OMERS
member news

NUMBER 92 • FALL • 2011

OMERS member Jackie Preston

2012 contributions, Plan changes announced

The OMERS Sponsors Corporation (SC) has set contribution rates for 2012. Rates for the OMERS Primary Pension Plan will increase as part of OMERS strategy to return the Plan to full funding. The SC announced its strategy in 2010, with total contribution rate increases of 2.9% per side (members and employers) over three years, starting with a flat 1% increase per side that was implemented in 2011.

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An OMERS pension will provide you with retirement income for life and includes inflation protection, early retirement options and survivor and disability benefits. *Member News* keeps more than 259,000 members up to date on Plan news and benefits.

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2012 Contribution Rate Increase

OMERS Plan contribution rates for 2012 are shown in the table.

Contributions to the OMERS Plan are made by members and matched by employers. Changes are effective with the first full pay in 2012.

		2011	2012
Normal retirement age 65 members	On earnings up to CPP earnings limit*	7.4%	8.3%
	On earnings over CPP earnings limit*	10.7%	12.8%
Normal retirement age 60 members	On earnings up to CPP earnings limit*	8.9%	9.4%
	On earnings over CPP earnings limit*	14.1%	13.9%

CPP earnings limit (Year's Maximum Pensionable Earnings or YMPE) in 2011 is $48,300; the limit in 2012 will be higher. OMERS members pay a lower rate of contributions on earnings up to the YMPE because OMERS and the CPP are designed to work together to provide pension benefits. Pension plan contributions are tax deductible which will lessen the net impact on Plan members.

Examples of biweekly contribution increases, based on 26 pay periods

Normal retirement age 65

Total annual earnings example	2011 contributions	2012 contributions[1]	Difference per pay (gross)[2]	Difference per pay (net)[2]
$25,000	$ 71.16/pay	$ 79.81/pay	$ 8.65	$ 6.40
$50,000	$144.47/pay	$162.56/pay	$18.09	$12.46

Normal retirement age 60

Total annual earnings example	2011 contributions	2012 contributions[1]	Difference per pay (gross)[2]	Difference per pay (net)[2]
$50,000	$174.55/pay	$183.71/pay	$9.16	$6.31
$75,000	$310.13/pay	$317.36/pay	$7.23	$4.98

[1]Calculation uses the 2011 YMPE.
[2]Differences before and after tax are based on a marginal tax rate.

These rate increases are intended to be temporary; when the Plan reaches full funding and the deficit is eliminated, rates will be adjusted.

These changes do not affect OMERS retired members, deferred members, or survivors.

The SC will set contribution rates for 2013, following further review. These rates will average 0.9% per side. The SC will continue to review the principles for allocating and determining contribution rates for all members.

The increases will affect members differently at various earnings levels and normal retirement ages (65 and 60). Some groups will be paying more or less than the 1% average for 2012. These adjustments are based on careful consideration of rates and benefits within the total OMERS membership.

In 2011, the SC made two other key decisions affecting the OMERS Plan and the Retirement Compensation Arrangement (RCA):

- The SC made the decision to file the December 2010 Primary Plan valuation with the regulators. Pension plans must file an actuarial valuation showing assets and obligations at least once every three years. The next required filing will be the December 31, 2013 valuation.
- The funding flexibility of the RCA was enhanced. The RCA is a separate fund that pays benefits over and above the maximum that can be paid from the OMERS Plan under the *Income Tax Act*. Effective January 1, 2012, the earnings level at which an OMERS member makes contributions to and ultimately receives benefits from the OMERS Primary Plan versus the RCA will vary within a certain range each year, based on the actuary's projections. The RCA will be reviewed annually to ensure it maintains a viable funding level.

The OMERS SC is responsible for plan design and contribution rate decisions. The SC Board includes representatives from members and employers contributing to the Plan.

OMERS is one of the top pension plans in Canada, and like many other major public sector plans, is on course to address funding challenges. Read more about plan funding at **www.omers.com**.

Requesting a cost to buy service just got easier

If you're eligible to buy service to add to your OMERS pension, we're happy to report that requesting a service purchase cost will be simpler starting September 26, 2011, thanks to our new streamlined process.

We'll provide you with the cost to buy your past service, give you time to review your options, and if you decide you want to go ahead with the purchase, then we'll get you to complete the paperwork.

