

TORONTO TRANSIT COMMISSION
PENSION FUND SOCIETY
RETIREMENT BENEFITS

The following information is a basic overview of the TTC Pension Fund Society, which describes the main features of your Plan as they pertain to retirement.

NORMAL RETIREMENT (non-reduced)

Normal Retirement at the TTC is age 60, with no minimum service requirement. You may also retire after 30 years of Credited Service, or 30 years of Continuous Service, with no age requirement.

EARLY RETIREMENT (Reduced Pension)

Members with less than 30 years of Continuous or Credited Service may elect early retirement and an immediate pension at any time from age 50. Your pension will be reduced by an early retirement reduction factor. If you are between the ages of 50 and 55, the reduction will be based solely on your age. If you are between the ages of 55 and 60, the factor will be based on the lesser reduction of age or service. The current early retirement reduction factor is 5% per year that you retire early.

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Effective January 1, 1999, if a Member retires before his or her normal retirement date after completion of 29 years of Credited Service or 29 years of Continuous Service and whose age and service equal 80 years, the Member will receive an unreduced pension.

Also, if a Member retires with age plus Continuous Service which equal less than 80 years, his or her pension will be reduced by the appropriate early retirement reduction factor. **Please note that you must still have 29 years of Credited Service or 29 years of Continuous Service to qualify for this pension.**

COMPULSORY RETIREMENT

The Plan requires that you retire not later than the end of the calendar year in which you turn age 69.

POSTPONED RETIREMENT

Members terminating employment who are entitled to an immediate pension but elect to postpone their pension commencement date, would be eligible for any approved indexing during the period of postponement.

PENSION FORMULA

The amount of pension income payable on retirement from the Society is calculated by the mathematical formula, as outlined on page 2.

Your pension will be calculated based on the following factors as specified in the Bylaws of the Society:

- (a) years of Credited Pension Service,
- (b) average best four years' earnings after 1985 in the base period, and
- (c) a percentage of earnings up to the YMPE and a percentage of the balance of earnings.

The current pension formula is shown in detail below:

1. Pension earned to December 31, 2001 equals:

1.6% of the average of the best four years' earnings after December 31, 1985 to December 31, 2001 up to the maximum of the average of the Canada Pension Plan Pensionable Earnings (YMPE) during the same four years,

-plus-

2.0% of the balance of earnings, in excess of the average YMPE above. The total of these two figures is multiplied by the number of years of Credited Service up to December 31, 2001,

-add to this total-

2. Pension earned from January 1, 2002:

For each year of Credited Service after December 31, 2001 calculate 1.6% of each year's earnings up to the YMPE for that year,

-and add-

2.0% of each year's earnings in excess of the corresponding YMPE. This calculation is done for each year of service since January 1, 2002.

The total from Part 1 and Part 2 are added to give your total annual gross pension.

BUILD-UP OF EARNINGS

The earnings used in the calculation of your pension will be, for each year, the greater of your actual contributory earnings in the year and the amount that a

Member in your wage class would earn working 51 weeks, based on the year-end pay rate. The 51 weeks of earnings is a minimum guaranteed level, which protects Members who are sick, from extreme drops in their pensionable earnings. Please note that you must be in receipt of Sick Benefits, Workplace Safety Insurance Board (WSIB) benefits, Employment Insurance sick benefits or Long Term Disability to qualify for this benefit.

BRIDGE BENEFIT

If you retire prior to age 65, you will automatically receive the Bridge Benefit. The formula for the Bridge Benefit is the better of:

1. 0.40% of your average CPP earnings multiplied by your Credited Service to December 31, 2001. For service from January 1, 2002, you will receive 0.40% of your average CPP earnings to your retirement date, or
2. \$143.20 per year multiplied by your Credited Service to your retirement date.

This benefit is payable to you each month until age 65 or death, whichever occurs first. This benefit is only payable to the Member, therefore, it would not become payable to your spouse/beneficiary in the case of a guarantee or survivorship pension. **There is no payback for the Bridge Benefit.** If you retire with a reduced early retirement pension, you will receive an actuarially adjusted bridge benefit.

LEVEL INCOME OPTION

If you retire prior to age 65, you may elect to receive the Level Option from the Society. The Level Option is intended to supplement your pension income until you are eligible to receive your Old Age Security and Canada Pension Plan benefits. Currently, OAS and CPP are payable from the Government at age 65. (You may elect to receive your CPP as early as age 60 with a reduction of 6% per year that you receive it prior to age 65, or 1/2% per month. This is a permanent reduction to your CPP.) Please note, that the level income reduction made to your pension at age 65, will be based on the maximum CPP as at your retirement date.

