

Overview

On February 15, 2019, the OMERS Sponsors Corporation passed an amendment to the Primary Plan (the “Plan”) to eliminate the 35-year cap for credited service¹ effective January 1, 2021. If a member meets the 35-year cap before January 1, 2021, the limit will continue to apply.

What is the 35-year cap?

The 35-year cap puts a maximum of 35 years on the member’s credited service.

Once the cap is reached:

- The member stops making contributions to the Plan and stops accruing credited service, even if he or she continues to work for an OMERS employer.
- The member’s employer also stops making matching contributions.
- To calculate the member’s pension, OMERS uses the 35 years of credited service the member has accrued and the member’s “best five” years average earnings² (including any earnings received after the date the member reached the cap). This means that a member who is subject to the 35-year cap could still see an increase to his or her annual pension amount, if the member’s “best five” earnings increase after the date the member reaches the cap.

How does the elimination of the 35-year cap affect members?

This plan change takes effect on January 1, 2021. A member’s credited service will not be capped, provided the member has less than 35 years of credited service on December 31, 2020. In that case, the member and employer will continue to make contributions, and the member will continue to earn credited service for as long as he or she is employed by an OMERS employer.

For a member who has already earned 35 years of credited service on December 31, 2020, the 35-year cap remains. The maximum amount of credited service the member can accumulate is 35 years, even if he or she continues to work past 35 years. In other words:

- a member who will have earned **35 years of credited service on December 31, 2020**, will continue to be subject to the 35-year cap; and
- a member who will have earned **less than 35 years by December 31, 2020**, will not be subject to the 35-year cap.

¹ Credited service is time worked by the member and paid by the employer where contributions have been deducted and remitted to OMERS, including any service the member has purchased or transferred in. OMERS uses credited service and earnings to calculate a member’s pension.

² “Best five” earnings means the annual average of the 60 consecutive months during which the member’s contributory earnings were at their highest. It does not include any overtime pay or most lump-sum payments.

Elimination of the 35-Year Cap

March 2019

Why was the 35-year cap removed?

The 35-year cap was removed as a result of the Comprehensive Plan Review conducted by the OMERS Sponsors Corporation throughout 2018.

Removing the cap helps to address the needs of long-service members who want to work beyond 35 years. By earning more credited service, members will increase their lifetime pensions.

Does removing the 35-year cap increase a member's monthly pension?

Yes. If a member who is not subject to the 35-year cap works beyond 35 years, he or she will continue to earn more credited service. The more credited service years in the Plan, the larger the member's lifetime pension.

When does the change become effective?

The change takes effect on January 1, 2021. A member's credited service will not be capped if he or she has less than 35 years of credited service on December 31, 2020. The member and employer will continue to make contributions, and the member will continue to earn credited service for as long as he or she is employed by an OMERS employer.

Can a member who has reached 35 years of credited service before January 1, 2021 buy back available past service to increase his or her credited service?

No. Members who are capped at 35 years will no longer make contributions to the Plan, accrue credited service or be able to purchase service over and above 35 years.

Will exceptions be allowed for individual members?

No. In all cases, a consistent rule will be applied: a member who will have accrued 35 years of credited service prior to January 1, 2021 will always be capped at 35 years of credited service. Members with less than 35 years of credited service prior to January 1, 2021 are required to make mandatory contributions beyond their 35th year, and their OMERS employers will match those contributions.