

Additional Voluntary Contributions (AVCs) Guide

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This guide is intended to help you decide if an Additional Voluntary Contributions (AVC) account fits your overall plan to save for retirement and does not provide specific retirement savings advice. You can use this guide as a tool to learn more about the AVC Provision of the OMERS Primary Pension Plan (referred to as the “OMERS Plan” in this guide) before you decide whether you would like to contribute. If you need more assistance in considering your overall retirement savings plan and how an AVC account might fit into it, consider seeking the counsel of a qualified financial adviser you trust.

Note: Participation in the AVC Provision is only available to members who reside in Canada.

The Terms of Participation attached to this guide provide the rules and terms of the AVC Provision and should also be read carefully. You will be required to acknowledge that you have read this guide, the Terms of Participation and the AVC Fact Sheet before joining the AVC Provision. You may also wish to share these documents with your spouse and/or a qualified financial adviser when you are reviewing your options. Note that the AVC Provision of the OMERS Plan and the Terms of Participation implement the AVC Provision and contain carefully drafted terms with precise meanings. If any statement made in this guide is inconsistent with a provision of these other documents, the applicable terms of the OMERS Plan text and the Terms of Participation (along with any legislated requirements) must be followed and will prevail in all cases.

Note: In this guide, we refer to the fund for the OMERS Plan as the “OMERS Fund” or “Fund”.

Privacy

OMERS is committed to preserving the privacy of members' personal information. To learn more, see our [Privacy Statement](#).

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OMERS AVCs

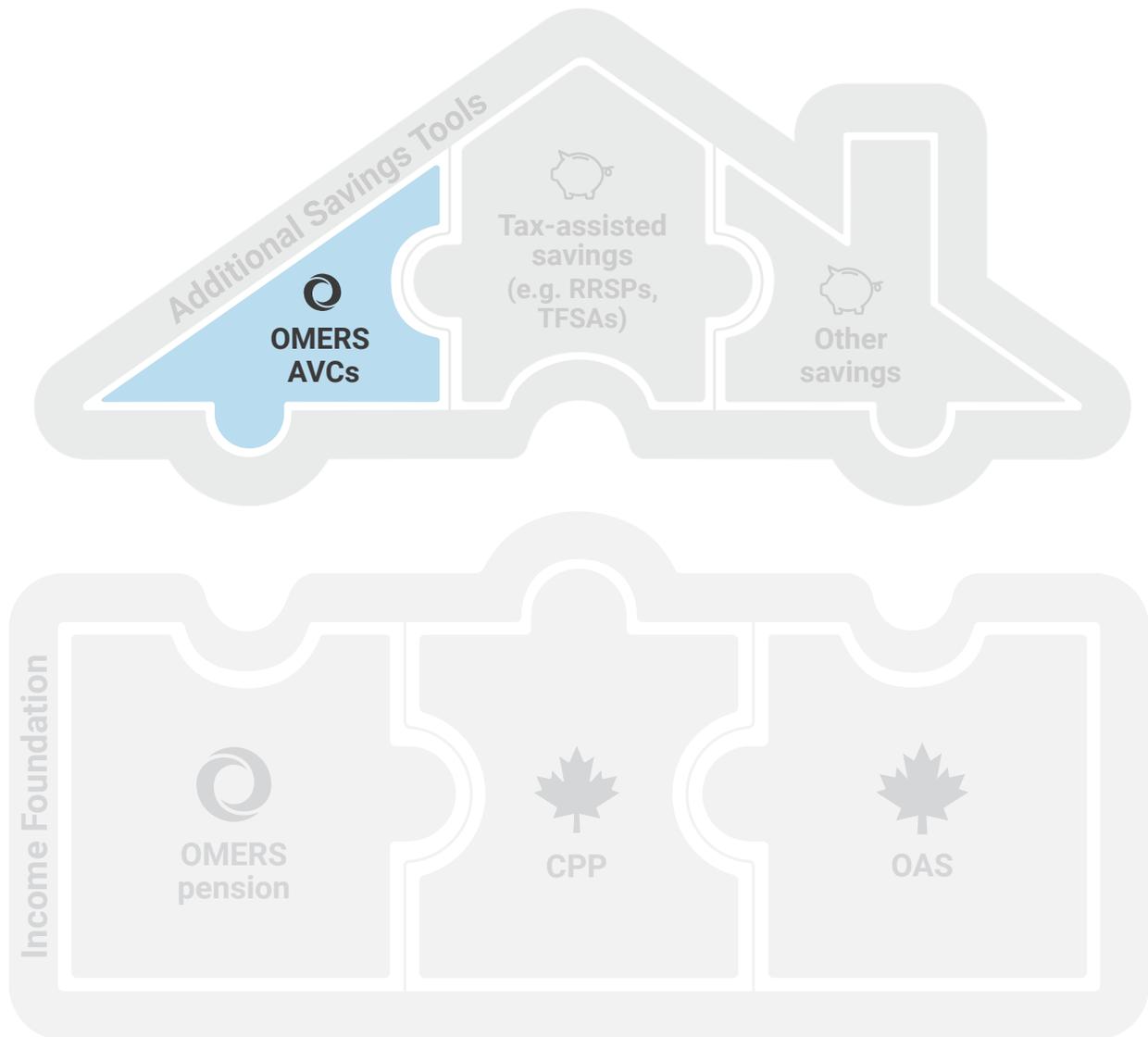
An additional savings tool for OMERS members

As a member of the OMERS Plan, your OMERS pension will provide you with a secure and stable income for as long as you live, making it a foundational part of your retirement income.

Your [retirement income sources](#) may also include Additional Savings Tools, which can help you build extra savings to supplement your income during retirement.

The OMERS Additional Voluntary Contributions (AVCs) option is one of those Additional Savings Tools and is only available to OMERS members.

