

The Pensioner

NEWSLETTER FOR RETIRED MEMBERS OF THE UBC STAFF PENSION PLAN

December 2020

2020 Actuarial Valuation Results: What do they mean for your pension?

What is an Actuarial Valuation?

An actuarial valuation is a financial check-up of the Staff Pension Plan (SPP) performed at least every three years by the SPP's actuary. The actuary estimates the cost of future SPP benefits by making assumptions about future conditions. The actuary compares these estimated costs (such as current and future pension payments) with the estimated funding (the SPP's assets and expected contributions) – money going out versus money coming in. The actuarial valuation performed as at December 31, 2019 helps us to assess whether the SPP's funding is sufficient to support Plan benefits now and in the future, in particular, the level of post-retirement indexing that can be supported.

What is post-retirement indexing?

The lifetime pension you are receiving from the SPP may be increased on an annual basis if the plan funding is able to afford it. This is known as post-retirement indexing or a Cost of Living Adjustment. Increases, when granted, are provided to all deferred members and 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. Your Cost of Living Adjustment for 2021 is shown on your 2020 Annual Statement.

The importance of the SPP's Funding Policy

A key feature of the SPP's Target Benefit Plan design is its Funding Policy. As contributions made to the Plan by members and UBC are fixed, the SPP's Funding Policy states that the basic pension benefit and inflation adjustments (post-retirement indexing) are subject to the SPP's ability to pay. Benefits are adjusted depending on whether the Plan is over or underfunded. It is a priority of the SPP Board to provide the basic

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Pension Payments 2021

Monday, January 4*
Monday, February 1
Monday, March 1
Thursday, April 1
Monday, May 3*
Tuesday, June 1
Friday, July 2*
Tuesday, August 3*
Wednesday, September 1
Friday, October 1
Monday, November 1
Wednesday, December 1

*Note: This is the first business day of the month; however, depending on your financial institution, your pension payment may be deposited earlier than this date.



Actuarial Valuation Results continued...

pension benefit with a high degree of certainty, and to maximize post-retirement indexing. The SPP Funding Policy sets out how the level of indexing will be determined based on the results of the Benefits/Funding Test performed during the actuarial valuation. The strength of the Benefits/Funding Test is that it requires the SPP to hold a significant margin to keep the Plan sustainable over the long term.

What are the results?



The valuation results show that when post-retirement indexing is at a level of 50% of inflation, the SPP is in a reasonably healthy funded position with a 22.6% safety margin. SPP basic benefits are currently well funded and can be supported over the long term. This means you will continue to receive an increase of 50% of inflation on your SPP basic pension benefit each year until the next valuation.

Even though the valuation was completed as at December 31, 2019, the SPP Board continues to closely monitor the Plan's funded position and investment returns, especially in these uncertain times. It is the SPP Board's ultimate goal to provide 100% indexing subject to the Plan's ability to finance it in a stable and sustainable manner.

Although the COVID-19 pandemic disrupted the investment markets in 2020, the SPP is well funded and managed on a long-term basis and we hold a margin for adverse events. The next valuation is required in three years (i.e. As at December 31, 2022) and it will reflect the financial impact of COVID-19 on the Plan's investments, as well as other changes that have occurred in the interim.

Lastly, the valuation confirms that the SPP is in compliance with regulatory requirements for target benefit plans and that our valuation report was filed with the pension authorities, the BC Financial Services Authority and the Canada Revenue Agency in October 2020.

UBC Staff Pension Plan becomes a signatory to the Principles for Responsible Investment

On July 7, 2020, the UBC Staff Pension Plan became a signatory to the Principles for Responsible Investment (PRI) through its investment manager, UBC Investment Management Trust Inc. (UBC IMANT). As a signatory, the SPP confirms its commitment to responsible investing and joins a global community seeking to build a more sustainable financial system.

The SPP Board has also established an Environmental, Social and Governance (ESG) committee in recognition of the importance of responsible investing. This is an area of priority for the SPP Board that is ongoing.

Learn more about how UBC IMANT is integrating ESG considerations into the Plan's investments in the SPP 2019 Annual Report and the UBC IMANT 2020 Annual Report. Both of these reports can be found on our website.

Pension Office Holiday Closure

The Pension Administration Office staff and management will be unavailable from December 25, 2020 to January 1, 2021 inclusive due to our annual office holiday closure. We will return to work on Monday, January 4, 2021 and will be available through email and phone. Our office is currently restricting in-person visits due to COVID-19.

If you have an urgent pension inquiry during the holiday closure, please leave a message at 604-822-8119. These messages will be monitored over the holiday period.

The SPP Board, management and staff wish you and your family a safe and happy holiday.

