OMERS
Plan for the Future

Member Update

Number 74, Winter 2005/2006

A newsletter for members of the OMERS pension plan

Province holds hearings on bill to make OMERS autonomous

Self-governance a long-standing Board objective

Contribution rate increase approved
See page 2.

What's inside

Ontario legislative hearings on the bill that would grant independence (or autonomy) to OMERS began in November. Bill 206 (*An Act to revise the Ontario Municipal Employees Retirement System Act, 2005*) proposes a governance model for OMERS that is similar to public sector pension plans such as Ontario Teachers' or Hospitals of Ontario.

Independence is a long-standing objective of the OMERS Board. It involves a change to the OMERS plan sponsor, currently the government of Ontario, and means that OMERS will be controlled by those who actually pay into the Plan – our members and employers.

Under the legislation, a Sponsors Corporation would take over the role of plan sponsor from the government of Ontario. This Sponsors Corporation would have final say and responsibility for decisions on plan design and benefit changes.

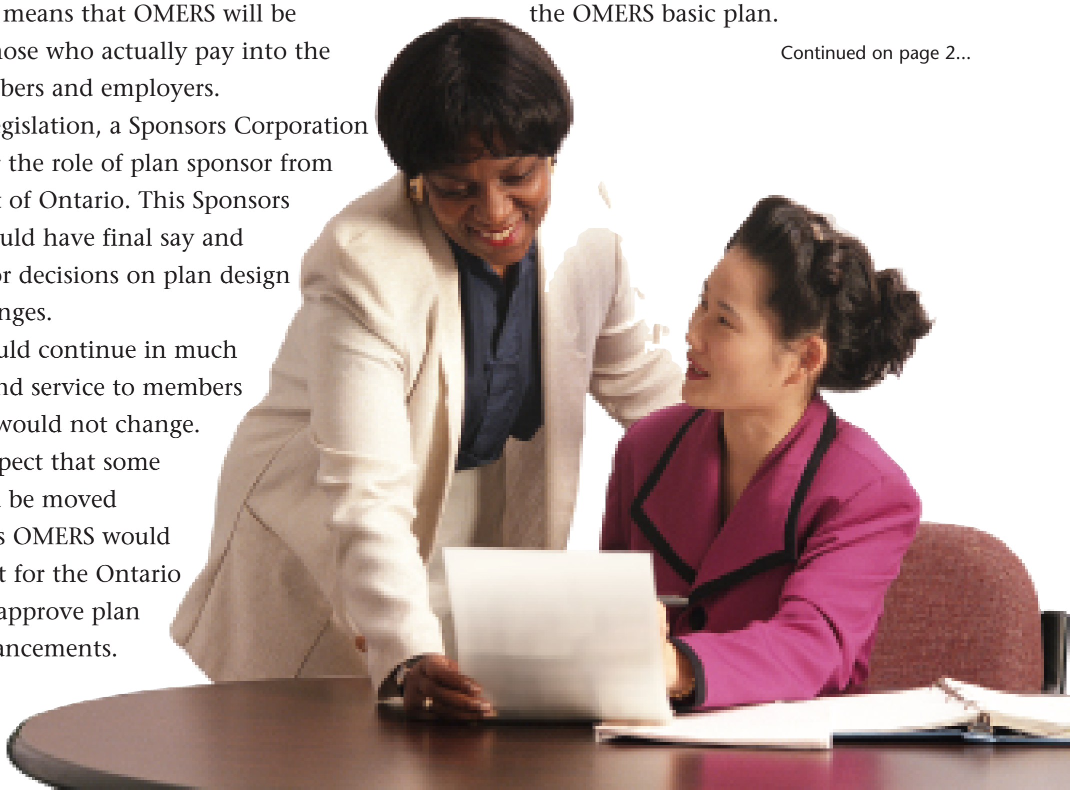
Business would continue in much the same way and service to members and employers would not change. However, we expect that some initiatives could be moved forward faster as OMERS would not have to wait for the Ontario government to approve plan changes or enhancements.

The OMERS Board, which would be known as the Administration Corporation, would continue to oversee investments and administer the Plan.

OMERS will continue to be bound by federal and provincial legislation that protects members' rights and sets limits on investments to minimize risk. OMERS pensions will not be affected; pensions are and will remain secure.

Bill 206 also allows for possible supplemental plans. These are separate, stand-alone pension plans that would offer benefits not available in the OMERS basic plan.

Continued on page 2...



