



STAFF REPORT ACTION REQUIRED

TTC Pension Fund Society and TTC Sick Benefit Association Bylaw Amendments

Date:	May 31, 2016
To:	TTC Board
From:	Chief Executive Officer

Summary

Pursuant to the TTC Pension Fund Society (PFS) Bylaw 3.09, the TTC Board sanction is required in order for the Bylaw amendments to be effective. Membership approval of these amendments will be requested at the Annual General Meeting (AGM) of the TTC PFS to be held on Saturday, June 18, 2016.

Recommendations

It is recommended that the TTC Board approve:

1. The TTC PFS Bylaw amendments, attached to this report as Appendix A.

Financial Summary

There are no financial implications resulting from the adoption of this report as the Bylaw amendments do not change the existing TTC PFS contribution rate of 9.25% up to the Yearly Maximum Pensionable Earnings (YMPE) and 10.85% above YMPE. The YMPE limit used in calculating the employees' and employers' contribution amounts are detailed in the "History of Pension Improvements", attached to this report as Appendix B.

Employees contribute to the PFS pension plan based on their earnings and the above noted contribution rates. Employers match the employees' contribution amounts.

Accessibility/Equity Matters

This report has no accessibility or equity issues.

Decision History

Each year, the PFS Actuary prepares an actuarial valuation and detailed analyses of the plan's funded status which is used by the PFS Board of Directors to determine affordability of base period updates and pensioner indexing. After careful consideration of long term pension benefit affordability based on current contribution rates, on May 6, 2016, the PFS Board of Directors approved a one year base period update (to move the base year from December 31, 2014 to December 31, 2015) and a 1.28% pensioner increase, which is subject to limits under the Canadian Income Tax Act. As detailed in the "History of Pension Improvements", attached to this report as Appendix B, this amendment maintains the base period at current levels for the second consecutive year.

These plan changes are effected by the Bylaw amendments, which were approved by the PFS Board of Directors on May 6, 2016. However, in accordance with PFS Bylaw 3.09 any Bylaw amendments require sanctioning by the TTC Board and approval by the Regular Members at the PFS AGM to be held on June 18, 2016. Administration of these benefit changes will commence after all required approvals are received.

TTC Sick Benefit Association (SBA)

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 (ATU).

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 five Directors appointed by the Toronto Transit Commission (TTC) and 5 Directors who are ex officio members of the ATU executive.

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 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).

Effective January 1, 2011 pursuant to the Memorandum of Agreement between the TTC and the ATU 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.

As at December 31, 2015, the PFS had approximately 13,686 active members and 7,699 pensioners and net assets of \$5.8 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 indexing of pensions in payment, providing updates to the base period and other plan improvements. This model has allowed the plan 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. On May 6, 2016 the PFS Board of Directors approved the Bylaw amendments, attached to this report as Appendix A, to effect Plan improvements. These amendments will not change the current employer/employee contribution rates, which have been in effect since 2011, and it is worth noting that the PFS contribution rates are among the lowest of other Ontario JSPPs.

Contributions under the existing rates are sufficient to meet the going concern funding requirements as defined under the Ontario Pension Benefits Act and the Canadian Income Tax Act. After taking into account this year's plan improvements, the funded status of the plan on a going concern basis will remain at levels comparable to the prior two years at approximately 97%. As confirmed by the plan actuary, Mercer (Canada) Limited, a compliant actuarial valuation as at January 1, 2016, will be filed with Regulators within the prescribed deadlines.

Contact

Sean Hewitt
TTC PFS Chief Executive Officer
416-393-3610
sean.hewitt@ttc.ca

Attachments

Appendix A – Pension Fund Society Bylaw Amendments
Appendix B - History of Benefit Improvements

APPENDIX A

PENSION FUND SOCIETY BYLAW AMENDMENTS

The following Bylaw amendments were approved by the Board since the last Annual General Meeting. For your reference, any new wording has been underlined and any wording that has been removed is indicated with a strikethrough. 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.

