ONTARIO PENSION BOARD

BUSINESS PLAN

2014 - 2016

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OPB OVERVIEW

Ontario Pension Board (OPB) is the administrator of the Public Service Pension Plan (the PSPP or the Plan) and manages the investment of more than $20 billion of assets (the Fund) that fund the benefits under the PSPP. This Business Plan speaks to the three year period from January 1, 2014 to December 31, 2016. The primary focus of the Business Plan is on 2014.

MANDATE

OPB was created in 1990, by enactment of the *Public Service Pension Act*, to administer both the PSPP and the Fund. Subject to the provisions of the Plan, OPB may administer another pension plan or fund, or administer an insured benefits plan for the benefit of former members of the PSPP. Currently, OPB has established fee-for-service agreements to administer:

- the insured benefits program for the former members of the PSPP,
- the Supplementary Pension Plan of the PSPP,
- the Provincial Judges Pension Plan, and
- the Supplementary Pension Plan for Justices of the Peace.

These fee-for-service agreements are structured on a cost-recovery basis, not as a profit-generating activity.

OPB is governed by its Board of Directors. The Chair of OPB's Board is accountable to the Minister of Government Services for the performance of OPB in fulfilling its mandate.

OPB MISSION AND VISION: ADVISE & PROTECT

Our mission is to:

- deliver the pension promise,
- support the long-term sustainability of the Plan,
- invest the Plan's assets to maximize returns within acceptable risk parameters,
- keep contribution rates and benefits reasonably stable and affordable, and
- deliver superior cost-effective service to all Plan stakeholders.

OPB has developed its "Advise & Protect" vision to fulfill its mandate and mission. The key components of the Advise & Protect vision are: (1) providing advisory services to stakeholders based on OPB's unique knowledge, perspective, and understanding of the Plan, and (2) protecting the Plan to ensure it can meet the pension promise for today's and tomorrow's Plan members and pensioners.

STRATEGIC DIRECTION

OPB has established the following three key strategic objectives to enable it to fulfill its mission and vision in the current environment:

- To be a trusted advisor to Plan stakeholders and a credible thought leader on public policy, to support sound decision-making that promotes the long term sustainability of the Plan and pension coverage and adequacy for all Canadians.
- To achieve excellence in the fully integrated management of all Plan funding variables (investment returns, contribution levels, and benefit structure) so as to ensure (1) that accrued benefits are delivered as promised; (2) the long term affordability of the Plan; (3) the continuance in the Plan of a benefit package structured to build lifetime income adequacy for members; and (4) intergenerational equity.
- To administer the Plan and serve its stakeholders such that every stakeholder realizes, to the extent possible, full value from their participation in the Plan so that we earn their continued support for the Plan.

EXECUTIVE SUMMARY

ENVIRONMENT

A comprehensive environmental scan for the PSPP and OPB is set out immediately following this Executive Summary. Key environmental factors include:

- an increasingly complex investment opportunity and risk set;
- the implications of the Ontario Government's efforts to return the Province to fiscal health;
- rising governance, risk management and compliance standards; and
- sustainability and reputational challenges facing public sector defined benefit pension plans.

OPB is confident that its vision and strategies, and the initiatives outlined in this Business Plan, are appropriate to manage the impacts and seize the opportunities presented by the current environment. A clear theme emerging from the environmental scan is that there are significant, unavoidable cost pressures facing OPB in administering the Plan and investing the Fund, particularly following the past five years in which OPB has limited its expense levels.

STATUS OF THE PSPP

The long term sustainability and affordability of the PSPP is our top priority. The financial status of the Plan is strong. As at December 31, 2013, we expect the Plan will be 95% funded.

Beneath that funded ratio, we will have materially strengthened the sustainability of the Plan during 2013 by earning strong investment returns and by recognizing an increase in the expected cost of pensions due to rising life expectancy. In the December 31, 2013 valuation we will be adjusting our assumptions to reflect this as well as the anticipated future longevity increases. We anticipate this will add $750 million in expected pension cost. Nevertheless, we will still have improved the year-over-year funded status of the Plan (from a 93% ratio in 2012) because the longevity driven liability increase will be offset by a combination of higher than expected rise in assets as a result of very strong investment returns in 2013, and as a result of salary restraint and lower than expected inflation.

OPB is required to file the December 31, 2013 actuarial valuation. We expect the funding requirements under this valuation will be very close to the same as under the last filed valuation which was at December 31, 2010. During 2013, OPB applied for, and the PSPP was granted, temporary solvency funding relief. As a result of this relief, an increase in solvency interest rates and above-expectation investment returns during 2013, the regulatory solvency funding requirements should not result in additional funding requirements for the Plan under the December 31, 2013 actuarial valuation. If these expectations are borne out, there will be no regulatory requirement for increased contributions or reductions in benefits arising from the 2013 valuation.

We are currently conducting a long-term funding study. This study involves an assessment of the adequacy of the current contribution rates in the Plan to fund the promised benefits. We conduct such studies approximately every five years. Based on these studies, OPB makes recommendations to the Plan Sponsor regarding any changes in contributions or adjustments to benefits that we believe are necessary or desirable to maintain a 50/50 current service cost sharing between employers and employees, and also to ensure the long-term sustainability of the Plan. The last study was completed in 2008 and resulted in a modest increase in the regular matching employer-employee contribution rates. The study now underway will be completed during 2014. Based on the analysis completed to date, while contribution rates appear to be close to sufficient, we are expecting upward pressure on pension costs due to continued increases in life spans.

KEY PRIORITIES

For the period 2014-2016, OPB has established the following key priorities:

- Improve the funded status and long–term sustainability of the Plan through enhancement of our ability to generate strong risk-adjusted investment returns and consideration of adjustments to contribution rates and benefit design,
- Modernize OPB's service delivery,
- Continue OPB's shift to an advisory model for PSPP members, retired members, employers and stakeholders to assist them in making key and complex pension decisions,
- Continue to explore investment and/or pension administration consolidation, and
- Continue to mature all aspects of our risk management practices and programs.

These priorities are aligned with the Government's priorities of improving its fiscal position, achieving greater efficiency in the delivery of public services (for example, through asset pooling/consolidation) and limiting employer pension expense.

For 2014 specifically, our areas of focus are: ongoing efforts to support the long-term sustainability of the PSPP, continued build-out and review of our investment strategy, and critical investment in our core IT infrastructure, which requires upgrading following six years of cost restraint. More details are provided in the sections below.