Retirement Income Sources

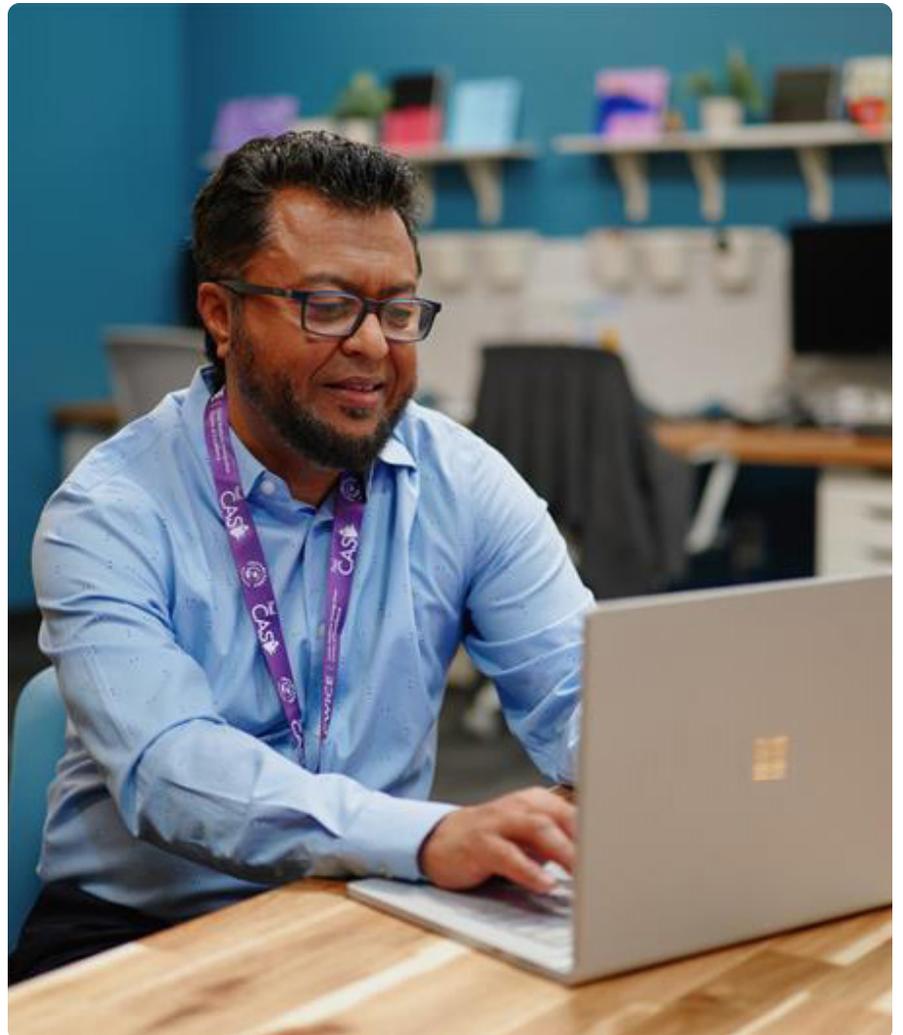


Understanding your OMERS pension and OMERS AVCs

Your OMERS pension and OMERS AVCs are separate benefits. While they are both invested in the OMERS Fund, how they work and the benefits you receive from them are different.

Your [OMERS lifetime pension](#) is based on your years of credited service in the OMERS Plan and your best five consecutive years of contributory earnings, and is paid to you after you retire for as long as you live.

The value of your OMERS AVC account is based on how much and for how long you contribute to AVCs and the applicable annual [OMERS Fund](#) net rate of return and applicable fees. When and how much you would like to withdraw or transfer is subject to the [Terms of Participation](#).



Differences between AVCs and RRSPs

Similar to Registered Retirement Savings Plans (RRSPs), contributions to OMERS AVCs are tax-deductible in the year they are made and any investment income you earn is tax-deferred.

However, there are key differences between an OMERS AVC account and an RRSP.

| Contributions | | |
|---|---|---|
| | OMERS AVCs | RRSPs |
| Contribution limit | Yes – on automatic contributions. To reduce the likelihood of over-contributing, OMERS has established automatic contribution limits. These limits are based on contributory earnings and credited service, and takes into account pension adjustment (PA) reporting rules under the <i>Income Tax Act</i> . There is no carry forward from year to year. | Yes, also set by tax rules; unused contribution room carries forward. |
| Transfers from other eligible retirement savings accounts (e.g., RRSP) | Yes – until the year you turn 70. Must be done during the annual Transfer-in Window. | Yes – until the year you turn 71. |

| Withdrawals | | |
|---|--|--|
| | OMERS AVCs | RRSPs |
| Withdrawal while a working* member | Limited to a maximum of 20% of the prior-year account balance per year, subject to a minimum withdrawal of \$500. Cannot withdraw current year's contributions. Must be done during the Withdrawal Window. | No limit |
| Withdrawal while deferring or receiving an OMERS pension | Limited to prior-year account balance, subject to a minimum withdrawal of \$500. Cannot withdraw current year's contributions. Must be done during the Withdrawal Window. | No limit |
| Non-locked-in funds: Includes funds from an RRSP | Can remain in your account past the year you turn 71 through the AVC Income Option. | Non-locked-in funds must be transferred to a registered retirement income fund (RRIF), used to purchase an annuity or paid out in a lump sum by the end of the year you turn 71. |
| Locked-in funds**: Includes a locked-in retirement account (LIRA) - funds in a LIRA are typically accumulated pension benefits from another plan | The full balance must be withdrawn by October 31 of the year you turn 71. | Locked-in funds (from a locked-in RRSP or a locked-in retirement account) must be transferred to a life income fund (LIF) or used to purchase an annuity by the end of the year you turn 71. |
| Special withdrawal programs (e.g., Home Buyers' Plan, or the Lifelong Learning Plan) | Unavailable | Available |

*Members who are currently employed with an OMERS employer (i.e., currently contributing to the OMERS Plan, on a disability waiver, on a leave of absence, etc.). Also referred to as an "active member."

**When your pension is "locked-in" you must use it for future retirement income. You cannot cash it out, except in very rare cases.

OMERS investment overview

The foundation of our investing philosophy is focused on seeking high-quality investments to meet the pension promise. We maintain a long-term perspective on markets and, to help us better manage through short-term volatility, we seek investments that also generate stable income.

We are disciplined in our approach to portfolio management, embedding a culture of prudent risk management at every level of the organization.

Our portfolio is strategically invested in diverse, high-quality assets to take advantage of opportunities to earn returns that will pay pensions for generations to come.

Are AVCs right for you?

