TEACHERS' PENSION PLAN ONTARIO

PENSION UPDATE

MARCH 2005

YORK REGION DSB: MAKING GREAT STRIDES IN 2004

The work you do directly affects our ability to provide members with service. As this year's recipient of our employer excellence award, York Region District School Board made a significant improvement in their support of our member service objectives.

What a difference a year makes! Response time to outstanding requests for information is one of the key criteria we consider when recognizing reporting excellence.

Knowing this, York Region focused on improving their response time in 2004—they went from 18 days to 7 days, a whopping 62% decrease! That means our ability to respond to their employees pension inquiries dramatically improved.

As one of our early adopters to payroll-based reporting, the quality of York Region's data has consistently improved over the years.

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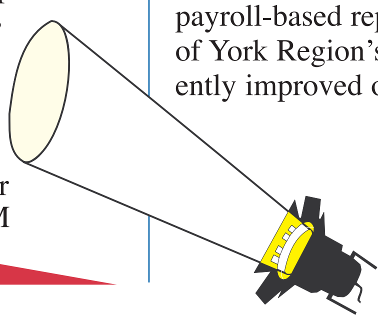
Left to right: Anita Vickery, Nicky Kalogirou-Valcic and Sherilyn Smith

REPORTING EXCELLENCE

Below are some examples of York Region's commitment to excellence:

- ✔ 7-day average response time to requests for information
- ✔ 97% of data received is reliable for use in benefit calculations—no additional validation work is required
- ✔ 96% of employees have no data issues—we can process most service requests immediately
- ✔ Regular volunteers for beta testing
- ✔ Provides feedback for improvements to TIM



WHAT'S INSIDE

SPOTLIGHT ON

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Brightened their day

"I was so happy to give our team the exciting news that we had been selected for this year's award," says Nicky Kalogirou-Valcic, Manager of Payroll Services.

Under the leadership of Nicky and Bernice Blanchard, Supervisor of Payroll Services, the staff in the payroll department at York Region do the majority of work with Teachers'. Sherilyn Smith, Payroll Representative, Pension and Anita Vickery, Payroll Representative, have day-to-day pension reporting responsibilities, a key part of the service provided to teachers in York Region.

Keys to success

Strong internal communication, a team approach and specific goal setting are keys to York's success.

"Our payroll staff meet regularly—it's really important to us. It keeps everyone in the loop and helps us become aware of issues," says Nicky. "We interact a lot and this constant communication helps us prevent small issues from becoming bigger problems."

Key to success

"By meeting regularly and planning for various deadlines, we do our best to assess what work is most critical for a specific time period."

Nicky Kalogirou-Valcic, Manager, Payroll Services

Fast facts...

- ✔ 7,400 members are employed at 196 schools serving more than 100,000 students
- ✔ board office located in Aurora, it's the fourth largest school board in Ontario

Online tools enable flexibility

Like previous recipients of the award, York Region strongly feels online reporting tools have had a huge impact in their ability to meet their pension reporting responsibilities. The Teacher Information Management (TIM) system has enabled them to be more flexible when dealing with pension data. "We don't have to wait for paper reports—we can work at our own pace," says Sherilyn.

"We noticed a drastic improvement when reconciling 2001 and 2002 last year. All of our 2002 data was available in TIM and only a portion of 2001—it took much less time to close our 2002 account." In addition, Sherilyn feels that we answer most of their concerns when it comes to TIM—every release has enhanced functionality.

Historical continues to challenge

Although we've made great strides in reconciling historical data, investigating old issues and employee records continues to be a challenge for payroll staff at York Region. "When employees come to us with questions about old service, it can consume a significant amount of time and effort researching through old records," says Sherilyn.

"Balancing priorities is a constant challenge," adds Nicky. "By meeting regularly and planning for various deadlines, we do our best to assess what work is most critical for a specific time period."

Great relationship with team

Sherilyn was quick to point out that getting through the work would be a lot more difficult if they didn't have such a strong relationship with their team. "Everyone at Teachers' is friendly, supportive and nice to work with and I always know who to call."

Final words of advice

What can others learn from York Region? Nicky emphasizes communication, planning and staying on top of issues. "Although there will always be surprises, to me the key critical success factor is anticipating and planning. We try to keep our team informed, focused and work together!"

Congratulations York Region on a job well done! ■

Previous selections...

