

PROVINCIAL JUDGES PENSION PLAN

2200 – 200 King St. West
Toronto, ON M5H 3X6

September 30, 2021

The Honourable Prabmeet Sarkaria

President of the Treasury Board
Whitney Block
99 Wellesley Street West, 4th Floor, Suite 4320
Toronto, ON M7A 1W3

Dear Minister:

Re: Provincial Judges Pension Board Annual Report

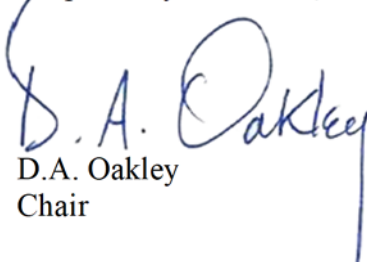
On behalf of the Provincial Judges Pension Board and in accordance with Ontario Regulation 290/13, I am pleased to provide the Report of the Provincial Judges Pension Board for the period January 1, 2020, to March 31, 2021.

As you know the Board has been focused on implementing a governance framework for the redesigned Plan since its new mandate became effective January 1, 2020. Consequently, this report covers the first 15 months of the reconstituted Board operations under its expanded mandate.

The report was originally submitted September 14, 2021 in a final draft form, and I had committed to providing a final version once the Board had an opportunity to review and formally approve the report at its regular Quarterly Meeting today. The report was approved, and I am attaching the final version in satisfaction of our obligations as a provincial agency.

I am confident that this submission meets all requirements within the Agencies & Appointments Directive, and I would be happy to respond to any questions or areas requiring further clarification should any arise.

Respectfully submitted,



D.A. Oakley
Chair

Enclosure

- c. Marc Rondeau, Treasury Board Secretariat
Michael Vannelli, Treasury Board Secretariat
Karen Elstone, Treasury Board Secretariat

Annual Report
of the
Provincial Judges Pension Board
for the period
January 1, 2020 – March 31, 2021

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Message from the Chair

When the new PJPB funding framework was enacted on January 1, 2020, the role and responsibilities of the Provincial Judges Pension Board (the Board) were dramatically transformed. Since then, the Board has worked diligently with our stakeholders to build a pension governance system that will support our new fiduciary and administrative obligations under the redesigned Plan.

Ontario Pension Board (OPB) agreed to continue acting as our agent, performing all aspects of the day-to-day administration of the Provincial Judges Pension Plan (PJPP). OPB was instrumental in implementing all major processes and systems required for a seamless transition to the new three-tiered pension benefit. As a result, the Board was able to: meet its payroll obligations; have trust funds in place to receive member and Sponsor contributions; and fulfill all regulatory requirements related to Registered Pension Plan and Retirement Compensation Arrangement set up and administration. Most importantly, the Plan was fully operational by January 1, 2020.

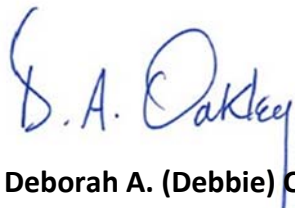
The redesigned funding framework required the Board to take on expanded fiduciary, management and regulatory responsibilities relating to the investment and operation of the 2 new trusts. The Investment Management Corporation of Ontario (IMCO) was engaged effective March 17, 2020 to provide investment management services to the Board. Work continued throughout 2020 to define the Board's investment policy so that a quality draft would be available for feedback once the appointment of the AOJ Board representative was finalized and the Board fully constituted. In the meantime, plan assets would be held in money market accounts.

Along with the addition of new responsibilities for the oversight of fund investments, the Board's size was expanded from 3 to 5 members. This was an important change since the Board composition would now require investment competencies. On February 27, 2020, we were delighted to welcome Gus Gatzios and then shortly after, Kevin Adolphe effective April 16, 2020. Both Kevin and Gus are highly skilled, professionals with investment expertise who would play key roles in developing the Board's investment management structures and policy. Finally, on January 7, 2021, we welcomed Justice Thomas McKay, a member of both the Provincial Judges Pension Plan and the Association of Ontario Judges. With Justice McKay's appointment, the Board was fully constituted and able to move forward with improved transparency on the plan redesign implementation.

After serving two terms as a valued member of the Board, Lisa Philipps decided against seeking reappointment for a third term. Lisa was an exceptional colleague and her insights and unselfish service over the past 6 years were deeply appreciated by all who worked closely with her.

We maintained our focus on effective plan governance, high quality service delivery, and strong stakeholder relations throughout 2020 and into 2021. Since the redesign became effective, the Board has made solid progress building a foundation of new structures and processes for good governance while improving service levels our members and pensioners. The Board continues to act on communication opportunities to explain the Plan changes, the impact on the member/pensioner and clarifying our role in delivering their pension promise. We always endorse a collaborative approach with our stakeholders, whether consulting on member communications content or best method of delivery.

This annual report chronicles the Board's first full year and a quarter of operations, and it has been my distinct pleasure to serve as Chair during this extraordinary period. Thank you to my Board colleagues. Your diligence over this past year is appreciated and will be felt for years to come. On behalf of the Board, I want to acknowledge the professionalism and support delivered by staff at Ontario Pension Board and the Investment Management Corporation of Ontario during our inaugural year of operation. There is still more work to do to complete the implementation of the plan redesign, but we have accomplished a lot together since January 2020 and I look forward to building on that strong foundation over the coming year.



Deborah A. (Debbie) Oakley
Chair, Provincial Judges Pension Board
September 14, 2021

THE YEAR IN REVIEW

Throughout 2020 and into 2021 the Board's priority was to establish a sound governance framework for the administration of the Plan. Our steady progress over that period has been marked by the several achievements, including:

Seamless Transition

By the time Plan redesign became operational January 1, 2020, PJPB had already adopted trust agreements for the Registered Pension Plan (RPP) and Retirement Compensation Arrangement (RCA). With the agreements and required financial controls in place, the Board was able to transition its operations seamlessly to the new 3 tier benefit design. All pension payments were made on time and the RPP and RCA trusts were able to receive and hold member and Sponsor contributions once they were deducted and remitted to the funds.

Documenting the Governance Framework

In March 2020, the Board took a significant step forward, reaching agreement with IMCO on the terms of an Investment Management Agreement that would enable investment in low-risk money market instruments until the Board could adopt a longer-term investment strategy. With this and a new custodial services agreement in place, \$421M was transferred from the Consolidated Revenue Fund to the RPP as part of the government's initial funding allocation commitment.

With the reconstitution of the Board the existing Memorandum of Understanding (MoU) needed to be revised to reflect the new accountability relationships, clarify roles and responsibilities, and set out expectations including administrative and financial arrangements. The new MoU was rewritten in consultation with the Board and adopted by the Minister and the Chair in June 2020.

The Board is committed to creating a governance framework that clearly defines roles, responsibilities, and accountabilities for all participants in the governance process. In December of 2020, it adopted its first General By-Law to help achieve that clarity. The By-Law primarily codifies the Board's operations and how it delegates its authority under the Plan, and it will be able to evolve over time according to the future needs of the Board as it fulfills its fiduciary obligations.

Ontario Pension Board (OPB) was named in the Plan provisions as the service provider to the Board. Negotiations began with OPB to reach agreement on services to be provided and a fee structure in respect of the redesigned PJPP. After considering its operational and governance requirements, the Board asked OPB to take on a larger role, than initially proposed, in supporting the operations and management of the Provincial Judges Pension Plan and its Funds. OPB advised the Board that it is agreeable to assuming a "management role" in the

administration of the Plan however, OPB administration services and costs would need to be reevaluated. A revised draft of the original service agreement, consolidating feedback from earlier versions defining the roles and responsibilities of the parties including the scope of their accountability is circulating for comment. In the meantime, a temporary arrangement is in place to ensure OPB is properly remunerated until the agreement can be finalized.

There are continuing discussions between the Board, TBS, and the Association of Ontario Judges (AOJ) regarding the AOJ's role in implementation of the redesigned plan and whether the government has additional obligations to consult with them under the Remuneration Commission process. As a result, completion of the Statement of Investment Policies and Practices and the strategic asset allocation was not finalized by March 31, 2021, as expected. Discussions among the parties are continuing.

