

NRA 60 for Paramedics

June 21, 2023



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This presentation provides a high-level overview of the NRA 65 to NRA 60 conversion process and is not meant to be exhaustive. For more information, you may refer to additional resources on [OMERS.com](https://www.omers.com) or contact OMERS.

NRA 60 Eligible Group

Firefighters



Police



Paramedics



Changing NRA for a class of eligible employees can be subject to bargaining/negotiation

Changing to NRA 60

NRA 60

1. PHILOSOPHY



NRA 60 reflects a long-term compensation approach for covered employees

2. CLASS BASED



NRA applies to the entire class of eligible employees

3. DUAL MEMBERSHIPS



A change to NRA 60 does not impact a separate OMERS membership for those with more than one OMERS record

4. OMERS PARTICIPATING BY-LAWS



OMERS employers must file an updated OMERS participation by-law/resolution reflecting the NRA 60 election

Class & OMERS NRA Membership

Key principles for valid classes

- 01 A class should be defined through valid employment criteria and must be reasonable (not artificial or arbitrary)
- 02 A class must not be in breach of an agreement or applicable legislation (e.g., classes based on part-time status or on age are not acceptable)
- 03 Only those employees who meet the definition of “paramedic” under the *Ambulance Act* are eligible for NRA 60
- 04 In general, an individual cannot constitute a class
- 05 Classes may be negotiated and set out in a collective agreement
- 06 The OMERS participation by-law is the governing document, but any applicable collective agreement should align with it
- 07 Once an updated by-law is approved by OMERS, an updated NRA is effective for everyone within that class
- 08 Individuals who do not meet the criteria of the NRA 60 class cannot elect to be included in the class
- 09 Individuals who fall within the NRA 60 class cannot choose to opt out of NRA 60

