STAFF REPORT
INFORMATION ONLY

TTC Pension Fund Society 2015 Annual General Meeting Newsletter

Date:	May 27, 2015
To:	TTC Board
From:	Chief Executive Officer

Summary

The attached 2015 Annual General Meeting Newsletter is submitted for the information of the TTC Board, as the TTC sanctions the Pension Fund Society (PFS) and Sick Benefit Association (SBA) Bylaw amendments contained therein.

Financial Summary

There are no financial implications resulting from the adoption of this report.

Accessibility/Equity Matters

This report has no accessibility or equity issues.

Decision History

The Newsletter is a comprehensive annual publication, distributed primarily for communication with TTC employees and pensioners. The Newsletter also serves to notify members of the Annual General Meeting and the Bylaw amendments for their approval.

Similar to the Annual Reports of other major Ontario pension plans, the attached Newsletter covers important information, discussion and analysis of the TTC Pension Fund Society's financial position, investments, funded status and administrative matters.

Issue Background

The PFS was established through collective bargaining and incorporated on January 3, 1940 to provide retirement benefits for Toronto's transit employees. The PFS pension plan is administered by a Board, consisting of 5 Directors appointed by the Toronto Transit Commission and 5 Directors who are ex officio members of the Amalgamated Transit Union Local 113 executive. The Directors are also contributing members of the plan, which promotes a strong alignment of interest with the plan members. The PFS

Board of Directors review, monitor and make decisions on the administration of the plan benefits and investments within tolerable risk parameters. To fulfill this responsibility the Board delegates the day-to-day management of operations to the PFS Officers and Staff and hires professional investment managers, consultants, actuarial and legal counsel to advise them.

Effective January 1, 2011 pursuant to the Memorandum of Agreement between the Toronto Transit Commission and the Amalgamated Transit Union Local 113, the PFS was established as a Jointly Sponsored Pension Plan (JSPP), as defined by the Ontario Pension Benefits Act. Other Ontario JSPPs include: Ontario Teachers' Pension Plan, OMERS, Healthcare of Ontario Pension Plan, Ontario Public Service Employees' Union Pension Plan (OP Trust) and Colleges of Applied Arts and Technology Pension Plan.

The PFS is a defined benefit, multi-employer pension plan. It covers substantially all employees of the TTC and ATU (the employers) 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 Contribution rate is 9.25% up to the Yearly Maximum Pensionable Earnings (YMPE) and 10.85% above YMPE. The YMPE for 2014 was $52,500. It is worth noting that the PFS contribution rates have remained at this level since 2011 and is among the lowest of other Ontario JSPPs.

The plan is registered with the Financial Services Commission of Ontario and is subject to regulation under the Ontario Pension Benefits Act and the Income Tax Act (registration number 0317586).

As at December 31, 2014, the PFS had approximately 13,260 active members and 7,375 pensioners and net assets of $5.5 billion. The PFS plan design supports equal cost and risk sharing between employees and employers. Unlike typical final average earnings defined benefit plans, the PFS plan 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 changes are approved only when, and to the degree that, they are deemed actuarially affordable. Each year the PFS Actuary prepares very detailed analyses of the plan's funded status which guides the Directors in their decisions regarding the affordability of indexing of pensions in payment, providing updates to the base period and other plan improvements. This model has allowed the plan administrator to contain costs during unfavourable market conditions by foregoing base period updates and indexing, as was the case during the period between 2008 and 2010. The funded status of the plan on a going concern basis has always been strong and stable. On May 5, 2015 the PFS Board of Directors approved certain Bylaw amendments to effect Plan improvements. These Bylaw amendments are included in the appended Newsletter.

The TTC Sick Benefit Association was incorporated in 1960 and provides benefits to approximately 10,500 unionized members each year.

Contact

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Head of Pensions
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Attachments

2015 Annual General Meeting Newsletter

TORONTO TRANSIT COMMISSION
PENSION
FUND SOCIETY

TORONTO TRANSIT COMMISSION

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ABOUT THE TTC PENSION FUND SOCIETY LOGO

Our logo depicts a tree rooted in the word PENSION symbolizing strength, stability and long-term growth. The outreaching branches symbolize the security and protection of Members' retirement income.

In preparation for the Annual General Meetings (AGM) of the Pension Fund Society (PFS) and the Sick Benefit Association (SBA), this edition of the Newsletter contains the Directors' Reports, Audited Financial Statements and Bylaw Amendments for each entity.

The publication of these documents is required by law;
It is important information which you should read thoroughly; and
You are urged to attend the Annual General Meetings on:

Saturday, June 20, 2015
Ontario Institute for Studies in Education (OISE)
Auditorium Room G162
252 Bloor Street West
(east of St. George Street, on the north side of Bloor Street)

Coffee will be served at 8:30 a.m.
The Pension Fund Society meeting will commence at 9:00 a.m. and the Sick Benefit meeting will follow.

The purpose of the AGM is to provide a forum for the Membership to review and approve the Directors' Reports, the Audited Financial Statements and Bylaw Amendments of the PFS and the SBA. Members of the Board of Directors, the Officers and their Advisors, will be in attendance to answer any questions that Members and Associate Members may have.

Please bring your TTC transportation pass for identification as voting cards will be distributed.

PFS Board of Directors:

Bob Kinnear – President
Vincent Rodo – Vice-President
Scott Gordon
Frank Grimaldi
Orest Kobylansky
Brian Leck
Kevin Morton
Gemma Piemontese
Michael Roche
Manny Sforza

PFS Board Observers:

Megan MacRae
Frank Malta

PFS Officers:

Mary Darakjian – Head of Pensions
James Clarkson – Treasurer
Cheryl Uroda – Corporate Secretary

PFS Advisors:

Actuary: Mercer (Canada) Limited, represented by Marvin Ens
Auditor: PricewaterhouseCoopers, represented by Ryan Couvrette
Financial Advisor: James A. Knowles Inc., represented by Jim Knowles

SBA Board of Directors:

Gemma Piemontese – President
Bob Kinnear – Vice-President
Mary Darakjian – Treasurer
Pat Daniels
Scott Gordon
Frank Grimaldi
Orest Kobylansky
Manny Sforza

SBA Officer:

John Iorio – Secretary

TO THE MEMBERS OF THE TTC PENSION FUND SOCIETY

We are very pleased to report on the results of the Toronto Transit Commission Pension Fund Society's (PFS) 75th year of operations, which ended December 31, 2014. It is important that Members read and understand the information contained in this Newsletter and we also encourage you to attend the Annual General Meeting (AGM) on Saturday, June 20th when the 2014 Audited Financial Statements and other important information related to the PFS will be presented. As this information tends to be complex, the AGM provides a tremendous opportunity to ask questions, address any concerns and receive feedback from the PFS Board of Directors, Officers and their Advisors.

75 YEARS AND GROWING!

January 3, 2015 marked the 75th anniversary of the Toronto Transit Commission Pension Fund Society's incorporation. That truly is a significant milestone! Over this period the fund assets have grown over ten thousand times, the number of retired members has grown one hundred times and the number of active members five times. The Plan has thrived and grown stronger each year and that's not by chance. It is the culmination of a well governed, prudent and fiscally responsible management of an invaluable benefit for TTC employees. Our promise to Members is a lifetime retirement benefit.

NOTEWORTHY ACCOMPLISHMENTS

Investments returned 12.2% net of fees in 2014, resulting in a $594 million increase in net assets – another robust year for the Plan.

A study conducted by an external, independent consultant confirmed that the PFS governance structure is strong.

On April 8, 2015 we officially launched the on-line pension estimator tool, which will allow members to calculate and project retirement benefits whenever they want. This was a special project undertaken by Katelyn Steadman, Susan Munshaw and Helen Redmond of the PFS office but involved collaboration with the Toronto Transit Commission's IT and Human Resources Departments. This is a very handy tool for our members, and we encourage you to make extensive use of it.

PLAN IMPROVEMENTS

We are very pleased to advise that, after careful consideration, the Board was able to approve a one year base period update and our pensioners will receive an increase of up to 2% in their pensions effective January 1, 2015. Active Members and 2015 retirees will now have their pensionable earnings and credited service up to December 31, 2014 included in the base period for calculation of the pension benefit. Since 2011, the Plan has been able to afford steady increases to the base period – plan improvements which have brought the base year fully up-to-date for two consecutive years. This is a noteworthy accomplishment, however, as a reminder, there is no contractual obligation to provide benefit improvements. As you know, on an annual basis, the Board assesses affordability of benefit improvements, including pension indexing, and grants them at their discretion. Future enhancements are not guaranteed.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, we wish to express to the PFS Members, Officers and Staff, our sincere appreciation for their support, dedication and co-operation throughout the year.

Bob Kinnear, President ***Vincent Rodo, Vice-President***

Seated, L-R: Kevin Morton, Brian Leck, Bob Kinnear, Gemma Piemontese, Manny Sforza, Orest Kobylansky

Standing, L-R: Vincent Rodo, Cheryl Uroda, James Clarkson, Frank Grimaldi, Scott Gordon, Frank Malta, Mary Darakjian, Michael Roche

Absent: Megan MacRae

THE TTC PENSION FUND SOCIETY IS 75 YEARS AND GROWING

The Toronto Transit Commission Pension Fund Society celebrates its 75th anniversary in 2015.

On March 1, 1939, TTC General Manager H.C. Patten established a Committee of TTC Officials to work with the Special Pension Committee of Division 113. The Toronto Transportation Commission and its Unions agreed that a pension plan was a good idea, and so followed a series of meetings to establish the basic principle on which a pension was to be provided to its members.

After considerable discussion, and the retention of an actuary to study the costs, a number of terms and conditions were laid out for the establishment of a properly organized pension arrangement for TTC employees. Among the stipulations in the initial document was the initial payment of $250,000 by the Commission to fund liabilities already in existence for long-service employees – a minimum pension of $300 per year for life and a maximum pension of $1,200 per year for life.

The original Board had five Directors appointed by the Commission, three Directors selected by Division 113 and one Director elected by members of the Society, which represented non-union staff. The requirement that only members of the Society can be members of the Board was established at the time – and remains in effect today.

On January 3, 1940, the plan, officially known as the Toronto Transportation Pension Society, became a reality. Since then, the Fund has grown over ten thousand times. Today, the TTC Pension Fund Society is valued at more than $5 billion.

The following chart shows the growth of the Plans assets and membership over the 75 years:

Year end: December 31	1940	1949	1959	1969	1979	1989	1999	2009	2014
Year of Operations	**1st**	**10th**	**20th**	**30th**	**40th**	**50th**	**60th**	**70th**	**75th**
Net assets $000's	509	6,617	23,140	55,917	191,490	818,079	2,419,031	3,344,182	5,498,535
Retired members	79	321	742	912	1,530	2,859	4,468	6,143	7,375
Active members	2,606	5,270	5,040	6,547	8,387	10,298	9,986	12,400	13,240

WHERE WE CAME FROM…

The following pages include extracts of the First Annual Report issued by the Toronto Transportation Commission Pension Fund Society…

FIRST ANNUAL REPORT

DECEMBER 31, 1940

TORONTO TRANSPORTATION COMMISSION
PENSION FUND SOCIETY

TORONTO TRANSPORTATION COMMISSION
PENSION FUND SOCIETY

BOARD OF DIRECTORS

H. C. PATTEN

JOSEPH TOMKINS	H. W. TATE
G. H. GERRING	A. S. MCARTHUR
H. J. SHEPPARD	W. H. C. SEELEY
W. E. POINTON	J. G. COULTHARD

OFFICERS OF THE BOARD

Chairman of the Board - - -	H. C. PATTEN
Treasurer - - - - - - - -	J. G. COULTHARD
Secretary - - - - - - - -	T. M. HOWARD

AUDITORS

Messrs. Price, Waterhouse & Co.

TORONTO TRANSPORTATION COMMISSION
PENSION FUND SOCIETY

H. C. PATTEN, CHAIRMAN — 35 YONGE STREET, TORONTO, CANADA — T. M. HOWARD, SECRETARY; J. G. COULTHARD, TREASURER

January 22nd, 1941.

YOUR REF OUR REF 14-77-11.

SUBJECT First Annual Report—1940.

To the Members,
Toronto Transportation Commission Pension Fund Society.

Your Board of Directors submit herewith the First Annual Report of the Toronto Transportation Commission Pension Fund Society for the year 1940.

On December 7th, 1939, the Toronto Transportation Commission approved and authorized the formation of the Society and on January 3rd, 1940, the Society was incorporated by Letters Patent as a Society under the Companies Act of Ontario.

The business and affairs of the Society and the formation, maintenance, management and distribution of the Pension Fund of the Society, are governed by the Society's By-Laws Numbers 1 and 2.

In accordance with its expressed promise, the Toronto Transportation Commission made the first contribution to the Funds of an amount of $250,000.00, and in addition the Commission contributed the amount of $155,736.88 during the year. The members contributed an amount of $127,671.43 during 1940 in accordance with the rules of the Society.

The financial results for the year 1940 were as follows:—

REVENUE:

From the Commission:		
Initial contribution	$250,000.00	
Contribution for 1940	155,736.88	
Total contribution by the Commission for 1940		$405,736.88
From the Members:		
Total contributions	$128,622.12	
Less: Refunds	950.69	
Net amount received from the Members		127,671.43
Interest from investments plus exchange		11,676.34
Total Revenue		$545,084.65

EXPENDITURE:

Payments to Pensioners	35,374.56
Balance in the Fund as at December 31st, 1940	$509,710.09

REVENUE ACCOUNT:

As shown above, the revenue of the Society was $545,084.65 for 1940. This amount includes the initial contribution of $250,000.00 made by the Commission, and this item will not appear in the succeeding years as this contribution was made to start the fund on a sound financial basis.

