

## AVC Payroll Deduction Roles and Responsibilities

Effective January 1, 2011, the OMERS Primary Pension Plan ("Plan") was amended to add an additional voluntary contribution provision (the "AVC Provision" as defined herein). Effective, **January 1, 2014** employers may offer their employees who are Plan members the option to make automatic contributions to the AVC provision through payroll deduction ("**AVC Payroll Deduction Option**").

This document outlines the roles and responsibilities for both the employer and OMERS where an employer provides the AVC Payroll Deduction Option to its eligible employees. The information is provided under four headings: Administration and Enrolment; Deduction and Remittance of Payroll Deduction AVCs; Reporting; and Termination. In addition, please see the Definitions at the end of the document for the meaning of certain capitalized terms.

### Administration and Enrolment

1. OMERS is responsible for administering the AVC Provision and making all determinations with respect to the eligibility of a Member to participate in the AVC provision.
2. OMERS is responsible for making information available to Members about the AVC Provision and enrolling Members in the AVC Provision.
3. If a Member wishes to commence, change or suspend Payroll Deduction AVCs, OMERS is responsible for obtaining the Member's authorization to withhold the amount of Payroll Deduction AVCs elected by the Member from the Member's salary or wages, or to suspend Payroll Deduction AVCs, as applicable.
4. An authorization providing for the remittance of Payroll Deduction AVCs under paragraph 3 above will authorize the employer, as agent for the Member, to remit the Payroll Deduction AVCs to the AVC Provision on behalf of the Member or to otherwise deal with OMERS on the Member's behalf for the purposes of Payroll Deduction AVCs.
5. OMERS is responsible for advising the employer as to the identities of the employees of the employer who have elected to make or change Payroll Deduction AVCs and for providing the employer with the information set out in Appendix "A" to this document in order to enable the employer to withhold and remit Payroll Deduction AVCs to OMERS for deposit under the AVC Provision.

### Deduction and Remittance of Payroll Deduction AVCs

1. Upon receipt of notice from OMERS that a Member employed by the employer has elected to make or change Payroll Deduction AVCs, the employer is responsible for making arrangements to withhold such Payroll Deduction AVCs and remit them to OMERS for deposit under the AVC Provision.
2. Payroll Deduction AVCs must be in Canadian currency and remitted to OMERS by EFT or NDDS.
3. Where the employer employs a service provider to process the employer's payroll, the employer is responsible for providing the information necessary to implement Payroll Deduction AVCs to such service provider and ensuring that such service provider complies with the roles and responsibilities set out in this document.
4. The employer is responsible for remitting Payroll Deduction AVCs to OMERS within three business days in accordance with the conditions set out in Appendix "B".
5. When remitting Payroll Deduction AVCs to OMERS in accordance with paragraph 4 above, the employer is responsible for providing OMERS with the information set out in Appendix "C".
6. Subject to paragraphs 7 and 8 below, OMERS is responsible for depositing Payroll Deduction AVCs (remitted by the employer in accordance with paragraph 4) to a Member's AVC Account within three business days of receiving such Payroll Deduction AVCs. All Payroll Deduction AVCs deposited to the Fund shall be held to the credit of the applicable Member and credited with the rate of return determined pursuant to the AVC Provision.
7. OMERS may refuse to accept or return to the employer Payroll Deduction AVCs that are not: (i) made in accordance with the roles and responsibilities described in this document; or (ii) in accordance with the AVC Provision. In the event that OMERS refuses to accept or returns Payroll Deduction AVCs to the employer, OMERS is responsible for notifying the employer of the name of the Member, the amount of such Payroll Deduction AVCs and the reason for OMERS refusing to accept or return the Payroll Deduction AVCs.
8. OMERS may return Payroll Deduction AVCs to a Member in the situation where the Member's Payroll Deduction AVCs may result in the Member exceeding any limits implemented by OMERS under the AVC Provision, the ITA or other Applicable Law.
9. Within 30 days of returning Payroll Deduction AVCs to a Member under paragraph 8 above, OMERS is responsible for informing the employer that the Payroll Deduction AVCs have been returned.
10. Employer is responsible for communicating directly to members any delays that may result in changes to a members contribution amounts, such as starting of contributions, stopping of contributions, or changing contribution amounts, to the point where such delays prevent remittance of the revised contribution amount within the month they are the made.