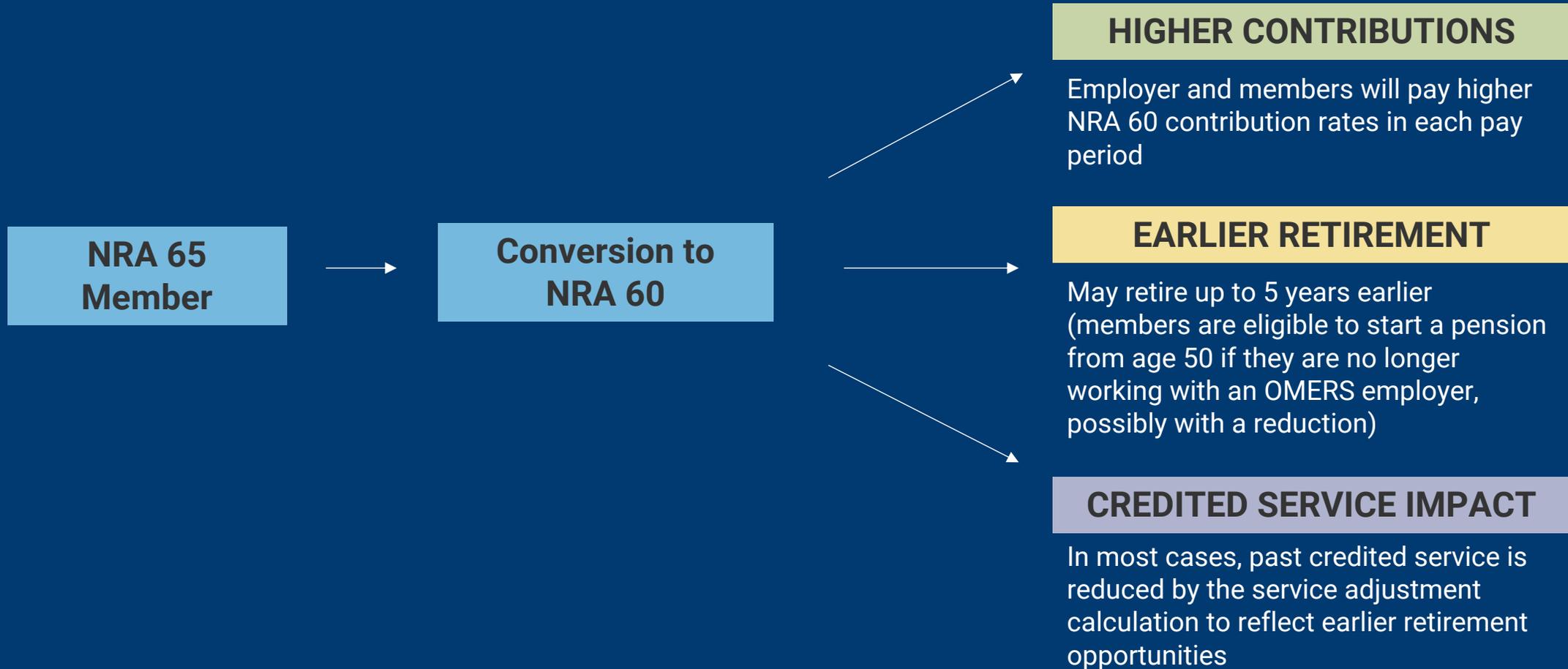
Example: Class Based on Hire

SAMPLE OPTIONS

	All paramedics are NRA 60	All paramedics hired before <date> are NRA 60	All paramedics hired on or after <date> are NRA 60	All paramedics hired between <date> and <date> are NRA 60
Impact to existing paramedics	Converted to NRA 60	Converted to NRA 60 (if hired before applicable date)	Remain at NRA 65 (if hired before applicable date)	Paramedics hired during specified hiring period are NRA 60, and those hired before and after that period are NRA 65
Impact to new paramedics	NRA 60	NRA 65	NRA 60	Paramedics hired during specified hiring period are NRA 60, and those hired before and after that period are NRA 65

Remember: OMERS works closely with employers to update by-laws and actual by-law wording is subject to OMERS approval

How are Members Affected by Conversion?



NRA 60 Contribution Rates are Higher than NRA 65 Contribution Rates

Applicable 2023 Primary Plan contribution rates for members and employers are as follows:

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%

*CPP earnings limit is also called the Year's Maximum Pensionable Earnings or "YMPE". This number changes annually. In 2023 it is \$66,600. Note that contribution rates are also subject to change.

Effect on Member Contributions

Change from NRA 65 to NRA 60 will affect the member's contributions as follows:

Annual contributory earnings ⁽²⁾	Estimated contributions per pay period ⁽¹⁾			
	NRA 65	NRA 60	Increase per bi-weekly pay period	Annualized increase
\$60,000	\$208	\$212	\$4	\$104
\$70,000	\$250	\$256	\$6	\$156
\$80,000	\$306	\$317	\$11	\$286
\$90,000	\$362	\$378	\$16	\$416
\$100,000	\$418	\$439	\$21	\$546

(1) Rounded to the nearest dollar.

(2) Assumes continuous full-time service in 2023 and uniform pay over 26 bi-weekly pay periods.

Note: Contribution rates can change over time.

Early Retirement & Unreduced Pension

NRA 65 vs NRA 60

	NRA 60	NRA 65
Earliest age members can retire	50	55
Normal unreduced retirement date	60	65
Factor for unreduced early retirement (age and service)	85	90
Qualifying service for unreduced early retirement	30	30

Note: Benefit calculation changes for early retirement where a member terminates employment before their earliest retirement age are calculated differently on pre-2013 and post-2012 credited service. Please visit OMERS.com for more information or contact OMERS.

WHAT IS CREDITED SERVICE?

Credited service is the paid service (years and months) a member has in the OMERS Plan and it is used to calculate the OMERS pension.

WHAT IS ELIGIBLE SERVICE?

Eligible service is employment service with any OMERS employer that is not credited service. Eligible service does not include any periods where an employment relationship does not exist (for example, a purely volunteer relationship or an independent contractor relationship).

WHY IS ELIGIBLE SERVICE IMPORTANT?

Eligible service 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.