The amount you will receive for the Level Income option is based on your age at retirement. This figure is calculated by applying an adjustment factor determined by the Actuary to the maximum OAS and CPP benefits in effect at the time of your retirement. You will receive the level income amount for your lifetime. At age 65, your basic TTC pension is reduced by the maximum OAS and CPP benefits which were in effect at the time of your retirement. Also, your level income amount may be indexed annually from your retirement date, therefore, your level reduction at age 65 would be at the indexed amount.

Although you will be receiving a reduced pension from the TTC PFS at age 65, when you add your OAS and CPP benefits that you receive directly from the Government, your income should approximately level out to what it was prior to age 65. (Please note that the bridge benefit ceases at age 65 and does not get replaced by anything.)

You should consider the following prior to making the decision to elect this level option:

- The level reduction, which commences at age 65, **continues for the pensioner's lifetime.**
- Regardless of the amount of pension you receive from the Government at age 65, you are agreeing to the level reduction amount in effect at the time of your retirement.
- If you decide to apply for an early CPP pension from the Government, you will not receive the maximum, but your TTC pension will be reduced for the level as if you received the maximum CPP.
- Regardless of any changes the Government may make to their OAS/ CPP benefits, the level income reduction at age 65 will not change, and
- The agreement for the level option is between the Society and the Member, therefore, your spouse/beneficiary would never receive the level amount, nor would they be responsible for any outstanding debt upon the Member's death,
- You may elect the level on OAS only or CPP only.

ANNUAL ADJUSTMENT (INDEXING)

To assist pensioners and surviving spouses with the rising cost of living, the Board may approve an annual adjustment (indexing) each year based on the excess earnings of the fixed income portion of the Fund in the previous year. Pension paid to beneficiaries will also receive the same percentage increase. The maximum percentage increase applied to Pensioners on January 1st of any year is limited to the percentage increase in the Consumer Price Index in the previous year.

For new retirees, the indexing will be pro-rated in the year following retirement. The portion of the indexing percentage will be based on the number of days in the year of your retirement for which you received pension.

If you retired in 2001, your indexing is pro-rated for the first year as follows:

$$\frac{2.7\% \times \text{number of days in 2001 on pension}}{365}$$

Indexing does not apply to additional voluntary pensions and the TTC additional allowance.

TYPES OF PENSION

There are two possible types of options available to Members upon commencement of their pension. **Regardless of the option selected, the pension is payable for the Member's lifetime.** When electing an option, you are choosing what protection you will be providing to your beneficiary in the case of your death. If you are a single Member, you may choose a 10 or 15 year guarantee option. If you have a spouse, you may choose either a guarantee of 10 or 15 years or a survivorship option of 60%, 66 2/3%, 80% or 100%. **Once your pension has commenced, you cannot change the option you selected.**

A guarantee of 10 or 15 years means that if you pass away during the guarantee period, your beneficiary would receive a monthly pension from the Society up to the end of the guarantee period you had selected. If you pass away after the guarantee period you had elected, there would be nothing payable to your beneficiary.

A survivorship option will provide your surviving Spouse with a lifetime monthly pension upon your death equal to a percentage of the amount you were receiving. Please note that the survivorship is only payable to the Spouse you were living with at the time of your pension commencement.

If you have a Spouse and do not select any other option, the pension is a life pension with a 60% joint and survivor option. This means that you will receive a pension payable for your lifetime and upon your death, your Spouse is entitled to 60% of your basic pension for the remainder of his/her lifetime.

Effective June 14, 2000, the 60% joint and survivor option is free for Members with eligible Spouses. Also, retiring Members can elect higher survivor percentages, namely 66 2/3%, 80% or 100% and the reduction to the Member's pension will be more favourable than it has been in the past because the first 60% survivor pension is free. The free 60% survivor pension applies to pensions earned by Members for service up to January 1, 2003. For pensions based on service after that date, the previous reduction factors will continue to apply.

If you have a Spouse and wish to elect a guarantee of 10 or 15 years, you and your Spouse must jointly sign a declaration waiving your Spouse's right to the 60% survivor pension. A Pension Office staff member or a Notary Public must witness the waiver in order for it to be valid and it must be completed prior to your retirement date.

