



## What do the OMERS changes mean for your pension?

A pension is a promise – the promise of a secure retirement after a lifetime of hard work. And the OMERS pension plan is a promise to more than 2,000 active contributing CIPP members.

But the people who govern our pension – members of the OMERS Sponsors Corporation Board – are threatening to break that promise by making sweeping changes to our OMERS pension plan. And these changes will hurt all of us.

Undermining pension security is never acceptable. But OMERS is trying to do it at a time when workers are busy on the frontlines, working to protect us all during the pandemic. Now is not the time to add more worry and stress to the lives of workers who are protecting all of us.

What changes are being proposed?

This is the second time that OMERS has tried to hurt our pension security in less than two years. We stopped these changes the first time. And we need to stop them again.

The latest changes began in the fall of 2019, when the OMERS Sponsors Corporation Board ignored the concerns of CIPP and other unions and pushed through governance changes that drastically reduced the accountability of the appointees on the Board to their constituent bodies. CIPP's position is that these are essentially the same changes that OMERS members fiercely opposed only one year earlier. It's also CIPP's position that the OMERS Board should be striving to enhance, not reduce, the representation of pension plan members.

Now our concerns have been confirmed. The OMERS Sponsors Corporation Board is proposing to get rid of guaranteed pension benefit indexing at its June board meeting – and replace it with a scheme called "Shared Risk Indexing." Once again, OMERS is attempting to walk away from guaranteed indexing of our pension payments.

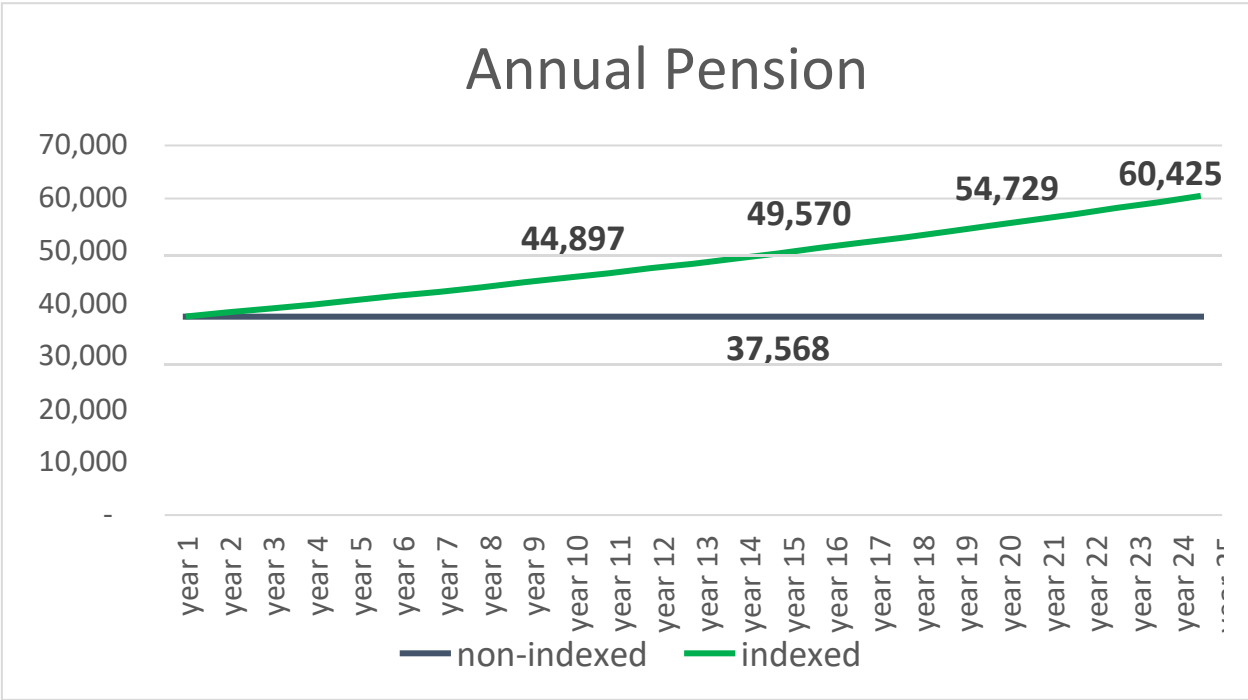
Guaranteed pension benefit indexing is important to all of us. Indexing ensures that our annual pension continues to grow for the duration of our retirement. It helps us keep up with rising costs during retirement. And ensures that our families have security and peace of mind.