NRA 60 Conversion Service Adjustment

Generally, past credited service is reduced to reflect entitlement to NRA 60 benefits. Effective June 21, 2023, the service adjustment calculation will be based on the lowest of the following three percentages:

#1	25% if the member is under age 60 or, if the member is age 60 or more, 5% multiplied by each year between age and age 65
#2	The percentage resulting from an actuarial equivalence calculation that uses the same actuarial basis used to determine the conversion cost (see next slide)
#3	The percentage resulting from an actuarial equivalence calculation that uses a commuted value basis (taking into account the commuted value of the member's benefit immediately before and after conversion)

Note: If a member is age 55+ at the time of conversion to NRA 60 and is eligible for an unreduced pension (i.e., is age 65, has 30 years of service or the 90 Factor), there is no service adjustment or conversion cost

Any unpurchased service adjustment is restored automatically if a member is still an active OMERS Plan member when the conversion cost has reduced to \$0. This typically occurs around the time an active member attains eligibility for an unreduced pension based on the NRA 65 requirements (i.e., 30 years of service, 90 Factor, or age 65).

Conversion Cost

Reflects the difference in the actuarial present value of the member's benefit at the member's earliest unreduced retirement date as an NRA 60 member and NRA 65 member.

Actuarial present value is based on:

- member's age and contributory earnings (current and projected); and
- actuarial assumptions and interest rates in effect at the time the calculation is performed

A change to any of these variables may increase or decrease the conversion cost.

Why consider paying the conversion cost?

It may be helpful to think of purchasing the service adjustment as similar to the decision to buy insurance. For example, many people buy home insurance and never make a claim on their home insurance policy. Although there is no refund of premiums for not making a claim, they purchase the insurance to protect themselves against future events they cannot predict.

Similarly, a member cannot always predict when they will retire or terminate employment with an OMERS employer. Buying the service adjustment also protects the member if they die before the conversion cost starts to decrease.

How Members Pay for the Conversion Cost

After NRA Conversion, OMERS will send each member a package that explains their service adjustment and the conversion cost to purchase it.

How to pay the conversion cost:

1. Cash contributions (a tax receipt will be issued)
2. Funds from other registered retirement funds (e.g., RRSPs, LIRAs, OMERS AVC account)

Payment is non-refundable

There is no refund of the purchase for NRA 60 members, including if the member continues to be an active member and work to a point where the conversion cost would have otherwise reduced to zero or reduced to below what they paid \$0.

* If a member only buys some of the service adjustment, OMERS will restore the oldest periods of service first.

A member can purchase...



None of the
SERVICE ADJUSTMENT



*Some of the
SERVICE ADJUSTMENT



All of the
SERVICE ADJUSTMENT

How Long Does Member Have to Buy Service Adjustment?

6

Each conversion cost is only valid for **6 months**



After 6 months, an **updated conversion cost** can be requested to buy the service adjustment

