



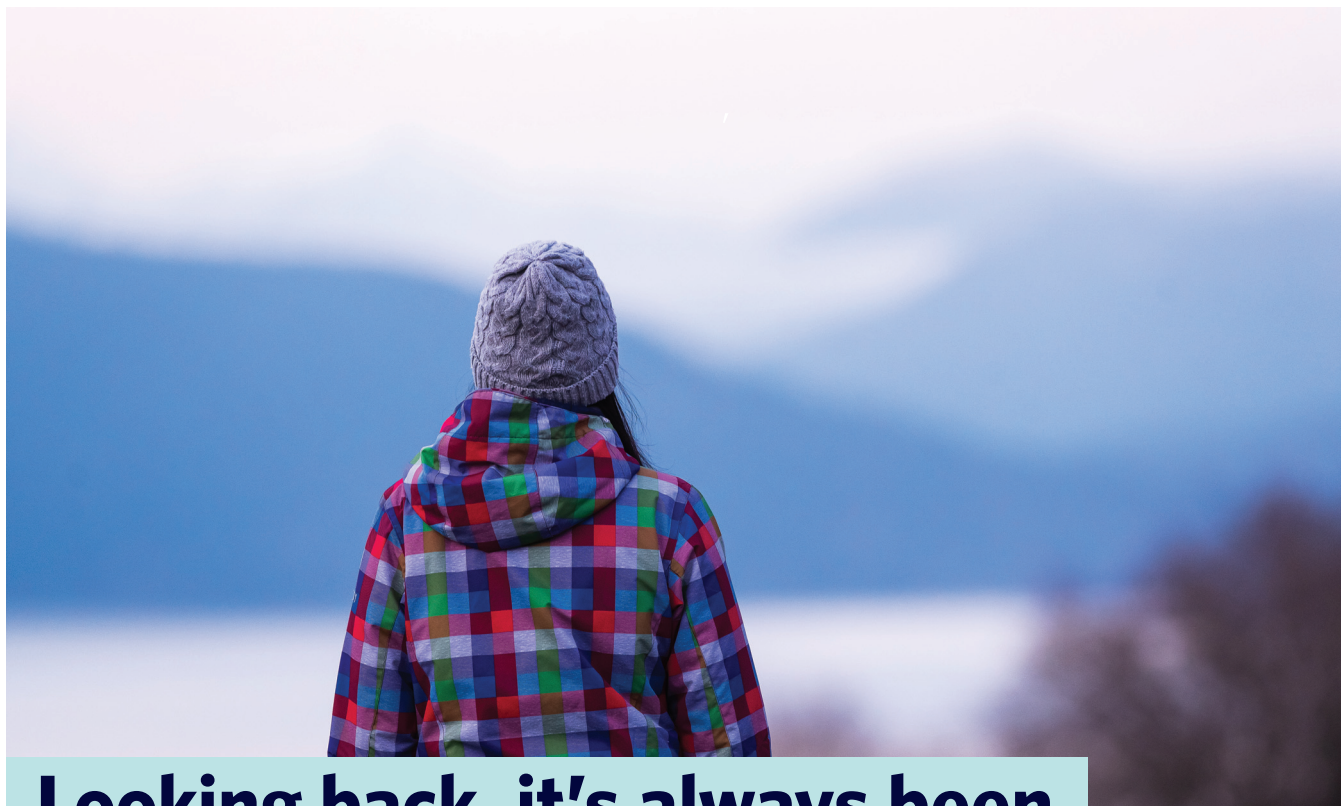
THE UNIVERSITY OF BRITISH COLUMBIA

STAFF PENSION PLAN

Annual Report 2021



Celebrating
50 Years



Looking back, it's always been about looking forward:

A sustainable target benefit pension plan

We are pleased to present the 2021 Annual Report for the UBC Staff Pension Plan (also known as “SPP” or “the Plan”). The SPP was established on January 1, 1972, and 2021 marked its 50th year of operation. We are pleased to acknowledge this significant achievement in this year’s annual report. The purpose of the SPP has always been to provide stable and secure lifetime retirement pensions. As we look back on our history, it’s clear our journey has been forward thinking. We have always been focused on enhancing benefit security and the long-term sustainability of the SPP, while ensuring the Plan

is equitable for all members. The next section highlights some of the key milestones for the SPP as a target benefit plan.