AVCs offer another option to build additional retirement savings. However, it is voluntary and may not be right for everyone's investment plan, risk tolerance, cash-flow situation or stage of life. What is important is that you know your options and decide what is best for you. AVCs are likely most suitable for members with:

- Interest in investing in a balanced, diversified global fund
- Mid- to long-term investment horizon (e.g., five to 15 years)
- Moderate risk tolerance, including the potential for a negative return (loss) in any given year
- Ability to maintain automatic contributions for the long term once they are started
- An understanding of, and comfort with, restrictions on accessing AVC funds

Take the time to learn more about AVCs and how they may fit your financial plan for retirement. To ensure you make an informed choice, OMERS encourages you to:

- Carefully review the information in this guide, the [Terms of Participation](#) and [AVC Fact Sheet](#)
- Explore the retirement planning tools available through [myOMERS](#)
- Consult a qualified financial adviser you trust

Important dates

January

January 1: Transfer-in Window opens

Last year to make contributions for members turning 70

March

March 1: Withdrawal Window opens

OMERS typically announces net rate of return for the prior year around March 1

AVC Annual Statement is issued shortly after the net rate of return is announced

April

April 30: Last day to make withdrawals (last day for AVC Income Option participants to make withdrawals above the minimum)

Members turning 71 must withdraw all non-locked-in funds if they do not want to participate in the AVC Income Option

June

OMERS pays minimum withdrawal amounts for AVC Income Option

June 30: Transfer-in Window closes (last day to make lump-sum fund transfer)

October

All locked-in funds must be withdrawn by October 31 in the year a member turns 71

December

December 15: Deadline for catch-up payments

Any non-locked-in funds that remain past December 31 of the year a member turns 71 will be rolled over to the AVC Income Option



For more information, see the [AVC Fact Sheet](#) or visit [Investing on omers.com](#).

The OMERS Fund

AVC accounts are invested in the OMERS Fund. Your AVC account benefits from the opportunity to invest in an internationally diversified Fund, its expertise and its long-term strategy to generate the consistent returns needed to meet the pension promise. An AVC account is an option worth considering, but it may not be suitable for every member.

Rate of return applied to your AVC account

Your AVC account earns the OMERS Fund rate of return for the year (as at December 31 for the calendar year), net of investment expenses (after deducting the management expense ratio).

The OMERS Fund annual net rate of return is established on or around March 1 each year. This is the rate determination date for AVC purposes. After the rate determination date, the rate of return for the year and the annual AVC administration fee are applied to your AVC account.

The rate of return is applied on a pro-rated basis in the event of contributions or withdrawals made during the calendar year. Also note that the return that will be applied is determined by the performance of the Fund over the course of the full year, not just from the point when your investment was made.

When you withdraw your entire AVC account balance, if permissible, the five-year average rate of return is applied.

AVC account fees and expenses

Your AVC account is subject to the management expense ratio (MER) that is used to determine the OMERS Fund annual net rate of return (see below), as well as an annual administration fee. Both are subject to changes. Find the latest fees and expenses in the AVC Fact Sheet.

Investment management expenses

The MER includes investment management expenses, external manager performance fees and pooled fund fees, and are deducted from the gross rate of return, to determine the OMERS Fund annual net rate of return.

Investment management expenses vary from year to year.



Visit [Additional Voluntary Contributions \(AVCs\)](#) for examples of how the rate of return is calculated.

AVC administration fee

An annual flat administration fee covering the expenses associated with the setup, operation and maintenance of AVC accounts is deducted from your AVC account balance after all contributions, transfers, withdrawals and the OMERS Fund annual net rate of return have been applied.

The annual administration fee is not pro-rated and the full amount applies to your account regardless of how many months of the year you participated in OMERS AVCs or the amount of your AVC account balance. Keep this in mind when considering the amount, start date and frequency of your automatic contributions and the amount and timing of your transfers and withdrawals. The AVC administration fee is applied each year, regardless of the annual rate of return earned by the Fund.

For example, a member who starts AVC automatic contributions of \$20 biweekly in November will be charged the full administration fee regardless of the small balance of their account. Members with smaller balances (i.e., less than \$500) can consider making an additional contribution or a full withdrawal during the applicable windows.

The administration fee is subject to periodic review and may change over time.



Contributions to AVCs

Depending on whether you are a working member, deferred member or retired member, contributions to your AVC account can be made automatically, as a fund transfer or a combination of both.

Two ways to contribute

| | Lump-sum transfers in | Automatic contributions |
|------------------------------|--|---|
| Who | <p>OMERS members, until the end of the year you turn 70, who:</p> <ul style="list-style-type: none"> are currently employed with an OMERS employer*, or left your OMERS employer but kept your pension in the OMERS Plan (deferred members), or receive an OMERS pension <p>and reside in Canada.</p> | <p>OMERS members, until the end of the year you turn 70, who:</p> <ul style="list-style-type: none"> are currently employed with an OMERS employer* and reside in Canada. |
| How | <p>From a registered retirement account:</p> <ul style="list-style-type: none"> RRSP LIRA another registered pension plan (RPP) <p>Note: New lump-sum cash contributions and transfers from a tax-free savings account (TFSA) cannot be made directly to OMERS AVCs.</p> | <p>Pre-authorized automatic contributions:</p> <ul style="list-style-type: none"> directly from your bank account (also known as pre-authorized debit), or payroll deductions, if your employer offers this option |
| When | <p>During the Transfer-in Window from January 1 to June 30 until the end of the year you turn 70.</p> | <p>Throughout the year until the end of the year you turn 70:</p> <ul style="list-style-type: none"> biweekly or monthly from your bank account monthly payroll deductions |
| Minimums and maximums | <p>No minimum or maximum when transferring from registered retirement accounts (i.e., RRSPs).</p> <p>If you transfer funds directly from an RPP, there may be limits applied by the other RPP.</p> | <ul style="list-style-type: none"> Minimum of \$20 biweekly or \$40 monthly <u>Maximum</u> based on your contributory earnings, credited service and applicable tax rules (maximums published by OMERS each year) <p>If you do not reach your maximum for the year, you can make catch-up payments (see next page).</p> |
| Fees | <p>See AVC account fees and expenses.</p> <p>Contact your financial institution to understand the fees related to transferring amounts from your registered retirement account. There are no fees imposed by OMERS to receive a transfer into an AVC account.</p> | <p>See AVC account fees and expenses.</p> |
| Tax slips | <p>None.</p> | <p>Pre-authorized debit: OMERS will send you a T4A slip in February showing contributions and any catch-up payments made in the previous year.</p> <p>Payroll deduction: Contributions made in the previous year will be included on the T4 slip issued by your employer.</p> |

**Members who are currently employed with an OMERS employer (i.e., currently contributing to the OMERS Plan, on a disability waiver, on a leave of absence, etc.) are referred to as “working members” or as “active members.”*

Catch-up payments

OMERS estimates your maximum automatic payments, typically based on last year's contributory earnings, credited service and applicable tax rules.

