



2011 OMERS SPRING INFORMATION MEETING

April 19, 2011 10:00am

John Sabo

Chair, Administration Corporation



10:00

Welcome

John Sabo, Chair, OMERS Administration Corp

OMERS Administration Corp Overview

Michael Nobrega, President and CEO

Financial Overview

David Estabrooks, SVP Finance

Sponsors Corporation Update

Marianne Love and Brian O'Keefe, Co-Chairs

Questions and Answers

Michael Nobrega, President and CEO

11:30

Luncheon

OAC Board

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



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OMERS is one of Canada's largest pension plans managing \$53 billion in net assets on behalf of 400,000 members.

At OMERS we have one clear overriding commitment: paying the pensions of our current and future retirees. Everything we do is to enable us to keep this commitment.

Corporate >>

We're in it for the Long Term

Our organization is aligned with clear lines of accountability, promoting innovation, stability, service and partnership.

- [Careers](#)
- [Annual Meeting Registration](#)
- [News](#)

Investments >>

Creating Opportunity

OMERS Worldwide is expanding our international presence and with our team of highly skilled investment professionals we continue to grow our portfolio in both public and private markets across the globe.

- [About OMERS Worldwide](#)
- [Our Investments](#)
- [Performance](#)

Pensions >>

Planning for the Future

Everything we do is focused on providing first-class pension services to our members and employers. Our dynamic, expert pension team continues to develop innovative products and services to meet our members' needs.

- [About myOMERS](#)
- [Member Handbook](#)
- [Consider the AVC Option](#)



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Corporate

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- News and Events
- Governance
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- OMERS in the Community
- Pension Reform
- Careers
- Awards and Recognition
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2010 Results

Register for the 2011 Annual Meeting

Our New Look



OMERS at a Glance

One of Canada's largest pension plans, OMERS continues on a path of steady growth: growth in assets under management and growth in membership, supported by a strong vision for a secure, sustainable and prosperous future.

- [Meet our Corporate Management Team](#)
- [Our values and vision](#)
- [View OMERS fast facts](#)



News and Events

Stay informed with the latest news releases and updates on OMERS and our investment entities.

- [Read the Latest News](#)
- [Speeches and Presentations](#)
- [View our Upcoming Events](#)



Governance

Vision. Values. Results. We pride ourselves in our strong commitment to corporate and plan governance.

- [Board of Directors](#)
- [Governance Manual](#)
- [OMERS Act, 2006 and Plan Texts](#)



Annual Report

Read the 2009 Annual Report, "One Team On Course," produced by the OMERS Administration Corporation (DAC) and the Sponsors Corporation (SC), and learn how to customize your own report.

- [2009 Annual Report](#)
- [View past reports](#)



OMERS in the Community

OMERS is proud to have a team with heart, a team committed to being an integral part of a corporate culture of caring.



Pension Reform

OMERS has been a key participant in pension reform at the provincial and federal levels.

2010 Results

Major Investments

Research and Analysis



OMERS Worldwide showcases the full capabilities, accomplishments and talents of our investment entities that are specialists in private and public markets.



[Learn more about OMERS Worldwide](#)

News >>

- [OMERS Private Equity acquires CBI Health Group](#)
- [Borealis and Teachers' agree to acquire HS1, UK's only high-speed rail network](#)
- [Oxford Properties purchases UBS Global Asset Management's 50% stake in Watermark Place](#)

[View all news](#)

Who We Are >>

Our Team is in Place

Knowledge-based discipline and competitiveness guide the OMERS Worldwide groups companies.

- [About OMERS Worldwide](#)
- [Investment Management Team](#)

What We Do >>

Creating Opportunity

We focus on unlocking value using a direct-drive asset management approach forged with our partners around the world.

- [Our Investments](#)
- [Asset Mix](#)
- [Research & Analysis](#)

There's Value in Membership

Member News

Member Info Sessions

There's still time to transfer your RRSPs to AVCs

Learn how »



myOMERS Access your personal information

[Login](#)

e-access Online administration for employers

[Login](#)

For Members »



OMERS provides retirement income for life, with inflation protection and excellent survivor benefits.

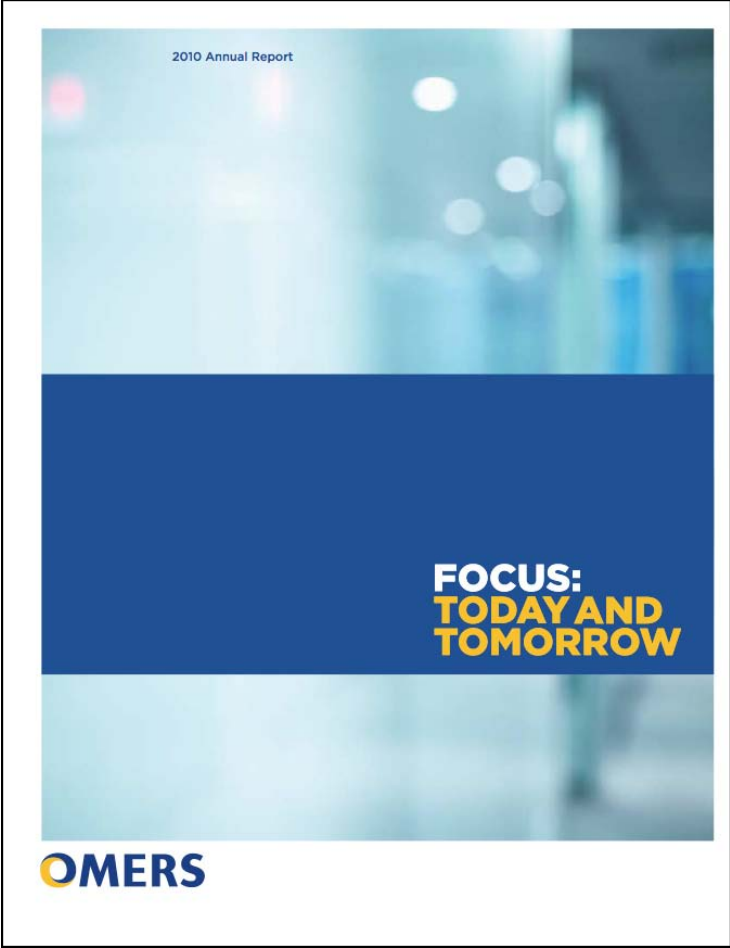
- [News](#)
- [Maximize Retirement Income](#)
- [Our Members Speak](#)
- [All information for members](#)

For Employers »



In an increasing competitive leader market, an OMERS pension is a valuable employee benefit.