KEY AREAS OF FOCUS - INVESTMENTS

FOCUS FOR 2014-2016: INVESTMENTS

- Continually advance and implement our Strategic Asset Allocation
- Advance the utilization of Tactical Asset Allocation to enhance returns and manage risk
- Pursue asset pooling
- Enhance Risk Management to manage increased investment risk levels

One of OPB's key objectives is to make a significant contribution to the improvement, over time, of the Plan's funded status through strong risk-adjusted investment returns. To that end we have, over the last several years, steadily and methodically pursued strategies that required gradual increases in internal investment and investment finance capability, higher fee external investment management services, and enhancements in information technology and risk management. This has and will continue to result in increased internal and external investment expenses that we expect to be rewarded with increased net investment returns. That expectation is being met. During 2012 and 2013, we have generated very strong investment returns both on an absolute basis and relative to our benchmarks. For instance, we expect our investment returns in 2013 to be about 12.5%, which is 3.1% higher than our benchmark. This implies added value of about $550 million in just one year, which is many multiples of the incremental expenses. These incremental returns represent the most significant way that OPB can make a contribution to improvement in both the Plan's and the Province's fiscal status.

In 2013, we completed a highly successful second bond issue raising $250 million in financing at a low interest rate. This money was then reinvested in high-quality real estate that provides a higher return than the borrowing cost, enabling OPB to profit from the difference. The bond issue was 3.7 times oversubscribed and the 2.9% annual interest rate was the lowest coupon ever achieved in Canada by any corporate issuer (including pension funds) on a bond financing at the 10-year term.

We also concluded several investment opportunities, continued adding quality properties to our portfolio, disposed of some properties with low growth prospects and improved the diversification of the Real Estate portfolio.

We were one of four major investment partners in the takeover of Primaris REIT, one of the largest real estate transactions in Canadian history, which resulted in OPB acquiring 14 retail properties in five provinces. Spread out across Canada, these properties provide excellent geographic diversity for our portfolio. In addition, we invested in two prime midtown Manhattan office buildings. Adding office buildings to our shopping centre-heavy portfolio provides good asset class diversity. Real Estate assets provide strong cash flow generation, lower levels of volatility and, particularly in the case of retail centres, a hedge against inflation – making these investments a good match for the long-term liabilities of the PSPP.

Equally important to improving the quality of our Real Estate portfolio is opportunistically disposing of properties that are no longer a good fit with our evolving strategy. In 2013 we completed our planned disposition programme with the sale of our Mississauga Industrial portfolio.

The continued build-out of our investment capability, ongoing implementation of the Strategic Asset Allocation (SAA), and introduction and full implementation of Tactical Asset Allocation (TAA) are critical in order to generate additional returns, and to prudently manage investment risk in our more than $20 billion portfolio.

OPB strongly believes that asset pooling/consolidation, if properly implemented, has the potential to enable the generation of incremental net investment returns within acceptable risk parameters for the benefit of the long–term sustainability and affordability of the Plan. In the latter part of 2013 and during 2014, OPB will play a lead role in the Asset Pooling Working Group established by the Ministry of Finance.

The operating budget for the investments area for 2014 indicates year-over-year growth of approximately $4 million (27.1%), as noted, consistent with our approach in that area over the last several years. This reflects our gradual build of internal investment capabilities, IT systems for the investments area, and investment finance capability.

Our most significant year-over-year increase, in dollars, for 2014 is for external expenses which are comprised of investment fees and transaction costs. The increase is $9.4 million or 14.5%. This is driven by three factors: (1) we have significantly increased our assets under management – and fees are charged as a percent of assets under management; (2) we have moved material assets from lower-cost balanced and indexed mandates to higher-cost specialty mandates as well as to alternative asset classes which have higher expected returns; and (3) we have fewer "fee free" non-marketable Government of Ontario debentures, which will all mature by the end of 2014.

OPB's investment expense ratio is expected to rise to about 45 basis points per dollar of assets under administration (0.45%) over the next 2–3 years, which compares favourably to our primary Ontario public sector pension administrator peers whose expense ratios range from 50 to 95 basis points.

KEY AREAS OF FOCUS - PENSION ADMINISTRATION

FOCUS FOR 2014-2016: PENSION ADMINISTRATION

- Develop a high performance service culture
- Strategically invest in information technology infrastructure: implementation of our 3 year technology plan
- Pursue pension administration and plan consolidation
- Enhance business intelligence and efficiency
- Enhance availability of Employer and Member e-services
- Mature Enterprise Risk Management program

We continue to significantly restrain costs, and to make efforts to reduce our cost-per-member, on the pension administration side. We were very successful on this front between 2008 and 2012. During those years, we added and improved services, faced increasing service demands, built out our business operation maturity, and yet managed to reduce our nominal expenses each year during that period (more than 15% in nominal terms).

In 2013, we experienced higher than budgeted IT operating expenses during the year. A significant portion of the additional IT expenses were incurred to enhance cyber security protections in our IT systems that were recommended in two system security reviews conducted by independent third party firms.

In 2014, we have some critical IT initiatives and upgrades that are required for maintaining our regular business operations. This is a direct result of expense restraint that we have exercised since 2008. We have stretched our systems infrastructure to the maximum extent feasible while maintaining systems integrity. Since 2008, our utilization of information technology in our business has grown significantly, placing new strains on our infrastructure requirements. Our database is one example of that. In 2014 and to a lesser degree in 2015 we must re-invest to update our systems infrastructure. For these reasons, our budget calls for an operating increase in the pension administration area of 4.7% over 2013.

Despite this expense increase, our pension administration expenses remain approximately 10% lower in nominal terms (a much greater percentage decrease if inflation is factored in) than they were in 2008. Our pension expense ratio (expense per dollar of asset under management) remains highly competitive with our peers.

On a consolidated basis, OPB's expense ratio remains lower than all of its public sector plan administrator peers for which reliable data is available from annual reports (which range from 65 to 110 basis points).

2013 was a period of significant change with the introduction of our new service delivery model to align our service delivery with the Advise & Protect vision. To accomplish this, we needed to integrate service delivery across channels and teams, to create a consistent experience for clients – regardless of their point of contact with us. We introduced a Client Care Centre (CCC) as our front line. This is a team of professional, client-oriented and knowledgeable Client Care Associates who, as the first point of contact between OPB and our clients, are able to quickly assess how best to meet the needs of the client. In some cases, they provide immediate answers and assistance. For clients faced with making complex pension decisions, the best course of action may be to transfer the client to one of our advisors, who specialize in a particular pension life cycle event. Our team of advisors assist clients in decision making, through in-depth conversations and analysis of the client's particular circumstances. Our goal is to ensure that every client feels confident they received objective information to support their decision-making, and trusts the information they receive from OPB.

