

Pension News

Number 37, Winter 2006/2007

A newsletter for retired members of the OMERS pension plan

Your OMERS pension will increase by 0.7% in January

Inflation protection a key OMERS feature

One of the most powerful benefits of your OMERS pension is inflation protection. Every January, we increase all pensions to keep pace with inflation in Canada.

Inflation index at September 2006:	130.0
Inflation index at September 2005:	<u>-129.1</u>
	0.9

Percent increase from September 2005:
 $(0.9 \div 129.1) \times 100 = 0.697\%$ (rounded to 0.7%)

New governance includes retirees
See page 4.

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Increase is still 100%

The 2007 increase is 0.7%, which reflects 100% of the rise in the Consumer Price Index (CPI) measured between September 2005 and September 2006. Using CPI figures, OMERS calculates the increase to two decimal places.

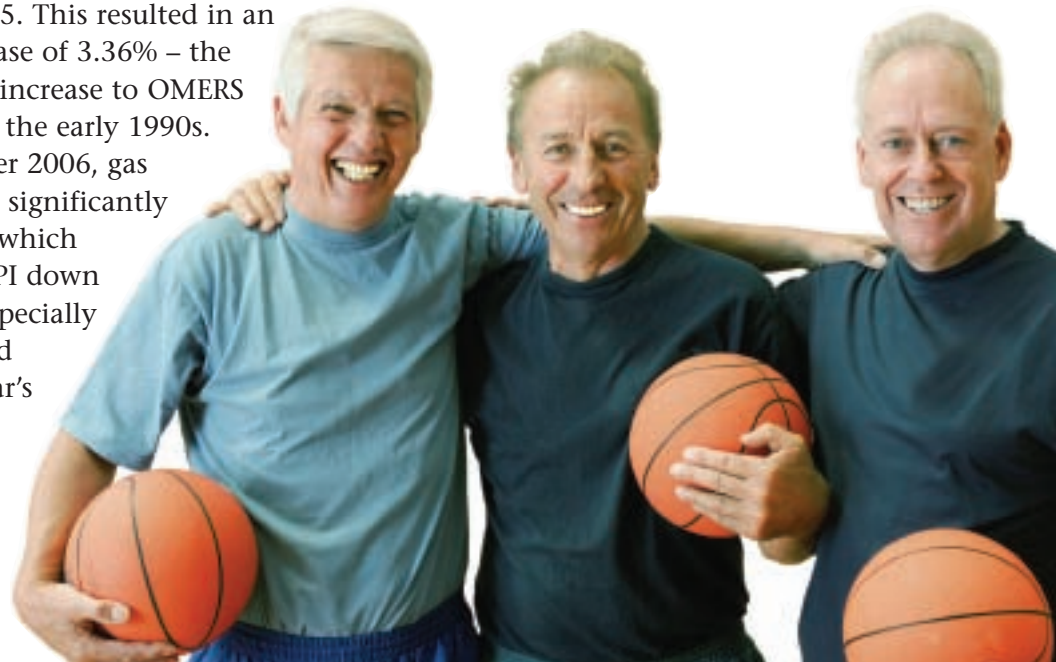
Last year, there was a spike in the price of gas, which caused the CPI to soar in September 2005. This resulted in an inflation increase of 3.36% – the largest annual increase to OMERS pensions since the early 1990s.

In September 2006, gas prices dropped significantly at the pumps, which brought the CPI down quite a bit – especially when measured against last year's inflation rate.

Long-term, guaranteed protection

You will notice the OMERS annual inflation increase fluctuates from year to year – due to fluctuations in the CPI. You may also notice, in any given year, that other pension plans may have a lower or higher inflation increase than OMERS.

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Your OMERS pension will increase by 0.7% in 2007

This is normal, as we don't all measure inflation increases the same way. Whatever method is used, all pensions that are fully indexed to the CPI tend to increase at a similar rate over the long term.

It's easy to take inflation protection for granted, but not all public-sector plans in Ontario offer 100% inflation increases, and most private-sector plans aren't inflation protected at all. Why is this important? Look at the following example.

Example

An annual OMERS pension of \$10,000 in 1997 would have grown to \$12,435.73 effective January 1, 2007 – to keep pace with rising prices. A \$10,000 pension without inflation protection would be the same today, and its buying power would have diminished.

