RE: Speaking notes for OPTrust - Accounting part

From: "Marcos, Helder (TBS)" <helder.marcos@ontario.ca>
To: "Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Dodbiba, Teuta (TBS)" <teuta.dodbiba@ontario.ca>
Date: Tue, 17 Apr 2018 15:02:25 -0400

Thanks Mark.

From: Donaldson, Mark (TBS)
Sent: April-17-18 2:59 PM
To: Marcos, Helder (TBS)
Cc: Veinot, Cindy (TBS); Dodbiba, Teuta (TBS)
Subject: RE: Speaking notes for OPTrust - Accounting part

edits

From: Marcos, Helder (TBS)
Sent: April 17, 2018 12:20 PM
To: Donaldson, Mark (TBS)
Cc: Veinot, Cindy (TBS); Dodbiba, Teuta (TBS)
Subject: Speaking notes for OPTrust - Accounting part

Hey Mark,

Just wanted to quickly check in and make sure that a section of my speaking notes for the Board meeting today makes sense from an accounting perspective. Below is a section that I would appreciate your feedback on – mostly to make sure I am not saying anything wrong. And if you can find a way to make it more plain language, all the better.

Thanks,
Helder

There is a risk that the Superintendent of Financial Services, the Financial Services Tribunal or a reviewing court may find that Select, if implemented as proposed, does not comply with the requirements for jointly-sponsored pension plans, which may result in several reputational, financial and accounting impacts.

Based on the government's current accounting policy, as a JSPP, the province is able to recognize its share of net pension assets (and the related in-year fiscal impacts) ~~provided that no valuation allowance is required~~ to a maximum limit as determined by a ceiling test. Currently, the net asset position is lower than the ceiling and no valuation is required .

Should the Plan lose its JSPP status, these accounting rules would no longer apply and the Province ~~may no longer be eligible~~ would need to re-assess its ability to record these assets ~~and be~~ or if it would be required to take a full valuation allowance.

- *** The projected net pension asset position of the Plan at March 31, 2018 is $1B.**