RE: OTTP question

From:	"Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To:	"Raymond, Martin (CA - Montreal)" <maraymond@deloitte.ca>
Cc:	"Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Colley, Matthew (CA - Toronto)" <mcolley@deloitte.ca>
Date:	Mon, 12 Sep 2016 09:26:48 -0400
Attachments:	PensionerAnnounce_ScreenEN_060311.pdf (138.28 kB)

The text below is an excerpt from the employee announcement (attached – see bottom of left column on page 1) when the conditional indexation was commenced in 2011 (I think).

"The Ontario government and other employers that participate in the Teachers' plan will make extra contributions to the pension plan equal to the total annual cost of inflation increases that retirees forgo."

From: Veinot, Cindy (TBS)
Sent: September-12-16 9:24 AM
To: 'Raymond, Martin (CA - Montreal)'
Cc: Petsche, Nadine (TBS); Colley, Matthew (CA - Toronto)
Subject: RE: OTTP question

Thanks,

My understanding if that the Province makes a "share the pain" payment if full indexation is not provided (e.g. to keep things equal when the employees give up some inflation indexation, the Province makes a payment in an equal amount). So wouldn't restoring indexation stop the need of the Province to make this payment?

From: Raymond, Martin (CA - Montreal) [mailto:maraymond@deloitte.ca]
Sent: September-12-16 9:21 AM
To: Veinot, Cindy (TBS)
Cc: Petsche, Nadine (TBS); Colley, Matthew (CA - Toronto)
Subject: Re: OTTP question

Was just writing you the answer at the same time ...
The use of surplus within the agreement goes first to "restore indexation" on the post 2009 service to 100% and to maintain this % to increase the assumption for future indexation on that post 2009 service
So part of the amount you have in your document ended up increasing the pension benefits for the piece of indexing that was not provided yet to 100% for retirees post 2009 on their post 2009 service and part of the amount was attached to increasing conditional indexing to 70% which is an assumption of how we would index in the future the pension for post 2009 service - that piece is more a "reserved amount" because it is still conditional indexing for the future.
So no share goes to the government for contribution reduction since the 1st use is restoration

This is why we mentioned that in the accounting valuation, you do have an assumption that benefits are already 100% indexed for that post 2009 service, hence the rest is not going 1st to restoration since the assumption already takes it to full restoration

Let me know if you need more info on this or if this is clear enough.

Regards

Envoyé de mon iPhone

Le 12 sept. 2016 à 07:09, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca> a écrit :

> Hi Martin – just following up on this – I know its early in Banff! Can you let me know if you have additional insight on this from the funding valuation?
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> Thanks,
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>
> **From:** Veinot, Cindy (TBS)
> **Sent:** September-11-16 10:33 PM
> **To:** Raymond, Martin (CA - Montreal); Petsche, Nadine (TBS)
> **Subject:** OTTP question
>
> Hi Martin,
>
> In the document I circulated yesterday morning regarding the history of the use of surpluses in the plan, it spoke to using parts of the surplus in 2014 and 2015 for inflation protection. Is it possible to tell from the last valuation report filed how much of the 2014 surplus was used for that purpose and how that impacted the province re reduced contributions?
>
> Thanks for your assistance.
>
> Cindy
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> Sent from my BlackBerry 10 smartphone on the Rogers network.