



get ready. for life.

A handbook for members of the OMERS Plan



This handbook is a summary of the defined benefit provision of the OMERS Primary Pension Plan (OMERS Plan). In this booklet, we refer to the OMERS Primary Pension Plan as the “OMERS Plan.”

The information in this booklet provides a summary of the terms of the OMERS Plan text at the time of publication. From time to time, the OMERS Plan text may be amended by the OMERS Sponsors Corporation. If there is any discrepancy between this information and the *Ontario Municipal Employees Retirement System Act, 2006* (OMERS Act, 2006) and the OMERS Plan text, the OMERS Act, 2006 and OMERS Plan text will govern.

OMERS Primary Pension Plan Registration Number: 0345983

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Providing OMERS with your personal information is considered consent for its use and disclosure for the purposes set out in our Privacy Statement, as amended from time to time. You can find out more about our collection, use, disclosure and retention of personal information by reviewing our Privacy Statement at **www.omers.com**.

If you have questions about privacy at OMERS, please call OMERS Client Services at 1-800-387-0813.

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Learn About Your OMERS Plan

OMERS is a defined benefit pension plan, which means you can expect a predictable monthly income for life. Together with government benefits and your savings, your OMERS Plan pension can grow into an important financial asset and play a key role in your financial and retirement security.

Joining the OMERS Plan

Full-time employees

If you're a permanent, full-time employee (also called continuous full-time), you automatically become a member of the OMERS Plan on the date you are hired by a participating employer, or on the date you become full-time. You remain a member even if you change from full-time to part-time.

Non-full-time employees

You're a non-full-time employee if, for example, you work less than a full work week or you are 10-month, contract or seasonal employee.

You either:

- join the OMERS Plan when you are hired (if it is your employer's policy); or
- choose to join the OMERS Plan when you become eligible.

You become eligible and may choose to join if you meet one of the following conditions **in both the previous two calendar years with any OMERS participating employer**:

- you worked at least 700 hours; or
- you earned at least 35% of the Canada Pension Plan (CPP) earnings limit.

Once you become a member, you remain in the OMERS Plan even if your work hours or income fall below the eligibility requirements, or if your work status changes to or from full-time.

How Your Pension Grows

The more years you have in the OMERS Plan, the larger your pension in the OMERS Plan. OMERS defined benefit formula takes into account your best five consecutive years of earnings (“best five” earnings) and service in the OMERS Plan.

OMERS Plan Pension Formula

Your OMERS Plan lifetime pension + bridge benefit to age 65 equals

2% x credited service (years) x “best five” earnings

Less OMERS Plan bridge benefit at age 65

0.675% x credited service (years) x lesser of “best five” earnings or *AYMPE**

Equals your OMERS Plan lifetime pension from age 65

* Five year average of the year’s maximum pensionable earnings (*YMPE*)

The bridge benefit supplements your OMERS Plan lifetime pension until age 65, when it is expected your Canada Pension Plan (CPP) pension will begin. The bridge benefit continues to be paid to age 65 even if you start your CPP pension before age 65.

An OMERS pension earned in excess of the maximum set by the *Income Tax Act* is paid through the OMERS retirement compensation arrangement (RCA) – a special fund for this purpose.

Service in the OMERS Plan

In the OMERS Plan, there are two types of service.

Credited Service

This is the paid service (years and months) you have in the OMERS Plan, including any service you purchased or transferred in. The maximum amount of credited service you can have is 35 years. We use your credited service and your earnings to calculate your pension.

If you’re continuous full-time, you earn one year of credited service for every full year you work.

If you're non-full-time, we calculate your credited service as a proportion of what a full-time member would earn. Also, when we calculate your pension, we annualize your earnings.

Eligible Service

This is service with any OMERS participating employer that isn't credited service. It can help bring you closer to an unreduced early retirement pension; however, it does not change the credited service used in the OMERS Plan pension formula. We add your eligible service to your credited service when we calculate your early retirement pension factor.

Examples of eligible service include:

- summer-student work with an OMERS employer
- service that was refunded when you left an OMERS employer
- unpurchased pregnancy/parental leave
- unpurchased waiting periods.

