OMERS employer news

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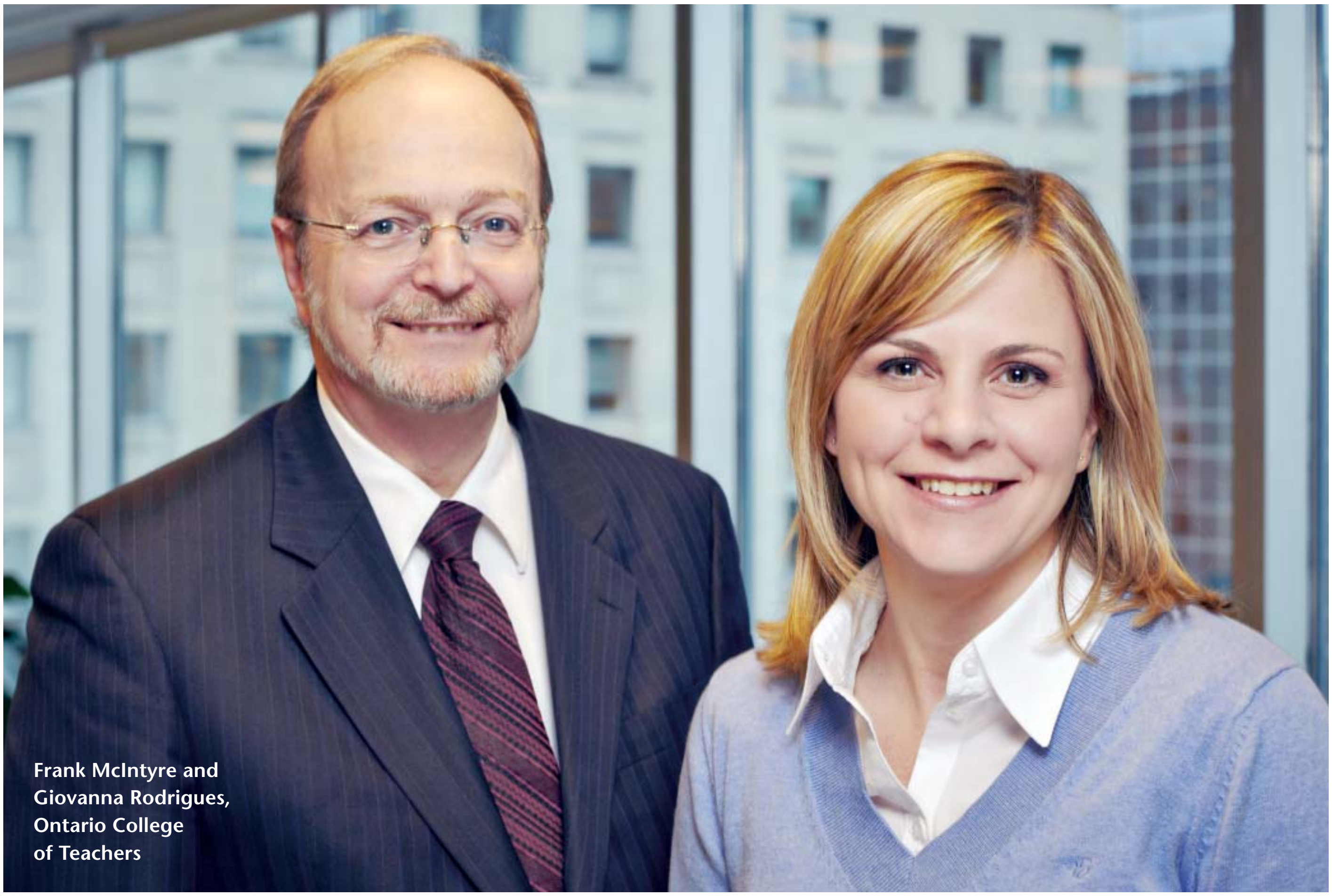

Frank McIntyre and Giovanna Rodrigues, Ontario College of Teachers

College gives OMERS pension high marks

Non-teaching staff at a new OMERS employer can now enjoy the stability of OMERS defined benefit. The Ontario College of Teachers, the regulatory body for Ontario's elementary and secondary teachers, is one of OMERS newest employers. When the College was set up 13 years ago, employees with teaching certificates were enrolled in the Ontario Teachers' Pension Plan (a defined benefit plan like OMERS).

