

BULLETIN

OMERS Contribution Rate Changes in 2027

This bulletin is to advise of pending changes to members' OMERS contributions beginning in 2027.

OMERS contribution rates reflect the different value of benefits earned between the Normal Retirement Age (NRA) 65 and NRA 60 retirement age provisions in the Plan and the different value of benefits earned for earnings below and above the Year's Maximum Pensionable Earnings (YMPE).

The current contribution rates have been in effect since January 1, 2015 and contribution rate changes are recommended by OMERS to reflect changes to the membership profile and actuarial assumptions.

According to OMERS, membership demographics have evolved over time in the following ways:

- While some members participate in OMERS for most of their career, an increasing proportion join the Plan mid-career or late career and participate in OMERS for shorter time periods.
- Fewer members are qualifying for and taking advantage of unreduced early retirement benefits.
- The addition of non-full-time members since 2023 has further widened the diversity of the makeup of our membership.

The following contribution rates are to begin in 2027:

	Current Contribution Rates (in effect since January 1, 2015)		Proposed Contribution Rates (if passed, effective January 1, 2027)	
	Portion of Contributory Earnings		Portion of Contributory Earnings	
	<u>Below YMPE</u>	<u>Above YMPE</u>	<u>Below YMPE</u>	<u>Above YMPE</u>
NRA 65	9.0%	14.6%	8.6%	15.7%
NRA 60	9.2%	15.8%	9.6%	16.7%

YMPE refers to the Year's Maximum Pensionable Earnings. It is the earnings threshold used to determine the Base Canada Pension Plan benefits and contributions. The 2024 YMPE is \$68,500.

We are told the changes being considered will not increase or decrease overall contributions to the Plan. The proposed updates would adjust contributions within the Plan, meaning contributions for some members will decrease, while contribution rates for other members will increase.

OMERS has provided COTAPSA with the following estimates of the proposed contribution rate changes on the City's non-union employees.

Percentile	Estimated 2024 Earnings	Estimated Change in Annual Contributions	Estimated Impact on bi-weekly pay (after-tax)
10th	\$70,867	Decrease of \$250	Decrease of \$7
25th	\$80,892	Decrease of \$140	Decrease of \$4
50th	\$113,806	Increase of \$220	Increase of \$5
75th	\$137,818	Increase of \$490	Increase of \$11
90th	\$159,431	Increase of \$730	Increase of \$15

The following calculations are based on the 2024 YMPE, 2023 year-end data with earnings rolled forward to 2024 using OMERS actuarial assumptions, and assumes that the proposed contribution rates are in effect in 2024.

For more information please visit the OMERS SC website here: [Contribution Rates Review \(omers.com\)](https://www.omers.com/contribution-rates-review)