PENSION PLAN

FOR THE EMPLOYEES OF OPSEU

Plan Registration Number 0339861

Member Booklet REVISED

June 2022

TO ALL PLAN PARTICIPANTS:

The Actuarial Valuation for the Pension Plan for the Employees of OPSEU/SEFPO for the period ending December 31, 2020 has concluded that the plan continues to have an actuarial deficit, though the deficit has decreased from the valuation previously filed December 31, 2019.

Effective January 1, 2018 plan contributions increased by 1.25% for both members and the Employer.

Effective January 1, 2019, members' contributions increased by 0.5%.

A summary of contributions rates can be found on page 3.

While the plan has an actuarial deficit, the filed valuation also concludes that the current contribution rates are sufficient to fund the plan.

Contribution rates and plan funding will continue to be reviewed in subsequent actuarial valuations.

TRUSTEES OF THE OPSEU/SEFPO STAFF PENSION PLAN

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Introduction

This booklet has been prepared as a general guide for members of the Pension Plan for the Employees of the Ontario Public Service Employees Union (hereinafter referred to as the "Plan"). It contains all benefit and contribution changes introduced at January 1, 2018, as noted.

The information contained in this booklet is intended as a brief summary of the rights and entitlements of members and their beneficiaries under the Plan. As it is a summary only, this booklet is not intended to have legal effect. For full details of eligibility and benefit provisions, reference should be made to the official Plan document. Further, in the event of any discrepancy or inconsistency between this booklet and the official Plan document, the official Plan document shall govern.

Benefits under the Plan are in addition to retirement and other benefits provided under government plans, such as Old Age Security (OAS) and the Canada Pension Plan (CPP).

BASIC FEATURES OF YOUR PENSION PLAN

The lifetime pension that you accrue in the Plan:

- is based on your average annual pensionable earnings and your accrued pensionable service
- is paid for your lifetime
- is adjusted for inflation on an annual basis by a formula
- may be paid early without penalty if you qualify for early unreduced retirement
- may provide a survivor pension component for your eligible spouse and/or eligible children

The Plan is a defined benefit (DB) pension plan. A DB pension plan pays you a monthly income that begins at retirement and is payable for your lifetime. The amount of your pension is based on a formula that takes into account your earnings and the number of years of pensionable service you have in the Plan.

Governance

The Plan is governed by a Board of Trustees made up of eight (8) voting members. OPSSU appoints three (3) of the trustees, ASU appoints one (1) of the trustees and OPSEU/SEFPO appoints four (4) employer trustees. The trustees have a fiduciary responsibility to administer the Plan in the best interests of all Plan members.

When can you join the Plan?

Eligibility and Membership

If you are an employee employed by OPSEU/SEFPO on a permanent basis, you are required to become a member of the Plan on the first day of employment. The Plan covers excluded employees and members of OPSSU and ASU.

If you are a full-time employee employed on a temporary basis, you become a member of the Plan on the first day of the month after you have completed two (2) years of service

If you are a part time employee employed on a temporary basis, you become a member of the Plan on the first day of the month after completion of two (2) years of service, provided you have earned at least 35% of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan or worked not less than 700 hours in each of the two consecutive calendar years prior to joining the Plan.

You will not be eligible to join the Plan if you are a Membership Development Trainee (MDT), or if you are a temporary employee and OPSEU/SEFPO is making contributions on your behalf to another registered pension plan or registered retirement savings plan (RRSP).

Member and Employer Contributions

Required Contributions by you and the employer each year are as follows:

Effective January 1, 2018:	
Employer Contribution:	15.50 % of your pensionable earnings up to the YMPE; and 18.40 % of your pensionable earnings in excess of the YMPE.
Employee Contribution:	12.10 % of your pensionable earnings up to the YMPE; and 15.00 % of your pensionable earnings in excess of the YMPE.
Effective January 1, 2019:	
Employer Contribution:	15.50 % of your pensionable earnings up to the YMPE; and 18.40 % of your pensionable earnings in excess of the YMPE.
Employee Contribution:	12.60% of your pensionable earnings up to the YMPE; and 15.50% of your pensionable earnings in excess of the YMPE.

Pensionable earnings are defined as your compensation from OPSEU/SEFPO excluding overtime pay, bonuses, premium allowances or any other special remuneration (including adjustments for temporary assignments).

You contribute as long as you work (until December 1st of the year you turn 71). If you decide to work past the Normal Retirement Age of 65, you will keep contributing and earning more retirement income until you stop working. However, on December 1st of the year you turn 71 you must stop contributing to the Plan and start collecting your pension even if you continue working.

