FW: R:e Pension Asset Value - confirmation required

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>
Date: Wed, 19 Oct 2016 16:56:33 -0400

Hi Cindy,

Is there anything in the response provided below that you think shouldn't be communicated publicly? Looks like most of the information is already available publicly from the plans websites.
Want to get your comfort-level though before responding.

Thanks
Sarah

From: Bigley, Jane (TBS)
Sent: October-19-16 4:29 PM
To: Hosick, Sarah (TBS)
Cc: Smith, Emilie (TBS)
Subject: R:e Pension Asset Value - confirmation required

Hello Sarah

DMO has asked if you can please confirm that this response is appropriate for a media audience? Have we communicated any of this information publically in the past?
I need this answer by 11 am Thursday morning.

Thanks very much,
Jane

The Province follows Public Sector Accounting Standards (PSAS) in estimating their pension liabilities. The Public Sector Accounting Board (PSAB) of the Chartered Professional Accounts Canada (CPA) has the authority to set 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 and investment return on plan assets. The purpose of an accounting valuation is to measure the pension benefits obligation at the end of the period or a point in time. The purpose is to attribute the cost of the pension benefit earned over the employees' working life. The discount rate used for both of these plans as of March 31, 2016 is 6.25%.

The Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employee Union Pension Plan (OSPEUPP) discount rates of 4.8% and 5.55% are the discount rate used in their funding valuations. The funding basis valuation is performed to calculate the contributions required to secure the benefits promised. 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 for

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.

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