OMERS
retired member news

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Retired firefighter chooses AVCs

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OMERS retired member John Vonk

OMERS pensions to increase 2.84% for 2012

Inflation protection is an important feature of your OMERS pension. OMERS has announced that as of January 2012, pensions will increase by 2.84%. This increase is based on the change in the cost of living as reported by Statistics Canada in the Canadian Consumer Price Index (CPI).

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Each January, OMERS pensions increase by the average increase in the Consumer Price Index (CPI), to a maximum of 6%.

- OMERS uses the same method as the Canada Pension Plan (CPP) to calculate its annual increase for pensions. CPP rounds the monthly averages to one decimal place and then calculates the increase. OMERS rounds only the final number to two decimal places.
- Your *Annual Statement of Pension* shows your updated pension amount for 2012.

A pension that is indexed to inflation helps you keep your finances in line with the rising cost of living and adds to your retirement financial security.

New pensions receive pro-rated increases

- **If your pension started before January 2011:** you will receive the full increase of 2.84 % in 2012.
- **If your pension started in January 2011 to November 2011, inclusive:** your 2012 increase is pro-rated. For example, if your pension started in March 2011, you would receive an increase of 2.13% (which is $^{9}/_{12}$ of 2.84%).
- **If your pension started in December 2011:** you will not get an increase in 2012, but you will get a full increase in January 2013.

Pension payment dates for 2012

Receiving your OMERS pension by direct deposit guarantees that your pension payments are deposited on the first banking day of the month, as follows:

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

- 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 pension plans, including Canada Pension Plan and Old Age Security, pay pensions at the end of the month.
- If you still receive your OMERS pension by cheque, please call Client Services to request direct deposit. You will get your pension deposited faster.

How the annual increase is calculated

OMERS determines the annual pension increase using the monthly average of the CPI for the 12-month period of November 2010 to October 2011. This is compared to the average for the same period the previous year. The percentage difference determines the increase for pensions.

Here's how this year's increase was calculated:

$$\left(\frac{\text{CPI average 12 months (Nov 2010 to Oct 2011)}}{\text{CPI average 12 months (Nov 2009 to Oct 2010)}} - 1\right) \times 100 = \%\text{ pension increase}$$

$$\left(\frac{119.35}{116.05} - 1\right) \times 100 = 2.84\% \text{ (rounded to two decimal places)}$$

The CPI was established by the federal government to measure changes in the cost of living. It is based on the changes in the prices 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**.

Learn about OMERS Plan funding strategy

Visit the new Plan Funding section on OMERS website for information about the:

- status of the OMERS Plan
- nature of the current Plan deficit
- steps being taken to return the Plan to a fully funded status.

Learn more at **www.omers.com/planfunding.**

OMERS sponsors approve Plan changes

The OMERS Sponsors Corporation (SC) has set contribution rates for 2012. Rates for the OMERS Primary Pension Plan (OMERS Plan) will increase as part of OMERS strategy to return the Plan to full funding.

The OMERS SC is responsible for plan design and contribution rate decisions. In 2010, the SC announced total contribution rate increases of 2.9% per side (members and employers) over three years. The SC also announced benefit changes that will impact service earned after 2012. **These changes do not affect current retired members and survivors, or current deferred members, and will not impact your pension.**

OMERS acquires leading ship services firm

OMERS Private Equity recently acquired V.Group Limited, a leading supplier of outsourced ship management, crew provision and related marine services, based in the U.K.

V.Group manages the running and maintenance of over 700 vessels for clients in the shipping, offshore, leisure and defence sectors. V.Group operates in 34 countries and has a network of 70 offices.

"We believe V.Group's extensive global network, track record of profitable growth and breadth of services provide significant long-term potential," said Mark Redman, Senior Managing Director of OMERS Private Equity in Europe.

The acquisition of V.Group for $520 million (US) builds on the investment successes of OMERS London office:

- Oxford Properties acquired a 50% share in MidCity Place in London, and is partnering with British Land to develop the 122 Leadenhall Street Building; and
- Borealis Infrastructure – with the Ontario Teachers' Pension Plan – acquired HS1, a high-speed rail network connecting St. Pancras Station in central London to the Channel Tunnel.

For more about OMERS investments please see OMERS Annual Report at **www.omers.com/annualreport**.