You may be able to purchase some eligible service and convert it to credited service. See "Retire with a Bigger OMERS Plan Pension," on page 19.

Have you worked for an OMERS employer,
but you were not in the pension plan?

Check **myOMERS** and make sure that period of employment is included with your eligible service. If it isn't, contact OMERS Client Services.

Your Contributions

You will contribute a percentage of your earnings to help pay for your future pension. Your employer will also contribute an equal amount. These contributions will fund a portion of your pension. Investment earnings of the OMERS Fund will fund the balance.

Your contributions to the OMERS Plan lower your taxable income. Amounts you contribute to buy a leave period or past service may also lower your taxable income.

Contributions are lower on salary up to the Canada Pension Plan (CPP) earnings limit, and higher on any salary above the CPP earnings limit.

To keep the Plan fully funded, the OMERS Sponsors Corporation periodically adjusts contribution rates. Visit omers.com or call OMERS Client Services for the current contribution rates.

Notes:

Your pension is immediately “locked-in” when you join the OMERS Plan – you immediately begin to earn a pension and become entitled to a benefit. When your pension is “locked-in” you must use it for future retirement income and you cannot cash out the value of your pension or your contributions, except in very rare cases.

When you leave your employer, retire or if you die before your pension starts, the 50% Rule refund test is applied and any excess contributions will be refunded.

Tax Relief

A defined benefit pension like OMERS is a tax-efficient form of saving.

Under the *Income Tax Act*, the federal government provides you with tax relief on the contributions that you pay into OMERS.

- You contribute a percentage of your earnings to help pay for your future OMERS pension.
- Your employer deducts these contributions from your gross income, which reduces your taxable income – the amount of income on which you pay taxes. As a result, over the course of the year, the income on which you pay taxes has been reduced by the amount of your pension contributions.
- This is like contributing to an RRSP – except that your employer reduces your tax right away, so that you don’t have to wait until you file your tax return to benefit.
- Your employer also contributes an equal amount. These contributions are not a taxable benefit – you do not count them as income.
- Once you retire and begin collecting your OMERS pension, income tax will be applied to your payments. However, in most

cases, it will be at a lower marginal tax rate than when you were employed.

Why Contributory Earnings Matter

While you're working, you pay OMERS Plan contributions on your regular "contributory" earnings – excluding additional amounts such as overtime pay and most one-time, lump-sum payments. And then when you retire, these same contributory earnings are used to calculate your pension (the "best five" earnings in the OMERS Plan pension formula).

There are two caps on contributory earnings:

1. Cap on incentive pay – post-2010 contributory earnings are capped at:

- 150% x your contributory earnings before incentive pay
- "Incentive pay" is earnings related to performance-based bonus payments and similar pay arrangements. Bonus payments for service retention (common in the police/fire sectors) are not considered incentive pay.

2. Additional cap – total annual contributory earnings are limited to seven times the CPP earnings limit effective:

- January 1, 2014 for members who enrolled on/after January 1, 2014; and
- January 1, 2016 for members who enrolled before January 1, 2014.

Inflation Protection

Inflation protection increases OMERS retirement, disability and survivor pensions each year by 100% of the increase in the Canadian Consumer Price Index (CPI) – up to a maximum increase of 6%. Any excess is carried forward so it can be used in later years when the CPI increase is less than 6%.

OMERS and Your RRSP Room

The pension adjustment (PA) on your T4 tax slip is a deemed value of the pension you earned as an OMERS Plan member. The Canada

Revenue Agency (CRA) uses the PA from the previous year to calculate your new RRSP contribution room for the current year.

Disability Benefits

The OMERS Plan has a disability waiver benefit and a disability pension.

Disability Waiver

While on disability waiver (also called “disability waiver of contributions”), you continue to accumulate credited service in the OMERS Plan, as if you are still working. The OMERS Plan covers your contributions and your employer’s contributions. Earnings used to calculate your pension are increased by the lower of the annual increase in the Average Industrial Wage (AIW) or the Consumer Price Index (CPI).

