

April 30, 2010

To: Government Management Committee

From: Metropolitan Toronto Police Benefit Fund Board of Trustees

Subject: Metropolitan Toronto Police Benefit Fund – Actuarial Valuation
as at December 31, 2009

Recommendation:

The Board of Trustees of the Metropolitan Toronto Police Benefit Fund recommends to the Government Management Committee that City Council endorse the following proposal with respect to the 2009 Actuarial Valuation as at December 31, 2009:

- 1. An amount of \$750,000 be allocated to provide a Temporary Supplementary Pension (TSP) to certain pensioners in the Benefit Fund.**
- 2. The TSP be provided to those pensioners who are receiving a pension of less than \$60 per month (or \$720 per year) per year of credited service (such service limited to 30 years).**
- 3. The TSP not increase a pensioner's pension to an amount higher than that specified in #2.**
- 4. The TSP be paid for a period of one year, commencing from July 1, 2010 and ending on June 1, 2011.**
- 5. The TSP be calculated as \$1 per month per year of credited service (such service not to exceed 30 years).**
- 6. The TSP for the surviving spouses be based on 66.67% of the amounts stated above.**
- 7. The amounts stated in #2, #3 or #5 above be adjusted, based on actuary's advice, to ensure that the total cost of the upgrade is equal to the amount stated in #1 above.**
- 8. The one time supplementary benefit be calculated from April 1, 2010 to March 31, 2011.**

- 9. The Metropolitan Toronto Police Benefit Fund Trustees may review the continuation of the supplement on receipt of the 2010 Actuarial Report to make a further recommendation if necessary.**

Decision Advice and Other Information:

The Board of Trustees of the Metropolitan Toronto Police Benefit Fund:

1. received the (April 2010) Report on the Actuarial Valuation for Funding Purposes as at December 31, 2009, from Mercer;
2. requested the City Treasurer to report to the May 20, 2010 meeting of the Government Management Committee on the Metropolitan Toronto Police Benefit Fund Report on the Actuarial Valuation for Funding Purposes as at December 31, 2009.
3. requested that the report from Mercer be filed with the Financial Services of Ontario and the Canada Revenue Agency in September 2010.

Background:

The Board of Trustees of the Metropolitan Toronto Police Benefit Fund on April 30, 2010, considered a communication (April 15, 2010) from Anil Narale, Principal, Mercer, forwarding the Actuarial Valuation Report (April 2010) for the Metropolitan Toronto Police Benefit Fund prepared as at December 31, 2009.

The Board also considered a Resolution (April 30, 2010) submitted by Board Trustee Art Lymer, recommending that the Trustees of the Metropolitan Toronto Police Benefit Fund request that members of Toronto City Council give consideration to the proposal outlined in his Resolution.

Anil Narale, Principal, Mercer, gave a presentation to the Board of Trustees on the Actuarial Valuation Report as at December 31, 2009. Frank Dekeyser from Mercer was also in attendance.

Board Secretary

Margaret Lewis
Item 4
Encl.

- c. Giuliana Carbone, City Treasurer
Anil Narale, Principal, Mercer
Celine Chiovitti, Director, Pension, Payroll and Employee Benefits
Michael Wiseman, Manager, Benefits and Employee Services
John Malyjasiak, Business Analyst, Pensions

RESOLUTION SUBMITTED BY BOARD TRUSTEE ART LYMER

Receive and approve the 2009 Actuarial Valuation subject to the inclusion of the following provision;

Whereas: For the calendar year 2009, the Metro Toronto Pension Plan earned 14.14%, OMERS earned 10.6% and the Metro Toronto Police Benefit Fund earned 16.03% which, by comparison, added value MTPBF and;

Whereas: Retired Employees of the Toronto Police Service enrolled in either the Metropolitan Toronto Pension Plan or OMERS have received COLA increases on an annual basis since 1981 and;

Whereas: Retired Employees of the Toronto Police Service enrolled in the MTPBF have not received a COLA adjustment since January, 2003 and;

Whereas: There are approximately 1391 Police Pensioners and 710 surviving spouses of which approximately 197 pensioners and approximately 471 surviving spouses receive less than \$20,000. Per annum;

Therefore be it resolved:

The Trustees of the Metropolitan Toronto Police Benefit Fund request members of Toronto City Council give consideration to the following proposal:

1. An amount of \$750,000 will be allocated to provide a Temporary Supplementary Pension (TSP) to certain pensioners in the Benefit Fund.
2. TSP will be provided to those pensioners who are receiving a pension of less than \$60 per month (or \$720 per year) per year of credited service (such service limited to 30 years).
3. TSP will not increase a pensioner's pension to an amount higher than that specified in #2.
4. TSP will be paid for a period of one year, commencing from July 1, 2010 end ending on June 1, 2011.
5. TSP will be calculated as \$1 per month per year of credited service (such service not to exceed 30 years).
6. TSP for the surviving spouses will be based on 66.67% of the amounts stated above.
7. The amounts stated in #2, #3 or #5 above will be adjusted, based on actuary's advice, to ensure that the total cost of the upgrade is equal to the amount stated in #1 above.
8. This one time supplementary benefit shall be calculated from April 1, 2010 to March 31, 2011.

9. The Metropolitan Toronto Police Benefit Fund Trustees may review the continuation of the supplement on receipt of the 2010 Actuarial Report to make a further recommendation if necessary.