



Ontario Pension Board
Business Plan
2025–2027

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OPB Overview

The Ontario Pension Board (OPB) is the administrator of the Public Service Pension Plan (PSPP or the “Plan”), a defined benefit (DB) pension plan, with approximately 100,000 members – current, retired and deferred – and oversees the investment of more than \$32 billion of net assets (the “Fund”) that fund the benefits under the Plan.

The investment of the Plan’s assets is managed by the Investment Management Corporation of Ontario (IMCO). OPB continues to set the Plan’s investment objectives through the asset allocation strategy and maintains an oversight role with respect to the investment execution of the Plan’s assets.

This Business Plan speaks to the three-year period from January 1, 2025 to December 31, 2027, with the focus being on 2025.

Mandate

OPB was created in 1990 through the *Public Service Pension Act* to administer both the Plan and the Fund. OPB is governed by its Board of Directors and the Chair is accountable to the President of the Treasury Board for OPB’s performance in fulfilling its mandate.

As part of its 2025 letter of direction from the President of the Treasury Board, OPB has aligned its strategic approach to support the following new and continuing provincial priorities:

- Provide effective oversight of the financial risks related to the Public Service Pension Fund to ensure our business objectives are met. This includes continuing to provide ongoing oversight of IMCO as it pertains to its role in managing the assets OPB is accountable for.
- Maintaining an effective system of internal controls and compliance with applicable requirements to promote transparency and accountability. This includes effective oversight of OPB’s expense management and controls to ensure efficiency and sustainability.
- Continuing supporting the sustainability of public sector pension plans. This includes working with partners in the interest of minimizing administrative costs for public sector pension-holders, improving efficiencies, providing ongoing support for government-requested initiatives and engaging the government, as sole sponsor of the PSPP, regarding long-term funding strategies.
- Providing ongoing support for government-requested initiatives and the seven government-wide priorities that are applicable to all agencies.

In accordance with the provisions of the Plan, OPB administers other public sector pension and insured benefits plans. The administration of those plans/services on behalf of the Government of Ontario are all on a fee-for-service agreement and are structured on a cost-recovery basis, not as a profit-generating activity.

Approach to 2025 Business Planning

Fostering an ongoing cost-conscious culture and mindset is foundational at OPB. We reinforce this fiscal discipline throughout the year to ensure we maintain cost-efficiency throughout our operations. Our 2025 Business Plan was developed with that mindset, leaving no stone unturned to limit our expenditures to only essential expenses. No new complement resources were requested beyond what was approved in our 2024–2026 Business Plan.

As part of our effective oversight of the PSPP, one of our top priorities will be engaging the government as sole sponsor of the Plan regarding long-term funding strategies. We will also continue to prioritize engagement with, and oversight of IMCO, both at the Board and executive levels and are actively working with them to refresh our Strategic Asset Allocation (SAA). We believe the new SAA will deliver stronger returns that are less susceptible to individual asset class or market segment risks.

In 2025, we will also be focusing on two other priority initiatives – supporting the Province on the pension impact of the repeal of Bill 124 and advancing our pension modernization program. Our support related to the repeal of Bill 124 will include assisting employers with processing updated salary and contribution data and helping members understand how the changes affect their pension. While we are still working with employers to understand their implementation approaches, we expect most of this work will be completed by the end of 2025.

Advancing our multi-year pension modernization initiative is critical to mitigate the risk of an aging infrastructure, improve our operational efficiencies and enhance client experience. This initiative aligns with the government’s strategy to improve the customer experience in delivering public services and to adopt a Digital First delivery channel. To ensure we have the dedicated support needed to successfully implement our pension modernization initiative will require phasing in temporary staff, while balancing resources and project deliverables. Subject to the timing of onboarding the vendor and aligning on a workplan, we may begin phasing in our temporary resources in late 2025, which aligns to the projections from our last approved business plan and will allow 2026 deliverables to be executed efficiently and effectively.

We will be working closely with the Sponsor through Treasury Board Secretariat (TBS) to ensure that this work is fully in alignment with the government’s expectations.

Costs – 2026 and Beyond

In the next few years, we must replace our pension administration systems (PAS) and modernize our business processes. Dating back to the early 1990s, our current system is outdated, costly, inefficient and was developed when the Plan was much less complex to administer; as a result, it requires extensive manual processing that hinders online service delivery. As client expectations have evolved toward digital channel preferences and service demands have increased, they have challenged our ability to maintain the same level of service excellence.

We issued a request for proposal (RFP) for a new systems provider in August 2023 and are now in the final stages of the procurement process, working closely with vendors during the best-and-final-offer (BAFO) phase. This approach ensures that vendors understand our operational and strategic requirements, especially related to our goals to enhance digital and advisory services.

While we won't have a reliable cost estimate until the RFP process is completed, we anticipate that this will require an increased investment, including the need for dedicated staffing resources beginning in late 2025.

After selecting our vendor partner and assessing the program implementation requirements, we will better understand which skills we need to have internally and where it might be more cost-effective to use temporary or vendor resources. We do not anticipate these temporary resources to be required after the modernization project is complete.

The budget discussion begins on page 31 of this document.

OPB's Purpose and Strategic Plan

Reassuring things happen when we look after each other and work together in common cause. Over the course of their working lives, our public servant clients support strong and sustainable communities across Ontario. We understand the importance of helping others build towards a strong and sustainable future.

Through our *Advise and Protect* mission, we assist our clients to effectively plan for a retirement with security and dignity – a retirement in which they can thrive and continue contributing to their communities. Our team of diverse professionals supports every stage of our clients' careers, ensuring the pensions they have earned are protected along the way through strategic and prudent fiscal oversight.

Our commitment is to be there. There for life.

Our purpose guides everything we do.

Our Vision and Strategic Focus

OPB is a premier pension delivery organization and a trusted advisor to all our stakeholders, whose effectiveness delivers sustainability for the PSPP.

To realize our vision, OPB has set its strategic focus on Sustainability and Service Excellence.

The focus on sustainability is comprised of three main strategies:

- Investments
- Funding and Design
- Cost-Efficiency

Similarly, we have three main service excellence strategies:

- Digital and Online Services
- Advanced Business Processes and Systems
- Advisory and Education Services

We have also identified four organizational foundations that are essential underpinnings to our ability to achieve our strategies and vision:

- State-of-the-Art Governance
- Outstanding Stakeholder Relations
- High-Performing People
- Social Responsibility

Each year our Business Plan is guided by planned initiatives and necessary operational improvements aligned to these strategies and foundations. Metrics for each strategy and foundation guide and measure our progress.

OPB's stated values are intended to work in combination with these strategies as the underpinnings of a high-performing organization.

OPB's values are:

- Client and stakeholder commitment: We are committed to delivering exceptional client and stakeholder experiences.
- Diversity, equity and inclusion: We value our differences, creating safe spaces for all as we work in collaboration, leveraging everyone's unique talents and life experiences, and interacting with respect, empathy and compassion.
- Innovation and continuous learning: We are a high-performing organization with a can-do attitude which pursues continuous improvement, learning, growth and achievement.
- Trust and transparency: We act with integrity, communicating with honesty and transparency to have meaningful interactions and foster trust.
- Accountability: We each take accountability. Together, we protect the pension promise through advocacy and the effective and efficient delivery of services.

Looking Forward

In the coming year, we intend to refresh our long-term strategy. We take great pride in our unique Advisory Services model and remain deeply committed to protecting the pension promise.

Organizational Culture & Employee Engagement

People are at the heart of OPB, and our leadership team is committed to creating an environment in which our employees thrive.

2024 was a year of change for OPB as we welcomed a new CEO and new CPO, and helped staff adjust to the implementation of our new hybrid working model, aligned to the government's policies and direction. In 2025, it will be important that we maintain a strong focus on our corporate culture, leadership development, and attracting and retaining top talent, as we update our vision for the organization. We understand the importance of approaching this work in a way that helps our employees feel supported and connected to each other and to our organizational purpose and vision.

Change will continue over the next few years as we focus on building our future vision and continue to advance our pension modernization program. We are very proud of our corporate culture at OPB and we recognize that how we support employees, particularly during periods of change, is really important.

