

Sample Letter

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To: Members of the OMERS Sponsors Corporation

We are writing to express our opposition to the treatment of the contribution rate increase at OMERS for 2012. While we understand the need for an overall contribution rate increase in 2012 to address the current funding deficit at OMERS, the way the contribution rate increase has been allocated between those with a Normal Retirement Age of 60 (Police Officers & Fire Fighters) and those with a Normal Retirement Age of 65 (most of the plan members, including all of the CUPE members in the plan) is clearly unfair.

Based on the information provided in the OMERS Fall Newsletter, a typical member of the Police Officer/Fire Fighter group, earning \$75,000 per annum only has to pay a contribution rate increase of \$188 (0.25% of contributory earnings), while a typical Normal Retirement Age 65 member, earning \$50,000 per annum, who has to pay an increase of \$470 (0.95% of contributory earnings). This inequality should be plain for all to see. How can higher-paid members of the plan with a superior benefit structure end up paying a smaller increase in 2012 than a typical Normal Retirement Age 65 member earning \$50,000 per annum? This inequality becomes even more pronounced as we move down the income scale.

This is a clear case of cross-subsidization by one group at the expense of another, and it is both a violation of the spirit of the OMERS Act and what has been a clear philosophy at OMERS for many years, a philosophy of aligning current service contributions with Normal Cost. This has very serious implications for the future of OMERS. If the situation is not remedied, it will quickly lead to instability in the plan. This is because the current plan structure is not working for the subsidizing groups, who will inevitably seek other alternatives to the current plan arrangements.

With this in mind, we strongly advise the OMERS Sponsors Corporation Board to promptly remedy this inequity in 2012 by approving a set of principles to prevent any further cross-subsidization between the groups with clear and predictable differences in the OMERS plan – these being the Normal Retirement Age groups and the groups above and below the YMPE.

Yours truly,