



OMERS

Plan for the Future

Offer of
OMERS MEMBERSHIP
(part-time employees)

An introduction to the OMERS Plan

This booklet is intended as a reference about some features of the defined benefit provision of the OMERS Primary Pension Plan (OMERS Plan). It is for part-time employees who have the option of enrolling in the OMERS Plan.

If you are a part-time employee and are already enrolled in the OMERS Plan, please see the handbook, *Your OMERS Pension*, for more details.

IMPORTANT!

In this booklet, we refer to the OMERS Primary Pension Plan as the "OMERS Plan." This booklet provides information on specific terms of the OMERS Plan text at the time of publication. From time to time, the Plan text may be amended by the OMERS Sponsors Corporation. 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 personal information with any other person other than for purposes of pension plan administration, and, the provision of personal information is considered 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 416-369-2444 or 1-800-387-0813.

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Online retirement advice and more

Visit www.omers.com/pensions and click on **Our Members Speak** for comments from active and retired OMERS Plan members to see how OMERS Plan membership has helped them to realize their retirement dreams.

INTRODUCTION

Membership in the OMERS Primary Pension Plan for your position is voluntary. This is established by your employer's policy. Deciding whether to join OMERS is a personal decision.

This booklet provides an overview of OMERS Plan benefits along with information to help you understand the enrolment process.

ABOUT OMERS

The OMERS Plan was established in 1962 as the pension plan for employees of local governments in Ontario. OMERS:

- serves 420,000 members, retirees and survivors, and 947 employers including municipalities, school boards, libraries, police and fire departments, children's aid societies and other local agencies throughout Ontario;
- provides retirement income for life, with inflation protection and survivor and disability benefits;
- is a defined benefit pension plan using a formula based on a member's earnings and years of service;
- is funded by equal contributions from employers and members and by investment earnings of the OMERS Fund; and
- has grown into one of the largest pension plans in Canada, with a diversified pension fund supporting our pension commitments to members.

ONLINE MEMBER ACCESS

OMERS members can access their personal OMERS pension information using our secure, online member portal – myOMERS.

Once signed up, members can view their membership information, estimate their future OMERS Plan pension (and add in other sources of retirement income – including government benefits), request a cost to purchase service, and request e-only delivery of their annual Pension Report.

For more information, please visit www.omers.com/pensions and click on the myOMERS link.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

OMERS accepts additional voluntary contributions (AVCs) from Plan members.

The AVC option is part of the OMERS Primary Pension Plan and enables members to participate in the OMERS Fund.

An AVC account is in addition to an OMERS pension and is:

- Exclusive to OMERS members
- Invested using the same investment expertise, strategy and diversified fund members rely on for their OMERS pension
- Similar to an RRSP, with different withdrawal rules
- Offered on a cost-recovery basis (no profit is built into fees and expenses)

For more information, and to see whether AVCs might be right for you, please visit www.omers.com/avcs.

FREQUENTLY ASKED QUESTIONS

As a part-time worker, do I earn enough to make it worthwhile to join OMERS?

OMERS annualizes earnings for part-time members. This means that when we calculate your pension, we use the equivalent of what you would have earned if you had worked full time. See the pension calculation example on page 15 for an example of how we calculate annualized earnings.

What are my choices once I join?

As long as you continue to work for your employer, your membership in the OMERS Plan will continue – there are no minimum work hours or earnings requirements. Although

joining the Plan is up to you, once you become a member you cannot opt out. If you become a full-time employee, your membership in the OMERS Plan continues and the same rules apply to your service.

Can I make up for the time that I was not a member?

The time you worked for your OMERS employer before you are enrolled in the OMERS Plan can be purchased and converted into credited service. You may also have other service that is purchasable (for example, previous OMERS Plan credited service that you had refunded), and you may be able to transfer in benefits from another pension plan.

Is it worthwhile for me to join the Plan at my age?

For examples of how the OMERS benefit can pay off for a part-time member, see “The OMERS Difference,” on page 23.

How does an OMERS pension differ from RRSPs?

