



Plan on it!

Your Guide to OPTrust Select

Disclaimer

This booklet is intended as a summary description of OPTrust Select, a schedule of benefits under the OPSEU Pension Plan. We have made every effort to ensure that the contents of this booklet are complete and accurate. However, if there is an omission in this summary or a conflict between the summary and the official OPSEU Pension Plan terms, the Plan terms will prevail. The information in this booklet is current as of the date of publication and does not reflect any amendments to the Plan after that date.

Table of Contents

OPTrust Select: Retirement Income You Can Count On	5
The Defined Benefit Advantage	5
About the OPSEU Pension Plan	6
About OPTrust	6
Joining OPTrust Select	7
Membership in OPTrust Select	7
Your Responsibilities as an OPTrust Select Member	8
Contributions – Who Pays and How Much?	9
Pension Contributions and Your Income Tax	10
Your Pension and Other Retirement Savings	10
Suspended Contributions	10
How Your Pension Is Calculated	11
Upgrades Before Retirement	11
Leaves of Absence	12
Paid Leaves of Absence	12
Unpaid Leaves of Absence	12
Buying Back Past Service	15
Service You Can Purchase	15
Service You Cannot Purchase	15
Your Buyback Cost	15
Buyback Payment Options	16
Income Tax Considerations	16

Table of Contents

Leaving OPTrust Select Before Your Pension Begins	17
Termination of Membership	17
Retiring with Your OPTrust Select Pension	20
When Can You Start Your Pension?	20
Receiving Your Monthly Pension Payments	20
Small Pension Rule	21
Cost of Living Adjustments	21
Returning to Work After You Retire	21
Survivor Benefits	22
Increased Survivor Pension	22
Residual Balance Payments	23
If You Die Before Starting Your Pension	23
Shortened Life Expectancy	24
Ending Your Spousal Relationship	25
Pension Terms	26

OPTrust Select: Retirement Income You Can Count On

Welcome to OPTrust Select, a defined benefit pension plan designed to provide you with secure, predictable income in retirement – for life.

This booklet provides a summary of the features of your OPTrust Select pension. Please read it carefully as it contains important information that will be helpful at all stages of your career. Our Member Experience team is available to assist you if you have questions. Contact information appears on the back page.

The Defined Benefit Advantage

OPTrust Select provides a defined benefit pension. This means when you retire, the amount of pension you will receive is defined in a formula that is based on your pensionable pay and the amount of service you earn while you are working.

In other retirement savings arrangements, like defined contribution pension plans and registered retirement savings plans (RRSPs), your retirement savings are based on how much you contribute and how well your investments perform. With these types of arrangements, you bear all the risk of not saving enough, of outliving your retirement savings or of losing them in a downturn in investment markets.

A key advantage of a defined benefit plan is that these risks are shared among all Plan members, rather than by you as an individual. Another advantage is that the costs associated with investing and administering a defined benefit plan are shared among all members and are generally lower than the fees associated with defined contribution plans and RRSPs.



Features of Your OPTrust Select Pension

- Designed to pay you a monthly income for life
- Based on the service you earn and your pay each year
- Payable at age 65 - or as early as age 55, with a reduction
- Includes a survivor pension for your spouse – your pension is reduced to pay for this benefit
- May include inflation protection

About the OPSEU Pension Plan

The OPSEU Pension Plan was established by the Government of Ontario and the Ontario Public Service Employees' Union (OPSEU) to give members and employers an equal say in the governance of the Plan. The Plan is established as a trust governed by a Board of Trustees consisting of five government-appointed Trustees and five OPSEU-appointed Trustees. As sponsors, the Government represents all employers and OPSEU represents all members for purposes of appointing the members of the Board and amending the Plan.

The OPSEU Pension Plan consists of two schedules of benefits: the original schedule of benefits, referred to as the primary schedule of benefits, and OPTrust Select. OPTrust Select members and employers make lower contributions and members receive a more modest benefit than under the primary schedule of benefits. To provide this benefit at a lower cost, OPTrust Select does not offer subsidized early retirement and survivor benefits, bridge benefits, disability pensions or guaranteed inflation protection.

The Plan is registered with the Financial Services Commission of Ontario under Ontario's *Pension Benefits Act* as a "jointly sponsored pension plan." The Plan is also registered with the Canada Revenue Agency under the *Income Tax Act*.

About OPTrust

The Board of Trustees and its employees operate under the name "OPTrust." OPTrust is the legal administrator of the Plan under the *Pension Benefits Act* and is responsible for administering the Plan and managing and investing the Plan's assets. OPTrust has a fiduciary responsibility to administer the Plan and invest the assets in the best interests of all Plan members.

OPTrust is not a crown agency and operates independently from its sponsors. Only the sponsors can make changes to the Plan, including changes in contribution levels and benefits.

OPTrust is responsible for determining inflation adjustments provided to OPTrust Select members.

Joining OPTrust Select

Membership in OPTrust Select

To join OPTrust Select, you must first be eligible under your employer's participation agreement. If you are eligible, your membership will be mandatory or optional, depending on your age and employment status. In certain cases, you may not be eligible to join OPTrust Select. See the next page for more details.

