

SURVIVOR BENEFITS

INTRODUCTION

Your eligible spouse or children may be entitled to survivor benefits to help them maintain financial security after you die. The type and amount of benefit depends on how long you've been teaching, who is eligible for benefits, and whether you die before or after you receive your first pension payment. Survivor benefits can have a significant value and may be an important consideration when thinking about your future finances.

Visit the Members section of our website at www.otpp.com for more information. You should take the time to consult an independent advisor to ensure that you choose the survivor options that are right for you and yours.

If you are currently dealing with an illness or disability, you may wish to consider applying for a disability pension or shortened life expectancy benefit from Teachers'. Please contact us for more information.

Information in this brochure applies to members with credited service for employment in education after 1989. If your last credited service is prior to 1990, contact us for information on your survivor benefits.

Questions to ask yourself when making decisions about your survivor benefits

Consider the following:



Do I have an eligible spouse?



Do I have dependent children?



Have I named a beneficiary?



Are my eligible spouse and I in good health?



What level of financial security does my eligible spouse need when I die?



How much will it cost for me to provide for my survivors?

PRE-RETIREMENT DEATH BENEFITS

Information in this section only applies to members with credited service for employment in education after 1986. If your last credited service is prior to 1987, contact us for information on pre-retirement death benefits.

BENEFITS AT A GLANCE

If you die before retirement, your survivors could receive:



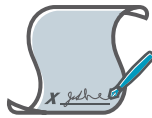
ELIGIBLE SPOUSE

Survivor pension OR Lump-sum payment



DEPENDENT CHILDREN

Survivor pension



BENEFICIARY

Lump-sum payment

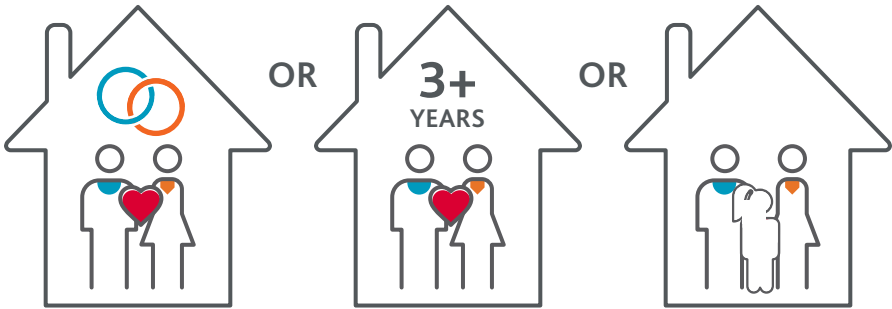


ESTATE

Lump-sum payment

ELIGIBLE SPOUSE

Your spouse is eligible for survivor benefits if, at the time of your death:



you were married and not living separate and apart;

you had been living together continuously for at least three years (or less if you are the parents of a child).

Your eligible spouse will have the choice of receiving the survivor benefit as a lump-sum payment or as a lifetime pension. They can transfer the lump-sum payment directly into an RRSP regardless of their available RRSP room.

Prior to your death, your eligible spouse can waive the right to the survivor benefit by signing a benefit waiver. The survivor benefit then falls to the next eligible recipient (dependent children and either beneficiary or estate).




Living separate and apart

This means you are no longer sharing a spousal relationship (i.e., having joint finances, sharing a conjugal relationship) and intend to terminate your relationship. You can be living separate and apart without a formal separation agreement and/or in the same residence.

DEPENDENT CHILDREN

If your surviving eligible spouse dies while receiving a survivor pension, or you do not have an eligible spouse when you die, your dependent children may receive a survivor pension for as long as they remain dependent.

Dependent children are defined as reliant on you for support at the time of your death and are:

 < 18	OR	 18-24 FULL TIME	OR	
under age 18;		18 to 24 years of age and enrolled in full-time, continuous education since age 18 or since the date of your death, whichever occurred later;		disabled (without interruption) since the date of your death.