The Bylaws on pages 44-54 were approved at the April 8, 2016 Board meeting. The purpose of these changes is to reflect the addition of the new independent CEO of the TTC Pension Fund Society, to align the language in the Bylaws with the Jointly Sponsored Pension Plan (JSPP) Agreement, along with some minor housekeeping issues.

Pages 54-57 reflect changes to Bylaws 6.02, 9.01, 13.02 and 2 Definitions. On May 6, 2016 the Board approved several Fund improvements including a one year update to the base period, a one year update to the Survivor Benefit Date and a 1.28% ad hoc indexing increase for pensioners. These Bylaw changes reflect those improvements.

The change to Bylaw 3.12 which is on page 57 was approved on April 28, 2016. This change was made after the Board considered several issues, including the increased cost for postage, the ecological footprint created by producing over 20,000 newsletters and reviewing the industry standard amongst similar pension plans. This Bylaw change still requires the Board to make available the financial statement/auditors report to all members of the Fund but it does remove the obligation to “send” a copy of this document to all Members.

The change to Bylaw 11.08 is effective June 18, 2016. The Board determined that due to the addition of the special life insurance provision for on duty accident there was no longer a need for the PFS benefit which increases a member’s normal form of pension under these specific circumstances. This Bylaw is on pages 57-58 of the Newsletter.

Bylaw 2.01 is amended by adding the following Subsections following Subsection (4):

(4.1) “Board” means the Board of Directors of the Society.

(4.2) “CEO” means the Chief Executive Officer of the Society.

Bylaw 2.01 is amended by adding the following Subsection following Subsection (11):

(11.1) “Director” means a member of the Board.

Bylaw 2.01 is amended by adding the following underlined words in Subsection (12):

- (12) “Full-Time Employee” shall mean an employee of the Commission, of the Society, or of Local 113 of the Amalgamated Transit Union whose normal weekly hours are equal to or greater than 28 and whose employment is for an indefinite term.

Bylaw 2.01 is amended by adding the following underlined words in Subsection (17):

- (17) “Long Term Disability Plan” shall mean an arrangement sponsored by the Commission or the Society to provide income replacement benefits to employees who become disabled and whose disability is expected to continue indefinitely.

Bylaw 2.01 is amended by adding the following underlined words in Subsection (20):

- (20) “Part-Time Employee” shall mean an employee of the Commission, of the Society, or of Local 113 of the Amalgamated Transit Union whose normal weekly hours are less than 28.

Bylaw 2.01 is amended by adding the following Subsection (29.1) following Subsection (29):

- (29.1) “Sponsors” means the Commission and Local 113 of the Amalgamated Transit Union.

Bylaw 2.01 is amended by adding the following underlined words in Subsection (32):

- (32) “Temporary Employee” shall mean an employee of the Commission, of the Society, or of Local 113 of the Amalgamated Transit Union whose normal weekly hours are equal to or greater than 28 and whose employment is for a defined term.

Bylaw 2.01 is amended by adding the following underlined words in Subsection (33):

- (33) “Totally and Permanently Disabled” shall mean a condition of disablement of a Member which can reasonably be expected to wholly and permanently incapacitate the Member for the remainder of the Member’s lifetime and which prevents the Member from performing any work for compensation or profit, as certified by the medical examiner of the Commission or the Society on the basis of the written report of a medical doctor licensed to practice in a province of Canada or where the Member resides.

Bylaw 3.02 is amended by adding new Subsection (5) at the end:

- (5) To hire an independent CEO, who shall be an employee of the Society, to assist in the day-to-day administration of the Society, and to pay his salary, benefits, and related expenses from the Fund.

Bylaw 3.04 is amended by adding the underlined words and deleting the struck-out words, as follows:

3.04 Officers

(1) The officers of the Board shall be a President, and a Vice-President. The Board shall also appoint, a Secretary and a Treasurer, who shall be employees of the Commission. No remuneration shall be paid to any such individual officer by the Society.

(2) The President and Vice-President shall be Directors, and shall be elected by the Board and shall hold office as long as they continue to be Directors or until successors are appointed. The President, and in his or her absence the Vice-President, shall convene and preside over all meetings of the Board. In the absence of both the President and the Vice-President, the Board shall select a Director from among its number to preside.