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OMERS Plan for the Future

The OMERS pension plan provides secure retirement income to municipal employees at over 900 employers across Ontario. *Employer News* keeps our employer representatives up to date on plan administration, news and benefits.

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Employees without teaching certificates were set up with a defined contribution (DC) plan.

"Contributions for the two plans were equal at the beginning," says Frank McIntyre, Manager of Human Resources at the Ontario College of Teachers. "As time went by, however, there was a growing sense that the two pension plans were not equal. The teachers' plan became more costly, but the benefits also improved. That's when we investigated and realized that we were eligible to join OMERS.

"We proposed a move to OMERS which was approved by our Council with no hesitation. They understood the equity considerations involved, and they want good compensation and benefits to attract and retain good staff. On January 1, 2009, the Ontario College of Teachers became an OMERS employer."

Employees without a teaching certificate were given the opportunity to switch from the DC plan to OMERS. "The move to OMERS was well received. Out of 140 staff who were eligible to join, 115 immediately enrolled in OMERS. And since then, a few more have moved over to OMERS." says Giovanna Rodrigues, Benefits and Pension Administrator.

"Our OMERS members continue to be very happy with their pension plan. Excellence in communication is what we've seen with OMERS which has helped members understand and value their pension," says Giovanna.

When asked about her thoughts on plan administration, Giovanna says, "The buy-back exercise at the beginning was probably the biggest hurdle we faced. We had to retrieve old paper records and compile data for the buy-back estimates." Employees who joined OMERS could buy back their previous service.

"OMERS made the job easy for us with their friendly approach and excellent communication."

"I've also attended an employer administration workshop and a member presentation and once again the communication was superb," says Giovanna. "Our OMERS Employer Administration Officer, Antonella Sanzo, knows our background and we have a great working relationship. With her help, our Form 119 annual reporting went smoothly and quickly. We reconciled within minutes."

In conclusion, Frank adds, "OMERS is always open to questions and sharing of information. Even though we're a small employer, we feel welcome and appreciated."

"Our OMERS members continue to be very happy with their pension plan. Excellence in communication is what we've seen with OMERS which has helped members understand and value their pension."

– Giovanna Rodrigues, Benefits and Pension Administrator

OMERS investment results and funding update

In March, OMERS announced a 10.6% total rate of return for 2009, compared with a negative 15.3% total rate of return in 2008.

Despite the positive investment performance, OMERS Primary Plan had a funding deficit of $1.5 billion at the end of 2009. The deficit is expected to increase over the next four years as nearly $5 billion of net losses, mostly from the 2008 market meltdown, are recognized. Recognizing losses from 2008 over a longer period is consistent with the actuarial "smoothing" methodology used by many pension plans in Ontario. This smoothing helps to cushion a plan's funding from volatile market conditions. However, the funding deficit (adjusted for potential changes to the actuarial assumptions), is projected to rise to as much as $12 billion by 2012 unless corrective action is taken, or investment returns significantly exceed the current assumption of 6.5%.

What OMERS is doing to secure pensions

There are three potential elements to managing the current funding challenge.

The first two potential elements are increased contributions and/or benefit changes. OMERS Sponsors Corporation (SC) is responsible for decisions on plan design and setting contribution rates. Each year, the SC reviews the funded position of the Plan as well as actuarial projections, and considers whether contributions and/or benefit changes should be made. This review and consideration period starts early March and continues until the end of June. Changes under consideration in 2010 can be viewed on the SC website at **www.omerssc.com.**

The SC will announce any decisions in the summer, including any changes to 2011 contribution rates. No decision has been made to date. We will be sure to alert our employers quickly to any decisions on future rates and benefits.

The third potential element is investment returns. As the administrators of the Plan, in 2008 the OMERS Administration Corporation (AC) introduced a rolling five-year strategy to drive investment returns and grow the OMERS fund over the long-term.

The key components of that strategy include:

- increasing the portion of the Plan's assets that are internally managed;
- increasing the size of the OMERS Plan;
- managing the investments of other domestic and international funds; and
- establishing investment alliances with third-party investors.