Data Validation Letter

The mandate of the Board was expanded to include responsibility for providing pension services to and communication with sitting judges, and the maintenance of the data required to administer these pension entitlements. Historically though, data management for this group was not within the scope of the Board's responsibilities as this was administered by the Ontario Government. The Board wanted to use verified data to mitigate risk to both, its reputation, and its ability to communicate effectively with the Plan's membership.

In the fall of 2020, OPB completed a member data validation exercise on behalf of the Board by providing all 292 plan members with their respective pension related data, received from Ontario Shared Services (OSS), and asking them to review for accuracy and any gaps. Thereafter, data would be validated at least annually through the distribution of the APS. Members were advised of their role in maintaining current accurate data and in the absence of updates, the transferred data would be assumed to be accurate for the purpose of future service delivery including production of an Annual Pension Statement in 2021.

The project team was formed in May 2020 with OPB project management and business resources. With the support of key stakeholders (AOJ and CJO), OPB was able to act on their feedback to execute a coordinated communication plan that required five different communications to the membership promoting the need for member participation.

The option for electronic submission of the change/confirmation form, via the CJO was made available for a limited time. Thereafter members would have to follow a regular process to submit information changes via mail. An overall response rate of just over 81% of 292 members was achieved.

OPERATIONAL PERFORMANCE

Delivery of Pensions

For the period ending March 31, 2021, the PJPB continued delivering high-quality cost-effective services to 338 beneficiaries receiving pensions or survivor allowances from the PJPP and 295 full time sitting judges.

The Board conducted five regular quarterly meetings in that period to consider regular business (e.g., approval of pension payments, receive operational reports) and special approvals related to the redesign implementation. An additional 32 working meetings were convened to consider special business related to the implementation or facilitate briefings with key stakeholders. As the Board was dealing with transition to a new governance structure, this was a significant but not unexpected increase over prior years.

The Board monitors its service providers through regular reporting on pending and outstanding work at its regular meetings. The Board also relies on the quarterly presentation of the PJPP Call Activity Report to assess telephone service delivery performance. These reports facilitate Board oversight of service delivery relative to commitments within the service agreements.

The PJPB met or exceeded its client service standards over the period of this report, no application for pension or other benefit from the Plan, or pension estimates, take longer than 60 days in total to process.

Once again there were no requests for adjudication or appeals of decisions made during the reporting period.

At its regular quarterly meetings, PJPB reviewed and approved 18 new annual pensions and survivor allowances, all under the new plan provisions that require calculation of the three-tiered pension benefit entitlement. In the reporting period ending March 31, 2021, there were no applications for lump sum payments in respect of family law settlements, however the Board approved 1 refund of contributions on resignation.

The corresponding annual value of new pensions and survivor allowances approved by the Board for payment was \$4.13 million. All pension payments commenced on time and within service commitments.

Annual Cost of Living Adjustments

The PJPP provides for annual cost of living increases calculated using two different methods. Depending on the judge's eligibility, they may receive either a Consumer Price Index (CPI) adjustment every January 1st or an adjustment based on the Industrial Aggregate Index (IAI)(Canada) given to sitting judges each April 1st. These payments are approved each year by the Board and there are two adjustments made in a fiscal year.

In 2020, the Board approved escalation adjustments to 150 pensions and survivor allowances to reflect the annual IAI salary adjustments under the Framework Agreement on Judges' Remuneration. Effective April 1st, pensions for affected retired provincial judges or their survivors were increased by 3.35%. Salary adjustments for 2020 were released by the Plan Sponsor in August and the adjusted pensions and retroactive amounts were paid on schedule in October.

For 2021 the CPI escalation was calculated as 1% and applied to a total 197 pensions and survivor allowances effective January 1, 2021. The Board approved payment of the COLA adjusted pensions from each of the respective funds and the adjusted pensions went into pay on January 22nd. Each affected pensioner and survivor received a communication advising of their increase and providing a brief explanation of the COLA calculation.

Sensitivity of Judges Data

Personal information belonging to sitting and retired judges is extremely sensitive and if accidentally disclosed could have a serious effect on the privacy and personal safety of the individual judge. The Board recognizes the special circumstances that apply to judges and requires that OPB ensure personal information is adequately secured and especially prior to transmission by mail or electronic means. Member communications containing personal information (e.g., Data Validation) have been deployed according to OPB's well-established privacy and disaster recovery policies, as a result the Board was able to successfully mitigate the risks associated with a privacy breach.

FINANCIAL PERFORMANCE

Since its inception, the Provincial Judges' Pension Plan has operated as an unfunded plan, with contributions held by, and pension payments made from the Province's Consolidated Revenue Fund (the CRF). With the Fund redesign, effective January 1, 2020, two components of the plan, being the Registered Pension Plan ("RPP") and the Registered Compensation Arrangement ("RCA") became funded pension arrangements, with assets being held and invested under newly created trusts. In effect, these became entities separate from the Province and require financial statements, which are audited by the Auditor General of Ontario. The third component of the plan, the Supplementary Plan (SUPP) will continue to be funded from the Province's CRF.

On March 23, 2020 approximately \$421M was transferred from the CRF to the RPP as part of the government's initial funding allocation commitment. Those funds are now invested with IMCO and are being held in low-risk money market instruments until the Board can formally adopt a longer-term investment strategy.

Regular member contributions continue to flow into the RPP and RCA. The Province is contributing just under \$3M per month to the RCA as a special funding payment. Fifty percent of these special payments, along with the member contributions are sent to a Refundable Tax Account with the Canada Revenue Agency. No money is currently being contributed to the Supplemental Pension Plan by the Province.

An initial actuarial valuation was prepared for the Provincial Judges Registered Pension Plan as at January 1, 2020, for the purpose of establishing the Plan's contribution requirements in accordance with the Income Tax Act, until the next actuarial valuation is performed. The valuation was filed with Canada Revenue Agency (CRA) and the actuary's recommendations for employer contributions to the Plan were approved. The RPP is exempt from Ontario's Pension Benefits Act, so the valuation is not filed with the Financial Services Regulatory Authority of Ontario (FSRA). The RCA and SUPP Plans are not registered plans, so while the funding obligations are prepared by the Plan actuary there is no similar requirement to file a valuation with either CRA or FSRA.

The Board is responsible for the administration of the Plan and investment of its funds but has no employees to carry out its responsibilities. Both OPB and IMCO have personnel, facilities, systems, and processes in place to administer all aspects of a pension plan and fund. OPB and IMCO have been named to play key roles in supporting the Board and are providing defined services to the Board on a cost recovery basis. Plan expenses related to RPP and RCA administration are paid from the respective funds. Expenses relating to the SUP are paid directly by the Province.

MANDATE ACHIEVEMENTS

The Minister's mandate letter was received in October of 2019. The Board was asked to focus on the following three priorities:

- 1) "Supporting and facilitating the ongoing implementation of the new Plan governance structure resulting from the new funding design, including assisting in providing communications to plan members regarding the new structure"

Comments

The Board identified 22 priorities required to implement the new funding design and establish operations. As of March 31, 2021, 14 priorities have either been completed or resolved. The remaining priorities are composed of both Investment and Plan Administration objectives. These objectives have been affected by on-going discussions between the Board, Treasury Board Secretariat (TBS representing the Sponsor), and the Association of Ontario Judges (AOJ) regarding the AOJ's role in implementation of the redesigned plan. As a result, progress on the completion of certain priorities (e.g.,

Statement of Investment Policies and Practices and the strategic asset allocation) has been slower than expected.

