

OMERS is excited to offer a new option for automatic contributions, and it involves you – the employer.

AVCs were launched in 2011 as a response to member requests to invest their personal retirement savings in the OMERS Fund. Since then, participation in the AVC provision of the OMERS Primary Pension Plan (OMERS Plan) has grown to over 10,000 AVC members, representing more than 600 employers.

Active members had the choice of making AVCs either by automatic contributions (pre-authorized debit) and/or through a lump sum transfer (from a registered plan).

On January 1, 2014, OMERS employers now had the option to offer their employees who are OMERS members the ability to make automatic contributions to their AVC account through an **AVC Payroll Deduction Option**.

This arrangement is designed to be both easy to administer and communicate to your employees. We appreciate that you may have some questions related to setting up and delivering this optional deduction. We assure you that OMERS is here to support and assist you.

Additional Voluntary Contributions (AVCs) and the Employer Payroll Deduction Option

To provide members with another option by which they can make automatic contributions to their AVC account, we are partnering with employers to provide a payroll deduction and remittance service. The contribution is deducted by the employer from the member's pay once a month, and then remitted to OMERS within three business days. We believe it provides a number of benefits to both you, as the employer, and to your employees.

Features and benefits for employers:

- Demonstrates your positive support for your employee's retirement savings and planning.
- Adds to your total compensation platform without a direct contribution cost (i.e. no employer contributions).
- Makes use of your payroll abilities for added value.

Features and benefits for employees:

- An alternative automatic contribution method for the AVC program.
- AVC payroll deductions are made pre-tax, which can make it more affordable for employees.
- AVC payroll deductions can be captured and viewed along with other payroll-related items on their pay statement.
- Ongoing and predictable retirement savings.

OMERS responsibilities for administering the AVC Payroll Deduction Option:

- OMERS will provide communication material to you that will assist in promoting awareness of the AVC Payroll Deduction Option that can be printed for distribution and/or used for internal posting on intranet pages and electronic bulletin boards.
- OMERS will act as the direct contact with your employees to register, modify or stop making AVC payroll deductions.
- On the fifth calendar day of each month, OMERS will send an *AVC Employer Payroll Deduction Report*, via encrypted email, to you with deduction setups (new), changes or deletions for the registered members.
- If required, OMERS will contact the employer with details to amend an individual member's T4 (we anticipate this will be very uncommon).

Employer responsibilities for administering the AVC Payroll Deduction Option:

- Read the *AVC Employer Payroll Deduction Roles and Responsibilities* document and sign an *AVC Employer Payroll Deductions Election Form*.
- You will need to choose the effective date the payroll option will start - after January 1, 2014.
- You will need to set the timing of your monthly AVC payroll deduction (e.g., the pay period that falls within the second or third week of each month) within your payroll cycle, and communicate this timing to your employees.
- You will program/set up the automatic payroll deductions within your existing payroll system to implement the monthly deduction (and changes).
- You will remit the deductions and an *AVC Employer Payroll Deduction Confirmation Report* to OMERS within three business days of the deductions being made.
- Annually, you will report associated AVC payroll deductions and the pension adjustment (PA) on each employee's T4 (as part of a defined benefit registered pension plan contribution) – see example in Frequently Asked Questions (FAQs) section.

Frequently Asked Questions

Employer Setup:

Q: Do I have to offer the AVC Payroll Deduction Option?

A: No, employers have the option to provide this to their employees who are OMERS members at their own discretion.

Q: How do I offer the AVC Payroll Deduction Option to my employees who are OMERS members?

A: Read the *AVC Employer Payroll Deduction Roles and Responsibilities* document and sign an *AVC Employer Payroll Deductions Election Form*.

Q: What factors should I consider before providing this service?

A: Some things you may want to consider:

- Being comfortable with your new roles and responsibilities, as set out in the *AVC Employer Payroll Deduction Roles and Responsibilities* document.
- Whether your payroll or payroll provider is prepared to perform monthly setups/modifications and deletions?
- Whether your payroll or payroll provider is prepared to perform Electronic Fund Transfers (EFT) or National Direct Deposit Service (NDDS) payments to OMERS?
- Deciding on an effective date (month) for the payroll deductions to start.

Q: What questions might my employees ask about the AVC Payroll Deduction Option that I (as opposed to OMERS) would have to answer?

