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July 2002

Dear employer representative,

OMERS is pleased to provide you with the attached package containing instructions and background to support the return of pension contributions in 2003.

Over the past several years, the OMERS Board has managed surplus funds to benefit our employers and active members through a full contribution holiday, and to improve all aspects of the pension -- including survivor benefits, early retirement options, inflation protection and the pension formula.

As we restart contributions next year at a reduced rate, the Board will continue to keep a close eye on the level of contributions required to support a fully funded plan. Plan contributions in 2003 have been set according to the chart in your package, and our earlier communication in the *Employer Update*.

Please note that as we move through a third consecutive year of turbulence in investment markets, the Board will monitor the rates and timing of the contribution phase-in to ensure funding stability. We will communicate any decisions related to 2004 rates to facilitate the budget planning process for our employers.

We value your partnership in getting ready for the return of contributions in 2003, and will keep you up to date on any future decisions on this issue.

If you have any questions about the attached package, *Contributions: Getting ready for 2003*, please call our Client Services team toll-free at 1-800-387-0813.

Sincerely,

Dale E. Richmond
President and CEO

Contributions:

Getting ready for 2003



September 2002

Contributions: Getting ready for 2003

Help available:

We value our partnership with employers in administering OMERS pension benefits. Please contact us if you have any questions about plan contributions.

OMERS will be reinforcing our employer training program throughout the year to support the information in this booklet.

General questions:

Phone: OMERS Client Services at 1-800-387-0813 or 416-369-2444

Fax: 416-369-0920

e-mail: employer@omers.com

Contribution remittance questions:

Phone: OMERS Pension Accounting at 416-369-2400

Annual reporting (Form 119) questions or on-site assistance:

Phone OMERS at 416-369-2400 and ask to speak to a Service Coordinator in Employer Services.

To do list

To get ready for 2003:

- ✓ Prepare and test your payroll system to deduct Registered Pension Plan (RPP) and Retirement Compensation Arrangement (RCA) contributions.
- ✓ Sign up for the National Direct Deposit System (NDDS) to electronically remit contributions.
- ✓ Prepare and test your *Form 119 – Annual reporting of membership information* import file.
- ✓ Ensure all OMERS members have the OMERS indicator activated. (During the contribution holiday many OTCFT members who joined OMERS were not set up on the payroll as contributing members because of the zero contribution rate.)
- ✓ Ensure your enrolment forms (*Form 102 – Enrolling a member*) are up-to-date to avoid omission period costs. Check **e-access.omers.com** or call Client Services and ask for a list of your OMERS members.
- ✓ Review the process for tracking, providing costs and reporting elimination periods.
- ✓ Review the process for tracking, providing costs and reporting leave periods.

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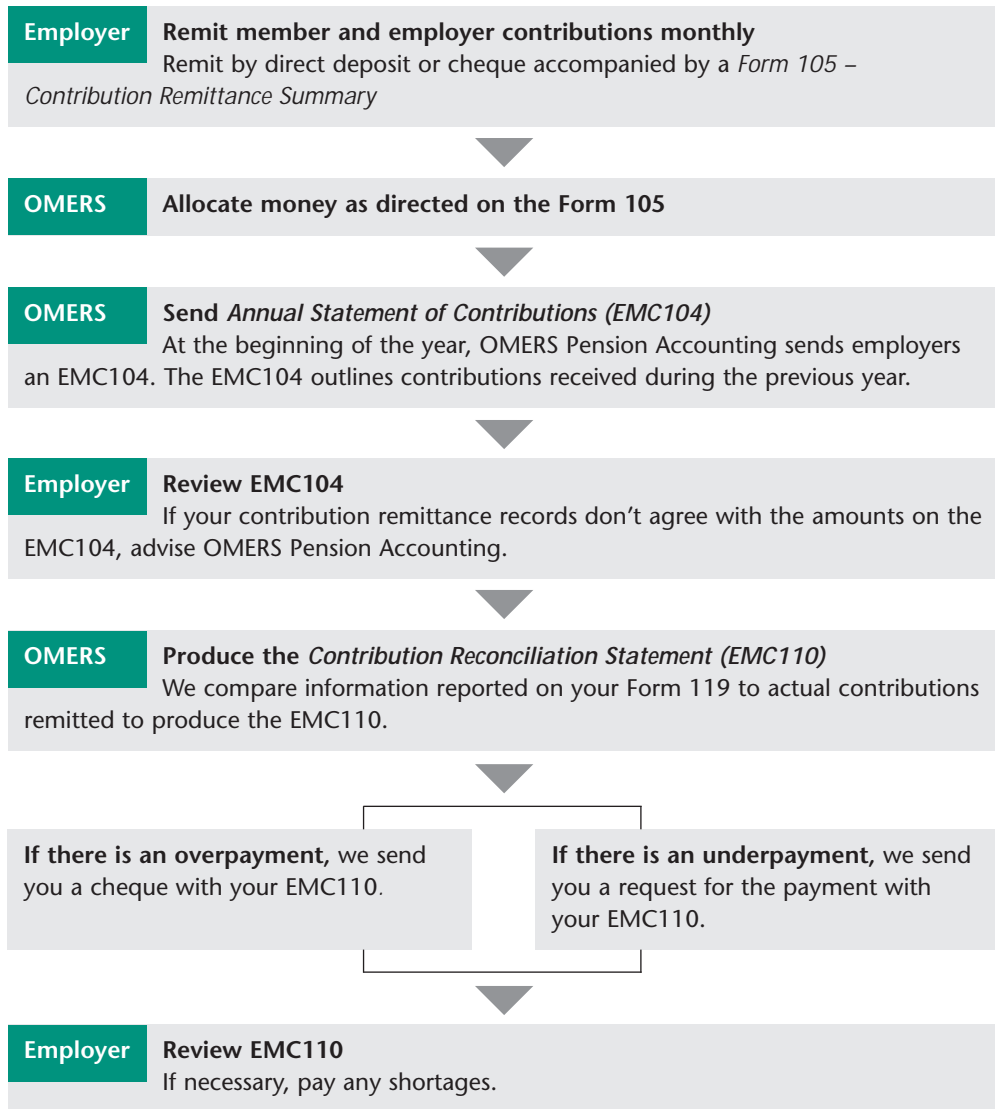
I. General information

