



Getting you ready

RETIREMENT PLANNING



For members within
five years of retiring



HOOPP
Healthcare of Ontario
Pension Plan

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While retirement means different things to different people, it's a time of change for everyone. One of the key aspects of this change is financial, as you switch from receiving a paycheque to receiving monthly payments from your Healthcare of Ontario Pension Plan (HOOPP) pension, and from other sources of retirement income you may have.

Unlike savings that you may have in a registered retirement savings plan (RRSP) or other savings account, one of the key advantages of your HOOPP pension is that you can predict what your regular monthly pension will be *before* you retire. As your HOOPP pension is paid for life, you can retire with the certainty of knowing that you'll never outlive it.

INTRODUCTION

This booklet provides you with an overview of the main features of your HOOPP pension and the important role the Plan can play in your retirement.

What is a defined benefit pension plan?

HOOPP is a defined benefit (DB) pension plan. A DB pension plan pays you a monthly income that begins at retirement and is payable for the rest of your life. The amount of your pension is based on a formula that takes into account your earnings and the number of years you have contributed to the Plan.

Your HOOPP pension can play an important role in contributing to your financial security in retirement.

What the terms mean

Some terms in this booklet have specific meanings in the context of the Plan. These terms appear in ***bold italics*** the first time they are mentioned in the booklet and a *Summary of Terms* can be found at the back of the booklet. You'll also find a glossary on **hoopp.com**.

The value of HOOPP

As a HOOPP member, you will never outlive your pension. It provides a cost-effective and efficient approach to saving for your retirement.

Your HOOPP pension is predictable. It's defined in advance so that you can easily estimate what you'll get each and every month in retirement, plus you may benefit from annual cost of living adjustments (COLAs).

Important information about the examples in this booklet

All examples and calculations in this booklet are for illustrative purposes. Depending on the example, HOOPP may have made certain assumptions about the fictitious member, including assumptions about ***annualized earnings***, the ***average year's maximum pensionable earnings (YMPE)***, no hourly earnings increases, no change in employer and employee contribution rates, and no adjustments for inflation.

Your annual pension will differ from the examples provided in this booklet due to your personal circumstances. Your actual benefit entitlement, based on verified data, will be paid in accordance with the *HOOPP Plan Text* and applicable legislation in effect at the time you retire. For this reason, you should not rely on the examples for decision-making purposes.

REASONS TO LOVE YOUR HOOPP DB PENSION

1. You will not outlive your

pension. Once you start receiving your pension, it will be paid for the rest of your life.

2. Your pension is reliable.

The monthly pension you receive in retirement will not fluctuate with the financial markets. In fact, you will be able to estimate how much you will receive before you retire. That's because your pension is based on a formula that takes into account your earnings and years of service.

3. The HOOPP Fund is managed by investment professionals.

You and your employer make contributions to the Fund, which is managed by our in-house team of investment experts. Costs are kept low, which means more investment income goes toward paying pensions today and in the future.

4. Your pension is secure.

We are the largest private trust fund in Canada, operating on a not-for-profit basis and governed by a Board of Trustees that acts in your best interests. Benefits for every member are backed by assets in the HOOPP Fund.

5. You get more for your

money. With HOOPP, you may have access to additional benefits, such as:

- Survivor benefits to help care for your loved ones when you pass away
- Inflation protection to help your pension keep up with rising prices*
- Portability that allows you to build your pension at over 490 HOOPP employers
- A bridge benefit that is payable in addition to your monthly HOOPP pension if you retire early, between the ages of 55 and 65

You can count on HOOPP to deliver on the pension promise.

*Inflation protection is provided at HOOPP's discretion. Learn more about inflation protection and other Plan features on hoopp.com.

THE PENSION YOU'LL RECEIVE

As you approach retirement age, one of the questions most likely on your mind is “How much will my pension be?”

Everyone’s financial situation and pension calculation are unique. To get a rough idea, if you’ve been in the Plan for 30 years, you can generally expect to receive total pension income from HOOPP and government pensions to equal about 60% of your average **annualized earnings** before retirement.

How your pension is calculated

The monthly pension you will receive in retirement is determined using a formula that is based on your earnings and how long you have contributed to HOOPP.

