection 64 (4b), together with interest thereon. (Last amended December 13, 2012 - Effective July 1, 2012)

(4) Revoked. (Last amended December 13, 2012 - Effective July 1, 2012)

(5) Revoked. (Last amended December 13, 2012 - Effective July 1, 2012)

Benefit to spouse's estate

66a. (1) Where the member had a spouse who elected to receive the benefit described under clause 63 (4) (b), and who subsequently dies after the payments described under clause 63 (4) (b) have commenced, the spouse's estate is entitled to a refund of the amount by which the member's contributions made in respect of credited service on or after January 1, 1987, together with interest thereon, minus any payments made under section 36, together with interest thereon, and minus the commuted value of the amount payable under subsection 64 (4b), together with interest thereon, exceed the amount paid to the spouse under clause 63 (4) (b), together with interest thereon. (Last amended December 13, 2012 - Effective July 1, 2012)

(2) Where the member had a spouse who elected to receive the benefit described under clause 63 (4) (b), and who subsequently dies before the payments described under clause 63 (4) (b) have commenced, the spouse's estate is entitled to the amount determined under clause 63 (4) (a), together with interest thereon. (Last amended December 13, 2012 - Effective July 1, 2012)

(3) Where the member had a spouse who died after becoming entitled to a survivor pension under subsection 62 (3), the spouse's estate is entitled to a refund of the amount by which the member's contributions for employment before the 1st day of January, 1987, together with interest thereon, exceed the amount paid to the spouse under subsection 62 (3), together with interest thereon. (Last amended December 13, 2012 - Effective July 1, 2012)

Payment of benefits, predecessor Acts

66b. (1) Benefits paid upon the death of a member who ceased to be employed in education prior to January 1, 1990 and who is entitled to a deferred pension on the date of death shall be calculated, with necessary modifications, in accordance with the terms of the *Teachers' Superannuation Act, 1983*, or a predecessor Act, and shall be paid out of the pension fund in accordance with the Act under which the member ceased to be employed in education. (Last amended December 13, 2012 - Effective July 1, 2012)

Limitation on survivor pensions less than $1,200

(2) Subject to section 84, where the annual amount of the survivor pension calculated under sections 62 and 63 is less than $1,200 the spouse of a member is entitled to a pension in that lesser amount and not to a pension in the amount of $1,200 as provided for by Order in Council 1453/74. (Last amended December 13, 2012 - Effective July 1, 2012)

Exception

(3) Subsection (2) shall not apply to the spouse of a member who has at least ten years of credited service in whole or in part before the 1st day of January, 1987 on the date he or she ceased to be employed in education. (Last amended December 13, 2012 - Effective July 1, 2012)

Limitation

(4) For greater certainty, subsection 76 (2) of the *Teachers' Superannuation Act, 1983* shall not apply to any survivor pension payable in respect of a member who did not have at least ten years of credited service on the date he or she ceased to be employed in education. (Last amended December 13, 2012 - Effective July 1, 2012)

C. Upon the Death of a Pensioner

Survivor pension, spouse

67. (1) If a member dies on or after commencement of payment of a pension, the person who was the spouse on the date that the payment of the first instalment of the pension was due is entitled to the survivor pension described in subsection (3) for the spouse's lifetime. (Last amended May 5, 2010 – Effective June 1, 1995)

Application

(2) Subsection (1) does not apply if the member and the spouse were living separate and apart on the date that the payment of the first instalment of the member's pension was due. (Last amended May 5, 2010 – Effective June 1, 1995)

Amount of survivor pension

(3) Subject to sections 68, 69, and 84a, the amount of the annual survivor pension, before adjustment for inflation, payable to the surviving spouse shall be not less than 50 per cent of the pension, before adjustment for inflation,

(a) that was being paid to the member at the date of death, if the member was at least sixty-five years of age on that date; or

(b) that would have been paid to the member as of the first day of the month next following the month in which he or she would have reached sixty-five years of age, if the member was less than sixty-five years of age on the date of death.

(Last amended June 20, 2012 – Effective March 3, 2000)

Exception for low pensions

(4) Despite subsection (3) the survivor of a person who died while receiving an annual pension that had been adjusted under Order in Council 1453/74, is entitled to a pension that is 50 per cent of the pension being paid to the person at the date of death, or such greater percentage as the deceased person had elected prior to death. (Last amended October 23, 1991 - Effective October 23, 1991)

Spousal election re survivor pension

68. (1) In the absence of a joint waiver by a member and the member's spouse of the spouse's entitlement under subsection 44 (3) of the *Pension Benefits Act* (amount of survivor benefit), the amount of the survivor pension payable on the death of the member shall be 60 per cent of the amount of the member's pension that would be payable if the amount of the pension were calculated without regard to this section. (Last amended October 23, 1991 - Effective October 23, 1991)

Waiver void

(2) A waiver referred to in subsection (1) is void if it is dated, signed, or delivered to the administrator more than twelve months before the commencement of payment of the member's pension or after the commencement of payment of the member's pension. (Last amended August 4, 2011 – Effective May 18, 2010)

Adjustment of member's pension

(3) In the absence of a waiver referred to in subsection (1), the amount of the pension payable to the member shall be actuarially reduced before limits imposed by the *Income Tax Act* (Canada) to allow for payment of the increased survivor pension in accordance with subsection (1). (Last amended October 10, 1995 - Effective January 1, 1992)

(3a) Prior to calculating the payment described in subsection (1), the pension the member was receiving shall be reduced immediately upon the member's death to reflect any reduction described in section 81 that was not applicable immediately prior to the member's death. (Last amended June 20, 2012 – Effective January 1, 1990)

Application

(4) This section does not apply with respect to a member who, before the 1st day of January, 1988, began to receive a pension under a predecessor Act.

Idem

(5) This section does not apply with respect to a member who dies before commencement of payment of the member's pension. (Last amended May 5, 2010 – Effective June 1, 1995)

Increase of survivor pension

69. (1) A member may direct the administrator to increase the amount of a survivor pension that may become payable under section 67 in respect of the member to an amount equal to 55, 65, 70 or 75 per cent of the member's pension that would be payable if the amount of the pension were calculated without regard to this section.

Time limit

(2) A direction must be given in writing and must be delivered to the administrator at least two years before the earlier of,

(a) the member's normal retirement date; or

(b) the beginning of the month in which the member's pension begins.

Idem

(3) The administrator shall act on a direction delivered after the deadline specified in subsection (2) and before the member applies for a retirement pension if the administrator is satisfied that the member is in good health having regard to the member's age.

Adjustment of member's pension

(4) The amount of the pension payable to the member shall be actuarially reduced before limits imposed by the *Income Tax Act* (Canada) to allow for payment of the increased survivor pension in accordance with the direction. (Last amended October 10, 1995 - Effective January 1, 1992)

(4a) Prior to calculating the payment described in subsection (1), the pension the member was receiving shall be reduced immediately upon the member's death to reflect any reduction described in section 81 that was not applicable immediately prior to the member's death. (Last amended June 20, 2012 – Effective January 1, 1990)

Commuted value

(5) The commuted value of pension paid to the member including the commuted value of the increased survivor benefit shall not be less than the commuted value of the pension, including survivor benefit, that would otherwise be payable.

Revocation of direction

(6) A member may revoke a direction given under this section by a written revocation delivered to the administrator before the member begins receiving a pension.

Direction void

(7) A direction given under this section by a member is void if the member dies before beginning to receive a pension.

Restriction

(8) A person whose pension would be reduced from an amount greater than $2,400 to an amount less than $2,400 upon making an election under this section is not entitled to an increase in his or her pension under Order in Council 1453/74. (Last amended October 23, 1991 - Effective October 23, 1991)

Survivor pension, new spouse

70. (1) In this section and section 84a, "new spouse", in relation to a member, means a person who becomes the spouse of the member after the commencement of payment of the member's retirement or disability pension. (Last amended June 20, 2012 – Effective March 3, 2000)

Idem

(2) A member who does not have a spouse eligible to receive a survivor pension under section 67 may, after the commencement of payment of the member's retirement or disability pension, direct the administrator to provide a survivor pension to a new spouse. (Last amended May 5, 2010 – Effective June 1, 1995)

Time limit

(3) A direction must be given in writing and must be delivered to the administrator on or before the later of,

(a) ninety days after the date on which the member becomes the spouse of the new spouse; or

(b) if immediately before the member becomes the spouse of the new spouse there is a child who would be entitled upon the death of the member to receive a child's pension under section 73, ninety days after the date on which the child ceases to be eligible to receive the child's pension.

Idem

(4) The administrator shall act on a direction delivered after the deadline specified in subsection (3) if the administrator is satisfied that the member is in good health having regard to the member's age.

(4a) A direction given under this section is not effective until six months following the date of delivery of the direction to the administrator. (Last amended June 1, 1995 - Effective June 1, 1995)

(4b) A direction made under this section is null and void if the death of the member occurs before the effective date of the direction. (Last amended June 1, 1995 - Effective June 1, 1995)

(4c) A member may revoke a direction given under this section by a written revocation delivered to the administrator before the direction becomes effective in accordance with subsection (4a). (Last amended September 8, 2006 – Effective June 1, 1995)

Amount of survivor pension

(5) Subject to section 84a, a member described in subsection (2) shall direct the administrator to pay a survivor pension in the amount of 50, 55, 60, 65, 70 or 75 per cent of the pension that would otherwise be payable on the first day of the month next following the month in which the member becomes the spouse of the new spouse. (Last amended June 20, 2012 – Effective March 3, 2000)

Adjustment of member's pension

(6) The amount of a retirement or disability pension payable to the member shall be actuarially reduced before limits imposed by the *Income Tax Act* (Canada) to allow for payment of the survivor pension in accordance with the direction. (Last amended October 10, 1995 - Effective January 1, 1992)

Idem

(7) The actuarial reduction required by subsection (6) shall be based upon the ages of the member and of the spouse on the last day of the month in which the direction is delivered to the administrator.

(7a) Prior to calculating the payment described in subsection (5), the pension the member was receiving shall be reduced immediately upon the member's death to reflect any reduction described in section 81 that was not applicable immediately prior to the member's death. (Last amended June 20, 2012 – Effective January 1, 1990)

Payment of survivor pension

(8) The administrator shall pay the survivor pension in accordance with the direction but not while there is a person who is eligible to receive a child's pension in respect of the member.

Eligibility

70a. (1) This section applies to a member or former member who, as of April 23, 1998, was:

(a) receiving a pension in respect of which there was no person eligible, as of April 22, 1998, to receive a survivor pension, and

(b) living with a person who would have qualified under the relevant provisions of the pension plan as the member's same-sex partner for purposes of eligibility for a survivor pension, other than a survivor pension provided by sections 70, 71, 72, or any predecessor thereof, if the definition of "same-sex partner" as set out in the pension plan had been in effect prior to April 23, 1998. (Last amended July 10, 2000 – Effective April 23, 1998)

Direction

(2) Subject to subsections (3) and (4), a member described in subsection (1) may direct the administrator to pay a survivor pension to the person described in subsection (1) for the person's lifetime commencing the month following the member's date of death. (Last amended July 10, 2000 – Effective April 23, 1998)

Idem

(3) Where the member dies prior to providing the direction referred to in subsection (2), such direction may be provided by the person described in subsection (1). (Last amended July 10, 2000 – Effective April 23, 1998)

Deadline

(4) The direction provided in accordance with subsection (2) or (3) shall be provided to the administrator. (Last amended September 8, 2006 - Effective April 23, 1998)

Entitlement

(5) Subject to subsection (6), the amount of the annual survivor pension, before adjustment for inflation, payable under this section shall be 50 per cent of the pension, before adjustment for inflation,

(a) that was being paid to the member at the date of death, if the member was at least sixty-five years of age on that date, or

(b) that would have been paid to the member as of the first day of the month next following the month in which he or she would have reached sixty-five years of age, if the member was less than sixty-five years of age on the date of death. (Last amended July 10, 2000 - Effective April 23, 1998)

Offset

(6) The survivor pension described in subsection (5) shall be actuarially reduced by any amounts paid to any person, including the member's estate, as a result of the member's death. (Last amended July 10, 2000 - Effective April 23, 1998)

(7) No survivor pension is payable under this section if the person described in subsection (1) dies prior to providing the direction in accordance with subsections (3) and (4). (Last amended July 19, 2007 – Effective April 23, 1998)

(8) Revoked. (Last amended August 4, 2011 – Effective March 1, 2007).

Survivor pension, predecessor Acts

71. (1) This section applies with respect to a member who, before the 1st day of September, 1984, ceased to be employed in education within the meaning of a predecessor of this Act and who became the spouse of a person after ceasing that employment.

Direction re survivor pension

(2) A member described in subsection (1) may direct the administrator to provide a survivor benefit for the member's spouse and section 70 applies with respect to the direction with necessary modifications.

Time limit

(3) A direction under this section shall be delivered to the administrator on or before the latest of,

(a) the 31st day of March, 1990;

(b) ninety days after the date on which the member becomes a spouse; or

(c) if on the 1st day of January, 1990 there is a child who would be entitled upon the death of the member to receive a survivor allowance under a predecessor of this Act, ninety days after the date on which the child ceases to be eligible to receive the survivor allowance.

Idem

(4) The administrator shall act on a direction delivered after the deadline specified in subsection (3) if the administrator is satisfied that the member is in good health having regard to the member's age.

Deemed direction

(5) A member described in subsection (1) who dies on or before the 31st day of March, 1990 without having given a direction under this section shall be deemed to have given it on that date and shall be deemed to have directed the administrator to pay a 50 per cent survivor pension.

Survivor pension (prior inquiry)

72. (1) This section applies with respect to a person who became the spouse of a member described in subsection 71 (1) after the member ceased to be employed in education within the meaning of a predecessor of this Act.

Idem

(2) This section does not apply unless the member has ceased to be a member before the 1st day of January, 1990 because he or she has died.

Survivor pension

(3) A spouse described in subsection (1) is entitled to a survivor pension calculated from the date of a written inquiry respecting a survivor pension,

(a) made to the Teachers' Superannuation Commission before the 1st day of January, 1990; or

(b) made to the administrator on or after the 1st day of January, 1990.

Amount of pension

(4) The amount of the survivor pension is 50 per cent of the amount of the member's retirement pension on the date of the member's death adjusted for inflation as if it were a pension for the period from the date of the member's death to the date the spouse becomes entitled to the survivor pension.

(5) Prior to calculating the payment described in subsection (4), the pension the member was receiving shall be reduced immediately upon the member’s death to reflect any reduction described in section 81 that was not applicable immediately prior to the member’s death. (Last amended June 20, 2012 – Effective January 1, 1990)

Child's pension

73. (1) This section applies with respect to the dependent children of a member who died while receiving a retirement or disability pension and,

(a) who had a spouse who died after becoming entitled to a survivor pension; or

(b) who did not have a spouse entitled to a survivor pension.

Entitlement to child's pension

(2) Each dependent child of a member, upon the death of the spouse or the member, as the case may be, is entitled to a child's pension while remaining a dependent child.

Amount of child's pension

(3) The amount of the annual child's pension is the amount of the survivor pension to which a spouse of the member was or would have been entitled after the death of the member, shared equally among the dependent children.

Share accrues to others

(4) The share of the child's pension of each of the children who ceases to be a dependent child accrues to the remaining dependent children, if any.

Beneficiary's pension, R.S.C. 1952, c. 148

74. (1) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Time limit

(2) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Idem

(3) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Amount of beneficiary's pension

(4) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Adjustment of member's pension

(5) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Revocation of direction

(6) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Direction void

(7) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Benefit to estate

75. The estate of a member who was receiving a pension on the date of death is entitled to a refund of the amount by which the member's contributions together with interest thereon exceeds the sum of the amount paid to the member and the amount, if any, paid to every other person who was entitled to a benefit on the member's death, together with interest thereon.

10 year guarantee

75a. (1) Notwithstanding any other provision of the plan, but subject to this section, where a member dies while receiving a retirement pension or a disability pension, but prior to receiving the equivalent of 120 monthly pension payments, the remaining balance of such pension payments shall be paid:

(a) as a pension to the person who remains otherwise eligible for benefits under the plan as a result of the member's death, or

(b) to the member's estate, if there is no person eligible as described in (a), in a lump sum equal to the present value of the remaining payments. (Last amended April 2, 2001 – Effective April 1, 2001)

Direction

(2) If a member has a spouse eligible for a survivor pension at the commencement of payment of the member's pension, subsection (1) shall only apply if the member has delivered a written direction to the administrator prior to the commencement of payment of the member's pension. (Last amended April 2, 2001 – Effective April 1, 2001)

Idem

(3) A direction provided in accordance with subsection (2) may be revoked by the member provided that a written revocation is delivered to the administrator prior to the commencement of payment of the member's pension. (Last amended April 2, 2001 – Effective April 1, 2001)

Idem

(4) A direction provided in accordance with subsection (2) is void if the member dies prior to the commencement of payment of the member's pension. (Last amended April 2, 2001 – Effective April 1, 2001)

Adjustment of member's pension

(5) The pension of a member who provides a direction in accordance with subsection (2) shall be reduced to allow for payment of the benefits in accordance with subsection (1). (Last amended April 2, 2001 – Effective April 1, 2001)

Offset

(6) Subject to subsection (11), the payments made in accordance with subsection (1) shall be paid in lieu of any other amounts otherwise payable under the plan as a result of the member's death. (Last amended April 2, 2001 – Effective April 1, 2001)

CPP Reduction

(7) The payments made in accordance with subsection (1) shall be reduced immediately upon the member's death to reflect any reduction described in section 81 that was not applicable immediately prior to the member's death. (Last amended April 2, 2001 – Effective April 1, 2001)

More than one beneficiary

(8) Where there is more than one person eligible as described in clause (1)(a), then the pension payable in accordance with that provision shall be shared equally among such persons. (Last amended April 2, 2001 – Effective April 1, 2001)

Upon death of beneficiary

(9) Where any person eligible as described in clause (1)(a) dies prior to completion of the pension payments under that provision, the remaining payments shall be shared equally among any remaining eligible persons or, if none, shall be paid to the person's estate in a lump sum equal to the present value of the remaining payments. (Last amended April 2, 2001 – Effective April 1, 2001)

Upon ineligibility of beneficiary

(10) Where any person eligible as described in clause (1)(a) ceases to be a person eligible as described in clause (1)(a) prior to completion of the pension payments under that provision, the remaining payments shall be shared equally among any remaining eligible persons or, if none, shall be paid to the member's estate in a lump sum equal to the present value of the remaining payments. (Last amended April 2, 2001 – Effective April 1, 2001)

Completion of 10 year guarantee

(11) Upon completion of the pension payments in accordance with clause (1)(a), the person or persons described in that provision shall be entitled to receive, on a prospective basis only, the pension that they would otherwise be receiving as a result of the member's death but for this section, except that any reduction that was applied pursuant to subsection (5) shall continue to apply. (Last amended April 2, 2001 – Effective April 1, 2001)

Application to existing pensions

(12) This section shall apply, with necessary modifications, to a member who is receiving a pension as of April 1, 2001 except that, for the purposes of subsection (2) only, spousal eligibility for a survivor pension shall be determined as of April 1, 2001 and the direction required in accordance with (2) must be delivered to the administrator by May 1, 2001. (Last amended April 2, 2001 – Effective April 1, 2001)

Application to deferred pensions

(12a) This section shall apply, with necessary modifications, to a member who ceased employment in education on or after January 1, 1990 but prior to April 1, 2001 and who is entitled to a deferred pension. (Last amended June 19, 2012 – Effective April 1, 2001)

Application to suspended pensions

(13) For the purposes of this section, references to a member who is receiving a pension shall include a member whose pension is suspended. (Last amended April 2, 2001 – Effective April 1, 2001)

Application to TSA pensions

(14) This section shall apply, with necessary modifications, to a member who ceased employment in education prior to January 1, 1990 and who is either entitled to a deferred pension or receiving a pension as of April 1, 2001. (Last amended May 5, 2010 – Effective April 1, 2001)

Application to deferred pensions post-June 30, 2012

(15) This section shall apply, with necessary modifications, to a member who ceased employment in education prior to July 1, 2012 and who was not entitled to a deferred pension under section 30 as it read on June 30, 2012. (Last amended June 19, 2012 – Effective July 1, 2012)

D. Payment of Death Benefits

Commencement of pension

76. (1) A pension that is payable immediately on the death of a member who was not receiving a retirement or disability pension on the date of death shall begin as of the day after the day the member dies.

Idem

(2) A pension that is payable on the death of a member who was receiving a retirement or disability pension on the date of death shall begin as of the first day of the month after the month in which the member dies.

Interest payable

(3) Interest shall be paid on pension payments due under a pension mentioned in this section if the administrator does not begin paying the pension by the end of the month in which the beneficiary becomes entitled to receive it. (Last amended June 28, 1990 - Effective June 28, 1990)

Interest Payable

(4) Interest on each overdue monthly pension payment, calculated at the standard rate, shall be paid from the date the payment was due to the day before it was made. (Last amended February 28, 1992 - Effective January 1, 1992)

Payments to estate

77. (1) If the administrator is unable to locate a personal representative of the estate of a deceased member, the administrator may pay into court any payments that under the pension plan are required to be made to the estate.

Missing beneficiary

(2) If the administrator is unable, after making reasonable inquiries, to locate an individual who is entitled to a death benefit under the pension plan or a beneficiary designated by the deceased member under the *Pension Benefits Act*, the administrator shall pay to the estate of the deceased member one year after the date of death the amount to which the estate is otherwise entitled when no other person is entitled to a benefit on the death of the member.

Missing beneficiary found

(3) If an individual entitled to a death benefit under the pension plan or a beneficiary designated by the deceased member under the *Pension Benefits Act* applies for the benefit after the administrator makes a payment under subsection (2), the administrator shall pay the individual the amount of the benefit to which the individual is entitled less the amount paid to the estate by the administrator.

Transitional

(4) This section applies with respect to a person with credited service under a predecessor of this Act who dies before the 1st day of January, 1990, as if that person were a deceased member of the pension plan.

Discharge

(5) The administrator is discharged on making a payment in accordance with this section.

Interpleader, more than one applicant

78. (1) Revoked. (Last amended September 8, 2006 – Effective September 1, 2006)

Court may order

(2) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Application to court

(3) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

Application of R.S.O. 1980, c. 488, s. 62

(4) Revoked. (Last amended September 8, 2006 - Effective September 1, 2006)

PART VIII
BENEFITS AND PAYMENTS - GENERAL

A. Adjustments for Inflation

Inflation adjustment, pensions

79. (1) Every retirement pension, disability pension, survivor pension, child's pension and beneficiary's pension shall be adjusted for inflation in accordance with section 80.

Idem, deferred pensions

(2) Every deferred pension payable under the pension plan shall be adjusted for inflation in accordance with section 80 for the period beginning at the end of the last month for which the member has credit under the plan and ending when the pension begins.

Limitation

(3) No pension or deferred pension shall be adjusted under this section for inflation in respect of a period before the 1st day of January, 1990.

Adjustment of pensions for cessations prior to May 31, 1982

79a. (1) For pension instalments payable for periods on or after June 1, 2001, the annual pension of a member, or of the survivor of a member, who ceased to be employed for purposes of the plan prior to May 31, 1982, shall be adjusted in accordance with salary adjustments determined by the actuary with reference to the year in which the member ceased to be employed for purposes of the plan. (Last amended April 2, 2001 – Effective April 1, 2001)

Idem

(2) Subsection (1) shall also apply to the pension payable to the survivor of a member where the member:

(a) ceased to be employed for purposes of the plan on or after May 31, 1982 but prior to September 1, 1984, and

(b) died prior to receiving a pension calculated on the basis of the average of the member's annual pensionable salary for the five school years during which it was highest,

but only to the extent that the survivor is not already receiving a survivor pension equivalent to that calculated on the basis described in (b). (Last amended April 2, 2001 – Effective April 1, 2001)

Applicability

(3) This section shall not apply to the retirement pension or benefits upon death of a member who did not have at least ten years of credited service on the date he or she ceased to be employed in education. (Last amended December 13, 2012 – Effective July 1, 2012)

Calculation of inflation adjustments

80. (1) In the formulas in this section,

"A" is the carry forward determined for the immediately preceding year,

"B" is the basic ratio for the year,

"C" is the adjustment ratio for the year,

"D" is the basic ratio for the year after the last year for which the member has credit in the pension plan, and shall be calculated to a maximum of 1.080 or to a minimum of 1.000, and (Last amended October 9, 2008 – Effective January 1, 2009)

"E" is the number of full months in the year that are after the month in the last year for which the member has credit in the pension plan. (Last amended October 9, 2008 – Effective January 1, 2009)

Definitions

(2) In this section,

"accumulated adjustment ratio", for a person's pension, means the product of the multiplication of all adjustment ratios for the years in the period commencing with the last year for which the member has credit in the pension plan and ending with the year for which the accumulated adjustment ratio is being determined; (Last amended October 9, 2008 – Effective January 1, 2009)

"adjustment ratio", for a person's pension, means,

(a) for any year before the year 1976 and for the last year for which the member has credit in the pension plan, 1.000,

(b) if the member for whose credit in the plan the pension is payable ceased to be employed in education in or after the year 1975, for the year after the last year for which the member has credit in the pension plan, the ratio determined by the formula "[(D - 1.000) × E / 12] + 1.000", and

(c) for the later of the year 1976 and the second year after the last year for which the member has credit in the pension plan and for any subsequent year, the ratio determined by the formula "A + B" calculated to a maximum of 1.080 or to a minimum of 1.000; (Last amended October 9, 2008 – Effective January 1, 2009)

"basic ratio", for a year, means the ratio expressed to three decimal places that the average for the Consumer Price Index over the last twelve months of the twenty-four-month period ending with the 30th day of September in the immediately preceding year bears to the average for the Consumer Price Index over the first twelve months of that period;

"carry forward", with respect to the pension of a person, means,

(a) for any year before the year 1976, for the last year for which the member has credit in the pension plan and for the year after that year, nil, and

(b) for the later of the year 1976 and the second year following the last year for which the member has credit in the pension plan and for any subsequent year, the positive or negative number determined by the formula "A + B - C"; (Last amended October 9, 2008 – Effective January 1, 2009)

"Consumer Price Index" means the Consumer Price Index for Canada as published by Statistics Canada under the authority of the *Statistics Act* (Canada);

"member" means the person in respect of whose credit in the pension plan the pension, to which the formula is applied under this section, is payable, and includes a contributor within the meaning of the *Teachers' Superannuation Act*, *1983* or a predecessor Act; (Last amended October 9, 2008 – Effective January 1, 2009)

"pension" means a pension to which a person is entitled from the plan other than the adjustment for inflation provided by this section, and an allowance, annuity, deferred annuity or other periodic payments to which a person has become entitled under the *Teachers' Superannuation Act*, *1983* or a predecessor Act;

"plan" includes the pension plan established under the *Teachers' Superannuation Act*, *1983* and any predecessor Act.

Payment of inflation adjustment

(3) The annual amount of pension payable to a person from the pension fund shall, commencing with the year when payment of the pension is to commence and in each subsequent year that the pension continues to be payable, be adjusted for inflation by multiplying the annual amount of the pension by the accumulated adjustment ratio for the pension of the person for that year, and the amount by which the pension thus adjusted exceeds the annual amount of pension before the adjustment in each year shall be paid to the person entitled to receive the pension for which it is calculated at the same times, in the same manner and subject to the same terms and conditions as apply to the pension in respect of which it is paid.

Conditional inflation adjustment for post-2009 credit

(3a) Notwithstanding subsections (1), (2) and (3), but subject to subsection (3b), benefits payable in respect of credit accrued under the pension plan for periods after 2009 shall only be adjusted for inflation under this section to the extent that sufficient funds are available to provide for such adjustments without creating a going concern unfunded liability. (Last amended October 9, 2008 – Effective January 1, 2009)

50% guaranteed inflation adjustment for post-2009 credit

(3b) Benefits payable in respect of credit accrued under the pension plan for periods after 2009 shall be adjusted for inflation under this section such that the adjustment made each year is not less than one half of the adjustment that would have been made for the year in accordance with this section as it read on December 31, 2008. (Last amended October 9, 2008 – Effective January 1, 2009)

Inflation adjustment for benefits payable after 2011

(3c) Revoked. (Last amended September 17, 2013 – Effective January 1, 2014)

0% guaranteed inflation adjustment for post-2013 credit

(3d) Notwithstanding subsection (3b), benefits payable in respect of credit accrued under the pension plan for periods after 2013 may be further adjusted for inflation under this section such that the total adjustment made each year is less than one half of the adjustment that would have been made for the year in accordance with this section as it read on December 31, 2008. (Last amended September 17, 2013 – Effective January 1, 2014)

Determination of inflation adjustment for post-2009 and post-2013 credit

(3e) For purposes of subsections (3a), (3b) and (3d), the inflation adjustments for benefits payable each year, in respect of credit accrued under the pension plan for periods after 2009 and after 2013 respectively, shall be determined by the co-sponsors of the pension plan, the Executive of the Ontario Teachers' Federation and the Minister of Education. (Last amended September 17, 2013 – Effective January 1, 2014)

Ratio not to apply

(4) The ratio determined for the year 1990 under the *Superannuation Adjustment Benefits Act* does not apply to a pension to which this section applies.

Effect of re-employment

(5) For the purpose of determining an accumulated adjustment ratio for benefits that commence to be paid on or after May 10, 2007, for members who cease to be employed in education on or after September 1, 1995:

(a) the last school year in which the member accumulated more than ten days of credited service during the period from January 1, 1997 onward, or, if the member did not accumulate more than ten days of credited service in a school year during this period, then

(b) the last school year in which the member accumulated more than twenty days of credited service during the period from September 1, 1990 to December 31, 1996, is deemed to be the last year for which the member has credit in the pension plan. (Last amended December 21, 2007 – Effective May 10, 2007)

(6) Revoked. (Last amended July 19, 2007 – Effective May 10, 2007)

B. CPP Reduction

CPP reduction for pensions

81. (1) If a member has contributed to the *Canada Pension Plan* or the *Quebec Pension Plan*, the amount of the member's retirement pension, full disability pension or partial disability pension shall be reduced by the amount calculated under subsection (3).

Commencement, retirement pension

(2) A reduction of a member's pension shall apply with respect to pension payments due the month after the earlier of,

(a) the month in which the member reaches sixty-five years of age; or

(b) the month in which the first instalment of the member's disability pension, if any, under the *Canada Pension Plan* or the *Quebec Pension Plan* is due.

Amount of reduction

(3) The amount of the reduction in an annual pension payable for periods on or after January 1, 1997 and prior to January 1, 1999 is calculated using the formula,

$$0.0068 \times A \times B,$$

and the amount of the reduction in an annual pension payable for periods on or after January 1, 1999 and prior to January 1, 2002 is calculated using the formula,

$$0.0060 \times A \times B,$$

and the amount of the reduction in an annual pension payable for periods on or after January 1, 2002 is calculated using the formula,

$$0.0045 \times A \times B$$

in which,

"A" is the lesser of,

(a) the member's average salary, and

(b) the amount determined under subsection (4), and

"B" is the number of years of the member's credited service for employment on or after the 1st day of January, 1966 in respect of which the member made contributions under the *Canada Pension Plan* or the *Quebec Pension Plan*. (Last amended April 2, 2001 – Effective April 1, 2001)

(3a) For pension instalments due on or after January 1, 1997, the amount of the reduction in annual pension, for participation in the *Canada Pension Plan* or the *Quebec Pension Plan*, of a member, or a survivor of a member, calculated under Schedule 1 of the *Teachers' Pension Act* or a predecessor act, is recalculated substituting 0.0068 for 0.007 in the formula used to calculate the reduction, but the amount of the reduction to provide for a higher survivor pension will not be recalculated. (Last amended February 20, 1997 - Effective January 1, 1997)

(3b) For pension instalments payable for periods on or after January 1, 1999, the amount of the reduction in annual pension, for participation in the *Canada Pension Plan* or the *Quebec Pension Plan*, of a member, or a survivor of a member, calculated under Schedule "1" of the *Teachers' Pension Act* or a predecessor act, is recalculated substituting 0.0060 for 0.0068 in the formula used to calculate the reduction, but the amount of the reduction to provide for a higher survivor pension will not be recalculated. (Last amended May 27, 1998 - Effective June 1, 1998)

(3c) For pension instalments payable for periods on or after January 1, 2002, the amount of the reduction in annual pension, for participation in the *Canada Pension Plan* or the *Quebec Pension Plan*, of a member, or a survivor of a member, calculated under Schedule 1 of the *Teachers' Pension Act* or a predecessor act, is recalculated substituting 0.0045 for 0.0060 in the formula used to calculate the reduction, but the amount of the reduction to provide for a higher survivor pension or a 10 year guaranteed pension will not be recalculated. (Last amended September 8, 2006 – Effective April 1, 2001)

Average YMPE

(4) The amount is the average of the Year's Maximum Pensionable Earnings for the year in which the member ceases to be employed in education and for each of the two preceding years, except that for an annual pension payable for periods on or after January 1, 2002 the amount is the average of the Year's Maximum Pensionable Earnings for the year in which the member ceases to be employed in education and for each of the four preceding years. (Last amended April 2, 2001 – Effective April 1, 2001)

Idem

(4a) For pension instalments payable for periods on or after January 1, 2002, the amount of the reduction in annual pension, for participation in the *Canada Pension Plan* or the *Quebec Pension Plan*, of a member, or a survivor of a member, calculated under Schedule 1 of the *Teachers' Pension Act* or a predecessor act, is recalculated using the five year average of the Year's Maximum Pensionable Earnings, as described in subsection (4), in the formula used to calculate the reduction, but the amount of the reduction to provide for a higher survivor pension or a 10 year guaranteed pension will not be recalculated. (Last amended September 8, 2006 – Effective April 1, 2001)

(5) Where a reduction is applied as provided in subsection 81(2)(b) and the member's *Canada Pension Plan* or *Quebec Pension Plan* disability pension is terminated before the member reaches sixty-five years of age, the reduction will be suspended, effective the month following the month of the termination, until the payment of pensions due the month after the earlier of,

(a) the month in which the member reaches sixty-five years of age; or

(b) the month in which the first instalment of the member's disability pension, if any, under the *Canada Pension Plan* or the *Quebec Pension Plan* is due.

(Last amended April 15, 1998 - Effective January 1, 1997)

C. Payment of Benefits

Application for benefit

82. (1) No benefit under the plan shall be paid before the administrator receives an application for it in the form provided by the administrator.

Election or direction

(2) An election available under the plan or a direction that may be given to the administrator shall be made or given in the form provided by the administrator.

Repayment

82a. A person who receives payments to which the person is not entitled shall repay the amounts so received, together with interest thereon calculated at the standard interest rate. (Last amended May 5, 2010 – Effective January 1, 2002)

Multiple pensions

83. No member is entitled to payment of more than one pension under the plan during the same month or other payment period in respect of the member's credited service.

Commutation of pensions

84. The administrator shall pay the commuted value of a pension, other than a disability pension or dependent child pension, in accordance with subsections 44 (7) and (7.1), or clause 50 (1) (a), of the *Pension Benefits Act.* (Last amended January 15, 2014 – Effective January 1, 2014)

Shortened life expectancy

84a. (1) Upon application by a member, the administrator shall pay the commuted value of a pension or deferred pension in such circumstances of shortened life expectancy as may be prescribed under subsection 49(2) of the *Pension Benefits Act*, provided the prescribed conditions under that Act are satisfied. (Last amended June 17, 2003 – Effective March 3, 2000)

Amount

(2) Subject to subsections (3) and (4), the amount payable under subsection (1) shall be determined in accordance with the *Pension Benefits Act* and accepted actuarial practice. (Last amended September 8, 2006 – Effective March 3, 2000)

Idem

(3) The commuted value of a deferred pension shall be determined as if the member had a normal life expectancy. (Last amended June 17, 2003 – Effective March 3, 2000)

Idem

(4) The commuted value of a pension shall be determined based on the member having a shortened life expectancy. (Last amended June 17, 2003 – Effective March 3, 2000)

Application void

(5) An application made under this section is void if the member dies before the benefit under subsection (1) is paid. (Last amended June 17, 2003 – Effective March 3, 2000)

Deemed cessation

(6) A member who makes an application under this section and who satisfies the evidentiary requirements of the *Pension Benefits Act* is deemed to have ceased employment in education for the purposes of membership in the pension plan, on the date the member’s physician signs the statement required under the *Pension Benefits Act*. (Last amended June 20, 2012 – Effective January 1, 2007)

(7) If a direction under section 70 regarding a “new spouse” has been delivered to the administrator, the benefit under subsection 84a (1) shall not be paid unless the “new spouse” provides to the administrator a signed statement waiving any entitlement under section 70. (Last amended June 20, 2012 – Effective March 3, 2000)

Deductions from pensions

85. (1) Despite section 65 of the *Pension Benefits Act*, a person receiving a pension under the pension plan or an allowance under a predecessor Act may direct the administrator to deduct and remit from the pension or allowance on behalf of the person,

(a) premiums payable under the Ontario Health Insurance Plan by the person;

(b) premiums for life, medical, dental or health-related insurance payable by the person under a contract of group insurance approved by the administrator for the purpose of this section; and

(c) membership fees payable to The Retired Teachers of Ontario (RTO)/Les enseignantes et enseignants retraités de l'Ontario (ERO). (Last amended September 8, 2006 – Effective January 1, 1999)

Conditions

(2) The administrator may impose and require compliance with such conditions as the administrator considers appropriate before acting upon a direction.

Revocation of direction

(3) A person making a direction may revoke it by written notice to the administrator.

Termination of pension

86. Every pension terminates as of the end of the month in which the event that terminates the pension occurs.

No assignment etc.

