Ministry of Finance

Income Security and Pension Policy Division

Office of the Assistant Deputy Minister
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Ministère des Finances

Division des politiques en matière de sécurité du revenu et de régimes de retraite

Bureau du sous-ministre adjoint
Édifice Frost Nord, 5e étage
95 Grosvenor Street
Toronto ON M7A 1Z1
Tél.: 416 212-5983
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Ontario

December 5, 2017

Mr. Hugh O'Reilly
President and Chief Executive Officer
OPSEU Pension Trust
1 Adelaide Street East, Suite 1200
Toronto, Ontario
M5C 3A7

Dear Mr. O'Reilly:

In preparation for the 2018 Ontario Budget, I am writing to request actuarial and financial information as at December 31, 2017 on the Ontario Public Service Employees Union Pension Plan (OPSEUPP). This information is required for calculating the Province's 2017-18 pension expense and pension liability.

To ensure that the information requested in this letter is consistent with the Province's best estimates (as required by the Public Sector Accounting Board [PSAB]), please use the following economic assumptions in your actuarial calculations.

Economic Assumptions (annual rates)	Basis 1	Basis 2	Basis 3
Return on Investment	5.90%	5.75%	5.75%
Inflation	2.00%	2.00%	2.00%
Real Rate of Return	3.90%	3.75%	3.75%
Salary Escalation Rate	1.75% to 2019 and 2.75% thereafter	1.75% to 2019 and 2.75% thereafter	2.00% to 2021 and 2.50% thereafter

We understand the Trust may be preparing its financial statements based on International Financial Reporting Standards and *Chartered Professional Accountants of Canada (CPA Canada) Handbook* Section 4600. There has not been any change in reporting requirements under the Public Sector Accounting Standards. Therefore, the actuarial and financial information we are requesting in this letter should be prepared in the same manner as has been provided to us in prior years.

Please provide the following actuarial and financial information on the OPSEUPP with one set of calculations for each set of assumptions outlined in the table above. In these calculations, please use the projected benefit method, prorated on services:

1. Actuarial present value (APV) of accrued benefit obligations as at December 31, 2017. Basis 3 in last year's letter was used by the Province for 2017. Please include an APV reconciliation on that basis from December 31, 2016 to December 31, 2017 for all three bases.

2. Actuarial value and market value of pension fund assets as at December 31, 2017. The actuarial value of assets should be determined on the same basis as in prior years.

3. Interest on accrued benefits, cost of benefits accrued (separating out current period benefit cost, cost related to any plan amendments, transfers and other costs), actuarial adjustments, and the benefits paid (separate retirement pensions from other benefit payments) for the year ended December 31, 2017.

4. Contributions broken down by employee contribution, Province of Ontario contribution and other transfers for the year ended December 31, 2017. Please provide the same level of detail as will be disclosed in the "Contributions" note to the plan's 2017 financial statements.

5. Expected average remaining service life of active employees as at December 31, 2017.

6. Return on investment, inflation and salary escalation assumptions that will be used in the plan's 2017 financial statements.

7. Net gain and loss for the year ended December 31, 2017 that would be subject to smoothing on the same basis as in prior years. Please provide the same level of detail as in prior years.

8. Number of pensioners and active members as at December 31, 2017.

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9. Please provide a brief, high level explanation of the source(s) of the actuarial gains and losses for 2017.

10. Please provide the 2018 service cost for all requested bases.

11. On an open group basis, please provide the present value of future accruals for service and the present value of future required employee contributions, as specified in section 057 of PS 3250 for all requested bases.

12. ***Please provide a list of participating employers and corresponding employer contribution for the year. This data can be provided in soft copy to the province by February 2, 2018.***

13. The 2017 financial statements as soon as they are available.

We require these estimates by **January 26, 2018.** Should you have any questions, please contact Rob Pomykacz at Robert.pomykacz@ontario.ca, or by telephone at (416) 327-0156.

To expedite the preparation of Ontario's 2017-18 *Public Accounts*, I would also ask that you communicate by e-mail to Cindy Veinot at cindy.veinot@ontario.ca with a copy to Alex Killoch at alex.killoch@ontario.ca by April 27, 2018 whether, to the best of your knowledge, there were any events between December 31, 2017 and March 31, 2018, which would in your opinion, affect these valuation results in a material way.

Please forward all the information requested in this letter to:

Cindy Veinot, Assistant Deputy Minister & Provincial Controller
Office of the Provincial Controller Division
Treasury Board Secretariat
2nd Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Tel: (416) 325-8017
Fax: (416) 325-4834
E-mail: cindy.veinot@ontario.ca

And a copy to:

Alex Killoch, Director
BPS Pensions Branch
Ministry of Finance
1st Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Tel: 416-325-5724
Fax: 416-327-0160
E-mail: alex.killoch@ontario.ca

Thank you for your cooperation in this matter.

Yours sincerely,

Alex Killoch
Assistant Deputy Minister (Acting)

c: Cindy Veinot
Mark Donaldson
Pauline Fong
Bharat Patel
Karen Elstone
Rob Pomykacz
Bonnie Lysyk