TEACHERS' PENSION PLAN ONTARIO

PENSION UPDATE

JUNE 2004

Two new processes focus on improving accountability

Ensuring our members receive reliable information and accurate pension benefits is key to providing them with the best service possible.

Knowledge & Accountability promotes **Data Integrity** results in **Outstanding Service**

As part of our ongoing commitment to act in the best interest of all our members, we will introduce two new processes this year. These processes will not only help raise awareness of the importance of data accuracy, it will also provide your organization with the confidence that your employees are accruing the benefits to which they are entitled.

Certification

Our annual certification process will begin in August. This new process will achieve a broader awareness of our plan requirements and additional assurance that pension reporting is accurate.

It will help reduce the risk associated with data inaccuracy, thereby providing better service to our members.

Several key criteria

We will send your Chief Financial Officer (CFO) or equivalent a certification kit for their review. The kit will include a document outlining compliance requirements—the key plan provisions we will ask them to review fall under the following areas:

Key review areas

- ✔ Pensionable salary
- ✔ Secondments
- ✔ Credit reporting
- ✔ Re-employment
- ✔ Privacy
- ✔ Remittance

Specifically, your CFO will need to ensure the reporting practices in place at your organization meet the requirements of the plan. Once they have completed their internal review, the CFO will sign a certificate to confirm your compliance.

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What's inside

What's happening on the Web

Web-based training now available!

You can now learn about pension administration online. As a supplement to our employer workshop program, our new web-based training module provides basic information on pensionable salary and contributions.

Viewing notes

Flash

We used software called "Flash" to build the module. Most of you will be able to click on the link and view WBT without having to download Flash (free player).

Once you click on the link, you will know—the module will begin or a window will pop-up and ask if you would like to download Flash. Just click "Yes" and you're all set! If you experience any technical difficulties, please contact us.

Loading

Each time a new section of the module begins, you will see a download indicator (technically referred to as a "pre-loader").

This indicator measures the content of each of the subsections—it provides you with direct feedback on the loading status. Unless you have dial-up Internet service, the load should be fast and this indicator should only appear briefly.

Key features

Bilingual audio and video presentation – most can view without a download (see sidebar)

User controls – you can stop/start the session at any time, select different subtopics and adjust the volume

Built-in quiz – test your knowledge at any time

Additional information – Glossary provides definitions and acronym clarification; also includes lists of pensionable and non-pensionable salary

This module is ideal for staff who are new to pension reporting or for those of you who would like a refresher on these topics. You can find this learning tool under the Resource section of TIM. You can also access it directly from the main homepage.

Fall 2004 workshops

Planning is underway for our next series of workshops. If you have any topics you would like to see covered, or have computer facilities and are interested in hosting a workshop, please contact us.

Give us your feedback

Web-based training will help if you cannot attend workshops and also enable new staff to "get their feet wet" in pension reporting.

The module is approximately 11 minutes in length. We encourage you to view the entire session and provide us with your feedback—your comments will be critical to future development.

Feedback checklist

Check out the module and tell us what you think. Specifically, here's what we want to know:

- ✔ **Overall** — Is it easy or difficult to use? Do you know what to do?
- ✔ **Level of information** — Is it appropriate?
- ✔ **Information set-up** — Is it well organized or confusing?
- ✔ **Audio** — Do you use it? Do you need it?
- ✔ **Viewing pattern** — Do you watch it all at once or do you stop it and restart later?
- ✔ **Additional information** — Do you find it useful?
- ✔ **Technical difficulties** — Do you have any performance issues?

E-mail feedback to
eisinquiry@otpp.com

More on the Web

Fast Facts

TIM Usage

118	109	48
Monthly remittance information	Average # of daily visits	Average # of daily users

Most employers send remittance information online and many now use TIM on a daily basis!

Member Web

55,318	41,035
Member e-mail addresses	Members registered for *i*Access Web

The number of members gaining access to online services continues to grow.

Reconciling using the Service application

You can use the reconciliation page to view monthly remittance information and details on issues that need to be resolved.

If you reported on a payroll basis in 2001 and/or 2002, you can correct data online. However, you cannot fully reconcile your account online.

Statement of account

When you review your Reconciliation Statement, the remitted and required amounts shown may not be complete. For example, TIM does not capture any movement of special payments (i.e., LTIP) from/to your registered pension plan (RPP) account.

Since TIM did not capture all of the information required for reconciliation, we still need to send you a *Statement of Account* for your review. We will complete your reconciliation based on the final amounts appearing on the *Statement of Account*.

Over the next few months, please continue to work closely with your team to reconcile your 2001 and 2002 accounts.

Next year, we expect to fully integrate financial information from all sources into TIM. This will enable complete online reconciliation of your accounts.