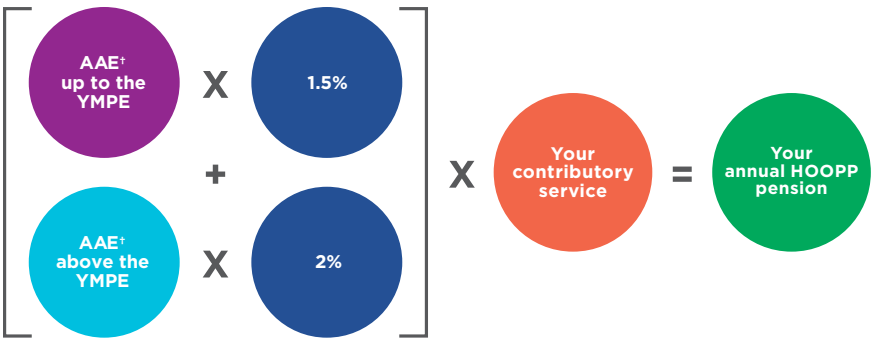
To calculate your monthly pension, we use:

- **Your average annualized earnings** (measured over your best five consecutive years)
- **Your years of contributory service** in the Plan
- **The average year’s maximum pensionable earnings (YMPE)**

This is a simple representation of the formula that HOOPP uses to calculate your basic pension benefit (see diagram below).

HOOPP Pension Formula

Average Annualized Earnings = AAE



[†]Best five consecutive years

Your average annualized earnings is measured over your best five consecutive years, which may not necessarily reflect your last five years of earnings. For example, if you decide to take a lower-paying job in the years just prior to retirement, your best five consecutive years of earnings would occur earlier in your career.

The YMPE is an amount set by the federal government each year. It is used as the ceiling for contributions to the Canada Pension Plan (CPP). We use the **average YMPE** from the three calendar years immediately prior to your retirement to calculate your pension.

For each year of **contributory service**, you receive 1.5% of your average annualized earnings up to the average YMPE, plus 2% of your average annualized earnings above the average YMPE. The rate is lower on earnings up to the YMPE to reflect that you'll also receive CPP benefits on these earnings.

Your contributory service is the period of time that you have been making contributions to the Plan.

Early retirement reductions apply if you start your pension before reaching age 60 and have less than 30 years of **eligibility service**. More information on this is provided in the next section, entitled *When you can retire*.

Your pension, like your regular employment income, is taxable.

Inflation protection

HOOPP may provide cost of living adjustments (COLAs), a valuable benefit designed to limit the impact of rising prices due to inflation. The portion of your pension related to your pre-2006 service is guaranteed to increase by 75% of the previous year's increase in the consumer price index (CPI). HOOPP's Board of Trustees decides each year whether an additional COLA will be provided by the Plan with respect to pre-2006 and post-2005 service.

COLAs, when provided, are applied every April 1.

How to get a pension estimate

There are three ways that you can receive an estimate of your HOOPP pension.

1. Annual Statement: Your HOOPP Annual Statement provides a snapshot of your benefits as of December 31 of the previous year, including an estimate of your future pension. This can be mailed directly to your home or sent electronically to your account on HOOPP Connect, HOOPP's online member resource, depending on how you choose to receive it.

2. Pre-retirement estimate: Choosing your retirement date is an important decision. When you are within 24 months of your expected retirement, we recommend that you ask HOOPP for a personalized pension estimate based on your desired date of retirement. This will provide you with the most current financial information you will need to help you in your selection.

3. Online pension income projections: On **hoopp.com** you can access HOOPP Connect and use your own pension data to estimate your future HOOPP pension. You can also estimate Canada Pension Plan and Old Age Security income. When you generate estimates, you can save your projections, and compare different scenarios side by side. For instance, you can calculate your pension based on your desired retirement age and see how up to three projections compare – all on one screen.



WHEN YOU CAN RETIRE

The normal retirement age is 65, but HOOPP members can retire as early as age 55. No matter what age you retire at, you must end your employment at all of your HOOPP employers before you can receive your pension.

Early retirement pension and bridge benefits

You can retire at age 60 without any reduction in the pension you have earned to date.

Or, you have the option to retire as early as age 55, usually with a reduction that is based on how long you have been a member of the Plan and your age at the time of retirement.