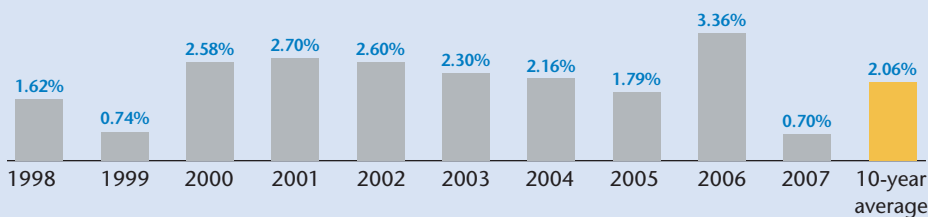
How much is your increase?

In December, we will mail you an *Annual statement of pension* that

shows you the exact amount of your increase.

- If your pension started before January 1, 2006, you will get the full increase of 0.7% in 2007.
- If your pension started after December 1, 2005 but before December 1, 2006, your 2007 increase is pro-rated.
- If your pension started on or after December 1, 2006, you won't get an increase in 2007; you will get whatever the full increase is effective January 1, 2008.

OMERS inflation increases (since 1998)



Important!

Please note that your first pension payment in 2007 will be made **Tuesday, January 2**. January 1 is a holiday and banks are closed.

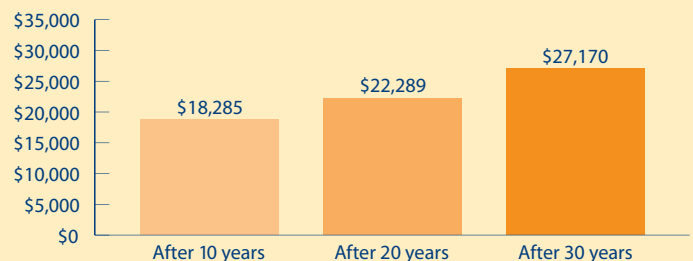
"Being an OMERS member gives me **great value**: inflation protection, guaranteed pension benefits and retirement security."



The OMERS difference

Inflation protection is one of OMERS most powerful benefits. Inflation protection means your pension will keep pace with rising costs. Your pension grows with your earnings before you retire and it is fully protected against inflation after you retire.

The illustration to the right is an example of how a \$15,000 annual pension would grow with a 2% annual inflation increase.



To find out more about OMERS powerful inflation protection, visit www.omers.com or call Client Services at 416-369-2444 or 1-800-387-0813.

New and noteworthy

Income trusts have negligible impact on OMERS Fund

The recent federal government decision to tax income trusts caused quite a stir in Canadian markets, but had a negligible impact on the OMERS Fund. OMERS has minimal exposure to income trusts – less than 1% of the total Fund. In any event, OMERS has a diverse investment portfolio that is designed to protect the fund from such short-term fluctuations.

OMERS estate planning reminders

Ensure that your family and the executor of your estate have OMERS contact information, so that they may notify us immediately in the event of your death.

OMERS has an order of entitlement for survivor benefits (your will can't change this):

1. pension payable to eligible spouse or partner
2. pension payable to eligible dependent children
3. residual refund payable to beneficiary
4. residual refund payable to estate.

Important!

OMERS survivor pensions are based on your OMERS lifetime pension, which doesn't include the OMERS bridge benefit.

www.omers.com For more information, please visit "When a retired member dies" in the *Retirees* section.

OMERS gets you ready for tax time

We send OMERS retirees and survivors a T4A form (or NR4 form for those who live outside Canada) by the end of February each year. We also send a copy to Canada Revenue Agency.

The T4A/NR4 is your official proof of income for tax purposes. It shows the total amount of pension paid to you during the previous calendar year and the total tax deducted, if applicable.

You can increase the amount of tax OMERS deducts from your pension payments by completing and returning the form on the back page.

www.omers.com Check the *Retirees* section on our website at the beginning of 2007. In it, you'll find tax-time frequently asked questions (FAQs).

omers.com – your link to retiree resources



If you haven't visited our "Links" section (*Retirees* – Links) before, we encourage you to do so. In it, we list a compilation of websites – retiree groups, government, financial, and magazines/journals – that focus specifically on the interests and needs of retirees.

www.omers.com For a complete list of our retiree links, please visit "Links" in the *Retirees* section.

New federal tax incentives for seniors

The government of Canada has introduced two new tax-saving measures for seniors.

- **Age Credit amount increased \$1,000 (from \$4,066 to \$5,066), effective January 1, 2006**

This is a tax credit available to Canadians age 65 and over. A retiree can receive tax-free retirement income up to their credit amount, which depends on their income. Any unused credit can be transferred to their spouse.

