

**Benefit Accrual Rate**  
– 1.85%

**SPC#11-12**

**Date Tabled:**

**April 26/2012**

**Date Posted:**

**April 30**

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

**Requested by:**

Charlie C. Macaluso, Wayne McNally, Marianne Love

*(Please Print)*

**Date Prepared:**

April 5, 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**

Current provision: Multiplier @ 2.0% in the pension formula

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

- Starting in 2014, apply a reduced multiplier of 1.85% in the pension formula **for earnings above YMPE** (Year's maximum pensionable earnings for CPP as set by Canada Revenue Agency.) This proposal will not affect any benefits based on service accrued before 2014.
- For example, in the year 2014, if a member's contributory earnings are \$100,000 and the YMPE is set at \$48,000, the reduced multiplier would apply only to \$52,000 in calculating the pension.

**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]).**

All members - January 1, 2014

**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).**

Members having contributory earnings **more than the YMPE** (Year's maximum pensionable earnings for CPP as set by Canada Revenue Agency) will accrue a slightly lower amount of benefit. However all members will continue to be able to earn a maximum OMERS pension of 70% (before integration) Related changes may be required with regard to the 35-year maximum.

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

- The contribution rates are likely to exceed the blended rate of 19.5% of contributory earnings by 2013, following which changes to benefits will have to be considered as per SPDOS (By-Law No. 20).
- Given the environment of low investment returns coupled with contribution rates exceeding the limit set by SPDOS, it is proposed to reduce the multiplier in the pension formula from 2%.

*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.*