86a. No pension or benefit shall be capable of being assigned, charged, anticipated, given as security or surrendered except as provided for in the *Pension Benefits Act*. (Last amended September 8, 2006 - Effective January 1, 1992)

D. Administration

Appeal of decision

87. (1) A person who is aggrieved by a decision of an employee of the administrator respecting the person's entitlement to, or the amount of, a pension benefit may appeal the decision to a committee of the administrator designated for the purpose of this section and the committee of the administrator shall determine the appeal. (Last amended April 15, 1998 - Effective October 1, 1997)

Idem

(2) An appeal shall be made in accordance with the procedures established by the administrator.

Determination of commuted value

88. The commuted value of a benefit shall not be less than the amount calculated in accordance with the *Recommendations for Minimum Transfer Values of Pensions* published from time to time by the Canadian Institute of Actuaries and shall be calculated using the rate of interest specified by, and such actuarial tables as may be adopted by, the administrator.

Calculation of interest

89. (1) Unless otherwise indicated, interest shall be calculated at the standard interest rate. For a given year, the standard interest rate attributable to a transaction is a rate equal to the average yield for the 12 month period, ending on the 31st day of October in the preceding calendar year, of five-year personal fixed term chartered bank deposit rates as determined from the Canadian Socio-Economic Information Management (CANSIM) Series V 122515 published monthly in the Bank of Canada Review and interest is compounded annually each December 31st. (Last amended September 8, 2006 - Effective September 1, 2006)

Idem, transitional

(2) For 1990 the standard interest rate attributable to a transaction is the weighted average effective annual yield of the debentures held by the Teachers' Superannuation Fund under the *Teachers' Superannuation Act*, *1983* as at the 31st day of December, 1989.

Idem, transitional

(3) Interest payable in respect of a period before the 31st day of December, 1989 shall be calculated up to that date at the applicable rate in effect under the *Teachers' Superannuation Act*, *1983* and at the applicable standard rate in effect thereafter. (Last amended June 1, 1995 - Effective June 1, 1995)

Interest on contributions

(4) Interest credited under the pension plan on contributions shall be calculated in accordance with the *Pension Benefits Act* and credited to the member as at the 31st day of December in each year.

Interest on lump sums

(5) Interest is payable in accordance with the *Pension Benefits Act* on a lump sum payment of the commuted value of a benefit from the effective date of the determination of the commuted value to the day before the lump sum is paid. (Last amended February 28, 1992 - Effective January 1, 1992)

Report re employment in education

90. (1) Revoked. (Last amended May 6, 2010 – Effective September 1, 2012)

Failure to report

(2) Revoked. (Last amended May 6, 2010 – Effective September 1, 2012)

Prior refund re multiple pensions

91. Revoked. (Last amended April 15, 1998 - Effective January 1, 1992)

PART IX
PURCHASE OF CREDIT FOR SERVICE

A. General

Purchases, general

92. (1) A member may purchase or receive a maximum of five years of credited service,

(a) under sections 10 (2a), 10 (2f), 10 (4), 12a, 94 and 96, and

(b) for any unpaid portion of a period under subsections 10 (2e) and 10 (2g) in respect of which compensation is prescribed in accordance with Regulation 8507 (1) (a) of the *Income Tax Act* (Canada), for absences after the 31st day of December, 1990.

(Last amended July 21, 2014 – Effective September 1, 2014)

Idem

(2) Subject to section 28, a member may not purchase credited service for a period of time for which the member has credited service under the plan. (Last amended December 20, 1999 - Effective September 1, 1998)

Past service pension adjustment

92a. (1) The purchase of credited service by a member who requires certification of a Past Service Pension Adjustment under the *Income Tax Act* (Canada) is not complete until the administrator has obtained a certificate from the Minister of National Revenue. (Last amended February 28, 1992 - Effective January 1, 1992)

Idem

(2) Credited service in respect of which certification has been obtained from the Minister of National Revenue shall not be included in the credited service maximums in subsections 92 (1) and 94 (15). (Last amended February 28, 1992 - Effective January 1, 1992)

Purchases, transitional

93. (1) The purchase of credited service by a member who delivers a completed application to the administrator before the 1st day of January, 1992 shall be made in accordance with sections 9, 10, 36, 45 and 48 of the *Teachers' Superannuation Act*, *1983* and with sections 7 to 14 of Ontario Regulation 423/84 as those sections read on the 31st day of December, 1989.

Idem

(2) The *Teachers' Superannuation Act, 1983* as it reads on the 31st day of December, 1989 continues to apply for the purpose of determining a purchase of credited service under subsection (1).

Idem

(2a) Despite subsections (1) and (2) a member who has delivered a completed application to the administrator before the 1st day of January 1992 who fails to pay all of the contributions required to complete the purchase of credited service applied for before the 31st day of December, 1994 shall receive credited service in an amount based upon the contributions plus interest which he or she has actually made. (Last amended June 28, 1990 - Effective June 28, 1990)

Transitional

(3) Sections 95, 96 and 99 apply with respect to a member's application before the 1st day of January, 1992 in the circumstances described in those sections.

End of transitional period

(4) A person is not eligible after the 31st day of December, 1994 to make or complete a purchase of credited service to which a predecessor Act applies.

Interest rate

(5) For the purpose of a purchase of credited service described in subsection (1) for a period on or after the 1st day of January, 1990, references to the applicable rate of interest in Ontario Regulation 423/84 shall be read as if they were references to the standard interest rate.

Idem

(6) Subsection 89 (3) (calculation of interest, transitional) does not apply with respect to a purchase of credited service described in subsection (1) for a period before the 1st day of January, 1990.

B. For Employment in Education

Absences

94. (1) In this section,

“absence” means either an employer-approved leave of greater than five consecutive school days or a break in service;

"break in service" means a period when a member is not employed in education or is absent from employment without the employer's consent.

(Last amended July 21, 2014 – Effective September 1, 2014)

Purchase re break in service

(2) A member may purchase credited service for a break in service approved by the administrator for a period of disability immediately following a period of employment in education, where the member ceases to be employed in education as a result of the disability and meets the definition of “disabled” as defined under Regulation 8500 (1) of the *Income Tax Act* (Canada). (Last amended August 4, 2011 – Effective December 2, 2010)

Application for purchase re break in service

(2a) A member shall apply to purchase credited service for a break in service within two years after the date when the member ceases, as a result of the disability, to be employed in education. (Last amended August 4, 2011 – Effective December 2, 2010)

Idem

(2b) The administrator shall accept an application to purchase credited service for a break in service that is made after the time described in subsection (2a) if the administrator is satisfied,

(a) that the delay in making the application resulted from a delay in diagnosing the disability; or

(b) that the member was unable, because of the effects of the disability, to make the application within the time described in subsection (2a).

(Last amended August 4, 2011 – Effective December 2, 2010)

Proof of disability

(2c) No application to purchase credited service for a break in service shall be considered by the administrator until the administrator has received the certificate of a medical doctor licensed in Ontario certifying that the applicant became mentally or physically disabled while employed in education and indicating the nature and degree of the disability. (Last amended August 4, 2011 – Effective December 2, 2010)

Ongoing proof of disability

(2d) The administrator may at any time require a member who has applied to purchase credited service for a break in service to furnish evidence, in such form as the administrator directs, that the member was disabled, as defined under Regulation 8500 (1) of the *Income Tax Act* (Canada), throughout the break in service. A member’s entitlement to purchase credited service for a break in service shall terminate if the administrator is not satisfied that the member is disabled. (Last amended August 4, 2011 – Effective December 2, 2010)

Limit

(2e) Despite subsections 92 (1) and 92a (2), no member may purchase credited service for a break in service in respect of a period that is after the fifth anniversary of the start of the break in service. (Last amended August 4, 2011 – Effective December 2, 2010)

Application

(3) A member may apply to purchase credited service for an absence by notifying the administrator of the member’s intent to purchase. (Last amended December 30, 2009 - Effective September 1, 2010)

(3a) A member may only purchase credit for an absence for service outside of Canada, where that service was arranged by the member's employer, if the purchase is made on an ongoing basis during the period of the leave. (Last amended April 2, 2001 – Effective September 1, 2001)

Purchase re absence

(4) A member may purchase credited service for all or part of an absence. (Last amended April 2, 2001 – Effective September 1, 2001)

(4a) Despite subsection (4) a member on an absence from other than a full-time position is entitled to purchase credit under this section only for the time that, in the opinion of the administrator, the member would have been employed for compensation but for the absence. (Last amended December 30, 2009 - Effective September 1, 2010)

Idem

(5) No member may purchase credited service for an absence for the purpose of service in political office if the member is contributing to or is entitled to a pension under another registered pension plan other than the *Canada Pension Plan* or the *Quebec Pension Plan* in respect of the service.

Amount of contribution

(6) A member who purchases credited service on a monthly basis during the period of the absence shall contribute,

(a) the required contributions, based on the pensionable salary that the member's employer advises the administrator that the member would have earned, if the member were not absent, and as if the member were not required to contribute to the *Canada Pension Plan* or to the *Quebec Pension Plan*; and

(b) for any late monthly payments, interest thereon calculated at the standard interest rate from the date each contribution would have been made and ending on the day before the payment is made. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(6a) A member who purchases credited service other than on a monthly basis during the period of the absence shall contribute, on or before the end of the month in which the fifth anniversary of the end of the absence occurs, a lump sum which is equal to,

(a) the required contributions, based on the pensionable salary that the member's employer advises the administrator that the member would have earned, if the member were not absent, and as if the member were not required to contribute to the *Canada Pension Plan* or to the *Quebec Pension Plan*; and

(b) interest thereon calculated at the standard interest rate from the date each contribution would have been made and ending on the day before the payment is made. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(6b) Despite subsections (6) and (6a), a member who purchases credited service on or after the 1st day of September, 2010, shall contribute, on or before the end of the month in which the fifth anniversary of the end of the absence occurs,

(a) the required contributions, based on the pensionable salary as determined in accordance with section 14, and as if the member were not required to contribute to the *Canada Pension Plan* or to the *Quebec Pension Plan*; and

(b) interest thereon calculated at the standard interest rate from the first day of the month following the month in which the end of the absence occurs and ending on the day before the payment is made. (Last amended December 30, 2009 - Effective September 1, 2010)

Transition

(6c) Subsection (6b) shall only apply where the member has not previously completed payment for the purchase of the entire eligible absence period. (Last amended October 19, 2012 - Effective September 1, 2010)

Transition: Interest calculation for the portion of an absence previously considered complete

(6d) Despite subsections (6b) and (6c), where, in the opinion of the administrator, payment was considered to be complete as of the 1st day of September, 2010 for a portion of the entire eligible absence period, the interest applicable to that portion of the absence shall be calculated in accordance with subsection (6) (b) or (6a) (b). (Last amended October 19, 2012 - Effective September 1, 2010)

Due date

(7) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Return date

(8) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Matching contributions for purchases

(9) A contribution under subsection (6), (6a) or (6b) is considered to be a required contribution for the purpose of sections 25 and 26, and the required matching contribution shall be paid by the employer making the employer contributions in respect of the member immediately before the absence. (Last amended December 30, 2009 - Effective September 1, 2010)

Idem

(9a) Despite subsection (9), where a member was employed by a designated private school or a designated organization immediately before the absence and the employer is dissolved or in receivership at the time of the member's application to purchase credited service, the required matching contribution for a purchase of credited service for a break in service shall be paid by the member. (Last amended August 4, 2011 – Effective December 2, 2010)

Amount of contribution, delayed election

(10) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Advance payments

(11) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(12) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

No refund

(13) A member who makes contributions for an absence is not entitled to a refund of those contributions at any time, except to the extent that the member's purchase is not completed in accordance with subsection 92a.(1). (Last amended April 2, 2001 – Effective September 1, 2001)

Proportionate credit

(14) A member who does not complete payment for the full period of an absence shall receive proportionate credit. (Last amended April 2, 2001 – Effective September 1, 2001)

Maximum purchase, birth or adoption

(15) Despite subsection 92 (1) a member may also purchase a maximum of three years of credited service in respect of absences after the 31st day of December, 1990 taken at the birth or adoption of the member's children. (Last amended April 2, 2001 – Effective September 1, 2001)

Idem

(16) For the purposes of subsection (15) a member may purchase a maximum of one year of credited service for an absence taken at the birth or adoption of the member's child or if more than one child is born or adopted at once, in respect of one such birth or adoption. (Last amended April 2, 2001 – Effective September 1, 2001)

Eligibility for purchase

(17) Revoked. (Last amended May 5, 2010 – Effective September 1, 2009)

Lump sum payments

(18) Revoked. (Last amended June 28, 1990 - Effective June 28, 1990)

End Date

(19) For the purposes of this section, the end of an absence occurs on the last day that, in the opinion of the administrator, the member could have worked if not for the absence. (Last amended December 30, 2009 - Effective September 1, 2010)

End date

(20) Despite subsection (19), the end of an absence for a member who purchases credited service for a break in service shall be no later than the fifth anniversary of the start of the break in service. (Last amended October 19, 2012 - Effective September 1, 2010)

Transitional rules

94a. (1) A member whose absence ended prior to September 1, 2001 and who,

(a) returned to employment in education, following the absence, on or after September 1, 1996 but prior to September 1, 2001, or

(b) did not return to employment in education, following the absence, prior to September 1, 2001,

shall have until December 31, 2004 to complete a purchase of the absence. (Last amended April 2, 2001 – Effective September 1, 2001)

(2) A member who completes a purchase in accordance with subsection (1) shall contribute a lump sum on a contributions plus interest basis calculated in accordance with subsection 94 (6a). (Last amended April 2, 2001 – Effective September 1, 2001)

(3) A member whose absence ended prior to September 1, 2001 and who returned to employment in education, following the absence, prior to September 1, 1996 shall have until December 31, 2002 to complete a purchase of the absence by notifying the administrator by that date and by making the purchase within 90 days of the provision of a purchase cost quotation. (Last amended April 2, 2001 – Effective September 1, 2001)

(4) A member who completes a purchase in accordance with subsection (3) shall contribute a lump sum which is, on the date of the purchase, equal to the actuarial cost of the expected pension improvement. (Last amended April 2, 2001 – Effective September 1, 2001)

(5) This section shall only apply where the member has not previously completed a purchase of the absence, in which case the member may complete the purchase in accordance with this section without having to meet the requirements of subsection 94 (3) as it read on August 31, 2001. (Last amended April 2, 2001 – Effective September 1, 2001)

Transitional application deadline re: breaks in service

94b. (1) A member may purchase credited service for a break in service in accordance with subsection 94 (2) as it read on the 1st day of December, 2010, if the member delivers to the administrator a completed application to purchase credit, in the form provided by the administrator, including all supporting documents, by the 31st day of August, 2011. (Last amended August 4, 2011 – Effective December 2, 2010)

Transitional payment deadline re: breaks in service

(2) Despite subsections 94 (6) to (6c), a member described in subsection (1) shall have until the 30th day of December, 2011 to complete payment of the amount required under subsection 94 (6b). (Last amended August 4, 2011 – Effective December 2, 2010)

Absence during a school year

95. (1) Revoked. (Last amended June 20, 2012 – Effective January 1, 2012)

Amount of contribution

(2) Revoked. (Last amended June 20, 2012 – Effective January 1, 2012)

Interest payable

(3) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Status of contributions

(4) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Due date

(5) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Required contribution

(6) Revoked. (Last amended April 2, 2001 – Effective September 1, 2001)

Absence re strike or lockout

96. (1) A member may contribute for days that the member is absent from employment in education for the purpose of participating in a legal strike or the strikes declared illegal by the Ontario Labour Relations Board on May 26, 2015 for the following periods:

(a) Durham District School Board – April 20, 2015 – May 26, 2015
(b) Rainbow District School Board – April 27, 2015 – May 26, 2015
(c) Peel District School Board – May 4, 2015 – May 26, 2015,

or because of a lockout. (Last amended September 22, 2015 – Effective April 20, 2015)

Amount of contribution

(2) The member shall contribute the amount of the member's required contribution for each day of absence plus the amount of the corresponding employer's contribution.

Interest payable

(3) The member shall pay interest, calculated at the standard rate, on any contribution received by the administrator more than one month after the end of the absence. (Last amended June 1, 1995 - Effective June 1, 1995)

For former membership

97. (1) This section applies with respect to a member who previously received a refund of required contributions under the pension plan. (Last amended April 2, 2001 – Effective September 1, 2001)

Eligibility

(2) No member may purchase credited service under this section until the member has accumulated, through employment in education, seventy days of credited service in one school year after returning to active membership.

Election within one year

(3) A member who elects to purchase credited service on or before the later of the first anniversary of the member's return to active membership and the 1st day of January, 1994 shall contribute the amount previously refunded together with interest thereon from the date the refund was made to the first day of the month in which the contribution is paid, calculated at the standard interest rate in effect on the date the refund was made. (Last amended April 2, 2001 – Effective September 1, 2001)

Limit

(4) No member may purchase more days of credited service under subsection (3) than the number of days in respect of which the member received the refund.

Due date

(5) A contribution under subsection (3) shall be paid as a lump sum before the later of the third anniversary of the member's return to active membership and the 1st day of January, 1995.

Required contribution

(6) A member who elects to purchase credited service after the deadline referred to in subsection (3) or who fails to make the payment before the deadline in subsection (5) shall contribute a lump sum which is, on the date of the purchase, equal to the actuarial cost of the expected pension improvement.

Repurchase of credited service

97a. (1) A member referred to in section 37 who becomes re-employed in education for more than 20 days in one school year may purchase credited service in an amount not greater than the credited service in respect of which a transfer and refund were made under that section. (Last amended February 28, 1992 - Effective January 1, 1992)

Amount of contribution

(2) A member who elects to purchase credited service under subsection (1) shall contribute a lump sum equal to the greater of,

(i) the amounts transferred and refunded under section 37 together with interest thereon calculated at the standard rate from the day of the transfer or refund to the day before the payment is made; or

(ii) the actuarial cost, on the date of the purchase, of the expected pension improvement. (Last amended February 28, 1992 - Effective January 1, 1992)

Approved service outside Ontario

98. (1) Revoked. (Last amended December 20, 1999 - Effective January 1, 1992)

Idem

(2) Revoked. (Last amended December 20, 1999 - Effective January 1, 1992)

Limit

(3) Revoked. (Last amended February 28, 1992 - Effective January 1, 1992)

Amount of contribution

(4) Revoked. (Last amended December 20, 1999 - Effective January 1, 1992)

Transitional re designated private schools

99. (1) This section applies to an active member,

(a) who is employed in an organization designated under the *Teachers' Superannuation Act*, *1983* or in a school within the meaning of section 1 of the *Education Act*;

(b) who was employed before the 1st day of September, 1986 in a private school designated under a predecessor of this Act;

(c) who was employed on the 1st day of September, 1986 and for at least twenty days during the school year beginning on that date in an organization designated under the *Teachers' Superannuation Act*, *1983* or in a school within the meaning of section 1 of the *Education Act*; and

(d) who elected before the 1st day of September, 1986 to be excluded from the benefits and obligations of the predecessor Act.

Purchase

(2) An active member may purchase credited service in accordance with subsections 13 (4), (6) and (7) of Ontario Regulation 423/84 as they read on the 31st day of December, 1989, with necessary modifications, for past teaching service in a private school designated under a predecessor of this Act.

Idem

(3) No member is entitled to apply to purchase credited service under this section after the 31st day of December, 1991.

C. For other Employment

For war service

100. (1) Revoked. (Last amended September 8, 2006 – Effective December 31, 2006)

Idem

(2) Revoked. (Last amended September 8, 2006 – Effective December 31, 2006)

For teaching special subjects

101. (1) Revoked. (Last amended September 8, 2006 – Effective December 31, 2006)

Idem

(2) Revoked. (Last amended September 8, 2006 – Effective December 31, 2006)

For foreign service as an educator

102. (1) Revoked. (Last amended December 20, 1999 - Effective January 1, 1992)

Eligibility

(2) Revoked. (Last amended December 20, 1999 - Effective January 1, 1992)

Limit

(3) Revoked. (Last amended February 28, 1992 - Effective January 1, 1992)

Amount of contribution

(4) Revoked. (Last amended December 20, 1999 - Effective January 1, 1992)

For other employment, R.S.C. 1952, c. 148

103. (1) A member may purchase credited service in the pension plan for employment not otherwise described in this Part if the employment was pensionable service under another pension plan registered under the *Income Tax Act* (Canada). (Last amended April 2, 2001 – Effective September 1, 2001)

Transfer from other plan

(2) For service prior to January 1, 1992, all funds associated with the service under the other plan shall be transferred to the pension plan and applied to the cost of the member's expected benefit improvement. Where no funds remain in the other plan, the member is not entitled to purchase pre-1992 credited service under this section. (Last amended September 8, 2006 - Effective January 1, 1992)

Amount of contribution

(3) For service after December 31, 1991, the member shall contribute an amount equal to the actuarial cost of the expected benefit improvement. (Last amended June 29, 1994 - Effective January 1, 1992)

(4) If the amount transferred under subsection (2) is less than the actuarial cost of the expected benefit improvement, the member shall contribute a lump sum which, on the date of the purchase, is equal to the difference. (Last amended June 29, 1994 - Effective January 1, 1992)

D. Reciprocal Agreements

Reciprocal agreements

104. (1) The administrator may enter into an agreement with the authorized representative of another pension plan respecting the terms upon which persons may transfer benefits and contributions between that plan and the pension plan.

Idem

(2) A reciprocal agreement must provide that a person transferring benefits and contributions to the pension plan acquires a benefit under the plan based upon the actuarial cost of the expected benefit on the date of the transfer.

(3) If a reciprocal agreement provides that a person may elect to pay directly to the administrator part or all of the difference between the required amount and the amount transferred (the "shortfall"), and provides the administrator with the authority to establish a deadline by which a person must complete payment of the shortfall, a person who elects to pay the shortfall shall complete such payment on or before the end of the month in which the fifth anniversary of the date the application to transfer was received by the administrator occurs. (Last amended June 20, 2012 – Effective September 1, 2001)

Reciprocal agreements, transitional

105. (1) Subject to subsection (2), reciprocal agreements entered into before the 1st day of January, 1990 by the Teachers' Superannuation Commission under section 49 of the *Teachers' Superannuation Act, 1983* are continued and expire on the 31st day of December, 1996.

Idem

(2) Reciprocal agreements referred to in subsection (1) do not expire on the 31st day of December, 1996 if, before that date, the reciprocal agreement is amended to include a term described in subsection 104 (2) or if the agreement includes such a term.

E. Administration

Application for purchase

106. An application to purchase credited service shall be made in a form provided by the administrator and shall be delivered to the administrator.

Applicability

106a. (1) Subsections 11 (6) to (9), 14 (1a) to (1i), 15 (2b), 94 (4a), (6b), (6c) and (9), as they read on the 1st day of September, 2010 apply to members who cease to be employed in education before the 1st day of September, 2010. (Last amended August 4, 2011 – Effective September 1, 2010)

Idem

(2) Subsections 94 (2) to (2e) and section 94b, as they read on the 2nd day of December, 2010 apply to members who cease to be employed in education before the 2nd day of December, 2010. (Last amended August 4, 2011 – Effective December 2, 2010)

Idem

(3) Section 84, as it read on the 1st day of January, 2014, applies to members who cease to be employed in education before the 1st day of January, 2014. (Last amended January 15, 2014 – Effective January 1, 2014)

Employed in education

106b. For a member who ceases to be employed in education before, on or after the 1st day of January, 2011, credited service purchased in accordance with subsection 94 (2) in respect of a period on or after the 1st day of January, 2011 is considered to be employment in education for the purposes of determining benefits. (Last amended August 4, 2011 – Effective January 1, 2011)

Effective date of purchase

107. A purchase of credited service is effective on the day the payment in relation to the purchase is made. (Last amended April 2, 2001 – Effective September 1, 2001)

Purchase of partial credit

108. A member who is entitled to purchase credited service for a period of employment or an absence may purchase credited service for a part of the employment or absence. (Last amended April 2, 2001 – Effective September 1, 2001)

Contribution by spouse, etc.

109. A member who dies before completing a purchase of credited service shall receive credited service in an amount based upon the contributions plus interest which he or she has made. (Last amended June 29, 1994 - Effective January 1, 1992)

Idem

(2) Revoked. (Last amended June 29, 1994 - Effective January 1, 1992)

Lump sum payments

109a. A lump sum payment under this Part may consist of,

(a) a partial payment by means of a transfer permitted under the *Income Tax Act* (Canada); and

(b) a second payment of the balance of the amount required to pay for the credited service being purchased by the lump sum. (Last amended June 28, 1990 - Effective June 28, 1990)

Eligibility for purchase

109b. A member is not eligible to purchase credited service while receiving a pension. (Last amended May 5, 2010 – Effective September 1, 2009)

PART X
ADMINISTRATION OF THE PLAN

A. General

Extension of time

110. The administrator may extend any time limit under the pension plan before or after the expiration of the time if the administrator is satisfied that there are reasonable grounds for the extension, and may give such directions as the administrator considers appropriate consequent upon the extension.

Provision of information

111. (1) The administrator shall provide to each member of the pension plan the information and documents required under this Act or any other Act.

Idem, to administrator

(2) A member, a person who applies for, or receives, a pension, refund or other payment from the pension fund, a board of education or an employer of a member shall provide the administrator, upon request, with such information as the administrator may require to administer the pension plan.

(2a) The administrator may conduct an audit of the records of a board of education or an employer for the purpose of validation of information required for administration of the pension plan. (Last amended June 20, 2012 – Effective January 1, 2012)

Idem, to members

(3) The administrator shall provide within a reasonable time to a member, upon written request, all information relating to the member's contributions and entitlements under the pension plan.

Fiscal year

112. The fiscal year of the pension plan is the twelve-month period that begins on the 1st day of January.

Actuarial calculations

113. Actuarial calculations and determinations required under the pension plan shall be made using such actuarial assumptions, principles and methods as may be required or adopted by the administrator.

B. Pension Fund

Payments from pension fund

114. A payment required under the pension plan must be paid from the pension fund.

Requirement to invest

115. Moneys in the pension fund that are not required to be paid out must be invested to meet the obligations of the pension plan.

C. Surplus and Deficiency

Actuarial gain

116. Revoked. (Last amended January 24, 1992 - Effective January 1, 1992)

Surplus

117. Revoked. (Last amended January 24, 1992 - Effective January 1, 1992)

Requirement to contribute to deficit

118. Revoked. (Last amended November 15, 1993 - Effective November 15, 1993)

Wind Up

118a. If the pension plan is wound up within the meaning of the *Pension Benefits Act*, the assets of the pension fund shall first be used to pay or satisfy properly incurred liabilities to creditors, following which the remaining assets of the pension fund shall be used to pay or satisfy the accrued benefit entitlements of members, former members, retired members and any other persons entitled to a benefit under the pension plan in respect of a member, former member, or retired member before any other distribution is made. (Last amended September 28, 2015 – Effective September 28, 2015)

PART XI
DESIGNATION OF PRIVATE SCHOOLS AND ORGANIZATIONS

Private schools

119. (1) The Partners' Committee by notice to the administrator may designate a school, college, academy or other educational institution as a designated private school for the purpose of the pension plan,

(a) if it gives instruction equivalent to that given in elementary or secondary schools in Ontario;

(b) if it is not supported in any way by school taxes or by provincial or municipal grants; and

(c) if it meets the criteria set out in subsection (3). (Last amended June 1, 1995 - Effective January 1, 1992)

Organizations

(2) The Partners' Committee by notice to the administrator may designate an organization as a designated organization for the purpose of the pension plan,

(a) if it provides services related to elementary or secondary education; and

(b) if it meets the criteria set out in subsection (3). (Last amended June 1, 1995 - Effective January 1, 1992)

Criteria

(3) The school, college, academy or other educational institution or the organization,

(a) must not be operated for profit or gain and any profits must be used to carry out its objects; and

(b) by its governing body must undertake in writing to make the reports described in subsection (5), to pay the amounts described in subsection (6), and to perform all administrative functions required of an employer for the purposes of the pension plan.

Effective date of designation

(4) A notice of designation under subsection (2) shall specify the effective date. (Last amended April 15, 1998 - Effective January 1, 1992)

Reports

(5) The administrator may require a designated private school or designated organization to make annual reports for the purpose of the administration of this Act and the pension plan and to supply such information as to its constitution, operations, teaching staff and otherwise as the administrator may require.

Payments under the plan

(6) A designated private school or designated organization shall, in accordance with the pension plan, make the employer contributions and collect and remit the contributions by its employees who become active members of the pension plan.

Past service in prescribed schools and institutions

119a.(1) Revoked. (Last amended June 1, 1995 - Effective January 1, 1992)

(2) Revoked. (Last amended June 1, 1995 - Effective January 1, 1992)

Termination of designation

120. (1) Revoked. (Last amended June 1, 1995 - Effective January 1, 1992)

Grounds

(2) The Partners' Committee by notice to the administrator may terminate the designation of a designated private school or a designated organization,

(a) if the designated private school or designated organization, by its governing body, has requested the termination of the designation;

(b) if the designated private school or designated organization is not complying with its undertakings; or

(c) if there is a change in the objects or mode of carrying out the objects of the designated private school or designated organization. (Last amended June 1, 1995 - Effective January 1, 1992)

Notice and submissions

(3) The Partners' Committee shall give notice of the termination to the governing body and to the employees of the designated private school or designated organization who are active members of the pension plan. (Last amended June 1, 1995 - Effective January 1, 1992)

Effective date

(4) A notice of termination of designation shall specify the effective date. (Last amended June 1, 1995 - Effective January 1, 1992)

Effect of termination of designation

(5) Upon the termination of a designation, the employees of the private school or the organization cease to be eligible to be active members of the pension plan.

Idem

121. (1) Revoked. (Last amended December 21, 2007 - Effective September 1, 2008)

Effective date

(2) Revoked. (Last amended December 21, 2007 - Effective September 1, 2008)

Designations, transitional

122. The designation of a designated private school, designated organization and a designated capacity under the *Teachers' Superannuation Act*, *1983* that is in effect on the 31st day of December, 1989 shall have effect as a designation made under this Part.

PART XII-ONTARIO TEACHERS' PENSION PLAN BOARD (REVOKED)

(Last amended January 24, 1992 - Effective January 1, 1992)

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C - Partner’s Agreement and related Schedules and Amendments.pdf

This is an AGREEMENT

BETWEEN:

Her Majesty the Queen
in right of the Province of Ontario
represented by the Minister of Education and Training
("the Minister")

and

The Ontario Teachers' Federation
represented by its Executive
("the OTF")

These are the terms to which the Minister and the OTF agree;

Introduction

1. The Minister and the OTF have agreed to establish a partnership for the purpose of designing and administering the Ontario Teachers' Pension Plan and managing the Ontario Teachers' Pension Fund.

2. It is the intention of the partners that this partnership will start on the 1st day of January, 1992.

3. In this agreement,

   (a) the Minister and the OTF will be referred to as the "partners" or the "partnership".

   (b) the Ontario Teachers' Pension Plan Board continued by the *Teachers' Pension Act, 1989* will be referred to as "the Board".

   (c) the Ontario Teachers' Pension Plan continued by the *Teachers' Pension Act, 1989* will be referred to as the "pension plan" or the "plan" and,

   (d) the Ontario Teachers' Pension Fund continued by the *Teachers' Pension Act, 1989* to provide benefits in respect of the pension plan will be referred to as the "pension fund" or the "fund".

4. The partnership established by this agreement is intended to govern all aspects of the plan and the fund. Wherever this agreement differs with any law, that part of the agreement is of no effect but the rest of the agreement continues to govern the plan and the fund.

5. The Minister agrees to do everything possible to make sure that the Teachers' Pension Plan Board will not be considered a Scheduled Agency under the Guidelines of the Management Board of Cabinet.

6. The Minister agrees to do everything possible to have subsection 43(3) of Ontario Regulation 708/87 amended to provide that the pension fund is no longer exempted from the application of subsection 23(1) of the *Pension Benefits Act*.

7. The Minister may designate one or more persons to act in the Minister's place under this agreement. The OTF may designate one or more persons to act in its place under this agreement.

Role of the partners

8. The partners will be responsible for designing the plan structure, setting the benefits of the plan, developing new policy, deciding what the contribution rate will be, what the funding levels, margins and contingency reserves will be, making changes to the plan, this agreement or other plan documents, deciding whether or not to file a valuation more frequently than required by the *Pension Benefits Act*, appointing the Board, and defining the role of the Board.

9. The partners will enter into a memorandum of understanding with the Board setting out,

(a) the duties of the Board,

(b) the process for consultation in the preparation of valuations,

(c) the process for consultation on the amount of money to be paid to members of the Board, including the Chair and to members of committees appointed by the Board,

(d) the actuarial methods which the Board will use in valuing the plan and,

(e) any other terms of the relationship between the partners and the Board to which the partners agree.

10. The partners agree that every three years they will follow the procedure described in this agreement to meet and negotiate changes to the plan.

11. Either partner may ask the other to meet at any time to discuss changes to any of the matters referred to in paragraph 8 and the partners agree to make their best efforts to do so.

11a. The partners agree to meet as required to discuss the amount of the Minister's contribution due on the first business day of January that is to be deferred to the first business day of April of the same year and to determine the interest rate to be applied for the period of the deferral; determination of such interest rate to be guided by the principle that the Teachers' Pension Plan not be disadvantaged by the deferral. (Last amended May 29, 1992 - Effective May 29, 1992)

11b. The partners agree that the payment of a portion of the Minister's contribution that is due on the first business day of January of 1994 and a portion of the Minister's contribution that is due on the first day of January of 1995 may be deferred to March 31 of each respective year; the amount of the deferral, with interest, to equal $200 million in 1994 and $125 million in 1995; amounts to be adjusted to reflect payments authorized under Paragraph 65. (Last amended November 15, 1993 - Effective November 15, 1993)

12. If the Board advises the partners that a change must be made to the plan to comply with any law the partners agree that they will meet as soon as possible to discuss it.

13. The partners will establish a Partners Committee by each appointing three members. Either partner may refer to the Committee any matter referred to in paragraph 8 or 12 when no agreement results from discussion of the matter.

14. The Partners Committee may by agreement use the services of the manager of negotiations referred to in paragraph 76 to resolve any dispute. The Committee may by agreement use any dispute resolution mechanism including voluntary arbitration to resolve any dispute.

15. Either partner may ask the actuary hired by the Board to provide or prepare any information which that partner thinks it needs in discussing changes to the plan. The cost of the actuary in preparing that information will be paid out of the fund. The information will be provided to both partners.

15a. The partners may initiate, with the Board, discussions, reviews and research regarding the funded status of the plan including the design of conditional inflation protection, the reasonable costs of such reviews and research to be paid out of the fund subject to the prior approval of the Board. (Last amended October 9, 2008 – Effective January 1, 2009)

16. Either partner may audit the plan and the fund at any time at the expense of that partner. The Board will cooperate in the audit.

Role of the Board

17. The Board is responsible for the administration of the pension plan, the management of the pension fund and all other matters set out in this agreement.

18. The Board may exercise every power necessary to administer the pension plan, manage the pension fund and fulfil every other task which the partners assign to it.

19. The responsibilities of the Board include,

(a) investing and managing the pension fund to do all things possible so that the obligations of the pension plan will be met,

(b) preparing a valuation at least every three years to comply with the *Pension Benefits Act*,

(c) preparing annual valuations if the Board decides it is appropriate and providing preliminary results to the partners as soon as they are available.

(d) deciding on the actuarial assumptions used in administering the plan and in preparing valuations of the plan,

(e) consulting with the partners during the preparation of a valuation and making its best effort to respond to any comments and recommendations of the partners. The content of a final valuation is the decision of the Board.

(f) giving a copy of every valuation prepared for the Board to each partner and giving any information requested by a partner to each partner as quickly as possible.

(g) having the plan and the fund audited every year.

(h) preparing a report at the end of every fiscal year that tells how the plan and the fund have been doing in that year,

(i) holding a meeting with both partners at least once each year to explain the annual report to them and to answer any questions about the plan and fund,

(j) making sure that the plan and the fund are administered and managed to comply with all laws that affect them,

(k) advising the partners about any changes to the plan that need to be made to comply with the law,

(l) advising the partners about changes that would improve the administration of the plan.

(m) interpreting the plan and determining benefit entitlements,

(n) developing an investment policy and giving a copy to each partner and to the Financial Services Commission of Ontario,

(o) making rules regarding the conduct of its business,

(p) appointing or electing a vice Chair and any other officers that the Board feels are necessary for the conduct of its business.

The Board

20. The Board will have a maximum of nine members. The partners will each appoint four members.

21. The ninth member of the Board will be the Chair. The process for appointing a Chair is set out in the next section of this agreement.

22. The Minister and the OTF will each appoint two members to the Board to terms ending on the 31st day of December, 1992.

23. The Minister and the OTF will each appoint two members of the Board whose terms will end on the 31st day of December, 1993.

24. If a person appointed under paragraph 19 or 20 is a member of the Board when the partnership starts, the Lieutenant Governor in Council will make an Order changing the length of that person's term.

25. After the expiry of the term of a member of the Board who holds office on the 1st day of January, 1992 the partner who recommended to the Lieutenant Governor in Council the appointment of that member will fill the vacancy by appointing or re-appointing.

26. Unless a member cannot complete his or her term, is removed or is appointed after a member whose term was extended because of a delay in the appointment of his or her successor, the term of all members appointed after the 1st day of January, 1992 will be two years.

27. No person may be a member of the Board for more than four consecutive terms. The initial term of a member who is appointed as a successor under paragraph 29, or as a new member under paragraph 30 or 31, shall not be counted in the number of consecutive terms a member may serve. (Last amended January 15, 2014 – Effective January 1, 2014)

28. If no appointment is made to fill the vacancy at the end of a member's term, the member will continue in office until an appointment is made.