Unlike RRSPs, OMERS is a defined benefit pension plan. Your pension is based on a formula – not investment income. You and your employer contribute equally to the OMERS Plan, and employer and member contributions, as well as investment income, pay for your future benefit.

For RRSPs, the money in your account will be turned into income at retirement. Various factors affect the amount of income. This includes total contributions, your investment strategy, and interest rates at the time the money is turned into pension income. With this type of savings arrangement, it's not easy to estimate future retirement income and, the member assumes the investment risk.

Section 1

MEMBERSHIP

Your employer is offering membership in the OMERS Plan to you because you have met one of the two conditions for membership during each of the two immediately preceding calendar years.

The two conditions are:

- you worked at least 700 hours (including overtime); or
- you earned at least 35% of the Canada Pension Plan (CPP) earnings limit* including overtime and vacation pay.

The criteria can be met through employment with one or more OMERS participating employers.

If you choose to enrol, your membership in the OMERS Plan is effective from the date you elect to join.

OMERS definition of part-time employees

Part-time employees may include short-term, casual, temporary, seasonal, student, part-time, 10-month or contract employees. Part-time is also referred to as other-than-continuous full-time or OTCFT.

PLAN MEMBERSHIP

If you choose to enrol in the OMERS Plan, you begin to earn a pension immediately when you join the Plan.

Your plan membership continues:

- even if your work hours or earnings fall below the conditions for membership (700 hours [including overtime] or 35% of the Canada Pension Plan [CPP] earnings limit*);
or
- you become a full-time employee.

*The 2012 CPP earnings limit is \$50,100.

If you choose to enrol and you later become a full-time employee, your membership in the OMERS Plan continues.

Although joining the Plan is voluntary, once you become a member, you cannot opt out of the Plan.

If you decline membership, you may join the OMERS Plan in the future provided that you continue to meet at least one of the two conditions for membership during each of the two immediately preceding calendar years (see page 8).

HOW DO I ENROL IN THE OMERS PLAN?

Membership in the OMERS Plan is voluntary. If you choose to enrol, please fill out *Form 104 – Offer of OMERS membership – part-time employee*, available at www.omers.com/memberforms, and return it to your employer. You begin to earn a pension immediately when you join the OMERS Plan.

Section 2

SERVICE

While a member works for an OMERS employer, they earn service in the OMERS Plan. We use this service to calculate their OMERS Plan pension and eligibility for early retirement. There are two different types of OMERS Plan service: credited service and eligible service.

WHAT IS CREDITED SERVICE?

Credited service is the number of years and months of paid service a member has in the OMERS Plan. This does not include service for which contributions have been refunded.

We use credited service and earnings to calculate an OMERS Plan pension.

Credited service includes periods of time during which a member:

- contributes to the OMERS Plan (and has not had a refund of contributions);
- purchases leaves or past service;
- transfers funds from another pension plan; and
- earns pension while on an employer-approved disability leave.

For members who work part time, we calculate credited service as a proportion of what a full-time member would earn.



CREDITED SERVICE EXAMPLES

Example 1

Mike is a part-time employee. He works 20 hours a week (1,040 hours a year), compared to a standard 40-hour full-time schedule (2,080 hours a year).

We calculate Mike's credited service for one year as follows:

$$1,040 \text{ hours} \div 2,080 \text{ hours} = 0.5 \text{ years}$$

Mike has earned half a year of credited service.

Example 2

Elizabeth is a part-time employee. She works 25 hours a week (1,300 hours a year), compared to a standard 37-hour full-time schedule (1,924 hours a year).

We calculate Elizabeth's credited service for one year as follows:

$$1,300 \text{ hours} \div 1,924 \text{ hours} = 0.68 \text{ years}$$

Elizabeth has earned 0.68 of a year of credited service.

WHAT IS ELIGIBLE SERVICE?

Eligible service is service with any OMERS employer that isn't credited service. Examples include summer-student work with an OMERS employer, service that was refunded when a member left an OMERS employer, or (for members who do not work full-time) the part of the year the member doesn't work.

We add eligible service to credited service when we calculate a member's early retirement pension Factor (see page 16).

ELIGIBLE SERVICE EXAMPLES

Example 1

In example 1 on page 11, Mike earned half of a year of credited service. He also earns eligible service for the part of the year that he didn't work.

