

# FACT SHEET

## OMERS SUPPLEMENTAL PLAN FACTS

An update on the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

May 2019

## SUPPLEMENTAL PLAN OVERVIEW

The OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (the “Supplemental Plan”) was established in 2008. It offers optional benefits in accordance with section 11 of the *OMERS Act, 2006*.

Supplemental benefits are designed to enhance or “top up” the pension that a member already earns in the OMERS Primary Pension Plan (the “Primary Plan”).

An OMERS employer may offer a Supplemental Plan benefit to one or more specific classes of employees. The benefits are not automatic – Supplemental Plan participation would typically result from the collective bargaining process. If a class is covered, all individuals in that class must participate. One benefit can be provided by the employer at a time. Once a supplemental benefit is set up, no further supplemental benefits can be provided for the covered class of employees for at least 36 months from the effective date.

As at May 2019, there were no members in the Supplemental Plan.

If you have immediate plans to establish a Supplemental Plan benefit, please see “Setup Considerations” on page 4.

Full details of the Supplemental Plan are available online in the Employers section at [www.omers.com](http://www.omers.com).

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## SUPPLEMENTAL PLAN BASICS

### Benefits and eligibility

- The Supplemental Plan can provide several types of “top-up” benefits to enhance the pension earned in the Primary Plan.
- The available Supplemental Plan benefits are shown in the right-hand column of the table below.
- Top-up benefits are available for all or a specified class of OMERS members who are members of a police force or who are employed as firefighters or paramedics as defined in applicable legislation<sup>1</sup>. Civilians (e.g., police civilians or those who do not fall into the applicable definitions) are not eligible for certain benefits (e.g., 2.33% accrual rate).
- For example, the “Best three” earnings as the top-up benefit would tend to enhance a member’s pension because the average earnings used in the pension formula would generally be higher.
- The selection of the 2.33% accrual benefit requires additional “rebound” contributions under the Primary Plan. For full details, see [www.omers.com](http://www.omers.com): Employers/Administering the Plan/Supplemental Plan/Benefit Eligibility.

	Primary Plan (benefits provided to all OMERS members)	Supplemental Plan benefit (pays the difference between the Supplemental Plan and the Primary Plan benefits)
Accrual Rate	2.0%	2.33%
Average Contributory Earnings Used in the Pension Formula	“Best five”	“Best three”
Average Contributory Earnings Used in the Pension Formula	“Best five”	“Best four”
Early Retirement Factor (available to members within 10 years of normal retirement age)		
• for members with a normal retirement age of 60	85 Factor	80 Factor
• for members with a normal retirement age of 65	90 Factor	85 Factor

<sup>1</sup> Section 2 of the *Police Services Act*, subsection 1(1) of the *Fire Protection and Prevention Act, 1997*, and subsection 1(1) of the *Ambulance Act*.



## Contributions

- Contributions are paid by participating members and matched by the employer. Supplemental Plan contributions are in addition to contributions made to the Primary Plan.
- Contribution rates are set by the OMERS Sponsors Corporation and may change.
- Contribution rates include administrative expenses as well as rebound contributions to the Primary Plan for certain Supplemental Plan provisions. This ensures that all administration expenses of the Supplemental Plan are paid entirely by members of that plan and their employers, and are not subsidized in any way by the Primary Plan.

### Contribution Rates for Supplemental Plan Benefits Effective January 1, 2017

Benefits	Members with a normal retirement age of 60		Members with a normal retirement age of 65	
	Supplemental Plan contribution rate	Primary Plan rebound rate	Supplemental Plan contribution rate	Primary Plan rebound rate
2.33% accrual	2.25%	0.30%	1.85%	0.30%
80/85 Factor	0.35%	none	0.25%	none
"Best three" earnings	0.60%	none	0.45%	none
"Best four" earnings	0.35%	none	0.30%	none

- For example, for an NRA 60 member with the 2.33% accrual, the employer and member would each pay an additional 2.55% of the member's contributory earnings, in addition to regular Primary Plan contributions. This 2.55% total is based on the Supplemental Plan contribution rate of 2.25% and a rebound contribution of 0.30% to the Primary Plan.
- As another example, for an NRA 60 member with the "Best three" earnings benefit, the employer and member would each pay an additional 0.60% of the member's contributory earnings, in addition to Primary Plan contributions. No rebound cost applies.

