SUMMARY

This report provides a progress update regarding the actions taken by the Toronto Transit Commission (TTC) with respect to Council’s request that the TTC and the Board of Directors for the TTC Pension Fund Society work cooperatively with the Ontario Municipal Employees’ Retirement System (OMERS) to reassess the benefits of a possible merger of the Pension Fund Society Plan into the OMERS plan.

RECOMMENDATIONS

The Treasurer recommends that:

1. Government Management Committee receive this report for information.

Financial Impact

There are no financial impacts arising from this report.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agree with the financial impact information.

DECISION HISTORY

At its meeting held on May 7 to 10, 2013, City Council, in its consideration of GM21.9 “Toronto Transit Commission (TTC) Pension Fund Society (Society): Preliminary Analysis, OMERS Options”, requested the:
1) Toronto Transit Commission and the Board of Directors of the TTC Pension Fund Society, working co-operatively with OMERS, to re-assess the benefits of a possible merger of the Pension Fund Society Plan into the OMERS Plan once the regulations dealing with the mechanics of plan mergers are in place under the Pension Benefits Act, and within a year of the regulations being filed;

2) Toronto Transit Commission and the Board of Directors of the TTC Pension Fund Society to apply to the Ontario Ministry of Finance and the Financial Services Commission of Ontario again requesting an exemption from the statutory obligation to continue past solvency deficit payments to the Fund of the Pension Fund Society Plan;

3) Toronto Transit Commission and the Board of Directors of the TTC Pension Fund Society (working with independent external legal advisors), to conduct a formal legal review of the Pension Fund Society’s plan documents to ensure transparency in governance and decision making responsibilities, and to ensure consistency between the Society’s Bylaws and other policy documents including the Society’s Funding Policy;

4) Toronto Transit Commission to report back to the Government Management Committee on the outcome of the foregoing recommendations once each is completed and that the Government Management Committee be kept apprised of the status of each recommendation every six months or as circumstances warrant;

5) Toronto Transit Committee Pension Fund Society Board to expedite the recruitment of an external Chief Executive Officer for the Pension Fund Society.

The following is the link to the Council decision: 

At its meeting held on June 10 to 13, 2014, City Council referred Administrative Inquiry IA52.1 from Councillor Paul Ainslie, Ward 43, Scarborough East, regarding the Toronto Transit Commission Pension Fund Society: Preliminary Analysis, OMERS Options and Answer IA52.1a from the City Manager (providing a status update as provided by the TTC with respect to each of the directives adopted by City Council at its May 2013 meeting), to the Government Management Committee for consideration. The following is the link to the Council decision:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.IA52.1

At its meeting of August 11, 2014, the Government Management Committee, in its consideration of GM32.32 “Toronto Transit Commission Pension Fund Society: Preliminary Analysis, OMERS Options”, requested the City Manager to provide a progress report on this matter to the Government Management Committee in 12 months. The following is the link to the Committee’s decision:
ISSUE BACKGROUND

The Toronto Transit Commission and the Amalgamated Transit Union Local 113 (Union) jointly sponsor the TTC Pension Fund Society Plan operated by the Pension Fund Society. The Fund was established as a legal entity separate from the TTC on January 3, 1940. Membership in the Pension Fund Society is a condition of employment with the TTC.

The Plan was officially designated a Jointly Sponsored Pension Plan effective January 1, 2011. The joint Sponsors of the Plan are the Amalgamated Transit Union Local 113 and the TTC. The Plan Sponsors are jointly and equally responsible for the administration of the Pension Fund Society (including funding and plan amendments), with equal representation on the Pension Board.

Any decision regarding a merger of the TTC Pension Fund Society with OMERS must be made and approved by both the TTC and the Union jointly as Sponsors of the pension plan, and ratified by its Members. As such, a decision regarding a possible merger is not one which could be made by City Council or the TTC alone.

As at December 31, 2014, the TTC Pension Fund Society had 13,260 active members and 7,375 pensioners.

COMMENTS

In 2013 Council adopted a number of recommendations regarding the TTC Pension Fund Society and requested the TTC to assess the benefits of a possible merger of the TTC Pension Fund with OMERS. An update regarding the status with respect to each of Council’s directives involving the TTC and its Pension Fund was provided to City Council in June 2014.

On April 7, 2015, the Toronto Transit Commission wrote to the City Manager advising that at its meeting held on August 19, 2014, the TTC Board received a report titled "TTC Pension Fund Society – Review of Plan Documents". The report received by the TTC Board recommended that the Board authorize:

1) The TTC CEO to retain an external legal advisor to conduct a review of the TTC Pension Fund Society (“TTC PFS”) plan documents to ensure transparency in governance and decision making responsibilities, and to ensure consistency between the TTC PFS’s Bylaws and other policy documents, including the TTC PFS’s Funding Policy (collectively the “Plan Review”) in an amount up to $60,000 plus applicable taxes; and,

2) The TTC CEO to make a written request to the TTC PFS Board of Directors to undertake the Plan Review together with the TTC.
Attachment 1 provides a copy of the April 7, 2015 memorandum from the TTC to the City Manager, including a copy of the TTC Report received by the TTC Board at its August 19, 2014 meeting.

The TTC Board received the report, without recommendations. Based on that, no further action has been taken with respect to Council’s request regarding a formal legal review of the Pension Fund Society’s plan documents.

Attachment 2 of this report provides a status update, as provided by TTC, with respect to each of Council’s directives involving the TTC Pension Fund.

CONTACT
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SIGNATURE

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Giuliana Carbone
Treasurer

ATTACHMENTS
