OMERS PENSION UNDER ATTACK

OMERS just had another high performing year.

- Investment returns of a net 11.5% – almost double the plan's assumed rate of return and well above the strategic rate.
- 2017 earnings of $9.9 billion were used to both lower next year's discount rate and increase the plan fund.
- The plan holds more than $95 billion in assets based on market value. Since OMERS has about the same amount of liabilities, the plan is now basically fully funded only a decade after the biggest financial crisis since the Great Depression.

Yet the OMERS Sponsors Board is proposing changes that will hurt your pension.

Proposed changes include:

1. Changes to early retirement provisions.

As it stands, OMERS members can retire early without penalty, if:

- You have worked for 30 years; or
- You reach your 90 factor where your age and years of service add up to 90

OMERS wants to require members to wait until you are, at most, 5 years away from the normal age of retirement (NAR) of 65 before you can apply for early retirement without penalty.

Despite years of service and paying into the pension, the vast majority of CUPE members in the plan, would not be able to retire before the age of 60 without taking a reduced pension.

2. Changes to how your pension is calculated, which for some would mean a substantial loss in benefits.

Right now, calculating your pension is done by multiplying years of service by an accrual rate of 1.325% for salaries up to the current $55,300 [the current Year's Maximum Pensionable Earnings (YMPE)] and a 2% accrual rate on wages above that amount.

OMERS is proposing to raise the base salary by 14% before increasing the accrual calculation from 1.35 to 2%. This would mean a lower pension for those making above the YMPE.

OMERS will claim that this loss will be made up for by an increase in CPP that kicks in years from now, but this means that OMERS pensioners will not fully benefit from the expansion of CPP which Canadian governments agreed to for all workers.

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3. And worse than the previously proposed modified indexing, OMERS is now proposing "conditional inflation protection" or conditional indexing.

Right now the OMERS pension plan has full, guaranteed indexing, to ensure your pension keeps up with inflation. As the price of goods and services increases each year, indexing helps you maintain your buying power in retirement since you know your pension will increase by the same amount.

The new proposal would remove guaranteed indexing as of 2025 and after that date indexing would only be provided if the pension plan meets specific conditions – some of which will be decided at a later date, behind closed doors and based on a financial management strategy that has not even been created yet.

Though they haven't clearly defined the specific conditions, some of what they are proposing is:

- Indexing would continue only when OMERS is above 105% fully funded AND that the implementation of indexing wouldn't cause the plan to go below 105% fully funded.
- In other words, the plan would have to be approximately 108-109% funded for plan members to receive any indexing.

This means that after 2025 it will be impossible for members to know when or if they will receive indexing, which is a huge loss of pension security.

These proposed changes represent a significant financial loss to OMERS pensioners.

We have people working on the exact calculations of what this will mean for you and your fellow members, but based on what we know so far, it would be in the ball park of 20% overall loss in guaranteed benefits going forward.

YOUR IMMEDIATE ACTION NEEDED

We must stop these changes from going ahead.

1. Send the new email to the chairs of the OMERS Sponsors Board and let them know you do not want them to go ahead with the proposed changes.

   Visit: **cupe.on.ca/omers-guaranteed-indexing** to send the email.

2. Share this flyer with all the other members in your local so they know what's happening and can also send the email to the Sponsors Board.

3. Let your union local know if you are contacted by OMERS to participate in a consultation of any kind so we can make sure that you have the accurate information you need and have good questions to ask during their presentation.