

YOUR PLAN AT WORK

VOLUME 24 ISSUE 4
WINTER 2011

THE NEWSLETTER FOR HOOPP MEMBERS

WHAT'S INSIDE:

- Message from the President & CEO
- HOOPP welcomes new President & CEO in 2012
- HOOPP President & CEO honoured
- A defined benefit pension plan is...
- We're updating our website to serve you better
- HOOPP's defined benefit plan = retirement security
- Immediate vesting starts July 1 at HOOPP
- Your questions answered
- New rules for marriage breakdown
- Your retirement checklist



MESSAGE FROM THE PRESIDENT & CEO, JOHN CROCKER

I am privileged to say that I have made a career out of helping people build a solid retirement income. As I look back on a decade as the President & CEO of HOOPP, I am very proud of a number of accomplishments.

Helping HOOPP gain its current public recognition as a defined benefit pension plan that works has been one of my key goals.

I have led HOOPP's transformation from a small organization reliant on the technology and HR practices of the day to an organization that uses state-of-the-art investment systems and an administrative system that supports client interaction via the Internet. Our client-focused culture won us the prestigious Canada's 10 Most Admired Corporate Cultures award in 2010.

Our Plan is fully funded and its average fund return over the 10-year period ending Dec. 31, 2010 was 6.28%. In short, HOOPP is doing very well. We have built a foundation of tremendous capacity, flexibility and adaptability over the years. This foundation will stand us in good stead for the challenges ahead:

- We are living longer. Our members live, on average, until around age 85, and many are also choosing to retire sooner – closer to age 55 than age 65. These realities mean our Plan must cover you for more retirement years.
- Interest rates are low and may remain low. This means we will need an innovative investment strategy to maintain our fully funded status.
- Ontario, along with many jurisdictions around the world, faces challenges to healthcare funding. This means HOOPP will need to continue speaking out on the need for adequate pensions for healthcare workers and for a sustainable healthcare system for all of us.

The good news is, HOOPP has long recognized that change is a constant in the healthcare sector. Since our inception more than 50 years ago, we have

constantly evolved to meet the needs of our members and employers and, more broadly, the pension needs of a changing Ontario healthcare sector.

You can count on us to continue demonstrating, to key stakeholders in government, the investment sector, pension circles and elsewhere, that our defined benefit pension plan is an affordable and valuable asset in addressing healthcare human resources challenges.

You can also count on us to continue designing and building our Plan to provide stable growth, minimal risk and secure pension income.

Delivering on the pension promise is HOOPP's mission, and this goal – a goal firmly ingrained in our corporate culture – will take us into the future, together.

HOOPP WELCOMES NEW PRESIDENT & CEO IN 2012

John Crocker, HOOPP's President & CEO since 2001, is retiring at the end of 2011. Under his leadership, HOOPP has become one of the most respected pension plans in Canada, recognized around the world for its industry-leading investment results, efficient cost structure and client-focused service.

Effective January 2012, Jim Keohane assumes the position of HOOPP President & CEO. Formerly HOOPP's Chief Investment Officer and Senior VP, Investments, Jim led HOOPP's transition to its current liability-driven investment strategy, enabling us to stay fully funded, maintain our earnings and add more than \$17 billion to the HOOPP Fund.

HOOPP PRESIDENT & CEO HONOURED



John Crocker was honoured with a Lifetime Achievement Award at the 2011 *Benefits Canada* Pension & Investment Awards Gala at Toronto's King Edward Hotel on Nov. 8, 2011.

These awards honour individuals and organizations that have demonstrated leadership and innovation, and who have made a real difference in the pension and investment industry.

A DEFINED BENEFIT PENSION PLAN IS...

...a pension plan that pays you a monthly income you can estimate in advance of your retirement. It's based on a formula that takes into account your best five consecutive years of earnings and the number of years of contributory service you have in the Plan. You begin to receive income from a defined benefit plan once you retire and it continues for the rest of your life.

COMING SOON!

We're updating our website to serve you better. Watch for it in January 2012.

HOOPP'S DEFINED BENEFIT PLAN = RETIREMENT SECURITY

There are four important reasons why defined benefit (DB) pension plans like HOOPP provide a stable, secure retirement income:

1. **You and your employer contribute throughout your working life.** Each pay, you contribute to the HOOPP Fund. Your employer also contributes, on your behalf. For every \$1.00 you contribute, your employer contributes \$1.26, maximizing the contributions to your pension.
2. **You get a predictable monthly income for your entire retirement.** Once you retire, you collect a monthly pension income, for as long as you live.
3. **Investment management expertise at minimal cost to you.** Our highly qualified investment professionals generated a strong 13.68% return in 2010. And HOOPP's operating cost in 2010, measured against the change in value of its Plan, was 0.26% – considerably lower than the 1-2% typically charged by retail mutual funds.
4. **You have a pre-defined pension you can count on.** Your HOOPP pension is based on a formula that takes into account your best five consecutive years of earnings (assuming you worked for a HOOPP employer for at least five years) and the number of years of contributory service you have in the

Plan. Defined contribution plans, in contrast, do not offer the security of knowing what your pension will be – the amount of pension they provide depends on market fluctuations and personal investment choices during a person's working life, making for an uncertain future.

