



2012 OMERS

FALL

INFORMATION MEETING

October 16, 2012

10:30 Opening Remarks

Deb Preston, CEO, OMERS Sponsors Corporation

OMERS Sponsors Corporation Update

Brian O'Keefe, SC Co-Chair

Marianne Love, SC Co-Chair

OMERS Administration Corporation Update

Rick Miller, OAC Chair

Q & A

Deb Preston

11:30 Lunch Reception

Deb Preston

CEO, OMERS Sponsors Corporation



OMERS at a Glance

- Jointly governed and funded by employers and members
- Total membership as of December 2011: 419,007
 - 300,697 active and deferred members
 - 118,310 retirees
- Represented by more than 35 unions and associations with more than 500 union locals
- 947 employers
 - Municipalities, school boards, libraries, police and fire departments and other local agencies across Ontario

Stakeholder Interaction

- Newsletters
- Websites (OAC and SC)
- Spring and Fall Information Meetings
- Presentations
- Direct

Importance of OMERS

- Defined benefit pension plans offer significant benefits
 - Pooling of risks
 - Efficiencies of scale
 - Stability
- Significant benefits versus individual savings

Brian O'Keefe and Marianne Love

Co-Chairs, OMERS Sponsors Corporation



Sponsors Corporation Composition

Employer Representatives

Marianne Love (Co-Chair)
Association of Municipalities of Ontario

Joe Aitchison
Ontario Association of Children's Aid Societies

John Fleming
City of Toronto

Charlie Macaluso
Electricity Distributors Association

Wayne McNally
Ontario Catholic School Trustees' Association

Garth Pierce
Ontario Association of Police Services Boards

Bruce Stewart
Association of Municipalities of Ontario

Plan Member Representatives

Brian O'Keefe (Co-Chair)
CUPE Ontario

Paul Bailey
Retiree – Police Pensioners Association of Ontario

Diana Clarke
Ontario Public Service Employees Union

Mark Ferguson
CUPE Local 416

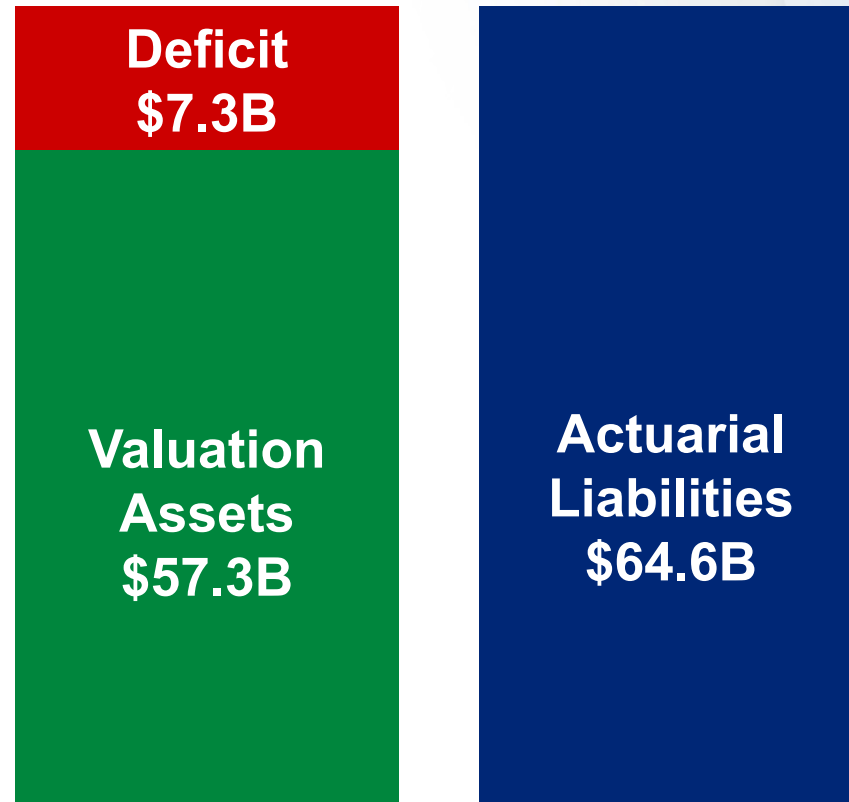
Jack Jones
Ontario Secondary School Teachers' Federation