Total service Mike earned for the year:

- 0.5 years of credited service
- 0.5 years of eligible service

Example 2

In example 2 on page 11, Elizabeth earned 0.68 year of credited service. She also earns eligible service for the part of the year that she didn't work.

Total service Elizabeth earned for the year:

- 0.68 years of credited service
- 0.32 years of eligible service

Section 3

PLAN BENEFITS

OMERS PLAN BENEFIT FORMULA

An OMERS Plan pension is based on a formula that takes into account a member's contributory earnings and years of credited service.

OMERS Plan lifetime pension + bridge benefit to age 65				
2%	x	credited service (years)	x	"best five" earnings
Less OMERS Plan bridge benefit at age 65				
0.675%	x	credited service (years)	x	lesser of "best five" earnings or AYMPE (see below)
Equals OMERS lifetime pension from age 65				

Important! When we calculate a pension for a part-time member, we annualize the member's earnings – giving the member the equivalent of what they would have earned if they had worked full time.



Key components of your pension calculation

“Best five” earnings – this is the annual average of the *60 consecutive months* during which earnings were at their highest. It does not include any overtime pay or most lump-sum payments.

It may, however, include earnings from a period of service that was transferred in from another registered pension plan. If a member has less than five years of credited service, we use the actual credited service amount to calculate the average earnings. We may include partial years at the beginning and end of the *60 consecutive months* so the *best five* earnings could span more than five calendar years.

Note that an employer reports contributory earnings annually. We calculate earnings for a single month by dividing the reported annual earnings by the total months of credited service reported for that year.

Credited service – this is the number of years you have earned in the OMERS Plan (including any service you purchased).

AYMPE – this is the five-year average of the year’s maximum pensionable earnings (YMPE). You contribute to the CPP up to this earnings limit.

Keep in mind...

Maximum pension – The *Income Tax Act* limits how much pension we can pay from the OMERS Plan. In 2012, this limit is \$2,646.67 per year of post-1991 credited service (reached only if a member’s annual earnings exceed \$149,242.25). We pay any pension amount in excess of this limit through a Retirement Compensation Arrangement – a special fund for this purpose.

PENSION CALCULATION EXAMPLE

Jane works 22.5 hours a week, compared to a standard 37.5-hour full-time schedule. This is 60% of the hours of a full-time employee. She retires at age 65 with 15 years of credited service (60% of 25 years a full-time employee would earn).

The annual average of her highest 60 consecutive months of actual contributory earnings are \$36,000. To calculate her pension, we will annualize her earnings and use \$60,000.

Jane’s OMERS Plan lifetime pension + bridge benefit to age 65					
2%	x	15.00 years	x	\$60,000.00	= \$18,000.00
Less OMERS Plan bridge benefit at age 65					
0.675%	x	15.00 years	x	lesser of \$60,000 (Jane’s “best five” earnings) or \$47,360*	= \$4,795.20
Equals Jane’s OMERS lifetime pension from age 65 = \$13,204.80					

*\$47,360 is the 2008 to 2012 five-year average of the Canada Pension Plan (CPP) annual earnings limit.

RETIREMENT OPTIONS

Normal retirement

The normal retirement date is the last day of the month in which a member reaches age 65 (or age 60 for most police and firefighters). If a member retires on their normal retirement date, their OMERS pension begins the next day – the first day of the month following the month the member retires.

Early retirement

OMERS early retirement options start 10 years before normal retirement age (age 55 for most members, age 50 for most police and firefighters). To determine the pension, we look at the total of the member’s credited service plus eligible service. If a member has enough service and meets the early retirement criteria, they can retire early with an unreduced pension. If the member does not meet the criteria, they can still retire early but they will receive a reduced pension as shown below.

