



STAFF REPORT ACTION REQUIRED

Update on OMERS as it relates to the City's Employer Contributions

Date:	February 4, 2016
To:	Government Management Committee
From:	Treasurer
Wards:	All Wards
Reference Number:	P:\2016\Internal Services\ppeb\gm16002ppeb (AFS22513)

SUMMARY

The purpose of this report is to provide a summary of the City's employer contributions submitted to OMERS over the last five years and to provide information of the City's total members and contributions relative to the overall OMERS plan members and contributions.

RECOMMENDATIONS

The Treasurer recommends that:

1. Government Management Committee receive this report for information.

Financial Impact

There is no financial impact as a result of this report.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Government Management Committee at its meeting on January 4, 2016 requested the City Manager and the Treasurer to report to the Government Management Committee on February 22, 2016, and in the future on an annual basis, on OMERS as it relates to the City's Employer Contributions (GM9.16).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM9.16>

ISSUE BACKGROUND

The City of Toronto is a participating employer of the OMERS Primary Pension Plan and, as such, is subject to the OMERS regulations and the requirements under the *Pension Benefits Act of Ontario*.

As at December 31, 2015, the City has 26,413 active OMERS members of which 21,096 employees were permanent full-time and 5,317 were temporary/part-time employees.

The OMERS primary pension plan provides benefits under two plans:

1. Normal Retirement Age (NRA) 65 - Non-fire-fighters; and
2. Normal Retirement Age (NRA) 60 – Fire-fighters

Of the 26,413 total active OMERS membership, 23,333 employees are enrolled in the NRA 65 plan and 3,080 employees are enrolled in the NRA 60 plan (all Fire fighters).

Attachment 1 provides the total City OMERS Membership including permanent and temporary/part-time employees for that last six years.

The current contribution rates for each of the plans are provided in table 1 below:

**Table 1
OMERS Contribution Rates – 2016**

PLAN	EMPLOYEE	EMPLOYER
NRA 65	9.0% up to YMPE \$54,900 14.6% on earnings above the YMPE	9.0% up to YMPE \$54,900 14.6% on earnings above the YMPE
NRA60 – Fire fighters	9.2% up to YMPE \$54,900 15.8% on earnings above the YMPE	9.2% up to YMPE \$54,900 15.8% on earnings above the YMPE
2016 CAP on contributory earnings is \$384,300 (7 X YMPE)		

Attachment 2 provides a summary of the contribution rates for the last six years, 2010 to 2015.

In 2015 the City submitted total contributions of \$384.7 million, of which \$192.4 million were employer contributions and an equal amount of \$192.4 million were employee contributions.

Attachment 3 provides a summary of the total contributions submitted by the City over the last six years, 2010 to 2015.

COMMENTS

On June 30, 2006, the *Ontario Municipal Employees Retirement System Act, 2006* (the OMERS Act), changed to an independent dual governance bicameral model, replacing the Province as Sponsor of the Plan with the OMERS Sponsors Corporation (SC) and continuing the role of the OMERS Administration Corporation (OAC) as the Administrator/Fiduciary.

Board Composition

The OMERS SC has 14 members (which includes 2 Co-Chairs) made up of equal numbers of employee and employer representatives. Members are appointed by their sponsoring organizations for a three year term. The Board is headed by two Co-Chairs (one appointed by employee representatives and the other appointed by employer representatives). The OMERS SC determines the composition of both the OMERS SC and the OAC. The City of Toronto has one employer representative (currently Joe Pennachetti) and one employee representative (currently Tim Maguire).

The OAC has 14 members nominated by OMERS employer sponsors and appointed by OMERS SC, plus an independent Board Chair appointed by the OMERS SC, for a total of 15 members. The City of Toronto has one representative on the OAC (currently David Beatty).