- **Pension income splitting, pending approval**

Retirees will be able to split retirement income with their spouse, transferring income to the spouse with the lesser income – to help reduce taxes.

When we have more details on these measures, we'll post them on our website (www.omers.com) and in next summer's *Pension News*.

New governance includes retirees

Retirees are represented on the two new OMERS Boards that will govern their pension plan. The change in governance came into effect June 30, 2006, with the new *OMERS Act, 2006*. The new Act doesn't affect the safety and security of OMERS pensions or investments.

The initial composition of the two Boards has been finalized (see table, below). It gives more control of the OMERS plan to active and retired OMERS members, and OMERS employers.

GOVERNANCE STRUCTURE: NEW OMERS ACT

Administration Corporation

Responsibilities: plan administration, investment of funds

BOARD OF DIRECTORS*

Employer Representatives	Plan Member Representatives
Frederick Biro – Ontario Association of Police Services Boards	David Kingston – Police Association of Ontario
Cam Weldon – City of Toronto	David Carrington – CUPE (Ontario)
John Sabo – Ontario Catholic School Trustees' Association	John Weatherup – CUPE (Ontario)
Ann Mulvale – Association of Municipalities of Ontario	Rick Miller – Ontario Professional Fire Fighters Association
Michael Power – Association of Municipalities of Ontario	Ed DeSousa – Association of Municipal Managers, Clerks and Treasurers of Ontario
Gerard Sequeira – Municipal Property Assessment Corporation	Richard Faber – Retired Member
David O'Brien – Toronto Hydro Corporation	Peter Routliff – International Brotherhood of Electrical Workers

*Transitional composition, subject to Sponsors Corporation by-laws (directors initially appointed by the province of Ontario for up to three years to the Administration Corporation, or one year to the Sponsors Corporation).

The Sponsors Corporation is also supported by two advisory committees to be appointed by the Sponsors Corporation: an eight-member committee for police/fire/ paramedics and a 12-member committee for other members and employers.

Sponsors Corporation

Responsibilities: plan design, benefits and contribution rates (two-thirds majority vote required for approval)

BOARD OF DIRECTORS*

Employer Representatives	Plan Member Representatives
Garth Pierce – Ontario Association of Police Services Boards	Bruce Miller – Police Association of Ontario
Louise Eason – City of Toronto	Brian O'Keefe – CUPE (Ontario)
Brian Cain – Ontario Public School Board's Association	Ann Dembinski – CUPE (Local 79)
Marianne Love – Association of Municipalities of Ontario	Fred Leblanc – Ontario Professional Fire Fighters Association
Bruce Stewart – Association of Municipalities of Ontario	Marnie Niemi – Ontario Public Service Employees Union
Charlie Macaluso – Electricity Distributors Association	Glen Mills – Municipal Retirees' Organization Ontario
Joe Aitchison – Ontario Association of Children's Aid Societies	Jack Jones – Ontario Secondary School Teachers' Federation

Your retiree representatives...

Sponsors Corporation:



Glen Mills
Municipal Retirees'
Organization of Ontario
(MROO)

Glen Mills was appointed to the OMERS Sponsors Corp Board as the representative for retired members on June 30, 2006.

Glen brings with him 29 years of experience in provincial/municipal government, where he served in various senior management positions. Glen is a Certified Management Accountant and retired as Comptroller with Thunder Bay Hydro in 1996. Following this, Glen was Clerk-Treasurer for the Municipality of Neebing, retiring in December 2000.

Glen was elected to the Board of Directors of the Municipal Retirees' Organization of Ontario in April 2001, and is currently its Treasurer.

Administration Corporation:



Richard J. Faber
Retired Member

Richard Faber was originally appointed to the OMERS Board as the representative for retired members June 30, 2005.

Richard brings with him more than 30 years of experience in municipal government, where he served in various capacities.

He was the Manager of Budgets for more than 15 years for the City of London, where he finished his career as the Director of Administration.

Richard has served on several boards and is presently a Director for the Municipal Retirees' Organization of Ontario.

Deals broaden OMERS investments

Fund continues to build private market portfolios

Satellites, power plants, property and pipelines. These are the types of investments that are increasingly being found in pension fund portfolios. In fact, in the long term, OMERS expects infrastructure, real estate and private equity investments to make up about 40% of its total investments. These investments are expected to earn higher, more stable returns than traditional stocks and bonds over the long term.