Mandatory Membership

Membership in OPTrust Select is mandatory if you are less than age 65, and you work on a full-time continuous basis.

Your membership in OPTrust Select will begin on the latest of:

- your date of hire
- the date your employer becomes an OPTrust Select employer, or
- the date you return to work from a leave of absence that began before your employer became an OPTrust Select employer.

Optional Membership

Membership in OPTrust Select is optional if:

- you are less than age 65 and are working on a less than full-time continuous basis (you work on a part-time, contract or casual basis), or
- you are between the ages of 65 and 71 when you enrol.

If your membership in OPTrust Select is optional, you may choose to join at any time. To enrol, you must sign the Membership Enrolment form and give it to your employer. This form is available on our website at optrustselect.com.

Did you know?

You may be able to increase your pension by buying back past service. See page 15 for more details.

Prohibited Membership

You are not eligible to participate in OPTrust Select if:

- you participate in the primary schedule of benefits under the Plan
- you are receiving a pension from OPTrust, or
- you are over age 71.

If joining OPTrust Select is contrary to your religious beliefs, you may sign a waiver not to join. Under the terms of the Plan, you may join at a later date but are not eligible to buy back service for the period you don't join.

Your Responsibilities as an OPTrust Select Member

As an OPTrust Select member, it is your responsibility to:

1. Provide OPTrust with the necessary information required to administer your pension.
2. Notify OPTrust when your information changes, so we may properly advise you about your pension and any options you may have.
3. Review the pension statement you will receive each year and any other correspondence from us, and notify us of any discrepancies or errors.

Contributions – Who Pays and How Much?

Once you join OPTrust Select, you and your employer both contribute toward your pension. Your contributions will be deducted from each pay at a rate of three per cent of your pensionable pay. Your employer will match the contributions you make.

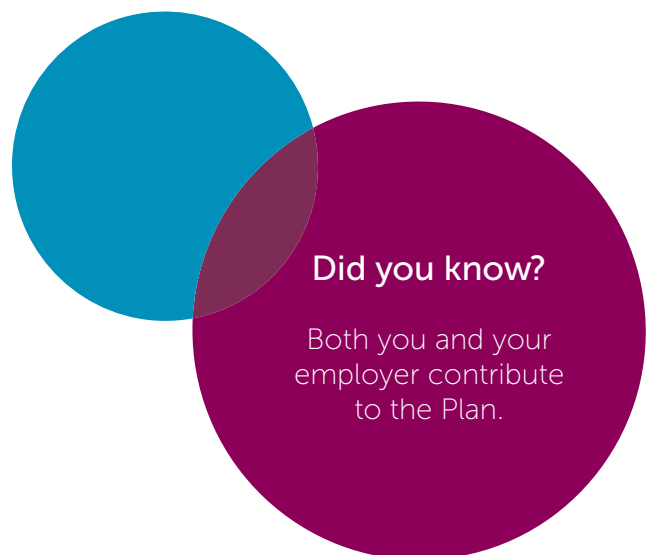
Your pensionable pay equals the regular salary or hourly wages you earn during each pay period. Pensionable pay does not include overtime pay, bonuses or other lump sum payments in lieu of benefits, or any payment determined by OPTrust not to be pensionable.

The table below illustrates the annual amount you could contribute, based on your pensionable pay.

Contribution Rate A	Pensionable Pay B	Annual Member Contributions A x B
3%	\$25,000	\$750
3%	\$38,250	\$1,148
3%	\$52,000	\$1,560

During the first two years your employer participates in OPTrust Select, your employer contributes an additional 0.2%. You do not pay this additional amount.

Contribution rates for OPTrust Select are set by the Plan sponsors and may change based on the Plan's funding requirements. You and your employer cannot contribute more or less than the Plan requires.



Pension Contributions and Your Income Tax

Your pension contributions are tax deductible. They are deducted from your pre-tax income and your employer will report them on your income tax slip (T4).

Your Pension and Other Retirement Savings

The pension you earn each year under OPTrust Select will reduce your available registered retirement savings plan contribution room for the following year. This is known as a pension adjustment and your employer will report it on your T4.

The amount you can contribute to a tax-free savings account is not impacted by your contributions to OPTrust Select.

Suspended Contributions

Your membership in OPTrust Select will be suspended if you start participating in the primary schedule of benefits under the Plan. For example, if you take a position with an employer who participates in the primary schedule of benefits and you choose or are required to join the primary schedule, then your membership in OPTrust Select will be suspended.

If your OPTrust Select membership is suspended your pension will be affected in two ways. First, contributions to OPTrust Select will stop until you terminate your employment and membership under the primary schedule. Second, you will no longer earn pension benefits under OPTrust Select for the period your contributions are suspended. OPTrust will notify your OPTrust Select employer to stop contributions while you are participating in the primary schedule of benefits.

How Your Pension Is Calculated

Your lifetime OPTrust Select pension is based on a formula which takes into account a set percentage (0.6%) of your annualized pensionable pay and the pension service you earn in each year of employment. For definitions of annualized pensionable pay and pension service, please refer to the Pension Terms available at optrustselect.com or at the back of this guide.

