Member Newsletter

myOMERS helps members and lets me focus on bigger issues, says OMERS employer

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Kristen Andrews, Pension and Benefits Assistant is the sole benefit administrator for the City of Barrie. "OMERS administration is the biggest part of my position," Kristen says. "I do everything related to OMERS, from enrolments and contribution remittances to disabilities and retirements."

Kristen says that the best part of the job is helping people. "It's always great to be able to answer questions, and usually people are happy with the answers because they are not aware of the benefits."

When a new permanent employee is hired, Kristen meets with the employee and goes through all of their benefits, including OMERS. "I encourage them to sign up for myOMERS and e-subscription, and I follow up with a reminder email.

"myOMERS saves time." Kristen says. "I've noticed that people ask fewer questions when they are on myOMERS. They can easily update their address and keep on top of their pension.

"myOMERS helps members and lets me focus on bigger issues. I wish more people would use it." To encourage people to sign up, Kristen tells employees to use myOMERS the same way that you would access other benefits, such as health and dental, online.

Kristen Andrews has worked for the City of Barrie for almost two years. "We are a growing city and we see a lot more people coming in. Most employees are really excited to have an employer-matched pension plan like OMERS."

As an OMERS member herself, Kristen says that OMERS means peace of mind in retirement. "It gives me comfort to know that I will have a source of lifetime income when I retire, and that if I become ill or injured there are measures in place."

When asked what's important to her outside of work, Kristen responds "friends and family and being environmentally friendly." She is also an avid snowboarder and wake boarder, and she loves being outdoors in nature and to travel.

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Proposed CPP expansion will change pension landscape

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On June 20, 2016, the federal and provincial Ministers of Finance announced an agreement in principle to enhance the Canada Pension Plan. At the same time, Ontario Finance Minister Charles Sousa announced the Ontario Retirement Pension Plan will not proceed.

The agreement, which begins a seven-year phase-in on January 1, 2019, provides:

- A gradual increase in the replacement rate from 25% to 33.3% between 2019 and 2023; and
- An increase in the maximum amount of income subject to the CPP by 14%, which is projected to be equal to roughly $82,700 in 2025.

The announcement did not identify the contribution rate increases required to fund the increased benefit. However, federal Finance Minister Bill Morneau announced two measures intended to address the cost of the enhancement:

- Enhancing the federal Working Income Tax Benefit as a means of offsetting the impact of increased contributions on low-income workers; and
- Providing a tax deduction—instead of a tax credit—for employee contributions associated with the enhanced portion of CPP in order to avoid increasing the after-tax cost of saving for Canadians.

What Does this Mean for OMERS?

OMERS will continue to conduct analysis as more information about the agreement becomes available. At this point, we know the following:

1. There will be no impact before 2019
2. Changes will be phased-in over seven years
3. The upper earnings limit of $82,700 will be phased in over two years, 2024 and 2025.

We will continue to update our members, employers, sponsors and other stakeholders as more details become available.

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OMERS responds to Brexit vote

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On June 23, the British people voted to leave the European Union. The referendum that led to this decision was announced over a year ago. OMERS has been preparing for this possibility with comprehensive analysis and strategic decisions, including managing currency risk. While we do anticipate high volatility over the coming days and weeks, we are prepared and highly focused on managing through this situation.

As one of Canada's largest pension plans, OMERS is a significant investor in Canada and around the world, including the United Kingdom. Our private market assets in the U.K. were purchased with a long-term perspective that we believe will generate solid returns for our pensioners. Through a disciplined approach, we are carefully managing our investments in public markets, reducing volatility.

Our investment portfolio is highly diversified and reflects the careful, disciplined selection of high-quality assets. OMERS is well-positioned to weather the market volatility and continue to meet the pension promise we have made to members.

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Connecting with, listening to and keeping you informed

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At OMERS Spring Meeting

Held on April 4, 2016, OMERS Spring Information meeting provided a great opportunity for OMERS leaders to update members, employers and stakeholders on OMERS 2015 results and performance and to introduce OMERS 2020 Strategy.