(3) The Secretary shall be a Regular Member of the Society but ~~may or may~~ shall not be a Director ~~Member of the Board~~. He or she shall be appointed by the Board on recommendation of the President with the approval of the Commission and shall be paid by the Commission. As an employee of the Commission the Secretary shall be subject to all rules for Commission employees and may be partially employed upon Commission work. The Secretary shall receive and deal with all applications for benefits and when they have been found to be in order shall submit them to the Board for approval. The Secretary shall submit at meetings of the Board any records which the Secretary shall be notified by the Board to produce. The Secretary shall keep such statistical records as may be required by the Board.

The Secretary shall be ex-officio Clerk of the Board and shall attend all the sessions of the Board and meetings of the Members and record all facts and minutes of all proceedings in the books kept for that purpose. The Secretary shall give all notices required to be given to Members and to Directors; shall keep such individual records of Members as may be required by the Board, and shall keep in accessible form all Board decisions which might be used as precedents for future action. The Secretary shall give such security as may be decided by the Board, the cost of which shall be approved and paid by the Commission. The Secretary shall also see that the provisions of Sections 299 and 300 of the Corporations Act of Ontario, as amended from time to time, are duly complied with.

(4) The Treasurer of the Society shall be a Regular Member and shall be appointed by the Chief General Manager of the Commission, or if the Chief General Manager is not a Member of the Society, by the Commission appointed Directors.

The Treasurer of the Society ~~shall not be a Director~~ ~~may or may not be a Member of the Board~~. He or she shall pay the invoices related to the operation of the Fund, as approved by the Board, along with all benefits provided by the Bylaws. Claims to such benefits shall be approved by the Board. The Treasurer shall submit to the Board regular statements of the current financial position of the Society and such other statements or records which the Treasurer shall be notified by the Board to produce.

The Treasurer shall collect all monies due to the Society. All payments out of the Fund shall be made by cheque signed by the Treasurer and the President or their duly authorized deputies, or by electronic transfer authorized in writing by the Treasurer and President or their duly authorized deputies. The Treasurer shall keep the general books of account of the Fund and shall be responsible for safeguarding the assets of the Society. The Treasurer shall also see that provisions of Section 302 of the Corporations Act of Ontario, as amended from time to time, are duly complied with. The Treasurer shall give such security as may be decided by the Board, the cost of which shall be approved and paid by the Commission.

- (5) The CEO shall be hired by the Board and shall be an employee of the Society. The CEO shall perform such duties in respect of the day-to-day administration of the Society as directed by the Board, and shall provide such reports and information to the Board regarding such duties as the Board may request from time to time. The salary, benefits, and related expenses of the CEO shall be paid by the Society from the Pension Fund. The Commission shall at its own expense provide all necessary support services to the CEO including office space, administrative resources, and information technology support.

Bylaw 3.07 is amended by adding the following underlined words in Subsection (1):

- (1) There shall be a pension fund which shall consist of amounts remaining after payment of benefits and expenses, including:
- (a) The amounts from time to time contributed by the Members of the Society.
 - (b) The amounts from time to time contributed by the Commission, The Society in its capacity as a participating employer, and Local 113 of the Amalgamated Transit Union.
 - (c) Contributions that may at any time be received from any lawful source.
 - (d) Accumulations of interest and other income.

- (e) Investments from time to time made with monies of the fund and the proceeds of any such investment.

Bylaw 3.10 is amended by adding the following underlined words in Subsection (2) and Subsection (7):

- (2) Notice of the time and place of the Annual General Meeting shall be given individually to Members and shall be posted on the bulletin board at all work locations of the ~~Commission~~ employers participating in the Society, at least ten days before the time for the holding of such meeting. The notice shall state the business to be conducted at the meeting and no business other than that so stated in the notice, including business proposed under Bylaw 3.10(3), shall be brought before the meeting.

