RE: Preliminary pension and other retirement benefit expenses

From: "Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>
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Date: Mon, 20 Feb 2017 13:24:04 -0500

Cindy….I don't follow all the tables, and I'm not sure if "valuation allowance" is another word for "pension adjustment" we've been using all this time, but if I'm understanding your email correctly, the right "delta" vs. the gap we're currently carrying in the fiscal plan tracking to MMMP and the Cabinet retreat is:

- A deterioriation (i.e. higher pension expense) of $0.518B in 17-18, $0.522B in 18-19, and $0.388B in 19-20.
- A slight improvement (i.e. lower pension expense) of $0.051B in 16-17.

Compared to last year's Budget fiscal plan:

- A deterioriation (i.e. higher pension expense) of $0.599B in 17-18, $1.203B in 18-19, and $1.077B in 19-20.
- A slight improvement (i.e. lower pension expense) of $0.029B in 16-17.

Am I reading this right?

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From: Veinot, Cindy (TBS)
Sent: February-17-17 4:45 PM
To: Hughes, Karen (TBS); Petsche, Nadine (TBS); Dutton, Andrea (TBS); Cook, Tim (TBS); Schuurman, Tim (MOF); Dodbiba, Teuta (TBS)
Cc: Hosick, Sarah (TBS); Laughton, Patrick (TBS); Fong, Pauline (TBS); Li, Wendy (TBS); Sun, Alicia (TBS); Ma, Patricia (TBS)
Subject: Preliminary pension and other retirement benefit expenses

Attached is a preliminary estimate of the pension expense for 2016-17 and beyond.

There are two tables of numbers – the first is the full expense/income for each plan, the second (shaded in blue) is the change from the numbers being tracked for MMMP that has no valuation allowance for OPSEUPP or OTPP and full valuation allowances for HOOPP and CAATPP. The current working assumption is a full valuation allowance for HOOPP and CAATPP, although the Panel has not completed its work on these plans and so that assumption is subject to change.

Also, in light of the spotlight that pensions are currently under, we engaged an advisor (EY) to review OPCD's work. The box at the bottom of this table includes a list of outstanding items that OPCD is working through with EY. Should there be changes resulting from these items, we'll let you know.

Have a good weekend,

Cindy