

# COMMUNIQUÉ



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## PENSION UPDATE



### **FUNDING STATUS**

In January each year, the Ontario Teachers' Pension Plan asks an independent actuary to conduct a valuation of the Plan to measure its financial health. The actuary compares Plan assets, the value of all of the Plan's holdings, to its liabilities, the amount of money that must be set aside now for each pension to be paid to every current member of the Plan—active or retired.

If the assets match the liabilities as defined in the Funding Management Plan (FMP), the Plan is fully funded. If the assets are greater than the liabilities, the Plan has a surplus. If the liabilities are greater than the assets, the plan has a deficit. The 2010 Annual Report will continue to show a deficiency because of the prevailing low interest rates.

### **INVESTMENT PERFORMANCE**

At its annual meeting in April of each year, the Plan reports on how well its investments did in the previous year. At last year's meeting, the Plan reported a significant improvement over returns during the economic crisis of 2008. The 2010 returns have even outpaced the Plan's performance of a year ago showing positive movement across the board. Members must

bear in mind that while two years of strong gains have gone a long way toward returning the Plan to its pre-2008 asset levels, declining interest rates continue to stress the liabilities side of the balance sheet.

### **FILING**

As members know, a funding valuation for the Ontario Teachers' Pension Plan must be filed with the Financial Services Commission of Ontario (FSCO), at least every third year. The next mandatory filing for the OTPP will be January 1, 2012 based on the 2011 Plan results.

Every year, the Partners (the Ontario Teachers' Federation and the Government of Ontario) consider the actuary's preliminary funding valuation to determine whether, in the interest of Plan members, it is advantageous to file earlier than the required three-year interval.

Members will remember that a mandatory January 1, 2008 valuation was filed with the FSCO and that a year later, in January 2009, the Partners agreed to file early because the needs of the members were best served by doing so.

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The Government and teacher Partners are currently engaged in discussions with the Plan regarding the possibility of filing the January 1, 2011 valuation. The filing process will be completed only if the Partners determine it is in the best interest of Plan members. Full information will be provided as the process unfolds.

**IF YOU WISH MORE DETAILED INFORMATION, YOU CAN VISIT THE FOLLOWING WEBSITES:**

- For Plan performance and information on its funded status, you'll find the OTPP Annual Report at [www.otpp.com](http://www.otpp.com). You will find a live webcast of the OTPP annual meeting there at 4:45 p.m. on April 7, 2011, or you can register to attend the AGM in person.
- For general information, member education materials are available at <http://fundingyourpension.com/index.php>.
- OTF communicates news of any changes to the Plan and other information at [www.otffeo.on.ca](http://www.otffeo.on.ca) in the Communiqué section under Pensions or you can contact OTF's Director of Pension and Economic Affairs or your Affiliate Pension Officer.

