RE: GWL Conference Call - Pension Questions

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>
Date: Thu, 08 Dec 2016 09:57:15 -0500

One more question – for market related, does every plan recognize the market changes over the same period? Is that 5 years?

From: Fong, Pauline (TBS)
Sent: December-08-16 9:48 AM
To: Veinot, Cindy (TBS)
Subject: RE: GWL Conference Call - Pension Questions

Yes. All 5 major plans use market related value. I will put a point forward on file to add further disclosure for the 2016-17 Public Accounts.

Pauline

From: Veinot, Cindy (TBS)
Sent: December-08-16 8:47 AM
To: Fong, Pauline (TBS)
Subject: RE: GWL Conference Call - Pension Questions

Thanks –

Do all of the plans use market related value? We probably should enhance the disclosure to ensure it's clear.

Cindy

From: Fong, Pauline (TBS)
Sent: December-08-16 7:20 AM
To: Veinot, Cindy (TBS)
Subject: Re: GWL Conference Call - Pension Questions

Hi Cindy,

Page 65 is the Province's share of the market related value of assets.

You are correct. Page 68 is the market value at 100 percent and not the Province share. It the same market value reported on each individual plan's website.

Pauline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Veinot, Cindy (TBS)
Sent: Wednesday, December 7, 2016 6:45 PM
To: Fong, Pauline (TBS)
Subject: FW: GWL Conference Call - Pension Questions

Hi Pauline – I have a call on these questions tomorrow afternoon. Can you confirm – is the $141B fund assets on page 65 the market value or the market related value?

I'm assuming the amounts on page 68 are the market values at 100% vs. the province's share.

Thanks,

From: Serena Ly [mailto:Serena.Ly@ofina.on.ca]
Sent: December-02-16 11:48 AM
To: Killoch, Alex (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Manning, Mike (OFA); Wieder, Erica (OFA); Talwar, Garima (MOF); Hosick, Sarah (TBS)
Subject: GWL Conference Call - Pension Questions
Importance: High

Hello everyone,

Please see below for some more detail on what GWL is interested in discussing:

Mike Manning, Executive Director, Capital Markets had an investor meeting with Great West Life and they had a number of questions on pensions. Specifically, they asked about pension assets as shown in the 2015-16 Ontario Public Accounts (page 65 and 68, how the $141,749 is calculated and how it relates to the figures on page 68) and how the discount rates on pension assets are calculated by the different plans.

Page 65 :

Page 68:

6. Pensions and Other Employee Future Benefits

Pensions and Other Employee Future Benefits Liability (Asset)

As at March 31 ($ Millions)	2016	2016	2016	2015
	Pensions	Other Employee Future Benefits	Total	Total
Obligation for benefits	$117,542	$10,999	**$128,541**	$124,726
Less: plan fund assets	(141,749)	(562)	**(142,311)**	(129,880)
Unamortized actuarial gains	12,649	305	**12,954**	6,084
Adjustments[1]	2,246	9	**2,255**	2,221
Accrued liability (asset)	(9,312)	10,751	**1,439**	3,151
Valuation Allowance[2]	10,668	–	**10,668**	–
Total	**$1,356**	**$10,751**	**$12,107**	$3,151

[1] Adjustments for pensions consist of:
i) differences for amounts reported by the pension plans at December 31, instead of the Province's year-end of March 31;
ii) unamortized difference between employer and employee contributions for jointly sponsored pension plans; and
iii) amounts payable by the Province that are reflected as contributions in the pension plan assets.

[2] Valuation allowances are related to the pension assets for the Ontario Teachers' Pension Plan and for the OPSEU Pension Plan (Note 18).

Information on pension plans with accrued benefit obligation in excess of plan fund assets is as follows:

Pensions Benefit Plans

As at March 31 ($ Millions)	2016	2015
Obligation for benefits	**$26,607**	$25,547
Less: plan fund assets	**(25,919)**	(24,144)
Plan Liability	**$688**	$1,403

Information on contributory defined benefit plans is as follows:

	OTPP	PSPP	OPSEU	HOOPP[1]
Government's Best Estimates as of December 31, 2015				
Inflation rate	2.00%	2.00%	2.00%	2.00%
Salary escalation rate	3.00%	3.00%	3.00%	4.25%
Discount rate and expected rate of return on pension assets	6.25%	6.00%	6.25%	5.75%
Actual return on pension assets	13.00%	6.14%	8.00%	5.12%
Accounting Actuarial Valuation as of December 31, 2015				
Market value of pension fund assets ($ millions)	171,440	23,075	18,399	63,924
Employer contributions[2] ($ millions)	1,600	361	214	930
Employee contributions[3] ($ millions)	1,615	318	241	911
Benefit payments (including transfers to other plans) ($ millions)	5,548	1,176	897	1,924
Number of active members (approximately)	183,000	42,000	44,000	196,000
Average age of active members	42.5	45.6	46.1	44.8
Expected remaining service life of the employees (years)	15.3	10.8	12.2	12.8
Number of pensioners including survivors (approximately)	133,000	36,000	34,000	87,000
Government's Best Estimates as of December 31, 2014				
Inflation rate	2.25%	2.25%	2.25%	2.25%
Salary escalation rate	3.25%	3.25%	3.25%	4.50%
Discount rate and expected rate of return on pension assets	6.50%	6.25%	6.50%	6.00%
Accounting Actuarial Valuation as of December 31, 2014				
Market value of pension fund assets ($ millions)	154,476	22,231	17,481	60,848
Employer contributions[2] ($ millions)	1,531	355	218	899
Employee contributions[3] ($ millions)	1,578	310	248	889
Benefit payments (including transfers to other plans) ($ millions)	5,315	1,083	798	1,702

1 HOOPP employer contributions only include the BPS organizations. The market value of pension fund assets, benefit (including transfers to other plans), employee contributions, number of active members, average age of active membe of pensioners including survivors, represent the entire HOOPP plan, including non-BPS organizations.

Thanks,
Serena
