



ONTARIO TEAMSTERS MULTI LOCAL PENSION PLAN

LOCAL 647 DIVISION NEWSLETTER

December 2024 Issue

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In this issue, we review the various pension options available to Plan Members. We also review retirement options under the Canada Pension Plan (CPP) and Old Age Security (OAS) benefits.

PREPARING FOR RETIREMENT

As a member of Local Union 647, you started preparing for your retirement on the first day you worked for a contributing employer. The contributions you earned under the collective agreement have been invested to save for your future pension.

The amount of your monthly pension is a function of two factors – the rate of weekly contribution paid to the Plan and the Plan's benefit formula.

Your retirement income will likely come from several sources, including this Plan, government plans such as Old Age Security (OAS) and the Canada Pension Plan (CPP), as well as your own savings such as your Registered Retirement Savings Plan (RRSP). This is called the **3 Pillars of Retirement Savings**. The First Pillar is this Plan. The Second Pillar comes from government plans such as CPP and OAS. The Third Pillar is your own personal savings.

THE FIRST PILLAR: YOUR OTMLPP

REGULAR EARLY RETIREMENT

The Plan's normal retirement date is 65. But you can retire as early as 55. For retirements before age 65, there is a reduction of 1/2 of 1% per month (6% per year) for every year you retire before age 65. A reduction reflects the earlier and longer payment of the pension you receive.

OTMLPP - Regular Early Retirement example, retirement at age 55

- Unreduced accrued pension (Age 65) = **\$900.00 per month**
- Early retirement reduction (60%) = **-\$540.00**
- Early reduced retirement pension (Age 55) = **\$360.00**

In this example, the pension payable at age 65 was reduced by 6% for each of the 10 years the early retirement date preceded age 65.

ENHANCED EARLY RETIREMENT

If you continue to work in a participating bargaining unit at least to your 60th birthday, and then retire, you will receive 100% of the monthly pension you earned to the final day worked.

If you are actively employed in a bargaining unit participating in the OTML Plan, and you work until you are at least age 55, then you may retire immediately and receive the monthly pension that you earned payable at age 65.

Subsidies are available for qualified persons retiring between the ages of 55 and 60.

OTMLPP - Enhanced Early Retirement example, retirement at age 55

- Unreduced accrued pension (Age 65) = **\$900.00 per month**
- Early retirement reduction (30%) = **-\$270.00**
- Early reduced retirement pension (Age 55) = **\$630.00**

In this example, the pension payable at age 65 was reduced by 6% for each of the 5 years the early retirement date preceded age 60.

DELAYED RETIREMENT

If you continue to work beyond your Normal Retirement Date (NRD) of age 65, you will continue contributing to the Plan and continue accruing a pension benefit in the Plan based on the contributions set out in the collective agreement. If you continue to work beyond age 65, you may continue to accrue a pension benefit until the earlier of:

- a) your retirement,
- b) the December 31st coincident with or next following your attainment of age 71.

THE SECOND PILLAR: GOVERNMENT BENEFITS

As of October 1, 2024, the current maximum monthly CPP and OAS benefits are:

CPP: \$1, 364.60 OAS: \$727.67 Total: \$2,092.27

Benefits you receive from the Canada Pension Plan (CPP) and Old Age Security (OAS) are payable in addition to the benefit you receive from the OTMLPP.

Benefits from CPP are available on a reduced basis as early as age 60. If you start your CPP early it will be reduced by 7.2% per year for each year of retirement earlier than age 65.

You can defer CPP until age 70 and CPP will provide an enhancement of 8.4% per year (0.7% per month) for every year you delay CPP after your age 65. If you defer CPP until age 70, the total enhancement is 42%.

OAS is available at age 65 and also provides an enhancement for delaying your OAS.

OAS pays an annual enhancement of 7.2% (0.6% per month) for deferring OAS past age 65. OAS must be started by age 70. The total OAS enhancement for deferring for five years to age 70 is 36%.

OAS has certain residency requirements to be eligible for full or partial benefits and to have benefits continued if you decide to reside outside Canada.

THE THIRD PILLAR: YOUR RETIREMENT SAVINGS

You should maintain a file of your investment and other savings account information. The amount of your savings is personal to you. There are helpful tools that will assist in calculating what you might receive from personal retirement savings and other pensions you may have earned during your career. Here are helpful tools:

- Information about the Canada Pension Plan and Old Age Security which includes a Canadian Income Retirement Calculator:
<https://www.canada.ca/en/services/benefits/publicpensions.html>
or Google “Canadian Income Retirement Income”
- RIF/LRIF Minimums and Maximums:
www.ontarioteamsters.ca/647-division Click “Registered Plan Minimums and Maximums”

NEW ACTUARIAL STANDARDS FOR CALCULATING THE LUMP SUM OF YOUR PENSION

Effective January 1, 2025, the Plan adopted the new Ontario Pension Benefits Act Regulations for the basis of how a lump sum-commuted value is calculated. The Plan will calculate the commuted value of a pension benefit in accordance with the Canadian Institute of Actuaries (CIA) Standards of Practice. The commuted value will be calculated based on the going-concern assumptions of the Plan.

MEMBER PORTAL

Coming to your Plan in early 2025 – a new secure member portal. You will be able to access;

- **Demographic Data:** The current address, phone, and email the Plan Administration Office has on file for you
- **Contribution History:** Year-to-date pension contributions, updated monthly, and lifetime accrued pension total
- **Beneficiaries:** The current person(s) listed as your pension beneficiary
- **Contributions by Year:** Year-over-year summary of pension contributions
- **Resources:** Plan resources and documents (booklets, reports, etc.)

Stay tuned for more information on this valuable tool.