If you have more than one dependent child, your benefit is divided equally and paid to each child for as long as he or she remains eligible for benefits. Once one of your children ceases to be eligible, his or her portion of the pension is distributed equally among the remaining eligible children. Disabled children who are financially dependent may receive a survivor pension for life, as long as they continue to be disabled and not capable of gainful employment.

For all children under age 18, the survivor pension is paid into the Accountant of the Superior Court of Justice unless the child's guardian has been granted guardianship of the child's property by the courts. In these situations, the survivor pension is paid to the child's guardian.

Disabled children

Your child's eligibility is determined at the time of your death. Independent medical experts will make an assessment based on his or her medical history. We will also require evidence that the child was dependent on you for financial support at the time of your death. If your child is age 18 or older and we determine that he or she is eligible for a survivor's pension, that pension must be paid directly to your child. If the child is not capable of managing their property, we will pay the survivor pension to the person with legal authority to deal with the child's property.

Please contact us if you have a disabled child and would like to know whether he or she might be eligible for a survivor pension; we can do a pre-assessment of your child's eligibility to assist you with your estate planning.

BENEFICIARY



Designating a beneficiary for your Teachers' pension ensures your benefits are paid according to your wishes, should you die before you receive your first pension payment without an eligible spouse.

You can designate a beneficiary to receive the lump-sum payment representing the commuted value of your pension. If you have a dependent child, the lump sum for your beneficiary will be reduced by the value of the survivor pension to your dependent children. You can name more than one beneficiary — person(s), such as a child, or organization(s), such as a charity. If you choose to name multiple beneficiaries, any pre-retirement death benefit will be divided equally among your beneficiaries.

If you have children, naming them as your beneficiaries ensures they will receive the largest possible benefit.

If you have a disabled child, it is important that you designate your beneficiaries carefully as there are different options available to ensure your child is protected. For example, there are trusts specifically designed to protect the assets of adult disabled children. These trusts give the trustee(s) different degrees of control over how the funds are used to pay for your child's needs. Please consult an independent advisor to determine the best way to protect your disabled child's future.

A designated beneficiary is eligible only if you do not have an eligible spouse and death occurs before you receive your first pension payment.

If you have an eligible child when you die, we will deduct the value of the child's survivor pension from the commuted value of your pension first, and refund the remainder to your beneficiary or your estate.

Naming a beneficiary is important, but equally important is reviewing your beneficiary designation on a regular basis.

To designate and review your beneficiary, sign in to your Ontario Teachers' online account and go to **Your Pension > Profile > Beneficiaries.**



ESTATE



If you do not have an eligible spouse, and you do not name a beneficiary, your estate may receive a lump-sum payment. If you have a dependent child, then the lump-sum payment for your estate will be reduced by the value of your child's survivor pension.

Any funds paid to your estate will be administered by your estate trustee(s) according to the guidelines you specified in your will. If you die before you can prepare a will, only a court-appointed estate executor can assume responsibility of your estate.

TIP! It is never too early to prepare a will. Creating a will is a good way to ensure any funds payable to your estate are administered according to your wishes. You can designate an estate trustee (or executor) as the person responsible for managing and controlling your estate's assets.

As you prepare for retirement...

There are deadlines that apply to the survivor benefit decisions you'll have to make **before you receive your first pension payment.**

Any time before your first pension payment

Increase the 60% survivor pension to a maximum of 75%



Within one year before your first pension payment

If desired, decrease the survivor pension to a minimum of 50%



At the time of your retirement, prior to receiving your first pension payment

Opt for the 10-year pension guarantee and confirm the survivor pension percentage, if you have an eligible spouse

POST-RETIREMENT DEATH BENEFITS

BENEFITS AT A GLANCE

If you die after receiving your first pension payment, your survivors could receive:



ELIGIBLE SPOUSE

Survivor pension



DEPENDENT CHILDREN

Survivor pension*



ESTATE

Lump-sum payment

Your spouse is eligible if, at the time of your first pension payment, you were: married and not living separate and apart; or, had been living together continuously for at least three years (or less if you are the parents of a child). If you separate or divorce after receiving your first pension payment, your spouse remains eligible to receive a survivor pension.

