

## **Annual Update on OMERS Related to the City's Employer Contributions**

**Date:** May 21, 2025  
**To:** General Government Committee  
**From:** Executive Director, Finance Shared Services  
**Wards:** All

### **SUMMARY**

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The purpose of this report is to provide the annual summary of the City's employer contributions submitted to the Ontario Municipal Employees' Retirement System (OMERS) in 2024 and to provide information on the City's members and contributions relative to the overall OMERS plan.

### **RECOMMENDATIONS**

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The Executive Director, Finance Shared Services recommends that:

1. The General Government Committee receives this report for information.

### **FINANCIAL IMPACT**

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Consistent with 2024 budget results, the City contributed \$528,385,066 to OMERS in 2024, which was split equally between employer and employees, each contributing \$264,192,533.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

### **DECISION HISTORY**

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Government Management Committee (now General Government 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>

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 (now General Government 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:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.GL24.5>

The General Government Committee at its meeting on June 02, 2024, received a report from the Interim Controller, which provided a summary of the City's employer contributions submitted to OMERS over the last 5 years and provided information on the City's total members and contributions relative to the overall OMERS plan members and contributions. The following is the link to the report:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.GG14.26>

OMERS will be presenting its report at the June 16th General Government Committee meeting (GGC).

## **COMMENTS**

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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 31,405 active OMERS members for 2024, of which 28,117 employees were permanent full-time and 3,288 were temporary/part-time employees.

The OMERS primary pension plan provides benefits under two plans:

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

Of the 31,405 total active OMERS members for 2024, 28,159 employees were enrolled in the NRA 65 plan and 3,246 employees were enrolled in the NRA 60 plan.

The number of City of Toronto OMERS members between 2023 and 2024 increased by 3.1% compared to 11.8 % between 2022 and 2023 and 2.7% between 2021 and 2022. The unusually high 11.8% increase between 2022 and 2023 is partially explained by the implementation of the OMERS plan change on January 1, 2023, which enabled non-full-time employees to enroll in the Plan. The 2024 membership increase aligns with the growth in the City's employee population.

Attachment 1 provides the total City OMERS Membership, including the number of NRA65 and NRA60, and permanent and part-time employees for the last ten years.

OMERS uses a two-tiered system to calculate contribution rates which are aligned to the Yearly Maximum Pensionable Earnings (YMPE), which is the threshold set by the federal government to determine the base Canada Pension Plan benefits and contributions. The current contribution rates for each of the plans are provided in Table 1 below.

**Table 1: OMERS Contribution Rates – 2025**

| Year | Plan  | Employee  | Employer  |
|------|---|---|---|
| 2025 | NRA 65  | 9.0% up to YMPE \$71,300;<br>14.6% on earnings above the YMPE | 9.0% up to YMPE \$71,300;<br>14.6% on earnings above the YMPE |
|      | NRA 60<br>Firefighters                                    | 9.2% up to YMPE \$71,300;<br>15.8% on earnings above the YMPE | 9.2% up to YMPE \$71,300;<br>15.8% on earnings above the YMPE |
|      | 2025 CAP on contributory earnings is \$499,100 (7 X YMPE) |   |   |

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

The City submitted total contributions of \$528,385,066 to OMERS for 2024, split equally between employer and employees, each contributing \$264,192,533.

The City of Toronto's contributions to OMERS between 2023 and 2024 increased by 6.1% compared to 13% between 2022 and 2023 and 3.8% between 2021 and 2022. The unusually high 13% increase between 2022 and 2023 is partially explained by the implementation of the OMERS plan change on January 1, 2023, which allows the enrolment to the Plan of all non-full-time employees.

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 over 1,000 employers and 640,000 active, deferred, and retired members in 2024.

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, and electrical utilities.

According to OMERS statistics, the City of Toronto is the largest OMERS employer, with its active members accounting for approximately 8.6% of all the overall OMERS active membership, and approximately 10% of the estimated 2024 total contributions by employers and active members paid to OMERS.

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

As of December 31, 2024, the City's agencies and corporations had 16,111 active OMERS members and according to OMERS statistics, represented approximately 4.6% of the overall OMERS active membership. Further, the contributions made by the City's agencies and corporations are approximately \$346 million (split equally between employers and employees, each contributing \$173 million), which represents approximately 6.3% of the estimated 2024 total contributions by employers and active members paid to OMERS, according to OMERS statistics. When these agencies and corporations are included, the City represents approximately 13.2% of the OMERS active membership and 16.3% of the estimated 2024 total contributions by employers and active members paid to OMERS.

