FW: OTTP question

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>
Date: Mon, 12 Sep 2016 10:17:16 -0400

Hi Pauline – can we spend a few minutes on this now – I'm wondering if you have the information I'm looking for.

From: Veinot, Cindy (TBS)
Sent: September-12-16 10:15 AM
To: Pomykacz, Rob (MOF); Fong, Pauline (TBS); Tsang, Ingrid (MOF)
Cc: Patel, Bharat (TBS); Killoch, Alex (MOF)
Subject: RE: OTTP question

Thanks all – this is fairly urgent for this morning, so if you could get back to us ASAP that would be much appreciated.

To recap -- in 2014 and 2015 decisions were made by the sponsors of the plan to use part of the surplus in the plan to increase/restore benefits related to the conditional indexation. My question is by deciding to use part of the surplus for that, I'm assuming that the province would then not have to make payments to the plan that it otherwise would have had to make if the surplus was not used for this purpose (e.g. would not have to make the share the pain payments or they would be reduced). Can we quantify that impact to the Province.

The excerpt regarding that decision are below:

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$5 . 1 b illi on p r e li m i na ry f und i ng su r p l us used to boost pens i ons of m e m be rs w ho r e tir ed a ft er 2009 to t he l evel t hey w ou ld have been at if f u ll i n fl a ti on p r o t ec ti on had been p r ov i ded each year s i nce t hey r e tir ed. The su r p l us f unds w e re a l so used to r a i se cond iti onal i n fl a ti on p r o t ec ti on to 60% of t he i nc r ease in t he cost of li v i ng f or t he po rti on of r e tir ees' pens i ons ea r ned a ft er 2009. Bo th changes a re e ff ec ti ve w ith Janua ry 2015 pens i on pay m en t s.

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$6 . 8 b illi on p r e li m i na ry f und i ng su r p l us used to boost pens i ons of m e m be rs w ho r e tir ed a ft er 2009 to t he l evel t hey w ou ld have been at if f u ll i n fl a ti on p r o t ec ti on had been p r ov i ded each year s i nce t hey r e tir ed. The su r p l us f unds w e re a l so used to r a i se c o nd iti onal i n fl a ti on p r o t ec ti on f or pens i on c r ed it ea r ned a ft er 2009 to 70% fr om 60% of t he i nc r ease in t he cost of li v i ng.
Bo t h changes go i n to e ff ect in Janua ry 2016. In add iti on, so me su r p l us f unds w e re r ese r ved to he lp f ac ilit a te s t ab ility in con tri but i on and bene fit l eve ls shou ld a f u t u re f und i ng va l ua ti on show a dec li ne in asse ts or i nc r ease in
pens i o n cos t s.

From: Pomykacz, Rob (MOF)
Sent: September-12-16 9:41 AM
To: Fong, Pauline (TBS); Tsang, Ingrid (MOF)

Cc: Veinot, Cindy (TBS); Patel, Bharat (TBS); Killoch, Alex (MOF)
Subject: RE: OTTP question

Hi Pauline,

Ingrid has the valuations and I will ask her to look into this when she gets in later this morning.

Rob

From: Fong, Pauline (TBS)
Sent: September 12, 2016 9:21 AM
To: Pomykacz, Rob (MOF); Tsang, Ingrid (MOF)
Cc: Veinot, Cindy (TBS); Patel, Bharat (TBS); Killoch, Alex (MOF)
Subject: RE: OTTP question

Hi Rob,

Martin from Deloitte has some follow up questions on the funding valuations below in the history of use of surpluses. Specifically he needs a bit more information on how much was the 2014 surplus and how it was used. See below. Could you provide more details from your end?

Pauline

From: Veinot, Cindy (TBS)
Sent: September-11-16 11:19 PM
To: Fong, Pauline (TBS); Patel, Bharat (TBS)
Subject: Fw: OTTP question

Pauline. Do you have this detail?

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Sent: Sunday, September 11, 2016 22:33
To: Raymond, Martin (CA - Montreal); Petsche, Nadine (TBS)
Subject: OTTP question

Hi Martin,

In the document I circulated yesterday morning regarding the history of the use of surpluses in the plan, it spoke to using parts of the surplus in 2014 and 2015 for inflation protection. Is it possible to tell from the last valuation report filed how much of the 2014 surplus was used for that purpose and how that impacted the province re reduced contributions?

Thanks for your assistance.

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.