In 2021, the Plan’s investment portfolio earned 8.5% net of operating and investment fees, performing well above the one-year policy benchmark return of 6.5%. The SPP assets grew to \$2.4 billion as of December 31. Given the current pandemic and recent world events, we will continue to closely monitor the Plan’s funded position and investment returns.

MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

Responsible investing continues to be a key area of focus for the SPP Board, and we have made significant progress in our responsible investing journey. The Plan's Responsible Investing Policy was integrated into the Plan's Statement of Investment Policies and Procedures and approved by the UBC Board of Governors in 2021. This confirms the SPP Board's commitment to the integration of Environmental, Social, and Governance factors into the decision making process for the SPP's investments.

Jerry Chen, AVP UBC Human Resources, was appointed by the UBC Board of Governors to join the SPP Board on January 1, 2022. Joanna Carson's term ended in December 2021. We would like to thank Joanna for her contributions and service on the SPP Board. The next election for two positions on the SPP Board is planned for fall 2022.

Our Plan membership grew by 5% in 2021. Plan enrolments are at a steady level and the number of members starting a pension is similar to pre-pandemic numbers. Even though it was the second year of the pandemic, we were pleased to see many members still engaging with us to learn about the SPP and their pension benefits. We continued to offer *Understanding your Staff Pension Plan* workshops online throughout the year, as well as the SPP New Member Information Session in April, and the SPP Update Presentation in June. For the foreseeable future, we will continue to provide online workshops, presentations and meetings as a flexible and convenient option for our members.

In late 2021, the UBC Pension Administration Office reopened after a 19-month closure due to the COVID-19 pandemic. Our Member Services team is available through email, phone, and in person.

In closing, we would like to thank all those who have been with us on this incredible journey over the last five decades. From all the Board members, UBC colleagues, Plan advisors and consultants to our phenomenal team at the UBC Pension Administration Office. Many have worked over the years to help make the SPP what it is today — many people who care about the long-term future of the SPP.



Barry Gros
*Independent Chair,
SPP Board*



Orla Cousineau
*Executive Director,
Pensions*



Celebrating 50 Years

1992

The Pension Administration Office (PAO) is established in the basement of the Old Administration Building. The office started with six staff who worked on the SPP. One of them is Margaret Leathley, and she still works for the SPP today.

1972

UBC Staff Pension Plan established

The UBC Staff Pension Plan, or SPP, replaces prior pension plans at UBC. 1,105 members from these prior plans join the SPP. Of these members who joined the SPP on January 1, 1972, 174 are currently pensioners in 2022.

1999

Benefits/Funding Policy created

The Benefits/Funding Policy is a key component of the SPP's Funding Policy and Target Benefit Plan design. Its purpose is to assess the long-term sustainability of the Plan and ensure benefits are set at a level that is supportable over the long term.

1997

The first SPP website is created.

2000

The SPP has 1,000 pensioners!

2003

UBC Investment Management Trust Inc. (UBC IMANT), a wholly owned subsidiary of UBC, is created. Through a manager-of-manager approach, UBC IMANT implements the investment strategies and policies outlined in the Plan's Statement of Investment Policies and Procedures.

2006

myPension tool launched

myPension is a secure member website, available 24/7, where members can view their pension and beneficiary information, use pension calculators, and access their annual statements.

2005

UBC Okanagan established

85 employees at the UBC Okanagan campus join the SPP

CELEBRATING 50 YEARS

2009

Plan Rules change

These changes improve the Plan benefits, make the Plan rules more equitable for all members, and improve the long-term security of benefits.

2013

Benefits/Funding Policy created

CUPE 116 hourly employees become eligible to join the SPP. More staff are now eligible to benefit from SPP membership.

2012

The SPP has 10,000 members!