As well, we continue to increase our private market investments every year to reduce the impact of the volatility of the equity markets on the Plan over time. These measures will allow us to grow our assets under management so we can further participate in the kind of large scale investments whose returns will help address our growing pension obligations.

More information on OMERS investment return, OMERS investment strategy, and plan funding is available in the online version of the OMERS Annual Report.

New option for private sector buy-backs

Giving members more flexibility for service purchases

A new option for purchasing refunded private sector service is now available to OMERS members. Previously, the buy-back option was only available for public sector service.

Eligibility

The service can be purchased as a buy-back if:

- the service occurred after 1991;
- the member participated in a registered pension plan during the service period; and
- the member cashed out or transferred out their pension entitlement and the member has no pension entitlement remaining in the private sector plan.

If the member still has a benefit in the private sector plan, the member may be able to transfer the funds into OMERS – see "Another option" below.

Cost and payment options

The purchase cost is calculated the same as for public sector purchases and the payment methods are the same:

- cash – either in a lump-sum or by using OMERS buy-back payment plan, which enables members to pay for their service purchase in instalments over 12, 24 or 36 months;
- a transfer of funds from an RRSP, locked-in retirement account, or registered pension plan; or
- a combination of the two.

Processing

Like public sector buy-backs, the member's current OMERS employer will provide the member's salary.

To provide the member's salary:

- use the new *Form 260 – Service purchase application form, Private sector employer/pension plan* for service with a private sector employer;
- continue to use the *Form 160 – Service purchase application form, OMERS employer or public sector employer/pension plan* for service with an OMERS employer or a public sector employer.

More information

Information for members about service purchases, including private sector buy-backs, is available in the Members section at **www.omers.com.**

For more information about private sector purchases, see the OMERS Employer Administration Manual.

Tip: Check in "What's new" for a list of the Admin Manual updates.

Another option ...

If the benefit is still held in the private sector plan, there is another option. The member may be able to transfer the funds into OMERS. If the transfer is permitted, the member would be credited with some or all of their former pension service.

In addition, if there is any shortfall as a result of the transfer, the shortfall can also be purchased as a buy-back after the transfer expiry dates. This applies to buy-backs from past transfers as well.

OMERS wins global award

Earlier this year, the U.K. based World Finance Magazine announced the winners of the World Finance Global Pension Fund Awards 2010 and OMERS was voted Pension Fund of the Year, Canada. The other nominees included at least seven of Canada's largest pension plans.

Michael Nobrega, OMERS President and CEO, was at the London Stock Exchange to accept the award and was interviewed by the magazine. In his remarks, Michael talked about leadership and how OMERS is distinguished from other plans. He also described our new direct drive active management style and how by 2012 we will be actively managing over 90% of our investments.

"To be recognized internationally for our commitment to rigorous risk management, client service, transparency, best practices in corporate governance as well as the innovations we offer as an employer is a significant achievement," Mr. Nobrega said.

Members are catching the myOMERS wave

As at April 25, nearly 11,000 members had registered for our new secure member access site – myOMERS.

"We think myOMERS is great and we are promoting it to our members," says Patricia Leblanc-Jaeger, Coordinator, Payroll & Benefits at St. Clair Catholic District School Board in Wallaceburg.

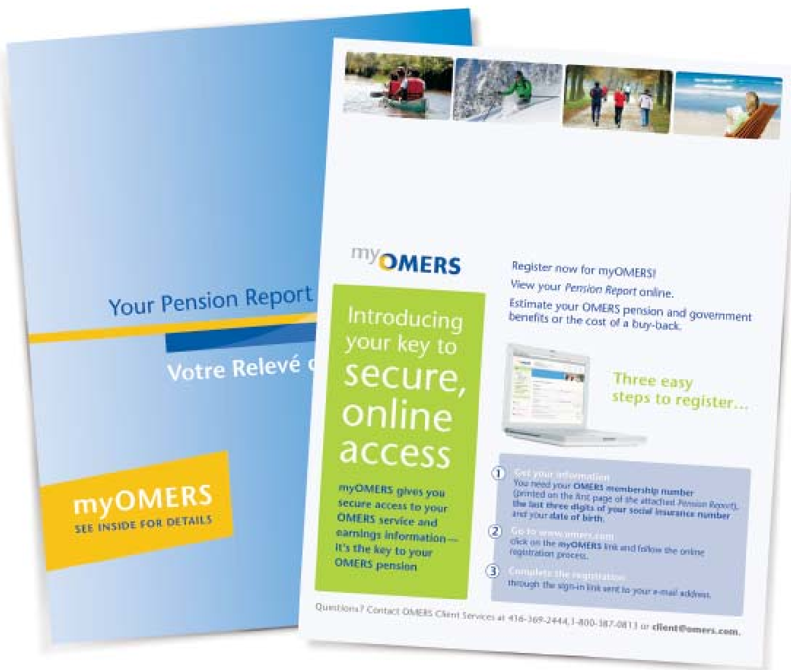
TIP!
Create a link to www.myOMERS.com on your intranet site.