OMERS Sponsors Corporation Board: City of Toronto Representative

The City appoints one (1) representative to the OMERS SC. At its meeting on June 19, 20 and 22, 2007, City Council delegated authority to the City Manager to appoint the City representative with the adoption of the following motion (re: CC10.2 “Appointment of OMERS Sponsors Corporation Board”):

- 1. The City Manager be delegated the authority to identify and appoint a candidate who meets the required competencies to serve at the pleasure of the City on the OMERS Sponsors Corporation board as the City of Toronto Employer Member for a term of office commencing June 30, 2007, and ending June 30, 2010.*

- 2. The City Manager be granted this delegated authority on an ongoing basis for future appointments to the board, noting that Council may remove the City's appointee at any time upon written notice to that member and the Co-Chairs of the board.*

The following is the link to the Council decision:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-06-19-cc10-dd.pdf> (scroll down to item CC10.2).

In October 2015, the City Manager appointed Mr. Joseph Pennachetti as the City's representative on the OMERS SC for a three year term commencing on January 1, 2016.

OMERS Administration Corporation Board: City of Toronto Representative

The City appoints one (1) representative to the OAC. At its meeting on December 1, 2 and 3, 2008, City Council delegated authority to the City Manager to appoint the City representative with adoption of the following motion (re: EX26.8 "Appointment of OMERS Administration Corporation Board"):

- 1. City Council reappoint Cameron Weldon to the Administration Corporation for a term of three years, subject to Section 33 of the OMERS Act, 2006.*
- 2. The City Manager be delegated the authority to identify and appoint a candidate who meets the required competencies on an ongoing basis for future appointments to the board, noting that Council may remove the City's appointee at any time upon written notice to that member and the Chair of the Board.*

The following is the link to the Council report and decision:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX26.8>

In April 2015, the City Manager re-appointed Mr. David Beatty as City's representative on the OMERS Administrative Corporation Board for a 2nd three-year term commencing on January 1, 2016.

Generally speaking, the SC is responsible for the overall plan design and setting of contribution rates while the OAC is responsible for pension administration, investment strategy, investments and preparation of the Plan Valuation. A more detailed overview is provided in Attachment 5.

Overview of Overall OMERS Membership and Contributions

OMERS provides defined pension benefits to local government employees, retirees and beneficiaries throughout Ontario. The OMERS Primary Pension Plan is a jointly sponsored, multi-employer pension plan with approximately 1,000 participating employers in 2014, and approximately 268,000 active primary plan members in 2014.

Employers range from large cities, to numerous local agencies. Primary Plan members include union and non-union municipal workers; police, firefighters and paramedics; the non-teaching staff of school boards; and employees of children's aid societies, transit systems and electrical utilities.

The City of Toronto is the largest OMERS employer and represents a significant portion of the overall OMERS membership, approximately 9%, and the overall contributions paid to OMERS, approximately 10.5%.

In addition, as outlined in Attachment 4, many of the City's agencies and corporations are also OMERS employers. As at December 31, 2014, the City's agencies and corporations had 13,580 active OMERS members and represented 5% of the overall OMERS membership. Further, the approximate contributions for the City's agencies and corporations are \$126.9 million which represents approximately 7.1% of the overall contributions.

When these agencies and corporations are included, the City represents approximately 14% of the OMERS membership and approximately 17.6% of the total contributions submitted.

CONTACT

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SIGNATURE

Mike St. Amant
Treasurer

ATTACHMENTS

- Attachment 1: Number of City of Toronto OMERS Membership – Six Year Summary
- Attachment 2: OMERS Contribution Rates – Six Year Summary
- Attachment 3: OMERS Contributions – Six Year Summary
- Attachment 4: City of Toronto and its Agencies and Corporations, OMERS Active Member Headcount and Estimated Contributions
- Attachment 5: Responsibilities of OMERS Sponsors Corporation and OMERS Administration Corporation

Attachment 1
Number of City of Toronto OMERS Membership – Six Year Summary

Year	NRA 65	NRA 60	Total
2010	23,234	3,119	26,353
2011	23,513	3,077	26,590
2012	23,188	3,026	26,214 Full-time - 20,841 Temporary/Part-time - 5,373
2013	22,888	3,216	26,104 Full-time - 20,831 Temporary/Part-time - 5,273
2014	23,066	3,111	26,177 Full-time - 20,929 Temporary/Part-time - 5,248
2015	23,333	3,080	26,413 Full-time - 21,096 Temporary/Part-time - 5,317

