TEACHERS' PENSION PLAN
ONTARIO

PENSION UPDATE

SEPTEMBER 2005

MEETING THE NEEDS OF OUR DIVERSE EMPLOYER GROUP

We have a diverse group of employers—membership size, reporting process, payroll providers, matching vs. non-matching are all factors that separate one from the other. While we strive to meet the needs of each unique group, we know there is always room for improvement.

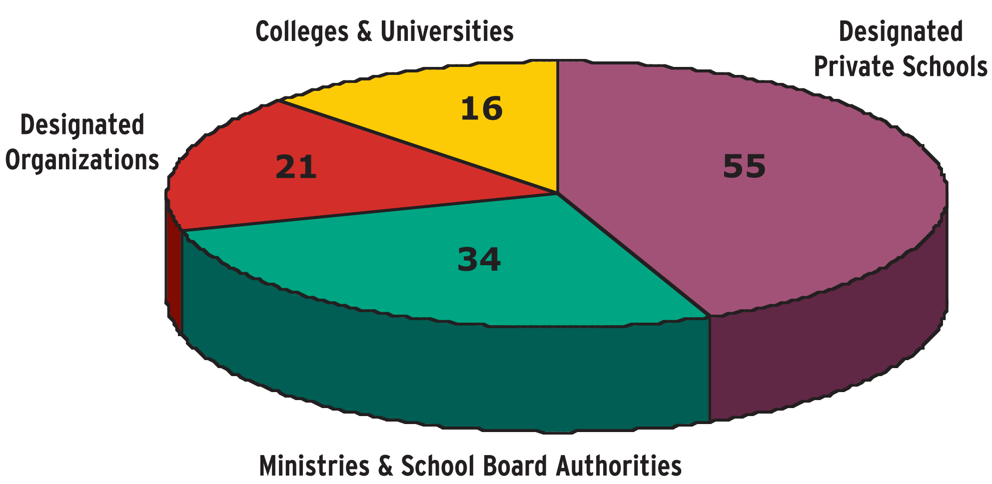
This summer, Mila Babic, Director of Employer Information Services, had the opportunity to attend the Council of Independent Schools Business Manager's meeting.

"This group has unique interests," says Mila. "Not only do they have distinct employment practices, but their employees are governed by provisions in our Plan that apply only to them. Even within this small group, there are different sets of rules that apply, mostly concerning plan eligibility. This presents communication and policy challenges for us. While we are always looking for ways to address their requirements, we are not always successful."

BY THE NUMBERS...

98%	MEMBERS WORKING AT 72 DISTRICT SCHOOL BOARDS
2%	MEMBERS WORKING AT "SMALL" EMPLOYERS

SMALL EMPLOYER BREAKDOWN



"For example, some of the designated private school representatives expressed concerns regarding the definition of what the plan defines as 'primarily' teaching. To address this specific concern, we will review the definition and ensure we explain it more clearly in our handbook and future communications."

REPRESENTATION

One item brought up at the meeting was representation—some designated private schools feel they don't have a unified, elected body to represent their specific interests concerning policy matters and plan amendments.

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WHAT'S INSIDE

Measuring trends: Improving response rates

By reviewing charts and statistics displayed in TIM each month, you can help measure the quality of your data and impact on pension service to members. In each of the next four issues of Pension Update, we will feature one of the measurements—our first review is Response Rate.

Last fall, we launched our redesigned homepage for the Teacher Information Management (TIM) system. One of the new features was Trends & Measures, a way for you to monitor your pension reporting results and compare your board's performance with your peer group.

When dealing with member inquiries, our goal is to respond to requests as soon as we receive them. If we cannot use our internal resources to respond, we have to ask you for information. When we do, your response time to our faxed requests for information (*Employer Inquiry Form*) has a direct impact on our ability to provide your employees with service.

Breaking down the chart

The Response Rate chart is based on your average response time to these faxed requests for information.

Each bar in the chart (yellow) represents your average turnaround time for each month—if you hover over a bar, you can see the total number of requests we sent you for that month.

The blue line plots the overall average response time for employers in your peer group (i.e., similar number of members).