- [Employer Administration Manual](#)
- [Employer Checklist for 2011](#)
- [Forms](#)
- [All information for employers](#)



- Member support of OMERS companies and products



- Strong returns in 2010
- Long-term focus

Today and Tomorrow

- Strong governance
- Management Excellence
- Collaboration
- Engagement

- Pension Fund of The Year Canada, 2011
- Second year in a row
 - Financial stability
 - Managing risk
 - Performance
 - Governance
 - Employee development



External Recognition

- Management recognition
- Board recognition
- Top 50 Employer



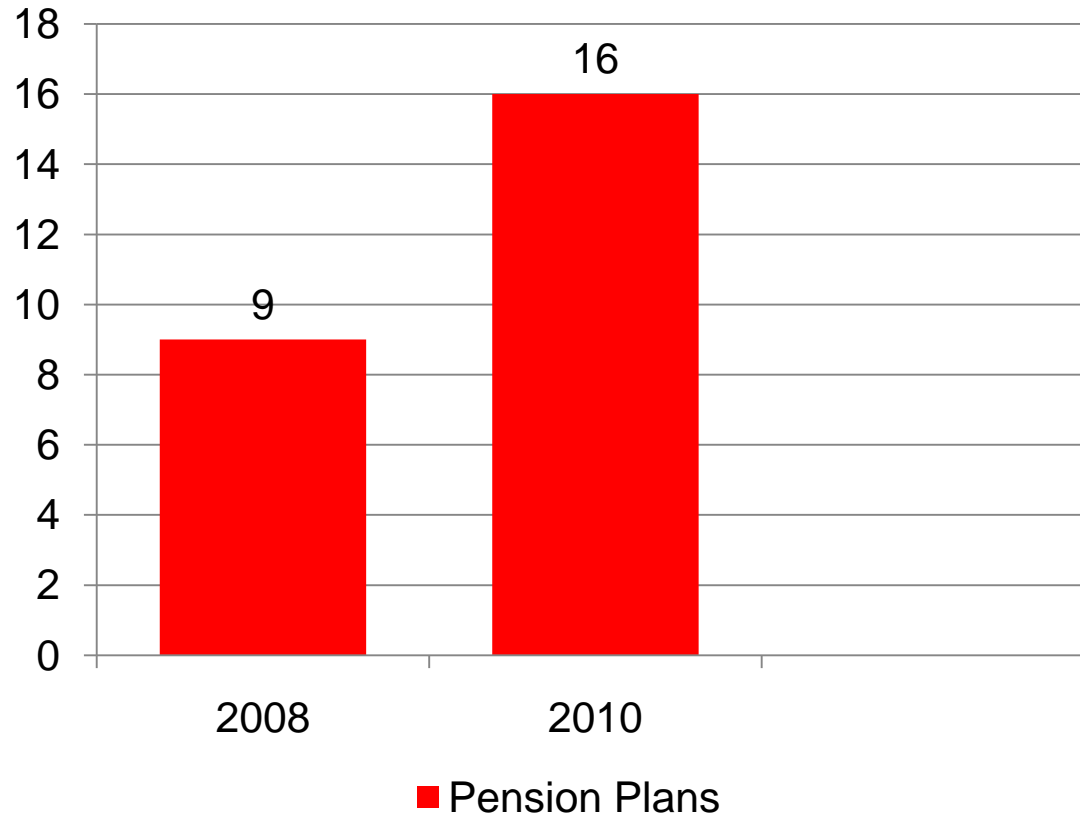
Michael Nobrega

President and
Chief Executive Officer

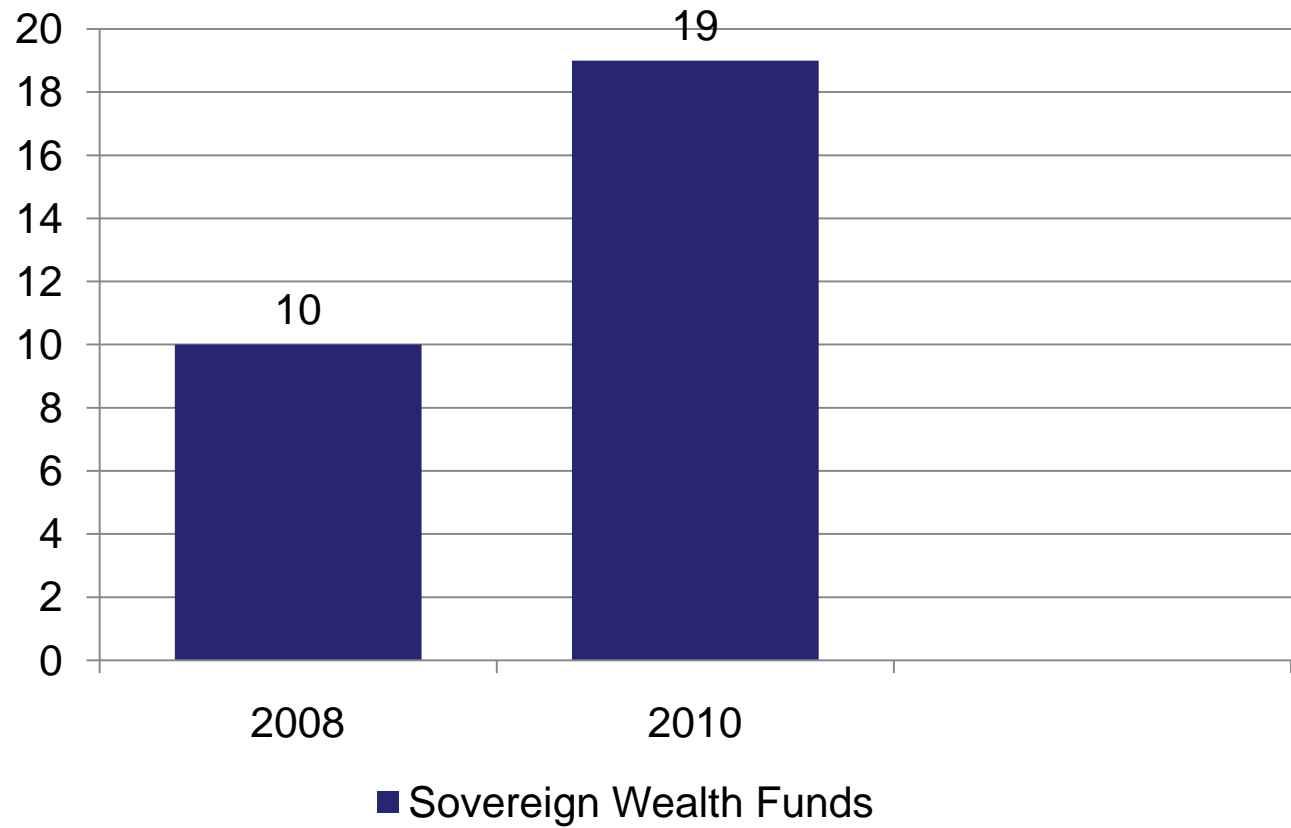


- Our business model
- Target 7%-11% average return
- Since 2004:
 - Private assets weighting doubled to 40% of fund
 - Excellent performance in private market assets
 - Overall 8.1% annualized return since 2004

Asset Mix Shift



Asset Mix Shift



- Stable long-term returns

- Innovative and responsive services
- Professional Service model
- AVCs

- Important regulatory changes
- OMERS Worldwide
- Innovative partnerships

OMERS DNA

- Clear accountability
- Enterprise-wide collaboration
- Board understanding
- Preferred employer
- Attracting the best and brightest
- One team
- Surplus wealth