One of our great successes in 2013 was the level of advisory service we were able to deliver. We met with over 3000 clients and provided advisory services such as:

- in-depth analysis focused on their comprehensive financial plan – our advisors take into account and outline wealth management strategies, and how those strategies integrate and relate to the client's PSPP pension and benefits;
- discussions showcasing the value of the PSPP benefits and comparing the PSPP to other investment options in other financial vehicles;

- new advisory tools that allow customized analysis, based on a client's personal financial situation;
- analysis and advisory services to assist members with decision-making around key lifecycle events (for example, when to start their CPP and PSPP pensions);
- increased our information and outreach programs – delivering over 32 webinars and 228 in-person pension information sessions in 2013.

We also continued with business process automation. In 2013, the terminations process was automated to enhance product quality and operational oversight. We also faced a changing legislative environment and increased business complexity, as we adjusted our client service in response to grow-in provisions and family law changes. We also added to our regular business operations by providing pension-related advice and information for ongoing public sector divestments.

At this point, to drive a dramatic shift in our service offerings, and to provide clients with the experience we know they want and need, we'll need to reengineer our processes and address our legacy systems – for example telephony, business process technology, and our calculation systems. These systems simply lack the capability to provide the business with the information, insight and analysis required for a higher level of service delivery.

In 2013, we sought out opportunities to contribute to the dialogue around retirement income adequacy and coverage. We made two joint submissions with other major Ontario pension plans to the Ministry of Finance on the divestment transfer rules: one on the Regulations associated with section 80.1 of the *Pension Benefits Act* (PBA) dealing with past public sector divestments and the second on the Regulations associated with sections 80 and 81 of the PBA for future asset transfers. We also made a joint submission to the Ministry of Finance regarding pension entitlements in marriage breakdown situations. The Ministry has been reviewing the submissions and we are awaiting regulatory and legislative changes.

As the pension environment continues to evolve and change, we look to build a resilient organization – one that can and will remain vital, flexible and able to adapt to any change it may face. We believe that core competencies, once fully adopted by all individuals, at all levels of the organization, will achieve this outcome. So, on the people front, our focus and attention for the next 1-3 years will be ensuring that our core competencies are driving individual and team behaviour and performance, and that we evolve our learning strategies as the organization continues to evolve.

Operationally, business objectives are achieved by aligning all organizational, departmental and individual initiatives and goals to four Foundations (State of the Art Governance; Strategic and Responsible Financial Management; Better, Faster, Smarter Systems and Processes; and High Performing People) and four Strategies (Disciplined and Astute Investing; Unmatched Client Service Excellence; Outstanding Stakeholder Relations; and Educate and Advocate). A high-level description of these Foundations and Strategies is provided in Appendix I.

ENVIRONMENTAL SCAN

The environment for large public sector defined benefit pension plans and their plan administrators is increasingly complex and challenging. Environmental factors present opportunities, risks and impacts for the Plan and Fund directly, as well as for OPB which can have an indirect impact on the Plan or Fund. Environmental factors can also have an impact on Plan members and retired members, as well as on the Plan Sponsor, employers and bargaining agents, which OPB must be concerned with because, to varying degrees, we can manage, mitigate or exacerbate the impact depending on whether and how we respond to these factors. It is clear that properly identifying and assessing the implications and importance of environmental factors is a prerequisite to strategies and initiatives to successfully fulfill our mission. The key elements of the environment from OPB's perspective are set out below. They are all important and the ordering does not reflect an assessment of relative priority.

- ***Investment Environment:*** The investment environment continues to be challenging in a number of ways. Macro-economic factors are contributing to significant volatility in the price of public equities. There are opportunities and risk in that volatility which OPB must manage successfully. The finance community continues to develop new and sophisticated tools and vehicles with which to generate return and manage risk. OPB must be capable of assessing and, if appropriate, investing in those vehicles. With more than $20 billion, OPB must increasingly invest in private assets and seek investments outside North America. The work to investigate and assess these opportunities is significantly greater than North American public market investments where the legal and political risks are well known and relatively lower than in some foreign jurisdictions. Excellence in investment risk management is becoming more and more critical and demanding. All of this requires enhanced human resource capability internally and real time, relevant and reliable data and analytics which involves significant investments in information technology.
- ***Province of Ontario Fiscal Situation:*** Controlling human resource costs, including pension expense, in the public sector is seen as one of the key paths to fiscal health in Ontario. The Province's fiscal situation creates strategic, financial and operational risk for the Plan and OPB. Several of the measures taken or being considered by the Government of Ontario to address the Province's budget deficit and debt level could impact the Plan and OPB in various ways. For example, downsizing the Ontario Public Service through layoffs or privatizations may result in material declines in the active membership in the Plan. That can have an adverse impact on OPB's ability to take on the level of investment risk necessary to generate strong returns. It can also impact the ability to address funding shortfalls through reasonable changes to contribution rates or benefits. Initiatives such as the Transitional Exit Incentive to decrease the size of the public service, asset pooling and the modernization of Ontario Lottery and Gaming Corporation all create significant human resource demands on OPB. As such, they create operating cost pressures for OPB. They also make forward planning and communication much more challenging. Some of these initiatives are positive at a Plan level. For instance, we estimate that, to the end of 2013, the success of the Government in restraining public sector salary increase over the last four years has improved the funded status of the Plan by more than $700 million. There are also opportunities for OPB to both support the Government's initiatives and enhance the

security and sustainability of the Plan. Asset pooling is an example of this and OPB has a lead role to play in designing and implementing this major initiative. The potential for OPB to administer other smaller public sector pension plans and improve its expense ratio as well as those of the other plans is another.

