Ladies and Gentlemen,

The PPAO Board of Directors have been monitoring the Comprehensive Review that OMERS Sponsors Corp. has been engaged with. Members of the PPAO Board of Directors have been involved with 4 information sessions the latest being a presentation at our Spring General Meeting. OMERS personnel provided an in depth information session on the review process and the issues that have been uncovered as a result of the review process. Members in attendance were able to ask questions and make statements for any concerns they might have.

Ultimately the review process is to plan for another 2008 financial crisis and the sustainability of the plan. There are many issues that the Sponsors Corp. is reflecting upon in the decision making process. The PPAO Board of Directors continue to monitor the process and will continue to provide updated information.

The review and whatever changes that occur as a result WILL NOT affect current retirees of OMERS. If any changes are adopted, they will have no impact on the benefits that active members earn up to the effective date of the change. Modified Indexing, not "De-Indexing", of the Cost of Living increase is one option that the Sponsor Corp. is considering for active members retiring after the implementation date some time in the future. This WILL NOT have any effect on current retirees in OMERS.

For those of you that do not receive the PAO magazine I am attaching an article from their Spring 2018 issue written by PAO President Dan Axford, who is also a member of the Sponsor Corp. board. Mr. Axford has given us permission to use his article which outlines some of the issues and review options the Sponsors Corp. is considering. Please take the time to read the article.

Recently there was an article in CBC news quoting CUPE President Fred Hahn including his thoughts on the OMERS Plan Review. I am including the article for your information. There is also detailed information on the OMERS web site https://www.omerssc.com/

Unions fighting potential changes to municipal pension plan

CBC News

2 June 2018

Laura Osman

Ontario unions representing municipal employees are raising the alarm about a proposal to de-index the Ontario Municipal Employees Retirement System (OMERS), one of the biggest defined benefit pension plans in the country.

OMERS represents nearly 500,000 employees of municipalities, school boards, emergency services and local agencies across Ontario.

The pension has been reviewing its benefits since September. One of the proposals on the table includes de-indexing payments to retirees so they no longer increase with the rising cost of living.

"It is a serious potential change," said Fred Hahn, president of CUPE Ontario.

Unions fighting change

"You're talking about 25 or 30 per cent of the value of your pension [that] could be eroded if there is no indexing," Hahn said.

The board of the pension sponsor corporation will vote on what to do about OMERS benefits in November. The board is made up of equal numbers of representatives from employer and employee organizations. A two-thirds vote is required for the change to take effect.

Unions across Ontario, including those representing City of Ottawa and the City of Toronto workers, have launched campaigns against the possible change and have urged employees to write to their representatives on the board.

Representatives from OMERS declined a request for an interview. In a statement, CEO Paul Harrietha reiterated no decision has been made yet.

"The board continues to assess options and will determine which changes, if any, they will further consider over the next several months," he wrote.

Consultation promised

Herrietha promised employers and employees will be consulted on any decisions, which aren't likely to come into effect until 2021.

He the review is being done "in the face of social, economic, political and employment realities that we, and all plans around the world, face," he wrote.

Unions across the province are particularly bemused by the proposed changes because of how well the pension is performing, with more than $95 billion in net assets as of Dec 31, 2017.

The pension reported an 11.7 per cent investment return last year, worth nearly $10 billion in net investment income.

"We believe that it is a strong plan and we believe that it has the strength to continue this benefit for workers into the future," Hahn said.

Terry Hill,

Communications Director, PPAO