Like many organizations, in recent years we've dealt with increasing employee turnover. The work we do is important and relies on our staff having deep pension knowledge – defined benefit pensions make a real difference in people's lives – and we can't do it without the hard work and dedication of experienced staff.

Our ability to attract and retain top talent is essential to our success. Over the last few years, we have seen increased competition for talent, and it has been more challenging for us to remain competitive with our peer pension plans. We are actively looking at strategies to ensure we remain an employer of choice, in particular within the pension space, where we need to be able to attract and retain individuals with defined benefit pension experience. Ensuring we have the requisite skilled talent is critical to being able to protect the pension promise, provide excellent client service and deliver on our vision to be a trusted advisor to all our stakeholders and clients.

In 2025, we will maintain our strong focus on our people and ensuring we are meeting their needs, so we can continue to deliver the pension promise together. This includes undertaking a culture refresh exercise, a comprehensive employee engagement survey, and continuing to build out a robust change management program to specifically support us as we move through our pension modernization program.

An Inclusive Workplace

Diversity, equity and inclusion (DEI) are core values for OPB. To meet the evolving expectations of our employees, clients and stakeholders, we need to continue evolving and advancing our approach to DEI.

We have taken many steps to advance DEI within our organization, including: mandatory training sessions and expanding our education space for staff, furthering our commitment to

providing an inclusive workplace; reviewing our human resource (HR) practices and policies to reduce the potential for bias in our hiring process; partnering with organizations dedicated to advancing DEI for underrepresented groups; and launching a Diversity, Equity and Inclusion Advisory Council.

For a comprehensive view of the steps OPB has taken to advance DEI, you can visit our [website](#).

In 2025, we will continue to provide staff with learning opportunities and support the DEI Advisory Council in implementing their roadmap and leveraging our external partnerships to support an inclusive workplace.

Governance and Operations

OPB is a significant financial institution with a fiduciary duty to our active, deferred and retired members. OPB is accountable to the Government of Ontario as the Plan Sponsor and has legal obligations to regulatory bodies, such as the Financial Services Regulatory Authority of Ontario and the Canada Revenue Agency. OPB must also comply with many of the Government of Ontario's corporate directives.

OPB is committed to the highest standards of practice in matters of governance, risk management, compliance, transparency, business continuity and resilience, information management and privacy. In recent years, OPB has further strengthened its practices in each of these areas, leading to increased expenses for compliance and risk management. For example:

Risk Management – Our Enterprise Risk Management (ERM) framework is integrated into our strategic and operational development process to strengthen our ability to proactively identify, assess, monitor and respond to risks and opportunities that could impact our strategic objectives and business plan initiatives. By embedding ERM into strategic planning, fostering a risk-aware culture, leveraging technology and focusing on emerging risks, we continue to enhance our strategic resilience and achieve sustained success.

- Over the next year, OPB's ERM will continue to focus on enhancing our integrated and agile approach to managing enterprise, operational and emerging risks. In particular, ERM will focus on embedding OPB's refreshed risk appetite framework into its enterprise and operational risk profiles and introducing risk thresholds for our key risks. The end goal is to build resilience by managing risks within reason, while supporting evidence- and risk-based decisions. Additionally, ERM will continue to enhance OPB's key risk indicators to monitor changes in the levels of risk exposure and contribute to early warning signs to help prevent and mitigate any potential negative events in a timely and efficient manner.
- We will continue to maintain a strong, risk-aware culture through ongoing, tailored learning opportunities and risk management events for OPB staff at all levels throughout the year.

Business Continuity and Resilience – OPB is committed to protecting the health, safety and well-being of its staff and visitors. Management and the Occupational Health and Safety Committee ensure that operations and policies support this commitment.

To maintain and enhance our operational resilience, we conduct several business continuity exercises and scenario-based trainings, aligned with our hybrid work model, on at least an annual basis.

Information and Data Governance – OPB recognizes data as one of its key strategic assets and that a trustworthy, reliable and well-managed information base contributes to client service excellence and is central to decisions made by pension plan members, retirees and OPB employees on a daily basis. In conjunction with pension modernization work, we are reviewing the systems, controls, policies and processes for strengthening the governance, management and stewardship of data within the organization. As a result of this review, we have implemented new technology to support better management of data held in OPB's file repositories.

A multi-year data governance roadmap and maturity assessment will be delivered in 2025 to support advancing OPB's data practices, ensuring new core systems sustain high-quality data for ongoing use and to enable us to build the necessary data foundations for future innovation.

Promoting a better understanding of the value of OPB's information and data, both from a plan administration perspective and the perspective of our members and stakeholders, will enable us to better manage our data in accordance with its inherent value, risk and cost and optimize our data use and re-use for the purposes of efficient, effective and integrated pension administration.

Accessibility – OPB continues to focus on creating an inclusive environment for staff and clients, including providing accessible services for clients that align to the *Accessibility for Ontarians with Disabilities Act*. Over the past few years, we have focused on enhancing the accessibility of our services and communications, including our portals. We also know that this is a space that continues to evolve. In 2024, we began work on our next Multi-Year Accessibility Plan (MYAP), which will include our first focus groups with clients to gather feedback on how we can continue to progress in this important area. Once we have completed this exercise, we will identify a plan to address key findings.

Third-Party Services

OPB provides a number of strategic, operational and administrative services for the Province under Services Agreements. These services are all provided on a cost-recovery basis and have no net impact on OPB's operating expenses budget. They include:

1. Strategic and operational support to the Provincial Judges Pension Board (PJPB) and pension administration services to members of the Provincial Judges Pension Plan (PJPP).

2. Administration of the insured benefits programs to our participating employers' retired employees, who are members of the PSPP, as well as members who are retired judiciary. This includes the setup and communication of available benefits, the deduction of health, life and travel insurance costs from retired members' pensions, and working with the Plan Sponsor and the benefits provider to ensure that our members get the best client support.
3. Administration of the Retirement Compensation Arrangement (RCA) for eligible PSPP members.

Environmental Scan

The environment for administrators of large public sector defined benefit pension plans continues to be complex and challenging. Environmental factors present opportunities, risks and impacts for the Plan. How OPB responds to these factors can significantly impact the Plan and our stakeholders. Accordingly, properly identifying and assessing these factors is necessary to successfully fulfil our mandate. There are many aspects of the current environment that can place additional pressure on OPB and its operations.

This section highlights some of the environmental factors we believe could impact OPB's Business Plan and strategies over the next few years.

Shifting Client Expectations and Technology Changes: As discussed in prior business plans, our existing pension administration systems (PAS) are nearing the end-of-life and cannot support clients' heightened expectations for secure online self-service tools. Our clients also want more personalized advisory services to help them navigate key pension decisions during their membership, and the ability to securely complete transactions and receive their communications online. Additionally, administering the Plan has grown more complex and intricate since these systems were put in place in the 1990s. While we have introduced new tools and services to better serve our growing membership, such as our enhanced member and employer portals, our primary PAS now needs to be replaced to: mitigate risks; enhance service delivery; and enable secure, enhanced self-service options for clients to meet their needs, which aligns to the government's digital service mandate.

On the cybersecurity front, threats are becoming increasingly sophisticated, and constant vigilance and broad visibility are essential to mitigate this risk. Ensuring our technology remains current is critical to ensuring our clients' personal information remains secure. This includes continuing to improve our cybersecurity maturity through increasing our detection and response capabilities, improving our data classification and retention management systems, and enhancing our third-party risk management processes.

As artificial intelligence (AI) technology continues to mature, we have begun exploring opportunities in this area, including working on establishing AI guardrails that will enable further exploration of how safe and responsible AI use could benefit us and help boost our efficiency.

Demographic and Economic Trends: There are several demographic pressures facing the Plan. These factors, including longer lifespans, increase the overall costs of pensions and create funding pressures. Higher-than-normal inflation levels have put pressure on the funded status as well as created challenges to investment returns. While inflation is trending back downwards, it is projected to remain slightly elevated in the short term. This impacts inflation-related assumptions such as salary increases, government limit increases and investment returns.

Additionally, as part of our disciplined, long-term approach to managing the financial health of the Plan, we regularly conduct studies that help assess whether current contribution rates are adequate to fund the Plan's benefits and whether our economic and demographic assumptions are still appropriate.

