

# Supplemental Plan OPFFA Information Session April 2008



# Our session today

1. Supplemental Plan Overview
2. Supplemental Plan Examples
3. Requesting a cost estimate
4. Setting up a Supplemental Plan Agreement
5. After July 1, 2008
6. How to reach us

# Supplemental Plan Overview

## What is the Supplemental Plan?

- Stand-alone RPP which is separate from Primary Plan
- Funded by those who participate in Supplemental Plan
- Enhances or “tops up” the benefits in Primary Plan

**Supplemental**

**Top Up**

**Primary**

# Supplemental Plan Overview

## Who is covered by the Supplemental Plan?

- Supplemental Plan is not automatically provided – membership contingent on local bargaining
  - Employer may provide benefits for a class or classes of employees – coverage date can be retroactive but not before July 1, 2008
  - Examples of employee classes are: Firefighter (NRA60), Fire Management (NRA60), Fire Management (NRA65)
  - Each class can only be provided with 1 provision every 36 months
  - If employer provides coverage benefits would apply to all members in that class – individual member cannot opt out

# Supplemental Plan Overview

## Benefits Available

	Police Officers and Firefighters (NRA 60/65)	Paramedics (NRA 65)	Police Civilians (NRA 65)
2.33 Accrual rate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
"Best three" earnings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
"Best four" earnings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Enhanced Early Retirement Factor:			
80 factor (NRA 60)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
85 Factor (NRA 65)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

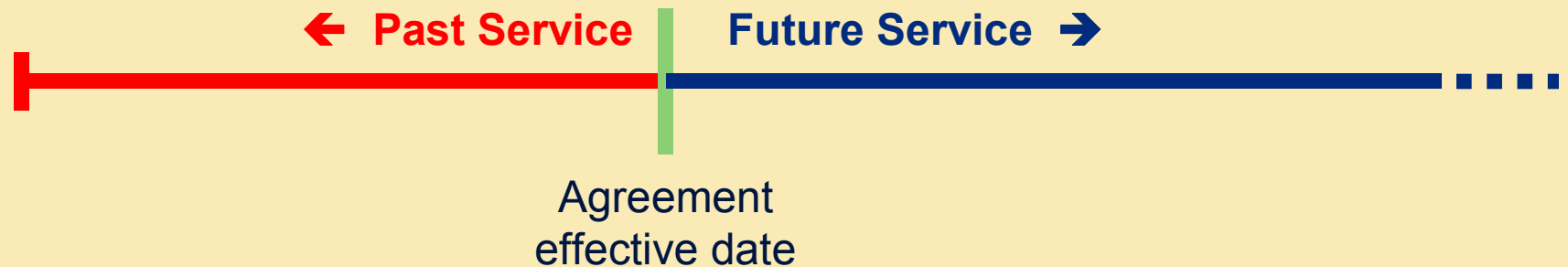
# Supplemental Plan Overview

In most cases same terms and conditions as the Primary Plan.

- Same purchase rule for leave periods occurring after effective date of the agreement – if elect to purchase, must buy in both plans
- Same survivor benefits – but member can name a different beneficiary under the Supplemental Plan
- Same inflation protection
- Same disability benefits: includes waiver and pension as in Primary Plan
- 35-year service cap same as in Primary Plan
- No RCA pension – not viable for Supplemental Plan

# Supplemental Plan Overview

Benefits funded by employers and members participating in Supplemental Plan



**Past Service** - prior to the agreement effective date

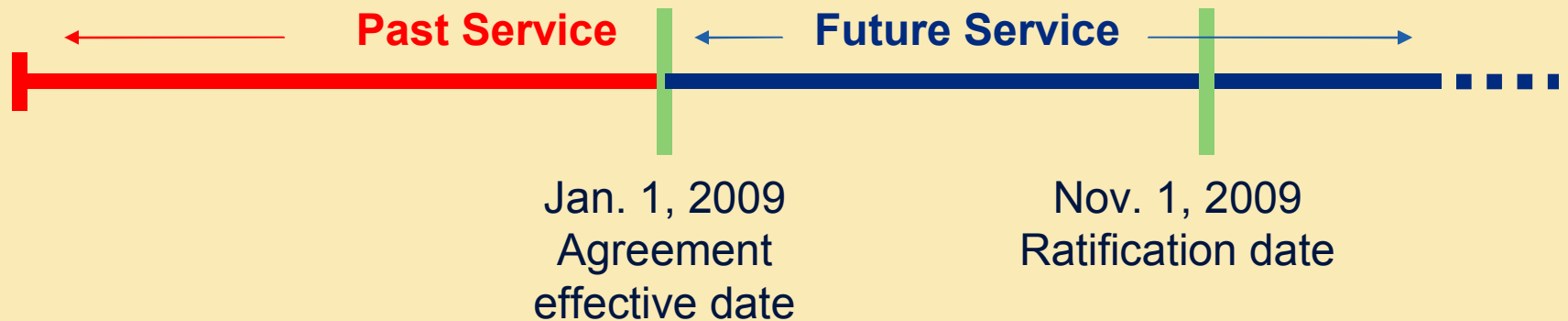
- Member pays total present value cost – individual cost taking member's age, service and earnings into consideration
- Member's choice whether or not to purchase