January

Cost-of-Living Adjustment changes

This is the first year that the Cost-of-Living adjustment (COLA), or post-retirement indexing, is reduced to 50% of inflation (Consumer Price Index). The SPP pays pensioners a lifetime pension that may be increased through COLA on an annual basis if the plan funding is able to afford it. The SPP uses COLA adjustments as a lever to keep the Plan sustainable over the long term.

2015

Northern Trust is appointed as the Plan's new custodian. As the Plan's custodian, Northern Trust holds the Plan's funds in trust as well as administers pension payments to SPP pensioners.

2016

The SPP goes green and transitions its member newsletter and communications online. This helps to reduce costs, which means more money stays in the pension fund.

August

B.C. pension regulator confirms that SPP is and has always been a Target Benefit Plan since its inception. See the November 2016 *SPP Update* newsletter for details.

2019

A newsletter for SPP pensioners is created called the *SPP Pensioner*. This newsletter is distributed once a year with pensioner annual statements.

2017

UBC increases the employer contributions into the SPP. More money is going into the SPP to help fund the overall pension fund.

CELEBRATING 50 YEARS



2020

March

The COVID-19 pandemic begins, and the PAO evolves its member services to meet the needs of SPP members and to respond to the changing environment created by the pandemic. Workshops and meetings are now offered online, and will continue to be offered as a flexible and convenient option for members.

April

Enrolment in the SPP becomes mandatory upon eligibility.

This change assists staff in saving for their retirement by ensuring they do not miss out on valuable pensionable service under the SPP. The more pensionable service a staff member has, the greater their pension will be.

July

SPP becomes a signatory to the United Nations Principles for Responsible Investment.

As a signatory, the SPP is committed to responsible investing and joins a global community seeking to build a more sustainable financial system.

December

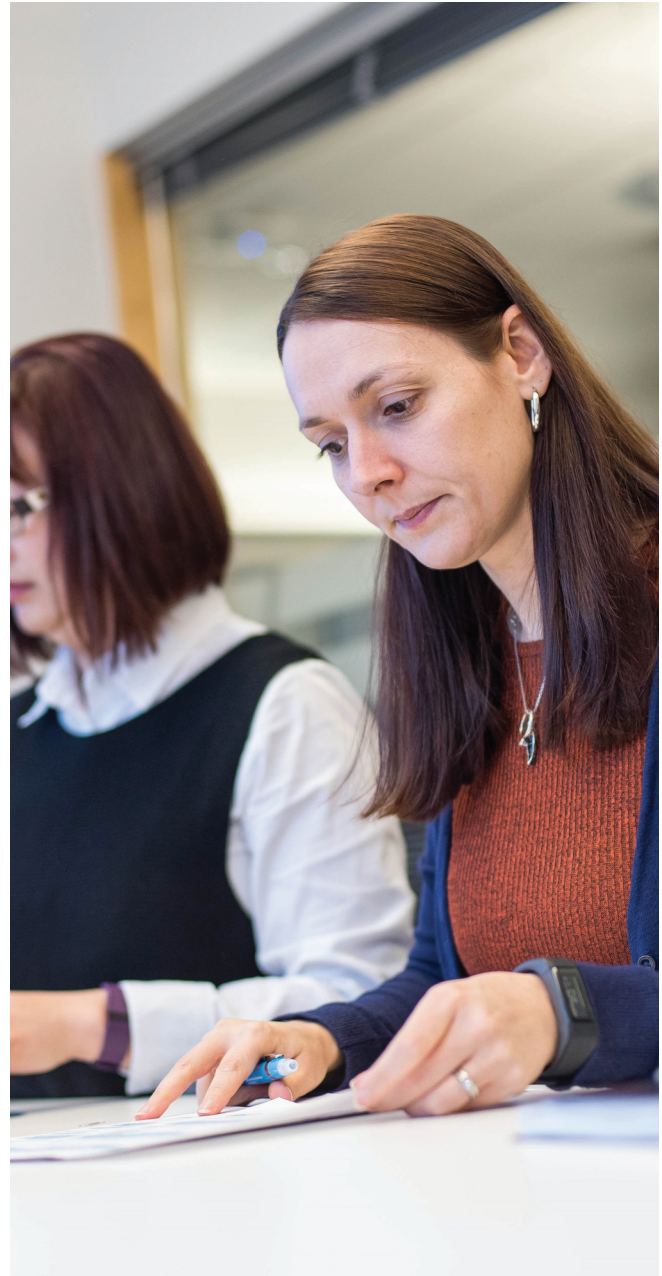
The SPP Board adopts its first Responsible Investing Policy.

