



# OMERS

## Comprehensive Plan Review and the Fight to Protect Guaranteed Indexing

### The Sequel

CUPE Ontario Presentation, 2018

# 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

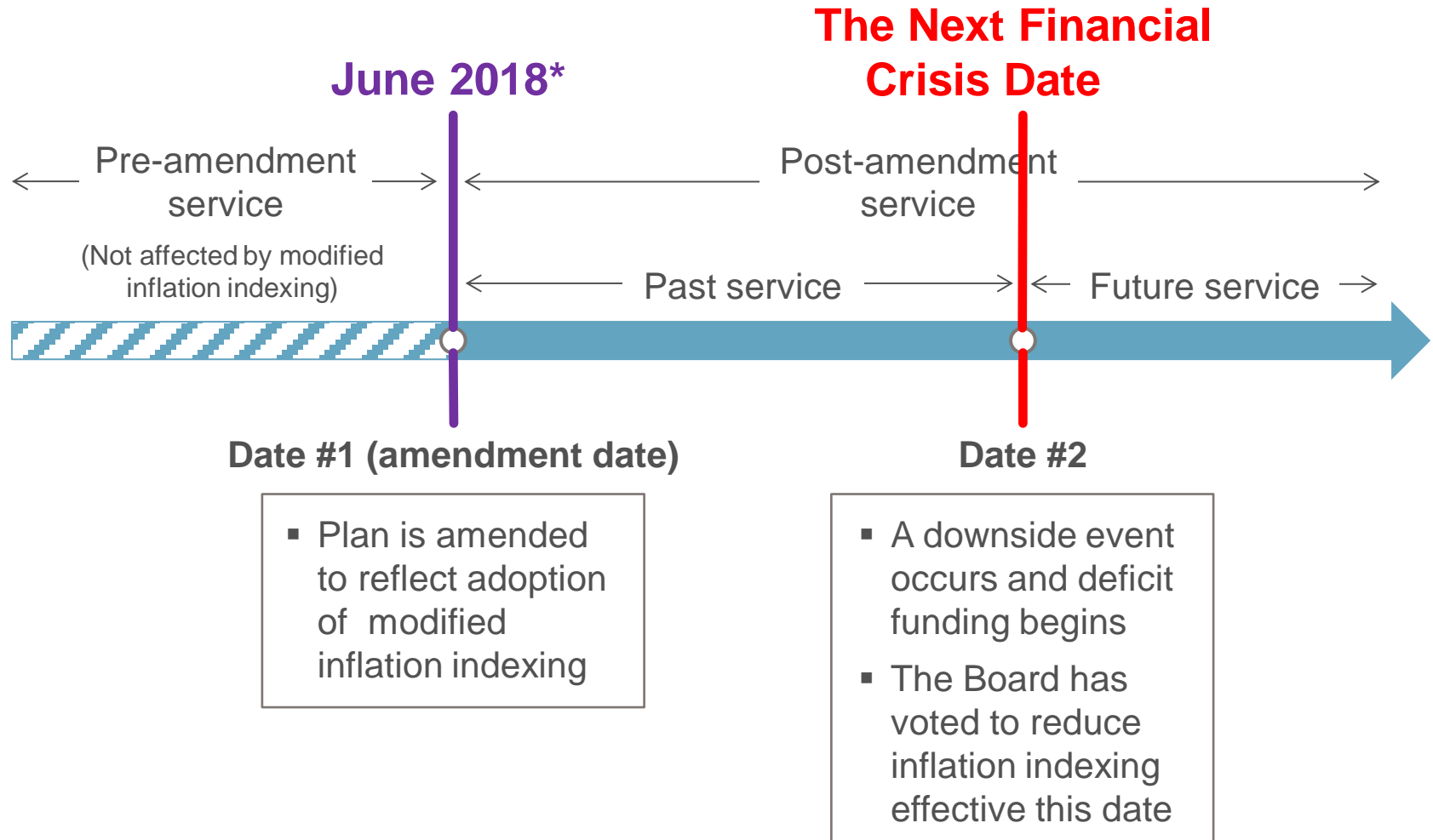
- They include;
  - Early Retirement
  - Bridge Benefit
  - Survivor Benefits