- ***Private Sector vs. Public Sector Pension Coverage:*** The already low and declining level of private sector pension coverage is igniting attacks on public sector defined benefit pension plans. The reality that most public sector employees still have defined benefit pension coverage perceived to be paid for by those who don't have pension coverage is creating an unfairness perception. It is also causing the Government of Ontario to advocate for building private sector pension coverage and adequacy through such measures as the expansion of the Canada Pension Plan, failing which it has indicated it will pursue the establishment of an Ontario Supplementary Pension Plan (OSPP). These have implications for OPB's education and advocacy initiatives. The OSPP concept also feeds into the importance of the asset pooling initiative, since the creation of a sizable asset pool would be a key enabler of the OSPP.
- ***Demographics:*** There are several demographic pressures facing the Plan. The most important of these is lengthening life spans. This increases the costs of pensions and creates funding pressures. Life spans are expected to continue to rise for some time. OPB must consider whether plan design and funding changes are required in response to this demographic trend to maintain the sustainability and affordability of the Plan. This also places significant communication demands on OPB to ensure that Plan members, the Plan Sponsor, employers and bargaining agents understand the trends and are prepared for any changes. The aging of the Plan membership is also impacting OPB, as the number of members eligible to retire over the next five years is much higher than OPB has experienced in the past. This will create a spike in service demand that must be planned for and managed and that will place pressures on our resources and expenses.
- ***Reputation of the Defined Benefit (DB) Model:*** Perception is that public plans provide unreasonably generous benefits, that taxpayers bear all the cost and risk and that the plans are unrealistic about their real funded ratios. There is no doubt that many DB plans have experienced serious funding challenges in recent years as a result of the "perfect storm" of historically low interest rates, increasing life spans and investment losses in 2001 and 2008. This has hit public sector employers at a time when they are experiencing serious fiscal challenges flowing from the 2008 financial crisis and the resulting deep recession. However, much of the reputation is unwarranted at least insofar as Ontario public sector plans are concerned. Some public and private plans in the United States and in some jurisdictions in Canada did promise unreasonably generous benefit levels and/or failed over extended periods to make regular contributions anywhere close to the level necessary to fund the plans. In addition, some failed to take any action when their funding levels dropped to alarmingly low levels. None of this is the case in Ontario where public plans have long been subject to the same rigorous funding regulation applicable to private sector plans. Public sector plans in Ontario have been raising contributions, cutting benefits and shifting more of the funding risk to employees in response to the funding challenges. This process is ongoing and the result is that Ontario plans are, today, much more sustainable and

balanced in terms of risk-sharing. The changes have been accepted by employees, bargaining agents and unions. This Ontario reality may not be broadly known and understood. OPB's concern is that unnecessary and poorly informed decisions are made about Ontario public sector plans. OPB has a role to play in ensuring that the Ontario reality is well communicated. OPB must also provide advice to the Plan Sponsor that reflects this ethic of taking action to protect the long-term sustainability and affordability of the Plan and limiting employer pension cost and risk.

- ***Rising mandatory governance, risk and compliance standards:*** Over the past ten plus years, there has been a great deal of focus on raising the governance, risk management and compliance standards for financial institutions. OPB has kept pace with these developments very well. While it has definitely had business benefits, it has also raised the base level of expense for administrators of defined benefit pension plans. The process has not run its course. Over the last year, the Office of the Superintendent of Financial Institutions (OSFI) has issued a new governance guideline and a new cyber security guideline for federally regulated financial institutions. While OPB is not formally subject to these guidelines, we consider them as establishing leading practices. We have self-assessed against these guidelines and found that we already substantially meet the enhanced standards. There are, however, areas where we can improve and we need to attend to those. In addition, we must comply with new anti-spam legislation and accessibility for persons with disabilities legislation. Enterprise risk management standards are maturing and OPB is in the process of moving to the new standard of merging governance, risk and compliance into one program. All of this creates resource and cost pressures and also has the potential to slow our progress on strategic initiatives by crowding out our ability to dedicate human and financial resources to those initiatives, particularly in a time where the expectation from the Government is for restraint on expense growth.
- ***Rising service expectations:*** Our members, retired members, employers and other stakeholders expect ever faster service response. Our Client Satisfaction Survey tells us that our clients feel that every pension service request should be completed within two weeks. Our clients are also demanding more and more personalized decision-making support around key pension life cycle options. Banks and insurance companies are driving this expectation by promoting their advisory service to attract clients and gather investment assets. Our clients expect the same type of service they are promised by their banks and insurers. Given the focus on pensions currently, our other stakeholders are also asking for more and more information, analysis and advice about the Plan generally.
- ***Changing pension regulation:*** Pension reform is continuing in Ontario. New divestment transfer regulations for past divestments have just been released in late 2013 which will have to be implemented in 2014. This will create a significant resource demand as we negotiate asset transfer agreements with other plans and then complete the very complex and time-consuming asset transfer transactions. In addition, the rules for future divestment transfers are anticipated in 2014. We also expect new mortality assumption tables to be introduced by the Canadian Institute of Actuaries in early 2014. These will project continued significant increases in life spans. OPB will have to assess the impact, and manage the implementation, of these new assumption tables.

As is plain from the foregoing, many aspects of the current environment are placing significant and unavoidable pressure on OPB's expenses. Despite this, OPB remains committed to the Government's expectation of expense restraint and we believe that the budget provided for in this Business Plan is highly respectful of this expectation despite these unavoidable external pressures.

RISK MANAGEMENT

OPB maintains a disciplined approach to Enterprise Risk Management (ERM) to ensure we identify and manage risks central to the successful completion of this Business Plan and to the overall achievement of our mission and vision. We review all of our risks (both Enterprise and Operational) on a regular basis to ensure our risk levels and mitigations are appropriately adjusted to any changing environmental conditions and we provide OPB's Board of Directors with mitigation assurance analysis on a quarterly basis.

Our internal audit program is risk-based. It is explicitly linked to our Enterprise Risk Management program.

Set out below are OPB's key high-level residual risks to the achievement of our mandate, vision and our overall objectives supporting mitigation plans to reduce the likelihood and/or impact of these risks.

1. Investment Risk: Risk that OPB generates insufficient returns to meet Plan obligations over the long-term.

Mitigation: We complete regular experience studies, asset-liability studies, long-term funding studies, sensitivity analysis, annual actuarial valuations and annual reviews of our Statement of Investment Policies and Procedures to ensure our investment strategy is appropriately aligned with Plan obligations and underlying assumptions. Other actions in progress or to be taken include:

- continue to build our internal resources to manage the increased complexity of our investments;
- investigate asset/liability modelling as a tool to assist in managing total fund residual risk;
- continue to implement attribution software to facilitate accurate, timely and actionable reports;
- implement the Funding Policy under discussion with the Government of Ontario; and
- complete the long-term funding study and make any appropriate recommendations to the Plan Sponsor to support the sustainability of the Plan.

2. Plan Design Risk: Risk that Plan amendments materially reduce benefits for future service.

Mitigation: OPB is committed to maintaining an open, trusting dialogue with the Plan Sponsor on matters affecting the Plan. OPB will continue to explore and implement solutions to address the Plan's funding shortfall while preserving the Plan's core value. In addition, OPB will:

- proactively make recommendations to the Plan Sponsor on Plan design and funding;
- discuss the effect of the Provincial Budget on the Plan;
- work with the Plan Sponsor to ensure Plan stakeholders understand the positive effect of compensation restraint on the Plan’s funded status;
- regularly discuss with stakeholders the value of the Plan as a human resource attraction and retention tool; and
- continuously monitor emerging pension issues in Ontario and other jurisdictions to identify opportunities for education and advocacy.