**Future service** - from the agreement effective date forward

- Contribution rate x contributory earnings
- Employer pays matching share
- If employer provides coverage for the class individual members within class cannot opt out

# Supplemental Plan Overview

## Agreement effective date - Example



- Agreement effective date can be retroactive but not before July 1, 2008
- With a retro Agreement Effective date of Jan. 1, 2009, all member and employer future service contributions from Jan. 1, 2009 to Nov. 1, 2009 are due within 60 days of ratification date.



# Supplemental Plan Overview

## Primary Plan cannot subsidize the Supplemental Plan

- Actuaries expect increased incidence of early retirement for the 2.33% coverage – this impacts the Primary Plan
  - Additional contribution must be made to the Primary Plan to cover expected additional liability associated with increased early retirements (rebound costs)
  - Only applies where employer provides the 2.33% coverage – impacts future service contributions only

# Supplemental Plan Overview

## Primary Plan cannot subsidize the Supplemental Plan (con't)

- Represents the cost of the benefit and cost to administer the Supplemental Plan (no cross subsidization)
- May change in future depending on factors including total membership in Supplemental Plan
- Current rates/costs based on assumption of 1,000 members participating in Supplemental Plan

# Supplemental Plan Overview

## Future Service contribution rates

Member Supplemental Plan future service contribution rates. Employer matches. These rates are in addition to Primary Plan.

Supp. Plan Benefit Provision	Member NRA 60 rates			Member NRA 65 rates		
	Supp. Plan Costs	Primary Plan Rebound Costs*	Total Costs	Supp. Plan Costs	Primary Plan Rebound Costs*	Total Costs
<b>2.33% Accrual</b>	<b>2.75%</b>	<b>0.2%</b>	<b>2.95%</b>	<b>2.35%</b>	<b>0.3%</b>	<b>2.65%</b>
<b>Best three</b>	<b>1.1%</b>	<b>None</b>	<b>1.1%</b>	<b>.9%</b>	<b>None</b>	<b>.9%</b>
Best four	.85%	None	.85%	.75%	None	.75%
Factor 80/85	.95%	None	.95%	.75%	None	.75%

\* Rebound only required if member has the 2.33% Supplemental Plan benefit

## Supplemental Plan Overview

Example of annual future service contributions assuming 2.33% accrual benefit – NRA 60, with contributory earnings of \$73,596

Chart assumes 26 pay periods	Contribution Rates	Contributions per pay period before tax	Approx. Contributions per pay period after tax
Primary Plan	7.9%/10.7%	\$255	\$191
2.33% & rebound	2.75% & 0.2%	\$84	\$62
Total Primary & 2.33% with rebound	10.85%/13.65%	\$339	\$253

- Supplemental Plan same rate below/above YMPE
- Matched by employer
- Supplemental Plan contribution rates may change in the future

## Supplemental Plan Overview

Example of annual future service contributions assuming “Best three” benefit – NRA 60, with contributory earnings of \$73,596

Chart assumes 26 pay periods	Contribution Rates	Contributions per pay period before tax	Approx. Contributions per pay period after tax
Primary Plan	7.9%/10.7%	\$255	\$191
“Best three” (no rebound)	1.1%	\$35	\$25
Total Primary and “Best three”	9.0%/11.80%	\$290	\$216

- Supplemental Plan same rate below/above YMPE
- Matched by employer
- Supplemental Plan contribution rates may change in the future

# Supplemental Plan Overview

## Past Service

- Active member always retains choice to purchase past service
- Employer contributions not accepted by OMERS for purchase of past service
- Costs generally increase with age and with increases to contributory earnings

