OMERS
Plan for the Future

Employer Update

Number 34, December 2004

A newsletter for administrators of the OMERS pension plan

OMERS Board: contribution rates to increase in 2006

Actual rate to be determined after funding status review; 2005 rates stay the same

As we reported in the October edition of *Employer Update*, OMERS will most likely be increasing contribution rates for members and employers in 2006. The OMERS Board advised stakeholders at a special meeting in November that the increase being considered is between 1% and 2% of earnings – for both members and employers.

The OMERS Board regularly reviews the Plan's funding status and periodically adjusts contribution rates to make sure they reflect the actual cost of benefits. While increasing rates is a difficult decision for the Board to make, it ensures that the Plan remains well funded. OMERS pensions remain secure; there are enough assets available to pay current pensions.

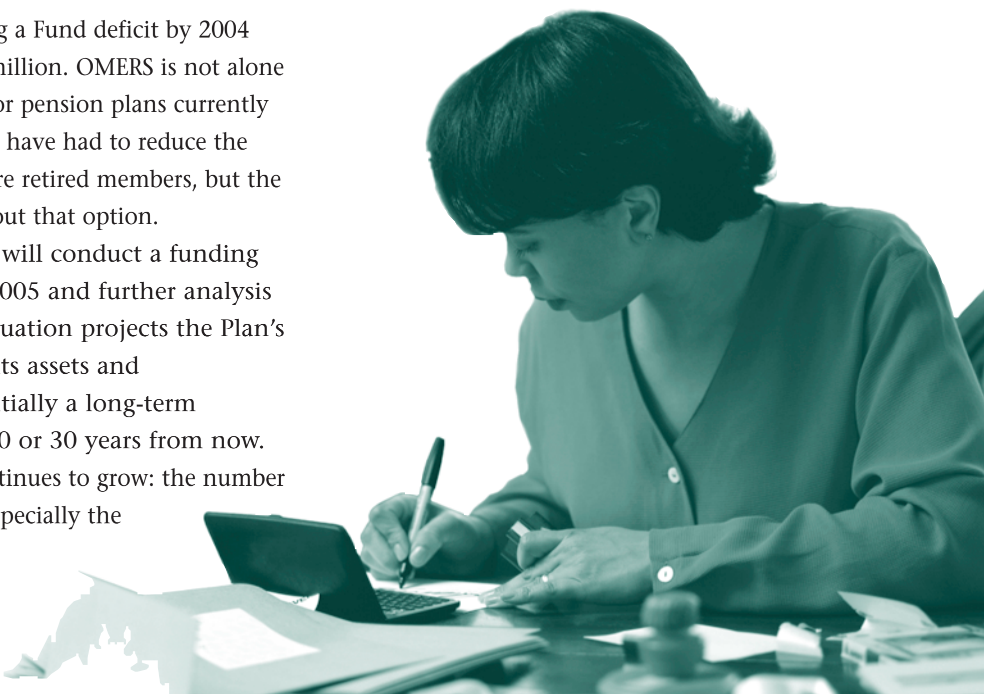
OMERS is anticipating a Fund deficit by 2004 year-end of about $650 million. OMERS is not alone in this; a number of major pension plans currently have deficits. Some plans have had to reduce the benefits available to future retired members, but the OMERS Board has ruled out that option.

The Board's actuary will conduct a funding valuation in February 2005 and further analysis in March/April. The valuation projects the Plan's future costs relative to its assets and contributions. It's essentially a long-term snapshot of the Fund 20 or 30 years from now.

The OMERS plan continues to grow: the number of active members and especially the number of retired members is increasing. OMERS pays out about $1 billion in pensions every year. About 70% of the money comes from investments. The remaining 30% is from contributions.

OMERS contribution rates are very competitive with other major pension plans. OMERS members will continue to receive valuable benefits, including 100% inflation protection. This means a member who retired with an annual pension of $15,000 in 1995 now receives a pension of more than $18,000.

More information will be provided once the valuation and analysis are completed in the spring and the actual amount of the contribution rate increase has been determined.



What's inside

Countdown to e-Form 119

E*-Form 119 – Annual reporting of membership information* goes live **January 2005**. Immediately after, you can begin reporting your Form 119 information for 2004.

- **Employers who are registered for e-access** will use e-Form 119 (there will be no more PC119).
- **Employers who aren't registered for e-access** may continue to use the paper Form 119.

Important! 2004 Pension Reports
With the changeover to e-Form 119, the earliest we will be able to produce your members' 2004 Pension Reports is **March 2005**.