* See page 6 for more information on dependent children.

	Death before the 10-year pension guarantee period ends (with 10-year pension guarantee option selected)	After the 10-year pension guarantee period ends OR 10-year pension guarantee option not selected
ELIGIBLE SPOUSE	100% of your CPP-adjusted pension for the balance of 10 years' worth of pension payments or to your eligible spouse's date of death, if earlier	Lifetime survivor pension at 50–75% of your CPP-adjusted pension (based on the option you selected prior to starting your pension)
DEPENDENT CHILDREN <i>(if there was no eligible spouse or after eligible spouse's death)</i>	100% of your CPP-adjusted pension for the balance of 10 years' worth of pension payments or to the date the last child is no longer dependent, if earlier	50–75% of your CPP-adjusted pension until the last child is no longer dependent
ESTATE	Present value of remaining CPP-adjusted pension payments, within 10-year pension guarantee period paid as one lump sum	No amount remains for your estate if you die after the 10-year pension guarantee period

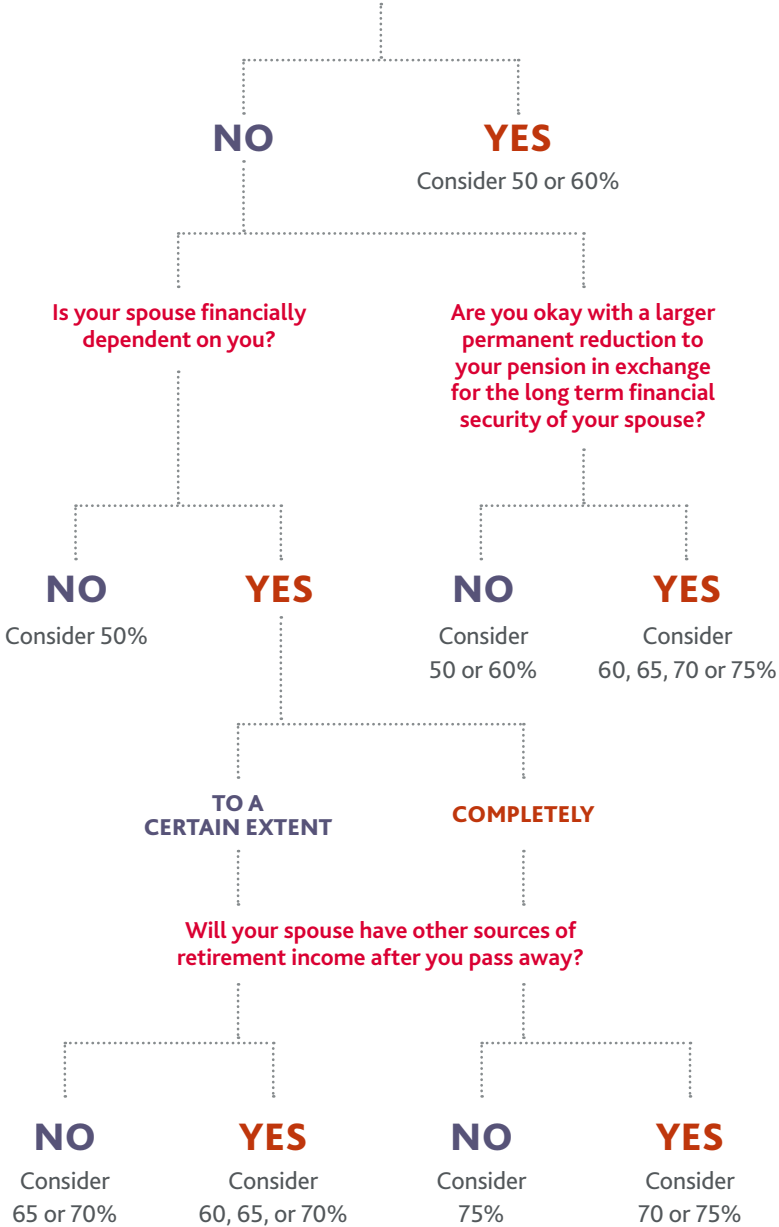
10-year pension guarantee option

If you die before you've received 10 years' worth of pension payments, this option provides your CPP-adjusted pension to your survivor or estate for the balance of 10 years. See page 13 for more on the 10-year guarantee.

