

# Preparing for Retirement

An OSSTF D16 T/OT seminar

# **Pensions...**

- Your pension will likely be your biggest asset that you earn in your life.
- Pensions are workers' deferred wages that you will collect over your career
- 30 years of service will provide an unreduced pension
- OTPP is a jointly sponsored pension plan meaning the employers and the plan members have equal say on how the plan works

# ***When can I retire?***

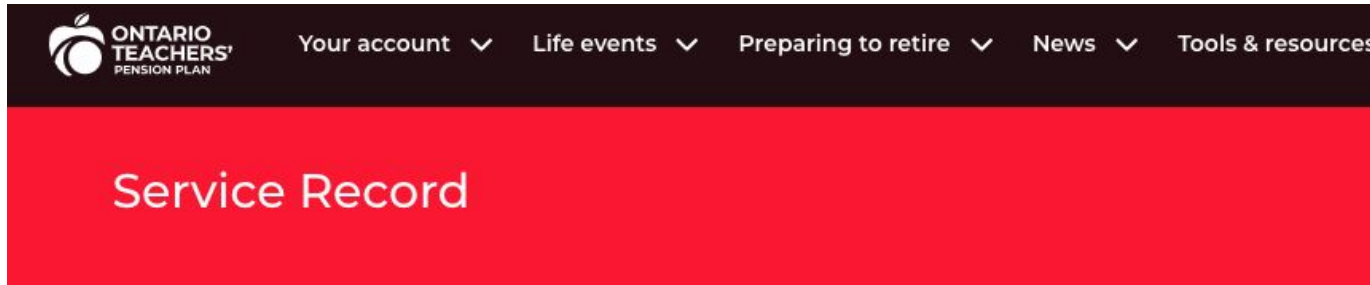
## **Qualifying Years**

- the number of years you have taught a portion of that school year
- used for the 85 factor

## **Credited Service**

- actual number of years, months, and days worked contributed to OTPP
- used in pension formula for actual retirement date for unreduced pension

# When can I retire?



ONTARIO TEACHERS' PENSION PLAN

Your account ▾ Life events ▾ Preparing to retire ▾ News ▾ Tools & resources

## Service Record

### Summary (as of 28 February, 2024)

<b>Total credit in years:</b>	<b>23.9916</b>
Total qualifying years:	25.0000
Age:	48.5273
Qualifying factor:	73.5273

# *When can I retire?*

## Unreduced Pension:

- 85 factor (combo of age and qualifying years)  
example age 55 and worked for 30 years
- 2% x credited years x 5 best years salary
- 60% of \$104,000 = \$62,400/12 = \$5200/month

# *When can I retire?*

## Reduced pension:

- Can start as early as age 50
- Penalties
  - 2.5% per year reduction under the 85 factor  
or
  - 5% per year under age 65

# **When can I retire?**

The best place to start your planning is using the pension calculator from the OTPP site:

<https://www.otpp.com/members/app/retirement/calculator>

# **NOTICE TO RETIRE**

It is recommended that you put your notice to retire in 4-6 months in advance if at all possible.

This allows time for the Board and OTPP to process all paperwork so you can collect your first pension check the month following your last day of work



# **NOTICE TO RETIRE**

- It is also recommended that you retire on the last day of the month.
- This is so you can get the wrap up pay at the end of that month and a pension cheque the next month.
- If it is the end of June, you will get the summer wrap up pay and then pension over July and August.

# **NOTICE TO RETIRE**

**Should I retire at the end of June or the end of the summer?**

Unless the date helps achieve age or service requirements it is entirely up to you.

If you retire June 30th your pension will be effective July 1st. Your benefits cease on your retirement date.

If you retire August 31st your pension will be effective September 1st and your benefits cease on your retirement date.

It all depends on what you need more: Two months of benefit coverage or two months of pension payments.

# **NOTICE TO RETIRE**

The Resignation/Retirement Notice eForm has to be initiated by the teacher, and submitted to their Principal for acceptance.

Upon acceptance, Human Resource Services will review the eForm and process the request as needed.

# **NOTICE TO RETIRE**

This eForm replaces the need for:  
a personal letter by an employee advising the supervisor of the retirement/resignation;  
and the completion of the support staff Termination Form 532.10 by the supervisor.