The reductions are designed to offset the fact that you are receiving a pension earlier and, therefore, are likely to collect it longer.

Reductions are permanent and apply to any benefits that may be payable to your **qualifying spouse** or **beneficiary(s)** after you pass away.

The table on the next page shows early retirement pension amounts based on the combination of your age and completed years of eligibility service. Partial years do not count towards your early retirement pension calculation – you must complete a full year of eligibility service or pass a birthday to reach the next level.

You'll notice that the later you retire – or the more eligibility service you have – the larger your pension will be.

The Early Retirement Table

YEARS OF ELIGIBILITY SERVICE*	PERCENTAGE OF PENSION PAYABLE†					
	AGE 55	AGE 56	AGE 57	AGE 58	AGE 59	AGE 60+
14 or less	70.0%	76.0%	82.0%	88.0%	94.0%	100%
15	77.5%	82.0%	86.5%	91.0%	95.5%	100%
16	79.0%	83.2%	87.4%	91.6%	95.8%	100%
17	80.5%	84.4%	88.3%	92.2%	96.1%	100%
18	82.0%	85.6%	89.2%	92.8%	96.4%	100%
19	83.5%	86.8%	90.1%	93.4%	96.7%	100%
20	85.0%	88.0%	91.0%	94.0%	97.0%	100%
21	86.5%	89.2%	91.9%	94.6%	97.3%	100%
22	88.0%	90.4%	92.8%	95.2%	97.6%	100%
23	89.5%	91.6%	93.7%	95.8%	97.9%	100%
24	91.0%	92.8%	94.6%	96.4%	98.2%	100%
25	92.5%	94%	95.5%	97.0%	98.5%	100%
26	94.0%	95.2%	96.4%	97.6%	98.8%	100%
27	95.5%	96.4%	97.3%	98.2%	99.1%	100%
28	97.0%	97.6%	98.2%	98.8%	99.4%	100%
29	98.5%	98.8%	99.1%	99.4%	99.7%	100%
30+	100%	100%	100%	100%	100%	100%

*Completed year

†Based on age at retirement

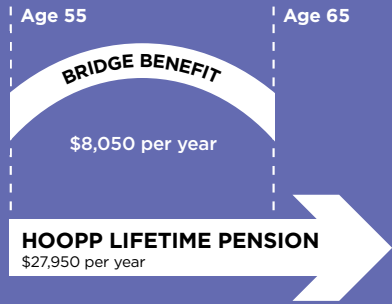
If you retire between the ages of 55 and 65, you'll receive a bridge benefit in addition to your lifetime pension.

The bridge benefit is payable until you reach age 65, regardless of whether you are collecting CPP.

Bridge Benefit (Example)

Joan retires at age 60 and has 30 years of contributory service with average annualized earnings of \$60,000. Her basic lifetime pension is \$27,950 per year. She will receive an additional \$8,050 per year in bridge benefits from HOOPP until age 65.

NOTE: For simplicity, inflation has not been factored into this example.



Check age and service milestones before choosing your retirement date

Certain age or eligibility service milestones can significantly increase your lifetime pension, which is why you should check these carefully before choosing your retirement date.

For example, if you retire at age 55 with 14 years of eligibility service, the percentage of pension payable to you is 70%. But once you reach age 56 with 15 years of eligibility service, the percentage of pension payable jumps to 82%.

Here are two examples based on two key milestones: age and eligibility service.

Reaching an age milestone

Mary turned 59 on Dec. 31, 2014. She had 17 years of contributory service, 17 years of eligibility service, and average annualized earnings of \$60,000.

Mary decided to work until Dec. 31, 2015, so at retirement she would be 60 years old with 18 years of contributory service, 18 completed years of eligibility service and average annualized earnings of \$60,000.

By retiring after turning 60, Mary's pension was unreduced. Her **basic lifetime pension** increased by over 9%, and her bridge benefit, which ends at age 65, also increased.

SCENARIO	BASIC LIFETIME PENSION	BRIDGE BENEFIT
Mary's retirement at age 59	\$1,285 / month for life	\$349 / month until age 65
Mary's retirement at age 60	\$1,407 / month for life	\$393 / month until age 65

In this example, the average YMPE as of Dec. 31, 2014 is \$51,233; the average YMPE at Dec. 31, 2015 is \$52,400. For simplicity, inflation has not been factored into this example, even though HOOPP pensions are partially protected against inflation. All amounts have been rounded to the nearest dollar.