AVC transfer window to open January 1

Transfers to an AVC account can be made during the transfer window, from January 1, 2012, until the end of April 2012.

Additional Voluntary Contributions (AVCs) are a feature of the OMERS Primary Pension Plan. Funds in an AVC account begin to earn the OMERS Fund rate of return, less investment management expenses, from the date they are received.

Eligible retired members* up to age 70 can transfer funds from other registered retirement savings vehicles to an AVC account.

Investing in the OMERS Fund

AVCs allow members to participate in the overall investment strategy of one of Canada's largest pension plans. OMERS Fund asset mix strategy is to increase private market investments to 47% of net investment assets. The strategy is based on the belief that over the long term, an asset mix with greater exposure to private market investments is better positioned to generate strong, predictable returns and consistent cash flow with reduced risk.

For more about the OMERS Fund investment strategy, please visit **www.omers.com/annualreport**.

How to transfer funds to an AVC account

If you are a registered myOMERS user, you can start your transfer from your registered retirement savings plan (RRSP) or locked-in retirement account (LIRA) conveniently online. The myOMERS secure site pre-populates the transfer form with your information as well as OMERS transfer authorization and information.

Or, if you prefer, complete *Form 402 – Transferring funds to your AVC account* and the associated tax form. Form 402 is available at **www.omers.com/memberforms**, or contact OMERS Client Services to request a copy.

Are AVCs right for you?

Visit **www.omers.com/avcs** to learn more. Or come to an information session – one of the topics covered is AVCs. See page 8 for dates and locations.

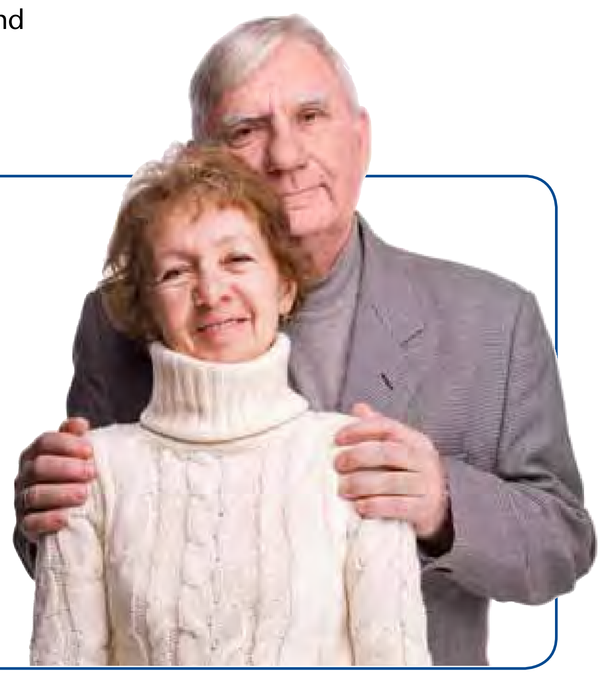
**The AVC option is available exclusively to members with service in the OMERS Primary Pension Plan. It is not available to spouses, surviving spouses or other beneficiaries who are not also members.*

DID YOU KNOW…

The OMERS Plan assets include a 50% ownership interest in Yorkdale Shopping Centre in Toronto, Watermark Place in London, England, and Hudson Yards in New York. When you contribute to AVCs, you're investing in the OMERS Fund.

