TEACHERS' PENSION PLAN ONTARIO

PENSION UPDATE

JULY 2006

CONTRIBUTIONS INCREASING IN 2007

Effective January 1, 2007, both member and employer contributions will be increasing.

After much speculation, the Ontario Teachers' Federation (OTF) and the Ontario government announced the changes in late June, to be phased-in over a three-year period.

NEWSLETTERS INCLUDED

For your reference, we have included copies of the newsletters we sent to our members, both active (*Pensionwise*) and retired (*Pension News*), to announce the increase.

Both of these newsletters are also available on our corporate website (www.otpp.com).

QUESTIONS AND ANSWERS

Q. I'm working on some ESA quotes that span into 2007. Does TIM reflect the new rates?

A. Not yet. ESA is our top priority – we plan to complete updating the tables used for calculating quotes in TIM by August 31. We will inform you when we have finished.

In the meantime, if you create quotes that span into 2007, inform your employees that you will need to recalculate the quote, and the cost will be slightly higher to reflect the increased contribution rate.

Q. As a designated organization, will I have to contribute more next year?

A. All designated private schools and designated organizations will have to pay an additional 3.1% over the next three years, as they are responsible for the matching portion of contributions (the Ontario government matches contributions for school boards).

The chart shows what your matching portion will be in each of the next three years.

CONTRIBUTION INCREASE SUMMARY

Year	Teachers		Gov't/Designated Employers	
	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE
2006	7.3%	8.9%	7.3%	8.9%
2007	9.3%	10.9%	9.3%	10.9%
2008*	9.6%	11.2%	10.4%	12.0%
2009	10.4%	12.0%	10.4%	12.0%

** In 2008, employer matching rates will increase by 1.1%, compared to 0.3% for teachers. The OTF is subsidizing teacher contributions in 2008 with a credit reserve from the 1998-2001 pension negotiations.*

WHAT'S INSIDE

GETTING TO KNOW...

MORE ABOUT YOUR TEAM

You may see their faces on TIM, or talk to them on the phone, but how well do you really know the people on your EIS team?

In the next four issues, we'll tell you a little bit more about each of the four regional EIS teams that work with you.

GERI JANSEN

Born and raised – Holland (the country), grew up in Meaford (Ont.)

Which one word best describes your personality? – Respectful

Years at TPP – more than 19, all working with employers; deals with most historical issues, and actually enjoys LTIP!

“I remember when EIS used to be called ‘Board Control’ – things have changed a lot.”

ALLISON KILPATRICK

Born and raised – Windsor

Which one word best describes your personality? – Spontaneous

Years at TPP – three, all with Rita

RITA'S TEAM AT A GLANCE

- More than 60 years of combined experience amongst 5 members
- Work with 52 employers, representing 45,000 members
- Greatest challenges – getting to know all employer payroll systems and processes, and developing relationships to build a comfort level with everyone

Left to right: Geri, Allison, Rita, Marija and Carrie

“It's great being an account manager and working independently with employers. Not being a morning person, it's not so great trying to get to work for 9 every day!”

RITA PANICI

Born and raised – North York

Which one word best describes your personality? – Sociable

Years at TPP – 13; started with project work, joined EIS in 2001, Team Leader for last three years

“The secret to our success is Timbits – we always have a snack pack handy, courtesy of Tim Horton's and all the business we give them each day.”

MARIJA SUNARA

Born and raised – Toronto

Which one word best describes your personality? – Friendly

Years at TPP – 11, the past five with EIS; key player in developing current internal data testing systems

“I especially enjoy helping employers solve problems…and baking. I make a mean carrot cake!”

CARRIE CROMPTON

Born and raised – East York

Which one word best describes your personality? – Outgoing

Years at TPP – almost 17, all working with employers; considers LTIP a specialty

“The challenges here are nothing compared to dealing with my three-year old twin daughters. I can actually enjoy a hot meal and finish a coffee without reheating it!”

Instant Messaging: Try it, you'll like it

Two years ago, we introduced you to a whole new world of communicating with us.

