



PENSION ADMINISTRATION ***BULLETIN***

Reference No. 2006-06

Date: October 16, 2006

To: All Pension Administration Contact Persons at Contributing Member Organizations

RE: 2006 Year-End Timeline & Process Improvements



Time Sensitive
Action Required

Once again we are approaching the NSAHO Pension Plan year-end of December 31 and our thoughts turn to the year-end data collection process. Enclosed is a copy of the *2006 Year-end Timeline*, with the first key date being **December 1, 2006**. To prepare for a smooth Year-end reporting process, please ensure the three December 1st requirements are addressed on a timely basis. Timely completion of these three items will ensure the following:

- Data will not be required for NSAHO LTD recipients who are no longer affiliated with your facility.
- With all prior data questions resolved, the correct 2005 data will be captured on the Data Processor and no false errors will be generated that can be time-consuming to resolve.
- Members on the Data Processor will be coded with the correct Employment Status and hence the appropriate validation checks will be run, eliminating unnecessary errors.
- New enrolments provided to NSAHO PP by December 1, 2006, will be captured on the Data Processor, avoiding the need to manually input enrolment information onto the Data Processor and the Contribution Report.

Every year, we take time to review the valuable feedback provided by Member Organizations to determine if there are areas of the year-end reporting process that can be improved to make the process more efficient for all concerned. In response to recent feedback, we are implementing process improvements to address these administrative challenges.

CHALLENGE #1: Ability to identify employees who may be contributing to the NSAHO PP through another Employer.

If you have an employee working in a position that is eligible to participate in the NSAHO PP, who is already contributing to the NSAHO PP through another Employer, contributions are required on all pensionable earnings at your facility, regardless of their employment status at your facility. Employers have expressed difficulty in identifying these members and often have to remit adjustments for “missed contributions”.

Process Improvement:

In an effort to reduce “missed contributions” and help Employers identify employees who are actively participating in the NSAHO PP through another Employer, we have introduced the following process:



1. On a periodic basis that is acceptable to your organization (bi-weekly, monthly etc.), submit an Excel spreadsheet to NSAHO PP, through the Secure Communications website, with the name and SIN# of all employees who are not currently contributing to the NSAHO PP through your organization. NSAHO PP will return the ***Non-Contributing Employees Report***, identifying members who are actively contributing to the Plan with another organization, or retired from the Plan, along with the corresponding facility code. If you require further information to rectify the missed enrolment, please contact NSAHO Pension Plan staff.

Note: The SIN# must be formatted without any spaces or dashes.

CHALLENGE #2: Processing T4 Amendments for Members Employed at more than one Facility.

In prior years, NSAHO PP could only confirm the final pensionable data for members once all facilities had completed the year-end data reporting process. For members who worked at more than one facility in the year, this often meant Employers were required to issue a T4 in February and file an amended T4 a few months later.

Process Improvement:

In an effort to reduce the need to process T4 amendments for members with multiple data, the following process will be implemented for the 2006 Year-end. **To be effective, all facilities must participate and provide the data requested on a timely basis:**



1. **By December 15, 2006** – NSAHO PP will provide a ***Multi-ER Report***, identifying members at each facility who were employed at an additional facility in 2005 or transferred between facilities in 2006.
2. **By January 5, 2007** – Employers are to complete this ***Multi-ER Report*** with the 2006 pension data (hours, earnings, retros, LSP, contributions, LOA) for the members listed and add any other members you expect will have multiple data for 2006. **Return the completed *Multi-ER Report* to NSAHO PP via the Secure Communications website no later than January 5, 2007.**
3. **By February 2, 2007** - NSAHO PP staff will process the calculations for members identified with multiple 2006 year-end data and notify facilities of any changes required. This will allow facilities to report the correct pensionable earnings, contributions and Pension Adjustments (PA) on the original T4 and the Year-end Data Processor.

CHALLENGE #3: Accurate credited service for members employed in multiple positions with multiple FTE's.

In prior years, NSAHO PP has not provided direction to Employers on reporting pensionable hours and FTE for members working in multiple FTE positions, *within the same facility*. At the September 2006 Pension Steering Committee meeting, it was evident there are various methods being used to report Pensionable hours and FTE for these members.

Process Improvement:

The goal is to ensure members are receiving the proper credited service they are entitled to. After addressing this concern with many payroll personnel at member organizations, it was determined there are several fair and accurate administrative methods to address this. Each of these methods will result in the same credited service and annualized earnings for the member. Please review the options below and adopt the method most suitable to your organization. When calculating pensionable hours and FTE for members employed at more than one facility, NSAHO PP will be adopting the *Conversion Method* as at the 2006 year-end.

