

Plan	OTPP	(in \$B)	Information
a) Value of asset - market value used		85,7	<i>From Excel File</i>
b) Value of accounting obligation		58,2	<i>From Excel File</i>
c) Surplus (deficit)		27,5	<i>a - b</i>
d) Unamortized (gains) losses - market value used		-16,2	<i>From Excel File</i>
e) Adjustment for March 31, 2016		-0,9	<i>From Excel File</i>
f) Asset (liability) position		10,4	<i>c + d + e</i>
g) Specific Government adjustment		-0,3	<i>From Excel File</i>
h) Final Asset (liability) position on balance sheet		10,1	<i>f + g</i>
i) Adjusted benefit asset		10,1	<i>h - max (0 ; d) as per PS3250.053</i>
j) Expected future benefit		10,2	<i>Minimum EFB basis calculation illustrated (k - l + m)</i>
k) - Perpetuity of employer service cost		44,6	<i>r)</i>
l) - Minimum funding requirement		34,4	<i>s), assuming contribution to 2026 as per the report for special contribution, no excess return used for simplicity</i>
m) - Surplus withdrawal		0,0	<i>As per the plan funding policy, the employer would have some access to surplus withdrawal. For simplicity, we have used 0 in the test.</i>
TEST : Valuation allowance = max (0 ; i - j)		0,0	<i>No valuation allowance required, no adjustment to the balance sheet asset position, PS3250.050 and PS3250.054</i>

Expected Future Benefit Calculations

n) Total plan service accrual accounting	2,9	<i>From AON Memorandum (August 2, 2016) and OTPP Jan 26, 2016 documentation</i>
o) Employer service accrual share	50%	<i>From AON Memorandum (August 2, 2016) and OTPP Jan 26, 2016 documentation</i>
p) Expected return on asset - accounting assumption	6,25%	<i>From AON Memorandum (August 2, 2016) and OTPP Jan 26, 2016 documentation</i>
q) Salary increase - accounting assumption	3,00%	<i>From AON Memorandum (August 2, 2016) and OTPP Jan 26, 2016 documentation</i>
r) Perpetuity of Employer service cost - accounting	44,6	<i>n * o / (p - q), present value of all future service cost to the employer (the 50% share)</i>
s) Minimum employer funding requirement as at March 31, 2016	34,4	<i>Sum of the present value of future required contributions (table below), using the funding report and assuming a 33 year period of additional contribution requirement (until 2048)</i>
t) Expected Future Benefit	10,2	<i>r - s, Perpetuity of employer service cost minus the minimum funding requirement as at March 31, 2016</i>

Year	Estimated Contributions ¹	Present value of each contribution	% assumpt	\$B return
2016 ²	1,3	1,2	6,25%	5,4
2017	1,7	1,6	4,85%	4,2
2018	1,8	1,6		1,2
2019	1,8	1,5		
2020	1,9	1,5		
2021	2,0	1,4		
2022	2,0	1,4		
2023	2,1	1,3		
2024	2,1	1,3		
2025	2,2	1,3		
2026	2,3	1,2		
2047	4,2	0,6		
2048	4,3	0,6		

¹ Estimated contributions from funding report (p.16), increased based on salary increase accounting assumption

² Remaining contributions used as at March 31,2016 (9 months for 2016)

Plan	OPSEU	(in \$M)	Information
a)	Value of asset - market value used	9 200	<i>From Excel File</i>
b)	Value of accounting obligation	7 778	<i>From Excel File</i>
c)	Surplus (deficit)	1 422	<i>a - b</i>
d)	Unamortized (gains) losses - market value used	-558	<i>From Excel File</i>
e)	Adjustment for March 31, 2016	-292	<i>From Excel File</i>
f)	Asset (liability) position	572	<i>c + d + e</i>
g)	Specific Government adjustment	-52	<i>From Excel File</i>
h)	Final Asset (liability) position on balance sheet	520	<i>f + g</i>
i)	Adjusted benefit asset	520	<i>h - max (0 ; d) as per PS3250.053</i>
j)	Expected future benefit	547	<i>Minimum EFB basis calculation illustrated (k - l + m)</i>
k)	- Perpetuity of employer service cost	6 262	<i>r)</i>
l)	- Minimum funding requirement	5 714	<i>s), assuming contribution to 2026 as per the report for special contribution, no excess return used for simplicity</i>
m)	- Surplus withdrawal	0	<i>As per the plan funding policy and plan text, it is unclear whether the employer would have some access to surplus withdrawal. For simplicity, we have used 0 in the test.</i>
TEST : Valuation allowance = max (0 ; i - j)			<i>No valuation allowance required, no adjustment to the balance sheet asset position, PS3250.050 and PS3250.054</i>

Expected Future Benefit Calculations

n)	Total plan service accrual accounting	407	<i>From OPSEU Jan 25, 2016 documentation</i>
o)	Employer service accrual share	50%	<i>From OPSEU Jan 25, 2016 documentation</i>
p)	Expected return on asset - accounting assumption	6,25%	<i>From OPSEU Jan 25, 2016 documentation</i>
q)	Salary increase - accounting assumption	3,00%	<i>From OPSEU Jan 25, 2016 documentation</i>
r)	Perpetuity of Employer service cost - accounting	6 262	<i>n * o / (p - q), present value of all future service cost to the employer (the 50% share)</i>
s)	Minimum employer funding requirement as at March 31, 2016	5 714	<i>Sum of the present value of future required contributions (table below), using the funding report and assuming a 35-year period of additional contribution requirement (until 2050)</i>
t)	Expected Future Benefit	547	<i>r - s, Perpetuity of employer service cost minus the minimum funding requirement as at March 31, 2016</i>

Year	Estimated Contributions ¹	Present value of each contribution		% assumpt	\$M return
2016 ²	204	199	<i>Accounting return on asset</i>	6,25%	575
2017	279	259	<i>Funding return on asset</i>	5,85%	538
2018	287	251	<i>Excess return each year using best estimate</i>		37
2019	296	243			
2020	305	236			
2021	314	228			
2022	323	221			
2023	333	215			
2024	343	208			
2025	353	202			
2026	364	196			
2027	375	190			
2028	386	184			
2029	398	178			
2030	410	173			
2031	422	167			
2032	435	162			
2049	718	96			
2050	740	93			

¹ Estimated contributions from funding report (p.12), increased based on salary increase accounting assumption

² Remaining contributions used as at March 31,2016 (9 months for 2016)