In April 2002, the OMERS Board confirmed that contributions will be phased in, starting January 2003. The Board closely monitors contribution requirements based on the performance of the OMERS Fund.

The contribution holiday saved our active members and employers a total of \$4.5 billion, and as contributions resume, OMERS is proud to deliver excellent benefits at standard contribution rates that are among the lowest of public sector plans.

This booklet provides an overview and detailed instructions on all the steps required to restart and remit OMERS contributions.

A quick overview



When to start deducting contributions

Begin making contributions with the **first full pay period in 2003.**

Example 1

If your pay periods run:

<i>from</i>	<i>through</i>	
December 19	January 1	Do not deduct contributions
January 2	January 15	Begin to deduct contributions

If your pay periods run:

<i>from</i>	<i>through</i>	
December 27	January 9	Do not deduct contributions
January 10	January 23	Begin to deduct contributions

Example 2: Carryover pay

Your employees are paid:

<i>on</i>	<i>for</i>	
January 3	December 16 to December 29	Do not deduct contributions
January 17	December 30 to January 12	Do not deduct contributions
January 31	January 13 to January 26	Begin to deduct contributions

Example 3: Multiple pay cycles

You have several groups of employees and each group is paid on a different pay schedule:

- Your outside seasonal employees are paid for time worked up to the day they receive the pay (example 1 above).
- Your full-time office employees are on a carryover pay schedule (example 2 above).

Treat each group separately for the purposes of resuming OMERS contributions. (This means contributions will begin at different times for each group.)

Contribution rates

When you begin making contributions with the first full pay period in 2003, it will be at reduced rates. We are proposing to phase contributions back in starting at reduced rates, until the maximum is reached. The OMERS Board continues to closely monitor contribution requirements.

Contribution rates

		2003
Normal retirement age 65	On earnings up to the YMPE*	2.10%
	On any earnings over the YMPE	2.60%
Normal retirement age 60	On earnings up to the YMPE	2.43%
	On any earnings over the YMPE	2.93%

*Year's Maximum Pensionable Earnings, set by the Canada Customs and Revenue Agency

The employer must contribute a matching amount. The above rates apply to the Registered Pension Plan (RPP) and Retirement Compensation Arrangement (RCA) contributions.

2003 YMPE

The Canada Customs and Revenue Agency (CCRA) will announce the 2003 Year's Maximum Pensionable Earnings (YMPE) in November 2002. We will post the YMPE in the Employer section on our web site (www.omers.com) or you can call Client Services to get the figure.

How to calculate contributions

Calculate contributions as a percentage of the member's contributory earnings in each pay period for both continuous full-time (CFT) and other-than-continuous full-time (OTCFT) members.

Calculate contributions on the member's gross contributory earnings, before any other deductions such as employment insurance, Canada Pension Plan (CPP), income tax, etc.

Examples

Because we won't know the 2003 YMPE until later this year when the CCRA announces it, we've used the 2002 YMPE in all of the following examples.

Example 1: CFT, NRA 65, paid biweekly

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Biweekly (26 pay periods) contributory earnings: \$1,600 (annual salary = \$41,600)

The biweekly OMERS member contribution is:

2.10 % x \$1,503.85	\$31.58
2.6 % x (\$1,600 – \$1,503.85)	<u>\$ 2.50</u>
Member's biweekly contribution	\$34.08

The employer must also contribute \$34.08 biweekly.

Example 2: CFT, NRA 60, paid biweekly

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Biweekly (26 pay periods) contributory earnings: \$1,600 (annual salary = \$41,600)

The biweekly OMERS member contribution is:

2.43 % x \$1,503.85	\$36.54
2.93 % x (\$1,600 – \$1,503.85)	<u>\$ 2.82</u>
Member's biweekly contribution	\$39.36

The employer must also contribute \$39.36 biweekly.

Example 3: NRA 65, contributory earnings less than the YMPE

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Biweekly (26 pay periods) contributory earnings: \$1,000 (annual salary = \$26,000)

The biweekly OMERS member contribution is:

2.10 % x \$1,000	\$21.00
2.6 % x (\$1,000 – \$1,503.85)	<u>nil</u>
Member's biweekly contribution	\$21.00

The employer must also contribute \$21.00 biweekly.

Example 4: Member receives bonus pay

Let's say the member in example 1 receives her annual lump-sum performance bonus of \$1,000.

For the bonus pay period:

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Biweekly (26 pay periods) contributory earnings: $\$1,600 + \$1,000 \text{ (bonus)} = \$2,600$

$2.10\% \times \$1,503.85$ **\$31.58**

$2.6\% \times (\$2,600 - \$1,503.85)$ **\$28.50**

Member's biweekly contribution for this pay period **\$60.08**

The employer must also contribute \$60.08 for this pay period.

