

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

Date: May 24, 2022

To: General Government and Licensing Committee

From: Controller

Wards: All

SUMMARY

The purpose of this report is to provide the annual summary of the City's employer contributions submitted to Ontario Municipal Employees' Retirement System (OMERS) in 2021 and to provide information of the City's total members and contributions relative to the overall OMERS plan members and contributions.

RECOMMENDATIONS

The Controller recommends that:

1. The General Government and Licensing Committee receive this report for information.

FINANCIAL IMPACT

The City submitted total contributions of \$424.4 million for 2021, of which \$212.2 million were equally contributed between employer and employee.

The Chief Financial Officer and Controller 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 Controller 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). The following is the link to the report:

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

Government Management Committee at its meeting on June 5, 2018 received a report from the Controller, which provided a summary of the City's employer contributions submitted to OMERS over the last five years and provided information of the City's total members and contributions relative to the overall OMERS plan members and contributions. The following are the links to the prior reports that have been submitted: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM28.2>

<https://www.toronto.ca/legdocs/mmis/2019/gl/bgrd/backgroundfile-134400.pdf>

At its meeting on July 14, 15 and 16, 2021, City Council requested that the OMERS Administration Board of Directors report back to the General Government and Licensing Committee in December 2021, and continue to report to the General Government and Licensing Committee twice a year. The following is the link to the report: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL24.5>

COMMENTS

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.

The City had an estimated 26,559 active OMERS members for 2021, of which 23,191 employees were permanent full-time and 3,368 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 26,559 total active OMERS membership for 2021, 23,528 employees were enrolled in the NRA 65 plan and 3,031 employees were 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 the last 10 years.

OMERS Contribution rates are relative to the Yearly Maximum Pensionable Earnings (YMPE) set by the federal government. The current contribution rates for each of the plans are provided in Table 1 below.

Table 1: OMERS Contribution Rates – 2022

YEAR	PLAN	EMPLOYEE	EMPLOYER
2022	NRA 65	9.0% up to YMPE \$64,900 14.6% on earnings above the YMPE	9.0% up to YMPE \$64,900 14.6% on earnings above the YMPE
	NRA60 – Fire fighters	9.2% up to YMPE \$64,900 15.8% on earnings above the YMPE	9.2% up to YMPE \$64,900 15.8% on earnings above the YMPE
	2022 CAP on contributory earnings is \$454,300 (7 X YMPE)		

Attachment 2 provides a summary of the contribution rates for the last ten years.

The City submitted total contributions of \$424.4 million for 2021, of which \$212.2 million were equally contributed between employer and employee.

Attachment 3 provides a summary of the total contributions submitted by the City over the last ten years.

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 employers and 292,562 active primary plan members in 2021.

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, comprising approximately 8.6% of all members, and approximately 9.7% of overall contributions paid to OMERS.

In addition, as outlined in Attachment 4, many of the City's agencies and corporations are also OMERS employers.

As at December 31, 2021, the City's agencies and corporations had 14,748 active OMERS members and represented 5% of the overall OMERS membership. Further, the approximate contributions for the City's agencies and corporations are \$304.7 million (\$152.3 million in each of employer and employee contributions), which represents approximately 6.9% of the overall contributions. When these agencies and corporations are included, the City represents approximately 13.6% of the OMERS membership and approximately 17% of the total contributions submitted.

OMERS HIGHLIGHTS

On November 18, 2021, the SC Board passed the required amendments to extend the following two changes into 2022:

1. Extends the deadline to complete a leave purchase by one year for members who return from a leave of absence in 2020, 2021 or 2022
2. Allow members to purchase credited service for periods of absence due to temporary layoff that were initiated in 2020, 2021 or 2022. The service can be purchased at two times contributions (member only).

Additionally, effective January 1, 2023 upcoming pension changes will include:

1. The voluntary option for all Non-Full Time (NFT) employees, including those who are currently ineligible, to enrol in the Primary Plan. Until December 31, 2022, the current eligibility requirement continues to apply. City staff are working with OMERS to prepare for the implementation.

2. Shared risk indexing on benefit earned beginning 2023 onward where the level of indexation will depend on the annual assessment of the financial health of the plan

This change is effective January 1, 2023 and does not affect benefits earned before that date. This means that when you retire, the benefits earned on or before December 31, 2022 will be granted full indexation. Benefits earned on or after January 1, 2023 will be subject to Shared Risk Indexing, meaning that the level of indexation will depend on the SC Board's annual assessment of the financial health of the Plan.

CONTACT

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SIGNATURE

Andrew Flynn
Controller

ATTACHMENTS

Attachment 1 – Number of City of Toronto OMERS Membership – Ten Year Summary
Attachment 2 – OMERS Contribution Rates – Ten Year Summary
Attachment 3 – OMERS Contributions – Ten Year Summary
Attachment 4 – City of Toronto and its Agencies and Corporations, OMERS Active
Member Headcount and Estimated Contributions for 2021

Attachment 1

Number of City of Toronto OMERS Membership – Ten Year Summary

Year	NRA 65	NRA 60	Total
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
2016	23,244	3,075	26,319 Full-time -20,690 Temporary/Part-time -5,629
*2017	22,469	3,056	26,350 Full-time – 21,917 Temporary/Part-time – 4,433
*2018	23,295	3,111	26,406 Full-time – 21,939 Temporary/Part-time – 4,467
2019	23,152	3,137	26,289 Full-Time - 23,240 Temporary/Part-time - 3,049
2020	23,139	3,097	26,236 Full-Time - 23,111 Temporary/Part-time - 3,125
2021	23,528	3,031	26,559 Full-Time – 23,191 Temporary/Part-time – 3,368