29. When a successor is appointed to a term after his or her predecessor's term has been extended for failure to appoint a successor, the successor's term will end two years after the predecessor's term would have ended but for the delay in appointment.

30. If a member of the Board cannot finish his or her term then the partner who appointed the member may appoint a new member for a term ending on the date when the term of the departing member would have ended.

31. At any time either partner may remove a board member whom that partner has appointed and appoint a new member for a term ending on the date when the term of the departing member would have ended.

The Chair

32. The partners may decide together on the person to be appointed as Chair of the Board. The partners agree to meet six months before the term of the Chair of the Board expires to discuss candidates, and attempt to agree upon the Chair.

33. Either partner may initiate the selection of a Chair in the following way as an alternative to the discussion referred to in paragraph 32.

(a) The partners will each prepare a list of at least three persons that they would like to be Chair. The partners will give each person named a number indicating priority. The lowest priority will be indicated by the number equal to the number of persons on the list.

(b) The partners will then examine the list prepared by the other.

(c) If one name appears on both lists that person will be appointed Chair.

(d) If two or more persons appear on both lists the priority ratings given to those persons by each partner will be added together. The person whose priority rating adds to the lowest number will be appointed Chair.

(e) If no name appears on both lists the partners agree to consult together and to prepare and exchange lists until a name does appear on lists prepared by each.

34. The person selected by the partners will be the Chair for a term of two years beginning on the 1st day of January of the year following selection.

35. No person may be Chair for more than four consecutive terms. Previous terms served by a Chair as a board member shall not be counted in the number of consecutive terms a Chair may serve. (Last amended December 16, 1994 - Effective December 16, 1994)

36. The Lieutenant Governor in Council will make an order making the term of the current Chair of the Board end on the 31st day of December, 1991.

37. If no appointment is made to fill the vacancy at the end of a Chair's term then the Chair will continue in office until an appointment is made.

38. If the Chair cannot finish his or her term then the Minister and the OTF will select a new Chair. The new Chair will be appointed for a term ending on the date when the term of the departing Chair would have ended.

39. The Chair may vote on any matter the Board is considering.

Operation of the Board

40. The Board may appoint committees and delegate to them any function of the Board. The Board may appoint persons who are not Board members to sit on any committee.

41. Committee members will be appointed for a term of up to two years.

42. A quorum of the Board or a Committee is a majority of the members. No meeting of the Board or a Committee may conduct any business unless a member appointed by each partner is present.

43. The Board will decide on a reasonable amount of money to be paid to the Board members, Committee members and the Chair for time and effort spent on Board business. The money will be paid out of the pension fund.

44. If any Board or Committee member is a public servant of Ontario that person will only be paid for any income the person loses as a result of time spent on Board business and for his or her expenses of doing Board business.

45. Any expenses that the Board must pay to operate and to administer the pension plan and manage the pension fund will be paid out of the pension fund.

46. The Board will employ a Chief Executive Officer and such other staff as are necessary to carry out its responsibilities.

47. The Board may decide which of its employees will be able to participate in the Public Service Pension Plan established under the *Public Service Pension Act, 1989* and the Minister agrees to do all things possible to ensure that those employees are covered.

48. The Board may employ persons to provide it with professional, technical or other help.

49. The Board must employ an external actuary and an external auditor.

50. The Board's employees will be paid out of the pension fund.

Indemnification

51. (a) Subject to subsection (e), the Board shall indemnify a person or his or her heirs or legal representatives (the "Indemnee") against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment (collectively "Expenses"), reasonably incurred by the person in respect of any civil, criminal, administrative or investigative action or proceeding (collectively a "Proceeding") to which the person is made or threatened to be made a party by any person including the Board, by reason of being or having been a member, committee member, officer or employee of the Board or a person who acts or acted at the Board's direction as a member, director, officer, employee, partner or agent of another corporation, partnership, joint venture, trust or other enterprises (collectively "enterprise"), if,

i) the person acted honestly and in good faith with a view to the best interests of the Board or such other enterprise; and

ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that his or her conduct was lawful.

(Last amended August 4, 2011 – Effective September 1, 2000)

(b) In furtherance of its obligations under subsection (a) the Board may purchase and maintain insurance for the benefit of any person referred to in subsection (a) in relation to any Expenses that may be indemnifiable under subsection (a). (Last amended August 4, 2011 – Effective September 1, 2000)

(c) The Board's indemnification of a person referred to in subsection (a) and any cost of purchasing and maintaining insurance for the benefit of such person are expenses of operating and administering the pension plan and managing the pension fund and may be paid out of the pension fund. (Last amended August 4, 2011 – Effective September 1, 2000)

(d) The Board or a person referred to in subsection (a) may apply to the court for an order approving an indemnity under this section and the court may so order and make any further order it thinks fit. (Last amended August 4, 2011 – Effective September 1, 2000)

(e) An indemnity given pursuant to subsection (a) extends only to Expenses that exceed amounts otherwise recoverable (and, in fact, recovered) by the Indemnee under any indemnity or policy of insurance applicable in respect of a Proceeding, and is to be regarded specifically as excess to any such amounts. An indemnity given pursuant to subsection (a) shall be subject to the condition that, in the event any indemnor or insurer against whom an Indemnee may have a claim for indemnity shall decline to pay, deny liability or otherwise contest either a claim by a person or the due amount thereof, the Indemnee must, if so requested by the Board, co-operate with and assist the Board in pursuing any claim against the other indemnor or insurer as the case may be, in such manner and to the extent that counsel to the Board may recommend or advise in the circumstances. (Last amended August 4, 2011 – Effective September 1, 2000)

(f) In any case where the Board reasonably considers that a person has fulfilled the conditions set out in clauses (a)(i) and (ii), above, and that it is otherwise appropriate to do so, prior to any settlement or judgment the Board may make an advance to an Indemnee in respect of a person referred to in subsection (a) to defray Expenses incurred or to be incurred by the Indemnee in relation to a Proceeding on such conditions as the Board considers appropriate and necessary. Any advance made under this subsection (f) shall be repayable by the Indemnee if the Indemnee fails to meet the conditions set out in clauses a(i) and (ii), above, in respect of such person. (Last amended August 4, 2011 – Effective September 1, 2000)

(g) Where the Board considers it appropriate, the Board may enter into an indemnity agreement with any person and such agreement shall reflect the limitation of this provision. (Last amended August 4, 2011 – Effective September 1, 2000)

(h) The application of paragraph 51 is effective as of September 1, 2000. (Last amended August 4, 2011 – Effective September 1, 2000)

52. The Board may buy, sell or lease real estate either as an investment or to provide a place to carry on business.

53. The Board may delegate any of its powers or duties to a committee or to an employee. It may impose conditions on any delegation it makes.

54. A committee of the Board may delegate any of its tasks to an employee of the Board if the Board approves.

Initial unfunded liability

55. The going concern unfunded actuarial liability disclosed by the initial valuation of the pension fund as at the 1st day of January, 1990 will be paid by the Treasurer of Ontario out of the Consolidated Revenue Fund according to Schedule 2 of the *Teachers' Pension Act, 1989*.

56. Revoked. (Last amended November 15, 1993 - Effective November 15, 1993)

Gains and losses

57. A valuation which is prepared for filing with the Superintendent of Financial Services shall be actuarially balanced so that the present value of,

(a) benefits and costs to be paid out of the fund, and

(b) any contingency reserve,

are equal to the sum of the value of the plan's assets, including

(c) the present value of,

(i) the members' contributions,

(ii) the employers' contributions,

(iii) the outstanding balance of special payments to liquidate the going concern unfunded actuarial liability disclosed by the valuation as at January 1, 1990, and

(iv) any outstanding payments required to discharge a solvency deficiency. (Last amended March 5, 2002 - Effective April 2, 2001)

The IUL Settlement

57a. Notwithstanding any other provision in this agreement, and including without limitation, paragraphs 10, 55, 59, 60, 60a and paragraphs 73 to 101, during the IUL settlement period this paragraph shall apply to the application of actuarial gains.

(i) In this paragraph,

(a) the "initial unfunded liability settlement period" (the "IUL settlement period") means the period between January 1, 1998 and December 31, 2002 and includes any period of extension pursuant to subparagraph (v).

(b) the "initial unfunded liability" means the going concern unfunded actuarial liability disclosed by the initial valuation of the pension fund referred to in paragraph 55 of the agreement.

(ii) Notwithstanding subparagraph 19(c), during the IUL settlement period, an actuarial valuation for funding purposes of the pension fund shall be prepared by the Board's actuary as at the 1st day of January and filed annually with the Superintendent of Financial Services, unless the partners jointly agree to instruct the Board not to file the valuation.

(iii) Effective with the valuation as at January 1, 1998, any actuarial gains disclosed in a valuation prepared in accordance with subparagraph (ii) will be applied in the following order of priority:

(a) (1) to provide an early retirement pension calculated in accordance with subsection 43(4) of Schedule 1, to members who have accumulated at least that number of years of qualifying service that, when added to the member's age upon termination of employment in education, totals eighty-five years (the "factor 85 entitlement"), provided that such member so qualifies on or after June 1, 1998, and on or before December 31, 2002;

(2) to provide early retirement reductions measured from 85 points rather than 90 points for benefits calculated under sections 44 and 52 of Schedule 1 for members who cease to be employed in education between June 1, 1998 and December 31, 2002.

(b) to provide for a permanent reduction in the amount of the Canada Pension Plan or Quebec Pension Plan reduction for pension instalments payable on or after January 1, 1999 as provided for in subsection 81(3) of Schedule 1 by substituting "0.0060" for "0.0068" in the formula.

(c) to provide to members on an absence, as defined in subsection 94(1) of Schedule 1, that commences during the period from the 1st day of June, 1998 to the 31st day of December, 2002, an exemption from the requirement in subsection 94(3)(b) of Schedule 1 where the member is otherwise eligible to purchase credited service under that section, and where the member, at the beginning of the leave,

(1) was at least 60 years of age;

(2) has accumulated at least that number of years qualifying service that, when added to the member's age, totals 75 years; or

(3) has credited service which totals at least 30 years; and

(d) to eliminate the obligation on the Minister of Finance to make special payments on account of the initial unfunded liability, in accordance with this agreement.

(iv) Subject to subparagraphs (v) and (vi), if there are any actuarial gains remaining after providing for (iii) (a), (b), (c) and (d), such gains disclosed in the annual actuarial valuations for funding purposes up to and including the valuation as at January 1, 2002, will be available for benefit enhancements including, but not limited to, the renewal on a permanent or temporary basis of the factor 85 entitlement, member contribution rate reductions, or to be allocated to a contingency reserve, as determined by the OTF in its sole discretion. (Last amended March 5, 2002 - Effective April 2, 2001)

(v) (a) The sum of the actuarial gains available to the OTF under subparagraph (iv), including the actuarial gains disclosed in the valuation as at January 1, 2002, shall be equal to the present value of the special payments, before the application of actuarial gains pursuant to subparagraph (iii)(d), required to amortize the initial unfunded liability as determined by the Board's actuary and disclosed in the valuation as at January 1, 1998 (the "IUL amount"), and the increase in the going concern liabilities required to provide the benefits conferred by (iii)(a), (b) and (c) as determined by the Board's actuary as at January 1, 1998, (the "benefit cost amount"). The partners agree that, effective April 3, 2001, after recognition of plan changes adopted to that time, there remains $76 million in actuarial gains available to the OTF under subparagraph (iv). (Last amended March 5, 2002 - Effective April 2, 2001)

(b) In the event that the sum of the actuarial gains available to the OTF under subparagraph (iv) up to and including the actuarial gains disclosed in the valuation as at January 1, 2002 is less than the difference between the IUL amount and the benefit cost amount, all actuarial gains disclosed in any actuarial valuation for funding purposes subsequent to the valuation as at January 1, 2002, will be available for such benefit enhancements, member contribution rate reductions, or to be held in a contingency reserve, as determined by the OTF in its sole discretion, until the sum of the actuarial gains available to the OTF for such purposes equals the difference between the IUL amount and the benefit cost amount.

(c) In the event that the sum of the actuarial gains available to the OTF under subparagraph (iv) up to and including the actuarial gains disclosed in the valuation as at January 1, 2002 is less than the difference between the IUL amount and the benefit cost amount, the IUL settlement period shall be extended to the date that the sum of the actuarial gains available to the OTF under subparagraph (iv) and (v) equals the difference between the IUL amount and the benefit cost amount.

(vi) (a) Prior to April 1, 2001, if actuarial gains are available after provision has been made for (iii)(a) to (d), and the OTF wishes to apply such gains pursuant to subparagraph (iv) for benefit enhancements or member contribution rate reductions, the partners shall meet to determine the effective date for the implementation of such benefit enhancements or contribution rate reductions.

(b) Subsequent to April 1, 2001, the OTF may, at its sole discretion, determine when such benefit enhancements or contribution rate reductions, are to be implemented. The Minister agrees to waive his consent to the plan amendments necessary to implement such benefit enhancements or member contribution rate reductions, provided these amendments are not filed by the OTF prior to April 1, 2001. Pursuant to paragraphs 8 and 104 of this agreement, the partners agree that Schedule 1 shall be amended by the OTF, to implement such benefit enhancements or contribution rate reductions, and the OTF shall promptly deliver the amendment(s) to the Board, and the Board shall promptly file the amendment(s) with the Superintendent of Financial Services upon receipt of same from the OTF.

(vii) The Minister of Finance will continue to make special payments out of the Consolidated Revenue Fund in accordance with paragraph 55 of the agreement during the IUL settlement period until the obligation to make special payments on account of the initial unfunded liability is eliminated in accordance with this agreement. The amount of the special payments payable pursuant to this subparagraph shall be in accordance with the schedule of payments set out in Appendix H to the Report on the Actuarial Valuation for Funding Purposes for the plan as at January 1, 1996 ("Appendix H") until December 1, 2001, and in accordance with Schedule 2 subsequent to December 1, 2001, if the Minister of Finance continues to be obligated to make special payments on account of the initial unfunded liability beyond this date. If subsection 3(12) of Schedule 2 to the *Teachers' Pension Act* is applicable with respect to any actuarial gains disclosed in a valuation pursuant to subparagraph (ii), the Minister of Finance shall not exercise his discretion in subsection 3(12) of Schedule 2 to reduce the remaining special payments as set out in Appendix H, until the obligation of the Minister of Finance to make special payments on account of the initial unfunded liability is eliminated.

(viii)The issue raised in the "part-time leave" case pending before the Ontario Court of Appeal shall be referred to mediation by Mr. M. Stanley Beck. Mr. Beck will be asked to provide a non-binding opinion on the merits of the case by no later than July 15, 1998. The cost of the mediation pursuant to this subparagraph shall be paid from the fund.

(ix) The partners shall establish a committee to deal on a priority basis with accounting matters relating to joint pension plan sponsorship, and agree to contact the Public Sector Accounting and Auditing Board (PSAAB) to raise issues of concern to the partners. The committee shall report to the Partners by May 1, 1999. The reasonable costs of the committee shall be paid from the fund.

(x) Subject to any extension of the IUL settlement period pursuant to subparagraph (v), at the end of the IUL settlement period, the provisions of this agreement respecting the use of actuarial gains or losses, other than this paragraph 57a, will apply. The next triennial negotiation pursuant to paragraphs 73 to 101 will be based on the actuarial valuation for funding purposes as at January 1, 2002, unless the IUL settlement period is extended beyond this date, or the partners agree otherwise.

(xi) Any dispute regarding the interpretation, application, administration and implementation of the provisions in this paragraph 57a may be resolved in accordance with paragraph 14 of the agreement, and/or through such other proceedings as are otherwise available to either partner.

58. If the preliminary results of a valuation prepared for filing with the Financial Services Commission of Ontario as at a date after the 1st day of January, 1993 indicate a need to increase the contribution rate the partners agree to meet as soon as possible to discuss how to adjust for that need on an equally shared basis. If the partners cannot agree on how to adjust they will refer the issue to the mediation and arbitration procedures described elsewhere in this agreement to adjust the contribution rate and/or benefits. (Last amended November 15, 1993 - Effective November 15, 1993)

59. If the preliminary results of a valuation prepared for filing with the Financial Services Commission of Ontario as at a date after the 1st day of January, 1993 indicate that the contribution rate can be decreased the implicit actuarial gain disclosed by the valuation will be applied to reduce and, if possible, eliminate the payments required to liquidate any unamortized balance of a solvency deficiency. (Last amended November 15, 1993 - Effective November 15, 1993)

60. An implicit actuarial gain remaining after the elimination of a deficiency mentioned in paragraph 59, will be used to establish a contingency reserve in an amount agreed upon by the partners or for any of the following purposes upon which the partners have agreed or which an arbitrator has awarded.

(i) to reduce contributions which members and employers are required to pay, and/or

(ii) to improve benefits payable to members.

60a. The portion of the gain disclosed by the January 1, 1996 valuation remaining after the implementation of the benefit improvements contained in the December 30, 1996 arbitration award shall be placed in a contingency reserve called the Rate Stabilization Fund for the period January 1, 1996 to December 31, 1998. (Last amended February 20, 1997 - Effective January 1, 1996)

60b. The $76 million of actuarial gains that, effective April 3, 2001, remain available to the OTF under the subparagraph 57a (iv) shall be allocated to a contingency reserve until such time as the OTF, in its sole discretion, may determine, at which time such gains shall be used toward the provision of future benefit enhancements and/or member contribution rate reductions as determined by the OTF, in its sole discretion. (Last amended March 5, 2002 – Effective April 2, 2001)

60c. The portion of the actuarial surplus disclosed by the January 1, 2001 valuation that remains after providing for,

(a) the benefit improvements contained in the plan amendments dated April 2, 2001, and

(b) the contingency reserve pursuant to paragraph 60b,

shall be allocated to a contingency reserve called the Rate Stabilization Fund for the period January 1, 2001 to December 31, 2001, or until such later date agreed to by the partners. (Last amended March 5, 2002 – Effective April 2, 2001)

60d. The partners acknowledge that the $76 million referred to in paragraph 60b will be used towards reducing the additional contributions payable by active members in accordance with section 19 of Schedule 1 in 2008 from 3.1% to 2.3% and that this application will fully discharge the credit owing the Ontario Teachers' Federation under paragraph 60b. (Last amended December 21, 2006 – Effective January 1, 2007)

60e. The partners agree that $7 million shall be allocated to a contingency reserve, to the credit of the Minister, to reflect the additional $7 million that was used, in addition to the $76 million referred to in paragraph 60d, towards reducing the additional contributions payable by active members in accordance with section 19 of Schedule 1 in 2008 from 3.1% to 2.3%. (Last amended December 21, 2006 – Effective January 1, 2007)

61. The valuation as at January 1, 1992 that was prepared and provisionally filed with the Pension Commission of Ontario shall be considered invalid. (Last amended November 15, 1993 - Effective November 15, 1993)

62. The board will prepare a valuation of the plan as at the 1st day of January, 1993. (Last amended November 15, 1993 - Effective November 15, 1993)

63. A portion, in the amount of $1.2 billion, of the gain disclosed by the January 1, 1993 valuation is to be applied to reduce the Minister's scheduled special payments under Schedule 2 of the Act, in the period from January 1, 1993 until the entire amount is exhausted. (Last amended November 15, 1993 - Effective November 15, 1993)

64. A further portion, in the amounts of $200 million as at March 31, 1994 and $125 million as at March 31, 1995, of the gain disclosed by the January 1, 1993 valuation, is to be applied to reduce scheduled government payments to the plan on or before the 31st of March, 1995. (Last amended November 15, 1993 - Effective November 15, 1993)

65. The partners may authorize the use of an additional portion of the gains from the 1993 valuation to offset social contract targets for those members of the plan who are not covered by the Teachers' Sub-Sectoral Framework Agreement and who meet the set of principles agreed on by the partners: these gains will be allocated in the same proportion as members of the plan who are covered by the Teachers' Sub-Sectoral Agreement. (Last amended November 15, 1993 - Effective November 15, 1993)

66. Any residual portion of the gain disclosed by the January 1, 1993 valuation is to be placed in a contingency reserve for rate stabilization until at least January 1, 1996. (Last amended November 15, 1993 - Effective November 15, 1993)

67. Revoked. (Last amended November 15, 1993 - Effective November 15, 1993)

68. If a solvency valuation of the plan, conducted as at a date on or before the 1st day of January, 1996, discloses a solvency deficiency the contributions of members, the Minister and employers required to contribute to the fund under Schedule 1 will be adjusted in the following way.

(1) The members will during each of the fifteen years following the date of the solvency valuation contribute the members' contribution required under Schedule 1 plus an amount equal to "B" as defined in subparagraph (2).

(2) The Minister and employers will during each of the five years following the date of the solvency valuation contribute the Minister's and employers' contributions required under Schedule 1 plus an amount equal to,

$$A - B$$

where

"A" is equal to the amount of the annual payment required to amortize the solvency deficiency amortized over the five years following the date of the solvency valuation, and

"B" is equal to one half of the amount of the annual payment required to amortize the solvency deficiency over the fifteen years following the date of the solvency valuation.

(3) The Minister and employers will during each of the sixth through fifteenth years following the date of the solvency valuation contribute the contributions required of them under Schedule 1 less an amount equal to "B". (Last amended November 15, 1993 - Effective November 15, 1993)

69. If a solvency valuation of the plan, conducted as at a date after the 1st day of January, 1996, discloses a solvency deficiency the contributions of members, the Minister and employers required to contribute to the fund under Schedule 1 will be adjusted in the following way.

(1) The members will during each of the ten years following the date of the solvency valuation contribute the members' contribution required under Schedule 1 plus an amount equal to "B" as defined in subparagraph (2).

(2) The Minister and employers will during each of the five years following the date of the solvency valuation contribute the Minister's and employers' contributions required under Schedule 1 plus an amount equal to,

$$A - B$$

where

"A" is equal to the amount of the annual payment required to amortize the solvency deficiency amortized over the five years following the date of the solvency valuation, and

"B" is equal to one half of the amount of the annual payment required to amortize the solvency deficiency over the ten years following the date of the solvency valuation.

(3) The Minister and employers will during each of the sixth through tenth years following the date of the solvency valuation contribute the contributions required of them under Schedule 1 less an amount equal to "B". (Last amended November 15, 1993 - Effective November 15, 1993)

70. If a valuation done after one which showed a solvency deficiency discloses that there is no solvency deficiency or one that is less than would be expected based on the first valuation, the partners agree to adjust on an equally shared basis for any payments that have been made under paragraphs 68 or 69. (Last amended November 15, 1993 - Effective November 15, 1993)

71. Revoked. (Last amended November 15, 1993 - Effective November 15, 1993)

Triennial negotiation of changes to the plan

72. The Board will prepare a valuation of the plan as at the 1st day of January, 1996 as soon as possible after that date. This will be the valuation to be used for the first set of negotiations. (Last amended November 15, 1993 - Effective November 15, 1993)

73. The subject of the negotiations and of all subsequent triennial negotiations will be any of the matters referred to in paragraphs 8 and 12.

74. As soon as preliminary results of the valuation are available the partners will meet to bargain in good faith and make every reasonable effort to reach an agreement on the changes, if any, that will be made to the plan.

75. The partners will advise the Board what changes affecting benefits and contribution rates they are proposing and the Board will provide cost estimates and comments on the administrative impact of the changes to both partners as soon as possible.

76. There will be a manager of negotiations whose fees and expenses shall be paid by the fund. The manager will be appointed by agreement of the partners or if they cannot agree the Chief Executive Officer of the Board will act as manager. When the manager is appointed, the partners may give the manager any role in the negotiation process in addition to the role described in this agreement. (Last amended March 27, 1996 - Effective January 1, 1996)

77. At any time after the preliminary results of a valuation are available the partners may agree to appoint a mediator. The mediator will be chosen by the agreement of the partners or by a method to which they agree at that time.

78. If no agreement is reached on all proposed changes by the 1st day of May, 1996 and no mediator has been appointed by agreement the manager will appoint a mediator to mediate proposed changes to the contribution rate or benefits under the plan. The manager will do so by preparing a list of five persons willing to act as mediator and asking each partner to select three names from the list. The manager will appoint one of the persons chosen by both partners. (Last amended November 15, 1993 - Effective November 15, 1993)

79. Any proposed changes to the plan not involving the contribution rate or benefits which remain unresolved on the 1st day of May, 1996 will be referred to the Partners Committee established under paragraph 13. The Partners Committee will make every effort to resolve those issues referred to it. (Last amended November 15, 1993 - Effective November 15, 1993)

80. If the partners agree, the mediator may be appointed as a mediator/arbitrator in which case the appointee will decide on the process and time frame for conducting mediation/arbitration.

81. If the partners do not agree on mediation/arbitration the mediator will meet with them and try to mediate an agreement.

82. Within 30 days of appointment the mediator will prepare a confidential report setting out his or her views on the positions of the two partners and containing a recommendation. The report will be delivered to the partners.

83. The mediator may extend the deadline for delivering the report by 14 days if he or she is of the opinion that the partners are likely to reach an agreement during the extension.

84. If the partners do not accept the report within 14 days of its being delivered to them it will be destroyed and an arbitration board will be appointed.

85. At any time after a mediator has been appointed the partners may agree to appoint a board of arbitration.

86. If the partners agree to appoint a board of arbitration or if 14 days have passed since the mediator's report each partner will appoint one person to the board of arbitration and the two appointees will select a final member who will be the umpire.

87. This agreement together with a referral to a board of arbitration constitutes a submission under the *Arbitrations Act*, R.S.O. 1980, c. 25, as amended.

88. If the persons appointed by the partners to a board of arbitration do not appoint an umpire within 14 days of the appointment of the latter of them, the manager will prepare a list of five persons who are willing to act as umpire and ask each partner to select three names from the list. The manager will appoint as umpire one of the persons chosen by both partners.

89. The umpire will establish the procedure for conducting the arbitration but will allow each partner an opportunity to present evidence and make representations. The persons appointed by the partners will consult with the appointing partner during the arbitration.

90. The board of arbitration will hold a hearing within 30 days of its appointment and make an award within 60 days of the conclusion of the hearing. The board of arbitration will provide reasons for its award.

91. The board of arbitration in making an award will consider prevailing economic conditions and the overall state of the provincial economy.

92. The award made by the board of arbitration will,

(a) deal only with the contribution rate and/or benefits of the pension plan and otherwise maintain the plan as it is set out in Schedule 1,

(b) comply with the laws of Ontario,

(c) provide that the contributions of the Minister and those employers who are required to contribute are equal to the contributions of members,

(d) be based on the valuation of the plan and the costing of changes to benefits which were prepared by the Board,

(e) ensure that any increase in benefits is adequately funded,

(f) not impair the ability of the Board to fulfil its fiduciary responsibilities,

(g) if it includes benefit improvements, not provide for an increase in the contribution rate paid by plan members greater than .5% of pensionable salary,

provided that all such awards shall be subject to the limitations referred to in subparagraph EE(2). (Last amended March 26, 2003 – Effective January 1, 2003)

92.1 In the event that a board of arbitration is appointed pursuant to any provision of the agreement, other than paragraph 57a, to determine the application of actuarial gains disclosed in a valuation for funding purposes where a portion of the actuarial gains disclosed in such valuation is subject to the provisions of paragraph 57a, the board of arbitration shall not issue an award regarding that portion of the actuarial gains which is subject to the provisions of paragraph 57a. (Last amended May 27, 1998 - Effective April 18, 1998)

93. The board of arbitration will give the partners a copy of the award and reasons as soon as they are prepared.

94. The Board will prepare a final valuation of the plan which implements all of the changes to the plan which have been awarded or agreed to by the partners. The changes will take effect on the 1st day of January, 1997 or on such earlier date to which the partners have agreed. (Last amended November 15, 1993 - Effective November 15, 1993)

95. The final valuation will be filed with the Financial Services Commission of Ontario and Schedule 1 will be amended to reflect the changes agreed to and the award if any.

96. Every three years, after January 1, 1996, the process described in this section will be repeated unless the partners agree that no changes will be made to the plan. (Last amended November 15, 1993 - Effective November 15, 1993)

97. The manager and the umpire may agree to extend the timelines set out by this agreement if they think it will help the partners reach an agreement.

98. The partners may agree to change the procedure described in this agreement, either for one round of negotiations or for all future negotiations.

99. The costs of mediation and arbitration will be paid out of the fund. (Last amended March 27, 1996 - Effective January 1, 1996)

100. The mediator or the umpire may employ experts to assist her or him. The cost of employing experts will be shared equally by the partners. The mediator or umpire will consult with the partners about a reasonable budget for such costs.

101. Revoked. (Last amended March 26, 2003 – Effective January 1, 2003)

General

102. Schedule 1 to the *Teachers' Pension Plan, 1989* as amended is adopted by the partners as part of this agreement.

103. The partners agree that this agreement forms part of the plan documents of the pension plan and that they will file a copy of this agreement with the Pension Commission of Ontario.

104. The partners may at any time agree to change any of the provisions of Schedule 1. A change to Schedule 1 will be effected when it is filed with the Financial Services Commission of Ontario by the partners.

105. The partners will not make any change to Schedule 1 which is contrary to the laws of Ontario. Any change which is inconsistent will be void to the extent of the inconsistency.

106. Sections 116, 117, 118 and all of Part XII of Schedule 1 are revoked.

107. Revoked. (Last amended November 15, 1993 - Effective November 15, 1993)

108. The Board will print a new consolidation of Schedule 1 as soon as possible after any changes to it have been filed with the Financial Services Commission of Ontario.

109. The Minister will submit a copy of Schedule 1 and the annual report to the Lieutenant Governor in Council and lay it before the Assembly at the first opportunity after the report is prepared by the Board.

110. The partners agree that the Funding Management Policy attached hereto, and as amended from time to time, forms part of this agreement. (Last amended June 3, 2009 – Effective January 1, 2009)

July 15, 1991

APPENDIX "A"

Funding Management Policy

Article I. **Application**

Section 1.01 *Best Estimates Assumptions*: For the purposes of this Funding Management Policy, except as otherwise provided herein, the Board shall provide the required reports using the Board's best estimates assumptions including, in the case of the discount rate, a margin for adverse deviation. The Board's best estimate economic assumptions may be based on market data, smoothed data, the reference rate or the Board's expectation if the Board believes future experience may differ from market data. The Board's assumptions shall be used only if they would be consistent with accepted actuarial practice. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.02 *Escalated Adjustments Indices*: The Board shall also maintain indices to record escalated adjustments for post-2009 service. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.03 *Different Discount Rate*: If a preliminary valuation uses a discount rate lower than the restoration basis for valuations prepared under Article III and Article VI, lower than the temporary basis for valuations prepared under Article IV, or lower than the distribution basis for valuations prepared under Article V, then the Board shall notify the partners and the partners shall meet with the Board. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.04 *Exit Provision*: The provisions in Article II to Article IX shall expire twelve months after the notification referred to in Section 1.03 unless both partners otherwise notify the Board. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.05 This Funding Management Policy shall be applied as follows:

(a) *If there is a restoration basis excess when current contributions exceed basic contributions and/or current benefits are less than run-rate benefits, the excess can be used to reduce contributions and/or increase benefits in accordance with Article III*: If the results of a preliminary valuation, using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, satisfy the conditions in Section 3.04, then Section 3.05, Section 3.06, Section 3.07 and Section 3.08 shall apply;

(b) *If there is a restoration basis deficit using current contributions and current benefits, contributions must be increased and/or benefits must be reduced in accordance with Article III to eliminate the deficit*: If the results of a preliminary valuation, using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, satisfy the conditions in Section 3.09, then Section 3.10, Section 3.11, Section 3.12, Section 3.13, and Section 3.14 shall apply;

(c) *If there is a restoration basis excess when contributions are less than or equal to basic contributions and benefits are greater than or equal to run-rate benefits, prepare a temporary basis valuation in accordance with Article IV*: If the results of a preliminary valuation, using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, either:

(i) do not satisfy the conditions in either Section 3.04 or Section 3.09; or

(ii) satisfy the conditions in Section 3.04, and

1) the present value of revised benefits is equal to the present value of run-rate benefits, and

2) the present value of revised contributions is equal to the present value of basic contributions;

then the preliminary valuation shall be performed using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02;

(d) *Temporary and Distribution Basis Valuations*:

(i) *If there is a temporary basis excess, prepare a distribution basis valuation in accordance with Article V*: If the results of a preliminary valuation, using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02, satisfy the conditions in Section 4.03, then the preliminary valuation shall be performed using the distribution basis, the definitions in Section 5.01 and the proviso in Section 5.02, and

1) *If there is a distribution basis excess, the distribution basis excess can be used to make plan improvements in accordance with Article V*: if the results of that preliminary valuation satisfy the conditions in Section 5.03, then Article V shall apply;

2) *If there is a distribution basis deficit but a temporary basis excess, the temporary basis excess can be used to make temporary plan improvements in accordance with Article IV*: if the results of that preliminary valuation do not satisfy the conditions in Section 5.03, then the preliminary valuation shall be performed using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02, and Article IV shall apply;

(ii) *If there is a temporary basis deficit, the restoration basis valuation will apply in accordance with Article III*: If the results of a preliminary valuation, using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02, do not satisfy the conditions in Section 4.03, then the preliminary valuation shall be performed using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, and Section 3.05, Section 3.06, Section 3.07 and Section 3.08 shall apply;

(e) *Post-December 30, 2017 Valuations*: If the results of a preliminary valuation prepared as of a date after December 30, 2017, using the restoration basis and the definitions in Section 6.01, satisfy the conditions in Section 6.02, then Section 6.03 shall apply;

(f) *2013 Term Sheet Precedence*: The provisions of the 2013 Term Sheet shall take precedence over this Funding Management Policy. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.06 *Actions Subject to Pension Legislation*: Prior to the commitment of a surplus distribution or a contribution decrease, the partners shall ensure such distribution or contribution decrease is in accordance with the *Income Tax Act* (Canada), the *Pension Benefits Act* (Ontario) and their respective regulations. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.07 *Conditions on Temporary Improvements*: Any commitment to provide temporary improvements shall be made conditional on the results of a preliminary valuation for each year of the commitment period indicating that the conditions in Section 3.04(a) are met prior to and after such temporary improvement. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.08 *Headings*: Headings are underlined and are for convenience only and shall not affect the interpretation or meaning of any provision of this Funding Management Policy. (Last amended May 27, 2015 – Effective March 6, 2015)

Article II. **Definitions**

Section 2.01 For the purposes of this Funding Management Policy:

(a) "2013 Term Sheet" means the March 13, 2013 OTPP Term Sheet entered into by the partners;

(b) "basic contributions" are the contributions required by subsections 19(1) or (2) of Schedule 1 as it read on January 1, 2012;

(c) "commitment period" means the three-year period during which a temporary improvement is provided;

(d) "commitment value" means the present value of the portion of the temporary improvement value provided during the commitment period;

(e) "Consumer Price Index" means the Consumer Price Index for Canada as published by Statistics Canada under the authority of the *Statistics Act* (Canada);

(f) "CPI adjustment" means the ratio between 1.000 and 1.080 of the average for the Consumer Price Index over the last twelve months of the twenty-four-month period ending with the 30th day of September in the immediately preceding year to the average for the Consumer Price Index over the first twelve months of that period - 1. If the ratio would have been less than 1.000 or greater than 1.080, but for those limits, the difference shall be carried forward in a manner consistent with that set out in section 80 of Schedule 1;

(g) "current accumulated adjustment ratio" is an index maintained by the Board that begins with "1.000000" for 2010 and is the product of all current ratios for the years in the period commencing with 2010 and ending with the year prior to the year for which the current accumulated adjustment ratio is being determined. The index may differ in respect of service accrued before 2014 and service accrued after 2013 with both indices beginning with "1.000000" for 2010;

(h) "current benefits" are the pension benefits, current escalated adjustments and ancillary benefits calculated in accordance with Schedule 1 as it read at the current valuation date without taking into account any amendment made, or changes agreed to by the partners, on or after the current valuation date;

(i) "current contributions" are the contributions required by Schedule 1 as it read at the current valuation date without taking into account any amendment made on or after the current valuation date;

(j) "current escalated adjustments" are the escalated adjustments in respect of post-2009 service that were applied prior to the January 1st following the current valuation date and assumed thereafter at the rate set out in the most recent filed valuation;

(k) "current ratio", for a year, means 1 + the proportion of the CPI adjustment granted as agreed to by the partners, and as may have been revised from time to time, provided that the proportion shall not be less than 50% in respect of service accrued before 2014, but not including any revision agreed to by the partners in relation to the current valuation;

(l) "current valuation date" in respect of a valuation is the date provided in Section 7.01;

(m) "distribution basis" is the reference rate with a positive adjustment of 0.5% together with the Board's best estimate actuarial assumptions for all other factors;

(n) "freeze period" means the period from December 31, 2012 to December 30, 2017;

(o) "going concern liabilities" are the going concern liabilities within the meaning of Regulation 909 made under the *Pension Benefits Act* and must also include the present value of the pension benefits and escalated adjustments that both accrued prior to the valuation date and that will accrue on or after the valuation date to the persons who were members of the plan on the valuation date and the present value of the ancillary benefits for which the eligibility requirements will be satisfied on or after the valuation date by the persons who were members of the plan on the valuation date;

(p) "preliminary valuation" means a valuation referred to in Section 7.01;

(q) "reference rate" means the interest rate chosen by the Board representing the Government of Canada long bond yield (currently, CANSIM Series V39056 nominal and CANSIM Series V39057 real, or their reasonable respective replacements) that may be based on market data or smoothed data;

(r) "remaining amortization value" means the difference between the temporary improvement value and the commitment value;

(s) "restoration basis" is the reference rate with a positive adjustment of 1.55% together with the Board's best estimate actuarial assumptions for all other factors;

(t) "revised accumulated adjustment ratio" is an index maintained by the Board that begins with "1.000000" for 2010 and is the current accumulated adjustment ratio, as modified by an agreement between the partners to change the proportion of the CPI adjustment in respect of post-2009 service prior to the year following the current valuation date. The index may differ in respect of service accrued before 2014 and service accrued after 2013 with both indices beginning with "1.000000" for 2010;

(u) "revised benefits" are the current benefits including any amendment made, or changes agreed to by the partners, on or after the current valuation date based on that valuation;

(v) "revised contributions" are the current contributions including any amendment made on or after the current valuation date based on that valuation;

(w) "revised escalated adjustments" are the current escalated adjustments including any amendment made, or changes agreed to by the partners, on or after the current valuation date based on that valuation and assumed thereafter at the rate set out in that valuation;

(x) "run-rate accumulated adjustment ratio" is an index maintained by the Board that begins with "1.000000" for 2010 and is the product of all run-rate ratios for the years in the period commencing with 2010 and ending with the year prior to the year for which the run-rate accumulated adjustment ratio is being determined;

(y) "run-rate benefits" are the pension benefits, run-rate escalated adjustments and ancillary benefits calculated in accordance with Schedule 1 as it read on January 1, 2009, together with any benefits provided by amendments described in Article IX;

(z) "run-rate escalated adjustments" are the escalated adjustments in respect of post-2009 service that would have applied at the rate of 100% of the CPI adjustment prior to the January 1st following the current valuation date and that would be assumed thereafter at the rate of 100% of the CPI adjustment;

(aa) "run-rate ratio", for a year, means 1 + the CPI adjustment for the year;

(bb) "temporary basis" is the reference rate with a positive adjustment of 1.25% together with the Board's best estimate actuarial assumptions for all other factors;

(cc) "temporary improvement" means an improvement provided in accordance with Section 4.05;

(dd) "temporary improvement value" is the present value of a contribution decrease, a distribution of surplus and/or a benefit improvement that is amortized over a period of up to ten years, but is committed to for the duration of the commitment period only, provided that at the establishment of the commitment:

(i) the partners may elect an amortization period between three and ten years; and

(ii) for amortization periods of less than ten years, any temporary improvement for a given year shall be limited such that the present value of that given year's temporary improvement is not greater than the present value of basic contributions, calculated using the temporary basis, to be paid in the same year.

