Speaking notes for OPTrust - Accounting part

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Date: Tue, 17 Apr 2018 12:19:54 -0400

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.

Should the Plan lose its JSPP status, these accounting rules would no longer apply and the Province may no longer be eligible to record these assets and be required to take a full valuation allowance.

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