



# staff pension plan update

## Important Changes are on the way for Pension Plans Registered in British Columbia

The B.C. Government has introduced a new Pension Benefits Standards Act (PBSA) that received royal assent on May 31, 2012 and it is anticipated it will become law by early 2014. The new act introduces provisions for a new class of pension plan called a Target Benefit Plan. The UBC Staff Pension Plan (SPP) meets all of the design features of a Target Benefit Plan.

### What is a Target Benefit Plan?

In many ways, the SPP was ahead of its time when you consider the plan design. The SPP provides for fixed contribution levels designed to provide a certain level of benefit – a target benefit defined by a formula using a percentage of earnings and years of service in the Plan. The SPP has the ability to adjust benefits as needed based on its ability to pay. At the time the SPP was first implemented and up until the new PBSA, this kind of plan was not described in the pension legislation and therefore, many of the legislated rules just didn't make sense for our type of pension plan.

### What does this new act mean for the Staff Pension Plan?

With the introduction of the new PBSA, the SPP will be easier to manage and more sustainable over the long-term because the new rules will provide for the SPP's design. The new rules will eliminate an actuarial process that never made sense for a target benefit plan – a "solvency valuation." Instead, the SPP will continue to ensure that the benefits being paid are affordable on an ongoing basis.

Solvency Valuations and their associated rules are useful for protecting members' pension benefits in a defined benefit pension plan where the employer is responsible for funding the pension benefit. In the case of the SPP, the University is not responsible for ensuring the pension benefit is fully funded. Instead, the employers in the SPP (UBC and Related Employers) are responsible for making a

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### The UBC Pension Administration Office has moved!

[Read the details inside](#)

The Plan's Actuary, Aon Hewitt, has written a report called "Target Benefit Plans: The Future of Sustainable Retirement Programs," which includes a feature on the UBC Staff Pension Plan. With the permission of Aon Hewitt, we have posted the full report on the Library page at the SPP website.

fixed contribution to the Plan whether or not the Plan is under or over funded. In addition, all the money in the SPP belongs to the members.

If there is more money in the Plan than the Canada Revenue Agency (CRA) allows then the rules of the Plan say that either pension benefits may be improved or there is a cash distribution to Plan members or both. In addition, in the SPP the employers cannot take what is called a contribution holiday (that is, stop paying contributions for a time) and they cannot take out any surplus money. On the flip side, if there is not enough money in the Plan then pension

benefits are reduced, beginning with future indexing. There is currently a reduction in future indexing as a result of the affordability tests conducted in the December 31, 2010 actuarial valuation. Effective January 1, 2012 indexing was reduced to 50% of the Consumer Price Index for retired and deferred members, and the commuted value calculation for terminated plan members does not currently include indexing.

Watch for our future newsletters as we will provide you with more information on the new act and Target Benefit Plans. ■

## Keeping the SPP Asset Mix Policy on track

One of the key responsibilities of the Staff Pension Plan (SPP) Board is to make recommendations on the Plan's Asset Mix Policy. The SPP Asset Mix Policy defines how the Plan's assets should be invested and provides a framework for how much should be invested in various types of investments. The SPP's assets include your contributions, the University's contributions, and investment earnings. How well the Plan's investments perform depends significantly on what investments are permitted and how the investments perform in the financial markets.

For example, in the *May 2012 SPP Update*, we reported that the Plan achieved a net investment return of 5.0% in 2011. This was a strong result compared to what typical Canadian pension plans earned in that year, which was between -1.0% and +1.0%. The reason the SPP outperformed other Canadian pension plans in 2011 was largely due to the Plan's asset mix policy. The SPP fund continues to earn positive investment results in 2012. The Year-to-date net return of the SPP fund as at July 31, 2012 was 5.59%. When compared to the average pension plan return of 2.6% (as reported by the Plan's Performance Measurement advisor, API), the Plan is performing well.

### Changes to the Plan's Asset Mix Policy

Asset Mix policies should be reviewed regularly to make sure the policy has the best risk profile in relationship to the Plan's liabilities (what it has to pay out in benefits) and assets (what it has available to pay benefits). At this time, the SPP's asset mix is being adjusted to continue to help reduce risk in the Plan's investments.

In the fall of 2011, the SPP Board received the results of the Actuarial Valuation as at December 31, 2010. An Actuarial Valuation is performed on the Plan's liabilities and assets at least every three years. The Pension Board asked the Plan's Asset Consultant, PBI Actuarial Ltd. (PBI) to conduct an Asset - Liability Study using the results from the latest

Actuarial Valuation. PBI reviewed the Plan's liabilities and asset mix policy and have recommended a few changes to the policy. The table below illustrates the current asset mix policy and the recommended new asset mix policy and highlights the proposed changes.