# Supplemental Plan Overview

## Past Service Payment Options

- Lump sum – personal cheque
- RRSP transfer
- Monthly payment via an amortization schedule
- Transfer of a retiring allowance – subject to ITA limits
- Combination of lump sum, RRSP transfer, amortization payments and transfer of a retiring allowance

# Supplemental Plan Overview

## Past Service Payment Method – Lump Sum

- Active member must pay OMERS directly (cheque made payable to OMERS)
- Contribution receipt issued by OMERS
- Lump-sum payments can happen throughout the active member's career. However, a new cost for the past service will be calculated (based on current age and salary) each time
- Service is credited as lump sum payment is received



# Supplemental Plan Overview

## Past Service Payment Method – RRSP transfer

- RRSP must be in member's name
- Spousal RRSPs are not permitted
- As monies are already tax sheltered, no tax receipts issued by OMERS
- Service is credited when RRSP monies are received

# Supplemental Plan Overview

## Past Service Payment Method – Amortization Schedule

- Past service may be amortized for up to three years (members can amortize over 12, 24 or 36 months)
- Pre-authorized debit withdrawal from member's bank account the last business day of the month
- Service is credited as monthly payments received
- If at end of amortization period (e.g., after 3 years) there is still service to purchase, new cost established (based on current age and salary) and new amortization schedule can be set up
- Current amortization interest is 6.25% (may change in the future)

# Supplemental Plan Overview

## Past Service – amortization schedule (cont)

- On annual basis, contribution receipt for monies received in the previous year will be issued by OMERS
- If member defaults on payment, OMERS will contact member to make arrangements for payment
  - If payment not received promptly, OMERS will cancel amortization schedule.
  - New amortization schedule can be created in the future. However, a new cost for the past service will be calculated (based on current age and salary)

# Supplemental Plan Overview

## Tax Deductibility Issues for Cash & Amortization Payments

- For post-1989 past service ***for the 2.33% benefit only***, member must have available RRSP room to purchase
  - OMERS requests PSPA approval from CRA *for 2.33% benefit*
- For post-1989 past service, cash contributions can be fully deducted in the year paid (for 2.33% benefit this assumes the PSPA was approved)
- For pre-1990 past service, member can purchase this period, but may need to wait until retirement in order to claim this period for tax deductibility purposes

## Supplemental Plan - 2.33% accrual rate

- The "2.33%" benefit is a top-up pension – it pays the difference between the Supplemental Plan rate (2.33%) and the Primary Plan rate (2%) for the period of supplemental credited service
- "2.33%" Supplemental Plan pension is calculated as follows:

<b>2.33%</b>	X	Supplemental Plan credited service (years)*	X	"Best five" earnings
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Less

<b>2.0%</b>	X	Supplemental Plan credited service (years)*	X	"Best five" earnings
				-----

**Top-up pension**

\*maximum 35 years

## 2.33% accrual rate – NRA 60 example

- Roger: age 42, current contributory earnings of \$73,596
  - employer provides 2.33% coverage
- Roger retires 10 years later (at age 52)
  - Service = 20 years past service + 10 years future service
  - “Best five” earnings = \$97,027 – assumes future contributory earnings increase by 3.5% each year from age 42 to retirement
- Supplemental pension: if Roger *does not* purchase past service

$$2.33\% \times 10 \text{ years} \times \$97,027 = \$22,607$$

Less

$$2\% \times 10 \text{ years} \times \$97,027 = \$19,405$$

Annual supplemental top-up pension = **\$3,202**  
(future service only)

## 2.33% accrual rate – NRA 60 example

- Roger *purchases* his 20 years of past service at age 42
- The additional top-up pension Roger would receive for the past service purchase is:

$$2.33\% \times 20 \text{ years} \times \$97,027 = \$45,214$$

Less

$$2\% \times 20 \text{ years} \times \$97,027 = \$38,810$$

$$\text{Total annual supplemental top-up pension} = \mathbf{\$6,404}$$

**(past service only)**

## 2.33% accrual rate – NRA 60 example

### Cost to purchase past service

- Roger's estimated cost to purchase 20 years of Supplemental past service, and potential impact of the purchase, if he retires at age 52 with the "Best five" earnings of \$97,027 (assume 3.5% salary increase):

Est. cost to purchase 20 years of Supplemental past service at age 42	Est. additional annual top-up pension re: past service purchase of 20 years	"Break-even" point in years (Cost/top-up pension)
<b>\$75,600</b> (actuarial cost)	<b>\$6,404 annual top-up pension</b> (Assumes "Best 5" earnings of \$97,027)	<b>Approx. 12 yrs *</b> (\$75,600/\$6,404)

