ATTENTION ALL MEMBERS:

IMPORTANT INFORMATION REGARDING PROPOSED CHANGES TO YOUR OMERS PENSION!

TAKE ACTION NOW!

CIPP
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CIPP: OMERS Changes Bulletin
IPPM : Bulletin des changements à l'OMERS

(La version française suit plus bas)

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Save Our OMERS

A pension is a promise. The promise of a secure retirement after a lifetime of hard work. But the people who govern your pension – members of the OMERS Sponsors Board – are threatening to break that promise by making sweeping changes to your OMERS pension plan.

Earlier this year OMERS undertook a Comprehensive Plan Review and put some some big changes on the table. They have now released more details on the proposals they will be voting to approve in November.

We can tell you that for some workers, the changes could mean up to a 20% cut in benefits.

Here's just some of what they are proposing:

1) Ending early retirement provisions

Now: If your Normal Retirement Age (NRA) is 65, you are able to retire and collect full pension benefits as early as age 55 once you have worked 30 years or when your age and years of service add up to 90.

Change: You will not be entitled to retire with your full pension until age 60 without facing serious benefit penalties.

Impact: Take the example of a member who is planning to retire on December 31, 2022 when the member reaches their 30 years' service. They will be 55 and under the current plan, will receive full pension benefits.

Under the proposed changes, the member will now have to work an additional 5 years (until 2027 at age 60) to retire with full benefits.

If they stick to their current plan to retire at 55 in 2022 – the years between age 55 and 65 will be subject to a penalty that will reduce their benefit for those years by 50% (5% for each year short of the NRA). That's a huge reduction and lot of money the member won't have to ensure their financial security in retirement.

The further you are away from age 55 when the changes take effect, the more drastic the impact and the longer you will have to work to avoid them.

2) Reduced benefits

Now: The amount of your pension is calculated by multiplying your years of service by an accrual rate of 1.325% for salaries up to $55,300 (the current Year's Maximum Pensionable Earnings – YMPE) and 2% on wages above that amount.

Change: The base salary will be increased by 14% – so now you would have to earn $63,042 before your pension accrues at 2%.

Impact: A lower pension for those earning above YMPE. For example, a member with 20 years of service whose best 5-year income averages $90,000, currently would receive a total pension of $28,535, or $36,535 if their best 5-year average was $110,000.

Under the new plan, they would only receive $27,489 – a reduction of $1,046 or 3.7% if based on $90,000, or $35,489 a reduction of $1,026 or 2.8% if based on $110,000.

3. Eliminating guaranteed indexing

Now: Your pension is indexed so it doesn't lose ground against inflation. As inflation goes up, so do your benefits.

Change: Eliminating guaranteed indexing after 2025 and moving to 'conditional indexing' – meaning your pension won't increase automatically with inflation after 2025.

The pension plan would have to meet specific conditions – to be decided down the road – before your pension is indexed.

Impact: Members will have no idea what the actual value of their benefits will be after 2025. This one benefit reduction will put your retirement income security at risk as you watch your retirement income lose ground against inflation every year; years when you should be enjoying the benefits of a lifetime of hard work and the contributions you made to building a secure retirement. These should be your most secure years, not your most financially precarious.

Let's be clear – these changes are about losing benefits and the retirement security you and your family are counting on.

We know these changes aren't needed for the financial health of OMERS. As one of Canada's largest defined benefits plans, OMERS is financially sustainable. It has more than $95 billion in assets, investment performance almost double the planned rate of return, and is well ahead of its funding targets. As of December 2017, OMERS was funded at 100.6%. Why does a fully funded pension need to cut benefits?

CIPP is vigorously opposing these proposed changes, but we don't have much time and and we'll need your help.

Watch for further updates and ways for you to get engaged!
If you would like to participate in advocacy initiatives surrounding this issue please email us at connect@cipp.on.ca .