Annual Pension Statements

Your Annual Pension Statement is one of the most important documents you will receive from the Plan. Your statement provides you with an annual snapshot of your membership in the Plan, from the date you joined until December 31 of the previous year.

Your statement also provides you with a calculation of the pension you have earned, as well as your projected early and normal retirement date pensions. It can be a useful resource for your spouse and beneficiaries, in the event that you die before retiring.

Your statement is a comprehensive summary of your membership that itemizes your earnings and pensionable service – two important factors that form the basis of your pension calculation – and gives you details about your contributions and any service purchases you have made.

You will receive a statement each year, so you can track how your benefit grows as your service increases. Keep these in a safe place.

How could your credited service change?

Service Buyback Contributions (Past Service Purchase)

You may be permitted to make special contributions to the Plan to purchase pension credits in the Plan for your service as an employee or MDT prior to joining the Plan. Certain rules apply. The amount of contributions and payment terms will be communicated to you in writing following receipt of a written request to Employee Relations for this information.

You are required to pay the full actuarial cost to purchase this service.

You may request in writing to purchase past service with OPSEU/SEFPO any time after joining the pension plan up until the date of retirement. The plan will pay the cost of one actuarial quote to purchase past service. This "free" quote must be requested any time from the date of plan enrolment but no later than twelve (12) months after your date of permanent hire.

> ***Note:*** *There is a 12-month time limit to submit your request for a quote paid by the Plan.*

You will only have ninety (90) days to exercise your option to purchase past service once you receive a quote.

If you fail to respond to your written quote within the ninety (90) days or if you choose not to proceed with the purchase, this quote will expire.

If you allow your quote to expire or if you elect to purchase only part of the buy-back service available, you will require a subsequent quote if you later decide to purchase additional past service, payable at your own cost.

<u>The following options apply with respect to contributions towards service buybacks:</u>

1. You may make a lump sum payment in cash, transfer from your RRSP or a combination, subject to a Past Service Pension Adjustment being certified (if applicable). You may set up an amortization schedule (installment payments) to pay any shortfall, subject to the conditions below.

2. You may set up an instalment payment schedule for any amount up to the total cost of the buyback; such payments are subject to additional interest.

3. If you subsequently elect to accelerate the buyback payment period by making additional lump sum payments or increasing the instalment amount, you must pay the cost of the recalculation.

4. Interest will be charged on the buyback amount quoted if the buyback payment is received/set up more than ninety (90) days after the quote is sent to you.

5. In all cases where instalment payments are set up, interest is added to the total cost. The minimum bi-weekly payment is one hundred dollars ($100).

6. Your payments must be completed within ten (10) years from the date of the original agreement, or by the time you retire, whichever is earlier.

All payments for a purchase of past service must be completed when you terminate membership, otherwise your eligible past service for determining pension benefits will be reduced by the amount for which you did not pay.

Transferring Pensionable Service

You are permitted to transfer pensionable service to the Plan from another registered plan or out of the Plan to another registered plan where there is a Reciprocal Transfer Agreement between the Plan and the other registered plan.

There are strict time limits, depending upon the Agreement.

The Plan will also accept transfer amounts from other registered plans where there is no Reciprocal Transfer Agreement.

> ***Note:*** *You may be eligible to transfer pension credit from a previous pension plan, however, timelines apply.*

The period of pensionable service that may be transferred and the applicable terms and conditions will be communicated to you in writing following receipt of a written request to Employee Relations for this information. You must notify Employee Relations immediately upon enrolment if you wish to transfer service.

Please keep in mind that time limits apply and each plan and Reciprocal Transfer Agreement has its own requirements.

In some cases, the funds that are available for transfer out of your former plan may be less than the cost of the equivalent credit in the Plan, and it may be that additional contributions are needed to give you equivalent service to what you had in your previous plan.

If this is the case, you may:

- Accept a reduced amount of credit in the Plan; or
- Decide to buyback the credit shortfall.

You may request a quote to purchase any shortfall in pensionable service within stated time limits. The plan will pay for one transfer quote only within those stated time limits.

The above rules for the purchase of buy-backs apply to any shortfall in service associated with a Reciprocal Transfer Agreement unless the Agreement provides otherwise.

Interruptions in Service

An interruption in service will not be a discontinuance of service if it is a leave of absence authorized by OPSEU/SEFPO, a qualifying period of maternity, parental, medical or emergency leave, or other Employment Standards Act (ESA) leave, or a period of strike.