3. Operational Risk: Risk that OPB does not invest sufficiently in People, Processes and Technology due to cost constraints.

Mitigation: As noted in this plan, management continues to invest in various areas to ensure OPB maintains industry best practices in a cost effective and measured manner. Ongoing investment is needed to address: governance issues around internal controls, compliance with Government directives and regulations, cyber-security, business continuity planning, increasing service demands from members and retired members, the updates to systems and infrastructure required for efficient pension operations, and the people and technology required to properly implement the new SAA and shift more investment management activities in-house.

Cost constraint impedes our ability to address these items. As well, there is the potential for unplanned legislative amendments to impact budget and resource availability for our business plan initiatives. OPB will continue to maintain an open dialogue with the Government of Ontario regarding potential legislative amendments, their timing, resourcing impact, and the cost implications for OPB.

Financial Budget and Projections 2014-2016

Executive Summary

(all numbers are expressed in thousands unless otherwise stated)

BUDGET $ 000s	PROJECTIONS		
	2014	2015	2016
OPERATING EXPENSE			
Staffing costs	24,186	25,590	27,090
Staff Development & Support	477	453	430
Office Premises & Operations	5,737	5,850	5,970
IT & Project Management	9,790	9,790	9,790
Professional Services	2,595	2,465	2,342
Communications	329	313	297
Depreciation	1,015	1,200	1,240
Board Remuneration	190	200	210
Audit	335	350	360
TOTAL OPERATING EXPENSE (A)	**44,655**	**46,210**	**47,729**
TOTAL CAPITAL EXPENDITURE (B)	**1,267**	**350**	**360**
INVESTMENTS EXPENSE			
Investment Management fees	59,655	64,610	69,970
Custodial Fees	3,600	3,900	4,220
Transaction Costs	9,524	10,310	11,170
Private Market Costs	1,520	1,680	1,860
TOTAL INVESTMENTS EXPENSE (C)	**74,298**	**80,500**	**87,220**
GRAND TOTAL (A + B + C)	**120,220**	**127,060**	**135,309**
Planned Staff Complement	**189**	**195**	**202**

Notes and Assumptions:

1. Projections for 2015 and 2016 are based on the 2014 budget.
2. No salary increase provided in 2015 and 2016 except for grow-in for positions hired.
3. Staff Development expected to fall by 5% in each of 2015 and 2016.
4. IT and Project Management- systems upgrades and development to continue - budget to stay level with 2014.
5. Professional charges and communications will be reduced by 5% in 2015 and 2016.
6. Capital expenditure is projected to return to normalized spending from 2015 onwards.
7. Investment expenses projected to increase by 8.3% for management fees and transaction costs in line with projected growth of asset portfolio. Real Estate, Private Equity, Private Debt and Infrastructure is projected to grow by 10%.

8. Investment FTE is projected to increase for the years 2015-16. No growth is projected in the pensions area.
9. OPB is not a revenue generating agency of the Government of Ontario. OPB finances its operations out of the Fund, which is comprised of contributions from the employers and employees of the Plan and the investment returns of the Fund.

2014 BUDGET

BUDGET - CONSOLIDATED	2014 Budget	2013 Budget	2013 Forecast	2012 Actual	Change between 2013 Forecast and 2014 Budget	
					$	%
OPERATING EXPENSE						
Staffing costs	24,186	21,847	21,724	20,456	2,462	11.3%
Staff Development & Support	477	595	552	477	(75)	-13.6%
Office Premises & Operations	5,737	5,540	5,488	5,082	250	4.5%
IT & Project Management	9,790	7,264	7,645	6,646	2,145	28.1%
Professional Services	2,595	2,483	2,288	2,634	307	13.4%
Communications	329	349	349	277	(20)	-5.7%
Depreciation	1,015	660	760	687	255	33.6%
Board Remuneration	190	210	180	198	10	5.6%
Audit	335	344	324	338	12	3.6%
TOTAL OPERATING EXPENSE (A)	**44,655**	**39,292**	**39,309**	**36,795**	**5,346**	**13.6%**
TOTAL CAPITAL EXPENDITURE (B)	**1,267**	**447**	**172**	**597**	**1095**	**636.9%**
Investment Expenses						
Investment Management fees	59,655	45,000	50,385	42,603	9,270	18.4%
Custodial Fees	3,600	3,500	3,450	3,654	150	4.3%
Transaction Costs	9,524	10,500	9,630	8,456	(106)	-1.1%
Private Market Costs	1,520	650	1,435	2,543	85	5.9%
TOTAL INVESTMENT EXPENSE (C)	**74,298**	**59,650**	**64,900**	**57,256**	**9,398**	**14.5%**
GRAND TOTAL (A+B+C)	**120,220**	**99,389**	**104,381**	**94,648**	**15,840**	**15.2%**

BUDGET - PENSIONS	2014 Budget	2013 Budget	2013 Forecast	2012 Actual	Change between 2013 Forecast and 2014 Budget	
					$	%
OPERATING EXPENSE						
Staffing costs	13,196	13,093	12,936	12,949	261	2.0%
Staff Development & Support	209	320	295	277	(86)	-29.1%
Office Premises & Operations	3,240	3,180	3,260	3,157	(19)	-0.6%
IT & Project Management	6,309	4,515	5,266	4,475	1,042	19.8%
Professional Services	770	669	983	969	(213)	-21.6%
Communications	230	244	244	194	(14)	-5.7%
Depreciation	665	425	508	465	158	31.1%
Board Remuneration	76	105	90	99	(14)	-15.6%
Audit	172	172	162	169	10	6.4%
TOTAL OPERATING EXPENSE (A)	**24,869**	**22,723**	**23,743**	**22,754**	**1,126**	**4.7%**
TOTAL CAPITAL EXPENDITURE (B)	**870**	**262**	**124**	**437**	**746**	**601.3%**
PENSIONS TOTAL (A+B)	**25,739**	**22,985**	**23,868**	**23,191**	**1,872**	**7.8%**