The updated cost can be higher or lower than the initial cost*

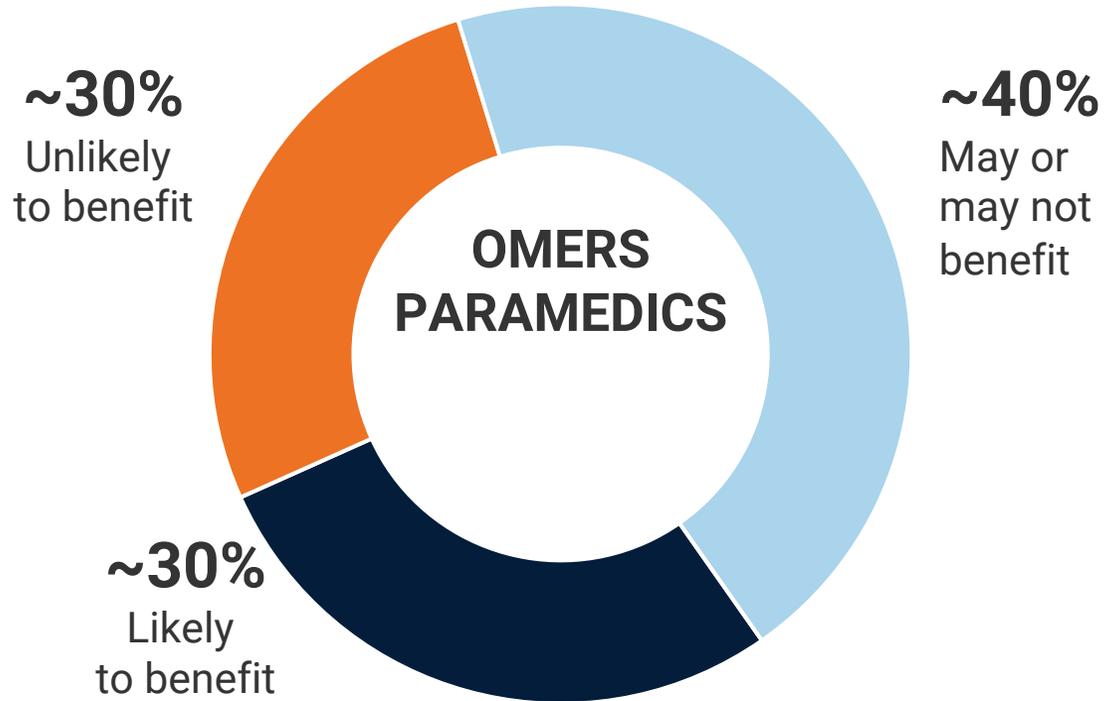


Any service adjustment purchase must be completed while member is an **active member** and cannot be made after termination of employment or retirement

*The conversion cost can go up or down and the changes can be significant based on the member's age, contributory earnings, and prevailing actuarial assumptions and interest rates in effect at the time the conversion cost is determined. Typically, the cost will increase as the member approaches the age they become eligible for an unreduced NRA 60 pension. Then, the cost typically starts to decrease and will reduce to \$0 around the age the member becomes eligible for an unreduced NRA 65 pension.

Who is Likely to Benefit from Converting to NRA 60?

Summary of Value Analysis*



* Performed on members with NRA 60 earliest unreduced date at age 55 or later. The analysis considers the relative value of benefits and contributions as an NRA 60 member to the relative value of benefits and contributions as an NRA 65 member based on the above assumptions.

Members who, after conversion, are likely to benefit from earlier retirement opportunities, taking into account higher contribution rates.

Members who already qualify for unreduced NRA 65 at time of conversion (this is expected to be a small percentage of members).

Members with a future unreduced NRA 60 date that is equal to the member's unreduced NRA 65 date (this is expected to be a small percentage of members).

Members who are not likely to benefit from earlier retirement opportunities after conversion, taking into account higher contribution rates.

Members who are expected to qualify for an unreduced NRA 60 pension before age 55. They are likely to benefit from conversion only if they retire before age 55.

Important! The value analysis assumes the following:

- members do not purchase the service adjustment
- members actually retire on their earliest unreduced date with an NRA 60
- mortality is consistent with going concern assumptions
- a male spouse is 3 years older than his female spouse

