

Newsletter

Volume 27 Issue 1

Summer 2024

Teamsters and Participating Employers of Ontario Pension Plan

The Board of Trustees is pleased to provide you with this issue of its Newsletter designed to keep you up to date on the activity of the Teamsters and Participating Employers of Ontario Pension Plan (the “Plan”) during the preceding year.

The Board of Trustees is responsible for the overall management of the Plan. Benefit Plan Administrators Limited acts as the administrative agent for the Plan and is responsible for the day-to-day operations of the Plan. Each year, an independent audit is conducted (for 2023, this audit was conducted by BDO Canada LLP) and in addition, Paul Burnell F.S.A., F.C.I.A. of Plenus Consultants has been appointed to conduct an actuarial review of the Plan.

Annual reports are also filed with Canada Revenue Agency (“CRA”) and the Office of the Superintendent of Financial Institutions (“OSFI”).

Beginning in early 1992 the Trustees adopted a special investment strategy. The objective of this strategy was to protect the Plan against adverse financial conditions resulting from a reduction in the general levels of interest rates. This was achieved by investing the assets of the Plan primarily in bonds. The cash flows from the bonds are structured to approximately correspond to the Plan’s benefit cash flows, so that the assets (bonds) and the liabilities for benefits under the Plan will tend to move together as interest rates fluctuate. To date this strategy has worked well.

In 2001 on the advice of the Plan’s actuary at that time and investment advisors, the Trustees adopted a revised investment strategy to invest a small portion of the Plan’s assets in Canadian and Global Equities. This strategy is meant to add diversification to the portfolio. Over the last couple of years, the Trustees have further diversified the Plan, on the advice of the Plan’s investment consultant, to include infrastructure and real estate funds into the Plan’s portfolio.

Respectfully,

J. Andre
P. Burgess
R. Graham
B. Miles
Trustees

B. Asselstine
D. Coleman
J. McCann
Z. Swiercz

Report from the Plan’s Actuary

We are pleased to present the following summary of the results of the actuarial valuation that we prepared as of January 1, 2024. The results of our valuation of the plan as of January 1, 2024 on a going concern basis showed that the Plan’s assets exceeded its liabilities by \$100.0 million.

Table I Present Financial Condition of the Plan as at January 1, 2024	
<i>Going Concern Basis</i>	
	\$ Million
Actuarial value of assets	\$454.4
Actuarial present value of accrued benefits	\$354.4
Excess of assets over accrued liabilities	\$100.0

Our valuation was performed to determine the financial status of the Plan on both a going concern (which assumes that the Plan continues indefinitely) and a solvency basis (which assumes the immediate wind-up of the Plan). On both a going concern and solvency basis, the liabilities of the Plan for benefits accrued to the date of valuation were fully funded as of January 1, 2024. The excess of assets over liabilities on a solvency basis was \$117.4 million.

Contributions expected in 2024 together with the surplus will be sufficient to fund the future service benefits expected to accrue in 2024.

The next actuarial valuation of the Plan will be performed no later than as of January 1, 2027.

*Paul Burnell, F.S.A., F.C.I.A.
Plenus Consultants*

The assets of the Plan are invested in accordance with the Statement of Investment Policies and Procedures (“SIP&P”) as approved by the Board of Trustees. The SIP&P is reviewed annually, and changes are made as deemed necessary. The SIP&P contains the investment strategy, which outlines the investment goals, beliefs and philosophy of the Plan. Additionally, the SIP&P also details the Plan’s target asset mix, long term return expectation and permitted investments.

Currently the assets of the Plan are invested in the following asset classes:

Table II
Asset Mix as at January 1, 2024

i)	Cash & short term notes	0.7%
ii)	Government guaranteed bonds, corporate bonds and debentures	75.9%
iii)	Real Assets	12.5%
iv)	Global Equities	<u>10.9%</u>
Total		100.0%

As of January 1, 2024, Leith Wheeler Investment Counsel is the manager of the Plan’s fixed income and a portion of the plan’s equity and direct infrastructure assets. Fiera Capital Corporation manages the remaining equity assets, Axium Infrastructure and IFM Investors manage the remaining direct infrastructure assets and real estate exposure is managed by the Townsend Group.

In 2007, when equity prices were high, the Trustees moved the equity allocation down from 25% to 15% in order to achieve a better matching of assets with liabilities and continued to de-risk by moving the

target equity allocation to 10% in May 2011. The target equity allocation was increased back to 15% during the second quarter of 2014. In 2019, the Trustees approved a decrease of 2% to the liability-matching fixed income allocation, while re-allocating amongst its ‘growth’ assets. Global equities will hold a 10% target weight, while allocations to direct real estate and direct global infrastructure will hold a 4% and 3% target weight, respectively.

A key objective of the current investment strategy is to help maintain the fund’s surplus. As a result, a majority of the fund’s assets are invested in bonds where the exposure to equity volatility is limited and the level of liability matching is high.

The rate of return on the Plan’s assets for the year ending December 31, 2023 was 7.5% (gross of fees) while the annualized rate of return for the four-year period ending December 31, 2023 was 2.1% (gross of fees).

Based on a review of the Investment Portfolio at December 31, 2023 the investment managers have complied fully with the requirements of the SIP&P established by the Trustees and filed with OSFI.
Aon Solutions Canada Inc.

Report from the Administrative Agent

During 2023 Benefit Plan Administrators Limited, the Plan’s administrative agent processed the following:

510	Member Enquiries
241	Deaths
87	Retirements and Terminations

Plan Membership as at December 31, 2023 was:

744	Active Members
3,106	Pensioners
9,807	Deferred Vested Members

Benefit Plan Administrators Limited

Report on Financial Results

Table III
Statistical Summary July 1, 1962 to December 31, 2023

Contributions from Employers	\$382,147,156
Investment Income and Realized Gains	<u>\$1,045,801,940</u>
Sub-total	\$1,427,949,096
Less payment to Members:	
- On retirement	\$964,639,839
- On annuity purchases	\$ 10,407,508
- On death	\$ 10,129,851
- On partial restoration	\$ 1,291,582
- On termination	<u>\$ 33,734,568</u>
Sub-total	\$1,020,203,348 (\$1,020,203,348)
Less administration expenses	<u>(\$65,689,384)</u>
Net change in assets at cost	\$342,056,364
Unrealized gain on investments	<u>\$112,353,554</u>
Net assets at December 31, 2023	\$454,409,918

The statistical summary is derived from the complete financial statements of the Pension Plan Trust Fund as at December 31, 2023 on which we expressed an opinion without reservation dated May 29, 2024.
BDO Canada LLP

If you, your spouse, designated beneficiary or agent have any questions concerning this Newsletter, your benefits from the Plan, or if you wish to examine or receive copies of the official documents relating to the Plan for a nominal cost, please write to:

*Teamsters and Participating Employers
of Ontario Pension Plan
P.O. Box 3071, Station “A”,
Mississauga, Ontario L5A 3A4
Attention: Administrator*

Please note that a Website has been established for the Teamsters and Participating Employers of Ontario Pension Plan. It can be found at www.tapeopp.com.

Please visit the Website to find out more about the Plan.