BUDGET - INVESTMENTS	2014 Budget	2013 Budget	2013 Forecast	2012 Actual	Change between 2013 Forecast and 2014 Budget $	%
OPERATING EXPENSE						
Staffing costs	10,990	8,754	8,788	7,507	2,202	25.1%
Staff Development & Support	268	275	257	200	11	4.2%
Office Premises & Operations	2,497	2,360	2,228	1,925	269	12.1%
IT & Project Management	3,481	2,749	2,378	2,171	1,103	46.4%
Professional Services	1,824	1,814	1,305	1,665	519	39.8%
Communications	99	105	105	83	(6)	-5.7%
Depreciation	350	235	252	222	98	38.7%
Board Remuneration	114	105	90	99	24	26.7%
Audit	163	172	162	169	1	0.7%
TOTAL OPERATING EXPENSE (A)	**19,786**	**16,570**	**15,565**	**14,041**	**4,220**	**27.1%**
TOTAL CAPITAL EXPENDITURE (B)	**397**	**185**	**48**	**160**	**349**	**729.0%**
INVESTMENT EXPENSES						
Investment Management fees	59,655	45,000	50,385	42,603	9,270	18.4%
Custodial Fees	3,600	3,500	3,450	3,654	150	4.3%
Transaction Costs	9,524	10,500	9,630	8,456	(106)	-1.1%
Private Market Costs	1,520	650	1,435	2,543	85	5.9%
Total Investment Expense (C)	**74,298**	**59,650**	**64,900**	**57,256**	**9,398**	**14.5%**
INVESTMENTS TOTAL (A+B+C)	**94,481**	**76,405**	**80,513**	**71,457**	**13,968**	**17.3%**

OPB has two lines of business: investment management and pension administration. Our budget presents the planned expenses separately for these two lines of business and also on a consolidated basis.

We allocate corporate and support expenses between the Pensions Administration and Investments businesses using the basis and assumptions used for financial reporting and participation in survey studies like CEM Benchmarking Inc.’s Pension Administration and Investment benchmarking. Most costs have been allocated based on the percentage of time or “effort” spent by individuals on Pensions or Investments matters, and that percentage is applied against salary costs. The second basis, used for rent and related expenses, is on ‘area’ or allocation of total space in square footage. The third basis, which is used to allocate general IT costs, is the number of Full Time Equivalent or ‘FTE’ staff in Investments. As part of an annual process, the allocation methodology has been reviewed, and estimates updated for 2014 following a departmental review of staff composition and effort, allocated between Investments and Pensions job tasks.

2014 BUDGET ANALYSIS

While the Canadian economic climate has been improving, the fiscal challenges facing the Province of Ontario continue heading into 2014. The Government has requested that restraint measures to control expense levels continue.

While costs are funded from Plan assets, OPB continues to be sensitive to the fiscal needs of the Government and has responded through the deferral of strategic initiatives, limiting new staff complement to investment areas only and limiting compensation increases for management. The full salary and wages budget impact of 2014 is discussed in more detail later in this document.

For 2014, the consolidated operating, capital and investment expenses have been budgeted at $120,220, an increase of $15,840 over the 2013 forecast expenses of $104,381. As expected, the Investment projection accounts for the bulk of our expenses as well as most of the increase as a result of the move to the Strategic Asset Allocation and accompanying costs associated with building the required internal capacity. This incremental cost is expected to be more than fully offset by the improved performance from the allocation of funds to these markets. This is borne out by very strong and above benchmark performance over 2012 and 2013 which has generated returns that are multiples of the incremental expenses. The performance of these assets will continue to be closely monitored for purposes of evaluating the cost effectiveness of the new investment strategy. The monitoring of this performance will be improved through the implementation of new investment support systems.

Even with these cost increases, the overall cost of operating OPB is expected to remain at or below 55 basis points per dollar of assets under administration (0.55%), lower expenses than most other larger Ontario public pension plans.

The Investments area will continue its expansion of our investment capabilities in order to generate the additional returns required to improve the Plan’s funded status. Operating expenses will increase to $19,786 or 27.1% over the 2013 expense forecast of $15,565. The operating cost increases are driven mainly by the hiring of investment personnel and grow-in of resources hired during 2013.

Investment expenses (non-operating) of $74,298 have increased by $9,398 or 14.5% over the 2013 forecast expenses of $64,900. The increases in investment management fees are primarily due to asset growth and costs associated with expansion into private markets (real estate, infrastructure, and private equity) in line with our Strategic Asset Allocation (SAA) plan.

After five years of declining expenses, the Pension Administration operating expenses rose modestly in 2013 and are budgeted to increase approximately $1 million in 2014 to $24,869, a 4.7% increase over 2013 forecast mainly due to the higher costs of upgrading and supporting the IT infrastructure. Despite this increase, the Pension Administration operating budget remains more than 10% lower than in 2008 without taking into account inflation.

The following tables and narratives are used to explain reasons for material differences between the 2014 Budget and the 2013 Forecast. Information is presented on a consolidated basis.

1. Staffing

Staffing Costs – Consolidated

Staffing costs represent the single largest operating expense or 54% of the total operating costs.

Expense Type	2014 Budget	2013 Forecast	Change in $	Change in %
Salaries	20,199	17,364	2,835	16.3%
Benefits	3,404	2,966	438	13.6%
Recoveries	(400)	(455)	55	-12.1%
Temporary staffing	983	1,848	(865)	-46.8%
Total	**24,186**	**21,724**	**2,462**	**11.3%**

A breakdown of the 2014 complement is given in Table 1.1.

No salary increase has been budgeted for unionized staff except for planned salary step increases as per the collective agreement. In early 2014, negotiations will begin for a new collective bargaining agreement with unionized staff for the next term of contract. As in 2013, there are no salary increases for management merit, cost of living, or salary band increases for the non-Investment staff, including executives.

Benefits are estimated to be 20% of salaries – no change in rates are anticipated in 2014.

Recoveries relate to certain staffing costs that are recoverable from the Province of Ontario for third party administration work performed by OPB (the fee-for-service agreements).

Temporary staffing costs include the cost of seasonal overtime, contract employees and temporary employees used to cover parental and sick leaves.

The staffing costs for the Pensions area are expected to increase by 2%. The increase is mainly due to the grow-in of positions hired as part of Service Delivery Model implementation. Many of these positions were hired in a contract capacity during 2013 but would revert to permanent roles at the beginning of 2014. Using existing complement, two new positions would be hired in 2014 – one, a newly created executive position for a Senior Vice President, Information Technology and the other for a Compliance Assistant. The current position of Vice President, Information Technology would cease to exist with the retirement of the incumbent at the end of 2013.

The staffing costs for the Investments area are expected to increase by 25.1%. 7 new positions in the Investments and Investments Finance areas would be filled during the course of 2014. Salary increases have been planned for investment staff to reduce the disparity with the investment labour market. Higher 'effort' estimates for the supporting departments have also resulted in increase in salary costs allocated to the business. Incentives and accrued salary costs will increase in proportion to the increase in complement as well as salary levels. Similarly, benefit costs are expected to increase with the increase in complement and salary levels.