## AVC Payroll Deduction Roles and Responsibilities (continued)

### Reporting

1. The employer is responsible for complying with all reporting obligations applicable to an employer under the ITA in respect of Payroll Deduction AVCs made by employees of the employer. For greater certainty, when preparing T4 slips for a Member who made Payroll Deduction AVCs, the employer must include the amounts associated with such Payroll Deductions AVCs as part of the "RPP contributions" and "Pension adjustment" (as set out on the T4) for the taxation year in which the Payroll Deductions AVCs are deposited in the Fund.
2. Within 30 days upon receipt of notice that Payroll Deduction AVCs have been returned to a Member, the employer is responsible for filing an amended T4 slip with an amended pension adjustment (as defined in the ITA) for the applicable taxation year.
3. OMERS is responsible for providing information regarding Payroll Deduction AVCs as the employer may reasonably require for the purposes of complying with paragraphs 1 and 2 above.
4. In addition to the information provided under paragraph 3 above, OMERS is responsible for providing such information regarding the Payroll Deduction AVCs as the employer may reasonably require for purposes of compliance with Applicable Law and preparation of financial statements at such times, on such terms and subject to payment of such reasonable costs to OMERS as may be agreed upon by OMERS and the employer.

### Termination

1. An employer is responsible for providing written notice to OMERS at least 45 days prior to terminating its election to provide the AVC Payroll Deduction Option.
2. In the event that an employer terminates its election to provide the AVC Payroll Deduction Option, the employer remains responsible for fulfilling its reporting and other outstanding responsibilities set out in this document.

### Definitions

#### **Applicable Law**

The laws of the Province of Ontario and the laws of Canada applicable therein, including the common law, the law of equity and any statute, and including the *Income Tax Act*, the *Ontario Municipal Employees Retirement System Act, 2006* and the *Pension Benefits Act*.

#### **AVC**

Ascribed to the term "additional voluntary contribution" in section 47 of the Plan as amended from time to time.

#### **AVC Provision**

Section 47 of the Plan as amended from time to time.

#### **Business Day**

Any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto.

#### **EFT**

An electronic fund transfer acceptable to OMERS.

#### **Fund**

The pension fund for the Plan.

#### **Member**

A member of the Plan who is eligible to enrol and/or has enrolled in the AVC provision, as applicable.

#### **NDDS**

The Royal Bank National Direct Deposit Service (electronic telephone payments).

#### **OMERS**

The OMERS Administration Corporation.

#### **Payroll Deduction AVCs**

AVCs made by way of deduction from an AVC Member's salary or wages from the employer.

#### **Plan**

The OMERS Primary Pension Plan as amended from time to time.

## AVC Payroll Deduction Roles and Responsibilities (continued)

### APPENDIX A Notice of Payroll Deduction AVCs by OMERS to Employer

Item	Particulars
<b>Name of Report</b>	AVC Employer Payroll Deduction Report
<b>Method of transmission to Employer</b>	Secure/encrypted email or File Transfer Protocol (FTP)
<b>Frequency of transmission</b>	Monthly
<b>Date of transmission</b>	5 <sup>th</sup> of each month
<b>Transmission destination</b>	Email addresses for recipients registered by employer with OMERS
<b>File Type</b>	Data file (CSV format)*
<b>Member Contents of File</b>	Informational details for the employer <ul style="list-style-type: none"> <li>• Last Name</li> <li>• First Name</li> <li>• OMERS Membership Number</li> <li>• SIN</li> <li>• Employee ID (if available)</li> <li>• Effective From Date</li> <li>• Effective to Date</li> <li>• Contribution Amount</li> <li>• Remitted Funds to OMERS (For employer Use)</li> <li>• Notes to OMERS (open for employer Use)</li> </ul>
<b>AVC Deduction Type</b>	<p><b>Section 1 Current AVC Payroll Deductions</b>                      Details of current employees that are part of Employer Payroll Deduction (existing “no change”)</p> <p><b>Section 2 New AVC Payroll Deductions</b>                      Details of new employees that elected to start Employer Payroll Deduction</p> <p><b>Section 3 Modified AVC Payroll Deductions</b>                      Details of employees that have modified the current contribution amount</p> <p><b>Section 4 Stopped AVC Payroll Deductions</b>                      Details of employees that have elected to stop Employer Payroll Deductions</p>
<b>AVC Deduction Tax Status</b>	RPP Contribution eligible for pre-tax treatment

