

PENSIONPoints

Member Newsletter | May 2011

What's Happening to Contribution Rates?

The funding study of the Teachers' Pension Plan as at August 31, 2010 confirmed that the funded position of the plan was consistent with that identified in the August 31, 2009 actuarial valuation. This means that the contribution rates will not change September 1, 2011. The table shows the current contribution rates based on the results of the August 31, 2009 actuarial funding valuation.

Teachers' Pension Plan	September 2010 to August 2012 Contribution Rates (%)
Teachers	
Total Teacher Contribution	10.71
Salary up to YMPE ¹	9.04
Salary above YMPE	12.91
Government	10.10

¹ YMPE is the Year's Maximum Pensionable Earnings used by the Canada Pension Plan (\$48,300 in 2011)

Funding Risks Looking Forward

A key funding assumption is that the fund will earn, after costs, an average investment return each year of 6.75%. To even out the impact from the volatility of market returns on the fund's funded status, the plan uses an actuarially accepted practice of smoothing market returns over a five-year period to moderate short-term adjustments to contribution rates.

The August 31, 2010 funding study revealed that, primarily due to the 2007-09 financial crisis, the current market value of plan assets is \$444 million less than the asset value used to assess the plan's funded status. This means that the fund must earn at least 6.75% each year for the next four years and must also earn an additional \$444 million to avoid further contribution increases.

If the plan's investments earn only 6.75% each year over the next four years, the funding deficiency will grow and the additional amount will have to be amortized by increasing funding contributions over a 15-year period. We have estimated that, if this should occur, overall funding contributions will increase each year commencing in 2011-12 for three years, for a total increase of about 1.6% of teacher salaries. This increase would be shared about equally by active plan members and the Government.

The approach to smoothing investment gains and losses has allowed the plan to postpone dramatic contribution increases that would have been triggered by the 2007-09 financial crisis. However, it looks like the effects of the 2007-09 financial crisis will linger for some time in the form of lower returns. Therefore, the plan's funding deficiencies will most likely continue to grow and contribution rates will need to increase further.

"We will continue to carefully assess all the long-term funding assumptions and make changes as required. Through our annual actuarial funding studies and valuations, contribution rate changes will be implemented to ensure that plan benefits are funded in accordance with the funding structure established by the plan sponsors."

In This Issue

- You Asked Us...
 - If You are Retiring in June...
- What if There is no Salary Increase in September 2012?
- Watch or Read – Your Choice
- We'll Be There...
 - Your Pension Matters Seminar

You Asked Us...

Q: "What do I put in the resignation letter to my employer when I want to retire?"

A: When you retire, the first step in the process (if you are under contract), is to provide your employer with a resignation letter. The *School Act* requires you give your employer at least 30 days written notice. If you have questions about the wording in your letter or the timing of your notice, you should contact Teacher Welfare at The Alberta Teachers' Association. Some employers have indicated that it is helpful to them if you include both the words "resign and retire" in your letter.

Q: "I've forgotten my PIN and Password. What do I do?"

A: Click on the On-Line Services button on the sidebar. Click on "Forgot PIN". Enter the required personal information and answer the challenge question. Your PIN and Password will be sent to you in

two separate emails. We suggest that because you may not use your PIN and Password often, you write them down and keep them in a secure place for future reference.

Q: "My probationary contract ended but I don't have a new contract yet. Can I leave my pension contributions on deposit?"

A: Yes you can, and we recommend that you do so. When you obtain another teaching contract, the period that was left on deposit will be added to your new service. Even if you are not sure you will return to teaching, we recommend you leave your contributions on deposit. Your contributions will be earning interest and you may elect to remove them at a later date.

If you decide not to continue your teaching career, you may withdraw your contributions and interest. For more information please refer to the Benefits at Termination kit on our website at www.atrf.com.

Q: "My friend, who used to be a teacher, got a letter from the National Search Unit. Why?"

