TEACHERS' PENSION PLAN ONTARIO

PENSION UPDATE

SEPTEMBER 2007

ESA: Managing the Unpredictable

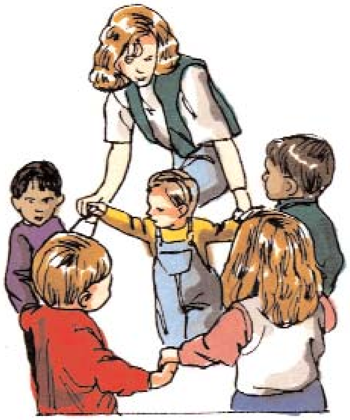
Doctor-ordered bed rest, early deliveries and extended leaves are just a few examples of what makes pregnancy and parental leaves one of the most challenging to manage.

The very nature of pregnancy and parental leaves can make them difficult and challenging to manage – they are the only type of leave for which you collect and remit ongoing contributions.

In addition, employees don't always provide waivers in a timely fashion and absences are often interrupted by sick days, etc.

Governed by ESA

Pregnancy and parental leaves are governed by the *Employment Standards Act* (ESA). Over the years, we have commonly referred to them as "ESA leaves" and have designated a section of TIM as simply "ESA".



Don't wait for reconciliation

Whether you use ESA in TIM or track ESA leaves on a spreadsheet, don't wait for annual reconciliation to work on this account – regularly ensure that quotes are waived or completed, payments are remitted when due and salary, credit and contributions align.

Eighty-four employers currently use TIM to manage their ESA leaves – this includes providing quotes and remitting ESA payments throughout the leave period.

See pages 4 and 5 for how to most effectively manage the ESA reporting process.

Continued on page 4

Claude Lamoureux, President and CEO, has led Teachers' since 1990.

Search over

After months of research and consultation, we recently announced the successor to Claude Lamoureux, our retiring President and CEO.

See page 3 for the new face of the Ontario Teachers' Pension Plan.

What's inside

What's missing? You!

Register today for one of our upcoming employer workshop sessions

Are you interested in spending the day with your colleagues and sharing some stories from the front-lines of pension reporting? If so, our employer workshops are for you.

We're finalizing the details of our next series of workshops. We will travel across the province for a few weeks beginning in late October, kicking it off with our first-ever trip to Trenton.

As we have done in previous years, we will conduct at least one session specifically for our designated private schools and organizations (Toronto, Nov. 5). When registering for Toronto, please ensure you choose the appropriate session.

Something new

By now, everyone with a valid e-mail address should have received an e-mail with a link to our workshop invitation. We hope you liked our new look!

Next year, we'll investigate automating the process so you can register and reference all the details on your own.

If you haven't already registered and wish to attend a session, please do so as soon as possible.

Date	Location
October 24	Trenton
October 26	Brantford
October 30	London
November 2	Ottawa
November 5	Toronto
November 6	Sudbury
November 9	Thunder Bay

How to register

E-mail **eisinquiry@otpp.com** and indicate the date you wish to attend. If you are registering on behalf of your co-workers, please include their full names.

If you have any questions or suggestions for the workshops, please contact Lorie Bissonette, Manager of Member Data and Employer Reporting:

lorie_bissonette@otpp.com

416.730.6327 or 1.877.812.7989, x6327

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Survey says...

In late June, the Ontario Teachers' Federation (OTF), Ontario government and Teachers' released the results of their member telephone survey.

Planning for future

The purpose of the survey was to determine members' contribution and benefit preferences. Though the results are not binding, they will give the OTF and Ontario government information to consider if a funding shortfall must be addressed in the future. The key findings are highlighted below.

If you would like more information, visit our corporate website (www.otpp.com) and look for the section "Member Survey" on the homepage.

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Key Findings

- **High member awareness of key pension provisions, such as the 85 factor.**
- **Most members would support an average maximum contribution rate of 12.3% of earnings to preserve all pension provisions.**
- **Most members would support making pension cost-of-living increases conditional on the financial well-being of the plan, if required to keep contributions from rising above 12.3%.**

MORE ABOUT YOUR TEAM

Meet two of the faces behind the scenes in Employer Information Services (EIS).

LINDA KEON

Born – Welland

Which one word best describes your personality? – Friendly

Years at TPP – 17 years in Communications; last 8 working with EIS developing and producing all employer communications

Greatest challenge – Keeping up with technology – just when you think you're ahead of the game, something new comes along.

“Communication methods have changed dramatically since I started working with EIS. I'm looking forward to trying new things to ensure you receive the information as quickly as it is available.”