#### Important!

- Many financial and demographic assumptions affect contribution rates, including the number of participants and administrative expenses. Contribution rates could be adjusted in the future to reflect emerging trends. Current rates are based on an assumption of 5,000 participating members. It is important to note that in the event that participating membership is less than 5,000 in the future, contribution rates may have to increase. One reason this can occur is that administration expenses, which are reflected in the rates, would be spread across a smaller group of participating members.
- Contributions start from the effective date of Supplemental Plan coverage.



## Past service purchases

- A member who participates in the Supplemental Plan has the option to “top up” their Primary Plan past credited service in the new Supplemental Plan benefit.
- Once a benefit is established, OMERS will provide detailed past service Supplemental Plan cost(s) for each member who has service available to purchase.
- Purchasing the past service is optional – a member can purchase all or some of the service. If they purchase a portion of the past service, they can buy more later if they remain in the covered class, but the cost will likely change.
- The cost of the service is a present-day cost that reflects the full value of the additional future pension.
- For more information on past service purchases for the Supplemental Plan, see [www.omers.com](http://www.omers.com): Employers/Administering the Plan/Supplemental Plan/Service Purchases.

## SETUP CONSIDERATIONS

### Supplemental Plan cost estimates:

A cost estimate provided by OMERS to an employer — via e-access — details the estimated future and past service costs as follows:

- **Future service costs** – the estimated cost of Supplemental Plan contributions for future service by year, projected for each of the three years after the agreement is expected to begin (member and employer contributions are listed separately). Future service is credited service earned on and after the expected Supplemental Plan agreement effective date.
- **Past service costs** – the estimated member cost to purchase each member’s eligible past service as of the agreement effective date. Supplemental Plan past service is credited service that a member has earned in the Primary Plan as of the expected Supplemental Plan agreement effective date (i.e., credited service earned before the expected Supplemental Plan agreement date).

For full details, see [www.omers.com](http://www.omers.com): Employers/Administering the Plan/Supplemental Plan/Requesting a Cost Estimate.

For associations and unions, the most effective route to request a cost estimate is through the employer. This is because:

- The employer has more up-to-date salary information.
- There are no fees for OMERS processing.
- The turnaround time for cost estimates is likely faster as there is less manual data entry.

Associations and unions can also request a cost estimate directly from OMERS but the estimate will be less accurate and a \$500 processing fee will be charged.



## Steps to set up a Supplemental Plan benefit

Employers and member associations who are interested in the Supplemental Plan should first review the plan information online at [www.omers.com](http://www.omers.com).

Interested groups and employers can also ask OMERS to host a Supplemental Plan meeting (a fee applies). Hosting this information session will ensure that interested parties have an opportunity to ask questions and are fully aware of the Supplemental Plan provisions, cost considerations, and the steps required to offer the benefits and to enrol members.

OMERS can provide a cost estimate of Supplemental Plan future and past service costs on request – details are available online.

An employer proceeding to set up a Supplemental Plan benefit should:

- 1) Review all information available online or through a Supplemental Plan meeting.
- 2) Obtain a cost estimate (see information above) via e-access using the e-Form 301.
- 3) Notify OMERS of their intent to adopt a bylaw or resolution and the timelines for implementation.
- 4) Adopt a bylaw or resolution authorizing coverage.
- 5) Enter into a Coverage Agreement with OMERS to set up coverage.
- 6) Use the e-Form 300 – via e-access -- to set up coverage for a class or classes of employees.
- 7) Remit contributions as appropriate, including any retroactive contributions.

For full details, see [www.omers.com](http://www.omers.com): Employers/Administering the Plan/Supplemental Plan/Setting Up Coverage.

Subsequent to Supplemental Plan enrolment, OMERS will provide individual members the option and cost to purchase past service, where relevant.

## RESOURCES

For more information about the Supplemental Plan:

- Contact OMERS Member Services at 416.369.2444 or 1 800.387.0813 (toll-free), Monday to Friday between 8 a.m. and 5 p.m.
- Visit [www.omers.com](http://www.omers.com) – Supplemental Plan information is available in the Employer section.
- Request a Supplemental Plan meeting and/or cost estimate by submitting the applicable request form available on the website.