The Board's mandate was expanded under Plan redesign to include responsibility for member communications. OPB is supporting the Board mandate by developing priority communications that raise the Board's profile with the membership, deliver value and establish the Board as a trusted source of Plan information. Recent communication initiatives included:

- a) Notice of tax slip changes – with the introduction of the RCA, members and pensioners were receiving new tax slips for the 2020. In consultation with the AOJ, OPB created and delivered multiple communications explaining the tax slip changes so the membership could adapt to the change. On February 4th, the notices were mailed to retirees and posted electronically with the AOJ for sitting judges.
 - b) Virtual pre-retirement seminar – on January 14, 2021, OPB presented a plan overview to 40 judges expecting to retire in the next few years. Judges attending the seminar received a pension estimate and a copy of the slide deck for future reference. As part of a training initiative a small contingent of OPB Client Service Staff attended the presentation as well.
 - c) Template renewal - Pension estimate and family law template letters have been revised to integrate the redesigned plan. Entitlements under each benefit tier are reported to support effective decision-making by the member. Forms were also refreshed so they align with the redesigned plan.
 - d) Welcome letter for new plan members – A letter from the Chair of the Board now introduces newly appointed judges to the Plans key features and provides information on how to get service. The welcome letter is expected to encourage a personal long-term client relationship.
- 2) “Completing a data validation for sitting Judges to enhance the accuracy and quality of member data that will be used to create a personalized pension statement for delivery the following year, and”

Comments

OPB completed the data validation project in 2020. The initiative enabled almost 300 sitting judges to review and correct their pension related personal information for the first time. Data validation is expected to improve the quality of member data and value of PJPP service offerings, including the delivery of their first annual pension statement in 2021.

Plan members began receiving their Data Validation packages on September 18, 2020. The package provided members with their basic personal information that was transferred from Ontario Shared Services and asked them to review and confirm accuracy through a special information change form. This form was temporarily available on-line through the Chief Justice Office.

By the end of the project OPB has confirmed data for 237 or 81% of sitting judges.

- 3) Preparing your annual business plan based on the expanded duties of the Provincial Judges Pension Board that result from the new funding design.

Comments

With the appointment of Justice Thomas McKay, the Board was finally fully constituted in January 2021. Up until that point, the Board was very concerned that proceeding with the 2020 business plan and establishing the governance framework, in the absence of the fully appointed Board, was not in the best interests of the beneficiaries of the Plan. The Board, in consultation with TBS, instead focused on a list of implementation priorities with the intention of deferring long term commitments until the Board was fully appointed. The Annual Business Plan for 2021-2024 was prepared based on the expanded mandate of the new Plan. We intend to take the same approach with the business plan for next 3-year Business Plan commencing 2022.

BOARD OF DIRECTORS

Appointee	Date First Appointed	Current Term Expiry Date	Total Annual Remuneration¹	Per Diem Remuneration Rate²	Expenses
Deborah Anne Oakley, Chair	October 22, 2009	March 12, 2023	\$36,700	\$200	N/A
Elizabeth Boyd, Member	April 10, 2013	December 10, 2023	\$11,700	\$150	N/A
Gus Gatzios, Member	February 27, 2020	February 27, 2023	\$3,900	\$150	N/A
Kevin Adolphe, Member	April 16, 2020	April 16, 2023	\$7,650	\$150	N/A
Justice Thomas McKay, Member	January 7, 2021	January 7, 2024	\$N/A ³	\$150	N/A
Lisa Philipps, Member	February 26, 2014	March 26, 2020 ⁴	\$750	\$150	N/A

¹ Fiscal Year ending March 31, 2021.

² Remuneration rate according to Schedule A to the Agencies and Appointments Directive.

³ As a sitting Judge, Justice McKay is not eligible to receive the per diem remuneration for his work on the Board.

⁴ Effective date of L. Philipps resignation from the Board.

Provincial Judges' Pension Plan
Financial Statements

For the Three Months Ended March 31, 2020

Management's Responsibility for Financial Reporting

The financial statements of the Provincial Judges' Pension Plan ("PJPP") have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements are in accordance with Canadian accounting standards for pension plans. Of necessity, many amounts in the financial statements must be based on the best estimates and judgment of management with appropriate consideration as to materiality.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded against unauthorized use or disposition, and proper records are maintained. The system includes careful hiring and training of staff, the establishment of an organizational structure that provides for a well-defined division of responsibilities and the communication of policies and guidelines of business conduct throughout the PJPP.

The Provincial Judges Pension Board (the "PJPB") is ultimately responsible for the financial statements of the PJPP. The PJPB reviews the financial statements in detail with management and the Office of the Auditor General of Ontario before such statements are approved. The PJPB meets with management and the Office of the Auditor General of Ontario to review the scope and timing of audits, to review their findings and suggestions for improvements in internal control, and to satisfy themselves that their responsibilities and those of management have been properly discharged.

Mark A. Henry
Director, Managed Plans
Ontario Pension Board

March 17, 2021

Armand de Kemp
Vice President, Finance
Ontario Pension Board

March 17, 2021



INDEPENDENT AUDITOR'S REPORT

To the Provincial Judges Pension Board and to the President of the Treasury Board

Opinion

I have audited the financial statements of the Provincial Judges' Pension Plan (the Plan), which comprise the statements of financial position as at March 31, 2020, and the statements of changes in net assets available for benefits and the statements of changes in pension obligations for the three months then ended, and notes to the financial statements, including a summary of significant accounting policies (together, "the financial statements").

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2020, and the changes in its net assets available for benefits and the changes in its pension obligations for the three months then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Plan in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Plan either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Provincial Judges' Pension Plan's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Provincial Judges' Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Toronto, Ontario
March 17, 2021

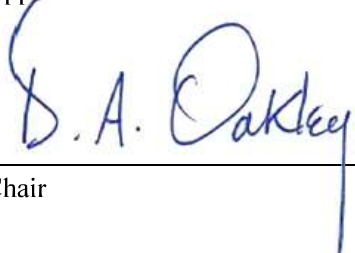
Susan Klein, CPA, CA, LPA
Assistant Auditor General

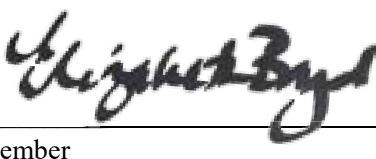
Provincial Judges' Pension Plan

Statements of Financial Position

As at March 31, 2020 (in thousands of dollars)	RPP 2020	RCA 2020	SUPP 2020
Assets			
Cash	\$ 5,779	\$ 676	\$ 2
Investments (Note 5)	417,820	-	-
Contributions receivable			
Members	500	41	-
Province	686	-	-
Other receivables	6	7	20
Refundable tax asset (Note 6)	-	4,371	-
Total assets	424,791	5,095	22
Liabilities			
Accounts payable	55	56	-
Total liabilities	55	56	-
Net assets available for benefits	424,736	5,039	22
Pension obligation	449,909	412,314	412,693
Deficit	\$ (25,173)	\$ (407,275)	\$ (412,671)
<i>See accompanying notes</i>			

Approved on behalf of the Board:


Chair


Member

Provincial Judges' Pension Plan

Statements of Changes in Net Assets Available for Benefits

For the period January 1 to March 31, 2020 (in thousands of dollars)	RPP 2020	RCA 2020	SUPP 2020
Increase in net assets			
Investment income	\$ 29	\$ -	\$ -
Interest income	-	5	-
Contributions			
Members current service	1,434	119	-
Province matching payments	-	119	-
Province funding payments - ongoing	1,439	8,545	4,638
Province funding payments - initial	426,891	-	-
Increase in net assets	429,793	8,788	4,638
Decrease in net assets			
Retirement pension benefits	5,007	3,699	4,616
Operating expenses – pension administration	50	50	-
Decrease in net assets	5,057	3,749	4,616
Increase in net assets for the period	424,736	5,039	22
Net assets, at beginning of period	-	-	-
Net assets, at end of period	\$ 424,736	\$ 5,039	\$ 22
<i>See accompanying notes</i>			

Provincial Judges' Pension Plan

Statements of Changes in Pension Obligations

For the period January 1 to March 31, 2020
(in thousands of dollars)

	RPP 2020	RCA 2020	SUPP 2020
Pension obligations, at beginning of period (Note 10)	\$ 426,891	\$ 399,241	\$ 396,365
Increase in pension obligations			
Service accrual	3,780	4,163	4,471
Interest cost	3,304	3,096	3,071
Net impact of change in assumptions	20,941	9,513	13,402
Increase in pension obligations	28,025	16,772	20,944
Decrease in pension obligations			
Benefits paid	5,007	3,699	4,616
Decrease in pension obligations	5,007	3,699	4,616
Net increase in pension obligations	23,018	13,073	16,328
Pension obligations, at end of period	\$ 449,909	\$ 412,314	\$ 412,693

See accompanying notes

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

Note 1: Description of the Provincial Judges Pension Plan

On January 1, 2020, Ontario Regulation 290/13 ("Regulation") was amended to split the Provincial Judges' Pension Plan ("PJPP" or the "Plan") into three different parts: a Registered Pension Plan Trust ("RPP"), a Retirement Compensation Arrangement Trust ("RCA") and a Supplemental Pension Account ("SUPP"). The PJPP is included as an employee future benefit liability within the consolidated financial statements of the Province of Ontario ("Province"). The RPP, RCA, and SUPP are not subject to the reporting requirements under the Ontario Pension Benefits Act and Regulations.