DID YOU KNOW…

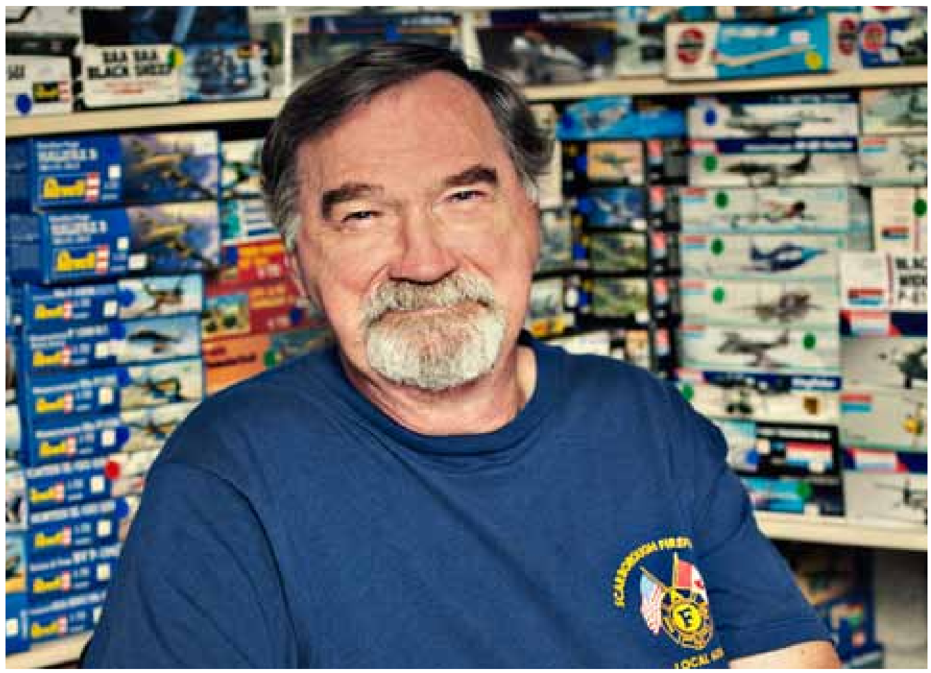
AVCs are offered on a cost-recovery basis, which means no profit margin is built into the calculation of fees and expenses.



Retired firefighter chooses OMERS AVCs

Finding the right savings opportunity is an important part of retirement. For John Vonk, a retired firefighter, the OMERS Additional Voluntary Contributions (AVC) option is a choice he's comfortable with.

John, who retired in 2001 after a long career of firefighting in Scarborough, is now co-president of the Scarborough Firefighters Retirees Club. It was there, during an OMERS presentation, that John first heard about AVCs. He also read about the AVC option in member newsletters.



"I'd been dabbling with stocks and sometimes you do okay, and sometimes you lose," he says. But after learning about AVCs, John decided to move his money over. "I feel that OMERS invests wisely," he says.

An AVC account is similar to an RRSP but is part of the OMERS Plan. The AVC option is exclusive to OMERS members and was introduced after members asked if they could make additional investments with OMERS.

Because John was familiar with OMERS reputation, he had little doubt when making his decision.

"I knew what the track record was," he says.

With money put away in his AVC account, John is not planning to touch it any time soon.

"It's kind of a nest egg," he says. Under the terms of the AVC provision, members can keep their funds in an AVC account until October of the year they turn 71. For more information on withdrawal provisions, see the AVC Guide, *Consider the AVC Option*, at **www.omers.com/avcs**.

"We have a retirees' luncheon once a month at the club," says John. "We tell all our members to think about whether transferring funds to an AVC account may fit their financial plan."

When asked about his retirement, John says, "In the 10 years I've been retired, there hasn't been a day yet when I've been bored." John keeps busy with the retirees' club, but that's not the only way he's spending his time. He enjoys collecting model airplanes and he and his wife, Victoria, maintain a booth in an antiques mall. The couple purchased a cottage eight years ago. In addition, "Our goal is to travel as much as we can," he says. "We go on at least two trips a year."

He also mentions it's been a smooth transition from full-time employment to retirement.

"The stress is gone. That's the most important thing," he says.

Preparing for the upcoming tax season

With tax season just around the corner, now is a good time to roll up your sleeves and make sure you consider all the tax credits and deductions available to you.

OMERS tax slips

By the end of February, OMERS will mail your 2011 tax slip for your pension to your home address. If you are a registered myOMERS user, you can view your T4A slip directly from your online account. We will also send a copy of the following applicable slips to the Canada Revenue Agency (CRA) on your behalf:

- **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. Box 16 on your T4A shows the total amount of pension paid to you in the previous calendar year. Box 22 on your T4A shows the total tax deducted and remitted to the CRA by OMERS. You should receive your tax slip by early March.

Plan now and pay less later

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 higher bill at tax time. You may wish to discuss your situation with a tax adviser or a CRA representative.

There are three ways to request a change in the additional tax with-held from your pension payments:

1. If you're a registered myOMERS user, you can make this change online.
2. Complete and submit a *Form 108 – Changing information (retired member/survivor)*.
3. Send OMERS a signed letter, with your full name (printed), OMERS reference number, and the total additional monthly amount you want withheld.