CHOOSING YOUR DEATH BENEFIT

HERE ARE SOME QUESTIONS

Do you expect to outlive your spouse?



Select a survivor pension percentage

Upon your death your eligible spouse automatically receives 60% of your CPP-adjusted pension, unless you tell us otherwise prior to receiving your first pension payment.

Survivor pensions for death after your retirement are based on a percentage of your annual pension, after the CPP adjustment:

50%, 60%, 65%, 70% OR 75% + ANNUAL INFLATION INCREASES
OF YOUR ANNUAL PENSION

Your pension will be reduced slightly to provide for a survivor pension higher than 50%*. The reduction to your pension depends on the age of you and your eligible spouse, and the survivor pension you choose. For example, for most members who choose a 60% pension, their pension is reduced by about 1%. This reduction is permanent during the member's lifetime, even if the member's eligible spouse dies before they do or they separate/divorce after receiving their first pension payment.

** A survivor's pension is always based on your pension after the CPP adjustment, even if you die before you reach age 65.*

» Increase your survivor pension

You can choose to increase your survivor pension to 65, 70 or 75%. You will incur a higher reduction if you elect this option.

Once you receive your first pension payment, you cannot revoke a survivor pension increase. If you change your mind, you can decrease your survivor option at any time before your pension begins.

» Decrease your survivor pension

It is also possible to decrease your survivor pension to 50%. There is no cost for providing a 50% survivor pension to your eligible spouse.

If you feel this is the right option for you and your eligible spouse, you both must sign a Spousal Waiver of Joint and Survivor Pension form and return it to us within 12 months of your first pension payment. A waiver can be revoked if you notify us in writing before receiving your first pension payment; however, once you receive your first pension payment, your survivor option election becomes irrevocable.

Decide on the 10-year pension guarantee option

For members who die before receiving 10 years' worth of pension payments, this option provides 100% of your CPP-adjusted pension to your eligible spouse for the balance of the 10 years at a minimal cost. After that, your eligible spouse will collect the survivor's pension chosen prior to retirement. This election must be made prior to receiving your first pension payment.

If your eligible spouse also dies before the 10-year pension guarantee period ends, eligible dependent children will receive a survivor pension from any balance remaining on the 10 years of pension payments. If there are no dependent children, any balance remaining will be paid as a lump sum to your eligible spouse's estate.

For members who have no eligible spouse when they receive their first pension payment, this benefit is automatically provided at no cost. Any balance remaining on the 10 years of pension payments will be paid as a survivor pension to any dependent children or as a lump sum to your estate.

TIP! We recommend that our members opt for the 10-year guarantee because it is considered to be a very affordable form of insurance. The lifetime reduction for this option is 0.1% of your CPP-adjusted annual pension (or about \$44 per year for the average career teacher).

Here's an example of the reductions that apply to an average unreduced teacher's pension of \$51,000.

Cost of 10-year pension guarantee option

(\$51,000 – \$6,220 – \$450) x 0.1% = \$44

Average unreduced pension	CPP adjustment	60% survivor pension cost	10-year guarantee reduction factor	Cost
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Survivor pension options (50%, 60%, 75%) and the 10-year guarantee

Amounts below are based on an average unreduced teacher's pension of \$51,000. Cost varies based on a variety of factors including your age, your eligible spouse's age, and the percentage of survivor pension you elect.

