

Contribution rate increases

At OPB, your pension is our promise. Protecting the sustainability of the Public Service Pension Plan (the PSPP or the Plan) for current and future members and survivors is our top priority.

As we shared in our 2023 Annual Report, we committed to conducting a long-term funding study in 2024 to ensure the PSPP is sustainable for the future. This review included a contribution rate adequacy study to assess whether current rates are sufficient to fund the future pension benefits you will receive.

The study showed that the cost of providing these pension benefits has increased, and a contribution rate increase is necessary to protect the long-term health of the Plan. As a result, we made a recommendation to the Plan Sponsor to increase contribution rates for both members and employers. That recommendation has now been approved. There will be three incremental increase phases across PSPP member groups starting on July 1, 2025, followed by October 1, 2025, and April 1, 2026.

Separately from the general contribution rate increase mentioned above and as we previously communicated, officers and civilians of IPCO services and the OFNPA group are currently contributing at the existing PSPP rates and not at the higher rates applicable to OPP Officers and Civilians. On July 1, 2025, they will begin paying higher contribution rates as they become eligible for improvements to their pension benefits. This is part of the IPCO minutes of settlement to implement pension parity with the OPP for IPCO services and also later extended to the OFNPA group, and will be implemented at the same time as the first phase of the general contribution rate increases applicable across the PSPP as a whole.

The information contained in this OPB News contains the new contribution rates applicable to officers and civilians of IPCO services and the OFNPA group as of July 1, 2025 when the pension parity amendments and the first phase of the general contribution rate increases that also apply to other member groups both take effect. Once fully implemented after these incremental phases

of the general contribution rate increase, the average amount of the total increase will be 3.3% for officers and 2.2% for civilian members of IPCO services and the OFNPA group. The only changes to your pension benefits will be the improvements provided by the terms of the IPCO settlement.

Even with the increases mentioned above, our contribution rates are comparable to peer plans in Ontario and continue to provide excellent value for members and employers.

Understanding the increases

This increase in contribution rates was agreed to as part of the IPCO settlement and is necessary to pay for the pension benefit improvements which you will receive.

Regarding the general contribution rate increases, we regularly conduct analysis of our contribution rates to ensure that they are sufficient in covering the future costs of providing pension benefits. Our last contribution rate increase was in 2018-19, and since then the cost of the PSPP's pension benefits going forward has increased. The three main factors driving the higher costs include:

- members and survivors are living longer, and as a result, are receiving their PSPP pension for longer. Compared to 20 years ago, the PSPP is paying pensions on average five years longer, and we expect that trend to continue;
- more members are retiring early; and
- evolving economic trends and updated capital market conditions have led us to adjust our long-term investment return expectations.

By increasing contributions, we are helping to protect the valuable benefits of the PSPP. This includes your ability to retire early with an unreduced pension if you meet certain eligibility criteria. COLA is an annual pension increase that helps to protect the purchasing power of your pension against the impact of inflation - in fact, over the last five years where inflation has been high, the PSPP provided dollar for dollar inflation protection on member pensions.

The new rates

This change will be phased-in between July 2025 and April 2026, with three gradual increases.



For officers of IPCO services and the OFNPA group

Current contributions	As of July 1, 2025	As of October 1, 2025	As of April 1, 2026
7.4% of your salary up to the YMPE (\$71,300)	10% of your salary up to the YMPE (\$71,300)	10.30% of your salary up to the YMPE (\$71,300)	10.60% of your salary up to the YMPE
Plus	Plus	Plus	Plus
10.5% of your salary above the YMPE	13.20% of your salary above the YMPE	13.60% of your salary above the YMPE	13.90% of your salary above the YMPE*

*2026 YMPE TBC

For civilians of IPCO services and the OFNPA group

Current contributions	As of July 1, 2025	As of October 1, 2025	As of April 1, 2026
7.4% of your salary up to the YMPE (\$71,300)	8.92% of your salary up to the YMPE (\$71,300)	9.30% of your salary up to the YMPE (\$71,300)	9.65% of your salary up to the YMPE*
Plus	Plus	Plus	Plus
10.5% of your salary above the YMPE	12.10% of your salary above the YMPE	12.55% of your salary above the YMPE	12.95% of your salary above the YMPE*

*2026 YMPE TBC

Calculating your contribution increase

Once the full increase (accounting for both the IPCO settlement and the general contribution rate increase) is implemented, officers will contribute on average 12.0% of their pensionable salary (up from 8.7% currently), and civilians will contribute on average 10.2% of their pensionable salary (up from 8.0% currently). We've put together a chart to help you understand what the increase will mean to you this year and after the final phase-in in April 2026. Again, your employer will match these amounts.

Keep in mind contributions are tax deductible up to the Income Tax Act maximum for the PSPP. Employer-matched contributions to the Retirement Compensation Arrangement (RCA) are also tax deductible.

