

OMERS Update to the City of Toronto

Joe Pennachetti

Director, OMERS Sponsors Corporation

John Armstrong

Director, OMERS Administration Corporation

October 16, 2024

OMERS



The City of Toronto Directors



Joe Pennachetti

Director, OMERS Sponsors Corporation (SC)



John Armstrong

Director, OMERS Administration Corporation (AC)

Agenda

Role of AC and SC Directors

A look at our members

2024 mid-year investment update

Climate Action Plan

Sponsors Corporation update

Looking forward



Role of AC and SC Directors

OMERS Administration Corporation (AC)

- 15 board members
 - 7 each from employee/employer Sponsors
 - An independent board chair
-

AC Board is responsible for:

- Pension administration
- Investments
- Plan valuation

OMERS Sponsors Corporation (SC)

- 14 board members
 - 7 each from employee/employer Sponsors
 - Board chair and vice-chair, appointed from the 14 board members (effective January 1, 2021)
-

SC Board is responsible for:

- Appointments
- Benefits
- Contributions

OMERS mission: To deliver sustainable, affordable and meaningful defined benefit pensions to our members.

We serve multiple generations...

626,000+

Members

12% increase since January 1, 2023

32%

Pensioners (202,000)

56%

Active members (352,000)

12%

Deferred members (72,000)

Figures as at June 30, 2024, unless stated otherwise

42.3%

Male

68%

Full time members

72

Average age
of pensioners in 2023

\$31,953

Average pension for
members retiring in 2023

+\$6.1B

Pension payments in 2023

57.3%

Female

32%

Non full time members

45

Average age of active
members in 2023

12,000

New pensions
added in 2023

+\$5.0B

Contributions in 2023

0.4%

Identify as "other"

109

Oldest pensioner

14

Youngest member

*Figures above as at June 30, 2024,
unless stated otherwise*

OMERS and the City of Toronto

The City of Toronto (~29,500) and its 30 agencies and corporations (~15,650) represent ~13.4% of OMERS membership, totalling 45,000 active members (12.5% increase from December 31, 2022)

Largest employer

The City of Toronto, along with its agencies and corporations, is the largest employer in the OMERS Plan

~45,000

The City & agencies
OMERS members

5,872

City & agencies NFT enrolments
January 1, 2023 – June 30, 2024

City of Toronto only

21,528

(7.0% increase from 2022)

Continuous full-time employees

7,982

(41% increase from 2022)

Other-than-continuous
full-time employees



In late 2023, we worked with CANCEA to refresh the Economic Contribution study to reflect the **2023 economic contribution of OMERS activities in Ontario**

1 in 11 households in Ontario are impacted by OMERS

OMERS activities help to generate **\$13.7 billion** of GDP annually in Ontario, a **15% increase** from 2021