A: Employees would need to know:

- That you have elected to provide this option to them (and they should contact OMERS for more information on AVCs).
- The month the payroll option takes effect (effective date).
- When in the month you will be performing the AVC payroll deduction from their pay, if they were to register.
- Should they anticipate there may be delays (i.e. taking affect the following month) in processing contribution changes (e.g. starting, modifying or stopping contributions).

Q: Once I have decided to provide the AVC Payroll Deduction Option and returned the *AVC Employer Payroll Deduction Election Form* to OMERS, what happens next?

A: OMERS will review your election form and set you up on our system to commence the payroll deduction option from the effective date you selected. A member will not be able to make automatic contributions through the AVC Payroll Deduction Option before this effective date. Before the effective date, you may wish to inform your eligible employees that you have decided to provide the AVC Payroll Deduction Option.

OMERS will provide communication material to you that will assist in promoting awareness of the AVC Payroll Deduction Option that can be printed for distribution and/or used for internal posting on intranet pages and electronic bulletin boards.

Q: Why do I need to choose an effective date?

A: You may wish to choose an effective date that provides you with sufficient lead time to allow for implementation of your systems, etc., and to inform your employees of the option.

Q: Can I choose a retroactive effective date?

A: No.

Q: Does an effective date have to be the first of the month or can it be any day in a month (that is not retroactive)?

A: No, it does not have to be the first of a month; this is something for you to consider. As you will see further in the FAQs, you will receive an *AVC Employer Payroll Deduction Report* from OMERS on the fifth of each month. AVC payroll deductions are to be performed *in the month* of your effective date.

Member Setup:

Q: How will my eligible employees know that we (the employer) have elected to offer the AVC Payroll Deduction Option?

A: We encourage you to inform your eligible employees that you have elected to provide this option, including the effective date of payroll deductions and anticipated delay in contribution changes (e.g. may not happen until following month).

Also, as of your effective date (or another mutually agreed upon date prior to effective date), a member who logs into the myOMERS secure website will be provided with the AVC Payroll Deduction Option as an option for automatic contributions.

Q: How do my eligible employees elect to make automatic contributions through the AVC Payroll Deduction Option?

A: This is done through OMERS. Starting on the effective date (or another mutually agreed upon date prior to the effective date), you have selected, a member can sign up for AVCs and/or modify their deduction amount through myOMERS.com or by using a paper form.

Q: Can a member make automatic contributions to their AVC account through both employer payroll deduction and automatic pre-authorized debit at the same time?

A: No, it can only be done from one or the other; not both at the same time. This will be part of the validation performed by OMERS when a member signs up or changes his or her automatic contributions.

Q: Can a member ask me directly to stop their AVC payroll deduction?

A: No. All changes must be done through myOMERS.com or by paper form directly with OMERS. If the member has questions about this process, ask them to contact OMERS Client Services.

Frequently Asked Questions (continued)

Employer Administration:

Q: What is the AVC Employer Payroll Deduction Report?

A: Each month, OMERS will provide an employer who has elected to provide the AVC Payroll Deduction Option with this report. The *AVC Employer Payroll Deduction Report* contains a list of all of your eligible employees who make automatic contributions through the AVC Payroll Deduction Option.

Q: When will I receive the AVC Employer Payroll Deduction Report?

A: The report is sent monthly. It will be sent via encrypted email before 6:00 a.m. on the fifth calendar day of each month – even if the fifth falls on a weekend or holiday.

Q: How do I know I will get the AVC Employer Payroll Deduction Report on the fifth calendar day of each month (in case one of my staff is away)?

A: OMERS will ask you to complete an *AVC Employer Payroll Deduction Option Contact Form* listing a number of employer contacts. An encrypted email containing the *AVC Employer Payroll Deduction Report* will be sent to all contacts to help address instances when someone is away.

Q: In order to complete the authorized AVC payroll deduction, how many deductions can be performed in a month?

A: You can only make one deduction per month. For example, if you have a weekly pay cycle, you cannot make deductions for the AVC payroll deduction option each pay period and remit the total deductions once a month to OMERS.

Q: In which pay period do I apply the AVC payroll deduction (i.e., if there are two/three pay periods in month)?

A: Employers will have to establish and communicate their own practice for the AVC payroll deduction. This is something your employees will need to know from you.

Q: Can we schedule the deduction for the end of the month?

