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June 27, 2008

To: Government Management Committee

From: Board of Trustees of the Metropolitan Toronto Pension Plan

Subject: Metropolitan Toronto Pension Plan – Interest on Minimum Pension Increase

Recommendations:

The Board of Trustees of the Metropolitan Toronto Pension Plan requests that the Government Management Committee recommend to City Council the approval of a payment to the pensioners from the Metropolitan Toronto Pension Plan, of any outstanding interest related to the minimum pension increases, as described in a communication (May 1, 2008) addressed to Shirley Hoy, City Manager, from Geof Clarkson, Chair, Board of Trustees, subject to the Income Tax Act.

Background:

The Board of Trustees of the Metropolitan Toronto Pension Plan on May 23, 2008:

1. considered the attached communication (May 1, 2008) addressed to Shirley Hoy, City Manager, from Geof Clarkson, Chair, Board of Trustees, regarding the implementation of a minimum pension increase for the Metropolitan Toronto Pension Plan; and
2. requested that the Government Management Committee recommend to City Council the approval of a payment to the pensioners from the Metropolitan Toronto Pension Plan, of any outstanding interest related to the minimum pension increases, as described in a communication (May 1, 2008) addressed to Shirley Hoy, City Manager, from Geof Clarkson, Chair, Board of Trustees, subject to the Income Tax Act.

The Board of Trustees of the Metropolitan Toronto Pension Plan on June 27, 2008 received a communication (June 12, 2008) from Shirley Hoy, City Manager, responding to the communication (May 1, 2008) from Geof Clarkson, Chair, Board of Trustees, regarding the payment of interest on a minimum pension increase to the pensioners of the Metropolitan Toronto Pension Plan.

Board Secretary (Acting)

Brad Bartlett

Item 2 (May 23, 2008) and
Item 12 (June 27, 2008)

- c. Treasurer
Director, Pensions, Payroll and Employee Benefits
Manager, Pension
Geof Clarkson, Chair, Board of Trustees, Metropolitan Toronto Pension Plan



Shirley Hoy
City Manager

City Hall
11th Floor, East
100 Queen Street West
Toronto, Ontario M5H 2N2

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June 12, 2008

Mr. Geof Clarkson
Chair
Board of Trustees
Metropolitan Toronto Pension Plan
25 St. Leonard's Crescent
Toronto, ON M4N 3A5

Dear Mr. Clarkson:

Re: Metropolitan Toronto Pension Plan Minimum Pension Increase

I am writing in response to your letter dated May 1, 2008 regarding the implementation of a minimum pension increase for members of the Metropolitan Toronto Pension Plan (MTPP).

I understand that this is an ad hoc pension benefit increase approved by the Board of Trustees in October 2007 and subsequently by Council in January 2008. Previously the minimum pension was increased in 1992 for members of this pension plan.

As part of the City's cost containment initiatives in 2007, a hiring freeze was put in place in August 2007. In addition, there have been significant staffing changes in the Pension Section with approximately 25% of the staff exiting, for various reasons, over the last year and a half. Staff are currently in the process of filling vacant positions.

I am pleased that there have been no service disruptions as a result of this turnover, however these one-time pension improvements are more complex to administer and therefore require additional support and expertise.

When this increase was approved in 1992, it required two staff approximately 10 months to process. Given this, and the analysis of the effort required, it is anticipated that these calculations will be completed by December 31, 2008 at the latest, retroactive to January 1, 2008 as approved.

I trust that this addresses your concern. If you have any further enquiries, please contact Ivana Zanardo at 416-397-4143.

Yours truly,

A handwritten signature in black ink, appearing to read "Shirley Hoy".

Shirley Hoy
City Manager

c. Ivana Zanardo

May 1, 2008

Ms Shirley Hoy
City Manager
City of Toronto
11th Floor East Tower
City Hall
100 Queen Street West
Toronto ON M5H 2N2

Dear Ms Hoy:

I am Chairman of the Metropolitan Toronto Pension Plan, and an issue has arisen in connection with the implementation of a minimum pension increase.

City Council on January 30, 2008, approved By-law 131-2008, which amended the former Municipality of Metropolitan Toronto By-law 15-92, respecting pensions and other benefits. By-law 131-2008 provides for an increase in the minimum pension payable to pensioners of the plan.

The trustees of the Metropolitan Toronto Pension Plan learned at its meeting of April 24, 2008, that the pension increase has not been implemented and is not scheduled to be implemented until sometime this summer, when qualified staff are available to work on this project. The problem seems to be a lack of resources. It will be a very long time from the date of authorization of this increase to the date when pensioners receive it. The Trustees would appreciate any action you can take to provide the additional resources to speedily implement the pension increase.

Sincerely,



Geof Clarkson
Chair
Board of Trustees
Metropolitan Toronto Pension Plan
25 St. Leonard's Crescent
Toronto ON M4N 3A5

c: Ivana Zanardo, Director, Pension, Payroll and Employee Benefits