TEACHERS' PENSION PLAN ONTARIO

PENSION UPDATE

NOVEMBER 2011

Annual reviews build confidence in pension reporting

Your employees, our members, rely on us to provide them with accurate pension benefits in a timely manner. Random checks are one of two annual processes that help ensure this happens.

Highlights

- Select several employers each year
- Review most recently completed school year
- Confirm enrolment process captures all eligible employees
- Ensure proper exclusions occur when calculating and reporting pensionable salary

If you get a call from your auditor, it doesn't always mean you are in trouble. That's how we want everyone to treat our pensionable salary review process – just because we ask you to participate, don't assume there is a problem! It's simply a part of our compliance program which, along with annual certification, aims to ensure the integrity and reliability of pension information.

Small sample

Launched in the same year as the certification process, pensionable salary review differs from certification because it only involves a handful of employers each year (usually two to four, certification is for everyone). We select all shapes and sizes, from larger school boards to smaller designated organizations. Since its launch in 2003, we have reviewed 10 school boards, seven designated private schools and six designated organizations.

Independent consultant

We work with an external firm to conduct the reviews. The scope of

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Look inside for your 2012 calendar

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the review is limited to the most recent reconciled year. Our main focus is currently on eligibility and pensionable salary reporting for all positions, including employees covered by personal services contracts. We want to ensure things like vacation pay, benefits' payments, bonuses and different types of allowances (i.e., car, meeting, living, professional development) are being properly excluded.

As you know, all employers must begin reporting re-employment service in September 2012. We will expand the scope of our compliance programs to include re-employment tracking when we conduct our reviews in 2013.

Process overview

"We structure the reviews in a manner that will minimize disruption of your operations," explains Lorie Bissonette, Manager in Employer Information Services (EIS). "By providing you with advance notice and working closely with you to ensure all the required documentation is prepared for the consultant's visit, we can help speed up the process."

Once the review is complete, employers receive the results which confirm that they are compliant or identify changes that need to be made. Then we work with you to establish process enhancements and timeframes for resolution.

Preventing bigger issues

In many cases, employers have been found to be completely compliant. In some cases, we have identified reporting issues that needed to be resolved.

Our goal is to help employers create strong processes so your employees can trust the information they receive throughout their careers. Identifying problems before they become issues is a key benefit of all of our compliance initiatives.

"All employers have been extremely co-operative and worked closely with us to complete the process," adds Lorie. "We greatly appreciate the support we have received from everyone who has participated over the years."

KNOWLEDGE PROCESS ACCOUNTABILITY ▶ promotes **DATA INTEGRITY** = results in **OUTSTANDING SERVICE**

> *"By working together to ensure the highest quality of data is reported, your employees will receive pension information they can trust and the service levels they have come to expect."*
>
> **Mila Babic, Director, Employer Information Services**

Always evolving

After 11 years of workshops, employers keep coming back for more. That's why it's important to keep things fresh.

We recently wrapped up another year of workshops. And once again, we're amazed and impressed at how engaged our attendees continue to be at all of our sessions.

Summary

- 6 locations – Kenora, Ajax, Chatham, Ottawa, Mississauga and Toronto
- 150 attendees from 70 different organizations

Learning goes both ways

Each year, we try to develop a program a little different than the one before. While this year's workshops covered many of the same topics, we focused on more open discussions and story sharing.

Based on survey feedback, this direction was the right one. When we asked participants what they found most interesting and applicable to their job, many of the comments related to the discussions and interaction with other employers.

Survey results confirmed that attendees are learning something new when they attend workshops, even if they attend every year. For example, 96% were satisfied overall with the workshops and 94% agreed that they gained skills and/or knowledge by attending.

But the learning goes both ways. Employers openly and willingly share their stories and reporting challenges with the group. This openness enables us to facilitate problem solving and identify key areas to focus on for enhancements.

Taking a break: *At the last workshop in Toronto, TPP presenter Julie Ryan (left), chats with Giovanna Rodrigues (right) of the Ontario College of Teachers.*

Thanks for your continued support of our workshop program. We hope to see you again next year!

