RE: Review: Analysis

From: "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>
To: "Raymond, Martin (CA - Montreal)" <maraymond@deloitte.ca>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Patel, Bharat (TBS)" <bharat.patel3@ontario.ca>, "Colley, Matthew (CA - Toronto)" <mcolley@deloitte.ca>, "Gary, Trevor (CA - Toronto)" <tgary@deloitte.ca>, "Grindley, Clair (CA - Toronto)" <clgrindley@deloitte.ca>
Date: Tue, 20 Sep 2016 14:26:55 -0400

Hi Martin,

Can you give me a call to discuss your analysis as I need to understand how you are arriving in the amortized losses using market value of assets versus market related value of assets? I am working on numbers on possible outcomes and need some clarification.

My number is 416-212-4007.

Pauline

From: Raymond, Martin (CA - Montreal) [mailto:maraymond@deloitte.ca]
Sent: September-16-16 1:32 PM
To: Veinot, Cindy (TBS); Fong, Pauline (TBS)
Cc: Petsche, Nadine (TBS); Patel, Bharat (TBS); Colley, Matthew (CA - Toronto); Gary, Trevor (CA - Toronto); Grindley, Clair (CA - Toronto)
Subject: RE: Review: Analysis

Cindy

As indicated in my previous email, the expense and contribution will not necessarily be equal.
It will most likely be equal when we have the unamortized gains situation.
In other cases, when we create unamortized losses in either Market related value of assets or Fair value of assets accounting position, we will encounter times of difference (this is linked to the flaw we have identified in the PS3250 standard of immediate recognition of ceiling impact but the amortization of gains and losses).

Enclosed are base scenario and some losses situations that show how Fiscal 2017 may differ in results for OTPP.
Base scenario matches the estimate you had in files, only that we have added the ceiling effect (considering a 0 expected future benefit).

Let me know if you want to discuss these.

Remember that ceiling as per 3250 needs to be performed under Fair value even if the accrued benefit asset is based on market-related value accounting.

Martin Raymond, FSA, FCIA
Partner – Audit – Actuarial services
Deloitte
1190 Avenue des Canadiens-de-Montréal, Montréal, H3B 0M7, Canada

Tel / Direct : 514-393-7367
Fax : 514-390-4104
maraymond@deloitte.ca | www.deloitte.ca

De : Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Envoyé : 14 septembre 2016 21:11
À : Fong, Pauline (TBS) < Pauline.Fong@ontario.ca >; Raymond, Martin (CA - Montreal) < maraymond@deloitte.ca >
Cc : Petsche, Nadine (TBS) < Nadine.Petsche@ontario.ca >; Patel, Bharat (TBS) < Bharat.Patel3@ontario.ca >
Objet : RE: Review: Analysis

Martin – just to add to Pauline's message – the Province has not changed its view regarding the appropriateness of its accounting. This analysis is to assist those involved with the decision making understand the impact on the annual surplus/deficit on a go-forward basis of the AG's view.

This is a very critical piece of data, so if you or Trevor could have a look at it for confirm Pauline's understanding, that would be greatly appreciated.

Thanks,

Cindy

From: Fong, Pauline (TBS)
Sent: September-14-16 6:36 PM
To: Raymond, Martin (CA - Montreal) (maraymond@deloitte.ca)
Cc: Petsche, Nadine (TBS); Veinot, Cindy (TBS); Patel, Bharat (TBS)
Subject: Review: Analysis

Hi Martin,

Cindy as requested me to reach out to you to see review the above analysis. My understanding is if the Province were to write-down the net pension asset for their joint sponsored defined benefit plans to nil, the annual pension expense (PSAB expense + change in valuation allowance) will equal to the Province's employer contributions made during the year.

The attached file is excerpts of the following plans:

OTTP (excluding RCA)
OPSEU Pension Plan
HOOPP
CAATPP

The file contains what the Province is currently carrying in the forecast before any change in policy compared to what the revised forecast would be if the policy is changed. Please review and let us know if there is something else missing from my analysis on the impacts on the fiscal plan going outwards. Note: HOOPP is forecasted to reach the asset position in 2017-18 and CAATPP is expected to reach the asset position starting 2016-17.

Regards,

Pauline Fong , CPA, CA
Senior Analyst, External Reporting
Office of the Provincial Controller Division | Office of the Treasury Board | Treasury Board Secretariat
7 Queen's Park Crescent, Frost South, 2nd Floor, Toronto, ON, M7A 1Y7
Phone: (416) 212-4007
Pauline.fong@ontario.ca