To qualify for a disability waiver you must be totally disabled as defined by the OMERS Plan.

The disability waiver begins **on the later of:**

- the first day of the fifth month after you become totally disabled; or
- the day after you cease to make regular contributions.

The disability waiver benefit continues until one of these events occurs:

- You are no longer totally disabled.
- You begin receiving an OMERS Plan disability or early retirement pension.
- You return to work other than on an OMERS-approved rehabilitation program.
- You leave your employer and elect a termination benefit from the OMERS Plan.
- You reach your normal retirement age and become eligible for a retirement pension.

Disability Pension

If you become totally and permanently disabled as defined by the OMERS Plan, you can begin a disability pension. Your disability pension is an unreduced early retirement pension calculated using the “OMERS Plan Pension Formula” (see page 3).

The disability pension can begin **on the later of:**

- the first day of the fifth month after you become totally and permanently disabled; or
- the first of the month following the month you elect a disability pension, if you have been on a disability waiver.

Note:

If you are on disability waiver immediately before beginning an OMERS Plan disability pension, the waiver benefit ends when your pension begins, and you will no longer accrue credited service in the OMERS Plan.

The disability pension continues until:

- you reach your normal retirement date, and your disability pension becomes an OMERS Plan normal retirement pension; or
- you no longer meet the definition of totally and permanently disabled; or
- you return to work, other than on an OMERS-approved rehabilitation program.

OMERS and Workers Safety Insurance Board (WSIB)

The maximum you can receive from WSIB and the OMERS Plan combined is 85% of your contributory earnings immediately before you were disabled. If you exceed the limit, your OMERS Plan disability pension will be reduced until you reach your normal retirement age, or until WSIB stops.

Shortened Life Expectancy

If, because of an illness or other condition, your life expectancy is less than two years, you may be able to withdraw the cash value of your pension. Once you receive this shortened life expectancy

benefit, no further benefit is payable from the OMERS Plan to you, your survivors, beneficiary or estate.

If you have an eligible spouse, they must provide their written consent for you to withdraw the funds.

Benefit Calculation Changes

Starting January 1, 2013, benefit calculation changes affect you if your employment ends and you are not yet eligible for an early retirement pension. That is, if you have not reached your early retirement birthday (55th birthday for normal retirement age 65, or 50th birthday for normal retirement age 60), your benefit will be calculated in two parts:

- The benefit based on pre-2013 credited service includes pre-retirement indexing (inflation protection) and early retirement subsidies (including the OMERS Plan bridge benefit).
- The benefit based on post-2012 credited service does not include pre-retirement indexing or early retirement subsidies (including the OMERS Plan bridge benefit).

These changes apply only if you leave your OMERS employer **before** your early retirement birthday.

Inflation protection (pre-retirement indexing)

Pre-retirement indexing is the inflation protection we apply to your benefit from the date you leave your OMERS employer to the date your pension begins.

The pre-2013 portion of your benefit will include inflation protection, whether you leave your benefit in the OMERS Plan or transfer the commuted value out. The post-2012 portion of your benefit will not include pre-retirement inflation protection.

Early retirement subsidies

Early retirement subsidies affect your benefit calculation for service earned after 2012 and the amount of the OMERS Plan bridge benefit.

As of January 1, 2013, your benefit will be calculated in two portions: pre-2013 and post-2012.

The pre-2013 portion:

- You may eventually qualify for an unreduced pension for the pre-2013 portion, or if not, your early retirement pension will be reduced by 5% per year you're short of the 90 Factor or 85 Factor, 30 years of service, or your normal retirement age. (This is the "subsidized" reduction.)
- The OMERS Plan bridge benefit will be included in the pre-2013 portion.

The post-2012 portion:

- This portion no longer includes a possible unreduced early retirement pension. When you eventually begin your pension, the post-2012 portion will be reduced on an actuarial-equivalent basis (an "unsubsidized" reduction).
- If your normal retirement age is 65, the OMERS Plan bridge benefit will not be included in the post-2012 portion.
- If your normal retirement age is 60, a five-year portion of the bridge benefit (from age 60 to 65) will be included in the post-2012 portion.