Rainbow DSB (Sudbury)

Hastings and Prince Edward DSB (Belleville)

Algoma DSB (Sault Ste. Marie)

Thames Valley DSB (London)

2005 Reconciliation: 2003 and Outstanding historical issues

The reconciliation process is critical to ensuring the accuracy of data and confirming the member contributions you sent us during the calendar year.

After successfully reconciling all 2001 and 2002 accounts last year, it's time to focus on 2003. Picking up on last year's momentum, several employers are anxious to reconcile 2003 as quickly as possible—66 have already closed their accounts and many others have started working on them.

Specifically, our goal is to reconcile the following:

- all employment records for contributions in 2003,
- LTIP in the 2003/04 school year, and
- ongoing contributions through you for pregnancy/parental leaves in the 2003/04 school year.

While most employers have already completed their historical issue resolution, we will lend our support to the remaining organizations to put the past behind us.

Working with you

We want to work closely with you over the next few months to complete all phases of the reconciliation process—to establish reasonable milestones for completing specific tasks, i.e., ESA, LTIP, historical, etc.. With your T4 season now complete, and pension season around the corner, April and May may be great months to concentrate on reconciliation.

To help you reconcile, we will support you in any way we can. We have already scheduled visits with some employers, especially those who have outstanding historical discrepancies. On-site visits have proven to be an effective approach to resolving these specific discrepancies.

By wrapping up these initiatives before the next school year begins, we will be in a better position to deal with the implications of labour negotiations and contract settlements.

Completion targets

June 30—2003 accounts, including LTIP & ESA

August 31—All outstanding historical discrepancies

TIPS...

✔ If you have been regularly using the Teacher Information Management (TIM) system, you should see fewer questions on your 2003 data.

Using your Work Centre, you can review employee records, identify those that have messages and resolve issues online. By doing this, it will help reduce the overall number of discrepancies appearing on the various reports we send you at the beginning of each year.

✔ When working on your discrepancy report, send us periodic updates.

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Getting rid of history

The Historical Data Quality (HDQ) project began in 1999 and focused on issues relating to member data prior to the 1998 school year. From 1999 to 2003, we solved the majority of these discrepancies, cleaning over 98% of active members' records.

In 2003, we sent you the discrepancies that remained outstanding—there are currently 1,400 left to complete. In a few weeks, we will enhance our weekly Priority List to keep you informed of the total number of outstanding requests for these discrepancies—this number will decrease as they get resolved.

Just imagine—once completed, you may no longer need to reference historical payroll and human resources records for pension purposes!

Contribution Discrepancies: Review

There are two events which create contribution discrepancies—changing reconciled service and working for more than one organization.

We may identify errors while conducting internal tests on data, or a member may contact us to question some aspect of their service when we send personal statement of benefits each year.

Employer contribution discrepancies (ECDs) occur when we receive information and need to adjust an employee's pensionable salary or CPP status for a previously reconciled year.

Two-step formula

Member contribution discrepancies (MCDs) may occur when an employee works for more than one employer in the same calendar year—contributions are not deducted based on the employee's total earnings.

As you know, employees contribute to both CPP and the Teachers' plan on earnings below the Year's Maximum Pensionable Earnings (YMPE). While employees are contributing to CPP, their contribution rate for the Teachers' plan is lower (7.3%). Once their earnings exceed the YMPE, they stop contributing to CPP and their contributions to our plan increase (8.9%).

Each employer follows the same (correct) reporting practice but cannot anticipate or avoid a possible contribution discrepancy—we can only determine MCDs once we have posted all of the employee's service.

Here's a review of the reporting processes for these two types of discrepancies.

2004 ECDs by the numbers

$685,299	Total invoice amount sent to employers (475 invoices)
$675,812	Total amount refunded to employers (1,068 cheques)
$31,763	Total amount outstanding (as of March 8/05)

ECDs

Billing process

Every other month, you may receive one or both of the following:

- **Invoice**—for underpayments and outstanding balances
- **Statement and cheque**—for overpayments

The invoices and statements list all employees with existing discrepancies and identify each of the outstanding balances. We will send you two copies of each invoice:

- Include one copy when sending us any outstanding amounts (by fax or mail).
- File the other copy for reference.

Payment process

Payment is due the end of the month following the month the invoice is sent (i.e., payment for March invoice is due April 30—approximately 45 days).

For all payments made in arrears, standard interest plus 4% annum is charged from the original due date.

You can pay in one of the following two ways:

- include your payment with your regular monthly contribution remittance, or
- send us a cheque (post-dated to the due date) to clear the balance on the invoice.