A: Yes, but keep in mind the month of December poses a risk. OMERS must receive the remittance before the third-last business day of the year. Since AVCs must be deposited during the calendar year they are received, waiting until the end of the month increases the risk of missing this deadline.

Q: What if the member is not paid enough during the pay cycle to cover the deduction, or is away without pay (e.g., on unpaid leave) for the pay period? What amount should I deduct for the AVC payroll deduction?

A: You can only deduct the full amount indicated on the *AVC Employer Payroll Deduction Report*. If the member has no pay or not enough pay that period, do not apply a deduction at all (\$0). You will need to report this in the "notes" section of the *AVC Employer Payroll Deduction Confirmation Report*, as an adjustment, to OMERS.

Q: Who ensures AVC contribution limits are adhered to?

A: OMERS will be responsible for this.

Q: Are AVC catch-up payments available through the AVC Payroll Deduction Option?

A: No, catch-up payments are not available through payroll deduction. Eligible employees must contact OMERS Client Services to see if they can make a catch-up payment, the eligible amount (if any) and for payment instructions.

Q: What payment options are available to remit the AVC payroll deductions to OMERS?

A: As we require the monies within three business days of the deduction, employers must remit by either EFT or NDDS. Cheques will not be accepted.

Q: Can I remit the AVC payroll deductions along with my regular monthly contributions on the Form 105?

A: No. The AVC payroll deductions should be reported separately. OMERS will use the *AVC Employer Payroll Deduction Confirmation Report* you submit to reconcile your corresponding EFT or NDDS amount. One reason for this separation is that the remittance deadlines differ, as do the accounts to which the payments are made.

Q: Can I use my existing EFT or NDDS set up to remit AVC payroll deductions?

A: No. A new EFT or NDDS account must be set up, as the AVC payroll deductions are remitted to a different account.

Q: What is the process to set up an EFT or NDDS payment for my monthly AVC payroll deduction remittance?

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

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.

Q: What is an AVC Employer Payroll Deduction Confirmation Report?

A: You must send this report to OMERS each month to confirm that you have made deductions set out in the corresponding *AVC Employer Payroll Deduction Report* that OMERS will provide to you on the fifth of the month.

Frequently Asked Questions (continued)

Q: What if I cannot process contribution changes (e.g. starting, stopping or modifying contributions) within the month they are requested by my employees?

A: You will be responsible for communicating any potential contribution change delays to your employees directly (e.g. changes may not be applied until the following months pay cycle).

Q: How should the AVC Employer Payroll Deduction Confirmation Report be sent to OMERS?

A: OMERS will provide a designated email box (*penacc@omers.com*). Please do not respond or use the email address OMERS used to send the encrypted file each month. Also, for privacy reasons, remove the member's SIN from the report when responding.

Q: When should the AVC Employer Payroll Deduction Confirmation Report be sent to OMERS?

A: The report can be sent to OMERS anytime once your payroll has been closed/finalized, but it must be sent within three business days of the corresponding AVC payroll deductions.

Q: Why is there a deadline for the December remittance?

A: The AVC program operates on a calendar year deposit schedule, and we must have the funds in time to allocate them before year-end. This ensures that the member's record, as reported by OMERS and as reported by you, are the same (particularly for tax filing purposes).

Q: How do I report the AVC payroll deductions and PA on T4?

A: Add the AVC payroll deductions to the defined benefit provision RPP contributions (Box 20) and PA (Box 52). Example:

<i>Example:</i>	RPP Contribution	Pension Adjustment
Defined Benefit	\$5,907.16	\$7,096.00
AVC payroll deductions <i>(\$50/month for 12 months)</i>	\$600.00	\$600.00
Total for T4	\$6,507.16	\$7,696.00

Q: Do I include the AVC payroll deductions in my year-end 119 reconciliation?

A: No. While the AVC payroll deductions will be added to the T4 reporting, the 119 year-end reconciliation is specific to the defined benefit provision of the Plan. Please exclude the AVC payroll deduction from both member contributions sent in under the Form 105 and PA reporting.

Q: Why would I have to amend the T4 for AVCs?

A: In the event of over-contribution by the member, you will have to report an amended PA to Canada Revenue Agency. OMERS will notify you of any over-contributions after you complete your e-Form 119 (we anticipate this will be a very uncommon occurrence).

Termination:

Q: What if we find the service is not working out for us; can we end the agreement?

A: Yes. Please refer to the *AVC Employer Payroll Deduction Roles and Responsibilities* document for more information.