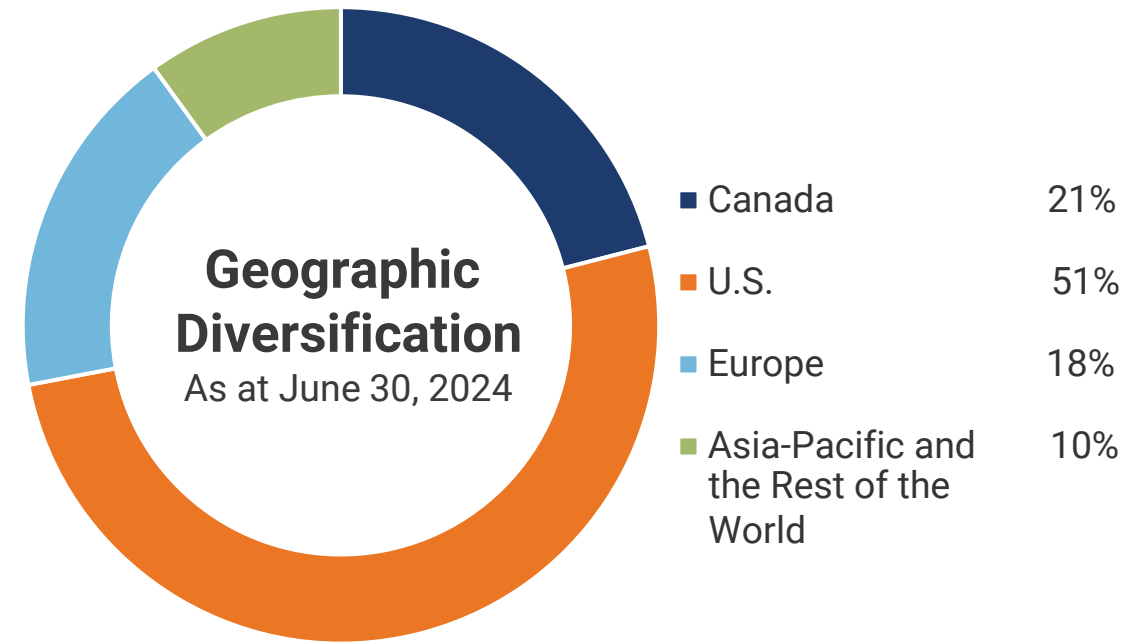
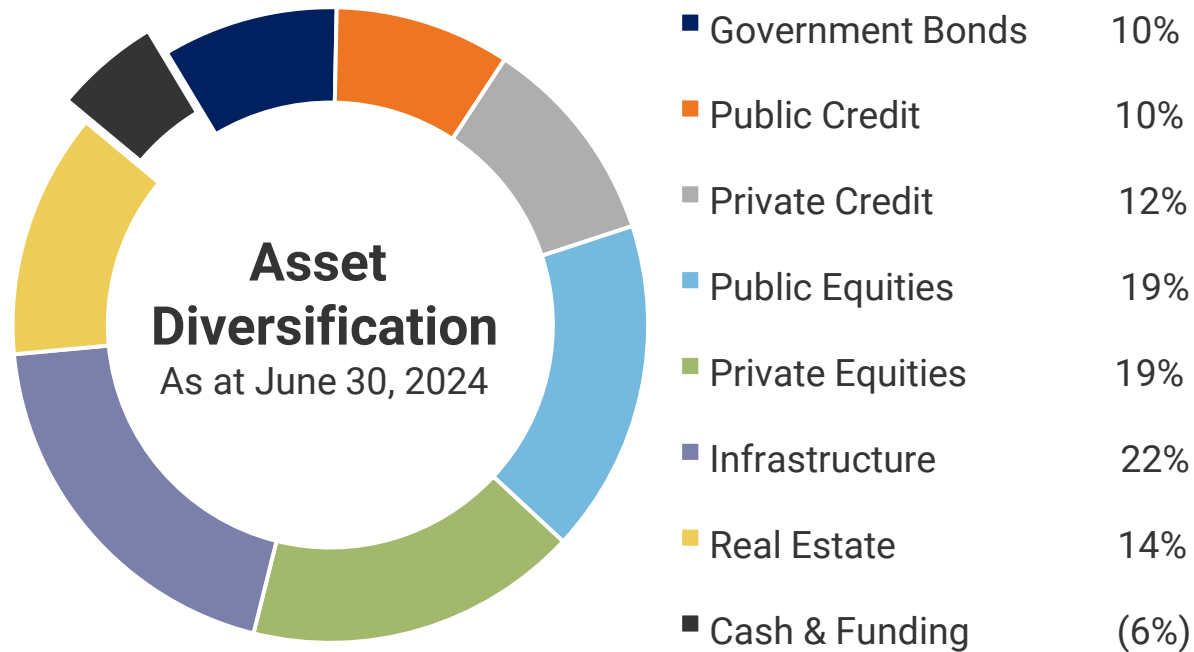
\$8.7 billion, a 26% increase from 2021, of economic contribution is generated by retirees spending their pensions

This activity supports more than **143,200 jobs**, an **increase of 21%** from 2021 provincewide

OMERS economic contribution generates almost **\$4 billion** of federal and provincial government tax revenues



