MEPCO
MUNICIPAL EMPLOYER
PENSION CENTRE ONTARIO

AMO Association of Municipalities of Ontario

Major changes coming to OMERS Pension Plan governance

What municipal employers should know

The Ontario government has tabled legislation that, if passed, would significantly change how OMERS makes decisions about contribution rates, benefits and plan design. These changes would have real, long-term consequences for municipal employer budgets.

What's changing

The legislation proposes a number of changes to the way OMERS operates. Key for municipal employers is:

- Replacing the existing Sponsors Corporation with a Sponsors Council. The Council would take on responsibility for making decisions around plan design, benefits and contribution rates.
- Ending Sponsor access to shared resources through the Sponsors Corporation, and empowering the Administration Corporation to determine which resources the new Sponsors Council can access.
- Providing the Minister of Municipal Affairs and Housing with broad regulation-making authority, and putting some restrictions on who Sponsors can appoint to the Sponsors Council and Administration Corporation Board.

AMO is concerned about long-term municipal consequences

New Sponsors Council

Unlike the existing Sponsors Corporation, the new Council has no duty to act in the best interest of the OMERS plan. With no accountability to the plan, individual sponsor interests could make it difficult for Sponsors Council members to agree on decisions around plan design, contribution rates and benefits. This creates a model that more closely resembles a bargaining table.

Sponsors Council resources

The new Sponsors Council will need its own experts and funding in order to play its critical role in plan design and overseeing the Administration Corporation. Without independent resources, the Sponsors Council could be forced to rely solely on advice from the Administration Corporation (the same body it's meant to oversee).

Ministerial regulation-making authority and appointment restrictions for the Sponsors Council and Administration Corporation

Pension plans must be protected from politics and interference. Both of these proposed changes dilute the authority of the employer and employee sponsors who are responsible for the plan. The Ontario *Pension Benefits Act* outlines that it is a fundamental right of sponsors of a jointly sponsored plan to determine the plan design and appoint the board members of the plan's administrator. These changes weaken the plan's independence and risk giving too much influence to the administrator or future governments.

Employers, employees and taxpayers all have an interest in the long-term health of the OMERS plan. It must be fair and affordable for all who contribute. A strong governance structure that prioritizes the long-term health of the plan, coupled with strong expertise and advocacy from AMO and MEPCO has long delivered peace of mind for municipal employers. Proposed changes could erode that stability and create new costs for municipal governments as AMO and MEPCO work to ensure that the decisions made at the Sponsors Council reflect municipal realities.

What's next

The legislation was introduced just one day after the release of recommendations from a 2025 review of plan governance, conducted by a government-appointed special advisor.

AMO will communicate our concerns to the provincial government with a focus on retaining strong Sponsor oversight over plan design and mitigating financial risk to municipal governments.

More about OMERS governance

OMERS is a **jointly sponsored pension plan** with a **bicameral governance structure** where employee and employer sponsors are jointly responsible for funding the plan and making decisions around plan design. Right now, 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 and contribution rates. The Sponsors Corporation has a legal obligation to act in the best interest of the plan and its members. This obligation helps ensure that the OMERS plan is fair, balanced and affordable for all sponsors as they must consider plan sustainability over individual interests.
- The **Administration Corporation** is the plan administrator, and responsible for investing plan funds, collecting contributions from participating employers, and paying pension benefits.