For each year of OPTrust Select membership, the pension amount you earn is calculated as follows:

0.6%	x	Your Annualized Pensionable Pay	x	Your Pension Service
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The table below shows an example of the pension a member would earn over three years, based on their annualized pensionable pay and pension service in each year. In this example, the member works part-time hours during the first two years and full-time hours in the third year.

Year	Pension Accrual Rate A	Annualized Pensionable Pay B	Pension Service (in years) C	Annual Pension A x B x C
1	0.6%	\$50,000	0.50	\$150
2	0.6%	\$51,000	0.75	\$230
3	0.6%	\$52,000	1.00	\$312
Total Annual Pension				\$692

Upgrades Before Retirement

While contributions are being made, your earned pension may be increased on an annual basis at the discretion of the Board of Trustees, based on the funded status of the Plan and other factors. These upgrades are not guaranteed and can range from 0-100% of the lesser of the increase in the Average Industrial Wage or the increase in the Consumer Price Index, subject to an eight per cent maximum. Upgrades help to protect the purchasing power of your pension against inflation over time.

When you retire, your total annual pension will be equal to the sum of the annual pension accruals that you accumulate over your entire period of membership in the Plan including any upgrades that have been granted before retirement.

Leaves of Absence

At some point during your membership in OPTrust Select you may be absent from work on an approved leave. Depending on the type and length of leave you take, your pension contributions may be mandatory or optional.

Paid Leaves of Absence

If you receive pensionable pay during your leave, you and your employer must continue to pay your required pension contributions.

Unpaid Leaves of Absence

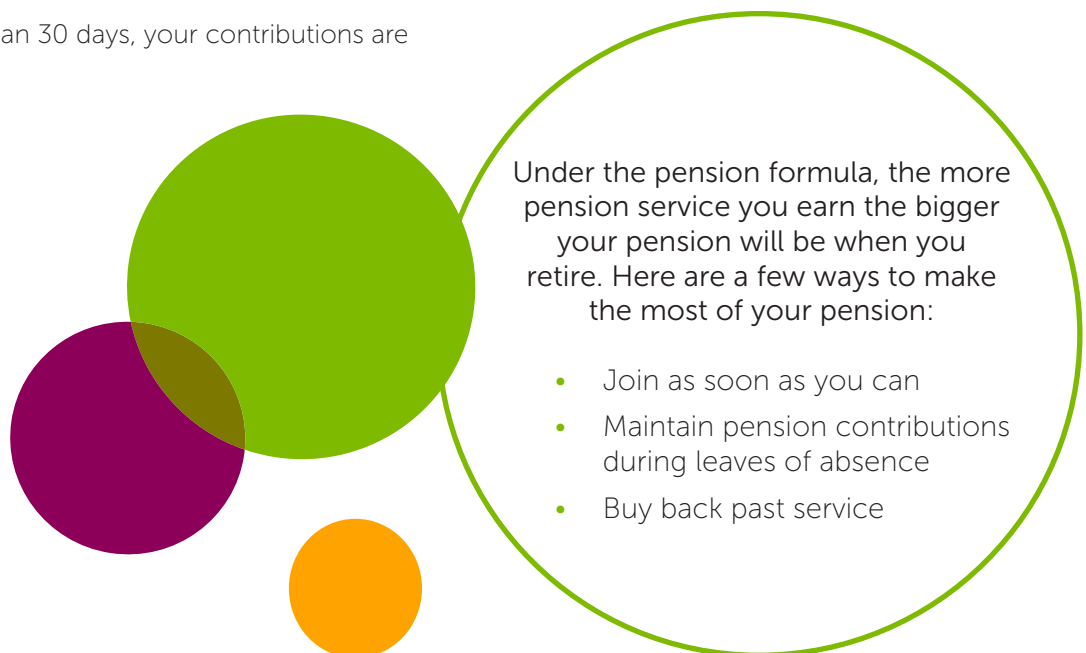
For pension purposes, there are two categories of unpaid leave periods: 30 days or less and over 30 days. In addition, there are two types of leaves: statutory leaves authorized under Ontario's *Employment Standards Act* (ESA), and discretionary leaves – other leaves authorized by your employer.

30 Days or Less

If your leave is 30 days or less and you receive no pensionable pay while away from work, you and your employer must pay the required contributions for the leave period when you return to work, or at termination if you do not return to work. Contributions for the leave period will be deducted from your pay in addition to your regular contributions. This applies to all leave types, including statutory leaves.

Over 30 Days

If your leave is more than 30 days, your contributions are optional.



ESA Leaves

The most common ESA leaves are pregnancy, parental, family medical and family caregiver. Other less common pensionable leaves are organ donor, critical illness, child death, crime-related child disappearance, domestic or sexual violence and emergency leaves.

While you are away from work on an ESA leave, contributions are mandatory for you and your employer unless you elect in writing not to contribute.

If you contribute during the leave, your employer also contributes. Contributions are calculated at the regular rate, as if you were working.

If you do not elect in writing not to contribute during the leave and do not contribute, the contributions for your leave period will be deducted from your pay when you return to work. This amount will be in addition to your regular contributions. Before the deductions begin, you will be notified of the amount owing and the repayment schedule, and you will also be given the option to pay the amount in a lump sum.