Online information about tax credits:

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

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

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

Pension income splitting (available to couples at tax time)
www.cra-arc.gc.ca

Senior Homeowners' Property Tax Grant
www.rev.gov.on.ca

NON-BASIC TAX EXEMPTION RATES FOR 2012

OMERS uses information from the TD1 tax form to determine basic and non-basic tax deductions. Non-basic tax exemptions apply only if you have claimed the deduction on the TD1.

CRA is unable to guarantee that the rates for non-basic tax exemptions will be in place for the January 2012 pension payment. If you have non-basic tax exemptions, your January pension payment may not include the 2012 rates. In this case, 2012 rates for non-basic tax exemptions will begin with your February pension payment and you will receive a notice from OMERS with details in January.

Telephone surveys help to gauge our service

Members who recently called OMERS Client Services or had a transaction processed (for example, a change of address) may be asked to participate in a telephone survey.

"We rely on our members to give us their honest and open feedback," says Jennifer Brown, OMERS Chief Pension Officer. "Positive or negative, it's important because it helps us focus on where our service could be improved or streamlined."

OMERS works with a trusted supplier, Leger Marketing, to conduct the surveys. Our interviewers will not ask for any personal or financial information. If you are contacted for the survey and you have any concerns, please call OMERS Client Services.

Get your newsletter by email

OMERS offers members the option to receive *Retired Member News* through email instead of getting a paper copy.

Many retired members have already signed up for the e-option. Here's why some of them have made the switch:

"We winter away from home. *Retired Member News* is always available on our laptop."— *Rick, retired supervisor*

"I can save them on the computer, unlike paper which can be lost."— *Gerry, retired systems operator*

"I wanted to make sure I didn't miss a copy."— *Rick, retired firefighter*

Whether your reason is to save space or save paper, we invite you to sign up to receive the electronic version of *Retired Member News* by visiting the Retired Member Newsletter section at **www.omers.com/retiree_news**. You will need your OMERS reference number which you will find on your *Annual Statement of Pension*.

Be pension savvy – understand your OMERS Pension, Learn about the AVC Option

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

Schedule

Topics covered include pension basics, inflation protection, OMERS survivor benefits and Additional Voluntary Contributions (AVCs) – AVCs are an investment opportunity exclusive to OMERS members.

Information sessions run from 2:00 p.m. to 3:30 p.m.

January 17 **Toronto (OMERS)**	February 21 **Pembroke**	March 15 **Huntsville**	April 5 **Brantford**
January 26 **Ajax**	February 22 **Toronto (OMERS)**	March 20 **Cornwall**	April 11 **Kapuskasing**
January 31 **Cambridge**	February 22 **Ottawa**	March 21 **Belleville**	April 12 **Kirkland Lake**
February 7 **Barrie**	February 28 **Thorold**	March 21 **Sault Ste. Marie**	April 12 **Windsor**
February 8 **Newmarket**	February 29 **Brampton**	March 21 **Timmins**	May 2 **Kenora**
February 9 **Scarborough**	March 6 **Gananoque**	March 27 **Toronto (OMERS)**	June 6 **Ajax**
February 9 **Peterborough**	March 7 **Owen Sound**	March 29 **Vaughan**	June 12 **Mississauga**
February 16 **Markham**	March 7 **Sudbury**	April 4 **Kincardine**	June 20 **Kingston**
February 21 **Mississauga**	March 8 **Hamilton**	April 4 **Thunder Bay**	July 11 **Orangeville**

OMERS is also scheduling meeting later in the year in Oakville, Kitchener, Simcoe, Vaughan, Mississauga, London, Guelph, Barrie, Sarnia, Sudbury, Essex, Scarborough, Brantford, Brockville, Ottawa English & French, Oshawa, Downtown Toronto (OMERS), St. Catharines and Markham.

myOMERS is the key to secure, online access

As a registered myOMERS user, you can:

- view your *Annual Statement of Pension*
- switch to email delivery of your *Annual Statement of Pension* through e-subscription
- change your address and banking information
- request additional withholding tax
- reprint copies of your T4A slips
- sign up for AVCs during the annual transfer-in window and estimate the future balance of your AVC account with the AVC Calculator.

It's easy to register for myOMERS: go to **www.omers.com/pensions** and click on the myOMERS link. You will need your OMERS reference number, which you will find on your *Annual Statement of Pension.*

OMERS
Plan for the Future

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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