Bruce Miller
Police Association of Ontario

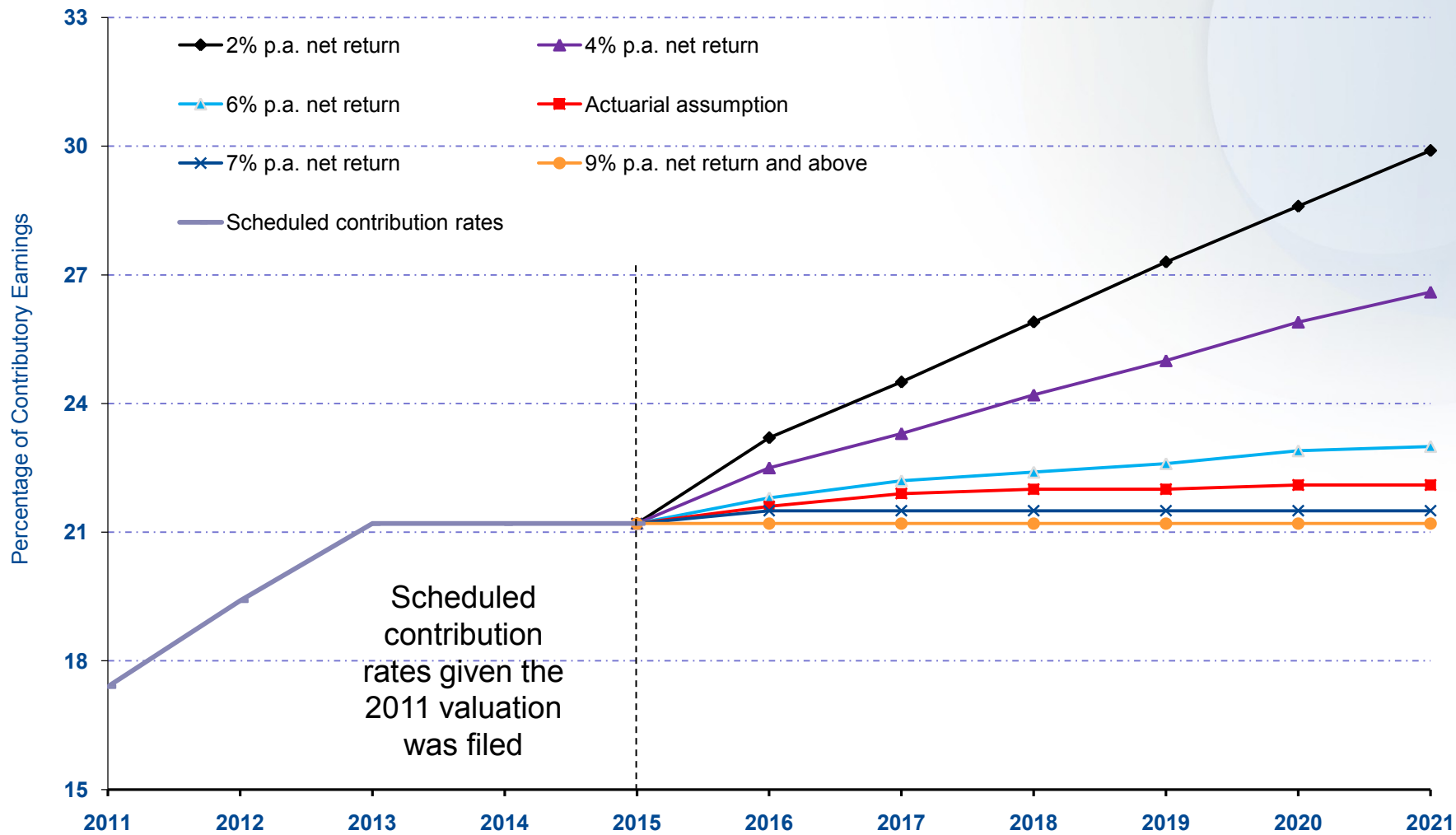
Frank Ramagnano
Ontario Professional Fire Fighters Association

