

November 10, 2021

Mr. Michael Puskaric  
Director, Public Sector Accounting Board  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto ON M5V 3H2

**Re: Exposure Draft on Employee Benefits, Proposed Section PS 3251**

Dear Mr. Puskaric,

Thank you for the opportunity to provide input on the Exposure Draft (ED) on Employee Benefits, Proposed Section PS 3251. As you are aware, the Association of Municipalities of Ontario (AMO) has been engaged on this proposal since it was first considered in the Invitation to Comment on Employment Benefits: Non-Traditional Pension Plans in Fall 2018. The proposed changes would impact most Ontario municipalities and we are pleased to participate in the consultation process. These comments are a response to question 5, regarding proposed paragraphs PS 3251.033-035 of the ED.

Following the release of the Invitation to Comment, AMO communicated our concerns with proposed guidance that public sector entities participating in pension plans should reflect the “proportionate share of the risk and ultimate cost of all types of pension plans in the accrued benefit obligations reported by the employer.” Municipal employers predicted significant administrative challenges to implement such guidance, particularly in the case of OMERS-participating employers, the pension plan covering the greatest number of municipal employees in Ontario.

We are pleased to see the inclusion of paragraphs PS 3251.033-035 which outline scenarios in which a public sector entity may not be able to identify its share of the underlying financial position and plan performance with sufficient reliability.

Municipal employers participating in OMERS do not have ability to reflect their proportionate share of liabilities and assets on their financial statements. There is no reliable methodology to calculate an individual employer’s proportion of the pension obligation within a jointly sponsored multiemployer pension plan as risk is shared between many employers and plan members. Such a calculation would be significantly complex that it would be a burden for most municipalities to calculate, with much of the information held by the pension administrator rather than the employers. We believe that both scenarios articulated in paragraph .035 apply to municipal employers.

Therefore, our interpretation of PS 3251.035 leads us to the conclusion that municipal employers participating in the OMERS pension plan will not be required to recognize their proportionate share of the liabilities and assets of the pension plan in which they participate. Municipal employers expect that the inclusion of these provisions will enable them to continue the current practice of accounting for their pension obligations according to the guidance for defined contribution plans. Municipal employers strongly endorse the inclusion of these provisions in the standard.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Rosborough', with a long horizontal flourish extending to the right.

Brian Rosborough  
AMO Executive Director