Reaching an eligibility service milestone

Yvette turned 55 on Dec. 31, 2014 and had 14 years of contributory service, 14 completed years of eligibility service and average annualized earnings of \$60,000.

Yvette waited until Dec. 31, 2015 to retire so she would be 56 years old with 15 years of contributory service, 15 completed years of eligibility service and average annualized earnings of \$60,000.

By completing her 15th year of eligibility service before retiring, Yvette's pension benefits increased. Instead of the pension payable being 70% for early retirement at age 55 with 14 years of eligibility service, the pension payable was 82% upon completing 15 years of eligibility service and turning age 56. This increased her basic lifetime pension by 24%.

SCENARIO	BASIC LIFETIME PENSION	BRIDGE BENEFIT
Yvette retires with 14 years of eligibility service	\$771 / month for life	\$209 / month until age 65
Yvette retires with 15 years of eligibility service	\$961 / month for life	\$269 / month until age 65

In this example, the average YMPE as of Dec. 31, 2014 is \$51,233; the average YMPE at Dec. 31, 2015 is \$52,400. For simplicity, inflation has not been factored into this example, even though HOOPP pensions are partially protected against inflation. All amounts have been rounded to the nearest dollar.

Retirement pension after age 65

If you choose not to retire early and work past the normal retirement age of 65, you can continue to contribute to HOOPP and build your pension benefit until November 30 of the year in which you turn 71. Also, the portion of your HOOPP pension that you built up to age 65 will be increased by 0.5% for every month that you work past age 65 to reflect the fact that you've worked past the normal retirement age. That's an increase of up to 6% per year after age 65.

Returning to work after retirement

Should you return to work for a HOOPP employer after retirement, you can continue to receive your HOOPP pension. Or you can choose to temporarily stop your HOOPP pension, resume making contributions to the Plan and build more pension benefits up to November 30 in the year you turn 71. When you begin to collect your pension again, it will be increased to reflect the additional benefits you have built.

If you are considering suspending your pension and re-enrolling, we recommend that you ask HOOPP for a pension estimate before you proceed.

Remember that if you're contributing to the Plan, you can't receive a pension at the same time. So you'll want to make sure that the benefits of resuming contributions, such as reaching a significant age or eligibility service milestone to bump up your benefits, are worth giving up pension income while you work.

SURVIVOR BENEFITS

Survivor benefits are benefits that may be payable to your spouse, beneficiary(s) or estate upon your death. The following provides an overview of the survivor benefits that may be paid before or after retirement.

If you have no qualifying spouse at retirement

Should you pass away before receiving 15 years of payments, your pension, not including any bridge benefits, will be paid to your beneficiary(s) for the balance of the 15-year payment period.

A beneficiary can be any person, persons or organization you choose; however, if you don't choose a beneficiary, or your beneficiary predeceases you, any benefits payable upon your death will go to your estate as a lump-sum payment (less applicable withholding taxes).

If you have a qualifying spouse

By law, your qualifying spouse is automatically entitled to receive spousal benefits. If you have a qualifying spouse at the time of your retirement, he or she will receive a monthly lifetime spousal pension equal to 60% of your pension upon your death. This spousal pension does not include a bridge benefit.

You also have the option, at the time of your retirement, to choose to increase the spousal pension to 80% or 100% of your pension, but these options carry an additional cost – an actuarial reduction in your pension based on your age and your spouse's age.

It's important to make sure your qualifying spouse is listed on your HOOPP record. Please consider adding a beneficiary(s), who will receive any benefits payable should your spouse predecease you. If there are any HOOPP benefits remaining after both you and your qualifying spouse have passed away, they will be paid to your beneficiary(s). If a benefit is payable, your beneficiary(s) will receive it as a lump sum (less applicable withholding tax).

You can update your spouse or beneficiary information by completing and sending HOOPP a *Beneficiary Designation* form.

Waiving spousal survivor benefits

Within the 12 months leading up to your first pension payment, you and your qualifying spouse can choose to waive the right to a HOOPP spousal pension.