(Last amended May 27, 2015 – Effective March 6, 2015)

Article III. **Funding Zone - Restoration**

Section 3.01 *Definitions*. For the purposes of Article III, as at the current valuation date, using the restoration basis:

(a) "assets" are the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the *Pension Benefits Act*;

(b) "current liabilities" are the difference between

(i) the going concern liabilities calculated using current benefits, and

(ii) the present value of current contributions;

(c) "revised liabilities" are the difference between:

(i) the going concern liabilities calculated using revised benefits, and

(ii) the present value of revised contributions.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.02 *Restoration Basis Plus an Adjustment*: For the purposes of Article III, current liabilities and revised liabilities may be calculated as at the current valuation date using the restoration basis plus an adjustment. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.03 *CPI Adjustment*: For the purposes of Article III, and subject to a subsequently filed valuation, the proportion of the CPI adjustment for the period covered by the current valuation, in respect of each applicable period of service, will be the same for each year in that period and assumed at the same rate thereafter. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.04 *Restoration Basis Excess, but Basic Contributions and/or Run-Rate Benefits Not Restored*:

(a) If assets are greater than current liabilities; and

(b) if:

(i) the present value of current contributions is greater than the present value of basic contributions, or

(ii) the present value of current benefits is less than the present value of run-rate benefits, or

(iii) both (i) and (ii);

then Section 3.05, Section 3.06, Section 3.07 and Section 3.08 shall apply.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.05 *Restoration Basis Excess Report*: The Board shall report to the partners:

(a) the excess of assets over current liabilities; and

(b) the extent to which the excess can be used to provide the changes specified in Section 3.06.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.06 *Application of Restoration Basis Excess*: For purposes of clarity, excesses identified pursuant to Section 3.05 shall be applied in the following order, provided that the partners reserve the right to reconsider such application having regard to the contribution rate and benefits then in effect, prevailing economic circumstances and other relevant factors:

(a) *Bring Escalated Adjustments to 50% for Post-2013 Service*: to provide escalated adjustments up to 50% of the CPI adjustment in respect of service accrued after 2013 for the period covered by the valuation, and assumed thereafter at the same rate;

(b) *Bring Escalated Adjustments to 100%*: to provide escalated adjustments up to 100% of the CPI adjustment for the period covered by the valuation, and assumed thereafter at the same rate;

(c) *Restore Escalated Adjustments for Post-2013 Years*: to provide escalated adjustments to increase, to the extent possible, the current accumulated adjustment ratio for each year after 2013, to the current accumulated adjustment ratio for the period from 2010 to 2013, beginning with the first year in which current escalated adjustments were less than 50% of the run-rate escalated adjustments;

(d) *Restore Escalated Adjustments for Post-2009 Years*: to provide escalated adjustments to increase, to the extent possible, the current accumulated adjustment ratio for each year after 2009 to the run-rate accumulated adjustment ratio, beginning with the first year in which current escalated adjustments were less than run-rate escalated adjustments;

(e) *Provide Benefit Increases or Contribution Rate Reductions*: to provide the following:

(i) an increase in benefits, where the present value of current benefits is less than the present value of run-rate benefits,

(ii) a reduction in contribution rates, where the present value of current contributions exceeds the present value of basic contributions, or

(iii) a combination of (i) and (ii).

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.07 *Conditions on Application of Excess*: Subject to Section 3.06 and Section 3.08 or any mutual agreement to the contrary, the partners shall apply the excess of assets over current liabilities to change benefits, contributions, or both, provided that no change or amendment shall be made unless, after such change or amendment:

(a) assets are equal to or greater than revised liabilities;

(b) the revised accumulated adjustment ratio is equal to or less than the run-rate accumulated adjustment ratio;

(c) the revised accumulated adjustment ratio is equal to or greater than the current accumulated adjustment ratio;

(d) the present value of revised benefits is equal to or less than the greater of the present value of current benefits and the present value of run-rate benefits;

(e) the present value of revised benefits is equal to or greater than the lesser of the present value of current benefits and the present value of run-rate benefits;

(f) the present value of revised contributions is equal to or greater than the lesser of the present value of current contributions and the present value of basic contributions; and

(g) the present value of revised contributions is equal to or less than the greater of the present value of current contributions and the present value of basic contributions.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.08 *2013 Term Sheet Limits*: As set out in further detail in the 2013 Term Sheet, during the freeze period:

(a) The partners may provide escalated adjustments pursuant to Section 3.06(a), Section 3.06(b), Section 3.06(c) and Section 3.06(d) only if the assets are greater than 100% of the current liabilities and do not fall below 100% of the revised liabilities after the adjustment; and

(b) The partners may agree to improve benefits, or to restore benefits that were reduced during the freeze period, pursuant to Section 3.06(e) only if the net assets available for benefits (as such term is used in the preliminary valuations) are equal to or greater than 105% of the current liabilities and do not fall below 105% of the revised liabilities after the benefit improvement or restoration.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.09 *Restoration Basis Deficit*: If current liabilities are greater than assets, then Section 3.10, Section 3.11, Section 3.12, Section 3.13 and Section 3.14 shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.10 *Restoration Basis Deficit Report*: The Board shall report to the partners

(a) the excess of current liabilities over assets; and

(b) the amount required to change current benefits, current contributions, or both, to eliminate the excess referred to in Section 3.10(a) above, as requested by either partner.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.11 *Conditions on Elimination of Deficit*: Subject to Section 3.12 and Section 3.14, the partners may change benefits, contributions, or both, to eliminate the excess referred to in Section 3.10(a), provided that no change or amendment shall be made unless, after such change or amendment:

(a) assets are equal to or greater than revised liabilities; and

(b) revised member contributions shall be limited to 15% of pensionable salaries above the Year's Maximum Pensionable Earnings as prescribed under the *Canada Pension Plan*.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.12 *Restrictions on Benefit Reductions*: Current benefits shall not be reduced unless:

(a) the partners agree on the terms and conditions of any reduction in current benefits;

(b) the partners have entered into a written agreement governing the manner in which contributions by the Minister and the Employers will be adjusted to offset any reduction in benefits; and

(c) the revised accumulated adjustment ratio, in respect of each year, is equal to or greater than the current accumulated adjustment ratio for the year.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.13 *Restrictions on Contribution Increases*: Subject to Section 3.14, the partners have the authority to set the level of contributions that must be reached before current benefits are reduced below run-rate benefits, subject to the commitment that member contributions will not exceed 15% of pensionable salaries above the Year's Maximum Pensionable Earnings (as prescribed under the Canada Pension Plan). (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.14 *Further Restrictions on Contribution Increases*: As set out in further detail in the 2013 Term Sheet, during the freeze period there will be no employer contribution increases except as provided under the 2013 Term Sheet. (Last amended May 27, 2015 – Effective March 6, 2015)

Article IV. Funding Zone – Temporary Improvements

Section 4.01 *Definitions*: For the purposes of Article IV, as at the current valuation date, using the temporary basis:

(a) "assets" are either:

(i) the market value of net assets available to provide benefits as determined by the Board, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; or

(ii) the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act, if the excess of the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data.

(b) "current liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of current benefits and run-rate benefits, and

2) the present value of the lesser of current contributions and basic contributions;

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(c) "revised liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of revised benefits and run-rate benefits, and

2) the present value of revised contributions;

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year).

(d) The reference rate for purposes of determining the temporary basis is based on:

(i) market data, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; and

(ii) smoothed data, if the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.02 *Temporary Basis Plus an Adjustment*: For the purposes of Article IV, current liabilities and revised liabilities may be calculated as at the current valuation date using the temporary basis plus an adjustment. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.03 *Temporary Basis Excess*: If assets are greater than current liabilities, then Section 4.04, Section 4.05 and Section 4.06 shall apply, provided that no temporary improvements may be provided unless the partners have provided all of the changes specified in Section 3.06. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.04 *Temporary Basis Excess Report*: The Board shall report to the partners:

(a) the amount by which assets exceed current liabilities;

(b) the commitment value;

(c) the extent to which the commitment value can be used to provide a reduction to current contributions, beginning with the year following the year in which a preliminary valuation is filed and lasting for the commitment period;

(d) the extent to which the commitment value can be used to provide annual surplus distributions, beginning with the year following the year in which a preliminary valuation is filed and lasting for the commitment period;

(e) the extent to which the commitment value can be used to provide a temporary benefit improvement, beginning with the year following the year in which a preliminary valuation is filed and lasting for the commitment period; and

(f) the extent to which the commitment value can be used to provide a combination of Section 4.04(c), Section 4.04(d) and Section 4.04(e).

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.05 *Conditions on Application of Excess*: Subject to Article VI and Section 4.06, the partners may apply all or part of the commitment value to change temporarily current contributions, provide surplus distributions on a temporary basis, or provide a temporary benefit improvement, provided that no amendment shall be made unless, after such amendment, the excess of assets over revised liabilities is equal to or greater than zero. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.06 *Side Agreement*: The commitment value shall be used to provide a surplus distribution referred to in Section 4.04(d) or a temporary benefit improvement referred to in Section 4.04(e) only if the partners have entered into a written agreement governing the manner in which the contributions by the Minister and the Employers may be adjusted to offset any surplus distribution or temporary improvement of benefits that is reflected in the value of the liabilities. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.07 *Temporary Basis Deficit*: If assets are equal to or less than current liabilities, then Section 4.08 and Section 4.09 shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.08 *Temporary Basis Deficit Report*: The Board shall report to the partners the amount by which current liabilities exceed assets. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.09 *No Action on Temporary Basis and Return to Restoration Basis*: Subject to Article VI, the partners shall not provide new temporary improvements and Article III shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Article V. Funding Zone – Permanent Improvements

Section 5.01 *Definitions*: For the purposes of Article V, as at the current valuation date, using the distribution basis:

(a) "assets" are either:

(i) the market value of net assets available to provide benefits as determined by the Board, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; or

(ii) the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act, if the excess of the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data;

(b) "current liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of current benefits and run-rate benefits, and

2) the present value of the lesser of current contributions and basic contributions.

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(c) "current targeted funding amount" is 10% of current liabilities.

(d) "revised liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of revised benefits and run-rate benefits, and

2) the present value of revised contributions.

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(e) The reference rate for purposes of determining the distribution basis is based on:

(i) market data, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; and

(ii) smoothed data, if the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data;

(f) "revised targeted funding amount" is 10% of revised liabilities.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.02 *Distribution Basis Plus an Adjustment*: For the purposes of Article V, current liabilities and revised liabilities may be calculated as at the current valuation date using the distribution basis plus an adjustment. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.03 *Distribution Basis Excess*: If the excess of assets over current liabilities is greater than the current targeted funding amount, then Section 5.04 and Section 5.05 shall apply, provided that no changes pursuant to Section 5.05 may be provided unless the partners have provided all of the changes specified in Section 3.06. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.04 *Distribution Basis Excess Report*: The Board shall report to the partners:

(a) the amount by which assets minus current liabilities exceed the current targeted funding amount; and

(b) the amount required to change current benefits, current contributions, or both, as requested by either partner.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.05 *Conditions on Application of Excess*: Subject to Article VI, the partners may apply all or part of the amount by which assets minus current liabilities exceed the current targeted funding amount to change current benefits, current contributions, or both, provided that no amendment shall be made unless:

(a) after such amendment the excess of assets over revised liabilities is equal to or greater than the revised targeted funding amount; and

(b) the partners have entered into a written agreement governing the manner in which the contributions by the Minister and the Employers may be adjusted to offset any change in current benefits that is reflected in the value of the liabilities.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.06 *Distribution Basis Deficit*: If:

(a) the excess of assets over current liabilities is less than the current targeted funding amount;

(b) the present value of current contributions is equal to or less than the present value of basic contributions;

(c) the present value of current benefits is equal to or greater than the present value of run-rate benefits; and

(d) the current accumulated adjustment ratio is equal to the run-rate accumulated adjustment ratio;

then Section 5.07 and Section 5.08 shall apply.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.07 *Distribution Basis Deficit Report*: The Board shall report to the partners the amount by which assets minus current liabilities are less than the current targeted funding amount. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.08 *No Action on Distribution Basis and Return to Temporary Basis*: Subject to Article VI, the partners shall not apply, pursuant to this Article V, any part of the amount by which assets exceed current liabilities, and Article IV shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Article VI. Post December 30, 2017 Valuations

Section 6.01 *Definitions*: For the purposes of Article VI, as at the current valuation date, using the restoration basis:

(a) "assets" are the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the *Pension Benefits Act*;

(b) "current liabilities" are the difference between:

(i) the going concern liabilities calculated using current benefits, and

(ii) the present value of current contributions;

(c) "revised liabilities" are the difference between:

(i) the going concern liabilities calculated using revised benefits, and

(ii) the present value of revised contributions.

(Last amended May 27, 2015 - Effective March 6, 2015)

Section 6.02 *Post-2017 Excess*: Notwithstanding any other provision of this Funding Management Policy, as set out in further detail in the 2013 Term Sheet, after the end of the freeze period, if a valuation report with a valuation date after December 30, 2017 provides that assets are greater than current liabilities as at the date of the current valuation, then Section 6.03 shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 6.03 *2013 Term Sheet Provisions*:

(a) the OTF will have 'first call' on 100% of the value of the excess of the assets over the current liabilities (to take the form of "surplus credits") up to a cumulative total of the value of the lesser of:

(i) the value of the benefit reductions made during the freeze period, including the value of benefit reductions made in the January 1, 2012 valuation, but excluding: (1) the value of benefit reductions for which matching contributions are made by the Minister and the Employers, and (2) the value of benefit reductions relating to the removal and replacement of the remaining 50% guaranteed indexing with full conditional inflation protection for post-2013 service and the resulting change to the discount rate, and

(ii) the benefit reduction limit as calculated under the 2013 Term Sheet;

(b) if inflation protection is invoked below 50% during the freeze period, surplus credits will include an amount equal to the actual foregone pension payments during and after the freeze period that arise from the reduction in inflation protection invoked during the freeze period until such time as that inflation protection is restored at 50% or more during or after the freeze period; and

(c) the OTF may apply all or part of surplus credits to change current benefits, current contributions, or both, provided that no amendment shall be made unless assets are equal to or greater than revised liabilities after such amendment.

(Last amended May 27, 2015 – Effective March 6, 2015)

Article VII. Valuation Frequency and Timing

Section 7.01 The Board shall require the actuary to prepare a preliminary valuation of the plan as of January 1, 2003 and each January 1 thereafter and, in addition, on such other date as the partners mutually agree. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 7.02 Subject to the requirements of the *Pension Benefits Act*, the partners agree that valuations shall be filed with the Superintendent of Financial Services only by their mutual agreement. The partners shall direct the Board, no later than seven months following the valuation date, whether to file. No such filing shall affect the timing of triennial negotiations between the partners referred to in paragraph 96. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 7.03 The seven-month notice requirement referred to in Section 7.02 shall not apply to the January 1, 2005 valuation and shall not apply to the January 1, 2012 valuation. (Last amended May 27, 2015 – Effective March 6, 2015)

Article VIII. Arbitration

Section 8.01 Unless the partners mutually agree to the contrary, they shall follow the procedures described in paragraphs 74 to 100 when determining the plan changes arising from Section 3.07. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 8.02 The limitations on amendments set out in Section 3.07, Section 4.05, Section 4.06, Section 4.09, Section 5.05, and Section 5.08 shall apply to an award made by a board of arbitration pursuant to paragraph 92. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 8.03 Subject to the 2013 Term Sheet, nothing in Article II to Article IX affects the timing of the triennial negotiation, mediation and arbitration process referred to in paragraphs 72 to 100. (Last amended May 27, 2015 – Effective March 6, 2015)

Article IX. **Limitations**

Section 9.01 The limitations on amendments in this Funding Management Policy shall not apply to amendments:

(a) made pursuant to paragraphs 60b, 60d, or 60e;

(b) that are required to comply with provincial law or, where both partners agree, to maintain registration as a registered pension plan under the *Income Tax Act (Canada)*; or

(c) made by mutual agreement of the partners that do not increase liabilities by more than 0.5%.

(Last amended May 27, 2015 – Effective March 6, 2015)

ONTARIO TEACHERS' PENSION PLAN

AMENDMENT TO THE ONTARIO TEACHERS' PENSION PLAN

This is an agreement

BETWEEN

Her Majesty the Queen
in right of the Province of Ontario
as represented by the Minister of Education

(the "Minister")

and

The Ontario Teachers' Federation
as represented by its Executive

(the "OTF")

WHEREAS the Minister and the OTF (collectively the "Partners") have established a partnership to administer the Ontario Teachers' Pension Plan and Fund, pursuant to an agreement between the Partners dated July 15, 1991 (the "Partners' Agreement"); and

WHEREAS paragraph 104 of the Partners' Agreement provides that the Partners may at any time agree to change any of the provisions of the Ontario Teachers' Pension Plan being Schedule 1 to the *Teachers' Pension Act*, as amended (the "Plan"); and

WHEREAS the Plan was most recently amended on September 28, 2015; and

WHEREAS the Partners wish to amend the Plan further;

NOW THEREFORE the Partners agree as follows:

Re-employment

1. Effective September 1, 2010, subsection 46 (5) of the Plan is revoked and replaced with the following:

"Re-employed pensioner" limitation

46. (5) The term "re-employed pensioner" shall include a member who provides services, other than as a teacher, to a ministry of the Government of Ontario only if:

(a) the ministry is the Ministry of Education, and

(b) the member's retirement pension under the plan begins after September 1, 2010.

2. Effective September 1, 2010, subsection 46(6) of the Plan is amended by adding the words "Despite subsection 46(5)," at the beginning of the subsection.

3. Effective September 1, 2015, subsection 46 (6) of the Plan is revoked.

Her Majesty the Queen in right of the Province of Ontario as represented by the Minister of Education	The Ontario Teachers' Federation as represented by its Executive
Liz Sandals **Liz Sandals** Minister of Education	Francine LeBlanc-Lebel **Francine LeBlanc-Lebel** OTF President
Date: Nov 23/15	Date: Nov. 23, 2015

ONTARIO TEACHERS' PENSION PLAN

AMENDMENT TO THE ONTARIO TEACHERS' PENSION PLAN

This is an agreement

B E T W E E N

Her Majesty the Queen
in right of the Province of Ontario
as represented by the Minister of Education

(the "Minister")

and

The Ontario Teachers' Federation
as represented by its Executive

(the "OTF")

WHEREAS the Minister and the OTF (collectively the "Partners") have established a partnership to administer the Ontario Teachers' Pension Plan and Fund, pursuant to an agreement between the Partners dated July 15, 1991 (the "Partners' Agreement"); and

WHEREAS paragraph 104 of the Partners' Agreement provides that the Partners may at any time agree to change any of the provisions of the Ontario Teachers' Pension Plan being Schedule 1 to the *Teachers' Pension Act*, as amended (the "Plan"); and

WHEREAS the Plan was most recently amended on September 22, 2015;

WHEREAS the Partners wish to amend the Plan further;

NOW THEREFORE the Partners agree as follows:

WIND UP

1. Section 118a is added to the Plan:

Wind Up

118a. If the pension plan is wound up within the meaning of the *Pension Benefits Act*, the assets of the pension fund shall first be used to pay or satisfy properly incurred liabilities to creditors, following which the remaining assets of the pension fund shall be used to pay or satisfy the accrued benefit entitlements of members, former members, retired members and any other persons entitled to a benefit under the pension plan in respect of a member, former member, or retired member before any other distribution is made.

Effective on the date this agreement is countersigned by both Partners.

Her Majesty the Queen
in right of the Province of Ontario
as represented by the
Minister of Education

Liz Sandals
Minister of Education

Date: Sept 28/15

The Ontario Teachers' Federation
as represented by its Executive

Francine LeBlanc-Lebel

Francine LeBlanc-Lebel
OTF President

Date: 27 September, 2015

TEACHERS' PENSION PLAN

AMENDMENT TO THE TEACHERS' PENSION PLAN

This is an agreement

BETWEEN

Her Majesty the Queen
in right of the Province of Ontario
as represented by the Minister of Education

(the "Minister")

and

The Ontario Teachers' Federation
as represented by its Executive

(the "OTF")

WHEREAS the Minister and the OTF (collectively the "Partners") have established a partnership to administer the Ontario Teachers' Pension Plan and Fund, pursuant to an agreement between the Partners dated July 15, 1991 (the "Partners' Agreement"); and

WHEREAS paragraph 104 of the Partners' Agreement provides that the Partners may at any time agree to change any of the provisions of the Ontario Teachers' Pension Plan being Schedule 1 to the *Teachers' Pension Act*, as amended (the "Plan"); and

WHEREAS the Plan was most recently amended on July 21, 2014; and

WHEREAS the Partners wish to amend the Plan further;

NOW THEREFORE the Partners agree as follows:

Credit for Service

1. Effective April 20, 2015, subsection 10 (4) of the Plan is revoked and replaced with the following:

Limitation

10. (4) Except for periods of lockout or legal strike or the strikes declared illegal by the Ontario Labour Relations Board on May 26, 2015 for the following periods:
(a) Durham District School Board – April 20, 2015 - May 26, 2015
(b) Rainbow District School Board – April 27, 2015 - May 26, 2015
(c) Peel District School Board – May 4, 2015 - May26, 2015,
a person shall not receive credited service for employment unless contributions in respect of the employment are made by or on behalf of that person.

For Employment in Education

2. Effective April 20, 2015, subsection 96 (1) of the Plan is revoked and replaced with the following:

Absence re strike or lockout

96. (1) A member may contribute for days that the member is absent from employment in education for the purpose of participating in a legal strike or the strikes declared illegal by the Ontario Labour Relations Board on May 26, 2015 for the following periods:
(a) Durham District School Board – April 20, 2015 - May 26, 2015
(b) Rainbow District School Board – April 27, 2015 - May 26, 2015
(c) Peel District School Board – May 4, 2015 - May26, 2015,
or because of a lockout.

Her Majesty the Queen
in right of the Province of Ontario
as represented by the
Minister of Education

Liz Sandals

Liz Sandals
Minister of Education

Dated at Toronto this 22nd day
of September, 2015.

The Ontario Teachers' Federation
as represented by its Executive

Francine LeBlanc-Lebel

Francine LeBlanc-Lebel
OTF President

Dated at Toronto this ____ day
of ______________, 2015.

AMENDMENT TO THE TEACHERS' PENSION PLAN

This is an agreement

B E T W E E N

Her Majesty the Queen
in right of the Province of Ontario
as represented by the Minister of Education

(the "Minister")

and

The Ontario Teachers' Federation
as represented by its Executive

(the "OTF")

WHEREAS the Minister and the OTF (collectively the "Partners") have established a partnership to administer the Ontario Teachers' Pension Plan and Fund, pursuant to an agreement between the Partners dated July 15, 1991 (the "Partners' Agreement"); and

WHEREAS the Partners' Agreement was most recently amended on January 15, 2014; and

WHEREAS the Partners wish to amend the Partners' Agreement further;

NOW THEREFORE the Partners agree as follows:

The Board

1. Effective January 1, 2016, paragraphs 20 and 21 of the Partners' Agreement are revoked and replaced with the following:

   20. The Board will have a maximum of eleven members. The partners will each appoint five members.

   21. The eleventh member of the Board will be the Chair. The process for appointing a Chair is set out in the next section of this agreement.

Her Majesty the Queen
in right of the Province of Ontario
as represented by the
Minister of Education

Liz Sandals
Minister of Education

Dated at Toronto this 21st day
of May, 2015.

The Ontario Teachers' Federation
as represented by its Executive

Rian McLaughlin
OTF President

Dated at Toronto this 6 day
of May, 2015.

D - OTPP Funding Management Policy.pdf

APPENDIX "A"

Funding Management Policy

Article I. **Application**

Section 1.01 *Best Estimates Assumptions*: For the purposes of this Funding Management Policy, except as otherwise provided herein, the Board shall provide the required reports using the Board's best estimates assumptions including, in the case of the discount rate, a margin for adverse deviation. The Board's best estimate economic assumptions may be based on market data, smoothed data, the reference rate or the Board's expectation if the Board believes future experience may differ from market data. The Board's assumptions shall be used only if they would be consistent with accepted actuarial practice. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.02 *Escalated Adjustments Indices*: The Board shall also maintain indices to record escalated adjustments for post-2009 service. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.03 *Different Discount Rate*: If a preliminary valuation uses a discount rate lower than the restoration basis for valuations prepared under Article III and Article VI, lower than the temporary basis for valuations prepared under Article IV, or lower than the distribution basis for valuations prepared under Article V, then the Board shall notify the partners and the partners shall meet with the Board. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.04 *Exit Provision*: The provisions in Article II to Article IX shall expire twelve months after the notification referred to in Section 1.03 unless both partners otherwise notify the Board. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.05 This Funding Management Policy shall be applied as follows:

(a) *If there is a restoration basis excess when current contributions exceed basic contributions and/or current benefits are less than run-rate benefits, the excess can be used to reduce contributions and/or increase benefits in accordance with Article III*: If the results of a preliminary valuation, using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, satisfy the conditions in Section 3.04, then Section 3.05, Section 3.06, Section 3.07 and Section 3.08 shall apply;

(b) *If there is a restoration basis deficit using current contributions and current benefits, contributions must be increased and/or benefits must be reduced in accordance with Article III to eliminate the deficit*: If the results of a preliminary valuation, using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, satisfy the conditions in Section 3.09, then Section 3.10, Section 3.11, Section 3.12, Section 3.13, and Section 3.14 shall apply;

(c) *If there is a restoration basis excess when contributions are less than or equal to basic contributions and benefits are greater than or equal to run-rate benefits, prepare a temporary basis valuation in accordance with Article IV*: If the results of a preliminary valuation, using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, either:

   (i) do not satisfy the conditions in either Section 3.04 or Section 3.09; or

   (ii) satisfy the conditions in Section 3.04, and

      1) the present value of revised benefits is equal to the present value of run-rate benefits, and

      2) the present value of revised contributions is equal to the present value of basic contributions;

   then the preliminary valuation shall be performed using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02;

(d) *Temporary and Distribution Basis Valuations*:

(i) *If there is a temporary basis excess, prepare a distribution basis valuation in accordance with Article V*: If the results of a preliminary valuation, using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02, satisfy the conditions in Section 4.03, then the preliminary valuation shall be performed using the distribution basis, the definitions in Section 5.01 and the proviso in Section 5.02, and

1) *If there is a distribution basis excess, the distribution basis excess can be used to make plan improvements in accordance with Article V*: if the results of that preliminary valuation satisfy the conditions in Section 5.03, then Article V shall apply;

2) *If there is a distribution basis deficit but a temporary basis excess, the temporary basis excess can be used to make temporary plan improvements in accordance with Article IV*: if the results of that preliminary valuation do not satisfy the conditions in Section 5.03, then the preliminary valuation shall be performed using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02, and Article IV shall apply;

(ii) *If there is a temporary basis deficit, the restoration basis valuation will apply in accordance with Article III*: If the results of a preliminary valuation, using the temporary basis, the definitions in Section 4.01 and the proviso in Section 4.02, do not satisfy the conditions in Section 4.03, then the preliminary valuation shall be performed using the restoration basis, the definitions in Section 3.01 and the provisos in Section 3.02 and Section 3.03, and Section 3.05, Section 3.06, Section 3.07 and Section 3.08 shall apply;

(e) *Post-December 30, 2017 Valuations*: If the results of a preliminary valuation prepared as of a date after December 30, 2017, using the restoration basis and the definitions in Section 6.01, satisfy the conditions in Section 6.02, then Section 6.03 shall apply;

(f) *2013 Term Sheet Precedence*: The provisions of the 2013 Term Sheet shall take precedence over this Funding Management Policy. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.06 *Actions Subject to Pension Legislation*: Prior to the commitment of a surplus distribution or a contribution decrease, the partners shall ensure such distribution or contribution decrease is in accordance with the *Income Tax Act* (Canada), the *Pension Benefits Act* (Ontario) and their respective regulations. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.07 *Conditions on Temporary Improvements*: Any commitment to provide temporary improvements shall be made conditional on the results of a preliminary valuation for each year of the commitment period indicating that the conditions in Section 3.04(a) are met prior to and after such temporary improvement. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 1.08 *Headings*: Headings are underlined and are for convenience only and shall not affect the interpretation or meaning of any provision of this Funding Management Policy. (Last amended May 27, 2015 – Effective March 6, 2015)

Article II. Definitions

Section 2.01 For the purposes of this Funding Management Policy:

(a) "2013 Term Sheet" means the March 13, 2013 OTPP Term Sheet entered into by the partners;

(b) "basic contributions" are the contributions required by subsections 19(1) or (2) of Schedule 1 as it read on January 1, 2012;

(c) "commitment period" means the three-year period during which a temporary improvement is provided;

(d) "commitment value" means the present value of the portion of the temporary improvement value provided during the commitment period;

(e) "Consumer Price Index" means the Consumer Price Index for Canada as published by Statistics Canada under the authority of the *Statistics Act* (Canada);

(f) "CPI adjustment" means the ratio between 1.000 and 1.080 of the average for the Consumer Price Index over the last twelve months of the twenty-four-month period ending with the 30th day of September in the immediately preceding year to the average for the Consumer Price Index over the first twelve months of that period - 1. If the ratio would have been less than 1.000 or greater than 1.080, but for those limits, the difference shall be carried forward in a manner consistent with that set out in section 80 of Schedule 1;

(g) "current accumulated adjustment ratio" is an index maintained by the Board that begins with "1.000000" for 2010 and is the product of all current ratios for the years in the period commencing with 2010 and ending with the year prior to the year for which the current accumulated adjustment ratio is being determined. The index may differ in respect of service accrued before 2014 and service accrued after 2013 with both indices beginning with "1.000000" for 2010;

(h) "current benefits" are the pension benefits, current escalated adjustments and ancillary benefits calculated in accordance with Schedule 1 as it read at the current valuation date without taking into account any amendment made, or changes agreed to by the partners, on or after the current valuation date;

(i) "current contributions" are the contributions required by Schedule 1 as it read at the current valuation date without taking into account any amendment made on or after the current valuation date;

(j) "current escalated adjustments" are the escalated adjustments in respect of post-2009 service that were applied prior to the January 1st following the current valuation date and assumed thereafter at the rate set out in the most recent filed valuation;

(k) "current ratio", for a year, means 1 + the proportion of the CPI adjustment granted as agreed to by the partners, and as may have been revised from time to time, provided that the proportion shall not be less than 50% in respect of service accrued before 2014, but not including any revision agreed to by the partners in relation to the current valuation;

(l) "current valuation date" in respect of a valuation is the date provided in Section 7.01;

(m) "distribution basis" is the reference rate with a positive adjustment of 0.5% together with the Board's best estimate actuarial assumptions for all other factors;

(n) "freeze period" means the period from December 31, 2012 to December 30, 2017;

(o) "going concern liabilities" are the going concern liabilities within the meaning of Regulation 909 made under the *Pension Benefits Act* and must also include the present value of the pension benefits and escalated adjustments that both accrued prior to the valuation date and that will accrue on or after the valuation date to the persons who were members of the plan on the valuation date and the present value of the ancillary benefits for which the eligibility requirements will be satisfied on or after the valuation date by the persons who were members of the plan on the valuation date;

(p) "preliminary valuation" means a valuation referred to in Section 7.01;

(q) "reference rate" means the interest rate chosen by the Board representing the Government of Canada long bond yield (currently, CANSIM Series V39056 nominal and CANSIM Series V39057 real, or their reasonable respective replacements) that may be based on market data or smoothed data;

(r) "remaining amortization value" means the difference between the temporary improvement value and the commitment value;

(s) "restoration basis" is the reference rate with a positive adjustment of 1.55% together with the Board's best estimate actuarial assumptions for all other factors;

(t) "revised accumulated adjustment ratio" is an index maintained by the Board that begins with "1.000000" for 2010 and is the current accumulated adjustment ratio, as modified by an agreement between the partners to change the proportion of the CPI adjustment in respect of post-2009 service prior to the year following the current valuation date. The index may differ in respect of service accrued before 2014 and service accrued after 2013 with both indices beginning with "1.000000" for 2010;

(u) "revised benefits" are the current benefits including any amendment made, or changes agreed to by the partners, on or after the current valuation date based on that valuation;

(v) "revised contributions" are the current contributions including any amendment made on or after the current valuation date based on that valuation;

(w) "revised escalated adjustments" are the current escalated adjustments including any amendment made, or changes agreed to by the partners, on or after the current valuation date based on that valuation and assumed thereafter at the rate set out in that valuation;

(x) "run-rate accumulated adjustment ratio" is an index maintained by the Board that begins with "1.000000" for 2010 and is the product of all run-rate ratios for the years in the period commencing with 2010 and ending with the year prior to the year for which the run-rate accumulated adjustment ratio is being determined;

(y) "run-rate benefits" are the pension benefits, run-rate escalated adjustments and ancillary benefits calculated in accordance with Schedule 1 as it read on January 1, 2009, together with any benefits provided by amendments described in Article IX;

(z) "run-rate escalated adjustments" are the escalated adjustments in respect of post-2009 service that would have applied at the rate of 100% of the CPI adjustment prior to the January 1st following the current valuation date and that would be assumed thereafter at the rate of 100% of the CPI adjustment;

(aa) "run-rate ratio", for a year, means 1 + the CPI adjustment for the year;

(bb) "temporary basis" is the reference rate with a positive adjustment of 1.25% together with the Board's best estimate actuarial assumptions for all other factors;

(cc) "temporary improvement" means an improvement provided in accordance with Section 4.05;

(dd) "temporary improvement value" is the present value of a contribution decrease, a distribution of surplus and/or a benefit improvement that is amortized over a period of up to ten years, but is committed to for the duration of the commitment period only, provided that at the establishment of the commitment:

(i) the partners may elect an amortization period between three and ten years; and

(ii) for amortization periods of less than ten years, any temporary improvement for a given year shall be limited such that the present value of that given year's temporary improvement is not greater than the present value of basic contributions, calculated using the temporary basis, to be paid in the same year.

(Last amended May 27, 2015 – Effective March 6, 2015)

Article III. __Funding Zone - Restoration__

Section 3.01 *__Definitions__*: For the purposes of Article III, as at the current valuation date, using the restoration basis:

(a) "assets" are the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the *Pension Benefits Act*.