What we heard

- **From Mississauga:**
  Always learn something. Current practices reinforced. Helps to know behind the scenes updates with TPP – thank you for an enjoyable day.
- **From Ottawa:**
  I always find these workshops informative and the instructors always take the time to explain items clearly.
- **From Ajax:**
  Always come away with having learned something new. Appreciate TPP is always looking at improving pension reporting and looking at our boards needs and limitations when implementing changes to reporting.

TIM UPDATE

New bookmarks improve handbook

We've made it easier for you to find information.

Have you checked out the latest enhancements for the employer handbook? Here's a recap of what's new.

Bookmarks in each section

To help improve navigation, we have added bookmarks to each section. When Adobe Acrobat Reader opens, the bookmark icon appears in the left sidebar. Just click the icon and the bookmark pane will open to the left of the content. Use the bookmarks to quickly find information on a specific topic.

Consolidated file of sections 2 to 13

If you want to search all handbook content for information on a specific topic, launch the new, consolidated file that appears at the end of the table. You can scroll through the bookmarks to find information or use the Find function (located in toolbar above the content) to search for all handbook references of a specific word or phrase.

Quick tip → Hit Shift + Ctrl + f on your keyboard to open the full search window

Refreshed content

To find out what's new, go to the employer handbook section and review the table. Under the Summary of Key Changes column, we provide an overview of the major changes made to each section.

Working out the re-employment kinks

Pilot project wrapping up at the end of the year.

It won't be long before everyone has to start reporting re-employment service. Thanks to the six employers participating in our pilot project, we're confident our systems will be ready to go for the 2012/13 school year.

The majority of employers currently use one of four payroll systems: SDS, SAP, Ceridian and IPPS. SDS has already completed their changes and will provide their clients with the new extract early in 2012. We continue to work with SAP, Ceridian and IPPS on their extract changes.

Looking head

Systems ready → June 30

Mandatory reporting → September 1

Our goal is to have all employers' systems ready to report re-employment service by the end of June 2012. This will give everyone a few months to ensure there won't be any technical issues when re-employment reporting becomes mandatory on September 1, 2012.

Using independent system?

If you currently use your own payroll system, please contact Lorie Bissonette, Manager in EIS, at your earliest convenience. Lorie will work with you to ensure your system is ready to report re-employment service next year.

***Next issue:* Learn more about the pilot project and how it has helped shape the future of re-employment reporting.**

Quick hits

A few notes about TIM.

Work Centre enhancement coming soon

We always rely on your feedback to help us improve pension reporting. Our next release is testament to that fact.

In the next few weeks, we'll be launching the first in our series of enhancements to the Work Centre. All of these enhancements are a direct result of comments and concerns we have heard from many of you. Watch your inbox for more on this release.

Thanks!

This fall, we visited with several employers to help us better understand their current processes for capturing events such as leaves, terminations, unpaid days, etc. We gathered a lot of helpful information – thanks to everyone who welcomed us into their offices!

We greatly appreciate your ongoing willingness to share your time and insights during these visits and at our workshop sessions. Learning more about your current processes and procedures will be very helpful as we continue to look for ways to enhance TIM.

Fall visits

Thanks to the following employers for taking time out of their busy schedules to meet with us:

- Durham Catholic DSB
- Conseil scolaire public Grand Nord de l'Ontario
- Waterloo Catholic DSB
- DSB of Niagara
- Peel DSB
- Peterborough Victoria Northumberland and Clarington Catholic DSB
- York Catholic DSB
- Ottawa Catholic School Board

CIP UPDATE

Letters and first invoices sent.

Matching employers recently received their first letter addressing conditional inflation protection (CIP). The mailing also included a sample of the new Foregone Inflation Invoice.

As you know, CIP was introduced by the OTF and government in the fall of 2008. If members' benefits are reduced due to the application of CIP, both the government and matching employers will need to make extra payments equal to any cost-of-living increases members forego due to a funding deficiency.

