

# PENSIONS AND BENEFITS

## Proposed Changes to Post-Retirement Insured Benefits for Active and Deferred Members in the OPSEU Pension Plan

*This information is provided as of April 5, 2016 and is subject to change, as more information becomes available.*

On February 18, 2014 the Government of Ontario announced proposed changes to the eligibility criteria and terms for post-retirement insured benefits for members participating in the OPSEU Pension Plan (OPTrust). These changes were to take effect on January 1, 2017.

At present, 10 years' service is required to be eligible for post-retirement benefits and the employer pays 100% of the premiums.

The proposed changes that were announced in 2014 are:

- If an employee retires on or after January 1, 2017, benefit premiums from that day forward will be funded on a 50-50 basis, with the Government paying half the premium and the retiree paying the other half for your entire retirement.
- The premiums will cost those who retire on or after January 1, 2017 approximately \$1,635 per year for family benefits and \$885 per year for individuals (as of 2016).
- If an employee who is currently contributing to the OPTrust does not qualify for the benefits prior to 2017, then new eligibility rules will apply as follows:
  - Employees will require 20 years of service, up from the current 10, in order to be part of the retiree benefit plan at all; AND,
  - Employees will only be eligible to receive benefits if they retire directly from their job to an unreduced pension. They cannot quit their job (or be surplus-ed or otherwise leave their employment) and defer their pension to a later date and still receive benefits.
  - One must retire and begin to draw an unreduced pension immediately to be eligible. A retirement with a reduced pension will not be eligible either.
- To avoid paying premiums for post-retirement benefits, an employee must retire by November 30, 2016 and be in receipt of their first pension cheque by December 31, 2016.
- If someone is no longer actively contributing to the OPTrust, but has money in the plan (e.g. previously divested from the Government and now contributing to another pension plan but have a "special deferred" pension) and has at least 10 years of pension service in the OPTrust, they must be in receipt of an unreduced or reduced OPTrust pension by December 31, 2016 in order to avoid paying on a 50-50 basis. Normally this occurs when someone reaches age 65 which is the normal retirement age under the OPTrust. If you were divested from the Government you may be eligible to retire earlier but you should get details about this from the OPTrust directly.

In the OPS, the employer put out a document called "roadmap to retirement". In this document, the employer states that six (6) months' notice should be given for retirement. OPSEU had no input into this document nor did the employer notify OPSEU that such a communication was being prepared.

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Members do not need to decide right now and give their decision to retire in June. They still have a few months to plan. Notwithstanding what the OPS is being told, it is business as usual at the OPSEU Pension Trust (OPTrust). Even though they are predicting an increase in the number of retirements in 2016, the OPTrust is saying that a member will be entitled to their pension regardless of how much (or how little) notice they give. However, if members give less than the suggested 3 months' notice, it is possible there may be a delay in paying their pension, but the pension will be retroactive.

The Government has stated that they are proceeding with their plans to implement the changes to post-retirement benefits on January 1, 2017 as announced back in 2014 but OPSEU is fighting these proposed changes. In the OPS, where the Government is the employer, thousands of grievances have been filed, including a policy grievance, and the hearing into these is scheduled to begin on May 11, 2016. However this will not be a short process and could go well into 2017 or even longer.

Many members are asking if they should wait until an arbitration award comes out before they make a decision about retirement. Our legal counsel has advised us that members have to make the decision about retirement based on the facts in front of them now and not on what may or may not happen down the road.

Members who are thinking about retiring in 2016 but haven't yet decided to do so, should plan accordingly. In order to make the pension application process faster, members should pull together all the paperwork that they need in order to retire. This includes:

- Proof of birth
- Spouse's proof of birth
- Marriage certificate OR proof of \*common law relationship
- Separation agreement if married or in a \*common law relationship during career

*\*See OPTrust's website for what is needed for proof of common law relationship*

Members are encouraged to seek independent financial advice before making any retirement decisions.

If you have any questions, please contact the OPSEU Pensions and Benefits Unit at extension 5568 or by email to [PensionsandBenefits@opseu.org](mailto:PensionsandBenefits@opseu.org)

This publication contains general information and is intended as a reference only. It is not a substitute for independent legal advice regarding your particular situation.