The Province follows Public Sector Accounting Standards (PSAS) in estimating and reporting pension liabilities. The Public Sector Accounting Board (PSAB) of the Chartered Professional Accounts Canada (CPA) independently establishes accounting standards for the public sector. PSAB standards represent generally accepted accounting principles (GAAP) for governments in Canada and are the primary source for public-sector accounting guidance in Canada.

An accounting valuation is performed using the Province's best estimate of future events including expected inflation, salary escalation rates and investment returns on plan assets. The purpose of an accounting valuation is to measure the pension benefits obligation at the end of the reporting period or a point in time. The objective of reporting pension expense under PSAB's accrual accounting standards is to report the pension expense attributed to the pension benefit earned over the employees' working life. The discount rate used in estimating the pension liabilities for both the OPSEUPP and the OTPP plans as of March 31, 2016 is 6.25%.

For purposes of assessing funding obligations, the Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employee Union Pension Plan (OSPEUPP) use different discount rates of 4.8% and 5.55%, respectively. The objective of the funding based valuation is to calculate the contributions required to ensure sufficiency of funds availability to service future benefits as they come due. The results of the most recent funding valuations are available on the websites of the plans (https://www.otpp.com/ for OTPP and http://www.optrust.com/ for OPSEUPP). The most recent funding valuation for OTPP (as of January 1, 2016) reported a preliminary funding surplus of $13.2 billion, and OPSEUPP (as of December 31, 2015) reported a funding surplus of $8 million.

Because the purpose of a valuation for accounting versus funding is different, the discount rates and the methodologies used for the valuations differ.