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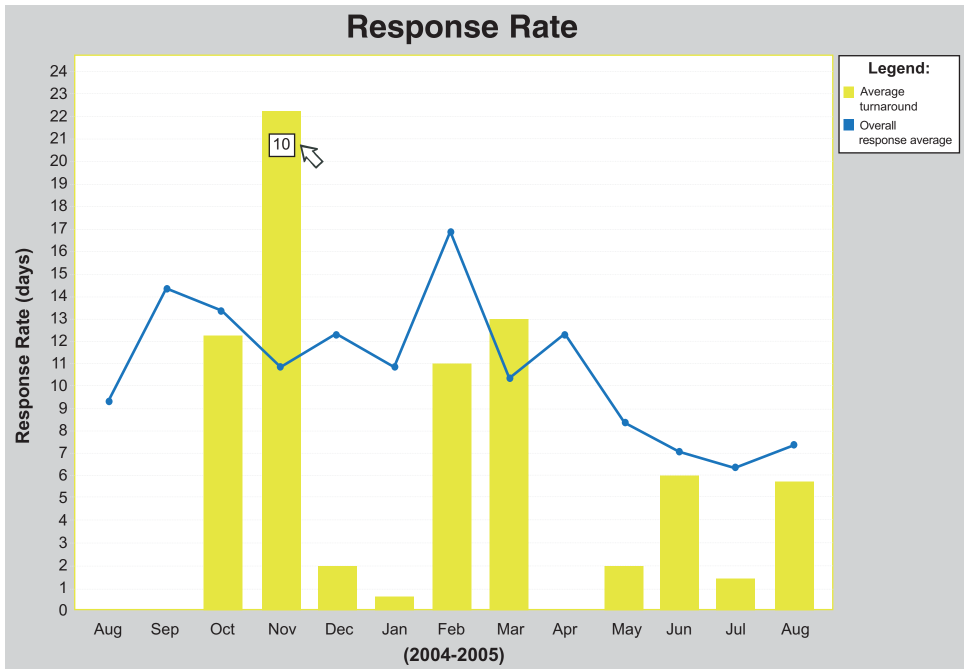


Goal—Respond to member service requests as soon as they are received

REDUCE YOUR OUTSTANDING REQUESTS

Knowing how to reduce or eliminate the need for us to send requests for information is as important as your quick response. One of the most efficient ways to accomplish this is through regular use of TIM.

- ✔ **Work Centre**—establish a regular cycle to review and resolve issues online.
- ✔ **Event reporting**—send us events proactively (i.e., leave of absence, LTIP, etc.).
- ✔ **Monthly remittances**—review your monthly remittances to identify contribution differences. If employees are missing service, you can make the necessary adjustments or corrections before it becomes a request for information.

MEMBER INQUIRY REQUESTS DECREASING

Year	Total Inquiries	Decrease
2002	5,996	n/a
2003	5,187	-13%
2004	4,108	-20%
2005 (Q1 and Q2)	1,880	-33%*

** Compared to Q1 and Q2 in 2004*

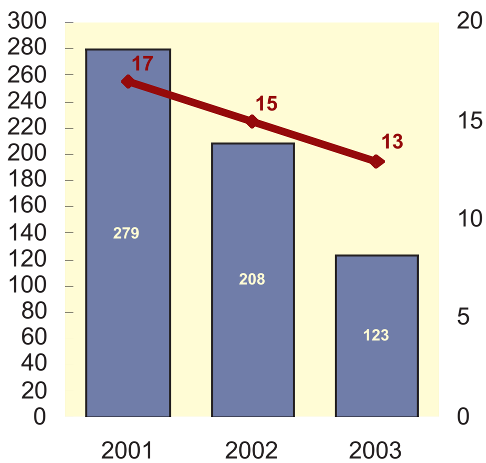
Thanks to payroll-based reporting, your work in TIM and reconciliation efforts, we continue to see dramatic drops in the number of times we have to send requests for information when a member contacts us.

REVIEW REGULARLY

Your employees need current and accurate information to help them make critical decisions about their benefit options. Check the Response Rate chart regularly to watch your progress over time.

OVERALL RESULTS IMPROVING

TIM shows your response rate and compares it with your peer group—here's a look at the overall results including all employers over the past few years (red line shows average response in days).



REMINDERS

CERTIFICATES OF COMPLIANCE PAST DUE

The 2005 certification process began a little earlier than last year—we issued the package in June and asked employers to complete it by August 31.

Pension reporting compliance is critical to ensure our members receive accurate pension benefits. Thanks to those who have returned their completed certificates—to date, we have received 114 (representing 81% of membership). Of the certificates returned, 95% are compliant, meaning no issues have been identified.

SIGNING OFF

We addressed the packages to a senior financial officer at your organization. Remember, if they delegate you or someone else to fill in the certification document, we still require his or her signature on the certificate before it is returned.

