OMERS employer news

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Employer succeeds with vision and hard work

Team work, automated pension processes, and year-round checks and balances are key ingredients in recipe for success.

With 49 years of pension administration experience collectively, Sylvia Smith, Tuula Leroux and Cheryl Crowley are seasoned administrators who have taken pension administration to the next level at Lakehead District School Board in Thunder Bay. "Our success started with a vision about six years ago." says Sylvia Smith, Supervisor, Payroll and Benefits.

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Cheryl Crowley (left) and Sylvia Smith (right), Lakehead District School Board

The OMERS pension plan provides secure retirement income to municipal employees at about 900 employers across Ontario. *Employer News* keeps our employer representatives up to date on plan administration, news and benefits.

"Time spent doing OMERS administration has been greatly reduced. We deliver better results in less time." *– Sylvia Smith*

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"We wanted to automate and streamline pension administration processes to make pension reporting easier," says Sylvia Smith. "Together with SRB International, some very dedicated volunteers from other school boards, and OMERS, we formed the OMERS subcommittee. We worked hard and our vision is now reality," she adds.

The result is automated pension processes and import features (including an import facility to e-access) within Lakehead's HR/Payroll System – IPPS (Integrated Payroll/Personnel System).

"Time spent doing OMERS administration has been greatly reduced," says Sylvia. "We deliver better results in less time – in the past two years we have completed our Form 119 (annual reporting) by the end of February.

"The goal is to provide the best service to our employees. It's very satisfying to know that we have," she continues.

It takes teamwork

Tuula Leroux, Senior Payroll Clerk, is at the frontlines of pension reporting. Payroll staff share in the responsibility and play an important role. Great teamwork makes it all work.

Sylvia Smith, Supervisor of Payroll and Benefits and Cheryl Crowley, Payroll/HRIS Officer, continually work behind the scenes together and with other departments and with OMERS to address issues and to streamline processes.

"Although Payroll is responsible for the administration of OMERS pension, including Form 119 reporting as well as broken service reporting, Human Resources, Employee Relations and IT ensure that we receive the information we need throughout the year to help us achieve our reporting requirements and timelines," says Sylvia. "The teamwork pays off."

Year-round tasks

Reporting, balancing, validating and audits are year-round tasks at Lakehead. Monthly and quarterly reports ensure any discrepancies are caught and fixed well ahead of time. For example:

- a report generated regularly for all staff ensures everyone who should be enrolled is enrolled;
- broken service payment data is balanced monthly against OMERS remittances and the corresponding service and contributions are validated and balanced regularly;
- contributions are balanced monthly and per pay against the budget.

"The payoff is at Form 119 time," says Tuula. "When we received the contribution report from OMERS earlier this year, it took a very short time to balance."

Left to right: Tuula Leroux, Sylvia Smith and Cheryl Crowley, Lakehead District School Board

"We have a checklist we follow during the year." *– Sylvia Smith*

January: Monthly balancing starts

March: Quarterly reports start, e.g., an in-house earnings/service/contribution report which compares an employee's pensionable compensation against the actual OMERS gross generated from the pay

June: Non-scattered days broken service offers

October-November: Voluntary enrolment and dual membership reports and offers of enrolment

November: Reminders to employees who received election forms but haven't made an election

December-January: Broken service, year-to-date comparisons, service and contributions checks

Lakehead District School Board has about 600 employees enrolled as OMERS members.

Lakehead District School Board processes over 250 leave periods annually. "To process that many leaves, we have to stay on top of it. That's why the e-Form 165a is one of my favorite e-access tools. It's a great time saver because it creates the election form for me."

– Tuula Leroux, Senior Payroll Clerk/OMERS, Lakehead District School Board

Strong year for OMERS investments

A fifth straight year of great investment performance pushed the OMERS Fund to $51.5 billion. In a year remembered for turbulent public markets, OMERS generated a solid and industry-leading 8.7% total rate of return in 2007 – beating the benchmark return of 5.6%. As in previous years, this top-quartile return is due to the expertise of OMERS investment teams and "the successful execution of our active management investment strategy," said John Sabo, Chair of the Board of Directors of the OMERS Administration Corporation.

OMERS developing asset-mix strategy balances private and public investments to achieve stable returns while managing risk. In 2007 each of our four investment divisions outperformed their 2007 benchmark (see chart below) and added to the value of the OMERS Fund (Primary Pension Plan and RCA).

