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January 18, 2016

Michael Latimer
President and Chief Executive Officer
One University Ave., Suite 700
Toronto, ON M5J 2P1

And

George Cooke
Chair, OMERS Administration Corporation
One University Ave., Suite 700
Toronto, ON M5J 2P1

Dear Michael and George:

I am writing to you regarding the expansion of the Canadian Pension Plan (CPP) on behalf of CUPE Ontario members, who represent more than 40% of the active plan members at OMERS.

The expansion of the CPP is once again under serious discussion at the federal level as a result of the Trudeau government's recent election promises. As we have communicated in the past, CUPE Ontario, like all of the unions representing members in OMERS, is in support of a universal gradual increase in contributions moving towards a universal doubling of the CPP benefit as called for by the Canadian Labour Congress (CLC). Indeed, we have been actively working towards this since 2009.

The CPP is a vital, public, and universal retirement plan for all Canadians, including our members in OMERS. Its expansion is necessary to ensure retirement income security and our nation's economic prosperity in the future. It is a stable, portable, defined benefit plan model that has stood the test of time, and its universal nature is the foundation of its success.

Polling shows CPP expansion is overwhelmingly supported by Canadians. Not only are those union sponsors at OMERS supportive through the work of our national body, the CLC, but the Federation of Canadian Municipalities (FCM), the national organization representing a key employer stakeholder at OMERS, also passed a resolution in support of CPP expansion in May 2010.

Given our experience with OMERS surrounding the formation of the Ontario Retirement Pension Plan (ORPP), I am writing today to insist that OMERS not enter into the political debate around CPP expansion, particularly around the issue of universality.

Universality of public pension plans is critical to all CUPE Ontario members, including those in OMERS. In numerous conversations with the Ontario government during the debate surrounding the ORPP, it was made clear to CUPE Ontario that OMERS advocated against universality for this proposed new public pension plan. This, despite the fact that OMERS members, like all other Ontarians, would have benefited from the increased retirement income security an expanded and universal ORPP would have delivered.

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Fred Hahn
President

BUILDING A BETTER ONTARIO

Candace Rennick
Secretary-Treasurer

This is particularly true for lower-waged OMERS members, the majority of whom are women. The traditional target of 70% replacement of pre-retirement income is a pipe dream for many of our members, and even if this target were achieved, such members would be left dangerously close to the poverty line in retirement. Although this is the stark reality for too many OMERS members, it appears their own pension plan advocated to the Ontario government that they not be allowed to participate in the ORPP.

Given this recent experience with the ORPP, I write to ensure that OMERS not intervene with both the provincial and federal governments on the issue of CPP expansion, which is clearly a political issue. Any work by OMERS to advocate against a universal expansion of CPP would not only go against the best interest of plan members, but also against the best interest of Canadian workers as a whole.

There are real economic imperatives for ensuring increased retirement income security for Canadians going forward. Universal CPP expansion is the lowest cost way to achieve that goal. The CPP was designed as a universal program and any deviation from that structure – such as OMERS advocated for in the ORPP -- would negatively impact the CPP in multiple ways, not the least of which is in the cost and administration of the plan. Obviously, this would be bad for all Canadians, including OMERS members.

Defined Benefit (DB) workplace plans like OMERS have come under increasing attack in recent years in the public realm as a result of ‘pension envy’. Although CUPE Ontario has been supportive of the work OMERS and other DB plans have done to counter these attacks, pension envy remains. As long as the percentage of Canadians who rely solely on the CPP for their retirement grows and the replacement rate of CPP remains low, the political climate that jeopardizes DB workplace plans will worsen. Any argument against universal CPP expansion by OMERS would feed the very climate causing pension envy in the first place.

CUPE Ontario knows that the primary duty of OMERS is to act in the best interest of plan members. Universal CPP expansion, for the reasons detailed above, is clearly in plan members’ best interest. It is therefore clear that OMERS’ duty to plan members demands nothing less than supporting the universal expansion of the CPP.

Given the robust government relations activities of OMERS, and the plan’s actions in relation to the ORPP in Ontario, I request on behalf of CUPE Ontario members in OMERS copies of any communications that may have already occurred between OMERS (or its agents) and government(s) to date on the issue of CPP expansion.

Yours sincerely,



Fred Hahn
President

cc: M. Love - Co-chair OMERS SC
F. Ramagnano - Co-chair OMERS SC
B. O’Keefe - OMERS SC
T. Maguire – OMERS SC
J. Weatherup – OMERS AC
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