

# STAFF PENSION PLAN UPDATE

Newsletter published by the Pension Board for members and beneficiaries of  
The University of British Columbia Staff Pension Plan.



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Dear Plan Members:

The new year brings a number of information items that are included in this issue of the Staff Pension Plan Update.

### Election results

George McLaughlin and I were re-elected to the Staff Pension Plan Board in last November's elections. We look forward to working with our fellow Board members on your behalf for another four-year term. This election saw a record 22.68% of our members turn out to vote – thanks to those of you who cast your ballots.

### Interview with Philip A. Falls

In our last SPP Update, we announced the appointment of Philip A. Falls as president and CEO of the UBC Investment Management Trust (IMANT). Turn to page 2 for an interview with Mr. Falls, in which he talks about his impressions of UBC IMANT since he began in October and his priorities for the future.

### Contribution reminders

The deadline for RRSP contributions for the 2006 tax year is coming up again. And for the 2007 tax year, the maximum RRSP contribution limit is \$19,000. See page 3 for more information.

### New federal pension legislation

Information on proposed legislation on pension income splitting and the Age Tax Credit is provided on page 4, along with details on the increased maximum Pension Income Tax Credit for 2006.

### Next issue

Our next issue of SPP Update will be the annual report on the Staff Pension Plan. We'll update you on the fund returns, asset mix and provide a copy of the Summarized Financial Statements, as well as other information.

Happy New Year to you and your family.

On behalf of the Board,

Brian Evans  
CHAIR

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

## Introducing Philip A. Falls

Philip A. Falls was appointed president and CEO of the UBC Investment Management Trust (IMANT) last October. The SPP Update asked Mr. Falls to talk about his perceptions and his priorities for IMANT.

**Q:** *What are your impressions of IMANT since you were appointed three months ago?*

**Mr. Falls:** The UBC IMANT Board has put in what I think is a good investment policy. It's the kind of program that has a longer time horizon. Typically, a program of this kind takes two to three years to implement, and then you begin to see results. I credit the Board for its decision to follow patient, long-term investment strategies.

**Q:** *How does your work at UBC IMANT compare to the positions you've held in the past?*

**Mr. Falls:** Well, I was on the UBC IMANT Board from 2004 to 2005. UBC IMANT is a stand-alone corporation, one of the few in Canada, of which the University is the sole shareholder. It's responsible for managing several plans with a combined investment pool of \$1.7 billion. The assets of the SPP alone are more than \$750 million, which makes it one of the largest in B.C.

UBC recognized it was important to set up IMANT as an autonomous entity, and wasn't afraid to do so and to staff it and provide resources. That allows more accountability and more flexibility to implement the best practices for managing an investment pool.

One of the things that attracted me here was the number of resources dedicated to managing these investment pools in the best way for overall growth opportunities. I came from managing the IWA Forest Industry Pension Plan, which is also managed through a stand-alone entity. It's been one of the best performing plans in Canada for the last five years.

I also managed investment funds for CNR in the 1980s and '90s. That was a progressive group that did a lot that was precedent-setting in the Canadian landscape. That's where I learned what's important and what's not.

I've spent many years managing investment funds. I love doing this, and I'm passionate about it.

**Q:** *What are your priorities going forward?*

**Mr. Falls:** Communication is one. It's important that I communicate with the SPP Board and members about what's realistic in terms of expectations for investment asset returns, and the nature of the plan's liabilities – the 'pension promise.' SPP members need to know how these are managed, and why, and how it affects their pensions.

Ultimately, the long-term goal is always to get the right managers, the right strategies and asset classes so that we end up with the best investments in terms of volatility risk as well as performance.



**The UBC IMANT Team**  
(from left to right):

**Cheryl Frey**  
Associate, Analytics  
and Research

**Roger Polishak**  
Director, Manager Relations  
and Investment Operations

**Susan Bibbs**  
Administration Manager

**Philip A. Falls**  
President and CEO

**Sean Macaulay**  
Director, Quantitative Analysis  
and Strategic Research

## Getting the most out of 2006

March 1, 2007 is the deadline for RRSP contributions for the 2006 tax year, so you still have time to add to your retirement income and defer some taxes on last year's income.