Planning for Life Events

Taking a Leave

Generally, if you take a leave of absence that has been authorized by your employer, you may buy the service for the time you are away and convert it into credited service. This includes both leaves protected by employment standards legislation, for example, pregnancy and parental leaves, and family medical and personal emergency leaves, and non-protected leaves authorized by your employer. The cost of buying the service depends on the type of leave.

For more information on purchasing a leave, including the cost and purchase deadline, visit [omers.com](https://www.omers.com) or contact OMERS Client Services.

Leaving Your OMERS Employer

Depending on your age and the amount of your pension, options when you leave your OMERS employer could include:

1. Keep your pension with OMERS

Keeping your pension with OMERS gives you a future stream of retirement income for life.

2. Combine your current and future OMERS pension

If you go to work for another OMERS employer, you may be able to combine your entire pension record under a single membership with your new OMERS employer.

3. Start your OMERS pension

On/after your early retirement birthday, you can elect and begin to receive your OMERS Plan retirement pension.

4. Transfer your pension out of OMERS to another pension plan

If you go to work for a non-OMERS employer, you may be able to transfer your OMERS Plan pension into your new employer's defined benefit registered pension plan (RPP).

5. Transfer the *commuted value (CV)* of your OMERS Plan pension to a prescribed savings vehicle, such as a locked-in retirement account

You are eligible to transfer the CV of your pension if you leave an OMERS employer and you have not yet reached your early retirement birthday. But there is a limit to the amount of time you have to transfer your CV after you leave your employer.

If you leave your OMERS employer on or after August 23, 2017 and you are eligible to transfer the CV of your pension, you may do so before the later of:

- six months after the date you left your employment; or
- January 1, 2020.

Effective January 1, 2020, if you leave an OMERS employer, you will have six months to transfer your CV.

Starting January 1, 2020, if you rejoin the OMERS Plan after transferring the CV of your pension out of the OMERS Plan, you will have to wait five years from when you transferred out your CV before you can buy back the associated service.

6. Cash refund (or a tax-deferred transfer to your RRSP) of the CV of your OMERS Plan benefit

If the annual pension you've earned is less than 4% of the CPP earnings limit, you may be eligible for a cash refund (or a tax-deferred transfer to your RRSP) of the CV of your OMERS Plan benefit.

Notes:

Effective July 1, 2012, as permitted by law, OMERS elected to be excluded from providing "grow-in" provisions for certain terminating members.

If you file a grievance/legal proceeding for termination of employment, with the intention of being reinstated, the CV option (#5 above) is still available. If you are reinstated, you may repay the benefit to OMERS to re-establish your benefit.

Why Your Early Retirement Birthday Matters

On/after your *early retirement birthday* (55th birthday for normal retirement age 65, or 50th birthday for normal retirement age 60), you are eligible for retirement options – you can retire and begin

your OMERS Plan pension – but the CV option (option #5 above) is no longer available.

If you leave your OMERS employer before your early retirement birthday, the CV option is available and, starting in 2013, the benefit calculation changes will affect you. See “Benefit Calculation Changes,” on page 9, for more details.

Retirement

Normal Retirement Date

Your normal retirement date is:

- age 65 if your normal retirement age is 65
- age 60 if your normal retirement age is 60.

Your OMERS Plan pension begins the first of the month following the month you retire.

You can continue to work and earn credited service in the OMERS Plan past your normal retirement date. However, your OMERS Plan pension must begin on December 1 of the year in which you reach 71, whether or not you are still working, and you will no longer make contributions.

Early Retirement

You can elect and begin to receive an early retirement pension on/ after your **early retirement birthday**, (55th birthday for normal retirement age 65, or 50th birthday for normal retirement age 60).

There are two types of early retirement pensions: unreduced and reduced.

Unreduced Early Retirement Pension

An unreduced early retirement pension is calculated without a reduction.

You qualify for an unreduced early retirement pension if you have:

- **30 years** or more of service*; or

- the “**90 Factor**” if your normal retirement age is 65 or the “**85 Factor**” if your normal retirement age is 60.

