RE: Preliminary pension and other retirement benefit expenses

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Tue, 21 Feb 2017 16:54:20 -0500

Hi Cindy

Based on the 2016-17 Employer Contributions, the estimated impact would be up to $20M (reduction in expense) for 2016-17 for PSPP and OSPSEU combined. The team is not 100% sure of the estimated cumulative impact at this point.

They also corrected the table below to read:

PSPP, OPSEU - E&Y further review of adjustment for other employers' contribution outside the GRE (future consideration , not for 2017 Budget forecast)

This will be corrected in the next version of the summary sheet.

Thanks
Sarah

From: Veinot, Cindy (TBS)
Sent: February-21-17 4:05 PM
To: Hosick, Sarah (TBS)
Subject: RE: Preliminary pension and other retirement benefit expenses

See one question below – in bold

From: Hosick, Sarah (TBS)
Sent: February-21-17 3:07 PM
To: Veinot, Cindy (TBS)
Subject: RE: Preliminary pension and other retirement benefit expenses

Hi Cindy

Please see table below. Patricia will be updating the summary sheet based on the info below and sending it for your review later today.

Outstanding Item	Expected Completion Date?
• PSPP, HOOPP & CAATPP - Potential impact of changing the method of calculating MRVA	Draft Deck to Cindy Today
• HOOPP & CAATPP - E&Y review of valuation allowance calculation	Done – no calculation errors of the valuation allowance based on the current method of the 100% write-off of pension net assets. Pending any considerations from the expert panel.
• CAATPP - E&Y further review of forecasting model	Done – no changes to expenses forecasted based on review (except MRVA issue above)
• PSSP - further review of forecasting model after suggested changes from E&Y	Done – minor changes (to be updated in the summary sheet today)
• CMM - further review of forecasting model from E&Y (lower priority as amounts will be small)	Done – minor changes (to be updated in summary sheet today)
• OPSEU - impact of changing the method of calculating MRVA	Draft Deck to Cindy Today
• PSPP, OPSEU - E&Y further review of adjustment for other employers' contribution outside the GRE (future consideration , not for 2017 Budget forecast) – CV – is this immaterial?	(future consideration , not for 2017 Budget forecast)
• HOOPP, CAATPP, OPSEU - E&Y further review of amortization of difference in employer and employee contributions (immaterial; future consideration , not for 2017 Budget forecast)	(immaterial; future consideration , not for 2017 Budget forecast)

From: Veinot, Cindy (TBS)
Sent: February-21-17 12:58 PM
To: Hosick, Sarah (TBS)
Subject: FW: Preliminary pension and other retirement benefit expenses

Can you get an ETA re: resolution of the outstanding items at the bottom of this spreadsheet – I'm assuming this week sometime.

Thanks,

From: Fong, Pauline (TBS)
Sent: February-21-17 10:01 AM
To: Hosick, Sarah (TBS)
Cc: Petsche, Nadine (TBS); Sun, Alicia (TBS); Veinot, Cindy (TBS); Patel, Bharat (TBS)
Subject: RE: Preliminary pension and other retirement benefit expenses

Hi Sarah,

See my response in yellow below. Please forward to relevant parties. If Tim has further questions, someone in his area can give a call.

Pauline

From: Schuurman, Tim (MOF)
Sent: February-20-17 1:24 PM
To: Veinot, Cindy (TBS); Hughes, Karen (TBS); Petsche, Nadine (TBS); Duran-Schneider, Maria (TBS)
Cc: Hosick, Sarah (TBS); Laughton, Patrick (TBS); Fong, Pauline (TBS); Li, Wendy (TBS); Esmail, Selena (MOF); Birks, Ryan (MOF)
Subject: RE: Preliminary pension and other retirement benefit expenses

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 (Valuation allowance = pension adjustment) , 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 $0.308B in 19-20.
- A slight improvement (i.e. lower pension expense) of $0.051B in 16-17.

The above fiscal pressure and savings represents the delta between current update versus prior year's budget figures with pension adjustment booked for HOOPP and CAATPP and no pension adjustment for OTPP & OPSEU (i.e. was reversed). Note total fiscal impact on the first tab (that ties into the figures above) include fiscal impacts of other retirement benefits, other employee future benefits carried in TBS Employer Pensioner Benefits vote and other TBS pensions (i.e. judges, etc). The second tab only includes the major pension plans and other retirement benefits.

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.

Yes the grey figures are the above relate to change from current update versus original plan with out-year's flat-lined for pensions.

Am I reading this right?

Tim Schuurman
Assistant Deputy Minister
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7 Queen's Park Cres.
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Tel: 416-327-0173

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