While CIP isn't being invoked until 2012 for pensions, it had an immediate impact on lump sum payments. After completing the calculations for 2010, the balance owing for each matching employer was small.

Fall 2012 invoices will be higher

We expect the foregone inflation amounts to increase significantly in the next few years because:

- CIP has been invoked on pensions beginning in 2012, and
- the amount of post-2009 credit increases.

For the next three years, pensioners who retired after 2009 will receive 60% of the annual cost-of-living increase on the portion of their pension credit earned after 2009.

Each matching employer's invoice will be in proportion to the pensionable salaries of their members in each calendar year. The fall invoices will be due in January of the following year.

2011 billing by the numbers

- **$11.8 billion –** total pensionable salary reported for all members in 2010
- **$36,500 –** total foregone inflation for all members
- 98 letters/invoices sent

CIP PROJECTIONS*

	Invoices issued		
	2012	2013	2014
Member foregone inflation	$225,000	$500,000	$1,000,000
Government matching	$220,725	$490,500	$981,000
Designated employer matching	$4,275	$9,500	$19,000

**Projections are based on actuarial assumptions for projected inflation beyond 2012 and are subject to change.*

For the next three years, pensioners who retired after 2009 will receive 60% of the annual cost-of-living increase on the portion of their pension credit earned after 2009.

WHAT CPP CHANGES MEAN

Discussion at OASBO meeting helps anticipate upcoming changes.

Information shared at Ontario Association of School Business Officials (OASBO) meetings always brings new insights into challenges faced by employers. At a meeting of OASBO's Payroll & Benefits Committee earlier this year, one discussion prompted us to take action.

NEW VOLUNTARY CONTRIBUTIONS

As you know, several changes to the Canada Pension Plan (CPP) kick in next year. One of the new rules allows for additional CPP contributions.

Today, if employees are working and collecting a CPP retirement pension, they cannot contribute to CPP, no matter what their age. Starting in 2012, if they are under 65, working and receiving a CPP retirement pension, they will now have to make mandatory contributions to CPP. If they are over 65, working and receiving a CPP retirement pension, additional CPP contributions are voluntary.

At the meeting, a discussion began concerning these CPP changes and their impact on contributions to the Teachers' Pension Plan. Currently, if a member is active and not collecting a CPP retirement pension, contributions to us are CPP liable. When they begin receiving a CPP retirement pension, contributions are non-liable. So the question was asked – if an employee chooses to make voluntary contributions, what is the status of the employee in the Teachers' Pension Plan at that point? Will their contributions be CPP liable or not?

Our staff regularly attends OASBO meetings. In anticipation of future questions from employers, we met with colleagues at Teachers' to assess the CPP liability issue.

CPP LIABLE IN 2012

After discussion and review, it was determined that employees age 65 and over who choose to make voluntary contributions will be CPP liable beginning in 2012. Therefore, if you have employees age 65 and older who will be working, collecting a CPP retirement pension and making voluntary contributions after December 31, 2011, report them to us as CPP liable up to the end of the month in which they reach age 70.

We are waiting for the partners (OTF and government) to approve this plan clarification and will send additional details once it is official.

OUT WITH THE OLD, IN WITH THE NEW

We're excited to announce that you will see a redesigned Pension Update early in the new year. We've recently refreshed our two member newsletters and will complete the suite of redesigns with your newsletter. Curious? Check out our corporate website (www.otpp.com) to get a preview of the new design (Member Info > Pensionwise and/or Pension News).

December Checklist

✔ Holiday closures

- Monday, December 26
- Tuesday, December 27
- Monday, January 2

Note: Our office is closing at 12 pm on December 23 and 30.

✔ Monthly remittance

- This month's remittance is due by noon on Friday, December 30. If you are closing your office and plan to remit early, please inform your EIS team.
- Remember to send us your remittance details via TIM and deposit by noon on the same day.

✔ 2012 Contribution formula

- **YMPE** – $50,100
- **Maximum Pensionable Salary** – $300,600 (YMPE x 6)
- **Formula** – 10.8% up to $50,100 and 12.4% over $50,100

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