If you elect in writing not to contribute during the leave and later decide to purchase the leave period as a buyback, your employer does not contribute. You will pay the buyback cost. For more information, see page 15.

Discretionary Leaves

Discretionary leaves include any unpaid leave that is approved by your employer that is not covered by the ESA or related to a disability. Examples include personal leave, educational leave or extended parental leave.

It is optional to contribute during a discretionary leave. If you contribute during the leave period, you pay both the member and employer's share of the contributions, as your employer does not contribute. If you purchase the leave after it is over, you will pay the buyback cost. For more information, see page 15.

Illness and Workplace Safety and Insurance Board (WSIB) Leaves

Contributions for unpaid illness and WSIB leaves are optional. If you decide to contribute during your leave, your employer will also contribute.

If you decide to purchase the leave period as a buyback after the leave is over, your employer does not contribute. You will pay the buyback cost. For more information, see page 15.

Did you know?

Contributing during an ESA or illness leave costs significantly less than buying it back later.

Payment Options During an Unpaid Leave

During an unpaid leave of absence, contributions to OPTrust can only be made through online banking.

How Your Leave Contributions are Calculated

Contributions for leave periods are calculated at the same rate as regular contributions (three per cent of pensionable pay for you and your employer) and are based on your pensionable pay immediately prior to the leave.

If the leave extends into a subsequent calendar year, the pensionable pay on which the contributions are based is increased in accordance with the change in the Consumer Price Index (CPI). The increase is subject to an annual maximum of eight per cent. OPTrust will advise you of your new contribution amount before the new calendar year.

Long Term Income Protection (LTIP) Leaves

If you qualify for benefits under your employer's approved LTIP plan you will continue to earn pension service until you cease to qualify, turn age 65 or cease to be a member of OPTrust Select, whichever occurs first. Your employer is responsible for determining if you qualify for LTIP and pays both your and their share of the contributions if you qualify. You do not contribute.

Your pension benefit and pension contributions will be based on i) your annualized pensionable pay on the date of your disability and ii) the ratio of your regular hours of work to the full-time standard for your position over the 12 preceding months. Each year, your annualized pensionable pay is increased for inflation by an amount equal to 100% of the increase in the CPI. Your contributions and benefit are based on this adjusted amount, not the amount you receive from LTIP.

Income Tax Limits for Leaves

The *Income Tax Act* limits the total amount of pension service you can earn while on a leave of absence. The total combined pension service for most types of leaves is five years. If a leave is taken for pregnancy/parental reasons, the five-year limit on the total combined pension service can be increased by up to three additional years. These limits do not apply for leaves related to illness or disability.



Did you know?

If you choose not to contribute during a leave or you do not buy back past service, your pension will be less.

Buying Back Past Service

You may be able to increase your pension by purchasing or “buying back” certain periods of service.

Service You Can Purchase

- Periods of employment with your OPTrust Select employer before your employer began participating in OPTrust Select.
- Periods of unpaid leaves of absence from your OPTrust Select employer when you did not contribute.

Some restrictions apply – if they apply to you, OPTrust will notify you.

You may elect to buy back some, all or none of the service periods listed above.

Service You Cannot Purchase

- Periods of employment when you were eligible but chose not to participate in OPTrust Select.
- Periods of employment with any other employer or other OPTrust Select employer.
- Periods of employment with an employer that participates in the Plan’s primary schedule of benefits.
- Prior periods of membership in OPTrust Select for which you received a lump sum payment.

Your Buyback Cost

The cost to buy back past service is the higher of:

- two times the contribution amount, or
- the “actuarial value” – this pension term refers to the current cost of the expected future pension benefit you will receive as a result of purchasing the additional service.

Note: You are responsible for paying the full buyback cost. Your employer does not contribute.



Buyback Payment Options

If the cost of your buyback is greater than \$500, you can arrange to finance your buyback with OPTrust through a series of regular payments for a period of up to 10 years. If you terminate your employment while making payments, you will have the option of completing your buyback with an immediate lump sum payment.

Payment options may include payroll deductions through your employer, online banking payments, a lump sum transfer from a registered retirement savings plan (RRSP) or locked-in retirement account (LIRA) or any combination of these. If you are financing, interest charges will apply. Funds cannot be transferred directly from a tax-free savings account or a deferred profit sharing plan.

Income Tax Considerations

Like your regular contributions, your buyback contributions are tax-deductible in the year they are paid if you pay through online banking or payroll deductions. Buyback payments made through direct transfers from a tax-sheltered source such as an RRSP or LIRA are not tax deductible.

When you buy back pension service, OPTrust is required to calculate a “past service pension adjustment” (PSPA) and report it to the Canada Revenue Agency (CRA) for approval. The PSPA reflects the value of your pension benefit according to a formula prescribed by the CRA and it reduces your RRSP contribution room. If you do not have sufficient RRSP contribution room available, CRA may deny the PSPA and will notify you of your options. Funds transferred from an RRSP or LIRA will reduce the PSPA.