Remaining 2005 ECD Runs

May, July, September & November

OF PROCESSES FOR ECDS AND MCDS

Use TIM to send information

We encourage everyone to remit online through the Teacher Information Management (TIM) system:

- **With regular monthly remittance (Best practice)**—go to your monthly remittance form, select "Add Other" and identify the employee and their SIN, invoice number and payment amount (select "Add More" if you require additional lines).
- **Separate payment**—go to your monthly remittance form, select "Additional contribution remittance" and identify the employee and their SIN, invoice number and payment amount (select "Add More" if you require additional lines).

If you still send us the *Contribution Remittance (0021)* form by fax each month, complete the "Other payments" section when sending us your ECD payments.

Watch for...

One of this year's TIM enhancements will enable you to manage ECDs online.

ECD Reminders

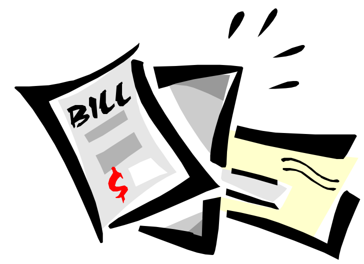
- ✔ There may be times when you choose not to pay the entire amount owed. In these situations, indicate the amount you have remitted for each employee listed on the invoice.
- ✔ If you normally match contributions, the required amount listed on the invoice includes both the employees' and your matching portion.
- ✔ Your required payment is the "Total Outstanding" amount listed at the bottom of your invoice (if you have more than one invoice page, it's the amount on the last page).
- ✔ If your account has been cleared and no recent transactions have created new contribution discrepancies, you won't receive anything.

MCDs

Billing process

When we reconcile all of an employee's service in a specific calendar year, we may identify an under or over contribution to the plan—this is an MCD.

There is no set schedule for generating MCDs—we produce them at various times throughout the year (our next run occurs this month).



We bill members directly—our Client Services department creates a letter and sends it along with an invoice (contribution shortfalls) or refund cheque (over contributions).

Payment process

For those receiving invoices, they have 60 days from the date of notification to pay the total amount owing without incurring interest charges.

Tip

If you know any employees who have worked for another employer in the same calendar year, you may wish to inform them that a potential shortfall in contributions can occur. If they have any questions about their MCD or refund, please ask them to contact our Client Services department directly. ■

BRIEFLY

SURVEY SAYS...

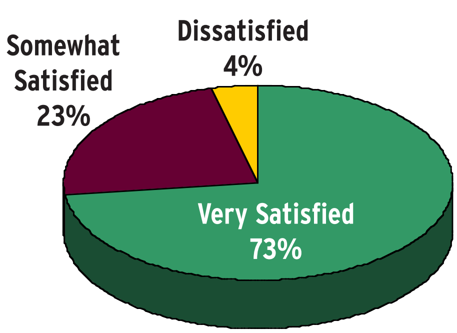
Thanks to everyone who completed our annual survey late last year.

Here's what you had to say:

QUESTION 1

How satisfied are you with your current working relationship with the Teachers' Pension Plan?

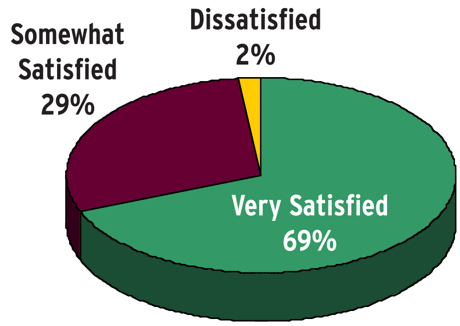
96% ARE SATISFIED WITH THEIR CURRENT WORKING RELATIONSHIP WITH US



In 2005, we plan to conduct more employer visits than we have in previous years. This will help us better understand the challenges you face and help find solutions to improve efficiency and data quality.

QUESTION 2

How satisfied are you with our service levels and information provided when you contact us?

