



RE: GM28.2

OMERS Update to the City of Toronto

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OMERS Sponsors Corporation

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OMERS Administration Corporation

Tuesday, June 5, 2018

OMERS

OMERS Administration Corporation (OAC)

- 15 Board Members
- 7 each from Employee / Employer Sponsors
- An Independent Board Chair

The AC Board is responsible for:

- Pension administration
- Investments
- Plan valuation

OMERS Sponsors Corporation (SC)

- 14 Board Members
- 7 each from Employee / Employer Sponsors
- 2 Co-Chairs (1 representing Employee Sponsors, 1 representing Employer Sponsors)

The SC Board is responsible for:

- Board composition
- Setting contribution rates / reserves
- Plan design

OMERS Mission: to deliver secure and sustainable defined benefit pensions to our members.

OMERS membership is diverse



OMERS serves almost half a million active, deferred and retired employees of nearly 1,000 municipalities, school boards, libraries, police and fire departments and other local agencies in communities across Ontario.

Member Demographics

	Years
Youngest Member:	14
Oldest Pensioner:	107
Average age of active members:	47
Average age of Pensioners:	71

Active Members:

- 73% work full time
- 27 % work part time
- 56% women
- 44% men

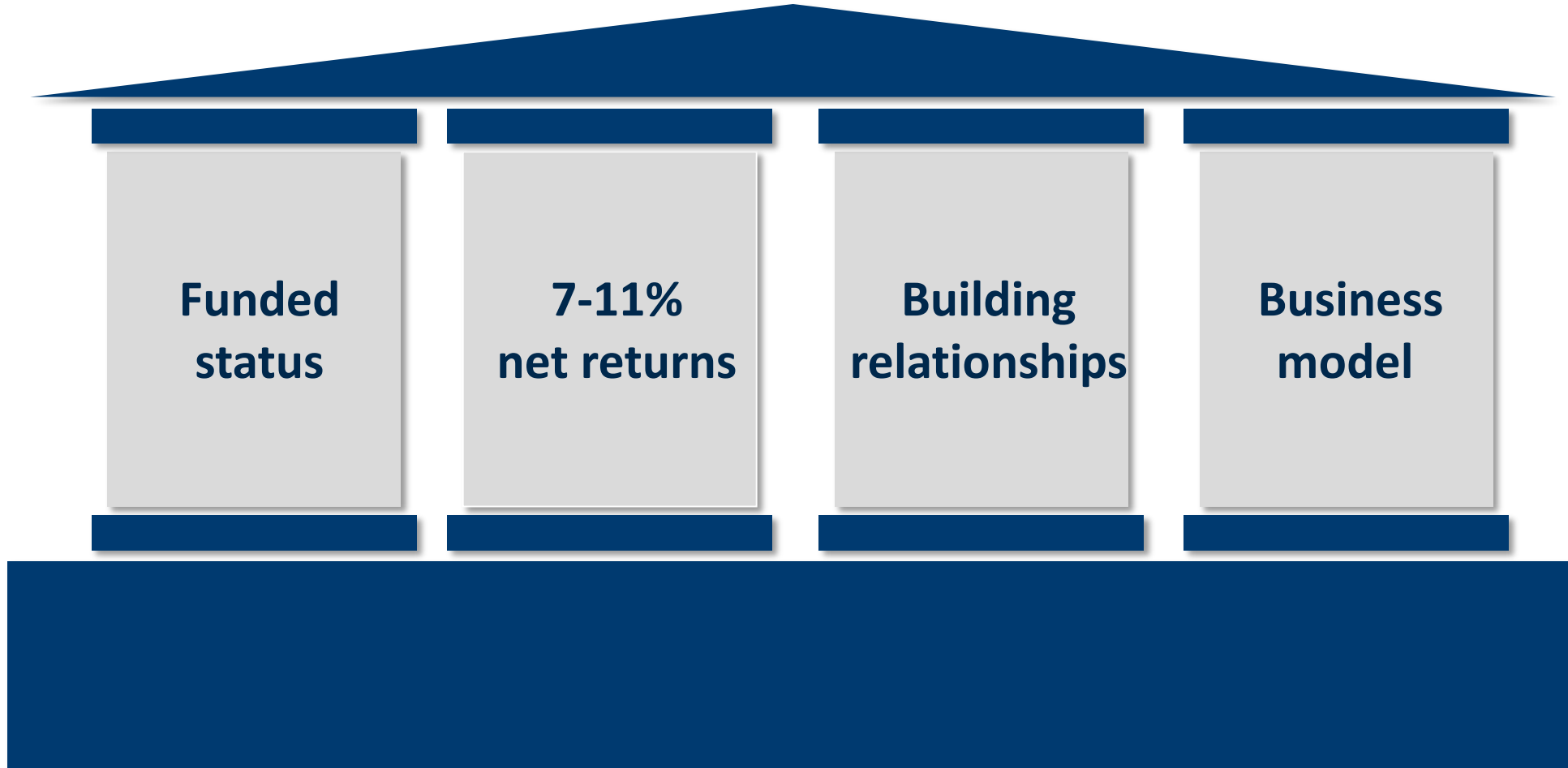


Who We Serve

Active Members	283,800
Deferred Members	43,800
Pensioners	154,400
Total	482,000



Our 2020 Strategy: driving Plan sustainability



2017 Results



 **OMERS**

The logo for OMERS, featuring a stylized orange and blue circular icon to the left of the word "OMERS" in a bold, blue, sans-serif font.