Leaving OPTrust Select Before Your Pension Begins

Termination of Membership

As long as your employer participates in OPTrust Select, your membership in the Plan will continue until you reach the earliest of the following:

- termination of your employment
- retirement
- November 30 of the year you turn age 71, which is the *Income Tax Act* limit for accruing a pension, or
- death

If you are employed with more than one OPTrust Select employer, your membership does not end until you have terminated employment with all of them.

There is no option to stop contributing to OPTrust Select unless your membership in the Plan is terminated. The only exception is if you have a medically-diagnosed life expectancy of less than 24 months. For more information, see page 24.

Your Options if Your Employment Ends Before Retirement

If you end your employment with your OPTrust Select employer before you retire, the options available to you will depend on your age:

- If you are under age 55 when you terminate employment, you have the option to leave your pension with OPTrust and start receiving it in the future. This is known as a deferred pension. You also have the option to transfer the lump sum commuted value of your pension out of the Plan.
- If you are age 55 or older when you terminate your employment, you have the option to start receiving an early age-reduced pension immediately or to defer your pension to a later date.

These options are explained in more detail on the next page.



Taking a Deferred Pension

A deferred pension is normally payable at age 65 but you can elect to start your pension as early as age 55. If you start your pension before age 65, it will be permanently reduced because you will receive it longer.

If you defer your pension you will not be eligible for future upgrades before retirement or cost of living adjustments between the time your employment ends and the time you start your pension, but you will be eligible to receive any cost of living adjustments granted by the Board of Trustees after you start receiving your pension. If you defer your pension and later rejoin OPTrust Select, your pension will continue to grow and your prior service will be eligible for upgrades before retirement.

Lump Sum Commuted Value Transfer Before Age 55

A commuted value is the lump sum value of a deferred pension expressed in today's dollars and estimated to be equal in value to your future lifetime pension. It is an actuarial calculation based on prescribed assumptions such as how long you are expected to live and what interest rates are expected to be in the future.

In most cases your commuted value must be "locked in", which means the funds can only be used to provide you with retirement income. You can transfer your commuted value to a locked-in registered retirement savings arrangement, such as a locked-in retirement account (LIRA), or a life income fund (LIF). You may also use your commuted value to purchase an annuity from an insurance company or you may transfer it to another registered pension plan if that plan agrees to accept the funds.

There is one exception to the locking in rule, known as the "small pension rule." If your annual pension is less than four per cent of the year's maximum pensionable earnings (YMPE) or your commuted value is less than 20% of the YMPE in the year you terminate your membership, the funds do not need to be locked in and can be transferred to a registered retirement savings plan (RRSP) on a tax-sheltered basis, or paid in cash less withholding tax. If the small pension rule applies to you, this option will be included in your termination statement.

If you are age 55 or older, you are eligible to receive an immediate pension. For more information about your options, see page 20.

Commutated Value Transfer Limits

The *Income Tax Act* limits the amount you can transfer to a LIRA, LIF or to an insurance company to purchase an annuity. If your commuted value exceeds these prescribed limits, the amount over the limit is usually paid to you in cash less withholding tax, and added to your taxable income in the year you receive the funds. Transfers to another registered pension plan are not subject to these maximum transfer limits.



Did you know?

If you transfer your commuted value out of the Plan you cannot buy back that period of service if you later rejoin OPTrust Select.

50% Contribution Refund

If the total of your contributions plus interest exceeds one half of the commuted value of your deferred pension, the difference will be refunded to you.

For example: If the commuted value of your pension benefit is \$50,000 and your contributions plus interest equals \$35,000, your contributions exceed one half of your commuted value by \$10,000. You would be entitled to receive this refund at termination.

If you elect a deferred or immediate pension this refund is payable in cash and subject to withholding tax. If you transfer your commuted value out of OPTrust Select, you may be able to transfer all or a portion of your excess contributions directly to your RRSP on a tax-sheltered basis, subject to the income tax limits.

Buyback Contribution Refund

In some cases, you may also receive a refund of buyback contributions. If the cost of your buyback plus interest exceeds the commuted value in respect of the pension service you purchased, the difference will be refunded to you if you elect to transfer the commuted value of your pension out of OPTrust Select. This refund is not payable if you elect a deferred or immediate pension.

Re-employment with an OPTrust Select Employer

If you are a former OPTrust Select member with a deferred pension and you rejoin OPTrust Select, you will continue to accrue a pension benefit and receive one pension based on all your years of membership when you retire. If you received a contribution refund when you left your former employer, you must repay that amount, with interest, to OPTrust or your future pension will be reduced.

If you transfer your commuted value out of the Plan you cannot buy back that period of service if you rejoin OPTrust Select.

Re-employment with an Employer Under the Plan's Primary Schedule of Benefits

If you are a former OPTrust Select member with a deferred pension and then join the OPSEU Pension Plan's primary schedule of benefits you may use the value of your deferred OPTrust Select pension to purchase pension service in the primary schedule. Alternatively, you may choose to keep your OPTrust Select deferred pension separate from your benefit under the primary schedule of benefits. However, you will not have access to your OPTrust Select pension or any retirement options associated with your OPTrust Select pension until you terminate employment and membership in the primary schedule of benefits.

