

Overview

On February 15, 2019, the OMERS Sponsors Corporation passed an amendment to the Primary Plan (the “Plan”) to allow an employer of paramedics to change the normal retirement age of paramedics from 65 to 60 (i.e., NRA 60). Under the current Plan terms, NRA 60 participation is not available to paramedics (who are not otherwise designated police officers or firefighters). The change will allow employers to provide NRA 60 benefits to paramedics as of January 1, 2021.

What is in this Q&A?

This Q&A will provide you with an overview of important information you will need to know about NRA 60 benefits and what happens when NRA 65 members become NRA 60 members. It also includes information about current paramedic member “profiles”, including average age of enrolment, credited service and NRA 65 retirement behavior¹.

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¹This Q&A was released February 28, 2019. In December 2019 the Paramedic Membership Profile was added.

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Introduction: considering NRA 60 to replace NRA 65

Choosing NRA 60 is intended to reflect a long-term compensation philosophy for an employer’s covered group(s). The NRA will apply to each covered member, regardless of whether the member eventually takes advantage of the more generous early retirement provisions.

An employer/union’s understanding of the demographics of their employee group allows them to project age and ongoing employment from date of hire to determine how many employees (current and future) stand to benefit from moving to NRA 60. That analysis will help determine whether the NRA 60 (rather than the current NRA 65) is right for the current and future group, and whether the entitlement warrants conversion of service (current employees) and higher contributions.

NRA 60 benefits

What does moving from NRA 65 to NRA 60 mean for members’ benefits?

It means being eligible for more generous early retirement provisions from the Plan, while paying higher contributions (with matching higher employer contributions). An NRA 60 member can start a pension (for reasons other than disability) five years earlier than a member under NRA 65. There are also differences between the early retirement reduction formula and bridge benefit (see below).

Item	NRA 65	NRA 60
Earliest retirement date	1 st of month following age 55	1 st of month following age 50

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Item	NRA 65	NRA 60
Unreduced early retirement pension eligibility	From the earliest of: <ul style="list-style-type: none"> • Age 65, or • 30 or more years of credited and eligible service², or • age + credited and eligible service = 90 	From the earliest of: <ul style="list-style-type: none"> • Age 60, or • 30 or more years of credited and eligible service, or • age + credited and eligible service = 85
Reduction factor for reduced early retirement pension	5% per year from earliest “unreduced early retirement pension eligibility”	
Benefit calculation changes for early retirement (on termination of employment if the member is more than ten years away from their normal earliest retirement age)	Benefits on Pre-2013 Credited Service: Reduced or unreduced early retirement pension and bridge is calculated in accordance with above reduction factor.	Benefits on Pre-2013 Credited Service: Reduced or unreduced early retirement pension and bridge is calculated in accordance with above reduction factor.
	Benefits on Post-2012 Credited Service: <ul style="list-style-type: none"> • Pension is actuarially reduced from age 65 regardless of total service or age plus service factor. • No bridge benefit. 	Benefits on Post-2012 Credited Service: <ul style="list-style-type: none"> • Pension is actuarially reduced from age 60 regardless of total service or age plus service factor. • Bridge benefit is actuarially reduced to be paid over a longer period in place of from age 60 to 65.

Which members benefit from a conversion to NRA 60?

On a member/employee level, being able to retire and collect a pension earlier under NRA 60 is an enhanced benefit; it gives the member the option to retire and start his or her pension earlier than age 55 (reduced or unreduced as the individual member’s case may be), or at ages on or after 55 with possibly no or a lesser reduction than under NRA 65. Whether a member can or wishes to take advantage of the NRA 60 benefits will depend on the member’s own unique set of circumstances (e.g., years of service, date of retirement).

For example, a member with NRA 60 who is hired by an OMERS employer early in her career, accumulates 30 years of service and ceases employment after age 50, can retire with an unreduced pension up to five years earlier than if she

² Eligible service is employment service with any OMERS employer that is not credited service. It can help bring the member closer to an unreduced early retirement pension; however, it does not change the credited service used in the OMERS Plan pension formula.

