RE: PAEAP Report_QA Supplementary_v3_OTPP_20170216 1425 with NT comments

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Tam, Nelson (TBS)" <nelson.tam@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Fri, 17 Feb 2017 12:21:25 -0500

From: Tam, Nelson (TBS)
Sent: February-17-17 11:35 AM
To: Hosick, Sarah (TBS); Veinot, Cindy (TBS)
Subject: RE: PAEAP Report_QA Supplementary_v3_OTPP_20170216 1425 with NT comments

Cindy, Sarah

The first point is from the position paper and the last point is a para-phrase from the AG report (Section 4). Jim also reviewed.

Suggested response:

> OTPP's financial statements are prepared under accounting standards for pension plans in Part IV of the CPA Canada Handbook ("Part IV"), which is a different accounting framework than the Province uses for its financial reporting. The province prepares its financial statements in accordance with Public Sector Accounting Standards, consistent with all senior governments in Canada. One key difference between these frameworks relates to the discount rate used to value the obligation for future payments to retirees which impacts whether the pension plan is in a net liability or asset position.
>
> For the OTPP financial statements, a lower discount rate is used to measure the obligation, thereby increasing the value of the obligation and causing the pension plan to be in an overall net liability position.
>
> For the province's financial statements, the discount rate used is the expected return on plan assets, which is consistent with the rate used by all senior governments in Canada.
>
> The use of different discount rates is appropriate based on the different accounting frameworks used and does not suggest the province's accounting for the pension plan is incorrect.

From: Hosick, Sarah (TBS)
Sent: February-17-17 10:46 AM
To: Veinot, Cindy (TBS); Tam, Nelson (TBS)
Subject: RE: PAEAP Report_QA Supplementary_v3_OTPP_20170216 1425 with NT comments
Importance: High

Hi Nelson

MO needs the OTPP question immediately (the one that needed work as noted by Cindy below)

The Auditor General says the Ontario Teacher's Pension Plan financial statements show a liability position. So why is Ontario counting the Ontario Teachers' Pension Plans as a surplus?

They are having reporters call on this.

From: Veinot, Cindy (TBS)
Sent: February-17-17 9:48 AM
To: Hosick, Sarah (TBS); Tam, Nelson (TBS)
Subject: PAEAP Report_QA Supplementary_v3_OTPP_20170216 1425 with NT comments

My comments are included -- #2 needs rework – thanks,

Cindy