Surplus funds will restore full inflation protection for post-2009 pension credit and decrease contribution rates

Inflation protection for pension credit earned after 2009 is increasing to 100% from 90% of the annual increase in the cost of living. In addition, members still working will see their contribution rates decrease by 1.1%. Both changes are effective January 1, 2018.

HIGHLIGHTS

- **A preliminary $11.5 billion funding surplus, as of January 1, 2017, was reported in March 2017.**
- **Surplus funds will be used to fully restore cost-of-living increases for the portion of pensions earned after 2009.**
- **Members who are still working will see their contribution rate decrease by 1.1%, effective January 1, 2018.**

The Ontario Teachers' Federation (OTF) and the Ontario government, which jointly sponsor the Ontario Teachers' Pension Plan, are using some of the $11.5 billion funding surplus reported in March to restore inflation increases and decrease contribution rates. Some surplus funds will also be reserved to help facilitate stability in contribution rate and benefit levels should a future funding valuation show a decline in assets or increase in pension costs. This is the fourth consecutive year OTF and the government have allocated surplus funds to partially restore inflation protection levels that had previously been reduced. Consult the chart below to see how the changes could affect you.

MEMBER GROUP	EFFECT ON YOU
If you're retired	• In January 2018, you'll receive a pension increase equal to 100% of the annual Consumer Price Index (CPI) increase. • If you retired after 2009, your pension will be restored to the level it would be at if 100% inflation protection had been provided on January 1, 2017. • If you retire(d) in 2017, your first pension increase will be prorated from your last day of credit in 2017.
If you're still working	• In January 2018, your contribution rates will decrease by 1.1% (10.4% up to Canada Pension Plan limit and 12% above Canada Pension Plan limit).

If you retired in 2010-2016, or are still working, see page 2 for information on how you'll be affected.

How the changes affect you

Members who retired in 2010-2016

1. RESTORATION OF INFLATION INCREASES

Your pension will be restored to the level it would be at if 100% inflation protection had been provided on January 1, 2017.

For example, if Maria's gross annual pension is $49,960, but would have been $50,000 with full inflation increases, she'll receive a $40 boost in her pension, beginning in January 2018. There is no retroactive payment associated with the increase.

2. INFLATION PROTECTION FULLY RESTORED

On top of the restoration noted above, you'll receive an annual pension increase, as usual. In 2018, the increase will equal 100% of the annual increase in the cost of living for all portions of your pension credit earned. The cost of living is based on changes in Statistics Canada's Consumer Price Index (CPI).

The new 100% inflation level, up from the current level of 90%, will remain in effect at least until the next funding valuation is filed with the regulators. A funding valuation must be filed at least every three years.

Inflation Protection Levels

PENSION CREDIT	ALLOWABLE LEVELS*	CURRENT LEVELS*	LEVELS IN 2018*
Earned before 2010	100%	100%	100%
Earned during 2010-2013	50% to 100%	90%	100%
Earned after 2013	0% to 100%	90%	100%

*Percentage of annual cost-of-living increase, based on changes in the Consumer Price Index (CPI)

IMPACT ON YOUR PENSION

To see how the inflation increases will affect your annual pension in 2018, sign in to your Ontario Teachers' online account.

The information will be available online in late October, shortly after the annual inflation rate is determined for 2018.

Visit this page to register for or sign in to your Ontario Teachers' account: www.otpp.com/members

Members who are still working

Contribution rates have remained the same since OTF and the government introduced an increase to help fund the shortfall identified in January 2011. Beginning in January 2012, a 1.1% increase was phased in over a three-year period. Some of the surplus funds resulting from the January 2017 valuation will now be used to lower contributions by 1.1% (see chart below).

Contribution rates

YEAR	UP TO CPP LIMIT	ABOVE CPP LIMIT	CHANGE*
2011	10.4%	12.0%	N/A
2012	10.8%	12.4%	+0.4%
2013	11.15%	12.75%	+0.35%
2014	11.5%	13.1%	+0.35%
2015	11.5%	13.1%	N/A
2016	11.5%	13.1%	N/A
2017	11.5%	13.1%	N/A
2018	10.4%	12.0%	-1.1%

*as a percentage of salary

WHAT'S THE CPP LIMIT?

The Canada Pension Plan (CPP) limit is the maximum earnings on which CPP contributions and benefits are based. The limit, set annually by the Canada Revenue Agency, is $55,300 in 2017.

Contributions to the Ontario Teachers' Pension Plan are therefore based on two amounts: they're lower on salary up to the CPP limit, and higher on any salary above the CPP limit.

How much less will you contribute?

Take a look at the chart below to see how the contribution rate decrease will affect teachers at different salary levels.

ANNUAL SALARY	ANNUAL CONTRIBUTIONS*		
	Current	2018	Decrease
$50,000	$5,750	$5,200	$550
$60,000	$6,975	$6,315	$660
$70,000	$8,285	$7,515	$770
$80,000	$9,595	$8,715	$880
$90,000	$10,905	$9,915	$990
$100,000	$12,215	$11,115	$1,100

*Numbers calculated used the 2017 CPP limit of $55,300

MORE INFORMATION

- Visit the pension plan's website at www.otpp.com/funding
- Talk to your affiliate pension representative