The Government of Ontario (the "Plan Sponsor") is the sponsor of all three parts of the Plan. The Provincial Judges Pension Board ("the Board") is the administrator of the RPP and RCA for the purposes of the *Income Tax Act (Canada R.S.C. 1985)* ("Income Tax Act"). The Board oversees the administration of the PJPP and, in accordance with applicable law, carry out or oversee all administrative functions in respect of the pensions, survivor allowances and refunds.

The primary purpose of the Plan is to provide eligible judges with pension in the form of periodic payments following their retirement from full-time service as judges.

RPP

The RPP is registered for income tax purposes and provides for pension benefits up to the limit permitted under the Income Tax Act.

RCA

The RCA pension plan provides supplementary pension benefits to members whose earnings result in a pension that exceeds the maximum pension permitted under the Income Tax Act for the RPP.

SUPP

The SUPP supplements the pensions of members whose salaries and benefits provided by the above two components are above the maximum prescribed by the Income Tax Act. The Ontario Minister of Finance ("Minister") is the custodian of the SUPP. Any assets of the SUPP are held within the Consolidated Revenue Fund of the Province of Ontario. A right under this part of the PJPP to a supplemental pension or supplemental survivor allowance is only in respect of service on or after January 1, 1992.

Note 2: Administration of the Plan

The Ontario Pension Board ("OPB") has been jointly selected by the Minister and the Provincial Judges Pension Board to assist the Board in carrying out its responsibilities and assist the Government of Ontario in carrying out its pension administration responsibilities in respect of the Plan.

The Investment Management Corporation of Ontario Act, 2015, created the Investment Management Corporation of Ontario ("IMCO"), an entity providing investment management and select advisory services to participating organizations in Ontario's broader public sector with the ownership of the investment assets remaining with the participants. The investment management agreement between IMCO and the Board for the management of the RPP and RCA assets was effective March 17, 2020. On March 26, 2020 IMCO began managing the RPP assets.

As at March 31, 2020 no assets were held with IMCO for the RCA.

The Board retains responsibility for setting the investment strategy and target asset mix for the RPP's and RCA's investments.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

Note 3: Description of the Plan

The following is a brief description of the Plan provided for general purposes only. For more complete information, reference should be made to the Regulation.

FUNDING POLICY

The RPP and RCA are a contributory defined benefit pension plan covering eligible judges (members) of the Ontario Court of Justice. They are partially funded by contributions from members, deducted from their salaries and remitted by the Province. The RPP does not require matching contributions from the Province. The RCA requires matching contributions from the Province. The benefits and contribution rates are set, and may be amended, by the Plan Sponsor through an Order-in-Council.

CONTRIBUTIONS

Each judge is required to contribute 7% of their salary into the RPP and RCA, by way of deduction from the judge's salary, up to the earlier occurrence of either meeting their basic service requirement or attaining 70 years of age.

The Minister ensures that, in respect of each calendar year of service, the portion of each judge's pension contributions that exceeds the dollar limit for pension plan contributions under the Income Tax Act is contributed to the RCA.

The Province shall contribute an amount at least equal to the RCA contribution of each judge.

The amount to be contributed in a year shall be based on an actuarial valuation and be subject to the limits set out in the Income Tax Act and its regulations.

PENSION PAYMENTS

A pension payment is available based on the age and the number of years of full-time service for which a member has credit upon ceasing to hold office and is based on the salary of a full-time judge of the highest judicial rank held by the member while in office. The member is entitled to these payments during his/her lifetime. These payments are sourced from the three components as follows:

RPP

An amount equal to 2% of the judge's average salary, indexed in accordance with the federal Income Tax Regulations, for their final three years of service multiplied by the judge's years of service up to the defined benefit limit or maximum benefit limit.

RCA

An amount equal to 2% of the judge's average salary, indexed in accordance with the federal Income Tax Regulations, for their final three years of service multiplied by the judge's years of service without regard to the defined benefit limit or maximum benefit limit, reduced by the RPP amount.

SUPP

An amount payable to the judge if the pension determined without regard to the defined benefit limit or maximum benefit limit is greater than the amount that is actually paid to the judge under the RPP and RCA plans.

DISABILITY PENSION PAYMENTS

A disability pension is available at age 65 for members with a minimum of five years of full-time service who are unable to serve in office due to injury or chronic illness. The annual amount of the pension is the amount that would be payable if the judge had continued in office on a full-time basis until the judge attained 75 years of age and if the pension were determined without regard to the defined benefit limit or maximum benefit limit, reduced by the amount that is actually payable to the judge under the RPP and RCA.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

SURVIVOR ALLOWANCES

A survivor allowance equal to 60% of the qualifying judge's pension payment is paid to the spouse during the spouse's lifetime or to children who meet the age, custody, education or disability criteria defined by the Regulation.

DEATH BENEFITS

A death refund can be payable to the personal representative of a member where there is no further entitlement to a survivor allowance. The amount of the refund is equal to the member's contributions to the Plan plus interest, less entitlements already paid out.

TERMINATION PAYMENTS

Upon ceasing to hold office for a reason other than death, participants not eligible to receive pension payments are entitled to receive a refund of their contributions to the Plan plus interest.

ESCALATION OF BENEFITS FROM THE PLAN

Judges Retired Before June 1, 2007

The annual inflationary increase for judges who retired before June 1, 2007 is based on changes in the Average Weekly Earnings published by Statistics Canada and subject to a maximum of 7% in any one year and is effective on April 1st every year. In addition, the pensions are adjusted based on the salary increases of sitting judges as recommended by the Provincial Judges Remuneration Commission.

Judges Retired on or After June 1, 2007

The annual inflationary increase for judges who were appointed before June 1, 2007, who retired on or after June 1, 2007 and elected to be paid under the plan provisions effective on that date is based on changes in the Consumer Price Index and is effective on January 1st every year. The same annual inflationary increase is applicable upon retirement for those judges appointed to office on or after June 1, 2007.

Note 4: Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for pension plans.

In accordance with Section 4600, "Pension Plans", of the CPA Canada Handbook – Accounting, Canadian Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook – Accounting have been chosen for accounting policies that do not relate to the investment portfolio or pension obligations to the extent that those standards do not conflict with the requirements of Section 4600.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts on the statements of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates. The most significant estimate affecting the financial statements relates to the determination of pension obligations (see Note 10).

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

INVESTMENTS

Cash

Cash is held directly by both IMCO (as part of the investment portfolio in a custodian account) and by OPB.

Valuation

Investments are stated at their fair values, including accrued income. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fair value of financial instruments is determined as follows:

- i. Cash and cash held at custodian is recorded at cost, which approximates fair value.
- ii. Short-term investments are recorded at cost plus accrued interest, which approximates fair value.

Investment income

Investment transactions are recorded on the trade date. Interest is recognized on an accrual basis when earned.

Investment management fees, transaction costs and other investment-related fees are expensed as incurred.

CONTRIBUTIONS

Contributions due at the period-end are recorded as a receivable. Transfers into the Plan, if any, are recorded after cash is received. Sponsor contributions to the Plan are made in accordance with the funding requirements as specified by the most recently filed actuarial funding valuation. The PJPP is not subject to Ontario's *Pension Benefits Act* and as such, there is no minimum required funding contribution by the Province.

RETIREMENT PENSION BENEFITS

Retirement pension payments, commuted value transfers, refunds to former members, and transfers to other pension plans are recorded when paid.

