Delivering secure, sustainable pensions to our members – now and in the future
We Are OMERS

We are OMERS, the Ontario Municipal Employees Retirement System. We are the defined benefit pension plan for more than 450,000 working and retired employees from almost 1,000 municipalities, school boards, libraries, police and fire departments, and other local agencies in communities across Ontario.

The benefits and services we provide are funded by equal contributions from members and their employers, and the investment earnings of our Fund. Our $72 billion of net assets are invested in a diversified global portfolio of publicly traded investments, real estate, infrastructure and private equity. We have offices in Toronto, Calgary, New York, London and Sydney.

We are governed by two corporations:

• OMERS Sponsors Corporation designs benefits and sets contributions for the OMERS Pension Plans, and determines the composition of the two OMERS Boards.

• OMERS Administration Corporation serves members and employers by collecting contributions, paying pensions and investing the assets of the Plans.

We work together toward a common goal: delivering on our promise of secure, sustainable pensions.

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Our Year in Review

At OMERS we are working to return the Primary Plan to full funding. We are working to generate value for every pension dollar contributed by OMERS members and employers, and to ensure our members can retire with confidence in their pension plan.

In 2014, our funded ratio improved from 88.2% to 90.8%. This improvement was driven by contributions from members and employers to pay down the deficit, together with strong investment returns. We received $3.7 billion in contributions from members and employers, generated net investment income of $6.5 billion, and paid out $3.1 billion in benefits. Our financial position was strengthened in 2014, moving us closer to the goal of full funding.

We continued to build a high quality investment portfolio. We generated a 10% net return for 2014, exceeding our 6.5% long-term funding requirement. We concluded the year with net assets of $72 billion, a $7 billion increase over 2013. The performance of our investments exceeded the returns required to deliver sustainable pensions to our members.

Our focus is on creating value, and we apply this mindset to providing services and operating the Plan for its members. When making decisions, we consider every pension dollar spent as if it were our own.

For OMERS, creating value means balancing the opportunities and challenges of a fast-moving world with the discipline required to focus on long-term investments. We are working to provide a more affordable and sustainable pension plan.

In 2014, our management team was realigned and streamlined under the leadership of our new President and CEO, Michael Latimer. We have invested in capable, experienced professionals with solid track records. The Boards of OMERS Administration Corporation and OMERS Sponsors Corporation welcomed new Directors and reached a new level of collaboration.

We take a strategic approach to adjusting benefits and contribution rates. In 2014, OMERS Sponsors Corporation adopted a new Funding Management Strategy, which outlines how benefits and contributions will be modified as the Primary Plan moves through periods of funding deficit and surplus.

We serve our members by investing strategically, by managing our costs, by making the best use of every pension dollar contributed, and by anticipating and meeting their needs. We are always looking to improve – to deliver a more secure and affordable pension plan now, and in the future.

$3.1 billion in benefits paid
$3.7 billion in contributions
$6.5 billion in net investment income
$72.0 billion in net assets
Funded Status

In 2014 our funded ratio improved to 90.8%, moving us closer to the goal of being fully funded by 2025. Reducing the funding deficit and reaching a fully funded position is important. The funded ratio is a key measure of the Plan's long-term financial health.

The Plan's assets are sufficient to pay for member benefits for many years to come. This is illustrated by the fact that during 2014 we collected $3.7 billion in contributions from members and employers and generated a net investment return of $6.5 billion. Together these were more than adequate to cover the $3.1 billion in pension benefits paid during the year.

Not all of our investment gains are reflected in our funded ratio for the year. This is because we “smooth” our investment returns over a five-year period. Of the gains made in 2014 and prior years, $1.8 billion was deferred and will continue to contribute to the funded ratio over the coming years.

Contribution rates, benefit levels, and investment returns are the three “levers” that need to be managed together to achieve long-term Primary Plan security and sustainability. Responsibility for managing these levers is shared between OMERS Administration Corporation and OMERS Sponsors Corporation.

OMERS Administration Corporation invests contributions to generate strong long-term returns, while OMERS Sponsors Corporation decides how and when contributions and benefits will be adjusted to manage the financial health of the Plan. In 2014, OMERS Sponsors Corporation published its Funding Management Strategy, which establishes three zones based on the Plan’s funded status – Surplus Management, Reserve Management and Deficit Management – and sets out parameters for setting contribution rates and benefits within each zone.

Despite our diversified investment strategy, we remain challenged by volatile markets, persistently low interest rates, and low economic growth, which could slow our return to fully funded status.

To be fair to all our members and employers, and to provide the flexibility needed to meet changing economic circumstances, we must balance contributions and benefits to keep pensions secure and sustainable, and we must ensure our investment returns continue to meet their long-term targets.