<https://eforms-yrdsb.msappproxy.net/forms/HRS/PersonalChanges/ResignationRetirement%20notice/Forms/AllItems.aspx>

## **Termination of LTD payments**

There are three different scenarios in which you can terminate your LTD payments.

This can make a difference of \$70 per cheque leading up to your retirement date.

# **Termination of LTD payments**

## ***Scenario 1:***

You reach the end of the month in which you turn 65.

Policy states no LTD after the age of 65

# **Termination of LTD payments**

## ***Scenario 2:***

Your scheduled retirement date is within the next 110 working days and you have notified the Board and OTPP

# ***Termination of LTD payments***

## ***Scenario 3:***

You are eligible for a 60% unreduced pension now (30 years of service required)

**or**

you will be eligible for a 60% unreduced pension in the next 110 working days or expiration of sick leave bank.



## **Termination of LTD payments**

If a request for cancellation is received:

- by the 15th of the month, coverage will be cancelled on the 1st of the following month.
- after the 15th of the month, coverage will not be cancelled until the 1st of the second month

# **GRATUITY PAYMENT**

SHOW ME THE MONEY!!!

BUT DON'T TAX ME TOO MUCH...

Your gratuity statement can be found in:  
employee self-serve→my absences

# **GRATUITY PAYMENT**

There are 3 options for gratuity payout

1. Take the money upon retirement (largest tax hit)
2. Defer until the next calendar year (smaller tax hit as your income for the following year will be in a lower tax bracket more than likely)
3. Shelter all possible into RRSP then supplement with options 1 and 2 above.

# **Retirement Income**

**OTPP** - can start collecting as early as age 50 with at least a 6-8 week notice of application

(reduction of 2.5% per year under the 85 factor)

**CPP** - can start collecting as early as age 60 with at least a 4-6 month notice of application

(approx \$1300 at age 65, or \$830 at age 60)

**OAS** - automatically start collecting at age 65 if in receipt of CPP

(approx \$713 at age 65)

# Retirement Income

Retire at 55 to fully unreduced pension: (age and 30 years of service)

OTPP: \$5200

Bridge benefit: \$700

Total: \$5900

## **Bridge Benefit:**

OTPP provides a bridge benefit to supplement your retirement income over and above your lifetime pension amount until you reach age 65, when you're eligible for an unreduced CPP pension.

# Retirement Income

At age 65:

OTPP: \$4540 (reduced by \$660 to offset CPP)

CPP: \$1300

OAS: \$713

Total: \$6553

Everyone's situation is unique. Many pensioners who are turning 65 this year and retired five years ago after teaching for 30 years, can expect to see their Ontario Teachers' pension decrease by about \$7,900 a year, or around \$660 a month.

# Retirement Income

Option at age 60

\$49,800 between 60-65

OTPP: \$5200

**CPP: (Taken early) \$830**

Bridge benefit: \$700

Total: \$6730

difference of \$470 per month

It would take almost 9 years to make this up.

# **Working in Education after Retirement**

There are limits on the number of days you can work in education after retirement without affecting your pension.

You can work up to 50 days in each school year without reduction to your pension.

This may be slightly higher as you are allowed to continue to work in the month that you hit your 50th day.



# **Impact of Strikes on Pension**

OSSTF guarantees that no members pension will be adversely affected by a full withdrawal day or lockout

You will receive a letter from the OTPP once you apply for pension, stating there may be a shortfall due to strike action, but as long as you attended the strike days, there is no penalty applied.

# **Benefits in retirement**

You can go with ever option works best for you and your family.

OTIP has a plan called RTIP (retired teacher insurance plan) that good flexibility throughout your retirement as needs change.

## **EDUCATORS FINANCIAL GROUP**

**The unique financial needs of the education community are best served by those who genuinely understand those needs.**

EFG is owned by OSSTF/FEESO and has been since the start.

Where traditional financial institutions saw risk with clientele from the education community, we saw stability and the opportunity to step in and provide solutions to your financial challenges. Whether you're looking to obtain a mortgage, for investment advice, or financial planning, we'll provide the best educator-specific options to help you reach your life goals.

# **EDUCATORS FINANCIAL GROUP**

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<https://global.gotowebinar.com/sjoin/6141374300953638413/596922007>