#### Notes:

- \* Roger may reach the "break-even" point earlier than the times shown above – this is because the examples do not include OMERS annual inflation protection increases which would be applied to the pension
- Roger's top-up pension is paid for life – even after the "break-even" point, and comes with inflation protection and survivor benefits



## 2.33% accrual rate – NRA 60 example

### Cost to purchase past service

- Examples of the potential impact of purchasing 20 years of Supplemental past service based on different “Best five” earnings scenarios:

Scenario #	Assumed % increase in contributory earnings from age 42 to age 52	“Best five” earnings at retirement	Estimated annual lifetime <i>top-up pension for past service only</i>	“Break-even” point in years  (Cost/top-up pension)
Scenario 1	5%	\$108,993	\$7,193	Approx. 10 ½ yrs (\$75,600/\$7,193)
Scenario 2	3.5%	\$97,027	\$6,404	Approx. 12 yrs (\$75,600/\$6,404)
Scenario 3	2.5%	\$89,724	\$5,921	Approx. 13 yrs (\$75,600/\$5,921)

## 2.33% accrual rate – NRA 60 example

### Cost to purchase past service

- Costs generally increase with age and with increases to contributory earnings
- Roger has 20 years of past service:
  - Salary of \$73,596 at age 42
  - Salary of \$103,814 at age 52 (assumes 3.5% earnings increase per year)
- Estimated cost to purchase “2.33%” past service at:
  - Age 42 = \$75,600
  - Age 52 = \$121,394

## “Best three” earnings - formula

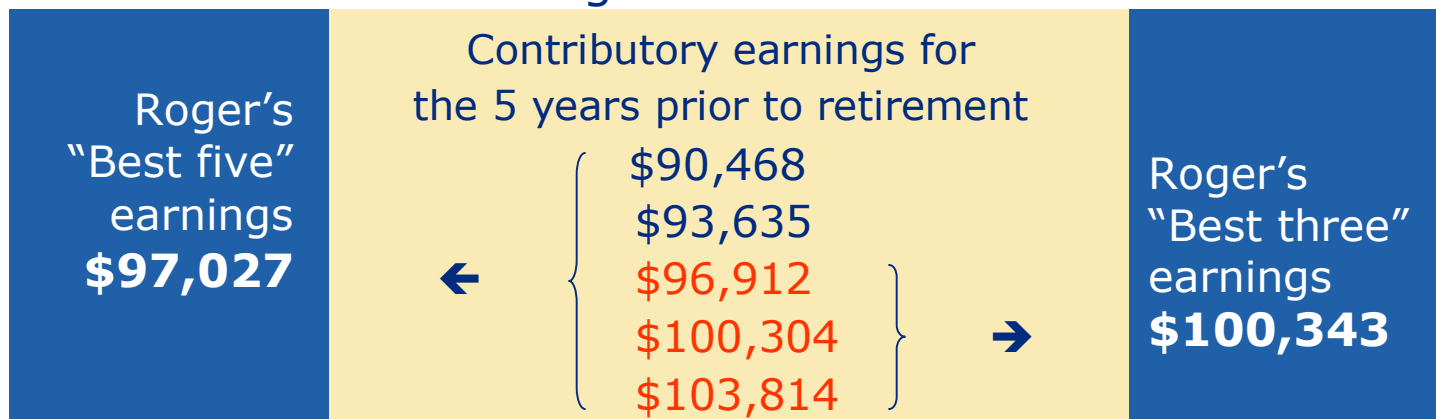
- The “Best three” benefit is a top-up pension – it pays the difference between the Supplemental Plan “Best three” earnings and the Primary Plan “Best five” earnings for the period of supplemental service
- The “Best three” Supplemental Plan pension is calculated as follows:

2%	X	Supplemental Plan credited service (years)*	X	<b>“Best three” earnings</b>
Less				
2%	X	Supplemental Plan credited service (years)*	X	<b>“Best five” earnings</b>
				-----
				<b>Top-up pension</b>

\*maximum 35 years

## “Best three” earnings – NRA 60 example

- Roger: age 42, current contributory earnings of \$73,596
  - employer provides “Best three” coverage
- Roger retires 10 years later (at age 52)
  - Service = 20 years past service + 10 years future service
- Assume future contributory earnings increase by 3.5% each year from age 42 until retirement at age 52



