MEPCO
MUNICIPAL EMPLOYER PENSION CENTRE ONTARIO

MEPCO UPDATE

March 2, 2018

OMERS ANNOUNCES STRONG 2017 INVESTMENT RESULTS

What does this mean for the OMERS Pension Promise?

On February 23, 2018, OMERS announced a 2017 investment return rate of 11.5% (net of investment expenses), exceeding its investment benchmark target of 7.3%. It also exceeds the 10.3% net return in 2016.

The 2017 return reflects stronger investment performance and together with member and employer contributions, results in an improved OMERS Plan funded status of 94%, up from 93.4% in 2016. Net Plan assets grew to $95 billion, up from $85.2 billion at the end of 2016.

However, there are serious challenges to Plan meeting its longer-term pension fund promise given that member longevity is increasing and an evolving municipal workforce will likely have fewer contributing Plan members. The OMERS pension promise depends heavily on contributions. This is against a backdrop of uncertainty about continuing strong economic growth and productivity, rising public debt and interest rates. Together, these factors lead to fundamental questions about Plan sustainability and funding an OMERS Plan liability, projected to be $217 billion by 2035.

We know about these longer-term risks. Importantly, doing nothing is not an option, in fact, a do nothing approach would be irresponsible. The prudent choice for Plan sponsors is to tackle these uncertainties now as comparable public sector pension plans have done. This is why MEPCO continues to have its sleeves rolled up and strongly supports both the OMERS Comprehensive Plan Review and building an OMERS 2030 Strategy. Challenges provide a unique opportunity to develop and implement short and longer-term strategies focused on securing sustainable, meaningful and affordable Plan benefits for future OMERS generations.

Pat Vanini
President MEPCO

For further information please contact Bruce McLeod, 416-971-9856 ext. 350 or by email bmcleod@amo.on.ca