



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	September 14, 2015
<b>SUBJECT/REPORT NO:</b>	Ontario Retirement Pension Plan (ORPP) (City Wide) (FCS15058)
<b>WARD(S) AFFECTED:</b>	City Wide
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<b>SIGNATURE:</b>	

## Council Direction:

Not Applicable.

## Information:

On May 1, 2014, the Ontario Government introduced pension reform legislation. Included in these changes was the announcement of the Ontario Retirement Pension Plan (ORPP), which would be phased-in starting January 1, 2017 and by January 1, 2020, employees and participating employers would each contribute 1.9% of earnings up to a maximum earnings threshold of \$90,000 which will be indexed each year.

When originally introduced, the Provincial Government was targeting those most at risk of under-saving. Therefore, employees who already participate in a “comparable” workplace pension plan would not be required to enroll in the ORPP. Comparable plans were initially defined as defined benefit plans (similar to OMERS) and targeted benefit plans. The only unknown was whether our part-time employees, not yet enrolled in OMERS, would be required to participate.

After consultation with various stakeholders, the Province then considered introducing a universal plan, whereby enrolment would be mandatory for all employees, even those with a “comparable” workplace pension plan. If there is no corresponding off-set to the OMERS pension contribution rates, then this would result in a \$10 million budget pressure for the City (including Police and Library). In response to the Province’s universality proposal, representatives from many organizations, including OMERS and MEPCO, met or corresponded with the Province, expressing their concerns and advocating that comparable workplace pension plans be exempt from the ORPP design as originally intended.

In response to this feedback, on August 11, 2015, the Province announced further details on the implementation of the ORPP and re-confirmed that employers with comparable workplace plans are exempt. The OMERS plan meets the Province's newly defined comparable plan.

However, there will still be some cost implications to the City. Effective January 1, 2020<sup>1</sup>, the City would be required to enroll employees, between the ages of 18 and 70, who do not participate in OMERS. For the City, this consists mainly of our part-time staff, who either did not qualify for optional enrolment or declined their optional enrolment offer. To reduce the burden on lower income workers, earnings below a certain threshold would be exempt from contributions, similar to CPP. However, the basic earnings exemption amount has not yet been determined. An estimated cost would be approximately \$700,000 but it is expected to be lower once the earnings exemption is known.

As more details regarding the ORPP plan become available, the Financial Services Division, Corporate Services Department, in consultation with the Human Resources Department, will provide an update on the cost of implementing the ORPP, as well as, any Collective Agreement implications that may arise.

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<sup>1</sup> The ORPP implementation is being rolled out in four waves starting January 1, 2017. Employers who have a workplace registered pension plan (RPP) will be required to implement these changes effective January 1, 2020.