

RE: Review: Analysis

From: "Raymond, Martin (CA - Montreal)" <maraymond@deloitte.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>
Cc: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Patel, Bharat (TBS)" <bharat.patel3@ontario.ca>, "Colley, Matthew (CA - Toronto)" <mcolley@deloitte.ca>, "Gary, Trevor (CA - Toronto)" <tgary@deloitte.ca>, "Grindley, Clair (CA - Toronto)" <clgrindley@deloitte.ca>
Date: Fri, 16 Sep 2016 13:32:24 -0400
Attachments: test_valuation_allowance_2017 MRVA & MVA unamort loss.pdf (10.86 kB);
test_valuation_allowance_2017 MRVA unamort loss.pdf (10.82 kB);
test_valuation_allowance_2017 MVA unamort loss.pdf (10.87 kB);
test_valuation_allowance_2017 base.pdf (10.73 kB)

Cindy

As indicated in my previous email, the expense and contribution will not necessarily be equal. It will most likely be equal when we have the unamortized gains situation. In other cases, when we create unamortized losses in either Market related value of assets or Fair value of assets accounting position, we will encounter times of difference (this is linked to the flaw we have identified in the PS3250 standard of immediate recognition of ceiling impact but the amortization of gains and losses).

Enclosed are base scenario and some losses situations that show how Fiscal 2017 may differ in results for OTPP.

Base scenario matches the estimate you had in files, only that we have added the ceiling effect (considering a 0 expected future benefit).

Let me know if you want to discuss these.

Remember that ceiling as per 3250 needs to be performed under Fair value even if the accrued benefit asset is based on market-related value accounting.

Martin Raymond, FSA, FCIA

Partner – Audit – Actuarial services

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De : Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Envoyé : 14 septembre 2016 21:11
À : Fong, Pauline (TBS) <Pauline.Fong@ontario.ca>; Raymond, Martin (CA - Montreal) <maraymond@deloitte.ca>
Cc : Petsche, Nadine (TBS) <Nadine.Petsche@ontario.ca>; Patel, Bharat (TBS) <Bharat.Patel3@ontario.ca>
Objet : RE: Review: Analysis

Martin – just to add to Pauline's message – the Province has not changed its view regarding the appropriateness of its accounting. This analysis is to assist those involved with the decision making understand the impact on the annual surplus/deficit on a go-forward basis of the AG's view.

This is a very critical piece of data, so if you or Trevor could have a look at it for confirm Pauline's understanding, that would be greatly appreciated.

Thanks,

Cindy

From: Fong, Pauline (TBS)
Sent: September-14-16 6:36 PM
To: Raymond, Martin (CA - Montreal) (maraymond@deloitte.ca)
Cc: Petsche, Nadine (TBS); Veinot, Cindy (TBS); Patel, Bharat (TBS)
Subject: Review: Analysis

Hi Martin,

Cindy as requested me to reach out to you to see review the above analysis. My understanding is if the Province were to write-down the net pension asset for their joint sponsored defined benefit plans to nil, the annual pension expense (PSAB expense + change in valuation allowance) will equal to the Province's employer contributions made during the year.

The attached file is excerpts of the following plans:

OTTP (excluding RCA)
OPSEU Pension Plan
HOOPP
CAATPP

The file contains what the Province is currently carrying in the forecast before any change in policy compared to what the revised forecast would be if the policy is changed. Please review and let us know if there is something else missing from my analysis on the impacts on the fiscal plan going outwards. Note: HOOPP is forecasted to reach the asset position in 2017-18 and CAATPP is expected to reach the asset position starting 2016-17.

Regards,

Pauline Fong , CPA, CA

Senior Analyst, External Reporting

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TBS

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