Investment Environment/Outlook: While inflation continues to ease and interest rates are starting to come down, market volatility has continued throughout 2024 and geopolitical risk remains heightened with the wars in the Middle East and Ukraine, the ongoing strained U.S./China relations and the upcoming U.S. election. These dynamics set the stage for ongoing investment volatility. We are currently working very closely with IMCO to refresh our SAA and expect the new SAA to deliver stronger returns going forward and to be less susceptible to individual asset class or market segment risks.

Sustainability: We believe that for an organization to be successful, it needs to have sustainable people and governance practices in place and must also be considering the impacts of important factors like climate change. That's why both OPB and our investment manager, IMCO, are committed to comprehensively integrating sustainability considerations into their operations and strategies.

Within our investments, our oversight of IMCO includes a focus on sustainability considerations to ensure that they effectively identify and manage risks and opportunities within our investments that will contribute to better investment returns over the long-term.

As a pension plan administrator, ensuring that we have strong governance in place is table stakes and is always at the forefront for us. Effective governance requires us to adapt to evolving expectations, risks and opportunities to protect the best interests of the Plan and our members. As an employer, we believe having a diverse, equitable and inclusive workplace is fundamental to achieving our mission and vision; it makes us a stronger, more agile organization and better positions us to serve our diverse membership.

Over the past few years, we have taken steps to enhance our approach to ESG issues, including developing an ESG Action Plan, an ESG Policy and an ESG Communications Strategy to improve our reporting and transparency on ESG issues for members. More information about our progress on ESG can be found in our [2022–2023 ESG Report](#).

Compliance with Expanding Mandatory Governance, Risk and Compliance Standards: OPB must comply with several important government directives and legislative requirements, including Ontario's Digital, IT and Data Directives (and related policies), anti-spam legislation,

enhanced procurement rules, and the *Accessibility for Ontarians with Disabilities Act*. As privacy legislation at the provincial and federal levels continues to evolve, OPB commits to continuing to strengthen its privacy management practices to ensure consistency with provincial and federal best practices.

We maintain a strong and effective ethics and compliance program by ensuring we continue to meet all our regulatory obligations on a timely basis and promoting a strong culture of ethical behaviour, reducing the risk of reputational harm.

To further enhance and streamline our compliance processes, we will utilize cloud-based compliance software implemented last year to formalize a risk-based compliance testing regime of key controls for OPB policies and procedures to help mature internal controls.

Government Priorities: Controlling HR costs, including pension expense, in the public sector is seen as one of the key paths to fiscal health in Ontario. Measures to address the Province's fiscal status could impact the Plan and OPB in various ways. Provincial priorities that impact OPB include:

- Continuing to implement the plan consolidation strategy, which supports efficiency in the public sector pension administration and helps the PSPP maintain or improve its Plan demographics and economies of scale. In 2025, we will work with the Province to implement plan changes for First Nations Officers and Civilians, including enrolling new First Nations Police members into the PSPP. Supporting this important initiative will involve a significant number of system changes to ensure members receive accurate information and the correct benefit entitlements. It will also include considerable member and employer education and communication efforts. We will also work with the Province to support other new employers in the Plan, such as the Building Ontario Fund.
- Providing employers with guidance on how to effectively process the updated data and contributions to support the repeal of Bill 124, including data validation efforts and helping members understand how these updates impact their pensions.
- Supporting the government's HR and payroll systems modernization, which will help ensure upgraded/new systems effectively integrate with ours and improve data reporting accuracy and system efficiency. This is critical to provide the information we need to calculate accurate benefits and support clients in making informed pension decisions.
- Additionally, each year, we receive requests from the Plan Sponsor to support added initiatives, which we expect to continue in 2025.

Strategic Direction

OPB has two fundamental objectives:

- to manage the financial health of the Plan, so it remains sustainable over the long term; and
- to provide outstanding pension administration services to our members, employers and stakeholders.

This is reflected in our two core strategies: Sustainability and Service Excellence.

We have developed three sustainability strategies (Investments, Funding and Design, and Cost-Efficiency) and three service excellence strategies (Advisory and Education Services, Digital and Online Services, and Advanced Business Processes and Systems). We believe these are appropriate to meet our objectives in managing the Plan and supporting the government in its efforts to improve the Province's finances.

OPB is confident that these strategies, supported by our foundations, will be advanced through the initiatives outlined in this Business Plan.

Public Service Pension Plan Sustainability

Protecting the pension promise for members and ensuring that the Plan is sustainable over the long-term is our top priority. As of December 31, 2022, the last filed valuation, the Plan maintained its funded status of approximately 94% on a going-concern basis with asset smoothing.

Our sustainability strategies are directed towards managing all Plan funding variables (net investment returns, contribution levels and benefit structure), so that:

1. Accrued benefits are delivered as promised.
2. The Plan remains affordable over the long term.
3. The benefit package in the Plan remains structured to build lifetime retirement income adequacy for long-serving members.
4. Fairness in the Plan costs and benefits are achieved across generations of members.

Funding and Design

The financial health and sustainability of the Plan is a function of managing three variables:

- adequacy of contributions to the Plan;
- long-term investment rate of return on the Fund net of all expenses; and
- cost of the benefits promised by the Plan.

We continually analyze these variables through a series of actuarial reviews, including:

- annual Plan valuations (even if not required by the regulators);
- experience studies to determine trends in the cost of benefits and to assess whether we need to change the assumptions we use to value the Plan and measure various risks;
- asset/liability studies that are conducted every three years and are used to set our SAA for our investments; and
- contribution rate adequacy studies to ensure contributions are sufficient to cover the cost of future benefit payments.

It is also critical to continue advocating for a regulatory environment that is conducive to the sustainability of the Plan and the DB model. We believe DB plans are the most effective approach for providing retirement income, while still being affordable to both employers and employees over the long term. We also believe that, as an attractive part of a total compensation package, DB plans can help public sector employers attract and retain key talent, making them a valuable tool in helping implement HR strategies. We undertake advocacy efforts through:

- direct OPB submissions to government, regulators, professional organizations and employee groups;
- partnerships with our peer plans on matters of mutual concern;
- monitoring industry trends regarding plan design; and
- collaboration with industry organizations such as the Association of Canadian Pension Management (ACPM) and the Ontario Bar Association (OBA).

Over the past few years, the Plan's funded status has been impacted by volatility in the financial markets and higher-than-normal inflation levels. We regularly adjust our funding assumptions to reflect the evolving environment, including retaining an indexation reserve, updating salary assumptions to reflect both inflationary pressure impacts and the repeal of Bill 124, and updating our longevity assumption to reflect that members are collecting their pensions for longer.

While some of these pressures are expected to ease in the near term, we have not yet fully recognized the impact of investment losses from 2022 and 2023 since our going-concern valuation uses asset smoothing over a three-year period.

The Plan Sponsor is making special payments that will move the Plan toward a fully funded status.

We manage funding of the Plan within our ability to control or influence funding levels to avoid significant shortfalls. Management is actively focused on several risk reduction efforts as part of our ongoing due diligence:

- Conducting funding risk studies to assess a wide variety of scenarios and develop possible funding responses to address challenges that may emerge over time, as well as risk mitigation strategies to reduce the likelihood of funding shortfalls;
- developing a funding response plan to achieve fully funded status over a reasonable time horizon, including a contribution rate adequacy review;
- engaging the government regarding long-term funding strategies to create alignment and support for the funding response plan;
- continuing a plan growth and consolidation strategy to maintain or improve the Plan demographics and economies of scale;
- advocating and pursuing investment asset pooling to improve net investment returns, risk management and cost-efficiency; and
- reviewing the Fund's SAA currently and regularly in future to improve investment returns, manage investment risk and achieve an appropriate matching of our investments with the Plan liability profile.

Investments

Our long-term pension obligations drive OPB's investment strategy and decisions. Since 1990, approximately two-thirds of OPB's pension payments have come from investment income, so strong investment returns are critical to the long-term health of the Plan.

OPB's strategic long-term approach to investing is shaped by two key objectives:

- securing and maintaining the pension benefits promised to members; and
- maintaining affordable contribution rates for members and participating employers.

