

2015 REPORT TO MEMBERS

A MESSAGE FROM PLAN LEADERSHIP

We are pleased with the strong 2015 results achieved by our Investment and Member Services professionals, and with the plan's positive funding situation. However, our enthusiasm is tempered by the global investment outlook and the plan's demographic profile, both of which are flashing yellow caution signals.

Economic growth in most countries is quite weak, with low or declining interest rates and low inflation. Ontario Teachers' needs to take investment risks in order to pay lifetime pensions – but as a mature pension plan with a declining ratio of active to retired members, we must also minimize the risk of a major investment loss.

The Ontario Teachers' board oversees an increasingly complex and global asset mix. The plan sponsors, Ontario Teachers' Federation and the Ontario government, therefore expanded the board size to 11 members from nine previously. We welcome Patti Croft, Lise Fournel and Kathleen O'Neill as our newest board members. Each has extensive international business experience, and their perspectives will be welcome.



(l-r) Jean Turmel, B.Comm., MA, Chair; Ron Mock, B.A.Sc., MBA, President and Chief Executive Officer; Bjarne Graven Larsen, M.Econ., Executive Vice-President, Investments, and Chief Investment Officer (as of February 1, 2016); Tracy Abel, BA, MBA, Senior Vice-President, Member Services

YOUR PENSION PLAN IN 2015

Strong investment performance, combined with conditional inflation protection, produced the plan's third consecutive preliminary funding surplus at January 1, 2016. We continue to look ahead and abroad – helping members make informed decisions about their future while spanning the globe to find the best investment opportunities to pay pensions.



PLAN FUNDING

The plan had a preliminary funding surplus of \$13.2 billion at January 1, 2016. This equals 107% of the assets required to pay future pensions to all members, based on current contribution rates and benefits.



MEMBER SERVICES

Outstanding service is central to our mission. We deliver personalized service through digital communications and direct service channels, and we administered \$5.5 billion in pension and benefit payments in 2015. Members consistently rate our services very highly.



INVESTMENTS

Ontario Teachers' is a globally active, responsible investor with diverse holdings in more than 50 countries. The plan earned a 13.0% rate of return in 2015 and has an annualized return of 10.3% since 1990. Investment returns are responsible for more than three-quarters of the plan's income, with the remainder coming from member and government contributions.

CHANGING DEMOGRAPHICS

1990



25 YEARS
EXPECTED ON PENSION

2015



31 YEARS
EXPECTED ON PENSION



4:1

TEACHERS TO PENSIONERS



1.4:1

TEACHERS TO PENSIONERS

ACTIVE MEMBERS AND PENSIONERS

1990



156,000
ACTIVE MEMBERS

2015



183,000
ACTIVE MEMBERS



38,000
PENSIONERS



133,000
PENSIONERS

96%

OF MEMBERS SURVEYED LAST YEAR SAID THEY WERE SATISFIED OR BETTER WITH OUR SERVICE. 61% GAVE US A 10 OUT OF 10.

130

PENSIONERS WERE AGE 100 OR OVER

71

OUR AVERAGE PENSIONER AGE



11%
GOVERNMENT/
EMPLOYER
CONTRIBUTIONS*



10%
MEMBER
CONTRIBUTIONS



38%
INVESTMENTS –
ACTIVE MANAGEMENT



41%
INVESTMENTS –
BENCHMARK

TOTAL RETURN

13.0%

BENCHMARK

10.1%



FUNDED STATUS

\$198.7
BILLION

Liabilities (cost of future pensions)

\$211.9
BILLION

Plan assets and future contributions

\$13.2 BILLION preliminary funding surplus, based on current benefit and contribution levels

\$19.6
BILLION

INVESTMENT INCOME GENERATED

\$171.4
BILLION

NET ASSETS

* INCLUDES 1% ORIGINAL PLAN DEFICIT FUNDING.