Use the contribution rate in effect at the time the bonus is paid, even if the bonus is for a previous year.

Example 5: Contributory earnings below YMPE and member receives bonus pay

The member in example 3 receives her annual lump-sum performance bonus of \$800.

For the bonus pay period:

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Biweekly (26 pay periods) contributory earnings: $\$1,000 + \$800 \text{ (bonus)} = \$1,800$

The biweekly OMERS member contribution is:

$2.10\% \times \$1,503.85$ **\$31.58**

$2.6\% \times (\$1,800 - \$1,503.85)$ **\$ 7.70**

Member's biweekly contribution for this pay period **\$39.28**

The employer must also contribute \$39.28 for this pay period.

Example 6: Status change part way through the year:

Member is OTCFT from pay period 1 to part way through pay period 20. Part way through pay period 20 the member becomes CFT.

For pay periods 1 through 19, the member's biweekly pay is \$1,455.

In pay period 20, the member's biweekly pay increases to \$1,685 due to the status change.

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Member's biweekly contribution:

- for the OTCFT period (up to the 19th pay period):

$$2.10\% \times \$1,455 = \$30.56$$

The employer must also contribute \$30.56 biweekly.

- for the CFT period (starting in the 20th pay period):

$$2.1\% \times \$1,503.85 = \$31.58$$

$$2.6\% \times (\$1,685 - \$1,503.85) = \$4.71$$

$$\underline{\$36.29}$$

The employer must also contribute \$36.29 biweekly.

Reporting to the Canada Customs and Revenue Agency (CCRA)

Combine and report total contributions to the OMERS Basic Plan (RPP) & RCA on your employees' T4 in the RPP box.

Pay period deductions/Extra pay period

You must deduct OTCFT and CFT member contributions from contributory earnings in each pay period.

Occasionally, your weekly or biweekly payroll will have an extra (53rd or 27th) pay period.

You may:

- divide the YMPE by the 53 or 27 to get the correct YMPE per pay period; or
- use the contribution tables which will be available on our web site when the 2003 YMPE is announced by CCRA in November. The variance of contributions is within our normal range and will pass our audit tests.

Remember: You must deduct and remit contributions for the extra pay period.

Other-than-continuous full-time members

OTCFT members contribute to OMERS at the same rate as CFT members. Calculate contributions on the member's actual contributory earnings, including paid vacation received during a pay period.

Be sure to use the correct number of pay periods to determine the YMPE per period.

Example calculations

Because we won't know the 2003 YMPE until later this year when the CCRA announces it, we've used the 2002 YMPE in the examples.

Example 1: OTCFT, NRA 65, paid biweekly

Biweekly equivalent: $YMPE \div 26 \text{ pay periods} = \$39,100 \div 26 = \$1,503.85$

Biweekly (26 pay periods) contributory earnings: \$800

The biweekly OMERS member contribution is:

$2.10\% \times \$800$	<u>\$16.80</u>
Member's biweekly contribution	\$16.80

Example 2: 10-month employee with 22 pay periods

This member works for a school board and receives 22 pays each year.

Biweekly equivalent: $YMPE \div 22 \text{ pay periods} = \$39,100 \div 22 = \$1,777.27$

Biweekly (22 pay periods) contributory earnings: \$1,600

The biweekly OMERS member contribution is:

$2.10\% \times \$1,600 =$	\$33.60
$2.6\% \times (\$1,600 - \$1,777.27) =$	<u>nil</u>
Member's biweekly contribution	\$33.60

The employer must also contribute **\$33.60** for the 22 pay periods.

When to cease (not deduct) contributions

Do not deduct contributions:

- when the member reaches 35.00 years of credited service;

The maximum credited service a member can accrue in the plan is 35 years. Member and employer contributions cease on the date the member reaches 420.00 months (35.00 years) of credited service.

Report complete earnings for the member's employment period in the year on your Form 119 even after contributions cease. These earnings may be used in the calculation of the member's pensionable earnings.

- during a disability elimination period if earnings are less than 100% of the normal contributory earnings;
- during a pregnancy or parental leave (including top-up pay) or period of broken service.

Retirement Compensation Arrangement (RCA)

Members and employers make contributions to OMERS based on full earnings. If the earnings result in a member accruing more pension than is allowed under the *Income Tax Act (ITA)*, part of the contributions must be paid to the Retirement Compensation Arrangement (RCA). The maximum annual lifetime pension a member may earn per year for service after 1991 is \$1,722.22. The pension earned above the ITA maximum will then be paid separately from the RCA.

In general, treat RCA contributions like the basic plan (RPP) contributions. For example:

- Remit matching RCA contributions.
- Use the same contribution rates to calculate RCA and RPP contribution rates listed in the Contribution Rate chart for RCA contributions.
- Deduct contributions from the member's contributory earnings in each pay period.
- Cease member and employer contributions (including RCA contributions) when the member reaches 35.00 years of credited service.
- Remit RCA contributions with your RPP contributions on a monthly basis.

The differences:

- Calculate the RPP/RCA split on a per pay period basis as shown below.
- Not all post-1991 service is covered under the OMERS RCA. Pension benefits earned under an RCA must have (at least) matching contributions by the employer. For this reason, not all service can be covered by the RCA. For example, broken service, buy-backs and optional service are excluded from the RCA. For more details, refer to Section 20.2 in the *Administration Manual*.

Calculating the RPP/RCA split on a per pay period basis

Calculate the split between basic RPP contributions and RCA contributions per pay period.

