



2010 FALL INFORMATION MEETING



Toronto, Ontario
October 18, 2010

John Poos

Executive Director, Sponsors Corporation



Opening Remarks

- John Poos, SC Executive Director

OMERS Sponsors Corporation Update

- Marianne Love, SC Co-Chair
- Brian O'Keefe, SC Co-Chair

OMERS Administration Corporation Update

- John Sabo, OAC Chair

Q & A

- John Poos

Closing Remarks

- John Poos

Reception

- Ontario local governments, boards and agencies
- Defined Benefit Plan
 - 928 employers; over 400,000 members
- Jointly governed and funded by employers and members



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



Sponsors Corporation Composition

Employer Representatives

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

Joe Aitchison
Ontario Association of Children's Aid Societies

Wayne McNally
Ontario Catholic School Trustees' Association

John Fleming
City of Toronto

Charlie Macaluso
Electricity Distributors Association

Garth Pierce
Ontario Association of Police Services Board

Bruce Stewart
Association of Municipalities of Ontario

Plan Member Representatives

Brian O'Keefe (Co-Chair)
CUPE Ontario

Mark Ferguson
CUPE Local 416

Jack Jones
Ontario Secondary School Teachers' Federation

Bruce Miller
Police Association of Ontario

Paul Bailey
Retiree - Police Pensioners Association of Ontario

Marnie Niemi Hood
Ontario Public Service Employees Union

Frank Ramagnano
Ontario Professional Fire Fighters Association

Marianne Love
and
Brian O'Keefe
Co-Chairs, Sponsors Corporation



- Decade Ago - \$6B Surplus
 - Contribution Holiday (1998 – 2003)
 - Benefits Improvements (indexing, higher pension, etc)
 - Stock Market Collapse (2001, 2002 and 2008)

■ Funded Status

- 2007 - \$82M surplus
- 2008 - \$0.3B deficit (99.4% funded)
- 2009 - \$1.5B deficit (97.2% funded)

■ Deficit is projected to grow to:

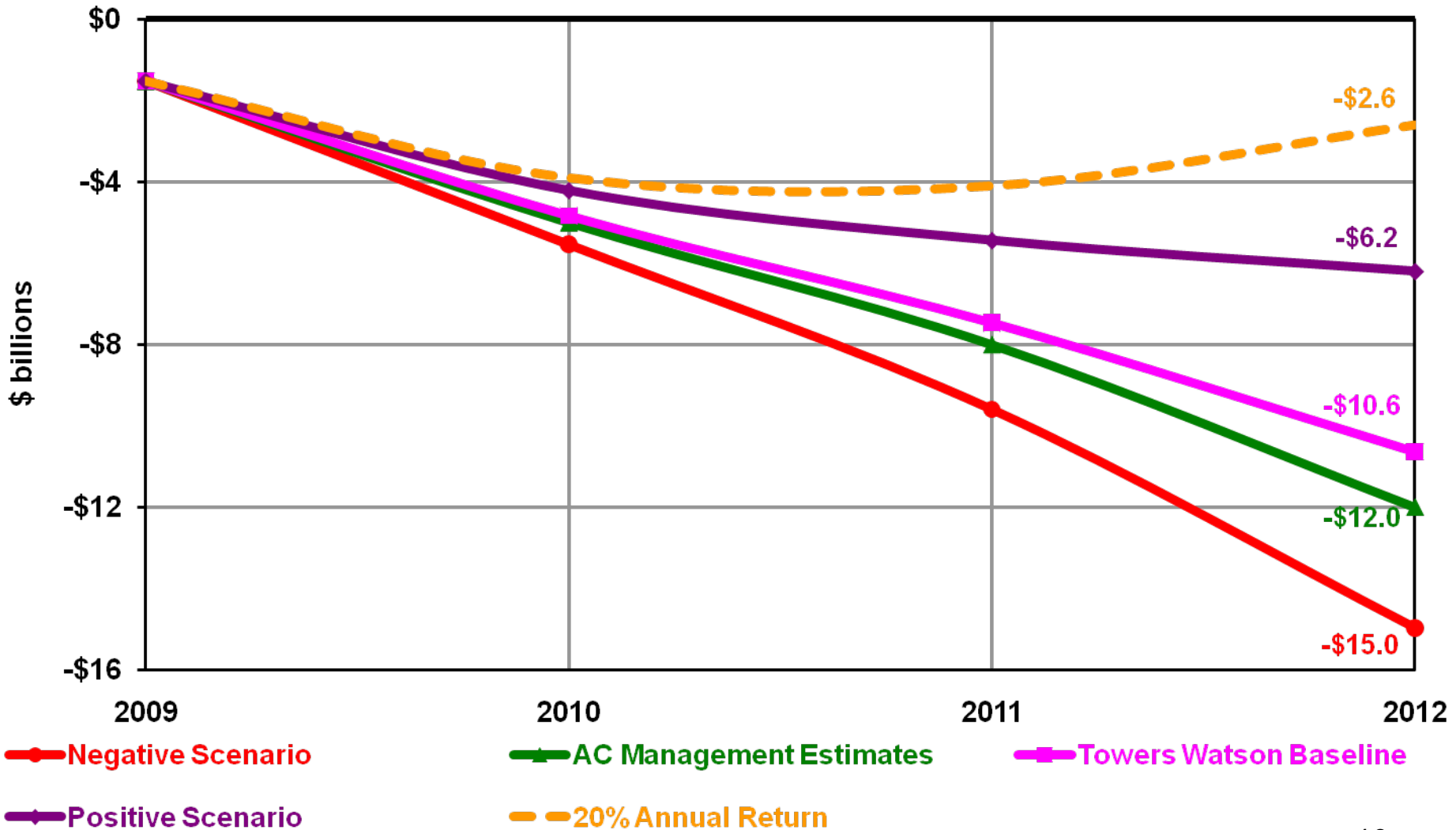
- \$5 billion (end to 2010); \$8 billion (end of 2011) and as much as \$12 billion (by the end of 2012)