We don't know everything about how these changes will hurt our members. But one thing we do know is that the changes being proposed by OMERS will degrade the value of our

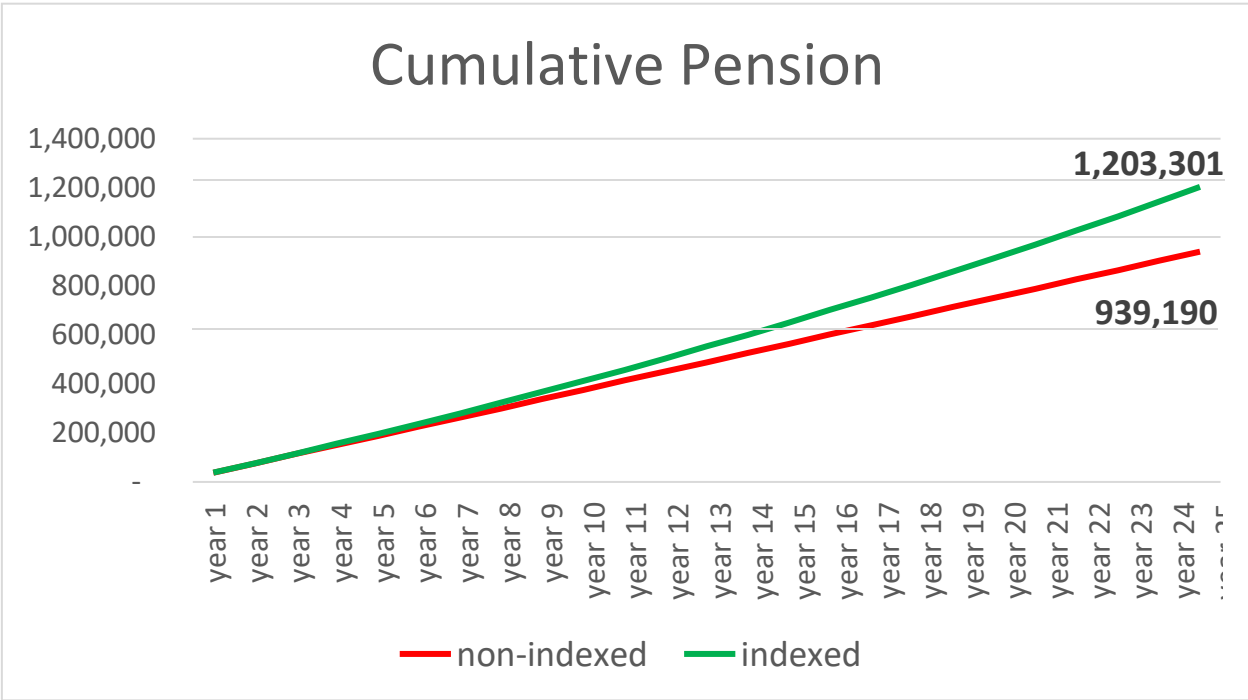
pensions and hurt all of us – whether we're nearing retirement or we're just starting out. You can see the difference that guaranteed pension benefit indexing makes in the following three scenarios based on average salaries of \$70,000, \$90,000, or \$110,000.