The 90 Factor is:

your age + service* = 90 or more

The 85 Factor is:

your age + service* = 85 or more

Reduced Early Retirement Pension

If you don’t qualify for an unreduced pension, you can still retire but your pension will be reduced by a 5% reduction factor as follows. The reduction factor is pro-rated for part years.

If your normal retirement age is 65, your OMERS Plan pension is reduced by 5% per year multiplied by the least of:

- 65 minus your age when you retire;
- 90 Factor minus your current age-plus-service* factor; or
- 30 years minus your years of service*.

If your normal retirement age is 60, your OMERS Plan pension is reduced by 5% per year multiplied by the least of:

- 60 minus your age when you retire;
- 85 Factor minus your current age-plus-service* factor; or
- 30 years minus your years of service*.

* Eligible service + credited service

Returning to Work After Retirement

If you go back to work for an OMERS employer in a position that requires that you enrol, you will be re-enrolled in the OMERS Plan (and your pension will stop) unless you specifically elect to continue receiving your pension and not re-enrol.

If you re-enrol in the OMERS Plan, your status as an active member will continue until the earliest of the following dates:

- November 30 of the year in which you reach age 71; or
- the day you subsequently retire.

When you subsequently retire, all your credited service and earnings are combined and your pension is recalculated.

Marriage Breakdown

Effective January 1, 2012, OMERS and other registered pension plan administrators in Ontario were required to comply with updated rules related to the valuation and division of the pension benefit in the event of marriage breakdown.

More information on the rules is available at omers.com/marriagebreakdown or on FSCO's website at www.fSCO.gov.on.ca.

What Happens to Your Pension When You Die

OMERS Plan survivor benefits are paid according to a set order of entitlement that complies with the Ontario *Pension Benefits Act*. This order cannot be changed, for example, by a will.

See the "Glossary" (page 22) for the spousal definitions (pre-retirement spouse, retirement-date spouse and post-retirement-date spouse) and the definition of eligible dependent children.

If You Die **Before** Retirement

Order of entitlement to survivor benefits:

- 1. Spouse** – Your pre-retirement spouse can choose a survivor pension or cash refund.
- 2. Children** – If there is no pre-retirement spouse, a children's pension will be paid to any eligible dependent child(ren) for as long as they are eligible.
- 3. Designated beneficiary** – If there is no pre-retirement spouse or eligible dependent child(ren), your designated beneficiary(ies) on file may be entitled to a cash refund.
- 4. Estate** – If there is no pre-retirement spouse, eligible dependent child(ren), or designated beneficiaries, a cash refund may be paid to your estate.

See "Explanation of Survivor Benefits" on page 17 for details on survivor pension, children's pension, cash refund and residual refund.

Additional refunds

In addition to the OMERS Plan survivor benefits, the following refunds may be payable in the event of death before retirement.

50% Rule refund

If your contributions plus interest from January 1, 1987 to the date of death are greater than 50% of the commuted value (CV) of the pension earned for the same period, OMERS will refund the difference to your designated beneficiary(ies) or, if none, to your estate.

Special refund

When the CV of your OMERS Plan pension is greater than the amount needed to fund the survivor benefit for your eligible dependent child(ren), the difference is paid as an OMERS Plan special refund. It is paid to your living designated beneficiaries on file or, if none, to your estate.

If You Die **After** Retirement

Order of entitlement to survivor benefits:

- 1. Spouse** – Your retirement-date spouse (or post-retirement-date spouse if there is no eligible retirement-date spouse) will receive a survivor pension.
- 2. Children** – If there is no retirement-date spouse or post-retirement-date spouse, a children's pension will be paid to any eligible dependent child(ren) for as long as they are eligible.
- 3. Designated beneficiary** – If there is no retirement-date spouse, post-retirement-date spouse or eligible dependent child(ren), your designated beneficiary(ies) on file may be entitled to a residual refund.
- 4. Estate** – If there is no retirement-date spouse, post-retirement date spouse, eligible dependent child(ren) or designated beneficiaries, any residual refund may be paid to your estate.