Waiving spousal benefits does not increase your pension; it simply means your spouse won't receive a lifetime HOOPP survivor pension if you predecease them. Instead, upon your death, HOOPP will pay any survivor benefits to your beneficiary(s).

To better understand the impact of doing this, you and your spouse should seek independent legal/financial advice. Once pension payments begin, a waiver cannot be reversed. Please contact HOOPP if you are considering waiving spousal benefits.

New spouse after retirement

If you get married or remarry during your retirement, you may be able to provide that spouse with a HOOPP survivor pension upon your death if you were single when you retired or your qualifying spouse at your date of retirement is no longer living. Other conditions may apply.

If you provide your post-retirement spouse with a survivor pension, an actuarial reduction will be made to your pension to reflect the cost of providing this additional benefit. The reduction will be based on your age and the age of your spouse at the time the choice is made.

Remember that providing a survivor pension is optional if you enter into a new spousal relationship in retirement. If you do choose this option, your new spouse will be entitled to receive spousal benefits.

If you pass away before retirement, your qualifying spouse is entitled to receive survivor benefits and can choose to receive them as:

- A lump-sum amount representing the value of your pension benefit. This amount can be taken either as a cash payment, which is taxable in the year it is received, or it can be transferred to a registered retirement savings plan (RRSP) or registered retirement income fund (RRIF) on a tax-sheltered basis; or
- A monthly pension that begins immediately and is payable for the rest of his or her life; or
- A deferred monthly pension that must begin no later than December 1 in the year your spouse turns 71. It is payable for the rest of his or her life.

If you pass away before retirement and you do not have a surviving qualifying spouse, a lump sum representing the value of your pension benefit will be payable to your designated beneficiary(s) in cash. This amount is taxable income in the year in which it is paid and is subject to mandatory withholding tax.



STARTING THE RETIREMENT PROCESS

Before you set the retirement process in motion, double-check your retirement date. Does the retirement date follow your birthday or an eligibility service milestone? Check your HOOPP Annual Statement to see how much eligibility service you have.

When you know the date you want to retire and that date is getting closer, you'll need to apply to start receiving your pension.

Here are some important things to keep in mind during the application process:

Give at least 90 days' notice of retirement

You'll need to give your employer at least 90 days' notice of your intended retirement date to ensure that you start receiving your HOOPP pension benefits on time. For example, if you want to start receiving your pension on January 1, 2017, be sure your employer has processed your retirement request no later than September 30, 2016. If you work at more than one employer, please ensure you inform all of your employers.

If you provide less than 90 days' notice, your pension may start late. However, if your pension does start late, your first payment will include all payments owed from your requested start date.

You can avoid delays in the processing of your retirement by taking a few simple steps at the time you give your retirement notice:

- Let your employer know that you plan to retire
- Send HOOPP copies of your proof of age and your spouse's proof of age
- Provide HOOPP with a void cheque for the automatic deposit of your HOOPP pension payments
- As proof of a qualifying spouse, HOOPP will accept the following documents:
 - > A copy of an official marriage certificate issued by Ontario's Office of the Registrar General
 - > A statutory declaration or an affidavit sworn before a commissioner for taking oaths, a lawyer or a notary public confirming your spouse meets HOOPP's definition of a qualifying spouse

Note: If you are a member who is not actively contributing to the Plan and you chose to defer your pension to a later date, you might be ready to start your pension payments. Please contact HOOPP's Client Services at least 90 days prior to starting the retirement process.

About your HOOPP retirement kit

When we receive notice of your intent to retire from you or your employer, we'll provide you with your personalized retirement kit. The kit includes a:

- **Pension Elections Worksheet:**
Lists all of the decisions you will need to make in order to start your pension benefit, such as where you want your pension benefit deposited and choices about your spousal survivor pension, if applicable.
- **Pension Calculation Statement:**
Shows your pension calculation details, your payment options and your beneficiary information.
- **Pension Option Descriptions:**
Provides more details about your pension and your spousal survivor options, if applicable.

Please call HOOPP Client Services after receiving this kit and making decisions about how you would like to proceed, such as naming a beneficiary or increasing your spousal survivor pension.

After we get your call, we'll send you a Pension Election Confirmation Statement for your records. You'll also receive a Pension Election Authorization that must be signed, dated and returned to HOOPP no less than three weeks before your pension start date. Your pension cannot start until we receive all documentation.

