



Getting ready to retire

A RETIREMENT PLANNING GUIDE FOR OMERS MEMBERS

OMERS

Plan for the Future

Important!

This guide gives you a summary of your OMERS pension benefit to help with your retirement planning.

If there is any discrepancy between this information and the *Ontario Municipal Employees Retirement System Act, 2006* (“OMERS Act, 2006”) and the Plan text, the *OMERS Act, 2006* and Plan text will govern.

OMERS Primary Pension Plan Registration
Number: 0345983

Your information is secure

Personal information is collected for pension administration purposes by OMERS under the authority of Section 35 of the *OMERS Act, 2006*. OMERS does not share your personal information with any other person other than for purposes of pension plan administration, and, by providing personal information, you consent to its use for those purposes. The collection, use, retention and destruction of personal information are subject to our Privacy Policy at www.omers.com. Any questions regarding the collection of personal information should be directed to OMERS Client Services at 1-800-387-0813.

Getting ready to retire? OMERS is here to help



Retirement is a big step, and we have excellent services to help you with your retirement decision and planning.

OMERS information sessions

OMERS presents information sessions in many locations across the province each year. The sessions are a great way to learn about your pension, ask questions and meet OMERS staff.

Visit www.omers.com or contact OMERS Client Services for the current schedule and to register for a session.

OMERS Client Services

Whether you have a question about your OMERS pension or you're requesting a pension estimate, our friendly and knowledgeable staff is here to help.

Telephone: 416-369-2444 or 1-800-387-0813

Email: client@omers.com

Fax: 416-369-9704 or 1-877-369-9704

OMERS online

Visit www.omers.com for news and information about your pension.

Getting ready to retire? – comprehensive information about retirement planning.

Words to the wise – retirement planning advice from OMERS members.

myOMERS – the key to your pension

Sign up to view your pension information online, including your annual *Pension Report*, and try out our online tools – the Buy-back Estimator and Retirement Income Estimator.

Visit www.omers.com and click on



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Planning for retirement

Planning your retirement is a very personal process. Your retirement plan should be based on your vision of the life you hope to lead, and it must take your financial picture into account.

The best time to start planning your retirement is while you're still working. It's never too early to start your research. The important thing is to get started, so you're not left making all the important choices in your last few weeks on the job.



Some questions to ask

Financial considerations

- How much income will I need in retirement?
- Can I afford to retire, or will I have to get a part-time job to make ends meet?
- When do I want to retire?

Social considerations

- How do I want to spend my time in retirement?
- How will I handle not having to go to work?
- How much will I miss the social contacts and friends at work?
- Will my friends also be retired?
- Should I consider semi-retirement or a second career?
- Am I psychologically ready to retire?
- What impact will my retirement have on my family?
- What if I don't retire and instead keep on working like I am now?

My retirement income

Think of your retirement income as three pillars supporting your future financial security:



Planning for retirement involves understanding how each pillar works – both individually and together.

Estimating my future income

OMERS online Retirement Income Estimator

The Retirement Income Estimator in myOMERS at www.omers.com is a great planning tool for active members. It estimates the amount of retirement income you can expect to receive from:

Use the Retirement Income Estimator in myOMERS at www.omers.com to estimate your net income after retirement and compare it to your net income before retirement.

- your OMERS pension
- government retirement benefits (Canada Pension Plan and Old Age Security)

It also compares your estimated net pre-retirement income (after tax) to your estimated net post-retirement income (after tax).

Click on “myOMERS” on the home page to use the estimator.



OMERS contact information is on the back cover of this booklet.

Request a pension estimate from OMERS

Once you have a specific retirement date(s) in mind, we recommend that you request an estimate from OMERS. There are several ways to do this:

- You can phone or write to Client Services. (We can take your request for an estimate over the phone and mail a written estimate to you within days.)
- Or, you or your employer can complete a *Form 190 – Request for a pension estimate* and submit it to OMERS.

Keeping in touch

When you're retired, OMERS will provide updates with news about your pension plan and a personal statement each year showing your pension increase for inflation protection.

A portrait of Laurette Francoeur, a woman with short blonde hair, smiling. She is wearing a coral-colored sleeveless top and a necklace. The background is a lush green garden with pink flowers.

Laurette Francoeur

former board of education employee
and retired OMERS member

My interests

Field trips with photography club; skating; dancing (formal lessons and just for the fun of it); spending time with the grandkids; travelling with a companion or travelling alone (travelling alone and staying in hostels is a great way to meet people)

My plans for the future

Volunteer work abroad – “It’s an inexpensive way to see the world while making a difference in the lives of other people.”

My advice for...

financial planning: “Work with an expert to project your spending and create a budget, then meet regularly with the expert to make sure you’re on target.”

lifestyle planning: “Keep in touch with your friends – your friends will keep you young. Keep connected by socializing with people who are still working.”

a great retirement: “Set priorities and realistic goals. If travel is part of your dream, figure out how many trips you can afford and where you can afford to go. Stay physically and mentally active. Start thinking about retiring when you are young so you can retire early and have lots of fun.”

Service

While you are a member and work for an OMERS employer, you earn service in the pension plan. We use this service to calculate your OMERS pension and your eligibility for early retirement. This section outlines the different types of OMERS service: the service you earn, the service you can buy, and the service that helps you to retire early.



What is credited service?

Credited service is the number of years and months of service you have in the OMERS Plan. (This does not include service for which you've had contributions refunded.) We use your years of credited service and your earnings to calculate your pension.