Funding status

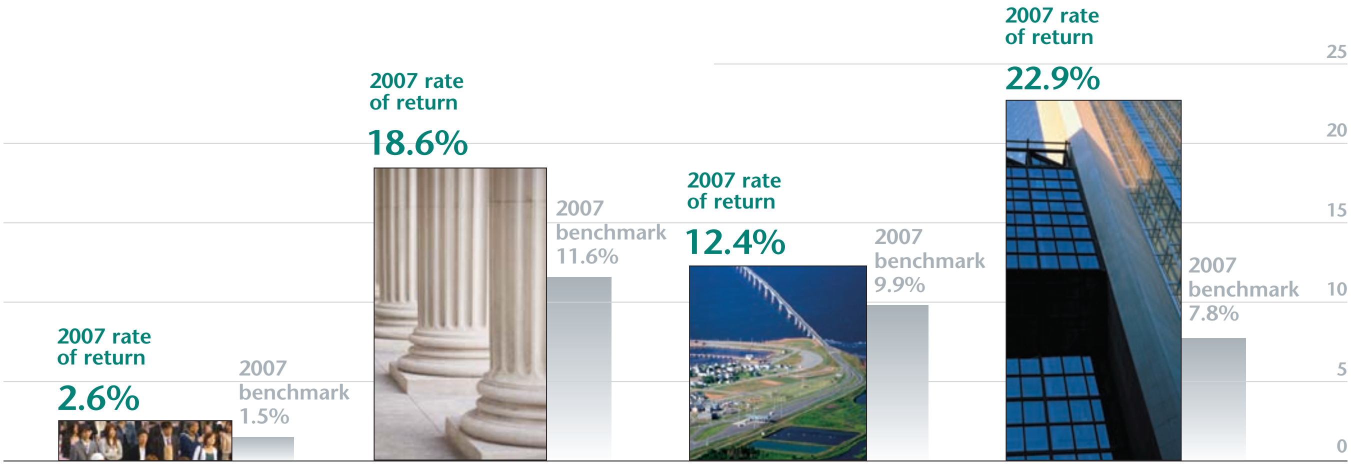
After income credited to administered funds of $0.1 billion, OMERS investments added over $3.9 billion in net investment income to the OMERS Fund in 2007. As at December 31, 2007, the OMERS Fund stood at $51.5 billion in net assets. This exceptional performance, combined with the results from the previous four years, has eliminated the funding deficit in the OMERS Primary Pension Plan and returned it to fully funded status, with a surplus of $0.1 billion.

In 2007, OMERS received $1.9 billion in contributions and paid out $1.8 billion total benefit payments. We expect that 2008 will be the first year in OMERS history (except during the contribution holiday) where total contributions will be less than total benefit payments. This highlights the importance of OMERS investment performance in providing sufficient funds to meet the costs of our growing number of retirees. It also focuses attention on the legislative constraints that limit OMERS ability and flexibility to meet these pension commitments.

"We performed extremely well in 2007, and we will increasingly rely on strong investment returns to pay secure, inflation-protected pensions to our members," said OMERS President and CEO, Michael Nobrega. "This is why OMERS urgently needs the Ontario government to lift unfair investment restrictions on pension funds – so that we can have greater access and control over our investments to ensure stable, long-term cash returns to meet the increasing needs of our membership."

You will find more information in OMERS In Focus (our mini *2007 Annual Report*), or online at **www.omers.com.**

Beating the benchmark



Public markets
OMERS Capital Markets
Net investment income: $1.7 billion

Private equity
OMERS Capital Partners
Net investment income: $0.5 billion

Infrastructure
Borealis
Net investment income: $0.6 billion

Real estate
Oxford Properties Group
Net investment income: $1.2 billion

Investment rule reform supports employers

Michael Nobrega, President and CEO, made a submission on behalf of OMERS to Ontario's Expert Commission on Pensions. Investment rule reform was a key aspect of OMERS recommendations.

Investment income pays for about 70% of OMERS long-term pension liabilities. Matching member and employer contributions pay for the other 30% (15% is paid by employers and 15% by member contributions). "That's why it's critical that outdated legislative requirements do not unfairly restrict OMERS and other pension funds from maximizing returns," says Michael Nobrega.