# Scenario 1: Best 5 Years Average Salary \$70 K (35 years service)

Annual OMERS Pension Indexed vs Non-Indexed

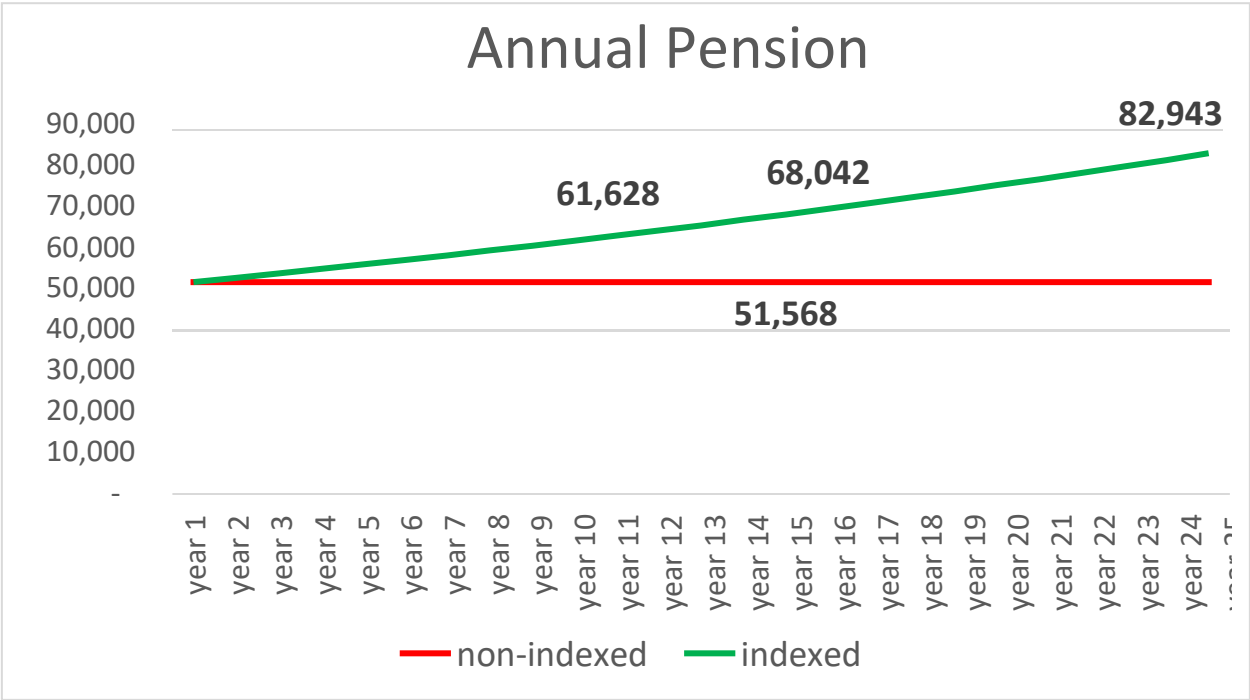


25 Year Value Indexed vs Non-Indexed OMERS Pension

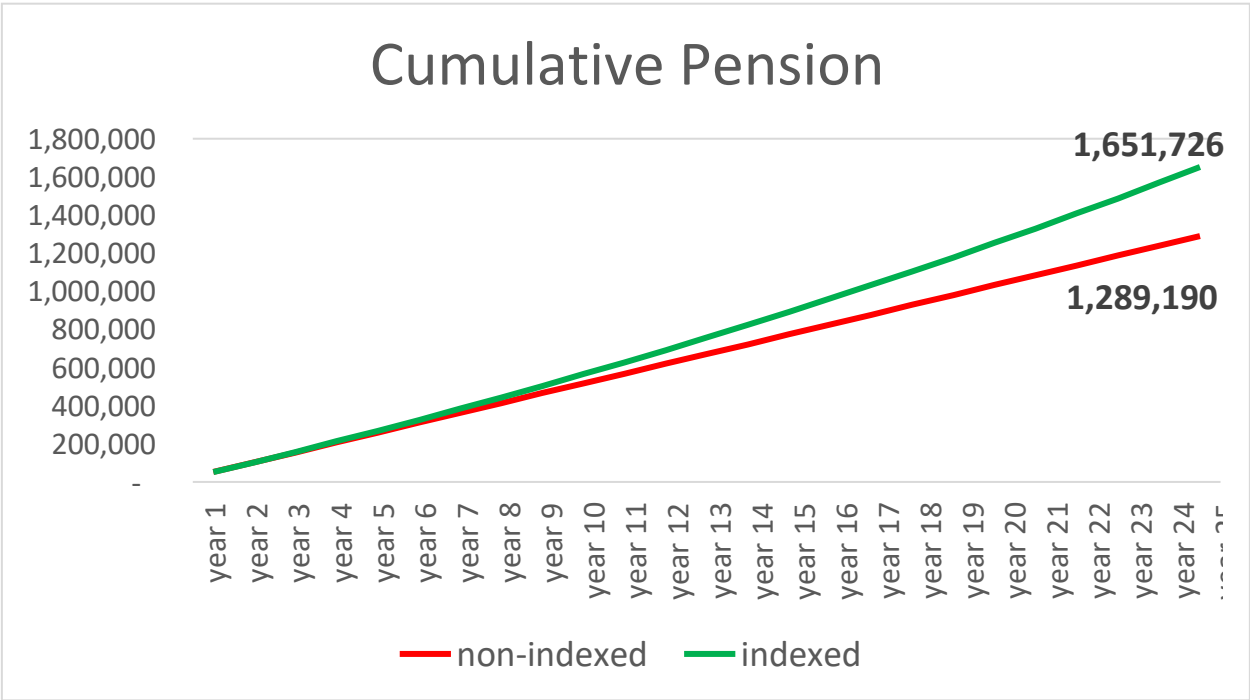


# Scenario 2: Best 5 Years Average Salary \$90 K (35 years service)

Annual OMERS Pension Indexed vs Non-Indexed

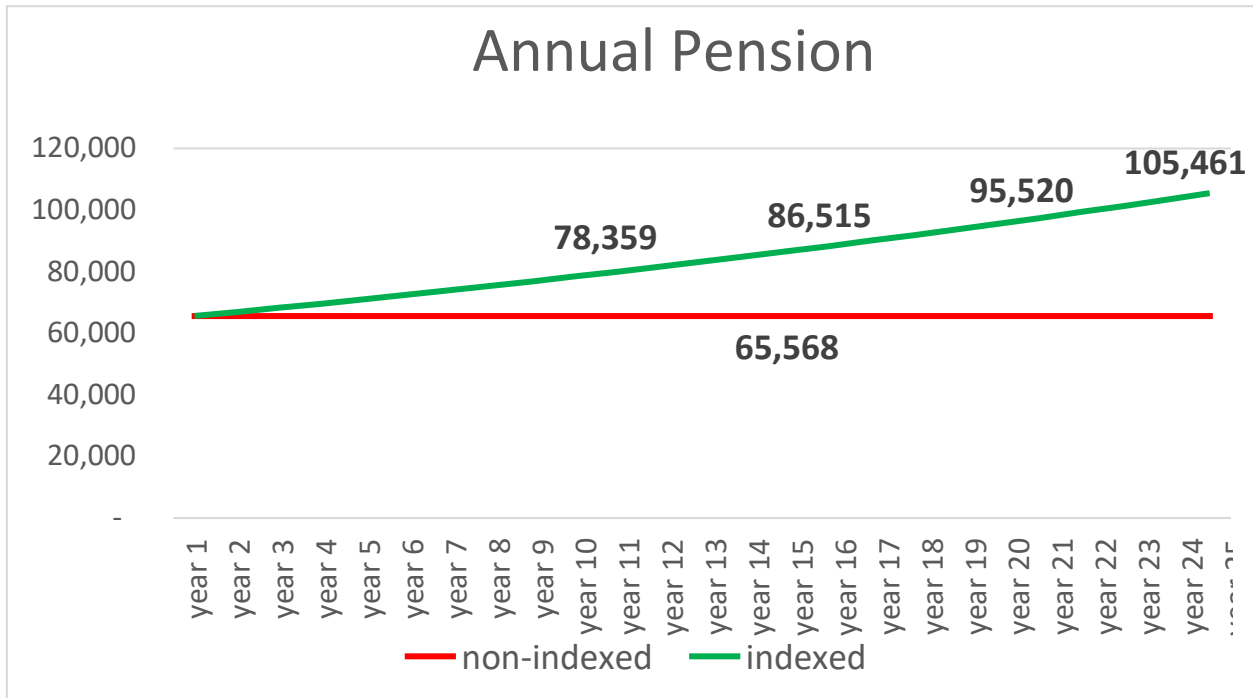


25 Year Value Indexed vs Non-Indexed OMERS Pension

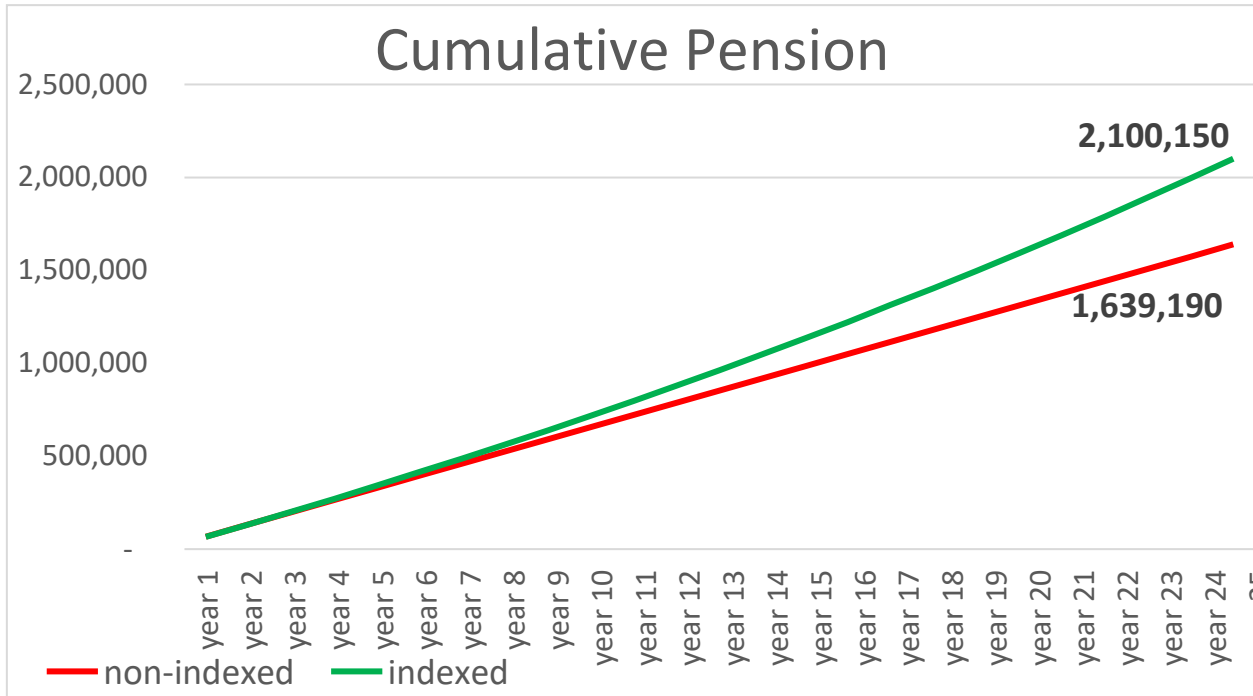


### Scenario 3: Best 5 Years Average Salary \$110 K (35 yrs. service)

Annual OMERS Pension Indexed vs Non-Indexed



25 Year Value Indexed vs Non-Indexed OMERS Pension



What formula will be used to decide any pension changes under Shared Risk Indexing?

We don't know. And that's the problem. OMERS refuses to release the formula that they will use to decide if benefits are indexed in future years. That means they're forcing all members to give up guaranteed pension benefit indexing – and the security of annual pension benefit increases – in exchange for nothing but uncertainty and risk.

With Shared Risk Indexing, annual pension indexing could be significantly smaller or even eliminated in some years. Without seeing the formula that OMERS is proposing, it's impossible to know all the ways that these changes will hurt CIPP members.

Worst of all, OMERS' secrecy and lack of transparency about these changes make it impossible for OMERS to claim that it is conducting meaningful consultation. No sponsor can agree to these changes without having the basic information we need to fully represent the interests and concerns of our members.