Credited service includes periods of time during which:

- you contributed to OMERS (and have not had a refund of contributions);
- you earned pension during a contribution holiday (a plan surplus period when contributions were not required);
- you purchased leaves or past service;
- you transferred funds from another pension plan; and
- you earned pension while on an approved disability leave from your OMERS employer.

35-year limit

Once you reach 35 years of credited service – the maximum in the plan – you and your employer stop making contributions to OMERS. Your employer will continue to report your annual earnings to OMERS – to use in the calculation of your pension.

Non-full-time members

If you don't work full time, we calculate your credited service as a proportion of what a full-time member would earn. However, when we calculate your pension, we annualize your earnings – giving you the equivalent of what you would have earned if you worked full time. For example, if your actual earnings for six months are \$20,000, your annualized earnings for the year are \$40,000.

See page 21 for a retirement example for a part-time employee.

What is eligible service?

Eligible service is service with any OMERS employer that isn't credited service. Examples include:

- periods when you were working for an OMERS employer but were not a member of the OMERS Plan (for example, contract or summer student work);
- unpurchased pregnancy/parental leave periods that occurred after December 19, 1990 (if you purchased service for a pregnancy/parental leave period, it counts as credited service);
- service that was refunded when you left an OMERS employer.

We add your eligible service to your credited service when we calculate your early retirement pension factor.

You may be able to buy back some eligible service, converting it into credited service. See “Buying past service (a ‘buy-back’),” page 11, for details.

Tell us if you have eligible service

If you think you have eligible service that is not on your OMERS record, let us know as soon as possible. Don’t wait until you’re ready to apply for your pension.

There are several ways to notify us:

- Have your previous employer (where the service occurred) complete a *Form 168 – Proof of eligible service* and submit it to OMERS.
- Have your previous employer (where the service occurred) send us a letter stating the dates of employment.
- Send us a statutory declaration stating the dates of employment from “someone who has knowledge of the facts,” for example, a former supervisor or colleague, or yourself.

Increasing my credited service

You may have some service that we don’t count when we calculate your pension. If so, you may be able to purchase this service and convert it into credited service. This would increase the amount of pension you receive when you retire. It may also help you to retire earlier without a penalty.

Buying leave periods

As an OMERS member, you may buy the service you missed during leave periods such as:

- pregnancy/parental leaves
- authorized leaves of absence (including compassionate leaves)
- self-funded leaves (for example, you received four years of pay spread over five years and you took the fifth year off, as a leave of absence).

Buying service increases your credited service, which increases your pension and may help you to retire earlier without a penalty.

When you return from a leave period, you have the option of buying all, some or none of the service for that period.

Purchase deadline: You have until December 31 of the year following the year in which your leave ended. After that, you can choose to buy back the service at a cost reflecting the present-day value of the future benefit. This is typically more expensive.

Buying past service (a “buy-back”)

You may be able to purchase some or all of your:

- leaves you didn’t purchase before the purchase deadline;
- eligible service with an OMERS employer;
- waiting period or refunded service with the registered pension plan of another Canadian public sector employer;
- **effective March 1, 2010**, post-1991 waiting period or post-1991 refunded service with the registered pension plan of a Canadian private sector employer.

Notes about buying back service:

- To buy back these types of service, you pay the present-day cost reflecting the full value of your additional future pension benefit.
- You can buy past service any time – as long as you’re still a member of the Plan and not yet retired.
- Keep in mind that the cost increases as you get older and as your salary increases. This reflects the increasing value of the benefit.
- Once we calculate the cost of the past service you want to buy, the cost will remain in effect for six months. After that, we must recalculate the cost, which will likely be higher.
- You can pay the full cost in a lump sum (by cheque or RRSP/LIRA transfer) or by using our monthly payment plan, or by combing these two options.

Leave periods, past service and taxes

Purchasing leaves or past service can affect your RRSP room. The *Income Tax Act* governs the service you can buy and the methods of payment. It also determines whether a maximum purchase limit applies and whether contributions lower your taxable income. For more information about buying leave periods or past service, please contact OMERS Client Services.

Buy-back Estimator

For a quick estimate of the cost of purchasing service, use OMERS online Buy-back Estimator in myOMERS, then, use our online Retirement Income Estimator to see how much the extra service will increase your pension.

When you know the service cost and the increase to your pension, you can decide whether buying back service is right for you.

The Buy-back Estimator has information on how to proceed with a buy-back, or you can contact OMERS Client Services.

OMERS online estimators are accessible through myOMERS on the home page.

OMERS retirement options

This section outlines your OMERS retirement options, how your pension is calculated and how your OMERS pension works with Canada Pension Plan and Old Age Security benefits.



When can I retire?

Most OMERS members have a normal retirement age of 65. Some OMERS members – such as police and firefighters – can have a normal retirement age of 60. Many of our members choose to retire before they reach their normal retirement age.

Normal retirement date

Your normal retirement date is the last day of the month in which you reach age 65 (or age 60 for some police and firefighters). If you retire on your normal retirement date, your OMERS pension begins the next day – the first day of the month following the month you retire.

Early retirement date

You can retire within 10 years of your normal retirement age. This means from age 55 (or age 50 for some police and firefighters), you can begin to receive an OMERS pension.

What if I stop working before I'm eligible for early retirement?

