



2011 OMERS

FALL

INFORMATION MEETING

October 18, 2011

Agenda

2011 FALL INFORMATION MEETING

10:30 Opening Remarks

John Poos, SC Executive Director

OMERS Sponsors Corporation Update

Brian O'Keefe, SC Co-Chair

Marianne Love, SC Co-Chair

OMERS Administration Corporation Update

John Sabo, OAC Chair

Q & A

John Poos

11:30 Reception

JOHN POOS

Executive Director, Sponsors Corporation



OMERS

- Ontario local governments, boards and agencies
- Defined Benefit Plan
Over 900 employers and 410,000 members
- Jointly governed and funded by employers and members

Stakeholder Interaction

- Newsletters
- Web sites (AC and SC)
- Spring and Fall Information Meetings
- Presentations

Governance - Roles and Responsibilities

OMERS Structure under OMERS Act



MARIANNE LOVE
and
BRIAN O'KEEFE

Co-Chairs, 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

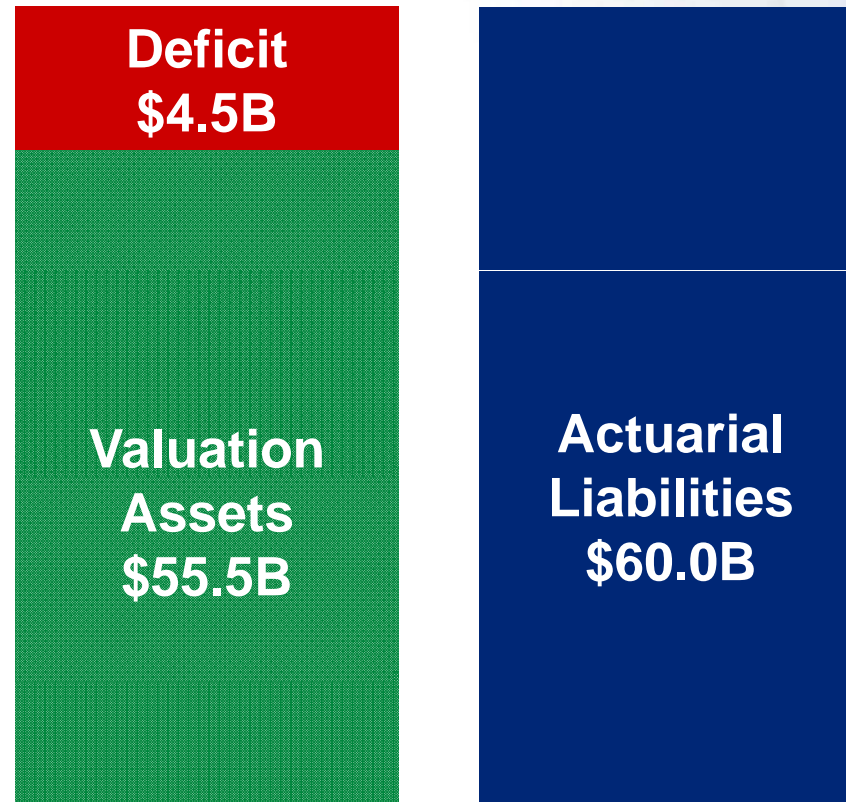
Frank Ramagnano

Ontario Professional Fire Fighters Association

Primary Plan Funded Status

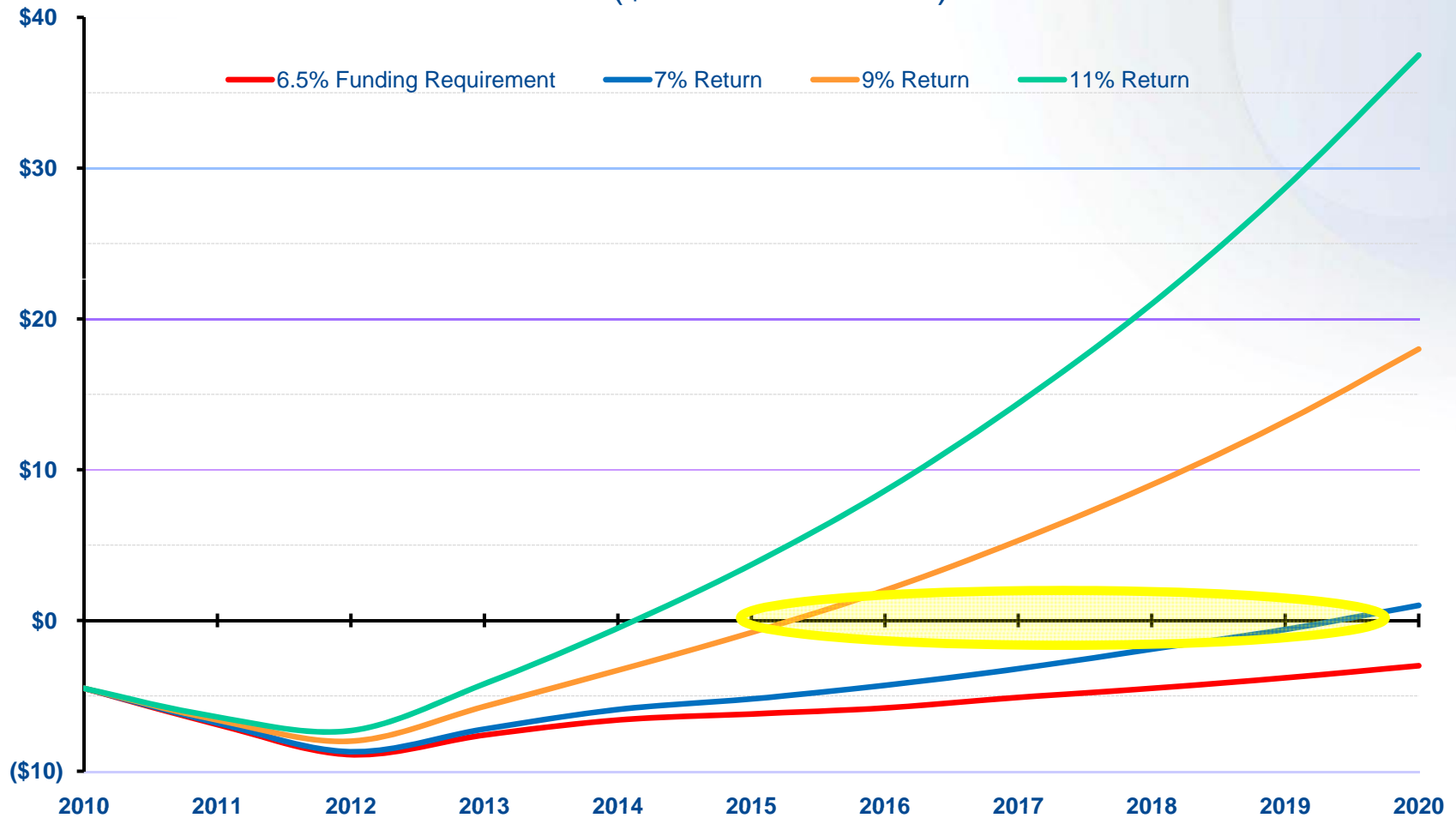
As at December 31, 2010

Primary Plan
Funded Position



Funded Position

Projected Funded Position as at December 31
(\$ value in billions)



Primary Plan and RCA

Primary Plan (RPP)

- Ontario Pension Benefits Act
- Income Tax Act

RCA

- Income Tax Act

Earnings Threshold

\$143,912 for 2011

<< Contributions to Primary Plan

Contributions to RCA >>

- Contribution rates intended to fully fund benefits

- Same contribution rates as Primary Plan
- Full funding not intended
- 2011 – 10.7% (NRA 65); 14.1% (NRA60)