Four major additions to OMERS portfolio fit with the strategy of placing greater emphasis on private market classes.

Ciel-2 satellite



Borealis Infrastructure, an investment arm of OMERS, has invested in Ciel Satellite Group, the entity that will operate the Ciel-2 satellite. The satellite industry was chosen because of its stable long-term revenues and its potential for growth.

“The satellite industry is akin to the real estate industry, but in space,” says Ed Sawaya, Vice President, Borealis Infrastructure.

When it is launched in late 2008, the Ciel-2 satellite will

deliver television satellite services throughout North America for an estimated period of 15 years. Direct-to-home satellite television providers in Canada and the United States are target customers.

Associated British Ports Holdings (ABP) PLC

With 21 ports, ABP is the largest port operator in the United Kingdom. The company employs 3,000 staff. ABP handles almost one quarter of the United Kingdom’s seaborne trade, in addition to operating a number of transport-related businesses and a property division. It also has car import services at four ports in the United States.

In October, a consortium consisting of Borealis Infrastructure (on behalf of OMERS), Goldman Sachs, Prudential Insurance PLC and GIC (the government of Singapore’s pension plan) successfully completed the acquisition of 100% of Associated British Ports Holdings (ABP) PLC.

MDS Diagnostic Services

MDS Diagnostic Services is Canada’s largest provider of laboratory services. It provides 50 million diagnostic tests to 10 million patients and 20,000 physicians each year, and has annual revenues of \$335 million.

On October 5, OMERS announced that its investment arm Borealis Infrastructure entered

into an agreement to purchase MDS Diagnostic Services from its parent company MDS Inc.

Fairmont Hotels and Resorts



Fairmont Hotels and Resorts is the largest luxury hotel company in North America. Its portfolio includes historic icons, resorts and modern city centre properties.

OMERS, through its real estate investment arm Oxford Properties, acquired seven landmark hotels from Fairmont Hotels and Resorts: The Fairmont Banff Springs, The Fairmont Chateau Lake Louise (see photo, above), The Fairmont Chateau Whistler, The Fairmont Jasper Park Lodge, The Fairmont Vancouver Airport, Fairmont Le Château Montebello and Fairmont Kenauk at Le Château Montebello.

The properties will continue to be managed by Fairmont.

100,000 pensions...and counting

OMERS has reached a special and significant milestone: we're now paying pensions to over 100,000 retired OMERS members and survivors.

"It's been a long journey from our first few retirees in 1963 to today," said Jennifer Brown, Senior Vice President, OMERS Pension Division. "We've had more than 43 years of serving current and former employees of municipal governments, school boards, libraries, police and fire departments, children's aid societies and other local agencies throughout Ontario."

Our retirees span the globe. While the majority of retirees live in Ontario, many have settled across the rest of Canada, throughout the United States, in Europe, and as far away as Australia.

If you asked our retirees what is the single most important aspect of having an OMERS pension, most would respond that it is the dependability and

security of their monthly payment, which arrives like clockwork at the beginning of each month. They count on it.

"Since OMERS began, our reason for being has been to provide members with secure retirement benefits," said Ms. Brown.

OMERS benefits extend beyond pension payments. Guaranteed inflation protection means OMERS pensions keep pace with the rising cost of living. Our retirees know that their buying power won't diminish over time. OMERS also offers excellent survivor benefits.

Secure retirement income, inflation protection and survivor benefits define the OMERS pension promise: to provide our members with security in their life after work. Here's to the next 100,000!

Our members say...

Every month, OMERS pays more than 300 new pensions to recently retired members or survivors. We interviewed two members who retired in July 2006, the month we reached the 100,000 mark.



Bob Annan, retired police officer

For Bob, retirement means having more time to devote to his other jobs.

A 38-year police veteran, Bob's most recent duties included accident reconstruction. This put him at the scene of car accidents, trying to piece together what happened, too frequently involving people who could no longer speak for themselves. The shift work was getting to him, and, at age 59, he was still healthy and young enough to enjoy retirement.

Bob has put his investigative expertise to good use: he and a business partner created a not-for-profit organization "committed to educating the public to the dreadful realities of fatal motor vehicle collisions."

They tour southern Ontario, bringing the message – with actual car wrecks – to schools and auto shows. "We presented to 14,000 people last year, and we expect to see 30,000 this year," Bob said. "If even just a few listen to our message, it's worthwhile."

When not trying to prevent accidents, Bob still has time to help manage a local flea market, a complete change of focus.

