



# staff pension plan update

## The 2014 Actuarial Valuation is underway

### The Pension Plan's Triennial Review

The Pension Board monitors the financial status of The University of British Columbia (UBC) Staff Pension Plan (the "Plan") continuously. Every quarter the Plan's advisors provide a financial update to the Board. Once every three years a more comprehensive review, called an actuarial valuation, must be conducted. The last such review was as of December 31, 2010. The December 31, 2013 actuarial valuation of the Plan is currently in progress.

The actuarial valuation has four main purposes:

- Evaluate the present financial status of the Plan;
- Assess the ability of the Plan to pay benefits over the long term;
- Comply with regulatory requirements for actuarial valuations and filings with pension authorities; and
- Confirm the Plan benefits for future years, until the next valuation.

### In this issue

The 2014 Actuarial Valuation is underway	1
The SPP and Working Past Age 65	3
RRSP Contributions for 2014	3
SPP Board Re-appointments	4
Save the Date: 2014 Pension Fair	4
2014 Info Sessions and Workshops	4

### What is an "actuarial valuation" and what does it involve?

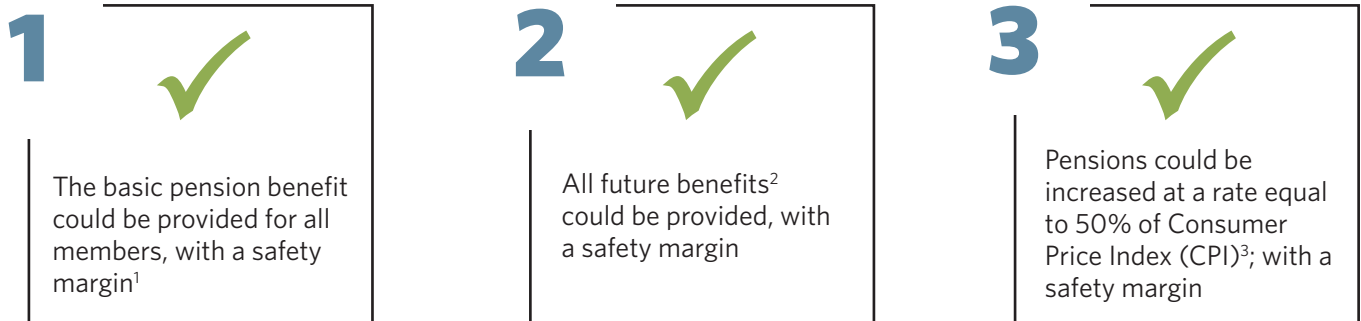
An "actuarial valuation" is essentially a financial "check-up" for a pension plan. It is conducted by an independent professional, an actuary, who collects complete member data and makes assumptions to project the pension benefits that members are expected to receive over the life of the plan. The value of these projected benefits is then calculated as at the date of the valuation, giving an assessment of the liabilities of the plan (i.e., what the plan owes). These liabilities are compared to the assets that are held by the plan (i.e., the money in the pension fund) and the contributions that are expected to be made to the plan. By doing so, the actuary is able to assess the plan's ability to pay the projected benefits. By law, every pension plan must prepare an actuarial valuation at least every three years.

### What types of assumptions are made?

An actuary makes a number of economic and demographic assumptions when performing an actuarial valuation. These include: future investment return on plan assets, future wage increases, future inflation, likelihood of members terminating or retiring, and life expectancies. The assumptions are typically based on a mix of statistical studies and experienced judgement, and are intended to represent a best estimate of the future. While the current economic environment will have an influence, assumptions are made based primarily on long-term expectations.

## Financial Status of the Plan

The December 31, 2010 actuarial valuation revealed that the Plan was in a 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).

## Impact of the Actuarial Valuation

The key impact of the actuarial valuation for Plan members is that the valuation determines the level of benefits that the Plan can support for the years following the valuation. If there is a shortfall in funding, the Pension Board will examine options for adjusting benefits.

The December 31, 2010 valuation revealed that the Plan could support indexing of pensions at 50% of inflation (CPI), which was applied to retiree pensions at the beginning of 2012, 2013 and 2014. The indexing adjustment at January 1, 2015 will depend on the results of the new valuation.

The Pension Board expects the valuation report to be presented at its September 2014 meeting. At that time, the Board will review the actuarial valuation and the actuary's recommendations and a communication will go to members in the November 2014 *SPP Update* newsletter.

### Note

This summary is simplified for presentation. It is for general information purposes only. Members can request access to the full December 31, 2010 valuation report by contacting the Pension Administration Office. The December 31, 2013 valuation report will be available after September 30, 2014. ■

### Indexing at 50% of Inflation

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 average year over year increase in the CPI). For the last three years, an increase has been granted of half (50%) of inflation in each year.