If you leave employment and you're not yet within 10 years of your normal retirement date, your benefit options may include:

1. **Continued OMERS membership** if you go to work for another OMERS employer.
2. **Keeping your pension with OMERS** to give you a future stream of OMERS retirement income for life.
3. **Transferring your credited service** to another Canadian employer's registered pension plan.
4. **Transferring the commuted (present-day) value** of your pension to a locked-in retirement account, an insurance company to purchase an annuity, or another pension plan that can accept the transfer. This option is available until you reach your early retirement date (see above). For more information, visit www.omers.com/Members
5. **Cash refund** if the benefit is not locked-in.

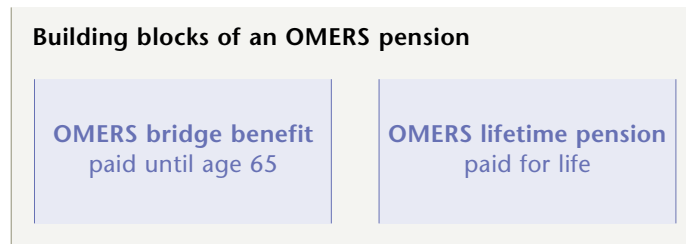
For information about these benefits, visit www.omers.com or contact OMERS Client Services.

What if I continue to work past my normal retirement date?

If you continue to work for your OMERS employer, or are paid past your normal retirement date, your active membership in OMERS will continue. However, the Plan requires that you start receiving your pension by December 1 of the year in which you reach age 71. At the beginning of the next month, OMERS will provide you with a monthly pension whether or not you are still working, and you will no longer make contributions.

The building blocks of an OMERS pension

Your OMERS pension has two components: a lifetime pension, plus a bridge benefit if you retire before age 65.



How the OMERS lifetime pension works

All OMERS members are entitled to receive a lifetime pension, regardless of when they retire. Members who retire before age 65 will also receive an OMERS bridge benefit. You will begin to receive your OMERS lifetime pension whenever you retire. This is paid for life, and indexed to increase with inflation every year.

How the OMERS bridge benefit works

If you retire before age 65, you are also entitled to a bridge benefit until you reach age 65. This temporary benefit is approximately the amount of your unreduced Canada Pension Plan (CPP) pension, which becomes payable when you reach age 65. It helps to smooth ("bridge") your OMERS pension until age 65.

Things to keep in mind about your bridge benefit:

- it continues to be paid to age 65 even if you elect to receive your CPP pension early (from age 60); and
- it will not be the same amount as your CPP pension.

How we calculate an OMERS pension

Your OMERS lifetime pension + bridge benefit to age 65				
2%	x	credited service (years)	x	"best five" earnings
Less OMERS bridge benefit at age 65				
0.675%	x	credited service (years)	x	lesser of "best five" earnings or \$44,840
Equals your OMERS lifetime pension from age 65				

Terms and figures used in the pension calculation

"Best five" earnings – This is the annual average of your highest 60 consecutive months – your **best five years** – of earnings. It does not include any overtime pay or most lump-sum payments. If you have less than five years of credited service, we use your actual service to calculate your average earnings.

Your **best five** earnings could span more than five calendar years because we may have used partial years at the beginning and end of the 60 consecutive months.

Credited service – the number of years (to two decimal places) you have contributed to or purchased in the OMERS Plan. The maximum amount of credited service you can earn is 35 years.

\$44,840 – the current five-year average (2006-2010) of the Canada Pension Plan's (CPP) annual earnings limit. You contribute to the CPP up to its earnings limit (\$47,200 in 2010).

OMERS and the Canada Pension Plan (CPP)

Your OMERS pension is designed to work with the Canada Pension Plan to help provide stable, combined retirement income at an affordable cost. Here's how:

- While you work, you pay a lower OMERS contribution rate on the portion of your earnings for which you also contribute to CPP (up to \$47,200* in 2010).
- When you retire, your OMERS and CPP pensions work together to provide you with retirement income.

*2010 CPP earnings ceiling maximum

Retirement examples (for members with a normal retirement age of 65)

Retiring at 65 (normal retirement)

Paul retires at age 65 with 35 years of service. His **best five** earnings are \$51,000. Paul will receive an OMERS lifetime pension. In addition, he will receive an unreduced CPP pension.

Remember
OMERS is just one pillar of retirement income. Government benefits and personal savings are the other two pillars.

Paul's OMERS lifetime pension + bridge benefit to age 65						
2%	x	35 years	x	\$51,000	=	\$35,700.00
Less OMERS bridge benefit at age 65						
0.675%	x	35 years	x	\$44,840*	=	\$10,593.45
Equals Paul's OMERS lifetime pension from age 65					=	\$25,106.55 per year

*Current five-year average CPP earnings limit (2006-2010)

Retiring before age 65 (early retirement)

Instead, let's say Paul is 61 when he retires and has 31 years of service. Paul will receive his OMERS lifetime pension and the OMERS bridge benefit to age 65. For this early retirement example, we've reduced Paul's **best five** earnings to \$45,000 – to reflect that he will have fewer years of salary increases before he retires.

Paul's OMERS lifetime pension + bridge benefit to age 65						
2%	x	31 years	x	\$45,000	=	\$27,900.00
Less OMERS bridge benefit at age 65						
0.675%	x	31 years	x	\$44,840*	=	\$9,382.77
Equals Paul's OMERS lifetime pension from age 65					=	\$18,517.23 per year

*Current five-year average CPP earnings limit (2006-2010)

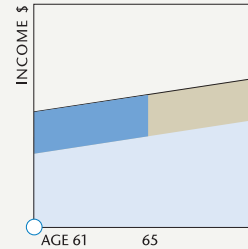
Total annual retirement income

OMERS is just one pillar of retirement income. Paul is also entitled to a pension from the Canada Pension Plan (CPP) and he may receive Old Age Security (OAS). He also can add income from his personal savings.