If you are making automatic contributions and have not reached your maximum, you can make a "catch-up" payment between the minimum of \$20 up to the maximum. You can only make catch-up payments for the current year by December 15 and they can be made by pre-authorized debit or cheque.

Example: A member starts AVC automatic contributions of \$100 per month in June. Based on contributory earnings of \$50,000, the member's maximum AVC automatic contribution is \$115.38 biweekly or \$250.00 per month.

In November, the member would like to make a catch-up payment for AVC contributions the member could have made from January 1 to October 31 that year. The maximum catch-up payment for this member is calculated as: $\$250 \times 10$ months (maximum for January to October) minus $\$100 \times 5$ months (actual contributions June to October) = \$2,000.

Maximum AVC contribution limit

Once your actual annual earnings have been reported by your employer, OMERS will confirm that your total automatic contributions plus catch-up payments do not exceed your maximum for the year and refund any excess amount, less applicable withholding tax. If your contributions exceeded the maximum, your automatic contributions will stop. You may restart your automatic contributions at any time.





You can use your AVC account balance towards purchasing a leave or buying past service in the OMERS Plan at any time of the year.

Withdrawals from AVCs

Funds in an AVC account can be fully withdrawn when you retire or leave your OMERS employer (subject to any locking-in requirements). However, different withdrawal options apply to working members of the OMERS Plan and based on whether your funds are locked-in or non-locked-in.

AVC withdrawals while you are a working member

You can only make an AVC withdrawal or transfer during the annual Withdrawal Window between March 1 and April 30.

Partial withdrawal

- Minimum of \$500
- Maximum 20% of the prior year-end AVC account balance

Full withdrawal

- While you are a working member of the OMERS Plan, you cannot make a full withdrawal from your AVC account, except:
- After four consecutive years of partial withdrawals, you can withdraw your entire account balance in the fifth year, excluding current year contributions
 - In the year you turn 71, you can withdraw your full account balance

AVC options upon retirement or if you leave your OMERS employer

When you retire or leave your OMERS employer, you will need to decide what to do with your OMERS lifetime pension. Depending on whether you are eligible to retire, your options may include starting your OMERS pension, keeping your pension with OMERS as a deferred pension or transferring the commuted value of your pension out of OMERS.

Your pension election will determine the withdrawal options available for your AVC account:

Option 1: You start or defer your OMERS pension

You may withdraw or transfer the full balance of your AVC account within the first six months upon leaving employment with your OMERS employer. After that period, withdrawals can only be made during the annual Withdrawal Window between March 1 and April 30. Partial withdrawals exclude current year contributions and are subject to a minimum of \$500.

Option 2: You transfer the commuted value of your OMERS pension out of OMERS

You must withdraw or transfer the full balance of your AVC account. This is because an AVC account must be accompanied by a benefit that remains under the defined benefit provision of the OMERS Plan.

Withdrawal options based on type of funds

Your withdrawal options depend on whether the funds are locked-in or non-locked-in. Withdrawals are subject to a minimum of \$500.

| | Locked-in funds | Non-locked-in funds |
|----------------------|--|---|
| Before age 71 | <p>Transfer to a locked-in arrangement, such as:</p> <ul style="list-style-type: none"> • a LIRA or • a locked-in provision under an RPP | <ul style="list-style-type: none"> • Cash withdrawal, less withholding tax • Transfer to <ul style="list-style-type: none"> ◦ an RRSP, ◦ an RRIF or ◦ another RPP. |
| Age 71 | <p>The full balance of locked-in funds must be withdrawn by October 31 of the year you turn 71.</p> | <p>Non-locked-in funds can remain in your account past the year you turn 71 through the AVC Income Option (see next page).</p> <p>All funds must be withdrawn or transferred during the Withdrawal Window of the year you turn 71 if you do not wish to participate in the AVC Income Option.</p> |
| After age 71 | N/A | <p>Cash withdrawal, less withholding tax.</p> <p>Fund transfers to another savings arrangement are no longer available after age 71.</p> |



Funds in an OMERS AVC account cannot be accessed due to financial hardship.

Cash withdrawals from your AVC account are considered taxable income. As a result, OMERS is required to deduct withholding taxes from your cash withdrawal amount and will issue you a T4A slip.

Transfers to a registered account (i.e., LIRA, RPP, RRSP) are not subject to withholding tax at the time of transfer.

If you withdraw the commuted value of your pension, including under the [shortened life expectancy](#) provision of the OMERS Plan, you must withdraw the full balance of your AVC account.



If you do not wish to participate in the AVC Income Option, you have between March 1 and April 30 of the year you turn 71 to withdraw all your funds.



The five-year average rate of return and the annual AVC administration fee are applied to the balance of your AVC account prior to payment to your surviving spouse, your designated beneficiary or your estate.

Visit [Additional Voluntary Contributions \(AVCs\)](#) for examples of how the rate of return is calculated.

AVC Income Option

Contributions and transfers-in to your AVC account are not permitted after age 70. With the AVC Income Option, you can keep non-locked-in funds with OMERS past age 71 and your participation in OMERS AVCs will continue. Locked-in funds are not permitted under the AVC Income Option.

Minimum withdrawal amount

Once you are in the AVC Income Option, you must withdraw a minimum amount based on your age and AVC account balance, each year starting with the year you turn 72, as required by the *Income Tax Act*. You may choose to withdraw any amount between the minimum of \$500 and your entire AVC account balance during the Withdrawal Window.

If you do not withdraw at least the minimum withdrawal amount during the Withdrawal Window, OMERS is required to make a withdrawal and pay you the amount required to meet the minimum. You will receive this payment in June.

These funds must be withdrawn as cash and are subject to withholding tax. You will be issued a T4A slip. Transfers to another savings arrangement are not available after age 71.

Income splitting

The annual minimum withdrawal amount is eligible for pension income splitting with your spouse, if applicable. The amount eligible for income splitting will be shown in box 133 on your T4A. Any withdrawal amounts above the minimum withdrawal amount are not eligible for pension income splitting and will be shown in box 018.