2022

January

The SPP turns 50!

The Plan has grown to almost 16,500 members and has \$2.4 billion in assets.





Our Pension Promise

The UBC Staff Pension Plan is a Target Benefit Plan. A key feature of the Plan's design is the pension promise and its funding policy. As both employee and employer contributions to the Plan are fixed, the Plan's funding policy states that the basic pension benefit and Cost-of-Living Adjustments are subject to the Plan's ability to pay. Benefits are adjusted depending on whether the Plan is over-or underfunded.

Our Members:

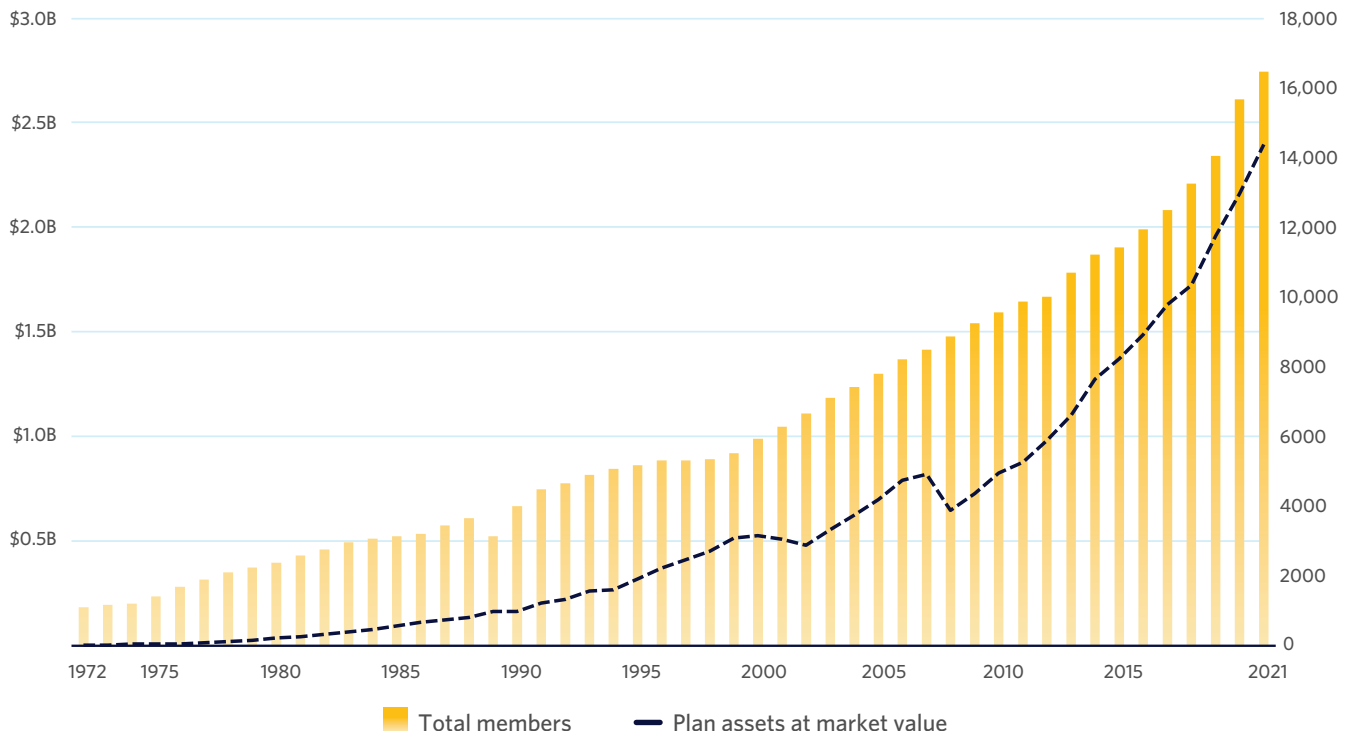
At the Heart of What We Do

At the heart of the UBC SPP is its members. When the pension fund began 50 years ago, we started with 1,105 members and today we have just under 16,500 members. Our membership includes staff who are currently working at UBC, those who have left UBC but have not yet made a decision about their pension benefits, and those who are receiving a pension.

The SPP membership is dynamic and constantly changing - there are always staff joining and leaving the Plan. Contributions made by active members go toward funding the overall pension fund. These funds, along with investment returns, provide pension benefits for Plan members.

The purpose of the UBC SPP has always been to provide stable lifetime retirement pensions. Today, there are just over 3,100 pensioners who are receiving a pension that is paid for their lifetime (and the lifetime of their spouse).

