OMERS
retired member news

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Retired "man about the house" finds tax savings

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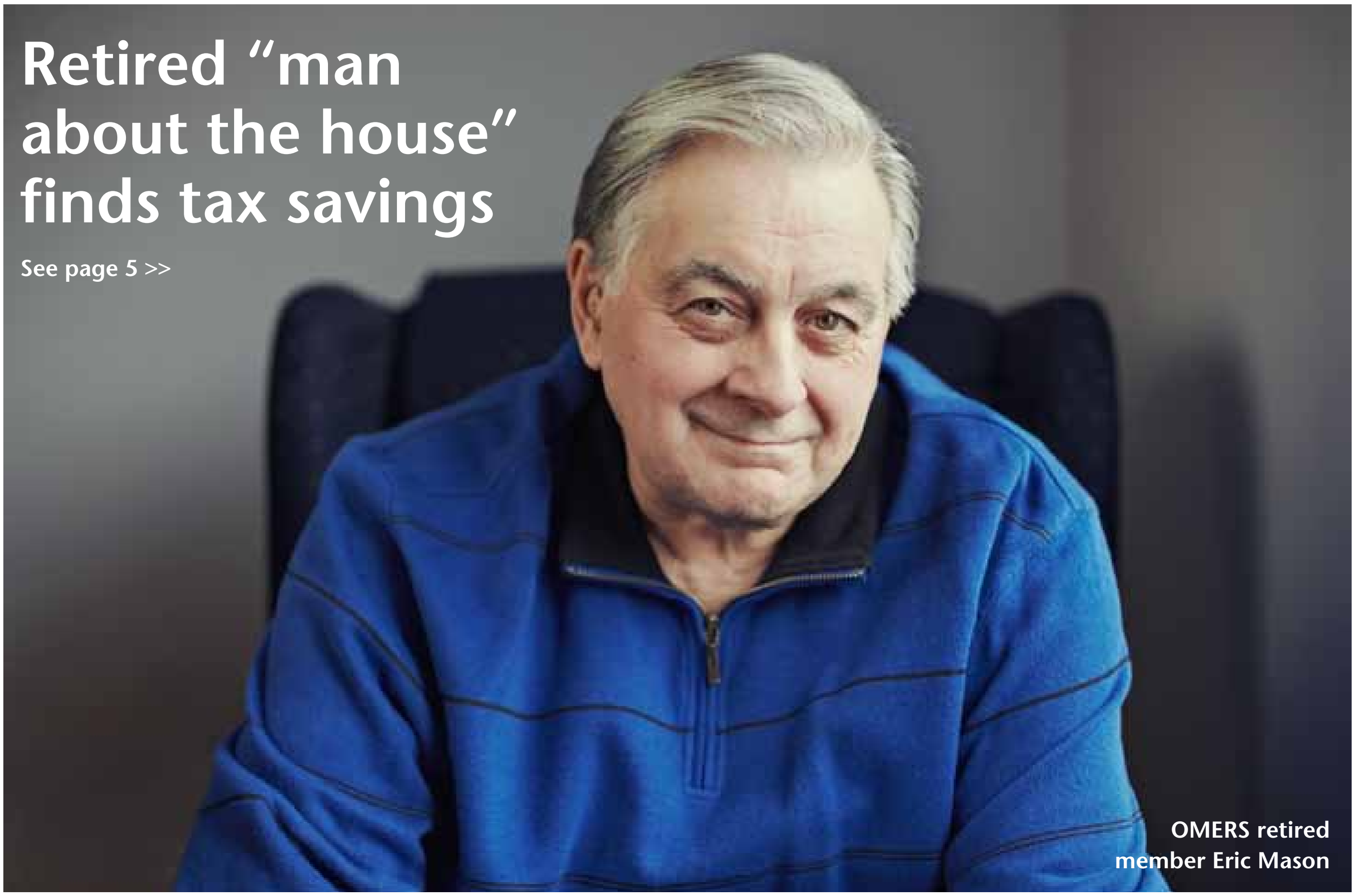

OMERS retired member Eric Mason

OMERS pensions to increase 1.61% for 2011

Inflation protection is an important feature of your OMERS pension. OMERS has announced that as of January 2011, pensions will increase by 1.61%. This increase reflects the change in the cost of living as reported by Statistics Canada in its Canadian Consumer Price Index (CPI).

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An OMERS pension is a guaranteed source of inflation-protected retirement income. *Retired Member News* keeps over 106,000 retired OMERS members and survivors up to date on Plan news and benefits.

Continued from page 1

Each January, OMERS pensions increase by the average increase in the CPI, to a maximum of 6%.

