OMERS
employer news

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Rachel Karin, City of Mississauga

Employer committed to individual needs

Rachel Karin, the Pension and Benefits Administrator at the City of Mississauga, has 4,071 reasons to come to work in the morning.

Each one is an OMERS member, and each one comes with a unique set of questions and concerns about the OMERS pension plan and retirement. “I always have to make sure that I’m giving the right information to the right person at the right time,” Rachel says.

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Rachel's responsibilities include educating, informing and responding to employee enquiries on the key elements of their benefit plans and OMERS. She works with employees to ensure their pension questions are addressed by answering questions and guiding members individually through the retirement process. "We have an open door policy, so employees just drop by the office or send an e-mail saying they're thinking of retiring."

"I walk them through the process and ask what dates they're thinking of and why. Then I request pension estimates through e-access," she says. In addition to e-access, Rachel also contacts OMERS Client Services or visits **www.omers.com.** "I do refer often to the OMERS website. When a person has a question, I'll use the Employer Administration Manual online."

Diversity

OMERS members at the city are a diverse group. Rachel says, "We have positions that range from accountants, to lawyers, firefighters and transit operators – all the way to fitness instructors. Working one-on-one, I really enjoy learning about each employee's expertise, their passion for their work and what really motivates them."

Trust

Rachel strongly believes in living the city's corporate value of trust. She stresses that establishing trust is essential to building relationships when helping each member understand their pension plan. "I work hard to connect with people and maintain their confidence. This is especially important when an employee is planning for retirement. They come in years ahead of time to talk to me, and I hold their trust over those years."

Security

She says taking care of confidential information is part of maintaining this trust. "All of our computer systems are password protected, so only certain authorized employees are allowed to access certain applications. We also lock everything up at night. Security is paramount at the city for all our employees."

Listening

When helping employees plan for retirement, Rachel says it's important "to hear their needs – listen carefully to the questions they ask, and answer as simply as possible." She carefully tailors her answers for each individual. "It's about talking to each person in a way they understand, so they can get the best out of the programs offered."

Rachel recalls making a difference for one employee through asking thoughtful questions. "A member approached me for a retirement estimate but did not have the early retirement factor," she says. "After discussing the member's request and probing into her previous work experience, we determined that she had worked as a summer student for an OMERS employer many, many years ago. She obtained proof of previous service and it was enough to enable her to retire on an unreduced early retirement pension."

OMERS plan to manage funding deficit

There may be indications that the recession is coming to an end, but its effects are still being felt. At the end of 2008, the OMERS Fund posted a -15.3% total rate of return, and reported a $279 million funding shortfall. This funding deficit could grow to more than $6 billion over the next few years, as the full impact of 2008 is reflected in the funding balance sheet (OMERS will report 2009 results in 2010).

The main reason why the deficit continues to grow is due to the pension industry practice of actuarial "smoothing," which helps to cushion a plan's funding from volatile market conditions. Instead of the losses from 2008 being applied immediately, they are factored into OMERS funding over a longer period of time.

Like all pension plans, OMERS is required to eliminate any funding deficit. Typically, there are three options available to a pension plan to deal with a funding deficit: reduce benefits on a go-forward basis, raise contribution rates, and increase investment returns.

OMERS is reviewing all options in light of the experience we gained during previous periods of surplus, when Plan surplus was spent on the required contribution holiday on the one hand, as well as decisions to make improvements to Plan benefits. Both of these actions eroded the cushion that would have allowed OMERS to weather the market downturn we experienced last year. Additional factors being considered include the growing liability and the resulting funding pressure caused by the aging Plan population.

Some pension plans have already implemented benefit reductions on a go-forward basis and increased their contribution rates to help reduce their funds' future costs. OMERS must consider all available options.

"OMERS invests for the long-term, the Plan remains stable, and we are taking steps to address funding. We've weathered poor economic conditions in the past.

– Jennifer Brown, OMERS Chief Pension Officer

Benefits

"It's important to note that, even if OMERS benefits change, they would not affect retirees currently receiving pensions, nor would they affect pension benefits accrued to date," said Jennifer Brown, OMERS Chief Pension Officer. "Changes would only affect pension benefits earned after the date of any change."

