May 16, 2017

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: FIN-35-2017]

On April 18, 2017, the Department of Finance received the following request for access to information:

"Please provide a copy of the Morneau Shepell actuary report as received by the Department and used in the preparation of Budget 2016 for the Teachers Pension Plan."

The Department of Finance is pleased to inform you that your request for access to this information has been granted and is attached.

Please note the following regarding the attached:

- Government requests annual extrapolations each year as of March 31 from Morneau Shepell.
- As such, the Teacher’s Pension Plan Accounting March 31, 2016 – Mid Year Update, (attached) was used for preparation of Budget 2016 for the Teacher’s Pension Plan.
- Estimates of Fiscal 2015/2016 and futures years are based on extrapolations of results.
- The accounting results reflect the following:

  - Pension Reform Benefit Changes Effective August 31, 2015
  - Promissory Note recognized April 1, 2016
  - Joint Trusteeship effective April 1, 2016
  - Market value of assets as at September 30, 2015 used and projected
  - Inflation rate change to 2.25% effective April 1, 2016
  - Discount rate change to 6% effective April 1, 2016 (amortized)

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the Access to Information and Protection of Privacy Act (the Act). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. The appeal may be addressed to the Information and Privacy Commissioner is as follows:

P.O. Box 8700, St. John’s, NL, Canada A1B 4J6 t 709.729.2082 f 709.729.2070
Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John’s, NL A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act.

The responsive records will be published following a 72-hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Office of Public Engagement's website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at 709-729-2082, or by email at bethbartlett@gov.nl.ca.

Sincerely,

Beth Bartlett
ATIPP Coordinator

Attachment
TPP March 31, 2016 Accounting - Mid Year Update

Estimates of Fiscal 2015/2016 and Future Years are Based on Extrapolations of Results
- Pension Reform Benefit Changes Effective August 31, 2015
- Joint Trusteeship Effective April 1, 2016
- Market value of assets as at September 30th, 2015 used and projected
- Inflation Rate Change to 2.25% Effective April 1, 2016
- Discount Rate Change to 6% Effective April 1, 2016 (Amortized)

Prepared: October 16, 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets - Beginning of Period</td>
<td>2,577,364,303</td>
<td>2,917,975,374</td>
<td>3,139,042,869</td>
<td>3,165,868,197</td>
</tr>
<tr>
<td>Total Liabilities - Beginning of Period</td>
<td>4,423,411,405</td>
<td>4,631,566,613</td>
<td>4,670,186,294</td>
<td>4,834,677,006</td>
</tr>
<tr>
<td>Plan Amendment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Liabilities - Beginning of Period</td>
<td>4,423,411,405</td>
<td>4,631,566,613</td>
<td>4,670,186,294</td>
<td>4,834,677,006</td>
</tr>
</tbody>
</table>

Expected Average Remaining Service Life (EARSL) | 13 |

Accrual for Service (Total Current Service Cost) | 82,801,477 |
Less Employee Contributions | 44,986,733 |
Current Period Benefit Cost | 37,814,745 |
Funding Contributions - Government | 43,354,230 |
Funding Contributions - Employees | 44,986,733 |
Total Funding Contributions | 88,340,963 |
Total Benefit Payments | 266,168,485 |

PENSION EXPENSE
Current Period Benefit Cost | 37,814,745 |
Interest on Accrued Benefits | 292,391,633 |
Interest on Pension Fund Assets | (167,970,412) |
Settlement/Curtailment | 0 |
Cost of Plan Amendment in Period | 0 |
Impact of Move to Joint Trusteeship | 0 |
Amortization of 
Prior Unrecognized Experience (Gains) - Losses - Accrued Benefits | 61,281,806 |
Prior Unrecognized Experience (Gains) - Losses - Assets | 43,018,453 |
Asset Adjustment | 0 |
Net Government Pension Expense | 266,536,225 |

Fiscal 2015/2016
Fiscal 2016/2017

M:\STJH\Shared\Exec\PPAIM\ATIPP\2017\FIN-35-2017 Morneau Shepell actuary report 2016 TPP\Responsive Records\Budget 2016 TPP.xlsx
## TPP March 31, 2016 Accounting - Mid Year Update

Estimates of fiscal 2015/2016 and future years are based on Extrapolations of Results - Pension Reform Benefit Costs Effective August 31, 2015 - Promissory Note Recognized April 1, 2016 - Joint Trusteeship Effective April 1, 2016 - Market value of assets as at September 30, 2015 used and projected - Inflation Rate Change to 2.25% Effective April 1, 2016 - Discount Rate Change to 6% Effective April 1, 2016 (Amortized)