The expenditure of the Society consists only of payments to Pensioners, as the Commission bears all the costs of administration and incidental expenses. The total amount paid out in pensions for the year 1940 was $35,374.56, leaving an amount of $509,710.09 in the fund at the end of 1940.

STATEMENT OF THE FUND:

The statement of the fund as of December 31st, 1940, which accompanies this report, shows the fund had a balance of $509,710.09 at that date.

The investments of the Society were $492,884.64 as of December

31st, 1940. The average yield from these investments was 3.54 per cent. per annum.

The investments of the fund of the Society are all in bonds, and consist of the following securities:—

Amount		Percentage of Total
$306,577.70	Dominion of Canada and issues guaranteed by the Dominion of Canada....	62.20%
142,835.20	Provinces of Ontario, Quebec, Nova Scotia and Prince Edward Island....	28.98%
43,471.74	Cities of Toronto, Hamilton and Township of York................	8.82%
$492,884.64		100.00%

The balance of the fund, amounting to $16,825.45, is made up of cash and amounts receivable from the Toronto Transportation Commission, and accrued interest on the investment in bonds.

PENSIONERS:

On the date of its inception the Society granted pensions to 57 of its members, and during the year granted 26 additional pensions, making a total number of 83 pensions granted to the members during the year 1940. On December 31st, 1940, the total number of Pensioners was 79. It is with regret your Board has to report the death of four Pensioners during the year.

MEMBERS:

The number of members of the Society on December 31st, 1940, was 2,606.

In conclusion the Board wishes to express on behalf of all of its members, its appreciation of the generous assistance given to the Society by the Toronto Transportation Commission during the formation of the Society and during the year.

The books and accounts of the Society for the year have been audited by Messrs. Price, Waterhouse & Co., and their certificate is attached to the financial statements accompanying this report.

H. C. PATTEN,
Chairman.

TORONTO TRANSPORTATION COMMISSION
PENSION FUND SOCIETY

Statement of the Fund for the Year ending December 31st, 1940

REVENUE

Contributions from Toronto Transportation Commission:		
Initial payment..................................	$250,000.00	
Annual payment..................................	155,736.88	
		$405,736.88
Contributions from members of the Society (net)............		127,671.43
Income from investments..................................		11,676.34
TOTAL REVENUE..................................		$545,084.65

EXPENDITURE

Pensions paid..................................	35,374.56
BALANCE OF THE FUND as at December 31st, 1940, as shown by Summary of Investments below......	$509,710.09

Summary of Investments as at December 31st, 1940

Dominion and Provincial Bonds..................	$449,412.90	
Canadian Municipal Bonds..................	43,471.74	
(Market value as at December 31st, 1940, $498,922.50)		$492,884.64
Accrued interest receivable..................................		5,016.28
Accounts receivable from Toronto Transportation Commission.		11,453.93
Cash in bank..................................		355.24
BALANCE OF THE FUND, AS ABOVE..................		$509,710.09

Approved on behalf of the Board:

H. C. PATTEN, Chairman.
J. G. COULTHARD, Treasurer.

To the Members of
Toronto Transportation Commission Pension Fund Society.

We have examined the accounts of the Toronto Transportation Commission Pension Fund Society for the year ending December 31st, 1940, in the course of which we confirmed the existence of the investments by certificate from the Society's bankers who hold the securities for safekeeping, and we verified the bank balance by certificate received by us direct from the bank, and we report that, in our opinion, the above Statement of the Fund and Summary of Investments are properly drawn up so as to exhibit a true and correct view of the position of the Fund as at December 31st, 1940, and are as shown by the Books of the Society. All our requirements as auditors have been complied with.

No provision has been made in the above statements in respect of interest accrued on members' contributions to the Fund, as such interest is not payable except under the conditions set out in the by-laws.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

TORONTO, January 20th, 1941.

WHERE WE ARE NOW…

The PFS is administered by a Board of Directors (the Board) consisting of ten members, five of whom are appointed by the TTC and five by the ATU. The Directors are also contributing members of the Plan, which promotes a strong alignment of interest with the Plan Members. Together, the Directors review, monitor and make decisions on Plan risks, benefits, and investments. To fulfill this responsibility the Board delegates the management of day-to-day operations of the Plan to the PFS Officers and Staff and hires professional investment managers, consultants, actuarial and legal counsel to advise them.

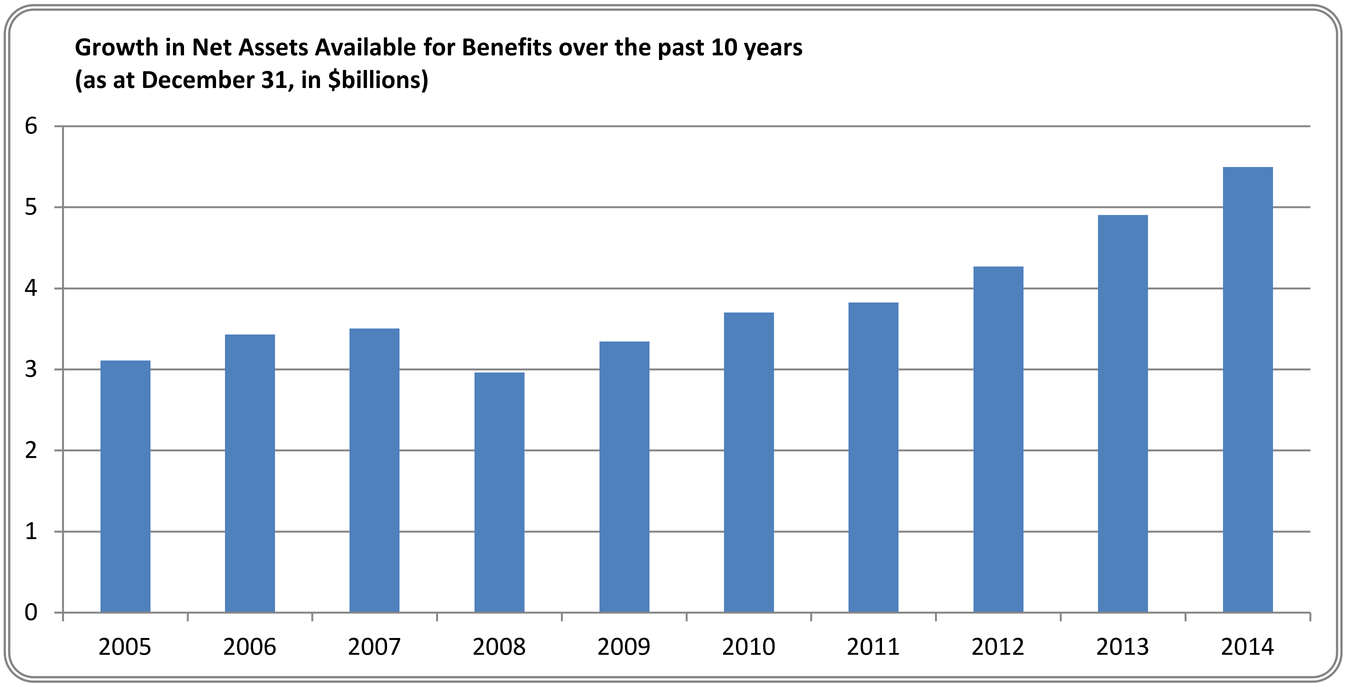
As part of ongoing good governance practices, the PFS Board retained an external advisor this year to conduct an independent review and report on the Plan's current pension governance practices and policies benchmarked to industry best practices. The findings were very positive and confirmed the strength and quality of PFS governance practices. Some minor recommended changes will be undertaken this year. Excerpts from the study summarize the results as follows:

> "Overall, the TTC PFS governance is strong – the Funding Policy and the SIP&P are well thought out and written, and take a principles-based approach to balancing risks and meeting the pension promise."
>
> "The governance structure of the PFS is also effective and healthy. The Board members are selected and act in an appropriate manner as fiduciaries and prudent persons – there is, for example, clear documentation showing critical assessment of investment managers and their replacements when underperforming, and minutes show robust discussions and an appropriate governance challenge function"

The Plan's Financial and Investment Discussions

Key objective: To grow the net assets of the Plan such that funds are available to meet the pension promise made to our Members.

2014 results: The value of the Plan's net assets at year-end was just under $5.5 billion representing an increase of $594.4 million over the previous year. Investments delivered a total return of 12.2% after fees. Our assets continue to grow steadily.



Financial Results

Changes in Net Assets Available for Benefits (in $ millions)	2014	2013
Net Assets – beginning of the year	**4,904**	4,271
Investment income	**621**	647
Contributions received	**207**	202
Benefits paid	**(216)**	(200)
Investment and plan administration expenses paid	**(18)**	(16)
Net Assets – end of the year	**5,498**	4,904

The Plan's asset value has been trending upward since 2008 despite ongoing volatility in the investment markets. The steady growth indicates an appropriate balance between investment risk and return.

In 2014 contributions received from employers and employees almost covered the benefits paid out of the Plan. This difference is affected by the Plan's maturity or the ratio of active employees to pensioners. The Board pays close attention to this in the administration of the Plan.

The investment and plan administration expenses are very reasonable. Although total expenses increased by approximately $2 million relative to the previous year, when expressed as a percentage of the Plan's net asset value, the rate decreased from 0.36% in 2013 to 0.34% in 2014. Efficiency and cost effectiveness is a core value of the Plan.

Management of Investments

The investments are managed in accordance with a Plan document known as the Statement of Investment Policies and Procedures (the SIP&P). The SIP&P is reviewed, updated and approved by the Board annually. It sets objectives, guidelines and standards to assist the Plan's staff, investment managers and advisors to carry out the directives set by the Board.

The SIP&P provides a framework for managing the Plan's assets in relation to its pension liability, within a tolerable level of risk. What does this mean? Simply put, the primary investment objective is to grow the assets more than the pension liability. This improves the Plan's funded status – a more detailed discussion of the Plan's Funded Status follows in this Newsletter. When the funded status improves, the ability to provide a base period update and pension indexing also improves. What is the risk? The primary risk is that the funding status does not improve enough to afford a Plan update or worse, that the liability grows more than the assets and a funding deficit occurs. With ongoing investment market volatility and interest rate unpredictability, this risk will always exist and has affected the Plan in the past. How is this risk kept at a tolerable level? This is a measured balancing act. As reported in past Newsletters, an asset liability study conducted in 2012 considered the Plan's current and future funded status, taking into account the projected size and timing of future pension payments, and the size and characteristics of individual investments in order to provide an optimal mix of investments. This mix of investments, referred to in the SIP&P as the Long-Term Policy Portfolio (LTPP) was considered by the Board to provide the most acceptable level of risk. Overall the investment philosophy envisions a Liability Driven Investing approach, which has been used by many large Canadian pension plans to successfully manage their plan risks.

Implementation of the LTPP commenced in 2013 and continued into 2014 with a focus on finding the best possible managers to help the Fund acquire investments in real estate and infrastructure. These are two asset classes where current holdings are lower than the LTPP weights and also the more difficult asset classes to deploy because good quality investments at an appropriate price are difficult to find. Full implementation of the LTPP is expected to take many years with no pre-set timelines and it will progress opportunistically in a disciplined manner to ensure investments are acquired at a good value.

The Plan's Funded Status

Key objective: To manage the Plan's funded status in an effective, fiscally prudent manner to achieve long-term pension benefit sustainability and affordability for Members and Sponsors.

After consultation with the Plan's Actuary and careful consideration of long-term pension benefit affordability, the Board has approved a one year base period update and up to a 2% pensioner increase, subject to limits under the Income Tax Act. Effective January 1, 2015 pension benefits will be based on an employee's average best four years of pensionable earnings and credited service up to December 31, 2014.

Membership Statistics and Trends at a Glance

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Employees	13,237	13,013	12,767	12,690	12,572	12,400	11,681	11,241	10,896	10,688
Pensioners	7,375	7,092	6,824	6,562	6,300	6,134	6,018	5,863	5,722	5,560
Deferred vested	374	354	339	301	289	276	266	278	257	252
Total Membership	20,986	20,459	19,930	19,553	19,161	18,810	17,965	17,382	16,875	16,500
Ratio of employees to pensioner	1.80	1.83	1.87	1.93	2.00	2.02	1.94	1.92	1.90	1.92
Average age of employees	47.0	46.9	47.0	46.9	46.7	46.4	46.4	46.3	46.2	46.0
Average age at retirement	60.2	60.4	60.7	59.9	59.9	59.5	59.4	58.7	59.2	58.9
Average age of pensioners	71.0	71.0	70.9	70.8	70.6	70.5	70.3	70.0	69.8	69.6

The strength of the PFS plan design hinges on equal risk sharing by employers and employees. This has proven to work reliably, even over the past decade when sometimes chaotic market conditions and persistently low interest rates challenged all defined benefit pension plans. Unlike typical indexed, final average defined benefit plans, the PFS plan 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 changes are approved by the PFS Board of Directors only when and to the degree that they are deemed actuarially affordable. This is a powerful tool that has allowed the Board to contain costs, to maintain reasonable contribution rates, and to keep the plan on a sound financial footing. Without this tool, the Plan's liabilities would have continued to increase rapidly during unfavourable economic times, jeopardizing the health and the long-term affordability of the Plan.