# The SPP and Working Past Age 65

As a UBC employee, you may work past age 65 and defer starting your Staff Pension Plan (SPP) pension until age 71, at which time you are required to select a pension option. Two options are available with regards to your pension if you decide to work past age 65:

1. You may continue making contributions and accrue pension until the age of 71, at which point you must elect to start your pension benefit.
2. You may elect to stop making contributions and begin your pension at age 65 or the first of a later month.

There are benefit changes if either option is selected; in particular, there are changes to medical, dental, and extended health benefits if you select the second option.

For more information about these benefit changes, please visit the UBC HR Benefits web page on Working Past Normal Retirement Date at [www.hr.ubc.ca/benefits/working-past-normal-retirement](http://www.hr.ubc.ca/benefits/working-past-normal-retirement)

## Other Considerations

In addition to the SPP, if you decide to work past age 65 there are some decisions that you may want to make regarding your Canada Pension Plan (CPP) and Old Age Security (OAS) benefits, such as whether to continue making contributions to the CPP or whether to delay starting your OAS. For more information, please visit [www.servicecanada.gc.ca/eng/lifeevents/retirement.shtml](http://www.servicecanada.gc.ca/eng/lifeevents/retirement.shtml) ■

# RRSP Contributions for 2014

## 2014 Contribution Limits

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 ([www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)). You will need a Government of Canada e-pass, which you can obtain from the above website as well.

## Contribution Room

Your RRSP contribution room for 2014 is 18% of your gross income (before taxes and deductions) earned in 2013 to a maximum of \$24,270, less your 2013 Pension Adjustment. However, 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 this or future years.

## Pension Adjustment

Each year your contribution room is reduced by your Pension Adjustment, which is the value of the pension you accrued in your registered pension plan during the prior tax year. The amount of your Pension Adjustment is listed in Box 52 on your T4 slip from the University.

For more information on how to calculate your pension adjustment and how it affects your RRSP contribution room, visit [www.pensions.ubc.ca/staff/rrsp.html](http://www.pensions.ubc.ca/staff/rrsp.html) ■

## Other Sources of Retirement Income: Government Pension Plans

There are other sources of retirement income that retirees may receive including income from the Canada Pension Plan (CPP) and Old Age Security (OAS) as illustrated in the table below.

Source	2014 Monthly Maximum Benefit
<b>Canada Pension Plan</b> These rates are adjusted annually to reflect Consumer Price Index increase	\$1,038.33
<b>Old Age Security</b> These rates are reviewed quarterly to reflect Consumer Price Index increase	\$551.54 (Jan to Mar 2014)

Additional information on CPP and OAS may be found on the Pensions 101 page at the Plan's website.

## CONTACT US

**E-mail:** [spp@hr.ubc.ca](mailto:spp@hr.ubc.ca)

**Phone:** 604.822.8100

**Mail:** UBC Staff Pension Plan, Pension Administration Office  
#201 - 2389 Health Sciences Mall, Vancouver, BC V6T 1Z3 Canada

**Fax:** 604.822.9471

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

## Pension Board Re-appointments

We are pleased to announce that Harry Satanove and Jay Parker have been re-appointed by the UBC Board of Governors to serve as directors on the Staff Pension Plan Board.

Mr. Satanove was first appointed in February of 2012 as the Pension Board's first independent, non-voting chair. His new term is from January 1, 2014 to December 31, 2015. Mr. Parker has been a member of the Board since 1997 and his new term is from January 1, 2014 to December 31, 2017.

We'd like to congratulate Mr. Satanove and Mr. Parker on their re-appointments and thank them for continuing to work on behalf of the membership. To learn more about the Pension Board directors, please visit the Plan Governance section of the Plan's website. ■

## Save the Date: 2014 Pension Fair

Mark your calendars! The annual Staff Pension Plan Fair will be held on Thursday, June 5, 2014. Stay tuned as details will be available in the May 2014 *SPP Update*. ■

## 2014 Info Sessions and Workshops

Did you know that the Staff Pension Plan offers information sessions and in-depth workshops to help you better understand your pension plan? Pension plans are complex and often not easy to understand. The Plan provides several opportunities to help you learn about the Staff Pension Plan and other types of retirement income and how this income might help with your retirement planning. For 2014 dates and information on how to register, please visit the Workshops page on the Plan's website. ■

### Missed an issue of the *SPP Update*?

Past issues of the Plan's newsletter, *SPP Update*, are available in the Library section of the Plan's website.

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)