Leave Without Pay - Contribution Provisions

If the ESA requires that pension contributions continue as if someone was at work (e.g. pregnancy, parental, family medical leave etc.), then contributions shall be paid by both the employee and employer unless the employee opts out in writing.

For leaves that are unauthorized by OPSEU/SEFPO and/or not a leave that requires continued pension contributions by the ESA, then plan members may continue to earn pensionable service by continuing to contribute both the employee and the employer share of contributions during their leave.

Should contributions not be made during the leave of absence (regardless of the type), pensionable service may be purchased following the leave period under the buyback rules. This means that the cost will be calculated actuarially (i.e. employer will not make contributions, and the cost is not based on the contribution rate) and the cost to calculate the buyback must be paid by the employee (regardless of whether the employee decides to complete the purchase or not).

Pregnancy and Parental Leaves

Both you and the Employer will continue to make pension contributions during your Pregnancy leave or Parental Leave, in accordance with your Collective Agreement and the Employment Standards Act. If you elect to take an extended parental leave, and you elect to make pension contributions during this extended leave period, the Employer will make its side of the pension contributions on your behalf.
If you elect, in writing, not to make pension contributions during your Pregnancy Leave and/or Parental Leave or the extended leave period, the Employer will not make its side of the pension contributions on your behalf for this period.

Short-term Disability Leave

In the case of sick leave with reduced pay, contributions to the plan will continue as normal and you will receive full pensionable service credits for the period of leave as if your contributions during the period of leave were based on your earnings prior to the reduction.

Prepaid Leave Plan

If you participate in the *Prepaid Leave Plan* and elect to make both member and employer contributions to earn pensionable service during the year of leave, you have the following options for making such contributions:

1. You may make a lump sum payment prior to your leave; or

2. You may make a lump sum payment on your return from leave; or

3. You may set up an instalment payment schedule for any amount up to the difference between the total cost and the lump sum payments made.

Some of the above options may incur interest and additional calculation costs upon return from the leave.

Long Term Disability

If you become totally disabled and eligible for Long Term Disability Insurance, you will continue to accrue pensionable service credits under the Plan until the earlier of termination of your Long Term Disability, your date of retirement or Normal Retirement Age (65). Earnings for pension purposes will be your pensionable earnings in the year of disability adjusted by the amount of any increases included in your applicable collective agreement.

OPSEU/SEFPO will make member contributions to the Plan on your behalf while you are receiving Long Term Disability Insurance benefits.

When can you retire?

Normal Retirement

The Normal Retirement Age in the Plan is sixty-five (65). As a member of the Plan, you are entitled to a lifetime pension based on your pensionable earnings and service, in the amount of the Normal Retirement Benefit as described in the *Calculating Your Pension* section.

Early Retirement

You may elect to retire earlier than the Normal Retirement Age, with a reduction to the Normal Retirement Benefit, if you qualify as described below:

- *Age 55 but less than 10 Years of Pensionable Service*

  If you have attained age fifty-five (55) and completed less than ten (10) years of pensionable service, you may elect to retire early. Your retirement benefit will be the Normal Retirement Benefit actuarially reduced (about a 7% reduction for each year prior to age 65) to reflect the earlier commencement date.

- *Age 55 and 10 years of Pensionable Service*

  If you have attained age fifty-five (55) and completed ten (10) years of pensionable service but your age and years of pensionable service do not equal eighty (80) at your early retirement date, you will receive:

  a) Your Normal Retirement Benefit for service up to January 1, 1992, without reduction; and

  b) Your Normal Retirement Benefit for service from January 1, 1992, reduced by 3% for each year of early retirement prior to your 60^{th} birthday; and

  c) A special early retirement bridging benefit (described in the next section).

Unreduced Early Retirement (Rule of 80)

You may be eligible for an early unreduced lifetime pension if your age plus pensionable service (in years and part years) total at least 80.

If the total of your age and years of pensionable service equals eighty (80) or more (Rule of 80) at your early retirement date, regardless of whether you have attained age fifty-five (55), you will receive your Normal Retirement Benefit, as described earlier, without reduction. In addition, you will receive a special early retirement bridging benefit as described below.

> Early retirement options give you the choice of retiring with Rule of 80 (age plus pensionable service equals 80) or 60 years old with 10 years of pensionable service, with no reduction in Normal Retirement

Note: If eligible, your 80 Factor date will be indicated on your Annual Pension Statement.

Unreduced Early Retirement (At Age 60)

You may be eligible for an early unreduced pension if you are sixty (60) years old with 10 years of pensionable service, with no reduction in Normal Retirement Benefits.

