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AVCs (Additional Voluntary Contributions) Go Live January 2011

AVCs are similar in some ways to registered retirement savings plans, but they are part of the OMERS Primary Pension Plan and enable members to participate in the OMERS Fund.

Lump-sum transfers and automatic contributions begin January 1, 2011.

Over the past few months, OMERS has promoted AVCs through information sessions and a special mailing of the AVC brochure, *There's Value in Membership*. "We appreciate employers' assistance with distributing brochures and with setting up and promoting AVC information sessions," says Ian Kinross, Director of Pension Communications and Education. "We encourage employers to tell their members to contact OMERS Client Services for information about AVCs and to use the tools and resources listed below."

Tools and resources

The following tools and resources aim to help members decide if the AVC option fits with their retirement plans.

- **Retirement planning tools** available on the **myOMERS** secure member site:
  - The **Retirement Income Estimator** estimates OMERS defined benefit pension, government benefits, personal savings – and AVCs can be added to get the bigger picture. A snapshot of before- and after-tax income is provided for each retirement date selected.
  - The **AVC Calculator** provides an estimate of the future balance of an AVC account. It's a great tool for members who just want a quick projection of their potential savings.
- **Information sessions** are being held across the province. The sessions focus on ways to maximize an OMERS pension and how AVCs may fit with a member's retirement savings plans.
- For members who can't attend an information session, the **AVC Virtual Presentation** is a good place to start exploring the features of this new retirement savings and investment opportunity.
- The **Self-assessment Quiz** can help members decide if AVCs fit with their financial plan for retirement.
- **Other online information** includes the guide, *Consider the AVC Option,* case studies and The Terms of Participation. The Getting Started/Forms section is for members who are ready to start contributing to an AVC account.
- **OMERS Client Services** at 1-800-387-0813 is ready to explain how AVCs work, and help members who wish to begin contributing to an AVC account.

An employer's view

John Fleck, Director, HR Services for the Town of Ajax says, "Our employees have shown a strong interest in AVCs. We've had great response to an AVC information session we hosted in December.

"I think AVCs may be attractive to members for several reasons. It's a good product. It's hard to find this kind of diverse fund in the market and the low administration fee is attractive," John says.

John has been with the Town of Ajax for the past 13 years. Before that he worked at Sears for over 25 years.


John Fleck, Town of Ajax

“When I left Sears I transferred my pension out of their plan. To maximize my OMERS pension, I took advantage of the option to buy back private sector service that OMERS introduced earlier this year. I used a portion of my Sears service and converted it into OMERS service,” John says. “And, I will also participate in the AVC option by transferring funds to my AVC account.”

From an employer’s perspective, “OMERS managing the administration of AVCs is a huge benefit to the employer,” John concludes.

Contribution Rate Change in 2011

OMERS Sponsors Corporation (SC) approved a three-year contribution rate increase for members and employers: 1% of a member's earnings per side in 2011, and an average of 1% in 2012 and 0.9% in 2013. Beginning with the first ***full*** pay period in 2011 the rates paid by active members (and matched by their employers) will be as shown in the chart below. (The exact rates for 2012 and 2013 will be determined next year.)

		2010	2011
Normal retirement age 65 members	On earnings up to CPP earnings limit[1]	6.4%	7.4%
	On earnings over CPP earnings limit[1]	9.7%	10.7%
Normal retirement age 60 members	On earnings up to CPP earnings limit[1]	7.9%	8.9%
	On earnings over CPP earnings limit[1]	13.1%	14.1%

[1] The YMPE for 2011 is $48,300.

Reminder: Advise your payroll service of the change in the contribution rates and the change in the CPP earnings limit (YMPE).

OMERS SC also approved temporary changes to the calculation of benefits members receive if they terminate employment on or after January 1, 2013 and before they're eligible for an early retirement pension. (This only affects benefits based on service earned after 2012.) For more details, see OMERS SC approves temporary changes.

Employer Checklist for 2011

Use the **Employer Checklist for 2011** to help you get ready for your Form 119 annual reporting and also as a quick reference guide throughout 2011.

Getting ready for Form 119 annual reporting

By taking the time now to get ready for your Form 119 reporting, you'll eliminate unnecessary work when you start your annual reporting and you'll speed up your 2010 annual reconciliation process.

Before December 31, 2010, make sure you have:

- enrolled all new hires eligible to join OMERS
- submitted all member information changes for 2010, e.g., full-time to part-time status changes
- submitted all benefit claims
- reported all 2010 disability elimination periods and 2010 leave periods.

Also, please sign in to e-access to ensure your account is accessible.

More tools and resources

- For a step-by-step overview of the e-Form 119 process, see the **Annual Reporting (Form 119)** section.
- As you work through your Form 119, please don't hesitate to contact the Employer Administration Officer for your group or OMERS Client Services at 1-800-387-0813.
- For detailed information on OMERS administration, refer to the **OMERS Employer Administration Manual**. It's updated at the end of each quarter and sometimes more frequently. The next update will occur on January 4, 2011 and will include updated calculation examples throughout the manual.

e-only Delivery of Pension Reports

Once your Form 119 data is processed, Pension Reports are prepared for your members. An electronic copy of the *Pension Report* is posted on each member's myOMERS account and a paper copy is sent to the member by mail or through their employer.

Through **e-subscription,** members can "turn off" the paper mailings of their Pension Reports.

Please encourage your members to make the switch to e-only delivery of their future Pension Reports. It's a win-win-win: it's environmentally friendly, helps to make processes more efficient, and keeps paper, printing and mailing costs down.

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OMERS Would Like Your Opinion!

Each quarter, OMERS conducts a **Client Satisfaction Survey** with the help of an external survey firm, Leger Marketing. We invite about 500 active and retired members and about 100 employers who have called Client Services to talk with Leger's staff for about five minutes.

We use the data to measure the quality of our services and develop plans for improvement. Twice a year, in the same survey, Leger calls about 100 employers to ask more detailed questions about employer information sessions, contact with OMERS Employer Administration Officers, and other topics, to gauge our success at meeting your needs. We try to ensure that no employer representative is called more than once a year.

This year, we've met with a challenge. Our total of completed survey calls with employer representatives has dropped significantly. We are concerned about the impact of call screening on our results. Although the survey is completely voluntary, we value your opinions and we would really appreciate your participation. So, if you see "Leger Marketing" on your call display, we hope you will take five minutes to talk with their trained representatives and share your thoughts with OMERS.