Reconciliation update

	Completed
2000	100%
2001	16%
2002	6%

Thanks!

We'd like to thank the Toronto DSB and the York Region DSB for lending us their staff a few weeks ago. Craig Duncan and Jim Bliangas of TDSB, as well as Sherilyn Smith of York Region, appeared in a video segment at our company's recent Townhall meeting. The clip featured Craig, Jim and Sherilyn offering their feedback on TIM.

Looking ahead...

Watch for these additional enhancements before the end of the year:

- **Increased security**—two new features will help improve security
- **Work centre**—new resolutions and status field will help improve issue processing and tracking
- **Co-browsing and instant messaging**—enable you to work more closely with your TPP team

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Reminder—ESA quotes

When using the ESA application, don't forget to update existing quotes when you receive new information that affects an employee's pensionable salary. For example, if an employee receives a retroactive adjustment applicable to the leave period, you need to recalculate the quote to reflect the increased salary.

REFRESHER ON RE-EMPLOYMENT:

Over the past 10 years, the number of retired teachers has more than doubled—we currently have over 93,000 pensioners. As our members retire earlier, so does the likelihood that these individuals will return to do some work in education while receiving their pension.

We know re-employment is a particularly challenging area of pension administration for employers. Here's a review of the guidelines and a handy chart for your reference.

PLAN REVISED IN 2001

As of September 1, 2001, pensioners can work up to 95 days per school year, regardless of how much teaching after retirement they may have already done. This provision is for a limited time—after August 31, 2006, the limits will revert to the normal plan provisions.

COUNTING DAYS

Pensioners are responsible for keeping track of the number of days they work. All work days, including paid non-teaching days (i.e., professional development, sick days), count toward the 95-day limit. Employment prior to retirement in a school year will not count toward the 95-day limit for the same school year.

LIMIT FROM SEPT. 1, 2001 TO AUGUST 31, 2006	LIMITS AFTER AUGUST 31, 2006
Maximum 95 days of re-employment in any school year	Maximum 95 days per school year for the first three years of re-employment (the three years do not have to be consecutive) Maximum 20 days in any school year for subsequent years

Please take note of the following based on the employee's contract status:

Administrative employees—paid statutory holidays and vacation count toward their limit.

Contract employees—count all work days. If you hire someone on a 50% contract, they would accumulate one-half day for every calendar day worked.

Hourly employees—accumulate days based on your definition of a normal work day for the position (can be anywhere from 5.5 to 9 hours). If you define a normal work day as 8 hours and an employee works a total of 96 hours, they would count 12 teaching days toward their limit (96/8 =12).

VALID RESIGNATION

Employees can return to work before receiving their first pension payment. However, there must be a valid resignation before re-employment can begin.

We will only consider resignations valid if they meet all of the following criteria:

- Your Board of Trustees has approved the formal resignation and it has been accepted without conditions;
- You have paid, or have made arrangements to pay, any gratuity the member is eligible to receive;
- Employee benefits associated with the original position have ceased;
- Any implications arising from termination of employment are invoked; and
- The member has no arrangement in place to return to employment in education.

FAST FACTS

THE AVERAGE AGE OF MEMBERS AT RETIREMENT IS 56. TEN YEARS AGO, IT WAS 58.

FOUR TIMES AS MANY PENSIONS ARE SUSPENDED FOR EXCEEDING THE LIMITS COMPARED TO 1993.

REMINDER

IF YOU DEDUCT CONTRIBUTIONS UNDER THE LIMIT, YOU WILL BE REQUIRED TO ISSUE A REFUND TO YOUR EMPLOYEES FOR CONTRIBUTIONS THEY MADE WHILE RE-EMPLOYED.

Reporting guidelines at a glance

Length of return	Reporting requirements	Important notes
Less than 95 days	None If you deduct contributions in error, you will be required to refund contributions employees made while re-employed.	Employee is responsible for tracking the number of days worked.
Stop working at the end of the month in which they reach their 95th day	Begin deducting contributions on the 96th day of re-employment and continue deducting until employee stops working.	Employee required to advise you when they exceed the limit. We will give employee a refund of the contributions they made while re-employed, with interest, after we have reconciled your account.
Continue working the month after they reach their 95th day	Begin deducting contributions on the 96th day of re-employment and continue deducting until employee stops working.	Employee required to inform both you and TPP that they have exceeded the limits and to suspend their pension. We suspend employee's pension the month following the month in which they reach 95 days. They cannot work during the month in which their pension is reinstated. We will give employee a refund of the contributions they made while re-employed, with interest, after we have reconciled your account.
Plan to work one year or more and have pension recalculated	Deduct contributions from the first day of re-employment and continue deducting until employee stops working.	Employee responsible for informing you and TPP of this option—without specific instructions from the employee, report based on the above guidelines.