**Note – Pensions staff began using a different method to calculate the membership figures in 2017. This method will be used going forward but will make comparing the 2017 and 2018 figures to prior years difficult as they are not from the same source.*

Attachment 2

OMERS Contribution Rates – Ten Year Summary

Year	NRA 65	NRA 60
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
2016	9.00% up to the YMPE, \$54,900 14.60% above the YMPE	9.20% up to the YMPE, \$54,900 15.80% above the YMPE
2017	9.00% up to the YMPE, \$55,300 14.60% above the YMPE	9.20% up to the YMPE, \$55,300 15.80% above the YMPE
2018	9.00% up to the YMPE, \$55,900 14.60% above the YMPE	9.20% up to the YMPE, \$55,900 15.80% above the YMPE
2019	9.00% up to the YMPE, \$57,400 14.60% above the YMPE	9.20% up to the YMPE, \$57,400 15.80% above the YMPE
2020	9.00% up to the YMPE, \$58,700 14.60% above the YMPE	9.20% up to the YMPE, \$58,700 15.80% above the YMPE
2021	9.00% up to the YMPE, \$61,600 14.60% above the YMPE	9.20% up to the YMPE, \$61,600 15.80% above the YMPE

Attachment 3

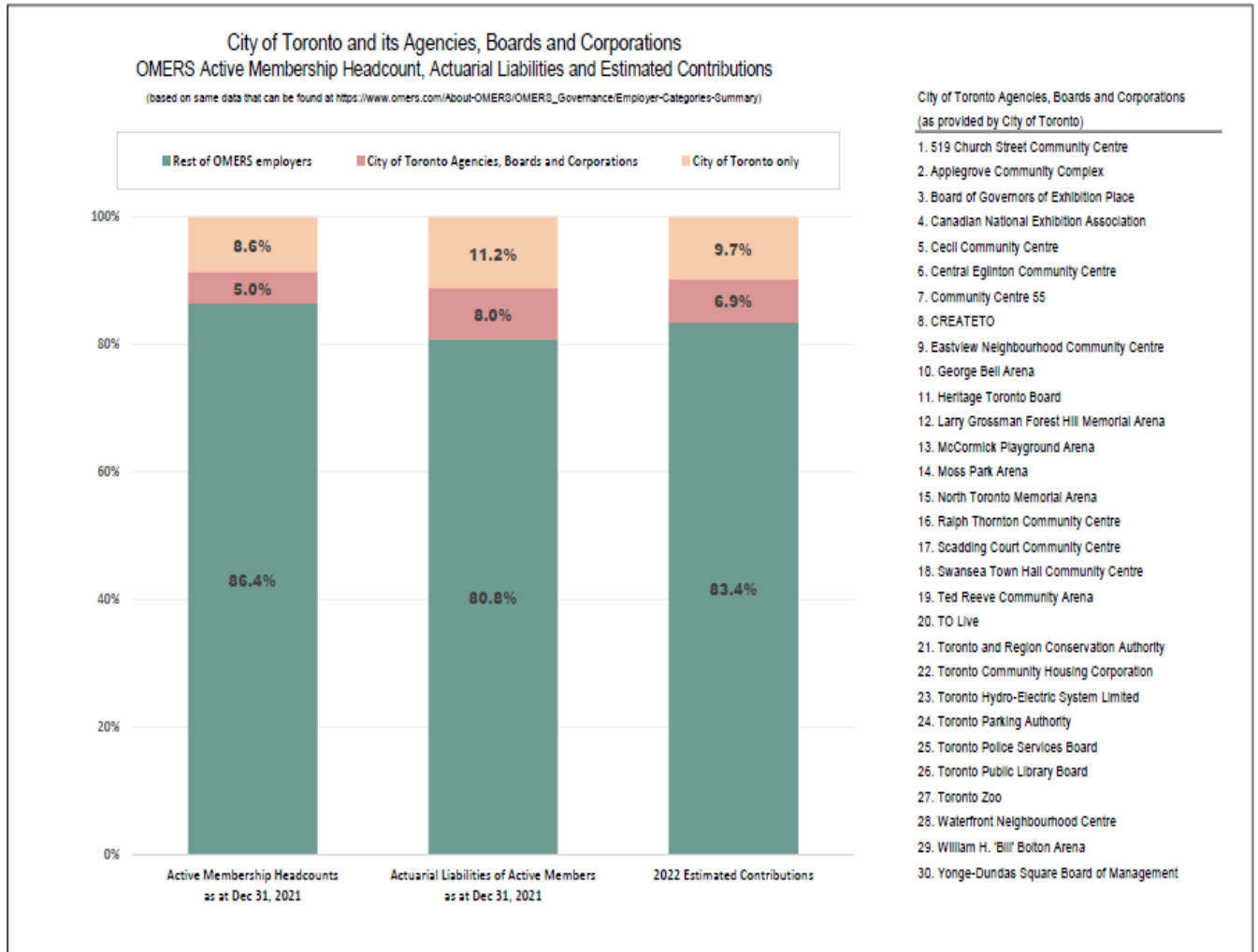
OMERS Contributions – Ten Year Summary

Year	City	Employees	Total OMERS Contributions
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
2016	\$194,539,309	\$194,539,309	\$389,078,618
2017	\$205,094,863	\$205,094,863	\$410,189,726
2018	\$208,528,872	\$208,528,872	\$417,057,744
2019	\$210,820,924	\$210,820,924	\$421,641,848
*2020	\$210,307,100	\$210,307,100	\$420,614,200
2021	\$212,203,200	\$212,203,200	\$424,406,400

*Note: Closure of services due to the impact of COVID19 attributes to the decline in pension contributions.

Attachment 4

City of Toronto and its Agencies and Corporations, OMERS Active Member Headcount and Estimated Contributions for 2021



Prepared by OMERS, May 3, 2022