David Estabrooks

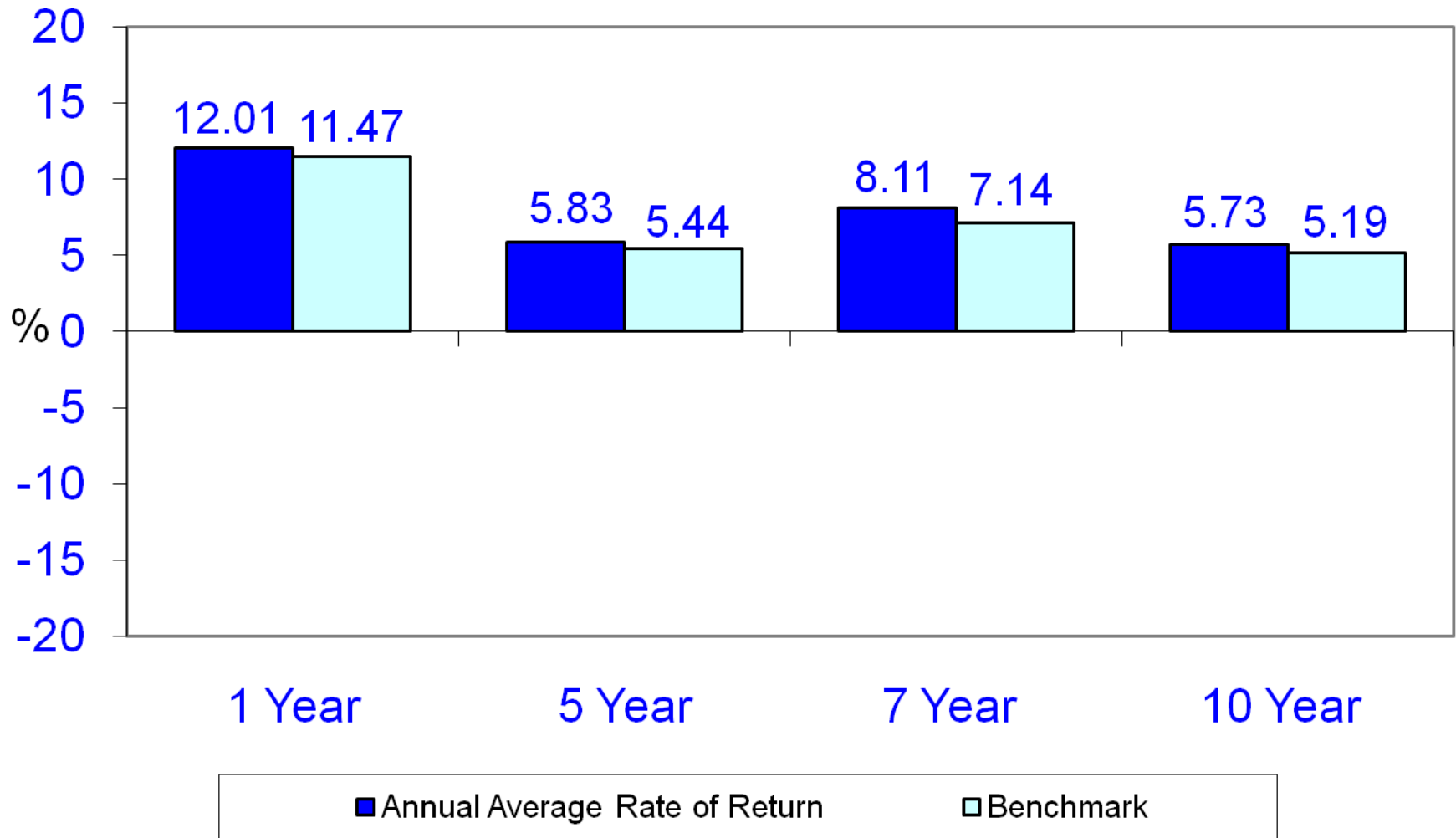
Senior Vice-President



OMERS 2010 Performance Returns (%)

Investment Entity	Gross Investment Returns	Benchmark	Value Added
OMERS Capital Markets (O C M)	11.04	10.11	0.93
OMERS Private Equity (O P E)	22.21	28.05	-5.84
Borealis Infrastructure (Borealis)	10.10	8.50	1.60
Oxford Properties Group (Oxford)	7.51	6.65	0.86
OMERS Strategic Investments (O S I)	7.65	7.00	0.65
TOTAL FUND	12.01	11.47	0.54

Total Fund Long-Term Performance

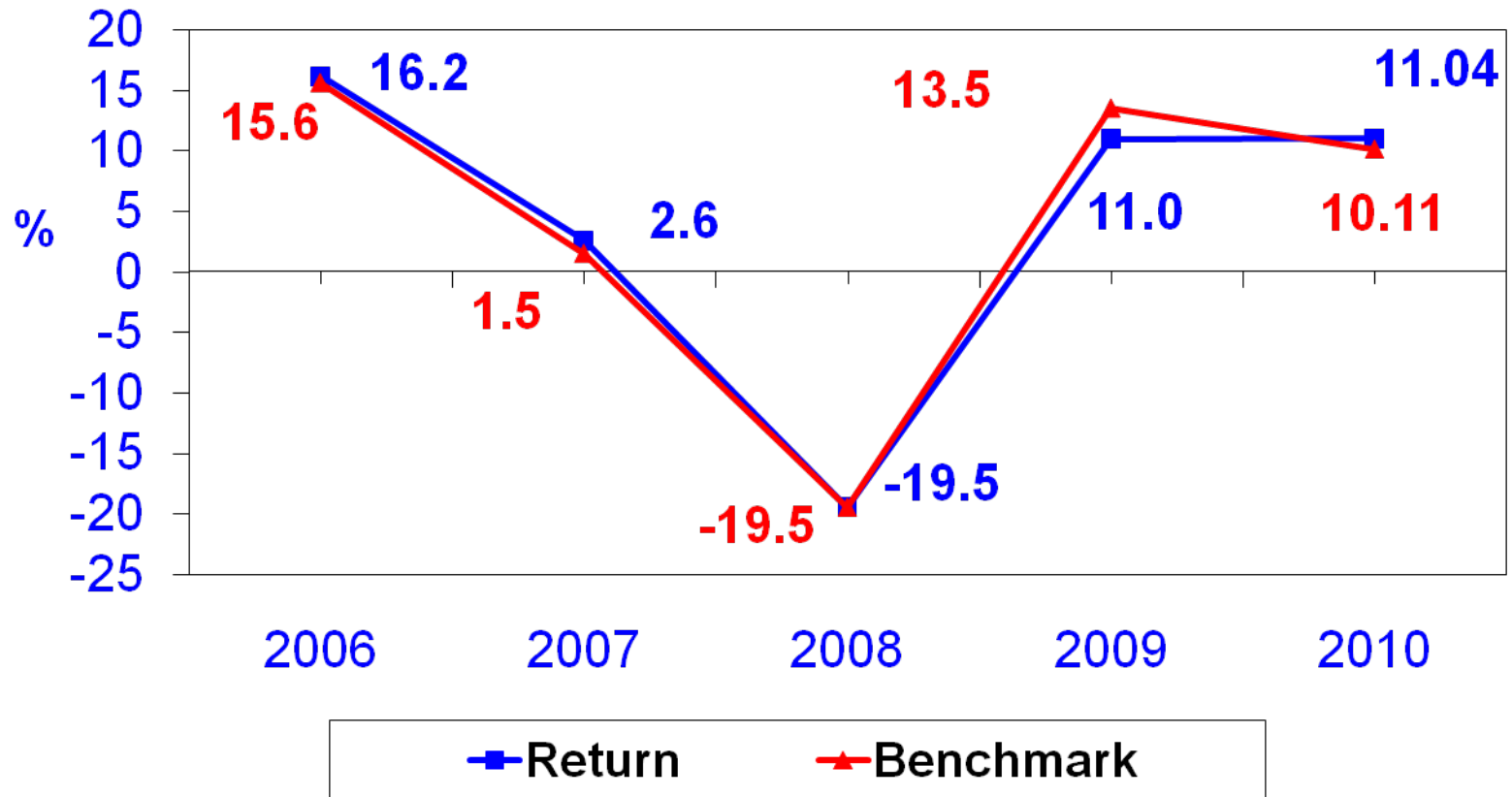


Financial Summary

Net Investment Income/(Loss)
for the year ended December 31

	2010		2009	
(\$ Millions)	\$	%	\$	%
OCM	3,036	11.04	2,621	11.0

Gross Annual Returns vs. Benchmark (%)