### OMERS HIGHLIGHTS

In 2024, the OMERS Sponsors Corporation (SC) Board approved updates to its Contribution Rate Policy (CRP), which provides guidance for setting contribution rates. The revised contribution rates will take effect on January 1, 2027, as outlined in Table 2 below:

**Table 2: Contribution rates in effect on January 1, 2027**

| NRA  | Current contribution rates<br>(in effect since January 1, 2015) |            | (effective January 1, 2027)      |            |
|--|---|------------|----------------------------------|------------|
|  | Portion of contributory earnings                                |            | Portion of contributory earnings |            |
|  | Below YMPE  | Above YMPE | Below YMPE                       | Above YMPE |
| NRA 65   | 9.0%  | 14.6%      | 8.6%                             | 15.7%      |
| NRA 60   | 9.2%  | 15.8%      | 9.6%                             | 16.7%      |
| *YMPE refers to the Yearly Maximum Pensionable Earnings. |   |            |                                  |            |

The new rates will not change the overall contributions made to the entire OMERS Plan. The proposed updates would adjust contributions within the Plan, meaning contributions for some members and employers will decrease, while contribution rates for other members and employers will increase.

The impact on members and employers will vary, depending on whether they participate under the normal retirement age NRA 65 or NRA 60 provisions, as well as their earnings levels. According to OMERS, contributions will decrease for approximately 70% of all its members and increase for the remaining 30%.

Since employers match members' contributions, the impact on employers will depend on their members' earnings and which NRA provision they participate in. The next scheduled review of the CRP Policy will occur in 2029.

The SC Board confirmed that contribution rates will remain at current levels for 2025 and 2026.

Effective January 2023 OMERS established the Shared risk indexing on benefits. This means that when an individual retires, the benefits earned on or before December 31, 2022, will receive full inflation protection up to a maximum annual increase of 6%. Benefits earned on or after January 1, 2023, will be subject to Shared Risk Indexing, meaning that the level of inflation protection will depend on the OMERS Sponsors Corporation (SC) Board's annual assessment of the financial health of the Plan, and may be less than the full inflation protection.

The SC Board confirmed that Shared Risk Indexing (SRI) did not impact the annual inflation adjustment to pensions in 2024 and will not affect it in 2025. The 2024 inflation adjustment was 4.42%. The 2023 inflation adjustment exceeded the 6% maximum by 0.51%. As a result, members and survivors who received an inflation adjustment on January 1, 2023, and whose pension is still in pay on January 1, 2024, received an excess adjustment of 0.51% included in their 2024 inflation adjustment for a total of 4.93%.

In addition to the CRP revisions, the SC Board amended two key policies in 2024: the Funding Management Statement (FMS) and the Retirement Compensation Arrangement (RCA) Funding Mechanism Policy. Both policies are focused on addressing Plan maturity and ensuring long-term funding sustainability. These changes will not result in changes to current benefits or contribution levels. The current versions are available in the [SC's Governance Manual on the OMERS website](#).

The SC Board also approved a change to the term end date for both Administration Corporation (AC) and SC Board members, moving it from December 31 to April 14. This adjustment ensures that incumbent Board members can complete essential year-end approvals and reporting related to the calendar year in which they served.

Additionally, as part of their standard five-year strategic review cycle, the AC and SC Boards approved a new strategic plan in December 2024, which will guide OMERS through to 2030. The strategy aims to ensure OMERS continues to deliver a sustainable, affordable, and meaningful defined benefit pension plan for its members.

In 2024, the OMERS Plan delivered an investment return of 8.3%, up from 4.6% in 2023. This return, equivalent to \$10.6 billion net of expenses, surpassed the annual benchmark of 7.5%. Over the past 10 years, the average annual net return has been 7.1%.

As of December 31, 2024, OMERS net assets totaled \$138.2 billion, an increase from \$128.6 billion in 2023. This growth is attributed to OMERS' well-diversified portfolio of high-quality assets and its active currency management strategy.

