

For Office Use Only:

**Early Retirement  
Reductions**

**SPC#14-02**

**\*Date Tabled:** April 22, 2014

**OMERS Pension Plan(s)  
SC Member Request for a Plan**

\* As per 2014 SC SPC Communications Policy: Plan Change proposals **remain CONFIDENTIAL** until publicly posted on the SC website in mid-May.

**Requested by:**

Marianne Love, John Fleming and Bruce Stewart

*(Please Print)*

**Date Prepared:**

April 21, 2014

**Pension Plan and Relevant Area of Change**

Primary Plan

Supplemental Plan for Police, Firefighters and Paramedics

RCA

**Proposed Change to Current Provision**

**1. General description of current provision**

Under the Primary Plan and RCA, members have several options for unreduced early retirement before they reach their Normal Retirement Age (NRA) based on 30 years contributing to the plan, provided age 55 has been reached for NRA 65 or age 50 for NRA 60, or a combination of age and service, dependent on whether NRA 60 or 65.

The Supplemental Plan allows an employer to provide Police, Fire Fighters and Paramedics with additional benefits over and above those provided under the Primary Plan. One of those benefits is eligibility for unreduced early retirement when age and service equals 80 (for NRA 60) and 85 (for NRA 65) providing the member is within 10 years of normal retirement. The Supplemental Plan pays the difference in the pension amount payable under these provisions and the pension amounts payable under the Primary Plan.

**2. Proposed change(s) to current provision**

The option to retire as early as 10 years before NRA will still be available, but pensions accrued after Dec. 31, 2016 will be reduced if retirement is more than 5 years before NRA.

Under the Primary Plan & RCA members in respect of service after Dec. 31, 2016 & employees becoming members of OMERS after Dec. 31, 2016 shall have their eligibility for unreduced early retirement modified so that no unreduced early retirement option may be exercised, in the case of NRA 60 members, before the age of 55, and in the case of NRA 65 members, before the age of 60.

...../continued

**2. Proposed change(s) to current provision .....continued**

The 80/85 Factor provisions for unreduced early retirement under the Supplemental Plan will continue as presently set out. However, since the benefit payable under the Primary Plan may be reduced, the benefit payable under the Supplemental Plan may increase, resulting in additional costs for the 80/85 Factor benefits.

**3. Effective date of change. If a proposed variation of the change requires different effective dates then set out (e.g. all members [date 1], all new members [date 2]).**

The effective date of change is January 1, 2017

**4. Who is impacted by the change and any variations thereof (e.g. all members, all new members or a subset of either: deferred members; retired members; employers; etc).**

All OMERS members in respect of service after December 31, 2016

**5. Provide key rationale for change.**

- (i)** The grim economic picture facing Ontario and its citizens impacts on the affordability and sustainability of the current OMERS Plans. This is especially true when it is unlikely that current contribution levels can be reduced to normal cost levels for many years. In fact there is a real prospect that contributions may increase as set out in the 2014 projections.
- (ii)** Current members and their employers should be protected as much as possible against further contribution increases. If earnings of the OMERS plans in the next few years do not surpass on average the assumed rate of 6.5% further increases in contributions and reduced benefits may be required under SPDOS. To attempt to avoid such an occurrence it is proposed to reduce benefits accrued by members to the OMERS plans after December 31, 2016.