Example 1: NRA 65 (using 2002 YMPE and maximum earnings)

An NRA 65 member has contributory earnings of \$120,000 paid in biweekly amounts of \$4,615.39.

Biweekly equivalent: YMPE ÷ 26 pay periods: $\$39,100 \div 26 \text{ pay periods} = \$1,503.85$

Biweekly equivalent of the maximum earnings:
maximum earnings ÷ 26 periods = $\$99,307.25 \div 26 = \$3,819.51$

RPP contributions required on contributory earnings:

below the YMPE: $\$1,503.85 \times 2.1\% = \$ 31.58$

above the YMPE: $(\$3,819.51 - \$1,503.85) \times 2.6\% = \$ 60.21$

RCA contributions: $(\$4,615.39 - \$3,819.51) \times 2.6\% = \underline{\$ 20.69}$

Total member contributions: $\$31.58 + \$60.21 + \$20.69 = \112.48

The employer also contributes \$112.48 biweekly.

The RCA and the RPP contributions must be reported separately on the Form 119.

Important! Calculate the Pension Adjustment (PA) as usual for these members. PAs are not affected by the RCA because the PA calculation is capped.

Definition of contributory earnings

Effective January 1, 2002, contributory earnings **must** include all regular recurring earnings for all plan members except councillors. You must include the following:

- base wages or salary;
- regular vacation pay if there is corresponding service;
- normal vacation pay for other-than-continuous full-time members. Include vacation hours in credited service;
- retroactive pay (including any pay equity adjustment) that fits with OMERS definition of earnings for all members, including active, terminated, retired and disabled members;
- lump sum wage or salary benefits which may vary from year to year but which form a regular part of the compensation package and are expected normally to occur each year (e.g. payment based on organizational performance, some types of variable pay, merit pay, commissions);
- market value adjustments (e.g. percentage paid in addition to a base wage as a result of market conditions, including retention bonuses if they are part of your ongoing pay strategy and not a temporary policy);

- ongoing special allowances (e.g. flight allowance, canine allowance);
- pay for time off in lieu of overtime;
- danger pay;
- acting pay (pay at a higher salary rate for acting in place of an absent person);
- shift premium (pay for shift work);
- ongoing long service pay (extra pay for completing a specified number of years of service);
- sick pay deemed to be regular wages or salary;
- salary or wage extension for any reason (e.g. illness), provided service is extended (the member must be “kept whole” e.g. continuation of salary and benefits). If the member becomes employed in another position and begins contributing to any registered pension plan (except CPP), the balance of the extension period becomes unpurchasable service;
- stand-by pay/call-in pay (pay for being on call, not pay for hours worked when called in);
- living accommodation premiums provided (if paid as a form of compensation and not as a direct expense reimbursement);
- ongoing taxable payments to pay for costs (e.g. educational or car allowance);
- taxable premiums for life insurance;
- taxable value of provided vehicle or car allowance (e.g. if an employer provides an allowance [that is, expenses are not reimbursed] then the allowance is considered part of contributory earnings. If an employer reimburses mileage, this reimbursement represents payment for gasoline, maintenance, insurance, wear and tear on the vehicle and licence fees and should not be included as part of contributory earnings);
- payments for unused accumulated sick days or vacation time, only on retirement and only if credited service is extended. When you include lump-sum payments for unused sick days or vacation time as contributory earnings, you must also extend the retirement date and the credited service by the number of days covered by the payment. The member’s pension will begin on the first day of the month following the revised retirement date.

Overtime pay, expense reimbursements, pay in lieu of time off, and the value of non-taxable benefits must be excluded from contributory earnings. Examples of **excluded** earnings follow:

- overtime pay (except pay for time off in lieu of overtime);
- retirement bonuses;
- severance pay;
- achievement or other one-time awards or bonuses;
- lump-sum payment in lieu of time off on the termination or death of a member;
- unused sick credits or vacation time where credited service cannot be extended. For example, credited service may not be extended beyond the date of death, and extension on a member's termination may cause an overlap of credited service with the pension plan of a new employer;
- one-time long service awards (not ongoing pay);
- retention bonuses (e.g. Information Technology bonuses during Y2K transition);
- pay in lieu of statutory holidays;
- overtime meal allowances;
- call-back pay (pay for hours worked when called in);
- vacation pay in lieu of vacation leave (e.g. if you pay an employee an amount for vacation not taken);
- one-time bonuses (e.g. signing bonuses);
- court pay for police officers;
- value of non-taxable benefits, including the Employer Health Tax;
- travel, or any other expense reimbursement;
- value of clothing paid for by the employer; and
- value of memberships, professional fees, or dues paid on behalf of employees.

Note that generally, it is the type of payment rather than the method of payment (e.g. lump sum versus periodic) that determines whether a particular item is included or excluded.

The following example illustrates how statutory holidays should be administered for pension purposes.

Example 1: Statutory holiday pay

<i>In:</i>	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<i>Number of statutory holidays</i>	1	0	0	1	1	0	1	1	1	1	0	1

Scenario 1:

In 2001 the three individuals worked as firefighters. Their annual salaries were \$52,000. If a firefighter works the statutory holiday he/she will receive regular pay for the day worked plus overtime (total of regular and overtime pay is 1½ times regular salary) plus the choice of either a day off in lieu or a lump sum payment of \$300 per day worked.

Person A

Works every statutory holiday throughout the year (8 days) and takes 8 days off in lieu of having worked the statutory holidays. This individual receives a total of \$800 in overtime pay for working the statutory holidays.