- OMERS uses the same method as the Canada Pension Plan (CPP) to calculate its annual increases for pensions. CPP rounds to one decimal place, while OMERS rounds to two decimal places.
- Your *Annual statement of pension* shows your updated pension amount for 2011.

A pension that is indexed to inflation, like OMERS, helps you keep pace with the rising cost of living and adds to your retirement financial security. Many private sector employment pensions do not offer inflation indexing.

OMERS determines the annual pension increase using the monthly average of the CPI for the 12-month period of November 2009 to October 2010. This is compared to the average for the same period the previous year. The percentage difference determines the increase for pensions.

Pension payment dates for 2011

Direct deposit: OMERS pension payments are deposited on the first banking day of the month, as follows:

Tuesday, January 4	Friday, April 1	Monday, July 4	Monday, October 3
Tuesday, February 1	Monday, May 2	Monday, August 1	Tuesday, November 1
Tuesday, March 1	Wednesday, June 1	Thursday, September 1	Thursday, December 1

- Most banks, financial institutions, and credit unions will process the payments by the above dates.
- OMERS pays pensions at the beginning of the month. Many other plans, including Canada Pension Plan, pay pensions at the end of the month.

New pensions receive pro-rated increases

- If your pension started before January 2010: you will receive the full increase of 1.61% in 2011.
- If your pension started in January 2010 to November 2010, inclusive: your 2011 increase is pro-rated to reflect the number of months you received a pension in 2010. For example, if your pension started in March 2010, you would receive an increase of 1.21% (which is 9/12 of 1.61%).
- If your pension started in December 2010: you will not get an increase in 2011, but you will get an increase in January 2012.

How the annual increase is calculated

The CPI measures changes in the cost of living. It is based on the price of a fixed "basket" of goods and services that an average Canadian household would buy in a given month, including food, shelter, clothing, transportation, and health-care expenses. For more about CPI, please visit **www.statcan.gc.ca**.

$$\frac{\text{CPI average 12 months (Nov 2009 to Oct 2010)}}{\text{CPI average 12 months (Nov 2008 to Oct 2009)}} - 1 \times 100 = \%\text{ pension increase}$$

$$\frac{116.0500}{114.2167} - 1 \times 100 = 1.61\%\text{ (rounded to two decimal places)}$$

OMERS SC approves Plan changes

OMERS Sponsors Corporation (SC) has approved changes to address the funding challenge faced by the OMERS Primary Plan.

The SC's approval of contribution rate increases and future benefit changes is with the goal of improving the ongoing funded status of the OMERS Primary Plan.

These changes apply to active members and employers. **They do not affect current retired members and survivors, or current deferred members. Your OMERS pension is secure and does not change.**

The OMERS Plan had a funding shortfall of $1.5 billion at year-end 2009. This deficit is expected to increase over the next four years, as net losses incurred during the 2008 global market downturn are recognized in the deficit calculation, and also due to our membership's changing demographic.

Plan changes in brief

- Contribution rates for active members and employers will increase by 1% of a member's earnings per side (employee/employer) in 2011; an average of 1% per side in 2012; and an average of 0.9% per side in 2013.
- Benefit calculation changes will only impact service earned after 2012. Starting January 1, 2013, members who terminate employment and are not yet eligible for an early retirement pension will no longer have pre-retirement indexing, early retirement subsidies or bridge benefits included in the calculation of their benefits.

Current retired members are not affected.

For more information, please visit **www.omers.com** or the OMERS Sponsors Corporation website at **www.omerssc.com**.

The SC's approval of contribution rate increases and future benefit changes is with the goal of improving the ongoing funded status of the OMERS Plan.

A taxing matter: making the most of your income

Tax time is just around the corner, and it's a good time to make sure that you're claiming all the tax credits and deductions available to you. You may wish to consult a tax accountant.

Income tax slips

OMERS will mail your 2010 tax slip for your pension to your principal (home) address by the end of February 2011. We will also send a copy to the Canada Revenue Agency (CRA).

- **T4A** tax slip for Canadian residents;
- **NR4** tax slip for non-residents;
- If part of your pension is paid from the Retirement Compensation Arrangement (RCA), you will get a separate tax slip for that portion.

The tax slip is your official proof of income. It shows the total amount of pension paid to you in the previous calendar year and the total tax deducted and remitted to the CRA by OMERS. You should receive your tax slip by early March.

- If you don't receive it, contact OMERS Client Services; we will confirm your mailing address and send you another slip.
- If you are a registered myOMERS* user, you can print extra copies of your T4A slips directly from your online file.