### Current versus Proposed Target Mix Policy

	Current Target Policy Mix (%)	Proposed Target Policy Mix (%)	
Total Fixed Income	35.0	35.0	Fixed income includes items like cash, bonds and mortgages
Total Public Equities	30.0	25.0	Public equities are essentially stocks and include Canada, U.S. and other foreign equities
Total Alternatives	35.0	40.0	Alternative investments include items such as real estate, infrastructure debt and private equities
Total	100	100	

The SPP Board approved PBI's recommended changes to the Asset Mix Policy at their October 2012 meeting. The new asset mix policy has been reviewed with the Plan's Investment Manager, UBC IMANT and they support the recommend changes. The Plan's recommended asset mix policy will go to the UBC Board of Governors for their review and approval at their December 2012 meeting. We will report the outcome of this meeting on the SPP website and in our next newsletter. ■

# Progress in Plan Governance

Since December 2011, the SPP Board has been presenting quarterly reports to the UBC Board of Governors Finance Committee. These reports are required to be submitted on a quarterly basis as outlined under the *UBC Staff Pension Plan - Pension Board Terms of Reference and Governance Policy*. The purpose of these reports is to provide the Finance Committee an update on key changes to the Plan in areas such as:

- Pension Board Composition
- Pension Administration Office Key Personnel
- Plan Service Providers
- Plan Member Communications
- Actuarial and Funding Status
- Risk Management

If you would like to view these reports, they are available under the Plan Governance section of the Plan's website.

We would like to thank our members for their support as we continue to build a sustainable pension plan. The SPP Board is pleased with the excellent work being done by the Plan's advisors, Aon Hewitt Inc. and PBI Actuarial Ltd., and the Plan's investment manager, UBC IMANT. ■

## Did you know?

Did you know that there is a Plan Governance section on the Staff Pension Plan website? This section contains information on:

- Pension Board Directors
- The Plan's advisors and consultants
- The Plan's subcommittees
- Governance policies and documents

To access the Plan Governance section, visit [www.pensions.ubc.ca/staff](http://www.pensions.ubc.ca/staff) and click on Plan Governance under the left menu.

## Help us find these 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>
Arnold, Bentley C.	August 2007	Plant Operations
Chih Alice, Lin	June 1990	IT Services
Chui, Danny	May 1995	Biomedical Research Laboratory
Cioci, Nicholas	March 2001	IT Services
Dai, Tao	July 1994	Health Care & Epidemiology
Khan, Shahid	December 1996	IT Services
Lee-Thiem, Janice N	September 1997	Clinical Dental Services
Moller-Hansen, Teresa	July 1992	Undergraduate Admissions
Oprea, Radu	June 2000	Mechanical Engineering
Pham, Hong	September 1997	Forest Resource Management
Thomson, Norma	June 1993	Family Practice
Tom, George	July 2000	Plant Operations
Ullrich, Thomas	September 2008	Earth and Ocean Sciences
Zachidniak, Karin	May 1996	Infectious Diseases Division

# Pension Fair Recap: Frequently Asked Questions

Each year in May, the Staff Pension Plan hosts a **Pension Fair**, where members may meet the Pension Board directors and the administrative staff – a **great opportunity to ask questions and learn more about the Plan**.

If you missed this year's Pension Fair, here are some of the **most frequent questions** asked by members:

## 1 What does the University contribute to the Plan?

Each month, the University\* contributes:

- 8.2% on the part of your salary on which you make Canada Pension Plan contributions, and
- 10% on the remainder of your salary

The contributions made by the University go towards funding the overall plan. You can view the details of the employer contributions on your pay cheques via the UBC Faculty and Staff Self Service portal, which is accessed through [www.msp.ubc.ca](http://www.msp.ubc.ca) using your Campus Wide Login.

*\*refers to UBC and Related Employers*

## 2 What is buy-back?

There may have been years when you worked for the University during which you were eligible to participate in the pension plan, but for whatever reason, you chose not to do so. Now looking back, you wish you had contributed for those years, as those months of pensionable service would have gone towards giving you a better pension at retirement. You can apply at retirement to buy back this past service.

Eligible periods for buyback are limited to any months before July 1, 2009. If you choose to buy back past service, you must take a pension from the Plan. For more information on buying back past service, visit [www.pensions.ubc.ca/staff/buyback.html](http://www.pensions.ubc.ca/staff/buyback.html)



This year's Pension Fair was well attended and we received positive feedback from our attendees, who completed a post-event survey.



**A variety of handouts and brochures to educate you on the Plan.** Visit the Library on the SPP website for helpful handouts and articles.



**Have your questions answered by one of our staff or a SPP Board Director.**

### 3 What are my pension options at retirement?

Most members age 55 and over will be eligible to receive a Monthly Lifetime Pension from the Plan. There are some members who will have more than one option if they qualify for specific exceptions as legislated by the B.C. Pensions Benefits Standards Act. The options depend on several factors such as your length of service and when you began making contributions to the Plan. Below is a description of some of these options:

#### **Monthly Lifetime Pension**

A Monthly Lifetime Pension calculated according to the pension formula. The pension may be chosen with a minimum guarantee period of 60, 120, or 180 monthly payments. Most members will receive this option.

#### **Monthly Lifetime Pension with Lump Sum**

A reduced Monthly Lifetime Pension and a Lump Sum transfer out of the Plan. Only members who have made contributions to the Plan before 1993 are eligible for this option.