If you've worked for a HOOPP employer for 30 years and retire at 65, HOOPP will provide you with an annual pension of approximately 60% of your pre-retirement earnings, once government pensions are factored in. You'll receive it for the rest of your life. What's more, when you pass away, your eligible spouse will receive a survivor pension for the rest of their life.

HOOPP retirees who began collecting their pensions in 2010 received, on average, an annual pension of \$18,440. That's three times greater than the average Canada Pension Plan annual pension amount of \$6,148.

You can count on HOOPP to provide you with a defined benefit pension plan that focuses on your financial future.

IMMEDIATE VESTING STARTS JULY 1 AT HOOPP

When you are vested in a defined benefit pension plan, you are entitled to a monthly income from that plan when you retire, even if you stop working for your employer before you reach retirement age.

Under Ontario's current legislation, you are vested once you have belonged to a pension plan for at least two years. Members of HOOPP who terminate their membership before they are vested do not receive a pension; they are entitled to receive only the contributions they made to the Plan, plus interest.

New legislation in Ontario calls for mandatory immediate vesting for all pension plans in Ontario. This means that HOOPP members will not have to wait for two years before being vested.

This legislation has not come into effect, and the provincial government has not yet indicated when it will. However, HOOPP will introduce immediate vesting, effective July 1, 2012. We have chosen to move ahead with immediate vesting before we are required to do so because earlier vesting helps you, our members, in building your retirement income.

This means that if you are actively contributing to HOOPP on or after July 1, 2012, and are not vested prior to this date, you will be immediately vested. Until then, the current two-year vesting rule will apply. If, however, immediate vesting becomes law in Ontario before July 1, 2012, you will be vested when the legislation takes effect.



YOUR QUESTIONS ANSWERED

HOOPP's Client Service representatives are available to answer pension questions from our membership. The following are responses to two of the most commonly asked questions.

Question: How do I update my beneficiary information?

Answer: You have a number of options to change this information.

- **Call us at 416-646-6445 or toll-free 1-877-43HOOPP (46677) and update your beneficiary information over the telephone.** Our Client Service representatives will send you a Confirmation Authorization Form. In order for your beneficiary change to take effect, please ensure this form is completed and returned to HOOPP.
- **Update your beneficiary information online at HOOPP Connect.** HOOPP will mail or email, via the Secure Mailbox on HOOPP Connect, a Confirmation Authorization Form. Please print, fill in, sign and return by mail or fax to HOOPP.

- **Visit hoopp.com for a Beneficiary Designation Form.** Please fill in, print, sign and return by mail or fax to HOOPP.

Question: I am married and am thinking about retiring soon. Will my spouse receive my pension if I pass away?

Answer: Yes. Your *qualifying* spouse is, by law, your primary beneficiary, unless you and your spouse have waived the right to your pension. After you retire, if you pass away first, he or she will receive 60% of your pension, minus any early retirement benefits, for the rest of his or her life. If you want to increase your spouse's pension, you can provide him or her with more – 80% or 100% of your pension. You will need to cover the cost of this additional benefit through a reduction in your own pension. You make this percentage designation upon retirement.

NEW RULES FOR MARRIAGE BREAKDOWN

New Ontario legislation will affect HOOPP members and pensioners who divorce or separate from their spouse.

Starting on January 1, 2012, HOOPP and all other pension plan administrators in Ontario will be required to follow a new, standardized process to determine the value of a member's pension assets if that member's spousal relationship breaks down. Under the new rules, plan administrators are required to provide members and spouses with a valuation of the member's pension assets.

To request a valuation of your pension assets on or after January 1, 2012, you and your former spouse will be required to use new forms created by the Financial Services Commission of Ontario (FSCO).

Once HOOPP has completed its valuation of your pension assets and sent it to you:

You and your former spouse can decide to settle your family law obligations without dividing your pension benefits,

or

You and your spouse can decide to divide your pension benefits. To do this you must arrange for a court order, domestic contract or arbitration award to be completed that sets out exactly how to divide your pension benefits.

Once HOOPP receives one of these documents and your application to divide your benefits, you can direct HOOPP to immediately pay a portion of your benefits to your former spouse.

If you have finalized a court order, domestic contract or arbitration award that contains provisions for the division of your pension benefits prior to January 1, 2012, these new rules do not apply to you.

More detailed information, including links to the prescribed forms, is available on the Financial Services Commission of Ontario website at www.fSCO.gov.on.ca.

YOUR RETIREMENT CHECKLIST

You've had a full career and retirement is just over the next horizon. It's a good idea to take the time, now, to start preparing.

Please use this checklist to start your retirement process:

- Request or download the booklet *Getting You Ready – Retirement Planning* available on hoopp.com.
- Determine how much your monthly pension will be. Call Client Services for an estimate at 416-646-6445 or toll-free 1-877-43HOOPP (46677), refer to your HOOPP Annual Statement mailed to you every spring or obtain an estimate on HOOPP Connect at www.hooppconnect.com.
- Choose the date you want to retire.
- Make sure you've selected a beneficiary.
- Contact your employer at least 90 days before the date you want to retire so that your organization can start the retirement process.
- Gather copies of the documents you will need:
 - > Proof of your age
 - > A void cheque
 - > If married: your spouse's proof of age AND a marriage certificate, statutory declaration or affidavit

This is one of the most important financial planning decisions you will ever make. More information on retirement planning is available at hoopp.com.

CONTACT US

HOOPP is your Plan and we're here to help you make the most of it. Five ways to get in touch with us include:

Email:

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