Employee Post-Retirement Benefits

Overview

Rideau St. Lawrence Distribution Inc. ("RSL") provides post-retirement life insurance for its management staff in accordance with company policy. The annual expense for the post retirement benefits, realization of any gain/(loss) and liability are determined in accordance with IFRS Standards-Employee Benefits IAS 19 and IAS 19R and supported by an actuarial valuation completed internally every year. The most recent actuarial valuation is for the period ended December 31, 2020, as shown in Table 4.40 below. The accounting treatment for the expenses, gain/(loss) and liability is consistent with the Accounting Procedure Handbook Article 470 Employee Benefits as well.

Recognition of Liability

The cost of post-employment benefits is actuarially determined using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Under this method, the projected post-retirement benefit is deemed to be earned on a pro rata basis over the years of service in the attribution period commencing at date of hire and ending upon completion of the required service years to earn the benefits ("required service years") according to RSL's policy.

The current service cost for the period is equal to the liability of the post employment benefits as of retirement date divided by the number of the required service years and then is discounted for the present value. Past service costs from the plan amendments are recognized in full immediately. All actuarial gains and losses are recognized immediately.

RSL recognizes that under IAS 19R, all re-measurements, which would include actuarial gains and losses, would go through Other Comprehensive Income. For rate setting purposes RSL has continued to include the future re-measurements in OM&A as permitted by the OEB (APH Article 470).

2020 Actuarial Valuation Results

Assumptions

Discount Rate: The rate used to discount future benefits is assumed to be 3.3% per annum using the yield of high quality corporate bonds with similar maturity to employee retirement years.

Salary Increase: Current salary is used in the calculation. Impacts of salary changes on the valuation of the future benefits will be captured in actuarial gain or loss.

Life Expectation: Ontario life expectancy for male 79 is used.

Summary

RSL's post-retirement benefit information for 2020 Actual is detailed in the following Table 4.40: 2020 Post-Retirement Benefits.

Table 4.40: 2020 Actual Post-Retirement Benefits

		December 31, 2019	December 31, 2020
Accrued Benefit Obligation, beginning of period	a	40,041	47,460
Current Service Cost for the ear	b	1,232	1,292
Cash Payments during the year	c	- 2,278	- 2,214
Interest Cost	d	1,135	1,495
Actuarial (Gain)/Loss	e	7,331	2,592
Accrued Benefit Liability, end of period	f = a + b + c + d + e	**47,460**	**50,625**
Defined Benefit Cost Recognized in Income Statement	g = b + d	2,367	2,787
Defined Benefit Cost Recognized In Other Comprehensive Income	h = e	7,331	2,592
Total Defined Benefit Cost included in OM&A	I = g + h	$ 9,697	$ 5,379

Historical Post-Retirement Benefit Costs

The following is an updated Table 4.16 (as included in the original submission) showing the annual amount charged each year related to post-retirement benefits. The amounts in the table correctly include current service cost, interest cost and actuarial gain/loss. The original submission does not include interest cost in the post-retirement benefit costs.

Table 4.16: Updated Post Retirement Benefit Costs in OM&A

Year	Expense
2016	$ 4,108
2017	$ (354)
2018	$ 11,846
2019	$ 9,697
2020	$ 5,379
2021 Forecast	$ 8,000
2022 Forecast	$ 7,000
Note: Expense in this table includes current service cost + interest cost + actuarial gain/loss	
The amount in Table 4.16 in the initial submission does not include interest cost	

Forecasted Post-Retirement Benefit Costs

The post-retirement benefit costs for 2021 Bridge Year and 2022 Test Year are forecasted to be $8,000 and $7,000. Table 4.41 illustarates the breakdown of the forecast.

Table 4.41: Forecast for Post-Retirement Benefits

		December 31, 2021 Bridge Year Forecast	December 31, 2022 Test Year Forecast
Accrued Benefit Obligation, beginning of period	a	50,625	55,639
Current Service Cost for the ear	b	1,733	2,178
Cash Payments during the year	c	- 2,986	- 4,353
Interest Cost	d	1,574	1,694
Actuarial (Gain)/Loss	e	4,693	3,128
Accrued Benefit Liability, end of period	f = a + b + c + d + e	55,639	58,286
Defined Benefit Cost Recognized in Income Statement	g = b + d	3,307	3,872
Defined Benefit Cost Recognized In Other Comprehensive Income	h = e	4,693	3,128
Total Defined Benefit Cost included in OM&A	I = g + h	$ 8,000	$ 7,000