Special Early Retirement Bridging Benefit

If you qualify for early retirement benefits and have completed ten (10) years of pensionable service, you will also receive a bridging benefit equal to the total benefits that would be payable to you under the Canada Pension Plan and Old Age Security if you were age sixty-five (65), pro-rated if you have less than twenty (20) years of pensionable service.

If you retire before age sixty (60), the maximum bridging benefit is reduced by 3% for each year that retirement precedes age sixty (60). This bridging benefit is payable monthly from your early retirement date up to your 65th birthday. See survivor benefits in the event of death prior to age 65.

Retiree Benefits

OPSEU/SEFPO provides health and dental benefits to persons who retire from OPSEU/SEFPO and their survivors, subject to eligibility. Benefit details are provided in the relevant collective agreement/benefit booklet provided by the benefit carrier.

Calculating Your Pension

Amount of Normal Retirement Benefit

Your Normal Retirement Benefit is determined as:

1.3% of your Best Average Earnings* up to the Final Average Years Maximum Pensionable Earnings (YMPE)

Plus

2% of your Best Average Earnings* in excess of the Final Average YMPE

Multiplied by your years of pensionable service in the Plan.

Best Average Earnings*

Before January 1, 2019: the average of your highest consecutive 36 months of salary during your membership in the Plan.

From January 1, 2019 onward: the average of your highest consecutive 60 months of salary during your membership in the Plan.

If you have been a member of the Plan for less than 3 years or 5 years, respectively, at the date of your retirement, your best average annual earnings are based on your period of continuous membership.

Final Average YMPE

The average YMPE in the last five (5) calendar years of service.

Note:
Your best three-year and/or five-year average annual salary and pensionable service in the Plan are the two main components used to calculate your lifetime pension.

Normal Form of Pension Payment

The normal form of pension for service prior to January 1, 2019 is payable to you in equal monthly installments for as long as you live, or, if you have a spouse, a joint and 66 2/3% survivor pension. Effective January 1, 2019, the normal form of pension is payable to you in equal monthly installments for your as long as you live, or, if you have a spouse, a joint and 60% survivor pension that is the actuarial equivalent of the pension that is payable to you for as long as you live.

If you have a spouse, you must, at a minimum, take your form of pension as a joint and 60% survivor pension, unless your spouse waives their right to the survivor (60%) benefit (further details provided in the *Waiver of Joint and Survivor Pension* section).

Optional Forms of Pension Payment

If you do not have a spouse at the date of pension commencement, or if your spouse waives entitlement to the spousal pension in accordance with applicable legislation, you may elect a monthly pension payable for your lifetime with payments guaranteed for a period of 5, 10 or 15 years (60, 120 or 180 months), and, in the event of your death during the payment guarantee period, the remaining guaranteed payments will be payable to your beneficiary or estate.

If you have a spouse, you also have the option of providing a higher survivor pension for your spouse up to 100% of the pension payable to you for your lifetime. To provide this increased benefit, your pension will be reduced. You must inform Eckler Ltd. and Employee Relations before you retire if you want to increase your spouse's survivor pension.

In any case, if you elect an Optional Form of Pension your pension will be actuarially adjusted.

Other Information

Your pension is paid on a monthly basis usually on the first business day of the month. You can use a direct deposit facility. Income tax is deducted from your pension payments. You will be required to complete a TD1 form in order to determine your tax bracket. If you are collecting CPP and OAS or have other income, please ensure that this is reflected when completing your TD1. Failure to do so may result in your deductions being less than required, which may lead to tax owing and, possibly, tax penalties.

Inflation Protection

For pension credit accrued up to December 31, 2018, any retirement benefit payable under the Plan following your retirement, or pre-retirement death, if applicable, including bridging benefits, whether payable to you, your spouse or your beneficiary, will be increased each year on January 1st by an amount based on 100% of the change in the Consumer Price Index (CPI), to a maximum of 8% in any one year.

For pension credit accrued after December 31, 2018, the amount of the increase will be based on 50% of the change in the Consumer Price Index. Additional cost of living increases up to 100% of the change in CPI, including a catch-up provision will be conditional on the funding of the Plan. For example, your pension may be increased to the level it would have been as if 100% inflation protection had been provided should the funded status of the plan permit.

When a Retiree Dies

When a retiree dies after the pension has started, a family member, executor or other authorized person must notify Employee Relations and the Plan Administrator immediately. They will need to provide: the date of the death, if there is a surviving spouse or eligible children and who is handling the estate along with his or her name, address and phone number.

If the Plan continues to pay your pension before being advised of your death, payments made after your death will need to be repaid.

