

Press Release

FOR IMMEDIATE RELEASE



Surplus funds will further restore inflation protection for retired teachers

TORONTO, May 27, 2015 — The Ontario Teachers' Federation (OTF) and the Ontario Government, joint sponsors of the \$154.5 billion Ontario Teachers' Pension Plan (OTPP), will use a portion of the \$6.8 billion surplus in the Plan as of January 1, 2015, to partially restore inflation protection for teachers who retired after 2009.

“Conditional inflation protection has proven to be an effective tool for managing Plan deficits and now, for the second year in a row, the sponsors will use some of the surplus to partially restore indexing that pensioners lost in recent years,” said OTF President Rian McLaughlin. “The remainder of the surplus will be kept in reserve to provide benefit and contribution rate stability against future funding challenges such as low interest rates and increasing longevity, both of which increase the Plan’s liabilities.”

Pensioners who retired after 2009 will receive a one-time increase in January 2016 to restore their pensions to the levels they would have been at, had full inflation protection been provided each year since they retired. They will also receive a slightly higher inflation increase next year for the portion of their pensions earned after 2009. Cost-of-living increases for this portion of pension credit will equal 70% of the annual increase in the Consumer Price Index (CPI), up from the current level of 60%. Pension credits earned before 2010 remain fully inflation protected.

Pensioners who retired before 2010 are unaffected by these latest changes because pension credits earned before 2010 receive full inflation protection. Working members are also unaffected because annual inflation adjustments are determined after retirement.

In March, Teachers' reported its second surplus in a decade. A preliminary funding valuation showed that the Plan was 104% funded at the beginning of this year, based on current benefits and contribution rates.

About Teachers'

With \$154.5 billion in net assets as of December 31, 2014, the Ontario Teachers' Pension Plan is the largest single-profession pension plan in Canada. An independent organization, it invests the pension fund's assets and administers the defined benefit pensions of 311,000 active and retired teachers in Ontario.

About OTF

The Ontario Teachers' Federation is the advocate for the teaching profession in Ontario and for its 160,000 teachers. OTF members are full-time, part-time and occasional teachers in all publicly funded schools in the province – elementary, secondary, public, Catholic and francophone.

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