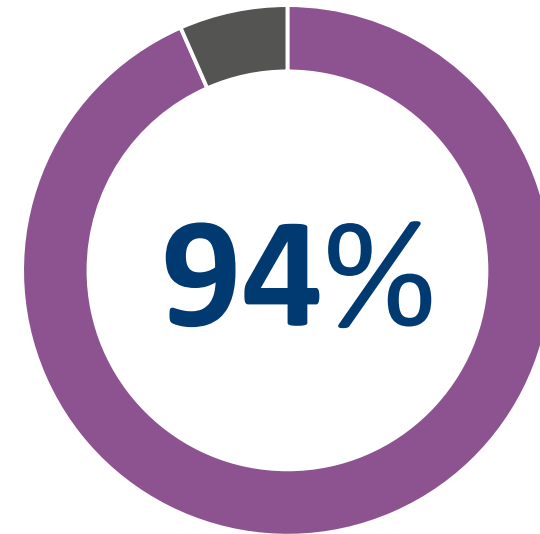
Net Return

11.5%

Net Assets

\$95 billion

Funded Ratio

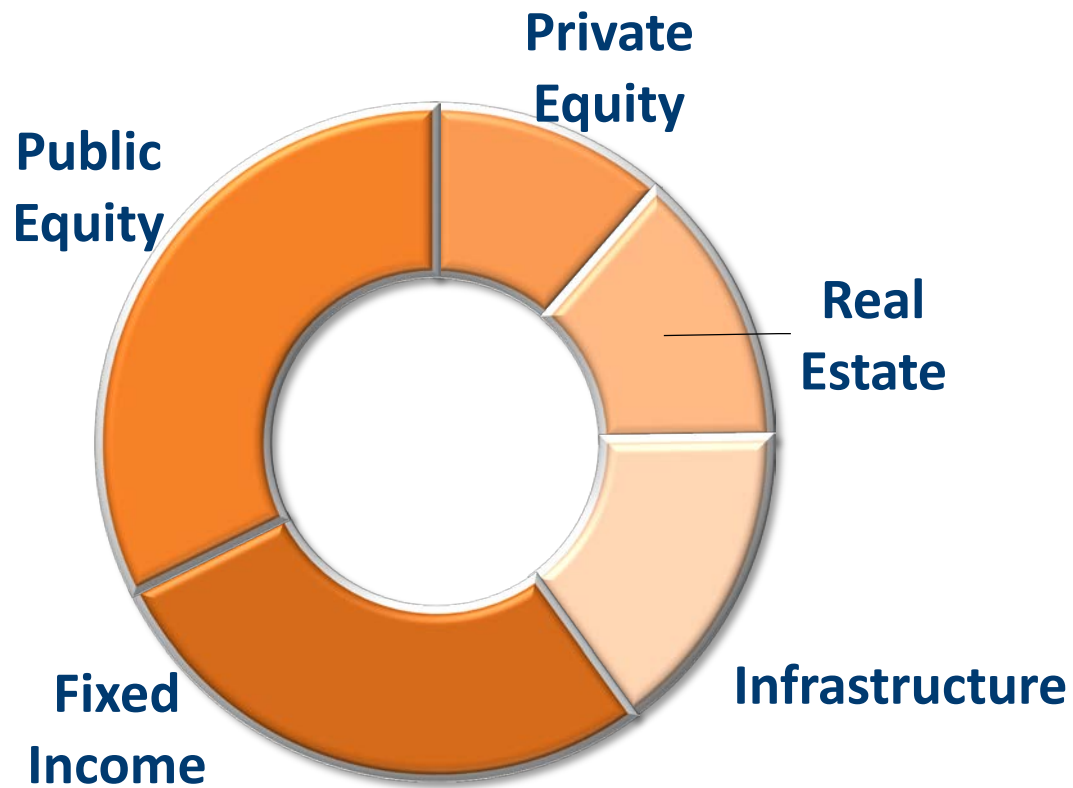


	3-year	5-year	10-year	20-year
Net Return	9.5%	8.9%	5.9%	7.0%

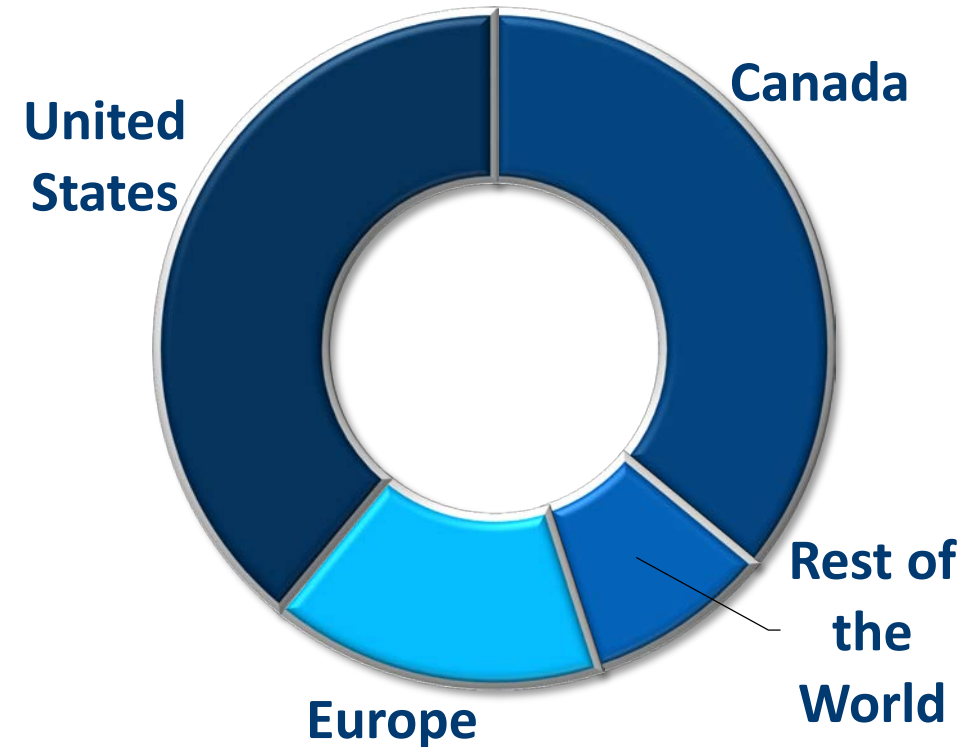
OMERS balance sheet is diversified by asset and geography