Import and batch processing

In the October issue of *Employer Update*, we introduced the latest e-access features:

- importing member information directly into e-access; and
- processing requests in batches.

At the moment, these utilities are available when you use *e-Form 165a – Leave period reporting/election*, but they will also be an important part of e-Form 119 when it goes live.

Your e-Form 119 checklist

Have you...

- ☑ resolved any outstanding Form 119 audits you have for 2003?
- ☑ requested e-access accounts for your Form 119 staff?
- ☑ practiced using all e-access features – especially the new e-Form 165a import and batch processing utilities?
- ☑ notified us of all your 2004 enrolments – ideally, using *e-Form 102 – Enrolling a member*?
- ☑ reported all your 2004 leave periods (before you report your 2004 Form 119) – ideally, using e-Form 165a import and batch processing?
- ☑ encouraged your Form 119 staff to sign up for an e-Form 119 training seminar? (See below.)

Congratulations! You're as well prepared as you can be. And remember, we'll do everything we can to make your transition to e-Form 119 as smooth as possible.

e-Form 119 training seminars

Join other OMERS employers in an interactive, informative, hands-on, half-day e-Form 119 training seminar.

This seminar is for you if you are responsible for completing the 2004 Form 119. The seminar will cover the new e-Form 119 process including e-Correspondence and changes to the e-access home page. Plan to register for training when you are ready to start your Form 119.

e-Form 119 topics will include:

- Getting started (i.e., introduction to new e-access features, navigation, online help and more)
- Importing data (i.e., building an import file)
- Batch processes
- e-Correspondence
- Reconciling contributions

To register…

Visit *Employers/e-access/e-119 training* on our web site. Choose from the remaining locations and dates that best suit you:

Kingston	February 2, 3
Kitchener	February 9, 10
London	January 27; February 16, 17
Niagara	March 1, 2
Ottawa	January 11, 12; March 30, 31
Owen Sound	March 16
Peterborough	March 2, 3
Sault Ste. Marie	January 19, 20
Sudbury	February 1, 2
Thunder Bay	January 26, 27
Timmins	March 16, 17
Toronto	January 25; February 8, 22; March 8, 15, 24
Windsor	January 18; March 9, 10

e-Form 119 Call Centre

When e-Form 119 goes live, we'll have specially trained Employer Services staff ready to take your call. They will be able to help you through any e-Form 119 questions you have – from administrative to technical issues.

Just call OMERS Client Services – Monday to Friday, between 8:00 a.m. and 5:00 p.m., at 416-369-2444 or 1-800-387-0813. After the automated welcome, you will be asked whether your call is about a generic administration issue or specific to e-Form 119, in which case, you would be put through to our e-Form 119 Call Centre.

What our employers say about e-access...

"It's fantastic! e-access saves us so much time administering OMERS. I can't wait for the e-119."

Jan Gagnon, City of Sault Ste. Marie

"As we have just joined OMERS, I found using the e-102 to enrol our members very easy to use."

Sandra Taylor, OSBIE

"I submitted an e-190 for a pension estimate last week and it was available on e-access before the member left my office. My staff and I use e-access daily and we really appreciate the fast turnarounds for quotes and pension processing, as well as the capability of viewing service details online. Great service OMERS!!"

Marlene Antler, City of Greater Sudbury

Sign up for e-access (it's not too late)

Join the majority of OMERS employers who now enjoy the benefits of online administration.

It doesn't matter how big or small your employer group is. Getting an e-access account gives you secure web access to up-to-date membership information, and enables you to do an increasing number of OMERS administration tasks online. It makes your job faster and easier, and improves the service you and we provide your members.

Call OMERS Client Services to get your account today!

Final reminder: Early retirement window closing

When the enhanced early retirement Factors end on December 31, 2004, the early retirement window will close. On January 1, 2005, the standard early retirement Factors return.

Early retirement Factor

If members meet the minimum retirement age* they can retire with an **unreduced pension** if their age + years of service = the early retirement Factor.

2004	• **85 Factor** for normal retirement age 65 • **80 Factor** for normal retirement age 60
2005	• **90 Factor** for normal retirement age 65 • **85 Factor** for normal retirement age 60

The Factor = age + years of **service**
Service = credited service + eligible service

***Minimum retirement age:** Members must be within 10 years of their normal retirement age to retire with an OMERS early retirement pension.

- at least 55 for normal retirement age 65 (most members);
- at least 50 for normal retirement age 60 (most police officers and firefighters).

30 years of service: If members meet the minimum retirement age and also have 30 years of service, they can retire with an unreduced pension. In this case, they don't need the Factor.

