

COMMUNIQUÉ

OTF/FEO

October 17, 2006

Volume 12, No. 1

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

PENSION UPDATE

Contribution Rates Change in January 2007

In June, and again in August, we communicated with you about changes to the Ontario Teachers' Pension Plan (OTPP). While there are rumours and false information in some staffrooms, the real facts come from the Ontario Teachers' Federation and are found in OTF *Communiqués*. You can read previous editions on the OTF website at www.otffeo.on.ca.

On June 30, 2006, the Ontario Teachers' Pension Plan filed a valuation with provincial regulators that showed the OTPP is fully funded. This valuation was achieved by making some changes to the contribution rates and to the valuation assumptions.

The OTF Executive met with our Government Partner and the administrators of the OTPP to minimize the impact on teachers while maintaining the security of the OTPP and your pension.

As of January 1, 2007, some of the changes will directly affect you and your pay cheque, but your pension benefits have been protected.

To protect your benefits, your contribution rates will change over the next three years. These increases will be matched by the Government or your employer. The contribution increases are the first since 1990.

Your pension contribution increases will be partially offset because they are tax deductible.

On the following page there are two charts – one that shows the contribution rate increases and the other shows the estimated effect of these changes at various salary levels.

It is important that you not make any decisions about your own circumstances without checking out the facts. Contact the OTF Director of Pension and Economic Affairs, your Affiliate pension officer or the OTPP for accurate information.

...2

COMMUNIQUÉ

October 17, 2006 • Volume 12, No. 1 • Page 2

CHART ONE: CONTRIBUTION RATE INCREASES

Effective Date	Member Contributions		Government/Employer Contributions	
	Up to YMPE **	Above YMPE	Up to YMPE **	Above YMPE
Current	7.3%	8.9%	7.3%	8.9%
January 1, 2007	9.3%	10.9%	9.3%	10.9%
January 1, 2008	9.6%*	11.2%*	10.4%*	12.0%*
January 1, 2009 †	10.4%	12.0%	10.4%	12.0%

The Small Print:

** YMPE stands for Yearly Maximum Pensionable Earnings. This number is set each year by Revenue Canada. For 2006 it is \$42,100

* For 2008 only, members' contribution rate increases are lower than the Government's because they are offset by a credit reserve of \$76 million from the 1998 pension negotiations.

† A new valuation for the Plan must be filed for January 1, 2008. As a result of this new valuation, the contribution rates for 2009 and beyond may change.

CHART TWO: ESTIMATED ADJUSTED CONTRIBUTIONS FOR DIFFERENT SALARIES

Salary	Annual Contributions *		
	2006	2007	2008
\$30,000	\$2,190	\$2,790	\$2,880
\$35,000	\$2,555	\$3,255	\$3,360
\$40,000	\$2,920	\$3,720	\$3,840
\$45,000	\$3,331	\$4,231	\$4,366
\$50,000	\$3,776	\$4,776	\$4,926
\$55,000	\$4,221	\$5,321	\$5,486
\$60,000	\$4,666	\$5,866	\$6,046
\$65,000	\$5,111	\$6,411	\$6,606
\$70,000	\$5,556	\$6,956	\$7,166
\$75,000	\$6,001	\$7,501	\$7,726
\$80,000	\$6,446	\$8,046	\$8,286
\$85,000	\$6,891	\$8,591	\$8,846
\$90,000	\$7,336	\$9,136	\$9,406

* All numbers are approximate and assume a YMPE of \$42,100. A new YMPE is set each year.