OMERS

One University Avenue
Suite 1000
Toronto, Ontario M5J 2P1

Telephone: 416-369-2444
Toll-free: 1-800-387-0813
E-mail: client@omers.com
www.omers.com

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REPORT TO MEMBERS 2000

OMERS

Report to Members


Peter Leiss


Dale E. Richmond

The OMERS pension plan was established nearly 40 years ago to provide retirement security for people like you – the current and former employees of municipal governments, school boards, libraries, police and fire departments, children's aid societies and other local agencies throughout the province of Ontario. By pooling resources and focusing on long-term results, we have grown into one of the largest, most competitive and cost-effective pension plans in Canada, managing about $36 billion in assets on your behalf.

Competitive benefits

As an OMERS member, you have access to an enviable range of retirement benefits. A recent study of eight major public sector pension plans confirmed that not only are our benefits competitive, they match or exceed those offered by the other plans. Here are just some examples:

- Members enjoy the security of guaranteed inflation protection.
- We are the only pension plan offering a full contribution holiday to its members and employers.
- We have the lowest normal contribution rates of the jointly funded plans.
- We currently offer the most attractive early retirement incentives, including a younger retirement age than most other plans.
- Our survivor benefits are unrivalled.

Long-term investment excellence

Your plan has a proven investment record, based on a strategy of diversification and discipline, that has enabled us to maximize returns while minimizing risk. Our investment team – some of the best professionals in the pension industry – has kept our performance competitive with other large pension funds.

During 2000, we heard your concerns about the market downturn and how that might affect the OMERS Fund. While our annual rate of return for the year, 6.2%, wasn't as high as in recent years, it is long-term performance that's important.

Over the past 10 years, your plan has enjoyed an average rate of return of 12.2% – far in excess of the amount our actuaries say we need to remain fully funded.

Building value

OMERS delivers value every day in how we manage the Plan and respond to members. In 2000, the Board consulted extensively with our stakeholders on the issue of surplus management. It then recommended a fair, affordable package that would benefit our active and retired members and employers alike. The very nature of our Board – jointly managed by members, retirees and employers – helps ensure that any plan decisions are made in the best interests of all.

The Board extended the contribution holiday for one more year. It asked the Ontario Government to allow an extended phase-out of the temporary early retirement incentives and to approve a permanent increase to pension benefits retroactive to January 1999. This would mean a retroactive cash payment for those of you already collecting a pension. These pending enhancements are in addition to previous surplus initiatives that provided full inflation protection and improved pensions.

Here to serve you

Our goal is to deliver high quality service in everything we do. In the years to come, we will continue to build on our past achievements – offering you value, competitive benefits, strong investment performance and efficient service – so that you can continue to rely on your OMERS pension as the foundation of your retirement income. We also hope to move OMERS further away from the control of the province so that we can better represent your interests.

We never forget that our reason for being is your retirement security, and we look forward to helping you to achieve it.

Peter Leiss
Chair, OMERS Board

Dale Richmond
President and CEO

About Your OMERS Plan

OMERS is a defined benefit pension plan that serves local government employees, funded by equal contributions from the employer and employee. OMERS provides pension services for 295,000 members and more than 1,000 employers, managing about $36 billion on their behalf. You can rest secure knowing that inflation protected benefits, based on a formula that takes into account how many years you pay into the plan and your salary, are guaranteed.

Inflation protection is important because it means your benefits continue to grow after you retire, to keep pace with the rising cost of living. For example, if you retired in 2000 and collect $20,000 a year in benefits, your OMERS pension would grow to about $26,000 by 2009, based on a 3% rate of inflation.

Working for you

How does OMERS work for its members? Here are a few of the ways.

In 2000, OMERS:

- Paid monthly pensions totalling $916 million to 79,736 retired members and survivors living in Ontario, across Canada and around the world – including 6,186 members who retired in 2000.
- Welcomed 17,109 new members to our plan.
- Delivered 10,755 pension quotes to members approaching retirement.
- Answered 52,945 calls and 3,175 emails and other correspondence through our dedicated Client Services call centre team.
- Hosted 251,000 individual visitors to the OMERS web site, including 119,400 who used our popular planning tool, the Pension Estimator.
- Developed new tools and resources to enhance service including electronic forms and a retirement planning section at www.omers.com.
- Met face-to-face with more than 10,000 members and employers through 365 presentations across Ontario.

