



## PENSION AND RETIREMENT CONCERNS COMMITTEE LIAISON REPORT

**April 2016**

The Pension and Retirement Concerns Committee has held its most recent meeting on April 6 2016.

### **A. Strategic Plan**

At our last meeting we were presented with the draft copy of the RTO/ERO strategic plan. During a lengthy discussion, we were able to review the committee's goals and priorities so that they would align with the provincial framework. This was done, and the final approval awaits the Executive review, pending the adoption of the Provincial Strategic Plan.

### **B. Pension Concerns**

#### **1. Defined Benefit Plans**

A brief environmental of the pension world scan shows that Target benefit plans are still being studied as an alternative for Defined benefit plans. Despite a new government in Ottawa, the work to shift public servants from DB to Target plans still continues. Teachers' has been strongly defending DB plans, but there will come a time where the question will hit Ontario plans. We have to be ready to address this issue. The committee came to the conclusion that RTO/ERO needed a policy in support of Defined Benefit Plans. We have therefore started the work to develop this policy.

#### **2. OTF Pension Forum**

Committee members attended the annual OTF Pension Forum. There we heard CEO Ron Mock provide an update on Teachers' strategy for sustainability in today's highly competitive economy. We also heard from David Dodge, former governor of the Bank of Canada, who also talked about sustainability by addressing the economic and demographic forces that continue to affect Canada's pension system.

#### **3. Teachers' Annual Meeting**

On April the 7<sup>th</sup> committee members attended the Annual meeting. There it was revealed that our fund grew by 13%. It is a real feat in this day of low returns considering that another Ontario public fund only saw a return of 5.12%.

Since we are funded at 107%, the partners could decide to file this year. This would mean that they would have to identify how they would deal with the overfunding. Aside from maintaining a stabilizing fund, they would probably consider partially restoring the indexation.

Ron Mock, our CEO, has indicated that the Conditional Indexation is the wisest decision that the Partner's' have made because it gives Teachers' the flexibility to

take higher risks and thus generate higher returns. He also stated that it is their goal to restore 100% indexing for all, when the fund can sustain this benefit.

#### **4. Old Age Security**

The federal government has rescinded the decision to up the retirement age to 67 and has reinstated it at 65. We applaud this decision since some of our new members would have been negatively affected if the retirement age had gone up to 67.

### **C. Retirement Concerns**

#### **1. Staging our Aging**

Although we did not get a great response from PRC liaison officers, the Committee reviewed this project. It was determined that such a bank was needed for members and district leaders to be able to quickly identify resources available for them. The title and the format might change, but the content will remain. We have set it as a priority for 2016.

#### **2. Presentations to Districts**

No requests have come from Districts for these presentations.

#### **3. McMaster's Optimal Aging Portal**

On this Portal you can find high quality scientific evidence about healthy aging, written in consumer friendly language. This information can help to keep Canadians healthy, active and engaged as long as possible and allow them to manage their health conditions. The Portal evaluates health research and resources, telling users whether free health resources on the Internet and in the newspaper stories are based on scientific research, are reliable, and are worthy of note. On the website you can view a host of topics which will allow you to view related evidence summaries. This free portal can be found at [www.mcmasteroptimalaging.org](http://www.mcmasteroptimalaging.org). You can also subscribe to receive regular updates.

#### **4. Ongoing Work**

As part of our ongoing work we continue to monitor outside organizations to determine where to find resources and to identify trends that could affect our members.

One such group is the « Advocacy Center for the Elderly ». It is a community based legal clinic for low income senior citizens. ACE is managed by a volunteer board of directors at least half of whom are seniors. ACE is funded through Legal Aid Ontario and is the first legal clinic in Canada to specialize in the legal problems of seniors. ACE provides direct legal services to low-income seniors, public legal education, and engages in law reform activities. ACE services and activities are in relation to areas of law of special importance to the seniors' population. It is a reliable source of information concerning seniors' issues. You can read their publications at <http://www.advocacycentreelderly.org/>. You can also join and become a member at the nominal cost of \$10.00.

### **D. DID YOU KNOW**

1. Our pension fund has a total of 316 000 active and pensioned members.
2. That the ratio of active members to retired members is 1.4 active members to 1 retired member.

- Members contribute 3.3 billion dollars in contributions each year, but that 5.5 billion dollars are paid out in pensions. This means that on the first of January 2016, the fund has to earn 2.2 billion dollars through their investments to bring us to zero and this before they can start earning gains. By 2030 this negative amount is expected to grow to 5.4 billion dollars before it flattens out. The stress on the investment side of our plan is great, and will become more difficult as the years go by.

## E. FAQ

### 1. Question

The most popular question we get on CPP is whether it makes sense to take CPP early.

#### Answer

Although this is a very personal decision to make, and there is not one fit all answer, it is wise to examine the new breakeven points.

May me suggest that you visit this site :

<http://retirehappy.ca/taking-cpp-early-the-new-breakeven-points/>

### 2. Question

Since Teachers' our pension fund is able to get such excellent returns, can I invest my personal savings with them as OMERS Members can?

#### Answer

No it is not possible. The plan is not set up this way. The legislation governing our plan does not allow this practice. The Partners, OTF and the Ontario government would have to agree and make changes to this legislation. The Board and staff maintain that their fiduciary responsibility is to get the highest return for plan members. Personal investments for Members could change their focus and thus could influence these returns. A different accounting would have to be created, additional staff would have to be hired, and the administrative costs would be much higher than what we see today.

## DO YOU HAVE A QUESTION FOR US?

Contact your liaison member.

## F. Committee members

Roger Regimbal (Chair)	District 27, Ottawa-Carlton
Doug Nosal	District 11, Waterloo
Liz Whiton	District 12, Norfolk
Don Farquharson	District 28, region of Durham
Malcolm Beddoe	District 10, Grey and Bruce
Morris Tait	District 30, Northumberland

### Provincial Executive Committee Liaison

Rich Prophet	District 3, Algoma
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