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SPC #03-12(a)

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

Date Tabled: March 20/2012
Posted on website: March 22/May 16
Amended: May 12/2012

Requested by:

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Date Prepared:

March 19, 2012/*Amended May 12, 2012*

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

All employees who become members of the Primary Plan will have their pensions fully indexed against inflation in Canada as measured by Statistics Canada.

2. Proposed change(s) to current provision

All employees becoming members of OMERS Plans after January 1, 2014 when in receipt of an OMERS pension thereafter will receive inflation protection at 50% of the rate of inflation as measured by Statistics Canada.

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, 2014 in respect of employees becoming members of OMERS Plans after December 31, 2013.

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 new members of OMERS Plans becoming members after December 31, 2013.

5. Provide key rationale for change.

1. The poor OMERS earnings results in 2011 combined with the grim economic picture facing Ontario & its citizens creates uncertainty in regard to 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 in the next few years. It seems as likely that further contribution increases may be necessary.
2. Current members & 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 new members to the OMERS plans after December 31, 2013.
3. Each new member represents an additional liability. It is preferable to reduce the benefits that such new members would be entitled to, rather than see current member benefits reduced or contributions further increased. Those new members will not be in receipt of pension benefits before the 2040's. If in the future the contributions return to the level of normal costs, it will be possible to restore the benefit. Continuing the current benefit for new members unreasonably exposes all members to higher contributions & reduced benefits pursuant to SPDOS.

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.