If Paul is retiring before age 65, he has a choice to make: take his unreduced CPP pension at age 65, or a reduced CPP pension when he retires at age 61.

If Paul chooses to receive CPP at age 65, this graph shows how his OMERS lifetime pension and bridge benefit would work with his CPP pension.

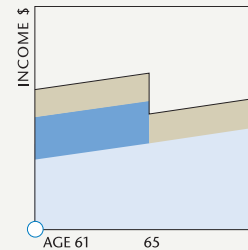
■ OMERS bridge benefit
■ OMERS lifetime pension
■ CPP (unreduced)



OMERS bridge benefit is paid to age 65.
OMERS lifetime pension is paid for life.

Many members choose to receive CPP early at age 60. If Paul chooses early CPP when he retires at age 61, he still receives his OMERS bridge benefit to age 65 and his OMERS lifetime pension. This graph shows Paul's combined OMERS and CPP retirement income.

■ OMERS bridge benefit
■ OMERS lifetime pension
■ CPP (reduced)



More retirement examples

Visit www.omers.com/Members for more retirement examples, including examples for members with a normal retirement age of 60.



John Kot

police officer and
OMERS member

My interests

Golf, reading, fishing, flying planes, walking the dogs, biking, hiking

My retirement dream

Adequate financial resources to enjoy life, part-time work, keeping healthy

What I look forward to in retirement

Enjoying spontaneity and keeping life fresh, not being confined to a routine

My advice for...

financial planning: "Start early and diversify, keep an eye on your spending habits. Live within your means."

lifestyle planning: "It's never too early to start taking care of yourself, expect to live many years in retirement and plan for it, manage stress."

a great retirement: "Take care of yourself – mentally and physically. Have a positive attitude."

Early retirement pensions

You can retire early if you are within 10 years of your normal retirement age:

- at least age 55 for members with a normal retirement age of 65
- at least age 50 for members with a normal retirement age of 60.

There are two types of OMERS early retirement pension: unreduced (no reduction) and reduced (with a reduction).

Unreduced early retirement pension

How to qualify for an unreduced early retirement pension

Normal retirement age 65	Normal retirement age 60
You qualify if you are at least age 55 and you have one of the following:	You qualify if you are at least age 50 and you have one of the following:
30 years of service*	30 years of service*
the 90 Factor (your age + service* = 90 or more)	the 85 Factor (your age + service* = 85 or more)

* credited plus eligible service

Example – 30 years of service

Eugene retires at age 57 with 30.5 years of OMERS credited service and no other eligible service. His **best five** earnings are \$45,000. Eugene’s early retirement pension won’t be reduced because he has more than 30 years of service.

Eugene’s OMERS lifetime pension + bridge benefit to age 65					
2%	x	30.5 years	x	\$45,000 (Eugene’s “best five” earnings)	= \$27,450.00
Less OMERS bridge benefit at age 65					
0.675%	x	30.5 years	x	(lesser of \$45,000 [Eugene’s “best five” earnings] or \$44,840*)	= \$9,231.44
Equals Eugene’s OMERS lifetime pension from age 65					= \$18,218.56 per year

See page 15 for the definition of “best five” earnings.

*Current five-year average CPP earnings limit (2006-2010)

Example – 90 Factor (for normal retirement age 65)

Priya retires at age 62 with 21.5 years of credited service. She also has 7.5 years of previously refunded OMERS service, which qualifies as eligible service. Her best five earnings are \$45,000.

Priya's age	62
Credited service	21.5
Eligible service	7.5
Total	91

Priya's age plus service totals more than 90 points, so she can retire with an unreduced pension.

Remember
OMERS is just one pillar of retirement income. Government benefits and personal savings are the other two pillars.

Priya's OMERS lifetime pension + bridge benefit to age 65					
2%	x	21.5 years	x	\$45,000 (Priya's "best five" earnings)	= \$19,350.00
Less OMERS bridge benefit at age 65					
0.675%	x	21.5 years	x	(lesser of \$45,000 [Priya's "best five" earnings] or \$44,840*)	= \$6,507.40
Equals Priya's OMERS lifetime pension from age 65					= \$12,842.60 per year

*Current five-year average CPP earnings limit (2006-2010)

Reduced early retirement pension

If you don't qualify for an unreduced pension, you may still retire early with a reduced pension.

In this case, OMERS looks at how close you are to your:

- normal retirement age;
- early retirement factor (90 Factor for normal retirement age 65, 85 Factor for normal retirement age 60); or
- 30 years of service.

This three-point test maximizes your benefit.

We use a 5% reduction factor, per year, because you are receiving your pension for a longer period of time. The reduction is permanent. (This is similar to the Canada Pension Plan, which reduces your pension by 6% for each year your retirement date precedes age 65.)

Your OMERS pension is reduced by 5% per year multiplied by the least of:

- 65 (or 60 for normal retirement age 60) minus your actual age;
- 90 Factor (or 85 Factor for normal retirement age 60) minus your current factor; or
- 30 years minus your actual years of service.

The 5% per year reduction is pro-rated for part years.

Retirement example (part-time employee)

Jan retires at 59. She is a part-time employee who has worked 50% of full-time hours for the past 30 years. Each year she earned six months of credited service. She also earned six months of eligible service for the part of the year that she didn't work.

