

## IS MY PENSION SAFE?

- The Teachers' Pension Plan is not in debt. Every year, the plan collects more money in contributions than it requires to meet its obligations to current pensioners. Pension benefits accrued since September 1992 are funded as they are earned.
- Plan assets continue to grow. As of August 2018, the Plan had over 16.6 billion dollars in assets. Plan assets are well-diversified in stocks, bonds, real estate and other investment classes.
- Pre-1992 pensions are funded by the Alberta government as the pensions are paid out.
- Defined benefit pension plans are paid in retirement regardless of market fluctuations.

## IS THIS PENSION A GOOD DEAL?

- The average teacher lives 30 years after retirement. Most teachers will continue to get more out of the pension plan than they ever put in. For every dollar teachers contribute to their pension, they get eight dollars back in retirement.
- The cost of managing the Teacher Pension Plan is about one-fifth of the cost of investing on your own.
- Your pension is guaranteed for life and is inflation protected.
- The risk of fewer than expected returns is not borne by the pensioner but shared half by all contributing teachers and half by the Alberta government.

## FOR MORE INFORMATION

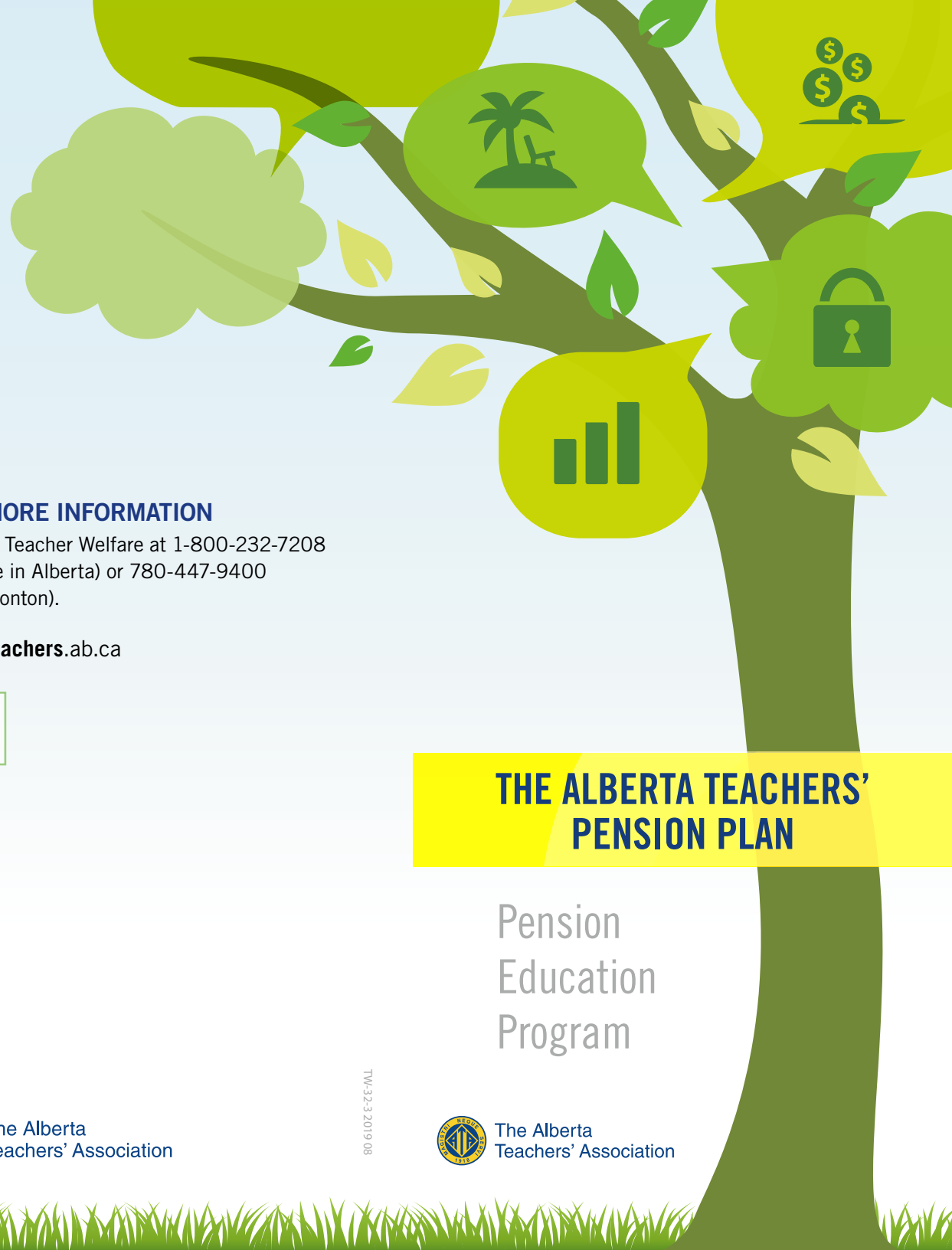
Contact Teacher Welfare at 1-800-232-7208 (toll free in Alberta) or 780-447-9400 (in Edmonton).