Explanation of Survivor Benefits

Survivor pension

An OMERS Plan survivor pension equals:

- $66\frac{2}{3}\%$ of your lifetime pension*
- plus a further 10% for each eligible dependent child, up to a total of 100% of the pension you earned.

The survivor pension is guaranteed for life (it does not stop if your spouse remarries) and is indexed for inflation. It does not include the OMERS Plan bridge benefit.

Children's pension

An OMERS Plan children's pension equals:

- $66\frac{2}{3}\%$ of your lifetime pension* ; or
- the survivor's pension the spouse was receiving at their date of death (less any entitlement for eligible children).

A children's pension is divided equally among the eligible children and is paid to, or on behalf of, each child. When a child is no longer eligible, the benefit is redistributed among the remaining eligible children. It is indexed to inflation, and it does not include the OMERS Plan bridge benefit.

In the case of a surviving child being a minor, benefits of \$10,000 or less can be paid to the adult who has custody of the child; benefits over \$10,000 are subject to Guardianship of Property rules.

* For death before retirement, this is $66\frac{2}{3}\%$ of the lifetime pension you earned to the date of death or to the date you left your OMERS employer. For death after retirement, this is $66\frac{2}{3}\%$ of the lifetime pension you were receiving at the date of death.

Cash refund (pre-retirement death only)

The cash is paid in a lump-sum and equals:

- the commuted value (CV) of the pension you earned since January 1, 1987; plus
- any contributions you made before 1987, plus interest to the date of your death.

A spouse can transfer the cash refund to a non-locked-in registered retirement savings arrangement.

Residual refund (post-retirement death only)

The residual refund is the total of your OMERS Plan contributions plus interest, minus any pension paid to you and/or your survivors.

Note:

After about five years of retirement, most members have received pension payments equal to their contributions plus interest, so there may not be a residual refund.

Naming a Designated Beneficiary

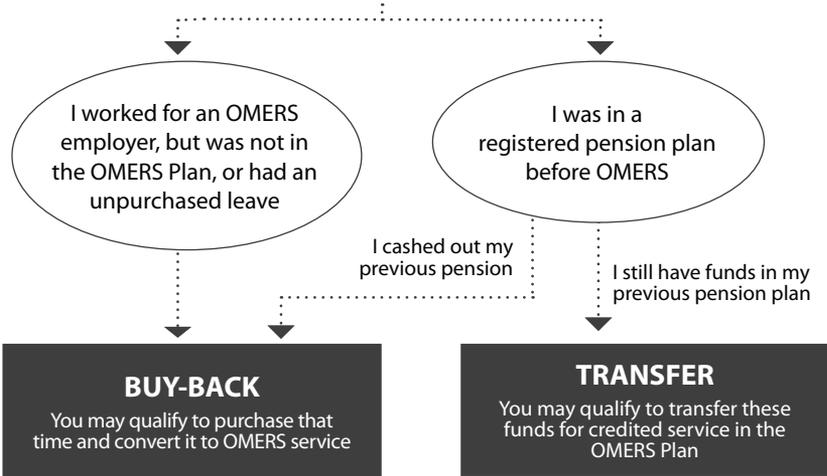
Only the OMERS Plan member can name a beneficiary or beneficiaries. An executor, estate trustee, power of attorney for property or survivor cannot name or change your designated beneficiary(ies).

Complete the Beneficiary Information form provided with this booklet and return it to OMERS if you wish to designate your beneficiary(ies) with OMERS.

Retire With a Bigger OMERS Plan Pension

If you belonged to another pension plan or you worked for an OMERS employer but were not in the pension plan or had an unpurchased leave or cashed out your OMERS pension, you may be able to transfer or buy back that service and convert it to OMERS Plan credited service. This will increase your pension and may allow you to retire earlier without a reduction.

How Do I Increase My Pension?



Visit **myOMERS** and use the Buy-back Calculator to find out how much it would cost or contact Client Services

Contact Client Services to find out if the pension can be transferred

Transfers

OMERS can accept transfers from most Canadian public and private sector registered pension plans, which may enable you to bring your pension from your previous employer into the OMERS Plan.