IMCO is responsible for managing OPB's investment portfolio in accordance with OPB's overarching investment policies, including our Statement of Investment Policies and Procedures (SIP&P) and our SAA, which OPB continues to set.

The SAA is OPB's most important investment decision; it is a key driver of investment performance and identifies our percentage targets for individual asset classes, which together make up our portfolio asset mix.

Investment Risk and Mitigations

OPB provides ongoing oversight of IMCO as it pertains to its role in managing the Plan's assets and investment risk. In partnership with IMCO, OPB mitigates investment risk in several ways:

- OPB formally reviews its SAA at least every five years, so management and the Board of Directors can align the Plan's asset mix relative to its pension obligations and design an asset mix that will generate the investment returns the Plan needs (i.e., more than the

Plan's actuarial discount rate) with acceptable risk levels. An asset/liability (A/L) study is currently underway and expected to be completed by the end of 2024. Working with IMCO, we expect to make modest adjustments to our asset mix with a view to increasing the likelihood of higher returns within an acceptable level of risk. This will help mitigate any future funding pressures and is in keeping with our funding response plan.

- OPB and IMCO have developed policies which govern risk as it relates to ESG issues, particularly climate change. IMCO has also conducted a climate scenario analysis as a precursor to developing a climate strategy that sets specific carbon emission reduction targets leading to a portfolio with net-zero carbon emissions by 2050. IMCO and OPB report on climate-related metrics in their respective annual ESG reports.
- OPB monitors, assesses and regularly reports on IMCO's performance of its duties, responsibilities and obligations under the contractual agreements between OPB and IMCO (Investment Management Agreement, Service Level Agreement) to OPB's Board of Directors. A variety of key performance indicators (KPIs) allows us to assess IMCO's investment performance and overall performance of its contractual duties, responsibilities and obligations to OPB.
- OPB also regularly engages with IMCO on investment risks and their advances in this area, including through quarterly Investment Committee reports. IMCO provides OPB with expert risk management and has continued to evolve its capabilities over the years, including introducing a liquidity coverage ratio measurement, which is particularly useful during market crises. IMCO also provides OPB with regular risk/return reporting utilizing its investment return solution.

Cost-Efficiency

To help us manage costs across our business, we undertake initiatives that will, over time, improve our cost-efficiency and service levels, and have established metrics to help us track our progress.

As with asset pooling, merging smaller public sector pension plans into the PSPP (we refer to this as 'pension consolidation') is intended to improve our economies of scale, among other benefits. This helps reduce our per-member cost and aligns with government direction to improve efficiency and reduce redundancy across the broader Ontario public sector. Consolidating the pension plans of smaller government agencies and other related authorities, whose principal focus is not pension plan administration, will also improve performance and client service for those members.

Since our first plan consolidation in 2018, we have welcomed more than 4,000 new contributing members into the PSPP. The Plan's active to retired member ratio has improved from 1:1 to 1.17:1 over that period. The mergers have also contributed to lowering the average age of our members by one year, which helps decrease the cost of the Plan. Later this year, we expect to welcome additional First Nations Police Constables and Civilians as well as the Building Ontario Fund into the PSPP.

Our pension modernization initiative will drive cost-efficiency over the long term. Many of our business processes and systems need to be updated to be more effective and efficient and to support the Digital First approach. Through our pension modernization program, we will upgrade our systems and tools to enhance the client experience, move our digital strategy forward, improve our business process efficiencies, increase our information security, including cybersecurity, and mitigate our IT risks.

In the meantime, as we respond to operational needs or Plan Sponsor initiatives, we look for opportunities to design solutions that provide incremental efficiency improvements. For example, our approach to delivering the technology changes we need to support the repeal of Bill 124 will focus on helping us enhance the efficiency of our data management and entitlement recalculation processes.

Service Excellence Strategies

OPB believes there are five key elements to providing affordable, excellent pension service:

- **Decision Support** – providing personalized information and counsel in a manner that is understandable and enables clients to make informed decisions about their pensions.
- **Digital Access to Information** – in line with the modern service experience our clients expect.
- **Anytime/Anywhere Self-Service** – increasing the service availability of our websites, as well as expanding and enhancing our online services for members.
- **Effective and Timely Service Delivery** – transactions that require the assistance of our client service staff.
- **Privacy and Cybersecurity** – in an increasingly digital and online world, service excellence is imperative to protect our clients' privacy and the security of their personal information.

Our three service excellence strategies are designed to deliver on all those elements:

- **Advisory and Education Services** – increase client engagement in retirement planning and deliver outstanding decision support.
- **Digital and Online Services** – deliver anywhere/anytime access to information and self-service; this will also contribute to enhanced efficiency and will include appropriate cybersecurity and privacy protections.
- **Advanced Business Processes and Systems** – the tools, systems and processes to deliver secure, timely and cost-effective service to our clients.

Advisory and Education Services

Advisory Services

OPB's advisory services offers our clients professional retirement planning and decision-making support, which continue to be our service excellence differentiator. Our team of Advisors, who are pension experts and Certified Financial Planners®, help our clients navigate complex pension decisions in the context of their overall financial and life circumstances. This service is highly valued by our stakeholders and members, with almost three quarters of members rating their satisfaction with their OPB Advisor at nine or 10 out of 10.

In 2025, we will enhance our advisory services through:

- implementing our new Retirement Planner tool, which will equip our Advisors with an enhanced and modern tool that better enables them to effectively assist clients with retirement planning and making informed decisions about their pension and will also provide members who like to self-serve with a simplified online planning experience;
- supporting existing First Nations members with understanding how the Plan changes impact them, as well as providing advisory support for new First Nations members joining the Plan; and
- enhancing the client experience for members looking to book a meeting with an Advisor by improving our online booking tool.

Education Services

OPB has developed and continues to improve client and stakeholder education sessions aimed at educating our members and stakeholders about the Plan and its benefits, as well as the challenges facing the PSPP. In recent years, we have introduced tailored financial and retirement planning sessions designed for better member engagement to assist them in planning for their retirement earlier. The demand for these interactive tailored presentations continues to increase and feedback on the sessions is very positive.

In 2025, we will enhance our client and stakeholder education by:

- introducing more financial planning content and presentations to help engage various members by speaking to the issues that matter to them now (e.g., parental leave impacts, managing debt, etc.) and for the purpose of assisting them in making informed decisions about their pension; and
- enhancing our online learning experience through recorded webinars and short videos – this expands the number of members we can reach cost-efficiently and at a time that's convenient for them.

Digital and Online Services

Today, financial services clients expect to access information about their accounts and execute simple transactions online anywhere and anytime. OPB currently offers some online self-service options for clients and has an employer portal through which employers can do business with OPB. As our pension modernization program progresses, we intend to add additional online self-service transactions. Increasing online services will enable us to focus even more attention on proactive client outreach, retirement planning and decision-support services, and to also improve traditional channel service delivery timelines.

Our journey-mapping project will help us better understand our members' expectations and digital needs as they move through their pension plan membership. These maps will be critical in helping us build effective digital services, improve our efficiencies and meet the changing needs of our members through our modernization project. In the coming years, we will enhance our digital and online services by:

- increasing the number of self-service transactions that members and retired members can conduct online; and
- increasing member engagement with retirement planning and modernizing and improving the capabilities of our retirement planning tool.

Pension Modernization: Advanced Business Processes and Systems

OPB's primary pension administration system (PAS), the systems used to determine and calculate entitlements, as well as our document and business process management, are nearing end-of-life and must be updated or replaced. Commercial off-the-shelf (COTS) software for PAS includes an improved rules and calculation engine and workflow and document management technologies. These systems have advanced significantly in recent years and can better integrate and enhance how we support client service delivery.

These new technologies will allow us to re-engineer our business processes, reduce the risk of systems failure, improve cybersecurity, expand our digital client self-service and improve our operational effectiveness, enabling us to serve our clients better and faster.

As we shared in last year's Plan, as part of our due diligence we have developed a multi-year roadmap that identifies and prioritizes the other parts of our pension business processes and systems that must be modernized to support critical business priorities. We will continue to monitor the business and IT risks that need to be addressed and adjust the roadmap accordingly.

