

Are you Planning on Retiring?

*An information booklet to
help guide you through
the process.*

Information compiled by: OECTA – Waterloo Unit

(Current as of: February 2007)

Attention retiring teachers

OECTA will no longer pay the first year's membership fees of retiring teachers who want to join the Retired Teachers of Ontario (RTO). The Provincial Executive suspended this practice in 1999. Members who choose to join RTO will be responsible for their fees and will not be reimbursed for costs.

From: www.oecta.on.ca

September 2002

“Getting Ready to Retire” Checklist

	Plan to attend the OECTA – Waterloo Unit Retirement dinner on June 15 th , 2007! <i>Information Poster will come to your school.</i>
	Contact OTPP www.otpp.com to obtain a password to access the Pension Calculator
	Obtain accurate information about your pension status from the OTPP (Ontario Teachers’ Pension Plan)
	Purchase all eligible credited service in OTPP at earliest opportunity
	Attend Retirement Planning Workshop (if available)
	Contact OTPP Board and obtain a pension kit www.otpp.com/web/website.nsf/web/brochures or complete all the required forms online www.otpp.com/web/website.nsf/web/retireonline
	Write letter of resignation to your employer
	Make decision re: Survivor Pension Waiver
	Send your pension application to the OTPP Board
	Make decisions re: insured health benefit coverage
	Consider joining RTO (Retired Teachers of Ontario)
	Apply for CPP (Canada Pension Plan) when you turn 60
	Apply for OAS (Old Age Security) or Seniors Benefit when you turn 65

Obtain accurate information about your pension status from the OPTT.

As a member of the OTPP you should be receiving an Annual Statement each year. In addition, before retiring, you should phone and request a copy of your Service Record which will show the entire history of your pension credit experience, including all periods of time when you worked, took a refund or paid for a leave or break in service. It is important to check whether the OTPP Board's records agree with yours before finalizing any retirement plans.

If you request a password from OTPP you can verify your info on the OTPP website at anytime. The Pension Calculator on the website will allow you to see the effect of any variety of timelines / contract scenarios that you wish to investigate (www.otpp.com)

Purchase all eligible credited service in OTPP at earliest opportunity.

Be sure that you have purchased all the credited service that you are eligible for and repay all refunds at the earliest opportunity to ensure that you have acquired maximum credited service in the Ontario Teachers' Pension Plan. Order the OTPP Board information sheet, *How A Leave Affects Your Pension*, for more details.

All contributions for current service and purchases of credit for service after 1989 are fully deductible in the year they are made. For all leaves of absence, the easiest and most cost-efficient way is to apply to purchase the credit before you go and pay with a series of post-dated cheques. By continuing to make your normal contributions while you are on leave, you will avoid interest charges and there will be no risk of missing deadlines.

If you pay after April 30 of the year following the end of your leave, the purchase must be certified by Revenue Canada. They may deny your purchase unless you transfer the funds from your RRSP and it could affect your RRSP room in the following year.

Contact OTPP Board and request a pension kit and your Service Record.

Contact OTPP Board six months or more before you plan to retire and tell them your expected retirement date. Ask them to send you their kit of pension information and your pension estimate.

Once you have given the OTPP Board permission to contact your employer to get current salary information, they will send you a Personalized Pension Application and Retirement Statement outlining the amount of your pension.

Gather the following required documents well in advance to avoid delays in processing your application; birth certificate, spouse's birth certificate, marriage certificate(s), and certificate of divorce or Decree Absolute, if applicable.

Write letter of resignation to your employer.

In order to begin their pensions as of July 1, most teachers should request their boards to grant a resignation by mutual consent as of August 31 in order to remain on the Benefit plan for July and August.

Retirement Gratuity Information.

Retirement gratuities qualify as retiring allowances. Retiring allowances may be transferred to an RRSP. You are allowed to transfer up to \$2,000 per calendar year of service prior to 1996 with your employer or a related employer. For example:

A teacher who worked for two different Ontario school boards from September 1970 until June 1997 has worked in 28 calendar years 26 of which are before 1996. This teacher could transfer up to 26 years x \$2,000 = \$52,000 to an RRSP.