Minimum age requirement	Early retirement criteria	Early retirement reduction
<p>Members can retire early when they are within 10 years of their normal retirement age:</p> <ul style="list-style-type: none"> • age 55 for normal retirement age 65 members; or • age 50 for normal retirement age 60 members. 	<p>Members who meet the minimum age requirement can retire with an unreduced pension if they have 30 years of service* or:</p> <ul style="list-style-type: none"> • a 90 Factor (age plus service*) for normal retirement age 65 members; or • an 85 Factor (age plus service*) for normal retirement age 60 members. 	<p>Or, their pension will be reduced by 5% per year multiplied by the least of:</p> <ul style="list-style-type: none"> • normal retirement age minus actual age; • 90 Factor or 85 Factor minus current Factor; or • 30 years of service* minus actual years of service.

*Eligible service plus credited service

EARLY RETIREMENT EXAMPLES

Example 1 – Unreduced pension

Suzanne is a part-time employee. She retires at age 57 with 15 years of OMERS credited service plus 15 years of OMERS eligible service. Suzanne’s early retirement pension won’t be reduced because she has 30 years of eligible plus credited service.

Example 2 – Reduced pension

Andre is a part-time employee. He works 26.25 hours a week, compared to a standard 37.5 hour full-time schedule. This is 70% of the hours of a full-time employee. He retires at age 59 with 14 years of credited service and 6 years of eligible service. His normal retirement age is 65. The annual average of his highest 60 consecutive months of contributory earnings is \$38,500 (prior to annualization). To calculate his pension, we will annualize his earnings – giving him the equivalent of what he would have earned if he had worked full time. This works out to \$55,000; therefore, \$55,000 is Andre’s “best five” earnings.

Andre’s age	=	59
Andre’s service (14 years credited service + 6 years eligible service)	=	20
Total	=	79

Andre does not have 30 years of service, nor do his age + service = at least 90. As a result, Andre’s early retirement pension will be reduced. The reduction factor is 5% per year multiplied by the **least** of:

65	less	59 (Andre’s age)	=	6
90	less	79 (Andre’s age + service)	=	11
30	less	20 (Andre’s service)	=	10

The **least** is 6. As a result, Andre’s early retirement reduction is $5\% \times 6 = 30\%$.



This means that Andre's pension will be calculated as follows:

Andre's OMERS lifetime pension + bridge benefit to age 65					
2%	x	14 years	x	\$55,000 (Andre's "best five" earnings)	= \$15,400
				After reduction of 30%	= \$10,780
Less OMERS bridge benefit at age 65					
0.675%	x	14 years	x	(lesser of \$55,000 [Andre's "best five" earnings] or \$47,360*)	= \$4,475.52
Equals Andre's OMERS lifetime pension from age 65					= \$6,304.48

*\$47,360 is the 2008 to 2012 five-year average of the Canada Pension Plan (CPP) annual earnings limit.

INFLATION PROTECTION

Inflation protection is an important feature that helps to maintain the buying power of members' OMERS Plan retirement income.

Each year, OMERS increases pensions by 100% of the Canadian Consumer Price Index (CPI) – up to a maximum increase of 6%. This is measured by taking the monthly average of the CPI for the 12-month period ending in October of the year before the increase date. This figure is compared to the monthly average of the CPI for the 12-month period ending in October of the previous year. OMERS increases pensions by the percentage difference.

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

OMERS pensions grow to keep pace with inflation

An OMERS Plan pension of \$15,000 today, with an inflation assumption of 2% per year, would be worth the following in the future, to keep pace with rising prices:

Today	\$15,000
10 years	\$18,285
15 years	\$20,188
20 years	\$22,289
25 years	\$24,609
30 years	\$27,170

OTHER PLAN BENEFITS

For members who retire before age 65 – the Plan pays a bridge benefit until age 65.

For members who become disabled – the Plan provides a waiver that allows members to continue to earn credited service, free of charge, for as long as they're totally disabled (until they reach normal retirement age), or a pension if they are permanently disabled.

For survivors – a member's eligible spouse is entitled to a survivor's pension equal to $66\frac{2}{3}\%$ of the member's lifetime pension, plus an additional 10% is available for each eligible dependent child – up to 100% of the member's pension. If the member does not have an eligible spouse, a children's pension equal to $66\frac{2}{3}\%$ of the member's lifetime pension is available.

For members who leave their employer – members can leave their pension benefit in OMERS or transfer it out of the plan if the member is under age 55 (or under age 50 for most police and firefighters).