[www.teachers.ab.ca](http://www.teachers.ab.ca)



# THE ALBERTA TEACHERS' PENSION PLAN

Pension  
Education  
Program





## IT'S MY FUTURE

## IT'S MY INVESTMENT

## IT'S MY PENSION

## IT'S SECURE

The Teachers' Pension Plan (the Plan) is a defined benefit pension plan that pays lifetime pensions to teachers based on a formula.

### WHO RUNS THE PLAN?

- The Alberta Teachers' Retirement Fund (ATRF) Board is a crown corporation independent of both the Alberta government and the Alberta Teachers' Association (ATA) and is the administrator, investor and trustee of the Plan.
- The Board is made up of four teacher representatives appointed by the ATA and four government representatives.

### WHAT PENSION WILL I RECEIVE?

- Pension payments are based on the number of years of service and five highest consecutive years (60 months) of salary.
- More years of service equate to higher pension returns.
- There are seven pension options that a teacher can choose from (three joint and four single).
- Cost-of-living adjustments (70 per cent of inflation)\* will be included in pension payments each year until the teacher's death. The teacher's beneficiary will continue to receive the pension after the teacher's death.
- Combined with the Canada Pension Plan and Old Age Security, teachers at age 65 with 30 years of service can expect a pension of approximately 70 per cent of their preretirement income.

\*Cost-of-living adjustments for pension earned prior to September 1992 are at 60 per cent of inflation.

### HOW DO I JOIN THE PLAN?

- Under the *Teachers' Pension Plans Act* all teachers employed by public, separate and charter schools are required to be members of the plan on their first day of teaching under contract.
- Substitute teaching can be purchased as pensionable service (contact ATRF to do this).
- Some private schools are members of the Private School Teachers' Pension Plan.

### WHEN WILL I BE ELIGIBLE FOR A PENSION?

- Teachers are eligible for a pension when they reach 55 years of age and have five years of pensionable service.
- Teachers are eligible for an unreduced pension at age 65 or when their age plus years of service is at least 85. The amount of pension is based on salary and years of service.
- The pension reduction is two per cent per year that a teacher is below the age-plus-service index, or two per cent per year that a teacher is under 65 years of age, whichever is less.

### WHAT ARE THE CONTRIBUTION RATES?

- The contribution rate for the first \$57,400\* of earnings is 10.17 per cent of salary and 14.52 per cent for the remaining amount.
- A beginning teacher with five years of education earning \$62,000 annually will make pension contributions of \$6,506 per year.
- On average, teacher contributions for 2019/20 are 11.92 per cent of salary. The provincial government contributes a matching amount for service earned after September 1, 1992, and pays out all pensions earned prior to 1992 as per the 2007 agreement between the Government of Alberta and the ATA.

\*This amount changes every January 1.

### HOW ARE CONTRIBUTION RATES SET?

- Contribution rates are set to cover the cost of plan benefits currently being accrued. The ATRF Board adjusts contribution rates as required following each actuarial funding valuation.
- Contribution rates also include amounts needed to cover deficiencies in funding since 1992. Currently, structural changes to the Plan and investment losses caused a deficiency in the Plan. Deficiencies are equally shared by teachers and the Alberta government and must be made up within 15 years of discovery.