Total Membership vs. Plan Assets



OUR MEMBERS

We are committed to helping our members understand how their pension plan works and the benefits of having a pension from the UBC SPP. Over the years, we have evolved our member experience and communications to best serve the needs of our membership. There are a variety of ways that members are able to learn about their pension benefits from our website, presentations and videos, to workshops and one-on-one meetings that are held in person and online.



In 2021, we held:



12 Understanding your Staff Pension Plan workshops



New Member Information Session in April



Annual Update Presentation in June



178 Retirement Information Sessions

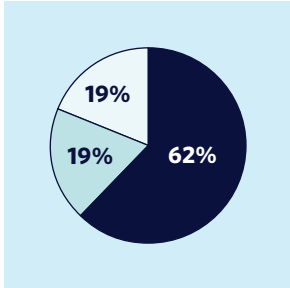


1 Get Educated Seminar

All workshops and presentations were online in 2021.

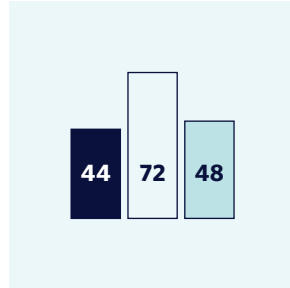
▶ Register for a workshop at staff.pensions.ubc.ca/workshops

Membership Highlights



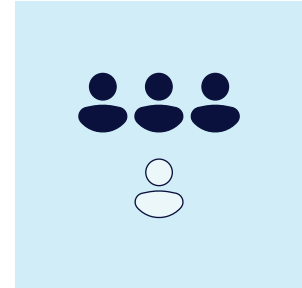
Total membership 16,462

- Active members: 10,246 (62%)
- Pensioners: 3,148 (19%)
- Deferred members: 3,068 (19%)



Average Age of Members

- Active members: 44
- Pensioners: 72
- Deferred members: 48



Ratio of active members to pensioners:

3 active members to every 1 pensioner



Longest Paid Pension

43 years



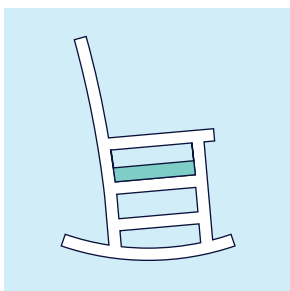
106 Pensioners over the age of 90

Our oldest Pensioner is 105 years old



Average age of members starting a pension in 2021:

