

Board Report

Date of Report: April 28 2019

Date of Meeting: May 7 2019

Report Number: 2019PAC-004

File: 2019BOARD0507

Subject: Ontario Municipal Employees Retirement System

Recommendation

That the Board opt to participate in the Ontario Municipal Employees Retirement System (OMERS) Plan to provide pension administration for all eligible Board employees.

Background

At its meeting of July 9, 2018, Council approved the transition of the operational control of the FirstOntario Performing Arts Centre (PAC) to a new municipal service board and directed staff to take all necessary steps and actions required to transition the PAC business to the Board. As a new municipal employer, the Board is required to establish a compensation package for its employees. Participation in the OMERS Plan helps attract new employees and is an important means for employee retention.

Report

Currently, The City offers eligible employees a comprehensive and competitive benefits package that includes the OMERS Plan. In order to transition staff from their current employer to the Board, it is important for the Board to approve this recommendation to ensure equal employment benefits are offered to existing employees and to ensure a smooth transition of employment.

Through Bylaw 2018-177 The City has delegated authority to the Board to operate the PAC business, including the management of its employees. As a municipal service board and under the *Ontario Municipal Employees Retirement System Act, 2006*, the Board is an eligible entity to participate in the OMERS Pension Plan.

OMERS was established in 1962 to serve local government employees across Ontario and has become one of the largest pension plans in Canada, holding over \$97 billion in net assets with over 1000 employers and 496,000 members. OMERS is a defined benefit pension plan, which offers employee's a guaranteed monthly retirement income for life, based on a formula that includes the employee's year of service, retirement age and highest average salary for a specific number of years.

The OMERS Plan covers union and non-union municipal workers, police, firefighters and paramedics, non-teaching staff at school boards, and employees of children's aid societies, transit system and electrical utilities. It manages a diverse portfolio of stock, bonds, real estate, infrastructure and private equity investments in Canada and internationally and has a AAA credit rating.

The OMERS plan provides members with a lifetime pension protected against inflation and includes excellent survivor, disability benefits and early retirement options. Under the OMERS Plan, contributions are matched 100 per cent by the employer and The Plan is portable with many public sector plans.

Financial Implications

Currently, OMERS benefits are included within the funding model and PAC's salary plan based on the City's contribution rates. Any financial implications to the Board will be addressed in the 2020 budget submission to the City.

Conclusion

A Pension Plan is an important part of an employer's benefits package. OMERS is a well established Plan that serves over 1000 employers with a funded ratio of over 96% at the end of 2018. The Board's participation in the OMERS Plan is a crucial part of the transition process of City staff to the Board. Staff recommend that the Board opt to participate in the OMERS Plan and execute the documents necessary to establish OMERS membership in advanced of the staff transition date.

Notification

- That the Board prepare and pass the necessary by-law to participate in the OMERS Plan.
- That staff take the necessary steps to initiate the Board's participation in the OMERS Plan.

Prepared and submitted by:

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