TABLE 1.1: 2014 COMPLEMENT

Description	Pensions	Investments	Total
Existing Positions	129	22	151
Previously approved, filled in 2014	17	4	21
Vacant Positions, remaining in 2014	10	-	10
New Complement, filled in 2014	0	7	7
Total Complement	**156**	**33**	**189**

Note the Investment's complement includes staff from the Investment Finance group and Investment legal counsel.

2. STAFF DEVELOPMENT AND SUPPORT

STAFF DEVELOPMENT AND SUPPORT COSTS - CONSOLIDATED

Expense Type	2014 Budget	2013 Forecast	Change in $	Change in %
Education and Expenses	242	377	(136)	-35.9%
Conferences and Seminars	114	74	40	53.7%
Association Fees	115	97	18	19.0%
Recognition & Rewards	7	4	3	64.2%
Total	**477**	**552**	**(75)**	**-13.6%**

OPB has rolled out a new competency model and is implementing a coaching culture which encourages our employees to coach each other for continuous improvement. This is expected to reduce our use of external consultants for coaching purposes and bring costs down for 2014. With greater emphasis on on-line training tools like SkillSoft, in which OPB has invested in the past, the cost of training programs is expected to be lower than 2013. Courses such as Certified Financial Planner® and Pension Plan Administration Certificate will continue to be emphasized in the Pensions area. Conferences and Seminars costs have risen with the increase in Investment complement for attending professional development and industry events - the travel and incidental costs are budgeted with office operations, below. Association fees are expected to increase with the addition of employees with professional affiliations.

3. Office Premises and Operations

Office Premises and Operations - Consolidated

Expense Type	2014 Budget	2013 Forecast	Change in $	Change in %
Office Rental	3,814	3,650	164	4.5%
Travel	284	166	117	70.4%
Office Operations	1,640	1,672	(32)	-1.9%
Total	**5,737**	**5,488**	**250**	**4.5%**

The office premises and operations budget includes the rental cost of the premises and general business support costs**.** Rent and related charges such as realty taxes and operating utilities represent a significant portion of the office premises and operations budget. Base rent is expected to increase by 6.7% (a base rent increase after the 5th year of occupancy pursuant to the terms of the premises lease agreement) and utilities and taxes are expected to increase by 4% and 1% respectively in 2014. Travel includes the cost of travel, accommodation, meals, etc. related to attending conferences and participating in registered seminars and presenting to stakeholders throughout the province of Ontario. These expenses comply with the Government's Travel, Meals and Hospitality Expenses Directive. Office operations include equipment maintenance, telephone communications, office supplies, payroll processing charges, bank charges, registration fees, etc.

Table 3.1: Office Premises and Operations variance

Description	Amount
6.7% increase in rent, and 4% and 1% increase in costs respectively for utilities & taxes	164
Increase in travel for conferences and business, primarily in the Investments operation	117
Decrease in subscription for Investment research materials	(62)
Other - equipment maintenance and telecommunications increases, etc.	31
Total Variance Explained	**250**

4. IT and Project Management

The IT and Project Management budget consists of both oversight and maintenance of the current systems and one-time project costs to implement systems aligned with our Advise & Protect vision**.**

IT and Project Management - Consolidated

Expense Type	2014 Budget	2013 Forecast	Change in $	Change in %
Base IT Operations	4,509	4,122	387	9.4%
IT Projects	3,127	2,450	677	27.6%
Investment Data & Applications	1,020	537	483	89.9%
Software	1,135	536	599	111.8%
Total	**9,790**	**7,645**	**2,145**	**28.1%**

OPB operates a technology framework which is maintained through an outsourcing contract with an industry-leading technology firm. The base contract has increased by 9.4% to accommodate services that are now considered part of base operations. Software costs have increased with the purchase of 4 additional web portal licenses.

Investments operations will continue to develop its own dedicated system capabilities to ensure greater flexibility and control of the Investment department's operational needs.

IT projects include a major investment in an upgrade of OPB's Pension Administration workflow system, Investments data management and performance analytics software, network and Microsoft Office tools, IT tools upgrade, continued investment in network security, etc.

Investment Expenses Projections

Expense Type	2014 Projection	2013 Forecast	Change in $	Change in %
Investment Management Fees	59,655	50,385	9,270	18.4%
Custodial Fees	3,600	3,450	150	4.3%
Transaction Costs	9,524	9,630	(106)	-1.1%
Private Market Costs	1,520	1,435	85	5.9%
Total	**74,298**	**64,900**	**9,398**	**14.5%**

Investment Management fees are projected to increase by $9,270 in 2014. Asset growth accounts for $3,844 of the fee increase, asset mix changes for $4,554, and fee grow-in from mandate changes are responsible for $872. Custodial fees are expected to increase by 4.3%.

Transaction costs are primarily commissions paid to brokers for trade execution. Transaction costs are expected to have a small net decrease in 2014 of $106, mainly due to an anticipated decline in the volume of transactions.

The Strategic Asset Allocation build-out of private markets investments leads to investment in the new asset classes of Infrastructure and Private Equity, which are expected to increase diligence costs by $100 and $200 respectively. Real Estate costs are projected to increase by

$185 due to higher acquisition costs. Private Debt costs are projected fall by $400 due to reduced acquisition diligence costs.

2014 Initiatives Budget

Expenses for initiatives are generally the incremental one-time or project-based external costs that support a specific objective or initiative as detailed earlier in this Business Plan. Internal costs (such as use of internal staff), while considered in the planning and execution of the projects, are included in the regular salary and wages budget.