- (7) Notice of the time of any Special General Meeting shall be given individually to Members and shall be posted up on the bulletin boards at all work locations of the ~~Commission~~ employers participating in the Society at least ten days before the time for holding such meeting. Such notice shall state the business for which the said meeting is being called and no business other than that so stated in the said notice shall be brought before such meeting.

Bylaw 3.16 is amended by adding the following underlined words:

3.16 Reciprocal Transfer Agreements

The Board may, in its discretion enter into a reciprocal transfer agreement with an employer to which the provisions of these Bylaws do not apply relating to the transfer of pension entitlements and supporting assets for an employee who transfers to or from the Commission or the Society provided that such agreement does not result in an actuarial loss to the Society. The parties to such an agreement shall have the right to set out such terms and conditions as may be acceptable to them, subject to applicable laws, regulations and administrative rules.

Bylaw 4.01 is amended by adding the following underlined words in Subsection (1):

- (1)
 - (a) Every Full-Time Employee of the Commission or the Society shall become a Regular Member on the first day of the pay period during which he or she completes six months of Continuous Service and shall remain a Regular Member while employed by the Commission, the Society, or by Local 113 of the Amalgamated Transit Union, or until employment is deemed to have been terminated pursuant to Bylaw 8.05 or 15.06(2).

 - (b) Every Full-time Employee of Local 113 of the Amalgamated Transit Union who is not represented by a union may elect to become a

Regular Member on the first day of the pay period occurring after completion of six months of Continuous Service and upon doing so shall remain a Regular Member while employed by Local 113 of the Amalgamated Transit Union, the Society, or the Commission, or until employment is deemed to have been terminated pursuant to Bylaw 8.05 or 15.06(2).

Bylaw 5.01 is amended by adding the following underlined words to and deleting the struck-out words from Subsection (1):

- (1) A Regular Member shall have his or her period of Continuous Service calculated from his or her date of employment entry with the Commission, the Society, or Local 113 of the Amalgamated Transit Union. Continuous Service is not broken when a period of employment with any of the Commission, the Society, or Local 113 of the Amalgamated Transit Union is immediately followed by a period of employment with another of them. ~~Local 113 of the Amalgamated Transit Union or when a period of employment with Local 113 of the Amalgamated Transit Union is immediately followed by a period of employment with the Commission.~~ Continuous Service ceases as of the date officially recorded as the last day of employment when a Regular Member is no longer employed by ~~either~~ the Commission, the Society or Local 113 of the Amalgamated Transit Union. Where a break in Continuous Service has occurred, upon subsequent hire a new period of Continuous Service shall be calculated from that subsequent date of hire and it shall not include the prior period of Continuous Service subject to any previous service credits repurchased pursuant to Bylaw 5.03.

Bylaw 5.01 is amended by adding the following underlined words in Subsection (2):

- (2) Continuous Service shall include any period of sick leave or other approved leave of absence that is required to be included by applicable legislation and includes leave of absence granted by the Commission or the Society for the purpose of service with the Armed Forces of Canada.

Bylaw 5.01 is amended by adding the following underlined words in the opening phrase in Subsection (4):

- (4) A Regular Member who is an employee of the Commission or the Society and:

Bylaw 5.01 is amended by adding the following underlined words in Subsection (6):

- (6) Notwithstanding Bylaw 5.01(1), a furlough driver shall have his or her period of Continuous Service calculated to include all former periods of Continuous Service with the Commission or the Society.

Bylaw 5.02 is amended by adding the following underlined words in Subsection (2):

- (2) For purposes of calculating Credited Service, Regular Members granted leave of absence by the Commission or the Society for the purpose of serving with the Armed Forces of Canada or other national service, who were assigned by the Commission or its predecessors or by the Society to duties other than with their then employer, and who have returned directly to the employ of the Commission or its predecessors or the Society shall have their Credited Service decided by the Board, having regard to the circumstances of the particular case. In no event will Credited Service be granted under this Bylaw 5.02(2) that would not qualify as eligible service under the Income Tax Act.

