

FACT SHEET

OMERS SUPPLEMENTAL PLAN FACTS

An update on the OMERS Supplemental Plan for Police, Firefighters and Paramedics
August, 2011

SUPPLEMENTAL PLAN OVERVIEW

The OMERS Supplemental Plan for Police, Firefighters and Paramedics (the “Supplemental Plan”) was established in 2008. It offers optional benefits for members of the police sector, firefighters, and paramedics, 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.

The earliest effective date of Supplemental Plan coverage is July 1, 2008.

As of August, 2011, there were no members in the Supplemental Plan. Since the Plan was established in 2008, OMERS has provided information sessions and cost estimates on request to interested employers and employee association groups.

If you have immediate plans to establish a Supplemental Plan benefit, please see “Set-up Considerations” below.

Full details of the Supplemental Plan are available online in the Employers and Members sections at 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.
- For example, an employer might offer participation in the Supplemental Plan and select “Best three” earnings as the top-up benefit. This would tend to enhance a member’s pension because the average earnings used in the pension formula would generally be higher.
- Certain supplemental benefits are not available to paramedics or police civilians.
- The selection of the 2.33% accrual benefit also requires additional “rebound” contributions under the Primary Plan. For full details, see www.omers.com: Members/Plan Information/Supplemental Plan/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%
Earnings Used in the Pension Formula	“Best five” earnings	“Best three” earnings
Earnings Used in the Pension Formula	“Best five” earnings	“Best four” earnings
Early Retirement Factor (available to members within 10 years of normal retirement age)	85 Factor	80 Factor
• for members with a normal retirement age of 60		
• for members with a normal retirement age of 65	90 Factor	85 Factor

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 for Supplemental Plan Benefits Effective January 1, 2011				
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	2.15%	0.20%	1.85%	0.25%
80/85 Factor	0.45%	none	0.30%	none
"Best three" earnings	0.60%	none	0.50%	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 employee would each pay an additional 2.35% of the member's total earnings, in addition to regular Primary Plan contributions. This 2.35% total is based on the Supplemental Plan contribution rate of 2.15% and a rebound contribution of 0.20% to the Primary Plan.
- As another example, an NRA 60 member with the "Best three" earnings benefit, the employer and employee would each pay an additional 0.60% of the member's total earnings, in addition to Primary Plan contributions. No rebound cost applies.
- Many financial and demographic assumptions affect contribution rates, including the number of participants, operational expenses and administration fees. Contribution rates could be adjusted in the future to reflect emerging trends. Current rates are based on an assumption of 5,000 members. It's important to note that in the event that participating membership does not exceed 5,000 in future, rates may have to increase. One reason this can occur is that administration costs, 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” any of 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, but the cost will likely change.
- The cost of the service is an actuarial calculation 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: Members/Plan Information/Supplemental Plan/Service Purchases](http://www.omers.com/Members/Plan-Information/Supplemental-Plan/Service-Purchases).

SET-UP CONSIDERATIONS

The current contribution rates for the Supplemental Plan are based on an assumption of 5,000 members. The long-term viability of the plan depends on membership matching or exceeding this threshold. In the event that participating membership does not exceed 5,000 in future, rates may have to increase.

Contribution rates are set by the OMERS Sponsors Corporation and may change.

Contribution rates include administrative costs as well as rebound contributions to the Primary Plan for certain Supplemental Plan provisions. This ensures that all administration and operating costs 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.

Supplemental Plan costs 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 five 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/Employers/Supplemental Plan/Request a Cost Estimate](http://www.omers.com/Employers/Supplemental-Plan/Request-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 and therefore can provide a more accurate estimate.
- There are no fees for OMERS processing.
- The turnaround time for costs 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. If the association or union requests the estimate from the employer, there is no cost as processing is done by the employer – OMERS staff are not involved in processing the cost estimate.

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.

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 as 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 (earliest effective date is July 1, 2008).

For full details, see www.omers.com: Employers/Supplemental Plan/How to Set 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 Client Services at 416-369-2444 or 1-800-387-0813 (toll-free) from Monday to Friday between 8 a.m. and 5 p.m.
- Visit www.omers.com – Supplemental Plan information is available in the employer and member sections.
- Resources include the Supplemental Plan Member Handbook and the Employer Administration Manual.
- Request a Supplemental Plan meeting and/or cost estimate by submitting the applicable request form available on the website.