



# Protecting our funded status

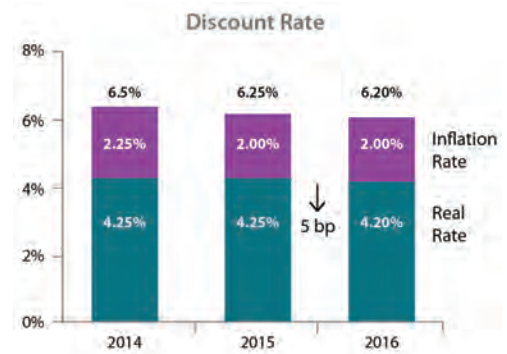
To ensure that we deliver on our pension promise.

**KEY HIGHLIGHTS:**

In 2016, contribution rates and benefits were unchanged, and they will remain at current levels in 2017. The current average contribution rate by members is 10.7% and is matched equally by employers.

In 2016, the funded ratio increased to 93.4%, up from 91.5% in 2015. The improvement in OMERS funded ratio for the fourth year in a row is due mainly to a combination of increases to contribution rates put in place in 2010, as well as positive investment returns. OMERS 2020 Strategy aims to return the Plan to full funding by 2025 and, today, we remain on course.

To reduce funding risk, OMERS reduced the Plan's real discount rate (net of inflation) from 4.25% to 4.20%, effective December 31, 2016. A lower real discount rate can help absorb the impact of potential funding stress, such as a future financial crisis. In such a situation, OMERS could raise the discount rate to



stabilize the funded status of the Plan, and mitigate the negative impact on benefits and contribution rates.

In 2016, OMERS continued to assess various options for sharing funding risk more equitably in the future, across the broader population of active and retired members. One of those options is the possible introduction of Modified Inflation Indexing, following formal consultation with key stakeholder groups. While this innovative approach to managing funding risk would have no immediate impact on the Plan, including contribution rates or benefit levels, it would give the OMERS Sponsors Corporation Board some flexibility to alter future levels of indexation, if necessary, and subject to normal governance procedures and a two-thirds supporting vote.

