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IMPORTANT INFORMATION

ABOUT THE OMERS SHARED RISK INDEXING PROPOSAL

OMERS is proposing to end guaranteed cost of living increases for your pension.

Cost of living increases for your pension are often called “indexing”.

Under their “Shared Risk Indexing” proposal, the OMERS Sponsors Corp (SC) Board will decide each year if retirees receive indexing to protect the value of their pension against inflation, and that can put your retirement security at significant risk.

OMERS says this proposal allows it to spread the risk of future financial difficulties and plan maturity among a larger group. However, it is really about reducing the costs and risks for employers and passing the burden onto retirees.

The OMERS Sponsors Corp (SC) Board is scheduled to vote on this proposal on **June 24, 2020**, and we need to tell the OMERS SC Board members to vote **NO** to the proposed changes.

WHAT YOU CAN DO:

Visit our website www.ouromers.ca and tell the OMERS SC Board to Keep Their Promise and vote **NO** to Shared Risk Indexing.

Here are some important things you should know about this Shared Risk Indexing proposal and how it affects your pension.

Employees Would Rather Pay Now Than Later

Imagine an employee is 35 years old and expects to retire with full pension at age 60 with 35 years of service and they make $90,000 per year now. If that member has to pay an additional 1% per year for 10 years to make up for a pension fund shortfall, they will end up paying $9,855 more to the pension plan (assuming an average 2% pay increase each year).

Now, imagine that same employee and take away pension indexing. They would lose $557,163 over the course of their retirement. You should also take into consideration that if the last plan to eliminate guaranteed indexing (2018) had already been in place, there would have been no pension indexing for the previous 15 years.

This proposal isn't good for employees or retirees, but it certainly reduces the burden of the pension plan on employers.

Jointly Sponsored Pension Plans: SHARED RISK = CONTROL

OMERS is already a “shared risk” pension. It is a jointly sponsored plan where employees and employers share the risks and control of the pension.

One member of the SC Board represents retirees, but they **are not** affected by this proposal. This means future retirees at risk of losing indexing have no voice on the SC Board, though they are taking on some of the risk of the plan.

OMERS has refused to release projections on how much indexing retirees can expect under Shared Indexing.

Shared Risk Indexing Isn’t Fair or Equitable

The 2019 OMERS Annual Report shows that the average OMERS pension is $32,491 per year. One glance at the Ontario Sunshine List tells you that there are many OMERS members who will have pensions far above that average. Losing cost of living indexing will affect a retiree living on $30,000 per year very differently than a retiree with a pension of $100,000, $150,000 or more per year.

Racialized people, women, disabled workers, and other equity seeking groups tend to have lower lifetime incomes and smaller pensions. These people would be disproportionately affected by the loss of pension indexing.

OMERS talks about “intergenerational equity” yet **younger workers are going to be the biggest losers** under this proposal. While they are working, younger workers will be supporting the pensions of people with guaranteed indexing only to receive a pension that may or may not have indexing at all. The “shared risk” proposal is just an attempt to pit younger workers against retirees and create at two-tier pension in order to control costs.

OMERS answer: "Trust Us"

OMERS's answer to many of these questions like fairness between retirees living on very different pensions, and what, exactly, is the formula for cancelling and reinstituting pension indexing, is, "Trust us." They say they want to protect indexing, but they also want the flexibility to take it away from retirees.

Instead of being a forum for discussion and negotiations between the employees and employers in the plan, recent governance changes and a plan to create a new unrepresented contributor group means the OMERS SC Board is trying to escape accountability to the people whose retirement security depends on their OMERS pension.

This "Father Knows Best" attitude is paternalistic, unaccountable, and unacceptable to working people whose money OMERS is managing.

We do know that once the SC Board removes or reduces pension indexing, it would take a two-thirds vote of the SC Board to restore it. That means **employer-side** SC Board members would have to vote to restore indexing; a vote that could bring employers greater costs and risks.

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Why isn’t OMERS Listening?

Unions representing a majority of active OMERS members have called for the postponement of the vote on Shared Risk Indexing until their members, who are busy dealing with the COVID-19 pandemic, have the time to meet and discuss this proposal.

Thousands of employees opposing the loss of guaranteed indexing have emailed OMERS, but they are pushing ahead to vote on this change on **June 24th**.

Three votes from the employee side of the SC Board are required to approve this proposal. Employee-side SC Board members must listen to employees and vote **NO**!

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THIS PLAN CHANGE CANNOT GO AHEAD

Tell the OMERS SC Board to

Vote NO

www.ouromers.ca

Shared Risk Indexing is the wrong plan.

Many pensions have greater maturity issues than OMERS but remain viable. The proposal is unfair, unrepresentative, paternalistic, and unaccountable. It is simply not an acceptable approach for a fully funded pension. Guaranteed indexing is too important a benefit to lose. For the average OMERS retiree, it could be the difference between getting by or going hungry.

Please visit our website www.ouromers.ca and tell the OMERS SC Board to **Keep Their Promise** and vote **NO** to Shared Risk Indexing.