Contribution rates

To address the existing funding shortfall, OMERS Sponsors Corporation (SC) has approved an increase to both member and employer contribution rates, effective with the first full pay period in 2010.

"These contribution rate increases will help address the initial $279 million part of the overall funding shortfall. More significant contribution increases or changes to benefits, or a combination of both, will be required in the next several years as the remaining $6 billion is recognized on the balance sheet of the Fund," said Marianne Love, SC Co-Chair.

Investment strategy

From an investment perspective, OMERS had taken steps, before the market downturn, to change our investment strategy – moving more of the Fund's assets from public markets to less-volatile private markets. This move helped to offset some of the market losses, and it continues to place the Fund in a good position to face the current storm, and to take advantage of opportunities that present themselves – both now and down the road.

"Many pension plans continue to face funding challenges, and OMERS is no exception," said Ms. Brown. "But, as we've stated before, OMERS invests for the long-term, the Plan remains stable, and we are taking steps to address funding. We've weathered poor economic conditions in the past."

The next OMERS Plan valuation is due in December 2009.

"The results of that valuation will give a clearer picture of the Plan's funded status," said Brian O'Keefe, SC Co-Chair. "This will help us to determine the extent of any required changes. We will communicate any news in this regard."

Positive outlook

These are challenging times, and OMERS remains confident we have the expertise, strategy and team to help us weather today's economic climate, and to continue searching for opportunities to grow stronger in the future.

Canada moves to International Financial Reporting Standards (IFRS)

On January 1, 2011, accounting standards in Canada are scheduled to move to the International Financial Reporting Standards (IFRS). The move will result in some changes to the financial reporting requirements for defined benefit pension plans.

Employers have been inquiring whether additional information from OMERS will be required to support their financial reporting analysis for conversion to IFRS. IFRS requires the disclosure of an actuarial liability for individual employers participating in a defined benefit pension plan only when the information is available.

Under OMERS funding and investment structure, investments and actuarial valuations are determined on a commingled basis across all employers and information for individual employers is unavailable.

OMERS funding structure

- **OMERS Primary Pension Plan is a defined benefit pension plan funded by equal contributions from participating employers and employees as well as by investment earnings of the Plan.**
- **Pension contributions received from all OMERS employers and members are combined and used to jointly purchase investments to support our pension promise to members and retirees throughout the province.**
- **OMERS does not track its investments by employer.**
- **Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.**
- **The actuarial assumptions are developed based on the entire plan membership, not by employer.**
- **For more about OMERS funding, see OMERS Annual Report available online at www.omers.com.**

ESA statutory leave now for organ donors

On June 26, 2009, the Ontario *Employment Standards Act (ESA)* was amended to include a new protected statutory leave for organ donors.

About the new leave

- An employee who has been employed for at least 13 weeks by his or her employer and undergoes surgery for the purpose of organ donation is entitled to take a leave for a maximum of 13 weeks.
- The leave may be extended for up to an additional 13 weeks if authorized by a qualified medical professional.
- The organ donor leave is in addition to any time taken as a personal emergency leave.
- Members on an organ donor leave have the same pension rights as members on other statutory leaves such as a pregnancy and parental leave or emergency leave. The normal statutory leave rules for elections, Pension Adjustment (PA) reporting, cost* and purchase deadlines apply, and the leave will count as eligible service in OMERS if the member doesn't purchase the period.

OMERS Employer Administration Manual will be updated to include organ donor leaves.

*The member cost for an organ donor leave is single contributions. The employer pays a matching amount.

myOMERS – it's the key to safe and secure online access for OMERS members

Building on our track record of success with e-access, myOMERS gives members safe and secure online access to their OMERS information.

myOMERS

Advance registration for employers

We are encouraging employers to become familiar with myOMERS in advance of the rollout to members by registering for myOMERS as OMERS members. You can register now – the link to myOMERS at www.omers.com has been activated.

The three easy steps to register are:

STEP 1

Get your numbers

You will need your OMERS membership number, the last three digits of your social insurance number and your date of birth to register.

