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2016: SB15

MEMORANDUM TO: Senior Business Officials
Secretary Treasurers of School Authorities (Isolate
Boards)

FROM: Doreen Lamarche
Director
Benefits Trust Branch

DATE: May 16, 2016

SUBJECT: **Retirement Gratuity – Early Payout Option for Non-
unionized School Board Employees & Payout Date for
all School Board Employees**

This memorandum is issued as a follow up to the memorandum **2016: SB01 – Retirement Gratuity Early Payout Option**. We are pleased to announce that this provision is also being made available to all non-unionized school board employees. Non-unionized school board employees include principals and vice-principals.

For unionized employees who are part of the Provincial Discussion Table, school boards should have already communicated the amount of the early retirement gratuity payout to these employees, irrespective of whether the boards' local collective agreements were ratified or not. If school boards have not yet issued this communication, they must do so immediately to allow their unionized members sufficient time to exercise the option by the election date. The payment date however, must occur after the local ratification process and may therefore not be in keeping with the payout dates noted in the central collective agreements of August 31, 2016 or the first pay period in the 2016-17 school year payout dates, as applicable.

Principals and Vice-Principals (P/VP)

The recently concluded central discussions with the Catholic Principals' Council of Ontario, the Ontario Principals' Council and l'Association Des Directions et Directions

Adjointes Des Écoles Franco Ontariennes contemplates the inclusion of this early payout provision. All parties to these discussions agreed to recommend the terms of settlement for approval to their respective principals. This memorandum is written without the completion of the approval process. Should the approvals not be received, all provisions noted in this memorandum that are applicable to the P/VP will be null and void.

It should be noted that regulations to effect this change have not yet been made. The information in this memorandum is provided in the absence of such regulations.

The actions described herein must be implemented by the making of such regulations by the Lieutenant Governor in Council.

The Minister will recommend such regulations.

Early Retirement Gratuity Payout Provisions

P/VPs and other non-unionized employees who are eligible for a retirement gratuity have the option to elect to receive an early payout of their gratuity at a discounted rate. Should they choose not to make this election, they will be eligible to receive an undiscounted payout on their normal retirement date. This is a one-time voluntary option for these employees and cannot be exercised at any other date in the future. These employees must declare their intention to receive the early gratuity payout to the school boards by June 30, 2016. The payments to P/VPs will be later of:

- a) The date upon which the parties agree locally to the terms of the central discussions
- b) August 31, 2016

The payments to other non-unionized employees will be made by August 31, 2016.

The payout for eligible P/VP and other non-unionized employees electing this provision will be discounted using an annual factor of 7.87% over the number of years remaining until the employee reaches the average retirement age of 59. A discount factor of 2.0% will be used for employees having reached their average retirement age.

Calculation of Early Payout of Retirement Gratuities Reporting Template

A second excel tool has been developed to support school boards in calculating and communicating the amount of the early retirement gratuity payout to non-unionized employees. The tool offers school boards two options for communicating the information:

- 1) 1-page template which can be distributed to employees. The template contains the early payout amount as well as the date when the election must be made to the school board.
- 2) 2-page letter which can be distributed to employees providing the same information noted in 1) above as well as an overview of the early payout provision, contact information, and an area for the employees to sign should they wish to opt for the early payout.

The Ministry has also updated the excel tool to allow boards the option of e-mailing the 2-page letter to its employees. If school boards would like to use this function to generate an e-mail communication for any of their unionized employee groups, please contact Jeff Lewis at Jeffrey.Lewis@ontario.ca.

The above three methods of communication are optional and boards may choose to adapt their communication of the payout to as they see appropriate, however including as a minimum, the early payout amount, and the election date.

The excel tool also includes a “Data” tab designed to collect school boards’ actual retirement gratuity cash payout of non-unionized employees. This will support the cash flow payment to school boards. A set of instructions is provided in the template to assist boards in populating the cash payout costs accurately.

The completion of the “Data” tab for non-unionized employees is mandatory and must be returned to the Ministry no later than July 31, 2016 to the following mailbox: Benefits@ontario.ca.

For any questions relating to the background, the funding to support the early payout, the financial statement implications or the one-time gain on early payout, please refer to memorandum 2016:SB01.

Contacts

For any questions on the early payout template, please contact Romina Di Pasquale at (416) 325-2057.

Original signed by

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Director
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