Order Revenue Canada's booklet, *When you Retire*, for more details.

Make decision re: survivor pension waiver.

Unless you and your spouse opt for a 50 percent survivor pension by signing the waiver included with your pension application, your pension will be reduced to provide your spouse with a 60 percent survivor pension. Check with the Ontario Teachers' Pension Plan Board about survivor rights. This information is on the OTPP website.

Send your pension application to the OTPP Board.

It can take months to process a pension application so begin the process early. Your pension payments cannot begin until your application has been fully processed.

Make decisions re: insured health benefit coverage.

Our school board allows teachers to continue with the board's health benefits at the teacher's expense until they are 65. The school board will usually ask you to pay with post-dated cheques.

The Retired Teachers' of Ontario (RTO) and the Ontario Teachers' Insurance Plan (OTIP) each sponsor a full range of health benefits for retired teachers. The OTPP Board will deduct the premiums for RTO or OTIP benefit plans from your pension each month. Information and applications for the coverage and for membership in RTO will be included with the pension kit sent to you by OTPP Board.

Your application for coverage will be accepted provided you apply for coverage within 60 days of:

- The effective date of your pension; or
- Coverage ceasing with your former employing school board; or
- When coverage ceased under a spouse's plan

If you apply after 60 days, you may not meet the health requirements and could find that you do not qualify for coverage.

Join RTO (Retired Teachers of Ontario)

RTO is the official voice of retired educators in Ontario, promoting and protecting their interests in the areas of pensions, health care and insurance. RTO works with OTF in monitoring the work of the OTPP Board. They publish a newsletter to keep you informed of issues of importance to retired teachers. In conjunction with a travel consultant, RTO provides a variety of tours and stay-put holidays for its members.

Membership in RTO is voluntary. The application form will be included in the information sent to you by OTPP Board. The fee is \$1.25 per \$1,000 of gross annual pension or major portion thereof. The RTO fee is deducted from the pension payment in January each year.

Do not work for a school board for more than the maximum number of days allowed.

Many retired teachers choose to work for a school board after going on pension. This is usually supply, night or summer school teaching, but it could be any kind of work. Until age 71 you are only allowed to work in education for:

- Three school years for fewer than 96 days, then
- Less than 21 days per school year

If you exceed these maximums, you must start to contribute to OTPP Board and your pension will stop until you once more cease working and re-apply for your pension.

Apply for "Early" CPP (Canada Pension Plan) when you turn 60.

You may apply for an early pension from Canada Pension at or after age 60 if you have wholly or substantially ceased working. Your Canada Pension benefit will be reduced by 0.5% for each month you are younger than age 65 (6% per year). When you reach 65, the OTPP will reduce your ITPP service pension using the CPP reduction formula.

This is because the Ontario Teachers' Pension Plan and the Canada Pension Plan have an integrated contribution formula. Most retired teachers should apply for Canada Pension as soon as eligible. There is no significant financial benefit to delaying application.

Apply for OAS (Old Age Security) or Seniors Benefit when you turn 65.

Make a note to apply for your Old Age Security Pension or Seniors Benefit about six months before reaching age 65. They are paid in addition to CPP and your pension from the OTPP. Depending on your total income, OAS is subject to claw back (repayment) through taxation.

From: www.otpp.com

**OECTA does not have your pension records. Only the OTPP Board
has these records.**

**You can check them anytime at www.otpp.com if you have a
password!**

Sample letter to send to WCDSB

Date:

Mr. Roger Lawler
Director of Education
Waterloo Catholic District School Board
35 Weber Street West
Box 91116
Kitchener, Ontario N2G 4G2

Dear Mr. Lawler,

I wish to inform the Board that I will be retiring as of _____ **(date)**.

Please let me know what my options are with regards to continuing benefits and my Retirement gratuity.