OPERATING AND INVESTMENT EXPENSES

Operating and investment expenses applicable to the RPP and RCA are paid by their respective trusts. All expenses applicable to the SUPP are paid by the Province.

INCOME TAX STATUS

The RPP and RCA are registered pension plans, as defined by the Income Tax Act and, accordingly, are not subject to income taxes.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

Note 5: Investments

The RPP's investments managed by IMCO consist of the following:

For the period ended March 31, 2020 (in thousands of dollars)	RPP	
	Cost	Fair Value
Cash at custodian	\$ 89	\$ 89
Short-term investments		
Canadian treasury bills	417,731	417,731
Total investments	\$ 417,820	\$ 417,820

Investment asset mix

The Investment Management Agreement ("IMA") between IMCO and Provincial Judges Pension Board dated and effective March 17, 2020 includes a schedule of permitted investments and restrictions to be in place until a Statement of Investment Policies and Procedures has been approved.

Permitted investments include treasury bills issued by the Federal Government of Canada, Canadian provincial treasury bills and promissory notes, and debt issued by agencies guaranteed by the Canadian Federal Government.

Additionally, the following specific investment restrictions apply:

- Fund weighted average maturity limit: 180 days
- Individual security maximum term to maturity: less than 365 days
- Maximum allocation to single agency guaranteed by the Federal Government: 20% of assets at market value
- Minimum allocation to Federal Government of Canada treasury bills: 40% of assets at market value

Fair value hierarchy

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes mutual and pooled funds; hedge funds; Government of Canada, provincial and other government bonds; Canadian corporate bonds; and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes investments in real estate properties, infrastructure and private equity, and securities that have liquidity restrictions.

All investments held as at March 31, 2020 are Level 2 investments. There were no transfers between levels during the period ended March 31, 2020.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

Note 6: Refundable Tax Asset

Contributions made to the RCA, as well as investment income and capital gains/losses earned within the RCA, net of distributions, are taxed at a 50% rate under the Income Tax Act. New contributions are taxable at the time the contribution is made. Investment returns earned within the RCA component are assessed as at December 31 each year. The remitted tax amounts are held by Canada Revenue Agency as a non-interest-bearing deposit. These tax amounts are refundable when distributions are made from the RCA component of the Plan to the beneficiaries of the retirement compensation arrangement.

Note 7: Risk Management

The Plan is subject to financial risks as a result of its investing activities that could impact its cash flows, income, and assets available to meet benefit obligations. These risks include market risk (including interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The Plan will manage these risks in accordance with the IMA.

Market risk

Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market factors. Market risk is comprised of the following:

- (i) **Interest rate risk** – Interest rate risk refers to the effect on the fair value of the Plan's assets and liabilities due to fluctuations in market interest rates. The value of the Plan's investments is affected by changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates and inflation.
- (ii) **Foreign currency risk** – Foreign currency exposure arises from the Plan holding foreign currency denominated investments and entering into contracts that provide exposure to currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can have an impact on the fair value of investments. As at year-end, the RPP's investments are all in Canadian dollars and therefore not exposed to foreign currency risk. The Plan also only holds funds in Canadian dollars and therefore is not exposed to foreign currency risk.
- (iii) **Other price risk** – Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. As at year-end, the RPP's investments are all in Government of Canada treasury bills and therefore have little exposure to other price risk.

Credit risk

The Plan is exposed to credit risk through the risk of loss arising from an issuer defaulting on its obligations, or the risk of a market decline resulting from the issuer's deterioration in credit quality. As at March 31, 2020, the Plan's greatest credit exposure is with the Government of Canada in the form of treasury bills.

Liquidity risk

Liquidity risk is the risk that the Plan has insufficient cash flows to meet its pension obligations and operating expenses as they become due. The typical cash requirements of the Plan are in the form of monthly retirement benefit payments as well as periodic termination and other benefit payments and expenses. As at March 31, 2020, the Plan's investments are held in Government of Canada treasury bills which are highly liquid.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

Note 8: Collateral

As at March 31, 2020 the RPP had no collateral pledged or received and no security lending agreements.

Note 9: Commitments and Guarantees

As at March 31, 2020 the Plan had no commitments or guarantees.

Note 10: Pension Obligation

Opening Pension Obligation

Prior to January 1, 2020 funds were held by the Province within the consolidated revenue fund and were included as employee future benefit liabilities within the consolidated financial statements of the Province.

For the preparation of the financial statements, member data as at March 31, 2019 was extrapolated to January 1, 2020 to present an opening pension obligation using the assumptions noted below. The opening pension obligation is consistent with the obligation reported to the Province as at December 31, 2019 and used in the determination of the funding requirement for the RPP as at January 1, 2020.

Funding Valuation

An actuarial valuation was prepared for the RPP as at January 1, 2020 by Aon, the Plan's appointed actuary, for the primary purpose of establishing contribution requirements in accordance with the Income Tax Act. The valuation was prepared in accordance with Ontario Regulation 290/13. The valuation was prepared based on data as at March 31, 2019 with liabilities and current service cost calculated as of March 31, 2019 and extrapolated to January 1, 2020. The next actuarial valuation will be performed as at March 31, 2021.

The valuation determined the maximum eligible contribution to the RPP under the Income Tax Act. The RPP is not subject to the provisions of the Pension Benefits Act. As such, there is no minimum required contribution to the RPP. The valuation was prepared using the projected unit credit cost method. For the initial valuation, the liabilities were determined using a discount rate equal to the Ontario Financing Authority's 20-year borrowing rate as at March 31, 2019. As at January 1, 2020, the liability associated with the RPP was \$426,891,000.

Significant assumptions used in the RPP's actuarial funding valuation were as follows:

	January 1, 2020
Economic Assumptions	
Increase in Consumer Price Index (Inflation)	1.40% per year
Increase in Income Tax Act maximum pension limit	2.15% per year
Increase in pensionable earnings	2.40% per year
Discount rate	3.10% per year
Productivity increases	0.75% per year
Expenses	No allowance for expenses
Demographic Assumptions	
Mortality table	2004 Public Sector Canadian Pensioners' Mortality Table with generational projection using mortality improvement scale MI 2017

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2020

Financial Statement Valuation

The most recent pension obligations that were determined for the whole Plan for financial statement purposes were as at March 31, 2020. The obligations were determined using the projected unit credit prorated on service method. The total pension obligation under this method for pension benefits payable under the Plan was \$1,274,916,000. This obligation is allocated and presented for each component of the Plan in the statements of financial position.

For the purposes of determining an opening pension obligation, the total pension obligations as of March 31, 2019 were extrapolated to January 1, 2020 based on the estimated service and total actual benefit payments in the nine-month period ended December 31, 2019. The total opening pension obligation under this method for pension benefits payable under the Plan was \$1,222,497,000. This opening pension obligation is allocated and presented for each component of the plan in the statements of changes in pension obligations.

Significant assumptions used in the financial statement valuation for the Plan were as follows:

	March 31, 2020	January 1, 2020
Economic Assumptions		
Increase in Consumer Price Index (Inflation)	0.80% per year	1.40% per year
Increase in Income Tax Act maximum pension limit	1.55% per year	2.15% per year
Increase in salaries	1.80% per year	2.40% per year
Discount rate	2.20% per year	3.10% per year
Demographic Assumptions		
Mortality table	2004 Public Sector Canadian Pensioners' Mortality Table with generational projection using mortality improvement scale MI-2017.	

Note 11: Related Party Transactions

The Government of Ontario is the sponsor of the Plan.

OPB administers payroll and benefits for Plan members. As the Plan administrator, the Board is assisted by the OPB in carrying out its responsibilities. The OPB also assists the Government of Ontario in carrying out its responsibilities in respect of the supplemental pension plan.

Starting on March 26, 2020, IMCO began managing the RPP's investment assets. The RPP pays its share of IMCO's expenses on a cost recovery basis. There were no investment related expenses incurred during the period from January 1, 2020 to March 31, 2020 for the RPP or RCA.

Note 12: Capital Management

The Plan defines its capital as the funding surpluses or deficits determined periodically through the funding valuations prepared by the independent actuary. The actuary's funding valuation is used to measure the long-term health of the Plan. The Plan sponsor determines the level of funding payments. Any resulting deficit is held within the consolidated revenue fund and is guaranteed by the Province.

