

# STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



<b>Report to:</b>	Mayor and Council Members	<b>Priority:</b>	<input type="checkbox"/> High <input checked="" type="checkbox"/> Low
<b>Submitted by:</b>	Andrea Short Manager of Human Resources Office of the CAO ashort@cobourg.ca	<b>Meeting Type:</b>	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
<b>Meeting Date:</b>	July 17, 2023		
<b>Report No.:</b>	Office of the CAO-030-23		
<a href="#">Submit comments to Council</a>			

**Subject/Title: OMERS Eligibility for Members of Council**

## RECOMMENDATION:

THAT Council receive this report for information purposes; and  
FURTHER THAT Council provide direction to Staff on Council consideration on participation in the OMERS pension plan.

### 1. STRATEGIC PLAN

Not applicable.

### 2. PUBLIC ENGAGEMENT

Not applicable.

### 3. PURPOSE

To provide information to Council regarding the options available regarding Council participation in the Ontario Municipal Employees Retirement System (OMERS).

### 4. ORIGIN AND LEGISLATION

The Ontario Municipal Employees Retirement System (OMERS) is a Canadian public pension fund, headquartered in Toronto, Ontario. OMERS is a defined benefit, jointly sponsored, multi-employer public pension plan that was created in 1962 by the Ontario provincial statute to administer retirement benefits and

manage pension investment funds of local government employees in the province of Ontario. OMERS serves over 1,000 participating employers and more than half a million active, deferred, and retired employees.

OMERS is governed by the *Ontario Municipal Employee's Retirement Act, 2006*.

## 5. BACKGROUND

By-law 078-2015, as amended being a By-law to provide for paying remuneration including expenses, insurance, and benefits to members of Council states in section 2.1b) "Members of Council are included in the non-union salary group of eligible insurance benefits, excluding OMERS". Therefore, currently, Council members with the Town of Cobourg are not authorized to participate in the OMERS Pension Plan ("the Plan"). This report will provide information to Council to understand and consider their participation in the OMERS pension plan ("the Plan").

### Eligibility

The OMERS Pension Plan guidelines indicate that a Council can choose to enroll all council members in the Plan (including the head of council) or the head of council only can enroll in OMERS on their own. Council members, without the head of Council, cannot enroll in the Plan on their own. The terms and conditions of membership for council members are similar to those for regular municipal employees.

Should Council authorize the participation of Council members in the Plan (including the head of Council), the current By-law 078-2015 would need to be updated and revised to add Council as eligible participants. The revised By-law would then be submitted and registered with OMERS and made effective.

Once Council enrollment is in effect, the existing Council members can individually choose to enroll in the Plan. A Council member who does not enroll on the effective date can choose to enroll at a future date.

Once the Council Remuneration By-law has been updated to include Council participation in OMERS, the By-law has been approved by OMERS, and the enrollment paperwork has been completed, contributions from the members of Council and the Employer would be administered and remitted. Annually the participating council members would receive a pension statement from OMERS.

After the effective date (if passed) (i.e. the By-law establishing that Council are eligible to participate in the Plan), any new or future Council members must enroll in the Plan. Should Council decide to be enrolled in the Plan, they must continue their participation for the duration of their employment/term of office and are not allowed to discontinue their participation in the Plan at any time.

### Individuals Currently Collecting an OMERS Pension

If you return to work for an OMERS employer in a position where you are eligible to enroll in the OMERS Plan, you will either be re-enrolled in the Plan or offered enrollment on a voluntary basis. However, you may specifically elect to continue receiving your pension and not re-enroll in the Plan. In addition, if it is past November 30<sup>th</sup> of the year in which you turn age 71 you will not be eligible to re-enroll. If you choose not to re-enroll you will be required to “opt out”, otherwise the individual will be automatically enrolled.

Subject to these exceptions, if you re-enroll in the Plan, your pension will stop and you will resume as a continuing member. When you subsequently retire, all of your credited service and earnings are combined and your pension will be recalculated.

