RE: Pension Assets

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Killoch, Alex (MOF)" <alex.killoch@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>, "Tam, Nelson (TBS)" <nelson.tam@ontario.ca>, "Keates, James (TBS)" <james.keates@ontario.ca>, "Pomykacz, Rob (MOF)" <robert.pomykacz@ontario.ca>
Cc: "Buckland Foster, Jamie (MOF)" <jamie.buckland.foster@ontario.ca>
Date: Thu, 16 Mar 2017 10:21:27 -0400

Thanks Alex

From: Killoch, Alex (MOF)
Sent: March-16-17 10:00 AM
To: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Tam, Nelson (TBS); Keates, James (TBS); Pomykacz, Rob (MOF)
Cc: Buckland Foster, Jamie (MOF)
Subject: RE: Pension Assets

Hi Cindy,

Contribution rates have never gone down. The plan was created in 1917 and the contribution rate has consistently gone up. David is correct that the government has never taken a contribution holiday for OTPP.

Attached is the historic information on employee and employer rates, which can also be found at:

https://www.otpp.com/documents/10179/20940/-/5e471c2b-23f1-44e6-b5c1-d22e3e50dbc3/How%20Contribution%20Rates%20Have%20Evolved.pdf

The current special payment of 1.1% which is reflected in the table as a contribution rate of 1.1% is currently scheduled to be removed in 2026. Still to be determined is what the long term current service cost contribution rate will be.

Alex

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Alex Killoch
Director, Broader Public Sector Pensions Branch
Ministry of Finance
416 325-5724
Alex.Killoch@Ontario.ca

From: Veinot, Cindy (TBS)
Sent: March 15, 2017 7:09 PM

To: Hosick, Sarah (TBS); Tam, Nelson (TBS); Keates, James (TBS); Killoch, Alex (MOF); Pomykacz, Rob (MOF)
Subject: FW: Pension Assets

Hi everyone -- We have a meeting with the FAO on Friday re: pension accounting.

Re the questions in the email below:

Alex/Rob – do you have the data that shows the percentage of the OTPP contributions as a percentage of salary on a historical basis – there is a comment below that it has never gone down – not sure I've seen that data.

Nelson/Jim – we have all the data re: past uses of surpluses for OTPP and OPSEU – can you pull together what we need to show the FAO how past surpluses have been used (e.g. may not have reduced future contributions, but has been used to eliminate extra payments, etc.)

Sarah – see the request re: updated pension information – can you check with Patrick re: whether this is something we will share at this point? If so, we'll need slide – expect there may be one in the pension deck that Pauline had prepared that was shared upstairs while I was away.

Thanks all,

Cindy

From: Hughes, Karen (TBS)
Sent: March-13-17 3:03 PM
To: Veinot, Cindy (TBS)
Cc: Laughton, Patrick (TBS)
Subject: Fw: Pension Assets

Further to our conversation.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: David West <dwest@fao-on.org>
Sent: Monday, March 13, 2017 2:25 PM
To: Hughes, Karen (TBS)
Cc: Laughton, Patrick (TBS); Peter Harrison; Schuurman, Tim (MOF)
Subject: Pension Assets

Hello Karen,

Following our telephone call last week and your offer of assistance (I think you offered! ☺), there are two areas that we are hoping your staff could provide some assistance.

Specifically,

- Are there any precedents (perhaps with OPSEUPP) where the government benefited from a contribution holiday? If so, what agreement existed in these circumstances?
  Our understanding is that the government has never taken a contribution holiday with the OTPP and in fact the government's OTPP contribution rates have only ever increased.

- Can the FAO obtain updated values for the impact of the pension adjustment on expense and

net debt over the next four years – as was provided on page 141 of the 2016 FES?
We haven't determined (yet) how we will reflect the debate on the appropriate accounting treatment of net pension assets in the budget projections included in the FAO's next Economic and Fiscal Outlook report. However, it seems likely that we will want to present the budget balance both with and without the valuation allowance that was used in the 2016 FES presentation – which would require this updated information. (By the way, we plan to release our next EFO post Budget.)

As always, we greatly appreciate your assistance.

Cheers,
David

David West
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