



**Ontario Secondary School Teachers' Federation
60 Mobile Drive, Toronto, Ontario, M4A 2P3**

STAFF ROOM RAP

TPP PENSION UPDATE

On Monday, June 19, 2006 the OTF Executive and the Government agreed to file a January 1, 2005 funding valuation with the Financial Services Commission of Ontario. OTF and the Government [the Partners] have secured the agreement of the TPP Board to have the 2005 valuation take into account:

- [a] the actual negotiated wage increases of teachers which were bargained after the January 1, 2005 valuation date;
- [b] lower than expected retirement rates since the introduction of the 85 factor
- [c] use of a \$76M credit from a 1998 surplus fund held for teachers which the government will match.

All these considerations help to lower the actuarial deficit.

In the *Special Issue Update* distributed in March, 2006, the Provincial Executive indicated that OSSTF would support a solution that met the following 3 objectives:

1. No erosion of any current benefit provisions; [maintain the 85 factor and inflation protection]

There is no change to the level of benefits in the pension plan.

2. A modification by the TPP Board of Directors of the current funding assumptions more in line with other large pension plans to decrease the projected deficit;

Changes in the funding assumptions have reduced the unfunded liability from \$20.1B to approximately \$5.2 B.

3. Provided the first two objectives were met, support for an increase in the contribution rate for as short a period of time as possible. No contribution increase should occur prior to Jan. 2007.

These March objectives have been achieved.

The TPP Funding Solution

Having achieved these objectives necessitates an increase in contributions by members and the Government:

- . **2.0% - effective January 1, 2007**
- . **0.3% - effective January 1, 2008**

The agreement includes two undertakings:

- . **to engage in a review of the methodology for measuring the assets and liabilities of the pension plan as well as the options available for solving any further shortfalls. This will improve the longer term situation regarding future pension valuations.**
- . **agreement to jointly commission a survey of plan members regarding the pension plan.**

Both the review of the assumptions used by the OTPP and the survey would be compiled no later than June 30, 2007.

The Ontario Teachers' Pension Plan Board, OTF and the Government have also agreed to jointly commission a survey of plan members regarding the pension plan. Both the review of the assumptions used by the OTPP and the survey would be completed by June 30, 2007.

OSSTF Vote

On June 20, 2006 the Provincial Executive and the five elected OSSTF/OTF Governors considered the above proposal and made the following recommendations:

THAT OSSTF endorse the joint Government-OTF proposal to address the TPP funding deficit.

THAT OSSTF recommend that OSSTF TPP contributors vote in favour of joint Government-OTF proposal to address the funding deficit.

Votes by OSSTF TPP contributors will take place between June 21 - 26, 2006. All results must reach Provincial Office by 9:30 a.m. June 27, 2006. As indicated in the Special Edition *Update* all TPP contributors are being asked to vote on this proposal. The ballot will appear as shown below. ***Please contact your branch representative for details regarding the vote in your school/district.*** The vote will direct how the OSSTF Governors vote at OTF on June 28, 2006.

Ballot

_____ Mark your option with an "x"

<i>I endorse the joint Government-OTF proposal to address the TPP funding deficit.</i>	
<i>I do not endorse the joint Government-OTF proposal to address the TPP funding deficit.</i>	

RA:FS