(in $thousands)	Operating Costs	Capital Expenditure
Unmatched Client Service Excellence		
• Business Resilience Upgrades	68	
• Program next (see page 33)	70	
• Employee Portal – Completion of User End Development	50	
• Recorded Information Management	30	
• Implement Canada's Anti-Spam Legislation (CASL)	45	
High Performing People		
• Compensation Program Development	40	
• Leadership Development Strategy	145	
Strategic/Responsible Financial Management		
• Data Management & Performance Analytics	550	
Disciplined and Astute Investing		
• Surplus Risk Management Tool	90	
• Proxy Voting Consolidation	40	
Better, Faster, Smarter Business Systems and Processes		
• Database / Software Upgrades	1,429	116
• Refresh Servers	160	250
• Workstation Refresh	50	200
• Upgrade IT Tools & Middleware	280	20
• Cyber Security Upgrade	155	45
• Target Network Architecture Design Implementation	240	400
TOTAL INITIATIVES	**3,442**	**1,031**

CONTINGENCIES AND RISK

The following items may put pressure on maintaining the costs set out in the 2014 Budget:

1. The cost of the initiatives is based on preliminary estimates which may vary once statement of work deliverables are completed for each project.
2. Budgets are based on compensation restraint measures requested by the Government of Ontario.
3. Other than some investigatory legal work, the budget has been presented on the basis of no substantial change to the structure or mandate of the OPB. No additional costs or savings have been included relating to any consolidation efforts by the Government of Ontario regarding the provincial pension plans or their funds.
4. There are no reserves set aside to fund the costs associated with unexpected events or litigation. As presented to the Audit Committee, management has no knowledge of any outstanding litigation that requires this.
5. This budget has not built in any expenses relating to the possible adoption of a long-term incentive plan for investment personnel and senior executives.
6. OPB management will be holding negotiations with the Ontario Public Service Employees' Union representing OPB's bargaining unit employees for the next collective agreement in early 2014. No provision for salary increases have been built into this budget.

As a mitigation strategy to the above-noted risks, a regular senior executive "gating" process is maintained to consider the impact on the budget of unplanned events and projects occurring during 2014. Where necessary, priorities are adjusted to ensure that the overall budget impacts can be managed.

APPENDIX I: STRATEGIES AND FOUNDATIONS

To implement OPB's strategic vision, all organizational, departmental and individual objectives align with one or more of the following Strategies and Foundations.

State of the Art Governance – our approach to governance is to ensure that structures and processes are in place to provide appropriate oversight with respect to the strategy of the organization and management of its key risks.

High Performing People – we believe strong leaders facilitate a culture of high performing teams, and that each individual employee contributes to the organization's success. We view programs and initiatives aimed at developing and retaining our internal talent as a crucial investment.

Strategic and Responsible Financial Management – this is a fundamental fiduciary responsibility, and essential for maintaining the trust of our stakeholders. We must demonstrate value for money as we invest in programs that improve service to clients and stakeholders, build out support for investment activity, meet legislative requirements, and improve the efficiency, reliability and security of our networks.

Better, Faster, Smarter – OPB looks to automate, and streamline, routine pension administration transactions and certain investment related activities in order to ensure efficiency and to enable the delivery of advisory services at reasonable cost.

Unmatched Client Service Excellence – OPB is committed to providing outstanding service to our clients. This means delivering the pension promise with proactive, knowledgeable, timely and accurate service and support.

Disciplined and Astute Investing – to achieve Plan objectives, OPB has developed a strategic approach with an emphasis on capital preservation. We seek to generate strong, stable, long-term investment returns within acceptable risk parameters.

Outstanding Stakeholder Relations – we believe our role is one of a trusted advisor. This means providing stakeholders with balanced recommendations that reflect our fiduciary duty, our commitment to the long-term sustainability of the Plan, and the Government of Ontario's need for cost constraint.

Educate and Advocate – OPB has a significant role to play in contributing to public discourse, and policy making, on the topic of pension coverage and retirement income adequacy, not just for the benefit of members of the PSPP, but for the benefit of all Canadians.

APPENDIX II: KEY GOALS / OBJECTIVES FOR 2014

Description of Key Goals / Objectives	Metric / Measurement
Invest the Plan's assets to maximize returns within acceptable risk parameters, while supporting the long-term sustainability of the Plan and keeping contributions rates and benefits stable and affordable	Total fund return exceeds benchmark return Absolute rate of return exceeds the nominal discount rate Performance returns add value over a static debt/equity portfolio (The above results are calculated on a 4-year rolling average) Funded status of the Plan is maintained above 90%
Continue to build in-house expertise and asset management capabilities	Continue to build out Private Markets investments and internal Tactical Asset Allocation trading Evaluate specialty mandates and an active foreign exchange strategy for Public Market investments
Enhance investment risk and analysis function to support ongoing asset management decisions	Integrate investment risk, compliance and analysis tools into the investment decision process, including Surplus Risk Management capabilities, enhanced risk reports, revised Public and Private Market' Directives, new risk and compliance policies and improved governance checklists for Private Market asset classes
Continue to enhance internal control structure to accommodate new asset management activities	No "major" audit issues arising from any internal audits All moderate (and lower level) audit issues are addressed within stated timelines
Support the long-term sustainability of the Plan	Finalize, and approval of, draft Funding Policy by OPB's Board and the Plan Sponsor Complete Long-term Funding Study and Experience Study started in 2013
Maintain an appropriate and robust Business Resilience Program	Review OPB's Business Impact Analysis, business continuity strategy and corresponding plans

Description of Key Goals / Objectives	Metric / Measurement
Business systems and processes support OPB's service expectations	Meet standards set in SLAs (Service Level Agreements)
Upgrade IT infrastructure and tools	Upgrade various IT hardware, middleware, tools, software Regular workstation refresh Target network architecture design and implementation Upgrade OPB's cyber security program
Maintain an efficient and effective administrative cost structure	OPB's expense ratio is in the range of comparative peer plan organizations
Attraction and retention of staff, especially those positions defined as critical to the organisation	Voluntary turnover < 8% per annum Job searches identify successful candidates on the first offering 75% of the time Employee satisfaction, based on an employee survey, exceeds 70% (surveys conducted every other year)
Provide seamless and excellent client and stakeholder service through a period of significant changes to the Plan and applicable legislation	Client satisfaction rating exceeds 8 out of 10 95% of incoming calls to the Client Care Centre are answered within 30 seconds Stakeholder satisfaction exceeds 8.5 out of 10 Online services are available 99% of the time Implement changes to the Provincial Judges Pension Plan Improve data exchange between Ontario Shared Services and OPB
Enhance e-service delivery	Develop strategy for next phase of web development Increase active clients e-service registration and usage
Enhance OPB's Enterprise Risk Management (ERM) Program	Formalize ERM Policy to reflect our strengthened business practices Implement a formal Operational Risk Management Reporting Framework

Description of Key Goals / Objectives	Metric / Measurement
Continue automation of pension administration processes to enable better, faster client service and free up staff to provide counsel and guidance on complex pension transactions	Identify and implement roadmap for process re-engineering
Review systems and business processes to identify and prioritize systems development and business reengineering activities (Program neXt)	Develop business requirements to be included in the 2015-2017 business plan
Implement our new leadership development strategy	Align OPB’s human resource programs with its new competency model Design coaching program to support leadership development Identify key organizational competency gaps and deliver learning programs to address at least the top 3 gaps

APPENDIX III: ORGANIZATIONAL CHART – MANAGEMENT LEVEL