Provincial Judges' Pension Plan

Financial Statements

For the Year Ended March 31, 2021

Management's Responsibility for Financial Reporting

The financial statements of the Provincial Judges' Pension Plan ("PJPP") have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements are in accordance with Canadian accounting standards for pension plans. Of necessity, many amounts in the financial statements must be based on the best estimates and judgment of management with appropriate consideration as to materiality.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded against unauthorized use or disposition, and proper records are maintained. The system includes careful hiring and training of staff, the establishment of an organizational structure that provides for a well-defined division of responsibilities and the communication of policies and guidelines of business conduct throughout the PJPP.

The Provincial Judges Pension Board (the "PJPB") is ultimately responsible for the financial statements of the PJPP. The PJPB reviews the financial statements in detail with management and the Office of the Auditor General of Ontario before such statements are approved. The PJPB meets with management and the Office of the Auditor General of Ontario to review the scope and timing of audits, to review their findings and suggestions for improvements in internal control, and to satisfy themselves that their responsibilities and those of management have been properly discharged.



Mark A Henry
Director, Managed Plans
Ontario Pension Board

June 7, 2021



Armand de Kemp
Vice President, Finance
Ontario Pension Board

June 7, 2021



INDEPENDENT AUDITOR'S REPORT

To the Provincial Judges Pension Board and to the President of the Treasury Board

Opinion

I have audited the financial statements of the Provincial Judges' Pension Plan (the Plan), which comprise the statements of financial position as at March 31, 2021, and the statements of changes in net assets available for benefits and the statements of changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (together, "the financial statements").

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2021, and the changes in its net assets available for benefits and the changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Plan in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Plan either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Provincial Judges' Pension Plan's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Provincial Judges' Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Toronto, Ontario
June 7, 2021

Susan Klein, CPA, CA, LPA
Assistant Auditor General

Provincial Judges' Pension Plan

Statements of Financial Position

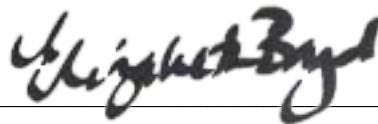
As at March 31 (in thousands of dollars)	2021			2020		
	RPP	RCA	SUPP	RPP	RCA	SUPP
Assets						
Cash	\$ 2,522	\$ 2,654	\$ 33	\$ 5,779	\$ 676	\$ 2
Investments (Note 5)	411,550	-	-	417,820	-	-
Contributions receivable						
Members	557	26	-	500	41	-
Province	763	-	-	686	-	-
Other receivables	41	61	1,583	6	7	20
Refundable tax asset (Note 6)	-	22,103	-	-	4,371	-
Total assets	415,433	24,844	1,616	424,791	5,095	22
Liabilities						
Accounts payable	54	13	-	55	56	-
Total liabilities	54	13	-	55	56	-
Net assets available for benefits	415,379	24,831	1,616	424,736	5,039	22
Pension obligation (Note 13)	488,401	468,561	461,097	449,909	412,314	412,693
Deficit	\$ (73,022)	\$ (433,730)	\$ (459,481)	\$ (25,173)	\$ (407,275)	\$ (412,671)

See accompanying notes

Approved on behalf of the Board:



Chair



Member

Provincial Judges' Pension Plan

Statements of Changes in Net Assets Available for Benefits

For the period ended March 31 (in thousands of dollars)	12 months ended			3 months ended		
	RPP 2021	RCA 2021	SUPP 2021	RPP 2020	RCA 2020	SUPP 2020
Increase in net assets						
Investment income (Note 7)	\$ 1,138	\$ -	\$ -	\$ 29	\$ -	\$ -
Bank interest income	-	5	-	-	5	-
Contributions						
Members current service	5,146	526	-	1,434	119	-
Province matching payments	-	526	-	-	119	-
Province funding payments - ongoing	5,142	34,371	20,474	1,439	8,545	4,638
Province funding payments - initial	-	-	-	426,891	-	-
Increase in net assets	11,426	35,428	20,474	429,793	8,788	4,638
Decrease in net assets						
Benefits paid	20,280	15,269	18,880	5,007	3,699	4,616
Pension administration expenses (Note 8)	366	367	-	50	50	-
Investment management expenses (Note 9)	137	-	-	-	-	-
Decrease in net assets	20,783	15,636	18,880	5,057	3,749	4,616
Increase (decrease) in net assets for the period	(9,357)	19,792	1,594	424,736	5,039	22
Net assets, at beginning of the period	424,736	5,039	22	-	-	-
Net assets, at end of the period	\$ 415,379	\$ 24,831	\$ 1,616	\$ 424,736	\$ 5,039	\$ 22

See accompanying notes

Provincial Judges' Pension Plan

Statements of Changes in Pension Obligations

For the period ended March 31 (in thousands of dollars)	12 months ended			3 months ended		
	RPP 2021	RCA 2021	SUPP 2021	RPP 2020	RCA 2020	SUPP 2020
Pension obligations, at beginning of the period	\$ 449,909	\$ 412,314	\$ 412,693	\$ 426,891	\$ 399,241	\$ 396,365
Increase in pension obligations						
Service accrual	17,020	18,504	19,180	3,780	4,163	4,471
Interest cost	9,862	9,106	9,083	3,304	3,096	3,071
Net impact of change in assumptions	31,890	43,906	39,021	20,941	9,513	13,402
Increase in pension obligations	58,772	71,516	67,284	28,025	16,772	20,944
Decrease in pension obligations						
Benefits paid	20,280	15,269	18,880	5,007	3,699	4,616
Decrease in pension obligations	20,280	15,269	18,880	5,007	3,699	4,616
Net increase in pension obligations	38,492	56,247	48,404	23,018	13,073	16,328
Pension obligations, at end of the period	488,401	468,561	461,097	\$ 449,909	\$ 412,314	\$ 412,693

See accompanying notes

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Note 1: Description of the Provincial Judges Pension Plan

On January 1, 2020, Ontario Regulation 290/13 ("Regulation") was amended to split the Provincial Judges' Pension Plan ("PJPP" or the "Plan") into three different parts: a Registered Pension Plan Trust ("RPP"), a Retirement Compensation Arrangement Trust ("RCA") and a Supplemental Pension Account ("SUPP"). The PJPP is included as an employee future benefit liability within the consolidated financial statements of the Province of Ontario ("Province"). The RPP, RCA, and SUPP are not subject to the reporting requirements under the Ontario Pension Benefits Act and Regulations.

The Government of Ontario (the "Plan Sponsor") is the sponsor of all three parts of the Plan. The Provincial Judges Pension Board ("the Board") is the administrator of the RPP and RCA for the purposes of the *Income Tax Act (Canada R.S.C. 1985)* ("Income Tax Act"). The Board oversees the administration of the PJPP and, in accordance with applicable law, in respect of the pensions, survivor allowances and refunds.

The primary purpose of the Plan is to provide eligible judges with pension in the form of periodic payments following their retirement from full-time service as judges.

RPP

The RPP is registered for income tax purposes and provides for pension benefits up to the limit permitted under the Income Tax Act.

RCA

The RCA pension plan provides supplementary pension benefits to members whose earnings result in a pension that exceeds the maximum pension permitted under the Income Tax Act for the RPP.

SUPP

The SUPP supplements the pensions of members whose salaries and benefits provided by the above two components are above the maximum prescribed by the Income Tax Act. The Ontario Minister of Finance ("Minister") is the custodian of the SUPP. Any assets of the SUPP are held within the Consolidated Revenue Fund of the Province of Ontario. A right under this part of the PJPP to a supplemental pension or supplemental survivor allowance is only in respect of service on or after January 1, 1992.

Note 2: Administration of the Plan

The Ontario Pension Board ("OPB") has been jointly selected by the Minister and the Provincial Judges Pension Board to assist the Board in carrying out its responsibilities and assist the Government of Ontario in carrying out its pension administration responsibilities in respect of the Plan.