A: ATRF uses the Government of Canada's National Search Unit to try and get in touch with former plan members, for whom we do not have a valid address, who left their funds on deposit. We have had success reaching many teachers, but there are still many more we need to contact.

If you know a former Alberta teacher who left their funds on deposit and who has not kept us informed of their current address, ask them to contact our office so that we can update their current address and provide them with information about their benefits. In the Edmonton area they can contact us at 780-451-4166, or use the toll free number at 1-800-661-9582, or by email at member@atrf.com.



If You are Retiring in June...

We have posted a reference guide on the website that summarizes the many resources available to assist you through the retirement process. You will find the link under "News" on the Home page or in the Teachers section at www.atrf.com.



What if There is no Salary Increase in September 2012?

Plan members are asking how their five-year average salary will affect their pension amount if there are no salary increases after the five-year memorandum of agreement expires. Even if there is no salary increase in September 2012, **the five-year average pensionable salary continues to increase.** This occurs because the additional year of 2011 salary replaces the lower salary earned in 2007. The table below is based on the salary scale of a large school district for a teacher with eleven years of teaching experience and four years of university education.

Sample Salaries - 4 years University and 11 Years Teaching Experience

School Year	Salary	5-year average salaries
2006-07	\$75,100	\$81,442 (2006-2011)
2007-08	\$77,353	\$84,863 (2007-2012)
2008-09	\$80,857	\$87,834 (2008-2013)
2009-10	\$85,700	\$90,104 (2009-2014)
2010-11	\$88,202	
2011-12	\$92,206	
2012-13	\$92,206	
2013-14	\$92,206	

assumes a 4.54% increase

You can see that even if there are no salary increases after August 2012, the sample five-year average salary continues to increase from \$81,442 to just over \$90,000. Remember that each additional year of service will also increase your pension.

Use the Pension Calculator in On-Line Services

If you are considering retiring in the next few years, we recommend that you use the pension calculator in On-Line Services to estimate what your pension amount will be.

Once you Sign In, you will see in the header under "Service and Salary Information", your current

- annual salary,
- pensionable service, and
- 5-year average salary.

You can add service and increase your 5-year average salary to estimate what your pension will be on the date you expect to retire.

Watch or Read – Your Choice

Visit our website at www.atrf.com to learn more about your pension plan. Here you can:

- **WATCH** the videos that will help you select a pension option, walk you through the steps to retirement, show you how to register for On-Line Services or how to book an interview with an ATRF Pension Counsellor.
- **READ** the following information kits that will assist you with retirement and pension decisions and strategies:
 - Steps to Retirement
 - Choosing Your Retirement Date
 - Starting Your Pension
 - Choosing Your Pension Option
- **READ** the following information kits that will show you how you may be able to increase your pensionable service:
 - Purchasing Service
 - Accruing Pensionable Service While Disabled

"We'll Be There..."

Personal Interviews

In the fall of 2011, we plan to hold personal interviews in the following locations:

Calgary • Medicine Hat • Lethbridge

Grande Prairie • Red Deer

These interviews are for plan members who want information about benefits, increasing your pension, or preparing for retirement.



Web Registration is Easy and Convenient

The interview schedule for fall 2011 will be posted on our website by the end of June.

To register for an interview outside the ATRF office, click on **Meet with Us**.

How to See a Counsellor in Edmonton

- You don't have to take time off to see us. Our office is open from 8:30 am to 4:30 pm Monday through Friday, including July and August. We are also open during Christmas, Easter, and spring break.
- Call to arrange a personal interview with a Pension Counsellor.

Your Pension Matters Seminar

ATRF Pension Counsellors are also available to conduct seminars throughout Alberta. They can be held in conjunction with PD Days, staff meetings, or ATA Local meetings.

ATA Pension Consultants also organize full day Pre-Retirement Workshops. They invite an ATRF Pension Counsellor to present "Your Pension Matters". These sessions have been very successful and we look forward to attending more sessions in 2011/12.