In determining the level of benefits and contribution rates, the Board is bound by the PFS Bylaws and the Sponsors Agreement. These documents prescribe the order in which improvements may be applied, which is as follows: supporting the level of benefits already in place; including increases to pension payments; then updating the four-year base period; then updating the related survivor benefit date; and lastly, other benefit improvements. The documents also prescribe contribution rate limits. Board approval of contribution rates outside the prescribed limits would require the Plan Sponsors' prior agreement.

The Board is also guided by a formal Funding Policy in determining appropriate benefit and contribution levels. The Funding Policy helps to establish certain assumptions, methods and objectives that the Plan Actuary uses to prepare the annual valuation.

Each year the PFS Actuary prepares very detailed analyses of the Plan's funded status, which incorporates up to date membership data and actuarial assumptions. The Board uses these actuarial valuations as a key element to the very important annual decision regarding plan improvements. The affordability of plan improvements cannot reliably be predicted based solely on prevailing investment market conditions or other simplified considerations. This rigorous annual process, involving significant time and resources, must be completed before a decision can be made by the Board. For this reason, announcements of plan improvements cannot be made until well into the new year.

The following table summarizes the Plan's funded status as at January 1, 2014 and 2013, as reported in the two most recent valuations filed with the regulators:

	(In $ Millions)	
	2014	**2013**
Net assets available for benefits from audited financial statements	4,904	4,272
Asset smoothing adjustment for actuarial valuation purposes	(477)	(157)
Smoothed value of assets	4,427	4,115
Liabilities on a going concern basis	4,686	4,355
Funding deficit	(259)	(240)
Funded ratio	94.5%	94.5%
Discount rate	5.65%	5.25%

The above funding reflects the costs of the plan improvements approved in each year (2014: three-year base period update and 2% pensioner increase; 2013: two-year base period update and 2% pensioner increase). The funding deficits are amortized (paid off) over a period no more than 15 years and are supported by the level of contribution rates in effect.

At the time of writing this Newsletter, the Board had concluded its final meeting of the year with the Plan Actuary and after extensive analysis and discussions was able to approve the following changes in plan benefits:

- Pensioners will receive an ad hoc cost of living increase of up to 2% effective January 1, 2015;
- Effective January 1, 2015, the base period formula for calculating pension benefits will be the average of employees' best four years of pensionable earnings up to December 31, 2014; and
- In lock-step with this formula update, the survivor benefit date will be January 1, 2015.

The Canadian Income Tax Act does not permit the percentage increase in a pension in payment to be more than the cumulative percentage increase in the Consumer Price Index (CPI) since the pension started. Since the pensioner increases over the past several years have exceeded CPI, this limits the pensioner increase for pensioners who retired in the period between the latter part of 2009 and 2014 to a percentage less than 2.0%. More information on the Income Tax Act restrictions is provided in the 2015 Indexing Notice which has been mailed to pensioners.

For most traditional final average defined benefit pension plans, the above changes are automatic and would not represent a plan improvement triggering an actuarial valuation filing. Under the PFS plan design, the resulting January 1, 2015 actuarial valuation will have to be filed with regulators by September 30, 2015.

Due to the timing constraints in publishing this Newsletter, the funded status which includes the above improvements could not be incorporated in this document. However, this information will be presented at the AGM and will be incorporated in next year's Newsletter.

As stipulated in the PFS Bylaws, the bylaw amendments to effect these improvements will be presented to the TTC Board for sanctioning before the AGM and are contained in this Newsletter for Members' approval at the AGM.

PLAN ADMINISTRATION

Key objective: To provide our Members courteous service and timely and accurate information.

PENSION ADMINISTRATION STATISTICS AND TRENDS AT A GLANCE

	2014	2013	2012	2011	2010
Pre-Retirement Seminar Attendees	293	436	0	379	448
Pension Estimates	1,872	1,942	1,513	1,992	1,653
Refunds Processed	83	95	109	81	74
Retirements	443	409	384	377	299

2015 PRE-RETIREMENT SEMINARS

If you have never applied to attend a pre-retirement seminar and you would like to add your name to the waiting list, the qualification to do so is either 40 years of age *or* 10 years of service. All we need to register you is your name, employee number, work location and whether your spouse/partner is interested in attending the seminar with you.

This year the seminars will be held at the Radisson Hotel Toronto East, 55 Hallcrown Place. The seminars are two full days with lunch included and they provide information regarding your TTC pension plan, health benefits and life insurance available upon retirement, financial planning, budget and debt management, RRSP information, tax planning and estate planning. Attendance is limited to one time only and we believe the information provided is most beneficial to those employees who are approximately 10-15 years away from their retirement. The fall 2015 seminar dates are: October 15 & 16 and November 3 & 4.

To apply to attend a seminar you can complete an application form #803970 at your work location or on the intranet, email us at PFS@ttc.ca or call us at 416-393-4367 or 416-393-4368.

Please be advised your name must be on the master waiting list to be eligible to attend. Your work location selects who attends based on date of application and availability. Once selected the Pension Office will forward a confirmation letter to you indicating the date of your attendance including location and other details.

Launch of the Pension Estimator

On April 8, 2015 the PFS introduced a new feature that will allow Members to prepare their own pension estimates in the comfort of their home – any time, any day.

TTC employees can now calculate their estimates by accessing the Estimator through the PFS Intranet (internal website) or via TheCoupler.ca home page link.

The Pension Estimator lets you calculate as many estimates as you wish. Try out different scenarios to see the changes in your results. We recommend that you use the information provided to you in your most recent Annual Entitlement Statement to simplify your data entry and increase your accuracy. The Statement provides a comprehensive summary of your membership, including annual earnings and pensionable service – two important factors that form the basis of your pension entitlement.
We encourage you to first watch the estimator tutorial to help you navigate through the process.

As always, the Pension Office is here to assist you with any questions you have. If you can't find your most recent Annual Entitlement Statement, just e-mail us at pfs@ttc.ca.

It's as easy as **1, 2, 3** - or should we say **INPUT, OUTLOOK, RESULTS**!

Age 71 Members

If you are a Member of the TTC Pension Fund Society (PFS) and you are approaching age 71, you should be aware that the Income Tax Act and the Bylaws of the PFS requires that your pension entitlement commence no later than the end of the calendar year in which you achieve your 71st birthday. This means that your benefit accrual must cease, i.e. you can no longer make contributions to the PFS. You will then become an Associate Member (pensioner) of the PFS and start receiving your pension entitlement. You should also be aware that in the Province of Ontario there is no mandatory retirement therefore you can choose to continue working beyond age 71. The pension office will communicate this information to you at the beginning of the year in which your 71st birthday falls.

TORONTO TRANSIT COMMISSION - PENSION FUND SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND DECEMBER 31, 2013

(IN THOUSANDS OF CANADIAN DOLLARS)

Actuaries' Opinion

Mercer (Canada) Limited was retained by the Board of the Toronto Transit Commission Pension Fund Society (the Society) to perform an actuarial valuation of the assets and Section 4600 accounting liabilities of the Society as at December 31, 2014, for inclusion in the Society's financial statements. We have completed such a valuation and provided our report to the Board.

The valuation of the Society's Section 4600 accounting liabilities was based on:

- Membership data as at January 1, 2014, supplied by the Society and used to extrapolate valuation results to December 31, 2014,
- Methods prescribed by Section 4600 of the CPA Canada Handbook – Accounting for pension plan financial statements, and
- Assumptions about future events (including mortality levels, future investment returns, and future pay levels), which have been developed by the Board with input from the actuaries and the auditors, and have been adopted by the Board as its best estimates for accounting purposes, in accordance with Section 4600 of the CPA Canada Handbook.

The valuation of the Society's assets was based on information provided by the Society.

The objective of the financial statements is to fairly present the financial position of the Society on December 31, 2014, in accordance with accounting practices. This is very different from the statutory funding valuation required by the Pension Benefits Act to ensure that the Society meets the funding requirements for the benefits being provided. As a result, the valuation results presented in the financial statements and notes are not indicative of the Society's ability to meet its funding requirements or of the benefit levels which it is able to provide.

While the actuarial assumptions used to estimate liabilities for the Society's financial statements represent the Board's best estimate of future events and market conditions at the end of 2014, the Society's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains and losses in future valuations.

We have tested the data used for the valuation for reasonableness and consistency, and in our opinion, the data are sufficient and reliable for purposes of the valuation and we believe that the methods employed are appropriate for purposes of the valuation. Our opinions have been given, and our valuation has been prepared, in accordance with accepted actuarial practice in Canada.

Marvin Ens
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries
May 5, 2015

Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries
May 5, 2015

Mercer (Canada) Limited

TALENT • HEALTH • RETIREMENT • INVESTMENTS

MARSH & McLENNAN COMPANIES

May 5, 2015

Independent Auditor's Report

To the Board of Directors of the
Toronto Transit Commission Pension Fund Society

We have audited the accompanying financial statements of Toronto Transit Commission Pension Fund Society, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets available for benefits and changes in pension benefit obligations for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Transit Commission Pension Fund Society as at December 31, 2014 and the changes in its net assets available for benefits and changes in its pension benefit obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto Transit Commission Pension Fund Society

Statement of Financial Position

For the year ended December 31, 2014

(in thousands of Canadian dollars)

	2014 $	2013 $
Assets		
Cash	3,996	12,036
Investments (note 3)	5,737,256	5,126,320
Investment-related receivables (note 3)	40,845	40,552
Contributions receivable		
Members	13,982	13,172
Employers	1,232	768
Other assets	1,127	1,053
	5,798,438	5,193,901
Liabilities		
Investment-related liabilities (note 3)	286,198	275,975
Other liabilities (note 6)	13,705	13,815
	299,903	289,790
Net Assets Available for Benefits	5,498,535	4,904,111
Pension benefit obligation (note 7)	4,595,935	3,996,993
Surplus	902,600	907,118

B. Kinnear

Bob Kinnear, President

Vincent Rodo

Vincent Rodo, Vice President

The accompanying notes are an integral part of these financial statements.

Toronto Transit Commission Pension Fund Society

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2014

(in thousands of Canadian dollars)

	2014 $	2013 $
Increase in net assets available for benefits		
Investment income (note 9)	171,838	134,769
Net increase in fair values of investments (note 9)	448,761	512,060
Contributions		
Members	103,386	99,725
Employers	104,305	102,077
	828,290	848,631
Decrease in net assets available for benefits		
Pension benefits	202,305	186,490
Investment and Plan administration expenses (note 10)	17,694	16,364
Death benefits	9,121	6,561
Termination refunds	4,144	5,741
Marriage breakdown	602	954
	233,866	216,110
Increase in net assets available for benefits during the year	594,424	632,521
Net assets available for benefits - Beginning of year	4,904,111	4,271,590
Net assets available for benefits - End of year	5,498,535	4,904,111

The accompanying notes are an integral part of these financial statements.

Toronto Transit Commission Pension Fund Society

Statement of Changes in Pension Benefit Obligations

For the year ended December 31, 2014

(in thousands of Canadian dollars)

	2014 $	2013 $
Pension benefit obligation - Beginning of year	3,996,993	3,833,264
Benefits accrued	128,332	126,510
Benefits paid	(216,173)	(199,745)
Interest accrued on benefits	260,374	228,942
Changes in actuarial assumptions	259,675	(111,776)
Experience gains	17,984	(1,906)
Plan amendments	148,750	121,704
Net increase in pension benefit obligation	598,942	163,729
Pension benefit obligation - End of year (note 7)	4,595,935	3,996,993

The accompanying notes are an integral part of these financial statements.

(tabular amounts in thousands of Canadian dollars)

1 Description of Plan

The following description of the pension plan operated by the Toronto Transit Commission Pension Fund Society (the Plan) is a summary only. For more complete information, reference should be made to the bylaws of the Plan.

General

The Plan commenced operations on January 3, 1940 as a corporation pursuant to letters patent under Part XVI of the Corporations Act of the Province of Ontario. The Board of Directors (the Board), which consists of ten voting members, five of whom are appointed from the Toronto Transit Commission (TTC) and five of whom are appointed by Amalgamated Transit Union Local 113 (ATU), administers the affairs of the Plan. Pursuant to the Sponsors' Agreement between ATU and TTC (the Sponsors), the Plan is registered as a Jointly Sponsored Pension Plan (JSPP) effective January 1, 2011.

The Plan covers substantially all employees of the TTC and ATU who have completed six months of continuous service. Under the Plan, contributions are made by members and matched by their employers. The Plan is registered with the Financial Services Commission of Ontario (FSCO), under the Pension Benefits Act of the Province of Ontario (PBA) and the Income Tax Act (Canada) (registration number 0317586) and, therefore, is exempt from taxation on its income under Part I of the Income Tax Act (Canada). The Plan may be liable for taxes in other jurisdictions where full tax exemptions are not available.

The Plan is a defined benefit plan. The Board sets the employer and employee contribution rates, subject to the funding requirements determined in the actuarial report and subject to limitations in the Sponsors' Agreement between the ATU and TTC. Members' benefits are determined using a modified career average formula based on pensionable earnings and years of credited service. Plan improvements, including increases to the career average base period and pension indexing may be adopted by the Board. Improvements may be granted if affordable, taking into account the Plan's funded status.

Funding

The Plan is funded by contributions and investment earnings. The Board has adopted a Funding Policy that aims to achieve long-term funding stability, with the objective of supporting benefit levels higher than the contractual benefits, including base period updates and pension increases as stipulated in the bylaws. Actuarial funding valuations are conducted to determine the pension liabilities, the funded position and the contribution rates of the Plan.

