FW: FW: Review: Valuation Allowance

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>
Cc: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
Date: Thu, 22 Sep 2016 19:13:54 -0400

Let's talk in the morning -- Cindy

From: lucy.durocher@ca.pwc.com [mailto:lucy.durocher@ca.pwc.com]
Sent: September-22-16 4:31 PM
To: Veinot, Cindy (TBS)
Cc: Petsche, Nadine (TBS)
Subject: Re: FW: Review: Valuation Allowance

Thanks for sending that through Cindy. I will take a look at it.

I forgot to ask on the call whether you and Nadine had given any consideration to the impact of scheduling out anticipated (funding) surplus growth assuming that current service cost remains the same in perpetuity and minimum funding requirements are greater than current service cost under the current Schedule 1 contributions. It might take a long time, but eventually there would be a significant build up of surplus such that the cap on contributions in Schedule 1 section 19 (2a) would kick in (i.e. when the income tax act would not cap contributions). As soon as the minimum contributions under the Schedule 1 drops below the current service cost then you can start to recognize a benefit under paragraph 056 (a) calculations. The only question is, depending on the expectations of surplus growth and when the ITA caps kick in, is when does this occur, and how big is the effect. You have until perpetuity to reach the caps, but obviously the further away the cap is reached, then the lower the benefit when discounted back.

I have reached out to find the right contact in the Netherlands. Given the time difference, I am not sure I will know by tomorrow morning, but I will keep you posted on that avenue.

Regards,
Lucy

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From: "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
To: Lucy Durocher/CA/ABAS/PwC@Americas-CA
Cc: "Petsche, Nadine (TBS)" <Nadine.Petsche@ontario.ca>
Date: 09/22/2016 03:48 PM
Subject: FW: Review: Valuation Allowance

See line 41 of the first tab -- Cindy

From: Fong, Pauline (TBS)
Sent: September-21-16 4:37 PM
To: Raymond, Martin (CA - Montreal) (maraymond@deloitte.ca)
Cc: Veinot, Cindy (TBS); Patel, Bharat (TBS)
Subject: FW: Review: Valuation Allowance

Thank you.

From: Raymond, Martin (CA - Montreal) [mailto:maraymond@deloitte.ca]
Sent: September-21-16 4:10 PM
To: Fong, Pauline (TBS)
Cc: Veinot, Cindy (TBS); Patel, Bharat (TBS); Colley, Matthew (CA - Toronto); Danyluk, Kerry (CA - Toronto)
Subject: RE: Review: Valuation Allowance

Pauline

I did look into your file and seems reasonable vs the previous illustrations that we have exchanged, just one adjustment
You will see in liability sheet I have a line 29 adjustment for other unamortized (this is the transitional asset amortization that goes back to the initial application which is to be included in the test of unamortized losses) this likely affects your 2002 / 2003 valuation allowance.

Also to note is the flaw of the PS3250 that I have highlighted in previous communication :
- In 2008 we did have very bad asset returns and this creates a significant income through reduction of valuation allowance
- In opposite, the years 2010 and 2011 had good returns but you have significant expense through increase of valuation allowance

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De : Fong, Pauline (TBS) [mailto:Pauline.Fong@ontario.ca]
Envoyé : 21 septembre 2016 10:36
À : Raymond, Martin (CA - Montreal) < maraymond@deloitte.ca >
Cc : Veinot, Cindy (TBS) < Cindy.Veinot@ontario.ca >; Patel, Bharat (TBS) < Bharat.Patel3@ontario.ca >
Objet : Review: Valuation Allowance

Hi Martin,

I mocked up the annual valuation allowance based on our discussion yesterday. We went through it with Cindy this morning and she would like you to take a look at the mock-up to confirm that it is consistent to your understanding. In particular bringing the unamortized gain/loss from market related values to market values. Thank you in advance.

Regards,

Pauline Fong , CPA, CA
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 [attachment "image002.png" deleted by Lucy Durocher/CA/ABAS/PwC] [attachment "image003.png" deleted by Lucy Durocher/CA/ABAS/PwC] [attachment "OTPP (incl RCA) Calculations 2015-16 PAv3 (Basis 3) with Valuation Allowance_check.xlsx" deleted by Lucy Durocher/CA/ABAS/PwC]