2025 Pension Modernization Initiatives

In 2025, we will move forward on selecting our new PAS vendor, finalizing our data migration strategy, so we can efficiently and accurately transfer data from our existing system to the new PAS platform, implement our new Retirement Planner, and launch our employer data quality

initiative. This will help improve employer governance practices and data quality to support enhanced processes and system efficiency.

Pension modernization initiatives for 2025 include:

PAS: Benefit Entitlement Calculator, Rules Engine and Workflow Modernization

Our current capabilities for the development and maintenance of pension plan rules, calculation formulas and workflows are outdated and do not provide the scale and agility to handle multiple plans or complex member rules. A new PAS that has a modern rule, workflow and calculation engine will enable enhanced digital service delivery, improve business processes to enhance operational efficiency, integrate quality assurance, and make it easier for OPB to adapt to changing rules and plan provisions and to improve efficiency.

Based on our market industry research, we believe that choosing a COTS system will be the most effective and efficient path to modernizing our systems. The main objective of this project is to start the implementation planning for a new COTS pension administration system that will be:

- (a) a significant advance on OPB's current systems; and
- (b) capable of being extended to deliver the required elements of OPB's visionary system in support of Advise and Protect.

To meet both aspects of the objective, OPB intends first to implement the core capabilities of the COTS pension administration system, focusing on operationalizing the foundational elements that will help us modernize our systems, improve efficiencies, address critical pain points for staff, reduce the risk of system failure, enable incremental continuous improvement and allow us to better serve our clients.

Subsequently, we will focus on implementing enhancements that will help us achieve OPB's visionary strategy and significantly advance our digital services and the client experience.

The implementation timeline will be established once we have selected our vendor, which we expect to occur in early 2025.

Data Migration, Integration and Testing Readiness

A core component of the PAS modernization is the calculation and rules engine and workflow, which OPB will procure in 2025. We have already begun to assess the data elements, structures and processes that will need to be put in place to accurately and effectively transfer data from our existing system to the new PAS platform.

This critical work will require substantial effort and expertise. Consequently, we will need to secure tools, temporary resources and professional services to assist with these initiatives.

Data migration

The data migration project will cover several key activities, including data cataloguing, assessment and the development of a data migration process.

Integration

The PAS must be able to integrate with other applications. This project will help us better understand the effort required, the costs and the system considerations, and associated risks, so we can develop an effective integration plan.

Testing

This initiative covers the development of our modernization testing approach and practices, including automation. The PAS is the central application element of the new platform. All features must be tested before they can be made operational. Since phased implementation is being considered, testing activities may be needed against both the PAS (to incrementally enable) and the legacy system (to incrementally disable and contribute to baseline acceptance criteria).

Retirement Planner Phase 2

OPB's Retirement Planner supports members in planning for their retirement by helping them understand how their pension fits into their overall financial picture, including their projected retirement expenses, so they can make well-informed decisions about their pension throughout their career. Members can use the tool on their own or book a one-on-one session with one of our Advisors who can use the Retirement Planner to build a robust retirement plan that reflects a member's financial and personal circumstances and goals.

In 2024, we issued and completed an RFP for a long-term strategic partner who offers a retirement planning tool that will support improving member engagement with retirement planning and make it easier for our Advisors to build effective retirement plans for members.

We expect to finalize our contract with the successful vendor this fall, working towards an implementation in the second half of 2025.

Program Governance

As a large-scale strategic program, program governance will be a key area of focus throughout, to ensure we have the right governance, processes and protocols in place to successfully achieve our objectives.

In 2025, this project will focus on maintaining effective governance and oversight, including ongoing project review and prioritization, resourcing and management of interdependencies and risks.

It will also include change management to ensure our staff are supported throughout the program, that they understand their roles and responsibilities, and have the information and skills they need to successfully manage the changes introduced by the program.

Developing client journey maps will continue for the life of the program, to help us identify the ideal client experience from enrolment to retirement. This will include member research and validation of our journey maps. Journey maps will provide us with valuable insights necessary to effectively prioritize and improve the client experience and deliver the most value.

In 2025, we will continue to build out additional journey maps for critical member events, which may include: enrolment, termination and buybacks.

Employer Data Quality Initiative

This initiative will help us improve employer reporting governance practices and efficiency related to incoming employer data quality.

Over time, employer reporting has become more complex (P4P, RCA, LTIP, etc.) and less reliable/ready when initially reported to use for client transactions. Considerable manual effort is required to review and investigate with employers to validate data before entitlements can be processed. In turn, this has negative implications for client service delivery (service delays) and significantly increases cost and resource commitments by OPB and employers to validate/augment data.

This initiative aims to align with the government's benefits and payroll modernization efforts and the data reporting and ingestion requirements for PAS. Obtaining support and alignment from all our employers to drive strategic outcomes will be critical to advance new practices and tools to deliver intended business outcomes.

IT Infrastructure Management Improvements

OPB's IT infrastructure is operated as a fully outsourced service, allowing us to benefit from the improvements our vendors make to optimize their infrastructure environment.

We continue to improve efficiency in infrastructure management processes to help support pension modernization. To better enable a new hybrid post-pandemic work model, we will continue to enhance our modern approach for enhanced digital collaboration and desktop management.

Information/Cybersecurity Improvements

OPB continues to address the increasingly complicated cyber-threat landscape through an in-depth defense strategy based on a zero-trust design principle. We continue to enhance the maturity of our information security program and will be developing our next three-year cyber roadmap. In 2025, we will continue to improve our security capabilities in the following areas:

- **Managed Security Service Provider (MSSP)** – This is a critical service to maintain the ongoing security of our systems and information. Our current contract is coming to an end in 2025 and the public procurement process is under way to evaluate and select our MSSP partner for the next contract term.

- Identity Governance and Administration – Continuing to mature our identity management processes to enhance controls regarding the principle of least privilege, including further strengthening our data governance through identity lifecycle and privileged identity management.
- Review and improve our Identity and Access Management (IAM) processes and tools.

OPB recognizes that everyone across the organization has a role to perform in information security and resilience. Enhancements to our security education and awareness training program will help ensure that all staff and management are aware of new and existing threats to our Service Excellence and Advanced Business Processes and Systems objectives and of ways to be prepared to deal with them.

Communications Plan

OPB's Corporate Communications

OPB is committed to providing the government, members and stakeholders with transparent information about the work we do to protect the sustainability of the Public Service Pension Plan. This includes reporting on how our strategies align to the mandate we have from the government and the progress we are making on our initiatives and priorities each year, including performance against our key metrics.

OPB's Member Communications

OPB is committed to providing effective, inclusive, accessible and cost-effective communications that help members understand their pension and promote the value of participating in the Public Service Pension Plan “the Plan”. Our communications objectives are to:

- Promote the value of the pension plan to members,
- Help support our members in making informed decisions about their pensions,
- Improve members’ pension knowledge and financial literacy, and
- to improve member engagement with their pension and encourage active planning.

We achieve this objective with the use of timely, effective communications using a concise, transparent, plain language approach to increase comprehension of plan information. We also communicate to inform, educate and spread awareness about various topics, ranging from regulatory changes to key information and considerations for our members and employers.

We use digital communications where possible to communicate with members, and paper communications where the member has elected a preference for paper or digital delivery is not possible. We also use LinkedIn as another channel to help us reach our members, employers and potential employees.

External outreach and communication

As we are not a general public-serving organization, our external communications are typically targeted toward our members and employers.

We have not engaged in traditional paid advertising or marketing campaigns, however, we partner with employers and bargaining agents, and we also use social media channels, such as LinkedIn, to reach our target audience. In 2025, we will also pilot leveraging LinkedIn to promote the Annual Pension Statement.

Accessibility

We continue to focus on creating an inclusive environment for our staff and members, including providing accessible services for clients that align to the *Accessibility for Ontarians with Disabilities Act*. Over the past few years, we have focused on enhancing the accessibility of our services and communications, including our portals. As mentioned in this Business Plan, we recently began work on our next Multi-Year Accessibility Plan (MYAP), which will include our first focus groups with clients to gather feedback on how we can continue to progress in this important area.