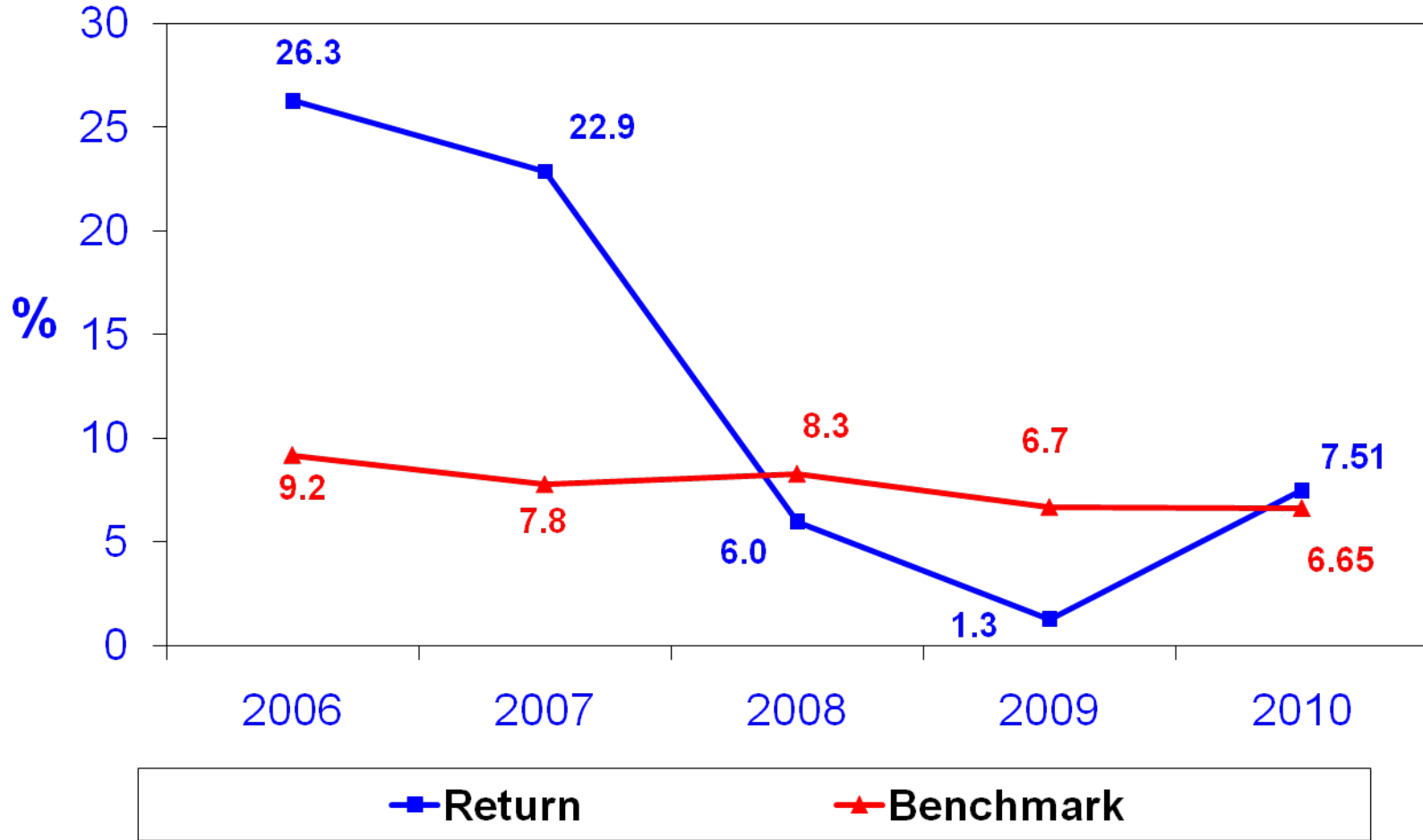


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Oxford	487	7.51	127	1.3

Gross Annual Returns vs. Benchmark (%)

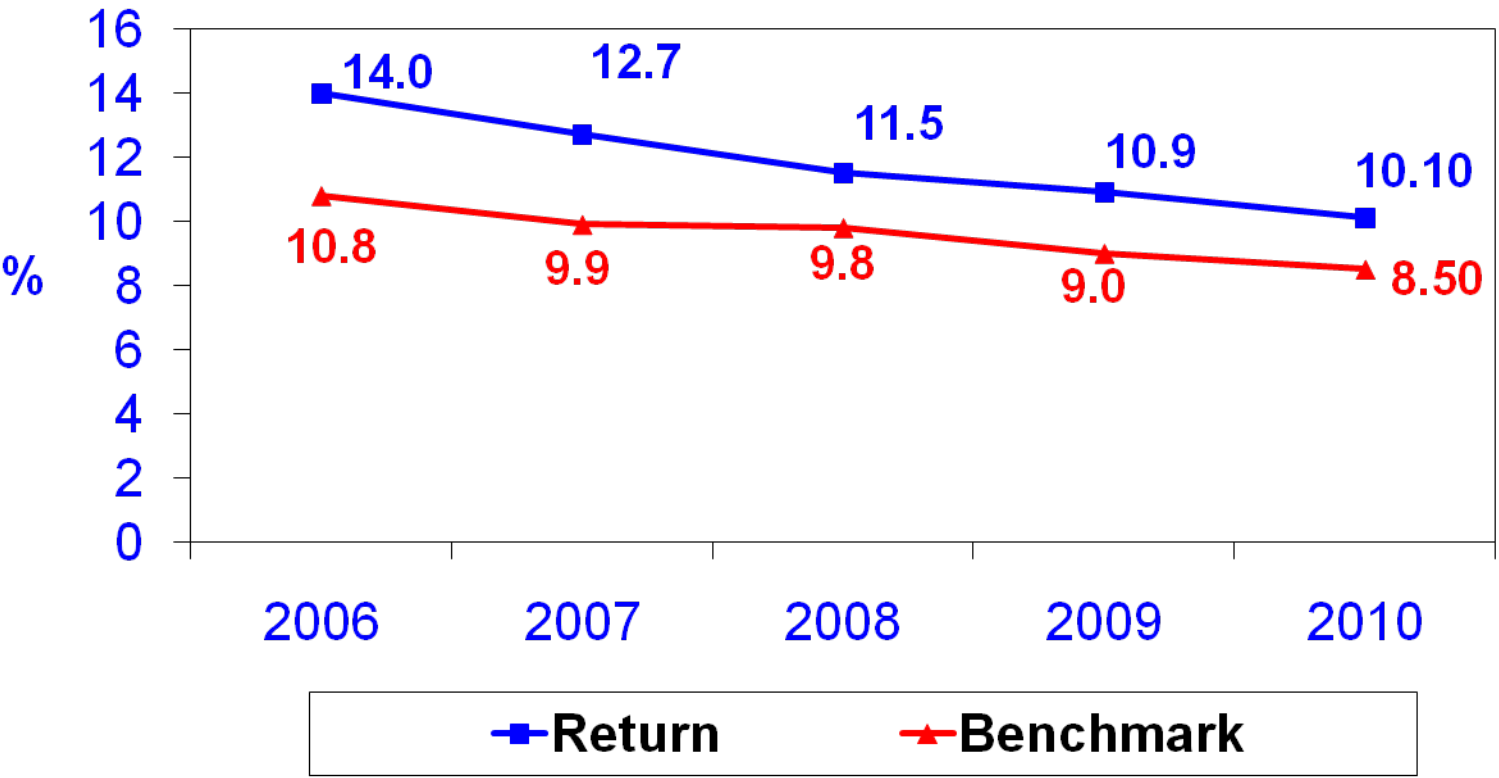


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Borealis	693	10.10	731	10.9

Gross Annual Returns vs. Benchmark (%)

