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Sent Via Email

Municipal Retirees Organization of Ontario

ATTN:
Dan Carnegie, Executive Director

RE: MROO Support for OMERS "Shared Risk" Indexing Proposal

Dear MROO Colleagues,

I am writing regarding the MROO's apparent support for the "Shared Risk" indexing proposal that will be voted on by the OMERS Sponsor Corporation Board of Directors on June 24th. **If passed, this proposal will end guaranteed indexing for future OMERS retirees for all service worked after December 31, 2022.** Instead, indexing would be conditional for future service, meaning it could be delivered, reduced or eliminated. On a recent conference call with OMERS Sponsors Organizations, CUPE Ontario was deeply disturbed to hear that MROO apparently supports this proposal.

For more than 40 years, MROO has fought to make OMERS indexation better for retirees. In the late 1970s, you advocated for improvements to the ad hoc indexation provisions of the day. MROO championed bringing guaranteed indexing to OMERS. Together, MROO and CUPE Ontario won the guarantee of 70% indexation of OMERS pensions in 1991. MROO played a key role in the late 1990s to raise the level of guaranteed indexation up to 100%. OMERS retirees now had the security of a pension that would automatically and fully keep pace with inflation. This was a significant victory.

MROO Past President Don MacLeod highlighted this history in a government committee hearing as OMERS independence was being debated, ["Some of the things that have happened through our advocacy, and through others helping us, are that we have full indexing... We struggled, and we were able to gain some benefits from the OMERS board for our retirees -- we got full indexing."](#)

Current and future OMERS retirees are living better, more secure lives in retirement because of this guaranteed inflation protection. They do not have to worry whether their pension will increase each year. They do not have to worry about a frozen pension falling behind the cost of living.

It is clear that if MROO supports this latest proposal to eliminate guaranteed indexing and replace it with "Shared Risk" indexing, it would be the first time MROO would be in favour of making OMERS indexation **worse**. Supporting "Shared Risk" indexing would be a significant break from MROO's four decades of lobbying that aimed to make OMERS better for plan members.

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Defending retiree benefits like guaranteed indexation is not just part of MROO's history, but an key pillar of your vision for the future. MROO's 2019-2021 Strategic Plan commits MROO to working with others to defend defined benefit plans, along with promoting MROO's "[many past lobbying successes](#)". Advocating for your members in OMERS is built into your constitution and is the first reason listed in your list of "[Ten Reasons to Join MROO](#)".

This is the third time in four years that we have had to fend off an attack on guaranteed indexing. During those previous attempts, as recent as 2018, MROO stood side-by-side with CUPE at the OMERS Sponsors Board to reject proposals to eliminate guaranteed indexing for future retirees in OMERS. This is why CUPE Ontario was appalled to hear the MROO Executive Director report on a recent OMERS Sponsors conference call that that MROO now supports a full removal of guaranteed indexation. This runs counter to our shared history and threatens to irrevocably fracture the relationship between MROO and CUPE Ontario Locals.

Despite tens of thousands of our members asking for the vote to be postponed, OMERS is barging ahead with a vote to eliminate guaranteed indexing in the middle of a pandemic, at a time when stakeholders and frontline plan members are understandably focused on keeping our members and communities safe. Despite a serious lack of transparency from OMERS, CUPE Ontario has been working hard to connect with other stakeholders to discuss our concerns with the proposal, and what we believe is a [series of serious misconceptions](#) that stakeholders have been told about "Shared Risk" indexing.

This change is not necessary. It will weaken our collective bargaining position at the OMERS SC Board and make it harder to resist future attacks. It's important to recognize that OMERS has borrowed the term "Shared Risk" from New Brunswick, where it was used to describe the retroactive conversion of defined benefits to reducible target benefits. While this particular attack on indexation only affects future service benefits, we could in the future face an attack on already-accrued benefits like other provinces have. We will always be stronger if workers and retirees stand together for secure defined benefit pension benefits, like guaranteed indexing, for all Plan members.

I urge you to reconsider your support for this concession for OMERS members. Voting to take away guaranteed indexation from future retirees will do nothing to advance our shared interests – it will only help employers. Decades of hard work by MROO and CUPE Ontario to fight for inflation increases for retirees should not be undone by one vote.

Sincerely,



Fred Hahn,
President, CUPE Ontario

CC: MROO Board of Directors