

THE PENSION *connection*

A quarterly
newsletter for
the Pensioners
of the OPSEU
Pension Trust

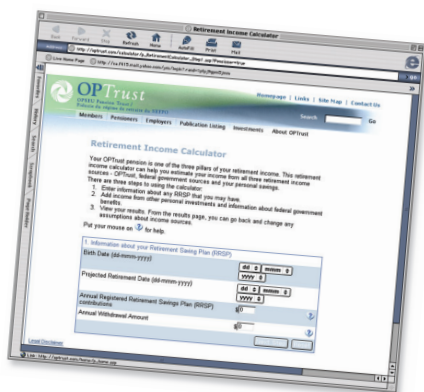
New Calculator Helps You Estimate Your Total Retirement Income

OPTrust has added a new feature to our Web site. The new Retirement Income Calculator will help you estimate your total retirement income – including both your OPTrust pension and income from other sources.

OPTrust pensioners can use the retirement income calculator to compare a number of possibilities. You can find out how:

- integration with CPP changes your OPTrust pension at age 65
- taking CPP early will affect your total retirement income, before and after age 65
- Old Age Security payments at age 65 add to your total retirement income.

To use the retirement income calculator, visit the OPTrust Web site and select



“Pension Planning Tools.” From there, you follow three easy steps in determining your retirement income.

First, you will be asked about any RRSPs that you may have.

Second, you add the total income from other personal investments and information about federal government benefits.

And lastly, you view your results.

The calculator provides a printer-friendly version of your results.

Please note: OPTrust does not capture or retain the information you enter.

The new Retirement Income Calculator was designed based on the feedback we’ve received from pensioners and members. Our research shows that pensioners and members are increasingly interested in communicating with OPTrust and accessing their personal pension information online.

Statement, many of you had questions about the Power of Attorney section. Below are answers to some of the more common questions:

You? Asked ...Power of Attorney

In the last issue of *The Pension Connection* we featured an article on the new *Pensioner Information Change*

QUESTION: WHAT IS A POWER OF ATTORNEY?

ANSWER: A power of attorney is a

You Asked... continued on page 2

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document you sign when you want to give someone you trust the authority to act on your behalf concerning matters related to your property and affairs. When you sign a power of attorney, you are known as the “principal”, which is sometimes also referred to as the “donor” or “grantor”. The person you appoint is known as the “agent”, which is sometimes also referred to as the “donee” or “attorney”. As the name suggests, a “power of attorney” grants the attorney the power to handle the legal affairs of the donor. Pension benefits constitute “property”, which may be dealt with under a power of attorney.

QUESTION : HOW DOES IT WORK?

ANSWER: By granting a power of attorney, you are giving permission through a legal document to have someone handle your financial affairs. If you are unable to look after your finances, the person you appoint as your attorney will be able to manage your financial affairs, although some types of powers of attorney will permit the attorney to deal with your affairs even if you are capable to do so yourself. A power of attorney could ensure that financial affairs – including pension-related matters – are handled on your behalf.

QUESTION : WHAT IS THE DIFFERENCE BETWEEN THE EXECUTOR OF A WILL AND A POWER OF ATTORNEY DESIGNATION?

ANSWER: A power of attorney authorizes the person you appoint to manage your financial affairs on your behalf while you are alive, whereas your will names an executor to manage them after you pass away. You may appoint a relative, friend or professional as your attorney or executor. A power of attorney is only in effect while you are alive. A regular will, on the other hand, takes effect only after you have died.

QUESTION : WHY DOES OPTRUST NEED THIS INFORMATION?

ANSWER: If a power of attorney is in effect, OPTrust needs a copy of the document before we can take directions from your attorney. The person appointed under the power of attorney can handle most matters dealing with your pension in the usual manner. The person you have appointed can then make address and/or banking information changes on your behalf.

QUESTION : WHAT DOES THE ‘N’ ON THE PENSIONER INFORMATION CHANGE STATEMENT MEAN?

ANSWER: It means that you do not have a valid power of attorney on file with OPTrust. If there is no power of attorney in place and you are physically and/or mentally unable to make pension-related decisions, your family would be required to seek legal advice from the proper authorities and make the necessary arrangements. OPTrust cannot accept changes without the proper authority, i.e. power of attorney or court order.

