

ISSUE #4 — Changes in the OTPP PLAN Beginning September 1, 2010

OSSTF/FEESO Member Education Series regarding The Ontario Teachers' Pension Plan (OTPP)

In the Annual Action Plan, approved by AMPA 2009, the Provincial Executive proposed OSSTF/FEESO develop materials designed to educate members regarding the Ontario Teachers' Pension Plan. This is the final issue of a series of papers being developed. These papers can be found in "Pensions" on the OSSTF/FEESO website—www.osstf.on.ca

The OTPP Pension Partners, the Ontario Teachers' Federation and the Ontario Government, have agreed to changes in the OTPP Plan. These changes will now be put in place by the OTPP.

If you return to employment in education, once you are receiving your OTPP pension,

there are limits on the number of days that you can work without affecting your pension. With input from many members, this issue has been discussed at many levels within OSSTF/FEESO and by OSSTF/FEESO representatives at OTF and on the Partner committees.

Beginning September 1, 2010, the definition of "Re-employed Pensioner" becomes an OTPP pensioner who is employed by or otherwise engaged, directly or indirectly, to provide any services (teaching or non-teaching) for compensation for an employer who participates in the OTPP. This applies whether you are employed, self-employed or hired through a third party. This broadens the scope of who falls under the re-employment rules. Any re-employment in education for which you are entitled to compensation counts towards the limit. If you work as a volunteer and the position or duty is normally compensated, you and your employer can't forgo payment to circumvent the re-employment rules.

Under current limits, pensioners can work in education to a limit of 95 days in each of the first three school years in which they return to work. After that, they can work to a limit of 20 school days per school year. TPP pensioners are required to keep track of their own number of days worked. If they work after the month in which they exceed their limit, they are to notify OTPP (their pension will be suspended until they restart it again—the month after the month in which the pensioner last works).

Effective September 1, 2012, the limit on re-employment will be 50 days for all pensioners, regardless of when they retire(d). This will replace the rule of the 95-and 20-day limits. Also effective September 1, 2012, employers shall report all re-employment to the OTPP, whether the member has reached their limit or not. Pensioners will still be required to keep track of their days worked, and inform the OTPP when they exceed their limit. Employer reporting should help to ensure consistent tracking for all pensioners. The rules concerning the suspension of a pension in the month after the month in which the limit is exceeded still apply.

If you take a leave of absence from education,

and decide to buy back the absence in your OTPP pension plan, there are buyback enhancements which will be in place for September 1, 2010. These enhancements will improve efficiency, payment flexibility and cost stability. The purchase of all buybacks will be done through OTPP.

All members on employer-approved leaves of absence will have the cost of their buyback determined up front using their pre-leave salary and an escalation rate for each subsequent school year set by the Ministry of Education documents. The member will be able to make payments of different sizes at different times with no interest accruing until the end of the leave. Interest will then begin to accrue on the outstanding balance similar to a credit card bill. Flexible payments can continue to be made throughout the five year period following the

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leave, which ends the period of eligibility to buy back that leave. There will also be an option to pay from an RRSP. (If your employer arranges for you to work outside of Canada during your absence, you must buy back the credit before your absence ends). There may also be tax implications of making a buyback.

Part-time members who buy back all the credit that they are entitled to for a particular school year will receive full qualifying credit for that school year and annualization of salary (as if they had been active). Part-time members who buy back only part of the credit that they were entitled to for a particular school year will receive qualifying credit equal to the actual credit that they purchase (without annualization of salary).

More information on these topics can be found on the OSSTF/FEESO, OTF and OTPP websites.

OSSTF/FEESO is involved in OTPP pension discussions.

OSSTF/FEESO representatives participate on many committees that consider issues within the plan and its implementation.

The Work Group on Sustainability (sometimes referred to as the Sustainability Workgroup) was created in the 2009 filed valuation. It is comprised of representatives from OTF, the Government and the Plan. This workgroup has until mid-2010 to study options available to effectively deal with ongoing funding challenges facing the OTPP. Ken Coran, President of OSSTF/FEESO, is our representative on this workgroup.

The OTF Pension Committee provides policy advice and technical assistance to the OTF Executive. They work with a consulting actuary and pension counsel (and sometimes with OTPP staff) on reviewing Partner documents and relevant legislation. The members of the OTF Pension Committee are appointed by OTF, the four Affiliates and RTO. Each affiliate also appoints a “shadow” person to the Committee. Ruth Kirkham and Norm Uhrig sit on this committee.

A six member Pension Partners’ Committee is responsible for setting contribution rates and benefit levels. They have the power to amend the Teachers’ Pension Act, the Funding Management Policy, to designate or de-designate other organizations seeking Plan participation and to choose to file valuations. This committee is made up of three government appointees and three members from OTF (the President, 1st Vice-President and the Past President). This year, Joe Lamoureux sits on this committee as the Past President.

The Pension Negotiations Committee has members from the Government and the OTF. The composition of the Committee is as agreed upon with each negotiation or valuation. The OTF representatives are decided upon by the OTF Executive.

The Partners’ Consultative Committee assists 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. This committee meets with Plan administration quarterly to receive funding updates, economic analysis and other topics of interest to the Partners.

The Communications Workgroup meets on a regular basis with government and Plan staff to ensure common understanding of messages being sent. Ruth Kirkham is OSSTF/FEESO’s representative on this committee.

There are other committees and sub-committees struck to deal with specific issues.

These discussions are always on-going. They seem to get more publicity when there is a valuation or negotiations happening, but OSSTF/FEESO continues to be very involved at all times in the discussions of changes to the pension plans to which our members belong.