# What We Fought Off Last Year

## Modified Inflation Indexing (MI<sup>2</sup>)

- 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 (MI<sup>2</sup>) plan or some other proposal around removing the indexing guarantee

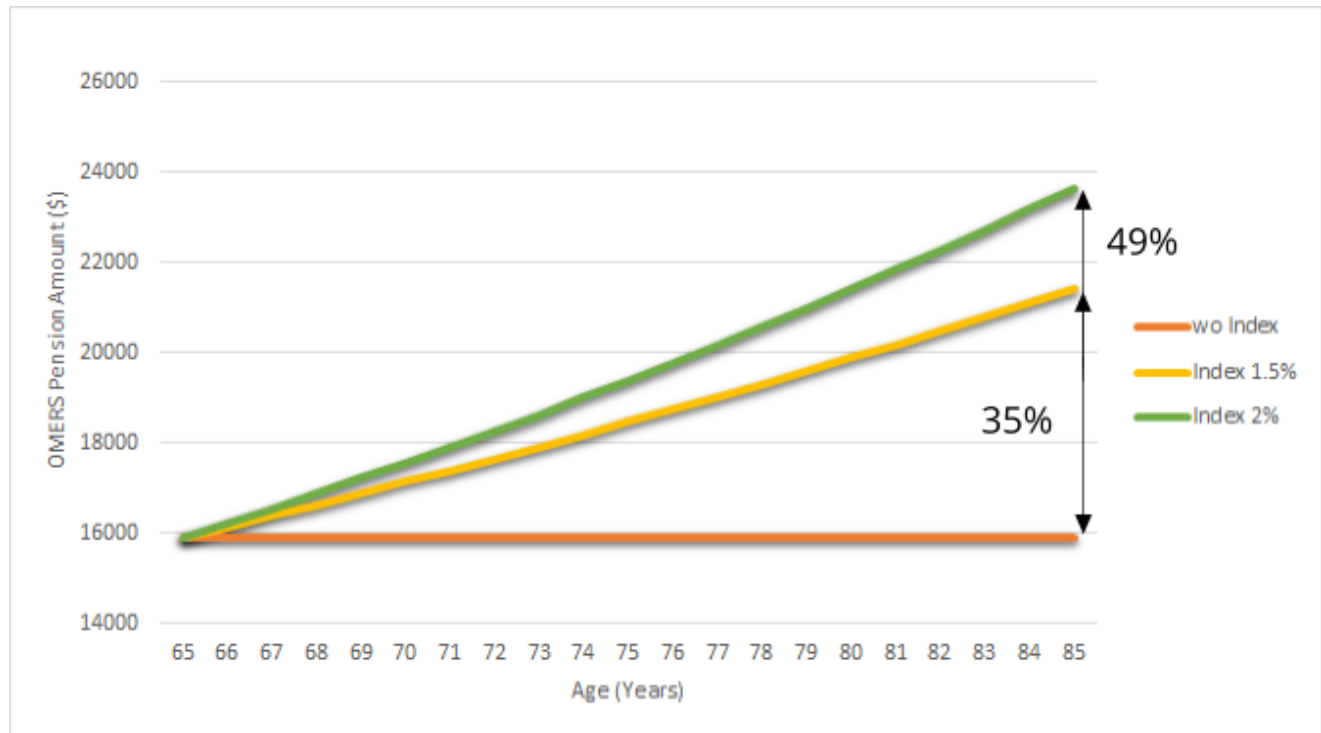


**Just how important is indexing to  
your pension income?**

# 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

[cupe.on.ca/omers-guaranteed-indexing](http://cupe.on.ca/omers-guaranteed-indexing)