2017 Asset Mix



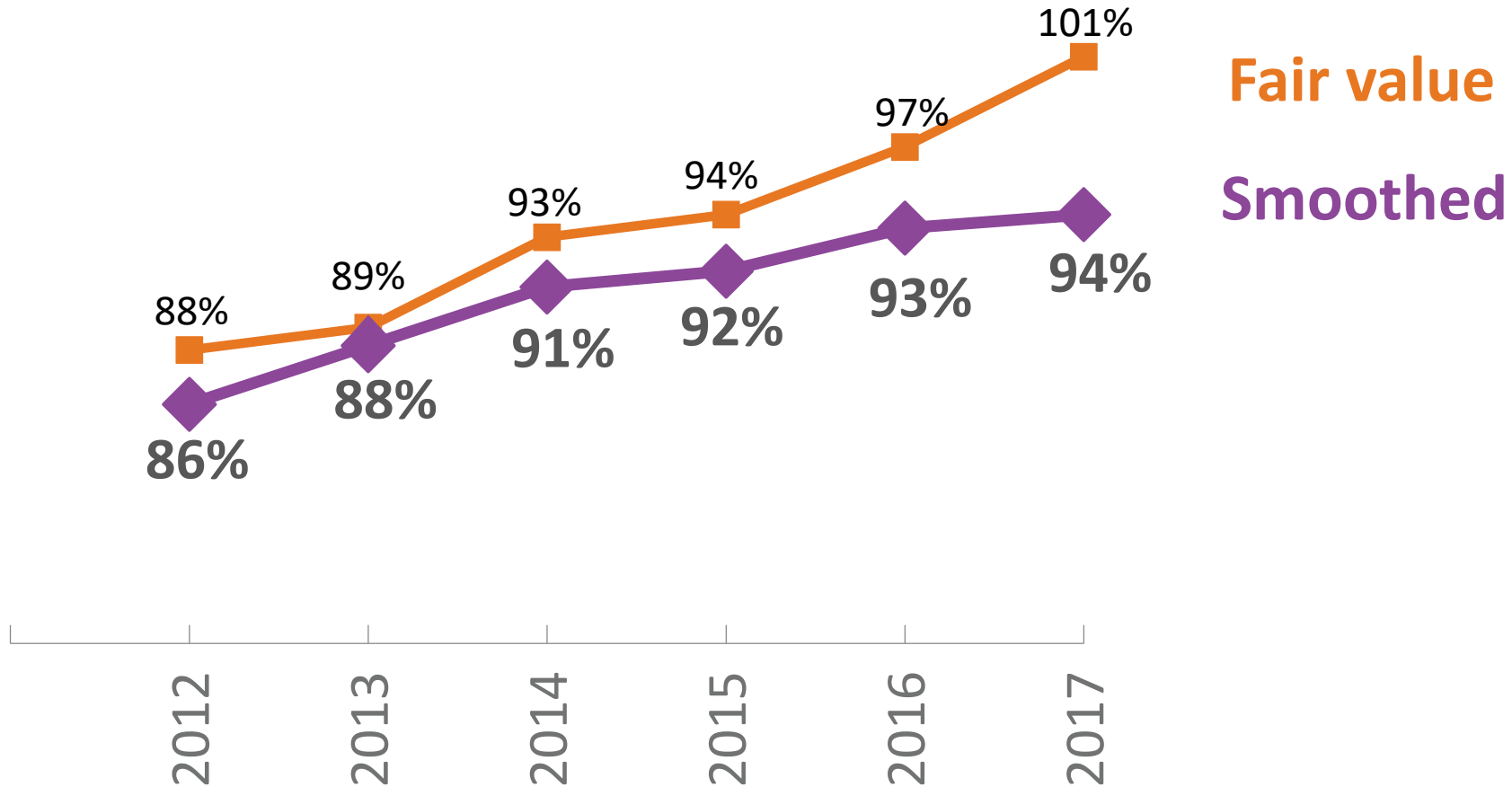
Geographic Distribution