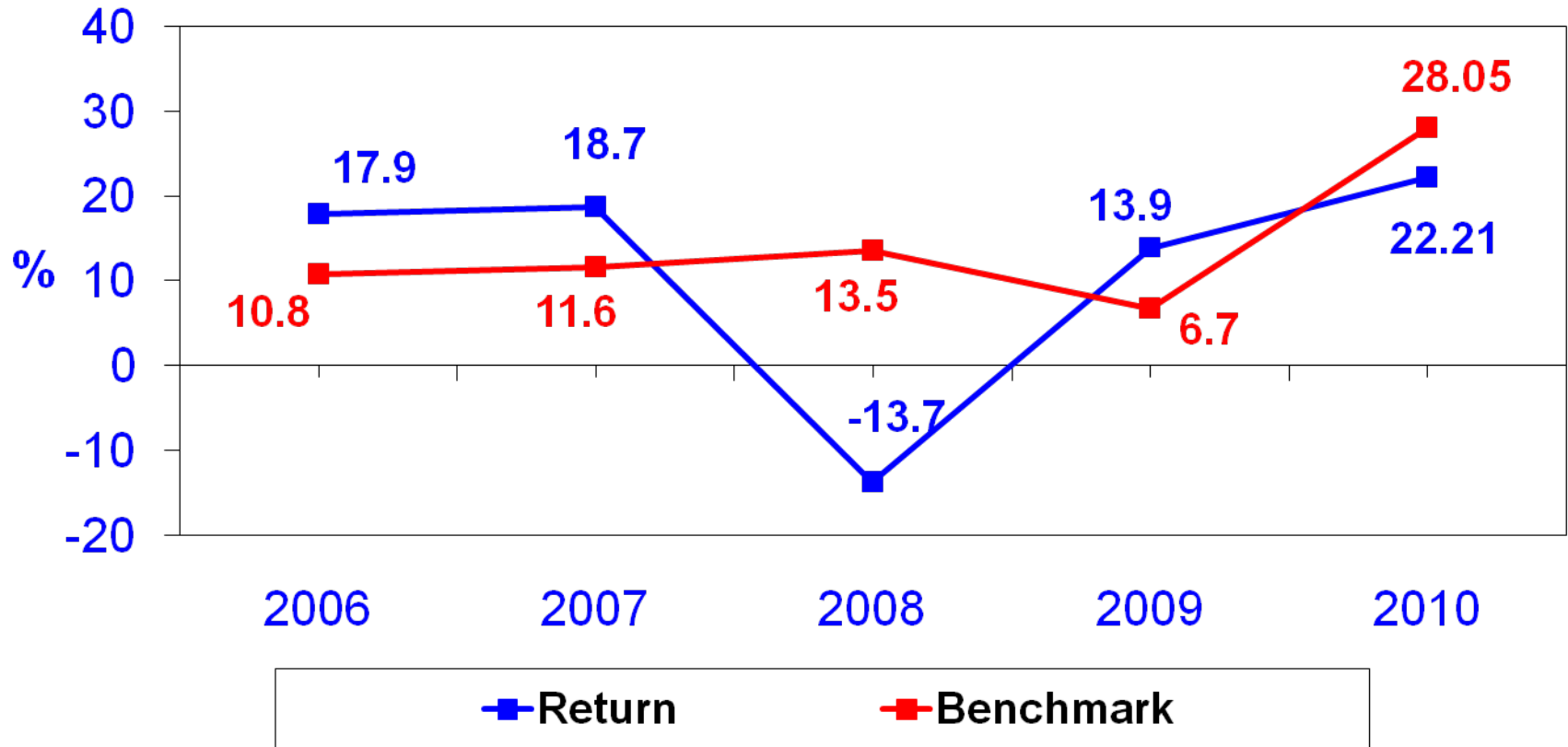


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OPE	941	22.21	474	13.9

Gross Annual Returns vs. Benchmark (%)



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OPE	941	22.21	474	13.9
OSI	128	7.65	(37)	(1.2)

Consolidated Financial Summary

Net Investment Income/(Loss) for the year ended December 31

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Borealis	693	10.10	731	10.9
OPE	941	22.21	474	13.9
OSI	128	7.65	(37)	(1.2)
Currency Hedging	182	-	461	-
	<u>5,467</u>	12.01	<u>4,377</u>	10.6
Administered Funds	(83)		(67)	
	<u>5,384</u>		<u>4,310</u>	

Consolidated Financial Summary



Change in Net Assets For the year ended December 31

(\$ millions)

	2010	2009
Net Assets, beginning of year	\$ 47,832	\$ 43,477
Investment Income	5,384	4,310
Pension Activity		
Contributions	2,313	2,143
Payments	(2,126)	(2,050)
Administrative Expenses	(54)	(48)
Net Assets, end of year	<u>\$ 53,349</u>	<u>\$ 47,832</u>

Consolidated Financial Summary



Asset Mix By Asset Class As at December 31,

<i>(\$ millions)</i>	2010 Actual		2009 Actual	
Public Markets	\$32,415	60.1%	\$29,472	60.9%
Private Equity	6,835	12.7%	4,953	10.2%
Infrastructure	8,357	15.5%	7,561	15.7%
Real Estate	6,358	11.7%	6,403	13.2%
	<u>53,965</u>	<u>100%</u>	<u>48,389</u>	<u>100%</u>
Due to Admin Plans & Other Net	<u>(616)</u>		<u>(557)</u>	
	<u>\$53,349</u>		<u>\$47,832</u>	

