

# Press Release

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## Surplus funds will help restore inflation protection for retired teachers

**Toronto, May 5, 2014** — The Ontario Teachers' Federation (OTF) and the Ontario Government will use a \$5.1 billion surplus in the Ontario Teachers' Pension Plan to partially restore inflation protection for teachers who retired after 2009. OTF and the Government jointly sponsor the \$140.8 billion Teachers' Pension Plan.

"Conditional inflation protection was used to resolve plan deficits over the past few years, and we are now pleased to use the current plan surplus to partially restore the indexing some pensioners lost during that timeframe," said OTF President Julie Pauletig.

Pensioners who retired after 2009 will receive a one-time increase of up to \$50 in January 2015 to bring their pension up to the level it would have been at if full inflation protection had been provided each year since they retired.

They will also receive slightly higher inflation increases next year for the portion of their pensions earned after 2009. Cost-of-living increases for this portion of pension credit will equal 60% of the annual increase in the Consumer Price Index (CPI), up from the current level of 50%. Pension credit earned before 2010 remains fully inflation protected.

In April, the pension plan reported its first surplus in a decade. A preliminary funding valuation showed the plan was 103% funded at the beginning of this year, assuming reduced levels of inflation protection and current contribution rates. The surplus was the result of a 10.9 per cent return on plan investments in 2013, higher interest rates, and the sponsors' earlier decision to reduce levels of inflation protection for post-2009 credit to deal with recent plan funding shortfalls.

Pensioners who retired before 2010 are unaffected by the latest change because pension credit earned before 2010 receives full inflation protection. Working members are also unaffected because inflation increases are determined after retirement.

### About Teachers'

With \$140.8 billion in net assets as of December 31, 2013, 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 307,000 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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