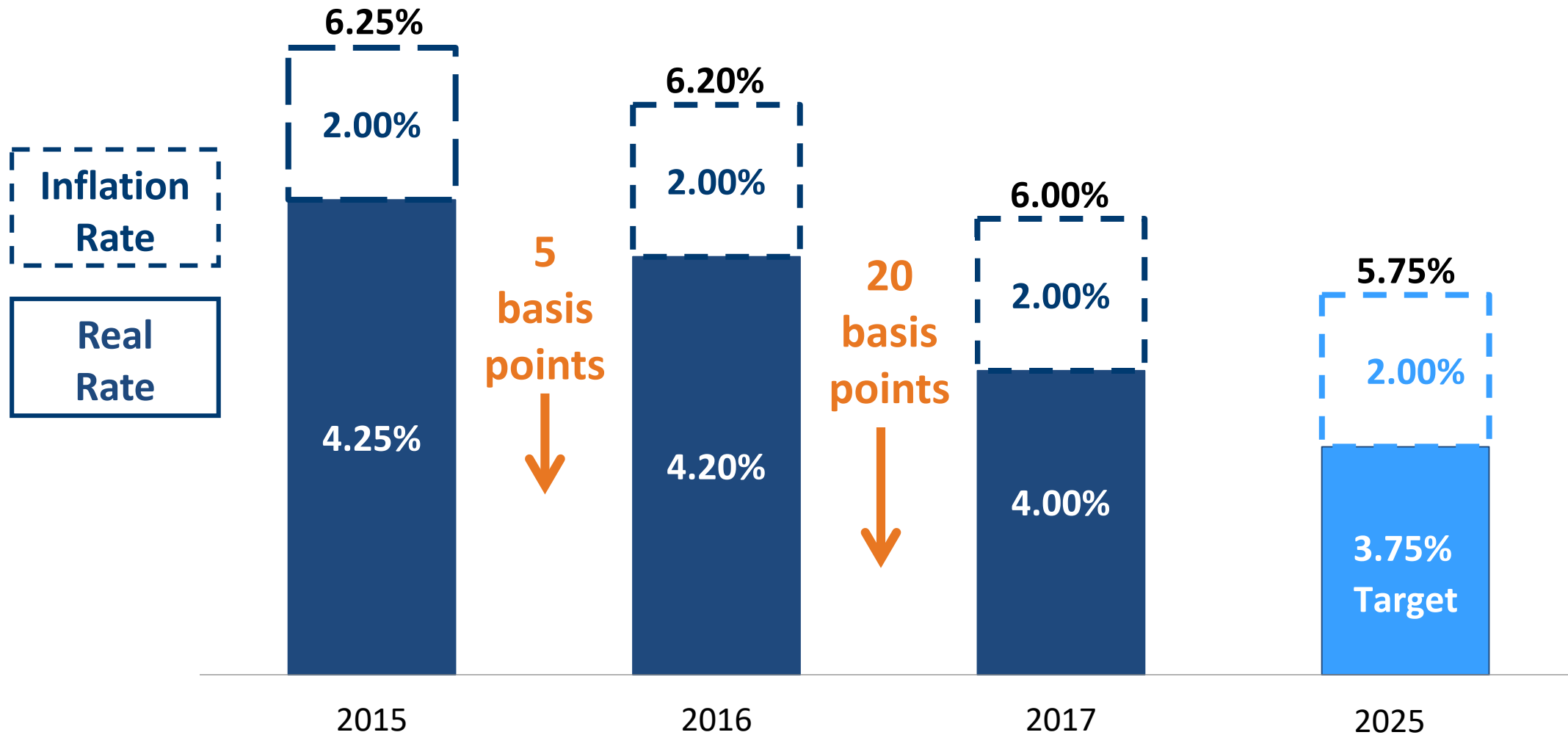
The funded ratio improved for the fifth consecutive year