## “Best three” earnings – NRA 60 example

- Supplemental Pension: if Roger *does not* purchase past service

$$2\% \times 10 \text{ years} \times \$100,343 \text{ (Best three)} = \$20,068$$

Less

$$2\% \times 10 \text{ years} \times \$97,027 \text{ (Best five)} = \$19,405$$

Annual supplemental top-up pension = **\$663**  
**(future service only)**

## “Best three” earnings – NRA 60 example

- Roger *purchases* his 20 years of past service at age 42
- The additional top-up pension Roger would receive re: the past service purchase is :

$$2\% \quad \times \quad 20 \text{ years} \quad \times \quad \$ 100,343 \quad = \quad \$40,137$$

(Best three)

Less

$$2\% \quad \times \quad 20 \text{ years} \quad \times \quad \$ 97,027 \quad = \quad \$38,810$$

(Best five)

$$\text{Total annual supplemental top-up pension} = \quad \mathbf{\$1,327}$$

**(past service only)**

## “Best three” earnings – NRA 60 example

### Cost to purchase past service

- Roger’s estimated cost to purchase 20 years of Supplemental past service, and potential impact of the purchase, if he retires at age 52 (assume 3.5% salary increase):

Est. cost to purchase 20 years of Supplemental past service at age 42	Est. additional annual top-up pension re: past service purchase of 20 years	“Break-even” point in years (Cost/top-up pension)
<b>\$16,560</b> (actuarial cost)	<b>\$1,327 annual top-up pension</b> Assumes “Best three” earnings are \$3,316 higher than “Best five” earnings (\$100,343 – \$97,027 = \$3,316)	<b>Approx. 12 ½ yrs *</b> (\$16,560/\$1,327)

Notes:

- \* Roger may reach the “break-even” point earlier than the times shown above – this is because the examples do not include OMERS annual inflation protection increases which would be applied to the pension
- Roger’s top-up pension is paid for life – even after the “break-even” point, and comes with inflation protection and survivor benefits

## “Best three” earnings – NRA 60 example

### Cost to purchase past service

- Examples of the potential impact of purchasing 20 years of Supplemental past service based on different earnings scenarios:

Scenario #	Assumed % increase in contributory earnings, age 42 to age 52	“Best three” minus “Best five” earnings at retirement	Estimated annual lifetime <i>top-up pension for past service only</i>	“Break-even” point in years  (Cost/top-up pension)
Scenario 1	5%	\$5,268 ((\$114,262 - \$108,994))	\$2,107	Approx. 8 yrs ((\$16,560/\$2,107))
Scenario 2	3.5%	\$3,316 ((\$100,343 - \$97,027))	\$1,327	Approx. 12 ½ yrs ((\$16,560/\$1,327))
Scenario 3	2.5%	\$2,206 ((\$91,930 - \$89,724))	\$882	Approx. 19 yrs ((\$16,560/\$882))



## “Best three” earnings – NRA 60 example

### Cost to purchase past service

- Costs generally increase with age and with increases to contributory earnings
- Roger has 20 years of past service:
  - Salary of \$73,596 at age 42
  - Salary of \$103,814 at age 52 (assumes 3.5% earnings increase per year)
- Estimated cost to purchase “Best three” past service at:
  - Age 42 = \$16,560
  - Age 52 = \$27,134

## Break-even Point Comparison – Past Service

- Member has 20 years past service
- Age 42 at date of purchase with contributory earnings of \$73,596
- Member retires at age 52

Assumed annual salary increase age 42 to 52	<b>2.33%</b> Break-even point (cost/past service top-up pension)	<b>Best three</b> Break-even point (cost/past service top-up pension)
5%	Approx 10.5 years (\$75,600/\$7,193)	Approx 8 years (\$16,560/\$2,107)
3.5%	Approx 12 years (\$75,600/\$6,404)	Approx 12.5 years (\$16,560/\$1,326)
2.5%	Approx 13 years (\$75,600/\$5,921)	Approx 19 years (\$16,560/\$882)

## Break-even Point – Future Service

- Member has 10 years of future service
- age 42 at date of agreement with contributory earnings of \$73,596
- Member retires at age 52

Assumed annual salary increase age 42 to 52	<b>2.33%</b> Break-even point (cost/past service top-up pension)	<b>Best three</b> Break-even point (cost/past service top-up pension)
5%	Approx 8.5 years (\$30,844/\$3,597)	Approx 11 years (\$11,501/\$1,054)
3.5%	Approx 9 years (\$28,532/\$3,202)	Approx 16 years (\$10,639/\$663)
2.5%	Approx 9 years (\$27,102/\$2,961)	Approx 23 years (\$10,106/\$441)

