



OMERS

Comprehensive Plan Review and the Fight to Protect Guaranteed Indexing

The Sequel

CUPE Ontario Presentation, 2018

This presentation was presented at the CUPE Ontario Conference. This is a comprehensive review of the OMERS plan and the issues concerning the importance of pension indexing and the CUPE campaign to protect our pensions. The presentation has been reviewed and approved by ATU 1573.

OMERS at a Glance

- Defined benefit pension plan for school board support staff, municipal workers, including police and firefighters & CAS
- Serves over 482,000 members & retirees from 1,000 employers across Ontario
- Approximately 119,000 CUPE members constituting 44% of the active plan members

OMERS at a Glance

- Decisions on plan design – benefits and contributions - are made by the OMERS Sponsors Corporation (SC)
- As OMERS is a jointly-sponsored pension plan (JSPP), representatives of active and retired members have only 50% of the plan voting rights on the SC
- Employers have the other 50%

OMERS Background

- OMERS in deficit funding position after the 2008 financial crisis
- Other pension plans got rid of benefits like guaranteed 100% inflation indexing
- Indexing costs \$ on the balance sheet – get rid of it – plan looks better funded
- Workers' side of the SC resisted employer attempts to get rid of the guarantee – 50-50 tie defeats proposals

Indexing Today At OMERS

- OMERS plan currently provides full, guaranteed, annual indexing
- OMERS retirees' pensions rise, automatically, to keep up with annual increases in the Consumer Price Index (CPI) – up to 6%
- This benefit is guaranteed by Pension Benefits Act for retirees and all current members' earned service

Other benefits in OMERS

Along with the base pension and indexing, a number of other benefits are included your OMERS pension. They include:

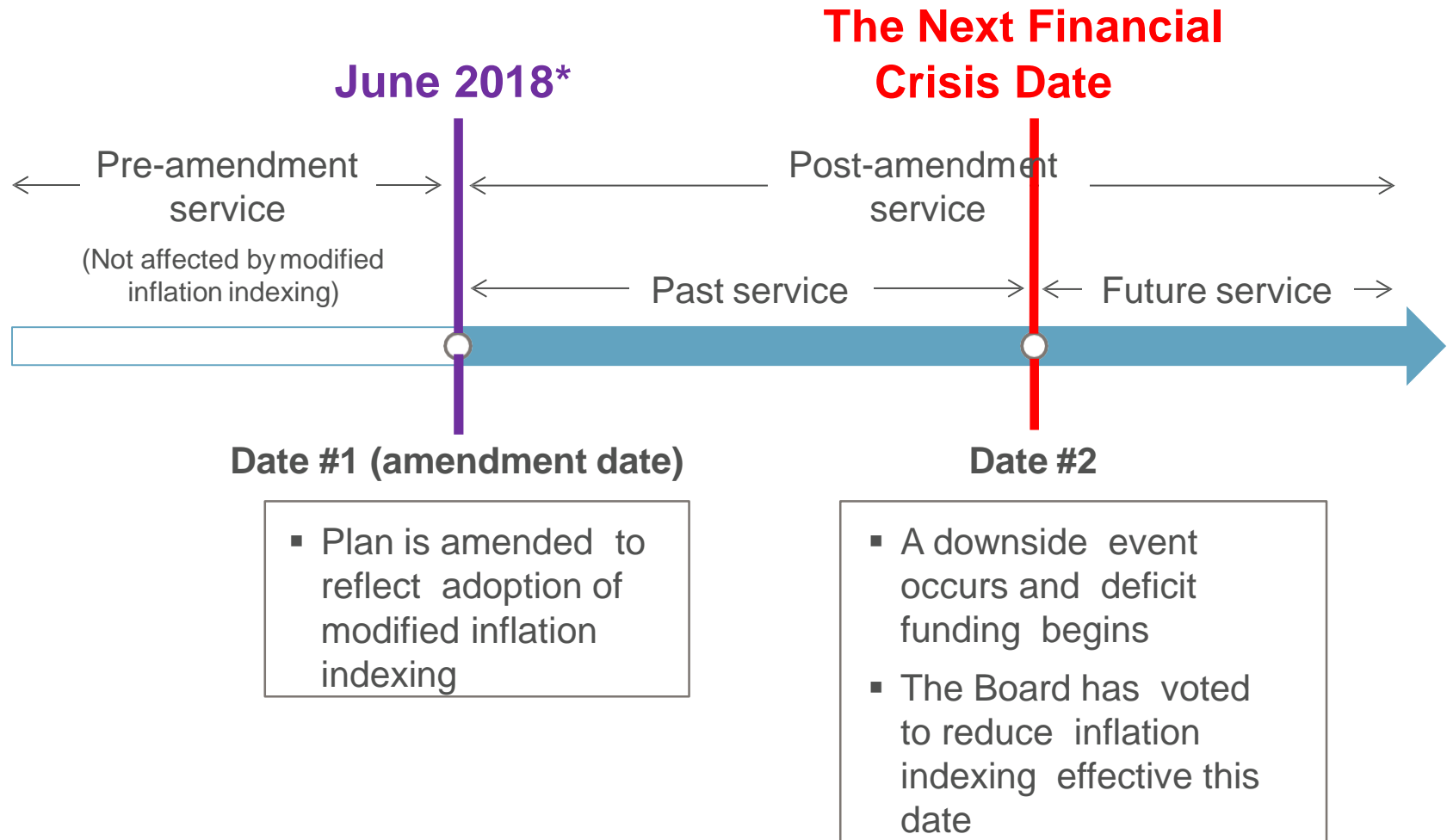
- Early Retirement
- Bridge Benefit
- Survivor Benefits

What We Fought Off Last Year

Modified Inflation Indexing (MI²)

- Would have amended the OMERS plan text to take the written guarantee of 100% indexing out of the plan text
- It would set a date in time
- All years of pension service before then, 100% indexing guaranteed
- All years of pension service after that, 100% would not be guaranteed

Timeline of events for modified inflation indexing and a few important terms



How did we Fight this Off?

