

# STAFF REPORT

**Department: Administration / Finance**

**Date: February 4, 2020**

**Item: OMERS By-law Participation update**

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**Recommendation:** Be It Resolved That: The Corporate Services Committee recommends to Council That: Bylaw No. 3231/25 be adopted, being a Bylaw of the Town of Espanola to confirm and authorize participation in the OMERS Primary Pension Plan ("Primary Plan") and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan ("RCA").

**Background:** The Primary Pension Plan was created in 1962 by an act of the Ontario Legislature, and is a multi-employer, jointly sponsored defined benefit pension plan whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. Over time, the Plan has evolved into the Ontario Municipal Employees Retirement System. The OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan) became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. Most members have a normal retirement age (NRA) of 65. The OMERS Plan permits an OMERS employer to elect to provide NRA 60 benefits for all or a class of its police, firefighter, or paramedic employees that participate in the OMERS Plan. Most police and firefighter members have an NRA of 60 years or "NRA 60". OMERS introduced NRA 60 specifically to accommodate the unique demands of emergency service providers, such as police, ambulance, and fire services. The intent was to enhance the appeal and flexibility of retirement plans for these workers, who often face physically and mentally challenging situations, making early retirement a more viable and attractive option. By allowing retirement at 60, OMERS aimed to reflect the strenuous nature of these roles, support earlier workforce renewal, align with industry trends, and address the specific retirement needs of a workforce that might age faster due to job-related stressors. This initiative was also designed to improve recruitment and retention by offering competitive retirement benefits.

In October 2024, it was noted that the Town of Espanola has not, to date, passed a by-law to add NRA 60 class to the Town's pension plan.



**Analysis:** This report outlines the impacts of adding NRA60 to the OMERS pension plan class for the Town of Espanola.

**Impacts:**

- Early Retirement Benefits: Employees can retire earlier with full benefits, which might be appealing for employees.
- Increased Attractiveness of Employment: Enhanced benefits package can make the Town of Espanola more competitive and attractive to prospective employees, potentially improving recruitment for municipal roles.
- Increased Pension Costs: Shifting to NRA 60 has a cost of 9.2% of the employee's wages under the Year's Maximum Pensionable Earnings (YMPE) compared to 9% for NR65 members and 15.8% over the YMPE compared to 14.6% for NR65 members
- Potential Workforce Shortages: Accelerated retirement could result in a shortage of experienced employees.

**Existing Policy:** The Town's existing bylaws that will be replaced with the proposed are no. 211 dated October 1<sup>st</sup>, 1963 and No. 458 dated September 19<sup>th</sup>, 1972.

**Strategic Goal:** The sixth strategic goal: effective municipal governance and operations touches on retention and productivity of staff. Though the initiatives do not directly address the subject of enhancing the pension plan, we believe the intent of the goal is met.

**Financial Commitment:** The annual increased contribution will have an impact of close to \$3,000.

**Budgeted:** Yes  No

**Implementation:** Upon Council Adoption

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**Department Manager:**

**CAO/Clerk:** Joseph Burke, CAO/Clerk

**Approval of Recommendation:** Yes  No

**Comments:**