Once you've retired, you'll receive a pension statement each March. The statement will show you the value of any cost of living adjustment that may be applied to your pension on April 1 each year.

One final consideration before retiring is to check for other pension eligibility. If you are eligible to receive a pension from the federal government or another pension plan and want to start receiving pension benefits at the same time you retire from HOOPP, please make sure to contact the administrators of these other plans directly to find out how to apply.

WE'RE HERE TO HELP

You can get additional information from HOOPP about the Plan in the following ways.

Online

Visit **hoopp.com** for information about Plan features and performance, and to access HOOPP Connect, your secure online member site.

Regular communications

Beginning the year after you join HOOPP, you'll receive an Annual Statement in the mail or online via HOOPP Connect, depending on how you choose to receive it. This personalized statement provides details of your benefits under the Plan, as well as the estimated projected pension you can expect to receive from HOOPP if you stay in the Plan until you retire.

Our newsletter for members is available on **hoopp.com**. Contact us to provide your email address to receive your newsletter by email.

Member presentations

We regularly bring information right to you. Visit **hoopp.com** to register or watch for communications announcing HOOPP information sessions.

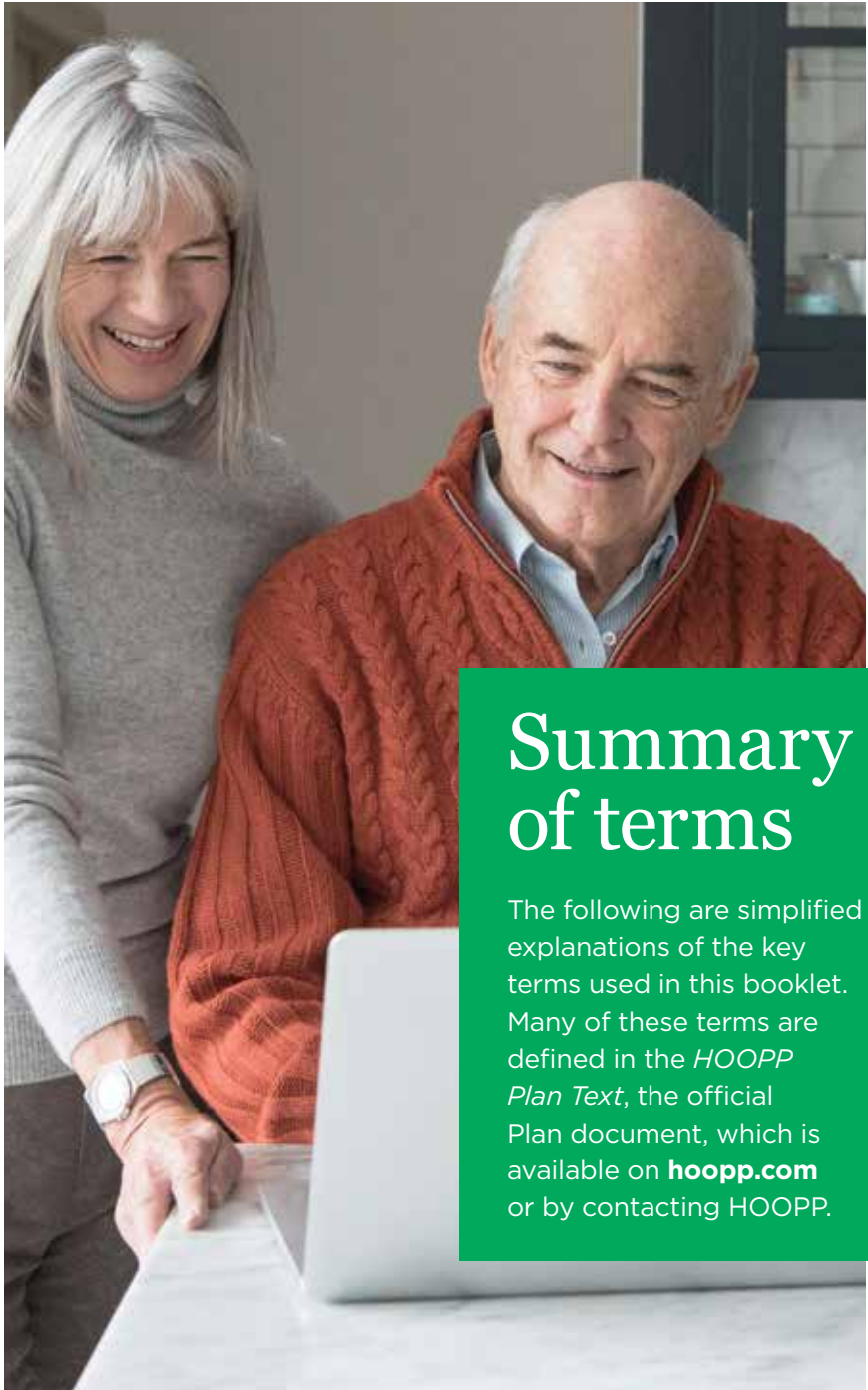
Client Services

More information is available by calling a Client Services Representative at **416-646-6445** or toll-free in Canada or the U.S. at **1-877-43HOOPP (46677)**. Representatives can also be contacted by emailing **clientservices@hoopp.com**.

Privacy statement

Your privacy is important to us!

At HOOPP, safeguarding the privacy of our members is a priority. We collect, use and disclose our members' personal information only for the purpose of administering the Plan; this refers primarily to administering pension benefits and paying pensions after retirement. For more information on HOOPP's privacy policies and practices, please visit **hoopp.com**.



Summary of terms

The following are simplified explanations of the key terms used in this booklet. Many of these terms are defined in the *HOOPP Plan Text*, the official Plan document, which is available on **hoopp.com** or by contacting HOOPP.

Annualized earnings:

These are earnings you are credited in a calendar year that count toward your HOOPP pension. If you work part-time or less than one full year, your annualized earnings will be based on what you would earn if you worked full-time for the whole year.

Average annualized earnings:

This is the highest average of your annualized earnings during any consecutive period(s) of five years of eligibility service before your HOOPP benefit is calculated. Benefits are calculated when you retire, terminate or pass away.