Bylaw 5.03 is amended by adding the underlined words and deleting the struck-out words as follows, in the first paragraph of Subsection (1) and in Subsection (2):

5.03 Previous Service Credit

- (1) A Regular Member who ceases to be a Regular Member in accordance with Bylaw 4.01(4) and who later returns to ~~Commission~~ employment with an employer participating in the Society, upon becoming a Regular Member may within 90 days elect to repurchase his or her previous periods of Continuous Service and Credited Service provided that:
- (2) Temporary and furlough employees will be given 90 days from the time they are given status as Regular Members to determine if they wish to elect to purchase eligible pre-1988 Continuous Service. A furlough driver who becomes employed with ~~the Commission~~ an employer participating in the Society and who has a deferred pension with the Society, shall have his or her deferred pension cancelled and shall receive credit for the periods of Continuous Service and Credited Service upon which the calculation of this deferred pension was based.

Bylaw 5.05 is amended by adding the underlined words and deleting the struck-out words as follows, in Subsection (1):

5.05 Purchase Of Interruption In Service

- (1) Notwithstanding Bylaw 5.02(4), a Member ~~who is employed by the Commission and~~ who has an a Interruption in Service may elect to purchase this period of Credited Service by contributing to the Society an amount equal to the sum of:
 - (a) what the Member would have been required to contribute under Bylaw 7.01; and,

- (b) except in the case of family medical leave under Bylaw 5.02(5)(c), what the employer ~~Commission~~ would have been required to contribute under Bylaw 7.01.

Bylaw 5.06 is amended by deleting the struck-out words from Subsection (1), as follows:

- 5.06 Other Purchases Of Previous Service Credit
 - (1) A Regular Member who has a previous period of Continuous Service ~~with the Commission~~ during which he or she was a Regular Member of the Society that is not already included in the Member's Credited Service, and excluding any period of service that is eligible for purchase under Bylaw 5.03, within 180 days from the date on which the Member became re-enrolled as a Regular Member, may elect to purchase all or part of that service as Credited Service under this Bylaw 5.06.

Bylaw 6.01 is amended by adding the following underlined words in paragraph (a) of Subsection (1):

- (1) The Contributory Earnings of a Regular Member is the sum of the following amounts:
 - (a) his or her wages or salary paid to him or her by the Commission, the Society, or by Local 113 of the Amalgamated Transit Union when the Regular Member is not on leave from the Commission or the Society to fill a salaried position with Local 113 of the Amalgamated Transit Union, plus

Bylaw 6.01 is amended by adding the following underlined words in Subsection (2):

- (2) A Regular Member who is an employee of the Commission or the Society who suffers a reduction in his or her rate of earnings as a result of a change in job status because of a reduction in manpower, ill health, or changes in job evaluation may, at his or her option, elect to include the amount of his or her reduction in earnings in his or her Contributory Earnings, provided that the Member meets all of the following conditions:

Bylaw 7.01 is amended by adding the underlined words and deleting the struck-out words in Subsection (3), as follows:

- (3) ~~The Commission shall contribute~~ Contributions shall be made to the Fund:
 - (a) ~~An~~ By the Commission, in an amount equal to the temporary additional pension and supplemental disability pension set out in Bylaw 9.05 and any adjustments thereon pursuant to Bylaw 13, and
 - (b) By the applicable employer, each ~~Each~~ year in equal monthly instalments the amount determined by the Actuary to be required to cover the amortization of the additional unfunded actuarial liability

effective January 1, 1999 and the ongoing additional normal cost resulting from unreduced pensions after 29 years of service pursuant to Bylaw 8.01(2).

Bylaw 7.02 is amended by adding the following underlined words in Subsection (1):

- (1) A Member's contributions to the Fund shall be in addition to any contributions that the Member will be required to make under the Canada Pension Plan. Such contributions will be deducted by the Commission or the Society, as applicable, from the salary or wages from time to time payable to each Regular Member, and shall commence from the beginning of the pay-period in which the Regular Member completes six months of Continuous Service with the Commission or the Society, and shall continue as long as he or she remains a Regular Member.