(Some personal comments if you wish)

Thank you for your attention,

Sincerely,

(Name)

cc- - Bryan Mahn, Superintendent of Human Resource Services
- Principal

Useful Information

Phone Numbers

Ontario Teachers' Pension Board

5650 Yonge Street
North York, Ontario M2M 4H5
1-800-668-0105
1-416-228-5800
FAX: 1-800-949-8208
FAX: 1-416-730-7807
Website: www.otpp.com

OECTA Provincial

65 St. Clair Ave. E. Suite 400
Toronto, Ontario M4T 2Y8
1-800-268-7230
1-416-925-2493
FAX: 1-416-925-7764
Website: www.oecta.on.ca

OECTA – Waterloo Unit

127 Weber Street West
Kitchener, Ontario N2H 4A1
1-519-744-8051
FAX: 1-519-744-0911
Website: www.oectawaterloo.on.ca

Ontario Teachers' Federation (OTF)

1-800-268-7061
FAX: 416-966-5450
Website: www.otffeo.on.ca

Ontario College of Teachers

1-888-534-2222
FAX: 1-416-961-8800
Website: www.oct.on.ca

Website Links

Elementary Teachers' Federation of Ontario (ETFO)
– www.etfo.on.ca

Association des enseignantes et des enseignants
franco-ontariens (AEFO) – www.franco.ca/aefo

Ontario Secondary School Teachers' Federation
(OSSTF) – www.osstf.on.ca

Ministry of Education (Ontario) – www.edu.gov.on.ca

Canada Pension Plan (CPP) and Old Age Security –
www.hrdc-drhc.gc.ca

Canada Customs and Revenue Agency (CCRA) –
www.cca-adrc.gc.ca

Financial Services Commission of Ontario (FSCO) –
www.ontarioinsurance.com

Ministry of Consumer and Business Services
(Birth/Death/Marriage Certificates) –
www.cbs.gov.on.ca

Johnson Inc. – www.johnson.ca

OTIP/RAEO – www.otip.com

Canadian Association of Retired Persons –
www.fifty-plus.net

Canadian Snowbirds Association –
www.snowbirds.org

Retired Teachers of Ontario –
www.rto-ero.org

Retired Women Teachers of Ontario – www.rwto.org

Canadian Association of Financial Planners –
www.caftp.org

Financial Planners Standards Council (FPSC) –
www.cfp.org

Investor Learning Centre of Canada –
www.investorlearning.ca

Pension Investment Association of Canada (PIAC) –
www.piacweb.org

Teaching After Retirement

You can return to teaching without affecting your pension, however, limits apply. When you teach more than 95 days in a school year, your contributions start again and your pension is suspended.

The Limits

The Ontario government and the Ontario Teachers' Federation has recently returned to limiting the number of years teachers can teach while retired to three years. Retired teachers can teach up to a maximum of 95 days per school year, regardless of how much teaching they may have already done..

If You Exceed the Re-employment Limits

Your pension is suspended the month after you exceed your employment limit. Your contributions to the pension plan begin on your 96th day of employment.

**** DO NOT EXCEED THE 95 DAY LIMIT**

Remember to include paid non-teaching days (such as professional development days) when calculating your limit. Your pension will remain suspended for every month in which you teach, even if it is only for one day.

It is very important for you to keep track of the number of days you teach so you won't go over the limit. If you exceed the limit, please notify Ontario Teachers Pension Board and your employer. Once you stop teaching, notify OTPP Board in writing so they can start your pension again.

Designated Private Schools

You can teach at a private school that is not part of the pension plan without affecting your pension. If you teach at one or more designated private schools the limit on the number of days you can teach a year without affecting your pension apply.

Types of Pensions

1. Unreduced Retirement Pension

You qualify for an unreduced retirement pension when you have the 85 factor (age plus qualifying years equal 85), or at age 65.

Basic annual pension formula: $2\% \times \text{credit (years)} \times \text{average "best five" salary}$

2. Reduced Retirement Pension

If you're not eligible for an unreduced pension by the time you want to retire, you can take a reduced pension when you are at least 50 and have two or more qualifying years of service

Immediate reduced pension

An immediate reduced pension is when you resign from teaching and begin collecting your pension the following month. Immediate pensions are reduced by 2.5% for each point you are away from the 85 factor (or 5% per year from age 65, whichever is less).

Deferred pension

If you do not begin collecting your pension immediately after you cease to be employed, the reduction is greater. Deferred pensions are reduced by 5% for each point you are away from the 85 factor (or 5% per year from age 65, whichever is less).

