

BCTF Trustees Report to the BCTF AGM 2016 on the Teachers' Pension Plan

From the BCTF appointed trustees:

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Agenda

- 1. financial report**
- 2. plan updates**
- 3. actuarial valuation 2014**
- 4. new contribution rates.**

Your annual retirement quiz

George Burns

Vince Lombardi

Martina Navratilova

Richard Nixon

Your annual retirement quiz

“I think retirement beats the heck out of life after death...”

“The harder you work, the harder it is to surrender.”

“Retire? I’m going to stay around... until I’m the only one left.”

“When I retire I’m going...through those boxes. There are things in there that ought to be burned.”

Your annual retirement quiz answers

“When I retire I’m going...
through those boxes.
There are things in there
that ought to be burned.”

– *Richard Nixon*

1 Financial report at December 31, 2015 (unaudited)

Total fund market value

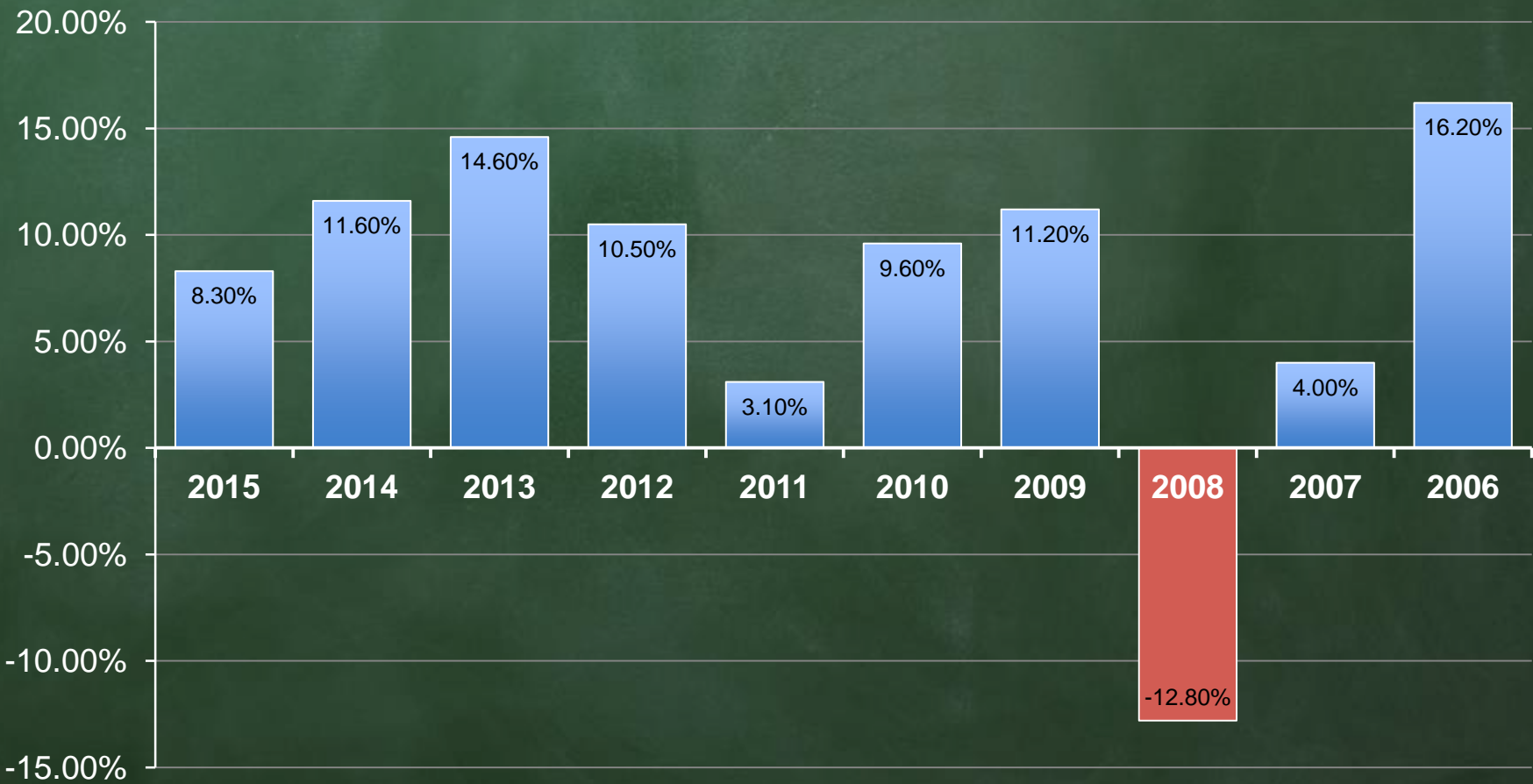
December 31, 2015	\$24,205,408,334
December 31, 2014	\$22,661,167,180