Survivor Benefits

For pension credit up to January 1, 2019

Survivor options are a valuable feature of the pension plan

If you have a spouse at the date of pension commencement, the normal form of pension will be paid in a joint and 66 2/3% survivor form of payment. Under this form, pension payments are payable to you for your lifetime, and following your death, these payments are reduced to 66 2/3% of the amount you were receiving and continue to your surviving spouse until their death.

Following your death and your spouse's death, payments equal to 66 2/3% of the amount payable to you during your lifetime are continued to your dependent children, if any, who shall be deemed beneficiaries, until they are no longer eligible as defined in the *Dependent Children* section.

For pension credit after December 31, 2018

If you have a spouse at the date of pension commencement, the normal form of pension will be a joint and 60% survivor benefit that is actuarially adjusted. This adjustment is not made to your pension (i.e. Normal Retirement Benefit) until your retirement date. If you do not have a spouse, your pension will have no adjustment (exactly as calculated per the Normal Retirement Benefit).

Example of transitional Survivor Benefits

Years of service prior to Dec. 31 2018	Years of service post 2018	66 2/3 survivor benefit – paid by plan	60% survivor benefit – paid by member
29.0	1.0	97% of pension	3% of pension
22.5	7.5	75% of pension	25% of pension
15.0	15.0	50% of pension	50% of pension
7.5	22.5	25% of pension	75% of pension

The amount of the actuarial reduction calculated when you retire for post-2018 service, if any, will mostly depend on your spouse's demographics and the proportion of pre-2019 service to post-2018 service.

Example of reduction with Female Spouse

Age at pension Commencement		Accrued Pension (Life only)	Actuarial Equivalent Reduction	Joint & Survivor 60% pension
Member	Female Spouse			
65	75	$3,000	4.85%	$2,855
65	65	$3,000	10.71%	$2,679
65	55	$3,000	17.37%	$2,479
55	65	$3,000	4.22%	$2,873
55	55	$3,000	7.87%	$2,764
55	45	$3,000	12.05%	$2,639

Example of reduction with Male Spouse

Age at pension Commencement		Accrued Pension (Life only)	Actuarial Equivalent Reduction	Joint & Survivor 60% pension
Member	Male Spouse			
65	75	$3,000	2.54%	$2,924
65	65	$3,000	6.51%	$2,805
65	55	$3,000	12.12%	$2,636
55	65	$3,000	2.18%	$2,935
55	55	$3,000	4.62%	$2,861
55	45	$3,000	8.09%	$2,757

Notes: Age 55 commencement illustrations in both examples above assume the member qualifies for an unreduced pension. The illustrations are based on 100% of the member's service being after December 31, 2018. Actuarial reductions will be based on assumptions and methods from the last filed valuation report at the member's retirement date.

Dependent Children

Your dependent children are eligible for this benefit until the end of year she/he turns age eighteen (18), is no longer in full time attendance at an educational institution, or if a child is dependent on you by reason of mental or physical infirmity.

If there is more than one person who is a beneficiary or a spouse following your death, the pension may be pro-rated and divided amongst them and the commuted value will be the same had there been only one person.

Waiver of Joint and Survivor Pension

Should your spouse choose to waive entitlement to the joint and survivor normal form of pension, your spouse will be required to sign a Form 3, Waiver of Joint and Survivor Pension, pursuant to the Pension Benefits Act (Ontario). Form 3 may be found on the Financial Services Regulatory Authority's website (see here: Form 3 - Waiver of Joint and Survivor Pension) and should be filed with both Eckler Ltd. and Employee Relations within twelve (12) months preceding the commencement of payment of the pension benefit.

Your spouse will then receive no payments from the Plan after you die. This is an important decision and each of you should seek independent legal advice. This decision cannot be changed once pension payments commence.

If a Plan Member Dies

Benefits on Death Before Retirement

In the event that you die before your retirement date, certain death benefits are payable to your surviving spouse. If you have a spouse, your spouse may elect to receive a monthly pension based on benefits accrued to your date of death or elect a death benefit payment.

If you do not have a spouse, or your spouse chooses to waive their entitlement, pre-retirement death benefits are payable to the beneficiary you have designated. Note that your spouse is considered your beneficiary unless they waive their entitlement.

Employee Relations should be notified as soon as possible and the Plan Administrator will provide the available options.