Instant Messaging, or IM as it's more commonly called, provides instant, anytime access to your regional team. It enables you to talk virtually through the exchange of text-based information in real time, through TIM.

Key benefits of this technology are presence awareness and secure communication. When you have a question and want an immediate response, you know that the selected member of our team is available when a green square appears beside their name.

Simply type in your question and send your message – your team member will respond instantly.

What you had to say

"I like to use IM because it is quick and convenient. Unlike the telephone or e-mail, with IM you know that the person you are contacting is immediately accessible. This allows for quicker responses to my questions/concerns. I prefer IM over the other options."

Lorie Pidgen, Sr. Payroll Clerk, DSB of Niagara

Reminders

- **Green square means person is available, gold triangle means they are unavailable.**
- **Keep your questions and messages brief.**
- **Use for quick and informal inquiries.**
- **To avoid sending unfinished messages, don't hit enter/return when typing.**

Try it today

Employers who use IM regularly have grown to value it.

Like Lorie, they have found it a great way to communicate quickly and effectively with their team members.

Improved since launch

We have overcome several technical problems with the product over the past two years. So if you haven't tried IM recently, we encourage you to do so.

To help deal with any technical challenges or specific questions you may have about IM, we will be assigning dedicated staff in EIS to help you. If you encounter any problems while using IM, please call our hotline or one of your team members so we can investigate immediately. ■

Back to business

Thanks again for your patience during the recent work stoppage.

We are continuing to build toward normal service levels. With prime vacation season upon us, we will do our best to provide you with the service you have come to expect. We should be back to full business operations by fall.

What's in, what's out

Regrettably, we needed to revise a number of our goals for this year.

Workshops

Unfortunately, we had to cancel six workshops in May. Later this fall, we will offer a complete workshop schedule. We are in the planning stages – stay tuned for dates and locations.

Employer visits

Member(s) of your team will also be hitting the road to meet with you. This is a great opportunity to meet some of your team and help them better understand your payroll system and processes. You can also review procedures or processes that you find especially challenging.

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Annual calendar collection:

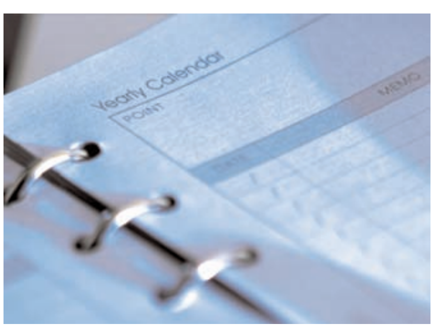
It's that time of year – our final push is on for collecting calendars for the 2006/07 school year. Capturing your specific data properties enables us to provide your employees with current and reliable information.

Your school-year calendars provide critical information about members' service credit accrual.

Specifically, they identify the number of work days in a school year for different groups of employees. The number of work days, and expectations on what constitutes a full work day, are two key variables in determining credit for pension purposes.

By using the calendars in conjunction with the service credit you report, we determine the exact percentage of year members worked when we calculate their benefits. A small change in credit can have a significant effect on the employee's annualized salary for that school year.

In addition to accurate service reporting, our ability to provide useful and reliable tools on our websites, for both you and your employees, relies heavily on having current calendar information on our files.



Meet this year's calendar collecting team (left to right): Lorena Ludena, Janet Robinson, Tricia Kole, Allison Kilpatrick and Jeff Billard

The collection process

Each year, we assign a small group of EIS team members to coordinate the collection of all calendars.

We have three primary sources for gathering calendar information each year: the Ministry of Education, directly from you, or from the school board website.

We collect the Ministry-approved calendars directly from their website each spring and then add the pay schedule information to our database, assuming that the same pay properties continue. If any of the properties for these groups changes, please let us know.

While we receive a lot of the information from the Ministry,

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- ✔ **All pay dates**
- ✔ **Start and end dates of each pay period**
- ✔ **Pay frequency**
- ✔ **Pay percentages**
- ✔ **Work days per pay period**

When any one of the above items changes, please let us know immediately.

