



Quick Reference Employer Guide

June 2023

Overview

Under the OMERS Primary Pension Plan (OMERS Plan) an employer may provide a normal retirement age of 60 years (NRA 60) to all or a class of police, firefighters or paramedics.

This is a quick reference guide for employers who have employees eligible for NRA 60 coverage.

Considerations for establishing a class

There is no prescribed definition of the term “class”. For OMERS purposes, acceptable classes are determined in accordance with the requirements of applicable pension, employment, and human rights laws and the policies of the Ontario pension regulator.

A class is defined with reference to valid employment conditions that can be clearly distinguished (e.g., in the Fire sector, a class could be all firefighters with the exception of those employees in Fire Prevention). A class must:

- Cover all employees within the defined class. As noted above, a class will generally be defined in relation to some aspect of the employment relationship (including hire date) but cannot be based on full-time or non-full-time status.
- Be reasonable and must not harm members through artificial or arbitrary distinctions.
- Not be in breach of any agreement or applicable laws, including pension, employment or human rights legislation (e.g., a class based on age is not permissible)
- Not be a single individual but can consist of a small number of individuals who make up a readily identifiable group (e.g., Fire Chief and Deputy Chief for firefighters).

As explained later in this Guide, an employer’s OMERS participation by-law must be amended to reflect the election to have an NRA 60 for an eligible group. OMERS can assist by providing a draft template and reviewing proposed classes.

Exploring the option to provide NRA 60 coverage?

When a member’s NRA changes from 65 years to 60 years (NRA Conversion), the following three steps occur immediately:

1. Members are immediately entitled to NRA 60 benefits.
2. Members and their employer begin to pay NRA 60 contribution rates (see OMERS.com for rates).
3. OMERS applies an adjustment to impacted members’ credited service. 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 the member’s 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 (described below); and
 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).



The conversion cost generally reflects the difference in the actuarial present value of the member's benefit at his or her earliest unreduced retirement date as an NRA 65 member and NRA 60 member. It is based on a number of variables, including the member's age and contributory earnings and the actuarial assumptions in effect at the time the calculation is performed. A change to any of these variables may increase or decrease the conversion cost.

Shortly after an NRA Conversion, OMERS provides impacted members with a package detailing the member's: (i) updated credited service based on the service adjustment calculation described above, (ii) the conversion cost to buy the service adjustment; and (iii) an election form and instructions for paying the conversion cost.

Note that the conversion cost payable by the member is valid for six months. After six months, the cost expires. If a member still wishes to buy the service adjustment, the member can request an updated conversion cost, which could be higher or lower. More information about conversion costs is also available for members online at omers.com.

Are conversion cost estimates available?

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

OMERS does not provide conversion costs to individuals prior to the NRA Conversion effective date. The decision regarding whether to buy the service adjustment, and the best time to do so, is unique to each member. Due to the individual nature of this decision and associated complexity, only total conversion cost estimates for the group will be provided. Once the NRA 60 Conversion is effective, a conversion cost is issued to each impacted member as described above. OMERS is always happy to discuss conversion costs with individual members through our Member Experience team.

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

- The employer must update their OMERS participation by-law (also called a resolution in some cases) to reflect NRA 60 coverage. OMERS will provide the employer with a by-law template to assist with this and work with the employer to ensure that the by-law meets OMERS requirements.
- The applicable class(es) must be specified in the participation 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.
- Note that any future changes to NRA 60 coverage would require another OMERS participation by-law amendment.
- In cases of amalgamations (for example, when two OMERS employers amalgamate), the employer must reflect classes with different coverage through its participation by-law (particularly in cases where previous coverage is different from that going forward).

Collective agreements and NRA 60 coverage

While NRA 60 coverage is often subject to the bargaining process, it is important to note that 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 an OMERS participation by-law filed with OMERS.

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.

While OMERS is not involved in the bargaining process, it is recommended that a collective agreement and OMERS participation by-law be consistent to avoid confusion or a potential dispute between the employer, bargaining agent, and impacted employees.



More 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.

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