The following websites have information about tax credits and grants for seniors and retirees that may be useful.

Federal age tax credit
(once you reach age 65)
www.cra-arc.gc.ca/seniors/

GST/HST credit program
www.cra-arc.gc.ca

Ontario Sales Tax Credit
(this is in addition to the GST/HST credit)
www.rev.gov.on.ca/en/credit/stc

Senior Homeowners' Property Tax Grant
www.rev.gov.on.ca/en/credit/ptc

Northern Ontario Energy Credit
(for Northern residents)
www.mndmf.gov.on.ca/northern_energy_credit

Pension income splitting
(available to couples at tax time; see the article on page 5)
www.cra-arc.gc.ca

Additional income tax deductions

The tax withheld from your OMERS pension is based on your monthly pension payments, and your federal and provincial income tax forms (TD1) or country of residence information. To update your income tax information, send OMERS a new TD1 form, available at **www.cra-arc.gc.ca**.

You can arrange to have OMERS deduct additional tax from your monthly payments. For example, if your total income puts you into a higher tax bracket, increasing the tax at source may help you avoid a big bill at tax time. You may wish to discuss your situation with a tax adviser or the CRA.

To change the additional tax withheld from your monthly pension payments:

- Complete and submit a *Form 108 – Changing information (retired member/survivor)* available at **www.omers.com**; or
- Send OMERS a signed letter, with your full name (printed), OMERS reference number, and the total additional monthly amount you want withheld; or
- If you are a registered myOMERS* user, you can make this change online.

See page 6 for how to register for myOMERS.

Retired "man about the house" finds tax savings

Since retiring six years ago, Eric Mason has become the head "Domestic Engineer with Certificate," while his wife, Wanda, continues to work full-time in a call centre.

Eric, 71, was a Stores Keeper for OC Transpo (the city of Ottawa's public transit service), at its Pinecrest garage, a job he says was a "world unto itself." Eric was responsible for storing, shipping, and receiving parts for buses and trucks, plant equipment, and computers.

After retiring, Eric and Wanda moved from the Ottawa region to Cornwall. Now Eric has taken over the running of their household, looking after everything from laundry, cooking, and even baking his own bread.

Eric says he makes sure Wanda has a nutritious hot lunch and a hearty snack to take to her job every day. And that he has a drink ready for her when she gets home.

"I've got to take good care of her," Eric says.

Eric's monthly OMERS pension provides income for life. As well, the OMERS pension would provide his wife with lifetime survivor benefits.

Eric and Wanda have access to pension income splitting, a program he highly recommends.

"Couples can take advantage of pension income splitting," Eric says. "This income tax program means you can 'split' the amount of pension you receive with your lower-income spouse to spread out the income tax, and save money."

Eric has an idea for other tax savings. "Consider claiming premiums for any medical and dental insurance programs on your income tax," he says.

The insurer should provide a statement for tax purposes.

Facts about pension income splitting

Pension income splitting began in the 2007 tax year. It helps couples reduce their overall taxes by dropping the higher-income spouse/partner into a lower tax bracket. The income is not "split" at source, but rather for tax purposes at tax time.

Pension income splitting is set up through the Canada Revenue Agency (CRA), not through OMERS. The couple must complete a Form T1032, Joint Election to Split Pension Income *available at* ***www.cra-arc.gc.ca.***

INCOME THAT *CAN* BE SPLIT	INCOME THAT *CANNOT* BE SPLIT
You can split your OMERS retirement, disability or survivor pension, or other pension from a registered plan, regardless of your age.	You cannot split income from a Retirement Compensation Arrangement (RCA) pension for high-income earners.
From age 65, you may split income from a registered retirement savings plan (RRSP) annuity; registered retirement income fund (RRIF); life income fund (LIF); or deferred profit sharing plan (DPSP) annuity.	You cannot split income from Old Age Security (OAS); Guaranteed Income Supplement (GIS); Canada Pension Plan (with some exceptions; contact the CRA); Quebec Pension Plan; RRSP withdrawals. **Under age 65** you cannot split income from an RRSP annuity; RRIF; LIF; or DPSP annuity.

Try myOMERS suite of convenient online features

myOMERS member access system now has a suite of convenient online features for retirees.

As a registered myOMERS user, you can:

- Update your address, banking, and additional tax information online;
- View your annual statement of pension;
- Reprint copies of your T4A tax slips; and
- Sign up for Additional Voluntary Contributions (AVCs – see page 7).

More than 28,000 active and retired members are registered for myOMERS. Security features and a sign-up process similar to online banking were built into myOMERS.

When asked what they liked about myOMERS, here's what some users have said:

"Info at the click of a button – easy access to my personal info."

