Association of Municipalities of Ontario

BACKGROUNDER

August 2026

OMERS Governance Reform

AMO Position

- Recent provincial changes to the OMERS governance system could erode the municipal voice in making decisions about the pension plan we pay for.
- AMO represents nearly 40% of active OMERS employers. Municipalities jointly fund OMERS and have a vested interest in the long-term sustainability of the plan.
- The OMERS pension plan is an important employee benefit that supports workforce planning. However, if it is not managed correctly and decisions are not made in the long-term interests of the plan, there could be significant cost implications for municipalities.
- As a jointly sponsored pension plan, there are separate roles for Sponsors (appointments, benefits, and contributions) and the OMERS Administration Corporation (investments and operation of the plan).
- Sponsors are waiting on the government to approve regulations and bylaws to establish a new Sponsors Council. Without these, Sponsors oversight of OMERS and ability to make decisions about benefits and contributions is limited, AMO continues to actively represent the interests of the municipal sector, including a governance model that supports Sponsors in fulfilling their role

Overview

- OMERS has operated under a jointly sponsored, bicameral governance model since 2006. The OMERS Administration Corporation (AC) administers the pension plans and invests plan assets, while the OMERS Sponsors Corporation (SC) was responsible for appointments, benefits and contributions - the “ABCs” of the plan.
- Ontario initiated a governance review in late 2024, the first since 2012. The review followed concerns raised by some plan sponsors after the SC adjusted contribution rates to address cross-subsidization between lower and higher paid members.
- The November 2025 Poirier Review recommended reforms intended to strengthen direct employer and employee participation, transparency and sponsor engagement.
- In response to the governance review, the province amended the *OMERS Act* to replace the SC with a Sponsors Council. The Sponsors Council will retain authority over plan design and contribution rates. The Sponsors Council role in appointments is currently unclear pending government regulation.
- The new Sponsors Council will be initially structured with 14 voting members and five non-voting observers. There will no longer be a strict fiduciary duty, but according to legislation, members are required to act honestly and in good faith while balancing the best interests of plan members and participating employers.
- The transition is still being implemented. The SC ceased formal operations on March 31, 2026, and the AC has been supporting development of the Council’s initial bylaws and administrative arrangements.

Key Facts

- AMO represents nearly 40% of active OMERS members and municipal employers fund 50% of employee pension contributions. Decisions about rates, benefits and funding risk therefore have direct implications for municipal operating budgets and local taxpayers.

- Higher employer costs can reduce flexibility to add staff, manage overtime, purchase equipment and sustain service improvements.
- Pension benefits remain an important recruitment and retention tool. Municipal leaders must balance competitive compensation with the long-term affordability and predictability of pension costs.
- The OMERS AC has prepared draft by-laws for the new Sponsors Council in consultation with Sponsors; however, they remain with the provincial government for approval. Additional governance details not addressed in the by-laws are expected to be established through regulation. Until this framework is finalized, OMERS is operating without a formal Sponsors Council, with the former SC serving only in a limited caretaker capacity.
- The absence of a functioning Sponsors Council has effectively paused key sponsor governance responsibilities. Sponsors currently lack a meaningful mechanism to exercise oversight of the OMERS AC, despite the significant financial implications of its administrative and investment decisions. Although Sponsors retain ultimate accountability through their authority to appoint and remove members of the AC Board, the exercise of this authority has been materially constrained. In addition, Sponsors have been unable to review or consider proposed pension plan amendments or approve applications from employers seeking to join or terminate participation in OMERS.

Other Resources and Reports

- Ontario: 2025 OMERS Governance Review - Final Report
- OMERS: Governance Transition
- MEPCO: OMERS Governance Review and Annual Report

For more information: Contact the AMO Media Team at media@amo.on.ca