## Administrative Expense Loading – Future Service

- Future service contribution rate includes an administrative expense loading for both member and employer contributions
- Same admin. expense loading regardless of benefit provision
  - 2.33% provision – expense loading is approx. 1/5<sup>th</sup> of the contribution rate ( $0.55\%/2.95\% = 19\%$ )
  - “Best Three” – expense loading is 1/2 of the contribution rate ( $0.55\%/1.1\% = 50\%$ )

Projected membership	500	1,000	2,500	5,000	10,000
Loading for member contributions	1.15%	0.55%	0.2%	0.15%	0.1%

# Supplemental Plan benefits

## Minimum Value Guarantee

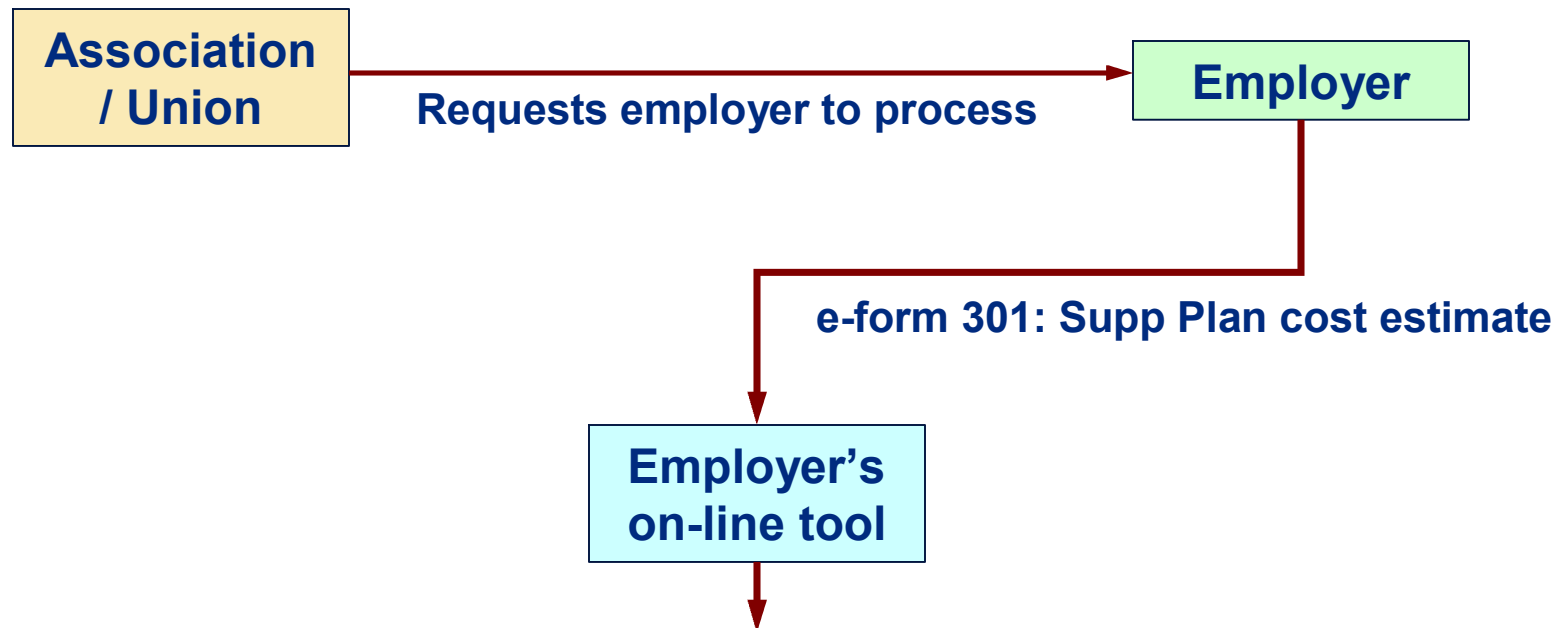
- Ensures total benefits paid from the Supplemental Plan will be at least equal to the member's Supplemental Plan contributions plus interest, minus any contributions previously refunded
- If the member's benefit is less than their Supplemental Plan contributions plus interest, OMERS will refund excess contributions plus interest

## Requesting a cost estimate

- Systems in place July 1, 2008 – cost estimates can be requested after this date
- Most effective route to request a cost estimate is through the employer:
  - More accurate (more up-to-date salary information)
  - No fees for OMERS processing
  - Turn-around time for costs estimates most likely faster via employer – less manual data entry

