

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

All Specified Plan Changes proposed by SC Members can be amended or withdrawn at any time and no proposal is effective until it is approved by the SC Board and the Pension Plan is amended and accepted for filing by the Financial Services Commission of Ontario. (As per By-Law #12 and Protocol.)

Requested by:

Marianne Love and John Fleming

(Please Print) (Contact Information, Affiliation & Member Status on File)

Date Prepared:

March 22, 2010/Amended May 20/May 28

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

An ad hoc submission of Specified Plan Change proposals through the Plan Design Information Committee and the SC Board.

2. Proposed change(s) to current provision

A managed approach to the current and future actuarially calculated shortfalls in funding the liabilities for the Primary Plan and the Supplemental Plan, providing for a balance of temporary contribution increases, temporary benefit reductions and temporary changes to the Primary Plan formula extending until the Primary Plan liabilities and assets are balanced as calculated by the actuaries and other plan funding reaches the required levels.

Other benefits impacted are pre and post retirement indexing, and the subsidy on the CPP offset.

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

The proposal includes the removal of the 35-year limit on contributions and credited service and the establishment of a cap on the pension payable from the Primary Plan (70% of the member's pensionable earnings.) The proposal also states that the Primary Plan text will be amended in 2010 to document the decision to opt out of any statutorily imposed "grow-in" provision as a result of the passage and proclamation of Ontario Bill 236.

The employer representatives of the Sponsors Corporation propose:

1. Temporary Contribution Increases:

- (i) Effective Jan.1, 2011, increase total contribution rates by approximately 1.2% from approximately 15.4% to 16.6% [0.6% per side], an increase of approximately 8%
- (ii) Effective Jan.1, 2012, increase total contribution rates by 3.4% (1.7% per side) less the % savings estimated by the OMERS AC staff or Towers Watson, as the case may be, (estimated based on actuarial valuation results as at December 31, 2009) to be realized by the Temporary Benefit Measures outlined in paragraph 2;
- (iii) Effective Jan.1, 2013, increase total contribution rates by 2% (1% per side).

2. Temporary Benefit Measures to be implemented in respect of all Active Members (for future service only) effective Jan. 1, 2012:

- (i) Reduce guaranteed indexing during pre and post retirement period to 50% of the CPI increase, thereby generating savings of approximately 1.4% 0.7% per side);
- (ii) Restore CPP offset to that prevailing in 1999; i.e. increase CPP offset at 65 from 0.675% to 0.7%, thereby generating savings of approximately 0.2% (0.1% per side)
- (iii) Amend the Primary Plan formula from a 2% accrual rate to a 1.90% accrual rate, thereby generating savings of approx. 1.0 % (0.5 % per side)

3. Remove the 35 year limit on contributions and credited service and establish a cap on the pension payable from the Primary Plan, such cap to be equal to 70% of the member's pensionable earnings, subject to the applicable Income Tax limits.

4. The Primary Plan to be amended in 2010 to document the decision to opt out of any statutorily imposed "grow-in" provision as a result of the passage and proclamation of Ontario Bill 236.

5. The Temporary Benefit Measures outlined in paragraph 2 shall cease and all benefit provisions changed by paragraph 2 above shall be restored prospectively (i.e. future service benefits) to those in effect on January 1, 2010, effective January 1st next following the year in which an actuarial valuation report prepared by Towers Watson (or the independent actuary to the OAC Board, if different) filed with the Superintendent of Financial Services indicates that the Primary Plan has a going-concern surplus as measured by smoothed value of assets adopted for the actuarial valuation of the Primary Plan. Effective the same date, the Temporary Contribution Increases outlined in Paragraph 1 shall cease and the contribution rates will be set to the normal cost as indicated in the actuarial valuation report in effect, subject to compliance with all applicable legislation.

6. The 2009 actuarial report be filed with FSCO.
7. The specified changes proposed herein are not severable.

The information above is summarized in the Attached Table

3. 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 active members of the plans are affected.

4. 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]).

January 1, 2011; January 1, 2012 and January 1, 2013, as described above.

5. Provide key rationale for change.

OMERS management anticipates the deficit to increase over the next 4 years eventually requiring increases in contributions in excess of 50% resulting in total contributions of approx. 24%;

The economic & fiscal position facing Ontario municipalities & taxpayers requires that the OMERS pension provisions be temporarily modified so that the burden of addressing the financial crisis does not depend entirely on increased contribution rates which would result in increased taxes, increased electricity rates & reduced public sector services.

All information contained in tabled Specified Change Proposals, including any estimate of the financial or other impact of such proposal, has been supplied by the proponent(s) of the proposed Specified Plan Change, and has not been independently verified for accuracy. Accordingly, anyone reviewing tabled Specified Change Proposals should make their own assessment of the potential impact of such proposal.