LTIP

SEPTEMBER REMITTANCE

Each year, we update the list of employees receiving long-term income protection (LTIP) benefits. This generally occurs in late October, as soon as we receive confirmation of the inflation adjustment for the year.

As a result, we expect you will be able to make LTIP employee remittances for the 2005/06 school year beginning in October.

DOUBLE PAYMENT IN ONE MONTH

If you receive a cheque for the 2005/06 LTIP school year in September, please include it with your October remittance—we will accept two payments in one month and apply it to the correct period.

NEW GRID RATES

This past June, many employers settled new contracts for the 2004/05 school year. If you had employees receiving LTIP benefits as of September 1, 2004 or later, you would have submitted pre-LTIP salary information based on the grid rates in effect at the time.

To ensure we have the correct pre-LTIP salaries for employees who began receiving LTIP benefits on or after September 1, 2004, please send us their revised pre-LTIP salary information based on the new grid rates.

Since e-mail is not a secure method of communication, please create a spreadsheet that includes the employees' SIN and their new rate—use the link on the homepage to send as an attachment through TIM.

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STRIVING TO MEET THE NEEDS OF OUR DIVERSE GROUP OF EMPLOYERS

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SPECIAL CONSIDERATIONS FOR SMALL EMPLOYERS

- **Match contributions—important to plan for potential employee purchases; set money aside to match member payments for approved leaves or breaks**
- **Membership eligibility—different rules depending on organization type**
- **Allowances/incentives—unique roles and compensation arrangements require confirmation or clarification of pension eligibility before salary is reported**

While the majority of school boards employ hundreds or thousands of teachers, all designated private schools and designated organizations, colleges and universities, ministries and district school authorities fall into the "smaller" employer category—of these types of employers, the largest, a private school, currently has 116 contributing members.

Remittance and reconciliation are sometimes a challenge for these organizations as the person responsible for this function may not do this as part of a full-time position. For example, they may perform this role from a remote location or on a contract basis.

Primarily though, contribution matching sets most smaller employers apart from their colleagues—whereas the Government of Ontario matches employee contributions for school boards, ministries and district school authorities, designated private schools, designated organizations, colleges and universities are responsible for the matching portion. This means that plan amendments (e.g., membership eligibility, change to contribution rate) can affect not only administrative practices, but also financial planning and liabilities.

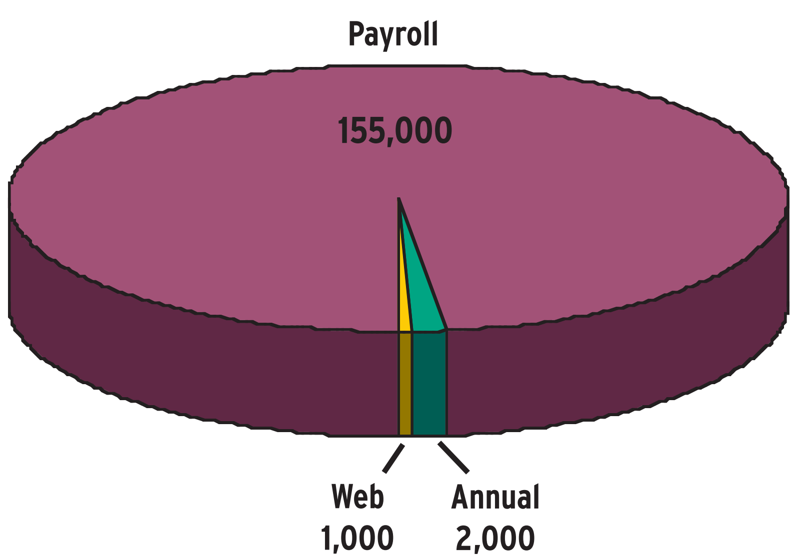
Leaves of absence and breaks in service are especially challenging—as a matching employer, this group is responsible for matching the amount purchased, including any accumulated interest, even if the purchase occurs years later. Therefore, while it is difficult to estimate potential liability for breaks in service, it is important that these employers track their future financial obligation for any leave of absences they approve.

As you can see in the chart on the front page, we have a very small number of colleges and universities (16). The number of participating

FAST FACTS...

PAYROLL REPORTING	USED BY ALL DISTRICT SCHOOL BOARDS
WEB REPORTING	USED BY 32% OF SMALL EMPLOYERS

MEMBERSHIP SUMMARY BY REPORTING METHODS



plan members has continued to decline since eligibility requirements changed in the early 1990s (generally, employees hired after January 1, 1990 aren't eligible to contribute—specific guidelines determined who could remain active members of the plan from that date on).

