# RE: Preliminary pension and other retirement benefit expenses

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| **From:** | "Sun, Alicia (TBS)" <alicia.sun@ontario.ca> |
| **To:** | "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca> |
| **Cc:** | "Ma, Patricia (TBS)" <patricia.ma2@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca> |
| **Date:** | Thu, 23 Feb 2017 12:04:17 -0500 |
| **Attachments:** | Pension Assets Market-Related Value_for NPP and CV_V2.pptx (230.14 kB) |

Hi Cindy/Nadine,

Here are some points for you to consider. We have received response from PSPP on our questions. The revised deck here reflects the updated information.

Thanks,
Alicia

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- Recommendation
  - To adopt E&Y's recommended method in 2016-17 pension forecast prospectively since this is the best practice according to E&Y's review.
- Rationale:
  - To achieve consistency of method among the pension plans. (Will be in-line with OTPP method)
  - Prospective vs. retrospective application:
    - The differences between the current approach and E&Y's recommended approach are timing differences, which will be fully amortized eventually.
    - The time and efforts required to restate past years outweigh the benefits.
- Other considerations
  - A change in expense (reduction in this case) would possibly invite more questions from the Auditor General on the reason for the change in approach

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**From:** Veinot, Cindy (TBS)
**Sent:** February 22, 2017 3:02 PM
**To:** Sun, Alicia (TBS); Hosick, Sarah (TBS)
**Cc:** Petsche, Nadine (TBS); Ma, Patricia (TBS)
**Subject:** RE: Preliminary pension and other retirement benefit expenses

Alicia and Nadine – what is your recommendation and why?

Cindy

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**From:** Sun, Alicia (TBS)
**Sent:** February-22-17 11:46 AM
**To:** Hosick, Sarah (TBS)
**Cc:** Petsche, Nadine (TBS); Ma, Patricia (TBS); Veinot, Cindy (TBS)
**Subject:** FW: Preliminary pension and other retirement benefit expenses

Hi Sarah,

I just want to check to see whether Cindy has got a chance reviewed the deck yet.

Before we finalize the pension numbers, I would expect that a decision to be made whether we are going to implement the change in accordance with the E&Y's recommended approach or keep the status quo.

Thanks,
Alicia

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**From:** Sun, Alicia (TBS)
**Sent:** February 21, 2017 1:51 PM
**To:** Petsche, Nadine (TBS); Veinot, Cindy (TBS)
**Cc:** Ma, Patricia (TBS); Hosick, Sarah (TBS); Fong, Pauline (TBS); Li, Wendy (TBS)
**Subject:** RE: Preliminary pension and other retirement benefit expenses

Hi Nadine/Cindy,

Please see attached a draft deck to address the below issues as highlighted by Sarah in red.

Please review and provide your comments.

| Outstanding Item | Expected Completion Date? |
|---|---|
| • PSPP, HOOPP & CAATPP - Potential impact of changing the method of calculating MRVA | Draft Deck to Cindy Today |
| • HOOPP & CAATPP - E&Y review of valuation allowance calculation | |
| • CAATPP - E&Y further review of forecasting model | |
| • PSSP - further review of forecasting model after suggested changes from E&Y | |
| • CMM - further review of forecasting model from E&Y (lower priority as amounts will be small) | |
| • OPSEU - impact of changing the method of calculating MRVA | Draft Deck to Cindy Today |
| • OPSEU - E&Y further review of adjustment for other employers' contribution within GRE (future consideration) | |
| • OPSEU - E&Y further review of amortization of difference in employer and employee contributions (immaterial; future consideration) | |

Thanks,
Alicia