FW: Revised wording for Pension Asset Narrative

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Graham, Helen (TBS)" <helen.graham@ontario.ca>
Date: Wed, 02 Nov 2016 10:45:50 -0400

From: Petsche, Nadine (TBS)
Sent: November-02-16 9:57 AM
To: Jaikaran, Ronald (MOF)
Cc: Hosick, Sarah (TBS)
Subject: RE: Revised wording for Pension Asset Narrative

Thanks Ronald. N

From: Jaikaran, Ronald (MOF)
Sent: November 2, 2016 9:49 AM
To: Petsche, Nadine (TBS); Anderson, Alana (MOF)
Cc: Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Subject: Re: Revised wording for Pension Asset Narrative

Hi Nadine,

Looks like the revised language in 2B was accidentally missed. We'll make sure it gets in at sign off this afternoon.

Thanks,
Ron

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Petsche, Nadine (TBS)
Sent: Wednesday, November 2, 2016 9:46 AM
To: Anderson, Alana (MOF)
Cc: Laughton, Patrick (TBS); Hosick, Sarah (TBS); Jaikaran, Ronald (MOF)
Subject: FW: Revised wording for Pension Asset Narrative

Alana,
Just wanted to confirm, based on yesterday's email exchange between OFA, Tim and Cindy, the revised wording for 2B is as follows:

Pensions reporting
In preparing the *Public Accounts for Ontario 2015-16*, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate interpretation of public sector accounting standards in relation to pension accounting. The Province's interpretation of the standards had been applied consistently since they were first implemented 15 years ago.

The government adopted the Auditor General's accounting interpretation for the treatment of net pension assets for 2015-16 through a time-limited regulatory amendment ('the pension adjustment').

The impact of the change resulted in an additional $10.7 billion being added to the net debt and accumulated deficit and an increase of $1.5 billion to the annual deficit for 2015-16.

Consistent with the regulated accounting treatment adopted in the *Public Accounts of Ontario 2015-16*, the medium term fiscal outlook provided in this Document also reflects a cautious approach to forecasting the pension adjustment in each year. This cautious approach to forecasting the pension adjustment results in an estimated potential impact of $2.2 billion in 2016-17, $2.8 billion in 2017-18 and $3.7 billion in 2018-19.

The government has established a Pension Asset Expert Advisory Panel to assess the interpretation of public sector accounting standards as related to Ontario's pension plans. The Panel will also provide advice on how to value pension assets reported on the Province's books, taking into account future decisions that might be made by the plans' sponsors. Specifically, the Panel will help to inform the amount of net pension assets which should be reflected on the Province's financial statements. A net pension asset arises when the government's total contributions to a plan, including interest earned thereon, are greater than the pension expense recognized since the start of the plan.

The Panel's recommendations will help inform the development of the 2017 Budget and the Province's future accounting treatment for net pension assets.