

HISTORICAL BACKGROUND OF ONTARIO TEACHERS' PENSION

- 1871 Contributions to pension plan mandatory for male teachers, optional for female teachers (Did males need to be told what to do?)
- 1917 Plan formally established. Contribution rate set at 2.5% (Matched by Government)
- 1927 Teachers' Superannuation Commission (TSC) created
- 1932 Survivor benefits introduced
- 1966 Plan integrated with CPP
- 1971 90 Factor (age + actual credit) introduced for unreduced pension
- 1975 Inflation protection introduced - extra 1% contribution (matched)
- 1984 "Best 5" average salary adopted for pension formula
Annualization (credit/salary) introduced
Contribution rate to 6.9% plus 1% for indexing (matched)
- 1989 Teachers' Pension Act, 1989(TPA) enacted - TSC dissolved
- 1990 New Board created - responsible for administration / investments
Contribution rate increased to 8.9% (matched) including indexing
- 1992 Partnership established between OTF and Minister of Education
Partners' Agreement sets out:
* role of Partners / Board (Plan governance)
* treatment of gains / losses (Gov't assumes unfunded liability)
* triennial negotiation of Plan changes
- 1992 Retirement Compensation Arrangement (RCA) effective
- 2003 Funding Management Policy
- Since 1996, several Plan enhancements have been made including:
- *Mandatory participation for occasional teachers
 - *Early retirement reduction lowered from 5% to 2.5% (immediate pensions)
 - *85 Factor window introduced in 1998; made permanent in 2001
 - *CPP reduction: benefit accrual rate increased from 1.3% to 1.55%
 - *Same sex benefits effective April 23, 1998
 - *Shortened life expectancy benefits effective March 3, 2000
 - *Early retirement age lowered to 50 for cessations after June 29, 2001
 - *Upgrade Last 10 / Best 7 to Best 5
 - *10 Year Pension Guarantee

The above is a brief synopsis of the Ontario Teachers' Pension Plan and the changes that have been made since its creation in 1871. – My we have come a long way! The Ontario Teachers enjoy one of the best, - if not the best - pension plan in Canada!

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