Are these changes necessary?

Absolutely not. These secretive changes are not necessary to keep the plan sustainable. OMERS is fully funded and it's able to guarantee the value of our pension. It just doesn't want to.

OMERS is trying to argue that the Board needs greater flexibility to navigate risks. And they are trying to pit younger members against older and retired members. Shared Risk Indexing also disproportionately attacks those with smaller pensions, which will hurt many CIPP members who enter the public service later in their career and do not have large pensions.

Despite OMERS' claims, the truth is that eliminating guaranteed pension benefit indexing will hurt all members – whether we're nearing retirement or just starting out. Younger members need and deserve the promise of pension security in the future, just as much as members nearing retirement. To pit one generation of workers against another is wrong, irresponsible, and misleading.

Why is OMERS making sweeping changes now?

CIPP members stopped these harmful changes when OMERS first proposed the elimination of indexing, less than two years ago.

Now OMERS is trying, again, to sneak these changes through – and they're doing it while workers are busy fighting a global pandemic. The OMERS Sponsors Corporation Board

just doesn't get it. Workers are giving it all they've got to protect our communities. And with global markets in flux, now is definitely not the time to make pension plan changes that will affect all of us for decades to come.

Instead of making sweeping changes to undermine pension security during this period of incredible uncertainty, OMERS should be focused on paying pension benefits, managing the fund's investments in this highly volatile environment, and protecting pension security for all OMERS members.

What input do we have into these changes?

The new governance formula, passed by the OMERS Board in the fall of 2019, makes input on these changes very difficult. It reduced the accountability of the appointees on the Board to their constituent bodies and made joint control of the plan effectively meaningless.

That's why CIPP opposed those governance changes. Joint sponsorship and control of OMERS is a fundamental issue for CIPP and its members. CIPP believes that the OMERS Sponsors Corporation Board should be striving to enhance the representation of pension plan members. This is particularly important for members of unions such as CIPP that are not represented on the Board. The level of engagement and opportunity for members to affect the future of the plan should have been increased, not decreased.

What can we do to stop these changes and protect our pension security?

We need to stop these changes before June. CIPP members have done it before – and we need to do it again. Now more than ever, working people need a pension and a secure future that we can all count on. Instead of undermining pension security, we need to build a plan that protects the pensions that workers have been promised.

You can get involved in our campaign to protect our pensions at [OurOMERS.ca](http://OurOMERS.ca) or by contacting the Civic Institute of Professional Personnel at 613-241-3730.