"Saves paper."

"I feel more connected to my pension information."

myOMERS

Three easy steps to register…

1. Have your information ready: you need your OMERS reference number, social insurance number, date of birth, and a valid email address.

2. Go to www.omers.com: click on the myOMERS link and follow the online registration process.

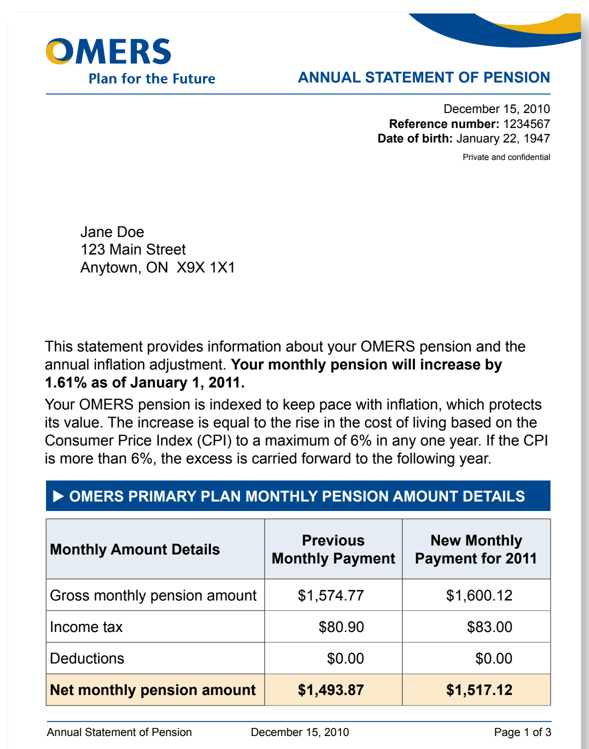
3. Complete the registration: an activation link will be sent to you by email. Click on this link and enter myOMERS secure site to complete the registration process.

Annual pension statement gets redesign

Your annual statement of pension has a brand new look. The statement provides the details about your annual inflation adjustment for 2011, and other information about your OMERS Plan.

Please review the statement to make sure your information is correct. For example, this year's annual statement shows your beneficiary information on file. Notify OMERS in writing (not email) if any changes or corrections are needed. See the article *New information? Let OMERS know* (on page 8) for more.

If you are a registered myOMERS user, you can sign up for e-only delivery of your annual statement. We'll send you an email advising when your statement is in your *My Reports* folder in myOMERS.


OMERS
Plan for the Future

ANNUAL STATEMENT OF PENSION

December 15, 2010
Reference number: 1234567
Date of birth: January 22, 1947
Private and confidential

Jane Doe
123 Main Street
Anytown, ON X9X 1X1

This statement provides information about your OMERS pension and the annual inflation adjustment. **Your monthly pension will increase by 1.61% as of January 1, 2011.**

Your OMERS pension is indexed to keep pace with inflation, which protects its value. The increase is equal to the rise in the cost of living based on the Consumer Price Index (CPI) to a maximum of 6% in any one year. If the CPI is more than 6%, the excess is carried forward to the following year.

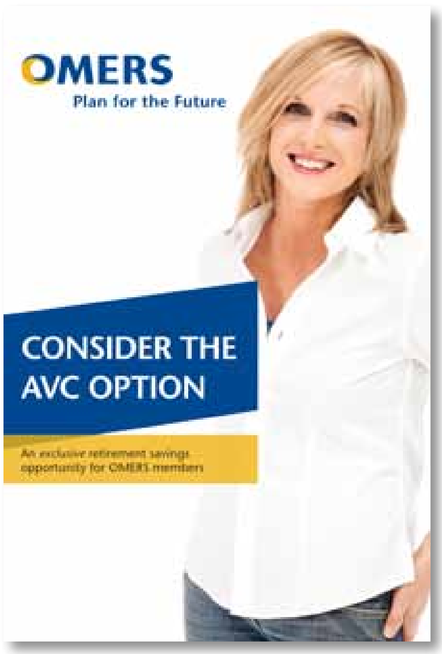
OMERS PRIMARY PLAN MONTHLY PENSION AMOUNT DETAILS

Monthly Amount Details	Previous Monthly Payment	New Monthly Payment for 2011
Gross monthly pension amount	$1,574.77	$1,600.12
Income tax	$80.90	$83.00
Deductions	$0.00	$0.00
Net monthly pension amount	**$1,493.87**	**$1,517.12**

Annual Statement of Pension December 15, 2010 Page 1 of 3

There's Value in Membership

Countdown to new OMERS savings option



The new year will see the launch of OMERS new retirement savings and investment option – Additional Voluntary Contributions (AVCs) – available exclusively to OMERS members to the end of the year they turn 70. See if the AVC option fits your retirement savings plan.