While the active member population may be minimal, we have different communication challenges with these organizations.

In addition to narrowly-defined eligibility requirements, working sabbaticals are more common at faculties of education than other educational institutions. Even though universities may not be enrolling new plan members, they continue to have pension reporting responsibilities for teachers employed at a faculty of education while on leave from a school board.

Various challenges

Considering these differences and more, it is often challenging to fully meet the specific needs of all unique employer groups. We will look for opportunities to improve pension reporting processes and guidance we provide.

For example, we are currently developing an implementation package of instructions for WBR employers.

With future enhancements to TIM, we ultimately want to customize functionality and display/suppress information specific to each type of organization and reporting process. In the meantime, we will focus on providing these groups with more information. ■

Small employers moving to the Web

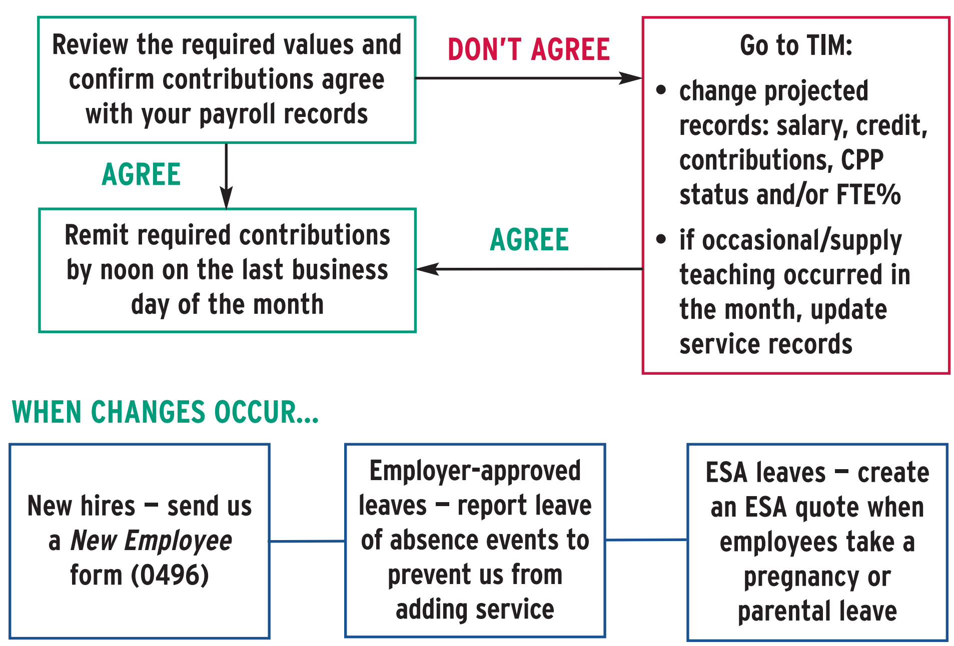
A few weeks ago, the Conseil scolaire catholique de district Grandes Rivières became our last district school board (750 members) to implement PBR.

So after years of focusing on moving school boards to PBR, we are now focused on an online reporting alternative for our smaller employers (less than 150 members).

Many small employers currently report annually – as a result, their employees do not receive up-to-date benefit information. Introduced last fall, WBR employers do not have to change their payroll system to review their employees' service records and manage their account information online – they just have to use TIM on a regular basis. Of the 40 employers currently using WBR, 25 of them are either a DPS or DO.

Our list of WBR employers is continuing to grow – our goal is to have all employers reporting either on a payroll basis or monthly basis through TIM. If you still report annually, please contact us to switch to WBR.

Web Reporting Tips...



TIM Update: Review and preview

Manage your accounts online

In early July, we introduced more options for managing your account information on the Teacher Information Management (TIM) system. Here's a recap:

Employer Contribution Discrepancies (ECDs)

Immediately identify your total amount due and any overdue invoices that are accruing interest. Select the link on the main homepage to view a summary of your outstanding payments.

The interest calculator also enables you to enter different payment dates to determine the interest amount owing on overdue payments for individual employees.

Account transfers

Beginning with the 2004 calendar year, view a summary of transfers from one account (i.e., RPP, LTIP, ESA) to another in unreconciled years.

Looking ahead...

We have a few more releases scheduled before the end of the year. Here's a preview of some of the more significant changes to come over the next few months.

ESA Fast Facts...

2,455 Members had quotes generated for them in 2004

63 Employers use ESA regularly

ESA (Pregnancy/parental leaves)

Before TIM, there was the ESA application—it was your first online reporting option through a secured website.