OPTION	50%	60%	75%
Survivor pension cost	\$0	\$450	\$1,150
10-year pension guarantee cost (Original pension – survivor pension cost – CPP adjustment) x 0.1%	\$45	\$44	\$44
Member's pension (without CPP adjustment) Original pension – survivor pension cost – 10-year guarantee cost	\$50,955	\$50,506	\$49,806
Member's pension (with \$6,220 CPP adjustment) Original pension – survivor pension cost – CPP adjustment – 10-year guarantee cost	\$44,735	\$44,286	\$43,586
Survivor pension (based on elected %) (Original pension – 10-year guarantee cost – CPP adjustment) x chosen %	\$22,368	\$26,842	\$33,552

While these decisions must be made before you start your pension, they only become effective after you receive your first pension payment.

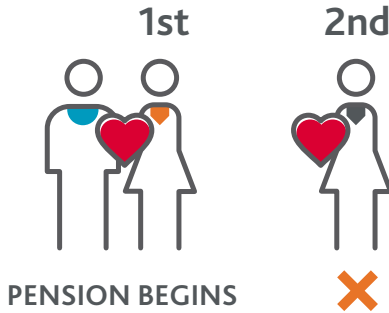
To change your survivor option, sign in to your Ontario Teachers' online account and go to **Your Pension > Profile > Marital Information**. Choosing one of the percentages displayed is all it takes to make your selection.



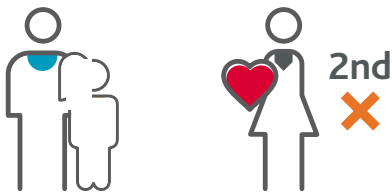
NEW RELATIONSHIP

If you enter into a marriage or common-law relationship after receiving your first pension payment, your new spouse is not automatically entitled to a survivor pension.

The following rules apply:



If you have an eligible spouse when you receive your first pension payment and you later separate and establish a new spousal relationship, your former spouse remains eligible for a survivor pension unless you and your former spouse waive the survivor pension as part of your settlement agreement. You cannot provide a survivor pension for your new spouse unless your former spouse is deceased or you and your former spouse have waived the survivor pension as part of your settlement agreement.



If you have a dependent child who is the eligible survivor, your new spouse cannot bump a child from primary eligibility for benefits.

To provide your new spouse with a survivor pension, you must apply anytime on or before the later of the following dates:

- 90 days after your marriage **OR** the day you reach the three-year cohabitation requirement for common-law spouses, whichever is earlier.

OR

- 90 days after the date your children cease to be eligible.

OR

- 90 days after we receive a valid waiver*.

** Your former spouse must complete the Post-retirement Waiver of Joint and Survivor Pension by the Former Spouse of a Retired Member on Spousal Relationship Breakdown (FSCO Form 8) and a waiver must be specified in your final settlement instrument.*

You must also take a reduction to your pension — the reduction can be significant.

If you miss the deadline, you may still be eligible provided you pass a medical examination confirming that you remain in good health for your age.

You will incur a further reduction to your pension to provide a new survivor pension. The reduction can be significant, even to provide a 50% survivor pension to a new spouse. You can contact us for an estimate of the cost to provide a benefit to a new spouse.

If all eligibility criteria are met, the designation is effective six months after you apply*. If you die within the six-month period before the direction takes effect, your application is void.

** For members who last taught prior to June 1, 1995, the survivor option election for a new spouse is effective on the date we receive the election notice.*

Things your survivors need to do once you pass away

We're committed to helping your survivors through this difficult time. Here are some of the things your survivor(s) will have to do:



Call us. Our Pension Benefits Specialist will assist them with all the information they require, and will guide them through the process of applying for survivor benefits.



Contact the Canada Pension Plan (CPP) to explore potential death and survivor benefits.



Contact your insurance company(ies), if applicable.

Contact your employer to explore any additional death benefits if you were still working at the time of death.



Consider engaging the services of an estate lawyer to assist them with the process.

Contact info

Ontario Teachers' Pension Plan

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