QUESTION : WHO SHOULD I APPOINT?

ANSWER: You can grant power of attorney to anyone who is at least 18 years of age and mentally competent. The attorney does not have to be a lawyer; he or she can be a spouse or an adult child – anyone you would trust to handle your affairs.

QUESTION : WHEN CAN A POWER OF ATTORNEY BE TERMINATED?

ANSWER: The continuing power of attorney is terminated when the grantor dies or revokes the power of attorney, a new power of attorney is given, the (sole) attorney dies or becomes incapable to manage property or resigns, or the court appoints a guardian over the grantor’s property. An attorney is permitted to resign, but must provide notice of resignation as required in the *Substitute Decisions Act*.

Facts About... Proxy Voting

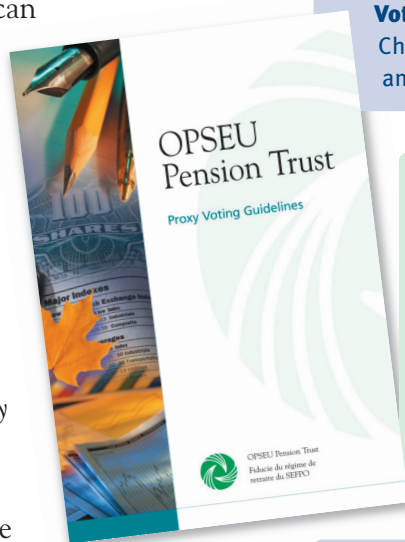
As a major institutional investor, OPTrust takes an active interest in corporate governance issues. Our approach to voting the Plan's shares reflects our fiduciary responsibility to members and pensioners - and the goal of ensuring the long-term profitability of the companies in which we invest.

When OPTrust buys shares in a company, we also acquire the right to vote on issues that require shareholder approval. These issues can affect a company's direction and profitability. We therefore treat our voting rights as an important financial asset and vote all our shares.

OPTrust has developed a set of *Proxy Voting Guidelines* which set out how OPTrust's representatives will vote on a broad range of issues that must be decided by the shareholders of the companies in which the OPSEU Pension Plan invests. The guidelines are intended to guide OPTrust's Board of Trustees and its external proxy voting service provider on the issue of proxy voting.

To handle the growing volume of proxy votes efficiently, OPTrust employs an outside firm to vote our shares. The guidelines set out how our representatives are to vote on questions such as:

- the appointment of auditors and directors
- compensation plans and stock option programs, and
- the approval of mergers.



Examples

The following are some examples of three separate issues, the discussions involved and how OPTrust's representatives vote:

Separation of Board and Management Roles

Discussion: To ensure a clear distinction between operations and oversight, OPTrust supports the separation of the roles of CEO and Chair. In cases where these roles are combined, too much power or control may reside with one individual. There is a great advantage to the corporation, the CEO and the directors to have a separate Chair who can deal with matters from the perspective of the board of directors.

Voting guideline: Vote against proposals to combine the role of Chair and CEO. Vote for proposals to separate the role of Chair and CEO.

Financing Plans

Discussion: Companies may employ various methods to finance their operations: with cash, debt, equity, and /or private placements. The choice of financing will depend upon the company's financial health and status. An examination of the features of each financing plan should be examined to ensure that the economic interests of shareholders are protected.

Voting guideline: Vote for the adoption of financing plans if they are in the best economic interests of shareholders.

Severance Packages

Discussion: OPTrust does not support severance packages paid to any outside directors, which are contingent upon the merger or acquisition of the corporation with a resulting change in control. Such packages can pose a conflict of interest for independent directors who are not employees of the company.

Voting guideline: Vote against severance packages for outside directors that are contingent upon merger/acquisitions.

OPTrust's *Proxy Voting Guidelines* also address social and ethical issues, including shareholder proposals for disclosure and the adoption of International Labour Organization standards.

For a copy of our *Proxy Voting Guidelines* visit the OPTrust Web site at www.optrust.com to download a copy or contact us.

OPTrust Moves to Active Strategy for Majority of Plan's Global Stock Portfolio

OPTrust's Investment Division has adopted an "active" investment strategy for the majority of the OPSEU Pension Plan's foreign equity holdings. Approximately three-quarters of the Plan's \$3.0 billion global stock portfolio is now actively managed.