When asked what his OMERS pension means to him, he replied that it gives him "the freedom to do as little or as much as I please." It provides comfort and security – a solid and secure base income on which to build, if he chooses. "At the beginning of the month, my OMERS pension payment goes into bank," Bob said. "No matter what, it'll be there."



Valerie Slagter, retired municipal employee

For Valerie, the pace at work was hectic and was affecting her health. It was time to “slow down to the speed of life.”

At age 57, she elected to take an OMERS early retirement pension. Now, she calls the shots; she’s no longer subject to another’s agenda, and her health has begun to improve.

So, what’s next for Valerie?

“I have unlimited choices every day,” she said. “I’m looking into getting away – taking a plane, bus, boat tour of Europe.”

When asked what her OMERS pension means to her, Valerie didn’t hesitate: “Everything!” she said. “You can’t retire without financial security.” Valerie knows others who are trying to survive in retirement on meagre savings. Her inflation-protected OMERS pension gives her “the freedom to do what I want.”

She looks back on her time contributing to OMERS as a lifesaver. “It was great. I automatically contributed towards my retirement, without having to think or worry about it.”

Plan for the future with OMERS

Join us and learn more about your OMERS pension. Our Pension Information Sessions help you to find out more about your OMERS pension and its powerful benefits. We’ll cover such topics as:

- OMERS guaranteed inflation protection
- How the Canada Pension Plan works with your

OMERS pension to provide you with a steady stream of retirement income

- Survivor benefits.

For more information, please call OMERS Client Services. Our contact information is on the back page.

2007 Pension Information Sessions (all run from 2:00 p.m. until 3:30 p.m.)

City	Date	Place
North Bay	May 16	Nipissing University, 100 College Drive
Toronto East	May 23	Delta Hotel, 2035 Kennedy Road, Scarborough
Mississauga	May 24	Mississauga Central Library, Noel Ryan Theatre, 301 Burnhamthorpe Road West
Kingston	May 30	Travelodge, 2360 Princess Street
Toronto Central	June 7	OMERS, 1 University Avenue, 7th Floor
Guelph	June 13	Ramada Hotel and Conference Centre, 716 Gordon Street
Newmarket	June 20	Location to be determined

Planned locations for the second half of 2007: Simcoe, Windsor, Ottawa (English and French), Timmins and Niagara.

www.omers.com For an online list of dates and locations of our Pension Information Sessions, and to sign up, please visit “Information sessions” in the *Retirees* section on our website.

Changing your address, banking or tax information?

Remember to keep OMERS up to date if your address and/or banking information changes. A returned piece of mail or bank deposit could interrupt your pension payments until we can contact you and confirm your information. This is for your protection.

Address change?

- If you receive your pension payments by direct deposit...
Please phone your address change to OMERS Client Services at 1-800-387-0813.
- If you receive your pension payments by mail at home...
Please complete and sign this form.

**Banking and/or
tax-deduction change?**
Please complete and sign
this form.

Name: _____ Date of birth:

D	M	Y	

 OMERS reference number:

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Address: _____

E-mail address: _____ May we e-mail you OMERS information? Yes ☐ No ☐

Make an "x" in the appropriate box(es), fill in the necessary information, then sign this form.

☐ **New address** _____

Date new address is effective:

D	M	Y	

 New phone number:

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☐ **Banking
information
change** Name and address of new bank: _____
New transit number (or attach void cheque): _____ Account number: _____

☐ **Tax
deduction
change** Please take **more** tax off my monthly OMERS pension payment: (amount) \$ _____ Please take **less** tax off my monthly OMERS pension payment: (amount) \$ _____
(We can only reduce the amount of **additional tax** you have previously asked us to withhold.)

Signature: _____ **Date:** _____

Remember to fill in your name and address at the top of this form.



*On behalf of OMERS staff,
I would like to wish you a
happy holiday season and
all the best for 2007*

Paul Haggis

Paul Haggis,
President and CEO



Plan for the Future

An OMERS pension is a guaranteed source of inflation-protected retirement income – providing benefits to our retirees and survivors for life, and to their eligible children. *Pension News* keeps more than 100,000 retired OMERS members and survivors up to date on plan news and benefits.

We value your views and comments. Send us an e-mail at client@omers.com or write to us at the address below.

For more information on your OMERS pension, please contact Client Services at 416-369-2444 or 1-800-387-0813. Our service hours are Monday to Friday 8:00 am to 5:00 pm.



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