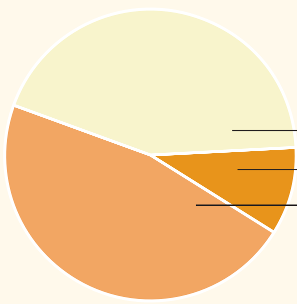
The reforms being urged will allow OMERS to optimize its investment returns by putting pension funds on a level playing field with other institutional investors. Maximized returns will allow for better cost stability for both employers and members.

About Ontario's Expert Commission on Pension

- The Expert Commission is reviewing Ontario's pension legislation to ensure that it's more responsive to the changing needs of plan sponsors and working and retired plan members.
- The intent is a modern pension system so Ontario remains a competitive place to do business while plan members have pension plans they can count on.
- The process started in November 2006 with the appointment of the Expert Commission.
- In October/November 2007, the Commission held public hearings across Ontario.
- A copy of OMERS full submission is online at **www.omers.com.**
- The Expert Commission is expected to release its final report to the Province in the summer of 2008.

Strength in numbers: multi-employer model

The following is an excerpt from OMERS submission to the Ontario Expert Commission on Pensions in October 2007.



OMERS multi-employer mosaic

as at December 31, 2007

398 municipalities

88 school boards

424 police, electrical utilities, children's aid societies, library boards and others

The multi-employer model is an attractive solution for reforming the pension system, with the benefits of pooling pension funding and administration to achieve affordability for members and sponsors.

OMERS is perhaps Canada's leading example of a successful multi-employer defined benefit plan. It was cited by the Governor of the Bank of Canada as a plan that effectively pools risks among a number of plan sponsors[1]. As such, OMERS could be a practical template for private and public sector employers to maintain their defined benefit plans.

OMERS has a major presence in Ontario. The pension plan was formed in 1963 to create efficiencies for employers in sharing the administrative and investment costs of providing pension benefits to workers employed by municipal governments and other local agencies. We began in 1963 with 160 employers and 8,000 active members. By the end of 2006, we had 906 employers, 237,000 active members, and more than 100,000 retirees. Beneficiaries receive $1.7 billion annually in retirement, survivor and disability pensions.

To the outsider, OMERS is a complex plan. Yet the model answers many issues raised by the Commission about the benefits of pooling pension funding to achieve affordability for members and sponsors.

[1] David Dodge, Governor of the Bank of Canada (February, 2001 to January, 2008), in remarks to Conference Board of Canada's 2007 Pension Summit: Striking the Right Balance, Toronto, Ontario, May 10, 2007.

Court supports OMERS Joint Protocol

On February 6, 2008, an Ontario Superior Court of Justice decision upheld a Joint Protocol reached between the OMERS Administration Corporation (AC) and the OMERS Sponsors Corporation (SC).

The protocol provides for:

- the reimbursement of certain SC costs from the OMERS pension plans; and
- technical and administrative support for the SC, provided by the AC.

The SC was established under the *OMERS Act, 2006* to make decisions on plan changes and contribution rates as well as when to file the actuarial valuation. This role was formerly the responsibility of the Ontario Government. The AC retains the responsibility for investments and administration of the OMERS pension plans.

The SC and AC worked together to seek a court decision on which SC costs may be lawfully reimbursed by the OMERS pension plans – for the purposes of allowing the SC to carry out its mandate – and the types of support that can be provided by the AC to the SC.

For example, it was recommended that SC costs related to administrative support and the use of facilities be paid out of the OMERS pension plans. Details of expenses and support were set out in a Joint Protocol document.

"We are pleased that the court acknowledged the unique governance structure of OMERS and concluded that the Joint Protocol is legally valid and consistent with the overall purpose of the *OMERS Act, 2006*," said Audrey Mak, Vice President, Legal, Pensions.

For more information, including a copy of the court decision and Joint Protocol, visit OMERS website.

OMERS Facts as at December 31, 2007

Membership profile

OMERS total membership has grown to over **380,000**.

There are more than:

- **242,000** active members working for 910 associated employers
- **103,000** retirement, survivor and disability pensions are in pay.

Service profile

OMERS turnaround target for key services is three days; in all areas, we consistently delivered in three days or less.

In 2007, OMERS received more than:

- **4,500** retirement claims
- **13,800** requests for pension estimates
- **7,900** termination claims
- **96,500** phone calls.