OMERS investments are well-diversified by asset type and geography



Net return to June 30, 2024

4.4%

\$5.6 billion

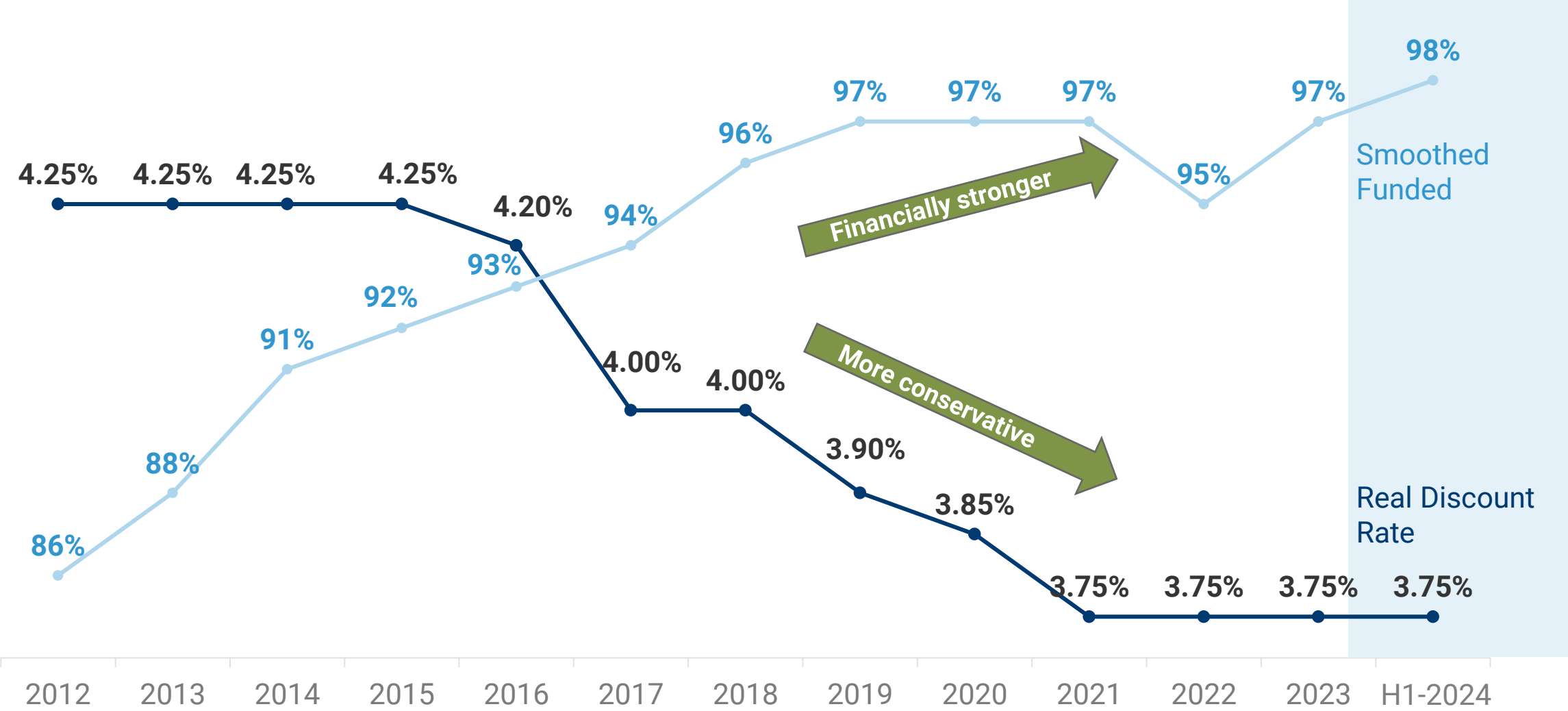
Six-month

7.1%

\$67.5 billion

10-year

OMERS smoothed funded ratio improved to 98%



Our commitments to sustainable investing

2050

Achieving net zero:
portfolio and operations

50%

Portfolio carbon emissions
reduction by 2030

Interim

Goals set every 5 years

\$30B

Green investments by 2030

2030

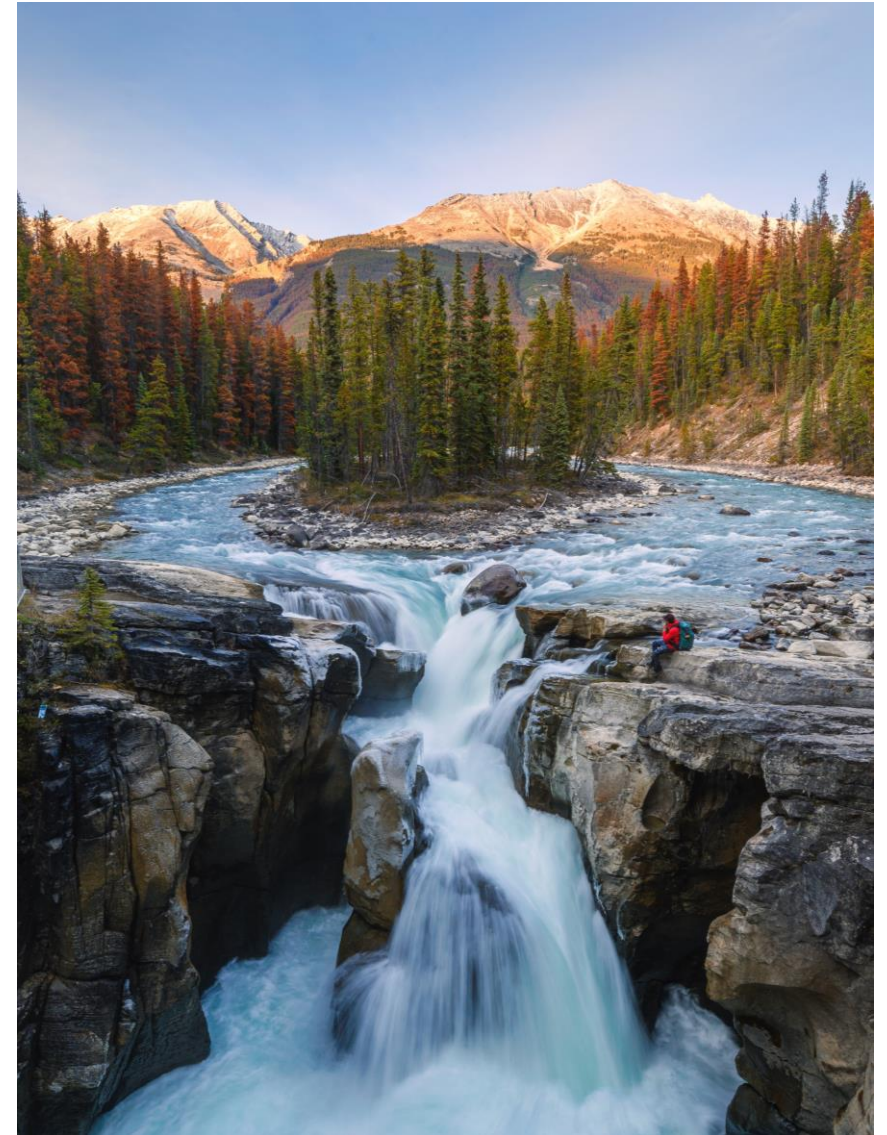
Top 20 highest emitters
have credible net-zero
transition plans