(b) "current liabilities" are the difference between:

(i) the going concern liabilities calculated using current benefits, and

(ii) the present value of current contributions;

(c) "revised liabilities" are the difference between:

(i) the going concern liabilities calculated using revised benefits, and

(ii) the present value of revised contributions.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.02 *Restoration Basis Plus an Adjustment*: For the purposes of Article III, current liabilities and revised liabilities may be calculated as at the current valuation date using the restoration basis plus an adjustment. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.03 *CPI Adjustment*: For the purposes of Article III, and subject to a subsequently filed valuation, the proportion of the CPI adjustment for the period covered by the current valuation, in respect of each applicable period of service, will be the same for each year in that period and assumed at the same rate thereafter. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.04 *Restoration Basis Excess, but Basic Contributions and/or Run-Rate Benefits Not Restored*:

(a) If assets are greater than current liabilities, and

(b) if:

(i) the present value of current contributions is greater than the present value of basic contributions, or

(ii) the present value of current benefits is less than the present value of run-rate benefits, or

(iii) both (i) and (ii),

then Section 3.05, Section 3.06, Section 3.07 and Section 3.08 shall apply.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.05 *Restoration Basis Excess Report*: The Board shall report to the partners:

(a) the excess of assets over current liabilities; and

(b) the extent to which the excess can be used to provide the changes specified in Section 3.06.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.06 *Application of Restoration Basis Excess*: For purposes of clarity, excesses identified pursuant to Section 3.05 shall be applied in the following order, provided that the partners reserve the right to reconsider such application having regard to the contribution rate and benefits then in effect, prevailing economic circumstances and other relevant factors:

(a) *Bring Escalated Adjustments to 50% for Post-2013 Service*: to provide escalated adjustments up to 50% of the CPI adjustment in respect of service accrued after 2013 for the period covered by the valuation, and assumed thereafter at the same rate;

(b) *Bring Escalated Adjustments to 100%*: to provide escalated adjustments up to 100% of the CPI adjustment for the period covered by the valuation, and assumed thereafter at the same rate;

(c) *Restore Escalated Adjustments for Post-2013 Years*: to provide escalated adjustments to increase, to the extent possible, the current accumulated adjustment ratio for each year after 2013, to the current accumulated adjustment ratio for the period from 2010 to 2013, beginning with the first year in which current escalated adjustments were less than 50% of the run-rate escalated adjustments;

(d) *Restore Escalated Adjustments for Post-2009 Years*: to provide escalated adjustments to increase, to the extent possible, the current accumulated adjustment ratio for each year after 2009 to the run-rate accumulated adjustment ratio, beginning with the first year in which current escalated adjustments were less than run-rate escalated adjustments;

(e) *Provide Benefit Increases or Contribution Rate Reductions*: to provide the following:

(i) an increase in benefits, where the present value of current benefits is less than the present value of run-rate benefits,

(ii) a reduction in contribution rates, where the present value of current contributions exceeds the present value of basic contributions, or

(iii) a combination of (i) and (ii).

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.07 *Conditions on Application of Excess*: Subject to Section 3.06 and Section 3.08 or any mutual agreement to the contrary, the partners shall apply the excess of assets over current liabilities to change benefits, contributions, or both, provided that no change or amendment shall be made unless, after such change or amendment:

(a) assets are equal to or greater than revised liabilities;

(b) the revised accumulated adjustment ratio is equal to or less than the run-rate accumulated adjustment ratio;

(c) the revised accumulated adjustment ratio is equal to or greater than the current accumulated adjustment ratio;

(d) the present value of revised benefits is equal to or less than the greater of the present value of current benefits and the present value of run-rate benefits;

(e) the present value of revised benefits is equal to or greater than the lesser of the present value of current benefits and the present value of run-rate benefits;

(f) the present value of revised contributions is equal to or greater than the lesser of the present value of current contributions and the present value of basic contributions; and

(g) the present value of revised contributions is equal to or less than the greater of the present value of current contributions and the present value of basic contributions.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.08 *2013 Term Sheet Limits*: As set out in further detail in the 2013 Term Sheet, during the freeze period:

(a) The partners may provide escalated adjustments pursuant to Section 3.06(a), Section 3.06(b), Section 3.06(c) and Section 3.06(d) only if the assets are greater than 100% of the current liabilities and do not fall below 100% of the revised liabilities after the adjustment; and

(b) The partners may agree to improve benefits, or to restore benefits that were reduced during the freeze period, pursuant to Section 3.06(e) only if the net assets available for benefits (as such term is used in the preliminary valuations) are equal to or greater than 105% of the current liabilities and do not fall below 105% of the revised liabilities after the benefit improvement or restoration.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.09 *Restoration Basis Deficit*: If current liabilities are greater than assets, then Section 3.10, Section 3.11, Section 3.12, Section 3.13 and Section 3.14 shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.10 *Restoration Basis Deficit Report*: The Board shall report to the partners:

(a) the excess of current liabilities over assets, and

(b) the amount required to change current benefits, current contributions, or both, to eliminate the excess referred to in Section 3.10(a) above, as requested by either partner.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.11 *Conditions on Elimination of Deficit*: Subject to Section 3.12 and Section 3.14, the partners may change benefits, contributions, or both, to eliminate the excess referred to in Section 3.10(a), provided that no change or amendment shall be made unless, after such change or amendment:

(a) assets are equal to or greater than revised liabilities; and

(b) revised member contributions shall be limited to 15% of pensionable salaries above the Year's Maximum Pensionable Earnings as prescribed under the *Canada Pension Plan*

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.12 *Restrictions on Benefit Reductions*: Current benefits shall not be reduced unless:

(a) the partners agree on the terms and conditions of any reduction in current benefits;

(b) the partners have entered into a written agreement governing the manner in which contributions by the Minister and the Employers will be adjusted to offset any reduction in benefits; and

(c) the revised accumulated adjustment ratio, in respect of each year, is equal to or greater than the current accumulated adjustment ratio for the year.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.13 *Restrictions on Contribution Increases*: Subject to Section 3.14, the partners have the authority to set the level of contributions that must be reached before current benefits are reduced below run-rate benefits, subject to the commitment that member contributions will not exceed 15% of pensionable salaries above the Year's Maximum Pensionable Earnings (as prescribed under the Canada Pension Plan). (Last amended May 27, 2015 – Effective March 6, 2015)

Section 3.14 *Further Restrictions on Contribution Increases*: As set out in further detail in the 2013 Term Sheet, during the freeze period there will be no employer contribution increases except as provided under the 2013 Term Sheet. (Last amended May 27, 2015 – Effective March 6, 2015)

Article IV. Funding Zone – Temporary Improvements

Section 4.01 *Definitions*: For the purposes of Article IV, as at the current valuation date, using the temporary basis:

(a) "assets" are either:

(i) the market value of net assets available to provide benefits as determined by the Board, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; or

(ii) the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act, if the excess of the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data;

(b) "current liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of current benefits and run-rate benefits, and

2) the present value of the lesser of current contributions and basic contributions;

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(c) "revised liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of revised benefits and run-rate benefits, and

2) the present value of revised contributions;

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(d) The reference rate for purposes of determining the temporary basis is based on:

(i) market data, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; and

(ii) smoothed data, if the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.02 *Temporary Basis Plus an Adjustment*: For the purposes of Article IV, current liabilities and revised liabilities may be calculated as at the current valuation date using the temporary basis plus an adjustment. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.03 *Temporary Basis Excess*: If assets are greater than current liabilities, then Section 4.04, Section 4.05 and Section 4.06 shall apply, provided that no temporary improvements may be provided unless the partners have provided all of the changes specified in Section 3.06. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.04 *Temporary Basis Excess Report*: The Board shall report to the partners:

(a) the amount by which assets exceed current liabilities;

(b) the commitment value;

(c) the extent to which the commitment value can be used to provide a reduction to current contributions, beginning with the year following the year in which a preliminary valuation is filed and lasting for the commitment period;

(d) the extent to which the commitment value can be used to provide annual surplus distributions, beginning with the year following the year in which a preliminary valuation is filed and lasting for the commitment period;

(e) the extent to which the commitment value can be used to provide a temporary benefit improvement, beginning with the year following the year in which a preliminary valuation is filed and lasting for the commitment period; and

(f) the extent to which the commitment value can be used to provide a combination of Section 4.04(c), Section 4.04(d) and Section 4.04(e).

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.05 <u>*Conditions on Application of Excess*</u>: Subject to Article VI and Section 4.06, the partners may apply all or part of the commitment value to change temporarily current contributions, provide surplus distributions on a temporary basis, or provide a temporary benefit improvement, provided that no amendment shall be made unless, after such amendment, the excess of assets over revised liabilities is equal to or greater than zero. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.06 <u>*Side Agreement*</u>: The commitment value shall be used to provide a surplus distribution referred to in Section 4.04(d) or a temporary benefit improvement referred to in Section 4.04(e) only if the partners have entered into a written agreement governing the manner in which the contributions by the Minister and the Employers may be adjusted to offset any surplus distribution or temporary improvement of benefits that is reflected in the value of the liabilities. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.07 <u>*Temporary Basis Deficit*</u>: If assets are equal to or less than current liabilities, then Section 4.08 and Section 4.09 shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.08 <u>*Temporary Basis Deficit Report*</u>: The Board shall report to the partners the amount by which current liabilities exceed assets. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 4.09 <u>*No Action on Temporary Basis and Return to Restoration Basis*</u>: Subject to Article VI, the partners shall not provide new temporary improvements and Article III shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Article V. <u>**Funding Zone – Permanent Improvements**</u>

Section 5.01 <u>*Definitions*</u>: For the purposes of Article V, as at the current valuation date, using the distribution basis:

(a) "assets" are either:

(i) the market value of net assets available to provide benefits as determined by the Board, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; or

(ii) the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act, if the excess of the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data;

(b) "current liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of current benefits and run-rate benefits, and

2) the present value of the lesser of current contributions and basic contributions,

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(c) "current targeted funding amount" is 10% of current liabilities;

(d) "revised liabilities" are the sum of:

(i) the difference between:

1) the going concern liabilities calculated using the greater of revised benefits and run-rate benefits, and

2) the present value of revised contributions;

and

(ii) the remaining amortization value (equal to zero with respect to a particular commitment period if, as of the valuation date, the payment in respect of the last year of a commitment period will be paid in that year);

(e) The reference rate for purposes of determining the distribution basis is based on:

(i) market data, if the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data is less than the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data; and

(ii) smoothed data, if the excess of the assets in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the Pension Benefits Act over current liabilities calculated using a reference rate based on smoothed data is less than the excess of the market value of net assets available to provide benefits over current liabilities calculated using a reference rate based on market data;

(f) "revised targeted funding amount" is 10% of revised liabilities.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.02 *__Distribution Basis Plus an Adjustment__*: For the purposes of Article V, current liabilities and revised liabilities may be calculated as at the current valuation date using the distribution basis plus an adjustment. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.03 *__Distribution Basis Excess__*: If the excess of assets over current liabilities is greater than the current targeted funding amount, then Section 5.04 and Section 5.05 shall apply, provided that no changes pursuant to Section 5.05 may be provided unless the partners have provided all of the changes specified in Section 3.06. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.04 *__Distribution Basis Excess Report__*: The Board shall report to the partners:

(a) the amount by which assets minus current liabilities exceed the current targeted funding amount; and

(b) the amount required to change current benefits, current contributions, or both, as requested by either partner.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.05 *Conditions on Application of Excess*: Subject to Article VI, the partners may apply all or part of the amount by which assets minus current liabilities exceed the current targeted funding amount to change current benefits, current contributions, or both, provided that no amendment shall be made unless:

(a) after such amendment the excess of assets over revised liabilities is equal to or greater than the revised targeted funding amount; and

(b) the partners have entered into a written agreement governing the manner in which the contributions by the Minister and the Employers may be adjusted to offset any change in current benefits that is reflected in the value of the liabilities.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.06 *Distribution Basis Deficit*: If:

(a) the excess of assets over current liabilities is less than the current targeted funding amount;

(b) the present value of current contributions is equal to or less than the present value of basic contributions;

(c) the present value of current benefits is equal to or greater than the present value of run-rate benefits; and

(d) the current accumulated adjustment ratio is equal to the run-rate accumulated adjustment ratio;

then Section 5.07 and Section 5.08 shall apply.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.07 *Distribution Basis Deficit Report*: The Board shall report to the partners the amount by which assets minus current liabilities are less than the current targeted funding amount. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 5.08 *No Action on Distribution Basis and Return to Temporary Basis*: Subject to Article VI, the partners shall not apply, pursuant to this Article V, any part of the amount by which assets exceed current liabilities, and Article IV shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Article VI. Post December 30, 2017 Valuations

Section 6.01 *Definitions*: For the purposes of Article VI, as at the current valuation date, using the restoration basis:

(a) "assets" are the assets described in paragraph (a) of the definition of "going concern assets" in Regulation 909 made under the *Pension Benefits Act*;

(b) "current liabilities" are the difference between:

(i) the going concern liabilities calculated using current benefits, and

(ii) the present value of current contributions;

(c) "revised liabilities" are the difference between:

(i) the going concern liabilities calculated using revised benefits, and

(ii) the present value of revised contributions.

(Last amended May 27, 2015 – Effective March 6, 2015)

Section 6.02 *Post-2017 Excess*: Notwithstanding any other provision of this Funding Management Policy, as set out in further detail in the 2013 Term Sheet, after the end of the freeze period, if a valuation report with a valuation date after December 30, 2017 provides that assets are greater than current liabilities as at the date of the current valuation, then Section 6.03 shall apply. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 6.03 *2013 Term Sheet Provisions*:

(a) the OTF will have 'first call' on 100% of the value of the excess of the assets over the current liabilities (to take the form of "surplus credits") up to a cumulative total of the value of the lesser of:

(i) the value of the benefit reductions made during the freeze period, including the value of benefit reductions made in the January 1, 2012 valuation, but excluding: (1) the value of benefit reductions for which matching contributions are made by the Minister and the Employers, and (2) the value of benefit reductions relating to the removal and replacement of the remaining 50% guaranteed indexing with full conditional inflation protection for post-2013 service and the resulting change to the discount rate, and

(ii) the benefit reduction limit as calculated under the 2013 Term Sheet;

(b) if inflation protection is invoked below 50% during the freeze period, surplus credits will include an amount equal to the actual foregone pension payments during and after the freeze period that arise from the reduction in inflation protection invoked during the freeze period until such time as that inflation protection is restored at 50% or more during or after the freeze period; and

(c) the OTF may apply all or part of surplus credits to change current benefits, current contributions, or both, provided that no amendment shall be made unless assets are equal to or greater than revised liabilities after such amendment.

(Last amended May 27, 2015 – Effective March 6, 2015)

Article VII. Valuation Frequency and Timing

Section 7.01 The Board shall require the actuary to prepare a preliminary valuation of the plan as of January 1, 2003 and each January 1 thereafter and, in addition, on such other date as the partners mutually agree. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 7.02 Subject to the requirements of the *Pension Benefits Act*, the partners agree that valuations shall be filed with the Superintendent of Financial Services only by their mutual agreement. The partners shall direct the Board, no later than seven months following the valuation date, whether to file. No such filing shall affect the timing of triennial negotiations between the partners referred to in paragraph 96. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 7.03 The seven-month notice requirement referred to in Section 7.02 shall not apply to the January 1, 2005 valuation and shall not apply to the January 1, 2012 valuation. (Last amended May 27, 2015 – Effective March 6, 2015)

Article VIII. Arbitration

Section 8.01 Unless the partners mutually agree to the contrary, they shall follow the procedures described in paragraphs 74 to 100 when determining the plan changes arising from Section 3.07. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 8.02 The limitations on amendments set out in Section 3.07, Section 4.05, Section 4.06, Section 4.09, Section 5.05, and Section 5.08 shall apply to an award made by a board of arbitration pursuant to paragraph 92. (Last amended May 27, 2015 – Effective March 6, 2015)

Section 8.03 Subject to the 2013 Term Sheet, nothing in Article II to Article IX affects the timing of the triennial negotiation, mediation and arbitration process referred to in paragraphs 72 to 100. (Last amended May 27, 2015 – Effective March 6, 2015)

Article IX. **Limitations**

Section 9.01 The limitations on amendments in this Funding Management Policy shall not apply to amendments:

(a) made pursuant to paragraphs 60b, 60d, or 60e;

(b) that are required to comply with provincial law or, where both partners agree, to maintain registration as a registered pension plan under the *Income Tax Act (Canada)*; or

(c) made by mutual agreement of the partners that do not increase liabilities by more than 0.5%.

(Last amended May 27, 2015 – Effective March 6, 2015)

E - Agreement between EDU and OTF re Sept 1416 announcement.pdf

Ontario

OTF FEO

Ministry of Education
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Ministère de l'Éducation
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Ontario Teachers' Federation
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Federation des enseignantes
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Toronto ON M4T 1X3

August 8, 2016

Ron Mock
President and CEO
Ontario Teachers' Pension Plan
5650 Yonge Street
Toronto, ON M2M 4H5

Dear Ron Mock:

Re: Filing of the January 2016 Plan Valuation

The preliminary valuation of the Ontario Teachers' Pension Plan ("the Plan") as at January 1, 2016 indicates that the Plan has a going concern surplus of approximately $13 Billion. Although this valuation is not required to be filed with the Financial Services Commission of Ontario, the Partners have decided that it would be to our mutual advantage to do so.

On account of the surplus and in keeping with the commitment made to Plan members when conditional inflation protection was introduced, we propose that for post-2009 service, inflation protection should be raised to 90 percent starting with the January 1, 2017 adjustment. Further, we propose to restore pensions to the level that would have been payable if full inflation protection had been provided since retirement, also effective January 1, 2017. It is our understanding that both of these measures can be taken within the framework of the available surplus funds.

We request that you instruct the Plan Actuary to prepare a revised valuation based on the Plan amendments outlined above so that this valuation may be filed with the regulator in accordance with the relevant regulations.

We are most grateful to you and your staff for your assistance in filing this valuation.

Yours sincerely,

Francine LeBlanc-Lebel
President
Ontario Teachers' Federation

Nancy Matthews
Deputy Minister
Ministry of Education

FLL/NM/am

Ministry of Education

Mowat Block
Queen's Park
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Ministère de l'Éducation

Édifice Mowat
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Ontario

MEMORANDUM TO:	The Honourable Mitzie Hunter Minister of Education
THROUGH:	Nancy Matthews Deputy Minister
FROM:	Gabriel F. Sékaly Assistant Deputy Minister Financial Policy and Business
DATE:	July 14, 2016
SUBJECT:	Funding Valuation of the Ontario Teachers' Pension Plan

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Attached is a decision note seeking direction to file the 2016 funding valuation of the Ontario Teachers' Pension Plan (OTPP) with the Financial Services Commission of Ontario (FSCO), the Provincial pension plan regulator.

The funding valuation is an assessment of the long-term financial health of the pension plan. The valuation uses a number of assumptions to compare the value of pension plan assets (such as stocks and bonds, as well as future contributions) to the value of pension plan liabilities (the amount required to pay accrued and future pension benefits). Pension plans in Ontario are required under the *Pension Benefits Act* to undertake a valuation annually and file a balanced valuation with FSCO once every three years. A balanced valuation must show that the plan has enough assets to pay out the projected cost of future pension benefits.

It is the responsibility of the OTPP sponsors, the Ontario Teachers' Federation and the Ontario government, to determine when to file the annual valuation with FSCO. The sponsors are also responsible for negotiating the use of any surplus funds and, when there is a funding shortfall, implementing a strategy to eliminate it.

The preliminary valuation of the OTPP as of January 1, 2016 indicates a surplus of about $13.2 billion. This means the pension plan has 107% of the assets it needs to pay future pensions to all members, based on current contribution and benefit levels. The surplus is primarily the result of strong returns on plan investments in 2015. Because the Plan is financially balanced, it is recommended that this valuation be filed with FSCO and that a portion of the surplus be used to continue to restore member benefits. This is consistent with the past two valuation filings, where the sponsors agreed to use surplus to partially restore inflation protection for members in accordance with the Plan's Funding Management Policy.

My staff and I are available to provide you or your staff with further information as required.

Gabriel F. Sékaly,
Assistant Deputy Minister

Attachments (1): Minister's Decision Note

Ministry of Education
MINISTER'S DECISION NOTE

2016 Preliminary Funding Valuation of the
Ontario Teachers' Pension Plan (OTPP)

Confidential Advice to Minister

PURPOSE:

To provide an overview of the OTPP's preliminary valuation as at January 1, 2016 and seek direction to pursue the filing of the valuation, with partially restored inflation protection measures.

KEY INFORMATION:

Valuation of the OTPP

- Each year, the OTPP is required to undergo a funding valuation to determine the status of the plan. The OTPP retains Mercer, a third party actuary, to perform the valuation.
- The funding valuation looks ahead 70+ years to assess the actuarial value of the OTPP's assets and liabilities. Assets are what the pension plan owns (stocks, bonds, real estate, future contributions) while liabilities are the present value of members' and retirees' pension benefits.
  - If the assets are equal to or exceed the liabilities, the plan is financially balanced. An excess of assets represents a surplus, while an excess of liabilities represents a deficit.
- According to the OTPP's preliminary funding valuation (as at January 1, 2016) the Plan has a surplus of about $13.2B with a discount rate of 2.75%. This surplus means the Plan has about 107% of the funds required to meet its long-term pension obligations.
  - The surplus is primarily due to steps the sponsors previously took to adjust plan provisions (i.e. introducing inflation protection conditional on the health of the Plan and special contributions). Without these measures the Plan's funded status would be in deficit.
- The discount rate plays a key role in projecting whether the pension plan has enough assets to meet its future pension obligations by assessing how much the plan's assets can reasonably be expected to earn over the long term. The higher the discount rate, the lower the projected cost of future pensions and vice versa (eg. a 0.25% decrease in the discount rate would increase the projected future pension obligation by about $7B).
  - For the 2014 valuation, the discount rate was increased from 2.75% to 2.85% in acknowledgement of the aforementioned steps taken by the sponsors, which improved the sustainability of the Plan. This discount rate was maintained in 2015.
  - For the 2016 valuation, the Plan has reduced the discount rate back to 2.75% given the volatile global investment outlook and the plan's demographic profile.

Restoring Inflation Protection

- Conditional Inflation Protection (CIP) was first introduced in 2008 as a lever to give the sponsors the ability to manage deficits by decreasing inflation protection on pension payments for future service. Under these provisions:

- Service accrued prior to 2010 fully inflation protected; and
- Service accrued after 2009 is subject to conditional inflation protection:
  - Inflation protection for service accrued during 2010-2013 is guaranteed at 50% and can be adjusted upwards to 100% depending on the financial status of the plan; and
  - Inflation protection for service accrued after 2013 is not guaranteed. CIP can be adjusted upwards to 100% or downwards to 0% depending on the financial status of the plan.

- It is the stated intention of the sponsors that inflation protection will be reinstated as the funded status of the OTPP improves. Consistent with this commitment, last year's preliminary surplus was used to restore inflation protection from 60% to 70% beginning in 2016.
  - The sponsors also decided to restore the level of base pensions, for the purposes of future CIP calculations, to what would have been payable if full inflation protection had been provided since retirement (known as restoring the run-rate).
- The sponsors propose to use a portion of this year's surplus to partially restore inflation protection to 90% and restore the run rate. This change would begin in 2017 and would remain in place until the next funding valuation is filed.
  - The OTF have indicated that they are not willing to file the valuation with CIP at 85% or lower. The OTPP is supportive of filing the valuation with the CIP increase to 90%, but cautioned the sponsors that should the plan experience future deficits, they would be forced to make changes (invoke further CIP again and/or increase contributions).

<u>Filing the January 1, 2016 Valuation</u>

- The *Pension Benefits Act* (PBA) requires a valuation to be filed with the Financial Services Commission of Ontario (FSCO), the government regulator responsible for overseeing the insurance and pension industries, at least once every 3 years.
- The OTPP last filed a valuation with the FSCO as of January 1, 2015. This means that the OTPP could either:
  - voluntarily file the valuation as of January 1, 2016 or 2017; or
  - file a mandatory valuation as of January 1, 2018.
- As co-sponsors of the OTPP, the government and the Ontario Teachers' Federation (OTF) must jointly decide on whether or not to file.
  - The OTF have indicated that they support filing the January 1, 2016 valuation and using part of the surplus to provide inflation protection at 90% for the period starting January 1, 2017 until the next valuation is filed.
  - Should the decision be made to file this year, the sponsors have until September 30, 2016 to officially file the valuation. To meet that legislated deadline, OTPP would need a decision in writing by September 1, 2016 to give Mercer sufficient time to prepare the formal valuation report.
- Filing this year's valuation would ensure that there is adequate time to continue to monitor the funded status of the OTPP, develop plans to address any potential shortfalls that arise over the next three years, and consult with OTPP members about their preferences before changes to pension benefits are made.

RISK SUMMARY:

- **Medium.** Filing the January 1, 2016 valuation and partially restoring inflation protection will likely be positively received by teachers and federations. However, should 2016 and beyond result in lower investment returns, the CIP lever could be reduced again to maintain the Plan's financial health and may be met with objection from teachers and federations.

RISK ANALYSIS:

Risk Factor	Context	Level of Risk	Mitigating Factor
Increase in benefits may have to be clawed back if there is a shortfall in the next filing.	When filed with FSCO, the valuation must show that the pension plan is balanced. If there is a deficit, the filing must outline actions that will be taken to address the shortfall and balance the plan, through increasing contribution rates or adjusting the accrual of pension benefits for future years. If there is a shortfall in the next filing, OTPP may have to reduce CIP again to balance the plan.	Medium	CIP is an established Plan provision that has been consistently invoked by the sponsors to keep the plan viable and affordable in the long-term. The sponsors have also honoured their commitment to restore inflation protection as the funded status of the Plan has improved.

FINANCIAL IMPLICATIONS:

- Providing inflation protection at 90% from 70% would cost approximately $8.6B of the Plan's identified surplus.
- OTPP contributions will continue to be frozen at the current rate until December 30, 2017, the end of the contribution freeze period in the Jointly Sponsored Pension Plans (JSPP) agreement.
- Providing inflation protection at 90% will mean the government will continue to make "sharing the pain" payments to OTPP.
    - As part of the 2008 agreement to introduce CIP, the government agreed to a "sharing the pain" provision. The provision states that for years where members receive less than 100% inflation protection, the government is required to make additional contributions to the Plan equal to the amount forgone by members. Contributions are made up to 50% for CIP on service accrued after 2013 (e.g. if CIP for this period was 40% the government is required to make additional contributions at 50%, not 60%).

COMMUNICATIONS STRATEGY:

- An OTPP Communications Working Group (CWG) made up of members of OTF, the Government and the OTPP is responsible for drafting the joint announcement of the valuation results.
- Once developed, the announcement will go through the appropriate approvals.
- The approach will follow the practices used for most filing announcements since the formation of CWG in 2009.

NEXT STEPS:

- Sponsors meet to confirm agreement on valuation terms as detailed above.
- If the sponsors decide to file the 2016 valuation, they will send a joint letter to the OTPP directing them to have the actuaries prepare a revised valuation based on the terms detailed above (i.e. partially restore inflation protection measures, and restore the run rate). The Plan would then file the revised valuation with FSCO.
    - Ministry staff will seek Ministerial approval of this letter once the valuation terms have been confirmed.

OPTIONS:

- Option 1: Direct the OTPP to file the January 1, 2016 valuation and restore inflation protection measures as described above. **(Recommended)**
- Option 2: Do not file the January 1, 2016 valuation of the OTPP.

PREPARED BY: Stephen Di Renzo
Senior Policy Coordinator
Education Finance Branch
(416) 326-9922

APPROVED BY: Joshua Paul
Executive Director
Fiscal & Financial Planning
(416) 327-9060

OPTION 1: Direct the OTPP to file the January 1, 2016 valuation and restore inflation protection measures as described above. (Recommended)

☑ Agree/Approve ☐ Do Not Agree/Approve

OPTION 2: Do not file the January 1, 2016 valuation of the OTPP.

☐ Agree/Approve ☐ Do Not Agree/Approve

The Honourable Mitzie Hunter — Aug. 2, 2016 *Date*

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REPORT ON THE ACTUARIAL VALUATION FOR FUNDING PURPOSES AS AT JANUARY 1, 2015

ONTARIO TEACHERS' PENSION PLAN

MAY 2015

Financial Services Commission of Ontario Registration Number: 0345785
Canada Revenue Agency Registration Number: 0345785

Note to reader regarding actuarial valuations:

This valuation report may not be relied upon for any purpose other than those explicitly noted in the Introduction, nor may it be relied upon by any party other than the parties noted in the Introduction. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future. If maintained indefinitely, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

To prepare the results in this report, actuarial assumptions are used to model a single scenario from a range of possibilities for each valuation basis. The results based on that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. Different assumptions or scenarios within the range of possibilities may also be reasonable, and results based on those assumptions would be different. Furthermore, actuarial assumptions may be changed from one valuation to the next because of changes in regulatory and professional requirements, developments in case law, plan experience, changes in expectations about the future and other factors.

The valuation results shown in this report also illustrate the sensitivity to one of the key actuarial assumptions, the discount rate. We note that the results presented herein rely on many assumptions, all of which are subject to uncertainty, with a broad range of possible outcomes and the results are sensitive to all the assumptions used in the valuation.

Should the plan be wound up, the going concern funded status and solvency financial position, if different from the wind-up financial position, become irrelevant. The hypothetical wind-up financial position estimates the financial position of the plan assuming it is wound-up on the valuation date. Emerging experience will affect the wind-up financial position of the plan assuming it is wound-up in the future. In fact, even if the plan were wound-up on the valuation date, the financial position would continue to fluctuate until the benefits are fully settled.

Because actual plan experience will differ from the assumptions used in this valuation, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

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Summary of Results

	01.01.15 (millions)	01.01.14 (millions)
Going-Concern Financial Status		
Actuarial value of assets, including present value of basic and additional contributions	$188,571	$174,665
Going-concern funding target (based on 100% indexing of all benefits)	($197,343)	($188,202)
Reduction in going-concern funding target to reflect less than 100% indexing for post-2009 service	$5,947	$7,353
Present value of contributions to match benefit reduction due to conditional indexing	$5,947	$7,353
Funding excess (shortfall)	$3,122	$1,169
Hypothetical Wind-up Financial Position		
Wind-up assets	$154,176	$140,464
Wind-up liability	($186,066)	($160,410)
Wind-up excess (shortfall)	($31,890)	($19,946)
Next required valuation date	January 1, 2018	January 1, 2017

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Introduction

To The Ontario Teachers' Pension Plan Board

At the request of the Ontario Teachers' Pension Plan Board, we have conducted an actuarial valuation of the Ontario Teachers' Pension Plan (the "Plan"), as at the valuation date, January 1, 2015. We are pleased to present the results of the valuation.

The Plan is administered by the Ontario Teachers' Pension Plan Board (the "Board") under the *Teachers' Pension Act* and under the terms of the partners' agreement (the "Partners' Agreement") between the Province of Ontario (the "Province"), and the Ontario Teachers' Federation (the "OTF"). The Province and the OTF are hereinafter referred to collectively as the "Sponsors".

Purpose

The purpose of this valuation is to determine:

- the funded status of the Plan as at January 1, 2015 on going-concern, solvency and hypothetical wind-up bases; and
- the contributions needed to fund the Plan in accordance with the *Pension Benefits Act*, the *Teachers' Pension Act*, and the Partners' Agreement.

The information contained in this report was prepared for the internal use of the Ontario Teachers' Pension Plan Board and for filing with the Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the Plan. This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency. This report is not intended or suitable for any other purpose.

In accordance with pension benefits legislation, the next actuarial valuation of the Plan will be required as at a date not later than January 1, 2018, or as at the date of an earlier amendment to the Plan.

Terms of Engagement

In accordance with our terms of engagement with the Ontario Teachers' Pension Plan Board, our actuarial valuation of the Plan is based on the following material terms:

- It has been prepared in accordance with applicable pension legislation and actuarial standards of practice in Canada; and

- As instructed by the Board, we have used a valuation discount rate of 4.85% in our going-concern valuation, subject to this discount rate being within the range of accepted actuarial practice.

Events Since the Last Valuation at January 1, 2014

Pension Plan

This valuation reflects the provisions of the Plan as at January 1, 2015 and the Partners' Agreement to set conditional indexing at the following percentages:

- Increase the level of conditional indexing effective January 1, 2016, such that pensions in respect of service accrued after December 31, 2009 are increased by an amount equal to 70% of inflation; and

- Restore indexing to 100% of inflation effective January 1, 2016 for current retirees (and surviving spouses) who received less than 100% on January 1, 2015.

The maximum annual contributions to the Plan by a member under subsection 19(2a) of Schedule 1 to the Teachers' Pension Act was decreased to $15,100 effective January 1, 2015, but this does not have a material impact on our valuation.

Other than these changes, we are not aware of any pending definitive or virtually definitive amendments coming into effect during the period covered by this report. The Plan provisions are summarized in Appendix F.

Assumptions

We have used the same going concern valuation assumptions and methods as were used for the previous valuation, except for the following:

	Current valuation	Previous valuation
Discount rate:	4.85%	4.95%
Increase in salary grids:	3.00%	3.10%[1]
Increase in ITA/YMPE limit and limit on annual member contributions:	3.00%	3.10%
Inflation:	2.00%	2.10%
Interest used to commute deferred pensions:	1.49% for service before January 1, 2010 and 1.95% for service from January 1, 2010 onwards	1.99% for service before January 1, 2010 and 2.71% for service from January 1, 2010 onwards
Mortality rates:	2014 OTPP generational tables and 2014 Projection Scale TT (two dimensional tables)	2012 OTPP generational tables and 2012 Projection Scale TT (one dimensional tables)

The hypothetical wind-up and solvency assumptions have been updated to reflect market conditions at the valuation date.

A summary of the going concern, hypothetical wind-up and solvency methods and assumptions are provided in Appendices C and D, respectively.

[1] Commencing with the 2014/2015 school year (0% for the 2013/2014 school year)

Regulatory Environment and Actuarial Standards

There have been no changes to the *Teachers' Pension Act* (the "Act") or the relevant regulations which impact the funding of the Plan.

We have performed this valuation and determined the funding requirements (please see Section 4 – Funding Requirements for details) in accordance with the regulatory requirements for jointly sponsored pension plans, as that term is defined in the Regulations under the *Pension Benefits Act* ("Regulations"). Under amendments to the *Pension Benefits Act*, the Plan, as a jointly sponsored pension plan, may specify that its solvency deficit is zero making it exempt from funding solvency deficits.

We have continued to use the actuarial cost method that had previously been prescribed for the statutory funding valuations of this Plan, modified to incorporate some features of the Regulations governing jointly sponsored pension plans. Note however, that future valuations may use a different actuarial cost method.

Under the terms of the Partners' Agreement, the report is to be approved by the Board, and then forwarded to the Financial Services Commission of Ontario and the Sponsors.

Subsequent Events

After checking with representatives of the staff of the Ontario Teachers' Pension Plan Board, to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

Respectfully submitted,

Scott Clausen

Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

May 25, 2015

Date

Lise Houle

Lise Houle
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May 27, 2015

Date

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Valuation Results – Going Concern

Financial Status

A going concern valuation compares the relationship between the value of Plan assets and the present value of expected future benefit cash flows in respect of accrued service, assuming the Plan will be maintained indefinitely.

The results of the current valuation, compared with those from the previous valuation, are summarized as follows:

	01.01.15 (millions)	01.01.14 (millions)
Assets		
Net assets available for benefits	$154,476	$140,764
Actuarial smoothing adjustment	($8,128)	($7,122)
Actuarial value of invested assets	$146,348	$133,642
Present value of basic contributions	$38,817	$37,512
Present value of additional contributions on an open group basis, in excess of the basic contributions	$3,406	$3,511
Total going-concern assets	$188,571	$174,665
Going concern funding target		
Present value of accrued benefits for		
• active and inactive members	$62,667	$58,943
• pensioners and survivors	$79,902	$76,527
Total liability with respect to past service	$142,569	$135,470
Present value of benefits for future service in respect of active and inactive members of the Plan on the valuation date	$54,774	$52,732
Total liability with respect to past and future service, based on assuming 100% indexing of all benefits	$197,343	$188,202
Surplus (deficit) before conditional indexing adjustment	**($8,772)**	**($13,537)**
Plus:		
Reduction in present value of benefits to reflect less than 100% indexing for service after December 31, 2009 (up to 50% indexing)	$5,947	$7,353
Present value of special contributions receivable from province and other employers in respect of benefit reduction due to conditional indexing	$5,947	$7,353
Reduction in present value of benefits to reflect less than 50% indexing for service after December 31, 2013	$0	$0
Surplus (deficit) after reflecting conditional indexing adjustment	**$3,122**	**$1,169**

The going concern funding target includes a provision for adverse deviations.

Reconciliation of Financial Status

		(Millions)
Funding excess (shortfall) as at previous valuation		$1,169
Interest on funding excess (funding shortfall) at 4.95% per year		58
Expected funding excess (funding shortfall)		$1,227
Net experience gains (losses)		
• Investment experience (before smoothing)	$8,923	
• Loss from current asset smoothing	(654)	
• Increases in pensionable earnings/YMPE	(165)	
• Indexation	308	
• Mortality	53	
• Retirement	(95)	
• Termination	(176)	
• Loss on new entrants[2]	(178)	
• Data corrections	115	
Total experience gains (losses)	$8,131	$8,131
Impact of changes in assumptions and methods		
• Impact of change in mortality assumption	($1,260)	
• Change in economic assumptions	(1,127)	
Total assumption changes impact	($2,387)	($2,387)
Impact of changes in conditional inflation		($3,656)
Net impact of other elements of gains and losses		($193)
Funding excess (shortfall) as at current valuation		$3,122

[2] Based on basic contribution rates

Discount Rate Sensitivity

The following table summarizes the effect on the going-concern funding target shown in this report of using a discount rate which is 1.0% lower than that used in the valuation:

Scenario	Valuation Basis (millions)	Reduced Discount Rate by 1.0% (millions)
Going-concern funding target[3]	$197,343	$ 245,273
Present Value of Future Contributions	$42,223	$46,134

[3] Total liability with respect to past and future service, based on assumption of 100% indexing on all benefits.

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Valuation Results – Hypothetical Wind-up and Solvency

Wind-up Financial Position

When conducting a hypothetical wind-up valuation, we determine the relationship between the respective values of the Plan's assets and its liabilities assuming the Plan is wound up and settled on the valuation date, assuming benefits are settled in accordance with the *Pension Benefits Act*. The actuary is permitted to disregard benefits which are not contingent on a factor other than the hypothesized scenario, plan member earnings after the valuation date or as required by law.

In calculating the wind-up liabilities as at January 1, 2015, we have used the wind-up assumptions described in Appendix D. In the appendix, we have noted that there are significant difficulties in establishing appropriate assumptions for purposes of conducting a wind-up valuation for this Plan.