Credited service	15.00
Eligible service	15.00
Total	30.00

Her early retirement pension won't be reduced because she has 30 years of service. Her actual contributory earnings over her highest 60 consecutive months range from \$18,000 to \$22,000. To calculate her pension, we annualize her earnings – giving her the equivalent of what she would have earned if she worked full time. This works out to \$40,000.

Jan's OMERS lifetime pension + bridge benefit to age 65					
2%	x	15 years	x	\$40,000 (Jan's "best five" earnings)	= \$12,000.00
Less OMERS bridge benefit at age 65					
0.675%	x	15 years	x	(lesser of \$40,000 [Jan's "best five" earnings] or \$44,840*)	= \$4,050.00
Equals Jan's OMERS lifetime pension from age 65					= \$7,950.00

Because Jan is a part-time employee, we use her annualized earnings – the equivalent of what she would have earned if she worked full time – to calculate her pension.

*Current five-year average CPP earnings limit (2006-2010)

Applying for an OMERS pension

Once you make your retirement decision, we'll do everything we can to ensure the pension process is smooth and seamless.



Advise employer (active members)

If you are an active OMERS member and you have decided to retire, advise your employer.

Your employer will complete and submit a pension application, *Form 143 – Request for an OMERS Plan benefit*. This form advises OMERS that you are retiring and reports your final earnings, service and contributions.

To begin your pension you must end your employment relationship with your OMERS employer.

Complete an application form (inactive members)

If you are no longer employed by an OMERS employer, complete *Form 144 – Application for retirement pension (deferred members)* and send it to OMERS to apply for your pension. Form 144 is available online at www.omers.com or contact OMERS Client Services to request a copy.

Required documents

To process your pension application, we will need:

- a void cheque
- proof of age
- tax (TD1) forms (optional) – see “Tax issues” on page 24.

If you are an active member, your employer will submit the documents with your pension application (Form 143).

If you are no longer employed by an OMERS employer, be sure to include the documents with your pension application (Form 144). TD1 income tax forms are available from the Canada Revenue Agency (CRA). A link to CRA’s online forms is in the Members/Forms section of www.omers.com.

Proof of age

OMERS will accept a legible photocopy of **one** of the following documents as proof of age:

- birth certificate
- baptismal papers
- adoption papers
- Canadian passport
- Canadian registration of birth
- Canadian citizenship papers
- Indian status card
- Canadian driver's licence

If you do not have any of the above documents, legible photocopies of **any two** of the following are acceptable:

- marriage records
- school records
- military records
- foreign passport
- age of majority card
- statutory declaration
- Canadian immigration papers

Tax issues

OMERS is required by Canada Revenue Agency (CRA) to deduct applicable income tax from your pension.

- You or your employer may submit completed federal and provincial TD1 forms for you with the Form 143. OMERS determines the tax rate based on your monthly pension and your TD1, or the country of residence information on record. If we don't receive TD1 forms, we assume you'd like the basic exemption amount.
- If you are a non-resident, your pension is subject to the appropriate non-resident tax deduction.
- We can increase the amount of tax deducted from your pension to offset other income if you request this in writing.



Gino Raeli

city worker and OMERS member

My interests

Woodworking, long walks, helping family and friends with home renovations

My retirement dream

Travelling the world and exploring different places

What I look forward to in retirement

The freedom of not having to wake up early every morning

My advice for...

financial planning: "Don't spend what you don't have, live within your means, and avoid debt."

lifestyle planning: "See your doctor regularly, eliminate stress, and spend time with your family."

a great retirement: "Never stay still. Always keep moving. Try different things. Keep life interesting."

OMERS pension payments

Your OMERS pension will be deposited into your bank account at the beginning of the month. For example, you will receive your pension payment for June on the **first banking day** in June.

We can make direct deposit payments to most banks in Canada, the U.S. and the U.K. Direct deposit payments to U.S. and U.K. bank accounts are made in Canadian dollars and will be converted to U.S. dollars or pounds sterling at the financial institution.

If you are living in another country, your OMERS pension payment can be sent anywhere in the world by cheque (in Canadian funds).

Your first pension payment

The effective date of your pension will be the first day of the month following the month of your retirement (unless your employer deducts contributions from a lump-sum payment for accumulated vacation and, therefore, extends the retirement date).

If all the paperwork is completed and sent into OMERS within two weeks of your last employment date, your pension should be in pay by the first of the following month, depending on the bank, credit union, etc. We will deposit any retroactive payments, as a one-time payment, five to seven days after we have processed your pension.

Inflation protection

Your pension grows with your earnings before you retire.
It is protected against inflation after you retire.



The annual increase

Each year, OMERS increases all pensions for inflation protection. For example, OMERS annual increase effective January 1, 2010 was 0.37% and the January 1, 2009 increase was 2.51%.