Service targets for the Call Centre were met or exceeded throughout the year:

- **80%** of calls answered within 100 seconds
- **90%** first-call resolution.

Client satisfaction surveys

Surveys conducted on OMERS behalf to gauge client satisfaction returned positive results. On a 5-point scale, with 5 being "extremely satisfied":

- **87%** of clients surveyed rated overall service at 4 or 5
- **88%** rated their transactions experience at 4 or 5
- **86%** of Call Centre clients surveyed gave service a 4 or 5
- **92%** of employers surveyed gave service a 4 or 5.

Annual reporting update

Now in its fourth season, the e-Form 119 has proven itself. Most data is submitted to OMERS well inside the March 30 deadline and most members receive their Pension Reports well before the legislated deadline of June 30.

Adam Nasser

By April 20, 2008:

- Information was submitted for over 220,600 members which represents almost 90% of our membership data.
- We produced over 146,900 Pension Reports.
- There was just over 10% of the membership records left to complete for the 2007 reconciliation year.

"Thank you and congratulations to the employers whose Form 119 reporting is completed," says Adam Nasser, Manager, Employer Services. "We will be contacting the employers who haven't yet submitted their Form 119 data. We want to help everyone get the reporting done in time for us to print and mail the remaining Pension Reports by June 30."

"Thank you and congratulations to everyone whose Form 119 reporting is completed."

– Adam Nasser, Manager, OMERS Employer Services

Notes and reminders

- **Submit an e-Form 143 for members who are on disability waiver and still employed at their normal retirement age**
  When a member on disability waiver reaches their retirement date, the waiver ceases and the pension begins the following month. So we can process the pension for these members without delay, submit a *Form 143 – Request for an OMERS plan benefit* with an end of employment date on or before their normal retirement date.

- **Report affiliation changes**
  Affiliation data is used for OMERS governance purposes. As well, Supplemental Plan cost estimates may use this data.

  Tip: Use e-access/batch import to update this information for your members.

When contacting OMERS about...	Be sure to...
Member specific questions	Call OMERS Client Services or use the e-Correspondence tool in **e-access.** To protect the security of members' personal information, avoid "regular" e-mail when including membership data in your message.
e-Form 119 inquiries	Call OMERS Clients Services or call your Service Coordinator.
General inquiries	Call OMERS Client Services or send an e-mail to employer@omers.com.

Tip: You will receive a quicker response if you call.

Plan now to attend an OMERS workshop

Our one-day employer workshop is a great way to learn about OMERS administration: enrolments, leave periods and disabilities, leaving employment, and year-end reconciliation.

The workshop includes case studies and group exercises. If you need a refresher course or training for new staff, our workshop is an excellent option.

2008 Employer Administration Workshop Schedule
Workshops run from 9 a.m. to 4 p.m.

Date	Location
June 24	**Orangeville** Best Western Orangeville Inn and Suites, 7 Buena Vista Drive
July 15	**Thunder Bay** Best Western Nor'Wester Resort Hotel, 2080 Hwy #61
August 12	**London** London Convention Centre, 300 York Street
August 21	**Toronto** Metro Hall, 55 John Street
September 18	**Brockville** Brockville Golf and Country Club 1548 Highway # 2 (King St West)
September 23	**Brantford** Best Western Brant Park Inn and Conference Centre, 19 Holiday Drive
October 14	**Cornwall** Best Western Parkway Inn and Conference Centre, 1515 Vincent Massey Drive
December 2	**Kitchener** Delta Kitchener-Waterloo, 105 King Street East (Kitchener)
December 10	**Toronto** Toronto City Hall, 100 Queen Street West

Register online under Employers/Training, or call OMERS Client Services. Workshops are free, but travel and accommodation costs are up to you.

e-reminders

e-Form 105 – New functionality

Employers can remit contributions one month ahead using the *e-Form 105 – Contribution Remittance Summary.* You will no longer get an error when you submit for a future month.

Always use the latest version of the e-access registration form.

If you use an older version, we will ask you to resubmit on the new version. The latest version is available online in **e-access.**

OMERS will host an employer workshop in Thunder Bay in July.

Employer support visits

One way we support employers is to meet at their places of business to help with OMERS administration. Our goal is to visit each OMERS employer at least every 18 months. If you would like to arrange a meeting at your office, please contact us.

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