

Armando Fernandes, FSA, FCIA
Senior Associate

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Mr. Angelo Tassone
Municipality of Metropolitan Toronto
Metropolitan Toronto Pension Plan
55 John Street
Stn. 1131, 13th Flr., Metro Hall
Toronto, Ontario
M5V 3C6

6 May 2016

Subject: Metropolitan Toronto Pension Plan
Cost of Living Adjustment estimates for 2016

Dear Angelo:

As requested, we have prepared a cost estimate of providing an additional cost of living adjustment ("COLA") of 1.91% as of January 1, 2016 under the Metropolitan Toronto Pension Plan.

The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2015 (the "2015 Report") presented at the April 29, 2016 meeting showed the cost implications of providing a COLA of 1.13% at January 1, 2016. The table below compares the cost implications of providing a COLA of 1.13% as well as 3.04% (1.13% plus 1.91%) as of January 1, 2016.

(Cost in \$000's)

<i>Level of January 1, 2016 COLA</i>	<i>1.13%</i>	<i>3.04%</i>
Cost of COLA – going-concern basis	\$4,302	\$11,574
Cost of COLA – solvency basis	\$5,007	\$13,470
Going-concern excess after COLA	\$104,273	\$97,001
Solvency excess after COLA	\$24,652	\$16,189
Indexation reserve after COLA	\$24,652	\$16,189

As illustrated above, the Indexation Reserve would remain positive if the Board decides to recommend a COLA of 3.04% at January 1, 2016



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If there are any questions, please let us know.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Armando Fernandes', written in a cursive style.

Armando Fernandes, FSA, FCIA
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