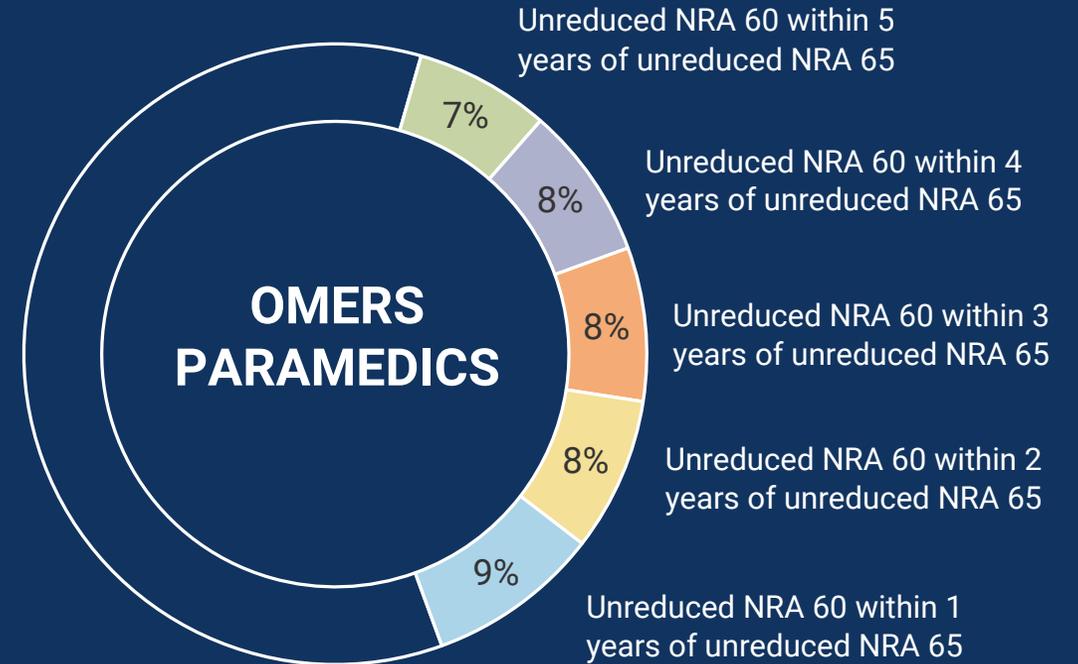
Members Who May (or May Not) Benefit

Paramedics qualifying for unreduced early retirement after conversion

~40% of paramedics would qualify for unreduced NRA 60 early retirement before age 55. These members may or may not benefit depending on when they choose to retire from employment.

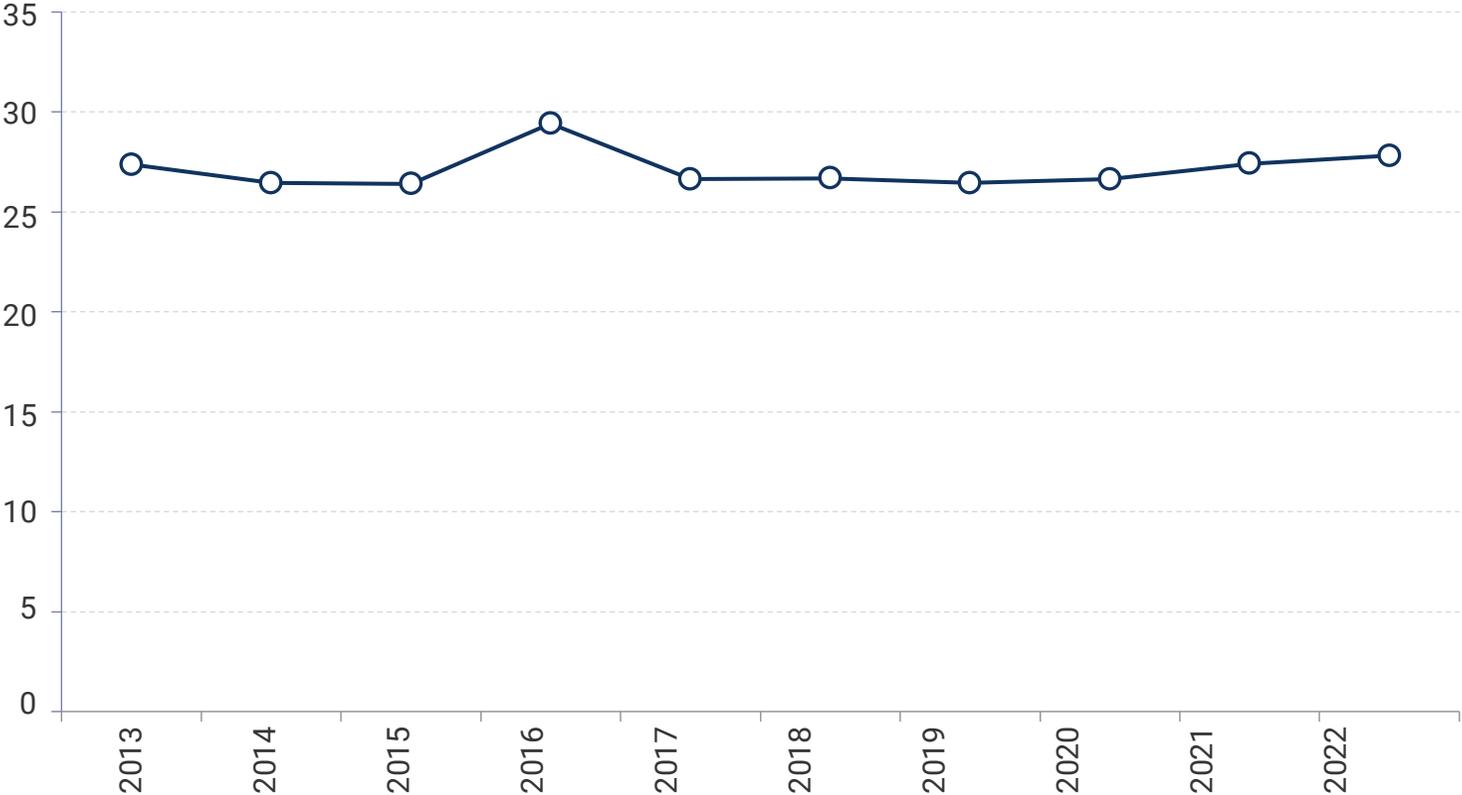
The benefits of NRA 60 often depend on the difference between a member's earliest unreduced retirement date as an NRA 60 member and their earliest unreduced date as an NRA 65 member.