Eligible retired OMERS members can contribute to an AVC account by transferring funds from registered retirement arrangements such as an RRSP, locked-in retirement account (LIRA), or another registered pension plan.

AVCs are similar in some ways to RRSPs, but are part of the OMERS Primary Pension Plan. Members can transfer funds until the end of the year they turn 70. The transfer-in window is from January 1 to April 30. The transferred amount begins to earn the OMERS Fund rate of return from the date it is received.

Fees and expenses are calculated on a cost recovery basis and consist of investment and administration components. Funds in an AVC account must be withdrawn by October of the year you turn 71.

Eligible retirees will receive an information package by mail. To speak to an OMERS Client Services representative about AVCs, please call 1-800-387-0813. You can also read more about AVCs in the guide, *Consider the AVC Option*, and the Terms of Participation at **www.omers.com**.

Borealis, Teachers' acquire UK high-speed rail link

Borealis Infrastructure (an OMERS company) and Ontario Teachers' Pension Plan have partnered for the purchase of High Speed 1 (HS1), Britain's only high-speed rail link to the Channel Tunnel, an acquisition valued at £2.1 billion.

Britain's state-owned railway sold the 30-year concession to own and operate the 68-mile HS1 rail network, connecting St. Pancras International Station in London, through southeastern England to the Channel Tunnel.

"This acquisition supports OMERS long-term strategy to diversify internationally and we view the UK and Europe as primary markets in meeting this objective," said Michael Rolland, President and CEO of Borealis Infrastructure. "HS1 operates in an attractive and stable regulatory environment with good long-term visibility on inflation-linked cash flows."

Borealis Infrastructure's portfolio includes Associated British Ports and The Detroit River Rail Tunnel.

The HS1 purchase also fits OMERS long-term strategy of increasing private market investments (e.g., private equity, infrastructure and real estate) to 47% of the Fund's asset mix. OMERS annual report can be viewed at **www.omers.com**.

PENSION INFORMATION SCHEDULE

Learn about your pension income

If you would like to attend a meeting, be sure to sign up promptly… the sessions fill up quickly. Please visit **www.omers.com** or contact OMERS Client Services to register for a session or for full details on a date and location.

Pension information schedule

Topics include pension basics, inflation protection, and survivor benefits.

Pension information sessions are from 2:30 p.m. to 4 p.m.

January 19 **Toronto**	February 16 **Toronto East**	April 6 **Hamilton**	June 22 **Dryden**
January 26 **Toronto West**	March 9 **Brampton**	May 26 **Windsor**	July 13 **Sault Ste. Marie**
February 9 **Toronto North**	March 23 **Belleville**	June 8 **Collingwood**	July 21 **Niagara Falls**

Special AVC information schedule

Learn about AVCs (Additional Voluntary Contributions), a new savings and investment opportunity exclusive to OMERS members. See *Countdown to new OMERS savings option* on page 7.

AVC information sessions are from 2:30 p.m. to 4 p.m.

January 11 **Simcoe**	January 27 **Scarborough**	February 23 **Kingston**	March 16 **Ottawa** (French)
January 13 **Orangeville**	February 3 **Toronto**	February 24 **Belleville**	March 17 **Smiths Falls**
January 18 **Mississauga**	February 10 **Oshawa**	March 2 **North Bay**	March 22 **Chatham**
January 20 **St. Catharines**	February 10 **Brampton**	March 3 **Sudbury** (French)	March 22 **Newmarket**
January 25 **Burlington**	February 15 **Hamilton**	March 15 **Ottawa**	April 11 **Windsor**

OMERS 2011 Spring Information Meeting

The Spring Information Meeting will be on April 19, 2011 in Toronto. Hear an update on OMERS operations and our 2010 results. Visit www.omers.com to register (early in 2011) or to tune in to the live webcast.

New information? Let OMERS know…

Be sure to notify OMERS of any change in your address, banking information, extra tax deduction, or beneficiary information.

- Complete and submit a *Form 108 – Changing information (retired member/ survivor)* available at **www.omers.com**.
- If you are a registered myOMERS user, you can make most of these changes conveniently online.
- You can also send a letter to OMERS with your new information. Be sure to include your OMERS reference number and sign the letter.

OMERS
Plan for the Future

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If there is any discrepancy between the information in this newsletter and the *Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act, 2006)* and the Plan text, the *OMERS Act, 2006* and Plan text will govern.

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