Bylaw 7.02 is amended by adding the following underlined words in Subsection (3):

- (3) The Society shall maintain a record of each Regular Member's Required Contributions made annually, plus Credited Interest thereon. Credited Interest shall be determined at a rate of interest to be calculated on the basis of the 12 month average of the yields of five year personal fixed term chartered bank deposit rates, averaged over a reasonably recent period, credited from the end of the month in which the Contribution is made, and compounded yearly, to the date on which the Member dies or otherwise terminates employment with the Commission or the Society.

The amount of interest to be calculated on contributions made for period that is part of a calendar year shall be determined as one-half the contributions made by the Member during that period multiplied by the product of the applicable annual rate of interest and the fraction that period is of a whole year.

Bylaw 7.02 is amended by adding the underlined words and deleting the struck-out words as follows, in Subsection (5):

- (5) The ~~Commission~~ applicable employer participating in the Society may contribute additional amounts provided that each such amount is all or part of the amount of Member contributions under Bylaw 5.03, 5.05 or 5.06 in relation to service purchase, excluding those related to previously credited pre-1990 service, pursuant to an agreement between the ~~Commission~~ employer and the Member or Members, or the Union representing them. Where this applies, Bylaw 5.03, 5.05, and 5.06 are modified as necessary to permit contributions by the ~~Commission~~ employer in lieu of Member contributions.

Bylaw 7.02 is amended by deleting Subsection (6) and replacing it with the following:

- (6) The Commission shall, in addition, bear all administration and office expenses of the Society, with the exception of the following (which shall be paid by the Society from the Fund): any actuarial and special legal fees incurred by the Society; the salary, benefits, and related expenses of the CEO; such other special expenses specifically approved by the Board; and the fees of the trust and insurance companies and investment counsellors for custody and investment of the Fund.

Bylaw 7.03 is amended by adding the following underlined words in paragraph (c) of Subsection (3):

- (c) An amendment to the Bylaws is adopted pursuant to decisions made under Bylaw 7.03(1) under which the contribution rates of the Members and/or the Commission or Society are increased, and that as the result of such increase, the Board is reasonably satisfied, based on the advice of the Actuary and other considerations as appropriate, that there has been no material net adverse impact on the long-term ability to support the existing benefits and the availability of future benefits under Bylaw 7.03(2)(a), (b) and (c).

Bylaw 8.04 is amended by adding the following underlined words in Subsection (3):

- (3) A Regular Member's disability retirement date under this section may not occur prior to the expiry of his or her weekly indemnity benefits, if any, provided under arrangements sponsored by the Commission or the Society, as applicable, nor before the expiry of the period during which the Member is receiving EI Sick Pay benefits.

Bylaw 8.06 is amended by adding the following underlined words:

8.06 Application For Retirement

To receive a pension from the Fund, a Member must have ceased to be employed by the Commission, the Society, and by Local 113 of the Amalgamated Transit Union, or be deemed to have ceased employment and must apply for retirement on his or her normal, early, postponed, or disability retirement date or before his or her pension commencement date if he or she has elected to postpone pension commencement under Bylaw 8.07(2).

Bylaw 10.01 is amended by adding the following underlined words in Subsection (1):

- (2) Pension benefits payable to the Member and survivor benefits payable to the Member's Spouse shall be payable under Bylaw 10.01(3) in respect of a Member who satisfies the following conditions:

- (a) the Member becomes entitled to an early or normal pension pursuant to Bylaws 9.01 or 9.02;
- (b) the Member ceases to be employed by the employers participating in the Society Commission;
- (c) the Member has a Spouse at the time when payment of the pension commences; and
- (d) the Member and the Spouse have not waived the survivor pension in accordance with Bylaw 10.01(7).

Bylaw 15.06 is amended by adding the following underlined words in the first paragraph of Subsection (2):

- (2) Subject to the approval of the Board, a Regular Member who has a Shortened Life Expectancy, and is not eligible for retirement, may elect to terminate membership with the Society without terminating employment with the Commission or the Society, as applicable, as of the effective date of the election unless a date is otherwise specified by the Board.

