OMERS Update to the City of Toronto

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David Beatty, Director, OMERS Administration Corporation

June 24, 2019
OMERS today

496,000 members
- 162,000 retired
- 289,000 active
- 45,000 deferred

1,000+ employers
- Municipalities 47%
- Other Local Boards 24%
- School Boards 29%

50+ unions & associations

The City of Toronto and its agencies and corporations represent approx. 13.7% of OMERS membership with 38,657 active members
Role of SC and OAC Directors

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.
## Composition of OMERS Management and Boards

<table>
<thead>
<tr>
<th>Composition</th>
<th>Percentage of women</th>
</tr>
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<tbody>
<tr>
<td>OMERS Management</td>
<td>33%</td>
</tr>
<tr>
<td>OMERS Administration Corporation Board</td>
<td>27%</td>
</tr>
<tr>
<td>OMERS Sponsors Corporation Board</td>
<td>29%</td>
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</table>
Our 2020 Strategy: Secure and Sustainable

- Funded status
- 7-11% net returns
- Building relationships
- Business model
2018 Results
2018 Results

Net Return

2.3%

$2.2 billion

Net Investment Income

Net Assets

$97 billion

Funded Ratio

96%
### Long-term net investment returns

<table>
<thead>
<tr>
<th></th>
<th>1-year</th>
<th>3-year</th>
<th>5-year</th>
<th>10-year</th>
<th>20-year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.3%</td>
<td>8.0%</td>
<td>8.1%</td>
<td>8.0%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>
Diversification

2018 Asset Mix

- Real Estate: 18%
- Private Equity: 15%
- Infrastructure: 18%
- Fixed Income: 29%
- Cash & Economic Leverage: -13%
- Public Equity: 33%

Geographic Distribution

- United States: 44%
- Canada: 30%
- Rest of the World: 9%
- Europe: 17%
Smoothed Funded Ratio – improved

- Fair value: 97%
- Smoothed value 96%

100%
95%
90%
85%

2012 2013 2014 2015 2016 2017 2018

$1.4 billion
The Discount Rate at 2020 target

- **Inflation Rate**
  - 2.00%
  - 2.00%
  - 2.00%
  - 2.00%

- **Real Rate**
  - 4.25%
  - 4.20%
  - 4.00%
  - 4.00%

Years:
- **2015**
- **2016**
- **2017/18**
- **2020 Target**
Sponsors Corporation Update
Per Side Contribution Rates and Funded Status

Funding improvement – but still not recovered
Reflecting on the Comprehensive Plan Review

• Completed the Comprehensive Plan Review (CPR) as an opportunity to:
  • assess the Plan’s financial health in light of key realities
  • consider potential Plan changes (modernization)
  • improve sponsor and stakeholder engagement/communications

Ensure the Plan remains sustainable, meaningful and affordable for generations to come
Plan changes effective Jan. 1, 2021

Remove 35-year service cap

NRA 60 access for paramedics
Looking ahead

• There is still more work to be done
• Approved changes help address issues of fairness and equity within the Plan, but do not impact sustainability
• Leverage the CPR analysis to consider additional changes
• Increase focus on risk management

Further analyze the broad range of challenges ahead:
• plan maturity
• longevity
• economic factors
• workforce trends
• CPP enhancement
Closed Plans Update
OMERS and the City of Toronto negotiated consolidations for four of the City's pre-OMERS pension plans

The first of these transactions, involving the City of York Pension Plan, closed on January 8, 2019

With regulator approval, the other three transactions to close in late 2019 / early 2020

The consolidation transactions between OMERS and the City of Toronto provide value for OMERS, the City and members of the pre-OMERS plans
Thank You.