Investment returns—annualized, at December 31, 2015

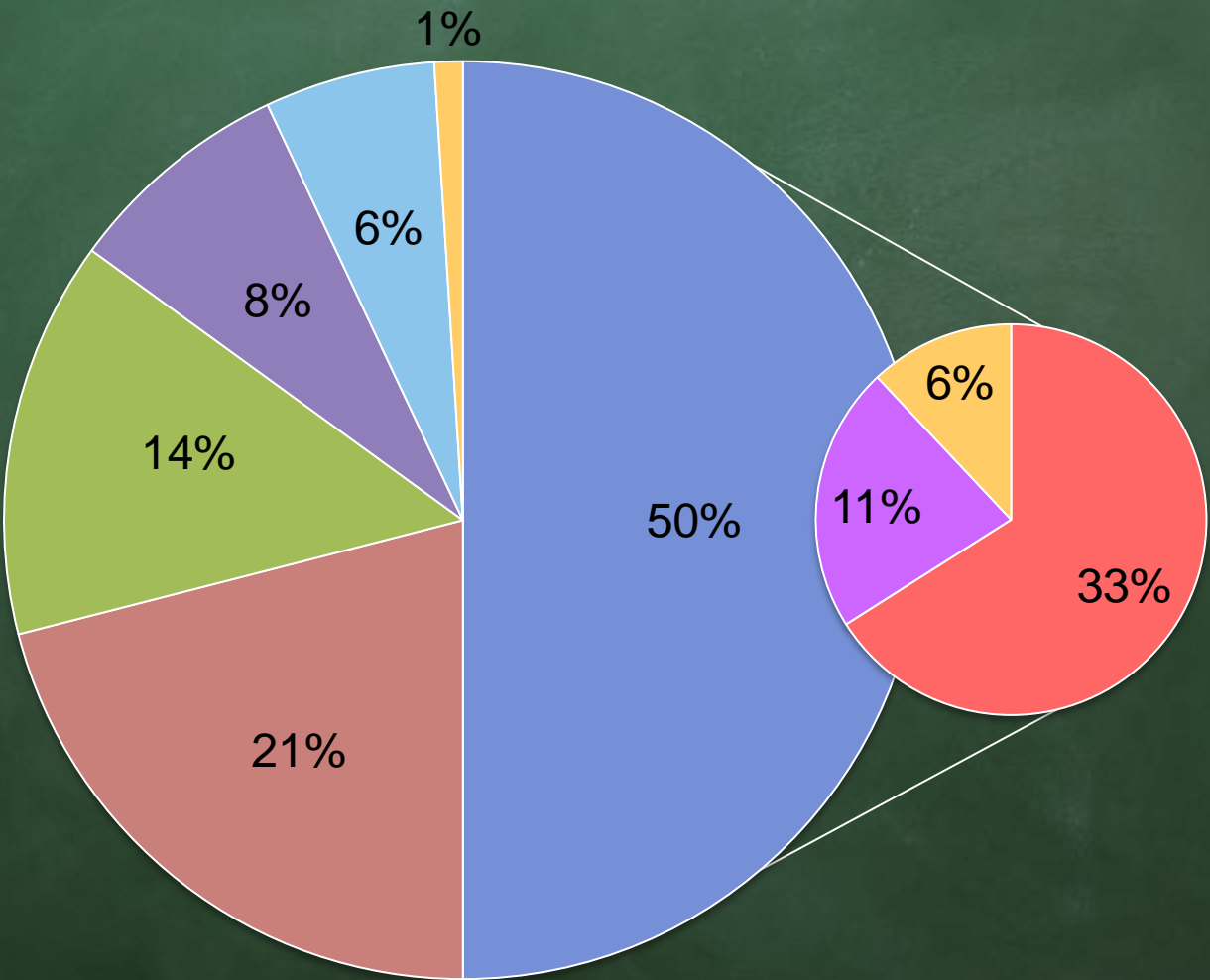
	Fund	Benchmark
1 year	8.3%	7.5%
3 years	11.5%	9.9%
5 years	9.6%	7.8%
10 years	7.3%	6.5%
25 years	8.8%	8.4%