Your statements from Northern Trust

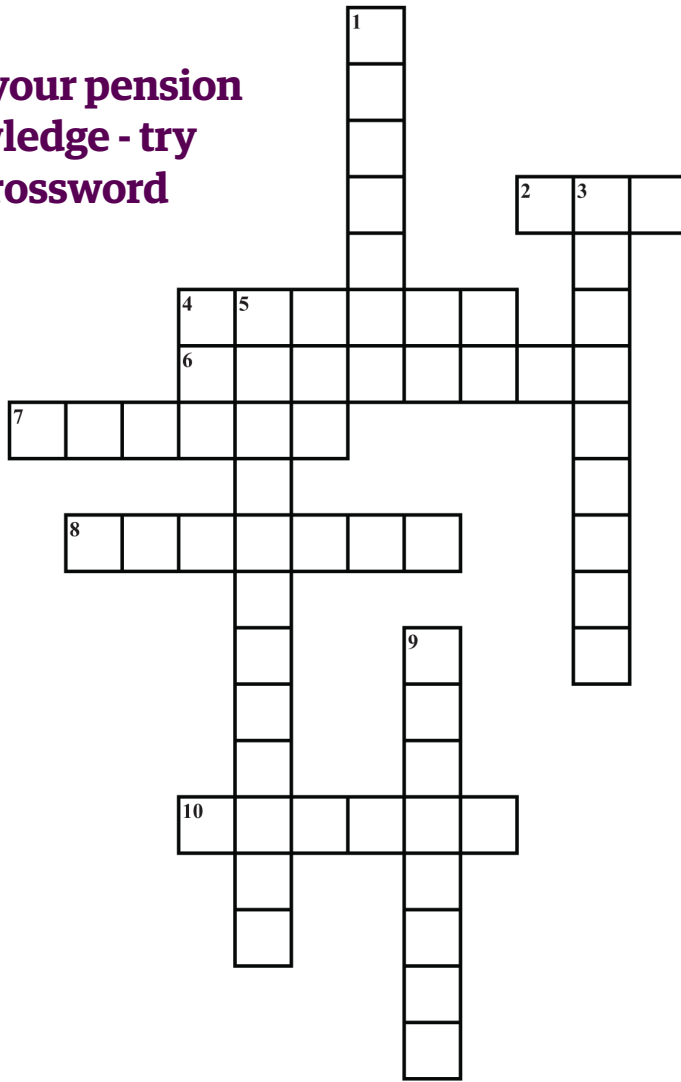
The Plan's custodian, Northern Trust, administers your pension payments. In December 2020, Northern Trust will mail you a statement with a summary of your 2020 pension payments. This statement is different from your T4A slip. Northern Trust will mail your T4A slips, for income tax purposes, by the end of February 2021. If there are changes to your mailing address or banking information, please contact Northern Trust at 1-800-711-1101 or the SPP Member Services team (see **How to contact us** on the back page).

myPension: Your pension information 24/7

Log in to myPension to do the following:

- View your pension information and beneficiaries
- Update your communication preferences
- Update or add your email address to stay connected with the SPP
- View and/or print a current or past annual retiree statement
- Contact the SPP Member Services team

Test your pension knowledge - try the crossword



Down

- 1 Canada ____ Agency - the Government of Canada's tax law administration
- 3 The name of this newsletter: "The ____"
- 5 A group of eight appointed and elected Plan members, plus an independent chair, that helps govern the direction of the Plan (2 words)
- 9 The amount of inflation adjustment applied to your Plan benefit annually (subject to the Plan's ability to finance it)

Across

- 2 One of the Government of Canada income streams for seniors
- 4 The person you're married to or living in a marriage-like relationship with
- 6 Programs and services like Extended Health, Dental, Employee & Family Assistance Program, and the Staff Pension Plan
- 7 Cost of ____ Adjustments, or COLA - another name for indexing
- 8 Someone who is taking a pension from the Plan and no longer working at UBC
- 10 The Staff Pension Plan is a "____ Benefit Plan"

Keep your information up to date

It is important to keep your information up to date with the Pension Administration Office especially if there are changes to your mailing address, contact or banking information, power of attorney, beneficiaries and marital status. Our contact information is listed in the section below.

How to contact us

UBC Staff Pension Plan
Pension Administration Office
201 - 2389 Health Sciences Mall
Vancouver, B.C. V6T 1Z3 Canada

Last Name A-E	604-822-6008
Last Name F-K	604-822-8883
Last Name L-Q	604-822-8646
Last Name R-Z	604-822-2167
Reception & General Inquiries	604-822-8100
Fax	604-822-9471
Email	spp@hr.ubc.ca

Our office hours are:

Monday to Friday
8:30 a.m. to 4:30 p.m. PT

staff.pensions.ubc.ca

Crossword Answer Key

Down

1. Revenue
3. Pensioner
5. Pension Board
9. Indexing

Across

2. CPP
4. Spouse
6. Benefits
7. Living
8. Retiree
10. Target