Primary Plan benefits are limited to ITA maximum benefits and the RCA pays the excess

RCA Projections

- Current outlook: sufficient funds for approximately 22 years
- Actual RCA experience will likely be different and depend on factors such as investment return and salary experience

2011 Specified Plan Changes

- 7 proposals put forward for consideration
 - Primary Plan and RCA Contribution Rates (1 proposal)
 - RCA funding (3 proposals)
 - Supplemental Plan Contribution Rates (1 proposal)
 - NRA 60 benefits (2 proposals)
- 2 changes approved; one to mediation/arbitration
- Decision to file the 2010 Valuations

Contribution Rates

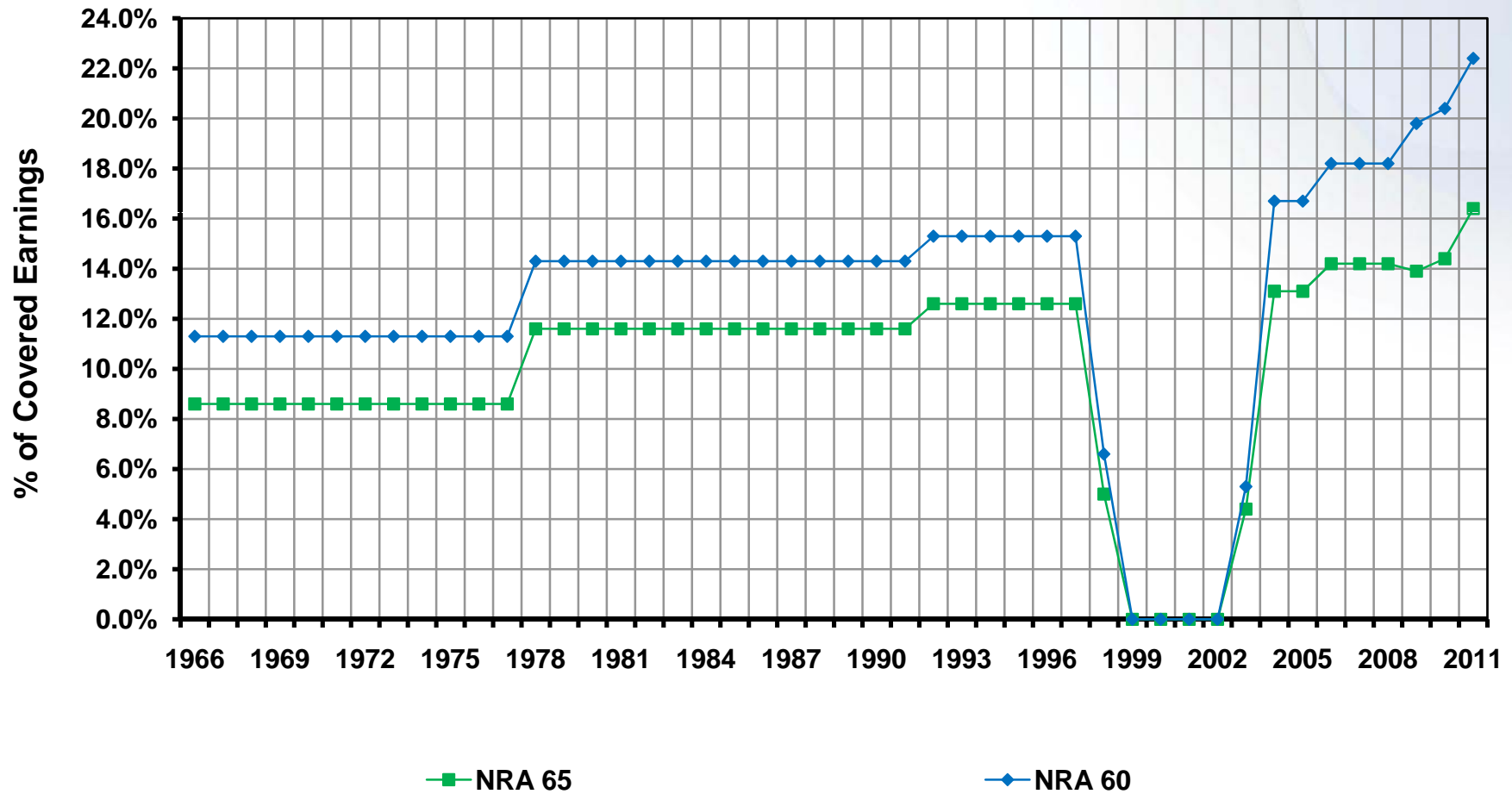
2010 Decision:

Beginning in 2011, a three year contribution rate increase totalling 2.9% per side, together with benefit changes, reflecting the requirement by the Plan to address the deficit.

- Allocation of rates across membership can be done in a variety of ways but must ensure the Plan, as a whole, receives required funding
- 2011 contribution rates established by applying a flat 1% per side increase to all groups and members

Contribution Rate History

Historical Effective Contribution Rates (Total employer-employee contributions combined)



Allocation of Contribution Rates-2012

- 2012 contribution rates determined following review of contribution rate study and additional information provided by the AC actuary
- Approved allocation affects earnings levels and members in NRA 60 and NRA 65 groups differently, but ensures Plan receives required contributions as approved (1% average per side)

		2011	2012
Normal Retirement Age 65	On earnings up to CPP earnings limit	7.4%	8.3%
	On earnings over CPP earnings limit	10.7%	12.8%
Normal Retirement Age 60	On earnings up to CPP earnings limit	8.9%	9.4%
	On earnings over CPP earnings limit	14.1%	13.9%

- CPP earnings limit (or YMPE) in 2011 is \$48,300
- Rates per side for members and employers

Contribution Increase Examples

Examples of bi-weekly contribution increases

NRA 65 – Biweekly Contributions				
Contributory Earnings	2011	2012	Difference per pay (gross)	Difference per pay (net)
\$25,000	\$71.16	\$79.81	\$8.65	\$6.40
\$50,000	\$144.47	\$162.56	\$18.09	\$12.46
\$75,000	\$247.35	\$285.63	\$38.28	\$26.36

NRA 60 – Biweekly Contributions				
Contributory Earnings	2011	2012	Difference per pay (gross)	Difference per pay (net)
\$50,000	\$174.55	\$183.71	\$9.16	\$6.31
\$75,000	\$310.13	\$317.36	\$7.23	\$4.98

Contribution Increase Examples

Impact on Employers

Dependent on each employer's workforce – NRAs and salary distribution

NRA 65 – Annual Contributions			
Contributory Earnings	2011	2012	Annual Difference
\$25,000	\$1,850.16	\$2,075.06	\$224.90
\$50,000	\$3,756.22	\$4,226.56	\$470.34
\$75,000	\$6,431.10	\$7,426.38	\$995.28

NRA 60 – Annual Contributions			
Contributory Earnings	2011	2012	Annual Difference
\$50,000	\$4,538.30	\$4,776.46	\$238.16
\$75,000	\$8,063.38	\$8,251.36	\$187.98

Future Contribution Rates

- Further comprehensive, independent review of principles to help guide the allocation of future contribution rates, including the identification of appropriate elements for a single OMERS pool
- 2013 contribution rate allocation will be set following receipt of this study in 2012, and will reflect the 2010 decision for a contribution rate increase of 0.9% per side (on average)
- Temporary benefit reductions in effect January 2013

RCA Funding Flexibility

- Earnings Threshold adjusted up or down as recommended by AC Actuary (within a corridor)
 - Lower threshold means more money streamed into RCA
 - Higher threshold means more money streamed into Primary Plan
- Objective is to avoid fund depletion for at least 20 years from each review date (annual review)
- Balances sustainability with tax inefficiency