Contact OMERS Client Service to find out if your pension can be transferred.

Buy-backs

Types of service you can buy back to increase your OMERS Plan credited service are:

- Refunded service after 1991 (including a waiting period) with another registered pension plan.
- Leaves with an OMERS employer you didn't purchase before the purchase deadline. For example, a pregnancy and parental leave that ended more than two years ago.
- Eligible service with an OMERS employer – including a post-1991 waiting period to join the OMERS Plan, or previously refunded service.
- A shortfall in transferred service – when the amount you transferred into the OMERS Plan from another registered pension plan didn't buy the same amount of OMERS Plan credited service.

Starting January 1, 2020, if you rejoin the OMERS Plan after transferring the commuted value (CV) of your pension out of the OMERS Plan, you will have to wait five years from when you transferred your CV before you can buy back the associated service.

If you think you have service that you can buy back, contact OMERS Client Services to see if it's purchasable.

Invest in the OMERS Fund with AVCs

OMERS offers Additional Voluntary Contributions (AVCs), which can increase your savings.

Similar to RRSPs in some ways, AVCs are administered as part of the OMERS Primary Pension Plan but separate from your OMERS Plan defined benefit pension. Funds in an AVC account are invested in the globally diverse OMERS Fund and earn the OMERS Fund net rate of return.

There are two ways to contribute to an AVC account:

1. Transfer funds from a registered retirement savings vehicle, for example, an RRSP
2. Automatic contributions by pre-authorized debit or payroll deduction through your employer*, from as low as \$40 a month or \$20 biweekly (active members only).

Everyone has their own unique retirement goals. AVCs could help you reach yours.

Learn more about AVCs
at omers.com/AVCs

To open an account, visit **myOMERS.com**

The additional voluntary contribution provision is part of the OMERS Plan and is subject to the conditions established by the OMERS Administration Corporation pursuant to Section 47 of the OMERS Plan. The OMERS Plan and such related conditions may be amended in the future in accordance with the OMERS Act, 2006 and the Pension Benefits Act (Ontario).

* Some OMERS employers offer payroll deductions for AVCs.

Glossary

50% Rule refund: This rule is applied when you leave your employer or retire or if you die before your pension starts. If your contributions made on/after January 1, 1987 plus interest exceed one half of the commuted value of your pension for the same period, the difference is refunded to you, your beneficiary or estate.

AYMPE: The five-year average of the year's maximum pensionable earnings (YMPE).

"Best five" earnings: The annual average of the 60 consecutive months during which your contributory earnings were at their highest. It does not include any overtime pay or most lump-sum payments. It may, however, include earnings from a period of service that was transferred in from another registered pension plan.

If you have less than five years of credited service, we use your actual credited service to calculate your average earnings.

Buy-back: Buying back previous service converts it to OMERS Plan credited service. The previous service could be service with an OMERS employer that currently doesn't count as credited service or refunded service with another pension plan.

Canada Pension Plan (CPP) earnings limit: The maximum amount of earnings used to calculate contributions and pensions under the Canada Pension Plan (CPP). Also called the year's maximum pensionable earnings (YMPE).

Commuted value (CV): The commuted value is the estimated amount of money you would have to put aside today, to grow with tax-sheltered investment earnings, to provide you with a future benefit similar to the OMERS Plan pension you've earned.

Common-law spouse: OMERS considers a common-law spouse to be a person who is not married to the member but living together with the member in a conjugal relationship:

- continuously, for a period of not less than three years; or
- in a relationship of some permanence, if they are the parents of a child as set out in section 4 of the *Children's Law Reform Act*.

Continuous full-time: You are a continuous full-time member if you are a permanent, full-time employee.

Early retirement birthday: Your early retirement birthday is the day you reach:

- age 55 for normal retirement age 65
- age 50 for normal retirement age 60.

