

RE: Pension Adjustment

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Thu, 01 Dec 2016 20:59:07 -0500

I have asked Patricia to look at the agreements we have on hand for HOOPP and CAATPP to confirm understanding w.r.t reduced contributions. Comments back from Jim suggested that the Sponsoring committee for CAAT might be even be able to agree to a withdrawal of surplus. Problem is that we don't have any internal experts on HOOPP and CAAT. That said, Murray Goldberg would likely be able to shed some light.

N

From: Veinot, Cindy (TBS)
Sent: December-01-16 8:52 PM
To: Petsche, Nadine (TBS)
Subject: Re: Pension Adjustment

Hope you feel better tomorrow.

Re the question below, I think we have to look at the issue from a consolidated perspective. The hospitals and colleges will benefit from a contribution reduction so the consolidated entity would as well. The concern I have is that neither the Province nor the BPS entities appear to have any impact on determining the use of the Surplus (at least for HOOPP - I haven't read the CAATT analysis yet).

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Petsche, Nadine (TBS)
Sent: Thursday, December 1, 2016 7:29 PM
To: Veinot, Cindy (TBS)
Subject: RE: Pension Adjustment

Cindy,

It's been a pretty rough day, but I did manage to get a few things done. In terms of the CAATPP and HOOPP analysis (attached), the outcome might be to take a full VA due to provincial expectation of benefit. However, if one were to argue that the colleges and hospitals themselves could benefit through reduced contributions, then the Province would benefit indirectly (reduced future funding to hospitals and school boards which account for the plans on a DC basis). Is there any value in reflecting that consideration in the analysis?

N

From: Veinot, Cindy (TBS)
Sent: December-01-16 5:39 PM
To: Kandeepan, Ken (OFA); Petsche, Nadine (TBS)
Cc: John Psinas
Subject: RE: Pension Adjustment

Nadine is off sick, so a couple of quick comments, remembering that the estimates from the prior year originally forecast increases in the assets each year and the impact of the \$1.5 and \$3.7 are to take the

assets down to NIL.

- 1) As you noted, based on the estimate generated last year for the budget and public accounts for OTPP, the amortization of the unrealized gains is expected to increase (e.g. \$400M to \$1 Billion between 15-16 and 18-19). In addition, the excess of the interest income generated on the assets as compared to the interest in the obligation is forecast to continue to increase (e.g. \$900M to \$1.3 Billion between 15-16 and 18-19)
- 2) The \$3.7 includes 4 plans vs. 2 plans – both HOOPP and CAATT are expected to move into an asset position by 2018-19. The governance structure for these plans differs from OTPP and OPSEU, so the results of the Panel review may differ on the treatment of these plans. We have never disclosed that HOOPP and CAATT may be impacted by name.

Hope that helps,

Cindy

From: Ken Kandeepan [<mailto:Ken.Kandeepan@ofina.on.ca>]
Sent: December-01-16 4:14 PM
To: Petsche, Nadine (TBS)
Cc: John Psinas; Veinot, Cindy (TBS)
Subject: Pension Adjustment

Hi Nadine

As Mike Manning meets investors including financial institutions the pension adjustment questions does come up on a regular basis. Thanks to the explanations previously provided by you, including the briefing note that you shared we are able to adequately respond to all questions so far.

However, on a pro-active basis I do have one more. The PA increases to \$3.7 billion in 2018-19 from \$1.5 billion in 2015-16. As I understand it a major component of the PA is the amortization of the gain on the assets over an appropriate period. So our question is; does it mean that the gain on assets has increased to such an extent that the resulting amortization of the gain has also increased by more than two-fold over 3 years.

I am including Cindy as well in this questions since she has provided me with some explanations on other aspects of this issue and she may also be able to shed some clarity.

Thanks and if you believe this can be best answered by a short meeting between you and Mike and myself, we will be happy to schedule one.

Ken k

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