The valuation of the wind-up liabilities as at January 1, 2015 reflect the election made by the Sponsors, effective July 1, 2012, to exclude the Plan and its' members from the operation of Section 74 of the *Pension Benefits Act*.

Neither the hypothetical wind-up valuation nor the solvency valuation influence the funding requirements.

The hypothetical wind-up financial position as of the valuation date, compared with that at the previous valuation, assuming future indexing at 100% of inflation for all service is as follows:

	01.01.15 (millions)	01.01.14 (millions)
Assets		
Market value of assets	$154,476	$140,764
Provision for termination expenses	($300)	($300)
Wind-up assets	$154,176	$140,464
Present value of accrued benefits for:		
• active and inactive members	$80,238	$65,916
• pensioners and survivors	$105,828	$94,494
Total wind-up liabilities	$186,066	$160,410
Wind-up excess (shortfall)	**($31,890)**	**($19,946)**

Solvency Financial Position

The solvency liabilities determined as at January 1, 2015 exclude the value of any cost-of-living adjustments expected to be granted in the future, as is permitted by the Regulations under the Ontario Pension Benefits Act. With the exception of the value of future indexing, we have included the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up.

	01.01.15 (millions)	01.01.14 (millions)
Assets		
Market value of assets	$154,476	$140,764
Provision for termination expenses	($300)	($300)
Solvency Assets	$154,176	$140,464
Present value of accrued benefits for:		
• active and inactive members	$80,238	$65,916
• pensioners and survivors	$105,828	$94,494
Liabilities before exclusion of benefits	$186,066	$160,410
Value of excluded benefits	($66,448)	($57,836)
Solvency liabilities	$119,618	$102,574
Solvency surplus (deficiency)	$34,558	$37,890
Transfer ratio	0.83	0.88
Ratio of solvency assets to solvency liabilities	1.29	1.37

Wind-up Incremental Cost to January 1, 2018

The wind-up incremental cost is an estimate of the present value of the projected change in the hypothetical wind-up liabilities from the valuation date until the next scheduled valuation date, adjusted for the benefit payments expected to be made in that period.

The hypothetical wind-up incremental cost determined in this valuation, is as follows:

	01.01.15 (millions)
Number of years covered by report	3 years
Total hypothetical wind-up liabilities at the valuation date (A)	$186,066
Present value of projected hypothetical wind-up liability at the next required valuation (including expected new entrants) plus benefit payments until the next required valuation (B)	$ 211,773
Hypothetical wind-up incremental cost (B – A)	$25,707

The incremental cost is not an appropriate measure of the contributions that would be required to maintain the financial position of the Plan on a hypothetical wind-up basis unchanged from the valuation date and the next required valuation date, if actual experience is exactly in accordance with the going-concern valuation assumptions. This is because it does not reflect the fact that the expected return on Plan assets (based on the going-concern assumptions) is greater than the discount rate used to determine the hypothetical wind-up liabilities.

Discount Rate Sensitivity

The following table summarizes the effect on the hypothetical wind-up liabilities shown in this report of using a discount rate which is 1.00% lower than that used in the valuation:

Scenario	**Valuation Basis (millions)**	**Reduce Discount Rate by 1% (millions)**
Total hypothetical wind-up liability	$186,066	$226,015

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Funding Requirements

In order to fund the benefits provided by the Plan in accordance with the *Teachers' Pension Act*, the *Pension Benefits Act*, and the Partners' Agreement, the following contributions are required until the effective date of the next valuation report as at January 1, 2018.

By Teachers

For the purposes of this report, the term "Basic Contributions" means contributions payable by members and matched by the province and other employers at the members' rate of 10.4% of pensionable earnings up to the YMPE and 12.0% of pensionable earnings in excess of the YMPE (except for CPP exempt members who contribute at the 12.0% rate on all pensionable earnings).

Special contributions of 1.1% of earnings are also being made by the members and matched by the province, effective January 1, 2014 and will be payable until December 31, 2026.

Teachers in active employment who contribute to the Canada Pension Plan should contribute the sum of the Basic Contribution rate and the special contribution rate (to amortize any funding deficiency) equal to the following amounts:

	Contribution Rate (Basic and Special) On Pensionable Earnings	
Effective Date	**Up to YMPE**	**In Excess of YMPE**
1.1.2015	11.50%	13.10%

Teachers in active employment who do not contribute to the Canada Pension Plan should contribute at the rate applicable to earnings in excess of the YMPE on all earnings.

Effective September 1, 2001, the pensionable earnings of teachers who went on LTIP prior to September 1, 2001 were capped at the pensionable earnings they had at the time of disability for the purpose of determining their contribution requirement. However, their benefits will be determined based on their pre-disability pensionable earnings, indexed to inflation. Teachers who become disabled and go on LTIP on or after September 1, 2001 will not have to contribute, but will receive benefits based on indexed earnings.

Teacher contributions to the Plan, excluding contributions relating to optional purchases of credit for past service, are limited by the *Teachers' Pension Act* to $15,100 per annum effective January 1, 2015.

Matching Contributions by the Province and Designated Employers

The Province or Designated Employers, as the case may be, should generally match active teacher contributions. However, in the case of teachers on LTIP, they should pay 12.0% (6.9% for Designated Employers if disability occurred before January 1, 1991) of the member's pensionable earnings, indexed to inflation in accordance with the *Teachers' Pension Act.*

The following table summarizes the scheduled contribution rates (sum of the Basic Contribution rate and the special contribution rate to amortize any funding deficiency) for the province and designated employers.

	Contribution Rate On Pensionable Earnings	
Effective Date	**Up to YMPE**	**In Excess of YMPE**
1.1.2015	11.50%	13.10%

In addition to the above matching contributions, the Province and Designated Employers are also required to make special contributions for any year in which the cumulative cost-of-living adjustment to pensions in respect of service after 2009 is less than 100% of CPI increases (but only to the first 50% of any inflation foregone) since the members' retirement. The amount of such special contributions is equal to the amount by which the pensions or other entitlements received by members for the year are less than the pension amounts they would have received for that year if 100% CPI indexing had been provided for post-2009 service.

Estimated Contributions

The estimated scheduled contributions in respect of service in 2015, 2016, and 2017 are as follows:

	Estimated Scheduled Contributions ($ thousands)		
	By Members	**By Employers***	**Total**
2015	$1,636,000	$1,636,000	$3,272,000
2016	$1,685,000	$1,685,000	$3,370,000
2017	$1,736,000	$1,736,000	$3,472,000

* Not including additional amounts to be contributed in respect of members on LTIP

These contribution estimates exclude any matching contributions to be made by the Province and Designated Employers for cost-of-living adjustments after 2009 that are less than 100% of CPI increases. The additional cost-of-living contributions will be highly dependent on the number of retirements and the number of plan members that terminated and elect to receive a commuted value payment and the level of inflation rates at the time.

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Actuarial Opinion

We have performed going-concern and solvency valuations of the Ontario Teachers' Pension Plan (the "Plan") as at January 1, 2015. The purpose of these valuations was to determine the funded status of the Plan on these bases, the contributions required by the Province, Plan members and participating employers to fund the Plan in accordance with the requirements of the *Teachers' Pension Act*, the *Pension Benefits Act*, and the Partners' Agreement between the Province and the Ontario Teachers' Federation.

On the basis of the going-concern valuation of the assets and liabilities of the Plan as at January 1, 2015, we hereby certify that, in our opinion:

(a) The actuarial cost method used in this valuation is the one previously prescribed by the *Teachers' Pension Act* and the Partners' Agreement. It is not a benefit allocation method under the regulations. Although this method does not produce a normal cost in the usual sense, the valuation does produce a set of scheduled contributions that complies with the requirements of the *Teachers' Pension Act*, the *Pension Benefits Act*, and the Partners' Agreement. The scheduled contribution rates to be paid by Plan members and the matching employer contributions are shown below. Contributions by any one member are currently limited to $15,100 by Schedule 1 to the *Teachers' Pension Act*.

Contribution Rate On Pensionable Earnings

	Plan Members		Employers	
Effective Date	**Up to YMPE**	**In Excess of YMPE**	**Up to YMPE**	**In Excess of YMPE**
1.1.2015	11.50%	13.10%	11.50%	13.10%

(b) The estimated contributions scheduled to be paid in 2015, 2016 and 2017 are as follows:

Estimated Scheduled Contributions
($ thousands)

	By Members	By Employers*	Total
2015	$1,636,000	$1,636,000	$3,272,000
2016	$1,685,000	$1,685,000	$3,370,000
2017	$1,736,000	$1,736,000	$3,472,000

* Not including additional amounts to be contributed in respect of members on LTIP or additional amounts to match inflation adjustments foregone by members.

(c) On the basis of the assumptions and methods described in this report, the scheduled contributions to be made by members and by employers to the Plan are sufficient to meet the funding requirements of the *Pension Benefits Act*, in respect of the benefits set out in the Plan.

(d) After providing for 70% CPI indexing of benefits in respect of service after December 31, 2009 there is a going-concern funding surplus of $3,122 million as at January 1, 2015 on the basis of the assumptions and methods described in this report.

(e) The Plan provides for cost-of-living adjustments (inflation related adjustments to pensions in payment and deferred pensions). The estimated cost of full cost-of-living adjustments is included in the Plan's going-concern costs and liabilities, but for benefits in respect of service after December 31, 2009 pensions are indexed at 70% of the rate of inflation, in accordance with the conditional inflation provisions being invoked by the Sponsors. Any benefits not paid in respect of the conditional inflation provisions being invoked by the Sponsors (but only up to the first 50% of any inflation foregone for service from January 1, 2014) will result in a matching contribution by the Province/Designated Employers.

(f) The estimated cost of the Plan's cost-of-living adjustments is not included in the Plan's solvency liabilities as at January 1, 2015. The value on a solvency basis of the excluded liabilities is $66,448 million as at January 1, 2015.

(g) The Plan has a solvency excess of $34,558 million as at January 1, 2015. No special payments are required for solvency purposes.

(h) Under the Regulations to the *Pension Benefits Act*, the Plan is exempt from the annual assessment to the Pension Benefits Guarantee Fund.

(i) The Prior Year Credit Balance as at January 1, 2015 is nil.

In preparing this report, we have relied upon the following:

- membership data provided by the Ontario Teachers' Pension Plan Board as at August 31, 2014;
- information obtained from the Ontario Ministry of Labour and other published data, where available, on wage rate changes;
- the audited financial statements of the pension fund as at December 31, 2014;
- the 2014 OTPP Generational Mortality Table and Projection Scale TT (two dimensional tables), which was developed by the University of Waterloo based on a study of the Plan's experience to the end of 2013;
- the Board's interpretation of the current provisions of the Plan as described in Appendix F to this report;

- the Partners' Agreement to invoke conditional indexing as described in this report; and
- the election made by the Sponsors, effective July 1, 2012, to exclude the Plan and its' members from the operation of Section 74 of the *Pension Benefits Act*.

We have tested the membership data provided to us for reasonableness and consistency. In our opinion, the membership data used are sufficient and reliable for the purposes of the valuation. We also believe that the information describing the Plan's assets reported in the audited financial statements are sufficient and reliable for the purposes of the valuation.

In our opinion,

- The data on which the valuation is based are sufficient and reliable for the purposes of the valuation;
- The assumptions are, individually and in aggregate, appropriate for the purposes of determining the funded status of the Plan as at January 1, 2015 on going-concern and solvency bases, and determining the minimum funding requirements;
- The methods employed in the valuation are appropriate for the purposes of determining the funded status of the Plan as at January 1, 2015 on going-concern and solvency bases, and determining the minimum funding requirements;
- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada; it has also been prepared in accordance with the funding and solvency standards set by the *Teachers' Pension Act*; and
- All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

Scott Cla

Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

May 25, 2015

Date

Lise Houle

Lise Houle
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

May 27, 2015

Date

APPENDIX A

Prescribed Disclosure

Timing of Next Required Valuation

The next valuation of the Plan is required at an effective date no later than three years after the current valuation date.

Accordingly, the next valuation of the Plan will be required as of January 1, 2018.

Pension Benefit Guarantee Fund (PBGF) Assessment

Under the Regulations to the *Pension Benefits Act*, the Plan is exempt from the annual assessment to the Pension Benefits Guarantee Fund.

Prior Year Credit Balance

The Prior Year Credit Balance is $0 at the current valuation date.

APPENDIX B

Plan Assets

Background

On January 1, 1990, the pension fund consisted of the assets transferred from the Teachers' Superannuation Fund pursuant to Section 12 of the Teachers' Pension Act. These assets consisted primarily of Government of Ontario debentures, accrued interest, and receivables.

Since January 1, 1990, the Ontario Teachers' Pension Plan Board has directed the investment of the Fund, and the Fund's cash flow has been invested in a diversified portfolio of marketable and non-marketable securities.

Analysis of Fund Statements

The pension fund is held in trust and is invested in accordance with the investment policy.

We have relied upon the audited financial statements prepared by Deloitte LLP for the period December 31, 2013 to December 31, 2014.

Reconciliation of Market Value of Plan Assets

The pension fund transactions since the last valuation are summarized in the following table (in millions):

	2014
January 1	$140,764
PLUS	
Members' contributions	$1,578
Province's and other employers' contributions[4]	$1,625
Transfers from other plans	$13
Investment income and realized and unrealized gains (losses)	$16,260
	$19,476
LESS	
Retirement pensions	($4,883)
Death benefits	($315)
Disability pensions	($27)
Commuted value transfers	($45)
Refunds	($1)
Family law transfers	($26)
Transfers to other plans	($9)
Investment expenses	($409)
Member services expenses	($49)
	($5,764)
December 31	$154,476
Rate of return net of expenses[5]	11.3%

We have tested the pensions paid, the lump-sums paid and the contributions for consistency with the membership data for the Plan members who have received benefits or made contributions. The results of these tests were satisfactory.

[4] Includes $37 million of interest

[5] Rates of return are calculated assuming that the net cash flow occurred in the middle of the year

APPENDIX C

Methods and Assumptions – Going Concern

Valuation of Assets

For this valuation, we have continued to use an adjusted market value method for purposes of determining the actuarial value of the plan assets. The investment gains and losses based on market value of Plan assets, determined as the difference, if any, between the actual return on all assets and the assumed return arising during a given year, are spread on a linear basis over three years starting with the year of the gain or loss. For these purposes, the assumed rate of return for 2013 was 5.30% and for 2014 was 4.95% per year.

As a result, the actuarial asset value produced as at January 1, 2015 recognizes the following percentages of the investment gains and losses that arose during the past three years:

% of Investment Gain or Loss Recognized in this Valuation

2014	33.3%
2013	66.7%
2012	100%

All investment gains and losses incurred prior to 2013 are fully recognized in the actuarial value of assets as at January 1, 2015.

The asset values produced by this method are related to the market value of the assets, with the advantage that, over time, the adjusted market values will tend to be more stable than market values.

The actuarial value of the assets determined as at January 1, 2015, under the adjusted market value method is $146,348 million. This value was obtained from the following calculations:

Actuarial Value of Assets as at 1.1.2015
(all $ amounts in millions)

Market value of assets				$154,476
PLUS				
Unrecognized percentage of investment losses (gains)	2014:	($8,923)	x 66.7% =	($5,949)
	2013:	($6,537)	x 33.3% =	($2,179)
				($8,128)
Actuarial value of assets				$146,348

Performance of Fund Assets

The following table displays how the actuarial value of fund assets has performed, net of expenses, for the last 15 years as per our calculations (which assume that the net cash flow occurred in the middle of each year). For comparison, we have also shown the rate of return of the market value of assets over the same period.

Annualized Rate of Return on Asset

Year	Market Value	Actuarial Value
2000	9.1%	12.7%
2001	(2.6%)	8.1%
2002	(2.2%)	7.2%
2003	17.3%	6.8%
2004	14.2%	7.2%
2005	16.7%	9.8%
2006	12.7%	9.6%
2007	4.2%	12.8%
2008	(17.8%)	3.8%
2009	12.4%	3.7%
2010	13.6%	6.4%
2011	10.7%	4.7%
2012	12.4%	8.1%
2013	10.4%	12.0%
2014	11.3%	11.2%
Last 5 years	11.7%	8.4%
Last 10 years	8.2%	8.2%

The return on the actuarial value of assets since the last valuation was 11.2%. This rate is higher than assumed investment return of 4.95% per year.

Going Concern Funding Target

The purpose of an actuarial cost method is to allocate the contributions required to support a pension plan to annual time periods.

For the purposes of the going concern valuation of the Ontario Teachers' Pension Plan (the "Plan"), we used the valuation method that has been used historically and that was prescribed by the *Teachers' Pension Act* prior to the regulations being amended to permit other actuarial cost methods. This method is not considered by the Regulations to be a "benefit allocation method".

The method takes into account the benefits determined as of the time they are assumed to become payable, based on a teacher's projected earnings and service.

In applying this method and complying with the requirements of the Regulations, the present value of scheduled contributions (determined by multiplying the scheduled contribution rate for a year by the pensionable earnings for that year) must be determined. However, the present value in some cases is determined on a "closed-group" basis and in other cases on an "open-group" basis. For the purposes of this report, the scheduled contributions on a "closed-group" basis and on an "open-group" basis have the following meaning:

Closed-group: Contributions which are made by, or on behalf of, teachers who are actively participating in the Plan on the valuation date, or who are inactive members of the Plan on the valuation date and expected to return to active teaching. The pensionable earnings in each future year (until all such teachers are assumed to cease active teaching completely) are determined based on the actuarial assumptions, including the demographic assumptions specifying when teachers cease to be actively accruing credited service. The period covered ends when there are no more teachers remaining from this group who are actively teaching.

Open-group: Contributions over a specified time period which are made by, or on behalf of, teachers who are actively participating in the Plan and accruing credited service during the period.

It includes teachers who are not yet members of the Plan as at the valuation date. The estimated aggregate pensionable earnings in each future year (over the applicable period) is equal to the aggregate pensionable earnings of the teachers who are actively participating in the Plan on the valuation date, increased by the rate of increase in pensionable earnings assumed in performing the valuation, from the valuation year to the year in question. In particular, no allowance is made for a material change in the number of members.

Methodology to Determine Contribution or Benefit Changes

Once the valuation results have been determined, changes in benefits or contributions may be required to address the funding surplus or deficit. In the absence of any benefit changes, the steps involved in determining the contribution changes are described below.

Step 1: Determining the funding surplus or deficit

The result of A + B + C - D as defined below is the funding surplus (deficit if negative) in the Plan as at the valuation date. The calculations are all based on the going-concern assumptions as described in Appendix C:

A. the actuarial value of the assets in the pension fund available to pay benefits;

B. the present value, determined on a closed-group basis, of the Basic Contributions payable by members and matched by the province and other employers;

C. the present value (positive or negative), determined on an open-group basis, of the difference between the scheduled contributions, including special contributions[6] and the Basic Contributions payable by members and matched by the province and other employers;

D. the present value of all benefits and expenses payable in the future for those teachers who have already become members of the Plan on the valuation date.

A deficit is eliminated by future adjustments to contributions by Teachers or the Province, or by adjustments to the benefits provided by the Plan, in accordance with the requirements of the Partners' Agreement and the *Pension Benefits Act*. A surplus will be dealt with by agreement between the Sponsors.

<u>Step 2: Dealing with the funding surplus or deficit</u>

A. If the valuation reveals a funding surplus, the Sponsors and the Board may deal with it in accordance with the Funding Management Policy, the Partners' Agreement, and applicable tax and pension benefits legislation.

B. If the valuation reveals a funding deficit, then it may be eliminated via contribution and/or benefit changes. The Regulations provide that the deficit can be amortized:

- over a 15-year period starting one year after the valuation date;
- as a level percentage of pensionable earnings determined on an open-group basis.

Therefore, the contributions must be increased such that the present value of the difference between the scheduled contributions and the previously scheduled contributions, all determined over the 15-year period on an open-group basis, equals the funding deficit.

This is calculated as the single contribution rate increase effective one year after the valuation date.

The Regulations provide that the contribution rate may be increased over a period of at most three years, commencing one year after the valuation date. Furthermore, the increase in each year must be at least equal to 1/3 of the total increase from the previously scheduled contribution rates to the final contribution rate applicable after the three year period (determined on a cumulative basis).

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[6] Present value in respect of the next 16 years after the valuation date. Current schedule of special contributions continues to December 31, 2026.

The Sponsors may choose to implement the required contribution rate over up to three years in accordance with the Regulations.

Observations and Comments Regarding the Methodology

In the absence of any benefit changes, this method effectively amortizes funding deficits or surpluses (which are determined on a closed-group basis) by changing the contribution rate on an open-group basis. In other words, the contribution rates that are scheduled apply to the aggregate pensionable earnings each year, including the pensionable earnings of teachers who join the Plan after the valuation date.

To the extent that the contribution rate needed to provide for the benefits accruing to these new teachers is different than the Basic Contribution rate, gains and losses will result and be revealed in future valuations; such gains and losses will be addressed by future changes in benefits or contributions.

It should be noted, however, that such gains and losses for new entrants into the Plan routinely arose under the method previously prescribed by the *Teachers' Pension Act*.

The adequacy of the Basic Contribution rate in the long term will be dependent on the level of interest rates, investment returns, demographic experience and the level of conditional indexing that is contemplated for service after January 1, 2010.

Actuarial Assumptions – Going Concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. This valuation has been performed using the basis that has been agreed to by the Sponsors and the Board, and that we believe to be appropriate for the purpose of the valuation. The actuarial assumptions represent the Board's and the actuary's best estimate of future Plan experience reduced, in the case of the valuation discount rate, by a margin for adverse deviations. Note, however, that emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations.

Discount Rate

We have used a discount rate of 4.85% to value the Plan liabilities and present value of future basic and additional contributions. The discount rate is based on the long term assumed investment return on the actuarial value of the fund, net of expenses charged to the fund and any applicable margin for adverse deviation. In recent years, the annual investment and administrative expenses have been approximately 0.30% of the assets. The previous valuation assumed the net investment return would average 4.95% per annum over the long term.

The 4.85% valuation interest rate is 2.20% higher than the 2.65% average yield on long-term Canada bonds for the three year period ending on the valuation date pursuant to an agreement between the Board and the Sponsors for this particular filing.

We believe that the discount rate of 4.85% is within accepted actuarial practice and would include a margin based on the asset mix of the Plan. We also believe that such a margin is appropriate given the maturity of the Plan, the current limited ability to share risk among Plan members and the asset mix of the Plan.

Inflation

Pensions in payment are increased each year according to a formula related to increases in the Consumer Price Index (CPI).

The January 1, 2015 indexing reflects the actual increase granted of 1.7% for credited service before 2010 and 1.02% for credited service after 2009.

For this valuation, we have assumed that the future CPI would increase at the rate of 2.00%. Consequently, commencing January 1, 2016 pensions in payment are assumed to increase annually at 2.00% for credited service before 2010 and 1.40% (70% of CPI) for credited service after 2009. The previous valuation assumed CPI would increase at 2.10% per annum in the future.

The inflation assumption is equal to the 3-year average of the implied inflation determined by comparing long term Canada bond yields and the corresponding yields for Canada real return bonds, rounded to the nearest .05%.

Increases in Salary Grids

The pension is based on the member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have assumed that the salary grids will increase at 3.00% per year in subsequent school years. The previous valuation assumed increases at 0% for 2013/2014 and 3.10% per year in subsequent school years.

The long-term assumed increase in salary grids is based on:

- an assumed inflation rate of 2.00% per year, and
- an assumed real increase of 1.00% per year, based on historical real economic growth.

An additional 2% increase in salaries effective for the 2014/2015 school year for members of the Elementary Teachers' Federation of Ontario is also reflected in our current valuation.

The valuation also includes an assumption for experience-related salary increases. These are described in the section on non-economic assumptions.

Increases in the YMPE

Since the benefits provided by the Plan depend on the final average Year's Maximum Pensionable Earnings (YMPE) under the Canada/Québec Pension Plan, it is necessary to make an assumption about increases in the YMPE for this valuation. We have assumed that the YMPE would increase at the rate of 3.00% per year from its 2014 level of $52,500. The previous valuation assumed a 3.10% per annum increase from the 2013 level of $51,100.

The assumed increase in the YMPE is based on:

- an assumed inflation rate of 2.00% per year, and
- an assumed real increase of 1.00% per year.

Increases in the Maximum Pension Permitted Under the Income Tax Act

The *Income Tax Act* stipulates that the maximum pension that can be provided under a registered pension plan will be increased in accordance with general increases in the average wage.

For this valuation, we have assumed that the maximum pension payable under the Plan will increase from $2,770.00 per year of service in 2014 at the rate of 3.00% per year. The previous valuation assumed an annual rate of increase of 3.10% from the limit of $2,696.67 per year of service.

Increases in the Limit on Annual Member Contributions

We have assumed that the limit on annual member contributions to the Plan is $15,100 in 2015 and increasing at the same rate as the increase in the maximum pension limit under the *Income Tax Act*. The previous valuation assumed a limit of $15,900 in 2014 and increasing at the same rate as the maximum pension limit under the *Income Tax Act*. This limit is adjusted each year based an analysis prepared for the Board.

Interest Credited on Employee Contributions

We have assumed that employee contributions will be credited with interest at a rate of 1.45% per annum, which is based on the yield on 5-year personal fixed term deposits (CANSIM Series V122515) as at December 31, 2014. Since employee contributions affect mainly the benefits payable on termination or death, the valuation results are not very sensitive to this assumption. The rate assumed in the previous valuation was 1.45%.

Interest Rate Used to Commute Deferred Pensions

The real rate of interest, net of inflation, used to determine the commuted value of deferred pensions is 1.49% for services before January 1, 2010 and 1.95% for service from January 1, 2010 onwards. These rates are based on the assumptions described in Section 3500 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standard of Practice (the "CIA Commuted Value Standards") for benefits expected to be settled through a transfer in accordance with relevant portability requirements. The assumed rates for the valuation are determined using the average of the select rate and ultimate rate after the 10-year select period, from the CIA Commuted Value Standards, applicable for January 1, 2015.

The rate assumed in the previous valuation was 1.99% for service before January 1, 2010 and 2.71% for service from January 1, 2010. These rates were determined using the average of the select rate and ultimate rate after the 10-year select period, from the CIA Commuted Value Standards, applicable for December 31, 2013.

Non-Economic Assumptions

Mortality

The liabilities of a pension plan increase as mortality rates decrease for two reasons:

— more people live to retirement age to collect their pensions, and

— pensions are payable for longer periods

The mortality basis used for this valuation is as follows:

For members on pension and currently active and inactive members, we have used 100% of the sex distinct 2014 OTPP generational table mortality rates (ages set forward 5 years for disabled members). For survivors of members and spouses of members on pension and spouses of currently active and inactive members, we used the 2014 OTPP generational table mortality rates adjusted by a formula to reflect mortality that is different from that of members. These mortality assumptions reflect current experience from 1970 to 2013 and contain provision for possible future improvements in mortality using a two-dimensional scale (referenced as 2014 Projection Scale TT (2-d)).

Sample mortality rates for 2014 are as follows:

	Annual Mortality Rates Per 1,000 Lives in 2014			
	Regular Members		**Spouses & Survivors**	
Age	**Males**	**Females**	**Males**	**Females**
25	0.061	0.039	0.105	0.044
30	0.106	0.068	0.192	0.080
35	0.188	0.121	0.351	0.144
40	0.333	0.214	0.647	0.260
45	0.602	0.379	1.191	0.478
50	1.085	0.770	2.204	0.929
55	1.730	1.622	4.080	1.881
60	2.967	2.229	6.741	3.498
65	5.679	3.664	9.505	5.126
70	10.593	7.329	16.162	6.889
75	19.063	11.794	33.161	14.522
80	35.454	20.607	49.677	30.817
85	78.620	48.766	84.668	50.717
90	130.935	109.863	137.544	101.034
95	248.653	189.612	243.998	184.366
100	496.585	297.322	442.212	307.304
105	721.709	489.437	633.218	469.896
110	840.537	708.398	753.702	624.046
115	907.275	848.005	833.381	741.616
120	1,000.000	1,000.000	1,000.000	1,000.00

Sample rates from the 2014 Projection Scale TT (2-d) are as follows:

Male Projection Rates:

Age \ Year	2015	2020	2025	2030	2035	2040	2045+
25	0.93%	0.91%	0.89%	0.87%	0.84%	0.82%	0.80%
30	2.79%	2.51%	2.17%	1.83%	1.49%	1.14%	0.80%
35	4.47%	3.96%	3.33%	2.70%	2.06%	1.43%	0.80%
40	5.53%	4.88%	4.06%	3.25%	2.43%	1.62%	0.80%
45	5.64%	4.98%	4.14%	3.31%	2.48%	1.64%	0.81%
50	4.95%	4.39%	3.68%	2.98%	2.27%	1.57%	0.87%
55	4.50%	4.01%	3.40%	2.79%	2.18%	1.57%	0.96%
60	4.29%	3.84%	3.29%	2.73%	2.18%	1.62%	1.06%
65	3.72%	3.35%	2.90%	2.44%	1.98%	1.53%	1.07%
70	3.51%	3.17%	2.74%	2.31%	1.88%	1.45%	1.02%
75	3.92%	3.51%	3.01%	2.50%	1.99%	1.49%	0.98%
80	4.12%	3.69%	3.15%	2.60%	2.06%	1.52%	0.97%
85	3.31%	2.97%	2.54%	2.11%	1.67%	1.24%	0.81%
90	1.35%	1.24%	1.10%	0.96%	0.82%	0.68%	0.54%
95	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
100	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
105	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
110	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%
115	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
120	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Female Projection Rates:

Age \ Year	2015	2020	2025	2030	2035	2040+
25	2.06%	1.85%	1.59%	1.33%	1.06%	0.80%
30	1.95%	1.76%	1.52%	1.28%	1.04%	0.80%
35	1.66%	1.52%	1.34%	1.16%	0.98%	0.80%
40	1.86%	1.68%	1.46%	1.24%	1.02%	0.80%
45	2.38%	2.11%	1.78%	1.46%	1.13%	0.80%
50	2.99%	2.63%	2.19%	1.74%	1.29%	0.85%
55	4.00%	3.49%	2.86%	2.22%	1.59%	0.95%
60	4.68%	4.08%	3.33%	2.58%	1.84%	1.09%
65	4.03%	3.55%	2.95%	2.36%	1.76%	1.16%
70	3.23%	2.88%	2.44%	2.00%	1.56%	1.12%
75	3.03%	2.70%	2.29%	1.88%	1.47%	1.06%
80	2.87%	2.56%	2.17%	1.78%	1.39%	1.00%
85	2.43%	2.16%	1.83%	1.50%	1.16%	0.83%
90	1.70%	1.51%	1.28%	1.04%	0.80%	0.57%
95	0.96%	0.86%	0.74%	0.62%	0.50%	0.37%
100	0.32%	0.31%	0.31%	0.31%	0.31%	0.31%
105	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
110	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%
115	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
120	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The previous valuation assumed rates based on the 2012 OTPP generational table and the 2012 Projection Scale for males and females.

Withdrawal Rates

Some members will leave teaching prior to retirement, and upon doing so, transfer their entitlement to another retirement vehicle or take a deferred pension. Since the benefits payable upon termination of membership are less than the potential cost of the pension that would be paid upon retirement for the same period of plan participation, the higher the assumed withdrawal rates the lower the liabilities. The withdrawal rate assumption is derived from an analysis of the experience of active teachers who either:

- transfer their entitlement to another pension plan,
- obtain a lump sum payment or transfer of their entitlement, or
- become inactive teachers and are not expected to return to active status.

For the active teachers who become inactive, we estimated the proportion who are not expected to return to active status by using the complement of the assumed reinstatement rates for Inactive members (see below).

	Qualifying Service					
	Less than 5 yrs		5-9.99 yrs		Greater than 9.99 yrs	
Age	Males	Females	Males	Females	Males	Females
20-29	3.500%	4.500%	1.500%	2.500%	0.750%	1.500%
30-39	5.500%	8.500%	1.500%	4.500%	0.750%	1.500%
40-49	6.500%	6.500%	1.500%	2.000%	0.750%	1.000%
50+	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

For the purposes of the valuation, we have assumed that 25% of members withdrawing will take a transfer of their commuted value. In order to calculate the commuted value of teachers' entitlements, we assume a commencement age of 62 for the deferred pension entitlement.

Experience-Related Salary Increases

The actuarial liability is based on the present value of projected benefits which are computed from projected earnings. Consequently, the faster earnings grow, the greater the actuarial liability will be.

The increase in earnings can be separated into two components:

(a) General Salary Increases

These are increases which apply to all members regardless of service, rank, or position, due to changes in the salary grids. The assumed rate at which the salary grids change is described earlier in the section on economic assumptions.

(b) Experience-Related Increases

These are increases due to the accumulation of teaching experience, promotions and the upgrading of qualifications.

The assumed experience-related increases are as follows:

Years of Credited Service (rounded to the nearest integer)	Experience-Related Increase
1	7.00%
2	6.60%
3	6.10%
4	5.70%
5	5.30%
6	5.30%
7	4.30%
8	3.90%
9	3.00%
10	2.00%
11	1.10%
12 – 23	0.40%
24 – 35	0.20%
36 and over	0.00%

These same rates were used in the previous valuation.

A study of actual Plan experience from 2000 to 2014 confirmed that actual experience is generally consistent with the assumed rates.

In the 2012/2013 and 2013/2014 school years, experience-related increases were delayed and only reflected in pay commencing on the 97th day of the school year. The current valuation is based on the assumption that all future increases will revert back to September 1st after the contract expired August 31, 2014.

Retirement Rates

The valuation results are quite sensitive to the assumed rate at which teachers eligible for unreduced benefits retire; the higher the retirement rates, the larger the actuarial liabilities.

We have continued to assume the following rates of retirement:

Members Retiring with Reduced Pensions		**Members Retiring with Unreduced Pensions**		
Rounded Points	**All Years of Credited Service**	**Rounded Points**	**0-29 Years of Credited Service**	**30+ Years of Credited Service**
0-69	1%	85-86	32%	40%
70-77	2%	87-94	20%	25%
78-81	3%	95+	24%	30%
82	4%			
83	5%			
84	15%			

At age 65 and up to age 70, 30% of members are assumed to retire each year. At age 71, 100% of members are assumed to retire.

The assumed rates reflect the results of a study of actual Plan experience based on data covering the period from 2003 to 2011. Actual Plan experience since 2011 has been generally consistent with these rates.

Rates of Disability Retirement

The rates of disablement represent the probability that an active member will become fully disabled and receive a disability pension under the Plan.

The valuation results are relatively insensitive to this assumption, because most disabled members claim benefits under a Long Term Income Protection plan (i.e. LTIP) rather than taking a disability pension under the Plan, and hence very few teachers make use of this Plan provision.

The following table provides sample rates of disablement:

Age	**Assumed Annual Rate of Disability Retirement**
30	0.003%
35	0.008%
40	0.021%
45	0.050%
50	0.110%
55	0.213%

Current members on LTIP are treated the same as active members.

Family Composition

The existence of an eligible spouse is important in determining the value of death benefits in both the pre-retirement and post-retirement periods, because death benefits are more valuable to members with spouses than to members without spouses.

For members who are not receiving a pension, we assumed that 85% of male members and 75% of the female members will have an eligible spouse at the time a benefit becomes payable.

From discussions with the Board's staff, it appears that the marital status provided with the pensioner data is not up-to-date. Therefore, for all pensioners under the Plan, we have used the marital status at retirement, which was provided along with the data, and made an adjustment for the probability that the pensioner's spouse might have died prior to the valuation date, using the assumed mortality rates.

Age Difference of Member and Spouse

We assumed that male spouses are three years older than female spouses. This difference is based on general population statistics and is consistent with the Board's own studies. It is used in estimating the cost of survivor benefits and has little impact on the valuation results.

Reinstatement of Inactive Member

Under the Plan, members who stop teaching and leave their contributions in the Plan, can resume teaching and reactivate their membership with credit for previous periods of employment.

In order to calculate the potential liability for these inactive members, we have assumed that the following percentages of inactive teachers would be reinstated as active teachers on the valuation date:

	Assumed Probability of Immediate Reinstatement		
Number of Complete School Years of Inactivity	**Full-time**	**Part-time**	**Casual**
0 - 1	16.0%	12.0%	10.0%
2	5.0%	6.0%	5.0%
3	4.0%	4.0%	3.0%
4	2.5%	3.0%	3.0%
5 - 9	2.0%	3.0%	3.0%
10 or more	0.0%	0.0%	0.0%

These assumed rates are based on actual Plan experience.

The liability for the remaining inactive teachers was calculated based on a deferred vested pension that is assumed to commence at age 62. Pensions were indexed at the assumed rate of inflation prior to age 62.

Future Accrual of Credited Service

Part-time and casual teachers do not accrue a full year of Credited Service for each year of Qualifying Service. The following ratios of Credited Service to Qualifying Service were assumed for future accruals of service:

Amount of Credited Service Earned in Each Future Year

Qualifying Service	Full-time	Part-time	Casual
Less than 3 years	1.00	0.90	0.80
3 to 4 years	1.00	0.78	0.67
4 to 5 years	1.00	0.67	0.53
5 years or more	1.00	0.55	0.40

The higher ratios of Credited Service to Qualifying Service for teachers with fewer than 5 years of Qualifying Service at the valuation date were assumed because a significant portion of casual and part-time teachers are expected to become full-time teachers within the first few years of their teaching careers, while those who have been part-time or casual for more than a few years tend to remain less than full-time. These rates were developed based on actual Plan experience.

