ONTARIO TEACHERS' PENSION PLAN

5650 Yonge Street
Toronto, Ontario, Canada
M2M 4H5

tel: **416-228-5900 or 1 877-812-7989**
fax: 416-730-5349
www.otpp.com

January 26, 2018

Cindy Veinot, Assistant Deputy Minister & Provincial Controller
Office of the Provincial Controller Division
Treasury Board Secretariat
2nd Floor, Frost Building South
7 Queen's Park Crescent
Toronto, Ontario M7A 1Y7

Via email: cindy.veinot@ontario.ca

Dear Ms. Veinot:

I am responding to a letter dated December 5, 2017 from Mr. Alex Killoch that requested actuarial and financial information about the Ontario Teachers' Pension Plan (registered pension plan - RPP) and the Retirement Compensation Arrangement (RCA) at December 31, 2017.

Items 1, 3 (except the benefit payment breakdown), 6, 10, 11 and 12 are included in the enclosed letter from Mercer (Canada) Limited.

<u>Item 2 - Market Value of Pension Fund Assets ($ millions)</u>

Please note that we no longer use an asset smoothing method for our financial statements. As such, there is no separate "actuarial" value of assets.

Preliminary market value of assets at December 31, 2017	$ 189,230

<u>Item – 3(a) RPP Benefits Paid ($ millions)</u>

Retirement Pensions	$ 5,407
Survivor Pensions	308
Disability Pensions	26
Lump Sum Death Benefits	72
Refunds	0
Commuted Value Transfers	74
Transfers to Other Plans	8
Family Law Value Transfers	32
Total	$ 5,927

Item – 3(b) RCA Benefits Paid

The RCA pension payments made in 2017 were $8.7 million and the RCA lump sum payments in 2017 were $0.3 million.

Item - 4(a) RPP Contributions ($ millions)

Members		
Current Service	$	1,625
Optional Credit		37
Total	$	1,662
Province of Ontario		
Current Service	$	1,610
Interest		32
Optional Credit		34
Total	$	1,676
Other Employers	$	36
Transfers from Other Plans		11
Total	$	47
Grand Total	$	3,385

Item 4(b) - RCA Contributions ($ millions)

Members	$	8.9
Province of Ontario		6.9
Other Employers		2.1
Total	$	17.9

Item 4(c) - Payments re: Foregone Inflation Adjustments

The RPP foregone inflation amounts in respect of 2016 which are part of the government billing for payment in January 2018 are $1,407,225. The RCA foregone inflation amounts in respect of 2017 which were part of the government billing for payment in December 2017 were $1,195.

Item 5 - Economic Assumptions	**RPP**	**RCA**
Discount Rate	2.95%	1.475%
Salary Escalation Rate	2.70%	2.70%
Inflation Rate	1.70%	1.70%

Item 7 - Net Gain and Loss on Actuarial Value of Assets

Not applicable. Please note that we no longer use an asset smoothing method for our financial statements. As such, there is no separate "actuarial" value of assets.

Item 8 - Schedule of Contributions and Interest Receivable ($ millions)

Contributions	$	1,627
Interest		33
Total	$	1,660

Item 9 - Number of Pensioners and Active Members

Pensioners	139,000
Active Members[1]	184,000

Item 13 – Financial Statements

Not yet available.

We will provide any outstanding information as soon as it is available. In addition, we will send an updated version of this letter if any of the information contained herein is subsequently changed.

Please do not hesitate to call if you have any questions.

Sincerely,

Mary Cover, FSA, FCIA
Managing Director, Pension Strategy and Enterprise Risk
(416) 730-2976
mary_cover@otpp.com

cc: Alex Killoch – Ministry of Finance

[1] The active member count as at 31 December 2017 includes 2,400 members that were on a leave of absence (LOA) in 2017. In previous years, these LOA's were included in the inactive member count. As at 31 December 2016, the LOA's amounted to 2,300.