Separation and divorce

If your spousal relationship ends, you and your former spouse will need to decide if your OMERS pension will be divided. If you have an AVC account, these benefits must be addressed separately. It is important to note that any AVC funds cannot be transferred directly to a former spouse. Refer to the [Terms of Participation](#) regarding withdrawals made by a member for the purpose of equalization of net family property under the *Family Law Act* (Ontario).

Survivor benefits

Beneficiary entitlements work differently for your OMERS pension. This information focuses only on your AVC account.

After your death, any remaining AVC account balance will be paid to your legal or common-law spouse on the date of your death, provided you were not living separate and apart. Your surviving spouse can elect a cash payment or transfer it to an RRSP.

If you do not have a surviving spouse, your designated beneficiary would receive the balance of your AVC account as cash, less applicable taxes. Your beneficiary designation on file with OMERS applies to both your defined benefit pension and your AVC account. If you do not have a spouse or beneficiary, the AVC account balance is paid to your estate as cash, less applicable taxes.

Terms of Participation

OMERS Primary Pension Plan Additional Voluntary Contribution Provision

Introduction

Effective January 1, 2011, the OMERS Primary Pension Plan (“Primary Plan”) was amended to add an additional voluntary contribution provision (i.e., the “AVC Provision” as defined herein).

This document outlines the rules for the AVC Provision and is intended to provide you with a descriptive summary of its terms. You, and where applicable your spouse, are strongly encouraged to read this document carefully to ensure that you understand your benefits and responsibilities under the AVC Provision.

Please note that this document is for your guidance only and is not intended to provide advice. The legal documents which implement the AVC Provision contain many carefully drafted terms with precise meanings. If any statement made in this document is inconsistent with a provision of the legal documents which implement the AVC Provision, as amended from time to time, the legal documents must be followed and will prevail in all cases.

Definitions

The following definitions of words and phrases are for the purposes of this document, and the words and phrases used herein may vary slightly from the terminology used in other documents.

“**Active Member**”¹ means a member of the Primary Plan who is:

- making contributions to the Fund under the Defined Benefit Provision;
- accruing credited service while on disability waiver under the Defined Benefit Provision;
- not making contributions to the Fund under the Defined Benefit Provision because he or she has accrued 35 years of Credited Service; or
- not making contributions to the Fund during an Authorized Leave of Absence.

“**Additional Voluntary Contributions (or AVCs)**” means optional contributions made, subject to and in accordance with the AVC Provision, on a money-purchase basis to the Primary Plan by an Active Member, a Retired Member or a Deferred Member.

“**Annual Financial Statements**” means the audited consolidated financial statements of OMERS, including the notes to such financial statements.

“**Annual Rate of Return**” has the meaning ascribed thereto in the Rate of Return section.

“**Authorized Leave of Absence**” means:

- a leave of absence that is authorized by an Active Member’s employer;
- leave of absence that an Active Member’s employer determines is caused by the Active Member being wholly prevented by mental or physical incapacity from performing the regular duties of the Active Member’s occupation; or
- an absence due to a strike or lockout as defined in the *Labour Relations Act* (Ontario).

“**AVC Account**” means the account established in the Fund for a Member who decides to contribute to the AVC Provision, into which such Member’s Additional Voluntary Contributions are made.

“**AVC Account Balance**” means the aggregate of all Additional Voluntary Contributions made by a Member to his or her AVC Account, credited with the rate of return (positive or negative), less fees and expenses and any withdrawals, refunds or transfers out.

“**AVC Provision**” means those provisions of the Primary Plan which provide for the option of Additional Voluntary Contributions.

“**Credited Service**” means the number of years and months of paid service a Member has in the Primary Plan.

“**Defined Benefit Provision**” means those provisions of the Primary Plan pursuant to which members of the Primary Plan accrue a defined benefit pension.

“**Designated Beneficiary**” means the person designated by the Member as the Member’s beneficiary under the Defined Benefit Provision.

“**Deferred Member**” means a member of the Primary Plan who is entitled to a deferred pension under the Defined Benefit Provision.

“**Dual Member**” means an Active Member who is or has been employed by more than one employer that participates in the Primary Plan in overlapping periods.

“**Family Law Valuation Date**” has the meaning ascribed thereto in the PBA.

“**Five Year Average Rate of Return**” has the meaning ascribed thereto in the Rate of Return section.

“**Fund**” means the pension fund for the Primary Plan.

“**ITA**” means the *Income Tax Act* (Canada) and the regulations thereto, both as amended from time to time.

¹“Active member” is referred to as “working member” in the *Additional Voluntary Contributions (AVCs) Guide*.

“**Locked-In**” means an amount that is transferred from another registered pension plan or locked-in retirement account which must be administered as a pension or deferred pension under the PBA.

“**Member**” means an Active Member, a Deferred Member or a Retired Member.

“**OMERS**” means the OMERS Administration Corporation.

“**OMERS Board of Directors**” means the OMERS Administration Corporation Board of Directors.

“**PBA**” means the *Pension Benefits Act* (Ontario), as amended from time to time.

“**Primary Plan**” has the meaning ascribed thereto in the Introduction.

“**Rate Determination Date**” has the meaning ascribed thereto in the Rate of Return section.

“**Retired Member**” means a member of the Primary Plan who is in receipt of a pension under the Defined Benefit Provision.

“**Spouse**” means either of two persons who,

- a. are married to each other, or
- b. are not married to each other and are living together in a conjugal relationship,
 - i. continuously for a period of not less than three years, or
 - ii. 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*.

“**Surviving Spouse**” means the person who was the Spouse of a Member immediately before the Member’s death.

“**Transfer-in Window**” means the period from January 1 to June 30 during each calendar year.

“**Withdrawal Window**” means the period from March 1 to April 30 during each calendar year.

Eligibility

1. There are two types of contributions that may be made under the AVC Provision:
 - a. periodic contributions²; and
 - b. lump-sum transfers³.
2. Catch-up payments may also be made under the AVC Provision.
3. An Active Member may make periodic contributions, catch-up payments and lump-sum transfers to his or her AVC Account.

4. A Retired Member or a Deferred Member may only make lump-sum transfers to his or her AVC Account.
5. A Member who resides outside of Canada is not permitted to make any contributions (periodic contributions, catch-up payments or lump-sum transfers) to his or her AVC Account.
6. Employers are not permitted to make contributions under the AVC Provision.