Patricia says that they encourage their members to take charge of their financial future. "The RETIREMENT INCOME ESTIMATOR on myOMERS is an excellent tool. It uses the member's own information. It's flexible. It's easy to use and the member can look at any number of specific dates to help with their retirement planning." Patricia also notes that "Reports are saved on myOMERS for quick and easy reference at a later date."

"We think myOMERS is great and we are promoting it to our members."
– Patricia Leblanc-Jaeger,
Coordinator, Payroll & Benefits,
St. Clair Catholic District School Board

All OMERS members are receiving information about myOMERS and sign-up instructions with their Pension Reports.

St. Clair Catholic District School Board is also using their employee newsletter to promote myOMERS. "We're really excited about myOMERS and we want to get the word out to our members," says Patricia.



Additional Voluntary Contributions (AVC)

Timeline: AVCs being developed for launch on January 1, 2011

Quick Facts:

- AVCs will provide an additional retirement savings opportunity for OMERS members (active, retired and deferred members) up to age 70, within Canadian income tax guidelines.
- AVCs will be available exclusively to members of the OMERS Plan who choose to participate. Participation is not mandatory.
- Active members will be able to contribute to the Pension Fund through regular automatic contributions (direct debit from a bank account) or lump-sum transfers from registered retirement savings accounts or registered pension plans, within established guidelines.
- Retired and deferred members will be able to make lump-sum transfers to their AVC accounts within transfer rules.
- A member's AVCs will be in addition to the defined benefit pension they earn with OMERS.
- AVC features, rules and systems are being developed. Once this is completed, a Plan amendment giving effect to AVCs will be developed for the OMERS Sponsors Corporation's approval later in 2010.
- More details will be communicated throughout 2010 as this retirement savings option is finalized.

Members will manage their AVC accounts through myOMERS.

More e-options for newsletters

e-only *Employer News* coming soon

This is a big year for *Employer News.* By the end of this year, we will distribute the newsletter by email only. "An e-newsletter builds on our e-access program and our relationship with employers," says Ian Kinross, Director, OMERS Pension Communications and Education. "Through the e-newsletter, we will be able to get information to you quickly and efficiently. As business partners, it's a natural next step."

Member News

"Although we are currently legally required to distribute a paper newsletter, we will be moving forward with a balanced electronic and print communications program for members," says Ian.

This summer, an email version of *Member News* will be tested with a small group of members. Through myOMERS, a member can choose an e-only version of the annual statement, and suppress the print version. In the future, we hope to have an e-only option available for *Member News.*

"We continue to look for ways to advance our communication program for members," says Ian. "Balancing our members' needs with electronic commerce and pension rules will be key to maintaining an effective communications program."

We will keep you posted as e-communications options are developed for members.

Email newsletters will allow us to get information to you quickly and efficiently.

Strengthening Ontario's Pension System

On December 9, 2009, the Ontario government released draft legislation, *Bill 236, Pension Benefits Amendment Act, 2009* (Bill 236). Bill 236 is the first stage of what the government is calling a multi-stage pension reform process to modernize Ontario's employment pension system.

Many parts of Bill 236 deal with issues that have been in need of reform for some time, such as grow-in benefits, transfers of assets, phased retirement, confidentiality of information, Pension Advisory Committees, and marriage breakdown, among others.

In February, the OMERS Administration Corporation and Sponsors Corporation made a joint submission to the Ontario Standing Committee on Finance and Economic Affairs. The submission describes Bill 236 as an important first step in pension reform, and focuses on OMERS priority concerns including issues such as asset transfers, phased retirement and grow-in rights.