Contributions

In 2014, each member employed by the TTC and ATU contributed 9.25% (2013 - 9.25%) of their earnings to the Plan up to the year's maximum pensionable earnings (YMPE) of $52,500 (2013 - $51,100) and 10.85% (2013 - 10.85%) of earnings above the YMPE. The TTC and ATU contributed an amount equivalent to each member's annual contribution.

(tabular amounts in thousands of Canadian dollars)

The Board or the Sponsors, establish and maintain a contribution rate for members. The Board establishes and maintains the contribution rate for members, within an upper and lower limit. The limits are defined in the Memorandum of Agreement, dated May 27, 2011, which established the Plan as a JSPP. A contribution rate outside of this corridor must be approved by the Sponsors.

The TTC is also obligated to make contributions for certain early retirement benefits after 29 years of service and some temporary supplements. These payments are indefinite and are adjusted based on the most recent actuarial valuation filed.

Benefits

Pensions are payable from the Plan based primarily on years of credited service and members' highest four-year career average pensionable earnings up to the current base period-end date December 31, 2013 (2013 - December 31, 2010). The benefits provided are those that can be actuarially supported by the Plan's assets and the contributions to the Plan based on funding requirements specified in the PBA and priorities outlined in the bylaws.

Death benefits and lump sum payments on termination before eligibility for retirement are also available from the Plan. Death benefits may take the form of a survivor pension or lump-sum payments.

2 Summary of significant accounting policies

Basis of accounting and adoption of Canadian accounting standards for pension plans

These consolidated financial statements are prepared in Canadian dollars, the Plan's functional currency, in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Handbook (Section 4600) and the relevant sections of the Canadian accounting standards for private enterprises (ASPE) in the CPA Canada Handbook. The financial statements also include current disclosure requirements outlined by FSCO, under Index No. FSGN-100.

These financial statements are prepared on a going concern basis and present the information of the Plan as a separate financial reporting entity independent of the Sponsors and members.

Investment assets and investment liabilities

Investment assets and investment liabilities are recorded at fair value in accordance with International Financial Reporting Standard (IFRS) 13, Fair Value Measurement. Purchases and sales of investments are recorded as of the trade date (the date on which the substantial risks and rewards have been transferred). Transactions that have not been settled are reflected in the statement of financial position as investment-related receivables/liabilities.

Policy for items not related to investment portfolio or pension obligation

The Plan's accounting policies not related to the investment portfolio or pension obligation are based on Canadian accounting standards for private enterprises in Part II of the CICA Handbook - Accounting.

(tabular amounts in thousands of Canadian dollars)

Fair values

The fair values of the investments are determined as follows:

- Invested cash includes short-term investments with a term to maturity of 90 days or less on issuance;
- short-term investments are valued at cost, which together with accrued income, approximates fair value;
- bonds are valued based on quoted market prices obtained from independent third party pricing sources; where quoted market prices are not available, estimated values are calculated using discounted cash flows based on current market yields for comparable securities;
- securities sold under agreements to repurchase are valued using discounted cash flows based on current market yields;
- publicly traded Canadian and non-Canadian stocks are valued at the bid price on the applicable stock exchange;
- real estate property values are generally based on estimated fair values determined through independent annual appraisals of the property or the adjusted acquisition price in the year of purchase; the associated mortgages payable are measured at amortized cost, which approximates fair value;
- infrastructure, private equity and hedge fund secondary investments, held through a limited partnership arrangement, are valued by the general partner based on the most appropriate industry valuation models applied on an investment by investment basis;
- the investment values of pooled funds and funds of hedge funds are supplied by the fund administrators based on fair value quotations or appraisals, as appropriate; and
- exchange traded derivatives, such as futures, are valued at quoted market prices; for other derivative financial instruments, where market prices are not available, appropriate valuation techniques are used to estimate fair values.

Investment income

Dividend income is recognized based on the ex-dividend date and interest income is recognized on the accrual basis as earned.

Net realized gain (loss) on sale and settlement of investment assets and investment liabilities during the year represents the difference between sale or settlement proceeds and cost. The net change in unrealized gains (losses) on investment assets and investment liabilities represents the change in the difference between the fair value and cost of investment assets and investment liabilities at the beginning and end of the year. All realized and net changes in unrealized gains and losses on investment assets and investment liabilities are recorded in the statement of changes in net assets available for benefits in the year in which they occur.

(tabular amounts in thousands of Canadian dollars)

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates in effect at year-end. The resulting realized and unrealized gains or losses are included in net investment income.

Pension benefit obligation

Valuation of the pension benefit obligation and changes therein during the year are based on an actuarial valuation prepared by Mercer (Canada) Limited, an independent firm of actuaries. The valuation is based on data as at the beginning of the year extrapolated to the year-end. It uses the projected benefit method pro-rated on service and the Board's best estimate of various economic and non-economic assumptions.

Contributions

Contributions from members and employers due to the Plan at year-end are recorded on an accrual basis. Contributions for past service purchases are recorded when received. Cash transfers from other pension plans are not permitted.

Benefits

Benefits paid to pensioners are recorded in the year in which they are due. Refunds to former members and the estates of deceased members are recorded in the year in which they are paid. Refunds attributable to the current year but paid after year-end are reflected in accrued pension benefits.

Administrative expenses

Administrative expenses incurred are paid directly from the Plan and are treated as expenses in these financial statements. Expenses include, but are not limited to, actuarial fees, special legal fees, special expenses approved by the Board, trust fees, fiduciary insurance, custody fees, investment management and investment consulting charges. Other administration expenses, including office expenses, are borne by the TTC.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets available for benefits during the reporting period. Estimates and assumptions are evaluated on an ongoing basis and take into account historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. Significant estimates are used, primarily in the determination of the pension obligation and the fair value of certain investments. Note 7 explains how estimates and assumptions are used in determining accrued pension benefits. Actual results could materially differ from those estimates.

(tabular amounts in thousands of Canadian dollars)

3 Investments

The Plan invests, directly or through derivatives, in fixed income, equities or alternative investments in accordance with the Statement of Investment Policies and Procedures (SIPP).

The following schedule summarizes the Plan's investments and investment-related receivables and liabilities before allocating the effect of derivative financial instruments:

	2014		2013	
	Fair value $	Cost $	Fair value $	Cost $
Investments (note 3(a))				
Fixed income				
Invested cash	50,653	50,653	50,903	50,903
Short-term money market securities	87,214	87,037	95,573	95,257
Canadian bonds	2,168,796	2,017,011	1,625,552	1,603,345
Non-Canadian bonds	92,071	85,243	90,942	88,705
Funds of hedge funds	213,857	176,389	188,229	168,807
	2,612,591	2,416,333	2,051,199	2,007,017
Equities				
Canadian	936,477	655,893	982,861	701,123
Non-Canadian	1,478,522	1,116,682	1,529,850	1,101,107
	2,414,999	1,772,575	2,512,711	1,802,230
Alternative investments				
Real estate	397,924	322,955	281,861	218,105
Infrastructure (note 12)	96,035	66,500	92,489	66,500
Opportunistic (note 12)	107,342	62,100	105,045	52,100
Private equity (note 12)	108,365	74,000	83,015	65,800
	709,666	525,555	562,410	402,505
	5,737,256	4,714,463	5,126,320	4,211,752
Investment-related receivables				
Derivative financial instruments receivable (note 5(b))	28,215	-	20,857	-
Pending trades	2,974	2,974	11,265	11,265
Accrued investment income	9,656	9,656	8,430	8,430
	40,845	12,630	40,552	19,695

(tabular amounts in thousands of Canadian dollars)

	2014		2013	
	Fair value $	**Cost** $	**Fair value** $	**Cost** $
Investment-related liabilities				
Bonds sold under repurchase agreements	259,124	259,124	227,556	227,556
Derivative financial instruments payable (note 5(b))	24,703	-	38,789	-
Pending trades	2,371	2,371	9,630	9,630
	286,198	261,495	275,975	237,186
	5,491,903	4,465,598	4,890,897	3,994,261

a) Includes investments in pooled funds, details of which are provided in note 11(c).

4 Financial risk management

Capital management

The capital of the Plan is represented by the net assets available for benefits less the statutory actuarial valuation referred to in note 7. The objective of managing the Plan's capital is to ensure it is fully funded and sufficient assets are available to pay for the benefit obligations over the long term. The Board manages the Plan's capital by mandating an annual actuarial valuation to determine the Plan's funded status. Based on the results of this valuation and the priorities set out in the Plan's bylaws and the funding policy, the Board makes decisions with respect to pension formula updates, pension indexing and Plan improvements. Investments and the use of derivatives are based on an asset mix that is projected to enable the Plan to meet or exceed its long-term funding requirements, within an acceptable level of risk, consistent with the Plan's SIPP approved by the Board.

The Plan's administrator has adopted a SIPP which states investment objectives, guidelines and benchmarks used in investing the capital of the Plan, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIPP is reviewed and approved by the Board at least annually and the last amendment which was effective December 31, 2014, was approved by the Board on January 30, 2015. The significant amendments include changes made to disclose the Board's views on environmental, social and governance factors in order to comply with a future requirement of Section 78 of the Ontario Pension Benefits Act, to outline a fund policy target regarding the physical rebalancing of the Plan, and a slight refinement of the long-term target asset mix.

The Plan's investment objective, outlined in the SIPP, is to achieve a long term rate of return that equals or exceeds the Plan's going concern liability growth rate, consistent with available market opportunities, and at acceptable levels of expected investment risk. The current estimated current growth rate, inherent in the CICA Section 4600 valuation is 5.75% (2013 - 6.25%). The Plan's annualized five-year average rate of investment return, after investment management fees, as of December 31, 2014 was 10.2% (10.3% as of December 31, 2013).

(tabular amounts in thousands of Canadian dollars)

The Plan's investment portfolio is subject to various risks, which may adversely affect its income, cash flows and net assets available for benefits. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Plan manages investment-related risks through the SIPP, which establishes long-term asset mix policies for the investment portfolio as a whole. This promotes investment diversification and limits exposure to individual investments, major asset classes, geographic markets and currencies. The long-term policy also specifies a target weighting for matching assets, which are expected to have a relatively high correlation with the Plan's actuarial liability. It also establishes mandate-specific policies for each investment manager of the Plan. The investment managers' compliance with the policies is confirmed quarterly.

		2014		2013	
Asset categories	**Index benchmark**	**Portfolio weight year-end %**	**Asset mix policy weight**	**Portfolio weight year-end %**	**Asset mix policy weight**
Fixed income	Composite	40.8	44.0	42.1	44.0
Cash and overlay	FTSE TMX 91-day T-Bill	(1.2)	3.0	(1.5)	3.0
Long-term bonds	FTSE TMX long-term	18.6	20.0	17.8	17.0
Universe bonds	FTSE TMX Universe	16.5	11.0	18.7	17.0
Credit bonds	FTSE TMX Universe Corporate	6.9	10.0	7.1	7.0
Equities	Composite	46.5	39.0	46.5	48.0
Canadian	S&P/TSX Composite	17.0	14.0	17.4	18.0
U.S.[1]	S&P 500	13.8	10.0	12.70	13.0
Non-North American[1]	MSCI Europe, Australia, Far East	10.6	10.0	12.8	10.0
Emerging markets	MSCI Emerging Markets	5.1	5.0	3.6	5.0
Private equity	Russell 2000	1.9	3.0	1.7	2.0
Real estate	FTSE TMX long-term bonds + 3%	7.3	8.0	5.8	7.0
Infrastructure	FTSE TMX long-term bonds + 3%	1.6	3.0	1.8	1.0
Opportunistic	FTSE TMX long-term bonds + 3%	1.9	3.0	2.1	n/a
Total portfolio	Composite	100.0	100.0	100.0	100.0

1) Index expressed in CAD used as basis for manager evaluation. Index half-hedged into CAD in total portfolio and total equities benchmarks.

(tabular amounts in thousands of Canadian dollars)

Asset categories	2014 Post-fee return %	2014 Benchmark return %	2014 Post-fee vs benchmark %	2013 Post-fee return %	2013 Benchmark return %	2013 Post-fee vs benchmark %
Fixed income	13.0	12.7	0.3	(1.3)	(2.9)	1.6
Long-term bonds	17.9	17.5	0.4	(6.4)	(6.2)	(0.2)
Universe bonds	10.6	8.8	1.8	0.5	(1.2)	1.7
Credit bonds	8.0	7.6	0.4	4.7	0.8	3.9
Equities	13.7	11.8	1.9	31.2	25.2	6.0
Canadian	13.2	10.6	2.6	26.8	13.0	13.8
U.S.	24.5	24.1	0.4	42.3	41.4	0.9
Non-North American	6.6	3.7	2.9	28.0	31.0	(3.0)
Emerging markets	6.5	6.6	(0.1)	3.2	(0.5)	3.7
Private equity	23.4	14.4	9.0	7.1	12.5	(5.3)
Real estate	2.8	20.5	(17.7)	4.7	(3.2)	7.9
Infrastructure	6.5	20.5	(14.0)	13.8	(3.2)	17.0
Opportunistic	9.1	20.5	(11.4)	47.0	n/a	5.6
	12.2	13.0	(0.8)	14.2	10.3	3.9

* Note that the Pension Plan returns noted above are after management fees, whereas the benchmark returns do not include any management fee provision.

a) Market risk

Market risk is the risk of loss from changes in equity, interest and foreign exchange rates, and credit spreads. Changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

The Plan mitigates market risk through diversification of its investment portfolio, across industry sectors, investment strategies and on a geographic basis, based on asset and risk limits established in the SIPP and through the use of derivative financial instruments.