If you are single and do not select any other option, the pension is payable for your lifetime and guaranteed for 10 years at no additional charge. This means that should you die before 120 monthly payments have been paid to you, the remainder of payments will be paid to your beneficiary or estate.

Actuarial adjustment factors are applied to all forms of pension (except for the 10 year guarantee and 60% survivorship) to pay for the additional cost of these alternate forms of pension. The factor applied to a 15 year guarantee pension is based on the Member's age at retirement. The factor applied to a survivorship option is based on the Member's age and their Spouse's age at retirement.

Please note, effective July 1, 1997, any Member, regardless of age or service, is eligible to elect an optional form of pension. Once you have made an election for your pension, it becomes effective immediately and can be cancelled at any time prior to your pension commencement. However, if you cancel your optional form of pension in favour of a less costly benefit, there is an actuarial charge based on the number of years you had the protection in place. If you wish to sign an option, you must set up an appointment with the Pension Office.

ADDITIONAL TTC BENEFITS

The TTC pays certain benefits that are in addition to the benefits paid by the Pension Fund Society. For employees who were paid by the TTC prior to December 31, 1963, the TTC pays an additional \$200.04 per year from age 65 to age 70. This benefit is paid to pensioners when they reach age 65, although they may have retired prior to age 65. This benefit will cease at age 70. The Commission pays the full cost of this additional benefit.

MISCELLANEOUS

Pension Estimate

A Member can request a pension estimate once they become eligible for retirement (early or normal). The estimate will provide you with your basic pension, guarantee, survivorship, bridge benefit and level income figures. It will also provide you with the health/insurance coverage costs.

It is advisable to have a pension estimate completed once you become eligible for retirement and to have it updated once every 6-9 months. Upon request, an estimate can be forecasted six months ahead.

Once you have received your estimate, you may contact the Pension Office and make an appointment to come in and review the estimate and ask any questions you may have. If applicable, your Spouse is encouraged to attend.

Resignation

Once you have made your decision to retire, you must complete a "Resignation to Retire on Pension" form. This form may be completed with your pension documentation in the Pension Office or you can complete it at your work location.

Proof of Age

Upon retirement, all Members must prove their age. Also, if a joint and survivor option is elected, your Spouse must prove his/her age.

One of the following original documents is acceptable:

- Original birth certificate
- Original baptismal certificate
- Valid Canadian passport

-or-

Two of the following original documents:

- Marriage certificate issued by a Civil Authority
- Military record
- Naturalization documents such as Canadian citizenship, immigration records
- Age of majority card
- Insurance company records
- Public records such as assessment rolls, voters' and jury lists

If you do not have the required documentation, the Pension Office will arrange to have a statutory declaration sworn on your behalf. Please note photocopies are not acceptable and all documents must show a date of birth.

Health Benefits

Upon retirement, a Member may elect to continue his/her health coverage if they have 10 years of continuous service or 29 years of credited pension service with the TTC. The current monthly premiums for these coverages are:

Benefit	Single Coverage	Family Coverage
OHIP	No Charge	No Charge
CMP*	No Charge	\$87.00**
Semi-Private	\$32.00	\$35.00

*There are no dental benefits for pensioners and/or their family.

**Rates will be lower if you or your spouse is under age 65.

These rates are currently under review and will be increasing on July 1, 2002.

Group Life Insurance

Your GLI may be continued for \$13.65 per month until you reach age 65. At this time, the policy with the TTC ceases. You may contact the life insurance carrier within 31 days of your 65th birthday and transfer the policy to a private plan. If you have continued this policy upon your retirement, you will automatically be sent a reminder letter, along with the information required to make the transfer.

Optional Group Life Insurance

If you have OGLI it may also be continued for .37 cents per \$ 1,000 per month. The same rules apply as stated above for Group Life Insurance.

Income Tax

We do deduct income tax at source. You will be asked at the time of your retirement what your tax status is. This status may be changed at any time and you can request extra tax to be deducted at any time.

Pension Payable

- Your pension is payable to you anywhere in the world.
- The cheques are issued in Canadian funds on the 15th of each month.
- Your pension can be directly deposited into any bank, trust company or credit union in Canada.

If you have any questions or concerns regarding the information in this package, please feel free to contact Mrs. Cheryl Uroda at 416-393-4368. If you live out of town, please call our toll free number at 1-800-663-6820.

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