The recommended way to request a cost to buy service:

Buy-back Calculator on myOMERS secure site: Enter your information and we'll calculate the cost of the service purchase with data from your file. A cost package will be sent to your myOMERS account and will include: a summary of your cost to buy the service and the resulting increase in your pension; information about your payment options and next steps; the forms you need to complete the purchase.

Important! You can only have one cost at a time in myOMERS. The buy-back cost expires after six months. If you have new information that might affect your cost (e.g., less service than you originally thought), you can contact OMERS Client Services to request a new cost package.

It's easy to register for myOMERS: go to **www.omers.com/pensions** and click on the myOMERS link.

Not on myOMERS? Not to worry... phone OMERS Client Services – we're here to help. We'll help with your request and mail the cost package to you. Phone 1-800-387-0813. Please have your OMERS membership number handy when you call.

The cost will depend on the amount of service and when it occurred.

Refunded service with a former employer's pension plan can easily be included in your cost request. Proof of this service is required only if you choose to buy the service.

The rules for buying service do not change, such as the types of purchasable service.

If eligible service is added to your record and it is purchaseable, a buy-back cost will be automatically generated and sent to you.

You may be able to buy service you had in a private sector employer's pension plan and convert it to OMERS credited service. We offer a payment plan and different payment options as well. Read more at **www.omers.com/Pensions/Members/Maximize Retirement Income/Maximizing Your Pension/Buying service.**

You can increase your credited service in the OMERS Plan (and increase your retirement pension and survivor benefits) by purchasing previous service.

New legislation in 2012 for marriage breakdown

Starting January 1, 2012, OMERS and other pension administrators in Ontario will have to follow new regulations for settlement of pension benefits in the event of a marriage breakdown (including common-law relationships).

Under the new rules, a plan member (or member's spouse, as applicable) will be required to use specific forms, being developed by the Financial Services Commission of Ontario (FSCO), to apply to a pension administrator for a valuation of pension entitlements, or to apply for any of the settlement options. FSCO has posted FAQs online at **www.fsco.gov.on.ca.**

OMERS role in supplying pension information after a marriage breakdown is specifically set out in Ontario pension legislation and regulations. As an administrator, OMERS is required to follow specific guidelines for the valuation and administration of settlement options. OMERS is preparing for the new regulations and will provide updates as more information is available. Please note that from January 1, 2012 onward, OMERS can only accept applications using the FSCO-approved forms under the new rules.

How did we do? Client surveys gauge our service to you

OMERS regularly conducts client satisfaction surveys of our members and employers to get their feedback on the quality of our service.

Members who recently called OMERS Client Services or had a transaction processed (such as a request for a pension estimate) may be asked to participate in a telephone survey.

"We rely on our members and employers to give us their honest and open feedback," said Jennifer Brown, OMERS Chief Pension Officer. "Positive or negative, it's important because it helps us focus on where our service could be improved or streamlined."

2011 surveys showed high levels of client satisfaction

Satisfaction with the overall level of service from OMERS was rated highly in the survey conducted in the first half of 2011. (Ratings are from 1 to 5, with 5 meaning completely satisfied.)

- 88% of members and employers who had a recent transaction with OMERS or who contacted OMERS Client Services gave a rating of 4 or 5 for satisfaction with the overall level of service.

OMERS works with a trusted supplier, Leger Marketing, to conduct the surveys. Our interviewers will not ask members for any personal or financial information. If you are contacted for the survey and you have any concerns, please call OMERS Client Services.

New rates announced for OMERS Supplemental Plan

New contribution rates for the OMERS Supplemental Plan for Police, Firefighters and Paramedics were announced by the OMERS Sponsors Corporation in August 2011, and are effective from January 1, 2011.

The Supplemental Plan was established in 2008 under provincial legislation. Supplemental benefits can "top up" the pension a member earns in the OMERS Primary Pension Plan. Benefits are not automatic; they can be offered by an employer, typically as the result of the collective bargaining process.

Supplemental Plan contribution rates are set assuming a minimum of 5,000 participating members. As of August 2011, there were no members in the Supplemental Plan. A fact sheet about the Supplemental Plan including contribution rates is at **www.omers.com/Pensions/Employers/Supplemental Plan.**

OMERS acquires leading ship services firm

OMERS Private Equity recently acquired V.Group Limited, a leading supplier of outsourced ship management, crew provision and related marine services, based in the U.K.