Watch the Spring Meeting

Face-to-face

Many employers have taken the time to meet with OMERS senior leaders. These discussions have proved to be invaluable. We've learned firsthand what we're doing well and where there's room for improvement – knowledge that will help to guide us in the future.

Connecting with employers will continue to be a priority for OMERS. This year, the outreach is being broadened; other members of OMERS executive team are reaching out to meet with some employers to connect, talk about issues and listen to feedback.

At your conferences and workshops

OMERS senior leadership welcomes the opportunity to speak at your function on matters related to OMERS.

To request a meeting for your staff to learn more about their pension, continue to contact our Education and Training team at education@omers.com.

Invite an OMERS senior leader to speak at your function. Contact cohagan@omers.com

For more information, contact Cara-Marie O'Hagan, Vice-President, Member and Stakeholder Communications at cohagan@omers.com.

Online through a new survey

In the past, we have reached out to you to gather feedback through telephone surveys. This year, we will be taking our research online to make it easier and faster for you. Online surveys will begin later this year and continue on a regular basis. If you receive a survey invite from OMERS by email, we encourage you to participate. Your opinions are important to us!

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Contribution rates and Plan change announcements

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In March, OMERS Sponsors Corporation announced that the current contribution rates of the OMERS Primary Pension Plan will remain the same until the end of 2017, and there are no other Plan changes required this year to address the financial health of the Plan.

The Sponsors Corporation also announced that it would consider changing the contribution rates of OMERS Supplemental Plan. Although there continues to be no members in the Supplemental Plan, the review was necessary to ensure the contribution rates reflect current expectations about the future. On June 21, OMERS Sponsors Corporation announced changes to the contribution rates of the Supplemental Plan. More details

AVC program extension for members past age 71

Beyond managing the financial health of the OMERS Pension Plans, there are other reasons to change benefits, such as pension legislation developments or minor administrative matters. These are managed through the Sponsors Corporation's annual process for Other Plan Changes.

Through this process, stakeholders requested a change to the Additional Voluntary Contributions (AVC) program to allow members to keep non-locked-in funds in their AVC account past age 71. On June 21, the OMERS Sponsors Corporation approved in principle the option for members to keep these funds in their AVC account after age 71. The next step is to present the plan amendment needed to implement this feature to the Sponsors Corporation for their approval. We expect this to take place later in the year. We'll keep you posted.

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What are the easiest, greenest and fastest ways to remit contributions to OMERS?

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Electronic funds transfer or direct deposit. Both options are easy, fast and environmentally friendly.

Why make the switch to electronic funds transfer or direct deposit?

- It's safe, secure and you don't have to waste your time cutting and mailing cheques.
- OMERS receives the funds immediately, so you can wait until the due date to remit.
- The risk of incurring interest charges due to Canada Post delays is eliminated.

Electronic funds transfer (EFT)

- We provide you with our banking information and you deposit the money into our account, using your own Internet banking software.
- For more information or to register, send an email to penacc@omers.com stating that you want to switch your remittance method from cheque to EFT. Please include your name, mailing address, phone and fax number in the email.
- Within three business days, we will provide you with an authorization letter containing our banking information.
- OMERS does not charge for this service, but we recommend that you ask your financial institution about possible service charges.

National Direct Deposit Service (NDDS)

- Payment is done by telephone and you receive a confirmation number upon completion.
- To register, please complete and return *Form 101 - Direct Deposit Registration*
- We will forward your completed form to the Royal Bank, who will send you a package with instructions and confirm your enrolment.
- There is no cost to use this service, and you do not need to bank with the Royal Bank.

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Life expectancy is increasing. At age 60, people are living a year and a half longer than they did just five years earlier. Today, a 60 year old woman has a life expectancy of almost 90 years and a man can expect to live to age 87.

What does this mean for OMERS?

Increasing lifespans is good news for our members. Longer life spans also translate into more years on pension, which must be taken into consideration when calculating some benefits and projecting the cost to pay future pensions. We are on top of this – we have already taken increased longevity into account.