Performance Metrics and Targets

OPB's Approach to Output and Outcome-based Reporting

OPB approaches its key performance indicators (KPIs) in a manner that supports the Province's commitment to evidence-based reporting through output and outcome-based reporting. Ensuring that we are consistent in measuring and reporting our performance in our Business Plan and Annual Report provides our stakeholders, including the Plan Sponsor, with meaningful metrics that underline OPB's function and effectiveness as the administrator of the PSPP. Each initiative and KPI includes reference to both the output and outcome (benefit/value) to Plan stakeholders.

With new leadership in place, we are currently working on refreshing and further strengthening our KPIs and metrics for 2025. In the meantime, we have included our existing KPIs and metrics in the chart below, which were established to measure our success in 2024.

Key Performance Indicators and Metrics

Business Objective	Defined Output	Performance Metric
Investment Execution	OPB's investment return versus the SAA benchmark	<p>Outperformance, after fees, of Fund benchmark return over rolling five-year periods</p> <p>Key Activities: Oversight of IMCO ultimately leading to sufficient investment performance as measured by:</p> <ul style="list-style-type: none">• Effective and comprehensive monitoring of, and engagement with, IMCO• Maintenance of, or improvement in, strong governance of investment strategy through policies and procedures• Contribute to ongoing improvement in IMCO's capabilities and results• Proactive and effective response to investment performance issues

Business Objective	Defined Output	Performance Metric
Investment Risk Management	OPB's actual risk versus risk budget for the total portfolio and each investment strategy	<p>Total Fund Risk Metric – Ex-post tracking error at the total fund level for the past five years within the limit and consistent with the target level as stated in the Client Account Mandate</p> <p>Strategy Level Risk Metrics – Rolling ex-ante tracking error or total volatility (as applicable per IMCO's Investment Policy Statement (IPS)) within the stated limit and consistent with the target level over the past five years</p> <p>Independently, or with IMCO, engage in activities to keep risk at or below an acceptable level:</p> <ul style="list-style-type: none"> • Effective evaluation of risks associated with SAA • Thoroughly document, measure and understand investment risks • Effective and comprehensive risk reporting • Satisfactory consideration of emerging and indirect risks (e.g., ESG, regulatory and socioeconomic)
Investment Strategy	Updated SIP&P	Complete a long-term asset allocation review
Contribution Rate Adequacy	Monitor and assess contribution rate adequacy	Complete a long-term funding study and present it to the Board

Business Objective	Defined Output	Performance Metric
Member & Pensioner Service	Overall satisfaction with client services	8.5 or higher
Employer Service	Employer satisfaction scores	8.5 or higher
Advisory Services	Overall satisfaction with advisory services	8.5 or higher
Digital Services	<p>Number of members registered for the member portal (e-services)</p> <p>Active members registered</p> <p>Retired members registered</p>	<p>29,000 members registered or higher</p> <p>17,900 retired members registered or higher</p>
Plan Sponsor Service	Completion of Plan Sponsor requests	Successfully meets Plan Sponsor requirements/requests that arise during the year
Business Plan Achievement	<p>Advancement of strategies and initiatives (both planned and emergent). In particular:</p> <ul style="list-style-type: none"> • Security – Advance OPB’s security maturity • Pension modernization – Complete the procurement process for the PAS; select and onboard the vendor • Retirement Planner – Complete procurement of new tool 	<p>Substantial delivery/ achievement of Business Plan initiatives:</p> <ul style="list-style-type: none"> • Achieve security maturity of 3.15 as rated in the annual cybersecurity maturity assessment • Pension Modernization – Complete procurement and onboard vendor for pension administration • Select the vendor, complete legal negotiations and begin development work for the retirement planning tool

Business Objective	Defined Output	Performance Metric
Managing Change	Management adapts and responds to emerging priorities through the year	Substantial delivery/ achievement of other priority initiatives that emerge
Managing to Budget	Actual versus budgeted expenses	Within budget
Cost-Efficiency	Expense management ratios (cost per net assets available for benefits): 1. OPB operating expenses (pension administration and internal investment expenses) 2. IMCO costs 3. Consolidated	18 basis points or lower 50 basis points or lower 66 basis points or lower
Financial Health of PSPP	Level of, and year-over-year change in, going-concern funded status	Maintain or improve going-concern funded status
Attraction and Retention		Active employees maintained at 90% or more of the approved Business Plan complement
Employee Engagement	Undertake a full organizational employee engagement survey Evolve OPB's purpose statement and employee value proposition into key HR programs	80% or higher on organizational engagement 87% or higher response rate Substantial achievement

Business Objective	Defined Output	Performance Metric
Diversity, Equity and Inclusion (DEI)	<p>Achievement of 2024 key DEI commitments, including:</p> <ul style="list-style-type: none"> • Progressing OPB's DEI Advisory Council's roadmap • Continued evolvement of formal and informal learning 	<p>Substantial achievement/delivery of DEI initiatives</p> <p>Inclusion index of 75% or more, as measured through our employee engagement survey</p>

Financial Budget – 2025

All amounts are expressed in thousands of dollars unless otherwise stated.

Overview

Our total 2025 operating expense budget will be \$62.8 million – up 15.4% over the 2024 budget. As noted in the table below, 6.4% of this increase is attributable to the pension modernization program, as we expect to commence implementation planning for the pension administration system (PAS) in 2025, and 6.2%, which is the staffing compensation impacts to the existing complement, including the retroactive adjustments to bring the compensation model up to date, which were not reflected in the 2024 Budget.

Waterfall Table – Major Contributors to the Budget Increase

	\$ Thousands	% of Total Budget	Additional Notes
Budget Last Year – 2024	54,400		
A. Business as Usual (regular operations)			
Existing Staff Impacts:			
a. Staff compensation adjustments	2,405	4.4%	Retroactive adjustments from 2022–24, in-range movement and 2025 inflation adjustment estimates. Reductions in overtime expenses.
b. Benefit inflation	900	1.7%	Average benefit cost projected to be 22% (including pension contributions).
c. Temporary staffing	540	1.0%	Parental backfill contracts.
d. Staff recoveries	(475)	(0.9%)	Increases to recoveries from third-party services.
	<u>3,370</u>	<u>6.2%</u>	
Non-Staffing Impacts:			
e. Base IT support grow-in	1,365	2.5%	Includes flow-through and inflation on IT contracts.
f. Other base impacts	750	1.4%	Rental charges, professional services and board fees.
g. Other (non-pension modernization) initiatives	(620)	(1.1%)	No new initiatives for 2025.
	<u>1,495</u>	<u>2.7%</u>	
Business as Usual Increase	4,865	8.9%	

B. Pension Modernization Incremental Increase	3,495	6.4%	Pension administration system implementation planning and implementation of Retirement Planner.
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Total 2025 Budget (A+B)	62,760	15.4%	
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Note: For the purposes of presentation, amounts have been rounded and as a result, may be slightly different than the total indicated or similar amounts on other tables.

Budget Components

Table 1 below shows the breakdown of the expenses into the various operational components.

Table 1: Annual Operating Expenses

Annual Operating Expenses (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Staffing Costs	35,156	31,754	3,402	10.7%
Office Operations	6,371	6,007	364	6.1%
Technology	11,930	10,564	1,366	12.9%
Professional Services	1,935	1,810	125	6.9%
Depreciation	103	103	0	0.0%
Communication, Board & Audit	1,545	1,322	223	16.9%
Non-Pension Modernization Initiatives (Table 4.2)	263	883	(620)	(70.2%)
Business as Usual	57,303	52,443	4,860	9.3%

Pension Modernization Program (Table 4.1)	5,450	1,956	3,494	178.6%
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Total Operating Expenses	62,753	54,399	8,354	15.4%
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Technology and Security Advancement

OPB is committed to continually improving its technological framework, which includes digitization and IT security. In addition to inflationary impacts planned for our outsourced technology categories, we must address the “grow-in” or cumulative full-year impact of previous years’ implementation of technology associated with prior-year projects.

OPB has continued to increase our investment in resources to mature our information security and cyber capabilities. Over the past few years our security maturity score has improved from 2.5 to 3.17. We have a target of 3.31 by the end of 2025.

OPB’s foundational investment in enhanced digital services in previous years involved the increase of digital service offerings through the pension modernization program and improvements to the portal availability, and we continue to ensure it remains cyber safe. In 2024 this included enhanced automated and penetration testing and additional application enhancement and support services. We have been able to reduce the time associated with planned outages to two minutes over the last year. Between security and investments made in technology, the full-year impact of this flow-through of costs for 2025 is a \$600,000 impact.