Retiring with Your OPTrust Select Pension

When Can You Start Your Pension?

Age 65

You are eligible for an unreduced pension when you reach age 65. To start your pension, you need to terminate employment with your OPTrust Select employer and notify OPTrust at least three months in advance.

Age 55-65

You can terminate employment and begin receiving your pension anytime between ages 55 and 65. If you choose to start your pension before age 65, your pension will be permanently reduced because you will receive it longer.

The following table shows how a \$500 monthly pension at age 65 is reduced for a member starting a pension before that age.

Retirement Age	Pension Before Reduction A	Approximate Reduction* B	Pension After Reduction A-B
55	\$500	50%	\$250
60	\$500	30%	\$350
65	\$500	0%	\$500

* Actuarial assumptions used to calculate the reduction are subject to change.

After Age 65

You can also continue working past age 65. If you do, you will continue to contribute to the Plan and increase your pension. Under the *Income Tax Act*, you must start receiving your pension no later than the end of the year in which you reach age 71.

Receiving Your Monthly Pension Payments

Pensions are paid on or before the 26th of each month and are paid for your lifetime. Your first pension payment will be made on the 26th of the month following your date of retirement. For example, if you retire on May 15th your first pension payment for the month of June will be deposited into your bank account on June 26th.

Small Pension Rule

If your annual pension is less than four per cent of the year's maximum pensionable earnings (YMPE) or your commuted value is less than 20% of the YMPE in the year you terminate your membership, you will have the option to receive either a monthly lifetime pension or the commuted value of your pension in a one-time lump-sum payment that can be paid in cash less withholding tax, or transferred to your registered retirement savings plan on a tax-sheltered basis. This information will be included in your retirement options if it applies to you.

Cost of Living Adjustments

After you start receiving your pension, cost of living adjustments (COLAs) may be applied to your pension on an annual basis at the discretion of the Board of Trustees, based on the funded status of the Plan and other factors. These increases for inflation are not guaranteed and may range from 0 to 100% of the increase in the Consumer Price Index (CPI). COLAs are currently intended to be equal to 100% of the increase in the CPI.



The following table shows how COLAs could increase a member's pension in pay.

Year	Pension Before COLA A	COLA* B	Pension with COLA A+B
1	\$500	2.60%	\$513
2	\$513	1.80%	\$522
3	\$522	2.40%	\$535

*These percentages are for illustrative purposes only.

Returning to Work After You Retire

If you have retired and started receiving a pension from OPTrust and return to work with an employer that participates in OPTrust Select or the primary schedule of benefits:

- your pension will continue to be paid to you, and you will not be able to resume contributing to the Plan
- your pension is subject to a re-employment earnings ceiling each calendar quarter.

The earnings ceiling is determined by adding your total pension income plus your re-employment earnings for the quarter. Your employer will report your earnings to OPTrust. If your re-employment earnings and pension income exceed the quarterly employment earnings you received before you retired, OPTrust will reduce your pension by the amount that exceeds your pre-retirement earnings.

It is your responsibility to inform your employer that you are receiving a pension from OPTrust.

Survivor Benefits

Under Ontario's *Pension Benefits Act*, your spouse has a right to a survivor pension unless you and your spouse both waive this right. For pension purposes, a spouse is someone you are married to or have been living with in a common-law relationship for at least three years, or a shorter period if you are in a relationship of some permanence and are the parents of a child. For your spouse to qualify for a benefit, you must not be separated at the time a determination is being made (i.e., at date of retirement or date of death if you die before retirement).

If you have a spouse when your pension begins, your pension will be permanently reduced to provide your spouse with a survivor pension equal to 60% of your pension upon your death. The survivor pension is payable for your spouse's lifetime.

You and your spouse may choose to waive the lifetime survivor pension before you retire so that your pension is not reduced. If you and your spouse waive the survivor pension, your spouse will not receive a pension after you die.

The following table shows three examples of how a \$500 monthly pension is reduced to provide a member's spouse with a pension after the member dies.

Member's Age	Spouse's Age*	Member's Pension Without Survivor Pension A	Approximate Reduction* B	Member's Pension with 60% Survivor Pension A-B
65	60	\$500	12%	\$440
65	65	\$500	8%	\$460
65	70	\$500	5%	\$475

* Reductions are based on actuarial assumptions and other factors, including the age of your spouse. Assumptions are subject to change.

Increased Survivor Pension

Before you start your pension, you have the option to increase the survivor pension from 60% to 65%, 70% or 75%. Your pension will be permanently reduced to pay for the increase and the reduction remains in effect for your lifetime, even if your spouse dies before you.

If you apply for an increased survivor pension within two years of starting your pension, you must provide OPTrust with a Certificate of Health completed by your doctor confirming that you are in good health. If you apply more than two years before you start your pension, the Certificate of Health is not required. You may withdraw your application at any time before you retire but your decision cannot be changed after your pension begins.