Reduced early retirement pension: If members meet the minimum retirement age but don't have the Factor or 30 years of service, they can retire early with a **reduced pension**. Their pension is reduced by 5% for each year they're short of the least of:

- Early retirement Factor minus actual age + service;
- 30 years of service minus actual years of service; or
- Normal retirement age minus actual age.

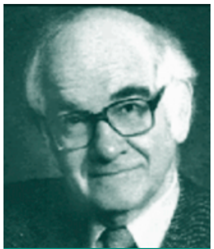
This three-point test maximizes their benefit.

Pension estimates

We also encourage members who are considering retiring before the window closes to get a pension estimate. There are three ways to do this:

- **online Retirement Income Estimator** – this is the quickest way, as members prepare their own estimate. Members can get as many estimates as they need, but we usually recommend they get one for the end of this year (with the window) and for one or more years ahead (after the window closes). This will give them a good idea of potential differences in pension amounts related to the window.
- online ***e-Form 190 – Request for a pension estimate*** – just complete and submit the form in e-access, and we'll prepare the estimate for the member.
- **OMERS Client Services** – if they'd prefer, your members can call us directly to request a pension estimate.

OMERS pioneer dies



Paul Hickey

On October 26, 2004, Paul Hickey died at the age of 82. While Paul was not an OMERS member, he would have liked to have been one. After all, he was the driving force behind the creation of OMERS.

For many years, Paul served as Treasurer of the City of Hamilton. He then entered the service of the Ontario government, and while with the Ministry of Municipal Affairs, he brought OMERS into being.

During his tenure with the City of Hamilton, Paul amalgamated the city's many pension plans. This experience, and a study of many state-wide plans in the U.S., gave Paul the idea for OMERS. He believed a pension plan for municipal workers in Ontario would:

- result in better pension benefits at a reasonable cost;
- provide pension portability that would allow employees to work in different areas of the province; and
- make it more affordable for smaller municipalities to provide pension benefits.

Bringing OMERS into being was not easy, but Paul persisted. In this vision he was right, as the OMERS of today attests: it is a widely respected and highly regarded pension plan, in Ontario and elsewhere.

Paul maintained an active role in OMERS after its creation in 1963, serving on the first OMERS Board and as the first Board chair from 1968 to 1970. He also wrote the ground-breaking report that led to OMERS current sophisticated, investment program. Today, OMERS is the third largest pension fund in Canada.

Al Reeve, former OMERS President and CEO said, "He was very determined and somewhat of a visionary, and fought hard for everything in which he believed. He managed to get [OMERS] started against all odds. He was always amazed that this public sector retirement plan he had created and hoped for actually succeeded so well and grew to the size it did."

Over the years, we've all benefited from Paul's vision and determination. Many local government workers live a more comfortable retirement because of it. We, at OMERS, want to recognize his achievements, and publicly pay our respects.

2005 OMERS administration seminars

If you're new to the OMERS plan, or just need a refresher, plan to attend a one-day OMERS Employer Administration Seminar.

The seminars have two parts: an OMERS administration "basics" session in the morning, followed by an in-depth look at leave periods and disabilities in the afternoon. Our seminars are free of charge (and lunch is on us). Travel and accommodation costs are up to you.

Here are the dates and places for our seminars in the first half of 2005.

We're finalizing the details for the second half of 2005, and we'll print this information in the next *Employer Update*.

In the meantime, we can tell you that we'll be visiting the following: Oshawa and Timmins in August; Toronto, Windsor and Collingwood in September; Burlington and Cornwall in October; Ottawa, Mississauga and North Bay (in French) in November; and Peterborough and Toronto in December.

2005 Employer Administration Seminar schedule

Date	City	Location
Apr	Thunder Bay	TBD – check *Employers* section of **www.omers.com** in January 2005 for details
14-Apr	Toronto	OMERS One University Avenue, Suite 700
5-May	Newmarket	Region of York 17250 Yonge Street
12-May	Sudbury	Holiday Inn/Howard Johnson 1696 Regent Street
26-May	Kingston	Holiday Inn Waterfront 2 Princess Street
22-Jun	Pembroke	Travelodge 900 Pembroke Street East
14-Jul	Toronto	OMERS One University Avenue, Suite 700

Visit **www.omers.com** or call Client Services to check dates and locations, and to register.

High marks for OMERS service

Ongoing surveys confirm OMERS delivers outstanding service

We thought you'd be interested to know that our recent service statistics and survey results for members and retired members demonstrate how OMERS continues to meet its high service targets while delivering exceptional service.

OMERS regularly surveys active and retired members. Members are asked to evaluate everything from timeliness of service, satisfaction with written information, and politeness of OMERS staff.

