## FTR Now

# OMERS Announces Significant Plan Amendments, Including Amendments to Support Members Affected by COVID-19

**Date:** July 6, 2020

Participating employers in the Ontario Municipal Employees Retirement System (OMERS) should be aware of five amendments to the OMERS Primary Pension Plan (Primary Plan) approved by the OMERS Sponsors Corporation Board (SC Board) on June 24, 2020. The changes will be of interest to employers in the municipal and school board sectors with employees who participate in OMERS and include several amendments to address COVID-19-related issues. In addition, two non-COVID-19-related amendments were adopted, including a major change to eligibility for non-full-time employees.

We briefly summarize the changes in this *FTR Now*.

The following Primary Plan amendments took effect on June 24, 2020, and have been implemented in response to the COVID-19 pandemic:

- **Temporary Layoffs:** The Primary Plan is amended to allow members to purchase contributory service for periods of absence due to temporary layoff initiated in 2020 or 2021. Members will be able to purchase this service at two times their required member contributions. Before this amendment was passed, the Primary Plan did not permit members to purchase periods of absence due to temporary layoff.
- **Leave Purchase Deadlines:** The Primary Plan is amended to extend the deadline to complete a leave purchase by one year for any members who return from a leave of absence in 2020 or 2021. The current deadline for leave of absence purchases is December 31 of the year following the year a member returns from leave. The extension means that members who return from a leave in 2020 or 2021 will now have until December 31, 2022 or December 31, 2023, respectively, to complete the leave purchase.

  This change does not impact members who returned from a leave of absence in 2019 or who will return from a leave of absence after 2021. The current deadline remains unchanged for such leaves.
- **Periods of Reduced Pay:** Under the *Income Tax Regulations* (*Regulations*) and the Primary Plan text, members must have 36 months of employment with their employer in order to be eligible to purchase a period of reduced pay. A period of reduced pay is a temporary period when a member receives less pay because of a reduction in hours or days of work. The Primary Plan is amended, effective immediately, to reduce or eliminate

the 36-month employment requirement for purchases of periods of reduced pay, subject to required changes to the *Regulations*. This change will only be implemented if and when the 36-month employment requirement under the *Regulations* is amended and is intended to enable the Primary Plan to be seamlessly updated if and when such a change to the *Regulations* occurs.

The following non-COVID-19-related amendments are effective January 1, 2023:

- **Non-Full-Time Eligibility:** The Primary Plan will be amended to remove the current eligibility requirements for non-full-time employees so that they may elect to join the Primary Plan at any time. Currently, non-full-time employees who are not required by by-law or resolution to enrol in the Primary Plan on the date of hire must work 700 hours or earn 35% of the Year’s Maximum Pensionable Earnings for purposes of the Canada Pension Plan in the two prior consecutive calendar years in order to be eligible to enrol. Under the new rule, non-full-time employees would be immediately eligible to join the Primary Plan and enrolment would take effect on the first day of the month following the employee’s election. The current eligibility requirements for non-full-time employees continue to apply until the effective date of this change.
- **Shared Risk Indexing:** The Primary Plan will be amended to provide the option for the SC Board to reduce future inflation increases on benefits earned after December 31, 2022. This means that, for benefits earned on or after January 1, 2023, the level of indexation will depend on the SC Board’s annual assessment of the financial health of the Primary Plan. Benefits earned before January 1, 2023 will not be affected and will continue to be granted full indexation.

Additional details from OMERS regarding the implementation of these last two changes are expected to be provided in the coming months.

Should you have any questions or require further information, please contact any member of our Pension, Benefits and Executive Compensation Group.