64



214 members started a pension in 2021



1,488 enrolments in 2021



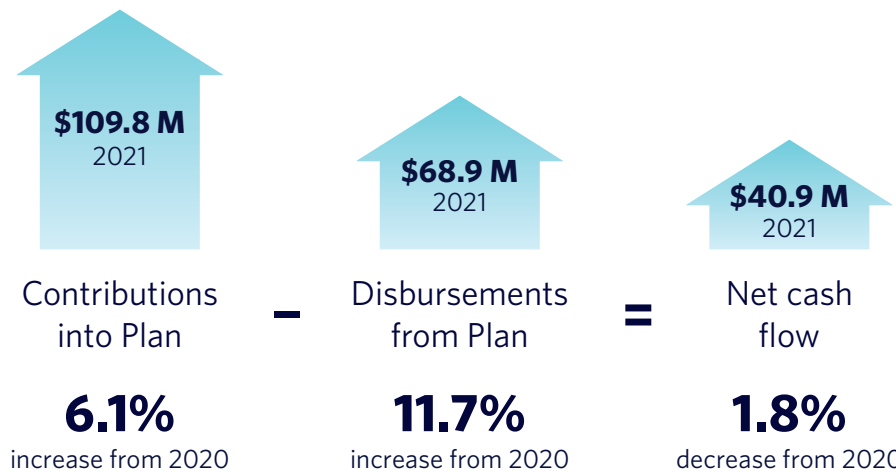
15.5 average years of service for members starting a pension in 2021

Plan & Financial Highlights

Total pensions paid in 2021:
\$47 Million

Average annual pension paid in 2021:
\$15,494

Contributions versus Disbursements from the Plan and Net Cash Flow



Unaudited Market value of the Plan at year end:

\$2.4 Billion

Net rate of return
 (net of investment and operating fees)