\* importable into Microsoft Excel or like formats

## AVC Payroll Deduction Roles and Responsibilities (continued)

### APPENDIX B Remittance of AVC Payroll Deductions

Item	Particulars
<b>Remittance for member</b>	As authorized by the member or \$0*
<b>Order of Priority</b>	OMERS required contributions take precedence over AVC deductions
<b>Method of remittance to OMERS set up in advance of 1<sup>st</sup> AVC employee deduction:</b>	Electronic Fund Transfer – see below National Direct Deposit Service – see below
<b>Frequency of remittance</b>	Monthly **
<b>Date of remittance (all months except December)</b>	Within 3 business days of deduction being taken from employee pay
<b>Date of remittance (December)</b>	The earlier of within: <ul style="list-style-type: none"> <li>• 3 business days of the deduction being taken from employee or</li> <li>• 3 business days of the calendar year end</li> </ul>
<b>Relationship to Required Contributions (Form 105)</b>	Independent from contributions for the defined benefit provision of the Plan

\*The employer should only deduct the full amount indicated on the AVC Employer Payroll Deduction Report. If the member has no pay or not enough pay during a particular pay period, the employer should not apply a deduction at all (\$0). The employer will need to report this in the "notes" section of the AVC Employer Payroll Deduction Confirmation Report, as an adjustment, to OMERS. Employers who have more than one payroll for AVC payroll deduction purposes should contact OMERS for additional remittance information.

\*\* For employers who have more than one payroll for AVC payroll deduction purposes, there must be a monthly remittance for each payroll.

#### Electronic Fund Transfer (EFT)

Send an email to OMERS Pension Accounting Department (penacc@omers.com) requesting AVC payroll deduction EFT set-up instructions.

#### National Direct Deposit Service (NDDS)

Complete and forward an AVC Employer Payroll Deduction Direct Deposit (NDDS) Registration Form to OMERS – located in the employer/forms section of the OMERS website

Both EFT and NDDS are set up for an account that differs from the one used to accept contributions to the defined benefit provision of the Plan (i.e. required contributions and employer matching as set out on Form 105).

## AVC Payroll Deduction Roles and Responsibilities (continued)

### APPENDIX C Reporting of AVC Payroll Deduction Confirmation

Item	Particulars
<b>Name of Report</b>	AVC Employer Payroll Deduction Confirmation Report
<b>Method of transmission</b>	Email or File Transfer Protocol (FTP)
<b>Transmission destination</b>	OMERS Pension Accounting - Address pennacc@omers.com
<b>Date of Report</b>	The report can be sent to OMERS anytime after your payroll has been closed/finalized, but it must be sent within three business days of the corresponding AVC payroll deductions.*
<b>File Type</b>	Excel or Data File (CSV format)
<b>Member Contents of File</b>	<p>Informational details for the employer</p> <ul style="list-style-type: none"> <li>• Last Name</li> <li>• First Name</li> <li>• OMERS Membership Number</li> <li>• (remove SIN from your file on return to OMERS)</li> <li>• Employee ID</li> <li>• Effective From Date</li> <li>• Effective to Date</li> <li>• Contribution Amount</li> <li>• Remitted Funds to OMERS (For employer use)</li> <li>• Notes to OMERS (i.e. explanation if contribution amount differs from AVC Employer Payroll Deduction Report)</li> </ul>
<b>AVC Deduction Type</b>	<p><b>Section 1 Current AVC Payroll Deductions</b> Details of current employees that are part of Employer Payroll Deduction (existing “no change”)</p> <p><b>Section 2 New AVC Payroll Deductions</b> Details of new employees that elected to start Employer Payroll Deduction</p> <p><b>Section 3 Modified AVC Payroll Deductions</b> Details of employees that have modified the current contribution amount</p> <p><b>Section 4 Stopped AVC Payroll Deductions</b> Details of employees that have elected to stop Employer Payroll Deductions</p>

\* If you have more than one payroll for AVC payroll deduction purposes, a separate AVC Employer Payroll Deduction Confirmation Report may be used for each payroll or all payrolls may be combined on a single report. In either case, the report must be sent within three business days of the corresponding AVC payroll deduction.