March 27, 2013

To: Government Management Committee

From: The Toronto Civic Employees’ Pension Committee

Subject: The Toronto Civic Employees’ Pension and Benefit Fund – 2012 Actuarial Valuation Report and 2013 Consumer Price Index Increase

Recommendation:

The Toronto Civic Employees’ Pension Committee recommends to the Government Management Committee that:

1. City Council approve an ad hoc increase of 1.54% to those in receipt of pensions from the Fund as of January 1, 2013, representing the CPI increase on a year-over-year basis, inasmuch as:

   a. the Toronto Civic Employees’ Pension Fund had a going-concern actuarial surplus of $98.8 million and a solvency surplus of $54 million;

   b. currently retiree pensioners are in receipt of an average annual pension of approximately $32,600 and spousal pensioners are in receipt of an average pension of approximately $16,800; and

   c. the cost as at January 1, 2013 to provide a cost-of-living adjustment equal to 100% CPI, being approximately $3.6 million on a going-concern basis and $4.3 million on a solvency basis, would be funded entirely by the Plan, with no contribution by the City.

Background:

On March 27, 2013, the Toronto Civic Employees’ Pension Committee considered a report (March 2013) from Buck Consultants, entitled "Toronto Civic Employees’ Pension Plan Actuarial Valuation Report as of December 31, 2012".
City Clerk

Kelly McCarthy/km

c. Director, Pension, Payroll and Employee Benefits