V.Group manages the running and maintenance of over 700 vessels for clients in the shipping, offshore, leisure and defence sectors. V.Group operates in 34 countries and has a network of 70 offices.

"We believe V.Group's extensive global network, track record of profitable growth and breadth of services provide significant long-term potential," said Mark Redman, Senior Managing Director of OMERS Private Equity in Europe.

"V.Group is a global leader operating in robust and growing segments of the market. We believe the future opportunities for V.Group are extremely attractive," Mr. Redman said. "We look forward to using our significant financial resources and international network to support the strategy for growth, particularly in emerging markets."

The acquisition of V.Group for $520 million (US) builds on the investment successes of OMERS London office:

- Oxford Properties acquired a 50% share in MidCity Place in London, and is partnering with British Land to develop the 122 Leadenhall Street Building; and
- Borealis Infrastructure – with the Ontario Teachers' Pension Plan – acquired HS1, a high-speed rail network connecting St. Pancras Station in central London to the Channel Tunnel.

For more about OMERS investments please see OMERS Annual Report at **www.omers.com**.

AVC transfer window to open January 1, 2012; plus year-round options

AVCs (Additional Voluntary Contributions) are the retirement savings option provided exclusively to OMERS members, and were launched in January 2011. Since then, close to 5,000 members have chosen to participate.

It's easy to participate in AVCs:

- You can transfer funds from other registered retirement savings vehicles to an AVC account during the next transfer "window," from January 1, 2012, until the end of April 2012.
- You can set up automatic contributions using pre-authorized debit at any time of year with a minimum contribution of $20 every two weeks – no transfer window applies.
- You can set up an AVC account using fund transfers and automatic contributions.

AVCs are a feature of the OMERS Primary Plan pension. Funds in an AVC account begin to earn the OMERS Fund rate of return, less investment management expenses, from the date they are received.

Are AVCs right for you? Visit **www.omers.com** to learn more. Or come to an AVC information session – see page 8 for dates and locations.

Pensions 101: The value of your pension

Sometimes you can't see the forest for the trees, as the saying goes. But not seeing the big picture may end up costing you money.

If you leave your OMERS employer before you are eligible for early retirement, you will have the option to transfer out the commuted value of your OMERS pension.

To elect the commuted value transfer is no small decision. Many other factors may come into play. Consider the example of a member who is close to being eligible to start a pension and decides to leave his employer; he chooses the option to transfer the commuted value of his pension out of the Plan in a lump sum, rather than waiting to start a pension. However, he discovers that his decision makes him ineligible for the retiree health benefits offered by his employer. That's because his employer defines "retirement" as "starting an immediate pension."

It's an important point to consider. If your employer offers health and dental benefits for retirees, or any kind of "retirement bonus" payment, check into how you might qualify. Would transferring your benefit out of the OMERS Plan disqualify you? Health benefits are not part of the OMERS Plan.

A lump-sum value of your OMERS pension can be a substantial amount of money. If you are working with a financial adviser, understand how the adviser is paid – do they charge you a fee or more typically, do they earn commission on the sale of investment products? And do you fully appreciate the lasting value of a defined benefit pension, such as OMERS?

Your OMERS pension is paid for your lifetime, is indexed to inflation and includes survivor benefits. Your pension is based on your earnings and years of service, not on how investment markets are performing.

At first glance, a lump sum is enticing. But it's crucial to understand the real value of what you would be giving up. Do other retirement savings vehicles offer everything that is "built-in" to your OMERS Plan pension? Take a close look… your pension can be worth a lot.

E is for e-only: our progress in online options

We've been testing an e-version of *Member News* with a pilot group and we're pleased with the results. From the comments we've received from members, we know that many prefer reading the news online. Eventually we'd like to offer an e-newsletter to all members who elect e-only delivery.

What's available as e-only, for registered myOMERS users:

- Annual pension statement: e-only delivery to your secure myOMERS account.
- Service purchase cost (see page 3): get a cost statement sent to your myOMERS account.
- Estimate your OMERS pension with the Retirement Income Estimator.