Contributions (Periodic Contributions)

1. Periodic contributions to an AVC Account may only be made by Active Members.
2. Periodic contributions to an AVC Account may be made on a biweekly or monthly basis through pre-authorized debit payments from an Active Member’s bank account or on a monthly basis through payroll deduction with an employer who has provided OMERS with an election for the AVC payroll deduction option. Periodic contributions cannot be made by cash/cheque or on a lump-sum basis. Periodic contributions cannot be made through pre-authorized debit and payroll deduction at the same time.
3. The minimum amount an Active Member may contribute as a periodic contribution is \$20 biweekly or \$40 monthly.
4. In general, the maximum amount that a member can contribute to a registered pension plan is subject to the limits set out in the ITA. In order to adhere to these limits, OMERS will establish contribution thresholds on an annual basis based on the amount of an Active Member’s annual contributory earnings and credited service, and the applicable tax rules. The maximum amount an Active Member may contribute as a periodic contribution to his or her AVC Account each contribution period (i.e., biweekly or monthly) is subject to these thresholds.
5. An Active Member may start, stop or change (i.e., increase or decrease) periodic contributions to his or her AVC Account at any time during the calendar year.
6. Prepaid periodic contributions to an AVC Account are not permitted.
7. Periodic contributions to an AVC Account will be immediately discontinued by OMERS:
 - a. upon notice of an Active Member’s termination of employment or death;
 - b. if OMERS determines that further periodic contributions would exceed the applicable ITA contribution limits due to the incidence of an over-contribution refund for the prior year participation;

²“Periodic contributions” are referred to as “automatic contributions” in the *Additional Voluntary Contributions (AVCs) Guide*.

³“Lump-sum transfers” are referred to as “fund transfer” or “lump-sum transfers in” in the *Additional Voluntary Contributions (AVCs) Guide*.

- c. at the end of the calendar year in which the Active Member turns age 70; or
 - d. upon two consecutive failed automatic pre-authorized debit transactions (whether for periodic contributions or catch-up payments).
8. Any periodic contributions by an Active Member that are determined by OMERS to be in excess of the amount permitted under the ITA will be refunded to the Active Member. Any such amounts will be subject to applicable withholding taxes.
 9. Periodic contributions to an AVC Account are administered as non-Locked-In amounts.

Contributions (Catch-up Payments)

1. Catch-up payments to an AVC Account may only be made by an Active Member who is making periodic contributions to his or her AVC Account.
2. An Active Member may make a catch-up payment to his or her AVC Account in a given calendar year if he or she has not contributed the maximum periodic contribution amount on a biweekly or monthly basis to his or her AVC Account during the given calendar year.
3. Catch-up payments to an AVC Account must be made on a lump-sum basis through pre-authorized debit payments or cheque.
4. Subject to the rule in paragraph 5 below, the minimum amount an Active Member may contribute as a catch-up payment is \$20.
5. The maximum amount an Active Member may contribute as a catch-up payment to his or her AVC Account is subject to the thresholds established by OMERS.
6. A catch-up payment to an AVC Account will not be accepted if periodic contributions to an Active Member's AVC Account have been discontinued.
7. Any catch-up payments by an Active Member that are determined by OMERS to be in excess of the amount permitted under the ITA will be refunded to the Active Member. Any such amounts will be subject to applicable withholding taxes.
8. Catch-up payments to an AVC Account are administered as non-Locked-In amounts.

Contributions (Lump-sum Transfers)

1. Lump-sum transfers to an AVC Account may be made by Active Members, Retired Members and Deferred Members.
2. Active Member, Retired Member or Deferred Member may make a lump-sum transfer to his or her AVC Account from a registered pension plan, registered retirement savings plan, deferred profit sharing plan or a locked-in retirement account.

3. There is no minimum or maximum amount imposed by OMERS that can be transferred by a Member to an AVC Account as a lump-sum transfer.
4. Lump-sum transfers to an AVC Account can only be made during the Transfer-in Window.
5. Lump-sum transfers to an AVC Account will not be accepted:
 - a. upon notice of an Active Member's termination of employment (an Active Member who subsequently becomes a Deferred Member or a Retired Member may make lump-sum transfers to his or her AVC Account);
 - b. upon notice of death of a Member; or
 - c. after the year in which a Member turns age 70.
6. Lump-sum transfers to an AVC Account from a registered pension plan or a locked-in retirement account will be administered as Locked-In amounts. OMERS will not accept a lump-sum transfer to an AVC Account if the funds must be administered as Locked-In amounts under pension legislation other than the PBA.
7. Locked-In amounts will be tracked separately from non-Locked-In amounts.

Optional Withdrawals (Active Members)

1. An Active Member may withdraw funds from his or her AVC Account during the Withdrawal Window, subject to the minimum and maximum amounts set out below.
2. The minimum amount an Active Member may withdraw from his or her AVC Account in a given calendar year is \$500.
3. Notwithstanding the rule in paragraph 2 above, where the balance in an Active Member's AVC Account as at December 31 of the prior year is less than \$500, the minimum amount an Active Member may withdraw is the balance in his or her AVC Account as at December 31 of the prior year.
4. Subject to the minimum amount in paragraphs 2 and 3 above, the maximum amount an Active Member may withdraw from his or her AVC Account in a given calendar year is 20% of his or her AVC Account Balance calculated as at December 31 of the prior year.
5. Notwithstanding the rule in paragraph 4 above, an Active Member may withdraw 100% of his or her AVC Account Balance:
 - a. if he or she has continuously withdrawn funds from his or her AVC Account during each of the four previous Withdrawal Windows; or
 - b. in the calendar year he or she attains 71 years of age.
6. Notwithstanding the rules in paragraphs 2, 3, 4 and 5 above, an Active Member cannot withdraw an amount associated with a periodic contribution, catch-up payment or lump-sum transfer from his or her AVC Account until the calendar year after the year in which the periodic contribution, catch-up payment or lump-sum transfer, as applicable, was made.