Person B

Works six statutory holidays throughout the year and chooses to receive a lump-sum payment of \$1,800 for working them instead of receiving a day off in lieu. This member receives a total of \$600 in overtime pay for having worked the statutory holidays.

Person C

Doesn't work any statutory holidays throughout the year.

Contributory Earnings for 2001

Person A

\$52,000

The overtime paid – \$800 – is not included in the contributory earnings. The member chose to take time off in lieu for having worked the statutory holidays. Therefore, the regular earnings paid for the days off in lieu are included in contributory earnings.

Person B

\$52,000

The overtime paid – \$600 – is not included in the contributory earnings. The member chose to receive a lump-sum payment for having worked the statutory holidays. In this case, the lump sum (\$1,800) cannot be included as contributory earnings since it is pay in lieu of statutory holidays.

Person C

\$52,000

This individual's contributory earnings reflect the same rate of pay as the others.

Leave periods

Leaves occurring during the contribution holiday

For purchasable leave periods occurring during the contribution holiday, continue to assume members will purchase the leave:

- For active members, report the leave through the *Annual reporting of membership information (Form 119)* process. Complete a *Form 165 – Broken service election form* or *Form 166 – Pregnancy/parental leave election form* **only** if the member does **not** want to “purchase” the leave. (It's very unusual for a member not to want to purchase a contribution holiday leave – you may want to contact a member who declines a purchase to confirm the election.)
- If an event occurs (e.g., a termination or retirement), complete a *Form 165* or *Form 166* to report the leave and submit it with the *Form 143 – Request for an OMERS plan benefit*.

Leaves spanning 2002 and 2003

If the leave spans the reinstatement of contributions, assume the member wants to purchase the portion of the leave occurring during the contribution holiday. Report the part of the leave occurring in 2002 on your 2002 *Form 119* as purchased.

- If the leave ends **before** your first full pay period, report the 2003 portion of the leave on your 2003 *Form 119* as purchased. The member does not need to sign a *Form 165* or *Form 166* since there is no cost.
- If the leave ends **after** your first full pay period, you must offer the member the option to purchase the portion of the leave occurring in 2003 and report it separately from the holiday period as outlined in the next section.

Example 1

Francine has been on a leave of absence (broken service) from July 1, 2002 to Feb 15, 2003. Her first full pay period would have started on January 10, 2003.

- Report July 1 to December 31 on your 2002 *Form 119* as purchased; include the purchased leave in Francine's 2002 PA.
- When Francine returns to work in February, complete a *Form 165* for the 2003 portion of the leave. Break the leave into two parts: January 1 to January 9 at a zero cost and January 10 to February 15 at the calculated cost.

Keep a copy of the Form 165 or Form 166 in case a member later challenges the election.

Leaves beginning January 1, 2003 and onwards

Below is an overview of reporting and processing procedures for leaves occurring once contributions are reinstated. For complete details on broken service and pregnancy/parental leaves, see the *Administration Manual*.

Scattered days (up to 20 days per year)

- Treat up to 20 scattered days off in any calendar year as one leave (the start date of the leave is the first day absent, the end date is the last day absent).
- Offer the purchase of the leave to the member by providing a completed Form 165.
- We recommend that you establish a procedure for offering scattered days to your members as part of your year-end procedures or earlier when possible:
 - Leaves elected before April 30th must be included in the PA. So, to avoid having to adjust your T4s, it's best offer leaves as early as possible.
 - Offering leaves early gives members more time to pay.

Full leaves

Offer the purchase of full leaves to members when they return to work by providing the member with a completed Form 165 or Form 166.

Form 119 Reporting

Unless the member has returned the Form 165 or Form 166 and paid for the leave, report the leave as "undecided" on your Form 119. (This includes scattered days reported as one leave period.)

- If the member has decided to purchase the leave but hasn't completely paid for it, report the leave as undecided on the Form 119. When you have the lump-sum payment, remit the payment on a *Form 105 - Contribution Remittance Summary* and send it to OMERS with the Form 165 or Form 166. We will update the member's record and change the status of the leave from "undecided" to "purchased."
- PA reporting for pregnancy/parental leaves and broken service is different (see the *Administration Manual* for complete details):

Pregnancy/parental leaves:

Include the leave period in the PA calculation for undecided leaves – only exclude the leave in the PA if the member has declined the purchase.

Broken service:

Include the leave in the PA only if the member has elected to purchase and has completely paid for the period.

Example 2: Reporting a leave

To report a leave starting on September 1, 2003 and ending May 1, 2004.

- Report September 1, 2003 to December 31, 2003 as an undecided leave on your 2003 Form 119.
- When the member returns to work, provide the member with a completed Form 165 or Form 166 for the full leave (September to May).
- If the member decides to purchase all or some of the leave, send the Form 165 or Form 166 and the payment to OMERS. You may have to amend the 2003 PA. (See the *Administration Manual* for complete details on payment deadlines and PA reporting.)
- If the member declines the purchase, we still need a signed copy of the Form 165 or Form 166.

Payment and T4 reporting

- Do not remit leave contributions during the leave.
- Payment must be made in one lump sum before the deadline.
- Remit the payment (including employer matching amount for pregnancy/parental leaves) on a Form 105 with the signed Form 165 or Form 166.

Omission periods

A period during which an eligible employee should have been but was not enrolled in or contributing to OMERS is called an omission period.

The cost of an omission period depends on the contribution rate in effect at the time of omission period and the length of time the contributions have been owed. During the contribution holiday, there is no cost to employers or members for omission periods. Omission periods occurring in periods outside the contribution holiday can be expensive.