TEMPORARY BENEFIT CALCULATION CHANGE

Starting January 1, 2013, benefit calculation changes will affect a member whose employment ends and who is not yet eligible for an early retirement pension (i.e., the member is not within 10 years of their normal retirement age [age 55 for normal retirement age 65; age 50 for normal retirement age 60]).

If a member is not eligible for early retirement, the OMERS benefit will be calculated in two parts:

- The benefit based on pre-2013 credited service includes pre-retirement indexing (inflation protection) and early retirement subsidies (including the OMERS Plan bridge benefit).
- The benefit based on post-2012 credited service does not include pre-retirement indexing or early retirement subsidies.

Read more about this change in *Your OMERS Pension* member handbook available at www.omers.com/pensions.

Section 4

OMERS CONTRIBUTIONS

You and your employer will contribute equally to the OMERS Primary Plan – based on your contributory earnings.

Contributions, together with OMERS investment earnings, fund your pension. Your benefit is based on a formula that takes into account your contributory earnings and years of credited service. See page 13 for details.

CONTRIBUTION RATES

Below are OMERS contribution rates effective January 1, 2012.

Normal retirement age 65 members	
8.3%	on earnings up to \$50,100*
12.8%	on any earnings over \$50,100*
Normal retirement age 60 members	
9.4%	on earnings up to \$50,100*
13.9%	on any earnings over \$50,100*

*The Canada Pension Plan (CPP) earnings limit in 2012 is \$50,100. You contribute to CPP on your earnings up to the CPP earnings limit.

Only a member's regular earnings count – contributions are not deducted on additional amounts such as overtime pay and most one-time, lump-sum payments.

Although your pension is calculated on your annualized earnings (see page 13), you only pay contributions on your actual contributory earnings.

OMERS CONTRIBUTION EXAMPLES

For normal retirement age 65 members (most members)

Annual Earnings	OMERS Plan contributions every two weeks*
\$25,000	\$79.85
\$50,000	\$159.53
\$75,000	\$282.70

*Based on 26 pay periods

For normal retirement age 60 members (most police officers and firefighters)

Annual Earnings	OMERS Plan contributions every two weeks*
\$50,000	\$180.67
\$75,000	\$314.44
\$100,000	\$447.88