Consolidated Financial Summary

Actuarial Valuation As at December 31

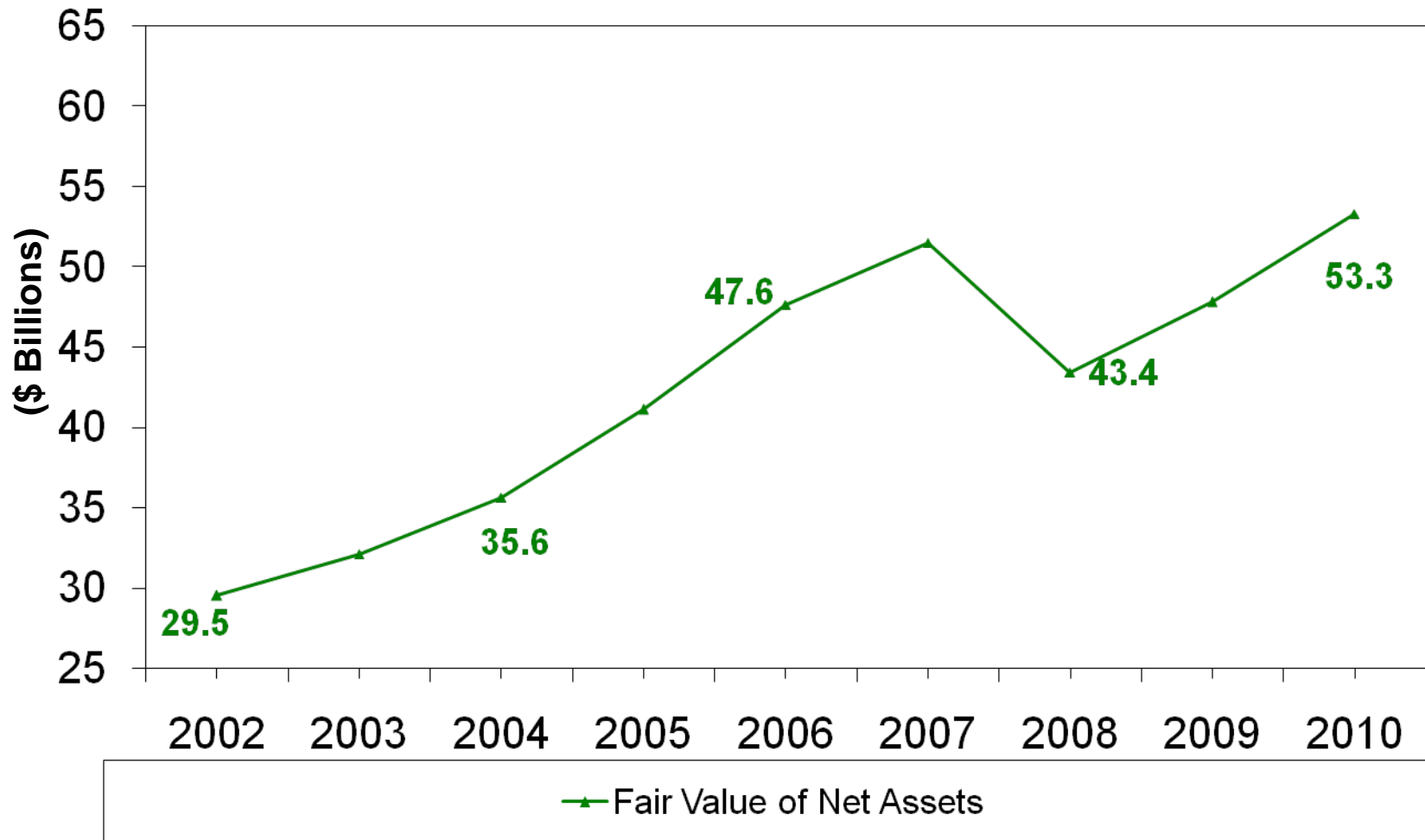
(\$ millions)

OMERS Primary Pension Plan

	<u>2010</u>	<u>2009</u>
Net Assets at Market Value	\$ 53,290	\$ 47,784
Actuarial Asset Value Adjustment*	<u>2,278</u>	<u>4,950</u>
Actuarial Value of Net Assets	55,568	52,734
Accrued Benefit Obligation	<u>60,035</u>	<u>54,253</u>
Surplus/(Deficit) – Funding	<u>\$ (4,467)</u>	<u>\$ (1,519)</u>

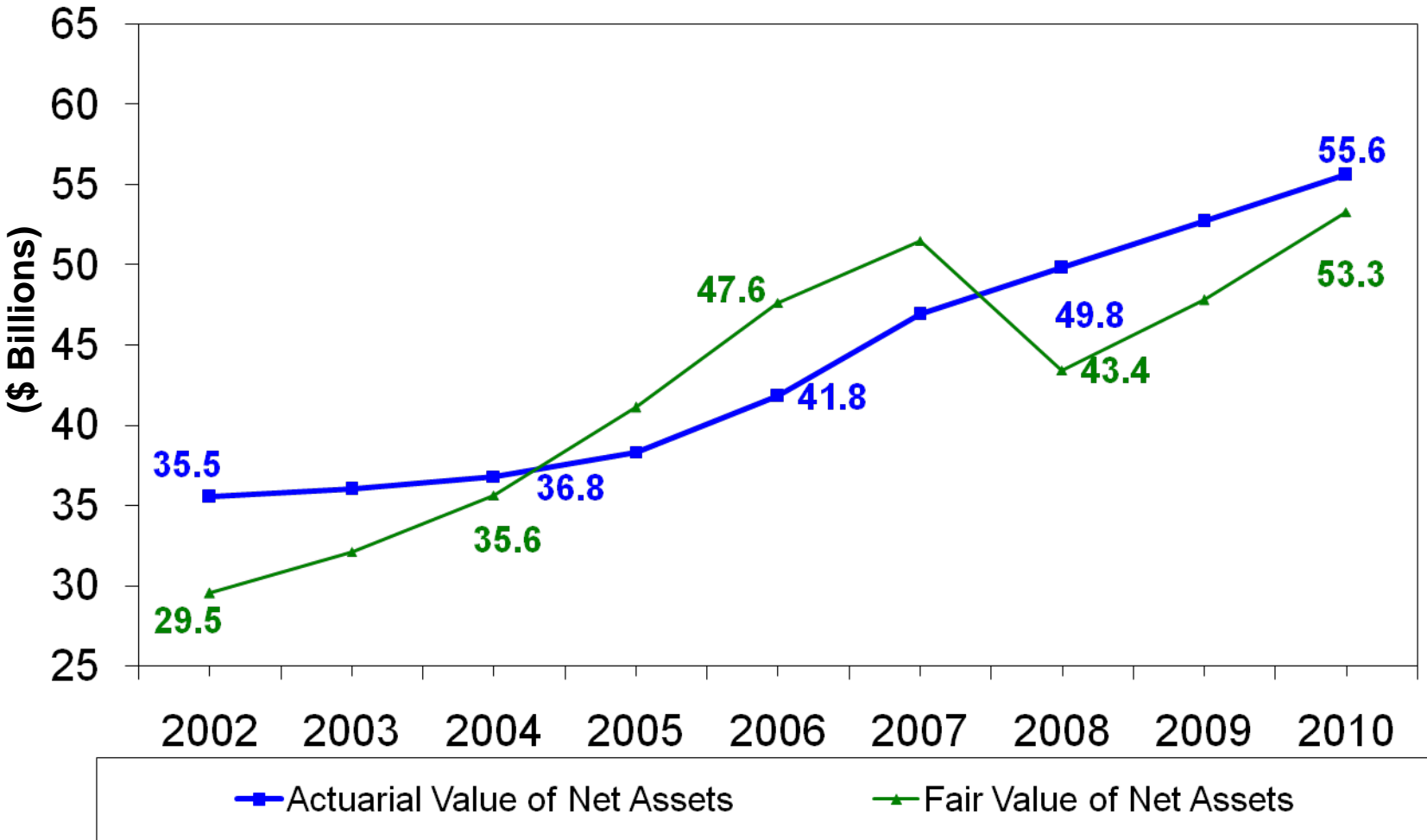
- Difference between current year return and long term funding objective smoothed over current and following four years to reduce effect of short term market volatility on Plan funding