## **CONTACT**

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## **SIGNATURE**

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David McIsaac  
Executive Director, Finance Shared Services

## **ATTACHMENTS**

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- 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 – The City of Toronto and its Agencies and Corporations as a percentage of total OMERS Active Headcount, Contributions for 2024, and Estimated Contributions for 2025

## Attachment 1

### Number of City of Toronto OMERS Membership – Ten-Year Summary

| <b>Year</b> | <b>Total</b> | <b>% Year over year</b> | <b>NRA 65</b> | <b>NRA 60</b> | <b>Full- time</b> | <b>Part-Time</b> |
|-------------|--------------|-------------------------|---------------|---------------|-------------------|------------------|
| 2015        | 26,413       | 0.9%                    | 23,333        | 3,080         | 21,096            | 5,317            |
| 2016        | 26,319       | -0.4%                   | 23,244        | 3,075         | 20,690            | 5,629            |
| *2017       | 26,350       | 0.1%                    | 23,924        | 3,056         | 21,917            | 4,433            |
| 2018        | 26,406       | 0.2%                    | 23,295        | 3,111         | 21,939            | 4,467            |
| 2019        | 26,289       | -0.4%                   | 23,152        | 3,137         | 23,240            | 3,049            |
| 2020        | 26,236       | -0.2%                   | 23,139        | 3,097         | 23,111            | 3,125            |
| 2021        | 26,559       | 1.2%                    | 23,528        | 3,031         | 23,191            | 3,368            |
| 2022        | 27,265       | 2.7%                    | 24,218        | 3,047         | 23,796            | 3,469            |
| 2023        | 30,473       | 11.8%                   | 27,347        | 3,126         | 26,912            | 3,561            |
| 2024        | 31,405       | 3.1%                    | 28,159        | 3,246         | 28,117            | 3,288            |

\*Note: Pensions staff began using a different method to calculate the membership figures in 2017.

## Attachment 2

### OMERS Contribution Rates – Ten-Year Summary

| Year | NRA 65  | NRA 60   |
|------|---|--|
| 2015 | 9.0% up to the YMPE, \$53,600;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$53,600;<br>15.8% above the YMPE |
| 2016 | 9.0% up to the YMPE, \$54,900;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$54,900;<br>15.8% above the YMPE |
| 2017 | 9.0% up to the YMPE, \$55,300;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$55,300;<br>15.8% above the YMPE |
| 2018 | 9.0% up to the YMPE, \$55,900;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$55,900;<br>15.8% above the YMPE |
| 2019 | 9.0% up to the YMPE, \$57,400;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$57,400;<br>15.8% above the YMPE |
| 2020 | 9.0% up to the YMPE, \$58,700;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$58,700;<br>15.8% above the YMPE |
| 2021 | 9.0% up to the YMPE, \$61,600;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$61,600;<br>15.8% above the YMPE |
| 2022 | 9.0% up to the YMPE, \$64,900;<br>14.6% above the YMPE  | 9.2% up to the YMPE, \$64,900;<br>15.8% above the YMPE |
| 2023 | 9.0% up to the YMPE, \$68,500;<br>14.60% above the YMPE | 9.2% up to the YMPE, \$68,500;<br>15.8% above the YMPE |
| 2024 | 9.0% up to the YMPE, \$71,300;<br>14.60% above the YMPE | 9.2% up to the YMPE, \$71,300;<br>15.8% above the YMPE |

### Attachment 3

#### OMERS Contributions – Ten-Year Summary

| Year  | City          | % Year over year | Employees     | Total OMERS Contributions |
|-------|---------------|------------------|---------------|---------------------------|
| 2015  | \$192,350,354 | -1.8%            | \$192,350,354 | \$384,700,708             |
| 2016  | \$194,539,309 | 1.1%             | \$194,539,309 | \$389,078,618             |
| 2017  | \$205,094,863 | 5.4%             | \$205,094,863 | \$410,189,726             |
| 2018  | \$208,528,872 | 1.7%             | \$208,528,872 | \$417,057,744             |
| 2019  | \$210,820,924 | 1.1%             | \$210,820,924 | \$421,641,848             |
| *2020 | \$210,307,100 | -0.2%            | \$210,307,100 | \$420,614,200             |
| 2021  | \$212,203,200 | 0.9%             | \$212,203,200 | \$424,406,400             |
| 2022  | \$220,262,033 | 3.8%             | \$220,262,033 | \$440,524,065             |
| 2023  | \$248,954,298 | **13.0%          | \$248,954,298 | \$497,908,595             |
| 2024  | \$264,192,533 | 6.1%             | \$264,192,533 | \$528,305,066             |