- Currency risk

Currency risk arises from the Plan's exposure to foreign currency-denominated assets. Fluctuations in the value of the Canadian dollar relative to foreign currencies may significantly increase or decrease the Plan's fair value and returns.

The Plan invests in assets denominated in foreign currencies other than the Canadian dollar in order to improve its risk and return profile. The Plan's currency hedging policies are designed to limit the overall impact of currency fluctuations on Plan returns.

The Plan's currency managers passively hedge 25% of US dollar denominated equity, 50% of other developed market foreign equity currency exposures and 75% of funds of hedge funds. Through a separately managed active currency hedging program, the foreign currency exposure on some or all foreign equity holdings may be fully hedged or unhedged on a tactical basis, subject to risk constraints based on the Plan's SIPP.

(tabular amounts in thousands of Canadian dollars)

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following a reasonably possible 5% change in foreign currency exchange rates, with all other variables and underlying values held constant, for each currency to which the Plan has a significant exposure.

	Changes in net assets available for benefits	
	2014 $	**2013** $
United States dollar	62,599	34,459
Hong Kong dollar	3,483	3,793
British pound sterling	1,429	1,728
Swiss franc	1,162	924
Euro	1,056	239
Japanese yen	694	(50)
Australian dollar	397	(121)
Swedish krona	290	473
Other	9,411	6,593
	80,521	48,038

The following schedule summarizes the Plan's currency exposure, net of foreign exchange forward contracts used in the passive and active currency programs:

	Net currency exposure	
	2014 $	**2013** $
United States dollar	1,251,972	689,173
Hong Kong dollar	69,669	75,855
British pound sterling	28,574	34,536
Swiss franc	23,237	18,486
Euro	21,113	4,789
Japanese yen	13,879	(993)
Australian dollar	7,945	(2,413)
Swedish krona	5,802	9,456
Other	188,227	131,865
	1,610,418	960,754

- Interest rate risk

  Interest rate risk is the effect that changing interest rates have on both the market value of the Plan's assets and liabilities. The value of the Plan's net assets available for benefits, are affected by short-term changes in nominal interest rates. The pension benefit obligation is impacted by fluctuations in long-term nominal and real interest rates.

(tabular amounts in thousands of Canadian dollars)

The Plan administrator views interest rate risk on interest bearing financial instruments as a hedge that offsets the larger interest rate risk on pension benefit liabilities. In order for this offset to significantly reduce the overall level (on assets and pension benefit liabilities) of the Plan's interest rate risk, the SIPP has a target of 20% of its holdings to be held in interest bearing financial instruments with long maturities.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits following a reasonably possible change in interest rates for all maturities (a parallel shift in the yield curve).

		Change in net assets available for benefits	
	Interest rates	**2014** $	**2013** $
Interest bearing financial instruments	+ / -1%	222,583	152,450

As at December 31, 2014, assuming all other factors remain constant, a 1% decrease in the assumed long-term rate of return on assets would result in the pension benefit obligation increasing by 13.8% (2013 – 13.1%) or $634.1 million (2013 - $523.9 million).

- Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes to their related indices.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following reasonably possible changes in equity prices for each stock market benchmark to which the Plan has a significant exposure.

	Stock benchmark	**Change in index value**	**2014** $
Canadian equities	S&P/TSX Comp	+ / - 10%	79,763
Non-Canadian equities	various	+ / - 10%	124,048
			203,811

(tabular amounts in thousands of Canadian dollars)

b) Credit risk

Credit risk is the loss potential associated with a counterparty's inability or unwillingness to fulfill its contractual obligations.

In order to mitigate against losses associated with credit risk, the Plan adheres to investment policies that require:

- having a minimum rating of R1 "low" by DBRS or equivalent for all cash and short-term investments;
- limiting the maximum exposure to bonds issued or guaranteed by any one non-governmental entity or group of affiliated entities to 5% of the fair value of the total fixed income portfolio held by the Plan;
- limiting the maximum exposure to non-investment grade bonds (defined as below BBB - or equivalent) to 10% of the fixed income portfolio held by the Plan;
- dealing with counterparties to derivative transactions that have credit quality of no less than an A rating;
- securities lent will be secured by initial collateral of no less than 102%;
- entering into International Swaps and Derivative Association Inc. agreements with over-the-counter derivative counterparties to limit the Plan's exposure to credit losses;
- entering into derivative financial instruments only on an unlevered basis; and
- where feasible, directing managers to enter into master netting arrangements.

Credit risk on equity and bond futures is minimal as the counterparty to every futures trade is a clearing corporation, which acts as a third party that matches trades and collects and maintains margins. These contracts are marked-to-market and margin receivables and payables are settled in cash daily.

The following are the interest bearing financial instruments, the exposure to credit risk and the Plan's share of it.

	AAA* $	AA $	A $	BBB $	R1 or Equiv $	Non-inv. grade / unrated $	Total $
December 31, 2014	649,684	532,646	611,740	205,534	17,208	249,040	2,265,852
December 31, 2013	438,656	430,937	498,983	191,805	21,643	138,987	1,721,011

*Includes cash balances from fixed income accounts and accrued interest.

a) Liquidity risk

Liquidity risk is the risk the Plan may be unable to meet obligations associated with pension payments and/or financial liabilities that are settled by delivering cash or another financial asset.

(tabular amounts in thousands of Canadian dollars)

Management of liquidity seeks to ensure that even under adverse conditions, the Plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The SIPP requires a significant portion of the Plan's investments to be highly liquid so they can be converted into cash on short notice. Typically, the employee and employer contributions will cover the benefit payment requirements. Therefore, the Plan's exposure to liquidity risk is considered negligible.

In order to meet short-term liquidity requirements, cash and short-term investments are available for $141,863 (2013 - $158,512).

In addition to cash and short-term investments, the bond holdings held also aid in managing liquidity risk and have the following maturities:

	1 year $	1 - 5 years $	5 - 10 years $	10 - 20 years $	20 years $	Total $
December 31, 2014	67,144	519,970	362,962	470,674	845,102	2,265,852
December 31, 2013	67,266	458,057	298,647	295,743	601,298	1,721,011

Fair value hierarchy

Financial assets and liabilities are measured at fair value and can be classified based on the method used to determine their valuation. The fair value hierarchy has the following three levels:

- Level 1 - fair value is based on quoted market prices in markets for identical financial assets or financial liabilities. Level 1 financial assets generally include equity investments traded in an active market.

- Level 2 - fair value is based on observable inputs, other than quoted prices included within Level 1, such as quoted market prices for identical financial assets or financial liabilities in markets that are not active and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial assets or financial liabilities. Level 2 financial assets and financial liabilities generally include pooled funds, short-term money market securities, Government of Canada, provincial and other government bonds, Canadian corporate bonds and certain derivative financial instruments.

- Level 3 - fair value is based on inputs that are not supported by observable market data. Valuation methodologies are determined by the fund administrators and independent appraisers. Level 3 financial assets and financial liabilities include the funds of hedge funds, real estate, infrastructure, opportunistic investments and private equity investments.

  The following table presents the level within the fair value hierarchy for each of the financial assets and financial liabilities measured at fair value. The table excludes other financial assets and financial liabilities that are valued at their carrying amount, which represents a reasonable approximation of fair value due to their short-term nature.

(tabular amounts in thousands of Canadian dollars)

				2014
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Invested cash and short-term money market securities	50,653	87,214	-	137,867
Bonds*	-	2,001,743	-	2,001,743
Funds of hedge funds	-	-	213,857	213,857
Equities	2,414,999	-	-	2,414,999
Real estate	-	-	397,924	397,924
Infrastructure	-	-	96,035	96,035
Opportunistic	-	-	107,342	107,342
Private equity	-	-	108,365	108,365
Derivative financial instruments	-	3,512	-	3,512
Other investment-related assets and liabilities	-	10,259	-	10,259
	2,465,652	2,102,728	923,523	5,491,903

				2013
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Invested cash and short-term money market securities	50,903	95,573	-	146,476
Bonds*	-	1,488,938	-	1,488,938
Funds of hedge funds	-	-	188,229	188,229
Equities	2,512,711	-	-	2,512,711
Real estate	-	-	281,861	281,861
Infrastructure	-	-	92,489	92,489
Opportunistic	-	-	105,045	105,045
Private equity	-	-	83,015	83,015
Derivative financial instruments	-	(17,932)	-	(17,932)
Other investment-related assets and liabilities	-	10,065	-	10,065
	2,563,614	1,576,644	750,639	4,890,897

*Bonds total is net of bonds sold under repurchase agreements of $259,124 (2013 - $227,556).

There have been no transfers between Levels 1 and 2 in the reporting period.

(tabular amounts in thousands of Canadian dollars)

The following table summarizes the changes in the fair values of financial instruments classified in Level 3.

	Funds of hedge funds $	Real estate $	Infrastructure $	Opportunistic $	Private equity $	Total $
Fair value - December 31, 2012	163,328	240,273	75,900	61,400	-	540,901
Total unrealized gains	24,901	12,658	17,789	32,945	17,215	105,508
Purchases (dispositions)	-	28,930	(1,200)	10,700	65,800	104,230
Fair value - December 31, 2013	188,229	281,861	92,489	105,045	83,015	750,639
Total unrealized gains	18,046	11,213	3,546	(7,703)	17,150	42,252
Purchases (dispositions)	7,582	104,850	-	10,000	8,200	130,632
Fair value - December 31, 2014	213,857	397,924	96,035	107,342	108,365	923,523

5 Derivative financial instruments

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or foreign currency exchange rates. Derivative contracts are transacted either in the over-the-counter (OTC) market or on regulated exchanges.

a) Derivative products and investment objectives

The Plan enters into the following types of derivative financial instruments:

- Equity and bond futures

  Futures contracts involve an agreement to buy or sell standardized amounts of equity or bond indices at a predetermined future date and price in accordance with the terms specified by a regulated futures exchange and are subject to daily cash margining. These contracts are purchased and/or sold with the primary objective of rebalancing the Plan's actual asset mix to closely align with that specified in the SIPP.

- Foreign exchange forward contracts

  A foreign exchange forward contract is a customized agreement negotiated between two parties to buy or sell a specific amount of a foreign currency at a price specified at the origination of the contract,

(tabular amounts in thousands of Canadian dollars)

with settlement at a specified future date. Foreign exchange forward contracts are used to hedge the Plan's foreign currency risk.

- Repurchase agreements (repos)

  Repos are contracts involving the simultaneous sale and future repurchase of an asset, most often fixed-income government securities. Under the terms of the agreement one party sells the securities and agrees to buy them back at a price that reflects the funding rate associated with the underlying security.

b) Notional amounts

Notional amounts of derivative financial instruments represent the dollar value of the market exposure gained through the purchase/sale of a contract. Notional amounts are not recorded as financial assets or financial liabilities on the annual statements of financial position and accrued pension benefits and surplus. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

The following is a schedule of notional amounts and fair values of derivative financial instruments:

	2014		2013	
	Notional amount $	**Fair value receivable/ (payable) $**	**Notional amount $**	**Fair value receivable $**
Fixed income futures	72,446	-	436,518	-
Canadian equity futures	(5,450)	-	(128,068)	-
Non-Canadian equity futures	151,814	-	(113,792)	-
Foreign exchange forward contracts	6,140,689	3,512	5,348,154	(17,932)

Derivative financial instruments held by the Plan generally have at least quarterly resets and all settle within one year.

(tabular amounts in thousands of Canadian dollars)

Net investments after allocating market exposure of derivative financial instruments

The following table summarizes the effective fair value of the Plan's investments after the allocation of market exposure of derivative financial instruments and investment-related receivables and liabilities:

	2014		2013	
	Effective net investments at fair value $	Effective asset mix %	Effective net investments at fair value $	Effective asset mix %
Fixed income				
Invested cash and short-term money market securities	(67,171)	(1.2)	(61,727)	(1.3)
Canadian bonds	1,982,117	36.0	1,840,191	37.6
Non-Canadian bonds	92,071	1.7	90,942	1.9
Funds of hedge funds	213,857	3.9	188,229	3.8
	2,220,874	40.4	2,057,635	42.0
Equities				
Canadian	931,027	17.0	854,793	17.5
Non-Canadian	1,630,336	29.7	1,416,059	29.0
	2,561,363	46.7	2,270,852	46.5
Real estate	397,924	7.2	281,861	5.8
Infrastructure	96,035	1.7	92,489	1.9
Opportunistic	107,342	2.0	105,045	2.1
Private equity	108,365	2.0	83,015	1.7
	5,491,903	100.0	4,890,897	100.0

6 Other liabilities

Other liabilities consist of the following:

	2014 $	2013 $
Accrued pension payroll	8,582	7,833
Fees payable to custodian, investment consultants and other advisers	4,171	4,768
Other accounts payable	952	1,214
	13,705	13,815

(tabular amounts in thousands of Canadian dollars)

7 Pension benefit obligation

An estimate of the Plan's obligation for pension benefits has been made as at December 31, 2014 for inclusion in the Plan's financial statements by Mercer (Canada) Limited. The estimate is an extrapolation of the January 1, 2014 actuarial valuation based on membership data on that date, using the methods and assumptions summarized below. This note to the financial statements should be read in conjunction with the actuaries' opinion found in the annual general meeting newsletter.

Methods and assumptions

The valuation is based on the requirements outlined in CICA Handbook Section 4600, Pension Plans. The estimated actuarial present value of accrued pension benefits is determined using the projected benefit method, pro-rated on service. The pension formula in effect in the Plan's bylaws, including the current base period (average of the four calendar years before 2013 with the highest average pensionable earnings) for credited service before 2013, is used to project the pension at retirement, without provision for future updates in the base period or other changes in the bylaws. The pro rata portion of the projected pension, which relates to past service, is then valued as the accrued pension.