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Each issue, we will answer one or two of the top questions employers are asking.

How do I report a lump-sum payment made in lieu of working notice for an employee termination without cause?

In these situations, the *Employment Standards Act (ESA)* requires uninterrupted benefits coverage, which includes pension participation, during the ESA notice period. Therefore, for the ESA notice period portion of the lump-sum payment:

- employers must continue to make matching pension contributions for the member; and
- accrual of pension benefits will continue for the member.

For OMERS reporting purposes:

- Set the termination date to the end of the ESA notice period.
- Deduct, match and remit contributions on contributory earnings to the end of the ESA notice period.
- Calculate and report the pension adjustment (PA) on contributory earnings up to the end of the ESA notice period.

Example

- Member's employment is terminated on June 30, 2016.
- The employer does not provide working notice of the termination.
- The employer issues a single payment to the member equal to one year's regular salary.
- The member worked for the employer for eight years; therefore, the ESA notice period ends on August 25, 2016, which is June 30 plus eight weeks.
- The employer puts August 25, 2016 as the termination date on ***Form 143 - Request for an OMERS Plan Benefit***, and OMERS contributions are applicable up to that date.

Notes:

1. PA reporting when the ESA notice period extends into the following year

- ***Exclude*** **any severance payment portion of the lump sum from contributory earnings**

In addition to requiring benefits continuance during the notice period, ESA may also require a severance payment. Under OMERS rules, severance payments are *excluded* from contributory earnings.

2. PA reporting when the ESA notice period extends into the following year

- Under the *Income Tax Act* (ITA), the lump-sum payment is taxable in the calendar year it is issued.
- This means that if the ESA notice period extends into the following calendar year, there are no earnings in the following year.
- However, for OMERS purposes, the member would continue to accrue credited service, and you would continue to deduct, match and remit contributions, and calculate and report a PA up to the end of the ESA notice period.
- The challenge is that without earnings in the following year, a PA cannot be calculated, and a PA must be reported for any period of credited service in OMERS.
- The Canada Revenue Agency (CRA) has noted that employers would face fewer challenges if they continued regular salary and benefits during the ESA notice period instead of paying the lump sum.
- We recommend that you contact CRA or your payroll provider if you have to deal with this situation.

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Discover the all new Employer Administration Manual

You asked us to modernize our approach and provide a resource tool that is easier to use, searchable and customizable. We listened! On June 1, our new Employer Administration Manual went live on omers.com. Be sure to check it out!

e-Learning tool is coming soon

e-Learning is an interactive way for you to enhance your knowledge of OMERS administration at your own pace. You will be able to access e-Learning anytime and use it to test your knowledge or as resource when you need a refresher. e-learning will be rolled out over the coming months.

Encourage your OMERS members to sign up for myOMERS and e-subscription

myOMERS provides members with a quick and easy way to update their address, phone or email. It also allows members to access their pension information electronically, rather than having to wait for paper reports to be delivered by mail.

myOMERS e-subscription option is fast, efficient, cost-effective and environmentally friendly. Encourage your members to sign up!

Annual reporting update - our best year ever!

We'd like to say a big thank-you to employers who helped make this year the best ever.

- As of June 27, 95% of employers have completed their 2015 e-Form 119 annual reporting (52 more employers and we'll be at 100%).
- 263,000 members will receive their *Pension Report* before June 30.

Our annual reconciliation team has worked hard to make this year a success, but we couldn't have done it without your help. Thanks!

OMERS spring employer conference

Networking, connecting, conversation, and idea-sharing are at the heart of OMERS employer conferences. For instance, one of the best practices shared by a number of participants was the importance of keeping on top of submitting forms to OMERS throughout the year. Another was to schedule regular visits to omers.com to check for news updates and changes.

Held in Sudbury on May 25, over 300 administrators attended the conference in person and via webinar connection.

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Highlights included two special workshops. One was a sneak peak of the new OMERS Administration Manual. The other was a feedback forum to find out what you need from us as we move forward with a major project to significantly upgrade our pension administration system and processes. We appreciate your ideas and input.

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