Total contributions by members in 2021

\$45.0 M

Total contributions by UBC and related employers in 2021

\$64.8 M

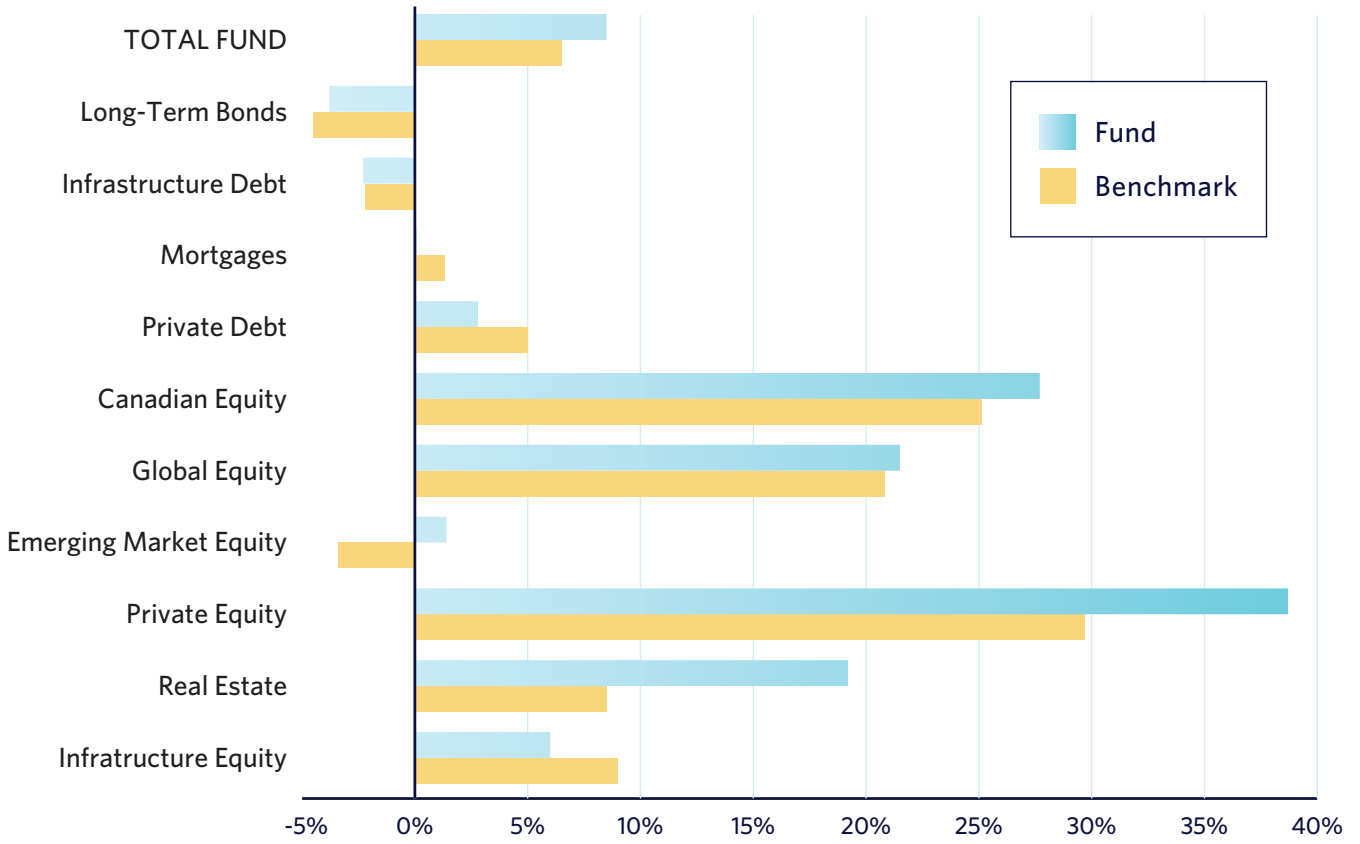
Investment Performance

Investment Highlights

- The UBC Staff Pension Plan's investment portfolio earned **8.5%** net of operating and investment fees in 2021. This level of investment return was well above the policy benchmark return of **6.5%** over the same period. The Plan's investment portfolio continues to perform in line with the policy benchmark over longer time horizons.
- The Plan's assets increased to **\$2.4 billion** as of December 31, 2021, up from \$2.16 billion at December 31, 2020. The growth in assets was driven by strong investment returns and positive net cash flows into the Plan.
- Capital market returns were strong through 2021 as the global economy continued to recover from the widespread COVID-19 related lockdowns in 2020. Equity markets experienced particularly robust gains as corporate earnings rebounded and consumer spending in developed markets increased, while real assets such as infrastructure and real estate also benefited from the gradual return of pre-pandemic activity. The increase in economic activity and rising inflation led to a rise in interest rates that had a negative impact on fixed income returns.
- The Plan holds a diversified portfolio of public and private market investments, designed to grow with the Plan's liabilities over time. The portfolio generated a strong overall return in 2021, with detailed returns across asset classes as follows:
 - The public equity portfolio gained **18.1%**, strongly beating its benchmark return of **15.4%** driven by manager outperformance across most public equity strategies. The Plan's Canadian equity portfolio increased by **27.7%** while the global equity portfolio returned **21.5%**. Performance in the Emerging Markets portfolio was relatively subdued, generating a return of **1.4%**.
 - The fixed income portfolio, which includes investments in long-term bonds, infrastructure debt, mortgages and private debt, suffered a loss of **-2.9%** in 2021. Fixed income returns were negatively impacted by the global increase in interest rates which came in response to rising inflation.
 - The Plan's alternative investments, which include real estate, infrastructure equity and private equity generated a strong aggregate return of **15.6%** in 2021.



1-Year Returns



Governance Overview

The UBC Board of Governors is responsible for overall management of the Plan and has delegated to the SPP Board various responsibilities including day-to-day administration and recommending an investment policy for the UBC Board of Governors Finance Committee's approval.

The Plan is invested to provide stable lifetime retirement pensions in accordance with the Statement of Policies and Procedures (SIPP) approved by the SPP Board and UBC Board of Governors Finance Committee. The SIPP outlines the investment strategy and overall framework for managing plan assets, which UBC IMANT is responsible for implementing.

UBC IMANT follows a manager-of-managers approach by hiring top tier investment management talent from around the world to manage strategies in accordance with the Plan's long-term asset mix. The performance of each investment manager is measured against a benchmark with the goal of meeting or exceeding those returns, after fees, over time. In addition, the total Plan's investment performance is evaluated using the weighted average rate of return of the market indices from those asset classes.