- Talked to members
- Thousands of emails to OMERS
- Our Sponsors Corp Trustees
- Worked with Allies
- Met with OMERS
- Had more planned.....then they backed off

Why is this Issue Back? The Sequel

- Since the last attempt to remove guaranteed indexing failed, a new route.
- Undertook a Deloitte Study on the future of the plan membership
- Brought in more experts on the future economy
- Launched a Comprehensive Plan Review

Comprehensive Plan Review

- Instead of focusing on growing the plan, the Comprehensive Plan Review is looking at a number of possible benefit reductions.
- Of all the options, we believe OMERS is pushing for its Modified Inflation Indexing (MI²) plan or some other proposal around removing the indexing guarantee

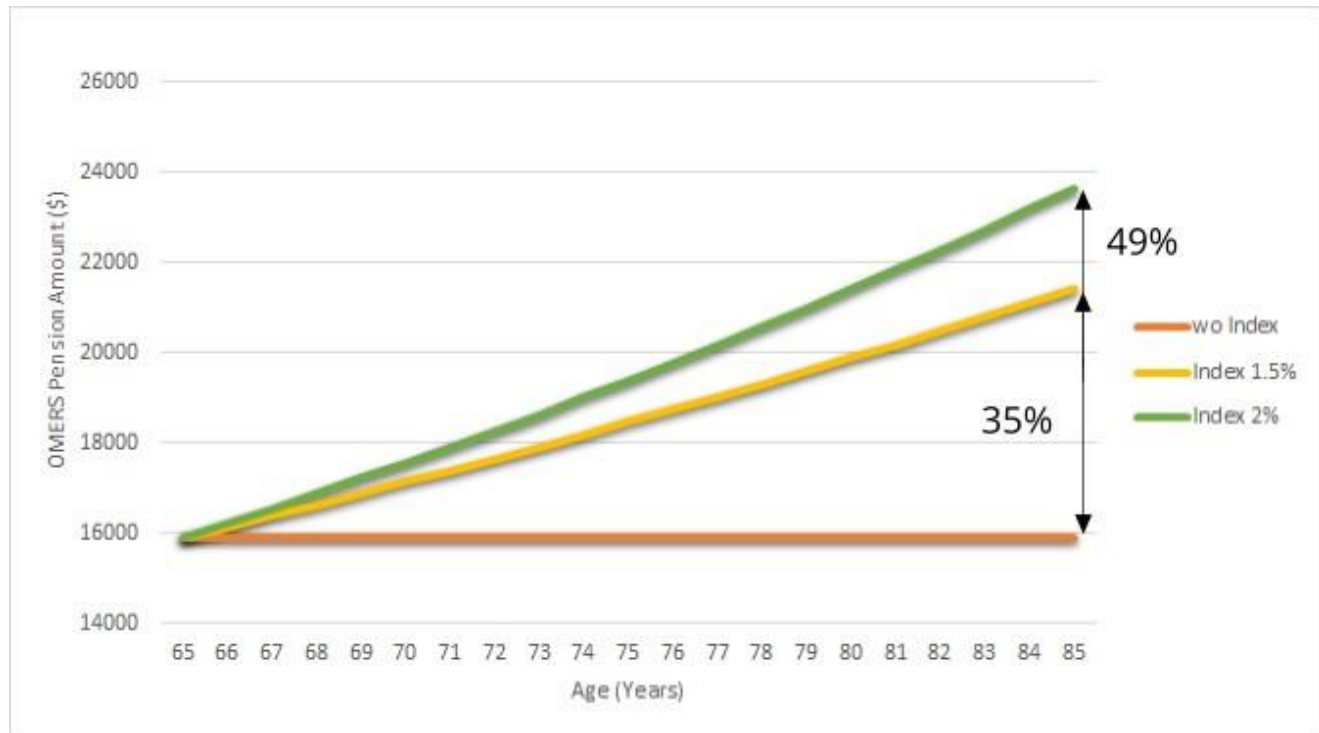


**Just how important is indexing to
your pension income?**

Example 1: Pat, Payroll Clerk

- Retires after 30 years of service at age 65.
- Best 5 avg.: \$40000
- What is Pat entitled to?
 - Annual pension of \$15900
 - CPP
 - Annual Indexing: 20 yr avg approx. 2%

Pat's Pension with and without Indexing



Why is this an Issue Now?

- Plan's funded status is improving
- Got through 2008 financial crisis
- OMERS says "aging" plan membership the reason
- Will pay out more than takes in each year
- Employers have always wanted to get rid of indexing

The Politics

- The hyped-up campaign of doom and gloom is working on SOME workers' reps on the SC
- If 3 worker side SC reps agrees to adopt with employers, they would have a 2/3 vote to push it through

Fightback – The Sequel

- CUPE Ontario is outreaching to worker side SC Representatives and Sponsor organizations (OSSTF, OPSEU, Firefighters etc.)
- Our Trustees continue their work at the Board
- Press work
- Campaigning with Members

Going Forward

- Building a campaign to respond
- Meeting with allies
- Explaining to members
- Mobilizing with members – Take Action– to let SC know how important OMERS benefits, including guaranteed indexing are for plan members
- Actions being organized

Questions and Answers

<https://cupe.on.ca/omers-guaranteed-indexing/>