HOOPP and CAATTPP outstanding considerations

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Date:	Fri, 02 Dec 2016 12:57:38 -0500
Attachments:	0003 C4 Supplement to Pension Asset Position Paper- CAATTPP (Dec 2).docx (221.64 kB); 0001 B3 Supplement to Pension Asset Position Paper- HOOPPopcd to pc (last update Dec 2).docx (56.66 kB)

Cindy,
Attached are the latest versions of the HOOPP and CAATPP papers. Hoping to receive the OPSEUPP paper soon. I propose that these two papers are not ready to be shared on the basis that some additional consideration is necessary. See below for the outstanding considerations from my perspective. n

Outstanding considerations for HOOPP and CAATTPP:

Would an indirect benefit to the Province not result from a direct benefit to the hospitals or colleges to reduce contributions? Similiarly, if the surplus were to be used to enhance benefits, would that not also be a reduction of contributions (economic outflows) that otherwise would have had to be made?

Also, consider whether the following clauses should be included in the papers for completeness sake, perhaps in reference to the question above.

HOOPP

The HOOPP plan text has some indication regarding a potential for contribution reductions:

14.5 Surplus on an Ongoing Basis
(1) If the actuary determines on an on-going basis that there is a surplus in the trust fund at a triennial valuation date equal to or less than ten percent of actuarial liabilities, the administrator, in consultation with the actuary, shall determine the portion, if any, of the surplus to be used for the purpose of improving benefits or reducing the total annual cost.
If a portion of the surplus is to be used to reduce the total annual cost, the amount of surplus so allocated shall be amortized over a period of 10 years from the date of determination, or over such other period as the administrator shall decide in consultation with the actuary and subject to any requirements of the Pension Benefits Act and the Income Tax Act.
(2) If the actuary determines on an ongoing basis that there is a surplus in the trust fund at a triennial valuation date in excess of ten percent of actuarial liabilities, the administrator shall firstly consider using such surplus for plan improvements. If such excess surplus is not used for plan improvements, the administrator may choose, in consultation with the actuary, to use all or a portion of the excess surplus to reduce the total annual cost. The amount of surplus so allocated shall be amortized over a period of 10 years from the date of determination or over such other period as the administrator may decide in consultation with the actuary subject to any requirements of the Pension Benefits Act and the Income Tax Act.

CAATTPP

Th ere isn't a provision in the CAATPP whereby surpluses can be used to reduce employer contributions . While a ccording to the CAATPP Plan Text, there is no ability for the Province to withdraw a surplus from CAATPP. Section 4.10 of the Plan Text reads as follows:

(2) Surplus
(a) Effective January 1, 1993, any prior unutilised funding excess and cumulative gains for each period under review will be utilized in the following order of priority:

(i) to reduce, and eliminate if possible, the payments required to liquidate any going concern unfunded liability; and then
(ii) to reduce, and eliminate if possible, the payments required to liquidate any solvency deficiency.

(b) Effective January 1, 1993, any prior unutilised funding excess plus cumulative gains for each period under review remaining after the utilization set out in subsection (a) above shall be utilized in the following order of priority:

(i) to increase pensions or other benefits payable under the Plan in accordance with Sections 14.05 and 14.06;
(ii) in the manner directed by the Sponsor's Committee.

…one could argue that there is a "remote possibility" for the Province to withdraw a surplus from CAAT or reduce future contributions if directed by the Sponsor's Committee .