

COMMUNIQUE

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PENSION UPDATE

Pension Talks Reach Agreement

During this school year, you have heard from us about very important talks with the Ontario Government regarding your Pension Plan. These talks address the long-term funding deficiency in the Ontario Teachers' Pension Plan (OTPP).

Before we began these talks, we developed the following parameters:

- The OTF Executive is opposed to any reduction in benefits.
- The actuarial assumptions for the Plan will be reviewed.
- The best timing for teachers for filing of the valuation will be reviewed.
- OTF will minimize the impact of changes on teachers, while recognizing the necessity of a contribution rate increase.

We are pleased that the Ontario Teachers' Federation (OTF) and the Government of Ontario, who are the Partners, have agreed to principles for filing the January 2005 valuation of the Plan that completely respect the parameters. Filing the January 2005 valuation is the best timing for teachers.

We have minimized the impact of the changes for teachers. There is no reduction in benefits. The contribution increase will be phased in. The terms the Partners have reached for the January 1, 2005 valuation see a contribution increase of 3.1%. The OTF Executive has offset teachers' contribution increases for 2008 only by the application of a \$76 million credit reserve from the 1998 pension negotiations.

Contribution Increases		
	January 1, 2007	January 1, 2008
Government	2%	1.1%
Teachers	2%	0.3%

In 2008, there will be another valuation that may affect the remaining 0.8% of the contribution rate for teachers. That valuation will determine if contribution rates will increase or decrease on January 1, 2009.

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Pension Talks Reach Agreement (Continued)

We have also agreed that in the longer term:

- Contributions for teachers and other members of the Plan will not exceed 15%, should future increases be necessary.
- OTF will participate with the Government of Ontario and the Ontario Teachers' Pension Plan Board (OTPPB) in a survey of Plan members.
- The Partners—OTF and the Government—and the OTPPB, have agreed to study the assumptions used by the OTPPB in valuing the Plan.
- The Partners—OTF and the Government—will meet regularly with the OTPPB to monitor the two studies and the funding status of the Plan.

The Board of Governors of OTF will be meeting on June 28, 2006 to endorse these principles.

You will receive more detailed information early in the new school year.

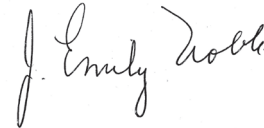
In the meantime, if you have any questions about your personal situation you should contact OTF's Director of Pension & Economic Affairs, your Affiliate Pension Officer or the OTPPB.



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