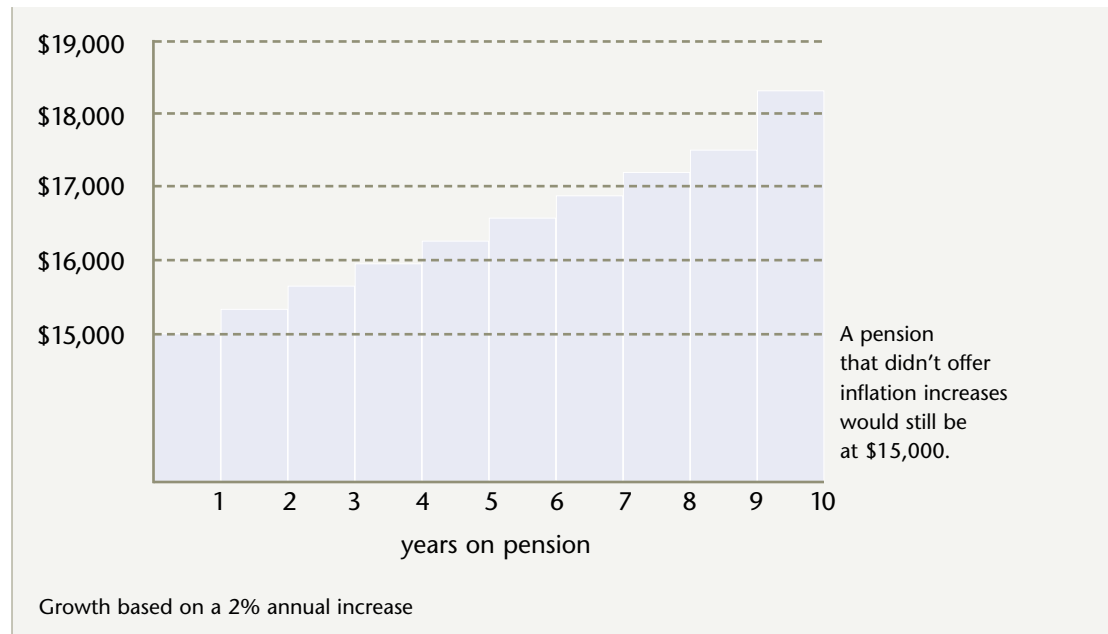
The maximum annual increase is 6%. If the CPI is greater than 6%, we carry the excess forward. This can be used in later years when the CPI increase isn't as high.

OMERS pensions are increased each year on January 1. The increase is pro-rated for pensions that began within the previous year.

The power of inflation protection

Inflation protection is a powerful feature of your OMERS pension. The following chart shows a \$15,000 annual pension growing at the rate of 2% each year. After ten years, the pension has increased to \$18,285. After 20 years, this pension would have increased to \$22,289 per year.

OMERS pensions grow to keep pace with inflation



Working in retirement

With the trend towards earlier retirement and healthier, longer life expectancy, more and more people are spending time working in retirement. Some reasons retirees chose to go back to work are:

- Social interaction
- Feeling of purpose
- Additional money
- New challenges and experiences
- Interest in a field

Working in retirement can only affect your OMERS pension if you work for an OMERS employer and re-enrol in the OMERS plan. If you work for a non-OMERS employer while on pension, your OMERS pension will continue as usual – it will not be reduced or interrupted.



The rules governing retiring and returning to work are very strict. Please contact OMERS Client Services for more details.

Working for an OMERS employer

Some members return to work after they have retired and started to receive their OMERS Plan pension.

If you begin working for an OMERS employer in a position that requires that you enrol, you will be re-enrolled in the OMERS Plan (and your pension will stop) *unless* you specifically elect to continue to receive your pension and not re-enrol.

If you re-enrol in OMERS, your membership will continue until the earliest of the following dates:

- November 30 of the year in which you turn 71;
- the day you reach 35 years of credited service; or
- the day you subsequently retire or die.

When you subsequently retire, we will combine all your credited service and earnings and recalculate your pension.

This is an important decision. If you return to work for an OMERS employer, we will contact you to provide more information.

If you work past age 71, your OMERS pension will begin and your employer will stop deducting contributions, regardless of whether you continue working.

Notes about recalculating pensions

- When we recalculate your pension, we use Plan provisions that are in effect at the time.
- If you receive a 50% Rule refund when you retire and you want to keep both periods of credited service together, you will have to repay your 50% Rule refund (if any), plus interest. If you decide not to repay it, you will receive two separate benefits.
- You receive a 50% Rule refund when you retire if your contributions plus interest since January 1, 1987, are greater than 50% of the commuted (present-day) value of your pension.
- There are additional rules covering members who retire with enhanced retirement benefits (under Type 3, Type 6, revised Type 7, or Section 23 provisions) and later return to work for an OMERS employer.

Survivor benefits

When looking into estate planning issues, be sure to take OMERS survivor benefits into consideration – survivor benefits are a powerful feature of the OMERS Plan.

The following outlines how OMERS survivor benefits work when a member dies after their pension starts. The rules are slightly different when a member dies before their pension starts. Please visit OMERS website or contact OMERS Client Services for information about these benefits.



OMERS order of entitlement

OMERS has an order of entitlement for survivor benefits. Your will cannot change this order, but it does help us to direct any benefit entitlement to your beneficiary or estate if you do not have an eligible spouse or children.

Relationship to you	Type of benefit
1. Your eligible spouse is first in line for a survivor pension.	<p>Spousal pension equal to</p> <ul style="list-style-type: none">• $66\frac{2}{3}\%$ of the lifetime pension (after the bridge benefit ends) you were receiving at the date of death; <i>plus</i>• a further 10% for each eligible child up to a total of 100% of your lifetime pension (paid to whoever has Guardianship for Property for the children).
	<p>This pension:</p> <ul style="list-style-type: none">• is indexed to inflation;• is guaranteed for life; it does not stop if your surviving spouse remarries;• does not include the OMERS Plan bridge benefit; and• does not include any pension for a period of credited service covered by both another plan of your employer and OMERS.
2. If you do not have an eligible spouse, we will pay a survivor pension to any eligible dependent children for as long as they qualify	<p>Children's pension is equal to the greater of</p> <ul style="list-style-type: none">• $66\frac{2}{3}\%$ of the lifetime pension you were receiving at the date of death; or• the survivor pension your spouse was receiving at their date of death, less any additional amount that was being paid for the eligible children.