Members gave OMERS high marks for most key services. And, when asked about overall satisfaction with service, members gave OMERS a score of 4.4 to 4.6 out of 5.

"We're very pleased that our hard work is paying off and members are getting excellent customer service from OMERS," says Graham Hills, Vice President, Pension Policy and Client Services. "We continue to look for ways to improve our service. And to everyone who participated in the survey and gave their feedback, we want to say 'Thank you.' Your input helps us serve you better."

Survey highlights of some key areas

Members reported satisfaction on a scale of 1 to 5 (1 = completely dissatisfied; 5 = completely satisfied)*	**Average score**
Timeliness of first pension payment (members who used advance election option)	4.8
Clarity of written materials	4.3
OMERS Client Services staff:	
• Politeness	4.7
• Responding promptly	4.5
• Knowledge level	4.5
Overall satisfaction with OMERS service:	
• Active members	4.4**
• Retired members	4.6**

*This is the average of the 2004 third-quarter survey. / **This is the average of a three-part, quarterly survey.

"We're very pleased that our hard work is paying off and members are getting excellent customer service from OMERS."

Service statistics for October 2004:

- **Phone calls:** OMERS Client Services answered 7,321 phone calls in October. The total number of phone calls for year-to-date October 31, 2004 was 81,011.
- **Web site visits:** 38,845 people visited the OMERS web site, or about 1,253 per day – a total of 395,181 visits for year-to-date October 31, 2004.
- **e-mails:** OMERS Client Services received 900 e-mails – a total of 8,575 for year-to-date October 31, 2004.
- **Information seminars and meetings:** By year-to-date October 31, 2004, OMERS communication officers had held 994 member information sessions, pre-retirement sessions, employer seminars and on-site visits across the province.

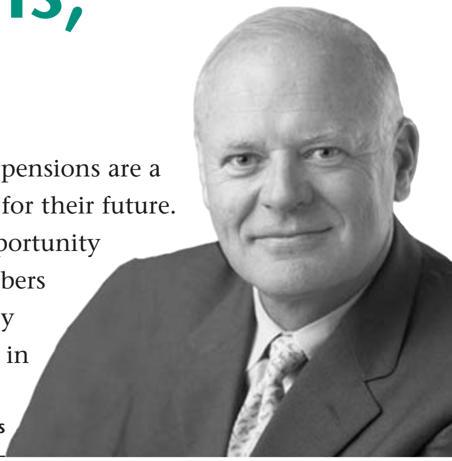
A message from Paul Haggis, OMERS President and CEO

This has been a year of many changes at OMERS as we strive to provide our members and employers with better and better products and services. We intend to continue on this chosen path in the coming year, and continue to look for areas where we can improve.

Although we face funding challenges, we are taking the necessary steps to ensure that OMERS pensions will be there when our members retire. Our pensions are a secure, valuable financial asset for their future.

I would like to take this opportunity to wish all of our OMERS members and employers a safe and happy holiday season and all the best in the New Year.

Paul Haggis



OMERS makes buying back service easier

As we mentioned in the October issue of *Employer Update*, in 2005, members who are **eligible to buy back past service**, will have the option of paying OMERS directly. Currently, members pay their employer, who then sends the money to OMERS.

You can continue with this method of payment if you prefer, but the new method can make the process more efficient. If members deal directly with OMERS, we will also prepare their tax slips for these payments.

For a quick buy-back cost estimate, ask your members to use our *Buy-back Estimator* on our web site under *Members/Estimators*. To see how much the extra service would increase their pension, steer them towards the *Retirement Income Estimator*.

Deciding whether to buy back service is easier once members know the cost and potential increase to their pension.

OMERS administration info 24-7

Whenever you have questions about OMERS administration, check our online *Employer Administration Manual*, in the *Employers* section of **www.omers.com**.

This constantly updated reference guide explains all OMERS administration procedures – from enrolment through to the death of a member. It has an easy-to-use table of contents, listing OMERS events, and it's **searchable**, so you can find those harder-to-locate items.

OMERS
Plan for the Future

The OMERS pension plan provides secure, guaranteed retirement income to municipal employees at almost 900 employers across Ontario.

Employer Update keeps our employer representatives up to date on plan administration, news and benefits.

We value your views and comments. Send us an e-mail at **employer@omers.com**, or write to us at the address below.

For more information on the OMERS plan, please contact Client Services at 416-369-2444 or 1-800-387-0813.

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While the information in this newsletter is accurate, the *OMERS Act* and *Regulation* is the governing source for all plan provisions.