Pension discount rates -- Teachers

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>
Date: Wed, 07 Sep 2016 17:29:06 -0400
Attachments: Document1.docx (17.78 kB)

Hi – I was thinking about the difference in the discount rates that we spoke about earlier today. IAS 19 requires the use of a discount rate based on high quality corporate bonds. For funded plans, PSAB permits a discount rate using return on assets or cost of borrow. The Province notes that it uses a discount that is equal to the expected rate of return.

I think this is the reason for (part of) the difference between the surplus/benefit in the Teachers' f/s and the Provinces.

Questions:

- Has the province always used the expected return on assets for its discount rate?
- I still think we need to understand the reason for the difference between accounting and funding valuations for Teachers – hopefully we can find the right person internally to discuss that with.

Thanks,