Look for issue in your Work Centre on TIM

We introduced a new issue that deals specifically with re-employment:

TIM Work Centre – Re-employment issue

Verify contributions after retirement

If this issue appears in your Work Centre, it means we have identified situations where you have reported service but contributions may not be required.

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NEW PROCESSES, CONT'D FROM PAGE 1

PENSIONABLE SALARY REVIEW

Our second new process will not affect everyone this year—we will select several employers to undertake an additional level of review.

The main goal of this new process is to work with you to ensure you are making the proper exclusions when calculating and reporting pensionable salary. It goes hand-in-hand with certification by confirming your processes result in accurate reporting.

We will only focus on salary reporting for the most recently completed school year (in 2004, we will be reviewing the 2003/04 school year). When dealing with your employees' data, quickly resolving issues for the current school year will help reduce the need to make future adjustments that can cause members anxiety.

INDEPENDENT CONSULTANT

We will be working with an external firm to conduct these reviews. Specifically, the review will focus on pensionable salary reporting for all positions, including employees covered by personal services contracts. This will include ensuring vacation pay, bonus payments and different types of allowances (i.e., car, meeting, living, professional development) are being properly excluded.

Once the review is complete, the consultant will provide us with a detailed report. We will review the report with you, confirm that you are compliant or identify any changes that need to be made and work with you to establish timeframes for resolution.

HIGHLIGHTS

- **Select several different employers each year**
- **Review most recently completed school year**
- **Ensure you are making proper exclusions when calculating and reporting pensionable salary**
- **Work with external firm to conduct reviews**

COMPLETE DETAILS TO COME

We will structure this review in a manner that will minimize disruption of your operations. We want to work closely with you to continue improving pension reporting accuracy. Your employees, our members, rely on us to provide them with accurate pension benefits in a timely manner. By working together to ensure accountability, we can meet their expectations.

Watch for a Pension Bulletin outlining the specific details of each of these processes. ■

RE-EMPLOYMENT, CONT'D FROM PAGE 5

SAMPLE OF REVISED MEMO, NEW FORM FOR MEMBERS INCLUDED

We recently revised our *Teaching After Retirement* memorandum for members—it includes a new chart highlighting the various re-employment situations, provides instructions for members and describes what happens to their pensions and pension contributions in each of the situations.

MEMBERS CANNOT WORK DURING THE MONTH IN WHICH THEIR PENSION IS REINSTATED.

We've also created a *Pension Reinstatement* form (0155)—members are now required to complete this form if their pension was suspended because they reached the 95-day limit (you have no completion requirements). Please note—members cannot work during the month in which their pension is reinstated.

For your reference, we've included a copy of this new information with the newsletter. The most recent version will always be available on our corporate Web site (**www.otpp.com**):

- go to **Publications > Forms**
- click on "**forms and fact sheets**"
- click on **Teaching After Retirement** (fact sheet) and **Reinstatement Form**. ■

Briefly...

Annual Statements

With pension season winding down, we're ready to focus on another important service to members—issuing their annual statement of benefits.

Issues prevent creation of statement for your employees

Please pay special attention to the following issues in your Work Centre:

- No qualifications found on file
- Service outside qualification period

It's also important to respond to any outstanding requests related to historical data.

If these issues remain unresolved, we will not be able to generate an annual statement of benefits for those employees this fall.

New this year

This fall, members registered for *i*Access, our secure member Web site, will receive an e-statement of personal benefits. This electronic version will be an interactive document and will provide members with updates on various aspects of their entitlement.

Please review your Work Centre regularly and resolve as many issues as possible over the next few months. The more issues we resolve, the more complete and accurate the annual statement information will be for your employees.