Primary Plan Funded Status

Primary Plan
Funded Position
at Dec. 31, 2011



Contribution Rate Pressures



Specified Plan Changes (SPCs)

- 1) Changes to contribution rates and benefits are Specified Plan Changes
- 2) Timeline: annual cycle



- 3) Decisions to be made by end of June
- 4) 2/3 vote

2012 Specified Plan Changes

- 10 proposals put forward for consideration
 - Primary Plan and RCA contribution rates (3 proposals)
 - Indexing (2 proposals)
 - Contributory earnings
 - NRA 60 benefits (2 proposals)
 - Unreduced early retirement
 - Benefit accrual rate

- 2 changes approved

- Decision to file the 2011 valuations

SPCs Approved – Contributions

■ Interim 2013 contribution rates:

	Normal Retirement Age 60	Normal Retirement Age 65
Up to YMPE*	9.3%	9.0%
Over YMPE*	15.9%	14.6%
Blended contribution rate	12.3%	10.3%
<i>* The YMPE (Year's Maximum Pensionable Earnings) is \$50,100 in 2012</i>		

■ Future contribution rates – normal cost allocation:

- Ensure each NRA group pays for their unique benefit design and future salary increase assumptions; plus
- Share equally the remaining cost difference which is not explained by the factors above

■ Surplus/deficit sharing

Contribution Increase Examples

Examples of bi-weekly contribution increases

NRA 65 – Biweekly Contributions				
Contributory Earnings	2012	2013	Difference per pay (gross)	Difference per pay (net)
\$40,000	\$127.69	\$138.46	\$10.77	\$8.17
\$65,000	\$233.28	\$257.09	\$23.81	\$16.39

NRA 60 – Biweekly Contributions				
Contributory Earnings	2012	2013	Difference per pay (gross)	Difference per pay (net)
\$65,000	\$260.79	\$270.32	\$9.53	\$6.56
\$90,000	\$394.44	\$423.20	\$28.76	\$16.28

SPCs Approved – Earnings Limit

- **Contributory earnings will be limited to:**
 - 7 x YMPE (if effective 2012, would be \$350,700)
- **The new limit is considered in combination with the existing 50% limit on incentive pay**
 - There are now two earnings limits and both will be applied
- **The new limit will be effective:**
 - from January 1, 2014 for members enrolling in OMERS on and after that date
 - from January 1, 2016 for members enrolling prior to January 1, 2014

- **OMERS Review Act (2012)**
 - Minister appointed Tony Dean as Reviewer
 - 28 written submissions
 - 26 meetings with stakeholders
 - Report expected end of year/early next year

Governance and Consultations

- SC and OAC Board composition and appointments
 - SC By-Laws #4 and #13
- Ontario Budget: ensure sustainable, affordable pension plans for members and all Ontarians
 - Jointly sponsored pension plans
 - Broader public sector pension plan investment consolidation

- Funded position
- SC and OAC collaboration
- Participate in pension reform consultations
- OMERS Review Act (2012)
- OAC/SC Board composition and appointment

Rick Miller

Chair, OMERS Administration Corporation



OAC Board



Bill Aziz



Monty Baker



Fred Biro



David Carrington



Richard Faber



Rick Miller



Laurie Nancekivell



David O'Brien



Jim Phillips



John Sabo



Eugene Swimmer



Leslie Thompson



Sheila Vandenberg



John Weatherup

- **OMERS Review Act, 2006**
- **Joint Strategic Planning Session**

■ Forces of Change

- Aging workforce
- Longer retirements
- Continued equity market volatility
- Increasing liabilities
- Retirement “haves” and “have-nots”

■ Government Initiatives

■ Our Response

- Maintain current membership base
- Promote OMERS value and reputation
- Effective risk management
- Pursue strategic initiatives
 - grow capital
 - asset mix shift

■ Recent Investment Activity

- Golfsmith/Golf Town
- Midland Cogeneration Venture
- Enwave

Thank-you

Q&A

Moderator: Deb Preston



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