Plan Contribution Rates in 2015

| Normal retirement age 65 | On earnings up to CPP earnings limit | 9.0% |
| Normal retirement age 60 | On earnings over CPP earnings limit | 14.6% |

The 2015 CPP earnings limit is $53,600.
Investment Strategy

We are focused on investing prudently and making well-researched, thoughtful decisions that deliver on our responsibility to pay members’ pensions in full and on time. To earn consistent long-term returns, we invest in assets diversified by geography, economic sector, risk exposure, asset class and income stream. Diversification is a critical component of our investment strategy because it mitigates the variable performance of investment markets in any single year.

Public Markets

In 2014, we continued to take a risk-balanced approach to public markets to help us achieve required returns regardless of specific market conditions. The majority of our public holdings are in a globally diversified portfolio with exposure to equities, bonds, and commodities. The balance is invested using a variety of strategies that rely on a skilled investment team to deliver absolute returns.

Private Investments

We invest in large-scale infrastructure businesses, private companies, and high quality income-producing and development properties in Canada, the U.S. and Europe. In 2014, we opened a new investment office in Sydney, Australia – a market we have identified as an attractive source of new infrastructure investment opportunities. Our real estate arm expanded its footprint to include Boston and Paris.

Investment Returns

OMERS Primary Pension Plan

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<th>One Year</th>
<th>Five Year</th>
<th>Ten Year</th>
<th>20 Year</th>
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<tbody>
<tr>
<td>Annual Average Net Rate of Return</td>
<td>10.0%</td>
<td>7.9%</td>
<td>7.0%</td>
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<table>
<thead>
<tr>
<th></th>
<th>2014 Net Rate of Return</th>
<th>2013 Net Rate of Return</th>
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<tr>
<td>Public Markets</td>
<td>10.7%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Private Investments</td>
<td>9.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Total OMERS Primary Pension Plan</td>
<td>10.0%</td>
<td>6.0%</td>
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Serving our Members

Ontarians who proudly call themselves OMERS members range in age from their early 20s to over 100. Each and every one of them can count on OMERS to build a financial foundation for their retirement.

OMERS members’ contributions to the Plan lower their taxable income. If members want to save more for their retirement, they can use the provision of the Plan called Additional Voluntary Contributions (AVCs), which is similar in some ways to RRSPs.

When members consider the range of options open to them under the Plan, they have the support of OMERS Client Services. Members can also attend information sessions to consult in person with knowledgeable OMERS representatives.

We provide information to members in many different ways, including webcasts. We reach out to our members in towns and cities across Ontario, and we are always looking for better ways to make sure they have all the answers they need to plan for a comfortable and financially secure retirement.

Members who are approaching their retirement age have different choices to make, but they have the same level of expert support from OMERS. To get a better idea of their entire financial position, OMERS members can access the OMERS Retirement Income Estimator at any time through their myOMERS account. The myOMERS.com website gives OMERS members secure access to their personal pension information.

Electronic member communications provide better, faster services for members. Our optional e-statements and e-news are more timely and cost-efficient to deliver – and they save paper, reducing our impact on the environment.

At every stage of their working and retired lives, we are ready to serve our members. Our member satisfaction results show that they appreciate the quality service we provide. An independent survey in 2014 showed a high average satisfaction rate.

The needs of our members are constantly changing. We are changing as well – to make sure the services we provide evolve and improve. We are giving our members the support and assistance they need to plan their retirement and get the best value from their OMERS Pension Plan.

1,500+ presentations and meetings with members and employers

900,000+ visits to omers.com

120,000+ myOMERS registered members

89% average member satisfaction rate

myOMERS is your personalized, online pension management tool

Visit myOMERS.com to activate your personal account and explore all your pension details

Obtain secure access to important information whenever you need it. Also, by choosing myOMERS e-subscription service, you receive timely pension information online.
“I know my numbers. I used the Retirement Income Estimator on myOMERS to get a pension estimate and also when I was making the decision to buy back contract service.”

- Anita

“I truly love what I do…I’m grateful for my OMERS membership.”

- Sari

974 employers

451,115 members

275,044 active

134,901 retired

41,170 inactive

81 members over 100 years of age

7,895 new retirees in 2014

“With OMERS it’s simple. Contributions are deducted every two weeks and I don’t have to worry.”

- Robert

“I know I can always count on OMERS to be there for me in my retirement.”

- Francine
When it comes to saving, it’s good to have options.

As an OMERS member, you have access to a unique retirement savings opportunity: Additional Voluntary Contributions (AVCs).

AVCs can be an excellent way to supplement your retirement income. They provide flexible contribution options to meet your personal needs, and it’s easy to participate.

Learn more about AVCs. Visit omers.com/avcs

For U.S. residents only: Neither the OMERS Primary Pension Plan nor the Additional Voluntary Contribution provision thereof (the AVC Option) is registered with the U.S. Securities and Exchange Commission. They are or may be offered and sold in the U.S. pursuant to an exemption from such registration. Note: The AVC option is not available to members who are not a resident in Canada or the United States.

For more information call Client Services 416.369.2444 | 1.800.387.0813 or email client@omers.com