

COMMUNIQUÉ



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OTF released the following to the media earlier today.

Full inflation protection for retired teachers and a contribution rate reduction for active teachers

TORONTO, June 12, 2017 — The Ontario Teachers' Federation (OTF) and the Ontario Government, joint sponsors of the \$175.6 billion Ontario Teachers' Pension Plan (Plan), will use a portion of the \$11.5 billion surplus in the Plan (as of January 1, 2017) to complete the restoration of inflation protection for teachers who retired after 2009. As well, the contribution rate for the Plan's active members will be reduced by 1.1%. Both changes are effective January 1, 2018.

"Conditional inflation protection has proven to be an effective tool for managing Plan deficits and now, for the fourth year in a row, the sponsors will use some of the surplus to finish the restoration of indexing that pensioners lost in recent years," said OTF President Mike Foulds. "In addition, the Plan's active members will enjoy a 1.1% reduction in the contribution rate. 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 2018 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 100% of the annual increase in the Consumer Price Index (CPI), up from the current level of 90%. Pension credits earned before 2010 remain fully inflation-protected.

Active Plan members will enjoy a 1.1% reduction in the contribution rate they pay to the Plan.

Last March, Teachers' reported its fourth surplus in a decade. A preliminary funding valuation showed that the Plan was 105% funded at the beginning of 2017, based on current benefits and contribution rates.

**For more information on these changes,
please go to www.otpp.com.**