- If they retire prior to age 55, conversion could be beneficial since the opportunity to retire is not available until age 55 for NRA 65 members.
- If they delay retirement to after age 55, conversion may or may not be beneficial depending on the additional value received and taking into account the additional contributions.
- If they retire on or after unreduced NRA 65 date, conversion would not be beneficial.



Members in the yellow and blue categories have an unreduced NRA 65 date that is close to their unreduced NRA 60 date so the relative value of NRA 60 may be more open to debate.

Age at Hire of Paramedic Members Has Been Slightly Increasing



The average age at hire:

- In the last 10 years: 27.1
 - In the last 5 years: 27.0
 - In the last 3 years: 27.3
 - In 2022: 27.8
- This analysis is based on current membership data OMERS has on file for its paramedic members (up to December 31, 2022) and includes current active members and those members who retired in previous years. Note that members may not have been paramedics on their earliest date of hire.
 - This data does not take into account members who were hired during this time frame but terminated employment with their OMERS employer prior to December 31, 2022.

Can Recent/Future New Hires Benefit from NRA 60?

Consider a 28 year old hired in 2015...

	At Hire	Before Conversion	After Conversion	85 Factor					
Age	28.0	36.0	36.0	50.0	55.0	56.5	58.0	60.0	65.0
Eligible Service (from service adjustment)	0.0	0.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0
Credited Service	0.0	8.0	6.0	20.0	25.0	26.5	30.0	32.0	37.0
Eligible + Credited Service	0.0	8.0	8.0	22.0	27.0	28.5	30.0	32.0	37.0
Year	2015	2023		2037	2042	2044	2045	2047	2052
Early retirement reduction				40%	15%	0%	0%	0%	0%

Service Adjustment is automatically restored when eligible for unreduced NRA 65

Note: Each member is unique and will have different career paths, financial needs, and retirement goals!

If the member's retirement goal is to retire:

- A** As early as possible – NRA 60 is a benefit because the member can only retire as early as age 55 as an NRA 65 member (the member will need to consider their financial position as well in order to retire from employment earlier)
- B** With an unreduced pension – NRA 60 is likely a benefit since the member will reach the 85 Factor at age 56.5 (as an NRA 65 member, they would have to wait until age 58 to reach the 90 Factor)
- C** With 30 years of credited service – NRA 60 is not a benefit (the member would have had the exact same benefit at age 58 as an NRA 65 member)

Your Group

Each employer's paramedic group or class(es) are unique

Assess the relative value of NRA 60 versus NRA 65 for your current and future employees in the applicable class



How OMERS Can Help



OMERS can provide the following:

Group conversion cost

Estimate the total conversion cost for all members in potential class to buy their service adjustment

Estimated cost difference

Estimated annual cost difference in member and employer contributions in respect of members in a potential class

Training for employers

OMERS Road Warriors are also available to assist and provide training to employers as needed



Questions? We're here to help

Call Employer Experience

Monday to Friday,
8 a.m. – 5 p.m.

Phone: +1 416.350.6750

Toll-free: +1 833.884.0389

Additional resources on the
[OMERS.com](https://www.omers.com) website
(including employer guide,
Q&A, etc.)