3. Disability Pension

You may be entitled to a disability pension if you become disabled while you are employed in education and can no longer work in any capacity, and you have at least 10 qualifying years.

Disability pension formula: $2\% \times \text{credit (years)} \times \text{average "best five" salary}$

Reduced Disability Pension

If you're partially disabled and unable to teach, you may take a reduced disability pension, provided you do not return to teaching. Your partial disability pension is calculated like a regular disability pension and then reduced by 2.5% for each point you're under the 85 factor or each year under age 65 (whichever is less).

Survivor Pensions

The Teachers' pension plan has a number of survivor benefits, including survivor pensions for your spouse or dependent children. The type and amount of benefit depends on whether you die before or after retirement.

Eligibility

Eligibility for survivor benefits is sequential: they are paid to spouses first, then children, and finally your estate. In cases of death before retirement only, designated beneficiaries may also receive entitlements.

Eligible recipients can receive benefits at any age, and benefits are paid for as long as someone is eligible. For example, if a surviving spouse dies, the pension transfers to dependent children for as long as they remain eligible.

1. If you die before retirement

The type and amount of survivor benefits depend on the type of survivor and your credit. A spouse you are living with at the time of death is first in-line to receive the survivor benefits. If your spouse receives a pension and later dies, the pension will continue to eligible children as long as they remain dependent.

All survivor pensions are indexed for inflation.

If you have less than 2 qualifying years, a refund of contributions plus interest are paid to your estate. The following summarizes your benefits, provided you have more than 2 qualifying years.

Spouse (must be living together at the time of death)

You have more than 10 qualifying years:

- based on pre-'87 service, 50% survivor pension for life
- based on post-'86 service, payment of commuted value of your pension either as a lump sum payment or an immediate or deferred indexed pension

You have less than 10, but more than 2 qualifying years:

- based on pre-'87 service, refund of your contributions plus interest
- based on post-'86 service, payment of commuted value of your pension either as a lump sum payment or an immediate or deferred indexed pension

Dependent children no spouse

You have more than 10 qualifying years:

- based on pre-'87 service, 50% survivor pension to a maximum age 25
- based on post-'86 service, 50% survivor pension to a maximum age 25

You have less than 10, but more than 2 qualifying years:

- based on pre-'87 service, refund of your contributions plus interest to *estate*
- based on post-'86 service, a 50% survivor pension to a maximum age 25

Beneficiary

- based on pre-'87 service, refund of your contributions plus interest to *estate*
- based on post-'86 service, lump sum payment of commuted value to the beneficiary

No survivor or beneficiary

- based on pre-'87 service, refund of your contributions plus interest to estate

- based on post-'86 service, lump sum payment of commuted value to estate

2. If you die after retirement

Your spouse or dependent children are eligible for a survivor pension. The amount of the pension is a percentage of what your pension would be after age 65, plus annual inflation increases.

Beginning April 1, 2001, you can also provide your survivor with a minimum 10-year pension guarantee of your pension. This benefit is provided at a nominal reduction to your pension (0.1%, or about \$35 per year for the average career teacher) and you'll need to decide to opt in before your pension begins. Teachers who have no spouse at retirement are automatically provided with a 10-year pension guarantee at no cost.

For more on the 10-year pension guarantee, read Pension News Volume 29, or check the OTPP website (www.otpp.com)

Spouse

To be eligible for a pension, you and your spouse must be living together when your pension starts. Even if you subsequently separate or divorce, your spouse continues to be eligible to receive a survivor pension. If you're not living together when your pension begins, your spouse is not eligible for a survivor pension.

Unless you and your spouse decide otherwise, your spouse automatically receives 60% of your teacher's pension. You can decrease your spouse's survivor pension to 50% or increase it to 75%. The increase or decrease must be arranged for *before* your pension starts.

Children

Eligible children will receive a pension if you don't have an eligible spouse. A child's default pension is 50% of your pension; however, if you had an eligible spouse at retirement, your child's pension is the amount your spouse was entitled to receive.

Summary of your options:

Automatic 60% survivor pension:

- If you do nothing, an eligible spouse automatically receives 60% of your pension after age 65
- The cost depends on the age of you and your spouse. Usually your pension is reduced about 2%. The reduction remains in effect even if your spouse predeceases you.