*Based on 26 pay periods

Section 5

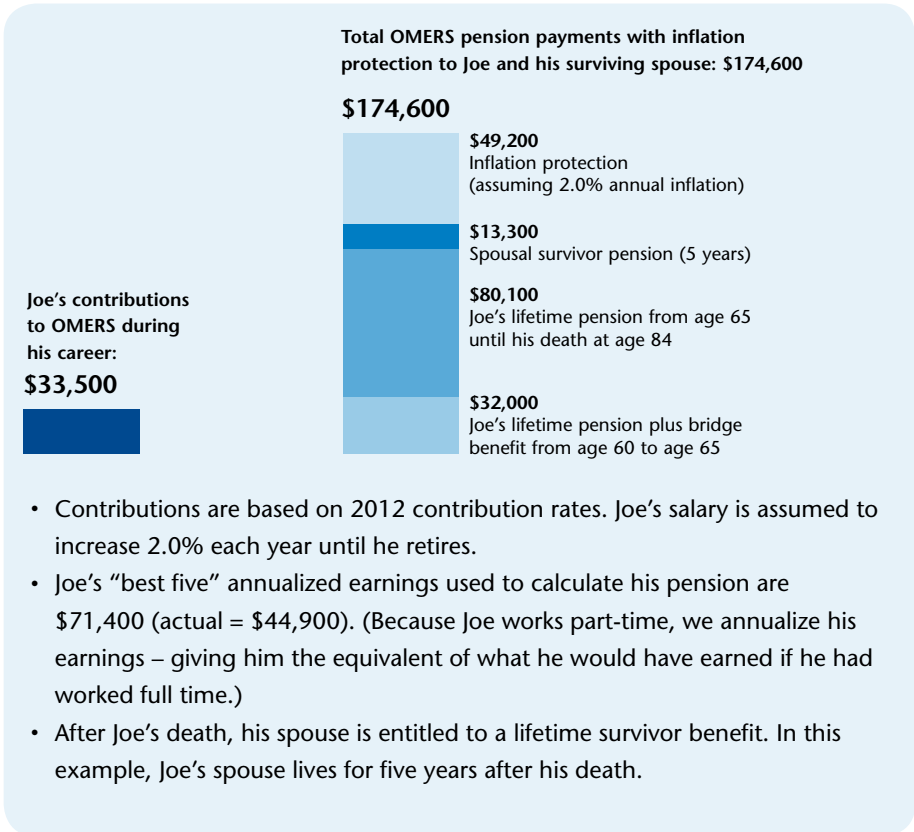
THE OMERS DIFFERENCE

OMERS can play an important role in a member's future retirement income.

The following examples show how an OMERS pension can pay off for a part-time worker. In all of the examples, the member has a normal retirement age of 65 (most members have a normal retirement age of 65, police and firefighters have a normal retirement age of 60).

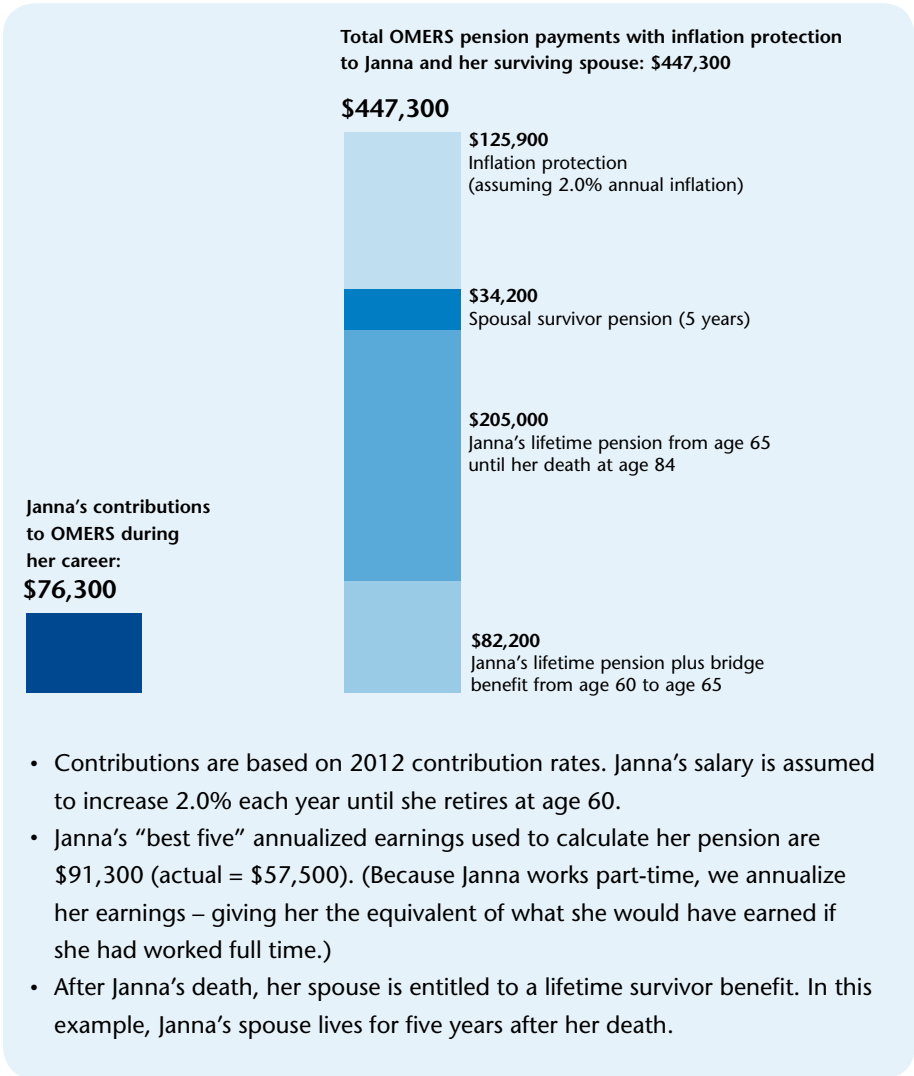
Member joins Plan at age 50, retires at age 60

Joe is enrolled in OMERS at age 50. He works 60% of the hours of a full-time employee and continues to work part-time for the next 10 years until he retires at age 60. His salary at enrolment is \$36,000 (\$60,000 when annualized).