This pension:

- is divided equally among your eligible children and is paid to each child (or to whoever has Guardianship for Property for the children). When a child is no longer eligible, we redistribute the pension among the remaining eligible children;
- is indexed to inflation;
- does not include the OMERS Plan bridge benefit; and
- does not include any pension for a period of credited service covered by both another plan of your employer and OMERS.

3. If you do not have an eligible spouse or children, *your beneficiary* on file with OMERS may be entitled to a residual refund.

- The residual refund (minus income tax) is the total of your OMERS contributions with interest, minus any pension paid to you and/or your survivors.
- OMERS needs to have your beneficiary's name on file.
- A person with Continuing Power of Attorney for Property cannot change your designated beneficiary.

Note: After five years of retirement, most members have received pension payments equal to their contributions plus interest, so there may not be a residual refund.

4. If you have no beneficiary on file with OMERS, we may pay a residual refund to *your* estate.

See description in 3 (above).

Eligible spouse

The surviving spouse of a deceased member may be eligible for a benefit if he or she was either the legal spouse or the common-law spouse of the member.

Legal spouse

OMERS considers a “legal spouse” to be one who is legally married to the member. OMERS will accept a legible photocopy of **one** of these documents as proof of a legal marriage:

- a marriage certificate; or
- a statutory declaration (or a signed letter from the place of worship where the marriage took place); or
- a sworn affidavit;

Common-law spouse

OMERS considers a common-law spouse to be one who has lived together with the member in a conjugal relationship:

- continuously for a period of not less than three years; or
- in a relationship of some permanence if they are the natural or adoptive parents of a child, both as defined in the *Family Law Act* (Ontario).

On and after April 23, 1998, OMERS considers a same-sex spouse to be eligible if the common-law or legal spouse criteria are met.

Retirement-date spouse

If the member had a legal or common-law spouse before the pension began to be paid, OMERS considers the surviving legal or common-law spouse at the date the pension began to be paid (i.e., retirement-date spouse) to be the eligible spouse if:

- he or she was not living separate and apart (see page 35) from the member on the date the pension began to be paid; and
- he or she has not waived rights to survivor benefits from the OMERS Plan.

If the retirement-date spouse and the member were living separate and apart (see below) at the date the pension began to be paid, he or she may still qualify as an eligible spouse if:

- he or she and the member were not divorced at the date of the member's death; and
- there is no eligible common-law spouse at the date of the member's death.

Example 1 – Retirement-date spouse receives benefit

Situation: At retirement Joe's eligible spouse is Betty. Three months after retiring, Joe and Betty separate and subsequently divorce. Betty does not waive rights to the OMERS survivor benefit. Several years later, Joe marries Paulette. He dies several months after his marriage to Paulette.

Who gets the survivor pension? Betty does, because she is the retirement-date spouse and she did not waive rights to the OMERS survivor benefit.

Living separate and apart

Whether two persons are "living separate and apart" is often complicated to assess. It is a question of both fact and law and must be determined on a case-by-case basis. The determination may require the assistance of a lawyer.

In general, physical separation is usually, but not always, an indication that two persons are living separate and apart. However, physical separation is not always conclusive. There must also be a mutual or a unilateral intention for two persons to live separate and apart and end the marriage or common-law relationship. For example, a physical separation between two spouses caused by one of them living in a nursing home will not necessarily result in the spouses "living separate and apart," provided that both spouses intended the marriage or common-law relationship to continue despite the physical barrier.

Post-retirement-date spouse

If the member married, remarried, or entered into a common-law relationship after their pension began to be paid, OMERS considers the surviving legal or common-law spouse at the date of death (i.e., post-retirement-date spouse) to be the eligible spouse if:

- there was no eligible retirement-date spouse; and
- the post-retirement-date spouse has not waived rights to survivor benefits from the OMERS Plan.

Example 2 – Post-retirement-date spouse receives benefit

Situation: At retirement, Brenda is separated from her spouse, Pierre. A year after retiring she divorces Pierre. She then enters into a common-law relationship with Tom. She is still in the common-law relationship with Tom when she dies.

Who gets the survivor pension? Tom does, because he is the post-retirement-date spouse. Because Brenda and Pierre were separated (living separate and apart) when Brenda's pension started, there is no eligible retirement-date spouse.

Eligible dependent child

OMERS considers an eligible child to be:

- a natural child; or
- a legally adopted child; or
- a person whom a member has demonstrated a settled intention to treat as a child of his or her family (except under an arrangement where the child is placed for valuable consideration in a foster home, by a person having lawful custody).

At the time of the member's death the eligible child must be dependent on the member for support and:

- 18 years or younger in the year of the member's death; or
- under age 25* and a full-time student; or
- totally disabled.

An eligible dependent child will receive a pension:

- up to the end of the calendar year in which they turn 18; or
- up to the month they turn 25* if they are a full-time student (OMERS requires that they complete a *Form 155 – Declaration of full-time attendance at an educational institute*); or
- as long as they are totally disabled.

For more detail, please visit www.omers.com/Members.

Totally disabled child

OMERS considers a totally disabled child to be someone whose physical or mental disability:

- occurred before age 21 or occurred before age 25* while a full-time student; and
- whose condition prevents self-support or doing any work for compensation or profit (except for an OMERS-approved rehabilitation or workshop program); and
- did not become disabled from a willfully self-inflicted injury, committing (or attempting to commit) an offence under the Criminal Code, or working in an unlawful occupation.