Purchase of Refunded Service

Teachers who have received a refund of contributions and subsequently return to teaching have three years from the date they return to teaching in which to make the repayments. If they do not meet this deadline, the cost of purchasing the associated service will be at actuarial value. The Board's own studies indicate that very few members who are eligible to repay the refunds will do so. Accordingly, we assume that none of the members eligible to repay the refunds will do so. This assumption has little impact on the valuation results.

Expenses

The assumed Investment Return reflects a provision for expenses to be paid from the pension fund of approximately 0.30% of assets, consistent with recent experience.

APPENDIX D

Methods and Assumptions – Hypothetical Wind-up and Solvency

Hypothetical Wind-up Basis

For the Ontario Teachers' Pension Plan, we have used the market value of the Plan's assets in our valuation of the Plan for windup purposes.

The Canadian Institute of Actuaries requires actuaries to report the financial position of a pension plan on the assumption that the plan is wound-up on the effective date of the valuation, with benefits determined on the assumption that the pension plan has neither a surplus nor a deficit. For the purposes of the hypothetical wind-up valuation, the plan wind-up is assumed to occur in circumstances that maximize the actuarial liability.

To determine the actuarial liability on the hypothetical wind-up basis, we have valued those benefits that would have been paid had the Plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on the valuation date including, the impact of plan amendments with an effective date before the next scheduled valuation which have been reflected in the going concern valuation results.

We have considered that members under 50 years of age on that date would be entitled to a deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied at January 1, 2015. Members aged 50 and over are considered to be entitled to an immediate pension, reduced in accordance with the Plan rules.

Under Section 74 of the Pension Benefits Act, members whose age plus years of service equal at least 55 at January 1, 2015 would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purposes of determining eligibility for early retirement benefits. Since the Sponsors made an election to exclude the Plan and its' members from the operation of Section 74 of the Pension Benefits Act, these grow-in benefits were excluded from the solvency and windup valuations as at January 1, 2015.

Otherwise, no benefits payable on plan wind-up were excluded from our calculations.

Upon plan wind-up members are given options for the method of settling their benefit entitlements. The options vary by eligibility, but in general, involve either a lump sum transfer or an immediate or deferred pension.

The value of benefits assumed to be settled through a lump sum transfer is based on the assumptions described in Section 3500 – Pension Commuted Values of the Canadian Institute of Actuaries' Standards of Practice applicable for January 1, 2015.

One way to value the benefits that would be payable upon Plan wind-up is to obtain a bona fide annuity quotation from a life insurance company that sells indexed annuities. However, in our opinion, it would not be possible to find life insurance companies that would accept tens of billions of dollars of indexed pension obligations at a reasonable price.

For this reason, we believe that in the event of a Plan termination, the legislation governing the distribution of assets and the settlement of benefits will need to be changed to allow the pension fund to continue in operation to provide benefits as they fall due. In this scenario, we cannot predict how the pension fund assets will be invested and in particular, whether or not there will be an attempt to "match" the assets to the expected benefit payments. For practical purposes, the wind-up liabilities for this Plan are not calculable with any degree of accuracy because it is not clear how the liabilities, given their size and nature, could be settled.

There is limited data available to provide credible guidance on the cost of a purchase of indexed annuities in Canada. In accordance with the Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2014 and December 30, 2015 , we have assumed that an appropriate proxy for estimating the cost of such purchase is using the yield on the long-term Government of Canada Real Return bonds reduced arithmetically by 1.20%.

As noted, we have used the annuity proxy determined in accordance with the CIA Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2014 and December 30, 2015 to estimate the cost of purchasing annuities. This basis does not reflect the actual mortality experience of the Plan members which has been significantly lower than standard mortality rates. If an insurance company were to assume these obligations and take the past mortality experience of the Plan, industry or employment type into account, it is quite likely that they would demand a higher price.

We believe that this basis attaches a reasonable economic value to the wind-up obligations of the Plan and that the value placed on the wind-up liabilities, which has no impact on the contributions required to fund the Plan, is appropriate for disclosure purposes.

We have not included a margin for adverse deviation in the hypothetical wind-up valuation.

For each individual plan member, accumulated contributions with interest plus 50% of the present value of the pension accumulated after December 31, 1986 are established as a minimum actuarial liability.

The assumptions are as follows:

Form of benefit settlement elected by member	
Lump sum	75% of active members under age 50 and 50% of active members over age 50 elect to receive their benefit entitlement in a lump sum
Annuity purchase	All remaining members are assumed to elect to receive their benefit entitlement in the form of a deferred or immediate pension. These benefits are assumed to be settled through the purchase of deferred or immediate annuities from a life insurance company.
Basis for benefits assumed to be settled through a lump sum	
Mortality rates:	UP94 generational
Interest rate:	2.40% per year for 10 years, 3.70% per year thereafter
Inflation:	1.06% per year for 10 years, 2.01% per year thereafter
Basis for benefits assumed to be settled through the purchase of an annuity	
Mortality rates:	UP94 generational
Interest rate (real):	(0.58%)
Retirement age	
Maximum value:	Members are assumed to retire at the age which maximizes the value of their entitlement from the Plan based on the eligibility requirements which have been met at the valuation date
Grow-in:	Excluded from our valuations given the election made by the Sponsors to exclude the Plan and its' members from the operation of Section 74 of the *Pension Benefits Act*
Other assumptions	
Final average earnings:	Based on actual pensionable earnings over the averaging period if available. Otherwise, calculated using the final pensionable earnings and the assumed rate of increase in earnings.
Family composition:	Same as for going concern valuation
Maximum pension limit:	$2,770.00 per year of service indexed from 2014 at the rate of 2.06% per year for 10 years and 3.01% per year thereafter
Termination expenses:	$300 million

To determine the hypothetical wind-up position of the Plan, a provision has been made for estimated termination expenses payable from the Plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the Plan and to be charged to the Plan.

Incremental Cost

In order to determine the incremental cost, we estimate the hypothetical wind-up liabilities at the next valuation date. We have assumed that the cost of settling benefits by way of a lump sum or purchasing annuities remains consistent with the assumptions described above. Since the projected hypothetical wind-up liabilities will depend on the membership of the Plan at the next valuation date, we must make assumptions about how the Plan membership will evolve over the period until the next valuation.

We have assumed that the Plan membership will evolve in a manner consistent with the going-concern assumptions as follows:

- Members terminate, retire and die consistent with the termination, retirement and mortality rates used for the going-concern valuation;
- New members are assumed to join the plan each year to the next valuation date, with a profile similar to average new entrants who joined in the school year ending August 31, 2014;
- Pensionable earnings, the Income Tax Act pension limit and the Year's Maximum Pensionable Earnings increase in accordance with the related going-concern assumptions;
- Active members accrue pensionable service in accordance with the terms of the Plan; and
- Cost of living adjustments are consistent with the inflation assumption used for the going-concern valuation.

Solvency Basis

In determining the financial position of the Plan on the solvency basis, we have used the same assumptions and methodology as were used for determining the financial position of the Plan on the hypothetical wind-up basis, with the exception that the solvency results exclude the value of future cost-of-living adjustments. The interest rate for benefits to be settled through annuity purchase, on a solvency basis that excludes the value of future cost-of-living adjustments, was assumed to be 2.82% per year. This rate was derived in accordance with the *Canadian Institute of Actuaries Education Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2014 and December 31, 2015*, using the guidance applicable for non-indexed plans with a high duration.

APPENDIX E

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data compiled as at August 31, 2014, provided by the Ontario Teachers' Pension Plan Board.

We have performed certain tests of internal consistency of the data provided to us, as well as of consistency with the data used for the previous valuation with respect to membership reconciliation, basic information (date of birth, date of hire, date of membership, sex, etc.), salary levels, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension.

Where the data was inconsistent or incomplete, it was corrected by replacing missing or incorrect information with plausible substitutes. The impact of these substitutes is believed to be immaterial.

In comparing the salary levels from one school year to another, we query cases where teachers have large increases or large decreases in salary compared with what was expected. The Ontario Teachers' Pension Plan Board has reviewed these queries and advised us that these salary changes are reasonable, or provided corrections where appropriate.

In addition to the data checks described in this Section, we corresponded with the Board's staff to ensure that there was a common understanding of the data being used. This was supplemented by random testing of the data. Particular emphasis was given to the items that have the greatest impact on the valuation results, namely salary, service, contributions, and date of birth.

In our opinion, the membership data is sufficient and reliable for the purpose of the valuation.

The following table summarizes data on Plan members. For comparison purposes, we have also provided corresponding data from the previous valuation.

	Aug. 31/2014	Aug. 31/2013	2014/2013 Increase
Active - Full Time			
Number	135,687	135,082	0.4%
Average Annualized Salary[1]	$86,509	$85,956	0.6%
Average Age	43.7	43.5	0.2 years
Average Credited Service	13.8	13.6	0.2 years
Average Qualifying Service	14.9	14.6	0.3 years
Active - Part Time			
Number	9,303	10,127	(8.1%)
Average Annualized Salary[1]	$76,063	$75,626	0.6%
Average Age	41.7	41.2	0.5 years
Average Credited Service	9.1	8.8	0.3 years
Average Qualifying Service	12.3	12.0	0.3 years
Active - Casual			
Number	30,470	28,585	6.6%
Average Annualized Salary[1]	$47,324	$47,364	(0.1%)
Average Age	37.1	37.5	(0.4) years
Average Credited Service	3.1	3.1	(0.0) years
Average Qualifying Service	5.1	5.2	(0.1) years
Inactive			
Number	71,795	71,292	0.7%
Average Age	60.8	60.4	0.4 years
Average Credited Service	1.8	1.8	0.0 years
Average Years Since Last Taught	27.0	26.5	0.5 years
Average Accrued Pension	$1,858	$1,812	2.5%
Pensioners			
Number	121,123	118,434	2.3%
Average Age	69.9	69.5	0.4 years
Average Lifetime Pension	$39,498	$39,147	0.9%
Average Bridge Pension	$5,674	$5,615	1.0%
Survivors			
Number	11,786	11,328	4.0%
Average Age	75.6	75.1	0.5 years
Average Lifetime Pension	$21,877	$21,375	2.3%

(1) Annualized salary represents remuneration paid to the member over the school year period and annualized for members with less than a full year of employment

Membership Reconciliation

The following table outlines the membership movement for all categories of membership since the previous actuarial valuation.

	Actives/ Disabled	Inactive	Pensioners	Beneficiaries	Total
Number of records at 31.08.2013	**173,794**	**71,292**	**118,434**	**11,328**	**374,848**
New entrants/Rehired/New Beneficiaries	7,803	13	(2)	935[7]	8,749
Retired	(4,161)	(354)	4,515		-
Terminated and Withdrew	(207)	(762)	-		(969)
Died with Survivor	(9)	(15)	(851)		(875)
Died without Survivor	(58)	(74)	(958)	(462)	(1,552)
Died and Pending Payment	(46)	46	-		-
Suspended (stops teaching)	(5,577)	5,577	-		-
Pension Benefit Stopped			(13)	(16)	(29)
Re-activated (starts teaching again)	3,927	(3,927)	-		-
Pension split	(6)		-	1	(5)
Data Correction		(1)	(2)		(3)
Number of records at 31.08.2014	175,460	71,795	121,123	11,786	380,164

[7] Survivors of active members of pensioners who died in the inter-valuation period; more than one survivor record may be set up for each death

APPENDIX F

Summary of Plan Provisions

Introduction

The Ontario Teachers' Pension Plan was established under the *Teachers' Pension Act, 1989* effective January 1, 1990 to provide pension benefits to teachers employed in education in Ontario.

The Plan is a continuation of the pension plan set out in the *Teachers' Superannuation Act, 1983* and also includes the benefits provided under the *Superannuation Adjustment Benefits Act* in relation to the pensions provided under the *Teachers' Superannuation Act*.

The *Teachers' Pension Act* differs from the *Teachers' Superannuation Act* in several respects, namely in certain of the benefit provisions, the arrangements for financing and Plan amendments, and the administration of the Plan and the pension Fund. Some of the benefit provisions were changed in order to conform with the *Pension Benefits Act*.

The following is a summary of the Plan's main provisions in effect on January 1, 2015, including the change to level of conditional indexing effective January 1, 2016. It is not intended as a complete description of the Plan.

Eligibility

Every person is eligible to be an active member of the Plan who is qualified as a teacher, and is either:

(a) employed as a teacher

(i) in a school within the meaning of Subsection 1(1) of the *Education Act*,

(ii) in a school outside Ontario under an approved teacher exchange system,

(iii) by the minister of a ministry of the Government of Ontario, or

(iv) in a school or class operated by Toronto and Region Conservation Authority, or

(b) employed

(i) by a board of education,

(ii) in a designated private school, or

(iii) in a designated organization.

Credit For Service

Under the *Teachers' Pension Act*, there are two types of service for which a member receives credit. The first type (which we refer to as "Qualifying Service") is used for determining a member's entitlement to a benefit, but is generally not used to calculate the amount of the benefit (it does get used to determine reductions on early retirement, etc., if applicable). In general, one year of Qualifying Service is granted if a member works more than ten days in a school year.

The other type of service (which we refer to as "Credited Service") is used to calculate the amount of benefit a member is entitled to receive. The amount of Credited Service granted in a school year is equal to the proportion of a full-time school year that the member worked. However, no members are entitled to receive more than one year of Credited Service in any particular school year.

Member Contributions

Effective January 1, 2012, the required active member contributions are equal to 10.4% of pensionable salary up to the YMPE plus 12.0% of earnings above the YMPE. Members who do not contribute to the CPP are required to contribute 12.0% of all earnings. For the purpose of this report, these are "Basic Contributions".

Members are also required to contribute an additional 1.1% of earnings commencing January 1, 2014 (increased from 0.4% in 2012 and 0.75% in 2013) payable until December 31, 2026. For the purpose of this report, these are referred to as "Special Contributions".

Except for some exclusions, pensionable salary is the remuneration paid to a member in respect of employment in education.

For employment during a school year, which is in excess of the full-time equivalent of a school year, contributions are not required to be made.

Member contributions to the Registered Pension Plan in 1992 and subsequent years are subject to the limits imposed by the regulations under the Income Tax Act or as determined by the actuary. Effective January 1, 2015, the limit on annual member contributions to the Registered Pension Plan is $15,100.

Matching Contributions

In most cases, the Province matches the Basic and Special Contributions made by the member. The Provincial contribution for a given calendar year is remitted on the first business day in January of the second following calendar year, with interest for 19 months at the rate earned on 5-year personal fixed term deposits (CANSIM Series V122515).

For members other than those employed by boards of education and other government organizations, the employer makes a matching contribution, which is normally remitted along with the member's contribution.

In addition to the above matching contributions, the Province and Designated Employers are also required to make special contributions for any year in which the cumulative cost-of-living adjustment to pensions in respect of service after 2009 is less than 100% of CPI increases (but only to the first 50% of any inflation foregone) since the members' retirement. The amount of such special contributions is equal to the amount by which the pensions and lump sum payments received by members for the year are less than the pension amounts they would have received for that year if 100% CPI indexing had been provided for post-2009 service.

Normal Retirement Date

The normal retirement date of a member is the first day of the month following the date on which the member attains age 65.

Pension Benefits on Normal Retirement

The annual pension payable to a member who retires on his normal retirement date is equal to:

(a) 2% of the member's highest 5-year average salary (i.e., the average salary in the 5 (not necessarily consecutive) school years with the greatest annualized pensionable salary) multiplied by the number of years of Credited Service,

LESS

(b) 0.45% of the lesser of

(i) the member's highest 5-year average salary, or

(ii) the average of the maximum pensionable earnings under the CPP (the YMPE) in the year of cessation of employment and the 4 preceding years,

multiplied by the number of years of Credited Service after January 1, 1966 during which the member contributed to the CPP.

Pension Benefits On Early Retirement

A member who has attained age 50 may retire on the first day of any month prior to his normal retirement date. The annual pension payable from a member's early retirement date is computed in the same manner as a normal retirement pension but with the following adjustments:

(a) Age plus Qualifying Service greater than or equal to 85
There is no reduction to the pension due to early retirement.

(b) Attainment of 35 years or more of Credited Service
There is no reduction to the pension due to early retirement.

(c) All other Early Retirements
The basic pension is reduced by the lesser of:

(i) 5% multiplied by the number of years by which the member's age at retirement precedes age 65, or

(ii) 2.5% (5% for early commencement of deferred pensions) multiplied by (85 minus the sum of the member's age and years of Qualifying Service).

The 0.45% offset in the normal retirement pension formula is not applied until the member reaches age 65, or becomes entitled to a disability pension under the CPP.

Maximum Pension

Prior to January 1, 1992, pensions payable under the Plan were determined without regard to the maximum pension limits established by the Canada Revenue Agency. Effective January 1, 1992, pension benefits earned in respect of service on or after January 1, 1992 will be subject to these limits. This means that the lifetime pension payable at the time of retirement (after applying the reduction for integration with CPP benefits) for each year of post-1991 Credited Service cannot exceed $2,770.00 in 2014 (then indexed to changes in the average industrial wage from 2014) reduced by 1/4% for each month that commencement precedes the earlier of age 60, the date the teacher would complete 30 years of Early Retirement Eligibility Service, or the date the teacher's age plus years of Early Retirement Eligibility Service would equal 80.

Termination Benefits

(a) Pre-1987 Benefits

On termination of employment before becoming eligible for an immediate pension, the member is entitled to a deferred pension in respect of service prior to January 1, 1987.

(b) Post-1986 Benefits

On termination of employment the member is entitled to a deferred pension in respect of service on or after January 1, 1987.

In addition, the member is entitled to a refund equal to the excess of the member's contributions (made after December 31, 1986) plus interest over one half of the commuted value of the deferred pension in respect of service after December 31, 1986.

Members who are not eligible to receive an immediate pension may elect to transfer the commuted value of their deferred pension to any arrangements as prescribed by legislation.

Disability Benefits

A disability pension is payable to a member with at least 10 years of Qualifying Service, who becomes disabled and who, as a result of the disability, ceases to be employed in education before reaching the normal retirement date.

If the member is incapable of further employment in any occupation, then a *full disability* pension is payable for life.

If the member is incapable of further employment in education, but is capable of employment elsewhere, then a *partial disability* pension is payable for life.

The amount of the full disability pension is computed in exactly the same manner as a normal retirement pension. However, the CPP offset is applied when a disability benefit actually commences under the CPP.

The amount of the partial disability pension is calculated in the same manner as a reduced early retirement pension, except that the reduction from age 65 is 2.5% per year instead of 5.0%.

Pre-Retirement Death Benefits

(a) Pre-1987 Benefits

Upon the death of a member with less than 10 years of Qualifying Service or for members without an eligible spouse or dependent child(ren), a benefit equal to the member's pre-1987 contributions with interest is payable.

Where a member with 10 or more years of Qualifying Service dies prior to receiving a pension, a survivor pension is payable to the spouse or dependent child(ren) with respect to pre-1987 service.

A survivor pension payable to a spouse continues until death. A survivor pension payable to a child or children continues until the youngest child attains the age of 18, or if continuously in full-time attendance at a school or university, until the age of 25, or as long as the child is a dependent child as defined in the Plan.

The amount of the survivor pension is equal to one-half of the pension that would have been paid to the member at age 65 in respect of pre-1987 service.

(b) Post-1986 Benefits

When a member dies prior to receiving a pension, a benefit equal to the value of the deferred pension entitlement with respect to post-1986 service is payable.

In addition, a refund equal to the excess of the member's contributions (made after 1986) plus interest over one-half of the commuted value of the post-1986 pension is payable.

Post-Retirement Death Benefits

For members who do not have an eligible spouse at retirement, the normal form of pension is a lifetime pension, guaranteed for 10 years. In the event of death within 10 years after the pension commences, the beneficiary or estate will receive an amount equal to the present value of the pension being paid to the member, after adjusting for the CPP offset, for the balance of the 10-year guarantee period.

For members who have an eligible spouse or dependent child(ren) at retirement, the normal form of pension is a joint and 50% survivor ("J&S 50%") pension, without a guarantee period. Upon the death of the member, the eligible spouse or dependent child(ren) will receive a pension equal to 50% of the pension being paid to the member, after adjusting for the CPP offset. The Plan also provides a 10 year guaranteed option on the J&S 50% form of pension in exchange for a 0.1% reduction in the pension payable. Under this option, if death occurs within 10 years after the pension commences, the spouse or dependent child(ren) will receive 100% of the pension the member was receiving, adjusted for the CPP offset, for the balance of the 10-year period. The pension will then reduce to 50% after the 10-year period.

Inflation Protection

(a) For Service Prior to January 1, 2010

All pensions in payment, survivor pensions and deferred pensions in respect of service prior to January 1, 2010 are increased on January 1 by the ratio of the average CPI for the 12 months ending the previous September to the average CPI in the 12 months ending the September before that.

(b) For Service On and After January 1, 2010 and before January 1, 2014

All pensions in payment, survivor pensions and deferred pensions in respect of service on and after January 1, 2010 and before January 1, 2014 are increased on January 1 by between 50%-100% of the CPI provided in respect of service accrued prior to January 1, 2010.

(c) For Service On and After January 1, 2014

All pensions in payment, survivor pensions and deferred pensions in respect of service on and after January 1, 2014 are increased on January 1 by between 0% -100% of the ratio of the CPI provided in respect of service accrued prior to January 1, 2010.

Actual levels of indexing provided to pensioners, surviving spouses and members entitled to deferred pensions, as a percentage of CPI, are as follows:

	Periods of Credited Service		
Indexing rate:	**Pre 2010**	**2010-2013**	**Post 2013**
January 1, 2011	100%	100%	N/A
January 1, 2012	100%	60%[1]	N/A
January 1, 2013	100%	60%[1]	N/A
January 1, 2014	100%	50%[1]	N/A
January 1, 2015	100%	60%[2]	60%[2]
January 1, 2016	100%	70%	70%

(1) CIP restored to 100% effective January 1, 2015

(2) CIP restored to 100% effective January 1, 2016

The adjustment is pro-rated in the year a teacher stops teaching, and is limited to 8% in any one-year. CPI decreases, and CPI increases over 8% are carried forward and applied to future adjustments.

Optional Credit For Past Service

Teachers who have qualifying absences can, upon return to teaching, buy credit for the period of the absence by making up their contributions with interest within the prescribed period. In some instances, teachers can buy other periods of service by contributing the actuarial value of the purchased pension benefits.

APPENDIX G

Distribution of Active and Inactive Members

The membership data was provided by the Ontario Teachers' Pension Plan Board. Tests were done to verify the accuracy of the data as well as its sufficiency for valuation purposes. These tests and other data conditioning procedures are described in Appendix E of this report.

This Appendix contains summary statistics for the active and inactive membership.

Explanatory Notes for Appendix G

Active Members: Charts G1 - G3

Chart G1: Active full-time members.

Chart G2: Active part-time members.

Chart G3: Active casual members.

Any "age-service" cell with fewer than five members will have the information suppressed in order to preserve confidentiality. Consequently, any averages shown do not include members whose data has been suppressed in this way. The following statistics are provided in each "age-service" cell in the order indicated:

- number of members,
- estimated average annualized pensionable salary in the 2013/2014 school year,
- average member contributions with interest to August 31, 2014,
- average qualifying service to August 31, 2014,
- average credited service to August 31, 2014.

Inactive Members: Charts G4 - G6[1]

Chart G4: Inactive full-time members.

Chart G5: Inactive part-time members.

Chart G6: Inactive casual members.

Any "age-year last taught" cell with fewer than five members will have the information suppressed in order to preserve confidentiality. Consequently, any averages shown do not include members whose data has been suppressed in this way. The following statistics are found in each "age-year last taught" cell in the order indicated:

- number of members,
- average annualized pensionable salary in the year last taught,
- average member contributions with interest to August 31, 2014,
- average qualifying service to August 31, 2014,
- average credited service to August 31, 2014.

Chart G - 1
Active – Full Time Members
Age and Service Distribution as at August 31, 2014

AGE NEAREST	COMPLETED YEARS OF CREDITED SERVICE									
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	TOTAL
	0	2	0	0	0	0	0	0	0	2
	0	*	0	0	0	0	0	0	0	*
15-19	0	*	0	0	0	0	0	0	0	*
	0.000	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	0.000	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	107	66	1	0	0	0	0	0	0	174
	45,723	50,107	*	0	0	0	0	0	0	47,395
20-24	3,785	7,094	*	0	0	0	0	0	0	5,047
	0.809	1.289	*	0.000	0.000	0.000	0.000	0.000	0.000	0.992
	0.705	1.248	*	0.000	0.000	0.000	0.000	0.000	0.000	0.912
	510	5,485	708	0	0	0	0	0	0	6,703
	43,688	56,750	67,614	0	0	0	0	0	0	56,904
25-29	3,415	18,242	36,646	0	0	0	0	0	0	19,057
	0.909	3.427	5.857	0.000	0.000	0.000	0.000	0.000	0.000	3.492
	0.672	3.038	5.590	0.000	0.000	0.000	0.000	0.000	0.000	3.127
	204	5,196	11,897	328	1	0	0	1	0	17,627
	44,115	60,326	74,730	86,178	*	0	0	*	0	70,343
30-34	3,428	22,313	47,567	72,119	*	0	0	*	0	40,068
	0.972	4.419	7.636	10.488	*	0.000	0.000	*	0.000	6.663
	0.665	3.644	7.064	10.316	*	0.000	0.000	*	0.000	6.042
	110	1,811	10,144	12,059	461	0	0	0	0	24,585
	49,072	63,107	80,210	91,587	96,454	0	0	0	0	84,696
35-39	3,598	22,283	55,319	86,839	116,427	0	0	0	0	69,260
	1.045	4.303	8.993	12.601	15.541	0.000	0.000	0.000	0.000	10.504
	0.612	3.458	8.067	12.007	15.385	0.000	0.000	0.000	0.000	9.764
	99	1,137	4,400	10,816	8,753	125	0	0	0	25,330
	45,041	64,894	80,981	92,231	96,203	99,117	0	0	0	90,272
40-44	3,218	22,585	57,226	94,999	127,311	160,548	0	0	0	96,318
	0.952	4.198	8.924	13.935	17.380	21.346	0.000	0.000	0.000	13.804
	0.582	3.364	7.960	12.877	16.631	20.676	0.000	0.000	0.000	12.883
	70	859	2,654	4,372	7,430	6,524	376	0	0	22,285
	42,592	64,720	80,507	91,546	95,531	98,511	101,911	0	0	92,586
45-49	3,915	23,305	58,069	95,826	136,457	179,934	216,342	0	0	128,448
	1.256	4.236	8.831	14.063	19.204	23.331	26.638	0.000	0.000	17.660
	0.601	3.444	7.872	12.711	17.616	22.242	25.619	0.000	0.000	16.383
	37	347	1,799	2,824	3,146	6,132	6,027	146	0	20,458
	50,025	66,927	80,879	91,188	94,287	96,547	99,425	104,971	0	94,403
50-54	3,218	24,350	59,458	96,551	135,839	187,815	230,672	272,948	0	166,064
	0.986	4.337	8.832	13.821	19.872	24.850	28.201	31.616	0.000	21.798
	0.519	3.459	7.948	12.635	17.531	22.995	26.915	30.640	0.000	20.239
	19	142	831	1,803	2,113	2,731	3,103	1,479	13	12,234
	38,183	66,174	82,327	90,716	93,662	95,523	97,738	102,485	121,774	94,598
55-59	1,832	25,034	62,346	96,849	133,883	185,037	234,725	289,141	346,217	178,089
	1.391	4.948	9.245	13.743	19.509	24.951	29.411	33.372	37.615	23.186
	0.482	3.439	8.237	12.677	17.440	22.781	27.481	31.976	36.500	21.441
	8	40	266	853	1,268	1,349	860	542	356	5,542
	58,170	66,719	84,905	89,775	92,060	93,677	94,363	99,778	105,567	93,506
60-64	2,985	24,441	66,211	98,055	133,370	179,037	221,591	290,693	343,296	177,414
	0.674	5.283	9.374	14.019	19.518	24.508	29.757	35.257	39.483	23.680
	0.388	3.606	8.313	12.811	17.484	22.666	27.211	33.149	38.487	21.852
	3	10	27	133	137	180	110	51	96	747
	*	67,016	85,985	90,707	91,006	92,710	94,672	94,860	102,972	93,210
65+	*	24,985	72,164	108,119	135,523	186,407	235,433	282,655	377,054	195,172
	*	6.010	10.413	13.942	19.778	24.718	29.493	36.157	42.656	24.916
	*	3.455	8.622	13.024	17.432	22.688	27.130	33.009	41.333	22.994
	1,167	15,095	32,727	33,188	23,309	17,041	10,476	2,219	465	135,687
	44,719	60,138	78,207	91,607	95,249	96,886	98,549	101,812	105,485	86,514
TOTALS	3,447	20,920	53,085	92,281	132,136	183,443	230,663	288,305	350,347	107,201
	0.957	4.010	8.411	13.415	18.585	24.231	28.644	33.781	40.086	14.902
	0.646	3.352	7.619	12.481	17.166	22.626	27.062	32.199	39.019	13.810

* Amounts not shown to preserve confidentiality. Averages exclude members whose data have been suppressed in this way.

Chart G - 2
Active – Part Time Members
Age and Service Distribution as at August 31, 2014

AGE NEAREST	COMPLETED YEARS OF CREDITED SERVICE									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	TOTAL
	42	1	0	0	0	0	0	0	0	43
	47,701	*	0	0	0	0	0	0	0	47,701
20-24	3,322	*	0	0	0	0	0	0	0	3,322
	0.853	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.853
	0.593	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.593
	184	607	16	0	0	0	0	0	0	807
	47,290	53,366	63,046	0	0	0	0	0	0	52,172
25-29	3,506	13,833	33,676	0	0	0	0	0	0	11,872
	1.128	3.288	6.049	0.000	0.000	0.000	0.000	0.000	0.000	2.850
	0.646	2.436	5.411	0.000	0.000	0.000	0.000	0.000	0.000	2.087
	81	791	518	1	0	0	0	0	0	1,391
	47,814	57,470	70,830	*	0	0	0	0	0	61,887
30-34	3,473	18,409	39,940	*	0	0	0	0	0	25,562
	1.231	4.814	7.793	*	0.000	0.000	0.000	0.000	0.000	5.716
	0.635	3.208	6.452	*	0.000	0.000	0.000	0.000	0.000	4.267
	46	354	929	410	5	0	0	0	0	1,744
	50,888	60,773	78,986	90,004	94,268	0	0	0	0	77,182
35-39	3,767	19,383	46,899	77,233	101,025	0	0	0	0	47,462
	1.269	5.414	9.981	13.361	16.156	0.000	0.000	0.000	0.000	9.641
	0.639	3.326	7.554	11.573	15.457	0.000	0.000	0.000	0.000	7.481
	35	265	570	836	169	0	0	0	0	1,875
	49,266	62,612	79,578	90,597	92,717	0	0	0	0	82,712
40-44	3,232	19,495	47,761	83,530	116,904	0	0	0	0	65,115
	1.427	5.686	11.458	15.667	18.169	0.000	0.000	0.000	0.000	12.936
	0.595	3.237	7.690	12.378	16.264	0.000	0.000	0.000	0.000	9.791
	20	203	296	484	412	93	3	0	0	1,511
	49,871	62,741	77,344	89,542	92,299	93,498	*	0	0	84,011
45-49	3,568	20,847	47,994	86,481	125,392	164,113	*	0	0	84,410
	1.491	5.962	12.068	18.137	21.689	24.265	*	0.000	0.000	16.434
	0.564	3.289	7.549	12.576	17.152	21.494	*	0.000	0.000	11.980
	19	107	201	194	288	214	42	0	0	1,065
	53,445	61,302	75,887	87,544	91,066	91,841	93,462	0	0	84,148
50-54	3,490	20,177	47,392	88,891	130,499	175,258	214,787	0	0	106,203
	1.509	5.943	11.957	19.334	24.821	26.773	28.519	0.000	0.000	19.619
	0.576	3.313	7.441	12.638	17.466	22.160	26.355	0.000	0.000	14.274
	8	48	125	138	139	88	29	9	0	583
	52,869	59,431	74,588	85,047	89,367	90,013	91,855	95,648	0	82,524
55-59	4,175	19,068	47,446	83,337	129,166	172,733	214,358	280,841	0	103,026
	2.634	6.056	13.270	19.237	25.067	28.629	30.290	33.889	0.000	20.209
	0.635	3.246	7.745	12.384	17.463	22.077	26.685	31.976	0.000	14.139
	1	8	71	57	55	36	8	4	1	241
	*	62,840	76,356	82,432	85,283	86,365	90,516	*	*	81,474
60-64	*	18,944	46,231	79,999	122,054	157,291	212,079	*	*	93,898
	*	7.229	13.745	20.232	23.303	29.970	36.008	*	*	20.577
	*	2.653	7.566	12.540	17.151	22.254	27.173	*	*	13.766
	1	2	12	14	7	5	0	0	2	43
	*	*	74,490	78,392	71,574	92,611	0	0	*	77,775
65+	*	*	57,862	79,546	103,881	153,902	0	0	*	86,965
	*	*	14.352	19.031	23.968	29.148	0.000	0.000	*	19.812
	*	*	8.627	12.419	17.031	21.950	0.000	0.000	*	13.325
	437	2,386	2,738	3,134	1,075	436	81	13	3	9,303
	48,457	58,166	76,780	89,309	91,171	91,382	92,583	95,648	*	76,190
TOTALS	3,502	17,811	45,895	83,344	125,490	170,642	214,355	280,841	*	62,154
	1.221	4.793	10.489	16.497	22.483	26.904	29.923	33.889	*	12.348
	0.627	3.042	7.366	12.297	17.134	22.016	26.558	31.976	*	9.097

* Amounts not shown to preserve confidentiality. Averages exclude members whose data have been suppressed in this way.

Chart G - 3
Active – Casual Members
Age and Service Distribution as at August 31, 2014

AGE NEAREST	COMPLETED YEARS OF CREDITED SERVICE									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	TOTAL
	3	0	0	0	0	0	0	0	0	3
	*	0	0	0	0	0	0	0	0	*
15-19	*	0	0	0	0	0	0	0	0	*
	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	932	27	0	0	0	0	0	0	0	959
	40,730	45,570	0	0	0	0	0	0	0	40,867
20-24	1,570	5,596	0	0	0	0	0	0	0	1,683
	0.522	1.186	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.541
	0.313	1.084	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.335
	4,748	4,048	55	0	0	0	0	0	0	8,851
	42,377	49,300	62,269	0	0	0	0	0	0	45,667
25-29	2,112	11,927	33,452	0	0	0	0	0	0	6,795
	0.929	3.099	5.978	0.000	0.000	0.000	0.000	0.000	0.000	1.953
	0.426	2.193	5.461	0.000	0.000	0.000	0.000	0.000	0.000	1.266
	1,903	3,961	705	2	0	0	0	0	0	6,571
	42,985	49,452	59,208	*	0	0	0	0	0	48,625
30-34	2,210	14,696	35,767	*	0	0	0	0	0	13,340
	1.313	4.495	7.290	*	0.000	0.000	0.000	0.000	0.000	3.873
	0.443	2.751	6.043	*	0.000	0.000	0.000	0.000	0.000	2.435
	943	1,714	760	87	3	0	0	0	0	3,507
	42,156	48,313	55,741	67,624	*	0	0	0	0	48,747
35-39	2,237	14,356	37,308	71,385	*	0	0	0	0	17,489
	1.325	5.135	9.304	13.065	*	0.000	0.000	0.000	0.000	5.210
	0.422	2.797	6.858	11.587	*	0.000	0.000	0.000	0.000	3.257
	877	1,423	629	160	32	0	0	0	0	3,121
	41,979	48,363	53,000	59,764	68,738	0	0	0	0	48,297
40-44	2,195	14,256	34,699	69,419	109,977	0	0	0	0	18,796
	1.479	5.461	10.405	14.793	18.189	0.000	0.000	0.000	0.000	5.947
	0.426	2.808	6.906	12.100	16.448	0.000	0.000	0.000	0.000	3.581
	544	1,161	586	169	49	11	0	0	0	2,520
	42,449	48,077	51,677	57,185	62,608	64,674	0	0	0	48,665
45-49	2,107	14,765	35,768	63,138	99,532	152,082	0	0	0	22,408
	1.680	6.013	10.721	17.192	20.426	24.032	0.000	0.000	0.000	7.281
	0.431	2.895	6.938	11.985	16.727	21.757	0.000	0.000	0.000	4.264
	331	776	574	178	69	25	6	0	0	1,959
	41,565	47,663	49,583	52,227	57,023	59,058	77,159	0	0	48,175
50-54	2,059	14,859	35,200	63,519	101,807	155,900	212,901	0	0	28,547
	1.643	6.403	11.583	18.435	22.710	26.249	28.167	0.000	0.000	9.104
	0.422	2.855	7.068	12.203	17.017	22.585	26.712	0.000	0.000	5.351
	146	473	473	214	76	37	9	0	0	1,428
	41,094	46,844	48,188	49,311	48,717	55,525	68,720	0	0	47,533
55-59	1,942	15,203	33,916	58,380	90,616	120,899	161,658	0	0	34,191
	2.326	7.609	13.106	19.076	24.035	26.917	29.343	0.000	0.000	12.120
	0.417	3.085	7.133	12.295	17.343	22.165	26.402	0.000	0.000	6.934
	91	283	420	214	84	34	12	3	0	1,141
	42,196	46,023	46,697	46,585	48,440	50,004	49,579	*	0	46,406
60-64	2,026	14,807	33,496	52,016	78,483	105,783	139,840	*	0	36,416
	2.660	9.285	14.176	19.643	23.984	29.273	35.327	*	0.000	14.465
	0.440	3.102	7.323	12.119	16.888	21.969	26.981	*	0.000	7.976
	44	86	131	82	42	19	5	1	0	410
	43,955	45,798	47,141	48,680	50,144	48,846	52,669	*	0	47,279
65+	1,921	15,519	34,387	55,147	81,070	109,667	139,660	*	0	40,667
	2.312	10.561	14.680	19.608	24.533	28.464	34.000	*	0.000	15.360
	0.393	3.203	7.395	12.063	17.329	21.853	27.049	*	0.000	8.628
	10,562	13,952	4,333	1,106	355	126	32	4	0	30,470
	42,254	48,755	52,663	53,369	54,203	54,528	60,617	*	0	47,338
TOTALS	2,094	13,828	35,314	61,088	91,776	124,793	159,647	*	0	16,050
	1.144	4.733	10.637	17.739	22.789	27.402	32.094	*	0.000	5.134
	0.419	2.636	6.845	12.097	17.002	22.113	26.779	*	0.000	3.083

* Amounts not shown to preserve confidentiality. Averages exclude members whose data have been suppressed in this way.

