2017 Highlights

- 94% Funded
- 11.5% Net Rate of Return
- $95 Billion in Net Assets
- 92% Member Satisfaction
- 482,000 Members
- $30,300 Average annual OMERS pension for members who retired in 2017
- $4.0 Billion in Contributions
- $4.0 Billion in Pension Payments

myOMERS

The most convenient and readily available tool to support you with your pension information needs is myOMERS, a secure online pension management tool.

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

Advantages of myOMERS
- View and Estimate your pension benefits
- Switch to e-delivery of your pension information
- Manage your AVC account
- Update your contact information
Your OMERS defined benefit pension has value and security

Your OMERS pension can be one of your most valuable and secure assets.

The average annual pension for OMERS members who retired in 2017 was $30,300. Payments include inflation protection, survivor benefits and a bridge pension payable to age 65.

As life expectancy continues to increase, on average, an OMERS member retiring in 2017 can expect to live to age 88. The longer life expectancy represents 25 to possibly more than 30 years of receiving your OMERS pension. Your pension is paid for your lifetime, providing you with income certainty.

Along with financial security, there are other benefits associated with your OMERS pension. In November 2017, OMERS, with Deloitte, surveyed 500 OMERS members who are retired or near retirement, and 500 retirees who do not belong to a defined benefit pension plan.

This research confirmed what we have long believed:
- OMERS members feel healthier overall and stay more physically active in retirement
- OMERS members are more active community participants and help others in need, donate more often to charity, and volunteer more
- OMERS members are also more confident about their retirement savings and about their ability to handle unexpected expenses
- They feel more confident about their ability to financially look after themselves and their families, and are less reliant on government financial support

All of these factors highlight the importance of preserving coverage under OMERS as a defined benefit pension plan.

<table>
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<tr>
<th>2018 Member Contribution Rates</th>
<th>Normal Retirement Age 65</th>
<th>Normal Retirement Age 60</th>
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<tbody>
<tr>
<td>On earnings up to $55,900*</td>
<td>9.0%</td>
<td>9.2%</td>
</tr>
<tr>
<td>On earnings above $55,900*</td>
<td>14.6%</td>
<td>15.8%</td>
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*The CPP earnings limit in 2018. There are no changes to contribution rates in 2018.
OMERS made strong progress in 2017 toward our 2020 Strategy

In 2017:

- Our funded ratio increased to 94%, reflecting improvement for the fifth consecutive year
- Our investment return was 11.5%, exceeding our benchmark of 7.3% and our 2016 investment return of 10.3%
- Member satisfaction remained high at 92%
- Member account balances in the Additional Voluntary Contributions program grew to $817 million

Contribution rates are of utmost importance to the Plan and were unchanged in 2017, and they remain at current levels in 2018.

Our target is to reduce the real discount rate to 3.75%. The real discount rate is used to calculate the present value of future pension obligations. In 2017, OMERS reduced the real discount rate by 20 basis points to 4.00%.

The Investment Management Expense Ratio was 55 basis points in 2017, compared to 61 basis points for 2016. Over the long term, we are targeting our Management Expense Ratio to be lower than 50 basis points, subject to performance-related expenses. Our Management Expense Ratio will vary and depends on many factors, including actual performance results and asset mix.

We are pleased with the 2017 results and yet are mindful of the risks that may lie ahead. Accordingly, the Sponsors Corporation launched a Comprehensive Plan Review of the design of the OMERS Pension Plans to ensure OMERS is well-positioned to deliver secure and sustainable defined benefit pensions that meet the needs of members and employers at a stable and predictable cost.
**Sustainable Investing**

We believe incorporating sustainable investing into our thinking is the right thing to do. OMERS approach to sustainable investing is founded on the belief that well-run organizations with sound environmental, social and governance (ESG) practices will perform better in the long term, and that the consideration of such factors is consistent with our long-term payment obligations to members. By considering the risks and opportunities associated with ESG factors, we believe we will achieve a better understanding of investment opportunities, which will enable us to make and manage better investments over the long term.