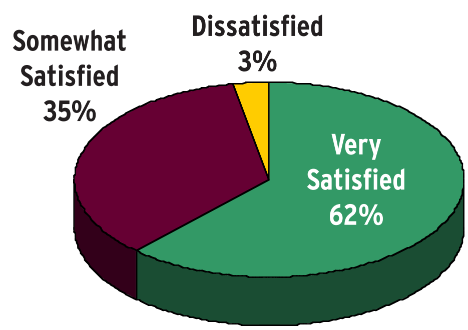


98% ARE SATISFIED WITH OUR SERVICE LEVELS & INFORMATION

QUESTION 3

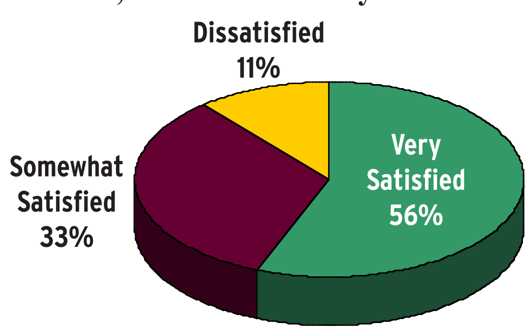
When we contact you for information, how satisfied are you with the nature and clarity of our request?

97% ARE SATISFIED WITH NATURE & CLARITY OF OUR REQUESTS FOR INFORMATION



QUESTION 4

Overall, how satisfied are you with existing reporting processes?



89% ARE SATISFIED WITH EXISTING REPORTING PROCESSES

This identifies our greatest opportunity for improvement. We will continue to focus on the development of online reporting tools and investigating the source of pension reporting difficulty to better meet your expectations.

BRIEFLY...

TIM UPDATES: LATEST RELEASE, 2005 ENHANCEMENTS

We continue to develop tools that provide you with more efficient ways to submit and maintain teacher pension information online.

Last month, we made our first series of enhancements for 2005—below is a summary of some of these new features:

LOOKING AHEAD

While these changes reflect many of your suggestions and concerns, we will continue to incorporate your comments and make additional improvements to TIM throughout the year. Here's what we have planned to date:

- ✔ Online management of employer contribution discrepancies (ECDs) and leave of absence verifications
- ✔ View all financial transaction information
- ✔ Report deleted service
- ✔ ESA updates/upgrades
- ✔ Resolution improvements
- ✔ Reconciliation archive

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WHERE?	WHAT?
Global Navigation and Homepage	**Employee Search**—enables you to search for an employee record from any page **Forms**—moved under "Resources"
Employee Records (New section)	**At a Glance**—provides overview of an employee's service and issues with direct links to event notification, ESA, LTIP **Notify us of an event**—enables you to notify us of an absence (replaces eForm functionality). Use the picklist to select the reason for an employee's absence and provide the required details.
LTIP and ESA	**Create an Excel File**—allows you to copy LTIP pensionable earnings and ESA pension adjustments (PA) directly into a spreadsheet

STAFF CHANGES? LET US KNOW

Please advise us when staff with TIM access change positions or leave. We will close their account to ensure protection of your employees' privacy.

In addition, we can register any new staff so they can begin using TIM immediately.

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USING THE CORRECT FAX NUMBER?

When we send you a fax, it may not be from our central fax location. When a response is required, some employers use the number printed at the top or bottom of the page (programmed through originating fax machine).

To ensure we receive your fax and file it appropriately, please use the following numbers:

EIS FAX NUMBERS

(416) 730-7807

1-800-949-8208

(TOLL FREE)

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2004 INVESTMENT RESULTS: FUNDING SHORTFALL SITS AT $19 BILLION

Despite another year of strong investment performance, the result likely to get the most attention with the release of our *2004 Annual Report* is the funding shortfall of $19 billion.

STAY TUNED

The plan sponsors (Ontario Teachers' Federation and Ontario government) will determine what changes are necessary to bring the plan back into balance. We will inform you as soon as plan changes are announced.

14.7%	RATE OF RETURN (VS. A BENCHMARK OF 10.6%)
$84.3B	NET ASSETS
$10.8B	INCOME FROM INVESTMENTS

WANT MORE INFORMATION?
GO TO OUR CORPORATE WEBSITE:
www.otpp.com

COPIES AVAILABLE

If you would like a copy of our full *2004 Annual Report*, please e-mail **linda_keon@otpp.com**.

You can also visit our corporate website for an online version of the annual report and the following related items:

- *Report to Members*,
- *Funding Report*, and
- media release.

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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.

Address:

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Ontario Teachers' Pension Plan Board
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Toronto, Ontario
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Phone:

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Toll-free	1-866-867-9147
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Toronto area	(416) 226-2700
Toll-free	1-800-668-0105

Internet:

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Corporate Website	www.otpp.com

Fax:

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Toll-free	1-800-949-8208