



For Office Use Only:

3-Year Multi-Dimensional Approach (#2)

SPC #09-10(b)

Date Tabled: April 20/2010
Posted on SC Website: April 22/June 9/2010
Amended: June 8/June 22/2010

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All Specified Plan Changes proposed by SC Members can be amended or withdrawn at any time and no proposal is effective until it is approved by the SC Board and the Pension Plan is amended and accepted for filing by the Financial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

Bruce Miller and Frank Ramagnano

(Please Print)

(Contact Information, Affiliation & Member Status on File)

Date Prepared:

April 20, 2010/Amended June 8/June 22

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

- Contribution rate – NRA65 – 6.4% of contributory earnings up to the YMPE + 9.7% of contributory earnings over the YMPE
- Contribution rate – NRA60 – 7.9% of contributory earnings up to the YMPE + 13.1% of contributory earnings over the YMPE

2. Proposed change(s) to current provision

1. Temporary contribution rate increases as follows:

- Effective January 1, 2011 increase total contribution rate by approximately 2% (or 1% per side);
- Effective January 1, 2012 increase total contribution rate by approximately 2% (or 1% per side); and
- Effective January 1, 2013 increase total contribution rate by approximately 2.6% (or 1.3% per side) less the reduction in normal cost (estimated based on actuarial valuation results as at December 31, 2009) resulting from possible temporary benefit measures referred to in paragraph 2 below.

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

2. Temporary benefit measures to be implemented in respect of all future service effective January 1, 2013, in order to achieve a reduction in normal cost, estimated based on actuarial valuation results as at December 31, 2009.
 - * Pre-retirement indexing during the deferral will be temporarily suspended for a reduction to normal cost, estimated to be 0.3 to 0.4% per side, per year.
 - * Early retirement subsidies on termination before early retirement eligibility will be temporarily suspended for a reduction to normal cost, estimated to be 0.1 to 0.2% per side, per year.
3. 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 is 100% funded on a going-concern valuation basis as measured by the 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.
4. The 2009 Actuarial Valuation to be filed with the regulators.
5. SPC#09-10(b), as amended with the inclusion of item 4 under this section 2, was submitted for approval with the **Resolution as noted below [See Page 3], which provides both an opt-out of Grow-In and a commitment to generate a Statement of Plan Design Objectives and Strategy ("SPDOS").

**Please See Attached - definitions of these proposed temporary benefit reductions*

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

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 Active Members for paragraph 1 in section 2 of this Form and all members who terminate employment on or after January 1, 2013, prior to early retirement eligibility for paragraph 2 in section 2 of this Form.

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5. Provide key rationale for change.

To eliminate the deficit in 15 years, assuming investment returns of 6.5% per annum. The deficit can be funded through contribution rate increases or reduction in future benefits (resulting in a reduction in normal cost), or a combination of both.

A confirmation of the shared responsibility of employers and employees to fund the plan on a 50-50 basis (section 12 of the *OMERS Act, 2006*), to be recognized and documented outside the specified plan change process (possibly in SPDOS.)

****Resolved as a Specified Plan Change (addended to SPC#09-10(b) – June 22, 2010**

1. Effective immediately, the SC shall cause the OMERS Pension Plans to opt out of the grow-in provision under the *Pension Benefits Act*. The Corporation will ensure compliance with any process prescribed for effecting such opt out.
2. The SC agrees to generate a Statement of Plan Design Objectives and Strategy (“SPDOS”) by December 31, 2010, such statement to specifically address the appropriate balance of contribution rate changes, benefit level adjustments, establishment of a reserve and the distribution of any surplus (including any retroactive restoration of benefits or contribution rates that may have been decreased or increased, as the case may be, on a temporary basis) in each case for periods following December 31, 2013, to achieve and maintain a sustainable, funded status. For greater certainty, SPDOS will contain one or more specified changes.

The Members shall begin preliminary discussions around development of SPDOS at their offsite retreat scheduled for September 23-25, 2010 and will at that time appoint Martin Teplitsky as the mediator/arbitrator to be employed in the period following January 1, 2011 should a SPDOS not have been approved by December 31, 2010. In the event Martin Teplitsky is unable or unwilling to act as mediator/arbitrator, the mediator/arbitrator will be appointed in accordance with Section 5.1 of By-Law #12 (with all references therein to July 15 being deemed to be references to October 15, and all references therein to July 30 being deemed to be references to October 30 and all references to August 10 being deemed to be references to November 10.) In the event the SC does not approve, by a two-thirds vote, a SPDOS by December 31, 2010, the mediator/arbitrator will commence mediation/arbitration in accordance with Article 5 of By-Law #12. For greater certainty, the mediator/arbitrator shall have the authority to impose a SPDOS.

3. SC By-Law #12 is hereby deemed amended to the extent necessary (and only to the extent necessary) to permit passage of the above Specified Change, notwithstanding that it was not proposed within the timelines prescribed by By-Law #12.
4. The Members of the SC, by a two-thirds vote, hereby waive the requirement in Section 5.1 of By-Law #2, that the text above have been provided to the Members in the notice of meeting at which such text was proposed.

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.