We remain on track to be fully funded on a smoothed basis by 2025



We continued to reduce the discount rate





Plan Sustainability

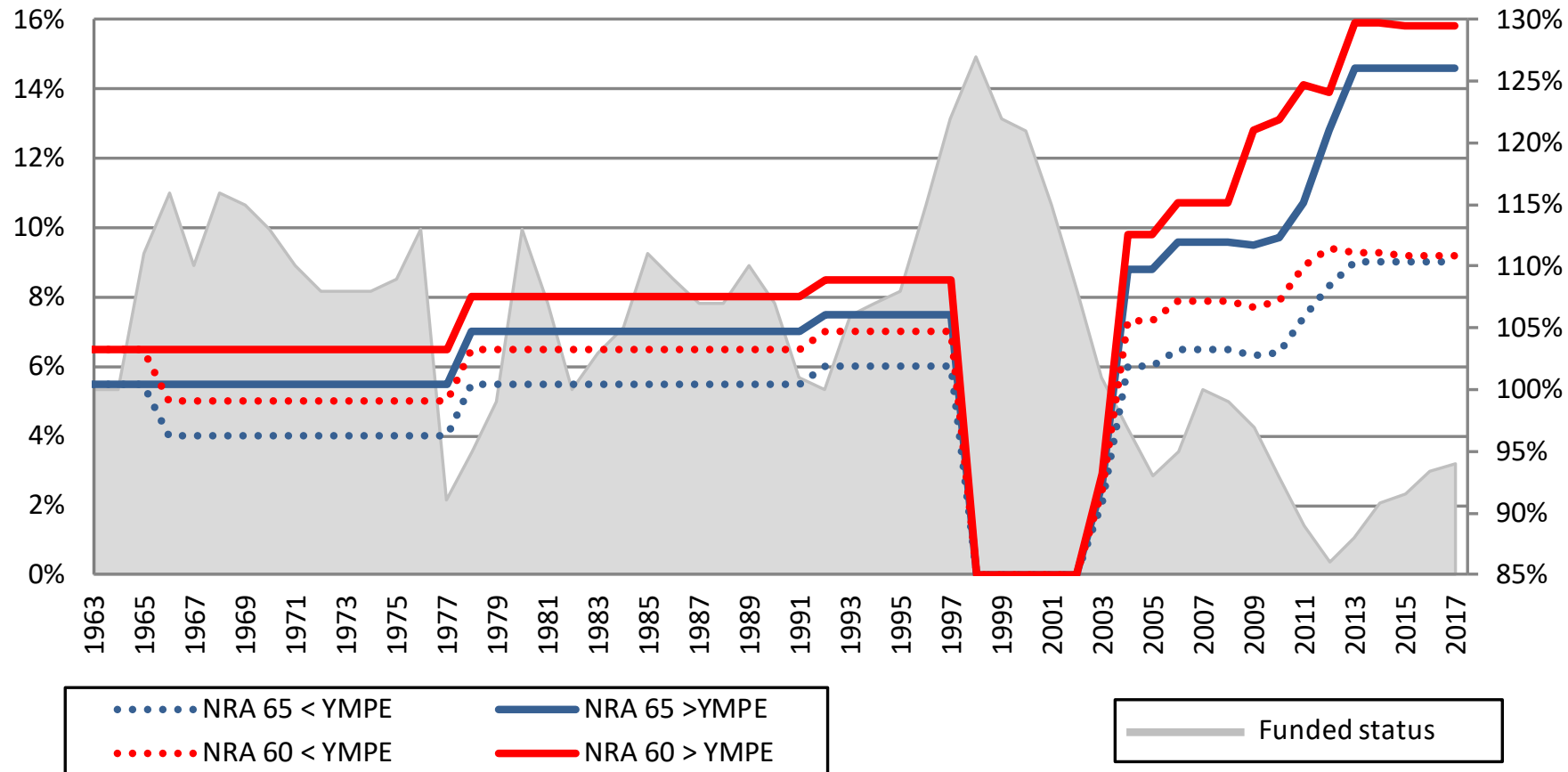


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OMERS FUNDING IN CONTEXT