STEP 2

Sign up for myOMERS

Go to **www.omers.com,** click on the myOMERS link and follow the online registration process.

STEP 3

Complete the registration

An e-mail with a sign-in link will be sent to you. This is a security precaution required to complete the registration process.

Contribution rate change in 2010

In June, the OMERS Sponsors Corporation (SC) announced changes to OMERS contribution rates effective January 1, 2010.

Beginning with the first, *full* pay in 2010, the rates will be as follows:		
Normal retirement age 65 members	On earnings up to CPP earnings limit*	6.4%
	On earnings over CPP earnings limit*	9.7%
Normal retirement age 60 members	On earnings up to CPP earnings limit*	7.9%
	On earnings over CPP earnings limit*	13.1%

*** CPP earnings limit in 2010 is $47,200**

Advise your payroll service of the change in the CPP earnings limit (YMPE) every year and the change in the contribution rate this year. The YMPE for 2010 is $47,200.

Next year's rollout to members

We will promote myOMERS through next year's Pension Reports to encourage members to register with their *Pension Report* – and OMERS membership number – in hand. The site will also be promoted in our newsletters, and other communications.

Next phases

Later in 2010, myOMERS will be available to retirees and members who kept their pension with OMERS after leaving their OMERS employer.

Improved estimators...

The myOMERS **Retirement Income Estimator** and **Buy-back Estimator** use information from our database and information entered by the member to produce an estimate.

The new **Retirement Income Estimator**:

- automatically produces and saves a copy of the exact same *Pension estimate* that is produced when you request an estimate through e-access (the *Pension estimate* is saved for the member on their myOMERS account); and
- provides even more details online including estimated income from government benefits and after-tax income.

Pension estimates generated from the Retirement Income Estimator are considered confidential and will not be available for viewing by employers.

Communicating to non-enrolled employees

Over the past year, we've introduced two new communications for your employees who are not automatically enrolled in the OMERS Primary Pension Plan.

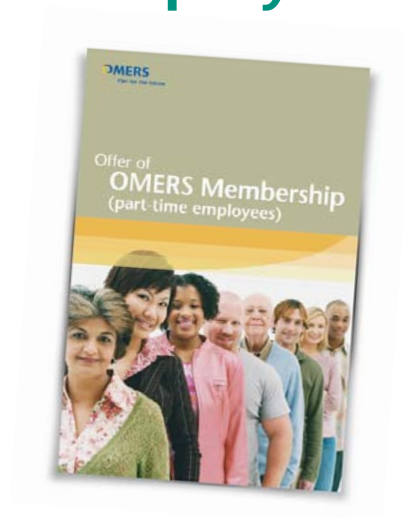
Info page for new hires

Give new other-than-continuous full-time employees who do not have to join OMERS as a condition of employment a copy of the info page, *OMERS Pension Plan enrolment for part-time employees.* These employees may have previous employment with an OMERS employer that may help them become eligible to enrol in OMERS.

The info page is available online at **www.omers.com** under **Employers/ Publications/Part-time employees.**

Booklet for offering membership

To offer membership, give eligible employees *Form 104 – Offer of OMERS membership (part–time employee)* and a copy of the new *Offer of OMERS Membership (part-time employees)* booklet.



Order copies of the booklet online at www.omers.com under Employers/ Publications/Request a publication.

Form 119 reporting

As you gear up for your Form 119 reporting, please keep in mind the following dates:

January 4, 2010	• e-Form 119 reporting function available for submitting 2009 membership information
January 15, 2010	• Paper Form 119s will be mailed to employers that use the paper version
February 14, 2010	• You can submit member data before this date without PAs; we will calculate them for you • Once the data is validated, you can extract the PAs and upload them to your system for completing T4 slips • If you submit your data after this date, you must include PAs
March 31, 2010	• Submit Form 119 data by this date to give OMERS enough time to validate your data and print and send members' Pension Reports by June 30, as set out in the Ontario *Pension Benefits Act* (i.e., six months after OMERS year-end date of December 31)
June 15, 2010	• This is the last date for OMERS to receive 2009 membership data to ensure we are able to produce and deliver Pension Reports to members within the legislated deadline

Need help? If you need help with your Form 119 reporting, please don't hesitate to contact OMERS Client Services or your Employer Administration Officer.

