OMERS Sponsors Corporation

For Office Use Only:

5-Year Multi-Dimensional Approach

SPC #08-10(a)

Date Tabled:	***April 20/2010***
Posted on SC Website:	***April 22/May 27, 2010***
Amended:	***May 20, 2010***

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All Specified Plan Changes proposed by SC Members can be amended or withdrawn at any time and no proposal is effective until it is approved by the SC Board and the Pension Plan is amended and accepted for filing by the Financial Services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: Brian O'Keefe and Jack Jones

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

Date Prepared: April 19, 2010/Amended May 20

Pension Plan and Relevant Area of Change ☑

[x] Primary Plan [x] Supplemental Plan for Police, Firefighters and Paramedics [x] RCA

Proposed Change to Current Provision

1. General description of current provision

Existing contribution rate structure is insufficient to meet the projected funding requirements of the existing OMERS Pension Plans.

2. Proposed change(s) to current provision

A five-year strategic funding framework of specified change proposals designed to bring the OMERS Pension Plans into long-term, sustainable balance. Flexibility is a key feature of the framework, that uses a multi-year implementation cycle through the SC plan design change process to allow for adjustment and fine tuning based on the most up to date actuarial information.

The specific plan design change proposals are:

1. Effective January 1, 2011, implement an increase in the contribution rate to include an additional 1% (per employee and employer).

2. File the 2009 actuarial report with regulators (optional)

3. Effective January 1, 2012, implement an increase in the contribution rates to include an additional 1.3% (per employee and employer).

4. File the 2010 actuarial report with regulators.

5. In 2013, based on projections for the 2013 year, if further adjustments are required to eliminate the projected plan deficit for 2013, a decision shall be made, if necessary, for up to an additional 1% contribution rate increase (per employee and employer) for implementation in 2015. If the full extent of this contribution rate increase is insufficient to eliminate the projected deficit for 2013, a further decision shall be made to discuss benefit reductions for implementation in 2015, with a view to eliminating the projected outstanding deficit.~~Effective January 1, 2015, implement a further increase in the contribution rates up to an additional 1% (per employee and employer), if necessary.~~

6. File the 2013 actuarial report with regulators.

~~7.If further adjustments are required to bring the plan funding into balance arising out of filing the 2013 valuation, temporary benefit reductions will be discussed to address the additional shortfall.~~

~~8.~~7. Effective January 1, 2015, any future plan surplus would be allocated in the following order:

   i) Restore benefits to the pre-January 1, 2015 level

   ii) ~~Where possible, m~~Make members whole by funding retroactively for any lost benefits, using a stabilization reserve where necessary.

   iii) Reduce contribution rates to a level that covers the projected increase in normal cost.~~the pre-January 1, 2011 level~~

   iv) Fund stabilization reserves ~~and/or temporary benefit improvements~~

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]).

January 1, 2011; January 1, 2012; January 1, 2013; January 1, 2015

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 members and employers

5. Provide key rationale for change.

The funding framework outlined here is based on the information provided to the SC in the 2010 valuation projections. The extended time frame for implementation of the plan will allow for the true impact of the 2008 market crisis on the OMERS Primary Pension Plan to be determined. The plan also provides for the opportunity for global economic conditions to stabilize. Each phase of the plan is implemented through the SC plan design process to allow for adjustment and fine-tuning based on current information and projections. The plan calls for temporary contribution rate increases to be phased in over several years in order to address the current actuarial deficit. If the contribution rate increases prove to be inadequate and the Primary Plan has not achieved the required funding ratio by the time of the 2014 SC plan design change cycle, then temporary benefit reductions could be implemented for 2015.

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.