



AMO Conference
August 23, 2011

Marianne Love, Co-Chair
OMERS Sponsors Corporation

- **2011 Specified Plan Changes**
- **2012 Review**
- **Looking Forward**

2011 Specified Plan Changes

2011 Specified Plan Changes

- **7 proposals put forward for consideration**
 - Primary Plan and RCA Contribution Rates (1 proposal)
 - RCA funding (3 proposals)
 - Supplemental Plan Contribution Rates (1 proposal)
 - NRA 60 benefits (2 proposals)
- **2 proposals approved; one to mediation/arbitration**
- **Decision to file the 2010 Valuations**

Contribution Rates

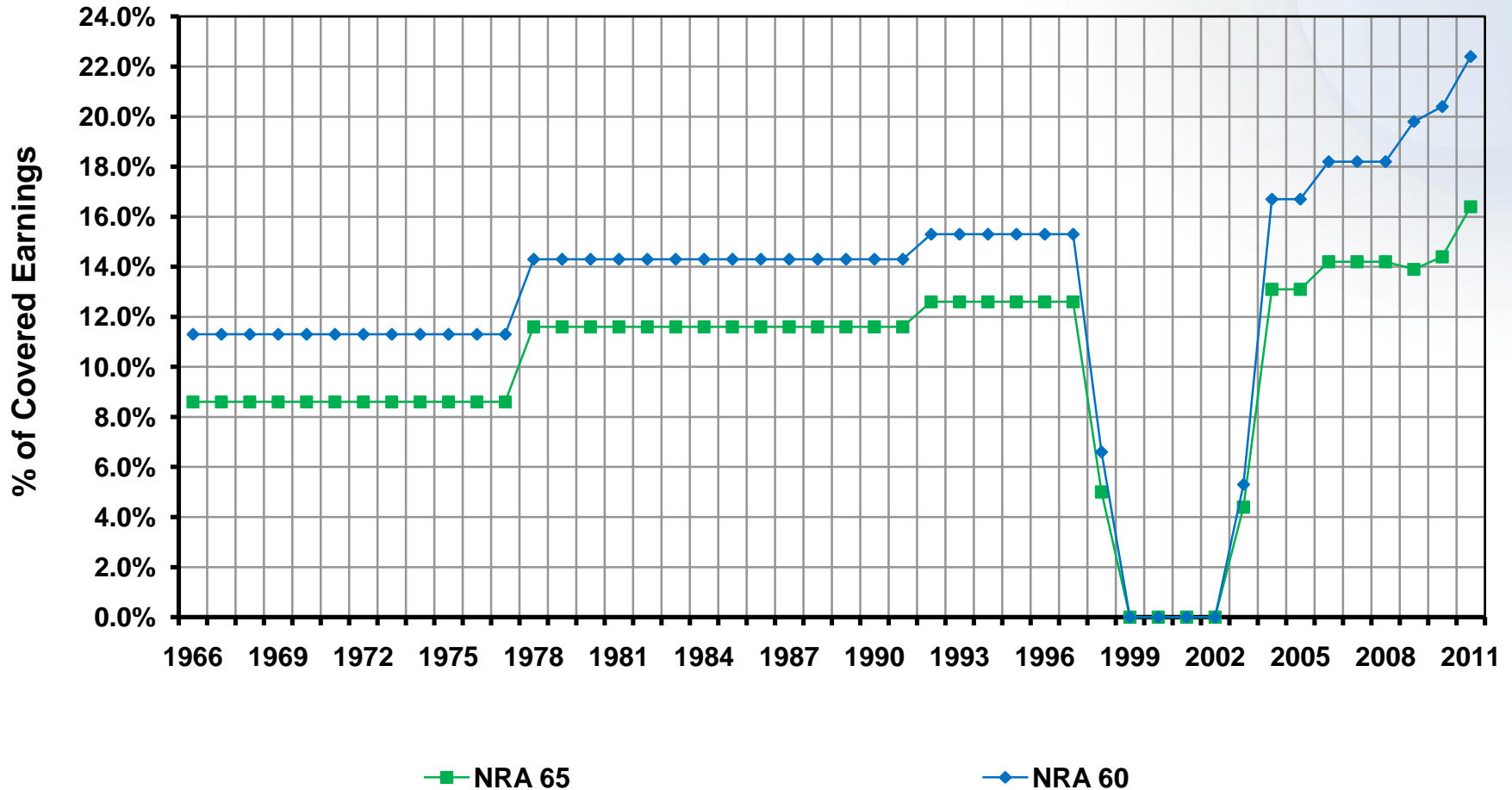
2010 Decision:

Beginning in 2011, a three year contribution rate increase totalling 2.9% per side, together with benefit changes, reflecting the requirement by the Plan to address the deficit.

- Allocation of rates across membership can be done in a variety of ways but must ensure the Plan, as a whole, receives required funding
- 2011 contribution rates established by applying a flat 1% per side increase to all groups and members

Contribution Rate History

Historical Effective Contribution Rates (Total employer-employee contributions combined)



Allocation of Contribution Rates for 2012

- 2012 contribution rates determined following review of contribution rate study and additional information provided by the AC actuary
- Approved allocation affects earnings levels and members in NRA 60 and NRA 65 groups differently, but ensures Plan receives required contributions as approved (1% average per side)

		2011	2012
Normal Retirement Age 65	On earnings up to CPP earnings limit	7.4%	8.3%
	On earnings over CPP earnings limit	10.7%	12.8%
Normal Retirement Age 60	On earnings up to CPP earnings limit	8.9%	9.4%
	On earnings over CPP earnings limit	14.1%	13.9%

- CPP earnings limit (or YMPE) in 2011 is \$48,300
- Rates per side for members and employers

Contribution Increase Examples

Examples of biweekly contribution increases

NRA 65 – Biweekly Contributions				
Contributory Earnings	2011	2012	Difference per pay (gross)	Difference per pay (net)
\$25,000	\$71.16	\$79.81	\$8.65	\$6.40
\$50,000	\$144.47	\$162.56	\$18.09	\$12.46
\$75,000	\$247.35	\$285.63	\$38.28	\$26.36

NRA 60 – Biweekly Contributions				
Contributory Earnings	2011	2012	Difference per pay (gross)	Difference per pay (net)
\$50,000	\$174.55	\$183.71	\$9.16	\$6.31
\$75,000	\$310.13	\$317.36	\$7.23	\$4.98

Contribution Increase Examples

Impact on Employers

- Dependent on each employer's workforce – NRAs and salary distribution

NRA 65 – Annual Contributions			
Contributory Earnings	2011	2012	Annual Difference
\$25,000	\$1,850.16	\$2,075.06	\$224.90
\$50,000	\$3,756.22	\$4,226.56	\$470.34
\$75,000	\$6,431.10	\$7,426.38	\$995.28

NRA 60 – Annual Contributions			
Contributory Earnings	2011	2012	Annual Difference
\$50,000	\$4,538.30	\$4,776.46	\$238.16
\$75,000	\$8,063.38	\$8,251.36	\$187.98