The OPTrust Board of Trustees approved the move to a predominantly active strategy for the Plan's non-Canadian equities in spring 2003. At the same time, the Trustees adopted a new structure for the management of the Plan's foreign equity portfolio.

New foreign equity management structure

As a result, OPTrust's foreign equities are now managed by nine specialized investment management firms. Eight of these firms have been hired with active mandates, focusing on specific international markets. A ninth, Barclays Global Investors, continues to manage \$800 million in US and European stocks according to a "passive" or "index" strategy.

There are many factors for a major investor like OPTrust to consider in striking the right balance between active and passive strategies. In some cases – for major U.S. "large capitalization" equities, for example – relatively few active managers consistently outperform the benchmark index. In other markets – including Europe, Australasia, the Far East and emerging markets –

active managers are expected to perform better than their respective index, after costs, over the long term.

Due diligence

OPTrust's Board of Trustees approved the new foreign equity management structure following a major review of the Plan's asset mix. The eight active managers were chosen from a pool of investment management firms recommended by the Trust's external investment consultants.

Each was then subjected to an extensive due-diligence review before the selection was confirmed.

Using external firms to manage the Plan's stock portfolios allows OPTrust to benefit from the specialized expertise of a wide range of investment professionals. OPTrust Investment Division staff regularly monitors all our investment managers, both to track their performance and to ensure that they are operating within their designated mandates.

OPTrust also uses a combination of active and passive strategies with the Plan's \$2.3 billion Canadian equity portfolio. Currently, about 50% of the Plan's Canadian stock holdings are actively managed. The remaining 50% are managed according to an index strategy.

Coming Soon...

OPTrust's 2003 Annual Financial Statements

OPTrust will release its Annual Report in mid-April 2004. A highlights report will be mailed to all pensioners. For immediate access to our 2003 financial results, visit the OPTrust Web site at www.optrust.com

Insured Benefit Premium Changes

Effective **April 1, 2004** the Ontario Government began paying higher premiums for supplementary health and hospital, and dental coverage for pensioners, while cost for vision care and hearing aid premiums has decreased. The premiums for basic life insurance remain the same.

The Ontario Government continues to pay \$3.05 monthly per thousand dollars for basic life insurance. The majority of retired OPS employees have the basic life insurance coverage of \$2,000; therefore the total premium paid each month per pensioner for life insurance is \$6.10, which is the same amount paid in 2003.

Premiums for the Vision Care and Hearing Aids Plan have decreased for both the Ontario

Government and the retiree. The premium for the retiree has decreased to \$1.37 for single coverage, down from \$1.58 and \$2.78 for family coverage, down from \$3.19.

You may notice that your income tax deduction decreases a few cents due to the decrease in premiums for vision/hearing coverage.

In summary, for a typical retiree benefit package, including life insurance, medical, dental and vision/hearing coverage, the employer now pays a monthly premium of \$100.86 for single coverage, up from \$95.44 and \$181.90 for family coverage, up from \$172.02.

Insured Benefit Premiums (Effective April 1, 2004)

	FAMILY COVERAGE		SINGLE COVERAGE	
	Employer	Pensioner	Employer	Pensioner
MEDICAL Employer pays 100%	\$ 127.83	0	\$ 68.80	0
DENTAL Employer pays 100%	\$ 38.48	0	\$ 21.28	0
BASIC LIFE INSURANCE \$2,000.00 Employer pays 100%	\$ 6.10	0	\$ 6.10	0
VISION/HEARING	\$ 9.49	\$ 2.78	\$ 4.68	\$ 1.37
TOTAL	\$ 181.90	\$ 2.78	\$ 100.86	\$ 1.37

Basic Life Insurance Premiums (Employer pays 100%)

	FAMILY COVERAGE		SINGLE COVERAGE	
	Employer	Pensioner	Employer	Pensioner
BASIC LIFE INSURANCE \$ 5,000.00	\$ 15.25	0	\$ 15.25	0
\$ 4,500.00	\$ 13.73	0	\$ 13.73	0

Supplementary Life Insurance Premiums (Pensioner pays 100%)

GROUP	AGE	RATE / \$1,000	
		NOVEMBER, 1993	SEPTEMBER, 1997
LCBOB*	45 - 49	0.34	0.22
	50 - 54	0.59	0.39
	55 - 59	0.94	0.60
	60 - 64	1.38	0.89

*Liquor Control Board of Ontario

How Do I Update My Personal Information?