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Province holds hearings on Bill 206

Any supplemental plan that was offered would have to be negotiated between an employer and the eligible employees. This would allow for local bargaining of benefits between the employer and the union or association. Contributions for participating members and employers would increase to cover the costs of additional benefits.

Current model		Proposed model	
OMERS Board Representatives: • 6 for employers • 6 for members including one retired member • 1 for government of Ontario • Oversees plan administration, Fund investments	**Ontario government (Plan sponsor)** • Appoints members to OMERS Board • Has final approval on plan design, contribution rates	**Administration Corporation** • Equal number of representatives from employer and member groups, and one retired member • Continue to oversee plan administration, Fund investments • Sponsor groups (e.g., CUPE, school boards) to appoint representatives	**Sponsors Corporation (Plan sponsor)** • Equal number of representatives from employer and member groups • Take over government's role with responsibility for plan design, contribution rates • Sponsor groups (e.g., CUPE, school boards) to appoint representatives

www.omers.com Visit www.omers.com/Plan Governance/Autonomy/Bill 206 for detailed information, an overview of the bill, OMERS submission to the government and committee hearings, frequently asked questions, and more.

OMERS contribution rate increase approved by provincial government

The government of Ontario has approved a contribution rate increase for OMERS members and employers that will come into effect with the **first full pay in January 2006**. The rates will increase by an average of 0.6% of annual earnings. This works out to an increase of about 9% in the actual dollar amount a member would contribute. For example, a member contributing $100 per pay in 2005 would pay about $109 per pay in 2006.

As reported in the July *Member Update*, the contribution rate increase is lower than originally forecast due to better-than-expected investment returns. The contribution holiday and benefit improvements arising from the Fund surplus in the late 1990s, followed by losses in the 2000-2001 market crash, are factors in the current Fund deficit. OMERS has taken steps to reduce the deficit, through a new investment strategy and raising contribution rates.

Keep in mind that the contributions you make lower your taxable income, which may lessen the impact of the rate increase.

Contribution rates		2005	2006
Normal retirement age 65	Up to the YMPE*	6.0%	6.5%
	Over the YMPE	8.8%	9.6%
Normal retirement age 60	Up to the YMPE	7.3%	7.9%
	Over the YMPE	9.8%	10.7%

*You contribute to the Canada Pension Plan on your earnings up to the year's maximum pensionable earnings (YMPE). For 2006 this ceiling is $42,100.

Examples of contributions per pay for 2006 (two-week pay period)

Note: examples shown in the July *Member Update* used the 2005 YMPE limit ($41,100). These examples use the 2006 YMPE limit of $42,100.

For members with a normal retirement age of 65

Annual earnings	2006 contributions per two-week pay period	Difference from 2005 rates
$30,000	$75.00 / pay	+ $5.77
$50,000	$134.42 / pay	+ $9.45
$70,000	$208.27 / pay	+ $15.61

For members with a normal retirement age of 60

Annual earnings	2006 contributions per two-week pay period	Difference from 2005 rates
$30,000	$91.15 / pay	+ $6.92
$50,000	$160.43 / pay	+ $11.49
$70,000	$242.74 / pay	+ $18.41

Survivor benefits: test your knowledge

How much do you know about the valuable survivor benefit features of your OMERS pension? Try this quiz to learn more!

1. Your eligible spouse or partner is entitled to an OMERS survivor benefit if you die before or after retiring. True or false?
2. If you do not have an eligible spouse or child and you do not designate a beneficiary, your OMERS benefit will default to your estate. True or false?
3. If your eligible spouse collects a survivor pension after you die, the pension will stop if your spouse remarries. True or false?
4. If you die before retirement, which of the following options does your eligible spouse have?
   a) Receive a pension of 66 $^{2}/_{3}$% of the lifetime pension you earned to the date of death or date you left your OMERS employer.
   b) A transfer to a non-locked-in registered retirement savings plan.
   c) A cash refund.
   d) All of the above.
5. If you do not have an eligible spouse or children, your ________________ on file with OMERS may be entitled to a refund of the commuted value of your pension if you die before retirement.
6. If you die before retirement, and you do not have an eligible spouse or child, the commuted value refund is paid to your beneficiary in a lump sum. True or false?
7. OMERS has a legislated order of entitlement for survivor benefits. What is the order?
8. A surviving spouse's pension is indexed to inflation. True or false?
9. Which of the following benefits or features apply to the children's pension?
   a) Bridge benefit
   b) Inflation protection
   c) Equal distribution among the eligible children
   d) B and C
   e) None of the above
10. An eligible child will receive a pension:
    a) Up to the month they turn 25 if they are a full-time student.
    b) If they are totally disabled.
    c) Up to the end of the calendar year in which they turn 18 if they are not a full-time student.
    d) All of the above.