Cost Category Analysis

Staffing and technology costs are the two primary categories driving the increase in the regular operations (business as usual).

We have provided additional information on our largest budgeted expenses below, including information explaining the changes from last year’s budget.

Table 2.1: Staffing Costs

Staffing Costs (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Total	35,156	31,754	3,402	10.7%

Staffing costs represent most (60%) of the base expenses at OPB. These have increased to recognize the retroactive compensation impacts from previous years (2022–24) not previously included in the 2024 Budget and estimating 2025 inflationary impacts.

The major elements of the increase in staffing costs:

1. Recognizing staffing changes and promotional increases and grow-in of positions started/completed in 2024.
2. Increases in staffing costs to factor retroactive wage adjustments, market adjustments and 2025 inflationary increases.
3. Executive salaries are projected to remain fixed as they have been for several years now, in accordance with provincial legislation.
4. Five new temporary backfill contracts for current parental leaves.

5. There is proportionate growth in the incentives and benefit budgets to match the staff cost growth with the target rates for incentives unchanged.
6. OPB's benefits costs, including pension contributions, for full-time employees are increasing to 22% from 21% for full-time employees and remain at 15% for contract employees.
7. Vacancy reserves have been kept at the same levels as the previous year.
8. Recoveries of staff costs associated with our third-party services are projected to increase.

Table 2.2: Office Operations

Office Operations (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Total	6,371	6,007	364	6.1%

Office operations include rent, office expenses, payroll processing, pension regulator fees and travel. Office operations costs are expected to increase by 6.1% due to the base rent per square foot increase along with inflationary increases in telephone charges and equipment. The 2025 Budget also reflects a \$100,000 lease rebate reducing the annual base rent due.

Table 2.3: Technology

Technology Costs (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Total	11,930	10,564	1,366	12.9%

OPB has been mindful of prudently managing its budget within the public sector fiscal environment through resourcing constraints over the years. However, our technology platforms are at risk of being obsolete, hence our focus on pension modernization and ramping up the technological structure and environment. The technology costs have been budgeted in 2025 to reflect the inflationary increases and ongoing developments of cyber risk, as well as the operational impacts of past and present initiatives to introduce technology.

The technology budget has base contract services for infrastructure, applications and cybersecurity, which include inflationary increases and further service requirements to address the current and past initiative builds, as well as some increases to cybersecurity. The major aspects of the cost development for 2025 include:

- contractual inflation increase built into the technology service provider contracts, including greater overtime impacts; and
- growth of costs, comprising:
 - inflation increases for outsourced contracts;
 - technology flow-throughs associated with prior-year projects;

- additions to cybersecurity; and
- contract amendments, reducing costs for some outsourced contracts and services.

Table 2.4: Professional Services

Professional Services Costs (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Total	1,935	1,810	125	6.9%

Professional services costs include consulting, actuarial and legal. Increases planned in 2025 include additional search fees, legal fees, engagement survey and DEI support.

Table 2.5: Depreciation

Depreciation (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Total	103	103	0	0.0%

Depreciation costs have remained at the same level as in 2024 on the assets currently depreciating.

Table 2.6: Communication, Board and Audit

Communication, Board and Audit (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Total	1,545	1,322	223	16.9%

This includes communication activities with our clients and other stakeholders (such as surveys) and Board of Directors' compensation, with more meetings and an expected addition to the number of serving Directors. Board cost increases are primarily the result of more planned Board and committee meetings and an increase in the number of remunerated Board members. Communication expenses have increased to allow for inflationary and additional postage for contribution mailings, as well as an increase in costs for content delivery and printing of Annual Pension Statements (APS), and the Annual Report. Internal and external audit services are expected to have modest increases planned.

2024 Capital Expenditures Budget

The planned spend on capital expenditure is expected to have nominal purchases of leasehold improvements and furniture. No provision for computer hardware is provided as OPB anticipates moving to a full software-as-a-service model, essentially not owning hardware.

Table 3: Capital Expenditures Budget

Capital Expenditures (in thousands of dollars)	2025 Budget	2024 Budget	Change in \$	Change in %
Fixed Asset Increases	80	80	0	0.0%

2025 Initiatives Budget

Initiatives at OPB for 2025 fall into two categories. The pension modernization program is the largest element of our initiatives, comprising 95% of our external dollar (i.e., green dollar) spend on initiatives. To focus resources on this program, we have not brought forward any other new initiatives. The “other” initiative budget is made up of items that are simply continuing from 2024.

1. Pension Modernization Program (\$5,450)

The pension modernization program seeks to update our pension administration business processes and IT systems. In addition to advancing our strategic plan, it is in full alignment with the direction of the government to improve customer service in the public sector and to move to a higher focus on a digital approach to delivery of services. Therefore, these initiatives, which include a replacement of end-of-life technologies, are key to meeting the government’s expectations.

Table 4.1: Pension Modernization Program Initiative

	2025 Business Plan Initiative	Total 2025	External Resources	Base IT Services (Outsourced Contract)
1	Pension Modernization Program Governance	2,198	2,198	0
2	Pension Modernization – Package of Projects 1	2,425	2,425	0
3	Pension Modernization – Retirement & Financial Planning Tool – Phase 2	465	464	1
4	Pension Modernization – Data Migration	23	10	13
5	Pension Modernization – Integration	28	28	0
6	Pension Modernization – Testing	211	200	11
7	Pension Modernization – Employer Data Quality	100	100	0
	Pension Modernization – Total	5,450	5,425	25

2. Other Initiatives

Table 4.2: Other Initiatives

	2025 Business Plan Initiative	Total 2025	External Resources	Base IT Services (Outsourced Contract)
1	Annual Pension Statement 2024	72	5	67
2	Retired Members Statement 2025	21	4	17
3	AMSP RFP 2026	50	50	0
4	IT Service Provider RFP	120	120	0
	Other Initiatives – Total	263	179	84

2025 Budget Risks to Completing Business Plan Initiatives

In developing our business plan and budget, we have selected the highest priority initiatives (pension modernization and digital services, Plan Sponsor initiatives, regulatory or other legislative requirements) that would create required resource demands during the year. The following risks could cause us to have to revise our business plan and budget intra-year.

Sources of possible unanticipated demand are listed below, although not exhaustive. Should they occur, they would be subjected to our gating process and result in re-prioritization of other projects or funds required to be spent that could be significantly more than budgeted.

1. Pension consolidations and police divestments. There remains the potential for additional pension plans to be given Plan Sponsor approval to be merged into the PSPP during 2025. These create substantial resource demands for both systems and our client service personnel.
2. Other compliance or Plan Sponsor-driven requests. Over the past few years, we have seen an increase in court/regulatory and Plan Sponsor-driven changes that we must immediately address.
3. There are large, outsourced IT contracts that are coming up for renewal in 2025 and 2026. Should the RFP selections result in new vendors, there is the potential for substantial costs for transition of security software and processes. We have not included any contingent amount in the budget plan.
4. Collective bargaining assumptions have included provisions for wage adjustments from the current collective agreement (2022–24) estimated based on the TBS-approved mandate. While some increment for 2025 wage adjustments have been assumed, collective bargaining for 2025 and beyond has yet to be concluded.

5. We anticipate maintaining our current leased space without any further increases in space or change in location, despite the increasing people resource pressures coming from the pension modernization program and support for Plan Sponsor initiatives. Our current hybrid work environment would need to be continued to maintain our current office footprint.

Appendix I: Three-Year Projected Expenditures 2025-2027

The following three-year projection builds upon the 2025 Budget. We have factored inflationary increases for most expenses and complement increases in 2026 consistent with the projections set in last year's Business Plan. Also, as noted in the Business Plan, we are currently completing an RFP for the PAS. The results of this RFP, concluding during 2025, will allow us to adjust our cost estimates associated with the modernization program, hence the initiative costs for 2026 and beyond.