The *Investment Management Corporation of Ontario Act, 2015*, created the Investment Management Corporation of Ontario ("IMCO"), an entity providing investment management and select advisory services to participating organizations in Ontario's broader public sector with the ownership of the investment assets remaining with the participants. The investment management agreement between IMCO and the Board for the management of the RPP and RCA assets was effective March 17, 2020. On March 26, 2020 IMCO began managing the RPP assets.

As of March 31, 2021, no assets were held with IMCO for the RCA.

The Board retains responsibility for setting the investment strategy and target asset mix for the RPP's and RCA's investments.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Note 3: Description of the Plan

The following is a brief description of the Plan provided for general purposes only. For more complete information, reference should be made to the Regulation.

FUNDING POLICY

The RPP and RCA are a contributory defined benefit pension plan covering eligible judges (members) of the Ontario Court of Justice. They are partially funded by contributions from members, deducted from their salaries and remitted by the Province. The RPP does not require matching contributions from the Province. The RCA requires matching contributions from the Province. The benefits and contribution rates are set, and may be amended, by the Plan Sponsor through an Order-in-Council.

CONTRIBUTIONS

Each judge is required to contribute 7% of their salary into the RPP and RCA, by way of deduction from the judge's salary, up to the earlier occurrence of either meeting their basic service requirement or attaining 70 years of age.

The Minister ensures that, in respect of each calendar year of service, the portion of each judge's pension contributions that exceeds the dollar limit for pension plan contributions under the Income Tax Act is contributed to the RCA.

The Province shall contribute an amount at least equal to the RCA contribution of each judge.

The amount to be contributed in a year shall be based on an actuarial valuation and be subject to the limits set out in the Income Tax Act and its regulations.

PENSION PAYMENTS

A pension payment is available based on the age and the number of years of full-time service for which a member has credit upon ceasing to hold office and is based on the salary of a full-time judge of the highest judicial rank held by the member while in office. The member is entitled to these payments during their lifetime. These payments are sourced from the three components as follows:

RPP

An amount equal to 2% of the judge's average salary, indexed in accordance with the federal Income Tax Regulations, for their final three years of service multiplied by the judge's years of service up to the defined benefit limit or maximum benefit limit.

RCA

An amount equal to 2% of the judge's average salary, indexed in accordance with the federal Income Tax Regulations, for their final three years of service multiplied by the judge's years of service without regard to the defined benefit limit or maximum benefit limit, reduced by the RPP amount.

SUPP

An amount payable to the judge if the pension determined without regard to the defined benefit limit or maximum benefit limit is greater than the amount that is actually paid to the judge under the RPP and RCA plans.

DISABILITY PENSION PAYMENTS

A disability pension is available at age 65 for members with a minimum of five years of full-time service who are unable to serve in office due to injury or chronic illness. The annual amount of the pension is the amount that would be payable if the judge had continued in office on a full-time basis until the judge attained 75 years of age and if the pension were determined without regard to the defined benefit limit or maximum benefit limit, reduced by the amount that is actually payable to the judge under the RPP and RCA.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

SURVIVOR ALLOWANCES

A survivor allowance equal to 60% of the qualifying judge's pension payment is paid to the spouse during the spouse's lifetime or to children who meet the age, custody, education or disability criteria defined by the Regulation.

DEATH BENEFITS

A death refund can be payable to the personal representative of a member where there is no further entitlement to a survivor allowance. The amount of the refund is equal to the member's contributions to the Plan plus interest, less entitlements already paid out.

TERMINATION PAYMENTS

Upon ceasing to hold office for a reason other than death, participants not eligible to receive pension payments are entitled to receive a refund of their contributions to the Plan plus interest.

ESCALATION OF BENEFITS FROM THE PLAN

Judges Retired Before June 1, 2007

The annual inflationary increase for judges who retired before June 1, 2007 is based on changes in the Average Weekly Earnings published by Statistics Canada and subject to a maximum of 7% in any one year and is effective on April 1st every year. In addition, the pensions are adjusted based on the salary increases of sitting judges as recommended by the Provincial Judges Remuneration Commission.

Judges Retired on or After June 1, 2007

The annual inflationary increase for judges who were appointed before June 1, 2007, who retired on or after June 1, 2007 and elected to be paid under the plan provisions effective on that date is based on changes in the Consumer Price Index and is effective on January 1st every year. The same annual inflationary increase is applicable upon retirement for those judges appointed to office on or after June 1, 2007.

Note 4: Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for pension plans.

In accordance with Section 4600, "Pension Plans", of the CPA Canada Handbook – Accounting, Canadian Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook – Accounting have been chosen for accounting policies that do not relate to the investment portfolio or pension obligations to the extent that those standards do not conflict with the requirements of Section 4600.

The first period-end after the January 1, 2020 plan amendment was for three months ending March 31, 2020. The comparative amounts in these financial statements reflect this shorter period.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts on the statements of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates. The most significant estimate affecting the financial statements relates to the determination of pension obligations (see Note 13).

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

INVESTMENTS

Cash

Cash is held directly by both IMCO (as part of the investment portfolio in a custodian account) and by OPB.

Valuation

Investments are stated at their fair values, including accrued income. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fair value of financial instruments is determined as follows:

- i. Cash and cash held at custodian is recorded at cost, which approximates fair value.
- ii. Short-term investments are recorded at cost plus accrued interest, which approximates fair value.

Investment income

Investment transactions are recorded on the trade date. Interest is recognized on an accrual basis when earned. Investment income includes fair value changes. Fair value changes represent both realized and unrealized gains and losses. Realized gains or losses are recognized when OPB has transferred to the purchaser the significant risks and rewards of ownership of the investment, the purchaser has made a substantial commitment demonstrating its intent to honour its obligation, and the collection of any consideration is reasonably assured.

Investment Management Expenses

Investment management fees, transaction costs and other investment-related fees are expensed as incurred.

CONTRIBUTIONS

Contributions due at the year-end are recorded as a receivable. Transfers into the Plan, if any, are recorded after cash is received. Sponsor contributions to the Plan are made in accordance with the funding requirements as specified by the most recently filed actuarial funding valuation. The PJPP is not subject to Ontario's *Pension Benefits Act* and as such, there is no minimum required funding contribution by the Province.

RETIREMENT PENSION BENEFITS

Retirement pension payments, commuted value transfers, refunds to former members, and transfers to other pension plans are recorded when paid.

OPERATING AND INVESTMENT EXPENSES

Operating and investment expenses applicable to the RPP and RCA are paid by their respective trusts. All expenses applicable to the SUPP are paid by the Province.

INCOME TAX STATUS

The RPP and RCA are registered pension plans, as defined by the Income Tax Act and, accordingly, are not subject to income taxes.

PENSION OBLIGATION

Pension obligations are determined based on an actuarial valuation prepared by an independent firm of actuaries using an actuarial valuation report prepared for funding purposes. This valuation uses the projected benefit cost method pro-rated based on service and management's best estimate of various economic and demographic assumptions. The year-end valuation of pension obligations is based on data extrapolated to the current financial statement year-end date.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Note 5: Investments

The RPP's investments managed by IMCO consist of the following:

For the period ended March 31 (in thousands of dollars)	2021 RPP		2020 RPP	
	Cost	Fair Value	Cost	Fair Value
Cash at custodian	\$ 358	\$ 358	\$ 89	\$ 89
Short-term investments				
Canadian treasury bills	411,192	411,192	417,731	417,731
Total investments	\$ 411,550	\$ 411,550	\$ 417,820	\$ 417,820

Investment asset mix

The investment management agreement between IMCO and Provincial Judges Pension Board dated, and effective March 17, 2020 includes a schedule of permitted investments and restrictions to be in place until a Statement of Investment Policies and Procedures has been approved.

Permitted investments include treasury bills issued by the Federal Government of Canada, Canadian provincial treasury bills and promissory notes, and debt issued by agencies guaranteed by the Canadian Federal Government.

Additionally, the following specific investment restrictions apply:

- Fund weighted average maturity limit: 180 days
- Individual security maximum term to maturity: less than 365 days
- Maximum allocation to single agency guaranteed by the Federal Government: 20% of assets at market value
- Minimum allocation to Federal Government of Canada treasury bills: 40% of assets at market value

Fair value hierarchy

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes mutual and pooled funds; hedge funds; Government of Canada, provincial and other government bonds; Canadian corporate bonds; and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes investments in real estate properties, infrastructure and private equity, and securities that have liquidity restrictions.