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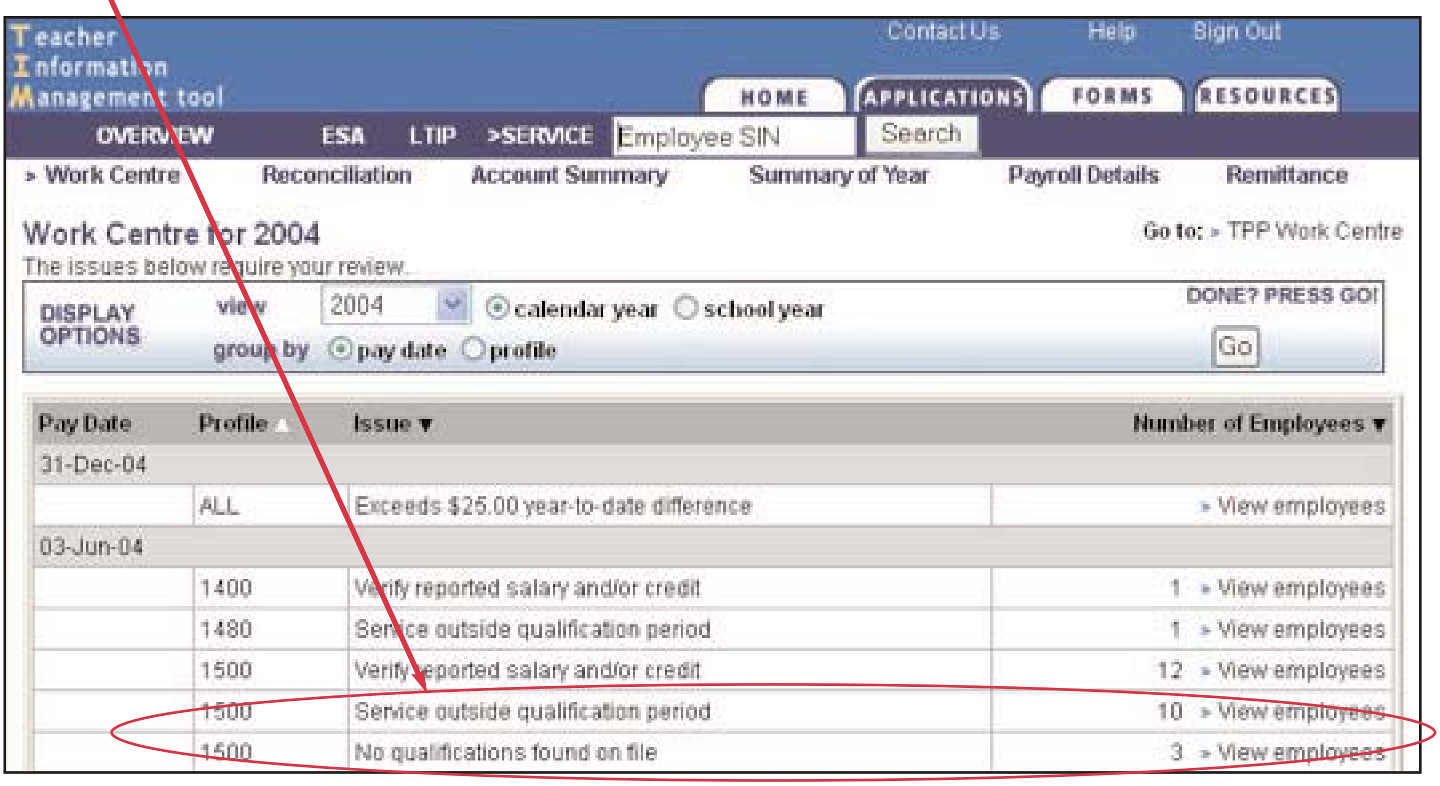
Typical Questions Asked by Employers

Q Do I deduct contributions if my employees are absent for jury duty?

A No. Even though employees may receive payment for jury duty as part of their contract agreement, it is not eligible to be reported as pensionable service.

If you grant employees a leave of absence for the purpose of jury duty, with or without pay, they may apply to us to purchase credit. Please ask them to contact our Client Services department directly.



REMINDER: SECONDMENT CHANGES COMING SOON!

As we told you in March, the new process for reporting employees who take a leave of absence to work under a secondment arrangement becomes effective September 1, 2004.

CO-OPERATIVE EFFORT

If your employees are seconded, you will now be solely responsible for all pension-reporting requirements. To ensure this new procedure works effectively, a cooperative effort will be required between you and the borrowing employer.

You will need to gather the following information from the borrowing employer:

- School-year calendars, and
- Details regarding any salary beyond what they would have earned had it not been for the secondment (copy of original document/agreement).

Please collect this information as part of establishing the agreement with the borrowing employer. Since you will now be accountable for seconded employees, you must ensure that all reported earnings are pensionable.

How to reach us

Our business hours are Monday to Friday, 8 a.m. to 5:30 p.m.

Please contact us whenever you need assistance or if you experience any technical difficulties while using our web applications.

Employer Information Services
Ontario Teachers' Pension Plan Board
5650 Yonge Street
Toronto, Ontario
M2M 4H5

Employers

Toronto area	(416) 227-7525
Toll-free	1-866-867-9147

Members

Toronto area	(416) 226-2700
Toll-free	1-800-668-0105

E-mail	eisinquiry@otpp.com	Toronto area	(416) 730-7807
Employer Website	employers1.otpp.com	Toll-free	1-800-949-8208
Corporate Website	www.otpp.com		