# Requesting a cost estimate

## Most effective route – via employer



- Employer provides cost estimate to association
- OMERS advises association that cost estimate is available from employer

## Requesting a cost estimate (via employer)

- Employer's process:
  - Employer uploads electronically class details and updated contributory earnings information - 2008 example:
    - OMERS will not have 2008 contributory earnings information on its records and may not have 2007 information (depends on when the employer submits the 2007 data)
    - Employer can provide 2007 and 2008 earnings and identify members in the class through on-line upload which improves the accuracy of the estimate
    - Once information uploaded on-line, employer submits and OMERS system calculates past and future service costs



## Requesting a cost estimate (via employer)

- Employer's process (cont.):
  - Normally takes approx. 1 – 24 hours from the time the employer submits – size of group and volume being processed on the system at one time impacts the timing
  - Two reports produced through the on-line tool – one for employer and one for association
    - Employer's version shows member identification for past service costs and contributory earnings used in future service contribution calculations
    - Association version shows the same cost information but does not provide members' identification and earnings information

## Requesting a cost estimate (via employer)

- Employer's process (cont.):
  - Employer provides hard-copy report to association -
    - On-line tool instructions indicate that employer is to distribute copy to association
    - OMERS will request association contact information from OPFFA.
    - OMERS will send email notification to association when cost estimate is submitted by employer – this alerts the association to obtain cost estimate report from employer
    - No cost if all processing done by employer using on-line tool – OMERS staff not involved in processing cost estimate

# Requesting a cost estimate – see appendix A

Mar-14-2008 17:07  
OPSS\$UPUAT

**OMERS**  
Supplemental Plan Cost Estimate Report

Page: 2  
EBI101

Employer Name: CITY OF EXAMPLE  
Group Number: 123456

Date Requested: Jul-11-2008  
User ID: sol301000

**Supplemental Plan Provision:** 2.33% accrual rate

**Future Service**

Contributions Rates\*

Effective From: Jul -01-2008  
Effective To:

	<u>Supplemental Plan RPP</u>	<u>Primary Plan RPP Rebound</u>
Below YMPE:	2.75%	0.20%
Above YMPE:	2.75%	0.20%

Supplemental Plan Class Contribution Totals by Year - Estimated Member Cost

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>RPP</b>	\$161,513	\$334,331	\$346,032	\$358,144	\$370,679	\$383,652

Supplemental Plan Class Contribution Totals by Year - Estimated Employer Cost

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>RPP</b>	\$161,513	\$334,331	\$346,032	\$358,144	\$370,679	\$383,652

**Past Service**

Total estimated member cost required to purchase all past service for the class as of the Agreement Effective Date: \$8,158,052

**Notes:**

- \*The latest contribution rates in effect have been used to calculate the above future service estimates as future contribution rates cannot be predicted in advance.
- All amounts are rounded to the nearest dollar.
- The above Supplemental Plan class contribution totals include both Supplemental Plan RPP contributions and Primary Plan Rebound RPP contributions where applicable.
- The estimated costs are not guaranteed and are subject to change.
- 4 Member(s) are excluded from the Past Service Cost Estimate as they are not eligible to purchase past service (i.e. no past service or not actively employed).

# Requesting a cost estimate – See Appendix A

Mar-14-2008 17:07  
OPSS\$UPUAT

**OMERS**  
Supplemental Plan Cost Estimate Report

Page: 3  
EBI101

Employer Name: CITY OF EXAMPLE  
Group Number: 123456

Date Requested: Jul-11-2008  
User ID: sol301000

**Supplemental Plan Past Service Cost Estimate by Membership**

**Supplemental Plan Provision: 2.33% accrual rate**

Agreement Effective Date (AED): Jul-01-2008  
Class Description: Firefighter (NRA60)  
Member Count: 146

Last Name	First Name	SIN / Membership No	Employee ID	Age at Valuation Date	Total Months Past Service to AED	Estimated Total Cost as of AED
				40.924	32.05	\$7,527
				28.091	32.05	\$8,797
				26.341	32.05	\$4,612
				35.102	32.05	\$7,530
				42.661	32.00	\$7,670
				40.355	32.05	\$7,452
				46.271	32.05	\$8,096
				25.346	32.05	\$2,216
				23.711	32.05	\$1,229
				26.781	32.05	\$5,945
				36.047	32.05	\$7,380
				38.685	32.05	\$7,311
				27.752	32.05	\$8,125
				26.63	50.00	\$10,762
				37.913	51.14	\$12,025
				27.505	51.86	\$15,685
				37.703	65.84	\$16,070
				42.969	65.84	\$16,110
				37.647	65.84	\$16,057
				40.344	65.84	\$15,942
				37.461	65.84	\$16,014
				40.352	65.84	\$15,944
				41.346	65.84	\$15,655
				39.714	65.84	\$15,873
				36.844	65.84	\$15,955
				32.091	65.84	\$17,028
				35.602	65.84	\$16,733
				38.183	65.84	\$16,090
				30.416	65.84	\$17,496

Member identification suppressed on Association Report.