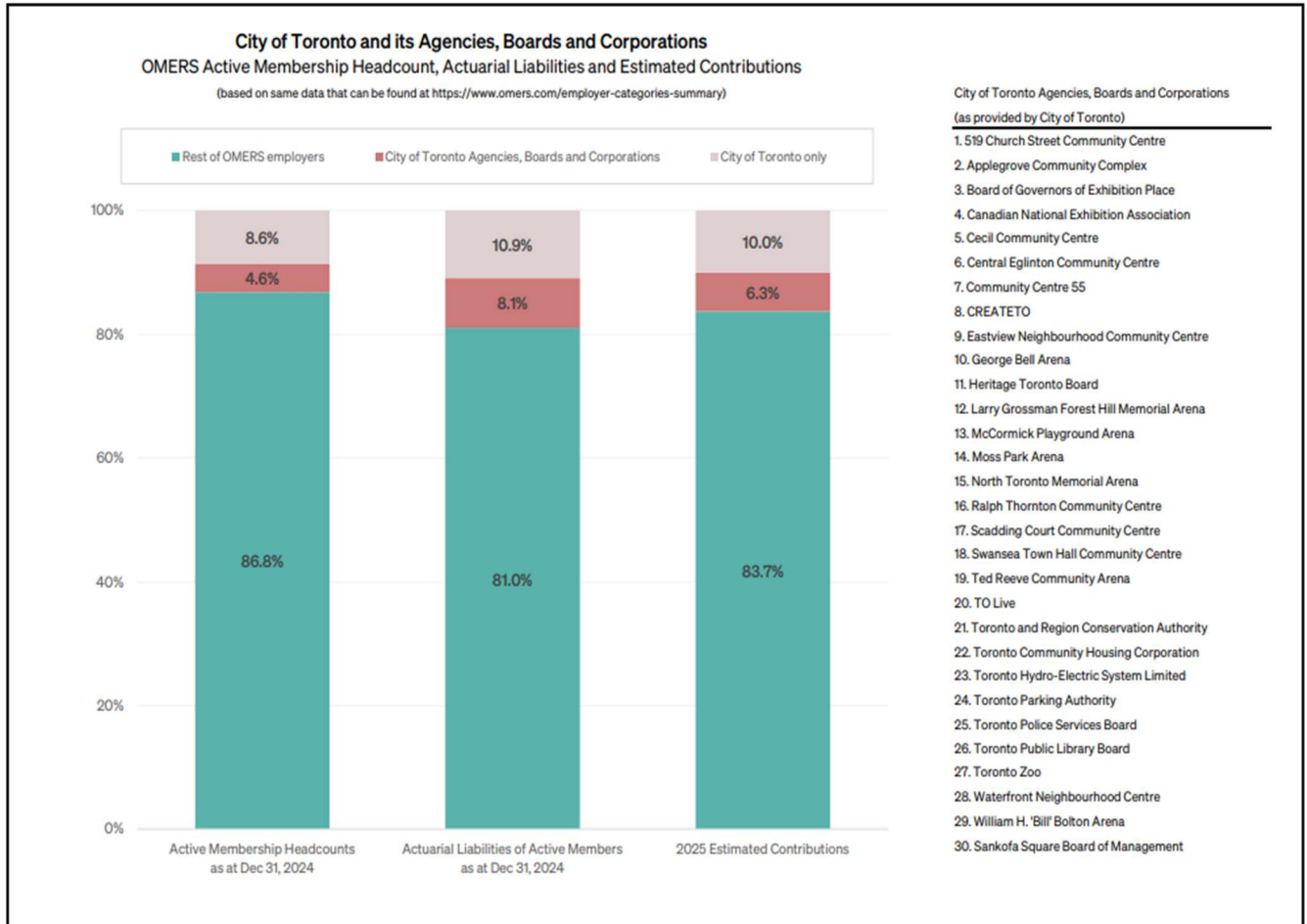
**Notes:**

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

*\*\* The unusually high 13% increase between 2022 and 2023 is partially explained by the implementation of the OMERS plan change on January 1, 2023, which allows the enrolment to the Plan of all non-full-time employees.*

## Attachment 4

The City of Toronto and its Agencies and Corporations as a percentage of total OMERS Active Headcount, Contributions for 2024, and Estimated Contributions for 2025



Prepared by OMERS, April 16, 2025