



OMERS Governance Changes & Bill 68



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OMERS: Current Governance Model

- Prior to 2006, OMERS was fully controlled by the provincial government, as its sole sponsor: decisions regarding pension benefits and contributions were the responsibility of the provincial government
- In 2006, the provincial government removed itself from plan oversight and devolved the plan's sponsorship to the employers and employees who contribute to the plan.
- Now, OMERS is a defined benefit jointly sponsored pension plan where employee and employer sponsors are jointly responsible for funding the plan and making decisions around plan design.
- OMERS is governed by two corporate boards, each made up of members appointed by employee and employer sponsor groups:
 - The **Sponsors Corporation** determines plan design, contribution rates, and appointments to the Administration Corporation Board.
 - The **Administration Corporation** is responsible for the overall administration of the Plan, including making investment decisions and paying pension benefits to retirees.

The current OMERS governance model of two corporate boards with distinct responsibilities works because it balances independence, accountability, and fairness across the many different employers and employees.

OMERS: Sponsor Organizations

Employer Sponsors	Employee Sponsors
Association of Municipalities of Ontario	CUPE Ontario CUPE 416/79
City of Toronto	OPSEU
Ontario Public School Boards Association & Ontario Catholic School Trustees Association	Police Association of Ontario
Ontario Association of Police Services Boards	Ontario Professional Fire Fighters Association
Ontario Association of Children's Aid Societies	Ontario Secondary School Teachers' Federation
Electricity Distributors Association	Retirees Group

*Sponsor organizations currently appoint members to the Sponsors Corporation and *nominate* members to the Administration Corporation (Sponsors Corporation reviews nominations and appoints to AC).

What happened?

- In 2024, the OMERS Sponsors Corporation conducted a regular review of contribution rates
 - Identified that lower-paid plan members were in effect subsidizing the retirement benefits of higher-paid plan members; adjusted rates to reallocate the financial burden in a more equitable way
- Following the release of this decision, the Police Association of Ontario, Ontario Professional Fire Fighters Association, and Metrolinx wrote to the Premier requesting a governance review
 - The government launched a review in 2024
- AMO/MEPCO has consistently stated that the current OMERS governance structure functions well and does not require structural change.
- In November 2025, the government:
 - Released the Report of the Special Advisor, containing recommendations for significant governance change
 - One day later, tabled legislative changes to the *OMERS Act* as part of Fall Economic Statement omnibus legislation
 - Passed legislation in early December

Why does this matter?

Report recommendations and legislation mean significant changes to OMERS governance that:

- Shifts from a stewardship model focused on long-term sustainability and affordability to one focused more on advocacy and interest-based bargaining
- Weakens sponsor and municipal employer oversight by shifting power to the administrator (Administration Corporation) with respect to appointments and resources
- Provides significant authority to the Minister to prescribe rules and regulations related to Sponsors Council business, which risk interference in the plan design and potential new costs without the say of sponsors, employers, or employees

This is another example of provincial overreach into areas of municipal responsibility without a clear rationale or a full understanding of impacts.

Why municipalities need to care?

- Municipalities have less of a voice in the pension plan that we fund
- Province will be able to make decisions about the plan through regulation, and municipalities and employees will have to cover any new costs
- An interest-based approach to benefits and contributions decisions creates greater financial risks for municipalities (e.g. decisions that could lead to higher contribution rates or lower benefits)
- Less sponsor control over the Administration Corporation makes it harder to hold administrators responsible for plan performance

Ultimately, municipal governments are the default funder of the pension plan. This new model creates a greater risk of funding shortfalls, which will need to be covered by municipal taxpayers.

What can we do?

- Tell government and local MPPs that pension governance matters, and that municipalities should have control over their own plan by:
 - Passing a resolution
 - Sending a letter
 - Meeting with your local MPP
 - Raising this issue in delegations at ROMA (key messages on next slide)

Key messages

- The OMERS pension plan is important to municipalities: it is a recruitment and retention tool and a valuable benefit for our employees.
- We are concerned about the OMERS governance changes because:
 - Municipalities have less of a voice in the pension plan that we fund and rely on
 - These changes could lead to higher costs for municipalities. We cannot afford new costs without increasing taxes or cutting services.
- We believe that the current OMERS structure with two corporate boards is working; it provides predictability and stability.
- Pensions need to stay independent and accountable. They cannot be politicized.
- We are asking you to work with AMO and the other plan sponsors to chart a path forward that limits major changes and protects the long-term interests of municipalities, taxpayers, and employees.



Appendix

Poirier Report Summary

	Recommendations
Sponsors Council	<ul style="list-style-type: none">• Wind down Sponsors Corporation and replace with a Sponsors Council• Maintain current composition with the addition of five (5) non-voting members• Re-establish employer/employee co-chair model and employer/employee sponsor caucuses
Appointments	<ul style="list-style-type: none">• Extend current Independent Board Chair term for three (3) years• Sponsors to directly appoint members to Administration Corporation Board• Give Administration Corporation Board veto (2/3 majority vote) over sponsor appointments
Resources	<ul style="list-style-type: none">• End corporate structure for Sponsors Corporation and access to independent resources• Administration Corporation to reimburse Sponsors Council for “reasonable costs”• Costs of arbitration be borne exclusively by sponsor organizations
Other	<ul style="list-style-type: none">• Legislate normal retirement age (NRA) 60/65 flexibility within plan text

Bill 68 Summary

- As part of Fall Economic Statement, Government introduced Bill 68 legislation to enact several (but not all recommendations)
- Provides authority to the Minister of Municipal Affairs & Housing to:
 - Dissolve Sponsors Corporation at a date determined by Ministerial order
 - Establish a Sponsors Council, subject to any rules Minister deems appropriate
 - Make regulations governing any elements of the Sponsors Council by-laws
 - Approve Sponsors Council by-laws, as established initially by the Administration Corporation
- Prohibits Sponsors from appointing:
 - to the Sponsors Council anyone who has been a member of the Administration Corporation Board or the Sponsors Corporation Board
 - to the AC anyone who has been a member of the Sponsors Corporation Board or the Sponsors Council