\$3B

Transition sleeve

Exclude

Companies with material
revenues from thermal coal



Four key areas of the SC's ABC mandate

As part of the SC's normal course of business, focus is on the key areas that allow the Board to fulfill its mandate

1

Reviewing policies and by-laws to ensure effective governance

2

Completing appointments to both the AC and SC Boards

3

Assessing the appropriateness and fairness of benefits and contributions across our diverse membership

4

Ongoing monitoring of the Plan's long-term health

Last fall, the SC completed an assessment of the Plan's long-term funding health

Objective

Ensure the Plan has the resilience to deliver sustainable, affordable and meaningful lifetime pensions in the decades to come

Conclusions

Need to continue building resilience

Use favourable future experience to build buffers as the Plan matures

Stay the course – no changes to benefits or total Plan funding at this time

Our responsibility is to regularly perform Plan reviews to ensure the foundation stays strong over time and over a range of possible future outcomes

Reallocation of contribution rates

In June 2024, the SC approved three policy updates, effective June 25, 2024, and a reallocation of contributions effective January 1, 2027:

- First change in contribution rates since 2015
- **Cost neutral** to the Plan; in aggregate, total member and total employer contributions not change
- Reallocation of total contributions to preserve **fairness** in price over time across a diverse membership
- Aligned with approved contribution allocation **principles**
- **Long notice period** (2.5 years) for community to prepare

Reallocation of contribution rates

The contribution rates will be adjusted effective January 1, 2027 as follows:

- Same or lower contributions for 70% members
- Higher contributions for police, fire, others above \$90,000
- Net zero impact across all employers
- **Individual impact on employers depends on their member demographics**; some will pay more, some will pay less
- Annual contributions made by City of Toronto and its agencies, boards and corporations will **increase** by approximately **1.3% starting in 2027**

	Approved contribution rates (effective January 1, 2027)			
	Portion of contributory earnings			
	Below YMPE*		Above YMPE*	
NRA 65	8.6%	- 0.4%	15.7%	+1.1%
NRA 60	9.6%	+0.4%	16.7%	+0.9%

* YMPE refers to the Year's Maximum Pensionable Earnings. It is the earnings threshold used to determine the Base Canada Pension Plan benefits and contributions. The 2024 YMPE is \$68,500.

Looking forward: A provincial governance review

The Minister of Municipal Affairs and Housing (MMAH) recently advised of the government's intent to conduct a governance review of OMERS

Background:

- OMERS governance has not been reviewed since 2012 when it was reviewed by Tony Dean
- This year, some sponsors/stakeholders wrote to the Ontario government requesting a governance review of the current OMERS governance model
- The MMAH has posted notice of its intent to retain a special advisor to conduct this review with a term from October 10, 2024 to September 19, 2025
- The review will include the evaluation of the current governance model and will assess its effectiveness, decision-making processes, composition, and engagement with employees/employers
- OMERS AC and SC Boards will cooperate fully throughout this process

New SC Board Member in 2025



Giuliana Carbone



Questions & Comments