Answers are on page 8.

"Financial and retirement planning is very important. My wife and I recently reviewed our financial plan and realized survivor benefits are a big part of the process. With OMERS survivor benefits, my family will be taken care of."

OMERS: For you and those you care about

OMERS provides benefits to your eligible spouse, children, beneficiary or estate.

The OMERS difference

Excellent survivor benefits are a key feature of the OMERS pension plan. It's part of OMERS commitment to provide you and your survivors with a secure future.

To find out how the powerful protection of survivor benefits can help you while you're working and after retirement, visit ***www.omers.com*** *or call OMERS Client Services at 416-369-2444 or 1-800-387-0813.*

OMERS
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Agency confirms OMERS strong performance with triple-A rating

OMERS continues to maintain the highest possible (AAA) enterprise or counterparty credit rating from Standard & Poor's, the rating service announced in October.

Any organization that issues bonds or commercial paper (a type of debt instrument) is assigned a credit rating. For example, provinces, countries, and most financial institutions are assigned a rating. The rating is one way to measure an organization's financial strength.

The AAA rating confirms the stability of the OMERS Fund. While recognizing OMERS strong financial position, Standard & Poor's also acknowledged that OMERS, along with other pension funds, faces a challenging investment environment and historically low interest rates, which have an impact on fund performance.

Standard & Poor's commented that the rating reflects OMERS "prudent corporate governance structure; the fund's solid track record in asset growth; and its history of superior fund performance on a risk-adjusted basis."

www.omers.com Visit our website for more information about OMERS Plan performance.

New appointments to OMERS Board

OMERS is pleased to welcome three new representatives to its Board of Directors.

Richard Faber

Richard Faber was appointed to the Board as a retired member representative. Mr. Faber has more than 30 years experience in municipal government, including Director of Administration for the City of London.

Mr. Faber also served for several years as the Vice President of Finance and Administration for World Relief Canada. He is currently a director for the Municipal Retirees Organization of Ontario (MROO). Mr. Faber replaces Dick McIntosh as the retired member representative on the Board.

Cam Weldon

Cam Weldon was appointed to the Board as an employer representative. Mr. Weldon is currently Treasurer for the City of Toronto. His career includes nearly 20 years with the Regional Municipality of Halton, as internal auditor, Director of Accounting and Purchasing Services, and Regional Treasurer. He also served as Treasurer of the Region's community housing corporation.

Mr. Weldon is a member of the Treasurer's Group of the Ontario Municipal Benchmarking Initiative, a group formed by the Chief Administrative Officers of Ontario's largest municipalities. Mr. Weldon replaces Bill Rayburn as an employer representative on the Board.

John Weatherup

John Weatherup was appointed to the OMERS Board in November 2005 as a member representative.

Mr. Weatherup has worked for the Toronto District School Board (and the former Toronto Board of Education) since 1985. He has been president of CUPE Local 4400, Toronto Education Workers, since its formation in 1997 as a result of the amalgamation of Metro school boards. Local 4400 represents more than 12,000 school board employees (including clerical, secretarial, caretaking/maintenance, educational assistants, adult instructors, etc.). Mr. Weatherup is also a former president of CUPE Local 134, representing caretaking, maintenance and food services staff.

Mr. Weatherup serves on the Board of Governors of Exhibition Place, the Board of Directors of the Toronto Foundation for Student Success, and is on the Board of Directors of the Toronto Educational Opportunity Fund (TEOF), which raises funds to provide lunch and snacks to inner-city kindergarten students. Mr. Weatherup replaces Brian O'Keefe as a member representative on the Board.

OMERS is sincerely grateful to Dick McIntosh, Bill Rayburn and Brian O'Keefe for their years of service, commitment and dedication to the OMERS organization.

Growth strategy working well as OMERS invests for the future

Income from investments is key for OMERS to successfully fulfill its promise to meet its pension obligations to members.

With net investment income of $3.6 billion in 2004, investments play a leading role, funding about 70% of OMERS pensions over the long term. And the OMERS Fund continued its positive performance throughout 2005. (Final 2005 figures will be available in the Annual Report.)

