Re: TTC Pension Accounting Inquiry

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Thu, 08 Jun 2017 08:06:18 -0400

Fyi. Would you like to set up a call? N

From: Mike St. Amant
Sent: Wednesday, June 7, 2017 9:34 PM
To: Petsche, Nadine (TBS)
Subject: RE: TTC Pension Accounting Inquiry

Thanks Nadine.

The short answer is that it's complicated.

TTC
My understanding of the TTC's accounting for the surplus is that, as a jointly sponsored plan, the surplus is not available to the TTC and therefore is completely allowed for. The fund itself, is an anomaly as its jointly sponsored by the TTC and the union. However, as plan increases are ad hoc, any surplus will likely be used for future inflation, and unlikely to be used to decrease.
http://www.toronto.ca/legdocs/mmis/2016/au/bgrd/backgroundfile-94497.pdf

City 5 Legacy pension funds
The city has 5 pre-OMERS funds that each have surpluses for accounting purposes. Although some of the funds have documents that show that the City has access to the surplus, differing legal opinions, and funding requirements based on solvency valuations, have resulted in non-recognition of surpluses – although this year (statements to be released in about 2 weeks) we are considering reflecting that the City has a contingent asset, amount to be determined once mergers with OMERS are further along.

I had thought that the province restructured the plans from provincially sponsored, to jointly sponsored, in order to avoid responsibility for deficits, and that therefore surpluses would be treated similarly.

You may wish to contact someone from the Public Sector Accounting Discussion Group, who have carriage of this issue:
http://www.frascanada.ca/standards-for-public-sector-entities/public-sector-accounting-discussion-group/about-the-group/item74241.aspx

I'm back tomorrow, if you wish to discuss.

…Mike

From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: June 6, 2017 2:30 PM
To: Mike St. Amant <Mike.St.Amant@toronto.ca>
Subject: TTC Pension Accounting Inquiry

Hi Mike.
It was good to see you again at the IIA event in April. I hope that this note finds you well.

At a recent CD Howe event, the topic of pension accounting came up and reference was made to the TTC's pension plan for which a pension allowance is recorded under PSAS. I was hoping to get some additional details on the accounting treatment, since the person who raised it appears to think that the facts related to the TTC accounting treatment are the same as Ontario's jointly sponsored pension plans (Ontario Teacher's Pension Plan and the Ontario Public Sector Employee Union Pension Plan).

I understand that you are away from the office for a couple of days. Hoping we might be able to touch base when you are back, or that you might be able to share some additional details in the meantime.

Thanks in advance.

Nadine Petsche
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Ontario Treasury Board Secretariat
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