Assets were valued at fair value as at December 31, 2014.

The major assumptions used as best estimates of the Plan's future experience for calculating the actuarial present value of accrued pension benefits are summarized as follows:

	2014 %	2013 %
Discount rate - net of expenses	5.75	6.25
Rate of inflation	2.00	2.00
Weighted average rate of salary increase*	3.25	3.25

*Assumed salary increases from April 1, 2014 through March 30, 2018 are based on wage increases as per the May 17, 2014 collective agreement with an additional 0.5% provision for individual factors. The assumed salary increase on and after April 1, 2018 is 3.25% per annum.

Statutory actuarial valuations

In accordance with the PBA and the Income Tax Act (Canada), an actuarial valuation is required to be filed at least every three years to report the Plan's surplus or deficit, and to determine the Plan's funding requirements. The most recent actuarial valuation for funding purposes was conducted as at January 1, 2014 and filed with regulators on September 24, 2014. The next required funding valuation filing with the regulators will be as at January 1, 2017. The two valuations required by the PBA, the going concern basis and the solvency basis, are determined using different valuation methods and assumptions and yield different surplus or deficit amounts than those disclosed in these financial statements. A solvency (hypothetical windup) valuation must be performed on the Plan, even though the risk of its being wound up, in management's view, is remote. As a JSPP, the Plan is permitted and has elected an exemption from solvency funding requirements. As a result of converting to a JSPP in 2011, only going concern deficits incurred after January 1, 2011 are to be funded.

(tabular amounts in thousands of Canadian dollars)

Funding is also required for previously established solvency deficits, which were determined prior to January 1, 2011.

8 Related party transactions and balances

Related parties include the Plan's Sponsors and the Plan's subsidiaries. Expenses borne by the Sponsor are listed under note 2, administrative expenses. These costs are not charged back to the Plan.

Alternative investments held in subsidiary corporations are managed on behalf of the Plan by external advisers through investment management agreements. The Plan has ten wholly owned subsidiary corporations, namely:

- 5160 Orbitor Drive Ltd. - incorporated on April 19, 1999 to hold the Plan's 100% interest in an office building located in Mississauga, Ontario;
- PFS Exchange Inc. - incorporated on January 16, 2002 and commenced operations on March 12, 2002 by acquiring the Plan's 25% interest in the Exchange Tower in Toronto, Ontario;
- PFS Industrial One Inc. - incorporated on September 8, 2004 and commenced operations on October 1, 2004 by acquiring the Plan's 100% interest in an industrial building located in Calgary, Alberta, known as Calgary Business Park;
- PFS Retail One Inc. - incorporated on January 18, 2005 and commenced operations on January 31, 2005 by acquiring the Plan's 100% interest in a shopping centre located in Calgary, Alberta, known as Country Hills Village;
- PFS GTA Industrial Inc. - incorporated on November 25, 2005 and commenced operations on December 22, 2005 by acquiring the Plan's 100% interest in a portfolio of eight industrial properties located in the Greater Toronto Area of Ontario, known as GTA Industrial;
- PFS Retail Two Inc. - incorporated on February 28, 2008 and commenced operations on March 13, 2008 by acquiring the Plan's 100% interest in a shopping centre located in Lloydminster, Alberta, known as Lloyd Mall. It purchased Milliken Crossing, a retail shopping plaza located in Toronto, Ontario on August 30, 2013, which is included in this incorporated operation;
- PFS Office One Inc. – incorporated on November 4, 2014 and commenced operations on November 28, 2014 by acquiring the Plan's 100% interest in an office building located in Edmonton, Alberta, known as Twin Atria;
- 1793177 Ontario Inc. - incorporated on March 13, 2009 and commenced operations on March 17, 2009 by subscription in a limited partnership interest in the Brookfield Americas Infrastructure Fund L.P.;
- TTC PFS Secondaries Inc. - incorporated on July 8, 2011 and commenced operations on July 15, 2011 by subscription in a limited partnership interest in the Crestline Offshore Recovery Fund II L.P. Included in the limited partnership is the Crestline Offshore Recovery Fund III L.P., subscribed to on December 20, 2013; and

(tabular amounts in thousands of Canadian dollars)

- TTC PFS Private Equities Inc. - incorporated on September 12, 2013 and commenced operations on September 30, 2013 by subscription through a limited partnership, in the Global Private Equity Portfolio, Northleaf Secondaries Partners and the Northleaf Private Equity Fund VI investments.

The following schedule summarizes the Plan's net alternative investments:

	2014		2013	
	Fair value $	Cost $	Fair value $	Cost $
PFS Exchange Inc.	137,173	77,100	137,030	77,100
PFS GTA Industrial Inc.	113,667	142,600	108,790	142,600
PFS Retail Two Inc.	111,073	91,747	99,854	84,782
PFS Office One Inc.	95,000	95,000	-	-
PFS Retail One Inc.	32,803	15,980	32,048	15,980
PFS Industrial One Inc.	9,507	6,225	9,518	6,322
5160 Orbitor Drive Ltd.	8,098	3,700	7,000	3,700
Debt on real estate properties	(109,397)	(109,397)	(112,379)	(112,379)
Net investment in real estate	397,924	322,955	281,861	218,105
1793177 Ontario Inc.	96,035	66,500	92,489	66,500
TTC PFS Secondaries Inc.	107,342	62,100	105,045	52,100
TTC PFS Private Equities Inc.	108,365	74,000	83,015	65,800
Net alternative investments	709,666	525,555	562,410	402,505

The debt on real estate properties consists of the following mortgages payable, which are collateralized by the specific real estate properties:

	2014			2013		
	$	Interest rate $	Maturity date	$	Interest rate $	Maturity date
PFS GTA Industrial Inc.	88,000	5.19	May 2016	88,000	5.19	May 2016
PFS Retail Two Inc.	21,397	5.10	September 2015	21,782	5.10	September 2015
PFS Industrial One Inc.	-					
	109,397			109,782		

The annual principal repayments due within the next five years and thereafter are as follows:

	$
2014	-
2015	21,397
2016	88,000
2017	-
2018 and thereafter	-
	109,397

(tabular amounts in thousands of Canadian dollars)

9 Net investment income

The following schedule summarizes investment income (loss) before and after allocation of net realized and unrealized gains (losses) on investments to asset classes:

	2014		2013	
	Before allocation $	**After allocation $**	**Before allocation $**	**After allocation $**
Fixed income				
Invested cash	625	625	459	459
Short-term money market securities	1,011	906	810	1,127
Canadian bonds	79,106	227,752	63,197	(60,112)
Non-Canadian bonds	4,947	11,981	4,667	2,563
Funds of hedge funds	-	27,274	-	24,821
	85,689	268,538	69,133	(31,142)
Equities				
Canadian	28,332	116,436	26,742	219,114
Non-Canadian	28,515	182,117	28,979	368,335
	56,847	298,553	55,721	587,449
Alternative investments				
Real estate	10,335	21,548	9,915	22,573
Infrastructure	2,250	5,796	-	17,789
Opportunistic	13,717	6,014	-	32,945
Private equity	3,000	20,150	-	17,215
Investment income	171,838	53,508	134,769	646,829
Net realized gains on investments	319,092	-	45,347	-
Net change in unrealized gains (losses) on investments	129,669	-	466,713	-
Net increase in fair values of investments	448,761	-	512,060	-
	620,599	620,599	646,829	646,829

(tabular amounts in thousands of Canadian dollars)

10 Investment and plan administration expenses

Administration expenses, such as salaries and benefits, furniture and equipment, materials and supplies, accommodation and audit fees, are borne by the TTC and are, therefore, not included in these financial statements. The following summarizes the expenses paid by the Plan:

	2014 $	2013 $
Investment managers' fees	15,391	13,964
Custodial fees	635	561
Investment consultants' fees	555	535
Actuarial fees	535	460
Other plan administration expenses	398	434
Legal fees	180	410
	17,694	16,364

11 Significant investments

a) Significant individual securities*

As at December 31, 2014, the Plan held no individual investments with fair value or cost exceeding 1% of the fair value or cost of the Plan's net assets (excludes currency (note 4(a)), derivatives (note 5(b)), pooled fund investments (note 11(c)) and alternative investments (note 8).

b) Significant issuers*

The Plan has invested in the following issuers of fixed income and equity securities an amount that exceeds 1% of the fair value or cost of the Plan's net assets:

	2014		2013	
	Fair value $	Cost $	Fair value $	Cost $
Province of Ontario	75,975	72,054	59,040	60,846
Government of Canada	55,060	54,512	-	-
Royal Bank of Canada	48,860	32,429	-	-

*Excludes currency (note 4(a)), derivatives (note 5(b)), pooled fund investments (note 11(c)) and alternative investments (note 8).

(tabular amounts in thousands of Canadian dollars)

c) Pooled fund investments

The Plan owns the following pooled fund investments as at December 31. The fair value of these pooled fund investments is included in the statement of financial position under the investment type to which they relate.

	2014		2013	
	Fair value $	Cost $	Fair value $	Cost $
Short-term money market securities				
PHN Institution Short-term Investment Fund	6,132	6,132	10,509	10,509
TDAM TD Emerald Canada Treasury	1,562	1,562	1,790	1,790
	7,694	7,694	12,299	12,299
Fixed income				
Canso Corp. & Infrastructure Debt	20,585	19,533	17,607	17,713
Canso Private Loan Fund	27,440	27,351	26,114	26,074
PHN Foreign Bond Fund, Series O	-	-	2,187	2,274
BlackRock Universe Bond Fund	392,574	380,621	237,469	237,496
BlackRock Long Bond Index Fund	672,338	595,857	418,518	400,870
PHN Long Bond Pension Trust	268,943	231,226	235,217	225,573
PHN Investment Grade Corp. Bond Trust	114,748	114,679	115,464	117,625
PHN Mortgage Pension Trust Fund	20,022	19,366	15,950	15,667
RBC High Yield Bond Fund	718	723	-	-
Crestline Offshore Fund, Ltd.	99,727	91,985	88,801	84,404
Mesirow Absolute Return Fund (Institutional)	114,130	84,403	99,428	84,404
PHN High Yield Bond Fund, Series O	2,949	2,975	9,252	9,145
	1,734,174	1,568,719	1,266,007	1,221,245
Non-Canadian equities				
Harding Loevner Emerging Market Equity	129,857	115,944	119,770	115,943
Oaktree Capital Emerging Market Equity	55,331	52,454	54,187	52,454
	185,188	168,398	173,957	168,397
	1,927,056	1,744,811	1,452,263	1,401,941

(tabular amounts in thousands of Canadian dollars)

12 Commitments

As part of normal business operations, the Plan enters into commitments to the funding of investments. Future commitments to fund investments include investments in infrastructure, opportunistic funds and private equity. The future commitments are generally payable on demand based on the capital needs of the investment.

In particular the Plan is committed to investing up to an additional US$5.975 million (2013 - US$6.25 million) into an existing infrastructure fund by September 2016, up to an additional US$38.4 million (2013 - US$50 million) into opportunistic funds and an additional $99.5 million in private equities by the end of 2015 (2013 - $122.6 million).

TORONTO TRANSIT COMMISSION - PENSION FUND SOCIETY

PFS BYLAW AMENDMENTS

The following Bylaw amendments were approved by the Board since the last Annual General Meeting. For your reference any changes to the wording is shown with tracked changes which have been highlighted. These amendments have been filed with the Regulators and TTC Board sanction will be requested prior to the AGM. Membership approval of these Bylaws will be requested at the AGM.

At their meeting of January 30, 2015, the Board of Directors approved a change to Bylaw 6.02 and 9.01 which allow formula updates to be applied retroactively to pre-retirement death commuted values effective January 1, 2014.

Further changes to Bylaw 6.02, 9.01, 13.02 and 2 Definitions were approved on May 5, 2015. These changes are to implement plan improvements effective January 1, 2015 for a one year update to the base period, a one year update to the Survivor Benefit Date and an up to 2% ad hoc indexing increase for pensioners.

2 DEFINITIONS

(31) "Survivor Benefit Date" shall mean January 1, 2015.

6.02 PENSIONABLE EARNINGS

1) Average Base Period Earnings

Effective January 1, 2014 for Regular Members retiring on or after January 1, 2014 pursuant to Bylaw 8 and for Regular Members whose death occurs on or after January 1, 2014 for purposes of Bylaw 11, and effective May 5, 2014, for Regular Members terminating on or after May 5, 2014, for the purposes of calculating the amount of Regular Member's pension for Credited Service accrued to December 31, 2013, Average Base Period Earnings shall be the greater of:

(a) the average of the highest consecutive four calendar year's Pensionable Earnings prior to 2014 and for this purpose two calendar years will be considered consecutive even if they include a temporary break in service, and

(b) the average of the highest four calendar year's Pensionable Earnings after December 31, 1985 and prior to 2014.

6.02 PENSIONABLE EARNINGS

1) Average Base Period Earnings

Effective January 1, 2015 for Regular Members retiring on or after January 1, 2015 pursuant to Bylaw 8 and for Regular Members whose death occurs on or after January 1, 2015 for purposes of Bylaw 11, and effective May 5, 2015, for Regular Members terminating on or after May 5, 2015, for the purposes of calculating the amount of Regular Member's pension for Credited Service accrued to December 31, 2014, Average Base Period Earnings shall be the greater of:

(c) the average of the highest consecutive four calendar year's Pensionable Earnings prior to 2015 and for this purpose two calendar years will be considered consecutive even if they include a temporary break in service, and

(d) the average of the highest four calendar year's Pensionable Earnings after December 31, 1985 and prior to 2015.