■ Reasons

- Continued recognition of the 2008 loss;
- Impact of changes to actuarial assumptions;
- Interest on deficit; and
- Aging of Plan membership.

Towers Watson Projections (Primary Plan)

Projected Going-Concern Surplus/(Deficit) at Dec 31



Options for Addressing Pension Deficits

- Increase contribution rates
- Reduce future benefits
- Solid investment returns
- Combination of above



- Changes to contribution rates and benefits are Specified Plan Changes
 - 2/3 vote
 - Decisions to be made by end of June
 - Process has concluded for 2010

- 10 proposals put forward for consideration
 - 3 multi year approaches
 - Increase contributions and file 2009 valuation
 - Rescind cap on contributory earnings
 - NRA 60 for Police Civilians and Paramedics
 - 2 RCA funding
 - Contributions during periods of reduced pay/hours



- Address growing deficit now
 - Impact less severe
 - Manage the health and long term viability of the plan
- Multi year, phased in approach
- Temporary until plan returns to surplus

- Phased in contribution rate increase:
 - Effective January 1st
 - 2011 – 1%
 - 2012 – 1%
 - 2013 – 0.9%
 - Total – 2.9% avg increase per side
 - Actual 2012 and 2013 rates will be determined next year
 - Represents a 30% - 40% contribution increase over 3 years

2011 temporary contribution rate increase

		2010	2011
Normal retirement age 65 members	On earnings up to CPP earnings limit*	6.4%	7.4%
	On earnings over CPP earnings limit*	9.7%	10.7%
Normal retirement age 60 members	On earnings up to CPP earnings limit*	7.9%	8.9%
	On earnings over CPP earnings limit*	13.1%	14.1%

*CPP earnings limit in 2010 is \$47,200; the limit in 2011 will be higher.

■ **Benefit Changes:**

- Effective January 1, 2013 on “go-forward” service only
- Impacts members leaving employment before age 55 (NRA 65) or 50 (NRA 60)
- Benefit reduction for future service (after Jan 1, 2013) for members who terminate before early retirement eligibility:
 - Elimination of pre-retirement indexation, bridge benefits and early retirement features on termination (deferred pensions and commuted values impacted)
 - No change to benefits of current retirees, current deferred members or active members who stay in Plan until early retirement

- File 2009 Valuation
- Opt out of “Grow in” rights
 - Grow in would increase plan liabilities by providing new benefits to terminated employees

- Statement of Plan Design Objectives and Strategy (SPDOS)
 - Plan Deficit Management
 - Plan Surplus Management
 - Reserves



- OAC/SC initiatives where there is overlap
 - Growth in membership
 - Third party fund management
 - Other growth initiatives including AVCs
 - Pension Reform

- Decisions
 - Support health and long term viability of the Plan
 - Ensure sustainability
 - Phased in approach
 - Temporary changes until fully funded
- Ongoing monitoring



John Sabo

Chair, OMERS Administration Corporation



OMERS Administration Corporation Board

Bill Aziz	David Carrington
Richard Faber	John Goodwin
Rick Miller	Laurie Nancekivell
David O'Brien	James Phillips
Michael Power	John Sabo, AC Board Chair
Eugene Swimmer	Leslie Thompson
Sheila Vandenberg	John Weatherup

- Key plan change decision made by S.C.
- Mississauga Judicial Inquiry
- Political Donations Policy

- Long-term funding challenges
- Five-Year Enterprise-Wide Strategic Plan

■ Six Key Drivers:

- Asset Mix Policy
- Direct-Drive Active Management
- Access to Domestic Capital
- Access to International Capital
- Strategic Investment Opportunities
- Removal of legislative and regulatory barriers to growth

- Innovative Solutions
- Commitment of the Board of the OMERS
Administration Corporation
- Support of the OMERS Sponsors Corporation
- OMERS Management and Employees

Q&A

Moderator: John Poos



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Thank You