Reduce your spouse's pension to 50% of your teacher's pension at age 65:

- You and your spouse must sign a Spousal Waiver form. This can only be done within the 12-month period before your pension begins and cannot be revoked once your pension begins.
- A 50% survivor pension is free, that is, no reduction to your pension

Increase your spouse's pension to 65, 70, or 75% of your teacher's pension after age 65:

- You must apply at least two years before you go on pension and by age 63. If you miss the deadline, you may still be approved provided you pass a medical examination. You may revoke the increase right up until your pension begins.
- The reduction to your pension depends on the age of you and your spouse and the survivor option you chose. The reduction remains in effect even if your spouse predeceases you.

3. Marriage After Retirement

Whether or not you can provide a survivor pension to a new spouse (common-law or married) after you retire depends on whether you have another spouse or children eligible to receive a survivor pension. If you do not already have an eligible spouse or dependent children, you can provide a

pension of 50% to 75% of your pension to your new spouse. Please contact OTPP Board at (416) 226-2700 or toll free at 1-800-668-0105 for more information as many factors affect eligibility to survivor pensions.

Deadline

You must complete a direction form within 90 days of when the person becomes your spouse, or 90 days of when a dependent child becomes ineligible to receive a child survivor pension. If you miss the deadline, a medical examination must show that you're in good health for your age.

Tax Deducted from Your Pension

Depending on your situation, you may wish to increase the tax deducted from your pension to offset other income.

There are three ways to notify OTPP Board of a tax change:

TD1 form http://www.cra-arc.gc.ca/E/pbg/tf/td1/README.html	Personal Tax Credits Return form also produced by Canada Customs and Revenue Agency, but more general than the TD3
Personal Letter	Write to OTPP Board and indicate either a dollar amount per month or the percentage of gross pension you want deducted.

TD1 and TD3 forms are available at your local Canada Customs and Revenue Agency Taxation Office.

You can also use the TD1 form to inform OTPP of any change in your deductibility status. For example, your tax status may change when you turn 65 or if you become disabled. You can notify OTPP Board any time during the year. Generally, if OTPP Board receive the form during the first half of the year, your pension will be adjusted for that month.

Tax Changes on Lump-Sum Pension Payments

The February 1999 federal budget included a proposed change to the tax laws, which may reduce the tax paid on the lump-sum payments. This special tax change may affect you if you received a lump-sum payment as a result of OTPP Board's Pension Entitlement Review Project from 1995-1997.

The change could benefit you if you received a lump-sum payment of \$3000 or more, not including interest, as a result of OTPP Board's Pension Entitlement Review Project.

The proposed change may tax the principal and interest amounts differently. The principal amount may be subject to special tax treatment. Visit OTPP's website for more information.

There is no change to the tax on the interest portion of your payment – it is still taxed in the year of receipt.

Based on OTPP Board's preliminary analysis, even if your payment does qualify, the calculation may not result in a tax refund. Results will vary depending on individual circumstances.

From: www.otpp.com

Updated: August 2001

How to Apply for a Pension

Three Basic Steps to Retirement

Step 1	Three or four months before you plan to retire, let OTPP Board know your expected retirement date.
Step 2	OTPP Board will send you a retirement package containing all the information you need to finalize your plans. The package includes an application and other forms you complete and return to them.
Step 3	When everything is ready they will send you a statement showing your final pension calculation. Your pension will be deposited into your account on the last business day of the month your pension starts.

Retirement Checklist

To complete your file when you retire, OTPP Board may ask you for a photocopy of:

- ✓ your birth certificate and your spouse's birth certificate
- ✓ your marriage certificate or declaration of common-law relationship sworn before a lawyer
- ✓ your certificate of divorce, Decree Absolute or separation agreement

Substitutes for a birth certificate (only if one does not exist or cannot be obtained): proof of Canadian citizenship, photocopy of your Canadian passport photocopy, of your baptismal certificate, an affidavit regarding the entry of your birth date in the family bible, affidavit by a parent or older sibling stating your date of birth, notice from an insurance company stating the date of birth and that they obtained proof of your birth.