1/ CONVERSION METHOD:

- If a member works multiple positions within your facility, with different FTE's, report the FTE of their Primary Position.
- To calculate the correct Pensionable Hours, convert the hours worked in their secondary position(s) to the primary FTE.

Examples:

	Pensionable Hours	FTE	Converted Hours	Pensionable Earnings
Primary Position	400	1950	400 hrs (No Conversion)	\$10,000
Secondary Position	700	1820	(700/1820 x 1950) = 750.00 hrs	\$14,000
Combined Year-end Data		1950	(400 + 750) = 1150.00 hrs	\$24,000 (no conversion)
Credited Service & Annualized Earnings			1150/1950 = 0.590 Years	AE = (\$24,000/1150) x 1950 = \$40,695.

	Pensionable Hours	FTE	Converted Hours	Pensionable Earnings
Primary Position	700	1820	700 (No Conversion)	\$14,000
Secondary Position	400	1950	(400/1950 x 1820) = 373.33 hrs	\$10,000
Combined Year-end Data		1820	(700 + 373.33) = 1073.33 hrs	\$24,000 (no conversion)
Credited Service & Annualized Earnings			1073.33/1820 = 0.590 Years	AE = \$24,000/1073) x 1820 = \$40,695.

Another acceptable method to administer the conversion method with less manual intervention was suggested. If all positions are either 1820 or 1950, for pension purposes, report everyone with an FTE = 1950. Any 7.0 hour shifts worked in the 1820 position should be converted and reported as 7.5 hours for pension purposes. Therefore, true 1950 members who also work in the 1820 position will have their 1820 hours converted to correspond with their 1950 FTE and a full-time 1820 member will also have their hours converted to 1950/1950. Note the pensionable earnings are not converted.

2/ **BLENDED METHOD:**

	Pensionable Hours	FTE		Pensionable Earnings
Position A	400	1950	400/1950 = 20.51%	\$10,000
Position B	700	1820	700/1820 = 38.46%	\$14,000
Blended Year-end Data	1100	$\frac{(400+700)}{(20.51\% + 38.46\%)} = \mathbf{1865.22 \text{ (Blended FTE)}}$		\$24,000
Credited Service & Annualized Earnings			$\frac{1100}{1865.22} = \mathbf{0.590 \text{ Years}}$	AE = (\$24,000/1100) x 1865.22 = \$40,695

CHALLENGE #4: Reporting Year-end Data for permanent NSAHO LTD recipients who are no longer affiliated with the Employer.

Employers did not feel comfortable reporting LOA periods for permanent LTD recipients who are no longer connected to the Employer.

Process Improvement:

To reduce reporting requirements for members who are permanent NSAHO LTD recipients and are no longer affiliated with the facility, Employers can provide a list of members that fall into this category. NSAHO PP will flag these members so they will not be included on future Year-end Contribution Reports.



1. **By November 1, 2006** – To assist Employers in identifying these members, NSAHO PP will provide a “**2006 NSAHO LTD Recipients**” report, identifying members at each facility who were in receipt of NSAHO LTD benefits in 2006.
2. **By December 1, 2006** – To remove these members from the 2006 Year-end reporting process, Employers must identify these members and return the “**2006 NSAHO LTD Recipients**” report to NSAHO PP, no later than December 1, 2006.

In addition to the challenges addressed above, there are two items of importance that require some clarification as we approach the 2006 Year-end reporting process:



1. 2006 Required Contributions for Members who reach the 2006 Maximum Pensionable Earnings (\$118,185.50)

The maximum contributions to be reported in 2006 are **\$8,315.16**. Due to the April 2006 rate change, if your payroll system is configured using the low/high contribution calculation method, some members may reach the maximum contributions before they reach the maximum pensionable earnings, while others may reach the maximum pensionable earnings before they reach the maximum contributions.