Attachment 2
OMERS Contribution Rates – Six Year Summary

Year	NRA 65	NRA 60
2010	6.40% up to the YMPE, \$47,200 9.70% above the YMPE	7.90% up to the YMPE, \$47,200 13.10% above the YMPE
2011	7.40% up to the YMPE, \$48,300 10.70% above the YMPE	8.90% up to the YMPE, \$48,300 14.10% above the YMPE
2012	8.30% up to the YMPE, \$50,100 12.80% above the YMPE	9.40% up to the YMPE, \$50,100 13.90% above the YMPE
2013	9.00% up to the YMPE, \$51,100 14.60% above the YMPE	9.30% up to the YMPE, \$51,100 15.90% above the YMPE
2014	9.00% up to the YMPE, \$52,500 14.60% above the YMPE	9.30% up to the YMPE, \$52,500 15.90% above the YMPE
2015	9.00% up to the YMPE, \$53,600 14.60% above the YMPE	9.20% up to the YMPE, \$53,600 15.80% above the YMPE

Attachment 3
OMERS Contributions – Six Year Summary

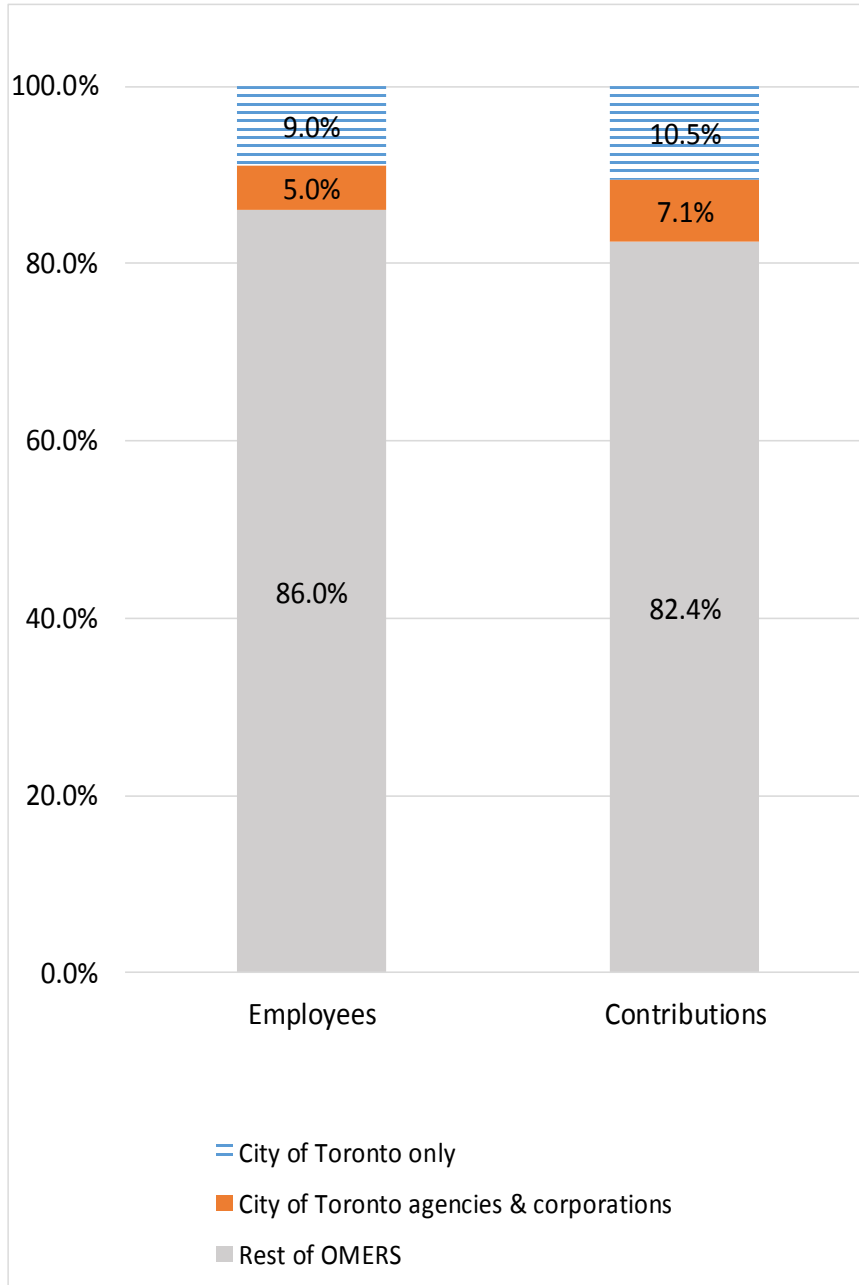
Year	City	Employees	Total OMERS Contributions
2010	\$127,208,454	\$127,208,454	\$254,416,908
2011	\$146,593,622	\$146,593,622	\$293,187,244
2012	\$160,208,834	\$160,208,834	\$320,417,668
2013	\$187,006,976	\$187,006,976	\$374,013,952
2014	\$195,792,263	\$195,792,263	\$391,584,526 *27 pay periods
2015	\$192,350,354	\$192,350,354	\$384,700,708

