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Ontario Retirement Pension Plan: Key Design Questions
Budget Secretariat
The Honourable Mitzie Hunter, Associate Minister
Ministry of Finance
95 Grosvenor Street
3rd Floor, Frost Building North
Toronto ON M7A 1Z1

Re: Ontario Retirement Pension Plan (ORPP) Consultation

Dear Minister,

OMERS welcomes the opportunity to comment and to contribute its expertise on the implementation of the ORPP.

As a large jointly-sponsored pension plan (JSPP) with highly diversified membership of over 440,000 members and 980 employers, we are dedicated to providing lifetime pension benefits that will improve our members' retirement income. Defined benefit plans, including JSPPs, are acknowledged within the consultation as providing stable, reliable retirement income for retirees. It would be contrary to the Ontario government's goals to improve retirement income if ORPP reforms resulted in damage to the existing system's proven ability to provide retirement income on an ongoing basis.

Key Concerns for OMERS

Based on available information, it is not clear what the impact of the ORPP will be on part-time employees given the exclusivity provision in the *Ontario Municipal Employees Retirement System Act, 2006* (OMERS Act) and the *Pension Benefits Act* (PBA) part-time provisions.

Section 7 of the OMERS Act sets OMERS as the only pension plan, aside from Canada Pension Plan, for municipal and local board employers – this “exclusivity” provision makes OMERS the exclusive pension provider for these core OMERS employers and all their full-time and part-time employees.

The OMERS exclusivity provision is an important element to ensure OMERS sector-wide coverage and for the sustainability of the OMERS pension plans.

Under the OMERS Plan, part-time employees of municipalities and local boards may either be required to join OMERS under a by-law or resolution or be eligible for OMERS membership on meeting a 24-month qualification test. These part-time employees of municipalities and local boards are covered by the exclusivity provision of the OMERS Act and currently would be exempted from the ORPP even if they choose not to join OMERS.



However, for those OMERS employers not covered by the exclusivity provision noted above, the ORPP would become the default option for part-time employees. Those part-time employees who do join the ORPP rather than OMERS may end up with significantly less pension income contrary to the principle in the PBA to provide “reasonably equivalent” benefits to part-time and full-time employees (i.e., PBA allows for a 24-month qualification test for part-time employees and then requires them to be offered membership **in the same pension plan** that is provided for full-time employees).

Conclusion

Further clarity is needed with respect to the important issues of OMERS exclusivity and the PBA rules to ensure that Ontario’s defined benefit pension system continues to play a vital role in the retirement savings of Ontarians.

Yours truly,

George L. Cooke, Chair
**OMERS Administration
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Marianne Love, Co-Chair
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