FW: OTPP

From: "Hughes, Karen (TBS)" <karen.hughes@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Hatzis, Len (TBS)" <len.hatzis@ontario.ca>
Date: Wed, 14 Sep 2016 19:11:48 -0400
Attachments: Key Funding Decisions.pdf (145.53 kB); AnnRepCommentary2000 (1).pdf (1.44 MB); Financials2000.pdf (241.89 kB)

FYI

From: Sekaly, Gabriel (EDU)
Sent: September 14, 2016 5:11 PM
To: Hughes, Karen (TBS)
Cc: Paul, Joshua (EDU)
Subject: OTPP

Karen,

Please find attached some additional info on the OTPP as discussed.

From the 2000 Financials – p. 17-18

Pursuant to the *Partners' Agreement* between the Ontario Teachers' Federation (OTF) and the Province, the Partners entered into negotiations to decide how to utilize the gain. Pursuant to the agreement reached on April 18, 1998, the Partners agreed to share the 1998 actuarial gain of $6.78 billion and future gains in the following sequence:
(i) $2.24 billion would be spent on improving benefits;
(ii) special payments on the pre-1990 unfunded liability would be eliminated at an estimated cost
of $8.45 billion; and
(iii) a further $8.45 billion less the $2.24 billion would be spent on improved benefits or member contribution rate reductions, subject to the Province's consent prior to April 1, 2001; or held in a contingency reserve as determined by the OTF.

As a result, $2.24 billion of the gain was used to improve benefits under the Plan, and the remaining $4.54 billion of the gain was used to eliminate the obligation of the Province to make special payments after November 30, 2008.

From this summary of Key funding Decisions

A preliminary $6.8 billion surplus was distributed: $2.2 billion to pay for the 85 factor window from 1998 to 2002 and further lower the CPP reduction to 0.6%; $4.6 billion to reduce the value of special payments owed by the Ontario government. OTF and the Ontario government agree future surplus would be used to eliminate the government's remaining special payments, and the next $6.2 billion surplus would be available to OTF for benefit improvements.

From the Annual Report 2000 (pg. 6)

In 1998, the Ontario Teachers' Federation (OTF) and the Ontario government signed an agreement under which they improved benefits and allowed the government to use surplus to eliminate the special payments it was making to pay off the pre-1990 unfunded liability.

This occurred in 1998 and 1999. The OTF would then receive a similar amount, set at $6.2 billion, for use at its discretion. The plan started 2001 with a funding surplus of $6.8 billion. Effective April 1 2001, $6.2 billion of this surplus will be used by the OTF to improve benefits.

Hope this is helpful

Gabriel

Gabriel F. Sékaly
Assistant Deputy Minister/Sous-ministre adjoint
Financial Policy and Business Division/ Division des politiques financières et des opérations
Ministry of Education/Ministère de l'Éducation
416-325-6127
gabriel.sekaly@ontario.ca