A Member's Base Period shall mean the four years used for computing his or her Average Base Period Earnings. For a Member who does not have four calendar years of Pensionable Earnings prior to

2015, the Member's Base Period shall be his or her total number of calendar years, including fractional years, of Pensionable Earnings prior to 2015.

The YMPE used in the calculation of pension entitlements for the Base Period pursuant to Bylaw 9.01 and 9.04 shall be the YMPE under the Canada Pension Plan for each of the corresponding calendar years used in determining the Member's Average Base Period Earnings**,** or if the Member's Pensionable Earnings are less than the YMPE in a corresponding calendar year, the Member's Pensionable Earnings in that year.

9.01 NORMAL OR POSTPONED RETIREMENT PENSION

1) For a Regular Member who retires pursuant to Bylaw 8.01 or 8.02 on or after January 1, 2014 and for a Regular Member whose death occurs on or after January 1, 2014 for purposes of Bylaw 11, the annual amount of pension shall be determined as the sum of:

   (a) 1.6% of the Member's Average Base Period Earnings Below YMPE plus 2% of the Average Base Period Earnings Above YMPE,

   multiplied by

   the number of calendar years in the Member's Base Period divided by the number of years of Credited Service in the Member's Base Period,

   multiplied by

   the years of Credited Service accrued to December 31, 2013; plus

   (b) 1.6% of Pensionable Earnings Below the YMPE plus 2% of Pensionable Earnings above the YMPE for the period of Credited Service after December 31, 2013; plus

   (c) 0.4% of the Member's Average Base Period Earnings Below YMPE multiplied by the number of calendar years of Credited Service before 1987 during which the Member:

   (i) was at least age 65 for the entire year; and,

   (ii) did not contribute any amount to the Canada pension Plan during the calendar year.

9.01 NORMAL OR POSTPONED RETIREMENT PENSION

1) For a Regular Member who retires pursuant to Bylaw 8.01 or 8.02 on or after January 1, 2015 and for a Regular Member whose death occurs on or after January 1, 2015 for purposes of Bylaw 11, the annual amount of pension shall be determined as the sum of:

   (a) 1.6% of the Member's Average Base Period Earnings Below YMPE plus 2% of the Average Base Period Earnings Above YMPE,

   multiplied by

   the number of calendar years in the Member's Base Period divided by the number of years of Credited Service in the Member's Base Period,

   multiplied by

   the years of Credited Service accrued to December 31, 2014; plus

(b) 1.6% of Pensionable Earnings Below the YMPE plus 2% of Pensionable Earnings above the YMPE for the period of Credited Service after December 31, 2014; plus

(c) 0.4% of the Member's Average Base Period Earnings Below YMPE multiplied by the number of calendar years of Credited Service before 1987 during which the Member:

(i) was at least age 65 for the entire year; and,

(ii) did not contribute any amount to the Canada pension Plan during the calendar year.

2) The total amount of pension payable to any Member under this Subsection shall not be less than the total amount of accrued pension payable to such Member in respect of years of service up to December 31, 2014, determined in accordance with the Bylaws of the Society in effect as at December 31, 2014.

3) Notwithstanding Bylaw 9.01(1), for each calendar year in which a Member is sick or injured and is credited with Pensionable Earnings pursuant to Bylaw 6.02 but not Contributory Earnings, the level of YMPE for purposes of Bylaw 9.01(1) shall be based on the YMPE in the year such sickness or injury was incurred or, if later, the year in which the Member's Pensionable Earnings ceased to be adjusted for general increases that are granted to all other employees in the Member's job class.

4) The annual pension of a Member who retires in accordance with Bylaw 8.01(2) and who:

(a) has Credited Service and Continuous Service which are each less than 30 years, and

(b) has age plus Continuous Service which equal less than 80 years shall be multiplied by the early retirement factor applicable to the Member as of his or her pension commencement date shown in the Table of Early Retirement Factors adopted by the Board, and shall be further reduced if necessary so that the total reduction is at least that required under Bylaw 9.02(2).

13.02 AD HOC ADJUSTMENTS

1) Notwithstanding Bylaw 13.01, and subject to Bylaw 16.13 and Bylaw 13.02(2) and (3), pensions in the course of payment to Associate Members may be increased in accordance with this Bylaw 13.02. Increases approved by the Board shall be set out in Bylaw 13.02 and shall specify the effective date, the pensions to which the increase is applicable and the amount of the increase.

2) An increase under Bylaw 13.02(1) that applies to a pension which first becomes payable in the year prior to the effective date of the increase shall be the full increase multiplied by the ratio of the number of days for which the pension was payable to the total number of days in the corresponding calendar year.

3) Increases under Bylaw 13.02(1) shall be applied equally to pensions in the normal form or optional forms available to Members under Bylaw 10.

4) Effective January 1, 2011, pensions in the course of payment shall be increased by 2.0%. The pensions to which the increase is applicable shall be determined in the same manner as provided under Bylaw 13.01.

5) Effective January 1, 2012, pensions in the course of payment shall be increased by 1.0%. The pensions to which the increase is applicable shall be determined in the same manner as provided under Bylaw 13.01.

6) Effective January 1, 2013, pensions in the course of payment shall be increased by 2.0%. The pensions to which the increase is applicable shall be determined in the same manner as provided under Bylaw 13.01.

7) Effective January 1, 2014, pensions in the course of payment shall be increased by 2.0%. The pensions to which the increase is applicable shall be determined in the same manner as provided under Bylaw 13.01.

8) Effective January 1, 2015, pensions in the course of payment shall be increased by 2.0%. The pensions to which the increase is applicable shall be determined in the same manner as provided under Bylaw 13.01.

PENSION OFFICE CONTACTS

Mary Darakjian	Head of Pensions	416-393-3610	mary.darakjian@ttc.ca
Cheryl Uroda	Director - Pension Administration	416-393-6816	cheryl.uroda@ttc.ca
Jane Lee	Administrative Assistant	416-393-4372	jane.lee@ttc.ca
Susan Munshaw	Pension Fund Administrator	416-393-2810	susan.munshaw@ttc.ca
Helen Redmond	Supervisor - Pension Benefits	416-393-3685	helen.redmond@ttc.ca
Andrea Ho Shue	Pension Benefits Specialist	416-393-3684	andrea.hoshue@ttc.ca
Katelyn Steadman	Pension Estates & Estimates Assistant	416-393-4521	katelyn.steadman@ttc.ca
Michelle Nandlall	Pension Payroll Clerk	416-393-2603	michelle.nandlall@ttc.ca
Anna Puccia	Pension Officer - Retirees	416-393-4368	anna.puccia@ttc.ca
Rita Monaco	Pension Estimates Assistant	416-393-4367	rita.monaco@ttc.ca
James Clarkson	Director - Pension Accounting	416-393-6781	james.clarkson@ttc.ca
Nicole Carrington	Senior Investment Analyst	416-393-4992	nicole.carrington@ttc.ca
Johana Vigneswaran	Pension Investment Accounting Analyst	416-393-3260	johana.vigneswaran@ttc.ca
Xiaofang (April) Liu	Pension Fund Accounting Analyst	416-393-6574	xiaofang.liu@ttc.ca

Toll Free #: 1-800-663-6820

Fax #: 416-338-0122

Email: PFS@ttc.ca

While this Newsletter and Financial Statements are intended to provide information about your Pension Plan, they do not change or replace any of the provisions governing the Plan as stated in the Pension Fund Society Bylaws and Regulations.

A copy of the Pension Fund Society Bylaws is available for your information in the Supervisor's office at each work location, on the TTC intranet or by calling the Pension Office at 416-393-4372.

<u>Mailing Address:</u>

TORONTO TRANSIT COMMISSION
PENSION FUND SOCIETY
1920 Yonge Street
6th Floor (use north elevators)
Toronto, Ontario
M4S 3E2

TORONTO TRANSIT COMMISSION

SICK BENEFIT ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2014

TORONTO TRANSIT COMMISSION
SICK BENEFIT ASSOCIATION
SIXTY-NINTH ANNUAL REPORT - YEAR OF 2014

Board of Directors:

G. Piemontese	-	President
B. Kinnear	-	Vice-President
M. Darakjian	-	Treasurer
M. Sforza		
P. Daniels		
F. Grimaldi		
S. Gordon		
O. Kobylansky		

J. Iorio - Secretary

To the Members of the Toronto Transit Commission Sick Benefit Association

Your Board of Directors is pleased to report to you on the affairs of the Association for the fiscal year ended December 31, 2014.

By-Law Amendments

No By-law amendments were made during 2014.

Membership

At the beginning of 2014, membership for those eligible for sick benefits totaled 10,422. By the end of the year, membership had increased to 10,596.

Benefits and Claims

Benefit claims expenses (excluding payroll taxes) amounted to approximately $27.5 million in 2014 compared to $25.8 million in 2013. These expenses were paid by the TTC and are reflected in TTC's accounts. A total of 142,223 sick days were paid during 2014, which compares to 138,193 in 2013 or an increase of 4,030 days from 2013.

The average cost (excluding payroll taxes) to the TTC for providing Sick Benefit Association benefits was approximately $218 per Member per month in 2014, as compared to the average cost of approximately $209 per Member per month in 2013.

During 2014, Members appealed a total of 89 claims to the Board.

Acknowledgements

The Board of Directors appreciates the co-operation and support of the Members and the Commission during the year of 2014.

Gm Piemontese

Gemma Piemontese – President

May 5, 2015

Independent Auditor's Report

To the Board of Directors of the Toronto Transit Commission Sick Benefit Association

We have audited the accompanying financial statements of the Toronto Transit Commission Sick Benefit Association, which comprise the statement of financial position as at December 31, 2014 and the statement of operations and accumulated surplus for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

pwc

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Toronto Transit Commission Sick Benefit Association as at December 31, 2014 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

TORONTO TRANSIT COMMISSION
SICK BENEFIT ASSOCIATION
(incorporated under the laws of the Province of Ontario)

Statement of Financial Position
As at December 31, 2014, with comparative figures
(in Canadian dollars)

	December 31, 2014	December 31, 2013
FINANCIAL ASSETS		
Cash	66,033	65,420
Accounts receivable	56	56
Amount due from the Toronto Transit Commission (note 3)	2,636,043	2,501,656
Total Financial Assets	2,702,132	2,567,132
LIABILITIES AND ACCUMULATED SURPLUS		
Provision for payroll taxes (note 4)	2,610,000	2,475,000
Total Liabilities	2,610,000	2,475,000
Net Assets	92,132	92,132
Accumulated Surplus	92,132	92,132

The accompanying notes are an integral part of these financial statements

On behalf of the Board:

G. Piemontese
Director

M. Darakjian
Director

TORONTO TRANSIT COMMISSION
SICK BENEFIT ASSOCIATION
(incorporated under the laws of the Province of Ontario)

Statement of Operations and Accumulated Surplus
For the year ended December 31, 2014, with comparative figures
(in Canadian dollars)

	2014 Budget	2014 Actual	2013 Actual
REVENUE			
Contributions from the Toronto Transit Commission (note 6)		134,387	-
Interest income		651	486
Assumption of outstanding claims by TTC		-	275,000
Total Revenue	-	135,038	275,486
EXPENSES			
Sick benefit claims		38	6,622
Interest on payroll tax provision		135,000	125,000
Refund of Contributions to the TTC (note 6)			142,192
Bank Fees		-	1,672
Total Expenses	-	135,038	275,486
Surplus for the year	-	-	-
Accumulated surplus, beginning of year	92,132	92,132	92,132
Accumulated Surplus, end of year	92,132	92,132	92,132

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

The Sick Benefit Association (the "Association") was incorporated in Ontario by Letters Patent dated December 29, 1960. The Association was established to adjudicate and pay benefit claims to eligible Members of the Association unable to work due to illness or disability, as defined in the By-Laws. Effective, January 1, 2013, in accordance with the Association's By-laws, the Toronto Transit Commission (the "TTC") elected to pay benefits directly to the Members. The Association continues to adjudicate benefit claims.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements are prepared in accordance with Public Sector Accounting Standards.

A Statement of Change in Net Debt has not been presented as the Association does not have any non-financial assets and does not generate a surplus or deficit. Therefore, the presentation of a Statement of Change in Net Debt would not provide any information that could not be obtained from the Statement of Financial Position or the Statement of Operations and Accumulated Surplus.

(b) Measurement Uncertainty

The preparation of financial statements, in conformity with Public Sector Accounting Standards, requires management to make estimates and assumptions that affect the reported amounts. In particular the provision for outstanding claims is based on the best information available at the time of financial statement presentation, including trends from past experience. Actual amounts could differ from those estimates.

(c) Financial Instruments

The main categories of financial instruments held by the Association are cash and accounts receivable. Due to their short term nature, the fair values of these financial assets approximate their recorded carrying values.

(d) Cash

Cash consists of funds on deposit with a chartered bank, which are accessible at any time and are unrestricted.

(e) Revenue Recognition

Contributions from the TTC are recognized as revenue when the benefits are accrued by eligible members or when expenses are incurred by the Association.

(f) Income Taxes

The Association is an employee mutual benefit society and as such is exempt from income tax under the *Income Tax Act* (Canada).

3. AMOUNT DUE FROM THE TORONTO TRANSIT COMMISSION

The amount due from the TTC is non-interest bearing and due on demand.