WENDY WALKER

Born and raised – Toronto

Which one word best describes your personality? – Fun-loving

Years at TPP – 16; last 11 providing EIS with administrative support

Greatest challenge – Balancing competing priorities.

“When I meet employers, they're often taken aback when I approach them. They may be meeting me for the first time, but I feel like I've known them forever because I'm so familiar with their names, titles, addresses, etc.”

EIS support team (l to r): Linda and Wendy

NEW CEO IN DECEMBER

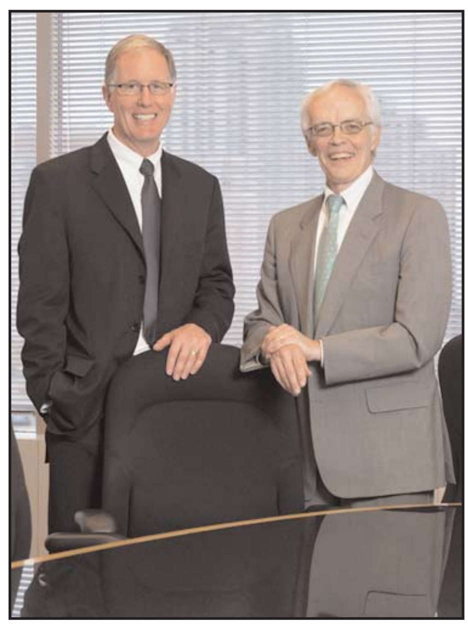
We recently announced the successor to Claude Lamoureux, the President and CEO of the Ontario Teachers' Pension Plan.

Jim Leech, currently Senior Vice-President, Teachers' Private Capital, will take over the reins from Claude on December 1, 2007.

LEAVES LEGACY

“Claude is a visionary and a pioneer,” said Eileen Mercier, Chair of the Board. “He leaves in place a legacy of member service and investment wisdom that is emulated by other pension plans and funds worldwide.”

Watch for more on Claude's retirement and what's ahead for Teachers' in our December issue. ■



In December, Jim Leech (left) will take over as President and CEO. He will replace Claude Lamoureux (right).

Managing ESA reporting

Continued from page 1

Prior to leave

One of your main responsibilities is advising your employees of their right to continue contributing to the plan and their option to waive this right.

If they do not waive their right to contribute (in writing), you must remit contributions during the leave.

- **Contract employees (full-time and part-time)** – provide a copy of a printed quote using the ESA application or a copy of the *Pregnancy and Parental Leave (0180)* form before the pregnancy leave starts.

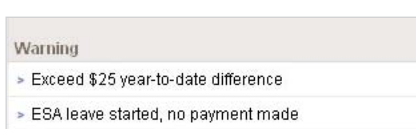
  They must sign the printed quote page or complete the reverse side of the form, whether or not they decide to contribute during the leave (we don't require a copy).
- **Occasional teachers** should contact us directly to purchase credit – you are not required to provide them with a quote or track their absence.

Monthly

Once an ESA leave begins, remit contributions monthly based on the current contribution rate and the salary the employee would have earned had they not taken the leave.

- If you are a designated private school or organization, college or university (i.e., matching employer), you are responsible for paying the matching share of contributions at the same time.
- If a leave begins when employees would not normally contribute (i.e., July and August), do not remit contributions until their employment would have started (September 1).
- If a contract settlement occurs which would affect the salary the employee would have earned if not for the leave, recalculate the contributions required and remit accordingly.

  Since contributions are required on the salary they would have earned if not for the leave, contributions on the new rate of pay are mandatory.
- Look for warnings in your Work Centre – select the warning to view a complete list of all employee records affected:
  - **ESA leave started, no payment made** – waive the quote or apply payments
  - **ESA leave ended, payment outstanding** – stop payment or apply payments



Extended leaves

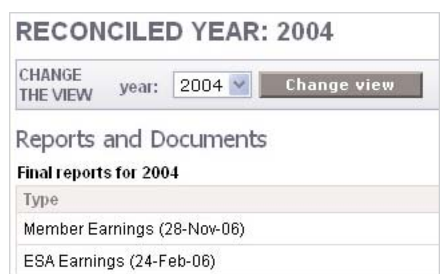
If employees extend their leave beyond their ESA entitlement and wish to continue making pension contributions, they should contact our Client Services department – you are not required to manage or be involved in the process past the statutory period.

We will make payment arrangements directly with your employees. They have the option of making ongoing payments or purchasing credit at a later date.

Reports

To assist with reconciliation, you can download an ESA Earnings report directly from TIM.

This report identifies all ESA-related service for the calendar year – only purchases made through the ESA quote function are included on the report.



If you identify incorrect information and need to make changes, contact us and we will update them online. Once your account is reconciled, we post the final version of the report on the "Reconciled Years" page.

Best practices: ESA on TIM

How to send us information

Using ESA in TIM allows you to provide us with the most up-to-date information for your employees. This enables us to provide them with better service.

ESA users

If you apply payments using the ESA application and send us your monthly remittance information through TIM, the total amount we have received for all of your employees on ESA leaves will appear on your monthly remittance form. Check the amount total and make any necessary adjustments by selecting the "Change" button.

Non-ESA users

If you don't use the ESA application but send us your monthly remittance information through TIM, enter the total contribution amount for ESA leaves in the ESA field under the "Payment" heading for the current month on the monthly remittance form. We will also need you to report the related pensionable salary and service.

Non-TIM users

Include ESA-related contribution information under the "Current year contributions" section on your *Contribution Remittance (0021)* form.

When reporting through TIM, follow these guidelines to help make reconciliation easier.

Working with quotes

✔ Go to Quick Links on homepage to create new quotes.

✔ If employees waive their option to purchase, retrieve the quote and change the status to "waived." Add a comment if necessary.

✔ If the employee has decided to pay for the leave:

- Recheck calendar, calendar year-to-date salary, annual rate of pay and their full-time equivalency (FTE).
- Quotes that are still awaiting payment (PND) three months after the start date of the leave should be set to waived (WVD).

✔ Quotes must be recalculated once new YMPE is available (late fall), and collective agreements are settled. Recalculate existing quotes to ensure the required contributions are accurate.

✔ Once the end date of the quote has passed, you should remit any outstanding payments and/or mark the quote "completed."

Making payments

✔ Only quotes "in process" appear on remittance page – if you have any pended quotes, go to ESA and select "commit to pay" to make the quote available.

✔ Apply all payments on the monthly remittance page – the quote page is automatically updated with the amounts (we apply your funds to the earliest month/year of outstanding payment).

✔ Don't enter amounts from post-dated cheques – you can't make payments toward future debt.

✔ If a quote is paid in full and subsequently recalculated, we do the following based on whether the original quote was lower or higher:

- Lower – we transfer the overpayment into the regular account.
- Higher – inform the employee of the amount owing. The quote switches from "complete" to "in process" until the amount is paid. If the employee doesn't wish to pay the amount owing, select "stop payment" (we will prorate their service and salary).

BRIEFLY

THIRD-PARTY SERVICE CONTRACTS

If you have individuals performing teaching duties but are being paid through a contract arrangement with a third party, they are still bound by provisions of the Teachers' Pension Plan at any instruction site operated by you.

RE-EMPLOYMENT LIMITS APPLY

Teaching performed after going on pension by a qualified individual at a school is considered pensionable employment in our plan whether they are an employee of your organization or engaged through a third party or personal services contract.

This type of work may include, but is not limited to, work as a tutor, principal, counselor, etc. Therefore, pensioners working in these capacities at any location affiliated with your board must comply with re-employment provisions and limits.

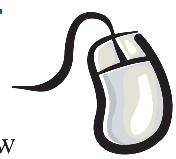
If you hire employees through a third party, contact us to discuss the nature of the employment and pension implications to ensure accurate pension reporting occurs.

MAY DELAY RETIREMENT

In addition, any pre-existing arrangement with a third party may jeopardize a member's ability to retire. As you know, a bona fide cessation of employment must occur for members to be eligible to begin receiving their pension.

If there is a pre-existing arrangement to return to employment before we receive a member's pension application and/or resignation, a bona fide cessation has not occurred. In these cases, members would not be eligible to receive a pension. ■

TIM UPDATE



THANKS FOR YOUR PATIENCE

Over the past few months, you may have encountered slower response times than usual when making your monthly remittance.

We are aware of the situation and thank you for your patience as we work to improve.

WHAT'S COMING, AND GOING

- **Calendar** – we're developing a calendar to help you identify critical pension reporting dates and events (i.e., monthly remittance due dates, certification completion, etc.). We'll mail your 2008 desktop calendar in November and release an online version next year.
- **Web-based training** – we're temporarily removing the module as it contains outdated information. We'll launch an updated version in early January, including updated contribution rates.

GOING BACK AND FORTH

Please remember not to use the "back" and "forward" buttons on your browser – unpredictable things may occur.

For example, if you move back and forth between pages using these buttons, any information that you haven't saved will be lost and you will need to re-enter it. Also, your session may end unexpectedly and you will have to sign-in again to continue working. ■

RECONCILIATION UPDATE

Thanks for your patience as we finalize our strategy for reconciling your 2005 accounts.