### Prepared
October 16, 2015

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Benefit Payments</th>
<th>Interest on Accrued Benefits</th>
<th>Total Funding Contributions</th>
<th>Impact of Move to Joint Trusteeship</th>
<th>Expected Value - End of Period</th>
<th>Actual Value - End of Period</th>
<th>Opening Balance</th>
<th>Total</th>
<th>Interest on Pension Fund Assets</th>
<th>Settlemet/Curtailment</th>
<th>Plan Amendment</th>
<th>Impact of Move to Joint Trusteeship</th>
<th>Expected Value - End of Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>2,480,183,396</td>
<td>163,184,380</td>
<td>3,000,789,699</td>
<td>0</td>
<td>78,606,884</td>
<td>84,032,133</td>
<td>0</td>
<td>0</td>
<td>2,917,975,374</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2016/2017</td>
<td>2,480,183,396</td>
<td>163,184,380</td>
<td>3,000,789,699</td>
<td>0</td>
<td>78,606,884</td>
<td>84,032,133</td>
<td>0</td>
<td>0</td>
<td>2,917,975,374</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2017/2018</td>
<td>2,480,183,396</td>
<td>163,184,380</td>
<td>3,000,789,699</td>
<td>0</td>
<td>78,606,884</td>
<td>84,032,133</td>
<td>0</td>
<td>0</td>
<td>2,917,975,374</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018/2019</td>
<td>2,480,183,396</td>
<td>163,184,380</td>
<td>3,000,789,699</td>
<td>0</td>
<td>78,606,884</td>
<td>84,032,133</td>
<td>0</td>
<td>0</td>
<td>2,917,975,374</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2019/2020</td>
<td>2,480,183,396</td>
<td>163,184,380</td>
<td>3,000,789,699</td>
<td>0</td>
<td>78,606,884</td>
<td>84,032,133</td>
<td>0</td>
<td>0</td>
<td>2,917,975,374</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2020/2021</td>
<td>2,480,183,396</td>
<td>163,184,380</td>
<td>3,000,789,699</td>
<td>0</td>
<td>78,606,884</td>
<td>84,032,133</td>
<td>0</td>
<td>0</td>
<td>2,917,975,374</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
## Assumptions (Beginning of Year)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Long-Term Salary Rate</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Mortality Table</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>

## Pension Reform

- Joint Trusteeship Effective April 1, 2016
- Promissory Note Recognized April 1, 2016
- Pension Reform Benefit Changes Effective August 31, 2015
- Market value of assets as of September 30, 2015 used and projected
- Inflation Rate Change to 2.25% Effective April 1, 2016
- Discount Rate Change to 6% Effective April 1, 2016 (Amortized)

## Estimates of Fiscal 2015/2016 and Future Years

- Fiscal 2015/2016
- Fiscal 2016/2017
- Fiscal 2017/2018
- Fiscal 2018/2019
- Fiscal 2019/2020
- Fiscal 2020/2021
- Fiscal 2021/2022
- Fiscal 2022/2023
- Fiscal 2023/2024
- Fiscal 2024/2025

### Actual Assets - Actual Liabilities

#### Accrued Benefit Asset + Unamortized Amounts

- Closing Balance
- Experience Gains (Losses) - Assets
- Amortization of Prior Unrecognized Experience (Gains) - Accrued Benefits
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Interest on Accrued Benefits
- Interest Rate / Return on Assets
- Appropriation of Prior Unrecognized Experience (Gains) - Accrued Benefits
- Total Funding Contributions
- Closing Balance
- Unamortized Experience Gains (Losses) - (Closing Balance)
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Experience Gains (Losses) - (Closing Balance)
- Closing Balance
- Accrued Benefit Asset + Unamortized Amounts
- Actual Assets - Actual Liabilities
- Amortization of Prior Unrecognized Experience (Gains) - Accrued Benefits
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Interest on Accrued Benefits
- Closing Balance
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Experience Gains (Losses) - (Closing Balance)
- Closing Balance

### Assumptions (Beginning of Year)

- Current Period Benefit Cost
- Interest on Accrued Benefits
- Actual Return on Pension Fund Assets
- Difference Between Actual & Expected Return on Assets
- Settlement/Curtailment
- Cost of Plan Amendment in Period
- Impact of Move to Joint Trusteeship
- Amortization of Prior Unrecognized Experience (Gains) - Accrued Benefits
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Total Funding Contributions
- Closing Balance
- Unamortized Experience Gains (Losses) - (Closing Balance)
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Experience Gains (Losses) - (Closing Balance)
- Closing Balance
- Accrued Benefit Asset + Unamortized Amounts
- Actual Assets - Actual Liabilities
- Amortization of Prior Unrecognized Experience (Gains) - Accrued Benefits
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Interest on Accrued Benefits
- Closing Balance
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Experience Gains (Losses) - (Closing Balance)
- Closing Balance

### Accrued Benefit Asset (Liability) Calculation

- Opening Balance
- Pension Expense (Gross)
- Total Funding Contributions
- Closing Balance
- Unamortized Experience Gains (Losses) - (Closing Balance)
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Experience Gains (Losses) - (Closing Balance)
- Closing Balance
- Accrued Benefit Asset + Unamortized Amounts
- Actual Assets - Actual Liabilities
- Amortization of Prior Unrecognized Experience (Gains) - Accrued Benefits
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Interest on Accrued Benefits
- Closing Balance
- Prior Unrecognized Experience (Gains) - Accrued Benefits
- Experience Gains (Losses) - (Closing Balance)
- Closing Balance

### TPP March 31, 2016 Accounting - Mid Year Update

- Estimates of Fiscal 2015/2016 and Future Years are Based on Extrapolations of Results
- Pension Reform Benefit Changes Effective August 31, 2015
- Promissory Note Recognized April 1, 2016
- Joint Trusteeship Effective April 1, 2016
- Inflation Rate Change to 2.25% Effective April 1, 2016
- Discount Rate Change to 6% Effective April 1, 2016 (Amortized)