### Contribution room

Your RRSP contribution room for 2006 is 18% of your gross income (before taxes and deductions) to a maximum of \$18,000, less your Pension Adjustment. The RRSP contribution maximum increases for the 2007 tax year to \$19,000.

### Pension Adjustment

Your contribution room will be reduced by your Pension Adjustment – the value of the pension you accrued in your registered pension plan during the tax year. This amount is listed in Box 52 of your T4 slip.

As well, if you did not use all of your RRSP contribution room in any year since the 1991 tax year, you can carry that amount forward indefinitely to use in future years.

### To find your contribution limit

The maximum amount you can contribute to an RRSP each year is shown on the Canada Revenue Agency (CRA) *Notice of Assessment* that you receive after you file your income tax return.

You can also find your contribution limit by calling the CRA at **1-800-267-6999** or by using the **My Account** option on the CRA website (<http://www.cra-arc.gc.ca>). You will need a Government of Canada epass, which you can also obtain on this website.

## And for the New Year...avoid the last-minute contribution habit

Planning ahead could give you a leg up when building your RRSPs. By making monthly payments to an RRSP, you can earn interest throughout the year on the balance you accumulate. If you make one lump payment at the end of the year, you lose out on interest payments on your contributions during the year.

## Other sources of retirement income

Source	Benefits		Contributions		Notes
	2006	2007	2006	2007	
<b>Canada Pension Plan (CPP)*</b>		Increased 2.1%. These rates are adjusted annually to reflect Consumer Price Index increase.	<ul style="list-style-type: none"> <li>YMPE: \$42,100</li> <li>4.95% of YMPE to a maximum of \$1,910.70.</li> </ul>	<ul style="list-style-type: none"> <li>YMPE: \$43,700</li> <li>4.95% of YMPE to a maximum of \$1,989.90.</li> </ul>	The YMPE (Year's Maximum Pensionable Earnings) is the maximum amount of earnings on which Canadians can contribute to the CPP.
<b>Old Age Security**</b>	\$484.63/month (January to March)	\$491.93/month (January to March)			These benefits are adjusted quarterly.

\* (<http://www.cra-arc.gc.ca/newsroom/releases/2006/nov/nr061102-e.html>)

\*\* (<http://www.hrsdc.gc.ca/en/isp/oas/oasrates.shtml>)

# Proposed changes in federal legislation will bring tax relief to pensioners

The federal government has announced several legislative changes, expected to pass in Parliament, that will allow pensioners to keep more of their retirement income in their pockets. More information will follow when the amendments are finalized.

## Pension income splitting

Under the proposed legislation, Canadian residents may allocate up to one-half of their pension incomes to their spouses or common-law partners when filing their income tax returns each year, beginning with the 2007 taxation year.

Both spouses must agree to the split each year. Unlike the Canada Pension Plan (CPP) payment split, in which the actual income payments are split between spouses, the pension income splitting measure consists of assigning each spouse's income on your income tax returns, beginning with the return you file in 2008.

Tax savings will be greater if the difference between the incomes of the two spouses is larger. The legislation defines pension income as:

### If you are 65 years of age or over

- lifetime annuity/pension payments from a Registered Pension Plan (RPP), Registered Retirement Savings Plan or Deferred Profit Sharing Plan; and
- payments from a Registered Retirement Income Fund or Life Income Fund.

### If you are under 65

Based on current information, the pension income that can be split under this proposal will be restricted to lifetime annuity/pension payments from an RPP.

### Changes to the Age Tax Credit

The 'Age Amount' tax credit, which can be claimed by Canadians age 65 and over, is being increased by \$1,000 for the 2006 tax year. The maximum credit for 2006 is \$5,066 for earnings up to \$30,270. The income level at which you no longer qualify for the age credit has increased to \$64,043.

### Pension Income Tax Credit

In May's federal budget, the Finance Minister also announced that the maximum tax credit for regular payments from a pension plan (excluding CPP and Old Age Security payments) would increase from \$1,000 to \$2,000. This change is effective for the 2006 and following tax years.