7. For an Active Member with Locked-In and non-Locked-In amounts in his or her AVC Account, non-Locked-In amounts will be withdrawn first, unless otherwise specified by the Active Member.
 8. Non-Locked-In amounts in an AVC Account may be withdrawn as cash (less applicable withholding tax) or transferred to another registered pension plan (subject to consent by the other plan administrator), registered retirement savings plan, registered retirement income fund or used to purchase an annuity.
 9. Locked-In amounts in an AVC Account cannot be withdrawn as cash. Locked-In amounts in an AVC Account must be transferred to another registered pension plan (subject to consent by the other plan administrator), locked-in retirement account, life income fund or used to purchase an annuity.
 10. Notwithstanding the rule in paragraph 9 above, Locked-In amounts in an AVC Account may be withdrawn as cash in limited circumstances (e.g., shortened life expectancy). Please contact OMERS for further details.
 11. Notwithstanding the rules in paragraphs 1 to 10 above, an Active Member may withdraw funds from his or her AVC Account to purchase service under the Defined Benefit Provision outside of the Withdrawal Window. In these circumstances, for an Active Member with Locked-In and non-Locked-In amounts, Locked-In amounts will be withdrawn first, unless otherwise specified by the Active Member.
 12. Notwithstanding the rules in paragraphs 1, 4, 5 and 6 above, an Active Member may withdraw 50% of his or her AVC Account Balance, determined as of the Family Law Valuation Date, at any time during a given calendar year for the purposes of equalization of net family property under the *Family Law Act* (Ontario).
5. Notwithstanding the rules in paragraphs 2, 3 and 4 above, a Deferred Member or a Retired Member cannot withdraw an amount associated with a periodic contribution, catch-up payment or lump-sum transfer from his or her AVC Account until the calendar year after the year in which the periodic contribution, catch-up payment or lump-sum transfer, as applicable, was made.
 6. For a Deferred Member or a Retired Member with Locked-In and non-Locked-In amounts in his or her AVC Account, non-Locked-In amounts will be withdrawn first, unless otherwise specified by the Deferred Member or Retired Member.
 7. Non-Locked-In amounts in an AVC Account may be withdrawn as cash (less applicable withholding tax) or transferred to another registered pension plan (subject to consent by the other plan administrator), registered retirement savings plan, registered retirement income fund or used to purchase an annuity.
 8. Notwithstanding the rule in paragraph 7 above, Non-Locked-In amounts cannot be transferred to another registered pension plan, registered retirement savings plan, registered retirement income fund or used to purchase an annuity after the calendar year in which a Retired Member attains 71 years of age.
 9. Locked-In amounts in an AVC Account cannot be withdrawn as cash. Locked-In amounts in an AVC Account must be transferred to another registered pension plan (subject to consent by the other plan administrator), locked-in retirement account, life income fund or used to purchase an annuity.
 10. Notwithstanding the rule in paragraph 9 above, Locked-In amounts in an AVC Account may be withdrawn as cash in limited circumstances (e.g., shortened life expectancy). Please contact OMERS for further details.
 11. Notwithstanding the rules in paragraphs 1, 4 and 5 above, a Deferred Member or a Retired Member may withdraw 50% of his or her AVC Account Balance, determined as of the Family Law Valuation Date, at any time during a given calendar year for the purposes of equalization of net family property under the *Family Law Act* (Ontario).

Optional Withdrawals (Deferred Members and Retired Members)

1. A Deferred Member or a Retired Member may withdraw funds from his or her AVC Account during the Withdrawal Window, subject to the minimum and maximum amounts set out below.
2. The minimum amount a Deferred Member or a Retired Member may withdraw from his or her AVC Account in a given calendar year is \$500.
3. Notwithstanding the rule in paragraph 2 above, where the balance in a Deferred Member or a Retired Member's AVC Account as at December 31 of the prior year is less than \$500, the minimum amount a Deferred Member or a Retired Member may withdraw is the balance in his or her AVC Account as at December 31 of the prior year.
4. The maximum amount a Deferred Member or a Retired Member may withdraw from his or her AVC Account in a given calendar year is 100% of his or her AVC Account Balance.

Optional Withdrawals (special rules upon termination of employment)

1. Notwithstanding the Withdrawal Window, an Active Member who ceases to be employed by an employer that participates in the Primary Plan has a period of six months to elect to withdraw all or a portion of his or her AVC Account Balance. Following the expiry of the six-month period, the individual in question (now a Deferred Member or Retired Member) may make withdrawals from his or her AVC Account in accordance with the optional withdrawal rules for Deferred Members and Retired Members.

2. Notwithstanding the Withdrawal Window, a Dual Member who ceases to be employed by an employer that participates in the Primary Plan, but continues to be employed by another employer that participates in the Primary Plan, has a period of six months to elect to withdraw all or a portion of his or her AVC Account Balance. Following the expiry of the six-month period, the individual in question (who continues to be an Active Member) may make withdrawals from his or her AVC Account in accordance with the optional withdrawal rules for Active Members.
3. Notwithstanding the rules in paragraphs 1 and 2 above, if an Active Member or Dual Member, as applicable, ceases to be employed in the year he or she attains 71 years of age, the six-month withdrawal period referred to in paragraphs 1 and 2 above to elect to withdraw all or a portion of his or her AVC Account Balance does not extend beyond October 31 of the year he or she attains 71 years of age.
3. The “Remaining Amount” means, where applicable, the ITA Amount less the Optional Amount.
4. Each calendar year after the calendar year a Retired Member attains 71 years of age, he or she must withdraw the ITA Amount from his or her AVC Account.
5. If a Retired Member withdraws an Optional Amount in a given calendar year after the calendar year he or she attains 71 years of age and the Optional Amount is equal to or greater than the ITA Amount, no additional withdrawal is required under the rule in paragraph 4 above for the given calendar year.
6. If a Retired Member withdraws an Optional Amount in a given calendar year after he or she attains 71 years of age and the Optional Amount is less than ITA Amount, the Retired Member shall be deemed to have elected to withdraw the Remaining Amount, in which case OMERS will withdraw the Remaining Amount from the Retired Member’s AVC Account and provide it (less applicable withholding tax) to him or her during the month of June immediately following the Withdrawal Window for the given calendar year.

Mandatory Withdrawals (no longer a Member)

1. A Member must withdraw his or her entire AVC Account Balance under the following circumstances:
 - a. if, in accordance with the Defined Benefit Provision, the Member elects to receive a small amount payable in a lump sum, a refund of contributions or a lump-sum payment upon shortened life expectancy; or
 - b. the member elects to transfer his or her entitlement under the Defined Benefit Provision out of the Primary Plan.

Mandatory Withdrawals (Locked-In amounts pre age 72)

1. A Member must withdraw all Locked-In amounts in his or her AVC Account by October 31 during the year in which he or she will attain 71 years of age.
2. If a Member does not withdraw all Locked-In amounts in his or her AVC Account prior to October 31 of the year in which he or she attains 71 years of age, the Member shall be deemed to have elected the purchase of an annuity from an insurer, in which case OMERS may select an insurer and purchase an annuity in accordance with the terms of the Primary Plan.

