

PROTECT YOUR OMERS PENSION
TAKE ACTION



OMERS

Protecting Your Future
Protecting Your OMERS Pension

Agenda

- Welcome and Introduction
- OMERS 101
- Proposed Changes
- Potential Impact on Plan Members
- OMERS Spin
- Challenging the Spin
- What We've Done. What We're Doing.
- What you can do to fight these changes

OMERS 101 – Plan Basics

- Defined benefit pension plan for school board support staff, municipal workers, including police and firefighters & CAS
- Serves over 482,000 members & retirees from 1,000 employers across Ontario
- Approximately 119,000 CUPE members constituting 44% of the active plan members

OMERS 101 – A Tale of Two Boards

- OMERS is a Jointly Sponsored Pension Plan (JSPP) governed by two boards
- Sponsors Corporation (SC)
 - Makes decisions on plan design – benefits and contributions
- Administration Corporation (OAC)
 - Makes investment and operating decisions to meet the plan design
- Both Boards have 50% Worker/Employer Representatives

OMERS 101 – Sponsors Corp. (SC) Board and Votes

- 14 Board Members totalling 18 Votes
 - 7 Worker/Retiree Reps totalling 9 Votes
 - CUPE = 2 Reps = 4 votes
 - OPSEU = 1 Rep = 1 vote
 - Firefighters = 1 Rep = 1 vote
 - Police = 1 Rep = 1 vote
 - OSSTF = 1 Rep = 1 vote
 - Retirees = 1 Rep = 1 vote (currently Police Retiree)
 - 7 Employer Reps totalling 9 votes
- OMERS SC needs 2/3rds (12) votes to make plan changes.

OMERS 101 – Where is the plan Financially?

- In deficit since 2008 Financial Crisis
- Plan in place to return to 100%-funded by 2025
- Currently the plan is 94%-funded
- In 2017, investment returns of 11.5% or \$9.9 BILLION
- OMERS net assets are now \$95 BILLION
- The plan is working!

OMERS 101 – Why talking about Benefit Cuts Now?

- Annually Plan Sponsors propose changes to the Plan
- Every year, the Employers' side propose benefit cuts/concessions
- Every year the Union side (Employee/Retiree) votes against it
- Last year MI² proposal (Modified Inflation Indexing)
- This year Comprehensive Plan Review

Proposed Changes – Comprehensive Plan Review

There are six (6) proposed changes to be voted on in Nov. 2018

Item	Benefit/Provision	Current	Proposed
1	Non-Full Time Members	Optional enrollment if conditions met (700hrs/35% of YMPE x2yrs)	Mandatory enrolment if earnings 35% or greater than the YMPE
2	NRA 60 for Paramedics	Optional for police and fire	Become optional for paramedics as well, if negotiated w/ Employer
3	Service Limit	Capped @ 35yrs	No service cap. Continue to contribute beyond 35yrs
4	Accrual Rate	<ul style="list-style-type: none"> • 1.325% up to YMPE • 2% above YMPE 	<ul style="list-style-type: none"> • 1.325% up to YAMPE • 2% above YAMPE
5	Early Retirement	NRA 65 (60): unreduced @55 (50) w/ 30yrs or 90 (85) factor	NRA 65 (60): unreduced @60 (55) w/ 30yrs or 90 (85) factor
6	Indexing	100% Guaranteed up to 6% CPI	Conditional based on Funded Status

Proposed Changes – Comprehensive Plan Review

Change Number 1

Item	Benefit/Provision	Current	Proposed
1	Including more non-Full time workers in OMERS	Optional enrollment after 2 years if conditions met	Mandatory enrolment from day one unless a very low-waged worker

Proposed Changes – Comprehensive Plan Review

Change # 2

Item	Benefit/Provision	Current	Proposed
2	NRA 60 for Paramedics	Optional for police and fire who have negotiated with their employer	Become optional for paramedics as well, if negotiated with their employer

Proposed Changes – Comprehensive Plan Review

Change # 3

Item	Benefit/Provision	Current	Proposed
3	Service Limit	Capped @ 35yrs	No service cap. Members can continue to contribute beyond 35yrs and receive the benefit of those extra years.

Proposed Changes – Comprehensive Plan Review

Now the Proposed Changes Get Bad

Change # 4 – Claw back of some of the benefits of CPP expansion

Item	Benefit/Provision	Current	Proposed
4	Accrual Rate	<ul style="list-style-type: none">• Base pension is calculated on your best average 5 years wages• Up to the YMPE (\$55, 9000 currently), you get 1.325% X your years of service• Any salary above the YMPE you get 2% x years of service	<ul style="list-style-type: none">• Increase the salary amount that will earn the lower, 1.325%• 1.325% up to a salary 14% higher than the YMPE (called the YAMPE)• 2% above YAMPE