On April 19, 2010, the Standing Committee on Finance and Economic Affairs reported on Bill 236 and made a number of amendments to the Bill.

Visit www.omers.com/About OMERS/Ontario Pension Reform to view OMERS Administration Corporation and OMERS Sponsors Corporation Joint Submission on Bill 236.

Tip: e-Correspondence is the best way to communicate with us

If you must send information another way, put your group number on the correspondence, including emails sent to **employer@omers.com.**

Tip: Use e-access forms whenever possible

If you have to use a paper form, always print the latest version of the form available on **www.omers.com.** Using old forms can cause processing delays.

New form for proof of eligible service

When a member has eligible service that is not on their OMERS record, we ask the previous employer (where the service occurred) to confirm the service by completing a *Form 168 – Proof of eligible service.*

Sometimes there is insufficient information and the former employer cannot complete Form 168; for example, when the member's employment records have been destroyed.

Previously, when this occurred, the member would provide their own statutory declaration stating the details of the employment. *Form 169 – Statutory Declaration for proof of eligible service – member* is in development to replace the generic declaration.

When submitting a Form 169, we are also asking members to provide proof that they were unable to get employment information from their former employer. If you are the former employer and get a request for proof, we will accept a letter stating that these records no longer exist.

PROOF OF ELIGIBLE SERVICE

If you are the former employer and you do not have enough information to complete Form 168, a letter stating the employment records no longer exist is acceptable. The member will send the letter to OMERS along with *Form 169 – Statutory Declaration for proof of eligible service – member.*

The Pension Report generator

Once you've resolved about 90% to 95% of your data exceptions, activate the **Pension Report generator** on your e-access **Dashboard**.

This allows us to produce Pension Reports for records that have passed our verification checks. Unless the generator is activated, we are unable to release any Pension Reports for your group.

June 13, 2010 deadline

On June 13, 2010, we will automatically begin producing Pension Reports for records that have passed our verification checks – even if you haven't activated the Pension Report generator for your group.

Form 119 annual reporting

By April 25, 2010…

174,601	226,736	12%
Pension Reports were produced	**members submitted information, which represents almost 88% of membership data.**	**of the membership records were left to complete.**

"Thank you and congratulations to the employers whose Form 119 reporting is completed," says Michelle Campbell, Manager, Employer Services."

"We would like to assist you to ensure your annual reporting is done in time for us to print and mail the remaining Pension Reports," says Michelle. "I encourage you to reach out to your Employer Administration Officer if you require assistance with your Form 119 reconciliation."

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	Location
May 27	**Perth** Code's Mill on the Park Inn, 82 Peter Street
June 1	**Stratford** Best Western The Parlour Historic Inn & Suites, 101 Wellington Street
June 15	**Hamilton** Royal Botanical Gardens, 680 Plains Road West (Burlington)
June 22	**Sudbury** Holiday Inn Sudbury, 1696 Regent Street
July 13	**Fort Frances** La Place Rendez-vous Hotel & Convention Centre, 1201 Idylwild Drive B2 - RR#2
July 29	**Toronto** OMERS, One University Avenue, 16th Floor
August 10	**Kincardine** Bruce Power, 3394 Bruce Road 20 (Tiverton)
September 14	**Cornwall** Best Western Parkway Inn & Conference Centre, 1515 Vincent Massey Drive
September 28	**Orangeville** Best Western Orangeville Inn & Suites, 7 Buena Vista Drive
October 6	**Windsor** Roseland Golf & Curling Club, 455 Kennedy Drive West
October 19	**Niagara** Americana Conference Resort & Spa, 8444 Lundy's Lane (Niagara Falls)

Workshops are free, but accommodation and travel is up to you. Please visit **www.omers.com/Employers/Training/Employer Administration Workshops registration** to register.

OMERS will host an employer workshop in Sudbury in June.

Report broken service elections before remitting the payment

- For all broken service purchases, report the member's election to us through an *e-Form 165b – Leave period (member election)* **before** remitting the payment.
- The e-Form 165b enables you to easily include the purchase on the *e-Form 105 – Contribution Remittance Summary* for the payment to be reported separately to OMERS.
- When remitting the payment, list the payment separately under the Service Purchase tab on the e-Form 105. Do **not** include the amount with your RPP contributions.

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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