Residual Balance Payments

A residual balance is calculated on your death or your surviving spouse's death, whichever occurs later. If the total of your contributions plus interest at your date of retirement exceeds the total pension payments received by you and your spouse, the difference is payable as a lump sum cash payment less withholding tax to your designated beneficiary(s), or to your estate if you did not designate a beneficiary. Your employer's contributions are not included in this calculation. The residual balance decreases with each pension payment received and is typically depleted within five to ten years of retirement.

If You Die Before Starting Your Pension

If You Have a Spouse When You Die

If you die before starting your pension, your spouse at the time of your death is entitled to receive an amount equal to the commuted value of your pension. Your spouse has the following options for payment:

- receive an immediate or deferred lifetime annuity
- receive the lump sum amount in cash less withholding tax, or
- transfer the lump sum to a registered retirement savings plan on a tax-sheltered basis.



Your spouse will also receive any applicable contribution refunds as a lump sum cash payment less withholding tax.

Your spouse may choose to waive the survivor benefits if you die before retirement. In this case, your survivor benefits would be paid to your designated beneficiary(s).

To waive the survivor benefit, your spouse must complete an approved spousal waiver. A link to the waiver can be found on optrustselect.com.

Payment to a Beneficiary

If you don't have a spouse when you die, or if your spouse has waived the survivor benefits, your designated beneficiary will receive an amount equal to the commuted value of your pension and any applicable contribution refunds. The beneficiary will be paid the amount in cash less withholding tax. If you designate more than one beneficiary, the amount payable will be divided equally among them.

If you haven't designated a beneficiary, the amount will be paid to your estate in cash less withholding tax.

If you designate a beneficiary for your OPTrust Select pension in a Will, you must provide OPTrust with a copy.

Shortened Life Expectancy

If you are diagnosed at any age with a medical condition resulting in a life expectancy of less than 24 months, you may apply to transfer the lump sum value of your pension out of OPTrust Select. This applies whether you are active, deferred or retired. Members who are participating in the Plan or are entitled to a deferred pension will receive the commuted value of their pension. Retired members will receive four months of pension payments plus the commuted value of the spousal survivor pension, if applicable.

To qualify, a statement from a medical doctor confirming your life expectancy is required. If you have a spouse, they will be required to waive their right to survivor benefits.

If you qualify, the lump sum value of your pension will be paid to you in cash less withholding tax. Alternatively, you may elect to transfer it to your RRSP on a tax-sheltered basis. The maximum transfer limits under the *Income Tax Act* may apply.

Ending your Spousal Relationship

Depending on the arrangements you make with your former spouse, you may need OPTrust to provide you with the value of the pension assets accrued during the relationship. OPTrust will provide you and your former spouse with a valuation of your pension within 60 days of receiving your complete Application for a Family Law Value.

If the pension is to be divided, OPTrust can pay your former spouse's portion of your pension after:

- a. you have received a family law valuation from OPTrust, and
- b. your former spouse has submitted a complete application to divide the pension.

The options available to your former spouse and the impact to your pension will vary depending on whether your separation date occurs before or after you start receiving your pension.

If your separation occurs before you start receiving your pension, your spouse may claim up to 50% of the value of the pension you earned during the spousal relationship. OPTrust can transfer this amount to a locked-in retirement account, life income fund or to a registered pension plan if the plan will accept the transfer. Your pension will be reduced by a proportionate amount when you retire or terminate your membership in the Plan and you cannot buy back the amount that is paid to your former spouse.

If your separation occurs after you start receiving a pension, your spouse may claim up to 50% of the value of your pension earned during your spousal relationship and a portion of your pension will be paid directly to your former spouse until you or your former spouse dies.

Please visit optrustselect.com or fsc.gov.on.ca for additional information about the family law valuation and pension division process.



More Information

To learn more about OPTrust Select and for a list of Pension Terms, please visit optrustselect.com.

Pension Terms

These definitions are for information purposes only. In the event of any conflict between the information provided in this list and the OPSEU Pension Plan terms and any applicable legislation, the Plan terms and the legislation will prevail.

Actuarial

Refers to a calculation, value or assumption, determined using estimates or projections of various economic and demographic factors such as inflation, interest rates and mortality rates in accordance with methods or principles prescribed by the Canadian Institute of Actuaries' Standards of Practice.

Annual pension formula

The formula used to calculate the pension earned by an OPTrust Select member in a given calendar year: $0.6\% \times$ annualized pensionable pay \times pension service.

Annualized pensionable pay

The amount of pensionable pay that an OPTrust Select member would earn or be deemed to earn if they worked on a full-time basis during a calendar year and that is used to calculate an OPTrust Select pension.

Annuity

A financial product purchased from an insurance company that provides income for life.

Average Industrial Wage (AIW)

The average hourly earnings for hourly paid employees in Canada working in all industries except those primarily involved in agriculture, fishing and trapping, private household services, religious organizations and military personnel, as reported by Statistics Canada.

Board

The Board of Trustees of the OPSEU Pension Plan (including OPTrust Select), consisting of 10 Trustees, five appointed by OPSEU and five appointed by the Government of Ontario.

Buyback

A purchase of qualifying pension service with an OPTrust Select employer.

