

September 29, 2017

Good News! Healthcare of Ontario Pension Plan (HOOPP) Improvements to be implemented on January 1, 2018

Dear HOOPP Member,

As a result of an ongoing favourably funded position (currently 122%), we are very pleased to advise you that the Healthcare of Ontario Pension Plan (HOOPP) Board of Trustees has approved improvements to your pension effective January 1, 2018.

The following is a brief explanation of the three enhancements and the benefit that each provides to our members.

The changes are as follows:

1. There is a past service benefit increase to active members and a transition group* to provide a benefit rate of 1.75% (previously 1.5%) on average earnings below the average YMPE (yearly maximum pensionable earnings);
2. The plan's current definition of "average YMPE" is amended to a 5 year average, from the current 3 years for active members and the transition group; and
3. The normal form of pension under the plan for active, retired and deferred members with spouses, will see the joint and survivor pension be increased to a 66 2/3% benefit (previously 60%) with a 5 year guarantee.

1. Pension Increase – past service benefit increase

The **current pension benefit** formula has two components. The first is based on a member's average earnings up to the average YMPE and the second on earnings over the average YMPE.

- Up to the YMPE, members currently earn 1.5% of their average earnings per year of service.
- Over the YMPE, members receive 2%.

The **improved pension benefit** for active members on January 1, 2018 and those who commence a HOOPP pension from active employment on or after October 1, 2017, the pension formula for earnings:

- Up to the YMPE - will be computed on the basis of 1.75% of average earnings per year for all service prior to January 1, 2018.

- The formula for average earnings over YMPE will continue to be based on 2%, which is the Canada Revenue Agency legal maximum.

What does this mean for our members?

Based on a full-time nurse with average earnings of \$85,000 and 25 years of contributory service up to December 31, 2017, at age 65, the nurse's pension would increase by approximately \$3,412 per year. That amount should also be indexed when payable in the future. This is just one example. The actual increase that each member receives will vary depending on how much contributory service they have up to December 31, 2017.

Please note that this change applies to service prior to January 1, 2018 only. The current pension formula will continue to apply to service earned after December 31, 2017. These changes do not impact the pensions of persons who retired and were receiving a pension prior to October 1, 2017.

2. Pension increase – YMPE averaging

YMPE in the pension formula will be averaged over a 5 year period, rather than a 3 year period. This is the same time period that your earnings are averaged over. This change will mean a lower YMPE and consequently more of your pension will be based on the 2% formula – also resulting in higher pensions. This also applies to all active members on January 1, 2018 and those who commence a HOOPP pension from active employment on or after October 1, 2017.

What does this mean for our members?

At the present time, the 3 year average YMPE is \$54,600. If it were based on 5 years, your average YMPE would be \$53,480. The reduced average YMPE of \$1,120 would put those dollars into the 2% part of the pension formula and increase pensions by approximately \$2.80 per year of service. (e.g. 30 years of service = an increase of \$84 per year).

3. Survivor Benefit Increase

HOOPP has increased the survivor benefit from 60% to 66 2/3% effective January 1, 2018.

This will apply to all current, deferred and retired HOOPP members. Not only will this result in a higher survivor benefit, it will also mean that retirees who had their pensions reduced because they opted for an 80 or 100% survivor benefit, will have their pensions adjusted to reflect the appropriate reduction based on the new 66 2/3 base benefit. In addition, a surviving spouse will continue to receive the member's full pension (100%) if it has been payable for less than 5 years (approximately 3 years previously) before the reduction kicks in.



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What does this mean for our members?

Assume a member retires at age 65 with a pension of \$50,000 per year. If she or he dies and has a qualifying spouse, the spouse will receive \$33,333 per year rather than \$30,000. The spouse will however receive \$50,000 if the member's pension has been payable for less than 5 years. Once a pension has been paid for 5 years, the spousal benefit (66 2/3% or 80% or 100%) will be paid for the spouse's lifetime.

These changes help to solidify HOOPP as one of the very best pension plans in Canada, if not the world. This is in large part because it is jointly sponsored and administered by equal participation of the employers and the unions. As trustees of HOOPP, Dan Anderson, Marie Kelly and I take great pride in safeguarding our members' retirement.

All HOOPP members will be receiving a package from HOOPP via Canada Post in the upcoming weeks. Information is also available on the HOOPP web site at www.hoopp.com.

If you have further questions or concerns after reviewing your HOOPP materials, the HOOPP staff will be very pleased to assist you.

In Solidarity,

ONTARIO NURSES' ASSOCIATION

Linda Haslam-Stroud, RN
ONA Provincial President
HOOPP Board of Trustees - Chair of HOOPP Plan Committee

C. ONA Staff