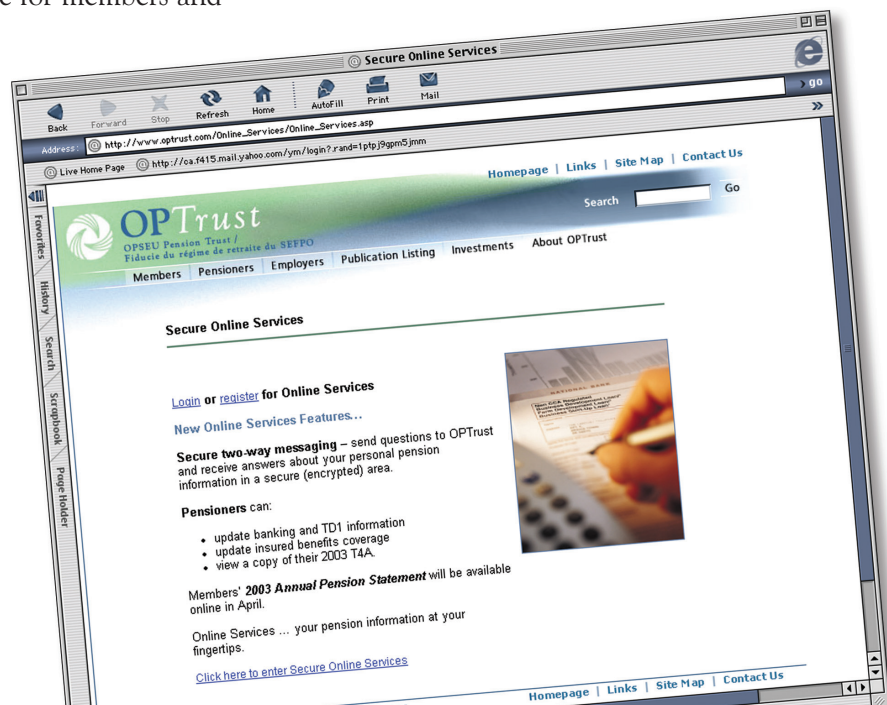
Need to update your mailing address or banking information? Want to increase the tax deducted from your monthly pension? With OPTrust's new secure Online Services you have access to view and update your personal information online at anytime, from anywhere. You are no longer required to send your personal information updates by mail.

When you sign up for our secure Online Services, a new password-protected site for members and pensioners, you can also:

- update your TD1 information
- update your insured benefits
- update your designated beneficiary coverage
- view a copy of your 2003 T4A.
- choose how you want to receive OPTrust communications (in print or on-line).

In addition to these services, you can send questions to OPTrust and receive answers about your personal pension information in a secure (encrypted) area.

Sign-up today by visiting our Web site at www.optrust.com. Updates to your personal information can also be made by completing a *Personal Information Change Request* form. The form is available on-line or by contacting OPTrust.



You? Asked

*More questions on Power of Attorney
continued from page 2*

QUESTION: SHOULD I SPEAK TO MY LAWYER?

ANSWER: You may wish to consult with a lawyer to discuss whether a power of attorney is appropriate for you. A lawyer can advise you on drawing up specific conditions and limitations when granting the power of attorney, advise you as to what type and form of power of attorney is appropriate in your circumstances and may also raise issues you have not considered.

OPTrust cannot provide you with legal advice. This information is provided for information only and should not be considered to be legal advice.

QUESTION: WHERE CAN I OBTAIN FORMS TO APPOINT A POWER OF ATTORNEY?

ANSWER: For more information, the Public Guardian and Trustee's office provides a 24-page *Power of Attorney Kit* and necessary forms. A copy of the kit can be downloaded from the Ministry of the Attorney General Web site at: www.attorneygeneral.jus.gov.on.ca.

Personal Tax Credits and TD1/TD10N Forms

Why are the forms necessary?

Every pensioner is entitled to claim some “personal tax credits.” For example, if you are under age 65 you may claim: a basic personal amount, spousal amount and an amount for eligible pension income.