The following chart provides a summary of the benefits payable on death under the Plan:

	Pre-Retirement Death	Death After Retirement
Spouse	**For pensionable service up to January 1, 2019**, lifetime pension of 66 2/3rds of your accrued pension, and continuing following death of Spouse to eligible dependent children. **For pensionable service after December 31, 2018**, actuarial equivalent lifetime pension of 60% of your accrued pension, and continuing following death of Spouse to eligible dependent children. Alternatively, the Spouse may also choose to take the commuted value as: i) Lump sum[1] ii) Transfer to a RRSP iii) Transfer to a RRIF or iv) An immediate or deferred pension payable at age 65, for life or with a guarantee period of up to 180 months.	**For pensionable service up to January 1, 2019**, lifetime pension of 66 2/3rds of your pension and continuing following death of Spouse to eligible dependent children, if applicable. Upon retirement, you may elect an actuarial equivalent Optional Form of Pension to be paid to you as a Joint and Survivor pension with payments to you and continuing to your Spouse for life of 100% of the pension you were receiving while living, and continuing to eligible dependent children, if applicable, at 66 2/3rds of the pension you were receiving. **For pensionable service after December 31, 2018**, lifetime pension of 60% of your accrued benefit, or higher amount if elected at retirement. Your pension will be reduced to provide this benefit.
No Spouse (or Spouse waives Benefit)	You may elect a beneficiary to receive the commuted value of the accrued pension paid as a lump sum[1].	You may elect an actuarial equivalent pension payable for your lifetime, but guaranteed for a period of 5, 10 or 15 years, payable to your beneficiary.

	Pre-Retirement Death	Death After Retirement
Eligible Dependent Children	**For pensionable service up to January 1, 2019**, if no Spouse, pension of 66 2/3rds until no longer eligible. **For pensionable service after December 31, 2018**, if no Spouse, actuarial equivalent pension of a 60% until no longer eligible.	**For pensionable service up to January 1, 2019**, if no Spouse, pension of 66 2/3rds until no longer eligible. **For pensionable service after December 31, 2018**, if no Spouse, actuarial equivalent pension of 60% until no longer eligible.
Beneficiary	If no Spouse, beneficiary may receive the commuted value of the accrued pension paid as a lump sum[1].	If no Spouse, the residual amount, if any, by which your contributions with interest exceed the total pension paid to you in a lump sum[1].
Estate	If no Spouse and no beneficiary, the estate shall receive the commuted value of the accrued pension paid as a lump sum[1].	Any residual amount paid in a lump sum[1].

[1]Lump sum payments are paid in cash less withholding tax

Waiver of Pre-Retirement Death Benefit

Should your spouse choose to waive entitlement to the pre-retirement death benefit, your spouse will be required to sign a Form 4, Waiver of Pre-retirement Death Benefit, pursuant to the Pension Benefits Act (Ontario). Form 4 can be found on the Financial Services Regulatory Authority of Ontario's (FSRA) website (Form 4 - Pre-Retirement Death Benefit Waiver). This form must be completed by your spouse and filed with both Eckler Ltd. and Employee Relations.

Note: Your spouse will then receive no payments from the Plan after you die. This is an important decision and your spouse should seek independent legal advice concerning the effect of this waiver.

Beneficiary Designation

Upon becoming a member of the Plan, you are asked to name a beneficiary to receive any death benefits payable that are not payable to your spouse. If at any time you wish to change your beneficiary, you are required to file a written notice regarding the change. In the absence of a designated beneficiary, your death benefit will be payable to your estate.

Termination of Service Before Retirement

Members who end their membership in the Plan before retirement have a number of choices. The options depend on your age at date of termination.

If you terminate your membership in the pension Plan, you automatically qualify for a future, or deferred, pension. If you elect a deferred pension, it will be based on your pension entitlement at the date of your termination.

Instead of taking a deferred pension, you have the following options until the month before you turn 55:

i. Transfer the value of your credit to another pension plan with which the Plan has a Reciprocal Transfer Agreement or that accepts such transfers; or
ii. Transfer the commuted value of your pension to another retirement savings arrangement.

Fifty Percent Benefit

If at the time of a benefit determination, your contributions from January 1, 1987 plus interest exceed 50% of the actuarial value of your benefits accrued after January 1, 1987, the excess amount will be paid to you as a lump sum or used to increase your pension under the plan.

Support Payments

If you have a requirement to pay from your pension payments either spousal or child support payments, and OPSEU/SEFPO receives notice of such a support deduction order, your pension will be paid in accordance with that order.

Other Exceptions

While you are receiving your pension payments, it is generally exempt from creditors. The exceptions are Canada Customs and Revenue Agency requirements to pay, payments to your former spouse in the event of a marriage or partnership breakdown, and orders for spousal, or child support. If you die after retirement and do not have an eligible spouse, eligible dependent children or a beneficiary, creditors can claim any pension payments made to your estate.