Chart G - 4
Inactive – Full Time Members
Age and Service Distribution as at August 31, 2014

AGE NEAREST	YEAR LAST TAUGHT									
	< 1	2	3	4	5	6	7	8	9+	TOTAL
	1	0	0	0	0	0	0	0	0	1
	*	0	0	0	0	0	0	0	0	*
15-19	*	0	0	0	0	0	0	0	0	*
	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	1	0	0	1	0	0	0	0	0	2
	*	0	0	*	0	0	0	0	0	*
20-24	*	0	0	*	0	0	0	0	0	*
	*	0.000	0.000	*	0.000	0.000	0.000	0.000	0.000	*
	*	0.000	0.000	*	0.000	0.000	0.000	0.000	0.000	*
	184	73	34	7	6	1	0	0	0	305
	54,157	45,699	47,785	45,550	40,888	*	0	0	0	50,953
25-29	16,692	9,313	7,938	7,010	4,092	*	0	0	0	13,469
	3.144	2.222	1.716	1.524	1.029	*	0.000	0.000	0.000	2.684
	2.843	1.772	1.477	1.393	0.861	*	0.000	0.000	0.000	2.360
	1,124	205	129	99	98	88	53	34	3	1,833
	68,137	62,849	58,015	55,050	50,598	48,246	45,652	41,657	*	63,084
30-34	35,391	25,196	20,130	16,448	12,239	10,017	6,258	4,661	*	28,274
	6.153	4.842	4.090	3.284	2.708	2.309	1.599	1.531	*	5.118
	5.574	4.193	3.561	2.966	2.416	2.132	1.445	1.275	*	4.602
	1,057	289	158	133	146	168	165	270	352	2,738
	79,705	77,147	70,817	67,881	62,413	57,503	52,609	48,875	40,727	66,379
35-39	55,218	46,018	35,779	32,906	25,343	19,639	15,816	12,641	7,718	35,586
	9.129	8.167	6.899	6.325	5.292	4.554	3.920	3.414	2.162	6.504
	8.414	7.264	6.061	5.748	4.787	4.030	3.486	3.031	1.962	5.908
	358	114	95	100	92	107	116	257	843	2,082
	86,740	81,228	81,088	77,057	68,508	56,110	60,094	55,936	44,070	61,285
40-44	79,004	63,095	57,812	48,413	38,941	34,103	25,409	21,483	14,216	35,300
	12.064	10.740	10.089	8.589	7.404	6.953	5.761	5.088	3.598	6.626
	11.276	9.565	9.123	7.733	6.660	6.192	5.069	4.557	3.120	5.971
	143	83	58	59	60	48	78	151	1,013	1,693
	87,757	83,580	79,498	77,597	73,024	70,872	64,442	63,669	46,242	57,851
45-49	99,594	78,921	76,612	61,545	57,549	55,266	42,328	37,707	26,375	41,752
	14.865	12.146	12.060	10.212	9.855	9.736	8.374	7.504	5.313	7.480
	13.687	11.083	11.047	9.259	8.825	8.927	7.279	6.628	4.575	6.630
	121	52	46	46	48	54	54	94	1,072	1,587
	91,053	83,688	81,065	77,704	69,223	66,948	68,030	65,549	45,744	55,755
50-54	135,275	95,669	78,271	87,303	71,014	64,320	62,420	58,575	36,858	53,075
	18.156	14.055	11.854	13.346	11.898	10.461	10.081	10.050	6.274	8.468
	16.988	12.287	10.446	11.958	9.936	9.501	9.026	8.731	5.384	7.432
	78	24	21	23	27	27	38	47	742	1,027
	90,916	77,543	81,980	74,409	81,146	54,316	55,496	58,472	44,316	52,631
55-59	141,364	87,271	88,969	61,568	88,389	43,197	43,865	40,869	40,993	52,544
	19.737	13.844	13.543	9.793	13.457	7.656	8.357	7.833	5.699	8.381
	17.938	12.235	11.751	8.211	11.663	6.159	6.779	6.559	5.630	7.160
	38	10	9	13	14	16	20	38	827	985
	84,834	74,296	86,852	76,433	74,997	55,313	65,426	61,699	33,977	40,030
60-64	126,914	68,984	107,312	46,778	59,490	33,336	57,878	47,575	35,731	41,592
	18.692	11.407	15.979	8.312	9.627	7.161	10.119	9.956	6.028	6.996
	16.860	10.989	14.784	6.818	8.012	5.361	8.454	7.560	5.186	6.005
	7	3	3	4	3	5	2	8	11,403	11,438
	80,295	*	*	*	*	65,572	*	54,307	4,222	4,325
65+	171,620	*	*	*	*	100,304	*	17,536	1,831	1,986
	28.766	*	*	*	*	16.800	*	3.399	0.885	0.910
	26.838	*	*	*	*	15.639	*	2.835	0.864	0.886
	3,112	853	553	485	494	514	526	899	16,255	23,691
	75,979	72,296	70,243	68,926	63,895	60,324	57,392	55,941	15,782	32,507
TOTALS	56,965	47,652	45,009	42,493	37,627	31,495	29,250	26,876	9,954	21,087
	9.079	8.118	7.791	7.408	6.854	6.140	5.926	5.710	2.212	3.961
	8.347	7.199	6.935	6.643	6.046	5.457	5.174	4.975	1.972	3.555

* Amounts not shown to preserve confidentiality. Averages exclude members whose data have been suppressed in this way.

Chart G - 5
Inactive – Part Time Members
Age and Service Distribution as at August 31, 2014

AGE NEAREST	YEAR LAST TAUGHT < 1	2	3	4	5	6	7	8	9+	TOTAL
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
15-19	0	0	0	0	0	0	0	0	0	0
	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	0	0	0	1	0	0	0	0	0	1
	0	0	0	*	0	0	0	0	0	*
20-24	0	0	0	*	0	0	0	0	0	*
	0.000	0.000	0.000	*	0.000	0.000	0.000	0.000	0.000	*
	0.000	0.000	0.000	*	0.000	0.000	0.000	0.000	0.000	*
	38	15	3	3	1	0	0	0	0	60
	48,598	46,203	*	*	*	0	0	0	0	47,920
25-29	10,501	5,077	*	*	*	0	0	0	0	8,966
	2.819	1.817	*	*	*	0.000	0.000	0.000	0.000	2.536
	1.945	1.041	*	*	*	0.000	0.000	0.000	0.000	1.689
	135	41	26	21	22	17	10	2	3	277
	62,671	57,216	52,788	49,637	55,187	42,394	41,116	*	*	57,233
30-34	24,342	15,487	11,958	8,538	7,048	3,632	2,898	*	*	17,122
	5.650	4.016	3.669	2.508	2.355	1.475	1.259	*	*	4.283
	4.239	2.815	2.281	1.654	1.489	0.827	0.733	*	*	3.073
	114	55	40	21	31	31	24	34	51	401
	77,057	72,403	66,605	60,182	53,996	52,148	51,431	46,383	36,477	61,488
35-39	43,621	30,842	24,452	19,236	11,495	14,600	14,018	7,439	3,479	24,007
	8.776	7.645	6.229	5.006	3.492	4.287	4.251	2.863	1.566	5.725
	7.054	5.628	4.477	3.537	2.365	3.158	3.156	1.907	0.938	4.306
	49	33	38	37	29	30	28	50	145	439
	84,089	74,330	71,742	70,278	62,923	50,160	58,977	56,395	38,100	58,137
40-44	64,407	38,470	38,770	32,105	24,395	16,948	23,963	18,288	6,901	24,803
	12.647	8.480	8.306	8.052	7.025	5.139	6.698	5.461	2.496	6.136
	9.893	6.251	6.465	5.759	4.672	3.491	4.873	3.890	1.562	4.436
	37	19	25	20	17	16	15	43	381	573
	81,076	71,114	69,802	68,959	65,989	57,915	60,279	58,287	42,528	50,851
45-49	69,579	46,627	49,991	42,847	40,078	28,067	31,315	31,700	15,127	24,945
	13.395	9.274	10.298	10.110	9.030	7.217	8.144	7.741	3.948	5.864
	10.139	6.936	7.686	7.072	6.559	4.911	5.707	5.657	2.644	4.131
	29	18	18	21	14	18	17	40	524	699
	81,536	76,726	61,134	64,555	60,997	69,269	63,933	57,197	41,166	47,566
50-54	79,970	66,255	20,324	52,041	52,108	49,025	48,980	36,517	23,858	30,583
	15.104	13.120	6.909	8.909	10.539	10.293	10.032	8.924	5.434	6.715
	11.106	9.633	3.421	7.077	7.646	7.512	7.520	5.892	3.565	4.548
	12	22	12	7	10	19	15	21	418	536
	80,713	62,357	66,272	66,304	54,289	52,429	59,596	59,155	37,485	42,805
55-59	102,348	32,651	32,098	25,153	14,098	23,189	41,181	56,494	21,002	25,508
	18.518	8.003	9.267	6.427	4.772	6.858	10.788	12.147	5.264	6.250
	13.913	5.034	5.747	4.231	3.013	4.233	7.417	8.161	3.060	3.822
	4	4	6	5	4	10	13	13	583	642
	*	*	65,391	69,937	*	59,033	55,172	57,100	29,596	31,820
60-64	*	*	24,732	46,966	*	37,636	33,798	30,411	16,043	17,377
	*	*	9.592	12.454	*	10.476	9.421	7.544	4.302	4.688
	*	*	4.509	7.083	*	6.307	5.921	4.316	2.421	2.651
	1	0	0	1	1	1	0	5	1,041	1,050
	*	0	0	*	*	*	0	36,097	11,303	11,421
65+	*	0	0	*	*	*	0	4,601	2,506	2,516
	*	0.000	0.000	*	*	*	0.000	1.864	1.201	1.204
	*	0.000	0.000	*	*	*	0.000	0.931	0.757	0.758
	419	207	168	137	129	142	122	208	3,146	4 678
	71,365	66,887	65,430	64,054	58,768	56,043	56,550	55,127	28,587	40 150
TOTALS	43 323	31,891	29,766	31,302	22,526	22,491	27,835	27,164	12,785	19 130
	8.806	7.294	7.338	7.214	5.793	6.014	7.206	6.906	3.421	4.733
	6.761	5.235	5.053	5.130	3.986	4.071	5.092	4.711	2.109	3 166

* Amounts not shown to preserve confidentiality. Averages exclude members whose data have been suppressed in this way.

Chart G - 6
Inactive – Casual Members
Age and Service Distribution as at August 31, 2014

AGE NEAREST	YEAR LAST TAUGHT									
	< 1	2	3	4	5	6	7	8	9+	TOTAL
	0	1	0	0	0	0	0	0	0	1
	0	*	0	0	0	0	0	0	0	*
15-19	0	*	0	0	0	0	0	0	0	*
	0.000	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	0.000	*	0.000	0.000	0.000	0.000	0.000	0.000	0.000	*
	9	4	0	1	0	0	0	0	0	14
	32,595	*	0	*	0	0	0	0	0	32,595
20-24	201	*	0	*	0	0	0	0	0	201
	0.147	*	0.000	*	0.000	0.000	0.000	0.000	0.000	0.147
	0.059	*	0.000	*	0.000	0.000	0.000	0.000	0.000	0.059
	468	321	192	104	60	8	1	0	0	1,154
	40,830	39,281	40,132	40,082	37,489	38,028	*	0	0	40,022
25-29	3,658	1,839	1,866	1,228	768	862	*	0	0	2,464
	1.417	0.922	0.920	0.605	0.446	0.525	*	0.000	0.000	1.066
	0.716	0.375	0.382	0.260	0.172	0.212	*	0.000	0.000	0.493
	538	462	379	339	313	244	169	116	16	2,576
	45,987	42,046	42,527	41,065	39,913	39,398	37,584	35,944	32,455	41,674
30-34	9,728	5,822	4,710	3,451	2,707	2,590	1,770	1,240	424	4,972
	3.273	2.226	1.907	1.612	1.293	1.131	0.971	0.770	0.497	1.941
	1.852	1.160	0.962	0.739	0.607	0.616	0.464	0.369	0.113	1.014
	233	254	211	204	223	213	167	334	408	2,247
	46,627	42,761	41,513	41,244	39,935	39,585	38,037	36,397	32,345	39,137
35-39	12,872	8,973	5,549	6,302	4,158	4,988	4,772	3,346	1,863	5,612
	4.498	3.592	2.860	2.604	2.041	2.262	2.281	1.704	1.055	2.409
	2.540	1.896	1.430	1.380	0.976	1.222	1.241	0.922	0.543	1.278
	153	163	155	133	143	145	135	229	1,028	2,284
	44,667	40,904	41,776	40,460	41,193	39,772	39,165	37,411	29,743	35,659
40-44	16,111	6,971	8,501	7,510	7,858	8,199	6,193	6,318	2,876	5,898
	5.444	3.313	3.260	3.019	3.371	3.230	2.905	2.981	1.508	2.564
	3.110	1.491	1.776	1.591	1.727	1.843	1.536	1.632	0.738	1.340
	110	123	124	111	118	131	100	183	2,342	3,342
	42,168	42,613	42,919	42,859	41,223	40,161	38,757	38,238	23,040	28,402
45-49	13,969	9,727	9,898	9,347	10,866	8,800	10,136	9,072	2,960	5,098
	5.510	4.242	3.736	3.322	3.909	3.478	4.048	3.595	1.707	2.375
	2.712	1.993	1.852	1.765	2.219	1.865	2.182	1.899	0.615	1.042
	104	124	93	104	91	96	87	148	3,250	4,097
	45,211	41,464	44,303	41,615	41,272	39,861	37,133	37,021	19,917	24,241
50-54	19,539	15,261	19,140	12,530	18,236	9,724	13,185	12,459	3,379	5,754
	6.560	5.771	6.020	4.475	5.415	4.163	4.586	4.732	1.975	2.644
	3.462	2.853	3.228	2.330	3.192	2.045	2.552	2.388	0.606	1.047
	64	82	82	73	83	74	68	149	4,011	4,686
	43,977	42,147	43,472	40,558	40,803	40,228	37,849	37,178	16,600	20,029
55-59	11,686	16,781	17,875	11,055	13,516	13,104	7,210	10,120	2,776	4,188
	5.890	7.257	5.751	4.882	5.229	5.305	4.177	4.431	1.756	2.301
	2.456	3.396	3.341	2.296	2.848	2.571	1.753	2.055	0.521	0.917
	45	47	54	71	52	74	70	171	7,227	7,811
	46,094	43,917	42,395	41,969	40,071	39,540	38,490	37,994	12,961	15,014
60-64	20,836	13,106	12,231	10,404	10,734	10,844	11,112	10,922	2,022	2,762
	10.446	7.786	7.992	6.779	5.621	5.365	6.059	5.754	1.376	1.765
	4.085	2.813	2.735	2.583	2.339	2.335	2.507	2.243	0.437	0.597
	17	18	16	7	19	13	23	52	15,049	15,214
	48,145	42,918	42,361	31,859	42,178	41,877	37,254	36,432	7,898	8,246
65+	8,628	14,370	12,920	3,705	5,631	6,336	6,905	6,116	692	770
	6.262	7.913	7.261	4.227	4.724	4.441	4.911	4.404	0.615	0.666
	1.707	2.993	2.667	0.898	1.260	1.498	1.749	1.610	0.244	0.261
	1,741	1,599	1,306	1,147	1,102	998	820	1,382	33,331	43,426
	44,165	41,555	42,138	41,129	40,316	39,730	38,123	37,121	13,264	19,673
TOTALS	10,231	7,550	7,797	6,539	6,963	6,845	6,740	7,168	1,734	3,115
	3.761	3.211	3.164	2.830	2.923	2.939	3.128	3.308	1.160	1.635
	1.969	1.533	1.539	1.367	1.451	1.513	1.549	1.591	0.399	0.676

* Amounts not shown to preserve confidentiality. Averages exclude members whose data have been suppressed in this way.

APPENDIX H

Pensioner and Survivor Statistics

This Appendix contains summary statistics for the pensioner and survivor data used in the valuation. The active and inactive data are summarized in Appendix G.

Explanatory Notes for Appendix H

Pensioners: Charts H1 - H3

Chart H1: Pensioners who are receiving an unreduced pension.
Chart H2: Pensioners who are receiving a reduced pension.
Chart H3: Pensioners who are receiving either a partial disability pension or a total disability pension.

Survivors: Charts H4 - H5

Chart H4: Survivors who are receiving a survivor pension.
Chart H5: Survivors who are receiving a child's pension.

Chart H - 1
Statistics on Pensioner Data as at August 31, 2014
UNREDUCED PENSION

Age Group	Number	Average Age	Average Annual Pension	Average Annual Bridge Benefit
50 - 54	122	54.02	$49,369	$6,453
55 - 59	4,847	57.61	$48,515	$6,313
60 - 64	14,999	62.37	$46,445	$6,221
65 - 69	26,332	67.05	$42,521	$6,180
70 - 74	19,778	71.83	$44,154	$0
75 - 79	11,716	76.77	$46,543	$0
80 - 84	7,594	81.88	$42,063	$0
85 - 89	3,592	86.64	$40,961	$0
90 - 94	1,273	91.50	$40,126	$0
95 +	383	97.41	$37,676	$0
TOTALS	90,636	70.54	$44,222	$6,239 *

* Number of Bridge recipients not shown

Chart H - 2
Statistics on Pensioner Data as at August 31, 2014
REDUCED PENSION

Age Group	Number	Average Age	Average Annual Pension	Average Annual Bridge Benefit
50 - 54	627	53.18	$30,419	$4,785
55 - 59	2,836	57.33	$32,276	$4,810
60 - 64	7,143	62.40	$28,571	$4,524
65 - 69	8,537	66.65	$24,080	$4,685
70 - 74	5,186	72.08	$24,088	$0
75 - 79	3,069	76.68	$24,601	$0
80 - 84	712	81.56	$16,588	$0
85 - 89	595	87.03	$12,416	$0
90 - 94	504	91.76	$12,502	$0
95 +	213	97.46	$13,846	$0
TOTALS	29,422	67.86	$25,462	$4,622 *

* Number of Bridge recipients not shown

Chart H - 3
Statistics on Pensioner Data as at August 31, 2014
DISABILITY PENSION

Age Group	Number	Average Age	Average Annual Pension	Average Annual Bridge Benefit
45 - 49	1	**	**	**
50 - 54	19	**	**	**
55 - 59	23	57.52	$23,635	$3,430
60 - 64	103	62.52	$22,570	$3,912
65 - 69	210	67.32	$24,414	$4,812
70 - 74	237	71.97	$27,456	$0
75 - 79	205	76.97	$29,789	$0
80 - 84	94	81.95	$23,628	$0
85 - 89	93	86.92	$19,984	$0
90 - 94	52	91.69	$21,118	$0
95 +	28	97.65	$20,941	$0
TOTALS	1,065	74.25	$25,209	$3,890 *

* Number of Bridge recipients not shown

** Amounts not shown to preserve confidentiality.

Chart H - 4
Statistics on Pensioner Data as at August 31, 2014
SURVIVOR PENSION

Age Group	Number	Average Age	Average Annual Pension
25 - 29			
30 - 34	1	*	*
35 - 39	6	*	*
40 - 44	13	42.53	$14,029
45 - 49	35	48.17	$17,712
50 - 54	115	52.34	$17,212
55 - 59	317	57.43	$16,721
60 - 64	817	62.48	$20,578
65 - 69	1,830	67.19	$21,878
70 - 74	2,170	72.03	$23,328
75 - 79	1,966	76.93	$23,594
80 - 84	1,834	81.99	$22,213
85 - 89	1,439	86.84	$20,757
90 - 94	826	91.58	$20,819
95 +	295	97.12	$22,298
TOTALS	11,664	76.12	$21,981

* Amounts not shown to preserve confidentiality.

Chart H - 5
Statistics on Pensioner Data as at August 31, 2014
CHILDREN'S PENSION

Age Group	Number	Average Age	Average Annual pension
0 - 4			
5 - 9	3	8.76	$1,693
10 - 14	13	12.16	$11,609
15 - 19	29	17.52	$10,901
20 - 24	43	22.04	$6,174
25 +	34	43.36	$20,993
TOTALS	122	25.53	$11,897

APPENDIX I

Plan Administrator Certification

With respect to the report on the actuarial valuation of the Ontario Teachers' Pension Plan, as at January 1, 2015, I hereby certify that, to the best of my knowledge and belief:

- The valuation reflects the terms of the Ontario Teachers' Pension Plan Board engagement with the actuary, particularly the requirement to use a valuation discount rate of 4.85% for the going-concern valuation.
- The Summary of Plan Provisions contained in Appendix F of this report, is a complete and accurate description of the Plan, and the Board's administration of it, insofar as the terms of the Plan affecting costs are concerned.
- The asset information summarized in Appendix B is reflective of the Plan's assets.
- The membership data as at August 31, 2014 as provided to the actuary and summarized in Appendices E, G and H of this report is a substantially complete and accurate description of every person who is entitled to, or who will be entitled to, benefits under the terms of the Plan in respect of service up to the effective date of the data.
- All events subsequent to the date of the actuarial valuation that may have an impact on the results of the valuation have been communicated to the actuary.

May 20, 2015
Date

RMock
Signed

Ron Mock
Name

MERCER

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120 Bremner Boulevard, Suite 800
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MARSH & McLENNAN COMPANIES

G - OTPP Memo of understanding September 18, 2008.pdf

MEMO OF UNDERSTANDING
ONTARIO TEACHERS' PENSION PLAN
SEPTEMBER 18, 2008

Interest Rate Assumption Adjustment

A. Interest rate assumption will be adjusted to allow the filing of the January 1, 2008 funding valuation (approximately RRB+1.5%) subject to the provisions set out below.

B. The Partners shall notify the Board, in writing, that the Funding Management Policy will not expire prior to the date the January 1, 2008 funding valuation is filed.

C. The Restoration Basis within the Funding Management Policy will be revised and documented as RRB+1.4%.

D. Establish a review process as per Attachment 1. Partners' Agreement needs to be revised to allow the payment of expenses as outlined in Attachment 1.

Contribution Rate Adjustment

E. Contribution rate maximum to remain at 15.0% as previously agreed
   1. Maximum applies to contribution rate on salaries above the CPP limit.

F. Basic contribution rate increased to 8.3/9.9% from 7.3/8.9%
   1. Special contributions adjusted accordingly to maintain same overall level.
   2. To be documented in Schedule 1 to the Teachers' Pension Act (Plan Text) before January 1, 2008 funding valuation is filed.

G. The total contribution rate established with the January 1, 2005 filed funding valuation will remain unchanged.

Conditional inflation protection for future service after January 1, 2010

H. To be documented in the appropriate Plan document before January 1, 2008 funding valuation is filed
   1. Benefits earned for service on or after January 1, 2010 will be subject to conditional indexing.
   2. Post-2009 benefit accruals will be subject to 50% conditional indexing (ie. 50% guaranteed indexing).
   3. Post-2009 benefit accruals will attract indexation adjustments between 50% to 100% of the CPI increase, as determined in future based on the Plan's financial position.
   4. Once a conditional indexation adjustment is granted, continued payment of that adjustment is a permanent obligation of the Plan and the adjustment shall be eligible for conditional indexation adjustments on a go-forward basis.

I. The goal of the Partners is to provide indexation adjustments at 100% of CPI on all service accruals when possible, subject to the funded status of the Plan and the Board will manage the Plan's investments appropriate to pursuing this goal.

J. Decisions regarding the level of adjustment (within the 50% to 100% range) will be made periodically by the Partners based on the Plan's emerging financial position, as part the valuation filing process. This decision is in effect until the date of the next filed funding valuation.
   1. It is understood that, if Plan assets in tandem with scheduled future contributions are sufficient to both sustain 100% adjustments for the future and to provide catch-up in the "pension run rate" (in the event prior adjustment were less than 100%) then these adjustments will both be provided in full.
   2. It is further understood that previously foregone inflation adjustments may be restored by the Partners where the resulting adjustments are expected to be sustainable (in light of the Plan's financial position and scheduled future contributions).
   3. The above will be documented in the Funding Management Policy by March 31, 2009.

K. Finalize design of conditional indexation feature by March 31, 2009
   1. Appoint a tri-party working group (OTF, Ontario Government and OTPP) to design and advise the parties.
   2. Allows opportunity to consider other Canadian pension plans/risk sharing methods employed and to tailor the design to the parties' needs.
   3. It is understood that costs reasonably incurred and agreed to by all three parties, for operating the working group will be paid from Plan funds. Partners' Agreement needs to be revised to allow the payment of these expenses.

MEMO OF UNDERSTANDING
ONTARIO TEACHERS' PENSION PLAN
SEPTEMBER 18, 2008

L. Partners reserve the right (by their mutual agreement) for the finalized design to reflect a conditional indexation formula different from that outlined in H above, provided it results in a comparable reduction in net liability and risk profile using the same assumptions as the filed January 1, 2008 funding valuation.

M. Any foregone inflation increases to pensioners are to be matched by contributions made by Ontario government/participating employers. Since this commitment conflicts with the current provisions of The Teachers' Pension Act, the government will seek the approval of the Legislature to amend the Act in that regard. The Partners agree that these contributions shall be documented in Schedule 1 to the Teachers' Pension Act (Plan Text) as soon as possible.

Other

N. Establishment of a Consultative Committee as per Attachment 2. Partners' Agreement needs to be revised to allow the payment of expenses as outlined in Attachment 2

Jim Leech
President and Chief Executive Officer
Ontario Teachers Pension Plan Board

Joe Lamoureux
President
Ontario Teachers' Federation

Nancy Naylor for
Steve Marshall
Deputy Minister of Education
Ministry of Education
Government of Ontario

Maureen Davis
Past President
Ontario Teachers' Federation

ATTACHMENT # 1
ONTARIO TEACHERS' PENSION PLAN
REVIEW PROCESS
TERMS OF REFERENCE
SEPTEMBER 18, 2008

General

The Ontario Teachers' Pension Plan Board ("the Plan Administrator") and the Ontario Teachers' Federation and the Government of Ontario ("the Partners") hereby establish a process by which the discount rate used by the Plan Actuary in preparing a funding valuation report for the Plan Administrator to be filed as required by the Pension Benefits Act regulations may be reviewed by an independent party. The purpose of the review is to allow the Plan Administrator and the Partners to address the matter of the valuation discount rate in the context of the Plan characteristics and to receive a report of the Hearing Officer noted below.

Caveat

Nothing in this process is intended to alter the roles and mandates of the parties as set out in the Partners' Agreement or otherwise, or under the requirements of the governing legislation.

This Review Process will not proceed if the conditions of the Memorandum of Agreement dated September 18, 2008 (MOU) have not been met and/or the Funding Management Policy, amended as contemplated under the MOU, is no longer in effect, unless agreed in writing by the Plan Administrator.

Triggering Event

If the real discount rate proposed by the Board to be used in the funding valuation report prepared on the Restoration Basis (as defined in the Funding Management Policy) to be filed by the Plan Administrator is less than 3.575 percent, the Partners, acting together, have the right to invoke the following process by giving notice in writing to the Plan Administrator by March 31 of the filing year. The notice shall be deemed received on the next business day.

Process

The Partners and the Plan Administrator shall mutually agree on the terms of engagement of the Hearing Officer including the terms of reference, procedures for addressing the matters which give rise to the process and timelines for the process by May 31, 2009.

Once the process is invoked, the Partners and the Plan Administrator shall meet within two weeks, or such other period as they may mutually agree after the giving of notice, to agree on an individual to act as a Hearing Officer to hear the matter or matters provided above which gave rise to the process.

Once a Hearing Officer has been agreed upon, he/she will determine, with the agreement of the Partners and the Plan Administrator, a time frame and schedule for completion of the process.

The Hearing Officer shall issue his/her report (including a concise Executive Summary) on the matters under review to the Partners and the Plan Administrator simultaneously by June 30 of the filing year to allow sufficient time for the Partners and the Plan Administrator to consider his/her report.

The Hearing Officer will keep confidential all information received during this process, including the engagement, and will not make any public comment on the report or any findings related to the process. Prior to the filing of the valuation report under the Pension Benefits Act, the Plan Administrator and the Partners will keep the report confidential, unless a written consent is executed by all three parties.

The report shall not be binding on the Partners nor the Plan Administrator.

After receiving the Hearing Officer report, the Plan Administrator will provide the Partners with reasons, in writing, for the discount rate chosen for the funding valuation report by August 15 of the filing year

Subsequent to the filing of the valuation report under the Pension Benefits Act, either Partner or Plan Administrator may disclose to the Plan members the Executive Summary, together with the written response provided by the Plan Administrator, .

Cost

The cost of the Hearing Officer will be covered by the Plan, subject to the approval of the Partners and the Plan Administrator.

General

The Partners' Consultative Committee is established by the Ontario Teachers' Pension Plan Partners to assist the Partners in maintaining an on-going awareness of the funded status of the Plan and in understanding the factors that may contribute to variations in the status over time.

Membership

The Committee shall be composed of a maximum of ten (10) members appointed from time to time by the Partners' Committee. Each sponsoring Partner is entitled to appoint five (5) members although either Partner may decide to appoint a smaller number of members.

Each Partner shall designate one of its appointees to act as co-chair.

Mandate

On behalf of the Partners' Committee, the Partners' Consultative Committee will maintain an awareness of the funded status of the Plan as well as the trends and issues that may affect the funded status of the Plan.

In fulfilling its mandate, the Committee will carry out the functions set out below.

1. The Committee will meet with the Plan Administrator and, if requested, the Plan Actuary on a quarterly basis to review the funded status of the Plan and to discuss the factors that underlay this position;
2. With the approval of the Partners' Committee, the Consultative Committee may request the Plan Administrator to undertake further research into any matter that bears on the funded status of the Plan. Where the Plan Administrator agrees that research using either external and internal resources is appropriate and cost effective, the cost of such research will be covered by the Plan; and
3. The Co-chairs will report quarterly to the Partners' Committee on the Consultative Committee's activities and findings.

Meetings and other procedures

Meetings will be scheduled by mutual agreement of the respective co-chairs and the Plan Administrator. The Committee has the power to determine its own procedures.

Ontario

Ministry of Education
Mowat Block
Queen's Park
Toronto, ON M7A 1L2

Ministère de l'Éducation
Édifice Mowat
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OTF FEO

Ontario Teachers' Federation
Suite 200
1300 Yonge Street
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Federation des enseignantes
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Feb. 7
~~January 25,~~ 2013

Mr. Jim Leech
President and CEO
Ontario Teachers' Pension Plan
5650 Yonge Street
Toronto, ON M2M 4H5

Re: Filing of the January 2012 Plan Valuation

Dear Mr. Jim ~~Leech~~:

The preliminary valuation of the Ontario Teachers' Pension Plan ("the Plan") as at January 1, 2012 indicated that the Plan's going concern liabilities exceeded its going concern assets by $9.895 Billion. During the course of the year, this funding shortfall was adjusted to reflect factors that were not part of the original estimate. The current revised deficit is estimated to be $11.915 Billion.

Although the 2012 valuation is not required to be filed with the Financial Services Commission of Ontario, the Partners have decided that it would be in our mutual best interest to do so. Accordingly, we are writing to advise you of the changes that we propose should be made to the terms of the Plan in order to eliminate the deficit and permit the 2012 valuation to be filed.

The Partners request that amendments to the Plan be drafted as described below.

- Reduce the inflation protection paid to members for service after 2009 from the current level of 60 percent to 50 percent, effective January 1, 2014.
- For service after 2013, all inflation protection paid to retired members will be subject to the availability of funds within the Plan.
- Should a funding shortfall still exist after the first two changes have been made, inflation protection could be reduced beyond 50 percent for post-2013 service, effective January 1, 2015, but only to the extent necessary to eliminate the remaining deficit. In any event, the inflation protection paid to members may not be less than 40 percent.

It should be noted that in accordance with The Teachers' Pension Act, the government will match foregone indexing up to 50 percent.

We request that you instruct the Plan Actuary to prepare a revised valuation based on the proposed Plan amendments so that this valuation may be filed with regulator in accordance with the relevant regulations.

Please note that this instruction is given subject to the approval of the above Plan amendments by the OTF and its affiliates which should be obtained prior to February 7, 2013.

In conclusion, we want to acknowledge and thank you and your staff for the assistance that you have provided to the Partners in determining an appropriate course of action in these extremely difficult circumstances.

Yours sincerely,

Terry Hamilton
President
Ontario Teachers' Federation

George Zegarac
Deputy Minister
Ministry of Education

H - BPS Comparison Chart.docx

Comparison of key features of Ontario Teachers' Pension Plan with major SEPP pension plans.

Benefit Provision	Ontario Teachers' Pension Plan (OTPP)	OPG	Hydro One	Representative Generous University Plan	WSIB
Averaging Period For Earnings (yrs.)	5	3	3 (5 for new non-represented and society members)[1]	3	5
Benefit Rate After Age 65 (per year of pensionable service)					
• Below CPP Wage Base	1.55%	1.50%	1.50% (1.375% for non-represented and new society)[1]	1.50%	1.50%
• Above CPP Wage Base	2.00%	2.00%	2.00%	2.00%	2.00%
Benefit Rate Before Age 65 (per year of pensionable service)	2.00%	2.229%	2.229% (2.10% for non-represented) No bridge for new non-represented and society members[1]	2.00%	2.00%
Subsidized Payment Form					
• With Spouse	50% J&S	66⅔% J&S	66⅔% J&S	66⅔% J&S	66⅔% J&S
• Without Spouse	LG10	LG5 (life annuity with 5 years guaranteed)	LG5	LG5	
Earliest Age For Unreduced Early Retirement Pension	85 points	82 points (84 points non-represented), or age 60 + 25 years, or 35 years	82 points (85 points for new non-represented and society members)[1], or age 60 + 25 years, or 35 years	Age 55 plus 85 points	Age 60 with 20 years of service or 85 points
Indexation of Pension Benefits	Pre-2010 Benefits:100% of CPI 2010–2013 Benefits:50% of CPI plus conditional up to 100% of CPI Post-2013 Benefits: conditional up to 100% of CPI	100% of CPI	100% of CPI (75% of CPI for new non-represented and society members)[1]	CPI less 2%	75% of CPI
Member Contribution Rates				Varies by union. Highest level for Faculty is:	
• Below/Above CPP Wage Base	11.50% / 13.10%	PWU: 5.0% / 7.0% Society/non-represented: 7.0%	Non-represented: 4.75% / 6.75% Society: 4.0%/6.0% increasing to 6.5%/8.5%[3] PWU: 4.5%/6.5% increasing to 6.25%/8.25%[4]	7.78% / 9.48%	5.2% / 7.0%

1 Non-represented hired on or after January 1, 2004 or Society members hired on or after November 17, 2005.
2 Post-2006 Non-represented new hires.
3 Effective April 1, 2015.
4. Effective April 1, 2014 and rates 0.5% lower for post-November 2005 Society hires.
5. Effective April 1, 2014.

Comparison of key features of Ontario Teachers' Pension Plans with major JSPP pension plans.

Benefit Provision	Ontario Teachers' Pension Plan (OTPP)	HOOPP	OMERS	Ontario Public Service Pension Plan (OPB)	OPSEU Pension Plan (OPT)	CAAT
Averaging Period For Earnings (yrs.)	5	5	5	5	5	5
Benefit Rate After Age 65 (per year of pensionable service)						
• Below CPP Wage Base	1.55%	1.50%	1.325%	1.30%	1.35%	1.30%
• Above CPP Wage Base	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Benefit Rate Before Age 65 (per year of pensionable service)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Subsidized Payment Form						
• With Spouse	50% J&S	60% J&S	66⅔% J&S	50% J&S	60% J&S	50% J&S
• Without Spouse	LG10	LG15	ROC	ROC	ROC	LG
Earliest Age For Unreduced Early Retirement Pension	85 points	age 60, or age 55 + 30 years	age 55 + 30 years, or age 55 + 90 points	age 60 + 20 years, or 90 points	age 60 + 20 years, or 90 points	age 60 with 20 years of service or 85 points
Indexation of Pension Benefits	Pre-2010 Benefits: 100% of CPI 2010–2013 Benefits: 50% of CPI plus conditional up to 100% of CPI Post-2013 Benefits: 0% of CPI plus conditional up to 100% of CPI	Pre-2006 Benefits: 75% of CPI Post-2005 Benefits: Conditional up to 75% of CPI	100% of CPI	100% of CPI	100% of CPI	Pre-2007 Benefits: 75% CPI Post -2008 Benefits: 0% CPI, ad-hoc based on funded status
Member Contribution Rates • Below/Above CPP Wage Base	11.50% / 13.10%	6.90% / 9.20% (employer pays 125% of employee contribution)	9.00% / 14.60%	6.40% / 9.50%	9.40% / 11.00%	11.2% / 14.8%