**If the member died before January 1, 2005, the eligibility period ends at age 21.*

Entitled to a pension from another plan?

If you are entitled to a pension for a period of credited service that is covered by both another plan of your employer and OMERS, we will reduce your OMERS pension by the amount payable from the other plan before we calculate your survivor's benefit.

Retirement planning tips

Retirement is a big step and planning for it is a very personal process. This section covers some things to keep in mind as you work through the process.



Identify your goals

- Think about your lifestyle now and how you would maintain it. Do you want to maintain the standard of living you've become used to in your working life? Do you plan to travel, renovate the house, reduce debt, buy a new car, return to part-time or full-time work, or save for the future? How do you see your life in five years? Ten years? Create a timetable.
- Write down your goals. Be specific, for example, instead of putting "travel" as a goal, write down a specific destination and time period. Use this list as a roadmap to achieve your retirement dreams.

Create a plan

- It's worth taking the time to create a plan. A budget is a good place to start. Your budget tells you where your money is coming from and how it's being spent. It is the cornerstone of any financial plan. A budget must be able to change according to your needs.
- Your budget will help you start to understand how much income you will need in retirement.
- Keep in mind that retirement is not a seamless period. Your financial needs will change as your circumstances change. It's important to have a plan that's flexible enough to accommodate these changes.

Look into tax-saving strategies

- Taking advantage of all available tax credits and deductions will help to maximize your money. For example, when you are working you may not have qualified for the GST credit, but you might qualify once you're on pension.
- Spouses or common-law partners can split their pension income and share their CPP retirement pension(s), which may result in tax savings.
- When you withdraw additional income from a RRIF or other plan, keep in mind the extra income could impact your eligibility for various government programs such as age credits, GST credits, the Guaranteed Income Settlement (GIS) and more.
- Increase tax at source to avoid a big tax bill at tax time. You can arrange to have additional tax deducted from your OMERS pension payments if you wish.

Rae Tolonen

executive assistant at
a school board and
OMERS member



My interests

Music, biking, tennis, taking walks, skating, rollerblading, going to son's hockey games, visiting family and friends, taking trips to Ottawa (hometown) and spending more time with my aunt in Miami

My retirement dream

Being a snowbird – from Ottawa to Miami – to avoid winter at all costs

What I look forward to in retirement

Having the time to do the things I really love to do, when I want to do them

My advice for...

financial planning: “Ask lots of questions, even if you think it’s trivial, and remember to start asking early – the more you know, the better prepared you will be when it’s time to retire.”

lifestyle planning: “Keep healthy by being active and eating well, get regular checkups, and have hobbies. Spend time with family and friends.”

a great retirement: “Be prepared. Plan ahead. Have a reason to retire. Keep active – mentally and physically. Start enjoying the things you always wanted to do, but could not find the time to do.”

Re-evaluate the plan from time to time

- The planning doesn't end when your pension begins. Re-evaluate your plan from time to time to account for life changes, such as, health and marital status, and income changes.
- Be sure to have a look at your plan several months before you turn 65. Age 65 is a turning point for OMERS members for several reasons:
 - While your OMERS lifetime pension is paid for life, OMERS bridge benefit is paid until the month you turn 65. Make sure you budget for this.
 - Your medical benefits may also change at 65. Ontario residents become entitled to benefits under the Ontario Drug Benefit Program when they turn 65, but some products may not be covered; e.g., the program does not cover the cost of prescription drugs bought outside Ontario. You may need to budget for extra insurance coverage.

Ask an expert

- Consider consulting an expert, especially if you are in doubt about your finances or retirement plan.
- Choose your information sources carefully. The Financial Planners Standards Council lists 10 questions to ask when interviewing and evaluating a financial planner. For example: What are your qualifications? What are your fees based on? What services do you offer? Visit www.cfp-ca.org for more tips on choosing the right financial planner.

Be familiar with government programs

Canada Pension Plan (CPP)

- CPP pays retirement pensions, survivor pensions, children's benefits, disability benefits and a lump-sum death benefit.
- Almost all people in Canada over the age of 18 who are earning a wage or salary must pay into CPP. You and your employer each pay half of the contributions. Your CPP contributions stop if you are receiving a retirement pension.

myOMERS at
www.omers.com

1. OMERS Retirement Income Estimator estimates your OMERS pension and retirement income from government benefits.
2. The income comparison worksheet in the “Members/Forms” section helps you calculate your retirement income.

- Your CPP retirement pension is based on how much and for how long you contributed to the plan, as well as the age at which you choose to begin to receive it.
- You can begin your CPP pension as early as age 60 or as late as age 71.
- Like your OMERS pension, CPP pensions are adjusted annually to keep pace with inflation.
- As a tax savings strategy, spouses or common-law partners can share their CPP pension(s).
- You must apply for all CPP benefits, they are not sent automatically.
- For more details on CPP benefits, visit the Government of Canada’s website (www.servicecanada.gc.ca) or your local Human Resource and Skills Development Canada Office.

Other government benefits

In addition to CPP, you may be eligible for other government benefits. This includes the Old Age Security (OAS) program, which is supplemented by the Guaranteed Income Supplement and the Allowance for low-income seniors.

When you turn 65, you may be entitled to these benefits. Like CPP benefits, you must apply for them. Application forms are available on the Government of Canada website (www.canada.gc.ca) or from your local Human Resource and Skills Development Canada Office.



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