OMERS pension provides career-long value for the money, says member

Early in Jackie Preston's career, when she left her job with an OMERS employer, she chose to take a cash refund of the value of some of the OMERS pension she had accrued. A few years later, when Jackie began working for Toronto Fire Services, she looked into buying back that previously refunded service.

But at the time, she says it just didn't fit with her financial situation.

"I'd be in much better shape now if I'd left the money in the [OMERS] Plan to begin with," Jackie says. She is currently an Acting District Chief with Toronto Fire Services. "When you're young, retirement is just not on your agenda. You make decisions and later on, you wish you'd done things differently."

Purchasing past service increases a member's credited service in the OMERS Plan. OMERS recently introduced a monthly payment plan (in addition to lump-sum payments) that can make service purchases easier to manage for many members. With the payment plan, members who wish to buy service can arrange to pay over 12, 24, or 36 months.

Having an OMERS pension is something that Jackie says gives her a great deal of confidence in her financial future. She says working for an employer where joining the OMERS Plan was mandatory has been a positive experience for her.

"I'm not naturally money-oriented," Jackie says. "When you take a job with an OMERS employer, you're required to join the Plan. The great thing about this requirement is that I haven't really had to think about it. So when I retire, I'll have a pension and it'll be safe."

Jackie's financial goals include paying off her mortgage by the time she retires – she makes extra payments on her house whenever she can – and keeping her credit card balances paid off. "You do what you have to do," she says.

In her off-hours, Jackie enjoys travelling, literature and current events. She is an avid reader and during a recent vacation, says she read three books in one week. Jackie regularly reads two newspapers a day.

Asked what advice she would give to younger members, Jackie says to take the time to learn more about the OMERS Plan. As well, develop an understanding of the "value for the money" that an OMERS pension provides. She acknowledges that the contributions deducted from one's paycheque aren't always easy to handle, but says to look at the long-term picture.

"Younger members don't need to worry about the money they're contributing to the Plan," Jackie says. "In the long run, they'll be rewarded with a pension. Even when contribution rates increase, we don't have to worry; we know it'll be coming back to us."

Be pension savvy

If you'd like to learn more about your pension and chat with OMERS knowledgeable staff, register for one of these free sessions.

Topics include:

- How your OMERS pension is calculated;
- How OMERS and CPP are integrated to provide you with steady retirement income;
- How inflation protection preserves the value of your OMERS pension over time; and
- How survivor benefits can give you peace of mind.

Sessions are from 5:30 p.m. to 7:30 p.m. and are offered free of charge. Travel or accommodation costs are up to you. Seating is limited, so please register early. Visit www.omers.com to view the calendar and to register. Or contact OMERS Client Services at 1-800-387-0813

November 23 **Ottawa (French)**	Chimo Hotel 1199 Joseph Cyr Street, Ottawa

AVCs, buy-backs and transfers…

Make the most of your retirement income – featuring the AVC option, a retirement savings and investment opportunity available exclusively to OMERS members. As well, we'll look at other options to increase your credited service so you can possibly retire earlier with a larger pension.

Sessions are from 5:30 p.m. to 7:00 p.m.

October 18 **Ottawa**	October 27 **Stratford**	November 22 **Cambridge**	December 13 **Guelph**
October 19 **Orillia**	November 8 **Windsor**	November 24 **Hawkesbury (French)**	December 15 **Oshawa**
October 25 **Brockville**	November 10 **Owen Sound**	November 24 **Sarnia**	
October 26 **Toronto - OMERS**	November 17 **Sault Ste. Marie**	December 8 **Toronto - OMERS**	

OMERS hosts an evening with Mary Poppins for United Way

OMERS United Way Committee has organized an exclusive evening of the magical musical *Mary Poppins*, on November 22, 2011, in Toronto. OMERS employees have been long-standing supporters of the United Way, and every ticket sold for this performance supports the United Way.

You can order tickets by email: **marypoppins@omers.com** or by phone at 1-800-387-0813 ext. 6737.

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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Disponible en français

Printed on paper made from 50% recycled material, 30% post-consumer waste.

ISSN 1913-7400 (Print)
ISSN 1913-7419 (Online)

Publications Mail
Agreement No.: 40010368

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Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
Cert no. SW-COC-2111
www.fsc.org
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