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had an NRA of 65. A member who is hired by an OMERS employer later in his career may not have the credited service to obtain an unreduced pension until age 60.

However, the same members noted above may find that he or she needs or wants to continue to work, despite their eligibility to retire early with an unreduced pension.

NRA 60 – for “all or any class of members”

Who can have NRA 60 benefits?

The Plan permits an OMERS employer to elect to provide NRA 60 benefits for all or a class of its police and firefighter members; NRA 60 benefits are not automatically provided by OMERS. While most Plan members have NRA 65 benefits, most police and firefighters have NRA 60 benefits.

As of January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, NRA 60 benefits are subject to negotiation between employers and unions. A “paramedic” is a paramedic as defined in the *Ambulance Act*. Other ambulance service employees who do not meet the definition of “paramedic” under the *Ambulance Act* would continue to be NRA 65.

What is an acceptable “class” of employees for purposes of the Plan and for NRA 60?

A class can be set by the employer. Typically, a class is based on some attribute of the employment relationship. The following principles must guide the class definition:

- The class must be reasonable and must not harm members through artificial and arbitrary distinctions among Plan members
- A class should not be in breach of an agreement or applicable legislation, including pension, employment, and human rights (i.e., class based on age)
- A class should be defined through bona fide employment affiliations
- In general, an individual cannot constitute a class, but a class can consist of a small number of individuals who make up a readily identifiable group (e.g., Fire Chief and Deputy Chief for firefighters)
- If a collective agreement is intended to cover multiple roles/positions (i.e., not just paramedics), it should be clear in the collective agreement or a Memorandum of Understanding between the employer and union as to which employees under that collective agreement fall under the NRA 60 provision (i.e., under the definition of paramedic). The collective agreement and by-law should be consistent on this point.
- Once a class is established, employers must update their by-law to reflect NRA 60 coverage for that class and the effective date of that coverage
- Once the updated by-law is approved by OMERS Administration Corporation (“OAC”), the NRA is effective for everyone within that class
- Individuals who do not meet the criteria of the NRA 60 class cannot elect to be included in the class; similarly, individuals who fall within the definition of the NRA 60 class cannot choose to opt out of NRA 60 (i.e., to remain at NRA 65)

How does an employer formally change a class to NRA 60?

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An employer must file a by-law with OAC for approval. The approved by-law is the basis on which OAC will administer the NRA 60 benefits for the class of employees defined in the by-law as of the effective date set out in the by-law.

Can the effective date of the NRA change be retroactive?

The effective date of the NRA change must be in the current year (no earlier than January 1). The retroactive effective date cannot be retroactive to the date of an expired collective agreement. The effective date in a year will define the date the conversion of service applies, and the date the contribution rate differences apply.

For example, if an employer files a by-law in June 2022 to change NRA 60 for all paramedics effective January 1, 2022, then:

- Each member's NRA 65 past service will be converted (service adjustment) up to Dec 31, 2021; and
- NRA contribution deductions to NRA 60 rates will, in practice, start June 2022 for remittance to OAC; and
- The difference between NRA 65 and NRA 60 contributions for January to June will be owing to OAC immediately.

If the effective date was July 1, 2022, then the conversion of service would apply up to June 30, 2022 and the employer would begin deductions at NRA 60 rates on a prospective basis, from July 1, 2022.

Can OAC assist employers with their by-laws?

OAC has by-law templates that can be shared with employers in advance of filing.

OAC is open to providing comments to both employers and unions as to the administration of different proposals before a by-law is finalized and filed with OAC.

Does an employer have to file the collective agreement with OAC?

No. OAC is not governed by collective agreements and does not review them as part of the by-law review. In our experience, having both documents aligned is critical to helping avoid future disputes between the employer and union.

Can a collective agreement distinction that sets out all or a class of paramedics as NRA 60 have enough authority without updating the employer by-law?

No. A collective agreement does not change NRA for all or a class of paramedics; the change must be formalized through the OAC by-law.

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Can an employer set up a class by stating “all paramedics except <certain paramedic positions> are NRA 60” in a by-law?

Yes. OAC will accept a class with exceptions in a by-law provided the exception constitutes a valid class (see the principles above, under “What is an acceptable ‘class’ of employees for purposes of the Plan and for NRA 60?”). This allows the employer (and union) to negotiate the broader group of paramedics but then distinguish who is not part of the NRA 60 group. OAC would expect that this distinction is also reflected in the collective agreement to avoid future disputes between employers and unions.

How does a non-unionized group negotiate NRA 60?

An employer will still have to submit a by-law to establish a class for NRA 60 that is not unionized (e.g., management). A non-unionized class cannot be set up for an individual. Employers should be aware that if they submit a by-law stating a class in a broad definition such as “all paramedics”, then this will include the paramedics that are management and staff. To address this, the employer can set Paramedic Non-Management and Paramedic Management as two separate classes to avoid ambiguity if different NRAs are expected to apply.

Is “Hire Date” an acceptable distinction for a class of employees?

Yes. There are rules for “Hire Date” classes.

Does a “Hire Date” NRA 60 class apply indefinitely, or can the members of the class be reversed to NRA 65?

Once an NRA 60 class is established, then all covered members continue at that NRA.

For example:

- A class described as “all paramedics are NRA 60” means all existing and new staff are frozen at NRA 60 while they remain in the class.
- A class described as “all members with a hire date on and after <date> are NRA 60” means all new hires enrolled as of that date will remain frozen at NRA 60 while they remain in that class.
- A class described as “all members with a hire date on and after <date> to <date> are NRA 60” (e.g., the collective agreement period) means the new hires during the period will be frozen at NRA 60. If the NRA 60 is not extended past the close date, then all new hires must be enrolled as NRA 65.
- A class described as “all members who were hired before <date> are NRA 60, while all new hires (effective on or after that date) will remain at NRA 65” means existing staff are frozen at NRA 60, and new hires enrolled as of that date must be enrolled into NRA 65.

If an employer chooses to provide NRA 60 benefits to “all paramedics”, can the employer later change the status for new hires to return to NRA 65?

Yes. The employer would have to pass a by-law to amend the existing by-law to provide that only employees hired before the specified date have NRA 60 benefits. This will grandfather the existing group in the NRA. A member of the existing group remains at NRA 60 and all new hires will be enrolled as NRA 65.

Can an employer allow some employees of the class that is converting from NRA 65 to 60 to remain at NRA 65 (is there a choice)?

No. The class change applies to all members who fall into that class, even those who do not wish to convert or for whom conversion will not benefit. The Plan does not allow individual exceptions or options.

Can an employer allow some employees who do not fall into a class to convert their NRA?

No. A member cannot choose to be in a class to which they do not belong.

If an individual is NRA 65 (or 60) and they take on an acting position in a role classified as NRA 60 (or 65), does the member’s record get converted?

No. An acting assignment is considered a temporary change while the underlying position is the permanent role. Until the acting position becomes permanent, the NRA should remain the same.

When must an individual NRA 60 member change back to NRA 65?

An NRA 60 paramedic must change back to NRA 65 when the member:

- Moves to another OMERS employer without NRA 60 benefits for paramedics; or
- Changes their occupation status (i.e. non-paramedic) within the same or another OMERS employer.

An NRA 60 paramedic member who begins working in a non-paramedic role as a result of a work accommodation or temporary assignment should continue to have a NRA of 60. However, if the member begins working in a permanent non-paramedic role, the member should be required to change their NRA to 65.

Change from NRA 65 to NRA 60 for members

What happens when a member’s NRA changes from 65 to 60?

If a member’s NRA changes from NRA 65 to NRA 60:

- The member and employer immediately begin to pay NRA 60 contributions.

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- The member is immediately entitled to NRA 60 benefits if they retire or leave their OMERS employer.
- OAC applies an adjustment of up to **25%** reduction to the member's past credited service (the "**service adjustment**"). Past credited service is service earned before the member's NRA conversion date. It is reduced because the member is now entitled to retire with a normal retirement pension five years earlier than if he or she had an NRA of 65.

When a member's NRA changes from 65 to 60, OAC provides the member with a package detailing the service adjustment, the option and cost to buy the service adjustment (the "**conversion cost**") and an election form and instructions for purchasing the service adjustment. If the member chooses to purchase the service adjustment, then the past credited service is not reduced.

How is the conversion cost determined?

The conversion cost reflects the difference in the actuarial value of the member's benefit at his or her earliest unreduced retirement date for NRA 65 and NRA 60.

Can OAC provide employers/unions with information about conversion costs for a group of members?

If an employer has not yet filed a by-law with OAC to change the NRA, the employer can file a request for information about conversion costs for the proposed group of members. In this situation, OAC will provide a total group conversion cost estimate for the proposed class of NRA 60 members.

Can OAC provide an individual member with information about the conversion cost for that member before the NRA 60 effective date?

OAC does not provide conversion costs to individuals prior to the NRA 60 effective date. A class change applies to all members who fall into that class, even those who do not wish to convert, or for whom conversion will not benefit. The Plan does not allow individual exceptions or options. The decision whether to buy the service adjustment, and the best time to do so, is unique to each member. Due to this complexity, only total conversion cost estimates for the group will be provided. Once the class is effective and a conversion cost is issued to each impacted member, OAC staff will be available to discuss individual conversion costs with members.

Does the conversion cost include the difference in value for service credited during the contribution holiday?

No. If a member had service credited through OMERS member payroll deductions or leave period purchase for service from August 1998 to January 2003, the conversion cost is \$0. The credited service over that same period is not reduced. However, if a member purchased service as a buyback or on transfer in from another plan, it is part of the conversion cost and service reduction.

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Is the conversion cost the same for pre-2013 and post-2012 service?

Yes.

How will Plan contribution rates change when converting from NRA 65 to NRA 60?

Based on current Plan provisions, NRA 60 paramedics will pay the same NRA 60 contribution rates as NRA 60 police and fire members. NRA 60 contribution rates are higher than NRA 65 contribution rates. The applicable Primary Plan contribution rates for 2019 are set out below:

On earnings	NRA 65 members	NRA 60 members
Up to the CPP earnings limit*	9.00%	9.20%
Over the CPP earnings limit*	14.60%	15.80%

*The CPP earnings limit in 2019 is \$57,400.

How does this affect a member on a bi-weekly pay schedule?

For pay on a bi-weekly pay schedule, the change from NRA 65 to NRA 60 will affect the member's contributions as follows (using varied levels of income for continuous full-time service in 2019, and rounded to the nearest dollar):

Annual salary	Contributions per bi-weekly pay period		
	NRA 65	NRA 60	Increase per pay period
\$50,000	\$173	\$177	\$4
\$60,000	\$213	\$219	\$6
\$70,000	\$269	\$280	\$10
\$80,000	\$326	\$340	\$15
\$90,000	\$382	\$401	\$19

Contribution rates can change over time.

How does the service adjustment work?

If the member's NRA changes from 65 to 60, OAC reduces the member's past credited service by **25%**, unless:

- The member is over age 60—in this case, the reduction is **5%** for each year that the member is less than age 65.
- The member is age 55 or older and has 30 years of credited and eligible service or the 90 Factor (age plus service equals 90). In this case, since the member qualifies for both an unreduced NRA 65 pension and an unreduced NRA 60 pension, no service adjustment or payment is required.

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Does the service adjustment apply to a block of the member’s credited service or over proportionate periods?

The service adjustment applies to all corresponding NRA 65 credited service periods. In other words, each applicable year will be reduced, as set out above, rather than the reduction occurring at the beginning or end of the member’s service record.

What are some examples of the service adjustment at various age and service intervals?

Examples	
The member	The service adjustment
Age 55 and 20 years of credited and eligible service	25% reduction (5 years)
Age 55 and 30 years of credited and eligible service	None (because the member is eligible for both an unreduced NRA 65 pension and an unreduced NRA 60 pension)
Age 62 and 20 years of credited and eligible service	15% reduction (5% for each of the three years the member is less than age 65)

Does the service adjustment alter both the member’s credited service and eligible service?

The service adjustment applies only to the member’s credited service. The member’s full service with NRA 65 is kept whole for purposes of the member’s 30-year or 85 Factor service test (i.e., any unpurchased service adjustment that would otherwise become credited service remains on the member’s record as eligible service). Other eligible service that counts toward the member’s early retirement factor(s) is also not reduced.

Does all service as a paramedic with an OMERS employer(s) count toward the member’s 30-year or 85 Factor service?

Yes – for all known service with an OMERS employer. However, overlapping employment with separate employers (for example, concurrent part-time jobs) is counted as a single period.

Being engaged as a volunteer is not considered eligible service.

Paying the conversion cost

Does the member have to buy the service adjustment?

No. A member can buy none, some or all of the service adjustment. If the member only buys some of the service adjustment, OAC will restore the oldest periods of service first.

If the member does not buy the service adjustment, the service adjustment still counts as eligible service. The service adjustment will remain on the member's record until the member purchases it, or the cost reduces to zero (OAC automatically restores any service adjustment still on record if the member is still an active member when the cost has reduced to zero).

What are the member's payment options?

The member's payment options include:

- Personal cheque payable to OAC (OAC will issue a tax receipt for the payment); or
- Transfer from a registered retirement savings plan (RRSP) or locked-in retirement account (LIRA), or with funds from another registered pension plan; or
- Transfer from the member's OMERS Additional Voluntary Contributions account.

How can a member obtain a conversion cost?

When a member's NRA changes from 65 to 60, OAC provides the member with a conversion package detailing the service adjustment, the conversion cost and an election form with instructions for purchasing the service adjustment.

Will the conversion cost provided in the member's conversion package change over time?

The initial conversion cost is valid for **6 months only**. After 6 months, the cost expires. If the member still wishes to buy the service adjustment, they have to request an updated cost, which could be higher or lower.

Does a member over age 60 have to pay the conversion cost if he or she remains employed?

If the member has not reached their earliest unreduced retirement date, then there is a cost. The service adjustment after age 60 is typically lower, however, so the cost diminishes to zero around age 65.

Is it true that the conversion cost could decrease over time to zero?

The cost will increase as the member approaches the age they become eligible for an unreduced NRA 60 pension.³ Then, the cost typically starts to decrease and will reduce to zero around the age the member becomes eligible for an unreduced NRA 65 pension.⁴

The cost is based on several variables, including the member's age and salary and the actuarial assumptions in effect at the time the calculation is performed.

OAC automatically restores any service adjustment still on record if the member is still an active member when the cost has reduced to zero.

³ A member is eligible for an unreduced NRA 60 pension at age 60, regardless of their service, or when the member is at least age 50 and has 30 years of service or the 85 Factor (age + service = 85).

⁴ A member is eligible for an unreduced NRA 65 pension at age 65, regardless of their service, or when the member is at least age 55 and has 30 years of service or the 90 Factor (age + service = 90).

What is the best age to purchase the service adjustment?

The decision whether to buy the service adjustment, and the best time to do so, is unique to each member.

Can the member buy the service adjustment after termination or retirement?

No. The member must buy the service adjustment while still an active member in the Plan.

If a member purchases all or a portion of the service adjustment, is a refund possible later?

No. The purchase is irreversible while the member remains at NRA 60. There is no refund of the purchase, including if the member continues to work to a point where the cost would have otherwise reduced to below what they paid or reduces to zero.

Buying the service adjustment is like buying insurance. For example, many people buy home insurance and may never claim on it. Although there is no refund of premiums for not making a claim, they continue to buy the insurance to protect themselves against future events they cannot predict. For the same reason, a member cannot always predict when they will retire or terminate employment from their OMERS employer. Buying the service adjustment also protects the member if they die before the conversion cost starts to decrease.

If the member buys the service adjustment, the extra credited service will be added to their record immediately, with the purpose of providing a higher benefit in the event of their retirement, termination from their OMERS employer, disability or death.

Part-time⁵ membership(s) and NRA conversion

If a paramedic member works part time, does the conversion work the same way?

Yes. The conversion will simply reduce the credited service accrued as a part-time member in the same manner.

If a paramedic member has two memberships with separate OMERS employers, will one employer's conversion to NRA 60 impact the NRA of the other membership?

No. The conversion of credited service will occur specific to a membership with an employer. One employer's change to NRA will not influence the NRA of a member's record with another employer.

If a paramedic has more than one membership with OMERS and only one membership is converted to NRA 60, then under what NRA can the member retire?

The retirement rules will also apply separately for benefits under each membership. While a member could retire as early as age 50 in one membership (NRA 60), the same member could not start a pension until age 55 under the NRA 65 membership.

⁵ OMERS refers to part-time employees as "Other than continuous full time" or "OTCFT" employees.

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Paramedic Membership Profile [12/2019]

In conjunction with the Plan change, the following information has been provided to help employers, unions and members understand the Plan's current (NRA 65) Paramedic "profile" and retirement behavior. This may assist in considering the NRA60 for a group.

Please note that this information is based on historical data. The information should not be relied upon for any other purpose than to provide a general indication of when and how paramedics currently retire and start their pension with an NRA of 65.

What is the average age at hire and average age at enrolment (by current Employer) for Paramedics in OMERS?⁶

More recent periods:

Earliest date of hire with an OMERS Employer	Average hire Age	Average enrolment age
2009	28.2	29.6
2010	27.5	29.3
2011	27.0	28.9
2012	27.4	29.0
2013	27.4	29.0
2014	26.8	28.4
2015	26.4	28.0
2016	29.1	30.3
2017	26.9	28.1
2018	28.0	28.5

Historically:

Earliest date of hire with an OMERS Employer	Average hire age	Average enrolment age
1979 – 1983	24.3	26.5
1984 – 1988	25.7	27.2
1989 – 1993	26.0	28.1
1994 – 1998	28.4	31.4
1999 – 2003	33.5	34.1
2004 – 2008	29.7	30.8
2009 – 2013	27.6	29.2
2014 – 2018	27.4	28.7

⁶Based on the current active membership data (hires up to December 31, 2018) and those members who retired in previous years. Member may not have been a paramedic on earliest date of hire or date of plan enrolment.

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What is the average age and how many years of service do Paramedics have on their pension commencement date?

Year of Pension Commencement	Average Age	Average Service (credited and eligible)
2010	60.3	27.9
2011	60.5	29.3
2012	60.5	31.0
2013	59.8	29.0
2014	60.5	31.4
2015	60.1	29.7
2016	60.3	31.0
2017	61.0	30.2
2018	59.4	31.4
2019 (to Nov)	60.4	30.3

Note(s): Excludes disability pensions. Retirement behaviours could be different as an NRA 60 member.

Historically what percentage of Paramedics have retired with an early (reduced & unreduced) or unreduced pension at age 65?

An NRA 65 member is eligible for an unreduced pension at age 65, regardless of their service, or when the member is at least age 55 and has 30 years of service or the 90 Factor (age + service = 90). If a member retires early but has not reached the 30 years of service or 90 factor, the pension is reduced by 5%/year from the factor s/he would reach soonest.

This table shows, by year of pension commencement, the distribution of members who retired with a reduced pension and those who retired with the various types of unreduced pension.

Year of Pension Commencement	Reduced	Unreduced		
		30 years of credited and eligible service	90 Factor (age plus credited and eligible service)	Age 65
2010	16%	39%	29%	16%
2011	18%	35%	29%	18%
2012	17%	41%	27%	15%
2013	27%	41%	15%	17%
2014	15%	38%	28%	19%
2015	18%	45%	21%	16%
2016	21%	38%	18%	23%
2017	18%	34%	23%	25%
2018	19%	45%	24%	12%
2019 (to Nov)	29%	29%	22%	20%

Note(s): Excludes disability pensions. Retirement behaviours could be different as an NRA 60 member.

To what extent have Paramedics deferred pension commencement after ceasing employment from their OMERS employer?

The majority of Paramedic pensioners commence a pension immediately following cessation of employment (after age 54). For the Paramedics who defer pension commencement, the average deferral is approximately 3 years after cessation of employment.

Note: Retirement behaviours could be different as an NRA 60 member