Part of OMERS investment strategy is to focus on growth through private equity, infrastructure and real estate assets, such as the following recent opportunities:

OMERS in partnership bringing Bruce online

OMERS is investing in the long-term future of Bruce Power, in a partnership that includes TransCanada Corporation, BPC Generation Infrastructure Trust (the OMERS link), Cameco Corporation, the Power Workers' Union and The Society of Energy Professionals.

"Energy generation is an attractive opportunity for large institutional investors like OMERS," said Paul Haggis, OMERS President and CEO. "Bruce Power has been a successful investment for us, providing long-term, stable, inflation-protected returns."

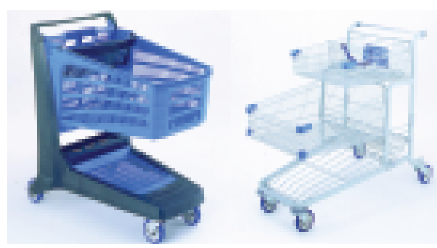
Two units at the Bruce A facility will be rebuilt and other units upgraded, which will boost the facility's output to provide up to 25% of Ontario's electricity on a typical day. Bruce's eight units will eventually supply the annual power needs of more than four million homes. The first unit is expected to be online in 2009, subject to approval by the Canadian Nuclear Safety Commission.

OMERS purchases Alberta-based CEDA Holdings

OMERS recently announced the purchase of CEDA Holdings Ltd. from Precision Drilling Corporation. Calgary-based CEDA is a leading provider of specialized industrial maintenance and "turn-around" services to oil refineries, petrochemical plants, pulp and paper operations, and utility plants in Canada and the U.S. CEDA has an excellent safety record and a long history of growth and profitability.

"As a leading industrial, mechanical and electrical services company well established in the expanding Alberta oil sands, CEDA represents an excellent investment opportunity," said Mr. Haggis. The purchase was made through Borealis Infrastructure, an OMERS investment entity.

OMERS and Caisse buy leading shopping cart manufacturers



OMERS and Caisse de dépôt et placement du Québec teamed up to purchase leading shopping cart manufacturers, Cari-All Products Inc., Technibilt Ltd. and Rondi Industries Inc., from Société de Gestion Norderon.

Montréal-based Cari-All and Rondi are the number one manufacturers of shopping carts in Canada; major customers include Wal-Mart and Loblaws. Technibilt is based in North Carolina and represents about 30% of the U.S. market. It was acquired by Cari-All in 1990.

OMERS made the investment through its private equity group, OMERS Capital Partners. The Caisse is a financial institution that manages funds primarily for Québec public and private pension plans and insurance plans.

New and noteworthy

CPP earnings ceiling set for 2006

The Canada Revenue Agency set the 2006 year's maximum pensionable earnings (YMPE) at $42,100. This is the amount of earnings up to which you contribute to the Canada Pension Plan (CPP). OMERS uses this ceiling to calculate the amount of contributions deducted.

OMERS contributions are lower on your earnings up to this ceiling and higher on any earnings above it. OMERS and CPP are designed to work together to provide you with combined pension benefits at an affordable cost.

OMERS pensions increase 3.36% for 2006

OMERS pensions will increase 3.36% starting January 1, 2006, reflecting the rise in the cost of living as measured by the Consumer Price Index (CPI). It applies to OMERS normal and early retirement pensions, and survivor, deferred and disability pensions.

Each year, OMERS pays pensions to more than 96,000 members and survivors. Inflation increases protect the value of OMERS pensions over time. The increase is 100% of the CPI, to a maximum of 6%. If the CPI is more than 6%, the excess is carried over into the following year.

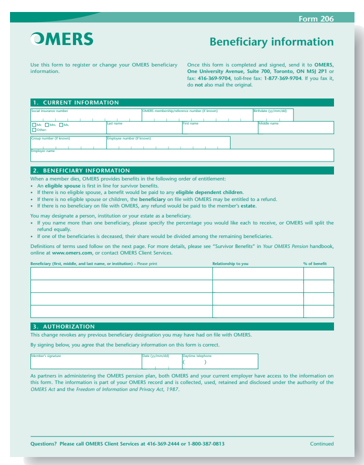
CPI's "basket" of goods

The CPI is obtained by tracking the monthly retail price of a fixed "basket" of 600 goods and services, including food, housing, fuel, clothing and entertainment. Statistics Canada reported that consumers paid 3.4% more in September 2005 than the previous year for the same basket, due mostly to the increase in gas prices. (Statistics Canada rounds the CPI to one decimal place.)