CLARIFICATION:

- To ensure fairness, all members who have 2006 pensionable earnings of \$118,185.50, are required to pay the maximum contributions (\$8,315.16). This figure is calculated based on a blended rate. *(Note this will only be applicable to members registered in the Plan for the full year.)* For further clarification, contact Cheryl Mallett-Skelton at 902-832-8500 ext 246)

Examples:

Pensionable Earnings up to Apr/06 Rate change	Pensionable Earnings after Apr/06 Rate change	Contributions due based on Low/High formula	Blended Contributions required by Data Processor
\$100,000.00	\$18,185.50	\$7,772.15	\$8,315.16
\$70,000.00	\$48,185.50	\$8,057.15	\$8,315.16
\$30,000.00	\$88,185.50	\$8,388.75	\$8,315.16

2. Reporting Year-end data for Terminated, Retired and Deceased Members

When a member dies, retires or terminates, facilities are required to report the pension data to NSAHO PP at the time of the event. The data is also required to be reported again during the year-end process. The data confirmed at the time of the event is the final data that will be accepted by NSAHO PP, therefore we reviewed the possibility of not reporting the data again during the year-end process. Unfortunately, there were technical concerns that could not allow this. Therefore, the data confirmed at the time of the event must be included during the year-end reporting process and changes will not be accepted. **The data confirmed at the time of the event will be the final data accepted. If the data provided during the year-end reporting process does not match, the year-end data will be disregarded and no revisions will be made to the previously confirmed data.** The only exception will be for members who retired during the year and later received a retroactive payment.

2006 YEAR-END TRAINING SESSIONS:

To provide support through the year-end process we will be holding several training sessions in November 2006, to be held in various locations throughout Nova Scotia. A complete list of dates and locations will be forwarded shortly. For new administrators, we recommend Pension 101 and Data Processor 101. For seasoned administrators we are again offering Data Processor 201 as a refresher and to review the 2006 year-end enhancements. If you have any questions on the 2006 year-end reporting process please contact Cheryl Mallett-Skelton at 902-832-8500 x246.

NSAHO PENSION PLAN

Year-End Time Line *2006 Data Collection Process*

Complete by December 1, 2006

1. Ensure all outstanding Enrolment Forms, Notices of Transfer, Retirement and Death have been forwarded to NSAHO PP staff by December 1, 2006. The Data Processor runs various tests based on the Employee status on file at NSAHO PP as at Dec 1, 2006.
NOTE: Enrolment cards received after December 1, 2006 will not be reflected on the Contribution Report or the Year-End Data Processor. If an employee made contributions in 2006 and the member does not appear on the Contribution Report, he/she will need to be added manually to both the Contribution Report and the Year-End Data Processor. Be sure to select the appropriate status code when adding members to the Data Processor.
2. Ensure all outstanding data questions for prior years are resolved.
3. Return **“2006 NSAHO LTD Recipients”** report, identifying any members who are permanent LTD recipients and no longer affiliated with the facility.

December 11, 2006 – The Data Processor will be open for facilities to access.

December 15, 2006 - NSAHO PP will send out the Year-End Package to facilities, via courier, which will include:

1. 2006 Quick Reference Guides
2. CD with Reports in Excel Format



Complete by January 5, 2007 – Complete and submit **Multi-ER Report** via the Secure Communications website.

Complete by February 2, 2007 – Complete and submit **NSAHO LTD Rehab Hours Report** via the Secure Communications website.

Complete by March 31, 2007 – **DATA PROCESSOR APPROVAL**

Complete by June 1, 2007 – If you choose to have the statements mailed directly to the employees, send in the completed **Address Import Report** provided, by June 1, 2007.

Complete by June 1, 2007 – All data questions must be resolved by June 1, 2007

2006 YEAR-END TIME LINE

NEW

OCT/06 - NSAHO PP to send "2006 NSAHO LTD Recipients" report

BY DEC 1/06 - (1) Return "2006 NSAHO LTD Recipients" report, identifying permanent NSAHO LTD Recipients no longer affiliated with facility
(2) Ensure all outstanding data questions for prior years are resolved
(3) Submit any outstanding Enrollment forms & Notices

DEC 11/06 - Year-end Data Processor (DP) opens to facilities.

DEC 15/06 - 2006 Year-end packages will be delivered to facilities

NEW

JAN 5/07 - Facilities to complete year-end pension data for members identified on the "Multi-ER Report" and return to NSAHO PP via Secure Communications site

FEB 2/07 - For accurate T4 reporting, NSAHO PP will confirm final year-end data for members identified on the "Multi-ER Reports". Report this final data on the DP.

FEB 2/07 -Facilities to complete "NSAHO LTD Rehab Hours Report" and return to NSAHO PP via Secure Communications site.

JAN to FEB/07 - Complete 2006 Spreadsheet. Import to DP to solve data errors before printing 2006 T4's

MARCH 31/07 - **DATA PROCESSOR APPROVAL DAY**

NEW DATE

JUNE 1/07 - (1) DEADLINE TO RESOLVE OUSTANDING DATA QUESTIONS
(2) If statements are being mailed directly to members, send Address Import Report