Example 1: Cost of omission periods

	Example 1	Example 2
Omission period	November 14, 1978 to September 4, 1980	May 26, 1998 to December 31, 1999
Months of credited service	22	19
Member contributions	\$ 1,502.62	\$ 633.88
Employer contributions	\$ 1,502.62	\$ 633.88
Employer investment interest	<u>\$22,584.22</u>	<u>\$ 576.86</u>
Total employer cost	\$24,086.84	\$1,210.74

Before the end of the year:

- Review the membership requirements for OTCFT employees in your *Administration Manual*
- Check for your OTCFT employees eligible to join OMERS in January 2003 and notify these employees at least 60 days in advance to give them enough time to make a decision.
- Set up a regular schedule to offer your OTCFT employees membership in the OMERS pension plan.

When reporting service and earnings for omission periods, remember to split omission periods that span the beginning or end of the contribution holiday.

Report the omission period:

- on a Form 167 if the error is discovered after the end of the year the member was eligible to join;
- through the Form 119 process if the error is discovered in the year the member is eligible to join.

Disability elimination periods

When a member elects to purchase an elimination period, report the credited service and deemed earnings with the regular credited service and earnings. Report the service and earnings through the *Annual reporting of membership information (Form 119)* process or on a *Form 143 – Request for an OMERS plan benefit*.

- Disability waiver of contribution effective date
- Start date of elimination period
- End date of elimination period
- When the member was offered the option to purchase the service
- Credited service associated with the elimination period
- Deemed earnings associated with the elimination period
- Cost to purchase
- Did the member purchase the service?
- Whether the information was reported to OMERS and funds remitted

Reminder! If the member purchases the elimination period, include the service and earnings in the PA calculation at the end of the year.

For information on elimination periods, see the *Administration Manual*.

Grievance settlements

If there is a grievance settlement for a wrongful dismissal, before deducting and reporting contributions, please contact OMERS. Grievance reinstatements can be complicated and are assessed on a case-by-case basis.

General rules of thumb:

If the member is reinstated **with full pay and seniority**:

- Report contributions for the current year through the Form 119 process.
- Do not report contributions for the prior years through the Form 119 process. These periods must be treated as omission periods.

If the member is reinstated **without back pay** treat the entire period as non-purchaseable broken service.

II. Remitting member and employer contributions

OMERS contributions must be made monthly. Any money remitted to OMERS must be accompanied by a *Form 105 – Contribution Remittance Summary*. The Form 105 specifies what's being paid and for whom.

Where local boards (e.g. library or health unit) combine with a municipality under one OMERS group number, the municipality should send one Form 105 and one payment to cover its and the local boards' contributions.

How to remit contributions

By direct deposit...

- On the Form 105, enter location number, the date the Form 105 is faxed to OMERS and the date the payment is made to the bank.
- Write the date you will be processing your transfer at the top of the form.
- Fax the Form 105 to OMERS Pension Accounting by 3:00 p.m. on the day before you make your bank payment.
- Call the NDDS telephone number between 8:00 a.m. and 8:00 p.m. to transfer funds directly from your account. Calls received after 8:00 p.m. will be accepted for the next business day.
- Once you have completed the deposit, enter the confirmation number generated by NDDS on your copy of the form and retain for your records.

By cheque...

- Make the cheque payable to OMERS.
- Return the cheque and Form 105 to OMERS Pension Accounting in a preprinted remittance envelope.

Completing the *Form 105 – Contribution Remittance Summary*

A copy of the Form 105 is inserted at the back of this booklet. You can also print or order copies from our web site (www.omers.com).

- Fill in the employer identification information or verify the preprinted information. Draw a single line through any errors and print the correct information above or below it.
- Confirm that the amount of the direct deposit or cheque agrees with the total contributions on the Form 105.

Important!

Important!
Be sure to include your employer group number on the Form 105.

- Enter the member and employer basic plan contributions (including disability elimination periods), and any RCA contributions.
- Print the three-letter abbreviation for the month for which contributions are being remitted.

Supplementary agreement and other remittances

- The required payments for most Type 1, optional service, Type 6 unfunded liability, Type 7, Section 23 amortized payments, and NRA conversion employer payments are usually preprinted to match your payment schedule.
- If you change or manually complete payment amounts, please provide documentation showing the calculation details.
- If there is more than one payment schedule for the group, the total amounts for the required payments will be shown and details will be provided in a separate report.
- Employer optional service payments are included in Type 1 supplementary employer payment.

Type 6 supplementary

- Enter any member unfunded liability payments as listed in the payment schedules.

Other contributions

(for example, broken service purchased or elimination period)

- Identify the contribution type.
- Provide the member's name or list of names if the payment is for more than one member.
- Provide SIN numbers.
- Enter the member and/or employer contribution amounts.
- For an omission period, include the investment interest charge in the employer contribution amount.
- Provide details of any funds remitted for payments not specified on this form and provide supporting documents.

Payment for a service purchase

- Identify type of service being purchased for each member including employer and member breakdown.
- Include the member's election form and any other required documents indicating the number of months being purchased and the amount.

Retroactive payments

- Specify the dates to which the retroactive payment applies and the date it was deducted from payroll.
- Indicate whether the member is active, retired or terminated.
- Remember to use the rates in effect for the period to which the retro pay applies.
- If the payment affects a benefit, please notify OMERS immediately – do not wait until you finish your Form 119 annual reporting.