Average YMPE: This is the average of the YMPE for the three years before your HOOPP benefit is calculated. Your benefit is calculated when you retire, terminate or pass away.

Basic lifetime pension: This is the monthly lifetime payment you will receive from HOOPP at retirement, based on HOOPP's defined benefit pension formula. This does not include the bridge benefit for early retirees.

Beneficiary(s): Under provincial pension legislation, your qualifying spouse is automatically entitled to spousal benefits. If your qualifying spouse predeceases you, your spousal benefits have been waived or you don't have a qualifying spouse, you can name any person, persons, organization or your estate as a beneficiary(s).

Contributory service: This is the length of time, measured in years and part years, that you have contributed to HOOPP. It includes any past service you buy, service transferred into HOOPP or service that may be credited should you be disabled.

Eligibility service: Eligibility service is used to determine the reduction applied to your pension if you decide to take early retirement and is based on your years of membership in the Plan, plus any service purchased or transferred into the Plan, minus any non-contributory leave periods or periods during which you were not employed by a HOOPP employer.

Qualifying spouse: When the determination is needed, your qualifying spouse is defined as:

- Someone of the same or opposite sex who you are legally married to, but not separated from
- Someone with whom you are in a common law relationship or with whom you share a child and are in a relationship of some permanence

Year's maximum pensionable earnings (YMPE): The YMPE is set each year by the federal government, based on the average wage in Canada. To find the current YMPE, please visit hoopp.com.

YOUR PERSONAL PENSION WORKSHEET

My HOOPP pension: \$

Government pensions (Canada Pension Plan, Old Age Security): \$

Other savings: \$

Total: \$

Estimated income required at retirement: \$

Estimated retirement date:

Your notes

This booklet contains summary information only. You should not rely solely on the information in this booklet to make decisions about your pension. You can find more detailed information about the Plan in the *HOOPP Plan Text*, the official Plan document, available on **hoopp.com**. In cases where the information provided in this booklet, by an employer or by any other source differs from that contained in the *HOOPP Plan Text*, the *HOOPP Plan Text* in effect at the relevant time will govern.

HOOPP member booklets are available on **hoopp.com**.

Pour obtenir la version française du présent livret, veuillez communiquer avec le HOOPP.

See your future. Now.

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