Going Concern Funded Position – OMERS Primary Pension Plan



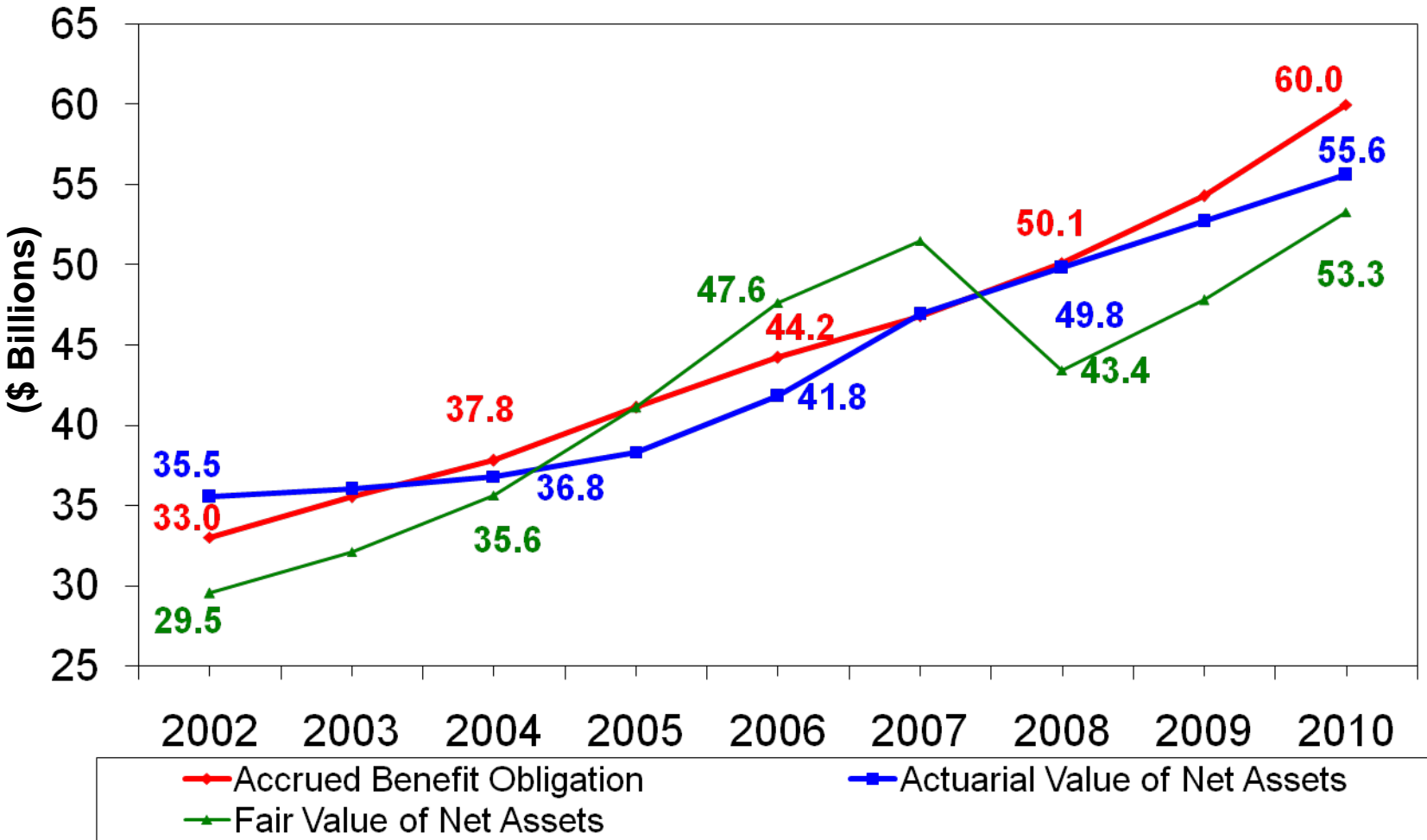
Primary Plan Valuation

Going Concern Funded Position – OMERS Primary Pension Plan



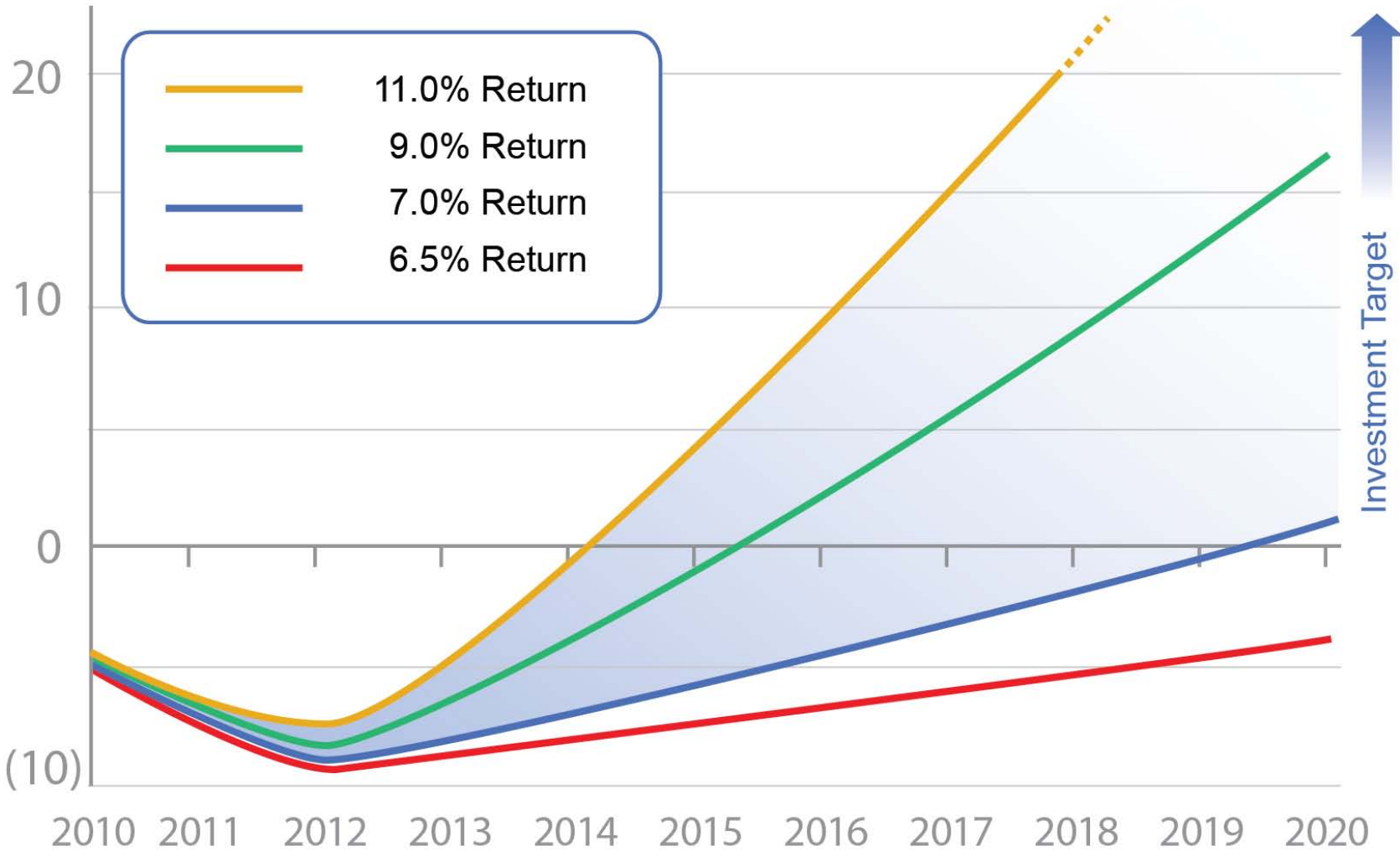
Primary Plan Valuation

Going Concern Funded Position – OMERS Primary Pension Plan



Primary Plan Valuation

Projected Funded Status as at December 31 (\$ value in billions)



Summary

- Continued strong investment results in 2010
- Actuarial deficit of \$4,467 M plus additional losses of \$2,278 M to be recognized over the next four years
- Maintain our asset mix strategy – Shift has proven successful in moderating volatility in public equity investments

Marianne Love and Brian O'Keefe

Co-Chairs, Sponsors Corporation



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 Boards

Bruce Stewart
Association of Municipalities of Ontario

Plan Member Representatives

Brian O'Keefe (Co-Chair)
CUPE Ontario

Paul Bailey
Retiree – Police Pensioners Association of Ontario

Diana Clarke
Ontario Public Service Employees Union

Mark Ferguson
CUPE Local 416

Jack Jones
Ontario Secondary School Teachers' Federation

Bruce Miller
Police Association of Ontario

Frank Ramagnano
Ontario Professional Fire Fighters Association

- **Funded Status**

- 2010 - \$4.5B deficit (92.6% funded)
- Projected to grow until 2012, declining thereafter