Late remittances

Type of Remittance	Remittance	Late remittance charges
<ul style="list-style-type: none">• Basic plan (RPP) remittances• RCA remittances	Must be received by OMERS on or before the last day of the month following the month for which they are made (e.g. January contributions must be received on or before the last day of February).	<ul style="list-style-type: none">• The interest charged for late remittances is prime rate plus 1.5% per month on the unpaid contributions, calculated for the days the remittance is late.• The OMERS Board does not have the authority to waive this penalty.
<ul style="list-style-type: none">• Supplementary agreement remittances• Other remittances	Must be received by OMERS on or before the due date shown on the payment schedule, or as indicated in any other accompanying documentation.	

III. National Direct Deposit Service (NDDS)

Benefits of NDDS

Make your monthly contribution payments electronically through Royal Bank's National Direct Deposit Service (NDDS) – it's convenient and fast!

- Save time and money: NDDS eliminates printing, cheque and postage costs.
- Many OMERS employers already use NDDS to make their payment process easier than ever.
- Make payments by phone or through any Royal Bank branch – even if you're not a Royal Bank customer.

Submitting monthly OMERS contribution payments is easy:

- Call the NDDS special telephone number.
- Enter your OMERS company number (assigned to you by the Royal Bank), location number, and deposit amount.
- NDDS generates a confirmation number for each successfully completed deposit. (You'll receive instructions for calculating this number prior to your call.)
- A troubleshooting guide is available if you make an error during a session.
- In one session, you can report a second amount for the same company and location number, an amount for another company and location number, or change or cancel an amount you've already entered.
- Voice reporting instructions are available if you can't report by Touch Tone phone.

How to Register

To register for NDDS, complete the attached *Form 101 – Direct deposit registration form* (next page) and send it to OMERS Pension Accounting. OMERS and the Royal Bank will process your information and provide you with specific instructions.

Register early!
Enrolment can take
up to six weeks.



Direct deposit registration form

Use this form to register for Royal Bank's National Direct Deposit Service (NDDS). NDDS allows you to make contribution payments to OMERS electronically. This service is provided free of charge for all OMERS employers.

OMERS and the Royal Bank will process your information and provide you with specific instructions.

Once you have completed and signed this form, **fax** it to OMERS Pension Accounting at **416-361-9809** or send it to us at OMERS, One University Avenue, Suite 1000, Toronto, Ontario M5J 2P1. If you fax it, do not mail the original.

1. EMPLOYER INFORMATION

Group number				
Employer name				
Address (street number and name)		City	Province	Postal code

2. CONTACT INFORMATION (FOR NDDS)

Name		Title
Telephone number ()	Fax number ()	

3. FINANCIAL INFORMATION

Name				
Address (street number and name)		City	Province	Postal code
Transit number	Bank number	Bank account number		

4. AUTHORIZATION

By signing below, I verify that I am duly authorized, on behalf of the employer, to request enrolment in the Royal Bank NDDS service. I understand that this arrangement can be cancelled at any time by written notice.

Name of authorizing person		Title
Signature of authorized signing officer	Date (yy/mm/dd)	

FOR OMERS/ROYAL BANK USE ONLY

Employer location code

4 8

IV. Reporting contributions

Report member contributions on your 2003 *Annual reporting of membership information (Form 119)*.

Form 119 import file

If you use the PC application to do your Form 119 reporting:

- Ensure the extract from your payroll system used to import information into the Form 119 includes RPP and RCA contributions.
- RPP and RCA contributions must be reported separately on the Form 119.
- Import file specifications are on the OMERS web site.

Recommended timeline to complete this step: 3rd/4th Quarter 2003

Special situations

- **Grievance reinstatements**
 - Report the contributions for the current year through the Form 119 process.
 - **Do not** report the repayment of benefits on your Form 119 for a member who has been awarded a grievance reinstatement for prior years.
- **Disability – elimination periods**
 - **Do** report contributions, service and deemed earnings for members who have elected to purchase their elimination periods in the reporting year.
 - Ensure the PA calculated for the member includes the purchased elimination period.
 - OMERS will report the PA for the period the member is on the disability waiver.

Balancing contributions

EMC104 Annual Statement of Contributions

At the beginning of each year, OMERS will send you an *EMC104 Annual Statement of Contributions*. This statement outlines the total contributions received for the previous reporting year. An EMC104 is generated for all active groups.

When you receive the EMC104...

- Verify the EMC104 information for accuracy and completeness.
- Compare the total RPP and RCA contributions you entered on the Form 119 *Full Information Report* (contributions reported) with the totals on the EMC104 (contributions actually paid). If the numbers do not agree, you may have underpaid or overpaid contributions.
- If the information on the EMC104 does not agree with your records, please advise Pension Accounting in writing as soon as possible.
- If you underpaid 2003 contributions:
 - Do not remit extra money to OMERS.
 - OMERS will send you a request for payment with your *EMC110 Contribution Reconciliation Statement* after your Form 119 is processed.
- If you overpaid 2003 contributions:
 - Do not withhold money (or short remit) in 2004 to recover the overpayment.
 - OMERS will forward a cheque with your *EMC110 Contribution Reconciliation Statement* after your Form 119 is processed.

EMC110 Contribution Reconciliation Statement

The contributions remitted in the previous year will be reconciled with the members' credited service and contribution records. OMERS will generate an *EMC110 Contribution Reconciliation Statement* for each group. The information on this statement is a comparison of the Form 119 data and the EMC104 data. This is the final statement from OMERS for the year.