Sustainable investing is not something new to OMERS. As stewards of members’ capital, we have long believed in the importance of considering sustainable investing in our decisions, and have supported various organizational initiatives over the years. For example, Oxford Properties, OMERS real estate investment company, has been building and strengthening its sustainable investing platform for more than a decade. For four years in a row, Oxford received the top spot in the Global Real Estate Sustainability Benchmark survey (an industry-driven organization committed to assessing the ESG performance of real assets globally) as the North American Regional Sector Leader in the Diversified Office and Retail category.
Serving our members is an important focus for OMERS. In helping you make informed decisions about your pension, OMERS support begins when you join the Plan, and continues throughout your working life and into your retirement.

In 2017, we welcomed almost 21,000 new members into the Plan and helped over 10,000 members retire and begin to collect a pension, following a career serving the public.

Also during the year, OMERS provided a variety of options for accessing information about your pension when you want it and how you want it, including online communication and webinars, in-person information sessions, and by phone.

Pension administration expenses represent a Cost Per Member of $195 for 2017, compared to $189 for 2016. We expect that Cost Per Member will increase in the near term as we renew our pension administration system. In 2018, we will be evaluating the costs and benefits of further systems development which will establish new long-term Cost Per Member targets above the current target of $185 set out in our 2020 Strategy. We remain focused on deliberate expense management and the value of every dollar in the Plan.

We encourage you to join the more than 50,000 members who have already taken advantage of the convenience of receiving important Plan updates and information through e-subscription. Not only is this an environmentally friendly option, but it provides you with an efficient, electronic form of record-keeping. By moving to digital communication you can access your pension information 24 hours a day, and you do not have to worry about losing key information. You can obtain access by simply signing up for e-subscription on myOMERS.com.

The potential to build your retirement income with AVCs
As an OMERS member, you have a unique opportunity to participate in the Additional Voluntary Contributions (AVC) program. The AVC program is a retirement savings and investment opportunity that can supplement your OMERS pension.

Similar to RRSPs in many ways, funds in an AVC account are invested in the OMERS Fund. Contributions to an AVC account receive the same net investment return as the OMERS Fund (after expenses). OMERS net investment return for 2017 was 11.5%.

You can contribute to your AVC account by transferring funds from registered savings accounts and with regular automatic contributions. Active members can contribute $40 or more each month.

With the AVC Income Option, you can now keep your non-locked-in funds in your AVC account beyond the year in which you turn age 71.

Learn more about the AVC low-cost investment at www.omers.com/avcs.
OMERS focus is on long-term Plan sustainability. This means managing not only for today, but for tomorrow, and for generations to come. We are focused on addressing the challenges and risks that come with a changing environment.

Looking further ahead, there is both an obligation and an opportunity to consider emerging realities, including the fact that we are living longer, the nature of work is changing, the Canada Pension Plan will provide higher pensions in the future, our Plan is maturing, and we are faced with a challenging economic environment.

In 2017, OMERS continued to assess the underlying forces that can impact the future of our Plan. In addition to our ongoing actuarial assessment of the Plan, and other important analysis, we also conducted a Membership Evolution Study to better understand the changing nature of work and its impact on active members.

From this Study, we have assessed various long-term scenarios that considered the impact of active membership growth or decline. This Study provided valuable insights that are being considered in the Comprehensive Plan Review as we evaluate potential realities for the decades ahead.

While we are on track with our 2020 Strategy, and our investment returns are strong, our ongoing commitment is to ensure we are meeting your needs and preparing for the realities of the challenges ahead. Accordingly, the Sponsors Corporation initiated a Comprehensive Plan Review in 2017. The goal of this work is to ensure that your pension plan remains sustainable over the long term.

If the Comprehensive Plan Review leads to proposals for changes, the Sponsors Corporation Board will determine what, if any, Plan changes will be approved. As always, any specified changes to the Plan require a two-thirds majority vote of the Sponsors Corporation Board for approval. Advance notice will be provided before any changes take effect.
OMERS Annual Meeting

Monday, April 9, 2018
9 a.m.-11 a.m. EST (light breakfast at 8:30 a.m.)

Metro Toronto Convention Centre
North Building, Level 100, Room 105
255 Front Street West, Toronto, ON
Public parking available

Register for video webcast
Visit omers.com or omersssc.com

Contact Us
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