



# staff pension plan update

## Actuarial Valuation Results: What do they mean for your pension?

Every three years, the Staff Pension Plan (SPP) is required to undergo an actuarial valuation, which is conducted by the Plan's actuary, Aon Hewitt. 2013 was a valuation year and the Plan's financial position on December 31, 2013 determines its ability to pay benefits and indexing for the next three years.

### What is an Actuarial Valuation?

An actuarial valuation is essentially a financial check-up for the Plan. The valuation enables the Plan to keep regulatory filings up-to-date with pension authorities.

In an actuarial valuation, the actuary estimates the cost of future SPP benefits by making assumptions about future conditions. The actuary compares these estimated costs with the estimated funding (the Plan's assets and expected contributions) - money going out versus money coming in. The resulting excess or shortfall may have an impact on the Plan.

In particular, the actuarial valuation of the Plan determines how much indexing can be applied to benefits payable from the Plan. The UBC Staff Pension Plan pays you a lifetime pension when you retire. This pension is reviewed annually and may be increased if the plan funding is able to afford it. Increases, when granted, are provided to all retirees and are a percentage of inflation for the year. Inflation is measured by the year over year increase in the Consumer Price Index (CPI). Since 2011, an increase to SPP pensions has been granted of 50% of inflation (CPI) in each year.

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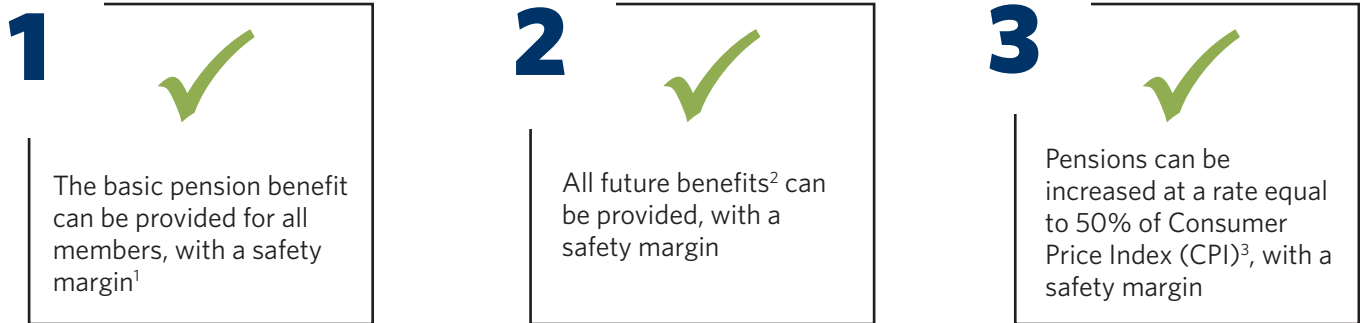
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### What is indexing?

Indexing, also called Cost of Living Adjustments (COLA), helps protect pension income against inflation.

## What do the Actuarial Valuation results reveal?

The December 31, 2013 actuarial valuation reveals that the Plan is in a reasonably healthy funded position, as illustrated in the following diagram:



<sup>1</sup> The "Safety Margin" is the amount by which the assets exceed the liabilities - it is held to protect the Plan against bad experience - effectively it's a rainy day fund.

<sup>2</sup> Benefits that will be earned after the valuation date.

<sup>3</sup> Also known as the Cost of Living Adjustment (inflation adjustments).

## Is my pension affected?

Tests showed that the Plan can afford to keep indexing at a level of 50% of inflation for the next three years. This means that retirees will continue to receive an increase of 50% of inflation (CPI) on their SPP basic pension benefit until the next valuation.

## When is the next valuation?

The next valuation is scheduled for December 31, 2016. At that date, the level of indexing the Plan can afford will be re-evaluated.

In the meantime, the SPP Board continues to focus on setting appropriate margins and putting mechanisms in place to protect the basic pension benefit for all Plan members and to ensure the Plan is sustainable for the long-term. ■

## How is indexing determined?

The actuary uses a Benefits/Funding Test to help determine how much indexing the Plan can afford. The following formula is used for the test:

$$\text{Benefits/Funding Test} = \frac{\text{Funds Available}}{\text{Funds Required}}$$

The actuary compares the "Funds Available" (present value of the funds expected to be available over the next 25 years) to the "Funds Required" (the present value of funds expected to be required over the next 25 years plus a margin for safety). The results of this test let us know if there are enough funds to support benefits, or if changes are warranted.