#### Application for Previous Eligible Service

Returning members of Council will be able to apply to purchase eligible service for previous terms of Council. If approved to purchase this service period, the member of Council would be responsible to pay both the Employer and Councillor portion for the years that would qualify for purchase. This would include individuals who may have a period of time that they did not serve on Council.

#### Normal Retirement Date

Your normal retirement date is the end of the month in which you turn 65. If you continue to work with an OMERS employer, you can continue to contribute to the Plan and earn credited service past your normal retirement date. However, the *Income Tax Act* requires that your OMERS pension must begin on December 1<sup>st</sup> of the year in which you reach age 71, whether or not you are still working, and will therefore no longer make any contributions. Therefore, any individual past the age of 71 (as of November 30<sup>th</sup> of this year) will not be eligible to participate in the Plan.

## 6. ANALYSIS

When reviewing data from the neighbouring municipalities (including Northumberland County), the only Municipality to have their members enrolled in the OMERS Pension Plan was the Municipality of Port Hope. The other municipalities that were reviewed (that do NOT have members of Council enrolled) are Hamilton Township, Cramahe Township, Municipality of Trent Hills, Township of Alnwick/Haldimand, and Northumberland County.

This report has been prepared to provide information to members of Council regarding their option to be enrolled in the OMERS Pension Plan. Should the Council determine that they would like to participate in the Plan, a motion to bring forward the necessary by-law amendments to do so could be put forward and considered. By-law 078-2015 would therefore be amended.

## 7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

#### OMERS Contributory Rates

OMERS contributions are calculated on and deducted from the contributory earnings paid to the member of Council. “Contributory earnings are defined in the

OMERS Plan as taxable money paid to the Councillor for the Councillor's services as a Councillor under the *Municipal Act, 2001* as amended.”

Council members would participate in the OMERS plan with a normal retirement age (NRA) 65 with contributory rates for 2023 of 9.0% for earnings up to the Years Maximum Pensionable Earnings (YMPE) which is \$66,600 and 14.6% for earnings above the YMPE. Both the Councillor and the Employer would contribute equal amounts to OMERS.

OMERS assumes that Council Members are continuous full-time members and Council members earn credited service for the period of time that they are an elected official. OMERS membership continues for Council members who are re-elected for consecutive terms. This scenario would not be a termination and re-enrollment in the Plan. Please note that the period of time between terms of office, if any, cannot be purchased.

The annual cost to the Employer would be approximately \$9,656 for the Employer portion of the OMERS contributions (the member of Council would match these portions for their individual amounts). This would include the Mayor, Deputy Mayor, and the five (5) members of Council (if eligible). This amount is based on the contribution of 9% based on the current salaries of all members.

It should be noted, pursuant to the current Remuneration By-law, Council receives an annual increase on July 1<sup>st</sup> each year. This increase is based on the Consumer Price Index (CPI) amount and would therefore increase the contribution costs annually.

#### Consideration For Individuals Ineligible to Participate in OMERS

Should Council approve its participation in the Plan, if there are individuals that are ineligible to participate, Council has the option to offer an alternative benefit for those members. Alternative options may include that the member of Council will receive a contribution to an RRSP, a Tax-Free Savings account, or as otherwise directed by the recipient. The amount received would be equivalent to the employer's contribution that other members of Council would receive if they were participating in the Plan.

## **8. CONCLUSION**

That Council receive the above information regarding the option available to members of Council in enrolling in the OMERS pension plan.

## Report Approval Details

Document Title:	OMERS Eligibility for Members of Council - Office of the CAO-030-23.docx
Attachments:	
Final Approval Date:	Jul 6, 2023

This report and all of its attachments were approved and signed as outlined below:

**No Signature - Task assigned to Tracey Vaughan, Chief Administrative Officer was completed by workflow administrator Brent Larmer, Municipal Clerk / Director of Legislative Services**

**Tracey Vaughan, Chief Administrative Officer - Jul 6, 2023 - 1:32 PM**