What could happen to your pension benefits if your spousal relationship ends?

If your spousal relationship (or common law partnership) ends after commencement of pension payments, your former spouse will be able to receive pension payments from the date stated in a court order or domestic contract as long as the date is in the future. Pension payments cannot be backdated.

The termination of a spousal relationship after commencement of pension payments does not affect your former spouse's eligibility for a survivor pension as provided under the Plan unless he or she has previously waived that benefit.

Pension Splitting on Marriage Breakdown

If your spousal relationship (or common law partnership) ends, your spouse may become entitled to a portion of your pension accrued during your marriage. If you enter into a domestic contract or are a party to a court order requiring a split of your pension, a certified copy must be filed with the Plan Administrator. This document must clearly identify how the pension is to be split, and the specified amount will be paid to your former spouse in accordance with the terms thereof and any options available.

Pension law does not permit more than 50% of your pension earned during the period of marriage to be assigned to your spouse.

Rules effective January 1, 2012

Changes to the family law provisions of the Pension Benefits Act established a new process for the valuation and division of pension assets following the breakdown of a spousal relationship. This regime mandates the use of Financial Services Regulatory Authority of Ontario (FSRA) family law forms if you are settling an equalization payment with your pension. Your family lawyer can help you complete the forms, available at FSRA https://www.fsrao.ca/consumers/pensions/pensions-and-marriage-breakdown-guide-members-and-their-spouses.

Other Statutory Coverage

Canada Pension Plan (CPP)

The Canada Pension Plan provides retirement benefits to individuals who have contributed to it during their working career. The normal retirement age for CPP benefits is sixty-five (65); however, you may apply for a CPP pension as early as age sixty (60). If you elect to receive an early CPP pension; it is reduced for every year of early commencement prior to age sixty-five (65). The CPP benefits are increased every year to reflect increases in the cost of living index.

For more information, contact your local Human Resources & Social Development Canada Office; call 1-800-277-9914 or check the website at: https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/apply.html

Old Age Security (OAS)

In addition to CPP, you may be entitled to a monthly retirement benefit from Old Age Security (OAS) at age sixty-five (65). It is payable monthly, indexed quarterly to increases in the costing-of-living index and taxed as it is paid during the year.

Further information can be obtained at the website:
https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html

Other Government Benefits

The Ontario Drug Program is available to Ontario residents over the age of sixty-five (65). Further information can be obtained at 1-866-532-3161 or visit the website:
http://www.health.gov.on.ca/en/public/programs/drugs/programs/odb/opdp_after65.aspx

Glossary

Actuary
A professional in the pension and insurance fields responsible for calculating risks and premiums. Professional recognition in Canada requires membership in the Canadian Institute of Actuaries.

Beneficiary
Any person designated by a Plan member, who on the death of the Plan member is entitled to a lump sum payment or a continuation of a guarantee period. A beneficiary may also be a person designated by a Plan member to receive a pension on the death of the member who is a:

a) Spouse
b) Former spouse
c) A parent, grandparent, brother, sister, child or grandchild of the member who at the time the member dies, is both dependent on the member for support and:
    i) Under nineteen (19) years of age and not able to attain nineteen (19) years of age in the calendar year that the member dies,
    ii) In full-time attendance at an educational institution, or
    iii) Dependent on the member by reason of mental or physical infirmity.

Bridging Benefit
A temporary benefit provided to eligible members who retire prior to the age when OAS and CPP benefits are provided (age sixty-five (65)) in order to supplement their pension income until these benefits apply.

Commuted Value
The amount of a lump sum payment that is payable today (or as of a fixed date) and that is estimated to be equal in value to a future series of pension payments, based on actuarial assumptions.

Deferred Pension
A specified pension determined at the time of termination of employment but not payable until some later date, usually Normal Retirement Age.

Deficit or Unfunded Liability
Any amount by which the liabilities of a pension plan exceed its assets.

Earnings
An amount paid to a member by OPSEU/SEFPO that excludes overtime pay, bonuses, premium allowances, special remuneration and pay increases for temporary assignments away from a member's home position.

Final Average Earnings

a) For service prior to January 1, 2019, the annual average of the greatest amount of Earnings paid to a Member by the employer during any period of 36 consecutive month of service as a Member, or during the period of total service while a member if this is less than 36 months,
b) For service following December 31, 2018, the annual average of the greatest amount of Earnings paid to a Member by the employer during any period of 60 consecutive month of service as a Member, or during the period of total service while a member if this is less than 60 months

Locked-In

Legislative requirement that pension contributions cannot be withdrawn or otherwise forfeited but must be used to provide a retirement pension.