Totals provided on last page



## Requesting a cost estimate (via Association)

- Alternate route - Association requests cost estimate directly from OMERS:
  - Not as easy to identify members (class) who are to be costed – done via member affiliation
  - Costing will be less accurate -
    - Contributory earnings could be 2 years out of date depending on whether data received for previous year – OMERS will use projected earnings
    - Association must provide a annual salary rate for to be used for all new hires

## Requesting a cost estimate (via Association)

- If Association finds that it must request cost estimates directly from OMERS:
  - Association completes form on OMERS web site and mails the form with cheque for \$500 to OMERS
  - OMERS staff produce cost via the employer's on-line tool – normally takes 1-3 business days depending on volumes
  - OMERS staff will send Association version of the cost estimate to the Association
  - OMERS will send email to employer advising that cost estimate was produced on their on-line site – employer will pick up their version of the cost report from their on-line site

## Draft cost estimate request form via the association

### See Appendix B

All sections to be completed by the Union or Association

#### 1. Union or Association information

Union or association name City of <u>Example</u> Firefighters Association		
Form completed by (first name, last name) John Smith	Telephone 416-111-1111	
Cost estimate to be mailed to Name John Smith	Address (street number and name) 123 Front Street	
City Example	Province Ontario	Postal code M4J 1X2

#### 2. Class information (members to include in cost estimate)

Employer name City of <u>Example</u>		
OMERS member affiliation code Ontario Professional Fire Fighters - Fire	Occupation code (check one) <input checked="" type="checkbox"/> Fire <input type="checkbox"/> Police <input type="checkbox"/> Other	Normal retirement age <input checked="" type="checkbox"/> 60 <input type="checkbox"/> 65

## Draft cost estimate request form via the association

### See Appendix B

#### 3. Request information

Supplemental Plan benefit (check all of the benefit provisions for which you want a cost estimate)

- 2.33% accrual rate       "Best three" earnings  
 "Best four" earnings       80/85 Factor (based on normal retirement age)

Agreement effective date (must be the first of the month and not prior to July 1, 2008 or more than 6 months into the future).  
 Future service is from the effective date forward. Past service is prior to the effective date.

January 1, 2009

#### 4. Earnings assumptions

Contributory earnings are used to produce the cost estimate; however, OMERS does not have 2008 earnings information and may not have 2007 earnings for your members. Indicate what increases to use (for cost estimate purposes only) to bring members' earnings up-to-date.

2007 4.0 % \*      2008 4.0 %

\*Note: (only to be used where 2007 data has not yet been received by OMERS)

To produce the cost estimate for future service contributions, OMERS requires the projected percentage earnings increase to be applied for all members' records.

2009 2.5 %    2010 2.5 %    2011 2.5 %    2012 2.5 %    2013 2.5 %

\$76,000 ← Indicate the annual earnings rate to be used for new hires. This earnings rate will be used in the first year for all new hires - as OMERS has no earnings information for these members.



## Setting up a Supplemental Plan Agreement

- Employer enters into an agreement with the Administration Corporation (by-law and signed agreement)
  - Employer enters agreement information and identifies members in class – processed through employer’s on-line tool
- New Supplemental Plan member receives “Welcome Package” which includes member past service purchase costs and payment options
- Each year members will receive an integrated Pension Report
- When member ceases employment/coverage Supplemental plan options provided

## After July 1, 2008

- Funding only available for Supplemental Plan project costs
- Starting July 1, 2008, certain costs must be paid for by Employer and/or Member Associations - examples are shown below:
  - Presentations on Supplemental Plans - \$500\*
  - Costing requests done by OMERS staff - \$500

\*Plus expenses if applicable

## How to reach us

- Visit Employers and/or Members section (and select Police, firefighters, paramedics) at [www.omers.com](http://www.omers.com)
- Special information (including examples) on Supplemental Plans is now available on our website
- Contact us: [client@omers.com](mailto:client@omers.com) or toll-free 1-800-387-0813

# Questions & Thank you