Mandatory Withdrawals (Retired Members post age 71)

1. The “ITA Amount⁴” means the minimum amount that must be withdrawn as cash from a Retired Member’s AVC Account in a given calendar year after the calendar year he or she attains 71 years of age, based on the Retired Member’s age and as prescribed for variable benefits under the ITA.
2. The “Optional Amount” means the amount withdrawn as cash from a Retired Member’s AVC Account during the Withdrawal Window in a given calendar year after the calendar year he or she attains 71 years of age in accordance with the Optional Withdrawals (Deferred Members and Retired Members) section.

7. If a Retired Member does not withdraw an Optional Amount in a given calendar year after the calendar year he or she attains 71 years of age, the Retired Member shall be deemed to have elected to withdraw the ITA Amount, in which case OMERS will withdraw the ITA Amount from the Retired Member’s AVC Account and provide it (less applicable withholding tax) to him or her during the month of June immediately following the Withdrawal Window for the given calendar year.
8. Notwithstanding the rule in paragraph 7 above, if the ITA Amount is less than \$500, the Retired Member shall be deemed to have elected to withdraw \$500, in which case OMERS will withdraw \$500 from the Retired Member’s AVC Account and provide it (less applicable withholding tax) to him or her during the month of June immediately following the Withdrawal Window for the given calendar year.
9. Notwithstanding the rules in paragraphs 1-8 above, where the balance in a Retired Member’s AVC Account as at December 31 of the prior year is less than \$500, the Retired Member shall be deemed to have elected to withdraw his or her entire AVC Account Balance, in which case OMERS will withdraw the Retired Member’s entire AVC Account Balance and provide it (less applicable withholding tax) to him or her during the month of June immediately following the Withdrawal Window for the given calendar year.

Death Benefits

1. Upon the death of a Member, the Member’s AVC Account Balance will be refunded to the Member’s:
 - a. Surviving Spouse, if the member and the Surviving Spouse were not living separate and apart on the date of the Member’s death;
 - b. Designated Beneficiary, if there is no Surviving Spouse entitled to a refund; or

⁴ “ITA Amount” is referred to as the “income amount” in the *Additional Voluntary Contributions (AVCs) Guide*.

- c. estate, if there is no Surviving Spouse entitled to a refund and no Designated Beneficiary.
2. A Surviving Spouse who is entitled to a refund under paragraph 1 above may elect, instead of a refund, to transfer an amount equal to the Member's AVC Account Balance to an insurer for the purchase of an annuity in accordance with the terms of the Primary Plan.
 3. To the extent permitted under the PBA, a Member's Spouse may relinquish entitlement to death benefits payable under paragraph 1 above by completing a valid waiver and filing such waiver with OMERS. In such a case, any death benefits payable under paragraph 1 above are payable as if the Member had no Surviving Spouse.

Rate of Return

1. The "Annual Rate of Return" means the rate of return for the Primary Plan, before the deduction of investment management expenses, that is published in the Annual Financial Statements for a given calendar year. The Annual Financial Statements are usually approved, and the Annual Rate of Return is publicly disclosed, around March 1 of the calendar year following the given calendar year.
2. The Annual Rate of Return (positive or negative) will be applied to a Member's AVC Account in respect of a given calendar year, as described in paragraph 5 below, except on a withdrawal described in paragraph 4 below.
3. The "Rate Determination Date" means the date that the Annual Rate of Return is established for a given calendar year. The Rate Determination Date occurs during the calendar year following the given calendar year, on the day after the Annual Financial Statements for the given calendar year have been approved by the OMERS Board of Directors.
4. The "Five Year Average Rate of Return" means the compound average of the Annual Rate of Return for each of the five calendar years before a given calendar year. The Five Year Average Rate of Return will only be applied to a Member's AVC Account, as described in paragraph 5 below, at the time a Member's entire AVC Account Balance is withdrawn:
 - a. if all applicable withdrawal documentation is received by OMERS before the Rate Determination Date and the withdrawal occurs during the same calendar year, the Five Year Average Rate of Return will be applied to the Member's AVC Account for both the calendar year before the withdrawal and for the part calendar year in which the withdrawal is made;
 - b. if all applicable withdrawal documentation is received by OMERS on or after the Rate Determination Date and the withdrawal occurs during the same calendar year, the Five Year Average Rate of Return will be applied to the Member's AVC Account for only the part calendar year in which the withdrawal is made; and
5. The rate of return credited or charged to a Member's AVC Account will be the Annual Rate of Return or the Five Year Average Rate of Return, as applicable, less the "investment component" described in paragraph 2 of the Fees and Expenses section.
6. The Annual Rate of Return or the Five Year Average Rate of Return, as applicable, will be applied on a pro-rated basis to any amounts that are held in a Member's AVC Account for a portion of a calendar year. For example, if a contribution was made halfway through a year, the rate of return that would be applied to the contribution for that year would be half of the Annual Rate of Return or the Five Year Average Rate of Return, as applicable.
7. Examples of how the Annual Rate of Return and the Five Year Rate of Return are applied to a Member's AVC Account are available at www.omers.com. Alternatively, a copy of the examples can be requested by contacting OMERS Member Services, Monday to Friday between 8 a.m. and 5 p.m., at +1 416.369.2444 or +1.800.387.0813.

Fees and Expenses

1. A Member's AVC Account is subject to fees and expenses consisting of an investment component and an administration component.
2. The investment component reflects a pro-rated share of the investment management expenses of the Fund and is charged as a basis-point reduction to the Annual Rate of Return or the Five Year Rate of Return, as applicable. For the Annual Rate of Return, the investment component is based on the investment management expenses for the applicable year. For the Five Year Average Rate of Return, the investment component is based on the average of the investment management expenses for each of the five years before a given calendar year.
3. The administration component is an annual flat amount, which is reviewed on a periodic basis and may change over time, consisting of the costs associated with the setup, operation and maintenance of AVC Accounts.
4. The administration component will be payable as a deduction to a Member's AVC Account Balance at:
 - a. same time the investment component is charged to a Member's AVC Account; and
 - b. at the time a Member's entire AVC Account Balance is withdrawn.
5. If a Member has both Locked-In and non-Locked-In amounts in his or her AVC Account, the administration component will be charged against the non-Locked-In amounts.