RE: Urgent (Public Accounts Item re: Pension Asset Ceiling)

From: "Hatzis, Len (TBS)" <len.hatzis@ontario.ca>
To: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Kaufman, Paul (TBS)" <paul.kaufman@ontario.ca>
Date: Tue, 13 Sep 2016 14:11:51 -0400

Thanks

-----Original Message-----
From: Petsche, Nadine (TBS)
Sent: September 13, 2016 12:12 PM
To: Hatzis, Len (TBS)
Cc: Veinot, Cindy (TBS)
Subject: FW: Urgent (Public Accounts Item re: Pension Asset Ceiling)
Importance: High

Len,
A contact in BC for you to reach out to. N

-----Original Message-----
From: Fischer, Carl M FIN:EX [mailto:Carl.Fischer@gov.bc.ca]
Sent: September 13, 2016 12:10 PM
To: Petsche, Nadine (TBS)
Cc: Roelants, Dominique PENC:EX
Subject: RE: Urgent (Public Accounts Item re: Pension Asset Ceiling)

Hi Nadine, since sponsorship of the plans in BC is through the independent plan boards rather than government your best point of contact would be Dominique Roelants, Executive Officer at the Pension Board Secretariat. Dominique is a lawyer with expert knowledge of the plans and has been instrumental in the development of plan governance since the inception of joint trusteeship.
The contact information is:
Dominique Roelants, Executive Officer
Pension Board Secretariat
250-356-6065
dominique.roelants@pensionsbc.ca

-----Original Message-----
From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Monday, September 12, 2016 6:32 PM
To: Fischer, Carl M FIN:EX
Subject: RE: Urgent (Public Accounts Item re: Pension Asset Ceiling)

Hi Carl.
Sorry to bother you again, but our legal folks would like to speak with their appropriate legal counterparts on your end regarding legal aspects of your plans. Our AG continues to refer to BC's situation, so we feel it necessary to explore legal differences between the plans. They are quite keen on engaging as soon as possible.
Thanks in advance.
Nadine

-----Original Message-----
From: Fischer, Carl M FIN:EX [mailto:Carl.Fischer@gov.bc.ca]
Sent: September-06-16 11:51 AM
To: Petsche, Nadine (TBS); Newton, Stuart A FIN:EX
Subject: RE: Urgent (Public Accounts Item re: Pension Asset Ceiling)

Hi Nadine, we do not include the surplus position of any of our plans because the employer partners give up any right to surplus in the Joint Trust Agreements. So it is an explicit contractual provision, and that means the participating organizations do not have a right to any asset - so no asset to report. That provision was established because it is critical to establishing the independence of the four plan boards. For accounting purposes it means that as long as the plans are in a surplus position, for the GRE they operate effectively like a DC plan with target benefit like contribution provisions.

-----Original Message-----
From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Tuesday, September 6, 2016 7:12 AM
To: Newton, Stuart A FIN:EX; Fischer, Carl M FIN:EX
Subject: RE: Urgent (Public Accounts Item re: Pension Asset Ceiling)

Good morning Stuart and Carl.
I realize it is still early in BC, but I was hoping that you might have a chance to consider the request below. Any information you can share would be most appreciated. Alternatively, if there is someone in your pension group that we can chat with, we would be happy to do so.
Regards,
Nadine

-----Original Message-----
From: Petsche, Nadine (TBS)
Sent: September 3, 2016 9:29 AM
To: Stuart.Newton@gov.bc.ca
Cc: 'Carl.Fischer@gov.bc.ca' (Carl.Fischer@gov.bc.ca)
Subject: FW: Urgent (Public Accounts Item re: Pension Asset Ceiling)
Importance: High

Good morning Stuart.
I see that Carl is away from the office until next week. I'm not sure if he is checking his emails, so I thought that it would be best to forward the request below to you. This item remains significant audit risk for us, despite the results of our analysis. Any advice/info you can provide to help us manage our risk would be MUCH appreciated.
Thanks in advance.
Nadine
-----Original Message-----
From: Petsche, Nadine (TBS)
Sent: September-03-16 9:23 AM
To: 'Carl.Fischer@gov.bc.ca' (Carl.Fischer@gov.bc.ca)
Cc: Patel, Bharat (TBS)
Subject: Urgent (Public Accounts Item re: Pension Asset Ceiling)
Importance: High

Good morning Carl.
I hope that this note finds you well and enjoying the last weekend of the summer before the kids go back to school. My daughter just returned from a visit to BC (Whistler and Vancouver) and enjoyed the beautiful scenery, lifestyle and hospitality so much that she now wants to move there. I suppose that's no surprise:-)

I have a favour to ask that impacts our 2015-16 Public Accounts audit. We have recently completed an analysis for two of our DB pension plans under PSAB's pension asset ceiling guidance and shared our positive results with the AG. Despite our conclusions, the AG still seems to have some concerns. Although note explicitly stated, it appears that BC's adopted accounting treatments w.r.t. plans in a net asset position may be a significant factor in her position. We noted the extract below in the notes to your CFS and were hoping that you could provide additional details on your decision not to record net asset positions, including the nature of 'restrictions' that were factored into your decision. We are hoping to resolve all of our outstanding audit issues by Wednesday, so we're hoping you can share additional details as soon as possible. We will make ourselves available at your convenience to chat about this item (with your unit and/ or your pension division, as appropriate).

Thanks in advance Carl.
Nadine

1. Significant Accounting Policies

Employee Pension Plans

The province accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service. The amount is calculated using the accrued benefit actuarial cost method. Where plans are in a net asset position and Joint Trusteeship Agreements restrict access to the assets, the province records the value of plan net assets as nil. The province records a liability for its share where plans are in a net obligation position. Changes in net liabilities/assets, which arise as a result of actuarial gains and losses, are amortized on a straight-line basis over the average remaining service period of employees active at the date of the adjustments. Past service costs from plan amendments are recognized in full in the year of the amendment.