Commutated value

The lump sum value of a deferred pension expressed in today's dollars and estimated to be equal in value to a future lifetime pension. It is an actuarial calculation based on prescribed assumptions such as current market interest rates and mortality rates.

Consumer Price Index (CPI)

A measure produced by Statistics Canada that reflects the cost of a weighted basket of about 600 goods and services that are typically purchased by Canadian consumers every month. The CPI is widely used as an indicator of the change in the general level of consumer prices and the rate of inflation.

Contributions

The amount members and employers pay into the Plan.

Cost of living adjustment (COLA)

An adjustment for inflation that increases OPTrust Select pensions paid to retirees and their survivors. COLAs are granted annually at the discretion of the Board depending on the Plan's funded status and other factors, and can range between 0% and 100% of the increase in the CPI.

Deferred pension

A pension benefit determined when membership ends, that is collected at a later date.

Defined benefit (DB) plan

A pension plan which provides members with a lifetime pension income in retirement based on a formula.

Defined contribution (DC) plan

A retirement savings vehicle in which employers, employees or both make contributions. Employees decide how their money is invested and the benefit they receive depends on the amount saved and investment performance.

Deferred profit sharing plan (DPSP)

An employer-sponsored retirement savings plan that allows companies to share profits with their employees.

Employment Standards Act (ESA)

Provincial legislation that sets out the minimum standards, and rights and responsibilities of employees and employers in most Ontario workplaces.

Financial Services Commission of Ontario (FSCO)

An agency of the Government of Ontario that regulates financial institutions in the province, including pension plans.

Funded status

The difference between the Plan's assets and the Plan's liabilities associated with its pension obligations.

Income Tax Act (ITA)

Federal legislation regulating taxation in Canada, including the taxation of pension plans.

Jointly sponsored pension plan (JSPP)

A defined benefit pension plan in which the employers and members share responsibility for the plan's governance and funding.

Life income fund (LIF)

A type of retirement income fund offered in Canada that is used to hold pension funds and pay retirement income.

Locked-in retirement account (LIRA)

A type of retirement savings arrangement in Canada to which members can transfer the commuted value of their deferred pension if they terminate their membership in the Plan before age 55.

OPSEU Pension Plan

A defined benefit pension plan jointly sponsored by the Government of Ontario and the Ontario Public Service Employees Union (OPSEU) and administered by OPSEU Pension Trust (OPTrust).

OPTrust Select

A schedule of benefits within the OPSEU Pension Plan.

OPTrust Select employer

An organization that participates in OPTrust Select.

OPTrust Select member

An employee who works for an OPTrust Select employer and participates in OPTrust Select.

Participation agreement

An agreement between OPTrust and an employer to participate in OPTrust Select.

Past service pension adjustment (PSPA)

A prescribed calculation that estimates the value of the pension a member earns when they buy back a period of past service. PSPAs are calculated by OPTrust and reported to the Canada Revenue Agency for approval. Once approved, a PSPA reduces a member's RRSP contribution room.

Pension

Regular payments made during retirement from a pension plan.

Pension adjustment (PA)

A prescribed calculation that estimates the value of the pension a member earned during a calendar year. PAs are reported to the Canada Revenue Agency on members' T4 slips and reduce their RRSP contribution room.

Pension Benefits Act (PBA)

Minimum standards legislation regulating pension plans in Ontario.

Pension service

Employment service for which pension contributions are made. Pension service is used to calculate OPTrust Select pensions.

Pensionable pay

The regular salary or hourly wages paid to an OPTrust Select member based on their actual hours of work in a given pay period, and used to determine the contributions a member makes to the Plan. It does not include bonuses, overtime or lump-sum amounts paid in lieu of benefits.

Plan participation date

The date an organization starts participating in OPTrust Select as set out in the employer's participation agreement.

Registered retirement savings plan (RRSP)

A retirement savings and investment vehicle designed to help Canadians save for retirement on a tax-deferred basis.

Schedule of benefits

A set of pension benefits, rights and obligations within the OPSEU Pension Plan. Schedule of benefits may refer either to the primary provisions of the OPSEU Pension Plan or to OPTrust Select.

Spouse

For pension purposes a spouse is someone a member is married to or has been living with in a common-law relationship for at least three years, or a shorter period if they are in a relationship of some permanence and are the parents of a child. For the spouse to qualify for a benefit, the member and spouse must not be separated at the time a determination is being made (i.e., at date of retirement or date of death if the member dies before retirement).

Tax-free savings account (TFSA)

A savings vehicle Canadians can use to set money aside and earn investment income, dividends, interest or realize capital gains on a tax-free basis.

Upgrade before retirement

An adjustment for inflation that increases pensions for contributing members of OPTrust Select. Upgrades are granted annually at the discretion of the Board depending on the Plan's funded status and other factors, and can range between 0% and 100% of the lesser of the increase in the Average Industrial Wage (AIW) or the increase in the Consumer Price Index (CPI).

Workplace Safety and Insurance Board (WSIB)

An agency of the Government of Ontario that provides insurance for injured workers in Ontario.

Year's maximum pensionable earnings (YMPE)

The maximum amount of earnings each year for the purpose of calculating contributions and pensions under the Canada Pension Plan (CPP).



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