

The slide features a light gray header and footer. The main content area is split into a gray vertical bar on the left and an orange background on the right. The title and date are centered in the orange area. The OMERS logo is in the bottom right corner.

OMERS in a changing pension landscape

August 15, 2016

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The slide has a white background with a thin orange horizontal bar at the bottom. The word 'Agenda' is on the left, followed by a vertical orange line. A bulleted list is to the right of the line. The OMERS logo is in the bottom right corner.

Agenda

- CPP enhancement
 - What is changing
 - Implications for OMERS
- OMERS Updates

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CPP enhancement

- Federal government commitment to enhance retirement security
- CPP change requires broad support –
2/3 of provinces with 2/3 of population
- Agreement in principle reached June 20, 2016

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CPP Expansion - Announcement

- Agreement was to be ratified by July 15, 2016
- BC announced need to “engage stakeholders”
- Minister Morneau says CPP legislation on track for Fall 2016
- ORPP to be cancelled

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CPP Expansion – Agreement Highlights

The agreement in principle provides:

- A larger pension benefit
 - income replacement rate grows from 25% to 33.3%
- An increase in the amount of earnings covered by the CPP
 - a 14% increase in covered earnings
 - referred to as the Upper Earnings Limit
- Changes phased in over seven years, starting in 2019

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CPP Expansion – Contribution Rates

- Contribution rates will increase to fund the higher benefits
- Starting in 2019, contribution rates will increase for employers and employees
- Introduction of Upper Earnings Limit (114% of YMPE)

	Current CPP	New CPP	change
Below minimum earnings threshold <\$3,500	0.0%	0.0%	no change
Minimum to maximum pensionable earnings (YMPE)	4.95%	5.95%	up 1%
YMPE to Upper Earnings Limit	0.0%	4.00%	up 4%

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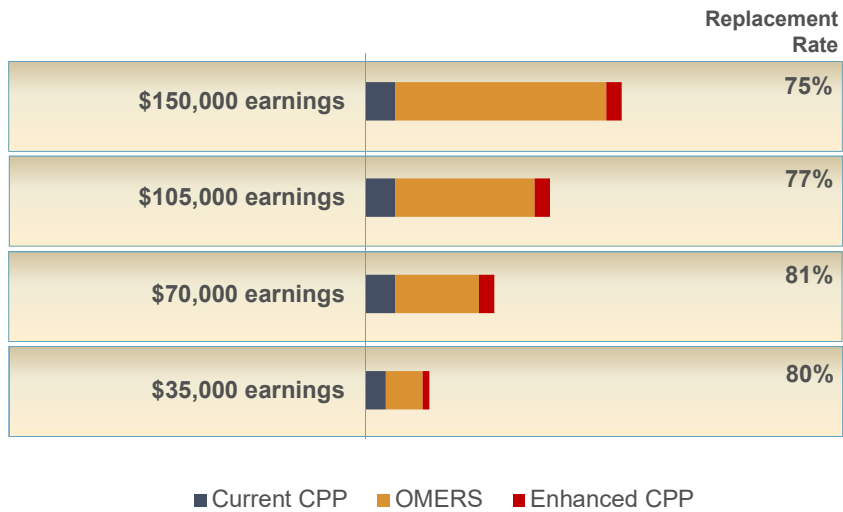
OMERS is Integrated with CPP

- The OMERS pension benefit is designed to build on the CPP benefit
- OMERS + CPP
= combined target of approximately 70% replacement rate of pre-retirement income (assuming retirement at age 65 after 35 years of service)
- 70% reflects CPP replacement at 25% of income up to the YMPE
- CPP expansion creates new income replacement rates

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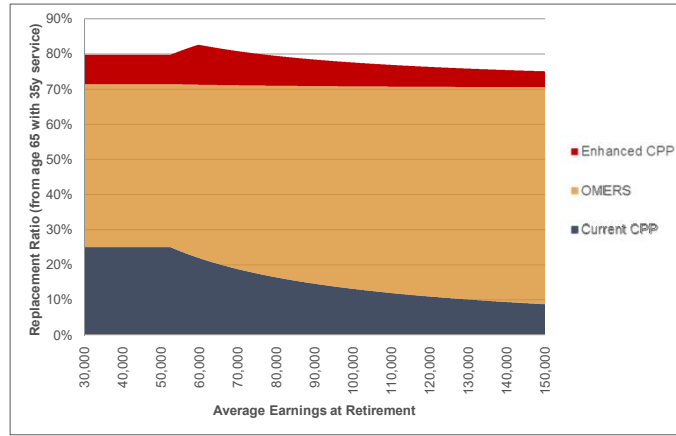
Examples of impact on income replacement rate - after full phase-in



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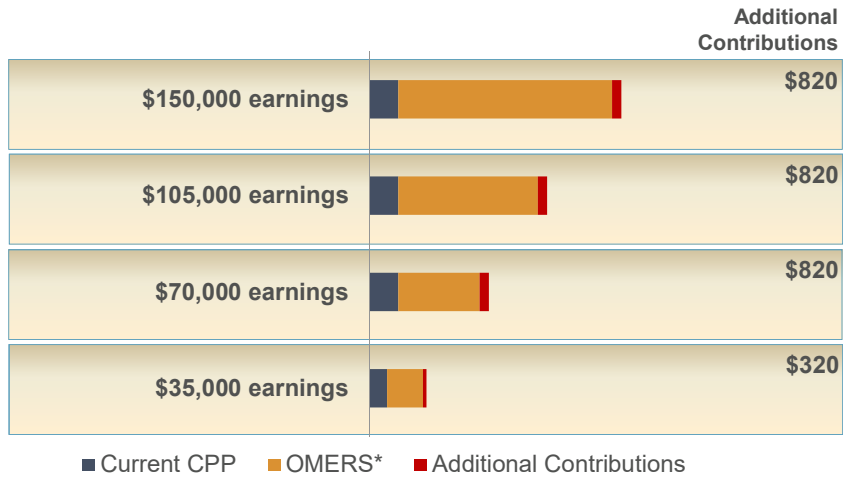
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Replacement Ratios after enhanced CPP fully phased-in



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Examples of impact on contributions - after full phase-in



*NRA 65 Member

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CPP Expansion - summary

- No direct impact on the OMERS plan contribution rates or benefits
- OMERS members and employers will pay higher total contributions to CPP and OMERS combined
- OMERS members will receive higher total benefits from CPP and OMERS combined
- OMERS Sponsors Corporation to review impacts and consider next steps, if any

SC Updates

SC Decisions

- Change to Additional Voluntary Contribution (AVC) Program
 - Non-locked-in funds can stay in the plan after the member turns 71, subject to ITA rules
- New contribution rates for Supplemental Plan effective January 1, 2017
 - No members currently in plan
- No change to composition of OMERS Boards
 - Time limits for SC Co-Chairs
 - Enhanced engagement of members not affiliated with sponsors organizations

No decision to date on plan eligibility for non-full-time employees

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Strategy

- From the annual report:

“We will explore potential changes to Plan design and to expand membership so that any potential future risks and benefits are shared as broadly as possible”

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Your Questions

