

TTC Pension Plan Bylaw Amendments

Date: June 23, 2025

From: Chief Executive Officer – TTC Pension Plan

Summary

The TTC Pension Fund Society (TTC Pension Plan/TTCPP) Board of Directors approved changes to the TTCPP Bylaws as follows:

1. To update the base year period used to calculate retiring TTC employees' pension to include 2024 and to provide a 2.69% increase to former members currently in receipt of a pension. Based on TTCPP's strong financial position, both base year updates and pensioner cost of living increases have been provided annually since 2011.
2. TTCPP Board of Directors have approved several housekeeping updates to correct cross-references within the Bylaws. These revisions are clerical in nature and do not alter the meaning, intent or application of the Bylaws.

Pursuant to TTCPP Bylaw 3.09, TTC Board sanction is required for the Bylaw Amendments to be effective. The amendments will be before the TTC Board for consideration on June 23, 2025 and membership approval of these amendments will be requested at the next Annual General Meeting (AGM) of TTCPP on June 28, 2025.

Financial Summary

There are no financial implications to TTC as a result of these Bylaw amendments as there is no change to the existing pension contribution rate.

The TTCPP contribution rate of 9.25% up to the Yearly Maximum Pensionable Earnings (YMPE) and 10.85% above the YMPE remains comparable to or lower than other Ontario Jointly Sponsored Pension Plans (JSPP).

Members contribute to the TTCPP Pension Plan based on their earnings and the above-noted contribution rates. Employers match the employees' contribution amounts. The contribution rate has not changed since 2011.

Decision History

Based on TTCPP's strong financial position, both the base year updates and pensioner cost of living increases have been provided annually since 2011. Each year, the external TTCPP Actuary prepares an actuarial valuation and detailed analysis of TTCPP's funded status which is used by the TTCPP Board of Directors to determine

the affordability of granting base year period updates and ad hoc pensioner increases. The granting of these benefits is used to determine pension amounts paid to TTC retirees.

On May 8, 2025, after consideration of long-term pension benefit affordability based on current contribution rates, TTCPP Board of Directors approved a one-year base period update (to include 2024) and a 2.69% pensioner increase, which is subject to limits under the Canadian *Income Tax Act*. The 2.69% pensioner increase represents the maximum permitted under the *Canadian Income Tax Act* and TTCPP Bylaws and is within the range of comparable pension plans.

These approvals are effected by the Bylaw amendments appended to this report as Attachment 1.

Background

TTCPP was established through collective bargaining and incorporated on January 3, 1940 to provide retirement benefits for Toronto's transit employees. TTCPP is administered by a Board, consisting of five directors appointed by the TTC and five directors who are ex-officio members of the Amalgamated Transit Commission (ATU) Local 113 executive.

TTCPP is a defined benefit, jointly sponsored pension plan. It covers substantially all full-time employees of the TTC, ATU (the employers) and TTCPP who have completed six months of continuous service. Contributions are made into the Plan by members and matched dollar for dollar by their employer. The Plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and is subject to regulation under the Ontario Pension Benefits Act and the Income Tax Act (registration number 0317586).

As at December 31, 2024, TTCPP had approximately 16,700 active members and 10,700 pensioners. TTCPP design supports equal cost and risk sharing between employees and employers.

At the end of 2024, TTCPP's net assets were \$9.2 billion, and earned an annual net investment return of 6.9% net of fees over the last 10-year period, which is in line with the investment benchmark return.

Contributions under the existing rates are sufficient to meet the going concern funding requirements as defined under the Ontario Pension Benefits Act and the Canadian Income Tax Act. After taking into account this year's Plan updates, the TTC Pension Plan is fully funded on a going-concern basis (excluding provision for future benefit increases). As confirmed by the Plan's Actuary, Mercer (Canada) Limited, a compliant actuarial valuation as at January 1, 2025, will be filed with regulators within the prescribed deadlines.

Comments

TTCPP does not provide automatic annual updates to the best four-year base period used in determining pension benefits and does not guarantee automatic increases to pensions in payment. Instead, benefit improvements are approved only when, and to the degree that they are deemed affordable.

Each year, the TTCPP Actuary prepares detailed analyses of the Plan's funded status which guides the TTCPP Board of Directors in their decisions regarding increasing pensions in payment, providing updates to the base period and other Plan updates. This model has allowed the Plan to contain costs during unfavourable market conditions by foregoing base period updates and pension increases, as was the case during the period between 2008 and 2010.

On May 8, 2025, TTCPP Board of Directors approved the Bylaw amendments, appended to this report as Attachment 1, to bring Plan updates into effect. These amendments will not change the current employer and employee contribution rates, which have been in effect since 2011. TTCPP contribution rates are among the lowest of other Ontario JSPPs.

Contact

Heather Wolfe - TTCPP Chief Executive Officer
416-393-3610
Heather.Wolfe@ttcpp.ca

Signature

Heather Wolfe
TTCPP Chief Executive Officer

Attachment

Attachment 1 – 2025 TTCPP Bylaw Amendments