Bylaw 15.10 is amended by adding the following underlined words in Subsection (1):

- (1) A Member entitled to a deferred pension under Bylaw 12.01(1) or the Designated Beneficiary of a Member entitled to a benefit under Bylaw 11.01(3) or under Bylaw 11.07, is entitled to a further refund of the amount, if any, by which the Member's Required Contributions with Credited Interest from the period from January 1, 1987, to the date on which the Member dies or otherwise terminates employment with the Commission or Society, as applicable, exceeds one-half of the Commuted Value of the benefit otherwise payable to the Member, or his or her Designated Beneficiary if applicable, in respect of the Member's Post-1986 Pension.

Subsection (1) of Bylaw 15.11 is amended by deleting "JSPP" at the end and replacing it with "jointly sponsored pension plan".

Bylaw 15.11 is amended by adding the following underlined words in Subsection (3):

- (3) Notwithstanding the foregoing, one half (50%) of any surplus assets which would otherwise result in benefits to the Members being in excess of the maximum limits set out from time to time by the Canada Revenue Agency are to be refunded to the employers (except the Society) in proportion to the wind up liabilities in respect of each employer, and one half (50%) are to be refunded to the Members and Associate Members of the Society.

6.02 Pensionable Earnings

Average Base Period Earnings

Effective January 1, 2016 for Regular Members retiring on or after January 1, 2016 pursuant to Bylaw 8 and for Regular Members whose death occurs on or after January 1, 2016 for purposes of Bylaw 11, and effective May 5, 2016, for Regular Members terminating on or after May 6, 2016, for the purposes of calculating the amount of Regular Member's pension for Credited Service accrued to December 31, 2015, Average Base Period Earnings shall be the greater of:

- (a) the average of the highest consecutive four calendar year's Pensionable Earnings prior to 2016 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 2016.

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 2016, the Member's Base Period shall be his or her total number of calendar years, including fractional years, of Pensionable Earnings prior to 2016.

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, 2016 and for a Regular Member whose death occurs on or after January 1, 2016 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, 2015; 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, 2015; 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, 2015, determined in accordance with the Bylaws of the Society in effect as at December 31, 2015.
- (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.

- 9) Effective January 1, 2016, pensions in the course of payment shall be increased by 1.0% or 1.28% or 2.0%. The pensions to which the increase is applicable shall be determined in the same manner as provided under Bylaw 13.01.

2 Definitions

(31) “Survivor Benefit Date” shall mean January 1, 2016.

3.12.1 Financial Year End Audit

- 1) The financial year end of the Society shall be December 31st of each year, or any other date from time to time adopted by the Board.
- 2) At the end of each year and at such other times as the Board or Commission may determine, the books and accounts of the Society shall be audited by an independent firm of Chartered Accountants, to be recommended by the Board and appointed at the Annual General Meeting, subject to the approval of the Commission. An annual statement of the Fund, with the Auditors’ report thereon, shall be prepared by the Officers of the Society and shall be sent made available to each Member and to the Commission.
- 3) Notwithstanding Bylaw 3.12(2), the Board may, in the event of resignation of the incumbent auditors, appoint an alternate auditor on an interim basis, subject to ratification by the membership at the next special or Annual General Meeting and approval by the Commission.

~~11.08 Special Death Benefit For On Duty Accident~~

- ~~(1) — In lieu of the death benefit payable under Bylaws 11.01, 11.02, 11.03, 11.04 or 11.05, the death benefit described in Bylaw 11.08(2) is payable upon the death of a Regular Member if:~~
 - ~~(a) — the death benefit is greater than the death benefit that would otherwise be payable;~~
 - ~~(b) — the Board is satisfied that the death was wholly or partially caused because the Member was performing the duties of employment; and~~
 - ~~(c) — the Board is satisfied that the death was caused by circumstances occurring suddenly and unexpectedly, and without willful intention by the Member to take his or her own life.~~
- ~~(2) — Where the criteria in Bylaw 11.08(1) is met, the death benefit is:~~