#### **Lump Sum**

Members whose Plan benefit is considered a small pension at the time of retirement will also be eligible for a lump sum option.

For more information on the SPP retirement options, visit [www.pensions.ubc.ca/staff/retire\\_options.html](http://www.pensions.ubc.ca/staff/retire_options.html)

### 4 What is a guarantee period?

All pension payments are paid for your and your spouse's lifetime or the guarantee period, whichever lasts longer. Pension options available to Plan members vary depending on if you are single or have a spouse. Each option has a choice of three guarantee periods (60, 120, or 180 monthly payments) during which the Plan will pay the balance of the monthly payments to your designated beneficiary.

For example, if you have a spouse, you will receive a pension paid for your lifetime and your spouse's lifetime, with a guarantee period of 60, 120 or 180 monthly payments. If both you and your spouse die before the guarantee period ends, the remaining payments will be paid to your designated beneficiary.

If you do not have a spouse, you will receive a pension paid for your lifetime and may choose a guarantee period of 60, 120 or 180 monthly payments. If you die before the guarantee period ends, the remaining payments will be paid to your designated beneficiary.



**Approaching retirement?** Great opportunity to ask questions about your retirement options.



**Meet the Plan's Board Directors and staff.**



**Learn about how and where your pension funds are invested from the Plan's investment manager, UBC IMANT.**

## 5 When is the best time to retire?

You may start your pension from UBC at any time after you turn age 55; however, if you are not eligible for Special Early Retirement, your pension will be adjusted for each year that you retire before age 65 to account for the longer period you will be receiving a pension. You may delay your retirement until after age 65, but you must start your pension by December 31st of the year in which you turn age 71.

When you retire will be based on your own personal situation - the best time will be unique to you. The following are a few examples of ways to help you start planning for retirement:

- Attend a Staff Pension Plan MOST Workshop ([www.pensions.ubc.ca/staff/workshops.html](http://www.pensions.ubc.ca/staff/workshops.html))
- Book a one-on-one Retirement Information Session with a SPP pension administrator ([www.pensions.ubc.ca/staff/workshops.html#RIS](http://www.pensions.ubc.ca/staff/workshops.html#RIS))
- Take a Retirement Planning Course through UBC Continuing Studies ([www.cstudies.ubc.ca/life-and-career/courses.html](http://www.cstudies.ubc.ca/life-and-career/courses.html))
- Work with a financial and retirement consultant

We would like to **thank everyone** who attended the Pension Fair this year and look forward to enhancing the event as it grows in the coming years. Stay tuned for the **next SPP Update** when we announce the date for the **2013 Pension Fair**. ■



**Did you know that the Plan offers SPP 101 Info Sessions and MOST workshops throughout the year?** Register at [www.pensions.ubc.ca/staff/workshops.html](http://www.pensions.ubc.ca/staff/workshops.html)



**A chance to reconnect with your UBC colleagues across campus.**



**Learn more about the Plan at [www.pensions.ubc.ca/staff](http://www.pensions.ubc.ca/staff).** Can't find the answer to your question on our website? Contact us at [spp@hr.ubc.ca](mailto:spp@hr.ubc.ca)

# We've Moved!

## UBC Pension Administration Office

The UBC Pension Administration Office has moved to a new location on the Vancouver Campus. Our new office is located on the second floor of the Donald Rix Building on the corner of Health Sciences Mall and Agronomy Road. The main entrance is on Health Sciences Mall.

The larger office space will allow both the Staff and Faculty Pension Plans to expand operations and services to meet the needs of our growing memberships. We thank you very much for your cooperation as we embark on this exciting time in the growth and expansion of the UBC Pension Administration Office.

### Please note:

- E-mail addresses, telephone and fax numbers will remain the same.
- Mail sent to our old address will automatically be forwarded to our new address.



### Contact Information

UBC Pension Administration Office  
201 - 2389 Health Sciences Mall, Vancouver, B.C. V6T 1Z3  
T 604.822.8100 | F 604.822.9471 | spp@hr.ubc.ca

For detailed maps, parking and accessibility information, please visit [www.maps.ubc.ca/?458](http://www.maps.ubc.ca/?458)

## Holiday Closure

The Pension Administration Office will be closed from noon on December 24, 2012 to January 1, 2013 inclusive. 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.



Correspondence should be addressed to:

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Pension Administration Office  
#201 - 2389 Health Sciences Mall  
Vancouver, BC V6T 1Z3 Canada

Tel 604.822.8100  
Fax 604.822.9471  
spp@hr.ubc.ca

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

## Have you voted in the election?



The Staff Pension Plan is currently holding an election for two Directors to hold office for a four-year period from January 1, 2013 to December 31, 2016.

**Your vote is important!** You have input on who will sit on the Plan's pension 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 asset mix. To learn more about how the Plan is governed, 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 election information and the link to place your vote online. **Paper ballots were mailed on October 31, 2012 to all eligible members and voting closes at 11:59 p.m. on November 27, 2012.**

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. ■

#### STAFF PENSION PLAN BOARD OF DIRECTORS

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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. If there is any inconsistency between the contents of this newsletter and the pension plan trust or legislation, the trust and legislation will prevail.