Consolidated Statement of Net Assets

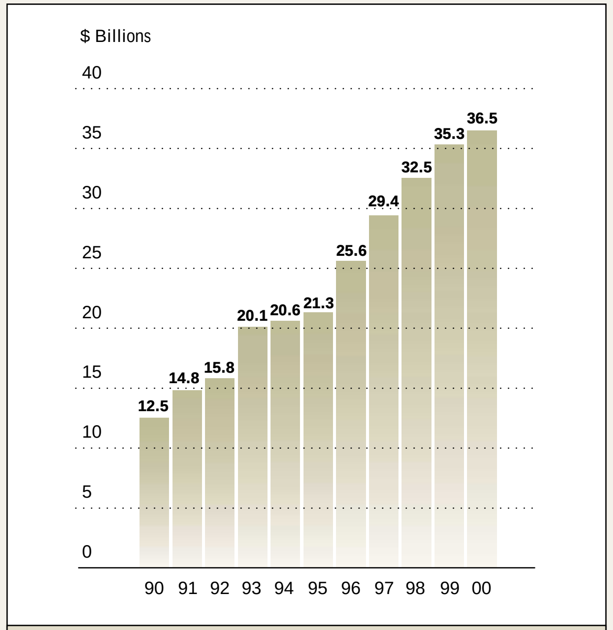
As at December 31, 2000		Millions
(Includes assets of other plans managed by OMERS)		
Cash and short term	$	2,907
Fixed income		10,618
Canadian equities		10,732
Foreign equities		6,684
Private placement equity		1,128
Real estate		4,400
Total investment assets	**$**	**36,469**
Other assets		594
Total assets	**$**	**37,063**
Total liabilities		1,188
Net assets	**$**	**35,875**

Holdings Greater than $200 million

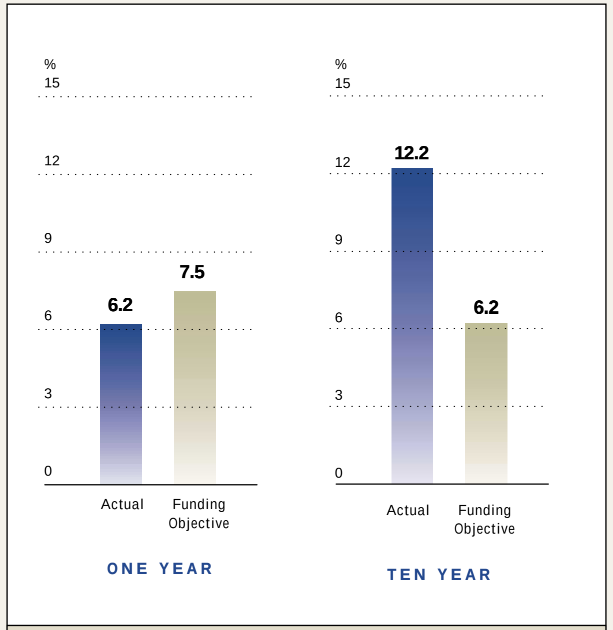
As at December 31, 2000	Fair value ($ millions)
EQUITIES	
Nortel Networks Corporation	1,735
Royal Bank of Canada	494
BCE Inc.	430
Bombardier Inc.	312
Toronto-Dominion Bank	287
Bank of Nova Scotia	276
Thomson Corporation	259
Bank of Montreal	243
Canadian Imperial Bank of Commerce	232
Great West Lifeco. Inc.	205
Alcan Aluminum Limited	204
BONDS	
Government of Canada	3,178
Government of Ontario	738
Quebec Provincial Government	712
Province of Ontario Debentures	559

QUICK FACTS

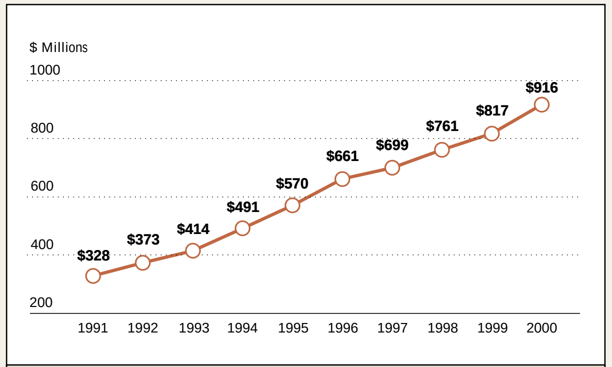
AS AT DECEMBER 31



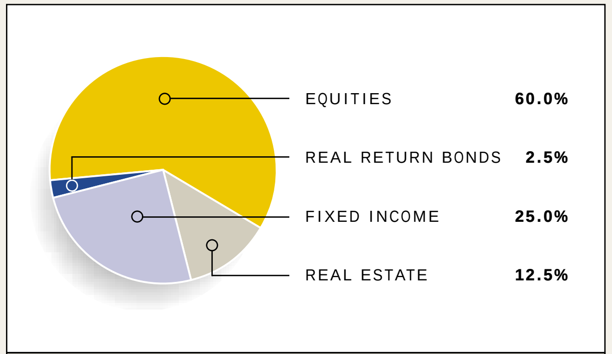
Asset Growth from 1990



Returns vs. Funding Objective



Growth in Pension Payroll



2000 Asset Mix Policy