For officers of IPCO services and the OFNPA group

Pensionable salary	Annual contributions based on current rates	Annual contributions based on July 1, 2025 rates	Annual contributions based on October 1, 2025 rates	Annual contributions based on April 1, 2026 rates	Difference once fully implemented in April 2026
\$75,000	\$5,664.70	\$7,618.40	\$7,847.10	\$8,072.10	\$93/pay
\$100,000	\$8,289.70	\$10,918.40	\$11,247.10	\$11,547.10	\$125/pay
\$125,000	\$10,914.70	\$14,218.40	\$14,647.10	\$15,022.10	\$158/pay
\$150,000	\$13,539.70	\$17,518.40	\$18,047.10	\$18,497.10	\$191/pay

For civilians of IPCO services and the OFNPA group

Pensionable salary	Annual contributions based on current rates	Annual contributions based on July 1, 2025 rates	Annual contributions based on October 1, 2025 rates	Annual contributions based on April 1, 2026 rates	Difference once fully implemented in April 2026
\$50,000	\$3,700.00	\$4,460.00	\$4,650.00	\$4,825.00	\$44/pay
\$75,000	\$5,664.70	\$6,807.66	\$7,095.25	\$7,359.60	\$64/pay
\$100,000	\$8,289.70	\$9,832.66	\$10,232.75	\$10,597.10	\$76/pay
\$125,000	\$10,914.70	\$12,857.66	\$13,370.25	\$13,834.60	\$89/pay

Note: These estimates are approximate and 2026 rates are calculated using the 2025 YMPE.

The value of your PSPP pension

Your PSPP is a valuable benefit, and the cost of providing a dollar of that benefit has increased. The change in contribution rate sets contribution levels at an adequate level to fund the valuable benefits and superior security you receive through the PSPP. Splitting this increase between Plan members and the employer is a prudent, fair and responsible course of action.

Benefits include:

100% inflation protection – Your Plan continues to provide 100% inflation protection (up to 8% annually) to protect your purchasing power in retirement.

Financial Security – Your PSPP pension is payable for life. There is no chance you or your spouse will outlive your pension. In addition, your pension is guaranteed by the Plan Sponsor, the Government of Ontario.

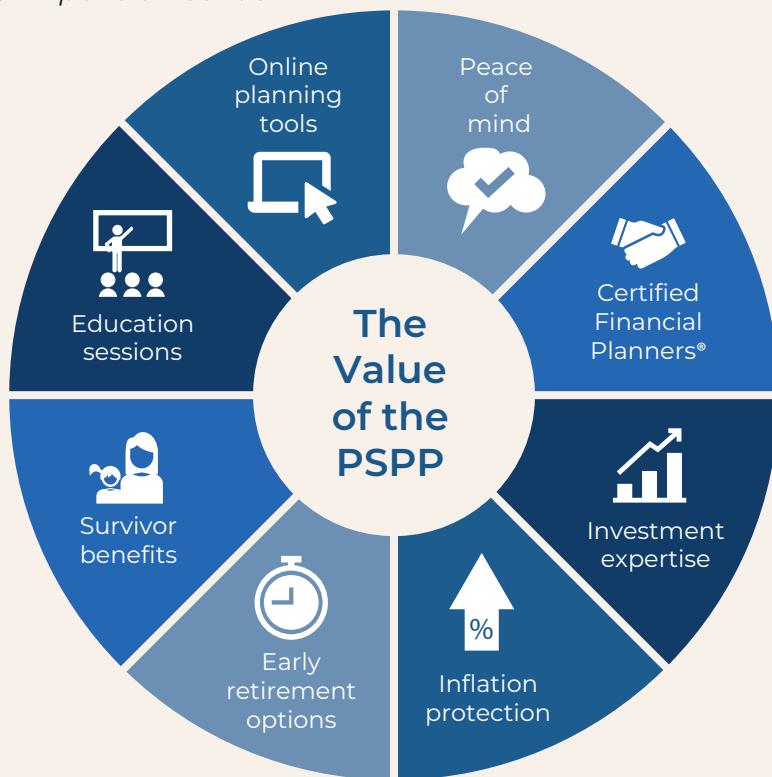
Building adequate retirement income – Mandatory participation in the PSPP ensures that you build an adequate retirement income over time. Your pension is based on a pre-set

formula and you have the security of knowing what your monthly pension will be so you can plan for retirement accordingly.

Survivor benefits – Your pension provides survivor benefits for your eligible spouse for life.

Access to Certified Financial Planners – As a PSPP member, you have access to OPB's Advisory Services. The PSPP is the only defined benefit plan in Canada to offer access to in-house Certified Financial Planners to help you understand how your pension fits into your holistic financial picture, so you can make sound decisions about your pension.

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Investment expertise – Important investment decisions aren't left to you. They're managed by investment experts at the Investment Management Corporation of Ontario, OPB's investment manager, who have the knowledge, expertise and experience to generate - over the long term - the returns that are needed to help fund the pension promise.

Comparable contribution rates – Even after the increase, your contribution rates remain comparable to the public sector plans in Ontario and continue to provide excellent value. For more information about how the PSPP's contribution rates compare to other pension plans, visit OPB.ca

Stay up-to-date with OPB

Throughout the year we'll post important updates about the PSPP, new education webinars, and information about tools and services available to you on OPB.ca.

As always, OPB values your feedback. If you have any comments on this change, or any questions regarding your pension, please contact us by mail, phone or email using the details below.

You may also provide comments to Financial Services Regulatory Authority of Ontario (FSRA) by email at pensioninquiries@fsrao.ca or by mail at:

FSRA
25 Sheppard Avenue West
Suite 100
Toronto ON M2N 6S6

Please direct your inquiry to FSRA-Pensions and indicate Plan Registration Number: 0208777.

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