Proposed Changes – Comprehensive Plan Review

Change # 5 – Cuts to Early Retirement Benefits

Item	Benefit/Provision	Current	Proposed
5	Early Retirement	<ul style="list-style-type: none">NRA 65 (60): unreduced pension @55 (50) w/ 30yrs or 90 (85) factorIf don't meet this, pension reduced by 5% per year from your eligibility date	<ul style="list-style-type: none">NRA 65 (60): unreduced @60 (55) w/ 30yrs or 90 (85) factorIf don't meet this higher test, pension “actuarially” reduced – could be up to 6% per year from eligibility date

Proposed Changes – Comprehensive Plan Review

Get Rid of the 100% Guaranteed Indexing of OMERS pensions

Item	Benefit/Provision	Current	Proposed
6	Indexing	100% Guaranteed, every year, up to 6% based on the Consumer Price Index (CPI)	Conditional and based on the Funded Status and rules to be determined later by the OMERS SC Board

*Due to the Pension Benefit Act, this proposal could only impact future service. Indexing on already earned service would be maintained (ie. For all current retirees)

Potential Impact on Plan Members – Early Retirement

Starting Age	Years of Service	Retirement Age	Current Plan	Approximate Pension Loss
29	30	59	No reduction	Pension income loss 6%
28	30	58	No reduction	Pension income loss 12%
25	30	55	No reduction	Pension income loss 30%

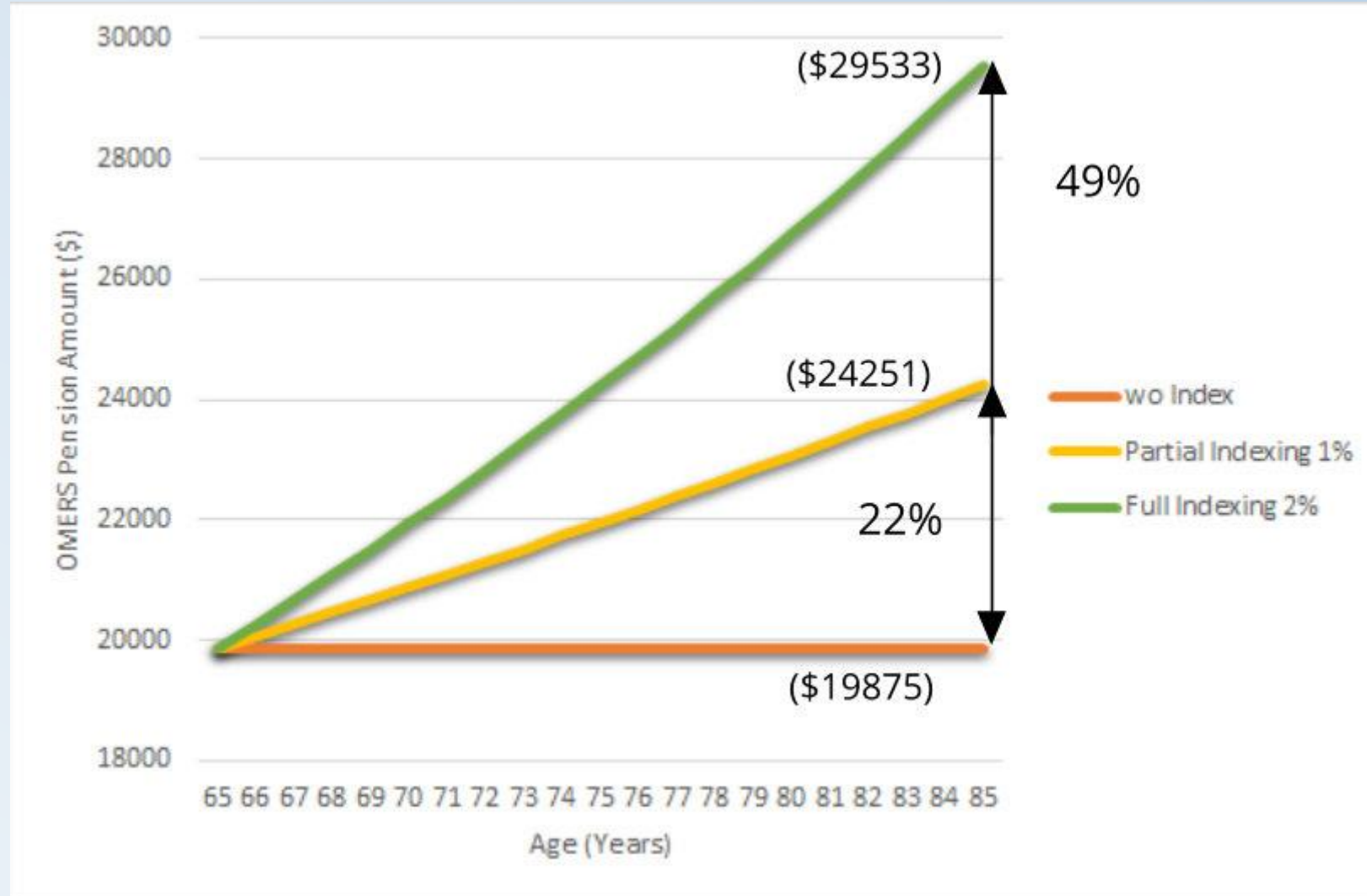
Potential Impact on Plan Members – Conditional Indexing

- Removal of the 100% Indexing Guarantee means key OMERS benefit now a “target” not “defined”
- Worst case could see indexing removed entirely
- Huge concession – up to 20% in the value of guaranteed OMERS benefits

Example: Pat's Pension Illustrating Indexing Impacts

- Pat, a Payroll Clerk, is 65 and retires with 30yrs of service
- Her Best 5 avg. is \$50000
- What is Pat entitled to?
 - Annual OMERS Pension of \$19875.00
- What impact does indexing have on Pat's Retirement?