Attachment 4

City of Toronto and its Agencies and Corporations

OMERS Active Member Headcount and Estimated Contributions

(based on same data that can be found at www.omers.com/corporate/corporate_member_affiliation_summary.aspx)



City of Toronto Agencies and Corporations (as provided by City of Toronto)

1. Toronto Public Library
2. Toronto Police Services
3. Toronto Parking Authority
4. Toronto Hydro-Electric
5. Toronto Community Housing
6. Scadding Court Community Centre
7. Ralph Thornton Community Centre
8. Harbourfront Community Centre
9. 519 Church Street Community Centre
10. Swansea Town Hall Community Centre
11. Cecil Community Centre
12. Applegrove Community Complex
13. Eastview Neighbourhood Community Centre
14. Community Centre 55
15. Central Eglinton Community Centre
16. Board of Governors – Exhibition Place
17. Canadian National Exhibition Association
18. Sony Centre for the Performing Arts
19. Toronto Zoo
20. Dundas Square Board of Management
21. Build Toronto
22. Ted Reeve Community Arena
23. Moss Park Arena
24. McCormick Playground Arena
25. George Bell Arena
26. Forest Hill Arena
27. North Toronto Memorial Arena
28. William H Bolton Arena

2015 headcount/2016 estimated contribution data available late Feb early March 2016

Prepared by OMERS
January 15, 2016

Attachment 5

Responsibilities of OMERS Sponsors Corporation and OMERS Administration Corporation

Sponsors Corporation (SC) Responsibilities	Administration Corporation (OAC) Responsibilities
<ul style="list-style-type: none"> • Plan Design <ul style="list-style-type: none"> - Statement of Plan Design Objectives and Strategy - Establish contribution rates and benefit levels • Determining whether to file an actuarial valuation more often than legally required (required by law to be filed once every 3 years) • Create/revise stabilization reserve funds • Authorize OAC to enter into agreements with 3rd parties to have an authorized subsidiary take certain actions • Determine the composition of the OAC Board and the appointment of members to it, based on nominations from the sponsoring organizations • Determines compensation and expense policies for both Boards 	<ul style="list-style-type: none"> • Investment policies, actuarial valuation report preparation, actuarial methods and assumptions • Appoints a CEO • Appoints an independent auditor • Appoints an external actuary • Files actuarial valuation reports at least every 3 years • Funding policy • Create authorized subsidiaries to take certain actions • Plan Administrator and Trustee • Registers Pension Plans and amendments with FSCO/CRA • Pays pensions • Manages assets • Provides support to the SC