

T.T.C. PENSION FUND SOCIETY

- Results of January 1, 2004 Actuarial Report -

On April 27, 2004, the Actuary presented an actuarial report dated January 1, 2004 to the Board of Directors of the T.T.C. Pension Fund Society. Based on the financial position outlined in the Actuary's report, the Board regrets to announce that they are unable to make any plan improvements at this time, including any indexing to pensions in payment.

It should be noted that the Actuary's report does indicate that current funding is adequate to support the level of benefits already in place. With a 12.1% investment return at market value in 2003, the fund has recovered some but not all of the losses incurred in 2001 and 2002. Having said that, remember, the Actuary assumes that the Fund will generate at least 6% per annum return on investments, and consequently there is still significant ground to be made up.

As is required by the Bylaws, the Board reviewed an increased for Pensioners at January 1, 2004. Based on information provided by the Actuary, the Board was not in a position to approve an expenditure of \$14 million for indexing. The Board understands that this decision will not be popular with the Pensioners but increasing costs, any costs, at this time, would be detrimental to the long term funding of the total plan.

Last year, the Board was able to index pensions in payment but was unable to update the pension formula for active Members. This year there will be no formula update, no extension to the survivor Benefit Date, and no Pensioners increase. In addition, Members should be aware that in the event the investment markets do not provided strong performance in the near future, there is a very real possibility that both Members and the Commission may be faced with a contribution increase.

The Board understands that this news is very disappointing for both Active Members and Pensioners. Like many other pension plans, current funding requirement prevent us from providing all the benefits that we would like to provide. The Board and the Actuary want to inform Members that our tight financial situation may hopefully be "short-term" and that good investment markets could restore our financial strength. In the interim, the Board could not support any improvements.

Consistent with past practice, the Board will review the funding situation in 2005 with the hope that the financial situation will have improved. The Board and the Actuary will be available at the Annual General Meeting at the OFL, 15 Gervais Drive on Sunday June 20, 2004 to address any questions or concerns from the Membership. More details about the actuarial valuation will also be included in the June 2004 Pension Fund Newsletter that will be mailed to the homes of all Members and Pensioners.

Original Signed By the
Secretary

April 30, 2004