

COMMUNIQUE

OTF/FEO

October 24, 2005

Volume 11, No. 2

Ontario Teachers' Federation • 1300 Yonge Street • Toronto • Ontario • M4T 1X3 • 416-966-3424 • FAX:416-966-5450

PENSION UPDATE

Teachers and Government Meet

In late September, we let you know that we were about to begin talks with the Ontario Government regarding the long-term funding deficiency of our Pension Plan.

We want to state again, that the Teachers' Pension Plan and your pension are financially secure.

On October 3, 2005, the OTF Executive met with the Government representatives to the Pension Partnership Committee with the support of the OTF Pension Committee. OTF President Marilies Rettig was the spokesperson for OTF.

OTF stuck to the parameters we reported on September 29, 2005. They are:

- The OTF Executive is opposed to any reduction in benefits.
- The actuarial assumptions for the Plan will be reviewed.
- The best timing for teachers for filing of the valuation will be reviewed.
- OTF will minimize the impact of changes on teachers, while recognizing the necessity of a contribution rate increase.

Assumptions

The Pension Partners (OTF and the Government of Ontario) reviewed the assumptions used currently by the Plan's independent actuary in determining the Plan's long-term assets and liabilities (see sidebar). We also compared the assumptions used in our Pension Plan with those used by other major public sector plans in their most recent valuations.

Actuarial assumptions

These are the figures and estimates that an actuary uses when making an actuarial valuation. Assumptions can include how long people are expected to live, estimates of future inflation, how much people are expected to earn, and the expected future returns from the pension plan investments.

Actuarial valuation

This is an assessment done by an actuary, usually once every three years. The actuary will work out how much money needs to be in the Plan to ensure that pensions can be paid in the future – in the case of the OTPP over the next 70 years.

...2

COMMUNIQUÉ

October 24, 2005 • Volume 11, No. 2 • Page 2

Government White Paper

The Government of Ontario, through the Ministry of Finance, has issued a White Paper on new rules for jointly sponsored defined-benefit pension plans (<http://www.fin.gov.on.ca/english/consultations/pension/index.html>). The Partners reviewed the proposals in this White Paper. These proposals include recognizing that in jointly sponsored plans, employers' and employees' contributions for a shortfall will be made through percentage increases in contributions.

Time of Filing

With the changes proposed by the Government in the White Paper, the OTF Executive expressed some interest in the possibility of filing a 2005 valuation of the Plan. One Government proposal for the transition to the new rules would enable a 2005 valuation to be filed as late as February or March 2006.

Communiqué – Pension Update is the official source of information concerning pension issues and the status of the discussions. Unless you hear from OTF, anything you hear elsewhere is rumour or speculation.

If you have any questions...

You can visit the OTF website at:

www.otffeo.on.ca

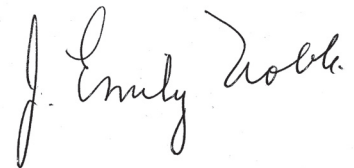
or contact OTF's Director of Pension and Economic Affairs or your Affiliate Pension Officer.



Paul Taillefer
AEFO President



Marilies Rettig
OTF President



Emily Noble
ETFO President



Donna Marie Kennedy
OECTA President



Rhonda Kimberley-Young
OSSTF President