Updates help ensure accuracy

each year we still need to collect information directly from you for:

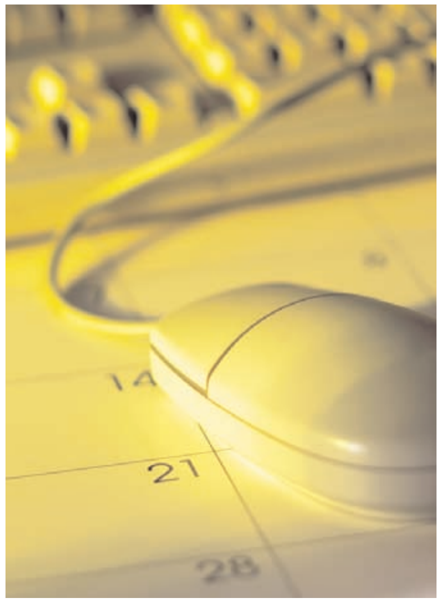
- positions that fall outside the regular teaching calendar, and
- designated private schools and designated organization calendars.

We know that designated private schools and organizations may not have their calendars prepared until late August or early September. To ensure we pay out accurate benefits, it is critical that we receive these calendars as early in the school year as possible.

Avoid making calendar changes

If you modify your school calendar after the school year begins, it can create significant administrative difficulty and can negatively affect your employees: credit accrual adjustments, incorrect pension estimates and purchase quotes, etc.

Where it does occur, contact one of our managers as soon as possible and send us a copy once the Ministry has approved the change.



How to send

While we prefer to receive calendar information via fax, e-mail or through TIM, please send us this important information in the manner most convenient for you.

Contact us if you have any questions or need assistance.

Be consistent

When defining requirements for different positions, ensure there is consistency within your groupings. Calendars and credit accrual must be based on the position obligation within a school year and cannot be established on an individual basis.

Service credit accrual

For pension purposes, the work days from September 1 to August 31 of the following year define how a member accrues a full year of credit – even if the employment contract runs from January to December, or July to June.

A school-year calendar includes paid professional development days for teachers and vacation days for administrators.

Your payroll schedule has no impact on an employee's service credit accrual or pension start date. Therefore, whether earnings are paid out over 10 months or 26 pays, employees whose last work day is June 30 can begin receiving their pension in July.

If an employee's contract normally requires them to work in July or August, and they plan to commence their pension in July, they will only accrue credit and salary to the end of June.

We consider any additional payments made to the member as non-pensionable, termination benefits.

REMINDERS

RE-EMPLOYMENT LIMITS CHANGE AS OF SEPTEMBER 1, 2006

Beginning with the upcoming school year, the re-employment limits that were in effect prior to September 1, 2001 will once again apply.

YEARS TAUGHT DURING WINDOW DON'T COUNT

Temporary provisions have been in effect for close to five years (since September 2001). The years taught during the five-year window period do not count toward the three-year limit (only years taught before September 1, 2001 count).

RE-EMPLOYMENT LIMITS

Maximum of 95 days per school year ✏
For first three school years worked (three years do not have to be consecutive)

Maximum of 20 days in any school year ✏
All subsequent school years

FAX OR TIM SAFER THAN E-MAIL

We have become very reliant on e-mail to communicate with you. While it may be convenient, it is not a secure method to send personal information about your employees.

PROTECT PRIVACY

Avoid e-mailing personal information. This includes, but is not limited to:

- **SINs**
- **Member name, spouse, former spouse, survivor or beneficiary**
- **Age, date of birth, date of death**
- **Sex, sexual orientation, marital or family status**
- **Education and qualifications, employment, retirement date**
- **Salary, tax, pension income, other income or financial transactions or affairs**

Instead of e-mail, we recommend that requests with personal information be sent by fax (see page 8 for numbers) or one of the methods available in TIM (IM, event reporting or file attachments).

CAN'T GO BACK

While the busiest part of the pension season is now behind us, pension applications will continue to trickle in over the next few months. We thought we would take this opportunity to remind you of two important plan rules regarding ceasing to be employed for the purposes of going on pension:

- **Resignations cannot be backdated** – once the date has passed, a member cannot request that the resignation date be modified to an earlier date.
- **Valid resignation must occur** for a member to be eligible to draw their benefit and before any arrangement to return to employment can be considered.