New form to update beneficiary information

OMERS has a new form designed to make it easier for you to register or change your beneficiary on your own, without involving your employer. *Form 206 - Beneficiary information* enables you to change or register a beneficiary without your employer's signature. You can get a copy from our website in Members/Forms, or contact OMERS Client Services.

Note: OMERS has a legislated order of entitlement for survivor benefits. An eligible spouse is first in line, followed by any eligible children. A beneficiary is third in line; OMERS must have the beneficiary's name on file. If there is no beneficiary on file, the benefit would default to the member's estate.



Form 206

OMERS

Beneficiary information

Use this form to register or change your OMERS beneficiary information.

Once this form is completed and signed, send it to **OMERS, One University Avenue, Suite 700, Toronto, ON M5J 2P1** or fax: **416-369-9704**, toll-free fax: **1-877-369-9704**. If you fax it, do **not** also mail the original.

1. CURRENT INFORMATION

Social insurance number | OMERS membership/reference number (if known) | Birthdate (yy/mm/dd)

☐ Mr. ☐ Mrs. ☐ Ms. ☐ Other: | Last name | First name | Middle name

Group number (if known) | Employee number (if known)

Employer name

2. BENEFICIARY INFORMATION

When a member dies, OMERS provides benefits in the following order of entitlement:

- An **eligible spouse** is first in line for survivor benefits.
- If there is no eligible spouse, a benefit would be paid to any **eligible dependent children**.
- If there is no eligible spouse or children, the **beneficiary** on file with OMERS may be entitled to a refund.
- If there is no beneficiary on file with OMERS, any refund would be paid to the member's **estate**.

You may designate a person, institution or your estate as a beneficiary.

- If you name more than one beneficiary, please specify the percentage you would like each to receive, or OMERS will split the refund equally.
- If one of the beneficiaries is deceased, their share would be divided among the remaining beneficiaries.

Definitions of terms used follow on the next page. For more details, please see "Survivor Benefits" in *Your OMERS Pension* handbook, online at **www.omers.com**, or contact OMERS Client Services.

Beneficiary (first, middle, and last name, or institution) – Please print	Relationship to you	% of benefit

3. AUTHORIZATION

This change revokes any previous beneficiary designation you may have had on file with OMERS.

By signing below, you agree that the beneficiary information on this form is correct.

Member's signature | Date (yy/mm/dd) | Daytime telephone ( )

As partners in administering the OMERS pension plan, both OMERS and your current employer have access to the information on this form. The information is part of your OMERS record and is collected, used, retained and disclosed under the authority of the *OMERS Act* and the *Freedom of Information and Privacy Act, 1987*.

Questions? Please call OMERS Client Services at 416-369-2444 or 1-800-387-0813 Continued

Quick notes

- **Leave period purchase deadline**
  Reminder: if you are purchasing a leave period that ended in 2004, the payment deadline is December 31, 2005. Buying a leave period gives you the advantage of increasing your credited service, which in turn increases your pension. Be sure you know the exact amount required for your purchase before you make your payment. For more information, please contact your employer.

- **Moving? Keep your employer up to date**
  If you are moving, be sure to give your employer your new address. When OMERS sends mail to you directly, we use the address provided by your employer. OMERS does not maintain addresses for active members, so we count on your employer to have your current address.

www.omers.com gets a new look

Visit **www.omers.com** and have a look around. Check out OMERS five lines of business featured on the home page, the dynamic new look, additional content and improved navigation.

Over the past year, we've been working to improve our website. The focus was to ensure visitors are well served while keeping the underlying design and great features of the existing site.

We greatly appreciate your feedback. If you have any questions, suggestions, or comments about the website, please send them to our Webmaster at **feedback@omers.com**.

Plan Governance
This new section includes summaries of Board minutes, details about the Board committee structure and mandates, and information on the proposed new independent governance model.

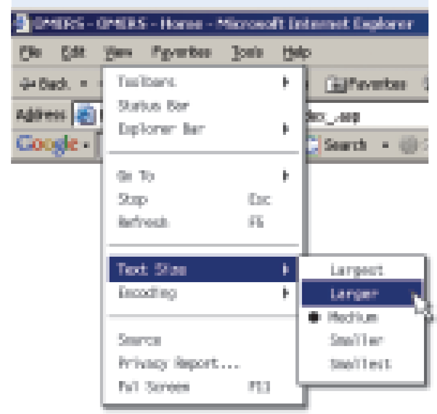
Members
Includes online editions of *Member Update* and *Your OMERS Pension* handbook, information about the OMERS plan, and more!