1 Financial report at December 31, 2015 (unaudited)

Annual rates of return at December 31



1 Financial report at December 31, 2015 (unaudited)



Asset mix

- Fixed income
- Public equities
 - Canadian
 - Global
 - Emerging markets
- Real estate
- Private placements
- Infrastructure and RR
- All weather fund

1 Financial report at December 31, 2015 (unaudited)

Responsible investment activities in 2015

Engagement: 365 public companies

Policy submissions: 6 regulators
4 standards-setting bodies

Proxy voting: 2,069 annual meetings in 48 countries
22,569 agenda items

Engagement on: human rights environmental issues
labour standards governance issues

2 Plan updates

- returning to work—must now continue pension if started
- cost of living adjustment (COLA)—age 55 restriction removed as of January 1, 2017
- Pension Benefits Standards *Act*
 - immediate vesting
 - unlocking for terminal illness.

2 Plan updates

- *My Account* for active members
 - 38% of active members registered
 - personalized pension estimator: save up to 10 pension estimates
 - personalized purchase cost estimator
 - view service and salary history, including purchases and transfers
 - access Member Benefit Statement
 - sign up for a Pension Seminar
 - update beneficiaries (2017–2018).

2 Plan updates

- *My Account* for retired members
 - 20% of retirees registered
 - update personal and banking information (soon)
 - view payment details, history, and schedule
 - print duplicate tax slips.
- website improvements are on the way (March 2018):
tpp.pensionsbc.ca
 - task oriented content
 - secured messaging
 - retirement applications online.

3 Actuarial valuation as at December 31, 2014

For the first time since Joint Trusteeship in 2001, your pension plan has a **surplus**.

Assets

>

Liabilities

=

Surplus

3 Actuarial valuation as at December 31, 2014

Assets: Basic Account

smoothed value of fund	\$16.8 billion
future contributions	4.4 billion
present value of contribution increases	1.7 billion
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Total Assets	\$22.9 billion

Liabilities: Basic Account

pensions in payment	\$10.6 billion
future pensions for actives	11.1 billion
inactive members	0.6 billion
expenses	0.1 billion
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Liabilities	\$22.4 billion

Surplus = \$449 million

3 Actuarial valuation as at December 31, 2014




Gains and losses compared to previous valuation assumptions

investments higher	+ \$653 million
contributions lower	– 423 million
salary increases lower	+ 635 million
mortality improved	– 434 million
other small changes	+ 18 million
Net surplus	\$449 million

3 Actuarial valuation as at December 31, 2014

Uses of surplus

“Transition provisions” from the Joint Trust Agreement

- Equalize rates (ER) in the Basic Account and the Inflation Adjustment Account (IAA)
 - a. ER Basic  2% ✓
 - b. ER IAA  2% ✓
 - c. ER Basic  2% partial; 0.18% from future surplus
- Improve member pension benefits from future surplus
 - a. Single life guaranteed 10 years as normal form
 - b. <YMPE accrual from 1.3% to 1.4%

4 New contribution rates from July 1, 2016

	Employer	Employee
Current to basic	15.00%	11.00%
New to basic	11.23%	11.05%
Current to IAA	1.13%	3.00%
New to IAA	3.08%	2.95%
Total current	16.13%	14.00%
Total new	14.31%	14.00%

¹Less 1.5% for salary under the YMPE

4 Inflation Adjustment Account

Inflation Adjustment Account

- was also valued by the actuary
- the security of this account has improved
 - used for indexing of pensions (COLA).

ANY
QUESTIONS?