Operating Expenses (in thousands of dollars)	2025 ¹	2026	2027
Staffing Costs ²	35,160	38,320	39,850
Office Operations	6,370	6,560	6,760
Technology	11,930	12,290	12,660
Professional Services	1,940	2,000	2,060
Depreciation ³	100	100	100
Communication, Board & Audit	1,550	1,600	1,650
Non-Modernization Program Initiatives ⁴	265	300	300
Total: Business as Usual Expenses	57,315	61,170	63,380
Pension Modernization ⁵	5,450	7,000	7,000
Total Operating Expenses	62,765	67,170	69,380
Total Capital Expenditures ⁶	80	80	80
Estimated Staff Complement⁷	249	259	259

Note: For the purposes of presentation, amounts have been rounded and as a result, may be slightly different than the total indicated or similar amounts on other tables.

Notes and Assumptions for Three-Year Projected Expenditures 2025–2027

1. The amounts for 2025 are taken from the 2025 Budget.
2. For 2026 increase of 9.0% for staffing, which is currently held at 4% in 2027. This considers the inflationary salary increases, complement added in 2026 and the associated grow-in of staff costs to support the base operations as well as the initiatives. The other expenses are projected to have inflationary increases of 3% per year for 2026 and 2027.
3. Depreciation expectations to remain stable at 2025 levels, as no major leasehold or equipment additions are planned.
4. Non-pension modernization initiatives for 2026 and 2027 are expected to remain stable at an estimated \$300 for each year, unless the Plan Sponsor introduces new requirements.

5. The pension modernization program is currently projected to be at \$7 million in external costs for the years 2026–2027. This will be updated after the RFP process on the PAS is concluded and we are able to adjust the cost estimates to reflect the best-and-final-offer from the vendor.
6. Capital expenditures are expected to remain flat for 2026 and 2027.
7. Complement growth in 2025 and 2026 is aligned to what was previously approved in our 2024–2026 Business Plan. Once we have selected our vendor and assessed the implementation requirements, we will have better clarity on future-year needs.

Appendix II: Defined Terms

In this Business Plan:

ACPM – Association of Canadian Pension Management

AI – Artificial intelligence

A/L – Asset Liability

Asset Pooling – the asset pooling initiative contemplated by the *Investment Management Corporation of Ontario Act, 2015*

BAFO – best-and-final-offer (BAFO) phase

bps – basis points, a measure equal to one one-hundredth of a percentage point of assets

Budget – the budget contained in this Business Plan

Business Plan – this Ontario Pension Board Business Plan 2025-2027

DB – defined benefit pension plan

DEI - diversity, equity and inclusion

ERM – Enterprise Risk Management, a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective. It integrates the risk management process into planning and decision making by aggregating all types of risk from all parts of an organization and managing them on a comprehensive (portfolio) basis.

ESG – environmental, social and governance

IAM – Identity and Access Management

IMCO – the Investment Management Corporation of Ontario

Investments – all activities relating to the investment and management of the Plan's assets, including front-, middle- and back-office resources

Management – collectively, employees of OPB holding the position of, or senior to, manager

MSSP – Managed Security Service Provider

MYAP – Multi-Year Accessibility Plan, this project will first involve focus groups with clients to gather feedback on how we can continue to progress in our accessibility offerings. Once we have completed this exercise, we will develop a plan to address key findings.

OBA - Ontario Bar Association

OPS - Ontario Public Service

Pension Administration – all activities relating to the management and administration of the Plan

Pension Modernization – a business transformation program enabled by technology that will advance client and stakeholder experiences as well as generate business efficiencies

PIPEDA – the *Personal Information Protection and Electronic Documents Act* – Office of the Privacy Commissioner of Canada.

Plan Sponsor – the Province of Ontario in its capacity as sponsor of the Plan

PJPB – Provincial Judges Pension Board

PJPP – Provincial Judges Pension Plan

PSPP (the “Plan”) – Public Service Pension Plan, a defined benefit pension plan

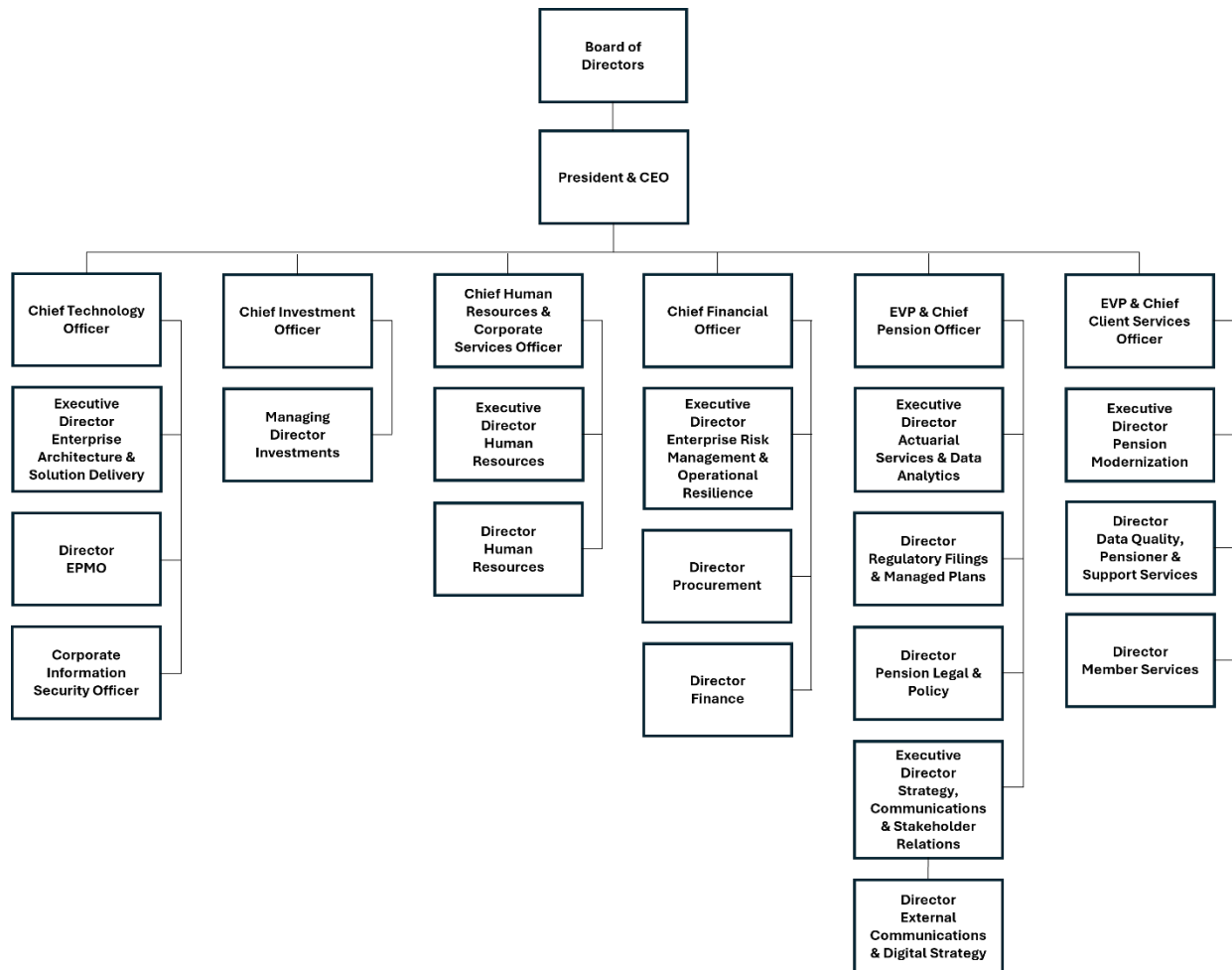
RCA – Retirement Compensation Arrangement, replaced the Public Service Supplementary Plan on January 1, 2022. The RCA provides supplementary benefits for those members whose accrued pension from the PSPP exceeds the maximum allowed under the federal *Income Tax Act* (ITA).

SAA – Strategic Asset Allocation, a long-term strategy that involves setting target allocations of the Plan’s asset mix with the purpose of achieving highest returns on investment to meet current and projected future pension benefits given the Plan’s risk tolerance and investment horizon

SIP&P- Statement of Policies and Procedures

TBS – Treasury Board Secretariat

Appendix III: Organizational Chart – Management Level



September 25, 2024