

## Appendix A: Alternate Comparison Scenarios

### For “DC Plans and the ORPP: Why Fees Matter”

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Common Assumptions and Information			
Projection Period	10 Years	10-Year Payroll	\$87,597,768
Number of Members	160	Starting Member Balance	\$35,000
Member Contribution Rate	4%	Starting Plan Balance	\$5,600,000
Member Contributions	\$3,503,911	Starting Member RRSP Room	\$8,820
Member-Paid Expenses	DC Plan A	Employer-Paid Expenses	DC Plan B
Employer Total Cost	\$3,503,911	Wage Inflation	2%

  

	Scenario A.1		Scenario A.2	
	Gross ROI: 4% Operating Expense: 1%		Gross ROI: 4% Operating Expense: 2.5%	
	DC Plan A	DC Plan B	DC Plan A	DC Plan B
Employer Contribution Rate	4%	2.84%	4%	1.33%
Effective Investment Return	2.97%	4%	1.46%	4%

  

Reconciliation of Plan Assets over the 10-Year Projection Period				
• Opening Plan Balance	\$5,600,000	\$5,600,000	\$5,600,000	\$5,600,000
• Member Contributions	\$3,503,911	\$3,503,911	\$3,503,911	\$3,503,911
• Employer Contributions	\$3,503,911	\$2,487,206	\$3,503,911	\$1,162,198
• Net Investment Earnings	\$3,007,814	\$3,999,293	\$1,391,735	\$3,709,587
• Closing Plan Balance	\$15,615,635	\$15,590,410	\$13,999,556	\$13,975,697
Average Closing Member Balance	\$97,598	\$97,440	\$87,497	\$87,348
Fees Paid from Member Accounts	\$1,025,304	–	\$2,382,559	–
Employer-Paid Fees	–	\$1,016,705	–	\$2,341,713
Total Employer Cost	\$3,503,911	\$3,503,911	\$3,503,911	\$3,503,911
Ending Member RRSP Room	\$63,569	\$69,923	\$63,569	\$78,204

	Scenario A.3		Scenario A.4	
	Gross ROI: 6% Operating Expense: 1%		Gross ROI: 6% Operating Expense: 2.5%	
	DC Plan A	DC Plan B	DC Plan A	DC Plan B
Employer Contribution Rate	4%	2.73%	4%	1.1%
Effective Investment Return	4.95%	6%	3.41%	6%
<b>Reconciliation of Plan Assets over the Ten-Year Projection Period</b>				
• Opening Plan Balance	\$5,600,000	\$5,600,000	\$5,600,000	\$5,600,000
• Member Contributions	\$3,503,911	\$3,503,911	\$3,503,911	\$3,503,911
• Employer Contributions	\$3,503,911	\$2,394,288	\$3,503,911	\$960,568
• Net Investment Earnings	\$5,427,194	\$6,479,490	\$3,514,347	\$5,981,001
• Closing Plan Balance	\$18,035,015	\$17,977,689	\$16,122,168	\$16,045,480
Average Closing Member Balance	\$112,719	\$112,361	\$100,764	\$100,284
Fees Paid from Member Accounts	\$1,121,469	–	\$2,600,081	–
Employer-Paid Fees	–	\$1,109,623	–	\$2,543,343
Total Employer Cost	\$3,503,911	\$3,503,911	\$3,503,911	\$3,503,911
Ending Member RRSP Room	\$63,569	\$70,504	\$63,569	\$79,464
Source: Authors' calculations.				