Per Side Contribution Rates and Funded Status

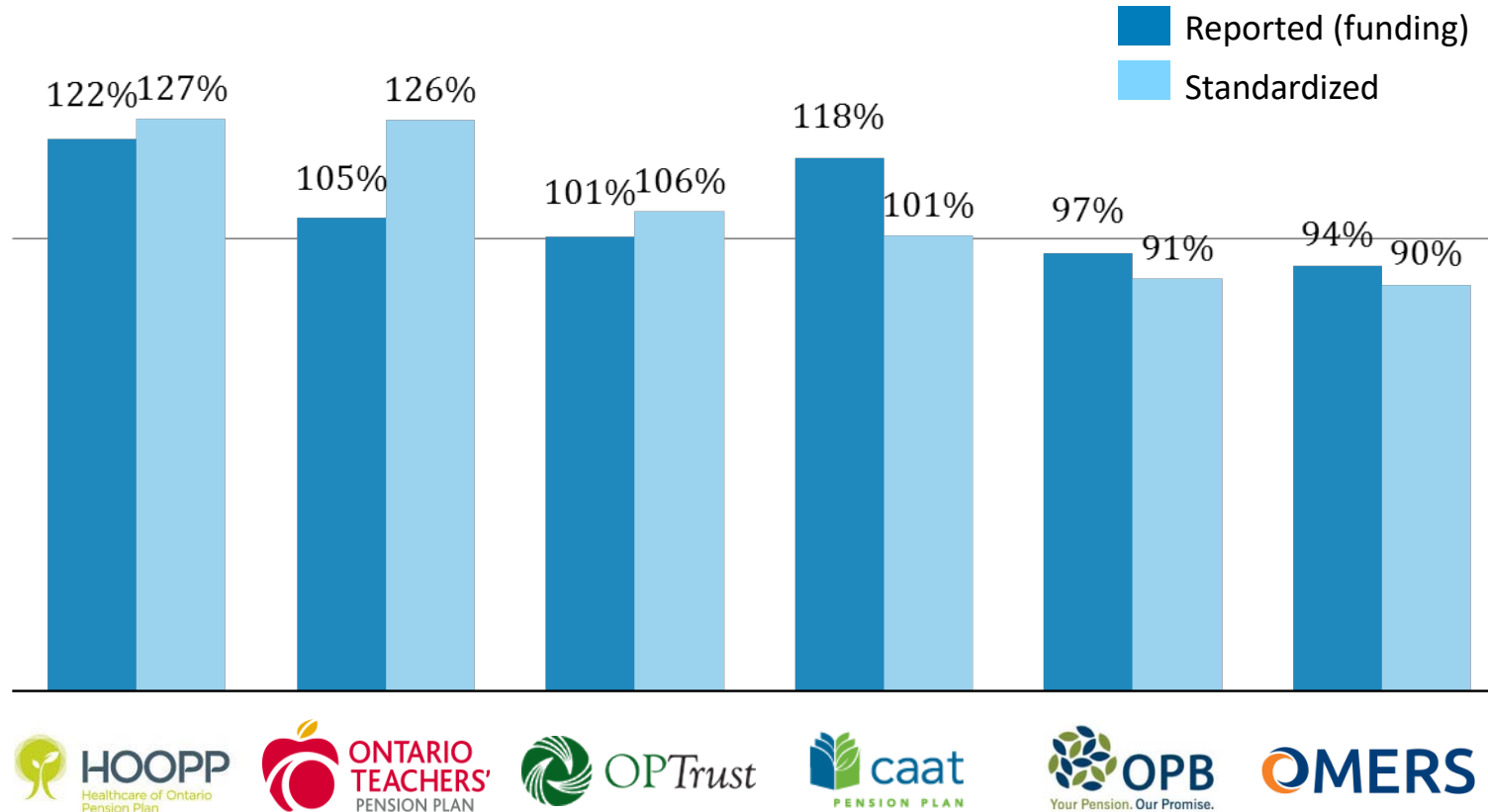


Funding improvement – but still not recovered

FUNDED STATUS



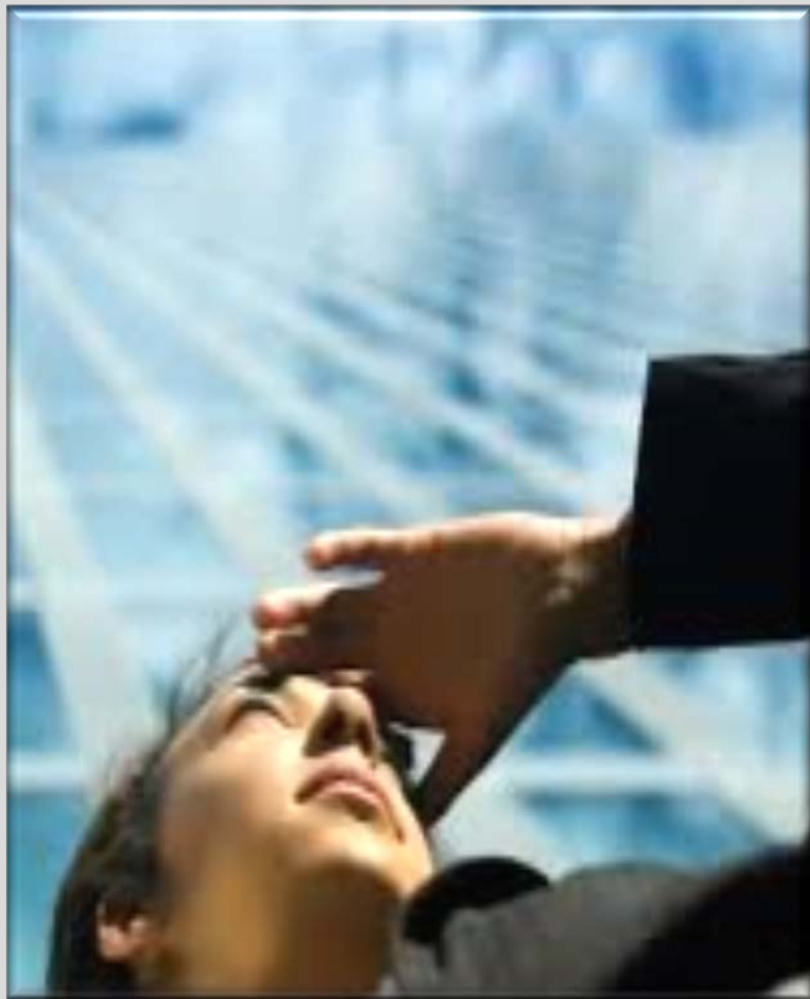
- 3.25% real discount rate used for normalized funded ratios (versus 4.0% used by OMERS at year end 2017)



If OMERS was 110% funded with a discount rate of 5.75%, we would still not compare well

Note: HOOPP, OPTrust and OMERS results are updated to the end of 2017; OTPP and OPB results are as of the end of 2016.