- **Reasons**

- Growing deficit result of:
 - Continued recognition of the 2008 loss;
 - Interest on deficit; and
 - Aging of Plan membership
- Offset by 12.01% investment return in 2010



Options for Addressing Pension Deficits

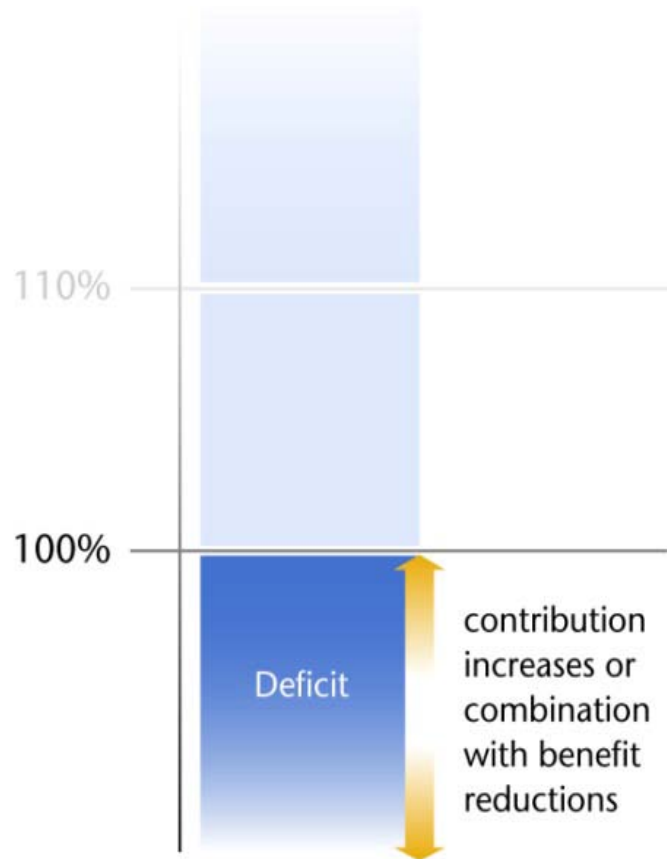
- Increase contribution rates
- Reduce future benefits
- Solid investment returns
- Combination of above



- Approved Specified Plan Changes
 - Temporary contribution rate changes
 - Temporary benefit changes
- Statement of Plan Design Objectives and Strategy

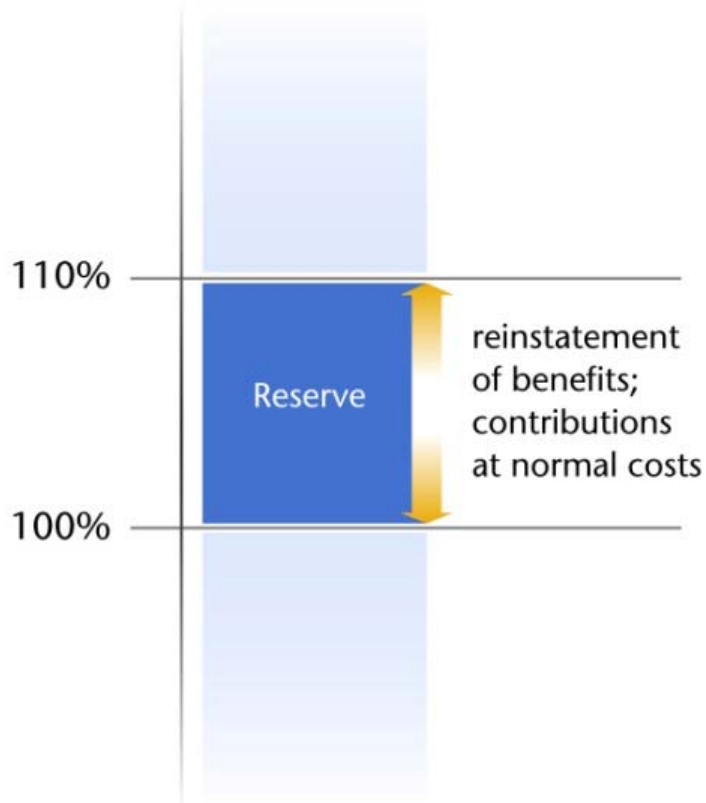
- Strategic approach to managing Primary Plan over the long term
- Confirms SC primary objective

“Ensuring the health and long term viability of the Plan”



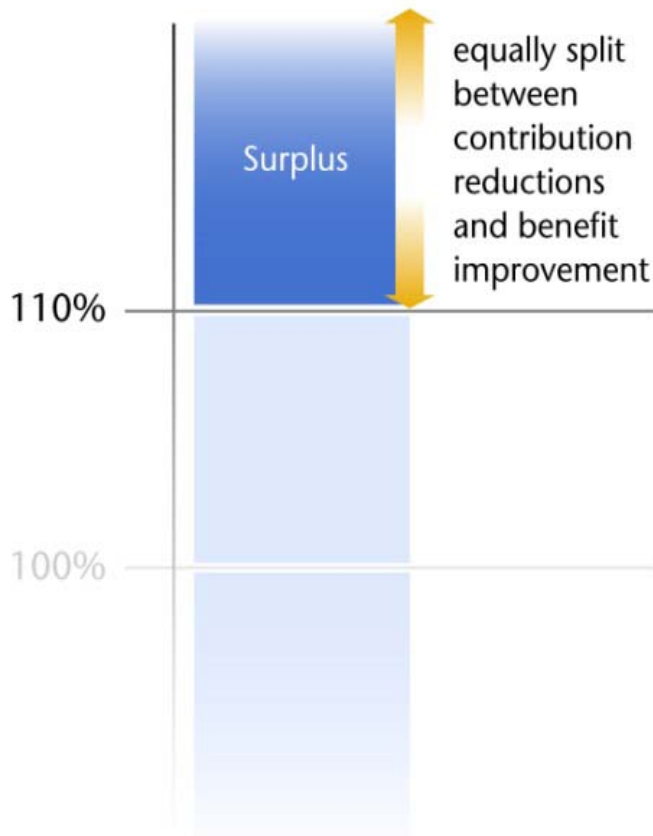
- Less than 100% funded
- Contribution increases may be accompanied by benefit reductions if average total contributions in excess of 19.5% (both sides)
- Average total contributions in 2011 are 17.43%

Reserve Management



- 100% to 110% funded
- More than 100%, temporarily reduced benefits restored (going forward)
- More than 105%, temporarily reduced benefits (or equivalent) restored retroactively
- No new benefits until the Plan exceeds 110%
- Contributions continue at normal cost until Plan exceeds 110%

Surplus Management



- More than 110% funded
- Equally split between benefit improvements and contribution reduction
- Temporary unless otherwise approved
- Any temporary benefit improvement granted during this period continues unless the Plan falls below 106.25%

Statement of Plan Design Objectives and Strategy

- Provides structure for determining benefits and contributions during periods of surplus and deficit
- Benefits/contribution changes not automatic
- Changes must follow specific process

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

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

- 2011 Specified Plan Change Cycle
- Contribution rates for 2012 and 2013
- RCA Statement of Plan Design Objectives and Strategy (by June 30, 2012)
- Ongoing monitoring of funded position
- Continue work on initiatives with OAC
- OMERS Act Review (2012)

Q & A

Moderator: Michael Nobrega



Thank You