

# Employer Guide: NRA 60 Coverage

## Overview

Under the OMERS Primary Pension Plan (the “Plan”) an employer may provide NRA 60 coverage to all or any class of police, firefighters (or paramedics, effective January 1, 2021).

The Plan text and *Pension Benefits Act* (PBA) do not provide a definition of the term “class”. The Financial Services Regulatory Authority of Ontario (FSRA) does, however, have a policy outlining groups that can make up an acceptable class. For OMERS purposes, we have aligned our treatment of an acceptable class in accordance with FSRA’s policy.

## Considerations for establishing a class

- A class is ideally defined through bona fide employment affiliations.
- Can be for all members within that affiliation or a subset, if there are clear distinctions (e.g., all firefighters with the exception of Fire Prevention).
- A class can be established by the employer and is typically based on some attribute of the employment relationship but cannot be based on full-time or non-full-time status.
- Can be time specific (e.g., hire date).
- The class must be reasonable and must not harm members through artificial and arbitrary distinctions among Plan members.
- 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).
- A class should not be in breach of an agreement or applicable legislation, including pension, employment, and human rights (e.g., class based on age).

## Exploring the option to provide NRA 60 coverage?

The employer or union can file a request for information about conversion costs for the proposed group of members. In this situation, OMERS Administration Corporation (OAC) will provide a total conversion cost estimate for all affected members in the proposed class (based on one effective date). In these cases, OAC will provide a copy of the information to the employer and the union.

OAC does not provide conversion costs to individuals prior to the NRA 60 effective date. 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 NRA 60 class is effective, a conversion cost\* is issued to each impacted member. OMERS will be more than happy to discuss conversion costs with individual members at that time.

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\*A 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.

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## What does OAC require after an employer / union negotiate NRA 60 coverage?

- The employer must update their participation by-law to reflect NRA 60 coverage. OAC can provide the employer with by-law templates to assist with this update.
- The class(es) must be specified in the by-law along with the effective date of coverage. The effective date of the by-law cannot be earlier than January 1 of the current year.
- Any changes to the NRA 60 coverage in the future (e.g., for other classes) will require a by-law amendment filed with OAC.
- In cases of amalgamations (of employers or common services), the employer must reflect classes with different coverage through its participation by-law (in cases where previous coverage is different from that going forward).

## Collective agreements and NRA 60 coverage

A collective agreement on its own does not change the NRA for all or a class of police, firefighters or paramedics; the change must be formalized through a by-law filed with OMERS. In our experience, having the collective agreement and by-law aligned is critical to helping avoid future potential disputes between the employer and union.

If a collective agreement is intended to cover multiple roles/positions, it should be clear in the collective agreement – or a Memorandum of Understanding between the employer and union – which employees under that collective agreement fall under the NRA 60 provision. The collective agreement and by-law should be consistent on this point.

## Once the collective agreement and by-law are aligned to provide NRA 60 coverage for specific class(es):

- NRA 60 is effective for everyone within that class (e.g., individuals cannot opt out).
- The member and employer begin to pay NRA 60 contribution rates as of the effective date.
- 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.
- 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.

## Questions?

- ✓ Contact our Employer Experience team at +1 416.350.6750 or +1 833.884.0389
- ✓ Visit the "Employers" page on our website at [www.omers.com](http://www.omers.com) to access the Employer Administration Manual
- ✓ Our Road Warriors are also available to assist and provide training to employers as needed