All investments held as of March 31, 2021 and 2020 are Level 2 investments. There were no transfers between levels during the year ended March 31, 2021 or three months ended March 31, 2020.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Note 6: Refundable Tax Asset

Contributions made to the RCA, as well as investment income and net capital gains earned within the RCA, net of distributions, are taxed at a 50% rate under the Income Tax Act. New contributions are taxable at the time the contribution is made. Investment returns earned within the RCA component are assessed as at December 31 each year. The remitted tax amounts are held by Canada Revenue Agency as a non-interest-bearing deposit. These tax amounts are refundable when distributions are made from the RCA component of the Plan to the beneficiaries of the retirement compensation arrangement.

Note 7: Investment Income

Investment income is made up of the following:

For the period ended (in thousands of dollars)	2021 RPP	2020 RPP
Interest income	\$ 1,136	\$ 29
Realized gains	2	-
Total investment income	\$ 1,138	\$ 29

Note 8: Pension Administration Expenses

The following is a summary of the expenses incurred by the Plan related to services provided by Ontario Pension Board.

For the year ended March 31 (in thousands of dollars)	2021			2020		
	RPP	RCA	SUPP	RPP	RCA	SUPP
Pension administration and IT	\$ 267	\$ 267	\$ 199	\$ 49	\$ 49	\$ 1
Insurance	39	39	39	-	-	-
Actuarial fees	22	23	19	-	-	-
Legal expenses	33	33	33	-	-	-
IT external services	1	1	1	-	-	-
Pension payroll processing charges	4	4	4	1	1	-
Expenses paid by the Province ¹	-	-	(295)	-	-	(1)
	\$ 366	\$ 367	\$ -	\$ 50	\$ 50	\$ -

¹ The SUPP administration expenses are fully paid by the Province.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Note 9: Investment Management Expenses

The investment management agreement between IMCO and the Board was effective March 17, 2020. On March 26, 2020 IMCO began managing the RPP assets. The following is a summary of the expenses incurred by the Plan related to services provided by IMCO. The RPP pays its share of IMCO's expenses on a cost recovery basis. These costs are funded through cash held in custody with CIBC Mellon.

For the period ended (in thousands of dollars)	2021 RPP	2020 RPP
Management fees	\$ 71	\$ -
Implementation fees	39	-
Custodial fees	27	-
Total investment management expenses	\$ 137	\$ -

Note 10: Risk Management

The Plan is subject to financial risks as a result of its investing activities that could impact its cash flows, income, and assets available to meet benefit obligations. These risks include market risk (including interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The Plan will manage these risks in accordance with the investment management agreement.

Market risk

Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market factors. Market risk is comprised of the following:

- (i) **Interest rate risk** – Interest rate risk refers to the effect on the fair value of the Plan's assets and liabilities due to fluctuations in market interest rates. The value of the Plan's investments is affected by changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates and inflation.
- (ii) **Foreign currency risk** – Foreign currency exposure arises from the Plan holding foreign currency denominated investments and entering into contracts that provide exposure to currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can have an impact on the fair value of investments. As at March 31, 2021 and 2020 the RPP's investments and funds are all in Canadian dollars and therefore not exposed to foreign currency risk.
- (iii) **Other price risk** – Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. As at March 31, 2021 and 2020, the RPP's investments are all in Government of Canada treasury bills and therefore have little exposure to other price risk.

Credit risk

The Plan is exposed to credit risk through the risk of loss arising from an issuer defaulting on its obligations, or the risk of a market decline resulting from the issuer's deterioration in credit quality. As at March 31, 2021 and 2020, the Plan's greatest credit exposure is with the Government of Canada in the form of treasury bills.

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Liquidity risk

Liquidity risk is the risk that the Plan has insufficient cash flows to meet its pension obligations and operating expenses as they become due. The typical cash requirements of the Plan are in the form of monthly retirement benefit payments as well as periodic termination and other benefit payments and expenses. As at March 31, 2021 and 2020, the Plan's investments are held in Government of Canada treasury bills which are highly liquid.

Note 11: Collateral

As of March 31, 2021 and 2020 the RPP had no collateral pledged or received and no security lending agreements.

Note 12: Commitments and Guarantees

As of March 31, 2021, and 2020 the Plan had no commitments or guarantees.

Note 13: Pension Obligation

Funding Valuation

An actuarial valuation was prepared for the RPP as at January 1, 2020 by Aon, the Plan's appointed actuary, for the primary purpose of establishing contribution requirements in accordance with the Income Tax Act. The valuation was prepared in accordance with Ontario Regulation 290/13. The valuation was prepared based on data as at March 31, 2019 with liabilities and current service cost calculated as of March 31, 2019 and extrapolated to January 1, 2020. The next actuarial valuation will be performed based on data as at December 31, 2020.

The valuation determined the maximum eligible contribution to the RPP under the Income Tax Act. The RPP is not subject to the provisions of the Pension Benefits Act. As such, there is no minimum required contribution to the RPP. The valuation was prepared using the projected unit credit cost method. For the initial valuation, the liabilities were determined using a discount rate equal to the Ontario Financing Authority's 20-year borrowing rate as at March 31, 2019. As at January 1, 2020, the liability associated with the RPP was \$426,891,000.

Significant assumptions used in the RPP's actuarial funding valuation were as follows:

	January 1, 2020
Economic Assumptions	
Increase in Consumer Price Index (Inflation)	1.40% per year
Increase in Income Tax Act maximum pension limit	2.15% per year
Increase in pensionable earnings	2.40% per year
Discount rate	3.10% per year
Productivity increases	0.75% per year
Expenses	No allowance for expenses
Demographic Assumptions	
Mortality table	2004 Public Sector Canadian Pensioners' Mortality Table with generational projection using mortality improvement scale MI 2017

Provincial Judges' Pension Plan Notes to the Financial Statements

March 31, 2021

Financial Statement Valuation

For the purposes of these financial statements, Aon, the Plan's actuary, used the extrapolated funding valuation as at January 1, 2020 on the basis of the accounting methodology required by the CPA Canada Handbook – Accounting, Section 4600 and extrapolated those liabilities to March 31, 2021. The obligations were determined using the projected unit credit prorated on service method. The total RPP, RCA, and SUPP pension obligations under this method for pension benefits payable under the Plan was \$1,418,059,000 (March 31, 2020 – \$1,274,916,000). This obligation is allocated and presented for each component of the Plan in the statements of financial position.

Significant assumptions used in the financial statement valuation for the Plan are shown below. The discount rate has been set based on the average of the 20-year and 30-year Ontario Financing Authority borrowing rate at March 2021. The inflation rate has been determined based on the difference in yields between long-term Government of Canada nominal and real return bonds at March 2021.

	March 31, 2021	March 31, 2020
Economic Assumptions		
Increase in Consumer Price Index (inflation)	1.70% per year	0.80% per year
Increase in Income Tax Act maximum pension limit	2.45% per year	1.55% per year
Increase in salaries	2.70% per year	1.80% per year
Nominal discount rate	2.60% per year	2.20% per year

Demographic Assumptions

Mortality table	2004 Public Sector Canadian Pensioners' Mortality Table with generational projection using mortality improvement scale MI-2017.
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Note 14: Related Party Transactions

The Government of Ontario is the sponsor of the Plan.

As the Plan administrator, the Board is assisted by the OPB in carrying out its responsibilities. OPB administers payroll and benefits for Plan members. The OPB also assists the Government of Ontario in carrying out its responsibilities in respect of the SUPP.

Starting on March 26, 2020, IMCO began managing the RPP's investment assets. The investment related expenses incurred are presented on the statement of changes in net assets available for benefits.

Note 15: Capital Management

The Plan defines its capital as the funding surpluses or deficits determined periodically through the funding valuations prepared by the independent actuary. The actuary's funding valuation is used to measure the long-term health of the Plan. The Plan sponsor determines the level of funding payments. Any resulting deficit is guaranteed by the Province. There have been no changes in what the Plan considers to be its capital and there have been no significant changes to the Plan's capital management objectives, policies, and processes in the year.