Pensionable Service

Length of service used in the Plan formula to calculate a benefit.

Plan Administrator

An organization appointed by the Board of Trustees to provide day to day administrative services under the Plan, including record keeping and benefit calculations. Currently Eckler Ltd.

Spouse

A person who, at the date as of which determination of a Member's spousal status is required, is either:

a) the Member's legal Spouse, to whom the Member was married at the date as of which a determination of the Member's spousal status is required; or
b) the Member's common-law Spouse, provided that either:

   (i) the common-law Spouse has resided with the Member in a conjugal relationship for at least three full years immediately prior to the date as of which a determination of the Member's spousal status is required; or
   (ii) the common-law Spouse has resided with the Member in a conjugal relationship of some permanence, provided they are the natural or adoptive parents of a child as defined under the Family Law Act, immediately prior to the date as of which a determination of the Member's spousal status is required.

Surplus

Any amount by which the assets of a pension plan exceed the total liabilities of the plan.

Year's Maximum Pensionable Earnings (YMPE)

A term used in the Canada Pension Plan (CPP) that refers to the earnings on which CPP and Quebec Pension Plan (QPP) contributions and benefits are calculated. The YMPE is re-calculated each year according to a formula based on average wage levels. The YMPE is published annually by the Government of Canada.

APPENDIX A: Member and Employer Contributions

EFFECTIVE JANUARY 1, 2020	
EMPLOYER CONTRIBUTION	**EMPLOYEE CONTRIBUTION**
15.50% of your pensionable earnings up to the YMPE; and	12.60% of your pensionable earnings up to the YMPE; and
18.40% of your pensionable earnings in excess of the YMPE.	15.50% of your pensionable earnings in excess of the YMPE.
Example: Your Pensionable Earnings = $75,000 YMPE for 2020 = $58,700. .1550 x $58,700 = 9,098.50 .1840 x $16,300 = 2,999.20 OPSEU/SEFPO's Annual Contribution $12,097.70	*Example:* Your Pensionable Earnings = $75,000 YMPE for2020 = $58,700. .1260 x $58,700 = $7,396.20 .1550 x $16,300 = $2,526.50 Your Annual Contribution $ 9,922.70

Note: Effective January 1, 2019, member contributions increased an additional 0.50% to 12.60% up to the YMPE and 15.50% in excess of the YMPE. Employer contributions remain at 15.50% up to the YMPE and 18.40% in excess of the YMPE.

APPENDIX B: Pension Calculation

(a) For service prior to January 1, 2019 the Normal Retirement Benefit is the sum of:

(A x B x 1.30%) + (A x C x 2.0%), where

A is Years of Pensionable Service to January 1, 2019;
B Your Best 3-year Average Earnings up to the Final Average YMPE; and
C Your Best 3-year Average Earnings in excess of the Final Average YMPE.

PLUS

(b) For periods of service following December 31, 2018, the Normal Retirement Benefit is the sum of:

(A x B x 1.30%) + (A x C x 2.0%), where

A is Years of Pensionable Service from December 31, 2018;
B is Your Best 5-year Average Earnings up to the Final Average YMPE; and
C is Your Best 5-year Average Earnings in excess of the Final Average YMPE.

Example: Let's assume you are 65 years old and retire on January 1, 2021 with the following:

- *Years of Pensionable Service* to January 1, 2019 = 18
  Years of Pensionable Service from December 31, 2018 = 2

- *Best 3-year Average Earnings for service up to December 31, 2018:*
  2020 = $75,000
  2019 = $74,000
  2018 = $73,000
  $222,000/ 3 years **Average = $74,000**

- *Best 5-year Average Earnings for service after January 1, 2019:*
  2020 = $75,000
  2019 = $74,000
  2018 = $73,000
  2017 = $72,000
  2016 = $71,000
  $365,000/ 5 years **Average = $73,000**

- *Final Average YMPE*
  2020 = $58,700
  2019 = $57,400
  2018 = $55,900
  2017 = $55,300
  2016 = $54,900
  $282,200/ 5years **Average = $56,440**

Normal Retirement Benefit

=

= [(1.3%x56,440) + 2% x (74,000 – 56,440)] x 18 years

PLUS [(1.3%x56,440) + 2% x (73,000 – 56,440)] x 2 years

= $21,658.40 annually or $1,804.87 per month