Five key factors that could impact OMERS



Plan maturity



Longevity



Economic factors



Workforce trends



CPP enhancement

Defining “sustainability”

- Consistently deliver – through both favourable and adverse circumstances – an appropriate range of benefits within an acceptable range of costs and across generations

Guiding principles

- Secure
- Relevant
- Affordable
- Equitable
- Simple

The design challenge

- Balance the “appropriate range of benefits” with the “appropriate range of costs” – without favouring one generation over another

Our fundamental objective is to ensure that the Plan remains viable – and valued by its many constituents – over the next 20, 50 and even 100 years

Clarity and
Transparency

1. Decision-in-principle – June
2. Communication and Engagement – June to October
 - Sponsors, stakeholders, unions, employers, members
3. Final decision – November

Other Update



- OMERS and the City of Toronto have been working together on the consolidation of up to five (5) pre-OMERS City of Toronto pension plans into OMERS
- The projected closing date for the consolidation of the first of these plans (the York Plan) is December 2018 or January 2019, subject to regulatory approval
- Strong collaboration between OMERS and the City of Toronto



Thank You.

 **OMERS**

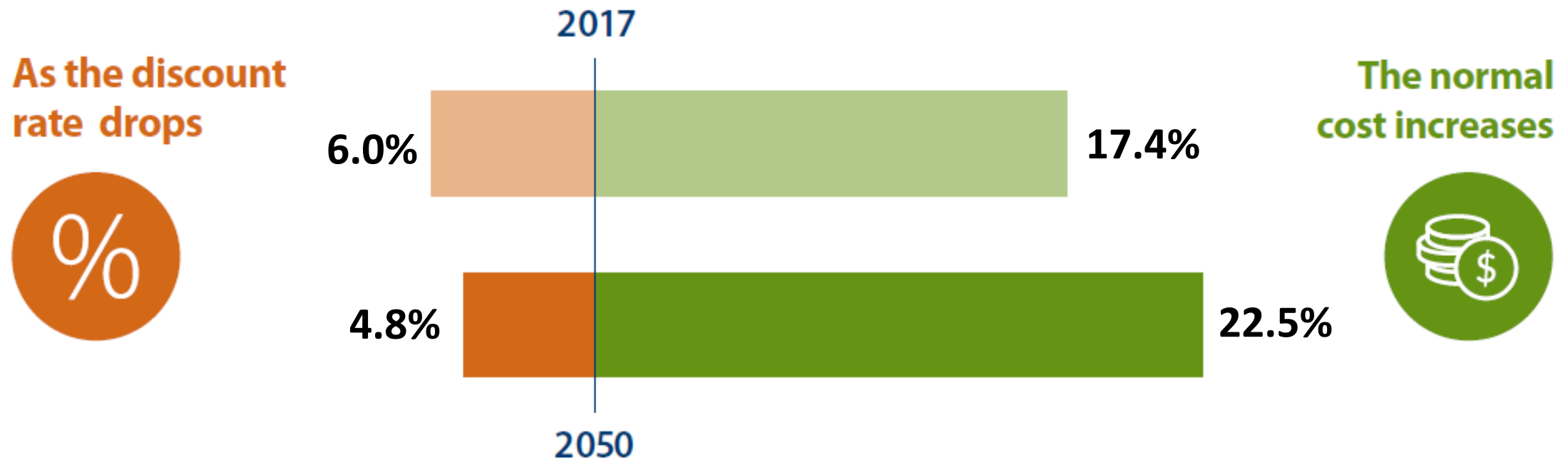


Appendices



A more conservative approach

- Developed by independent actuaries and validated by OAC Management



- In 30 years, we expect the total contribution rate to exceed current maximums

FUNDING MANAGEMENT STRATEGY: A FOCUS ON DISCIPLINE