Please contact us if you get any requests to modify a resignation date to reflect an earlier date. We will ask our Client Services team to contact the member, to ensure the plan rules are well understood.

VALID RESIGNATION

We will only consider resignations valid if they meet **all** criteria below:

- ☑ 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.
- ☑ The member has no arrangement in place to return to employment in education.

While employees can return to work before their first pension payment, there must be a valid resignation before they can become re-employed.

BRIEFLY...

REVIEW QUALIFICATION ISSUES IN TIM

With the release of this year's personal statement of pension benefits quickly approaching, remember to focus on the following two issues in your Work Centre over the next month or so:

- No qualifications found on file
- Service outside qualification period

Resolving these two issues will help ensure your employees receive their updated statement this fall.

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DISCARD ENROLMENT FORMS

Do you still have copies of the *Enrolment (0180)* form taking up space somewhere in your office? If so, please recycle them – our members are no longer required to complete these forms.

When payroll-based reporting employers hire new employees, we identify them through their payroll transmissions. If you report through the Web (generally smaller employers), you send us a completed *New Employee (0469)* form.

In both cases, we automatically create an account for each new employee. Using this data, we send them all the plan information they need.

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WBR EMPLOYERS: SEND UPDATED RATES OF PAY

With September quickly approaching, please send us updated rates of pay as soon as possible. This annual requirement for WBR employers will ensure we don't create service for your employees based on the previous school year's rates of pay.

Rates of pay are one of the key pieces of information we use to calculate the salary, service credit and required contributions for each of your employees. To update your employee's rate of pay information each year, use TIM to provide us with an event. Here's how:

1. Enter employee SIN (employee search on homepage)
2. Choose "Notify us of an event" (employee's "At a Glance" page)
3. Under Step 1, select the "Unsolicited contract" event, applicable profile and work code
4. Under Step 2, provide the effective date, annual rate of pay, FTE%, CPP and contributor status

STILL REPORTING ANNUALLY?

Switching to web-based reporting will help improve the quality of your data, a critical factor to ensure your employees have more current and reliable data for their benefit calculations.

Implementation is easy – talk to your team today to see what information we need to get the process started.

CERTIFICATES MAILED IN JUNE

Our annual compliance process kicked off with the mailing of the certification packages at the end of June. The package included a covering letter, brochure and postage-paid return envelope. The brochure is available on TIM – we sent an e-mail to all of our primary contacts earlier this month to inform them of the mailing.

RETURN BY AUGUST 31

Please ensure that the most senior financial officer at your organization completes, signs and returns the 2006 certificate by August 31. If the most senior financial officer of your organization is also our primary contact, please ensure there is a secondary signature on the document.

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VERIFY LEAVES ONLINE

We continue to make enhancements to our online model for verifying leaves of absences.

Thanks to your ongoing and helpful feedback, we have made several changes to this functionality in TIM over the past few months. As a result, you should see fewer issues relating to member purchases appearing in your Work Centre.

Keep the feedback coming – it is invaluable to us as we continue to improve this relatively new online process.

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BACK TO BUSINESS, CONTINUED

Continued from page 3

DELAYED:

TIM INITIATIVES

We have delayed a number of planned developments, including:

- secure two-way communication channel;
- online document delivery and archive;
- enhanced resource centre; and
- expanded pension reporting metrics.

iACCESS WEB REGISTRATION

We won't be asking for your direct help this year, for good reason – Member Services is ahead of their target for new registrations. We will keep you updated on this important initiative. ■

RECONCILIATION

While there are some employers (12%) who have already beat the August 31 target, we encourage others to continue working on 2004 employment records, as well as LTIP and ongoing contributions for ESA leaves (2004/2005 school year).

Call us if you need help.

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:

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

Phone:

Employers

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

Members

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

Internet:

E-mail	eisinquiry@otpp.com
Employer Website	employers1.otpp.com
Corporate Website	www.otpp.com

Fax:

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