4. PROVISION FOR PAYROLL TAXES PROVISION

The Association has recorded an amount payable to the Canada Revenue Agency based on Management's assessment of the outcome of a retrospective legal obligation to pay payroll taxes on claim payments for the period January 1 to July 21, 2012.

5. PROVISION FOR OUTSTANDING CLAIMS

The Association recognized claims expenses as incurred and, as at December 31, 2012, had recorded an estimate of claims paid after the year-end for absences occurring prior to year-end. Effective, January 1, 2013, in accordance with the Association's By-laws, the TTC elected to pay benefits directly to the Members. Accordingly, the TTC assumed the obligation for 2012 outstanding claims and the provision for outstanding claims was no longer required for the Association.

6. CONTRIBUTIONS FROM THE TTC

Effective January 1, 2013, the Association was no longer obligated to pay the outstanding sick benefit claims. The reversal of the claims liability in 2013 resulted in an increase in revenue and a corresponding reduction in contribution revenue from TTC.

	2014	**2013**
Contributions from the TTC	134,387	132,808
Contributions returned to the TTC	-	(275,000)
Net contribution revenue/(expense)	134,387	(142,192)

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as the related information is readily apparent from the other financial statements. All cash flows are classified as operating in nature.

TORONTO TRANSIT COMMISSION - SICK BENEFIT ASSOCIATION

SBA BYLAW AMENDMENTS

TTC SICK BENEFIT ASSOCIATION BY-LAW NO. 1

Under the Sick Benefit Association, By-law No. 1, Section 4(1) establishes a Board of eight Directors, four appointed by the TTC Board and four appointed by Local 113 of the Amalgamated Transit Union.

With the resignation of Mary Darakjian as Treasurer of the TTC Sick Benefit Association on March 6, 2015, a vacancy on the TTC Sick Benefit Association Board has been created. In order to maintain balance representation on the TTC Sick Benefit Association Board, the TTC Board appointment for vacancy is necessary.

It is recommended that the TTC Board appoint James Clarkson, Director Pension Accounting, as the Treasurer/Director of the TTC Sick Benefit Association.

Toronto Transit Commission

FROM THE COUPLER

TheCoupler.ca

2014 IN REVIEW

JANUARY 1: New fare rates in line with the rate of inflation took effect. The pricing change saw a five-cent increase in the price of a single Adult token and a proportionate increase to all other fares, plus a one-trip increase in the price of the Adult Metropass. Cash fares remain unchanged.

JANUARY 1: A new Support Person Assistance Card was introduced to permit one support person to travel with a fare-paying customer with a disability on a single fare.

FEBRUARY 14: TTC Chair Karen Stintz and CEO Andy Byford unveiled the second annual Customer Charter at Bloor-Yonge Station.

FEBRUARY 19: City Council appointed Ward 9 York Centre Councillor Maria Augimeri as TTC Chair to a term of office expiring on Nov. 30. She replaced TTC Chair Karen Stintz.

FEBRUARY 26: After more than 80 sessions reaching nearly 6,500 employees throughout the organization, CEO Andy Byford wrapped up his Employee Town Halls at Roncesvalles Carhouse.

MARCH 3: The TTC launched a wayfinding signage trial at Bloor-Yonge Station using line numbers and colour-coding to identify subway/RT lines.

MARCH 30: The original Yonge Subway turned 60 years old. Canada's first subway – and the first post-war subway to be built in North America – opened on March 30, 1954.

APRIL 20: The TTC's new, low-floor streetcar appeared in the Toronto Beaches Easter Parade accompanied by a CLRV, PCC and Peter Witt streetcar – the first time all four generations of the vehicles were seen together.

MAY: Blue priority seating was introduced on the new articulated buses. The blue-coloured seats began to appear on all vehicles to enhance the visibility of designated seating areas for persons with disabilities, the elderly and expectant mothers.

MAY 16: The TTC and its four unions successfully negotiated and ratified new, four-year collective agreements. Contracts with ATU Local 113, CUPE Local 2, CUPE Local 5089 and IAMAW Lodge 235 expire on April 1, 2018.

JUNE 8: 2014 Roadeo champions: Bus Roadeo: Grand Champion Dave Kirby; 2nd John Bome; 3rd Acquilino Rodas. Wheel-Trans Roadeo: Grand Champion Steve Brumpton; 2nd Michael Petersen; 3rd Donald MacLeod.

JUNE 12: A commemorative plaque was unveiled at Wellesley Station to honour the diverse community hosting WorldPride 2014. The TTC also celebrated WorldPride with a special Family/Group weekend pass and a specially wrapped Pride bus.

JUNE 21: The TTC Cricket Team beat the Toronto Police to capture the Mayor's Cricket Trophy at Sunnybrook Park.

July 7: The TTC's online store, shop.ttc.ca, was launched, selling vintage posters, route maps and other merchandise.

July 11: Federal Finance Minister Joe Oliver visited Hillcrest to announce a new 10-year gas tax agreement flowing more than $8 billion directly to Ontario municipalities for top infrastructure priorities.

August 18: Union Station second platform officially opens for service, doubling platform capacity at the station.

August 19: The TTC Board unanimously approved Opportunities to Improve Transit Service in Toronto, a report outlining nine bus and streetcar service initiatives that can be implemented in the short- to medium-term to improve the quality, reliability, comfort and convenience of transit service in Toronto.

August 31: The first, new accessible streetcars (#4400 and #4403) were launched into revenue service on the 510 Spadina route. The low-floor cars were operated by Eddie Braga and Anna Nisiewicz. The 510 became a proof-of-payment route and accessible to riders using wheelchairs and scooters.

September 12: The Track and Structure Shop at Greenwood Complex was formally dedicated to the memory of the late Road Master Peter Pavlovski with a special plaque unveiling.

October: CEO Andy Byford introduced the TTC's first-ever Employee Charter, a key component in the TTC's modernization and transformation journey.

October 20: The TTC launched the Employee Engagement Survey to measure employee satisfaction on a range of workplace issues.

November 10: ATU Local 113 President Bob Kinnear unveiled a report entitled Toronto's Transit Future at City Hall. The report addresses many challenges facing the TTC and outlines specific and costed-out recommendations to address those issues.

November 24: Dufferin Station elevators entered service, making it the TTC's 33rd accessible subway/RT station.

November 26: The TTC set a new one-day ridership record of 1,875,455 passengers carried (excluding 2002 World Youth Days/Papal Visit).

November 30: New streetcars #4400 and #4404 were the first of two vehicles on the 510 Spadina route to be activated with PRESTO smart card technology.

December 3: City Council appointed Ward 15 Eglinton-Lawrence Councillor Josh Colle as TTC Chair. He replaced TTC Chair Maria Augimeri.

December 8: New Toronto Mayor John Tory and new TTC Chair Josh Colle announced that proof-of-payment and all-door boarding would be effective on Jan. 1, 2015 on the 504 King, the TTC's busiest surface route.

December 9: Seven elected Councillors appointed to the TTC Board were sworn in prior to the first meeting at City Hall.

December 16: Mayor John Tory and TTC Chair Josh Colle announced expanded debit/credit payment for tickets, tokens and passes effective on Jan. 1, 2015.

December 19: Lawrence West Station elevators entered service, making it the TTC's 34th accessible subway/RT station.

December 31/January 1, 2015: For the second consecutive year, the TTC offered free New Year's Eve rides courtesy of Corby Spirit and Wine.

Coupler wants to keep you connected

Coupler is inviting you to sign up for TTC news and headlines via our new mailbox at coupler@ttc.ca. Simply send us an email request from your personal email address and include your full name, badge number and work location.

Note: Personal information is for verification purposes only.

Please call Senior Communications Advisor/Editor Mike DeToma at 416-393-3793, or email mike.detoma@ttc.ca, for more information.

IN MEMORIAM

The TTC Board and management extend its deepest sympathies to the families of pensioners and active employees who passed away in 2014.

To view the In Memoriam archive, please visit TheCoupler.ca.

CLAUDIUS ABRAHAM
MARIO AMBRUOSO
LOUIS ANTONIADIS
ALFREDO ANTONIALI
JOHN ATHAN
WILLIAM ATKINSON
EDGAR BARBER
VIRTUE BECKINGHAM-MACDONALD
AUSTIN BERNARD
JOE BESSLICH
EGIDIO BIANCHI
BRIAN BISHOP
RUDOLPH BLACKMAN
MAXIME BRUNETTE
HELMUT BOLLE
PAUL BOWMAN
MOHAMED BOUDJELTHIA
SONJA BOGOSLAVOV
THOMAS BRENNAN
SHELDON BROWN
ROBERT BRYANT
GIUSEPPE BUNGARO
NORMAN BURKE
BERNARD BYRNES
LEONARD CAIRNS
RANDY CALDWELL
LEONARD CAMPBELL
OSWALD CAMPBELL
ALFREDO CAPRIOTTI
CLEVELAND CARACCIOLO
ROBERT CHEN
THOMAS CHILD
DONALD CHIN
HON CHIN
VINCENZO CIPRIANI
RALPH CONFORTI
EDWARD CHRISTIE
RON CREIGHTON
PASQUALE D'ANGELO
GERALD DANIELS
SERAFIN DASILVA
ALLAN DAVIES
GORDON DAWSON
RANDY DEAN
HUMBERTO DE MELO
MONA DEPODESTA
LEONARDUS DEROOY
VICTOR DEVEAU
ROGER DICKIN
JOE DINARDO
GIUSEPPE DODARO
MELBOURNE DOWER
BERNARD DURKAN
DAVID ELLIOTT
WILLIAM FAICHNIE
KURT FARINHA
CARMELO FIGLIANO
GEORGE FITCH
WALTER FREESTON
NICK FURLANO
GIUSEPPE GALANTE
MARTIN GARLAN
DANIEL GARRISON
PAUL GAZO
WILLIAM GEDDES
JULIO GONSALVES
MARLENE GORDON
DAVID GRANT
THOMAS GRANT
JERRY GRILLO
HENRY GRIMES
CARMINE GUERRA
RONALD GUY
GEORGE HADDEN
MARTIN HAM
GRANT HAMILTON
JOHN HAMILTON
LEONARD HARRISON
WALTER HAUENSCHILD
LEONARD HODSDON
HOWARD HOFFMAN
FRED HOLDEN
EDMUND HOPPE
PATRICK HOSANNAH
WILLIAM HUDGINS
ALEXANDER HUNT
STEVE HUNTER
ALBERT HYLAND
JAAK IIR
COSIMO ISCARO
LEON JOACHIM
WILLIAM JONES

THEODORE KOVACS
DAVID KEAN
WILLIAM LANKTREE
ROBERT LAUDER
JOHN LAYLAND
HERMAN LAYER
GEOFFREY LONG
PETER KILKENNY
ANDREW KIRKWOOD
KENNETH KIVI
JOHN “JACK” KNOWLES
MICHAEL LEE
GORDON MACGILLIVARY
JOHN MACNUTT
MICHAEL MAGUIRE
MANFRED MALINOWSKI
ALBERTO MANNA
NICK MARANGOS
JOHN MARSHALL
AUBREY MARTIN
PREDRAG MATOVIC
JANINA MAZURYK
CHARLES MCALPINE
NEIL MCCARTEN
ALBERT MCCLARY
HAROLD MCCLEAN
MALCOLM MCCORMACK
BERNARD MCGHEE
LYNDA MCKINNEY
ALAN MCMILLAN
ANGUS MCLEAN
FRED MEARS
HUGH MELVIN
DAVID MILLER
PIETRO MORRONE
ROY MUNGAL
JOE MURRAY
PAUL NEGANEGIJIG
CLIFFORD NICHOLS
ANTONIO NOCELLA
IVAN NOEL
MARTIN NOEL
ROBERT OLENCHUK
KEITH ORD
DANILO PANGINDIAN
FRANCIS PARSONS
WERNER PELLUDAT
DOUGLAS PERKS
SHARON PERREAULT
ROBERT PICARAZZI
ROMAN PIDWERBESKI
ANDREW POTONDI
AMIRALI PREMJI
RONALD PRICE
ERNEST PUPULIN
GEORGE RALPH
JOHN RAMSDEN
WAYNE REED
GEORGE ROZICH
FRANCESCO RUFFOLO
CLAUDIO RUFO
ERNEST SABAN
HAROLD SACKS
MOHAMMED SADIQ
GUILLERMO SALINAS
VITO SALIANI
STEPHEN SALMON
STUART SAWYERS
NICK SCHIARIZZA
HEINZ SCHOL
GEORGE SCOTT
CHARLES SEE
MARTIN SHAMON
LUCY SHORT
WILMA SIDES
WIESLAW SKOCZKOWSKI
DOUGLAS SMITH
JOSEPH SMRKE
EMERY SOTER
WILLIAM SPENCE
BRIAN STANLEY
WAYNE STEELE
MORTON STEINBERG
DAVID STONE
DUNCAN STUART
WILFRED SUMMERFIELD
ELAINE SUTHERLAND
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SON TO
WILLIAM TOMIN
ARMANDO TORCHIA
CLYDE TUCKER
MARK TUOHY
GARFIELD TURNER
ANTOON VAN DER VOOREN
AUGUSTO VEDANO
DANIEL VINCENT
FRANK WALSH
JOAN WATSON
WILLIAM WELSBY
ANTHONY WESTBROOK
STEVEN WESTON
WILLIAM WILKINSON
EUGENE WILSON
JASON WILSON
VIVIAN WINSTON
JAMES WITHERAL
DENNIS YORKE

NOTES:

NOTES: