TEACHERS' PENSION PLAN ONTARIO

PENSION UPDATE

SEPTEMBER 2009

What employers really want

Processes are necessary in the business world because organizations cannot function efficiently without some type of operating guidelines. For the past few years, we've been working closely with you to try and improve some of the most frustrating and cumbersome pension reporting processes. Here's a report on our most ambitious initiative yet.

Assessing data assessment

One area we are focusing on is improving how we assess the data you report. This process goes hand-in-hand with reconciliation and immediate service delivery for our members.

We are currently evaluating internal systems and our overall infrastructure to identify what can change. Developing a new risk model is high on the list—we would like to decrease the noise in your Work Centre by reviewing salary progression year over year, not per pay.

This type of holistic approach would have a huge impact on TIM and other internal systems we use to process your data. We may be collecting information today we no longer need and some information we need to collect in a more effective manner.

As always, we'll rely on your feedback and ideas as this new model for assessing your employees' data is developed.

Revamping reconciliation

It's March, and the phone rings. Your EIS team is calling to establish timelines for everyone's favorite process, reconciliation. Do you:

a) Let the call go to voicemail

b) Get up and go for coffee

c) Run screaming from your desk

d) With great excitement, you pick up the phone

If you chose **d)**, you're likely one of the few.

Making a wish list

Many employers have two main wishes for reconciliation—make it simpler and closer to the actual reporting period.

It is an important process and regardless of your size, reporting method, payroll system, etc., every employer has to reconcile their accounts annually.

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What's inside

WHAT EMPLOYERS REALLY WANT:

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WHAT'S AT STAKE?

For the past 10 months, we've conducted reviews with various stakeholders—employers, EIS staff and other departments at Teachers'. The comments about the reconciliation process were consistent:

- long and complex,
- expensive and inefficient, and
- changes still uncovered after account is closed.

Employers simply proclaimed,

"STOP CHANGING MY DATA!"

MOVING TO EMPLOYEE ACCOUNTS

Through our discussions, we were able to develop a concrete list of critical business problems. This has been the basis for defining our areas of focus for improving reconciliation.

One of the key philosophical changes being discussed is a move from reconciling your organization's total account to assigning funds to each employee on a monthly basis.

We envision a process where we will preserve your data as you report it through your payroll. Your payment will be based on the deductions you report for that month. We will allocate cash at the employee level and extend the remittance due date to the middle of the following month.

This new process will lead to a new year-end process. You will basically provide the year-to-date adjustments as they coincide with your annual tax reporting preparation.

We will identify and facilitate the settlement of reported deductions versus the required differences for each employee. Employees with a zero balance and no outstanding issues will be considered "closed."

For this new model to be more efficient than our existing 24-month process, we will require you to provide us with contract information and employee events as they occur (i.e., rates of pay, absences, terminations, etc.). We will assess your school year versus payroll transactions and ensure the data is complete.

FLOATING CONCEPTS

After months of internal brainstorming sessions and informal discussions with employers, we hit the road in May. Our first stop was at the District School Board (DSB) of Niagara.

"The presentation really showed that TPP is listening," said Patti Nickel, Manager of Payroll at DSB of Niagara.

"We really appreciate that Niagara took the time to meet with us and hear our ideas," said Lorie Bissonette, Manager of Member Data and Employer Reporting from EIS. "It really helped validate that we are heading in the right direction."

"I really like the components of the approach, especially the self-serve capabilities for our staff to manage data," added Rick Werezak, Controller. "I believe our staff can solve many of the problems on their own."

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SIMPLICITY AND CLOSER TO ACTUAL TIME

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In early June, we returned to Niagara Falls to attend an OASBO Payroll & Benefits Committee meeting. We had some lively discussions with 17 employers.

While there were a lot of questions and some concerns, the attendees welcomed the initial concepts with open arms. A few employers even volunteered to help us test the new concepts – this type of ongoing input and feedback will help ensure we meet your needs.

Next steps

One of the changes we are exploring is whether there is an opportunity to have ESA cost and contribution management handled solely by Teachers'. For this to happen, in addition to our proposal to extend remittance due dates, we require plan changes. As a result, we can't be certain if, and when, this simplification will be possible.

In the meantime, we will continue to gather feedback and incorporate our findings into the proposed new models. The upcoming workshop sessions will be a great opportunity for all employers to have their say in the future of these two important initiatives.

We will spend the next several years finalizing proposals and implementing changes. The greatest challenge will be to minimize the impact on old processes while implementing new ones.

Stay tuned for updates on these exciting initiatives!

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Top 4 Likes

- TPP won't change data
- Allocating monthly remittance at employee level
- Understanding true under/over payments at employee level
- Remittance due 15th of following month

Top 4 Concerns

- Timelines – how long will it take to implement?
- Workload – cannot increase upfront effort required to remit and resolve
- Getting a bunch of new issues at end of school year
- Fear of the unknown

"I really like the components of the approach, especially the self-serve capabilities for our staff to manage data. "

Rick Werezak,
Controller,
DSB of Niagara

"We really appreciate that Niagara took the time to meet with us and hear our ideas. It really helped validate that we are heading in the right direction."

Lorie Bissonette,
Manager,
Member Data and Employer Reporting

Reminders

LTIP

Check last year and wait to start this year.

Underfunded claims from last year?

Take a few minutes to double check the records of employees receiving long-term income protection (LTIP) benefits. If you have employees who did not contribute enough for the 2008/09 school year, you may need to do some investigative work.

Go to "LTIP" and review the summary page. If an underpayment is identified in the "Below Minimum" column, please investigate further.

Let us know if there were any changes in the employee's LTIP status (i.e., claim ended), retroactive adjustments or salary increases that apply to the school year in which the claim began.

Double up in October

If you receive a cheque for the 2009/10 LTIP school year this month, please hold off and include it with next month's remittance—we will accept two payments in October and apply it to the correct period.

Allocate payments to correct school year

When reviewing the monthly remittance form, select "Change" in the LTIP section to go to the LTIP Payment page.

Check the due date to ensure you allocate payments to the correct school year: you may still have invoices applicable to the 2008/09 and/or 2007/08 school years for underfunded LTIP claims (i.e., contributions below minimum required).

- If the due date is between 31-Oct-07 and 30-Sep-08, the information displayed reflects LTIP data for the 2006/07 school year.
- If the due date is between 31-Oct-08 and 30-Sep-09, the information displayed reflects LTIP data for the 2007/08 school year.
- If the due date is 31-Oct-09, it's for the current school year (2009/10).

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Add us to your calendar

Spots still available for most fall workshops.

It's not too late to register for our upcoming workshops. Aside from Toronto (October 5), we have space in the following sessions:

DATE	LOCATION
September 29	Belleville
September 30	Ottawa
October 2	London
October 7	Sudbury
October 8	Thunder Bay

To reserve your spot, e-mail **eisinquiry@otpp.com** and indicate the date you wish to attend. ■

Keep it current

Focus on qualification issues in Work Centre.

We're preparing to send the first batch of personal statement of benefits to your employees.

If you have any unresolved issues relating to qualifications ("No qualifications found on file" and "Service outside qualification period"), it may prevent them from receiving current information.

To resolve these issues, go to each employee's service record, and do the following based on whether the service occurred during an eligible period of employment.

Service was correctly reported – if the employee worked under a valid letter of permission (LOP) period, the service is eligible

- **Click "Resolve" next to the issue, select the resolution, enter the effective and expiry date of the LOP**

Service was incorrectly reported – if the employee is not qualified and the service is not eligible

- **Click "Change totals" and adjust the salary, credit and/or contributions reported to "0"**
- **Return any incorrectly deducted contributions to the member**

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Reminders

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Briefly...

Have you complied?

Annual process critical to ensure accurate benefits.

Thanks to those who returned their completed certificates by the August 31 due date.

We have received 125, representing 66% of our membership. Of the certificates returned, 85% are compliant, meaning no issues have been identified.

Incorrect date on certificate

The wrong year appears on page 1 of the Certificate of Compliance. Under section A, Eligibility, there is a special note for designated private schools and designated organizations.

In the paper version you received, the date appears as September 1, 2009—it should read September 1, 2008. A correct version now appears on TIM.

Signing off

Remember, you may need a secondary signature on the Certificate of Compliance.

If your senior financial officer is also our primary contact or, if they are a member of the Teachers' Pension Plan, ensure another senior official also signs the form (i.e., Director of Education, Headmaster, etc.).

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TIM update

Check out revamped newsletter section.

When we released our last issue, we also launched a redesigned newsletter subsection under Resources. Visit the page to see what's new:

- ✔ **Snapshot of articles for current issue appears in shaded box at top**
- ✔ **Links provided to selected articles**
- ✔ **PDFs of previous issues available in sidebar on right**

Each issue, we'll select several critical articles and provide direct links so you can read them online. You won't have to open a PDF to find them, just click and scroll.

If you have any comments or suggestions, we'd love to hear from you. Send your feedback to **lkeon@otpp.com**.

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Leech is a champ

Helping strengthen public education.

Jim Leech, President and CEO, was recently honoured as a Champion of Public Education by The Learning Partnership (TLP).

Recipients of the award are honoured for their dedication to public education. Leech has been actively involved in education initiatives throughout his career.

He currently serves on the board of Right to Play Canada, a humanitarian organization that uses sport and play programs to improve the lives of children in disadvantaged areas of the world. Leech also volunteers for Youth Without Shelter, and is involved with the Queen's Business School as an advisor and a mentor to MBA students.

TLP is a not-for-profit organization. It is dedicated to bringing together education, government, labour, policy makers, employers and the community to develop partnerships that strengthen public education in Canada.

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By the numbers...

2,600
Members received their first pension payment in July

94%
Retired online!

Brush up on re-employment rules

Help your employees avoid costly penalties.

You've likely completed the bulk of your hiring for this school year. When it comes to hiring pensioners, ensure you follow the guidelines or it can cost them.

August days

We recently issued a *Special Notice* to clarify the plan guidelines surrounding work days that occur in August.

The majority of teaching positions do not have August work days in the calendar. In these cases, work in August counts toward re-employment in the current school year.

However, if the August days are part of the next school year's calendar for that position, the days are part of the subsequent school year.

Re-employment Reminders

- You are not required to deduct and remit contributions for re-employment over the 95 or 20 day limits.
- Re-employed pensioners are still responsible for keeping track of the number of days they teach. They must notify us if they exceed the 95-day or 20-day limit.
- Re-employment limits apply to all pensioners regardless of their age.
- Pensioners who work in the month following the month in which they exceed the re-employment limit will have their pension suspended for as long as they work.

The cost of not knowing

There could be a significant financial cost to re-employed pensioners if August work days are counted incorrectly.

For example, if they receive payments during months their pension should have been suspended, they will be required to return those payments, with interest.

Also, they may return to work in September and incorrectly assume their re-employment counts are restarting at zero.

In these cases, if they continue working in September and beyond, their pensions will remain suspended until they have a month with no re-employment service.

How to reach us

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