FW: draft

From: "Ostergard, Matt (TBS)" <matt.ostergard@ontario.ca>
To: "Pichelli, Jason (TBS)" <jason.pichelli@ontario.ca>
Date: Fri, 17 Feb 2017 16:01:10 -0500

What I'm working off of. The question from Antonella is: " Morning Matt: Just following up on the pension assets story. How much surplus does the government believe is in the teachers' pension fund, and why does that differ with the fund which says it's in the hole, financially-speaking? Do you have the permission from the Ontario Teachers Federation to use the assets, or is your position that that is not needed? It's for today. Thanks so much, Antonella"

From: Ostergard, Matt (TBS)
Sent: Friday, February 17, 2017 3:56 PM
To: Tedesco, Lauren (TBS)
Subject: draft

"Hi Antonella,

On the surplus in the Ontario Teachers' Pension Plan, the Pension Asset Expert Advisory Panel chair Tricia O'Malley went into detail on this at her news conference on Monday. The valuation is not in dispute – the numbers are different because they are reached through different accounting standards. OTPP's financial statements are prepared under accounting standards for pension plans in the CPA Canada Handbook, which is a different accounting framework than the Province uses for its financial reporting. The province prepares its financial statements in accordance with Public Sector Accounting Standards, consistent with all senior governments in Canada.

Here's the quote from O'Malley from Monday:

> "No, the – the number is – we're all working with the same number that is based on – and I think it's – this is where it gets complicated because we're talking about the accounting surplus. Okay. Now if you go and look at the published financial statements of either of the plans you'll find two other numbers in some cases. And one of them is under a different set of standards. For the teachers' plan there's one that shows $1.8-billion deficit but that's using the International Financial Reporting Standards, not the public sector standards. And the other one that shows the $13-billion surplus is actually the funding valuation that they file with the Financial Services Commission."

With respect to the Ontario Teachers' Pension Plan, I've attached a copy of the release from Minister Sandals I sent yesterday. The section at the bottom ("Key background information from the Panel") explains the panel's advice on why it counts as an asset, which is advice the government has accepted.

Matt"

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