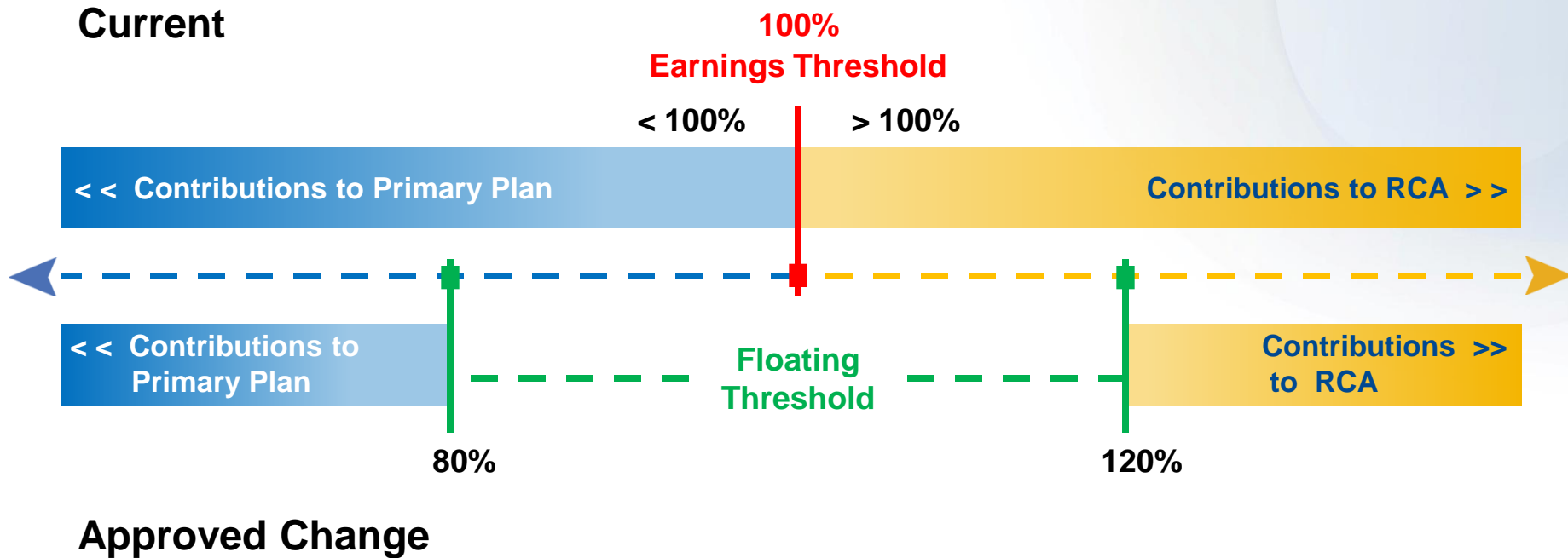
Future Contribution Rates

- Further comprehensive, independent review of principles to help guide the allocation of future contribution rates, including the identification of appropriate elements for a single OMERS pool
- 2013 contribution rate allocation will be set following receipt of this study in 2012, and will reflect the 2010 decision for a contribution rate increase of 0.9% per side (on average)
- Temporary benefit reductions in effect January 2013

RCA Funding Flexibility

- Earnings Threshold adjusted up or down as recommended by OAC Actuary starting in 2012 (within a corridor)
 - Lower threshold means more money streamed into RCA
 - Higher threshold means more money streamed into Primary Plan
- Objective is to avoid fund depletion for at least 20 years from each review date (annual review)
- No impact on the benefits payable from the Primary Plan or the RCA nor the total contributions paid by members and employers
- Balances sustainability with tax inefficiency

RCA Funding Flexibility (cont'd)



- **Supplemental Plan Contribution Rates**
 - Plan provides additional benefits, over and above the Primary Plan, for Police, Firefighters and Paramedics, if agreed to by the employer
 - Proposal sent to mediation/arbitration
 - Decision expected shortly
- **File 2010 Valuations**

2012 Review

- **OMERS Review Act, 2006**

- Minister shall, beginning no later than 2012, undertake a review of the governance model established for OMERS in 2006
- Evaluate:
 - Effectiveness and fairness of the governance model
 - Efficiency and effectiveness of decision-making by SC
 - Effectiveness of model in ensuring the overall fairness and financial stability of OMERS and ensuring there is no subsidy of a supplemental plan by the primary pension plan

- **OMERS Review Act, 2006** *(cont'd)*
 - Shall not:
 - Reconsider general principle of giving responsibility for governance to the employers and members of the plan
 - Consider whether any supplemental plan established through the OMERS Act, 2006 should be continued
 - Minister to appoint a person to conduct review (prior to January 1, 2012)

Looking Forward

- Contribution rates for 2013
- RCA Statement of Plan Design Objectives and Strategy (by June 30, 2012)
- Ongoing monitoring of funded position
- Continue work on initiatives with OAC, including pension reform
- OMERS Review Act (2012)





**AMO Conference
August 23, 2011**

**Marianne Love, Co-Chair
OMERS Sponsors Corporation**