Example: Pat's Pension Illustrating Full, Partial, or No Indexing



OMERS Spin – It's the end of the world as we know it!



- Facing the equivalent of pension climate change
- Use good buzz words like sustainability and equity
- Conclude cuts to benefits are the only solution

OMERS Spin – Strong Headwinds



OMERS “CONCERNS”

- Longevity
- Economics
- Workforce Trends
- Enhanced CPP
- Plan Maturity

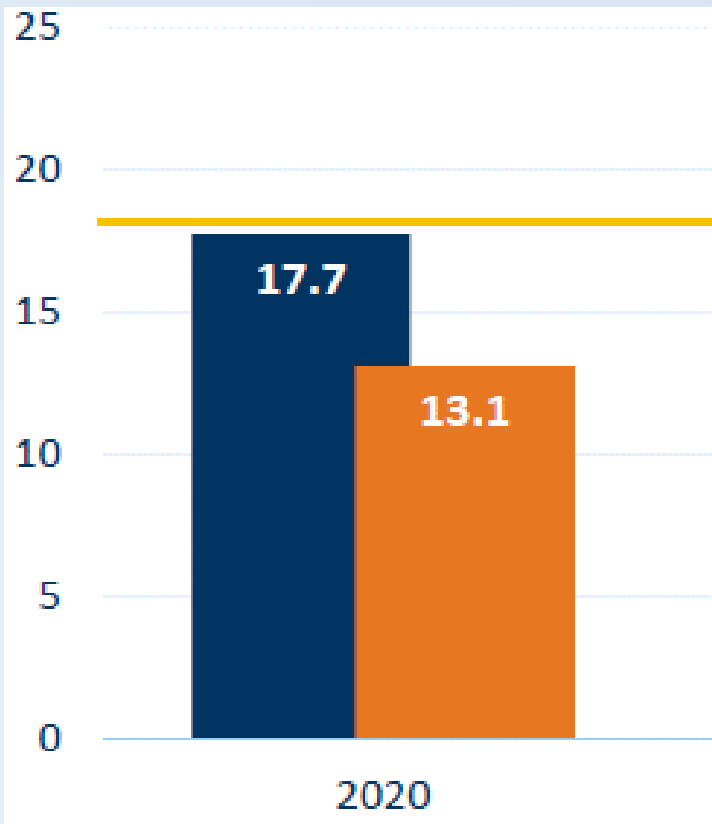
Challenging the Spin

“Trust us!” says OMERS But.....

- Rushed Process – Vote on by November this Year
- Use Terms like Intergenerational Equity to justify cuts
- Slanted Figures

Follow the Money - It's Really About Cutting Costs

Projected Normal Cost



■ Current ■ Proposed

- Normal Cost equals what Defined Benefit costs and is worth
- Legally must be covered by contributions
- Proposal drops OMERS' by over 25%
- Benefits will go down
- So could contributions
- What employers want.

What We've Done – Even Before we Knew their Plan

- Presentations at our Sector Conferences & Convention
- Take Action – Spring Email to OMERS
- Tools for Locals
- OMERS Spring Information Session
- Convention Action (Rally & Hundreds of Letter Drops)
- Media
- Spring Leaflet for Locals – Focussed on Indexing

What We've Done – What We're Doing

Meetings

- President & CEO of OMERS
- CEO of OMERS SC (multiple meetings)
- Labour Side Sponsors
- OMERS SC Board Co-chair (workers' side)
- MROO
- Other unions/organizations
- Worker side Sponsors have now sent a letter saying November time frame is too soon for decision making on such serious issues

What We've Done – What We're Doing

- Presentations at Local Meetings
- Lunch and Learns at Leadership meetings
- Take Action – Summer/Fall Email to OMERS – 2nd one
- OMERS Sessions – participating/monitoring
- Advertising
- Update Leaflet for Locals – Detailing Changes
 - Asking Locals to speak directly with members

What We've Done – What We're Doing

- Working with Experts
 - Legal assistance
 - Actuarial assistance
- Meeting with Union-side Sponsors
- Raising Governance Issues

What you can do to fight these changes

- Take Action – Part 2
- Share the Flyer – Talk to Local members
- Share the Info – Talk to other OMERS members
- Let us know – if approached by OMERS
- Share Protect Your OMERS Pension
- Challenge the Spin
- Get Ready for the Long Haul

QUESTIONS AND ANSWERS