

To All Commissioners

Re: 2025 Audited Pension Plan Statements

Recommendation

That the Commission:

- i. APPROVE the draft financial statements, as set out in Enclosure I, relating to the non-insured pension fund as at December 31, 2025; and
- ii. DIRECT Administration to forward the 2025 Pension Statements to the Financial Services Regulatory Authority (FSRA) as required under the Pension Benefits Act.

Background

The audit of the pension fund applying to the pre-February 1, 1989 pension plan benefits and the preparation of the related report and financial statements are in accordance with the requirement of the Pension Benefits Act 1987. The audit has recently been completed by KPMG with their Independent Auditor's Report confirming the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the plan as at December 31, 2025, and its changes in net assets available for benefits for the year then ended.

The financial statements present the activity of the fund of The London Transit Commission Employees' Pension Plan. The plan, as amended in February 1, 1989, provides defined benefits in respect of services rendered on or after January 1, 1987, up to and including January 31, 1989 by employees of the London Transit Commission. Pension benefits accrued to December 31, 1986 are covered under a fully insured group annuity policy with the value of the annuity contract reflected in these financial statements. The benefits to be provided include the liability relating to the provisions of a 60% surviving spouse option.

Post-January 31, 1989 pension benefits for active members are provided by the Ontario Municipal Employee Retirement System (OMERS). The liability and related assets for post-January 31, 1989 service are not reflected in these financial statements.

For disabled employees, the Plan in effect prior to February 1, 1989, remains in force. The respective assets relating to services provided on or after January 1, 1987, for these members are reflected in these financial statements. Pre-January 1, 1987, pension benefits are provided under a fully insured group annuity policy, and the liability and related assets are not reflected in these financial statements. The benefits to be provided include the liability relating to the provision of the surviving spouse option.

In October 2025, Manulife completed the tri-annual actuarial valuation for funding purposes of the plan as at January 1, 2025. This valuation showed the fund as having an excess going concern surplus of approximately \$6.8 million with \$6.9 million calculated as the solvency excess. Since the ratio of solvency assets to solvency liabilities is more than 85%, the next actuarial valuation of the plan will be required as at January 1, 2028 or in the event of a prior plan change affecting the cost of the plan, in accordance with the minimum requirements of the Ontario Pension Benefits Act. The report validates the stability of the plan and its ability to meet its future obligations to retirees.

Summary

Copies of the audit report will be provided to the Manulife Insurance Company, the Pension Advisory Committee and FSRA. A meeting with the Pension Advisory Committee will be scheduled subsequent to the completion of the filings.

Enclosure

I – 2025 Draft Pension Financial Statements

Recommended by:

Mike Gregor
Director of Finance

Joanne Galloway
Director of Human Resources

Concurred in by:

Kelly S. Paleczny
General Manager