Introduced in early 2001, this application provided you with a more efficient way to track your employees' pregnancy and parental leaves under the *Employment Standards Act* (ESA). In addition to eliminating the need for you to send us spreadsheets and complete paper reports, it also enabled you to calculate the cost for employees to purchase credited service.

While it has been a helpful reporting tool, the current ESA application has its limitations.

- **Quotes**—manual process, you need to populate almost all fields.
- **Payments/Reconciliation**—remittance is not tightly linked to our account tracking in TIM. Therefore, when payments are late, we don't have a method to inform/remind you that money is owing. We also need to move money at reconciliation to properly reflect ESA required contributions.
- **Employee records**—ESA service and contributions aren't reflected in employee records that exist in other areas of TIM.

Our primary goal for the fall release is to reduce complexity and increase efficiency by addressing some of the current limitations and expanding functionality.

Reminder: Post-dated cheques and ESA

To help balance your monthly remittance, enter the ESA payment amount in the month in which you are remitting. Please do not enter amounts from post-dated cheques in TIM.

Resolutions

Another feature that has been around since 2001 is the ability to resolve issues online. Over the past few years, this application evolved into the Work Centre, your central location for managing your pension reporting workload.

While we have made some minor changes to online issue resolution over the past few years, we plan to

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make significant improvements this fall, including:

- ability to make service changes within resolutions,
- simplify resolution selection,
- expand what you'll be able to report, and
- display employee contract information and the ability to edit where necessary.

Reconciliation

To help minimize your work around annual reconciliation, we will be introducing new tools to help you better manage your account throughout the year.

By improving the flow of information and making account management more intuitive, the annual reconciliation process will become more streamlined.

Resources

We know there are opportunities for sending you more timely and relevant communications through TIM and for helping you more easily access current information.

Over the next few months, we will be improving the method in which you can search for/find information currently residing online. ■

Briefly

Pension stats

Once again this year, over 99% of members who retired in June received their first pension payment in July. With your assistance, 3,449 new pensions went into pay in July.

Thanks for your assistance during this very busy time of year!

Fast Facts...

101,100
Total pensioners

$300,000,000
Monthly pension payroll

$40,100
Average starting pension for a teacher retiring under the 85 factor

■

Reconciliation update: Closing in on targets

We're getting closer to completing this year's reconciliation initiatives:

	Completed
2003	93%
Outstanding historical discrepancies	75%

■

Typical questions asked by employers

Q Can an employee specify which portion of a leave they want to purchase?

A No. When employees take a pregnancy or parental leave under the *Employment Standards Act* (ESA), they are eligible to purchase credited service for the entire leave period. If they only wish to purchase a portion of the credited service, they can only choose the earliest piece of the leave.

Example

- Janice began her pregnancy leave in April 2004 and returned to work in March 2005
- She wants to purchase three months of credited service
- Janice is only eligible to purchase the period from April 2004 to June 2004

In the example above, Janice cannot waive the period from April 2004 to December 2004 and purchase the last three months of credited service (January 2005 to March 2005).

REMINDERS, CONTINUED

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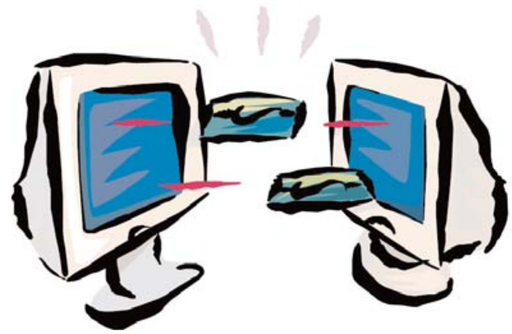
DISCARD OUTDATED FORMS

With the development of online reporting over the past few years, the need to complete paper forms has dramatically decreased. All of the remaining paper forms that you or your employees may have completed in the past, are now available online (i.e., change of information, pension application).

Unfortunately, we continue to receive outdated forms from our members. To ensure members provide us with complete and accurate information, we need your help.

If you have any outdated forms on hand, please discard them. If your employees request copies of specific forms, please ask them to visit *i*Access, our secure member website (if they haven't already registered, they should contact Client Services directly).



SEND INFORMATION ELECTRONICALLY

We continue to enhance our member and employer websites to provide everything you need online. Please send us information electronically wherever possible. ■

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
Employer Website	employers1.otpp.com
Corporate Website	www.otpp.com

Toronto area	(416) 730-7807
Toll-free	1-800-949-8208