- ~~(a) — for a Member who does not have a Spouse at the time of death, the death benefit that would be payable under Bylaw 11.03 if an election for a 15 year guarantee had been made; and~~

- ~~(a) — for a Member who has a Spouse at the time of death, the death benefit that would be payable under Bylaw 11.04 if an election for a 100% joint and survivor pension had been made.~~

HISTORY OF BENEFIT IMPROVEMENTS

YEAR	UPDATE TO BASE PERIOD	PENSIONER INCREASE	YMPE	CONTRIBUTIONS	CHANGE(S)
2016	Formula update – base up to 2015	1.28%	\$54,900	9.25%/10.85%	Survivor benefit date to 2015; contributions unchanged
2015	Formula update – base up to 2014	2%	\$53,600	9.25%/10.85%	Survivor benefit date to 2014; contributions unchanged
2014	Formula update – base up to 2013	2%	\$52,500	9.25%/10.85%	Survivor benefit date to 2013; contributions unchanged
2013	Formula update – base up to 2010	2%	\$51,100	9.25%/10.85%	Survivor benefit date to 2010; contributions unchanged
2012	Formula update – base up to 2008	1%	\$50,100	9.25%/10.85%	Survivor benefit date to 2008; contributions unchanged
2011	Formula update – base up to 2007	2%	\$48,300	9.25%/10.85%	Society became a JSPP; mortality assumptions updated; survivor benefit date to 2007; ad hoc pensioner increase; contributions increased 0.5%
2010	No update - 2005-2009 not included in base	0%	\$47,200	8.75%/10.35%	Contributions increased 0.5%
2009	No update – 2005-2008 not included in base	0%	\$46,300	8.25%/9.85%	Contributions unchanged
2008	No update – 2005-2007 not included in base	0%	\$44,900	8.25%/9.85%	Contributions increased 1%; formula used to calculate indexing changed, threshold raised from 4.75% to 5.75%
2007	Formula update – 2003 & 2004 included in base	1.10%	\$43,700	7.25%/8.85%	Contributions increased 0.5%; survivor benefit date extended to January 1, 2005
2006	Formula update – base up to 2002; 2003-2005 not included	1.20%	\$42,100	6.75%/8.35%	Contributions increased 0.5%

HISTORY OF BENEFIT IMPROVEMENTS

YEAR	UPDATE TO BASE PERIOD	PENSIONER INCREASE	YMPE	CONTRIBUTIONS	CHANGE(S)
2005	No update – 2002-2004 not included in base	0%	\$41,100	6.25%/7.85%	Contribution increases negotiated for 2006, 2007 and 2008
2004	No update – 2002 and 2003 not included in base	0%	\$40,500	6.25%/7.85%	
2003	No update – 2002 not included	1.70%	\$39,900	6.25%/7.85%	Formula used to calculate indexing reduced
2002	Formula update – base up to 2001	2.60%	\$39,100	6.25%/7.85%	Update was pre-approved in 1999
2001	Formula update – base up to 2000	2.70%	\$38,300	6.25%/7.85%	Update was pre-approved in 1999; survivor benefit date extended to January 1, 2003
2000	Formula update – base up to 1999	1.70%	\$37,600	6.25%/7.85%	Update was pre-approved in 1999; 10 yr. guarantee became automatic; 60% survivorship free for pension earned to December 31, 2001
1999	Formula update – base up to 1998	0.90%	\$37,400	6.25%/7.85%	1996 negotiated 29 & Out provision starts January 1st and automatic 60% survivorships; July 29, 1999 three 1 year updates pre-approved for 2000, 2001 and 2002
1998	Formula update – base up to 1997	1.60%	\$36,900	6.25%/7.85%	Death benefits for Members killed on duty are improved
1997	Formula update – base up to 1996	1.60%	\$35,800	6.25%/7.85%	Actuarial reductions improved and minimum bridge benefit added
1996	No update – 1995 not included	2.10%	\$35,400	6.25%/7.85%	
1995	No update – 1994 not included	0.20%	\$34,900	6.25%/7.85%	Best four years do not have to be consecutive