Eligible dependent child: OMERS considers an eligible child to be:

- a natural child;
- a legally adopted child; or
- a person whom you have demonstrated a settled intention to treat as a child of your family (except under an arrangement where the child is placed for valuable consideration in a foster home by a person having lawful custody).

At the time of your death, the eligible child must be dependent on you for support and also must be:

- 18 years or younger in the year of your death;
- under age 25 and a full-time student; or
- totally disabled (see “Totally disabled child”).

Legal spouse: OMERS considers a legal spouse to be a person who is legally married to the member.

Living separate and apart: Whether two persons are “living separate and apart” is often complicated to assess. It is a question of both fact and law and must be determined on a case-by-case basis. The determination may require the assistance of a lawyer.

In general, physical separation is usually, but not always, an indication that two persons are living separate and apart. However, physical separation is not always conclusive. There must also be a mutual or a unilateral intention for two persons to live separate and apart and end the marriage or common-law relationship. For example, a physical separation between two spouses caused by one of them living in a nursing home will not necessarily result in a determination that the spouses are living separate and apart, provided that both spouses intended the marriage or common-law relationship to continue despite the physical barrier.

Locked-in: When your pension is “locked-in” you must use it for future retirement income. You cannot cash it out, except in very rare cases. Your pension is immediately locked-in when you join the OMERS Plan.

Non-full-time: Non-full-time members (also called other-than-continuous full-time), may include short-term, casual, temporary, seasonal, student, part-time, 10-month or contract employees.

Normal retirement age: Most members in the OMERS Plan have a normal retirement age of 65. Some police and firefighters, including firefighters or police who become employed by a participating police or fire association, have a normal retirement age of 60.

Normal retirement date: Your normal retirement date is the end of the month in which you reach your normal retirement age.

OMERS Fund net rate of return: The OMERS Fund rate of return less investment management expenses.

Other-than-continuous full-time: Other-than-continuous full-time members may include short-term, casual, temporary, seasonal, student, part-time, 10-month or contract employees.

Post-retirement-date spouse: If you enter into a spousal relationship after retirement, and there is no person who qualifies as your retirement-date spouse, OMERS considers the surviving legal spouse or common-law spouse at the date of your death to be the eligible spouse for the purpose of spousal survivor benefits, provided you were not “living separate and apart” (see previous page) and he or she has not waived rights to survivor benefits.

Pre-retirement spouse: If you die before your pension start date, your pre-retirement spouse is your legal spouse or common-law spouse on the date of your death (before retirement) provided you were not “living separate and apart” on the date of your death and he or she has not waived rights to survivor benefits.

Retirement-date spouse: If you die after your pension has started, your retirement-date spouse is your legal spouse or common-law spouse on the date your first pension payment is due provided you were not “living separate and apart” on that date and he or she has not waived rights to survivor benefits.

Totally and permanently disabled: You suffer from a physical or mental impairment which prevents you from engaging in any occupation or performing any work for compensation or profit for which you are qualified or may reasonably become qualified, by education, training, or experience and the disability is expected to last the rest of your lifetime. Your disability cannot have resulted from a willful self-inflicted injury, committing (or attempting to commit) an offence under the Criminal Code, or working in an unlawful occupation.

Totally disabled: You are incapable of doing your own job during the first 24 months of physical or mental disability; and after 24 months, you are incapable of doing any work for which you are qualified or may reasonably become qualified, by education, training, or experience. Your disability cannot have resulted from a willful self-inflicted injury, committing (or attempting to commit) an offence under the Criminal Code, or working in an unlawful occupation.

Totally disabled child: OMERS considers a totally disabled child to be someone whose physical or mental disability:

- occurred before age 21 or occurred before age 25 while a full-time student; and
- whose condition prevents self-support or doing any work for compensation or profit (except for an OMERS-approved rehabilitation or workshop program); and did not become disabled from a wilfully self-inflicted injury, committing (or attempting to commit) an offence under the Criminal Code, or working in an unlawful occupation.

Year's maximum pensionable earnings (YMPE): The maximum amount of earnings used to calculate contributions and pensions under the Canada Pension Plan (CPP). Also called the Canada Pension Plan (CPP) earnings limit.