The tax on your pension income is based on two separate calculations – one Federal (TD1) and one Provincial (TD10N). The forms are used to determine personal tax credits for your OPTrust pension. The tax credits you identify on these forms help us to calculate how much tax to deduct from your pension.

The TD1 form is used to determine your federal tax rate and the TD10N form is used to determine your provincial tax rate. The higher your tax credits are the lower your taxes. The TD10N form is required by the provincial government in order to receive their portion of tax revenue directly (separately from federal taxes).

Do I have to fill out both forms every year?

Pensioners are not required to fill out either the provincial TD10N or the federal TD1 form every year. A new form should be completed only if you expect a change in your entitlement to personal tax credits.

I would like to have additional tax deducted. Should I use these forms?

Unless pensioners ask for more tax to be deducted, OPTrust only withholds the required amount of income tax based on the OPTrust pension that is being paid. We do not withhold income tax for any

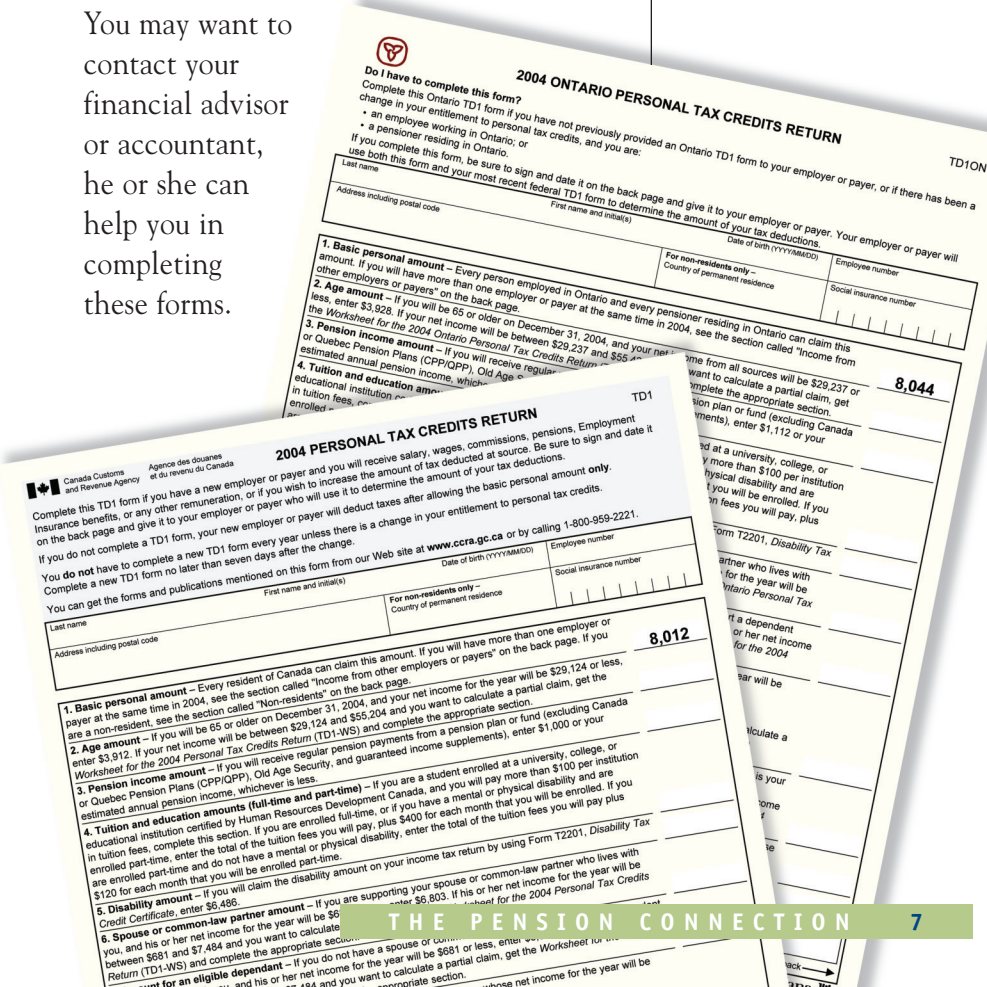
other sources of income, such as CPP or investment income.

