

Re: Additional Documentation

From: "Killoch, Alex (MOF)" <alex.killoch@ontario.ca>
To: "Paul, Joshua (EDU)" <joshua.paul@ontario.ca>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Duffy, Paul (EDU)" <paul.duffy@ontario.ca>, "Roberto, Nicole (EDU)" <nicole.roberto@ontario.ca>, "Sekaly, Gabriel (EDU)" <gabriel.sekaly@ontario.ca>
Date: Sun, 18 Sep 2016 16:07:25 -0400

It is hard to find the share the pain because our contributions are based on 100 indexation.

\$13.2 billion preliminary funding valuation was as of January 1, 2016. The partners decided to use \$8.6 billion of this amount to restore inflation protection.

The \$8.6 billion cost of moving to 90% conditional inflation protection is made up primarily of two parts:

1. Approximately \$4.3 billion increase in future payments to members, to provide inflation protection at 90% instead of 70%
2. Approximately \$4.3 billion reduction in future "share the pain" payments by the Province to the Plan

That would leave \$4.6 billion in the plan for contingencies. That would be split 50/50 with the OTF, so the value that could be attributed to government is \$2.3 billion.

Hope that helps

Alex

From: Paul, Joshua (EDU)
Sent: Sunday, September 18, 2016 3:24 PM
To: Veinot, Cindy (TBS); Killoch, Alex (MOF)
Cc: Petsche, Nadine (TBS); Duffy, Paul (EDU); Roberto, Nicole (EDU); Sekaly, Gabriel (EDU)
Subject: Re: Additional Documentation

Ok, are they looking for a public document or will an email suffice?

When CIP was introduced, the government agreed to make 'share the pain' contributions above its normal contributions equivalent to the 'pain' felt by teachers related to reduced inflation protection (as long as that stayed within the 100 to 50 percent range).

When the partners started to restore inflation protection, the 'share the pain' extra contributions from govt go down proportionally.

So that's why 13.2B in surplus was reduced by 8.6 because 4.3 is the estimated future value of extra indexation (70 to 90) and 4.3 is the estimated future value of the extra govt contributions now foregone.

Does this work?

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Veinot, Cindy (TBS)
Sent: Sunday, September 18, 2016 3:09 PM
To: Paul, Joshua (EDU); Killoch, Alex (MOF)
Cc: Petsche, Nadine (TBS); Duffy, Paul (EDU); Roberto, Nicole (EDU); Sekaly, Gabriel (EDU)
Subject: RE: Additional Documentation

Yesterday

From: Paul, Joshua (EDU)
Sent: September-18-16 3:09 PM
To: Veinot, Cindy (TBS); Killoch, Alex (MOF)
Cc: Petsche, Nadine (TBS); Duffy, Paul (EDU); Roberto, Nicole (EDU); Sekaly, Gabriel (EDU)
Subject: Re: Additional Documentation

We'll see what we can up.

Timing?

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Veinot, Cindy (TBS)
Sent: Sunday, September 18, 2016 2:55 PM
To: Killoch, Alex (MOF); Paul, Joshua (EDU)
Cc: Petsche, Nadine (TBS)
Subject: FW: Additional Documentation

Alex and Josh – see below re: Deloitte's question that is highlighted. Are you aware of a good summary of how the indexation of inflation works.

Thanks,

Thanks,

From: Colley, Matthew (CA - Toronto) [<mailto:mcolley@deloitte.ca>]
Sent: September-18-16 2:48 PM
To: Petsche, Nadine (TBS)
Cc: Veinot, Cindy (TBS)
Subject: Additional Documentation

Hi Nadine,

After our call with the lawyers there are a couple of items that we were wondering if we could see:

The announcement that was made this week on the indexation of inflation to 90% is a tough concept to understand in how this reduces future funding requirements (I think the share the pain payment was specifically mentioned). Could someone on your team do a write up on what this means? Additionally, I believe that this indexation was increased in the past – would the write up be able to talk how future contributions were reduced in those instances as well.

Osler's has made reference to a 2012 term sheet. Could you get us a copy of this?

There was a memo from Lise Houlse (at Mercer's) to Mary Cover (Ontario Teachers' Pension Plan) dated June 17, 2016. Could we obtain this as well?

Kind regards,

Matt

Matthew Colley

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