



Working for you:
How MEPCO promotes
municipal employer
interests

**Doug Reycraft,
MEPCO Chair**

The Municipal Employer Pension Centre of Ontario

- In 2006 the Ontario Government created a new, independent OMERS governance model.
- AMO created MEPCO to meet its statutory obligations as OMERS sponsor.
- Plan is now governed by:
 - **Sponsors Corporation** – Plan design, contribution rate changes.
 - **Administration Corporation** – Day-to-day operations, including investment strategy, benefit administration.

OMERS – An Overview

AMO Association of
Municipalities Ontario

created MEPCO to support
AMO's representatives on the
OMERS SC and AC.

**OMERS
Sponsors
Corporation (SC)**



AMO has two representatives
on the SC Board

**OMERS
Administration
Corporation (AC)**



AMO has two representatives
on the AC Board

MEPCO

**The Municipal Employer
Pension Centre of Ontario
(MEPCO)** provides expert
advice and resources to
AMO's representatives on
the OMERS SC and AC.

What does MEPCO do?

- A lot happens behind the scenes.
- Meet with AMO's SC and AC representatives four times a year.
- MEPCO Board communicates directly with those involved in decision-making.
- Limited opportunity for individual municipal governments to participate in OMERS decisions.
- MEPCO is the municipal employer connection to OMERS.

What does MEPCO do?

- The entire municipal employer community benefits by pooling resources through MEPCO.
- MEPCO brings the municipal employer perspective to OMERS-related decisions by:
 - Analyzing impact of pension issues on municipal employers.
 - Evaluating every proposed Plan change, including working with consultants to provide actuarial expertise.
 - Supporting AMO's SC and AC representatives by providing advice on pension matters, including Plan design, funding, growth and other matters.
 - Taking part in the selection process for AMO's SC and AC representatives.

The Funding Management Strategy

- With most of our work behind the scenes, it's important to celebrate success.
- Funding Management Strategy approved by the OMERS SC Board in 2014. MEPCO actively supported its creation.
- Describes what will happen to benefits and contribution rates in times of deficit and surplus:
 - Cap on contribution rates.
 - Establishing a reserve fund.

The Funding Management Strategy

- Improves predictability of costs.
- Improves sustainability.
- MEPCO helped make this happen.

What we're working on now

- Sustainability, sustainability, sustainability.
- No secret that the Plan faces challenges.
 - Plan maturity.
 - Demographic changes.
 - Changing workforce.
 - Market volatility.

Decline in Ratio of Active Members



Life Expectancy – 1976 vs 2015

1976



74 years

2015



82 years

Comprehensive Plan Review

- Opportunity for employer and employee sponsors to work together toward a healthier OMERS Plan.
- First formal review since the Plan was founded.
- MEPCO pushed for changes that would improve sustainability:
 - Conditional indexing for future service.
 - Modification of early retirement subsidies.
 - Integrating OMERS with CPP.
- SC Board did not achieve two-thirds majority vote needed address long-term challenges.

Comprehensive Plan Review

- Results are disappointing.
- Changes approved:
 - Eliminating the 35-year service cap.
 - Allowing paramedics to negotiate Normal Retirement Age 60 participation.
- Our work is far from over. **All** Plan sponsors are responsible for sustainability.
- Changes are still needed to improve sustainability in the face of challenges.

Staying informed

- OMERS updates, sent by email.
- MEPCO newsletter – great resource to stay informed about Board activities.
- **Coming Soon:** LinkedIn.