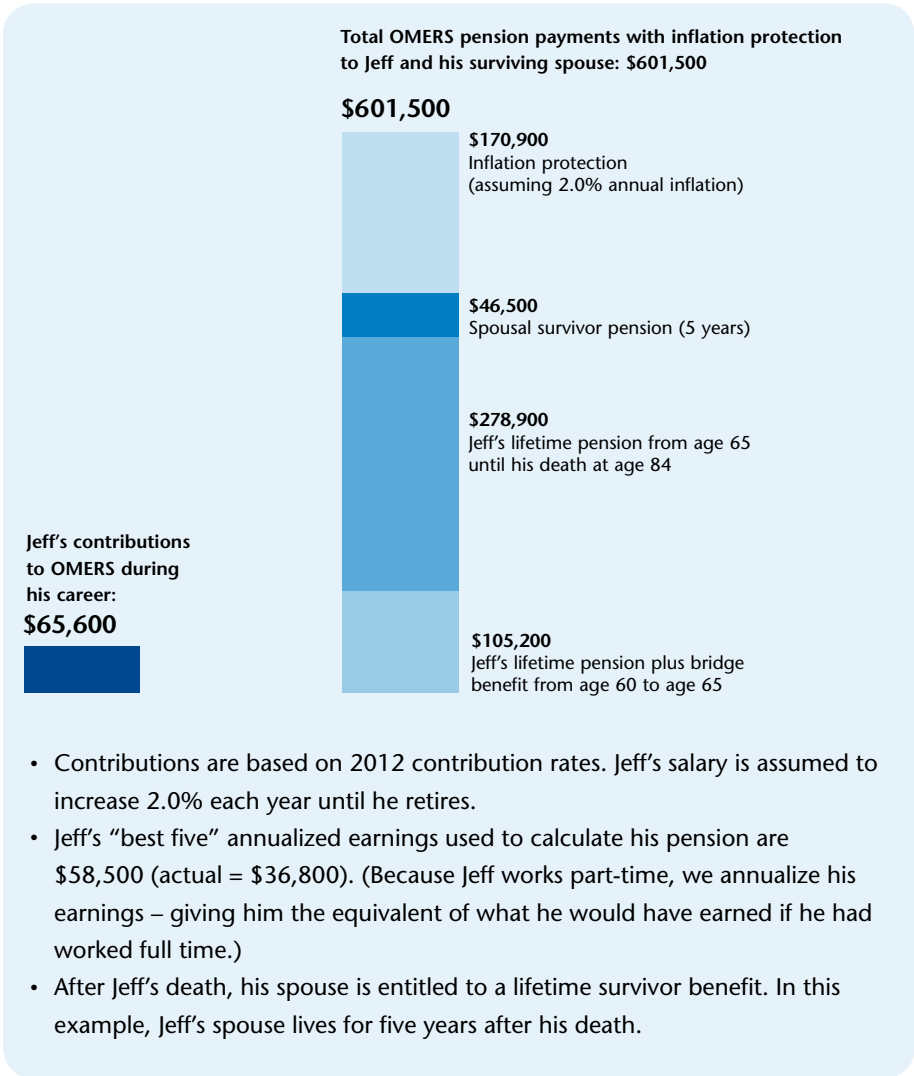
Member joins Plan at age 40, retires at age 60

Janna is enrolled in OMERS at age 40. She works 60% of the hours of a full-time employee and continues to work part-time for the next 20 years until she retires at age 60. Her salary at enrolment is \$36,000 (\$60,000 when annualized).



Member joins Plan at age 30, retires at age 60

Jeff is enrolled in OMERS at age 30. He works 60% of the hours of a full-time employee and continues to work part-time for the next 30 years until he retires at age 60. His salary at enrolment is \$18,000 (\$30,000 when annualized).



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