Other Decisions

- **Supplemental Plan Contribution Rates**
 - Plan provides additional benefits, over and above the Primary Plan, for Police, Firefighters and Paramedics, if agreed to by the employer
 - Proposal sent to mediation/arbitration
 - Decision to approve proposal as originally submitted – rates decrease slightly, effective January 1, 2011
- **File 2010 Valuations**

Looking Forward... SC

- Contribution Rates for 2013
- RCA Statement of Plan Design Objectives and Strategy (by June 30, 2012)
- Ongoing monitoring of funded position
- Continue work on initiatives with AC, including pension reform
- OMERS Review Act (2012)

JOHN SABO

Chair, Administration Corporation



OMERS AC BOARD

John Sabo (Chair)

Bill Aziz

Frederick Biro

David Carrington

Richard Faber

John Goodwin

Rick Miller

Laurie Nancekivell

David O'Brien

Jim Phillips

Eugene Swimmer

Leslie Thompson

Sheila Vandenberg

John Weatherup

RECENT NEWS

OMERS AC 2011-2015
ENTERPRISE-WIDE
STRATEGIC PLAN

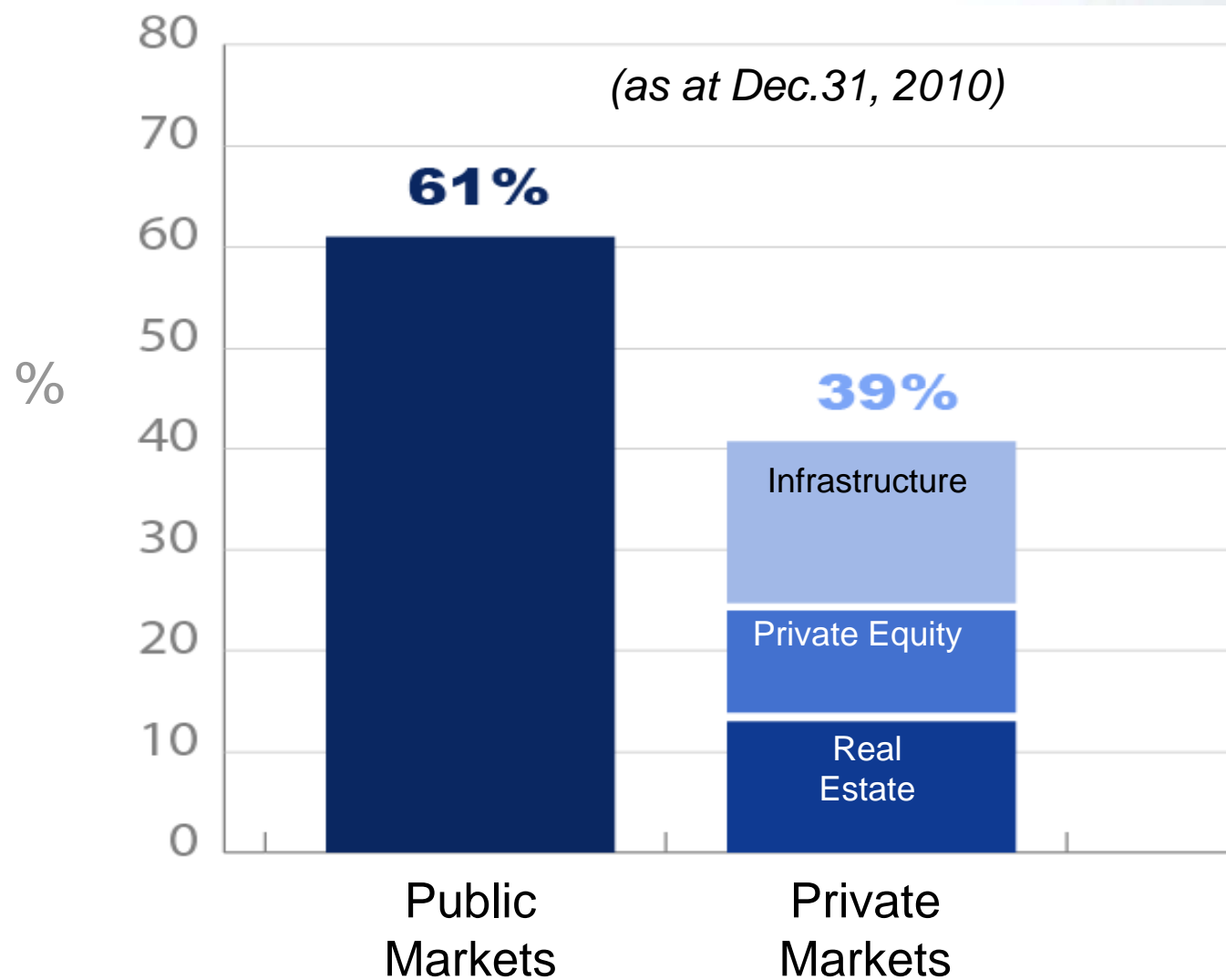
OMERS AC Strategic Plan

- Shared vision of the AC Board and Management
- Key to a long-term effort, initiated in 2004, to orient OMERS away from the volatility in public markets

1. Asset Mix Policy

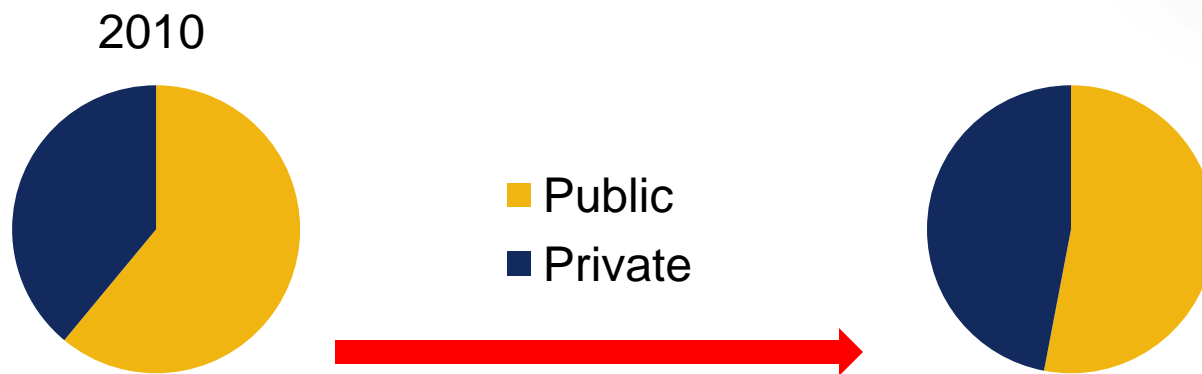
- Target is to have 53% of plan assets in public markets and 47% in private markets
- At December 31, 2010, OMERS actual asset mix was 60% public and 40% private

2010 Asset Mix



OMERS AC Strategic Plan

Very important to stay the course on this asset shift



2. Direct Drive Active Asset Management

	Costs	Income
Internal	\$ 1	\$ 25
External	\$ 1	\$ 10

These numbers represent the investments costs of the Fund only (excluding pension costs) and the income generated by OMERS investments.

3. Increase Access to Domestic Capital

- Offering OMERS expertise to other pension plans
- Offering Additional Voluntary Contributions (AVCs)

AVCs are a tax- deductible retirement savings option that will earn returns alongside the OMERS Pension Fund

4. Increase Access to Foreign Capital

Initiative known as the Global Strategic Investment Alliance (GSIA)

Select group of non-Canadian pension plans, sovereign wealth funds and other capital pools are showing interest in joining with OMERS to co-invest

5. Strategic Investment Opportunities

Moving forward on multiple fronts in developing strategic investment opportunities to fill gaps in investment strategy

6. Removal of Barriers to Growth

OMERS has recently achieved several important legislative changes, reducing unnecessary regulatory barriers constraining our investment strategy