Survey: Employer Admin Manual is first resource choice

We recently invited over 2,000 e-access employer contacts to complete a survey about OMERS administration and the OMERS Employer Administration Manual.

First of all, we'd like to send a big thank you to everyone who responded. We had a 25% response rate and reached a broad cross-section of OMERS employers. The feedback will help us develop better administration resources for all our employers.

Summary of results

Highlighted below are the results of a few of the survey questions.

- **88%** of respondents referred to the Manual in the past year.
- Over **50%** of respondents go to the Manual first for help with their plan administration questions, while **31%** called Client Services or their Employer Administration Officer first and **7%** got their answers from other sources such as e-mail.
- **59%** of respondents referred to the Manual on an as-needed basis, **22%** referred to it at least once a month and **8%** used it weekly or even daily.
- 27% of respondents rarely or never contacted OMERS Client Services to clarify information in the Manual; while 62% have contacted OMERS Client Services for clarification at some time.
- 26% of respondents only refer to the Manual online and never print pages, 39% occasionally print a few pages, and **20%** have printed out whole sections for ongoing reference.

Next Steps

Before we move ahead, we will discuss the results at selected employer administration workshops to gain a better understanding of the feedback.

Then, we'll build a new structure to improve the navigation, focus on the most-used sections, and highlight the essential information to help you quickly find answers to your questions.

We'll also update content to improve clarity. When the new content has been reviewed by our internal policy and procedures experts, it will be posted online and we'll explain the changes in What's new. This will take time, so please be patient with us: There are 645 files in the online Manual! (We'll work on cutting that down.)

Quick facts

OMERS Employer Administration Manual is updated at the end of each calendar quarter and sometimes more frequently. Changes are listed under What's new. We'll be working on making What's new easier to access and adding an archive of past changes, so you can always stay up-to-date.

The most-used sections are Credited Service, Leave periods, Contributions and Buy-backs and purchases of past service. 60% of respondents have read or referred to these sections more than once in the past year.

Please review What's new regularly so you are aware of important changes in policies or procedures.

OMERS administration workshops

Need a refresher on pension administration? Do new HR or payroll staff need training? Our one-day workshop has something for everyone. It covers all aspects of OMERS administration: enrolments, leave periods and disabilities, and year-end reconciliation.

2010 Employer Administration Workshop Schedule

Workshops run from 9 a.m. to 4 p.m.

Date	City	Date	City
March 4	**Toronto (downtown)**	May 27	**Perth**
March 23	**Peterborough**	June 1	**Stratford**
April 14	**Sarnia**	June 15	**Hamilton**
May 12	**Sault Ste. Marie**	June 22	**Sudbury**
May 13	**Thunder Bay**	July 13	**Fort Frances**

Workshops are free, but accommodation and travel is up to you. Please check out our website for additional information and workshops scheduled later in the year and to register.

OMERS 2010 Spring Information Meeting

The Spring Information Meeting will take place on April 21, 2010, in Toronto.

Hear the latest update on OMERS operations and an overview of our 2009 results.

Please mark your calendar and check **www.omers.com** early in the new year for registration details. You will also be able tune in to the live webcast via OMERS website.

OMERS needs your help

New process

One initiative recently implemented here at OMERS is a system to image member-related correspondence and to store it electronically. This helps us to reduce paper and it also enhances the security, confidentiality and privacy of the information we hold.

The issue

Correspondence with more than one member's private information, for example, a fax cover page, can't be imaged and stored in a member's file because it could be subject to release if requested by the member. This can result in incomplete information on a member's record.

How you can help

e-Correspondence is the best way to communicate information to us. If you must send information to us another way, please send information separately for members when this can be done easily.

Note: This does not mean we cannot accept batches for some kinds of information, such as a large number of omission periods. These will continue to be treated as special processing situations.

OMERS
Plan for the Future

If there is any discrepancy between the information in this newsletter and the *Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act, 2006)* and the plan text, the *OMERS Act, 2006* and plan text will govern.

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