To request additional taxes withheld from your OPTrust pension, you can update this information online using our secure Online Services. Alternatively, you can complete a *Personal Information Change Request* form, also available on the OPTrust Web site, or available upon request from OPTrust.

Who should I contact for more information?

Both provincial and federal forms are available from the Canada Revenue Agency (formerly Canada Customs and Revenue Agency). For more information, please contact the Canada Revenue Agency at www.cra.gc.ca or 1 (800) 959-2221.

You may want to contact your financial advisor or accountant, he or she can help you in completing these forms.



Great-West Life Offers Online Services

Great-West Life recently introduced *GroupNet Online Services*, a new Web enhancement for Plan members. If you are eligible to receive insured benefits, you have access to this new feature to monitor all your insured benefits claims.

To register online, you need your Great-West Life insurance number and your personal information. The enhanced Web site provides direct access to your Great-West Life account. Key features of this new service include:

Pre-populated Forms

You can download forms that include plan and identification numbers, and your home mailing address.

Detailed Claims Information

You can check on the status of a claim, see the amount paid and how it was assessed.

Coverage Information

You can explore high-level coverage information, including deductible amounts, reimbursement percentages and covered expense maximums.

Health and Wellness Library

You can view a wide source of health information.

Personal Information

You can view and confirm your personal information.

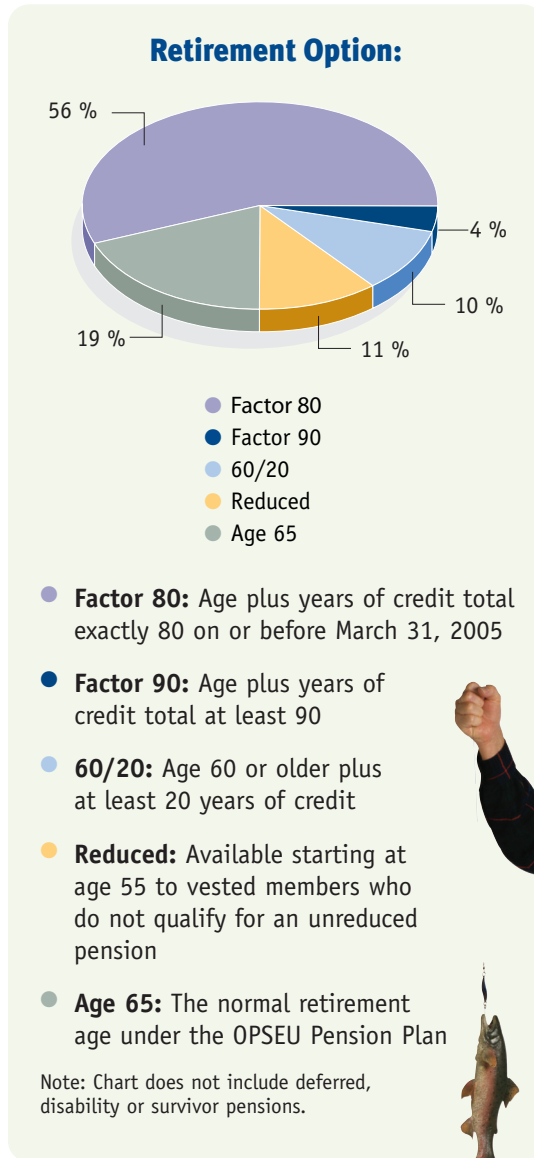
Other features include a Help Centre, "Common Group Insurance Terms" and "Frequently Asked Questions."

For more information or to get started visit the Great-West Life Web site at www.gwl.ca and click on "Group Plan Members" under the Online Services Sign-in section.

Note: Insured benefits are provided for eligible retirees who receive an OPTrust pension based on at least 10 years of credit, or 10 years of continuous service with some credit for each year.

Fast Facts

2003 Retirement Snapshot



Retirement figures at OPTrust

as of December 31, 2003

Number of new retirees in 2003: **1,264**

Total number of retirees **18,977**

Average annual OPTrust pension paid in 2003: **\$18,430**

Average pensioner age in 2003: **63**

OPTrust expects to reach the milestone of 20,000 pensioners in 2004. Who will be the 20,000 pensioner? OPTrust will let you know!

THE PENSION connection

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If you have any comments or questions, please contact **Member and Pensioner Services** at:

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OPSEU Pension Trust

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