# September 2014 Quarterly Report

As required by the Plan's governance policy, the SPP Board presented a quarterly report to the UBC Board of Governors on September 25, 2014 on key areas of the Plan such as:

- Actuarial and funding status of the Plan;
- Risk management;
- Member communications; and
- Changes to the SPP Board composition, Pension Administration Office staff, or the Plan's service providers.

To read this report and to learn more about the Plan's governance policy, please visit the Plan Governance section of the SPP website. ■

# Pension Office Holiday Closure

The Pension Administration Office will be closed from noon on December 24, 2014 to January 1, 2015 inclusive. The office will reopen on January 2, 2015. If you have an urgent pension inquiry during the holiday closure, please leave a message at 604-822-8119. These messages will be monitored daily over the holiday period.

Lump sum payments for December will be mailed on December 24 to members who have requested that payments be mailed to them. Members who prefer to pick up their payments will be contacted when their cheque is ready for pick up. Please note that any cheques marked for pick up, which have not been claimed by noon on December 24, will be put in the mail.

The SPP Board and PAO staff wish you and your family a safe and happy holiday season. ■



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## Help find SPP members

The Pension Administration Office needs your help to find SPP members who we have lost contact with over the years and may be entitled to benefits from the Plan. If you have any contact information (addresses, phone numbers, emails, contact information of family, friends, or relatives, or even connections through social media networks such as Facebook and LinkedIn) for the members listed below, please contact the Pension Administration Office at [spp@hr.ubc.ca](mailto:spp@hr.ubc.ca), or fax the details to 604-822-9471. ■

<b>Name</b>	<b>Left UBC</b>	<b>Department</b>
Dai,Tao	July 1994	Health Care & Epidemiology
Dickson,Joan	April 1996	Parking Services
Fandrich,Larissa Mae	May 1999	Zoology
Gregg,David J	Sept 2005	Wood Sciences
Khan,Shahid	Dec 1996	IT Services
Lee-Thiem,Janice N	Sept 1997	Clinical Dental Science
Lin,Chih Alice	Nov 1990	IT Services
Oprea,Radu	July 2000	Mechanical Engineering
Pham,Hong	Sept 1997	Forest Resources Management
Richardson,Anamaria	April 2007	Development Neuroscience & Child Health
Thomson,Norma	Jun 1993	Family Practice
Tom,George	July 2000	Building Ops
Zachidniak,Karin	May 1996	Infectious Diseases

## CONTACT US

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Fax: 604.822.9471

[www.pensions.ubc.ca/staff](http://www.pensions.ubc.ca/staff)

# 2014 Staff Pension Plan Election

The Staff Pension Plan is currently holding an election for two Directors to hold office for a four-year period from January 1, 2015 to December 31, 2018.

## Your vote is important!

You have input on who will sit on the SPP board and represent the interests of Plan members. The SPP Board has the responsibility of recommending Plan policy and procedure improvements to the University, including the Plan's investment asset mix. To learn more about how the Plan is governed and the role and responsibilities of Board Directors, please visit the Plan Governance section at the SPP website.

## How do I vote?

Visit [www.pensions.ubc.ca/staff](http://www.pensions.ubc.ca/staff) for the weblink to read statements from this year's election candidates and to place your vote online. Voting closes at 4 p.m. on Wednesday, November 26, 2014.

We encourage you to vote online but should you be unable, paper ballots were mailed in early November to all eligible members.

If for some reason you did not receive a ballot, please e-mail [elections.information@ubc.ca](mailto:elections.information@ubc.ca) or call 604-827-0003. ■



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This newsletter has been compiled by the Staff and Pension Board Members of The University of British Columbia Staff Pension Plan from information provided to them. If there is any inconsistency between the contents of this newsletter and the pension plan trust or legislation, the trust and legislation will prevail.

There are eight directors plus an independent chair working on your behalf and the Plan. If you have any questions regarding the Plan and would like to contact a board director, please visit the Contact Us page on the Plan's website at [www.pensions.ubc.ca/staff/contact.html](http://www.pensions.ubc.ca/staff/contact.html)