Your team will be contacting you soon to establish timelines and assist you in any way they can. ■

BY THE NUMBERS...

$131,944,644
JUNE REMITTANCE (LARGEST EVER)

108,000
TOTAL PENSIONERS

3,408
JULY PENSION INCEPTIONS*

* FOR THE FIRST TIME EVER, 100% OF MEMBERS WHO RETIRED IN JUNE RECEIVED THEIR FIRST PENSION PAYMENT IN JULY! THANKS FOR HELPING US ACHIEVE THIS "PERFECT" ACCOMPLISHMENT.

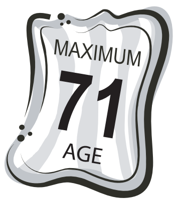
Reminders

Maximum age now 71

The age limit for which an eligible member can contribute to a registered pension plan has increased to 71 from 69, effective January 1, 2007.

Re-employment

Plan members will now be affected by re-employment limits for a longer period of time. After November 30 of the year in which pensioners reach age 71, they can work in education for as long as they'd like without affecting their pension.



If you employ pensioners who turned 69 prior to 2007, this change will not affect them (i.e., unlimited re-employment).

LTIP

If you have employees receiving long-term income protection (LTIP) benefits, the age limit, should their agreement allow for a continuation of benefits beyond age 65, is still the end of the year in which they reach 69 years of age.

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ECD payments

Every other month, we send invoices to employers who have underpaid contributions or have outstanding balances from previous invoices.

Payments for these invoices are due the end of the month following the month the invoice is sent.

What is an ECD?

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

For example, if you receive an invoice this month, you have until October 31 to make payment without incurring interest charges. If you miss this deadline, you will be charged standard interest plus 4% per annum from the original invoice due date.

Use TIM, help avoid interest

- ✔ **Review summary** – select the link on the homepage to view a summary of your outstanding payments. You can immediately identify your total amount due and any overdue invoices that are accruing interest.
- ✔ **Interest calculator** – use this to determine the interest amount owing on overdue payments for individual employees. You can enter the intended payment date and immediately view an updated balance.

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Check qualifications

When determining which issues to resolve in your Work Centre, the following should jump to the top of your list this time of year:

- No qualifications found on file
- Service outside qualification period

We're releasing this year's personal statement of benefits for your employees shortly. If these two specific issues remain unresolved, those employees will not receive current information.

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Typical questions asked by employers

Q Do I have to complete an enrolment form when I hire new employees?

A It depends on your current reporting method. Only employers who do not report on a payroll basis (i.e., send us a file each pay) need to advise us.

These employers should send us a completed *New Employee (0469)* form for each new hire. We will automatically create an account for each new employee and project service to ensure your monthly remittance information is updated.

You can download a copy of this form from TIM by going to **Resources > Forms.**

REMINDERS, CONTINUED

SECONDMENT CONTRACTS

Have you, or will you be, granting any of your employees a leave of absence to work somewhere else?

As the "lending" employer, you are responsible for all reporting for employees working under a secondment agreement. If you are the "borrowing" employer, you do not have to send us information for these employees.

LENDING EMPLOYER DOES IT ALL

If you enter into a secondment arrangement with another organization on behalf of your employees, you, as the lending employer, must also ensure the information we receive complies with our Plan provisions – credit, calendar and pensionable earnings.

For pension reporting, you need to gather the following information from the borrowing employer:

- school-year calendars (contract work days for the position), and
- details regarding any salary beyond what they would have earned had it not been for the secondment (copy of employment contract).

The "borrowing" employer does not report any service or contributions – they should make contribution remittance and reporting arrangements directly with you.

WHO IS ELIGIBLE?

Seconded employees are only eligible to contribute through the lending employer and if the following conditions are met:

1. There is a written agreement between you and the borrowing employer that clearly indicates the employee will return to work for you.
2. The secondment arrangement is for a fixed period of time – there must be a start and end date identified on the agreement.

If either of these conditions is not met, employees cannot continue to contribute through you. However, they may be eligible to purchase credit for the leave period and should contact our Client Services Department directly.

HOW TO REPORT

- ✔ Provide calendar details for the employee's seconded position (i.e., work days).
- ✔ Report all service and contributions for the duration of the secondment.
- ✔ Use Event Code 30 to identify the secondment on your payroll transmission.
- ✔ Report the pension adjustment (PA). ■

HOW TO REACH US

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

E-mail
eisinquiry@otpp.com

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employers1.otpp.com

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1-800-949-8208

Hours
8 am to 5:30 pm, Monday to Friday

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