2003 Form 119 checklist

Q1 to Q4 of 2003

- Track all leave periods.
- Track all disability elimination periods.
- Track changes in employment status (including split in earnings, service and contributions).

Q4 of 2003

- Make changes to Form 119 import file to report RPP and RCA contributions (two separate fields). Don't forget to include contributions for elimination periods purchased.
- Submit all outstanding enrolment cards.

Q1 of 2004

- Compare EMC104 to Full Information report.
- Submit Form 119.

Q2 to Q3 of 2004

- Review EMC110 and submit contributions if unpaid in 2003.



Contribution Remittance Summary

1. Employer identification

Employer name	Group number
<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>

Completed by	Telephone	Fax
<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>

Form month

DIRECT DEPOSIT PAYMENT ONLY

Company	Location number	Fax date	Bank payment date	Confirmation number
<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>	<input style="width:95%" type="text"/>
		M M D D Y Y	M M D D Y Y	

Fax this form to OMERS at 416-361-9809 one day BEFORE making bank payment (the date you process the payment). Please remember to complete the "Bank Payment Date".

2. Contributions

	Month	Member	Employer
Basic plan (RPP)	<input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
Full earnings (RCA)	<input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
Supplementary - Type 1	Total payment	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
Optional service	Total payment	\$ <input style="width:95%" type="text"/>	CONTRIBUTIONS ARE REPORTED AS TYPE 1
Supplementary - Type 6	Future service	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
	Unfunded liability	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>

OTHER CONTRIBUTIONS: Type 3, Type 7, NRA Conversion, Section 23, Broken service, Pregnancy/parental leave, Buy-back, Omission period, Transfer-in, etc. Enter contribution type and members' names (separate list if necessary). Remember to attach appropriate member election forms where applicable.

	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>
	\$ <input style="width:95%" type="text"/>	\$ <input style="width:95%" type="text"/>

Total payment → \$

FOR OMERS USE ONLY

Contribution Remittance Summary Instructions

Deadline for contribution remittances

All monthly basic plan contributions must be received by OMERS on or before the last day of the month following the month for which the contributions are made.

Late remittances

The interest penalty for late remittances is prime rate plus 1.5% per month on the unpaid contributions, calculated for the days the remittance is late. There is no authority in the OMERS Act or Regulation for the OMERS Board to waive this penalty.

“Payment schedule” remittances

For employers with payment schedules; Type 1, Optional Service, Type 6 Unfunded Liability, Type 7, Section 23, and NRA Conversion payments must be received by OMERS on or before the due date shown on the payment schedule. The interest penalty for late remittances is prime rate plus 1.5% per month on the unpaid contributions, calculated for the days the remittance is late.

Employer identification

Please complete the employer identification information if it is not preprinted. Verify preprinted information. Draw a single line through any errors and print the correct information above or below the line.

If you are using direct deposit, please follow the “Direct Deposit Payment” instructions (below) to complete the “Direct Deposit Payment Only” part of the form.

Direct deposit payment

If you wish to use an electronic service to deposit your contribution payments, please call the OMERS Pension Accounting Department at 416-369-2400 to request enrolment information.

If you are using direct deposit, you must fax your *Contribution Remittance Summary* to OMERS (at 416-361-9809) by 3:00 pm of the day **before** you make your bank payment.

Please enter your location number, the date you fax your *Contribution Remittance Summary* to OMERS and the date you will make your payment to the bank.

Once you have completed your deposit, enter the confirmation number on your copy of this form and keep the information for your records.

Contributions

Basic plan and full earnings RCA

Enter both the member and employer basic plan (including any disability elimination period contributions), and any full earnings RCA contributions. Print the three-letter abbreviation for the month for which contributions are being remitted.

Supplementary agreement & other remittances

The required payments, usually matching your payment schedule, are preprinted for most Type 1, Optional Service, Type 6 Unfunded Liability, Type 7, Section 23 amortized payments, and NRA conversion employer payments. If you must change or manually complete payment amounts, please provide documentation showing the calculation details.

If there is more than one payment schedule for your group, the total amounts for the required payments will be shown and details will be provided in a separate report.

Print the three-letter abbreviation for the month for which contributions are being remitted. The month is preprinted if you have a payment schedule.

- **Type 1 Supplementary and optional service** – The principal and interest total payments for each of member and/or employer contributions are preprinted to match your payment schedule. Employer optional service payments are included in Type 1 Supplementary employer payment.
- **Type 6 Supplementary** – Indicate your future service and any member unfunded liability payments. Future service payments are specified in your Type 6 Supplementary Agreement and unfunded liability payments are listed in your payment schedules.

Other contributions

- Identify the contribution type in the space provided.
Provide a list of the members whose contributions you are remitting, with the members’ full names, SIN’s and the contribution amounts, where applicable.
- Enter the total member and/or employer contribution amounts.
- Send the members’ signed election form(s) and any other required documents with this form.
- **Omission period** – Remember to include the investment interest charge in the employer contribution amount.
- **Transfer-in** – For OMERS use only.

Detail any funds remitted for payments not specified on this form. Please provide supporting documents.

OMERS may preprint details of other required payments.

Total payment

Write the total amount of the payment. This amount must agree with the total of the member and employer contributions shown on the form.

Payment envelopes

If you remit payment by cheque, please return your remittance cheque with this form in one of the specially marked remittance envelopes provided by OMERS.



Phone

416-369-2444
1-800-387-0813



Fax

416-369-9704



Mail

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Suite 1000
Toronto ON M5J 2P1



Email

employer@omers.com



Web

www.omers.com
e-access.omers.com