Quick Links
Quick access to the most popular pages

OMERS Updates
Keeps you up to date with what's going on at OMERS

Adjust browser text size

You can now adjust the size of the text on screen for easier reading. It's easy: click **View** on the top navigation bar of your browser, then **Text Size**, and select from the list.



Attend a Member Information Session

Join us and learn about the basics of your OMERS pension at a Member Information Session. These sessions are informative and fun, and are offered free of charge; travel and accommodation costs are up to you. To register and to confirm the meeting location, please contact OMERS Client Services, or register online at **www.omers.com**.

Sessions scheduled for 2006

Date and time	Place	Date and time	Place	Date and time	Place
March 22, 2006 5:30 p.m. to 7:30 p.m.	Toronto	May 10, 2006 5:30 p.m. to 7:30 p.m.	Sudbury (meeting conducted in French)	May 31, 2006 5:30 p.m. to 7:30 p.m.	Dryden
April 5, 2006 5:30 p.m. to 7:30 p.m.	London	May 17, 2006 5:30 p.m. to 7:30 p.m.	Perth/Smiths Falls	June 2, 2006 9:30 a.m. to 11:30 a.m.	Sioux Lookout
April 24, 2006 5:30 p.m. to 7:30 p.m.	Ottawa	May 29, 2006 5:30 p.m. to 7:30 p.m.	Fort Frances	June 7, 2006 5:30 p.m. to 7:30 p.m.	Owen Sound
May 3, 2006 5:30 p.m. to 7:30 p.m.	Thunder Bay	May 30, 2006 5:30 p.m. to 7:30 p.m.	Kenora	Be sure to book early. The sessions are very well attended and fill up quickly.	

Sessions are being organized for July through December 2006, in: York Region, Belleville, Waterloo, Parry Sound, St. Catharines, Barrie, Ottawa, Sault Ste. Marie, Chatham, Kincardine, Markham, Halton, Durham and Toronto.

Ready to retire? OMERS is here to help

Mark, a 52-year-old financial officer, found planning for his retirement a bit daunting – until he attended an OMERS retirement seminar.

"Attending the session helped me to go over many aspects of retirement," he said. "I realized it was not going to be the financial nightmare I had thought."

Information sessions are presented each year across Ontario, reaching thousands of OMERS members. Mark is one of many who've shared their retirement planning ideas and experiences online – in our *Words to the Wise* section. A common theme is how OMERS has helped members plan for retirement. Members commented on the information sessions, pension estimate service, valuable online tools and information, knowledgeable staff, and the security and peace-of-mind of receiving an OMERS pension.

Here's what some had to say in response to "OMERS helped me with…"

"Setting aside moneys I may not have otherwise put aside, especially during the heavy debt years with mortgage payments, etc." Loretta, social services case worker, 47

"The pension quotations (three at least) - which made my decision easier to take the early retirement package."
Barry, 56, retired manager

"The website [Retirement Income] Estimator was very useful. It helped prove my calculations were in the ballpark."
Marc, 51

To get an estimate of what your OMERS pension will be:

- Contact OMERS Client Services;
- Complete a *Form 190 - Request for a pension estimate*;
- Try the online Retirement Income Estimator for OMERS and government pensions, and income from personal investments; or
- Speak to your employer.

While you're on the website, have a look at *Getting Ready to Retire* for more retirement planning information.

Answers to quiz on page 3

1. True.
2. True. If there is no beneficiary on file with OMERS, your benefit would default to your estate, which could result in probate fee, taxes, etc. for your heirs.
3. False. The surviving spouse's pension is paid for their lifetime. It does not stop if the surviving spouse remarries, but will stop upon their death.
4. D
5. Beneficiary
6. True.
7. Your eligible spouse is first in line for survivor benefits, followed by eligible children, a beneficiary and finally, your estate.
8. True.
9. D
10. D
    Note: If the member died before January 1, 2005, the full-time student eligibility period ends at age 21.

More information about survivor benefits is available at **www.omers.com** and in *Your OMERS Pension* handbook.

OMERS
Plan for the Future

Your OMERS pension is based on your earnings and service. It will provide you with guaranteed retirement income for life, and it includes:

- inflation protection
- excellent survivor benefits
- disability benefits
- early retirement options.

It is also portable to many other public sector plans.

Member Update keeps more than 223,000 members of the OMERS pension plan up to date on plan news and benefits.

We value your views and comments. Send us an e-mail or write to us.

For more information on your OMERS pension, please contact Client Services.

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