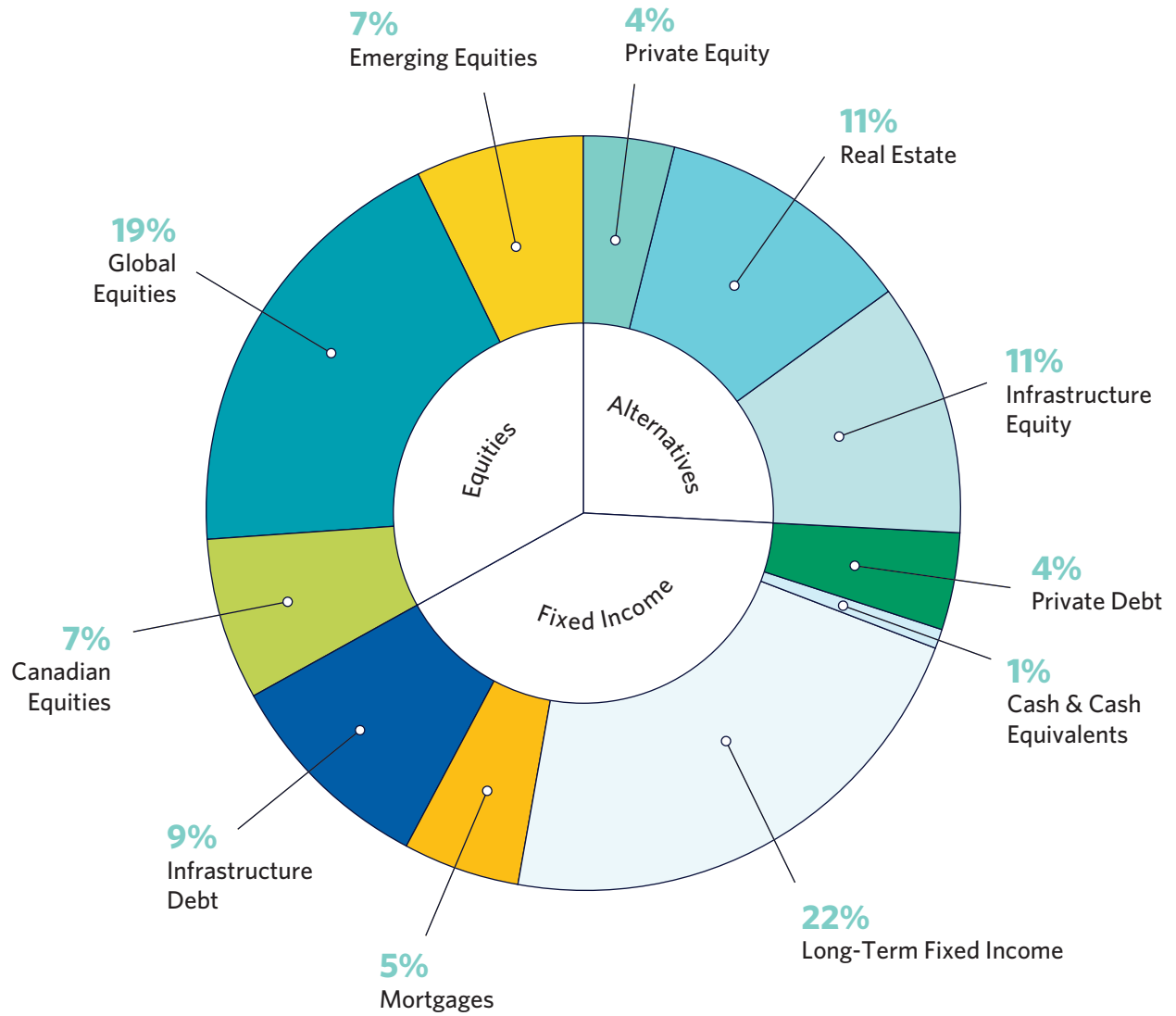
Investment Strategy

The Plan's long-term asset mix policy includes allocations to fixed income, equities and real assets, such as infrastructure equity and real estate. In fixed income, the largest allocation is to long-term bonds, which provides diversification benefits to the portfolio. Fixed income investments also include private debt which offers a higher yield than long term bonds and is less sensitive to changes in interest rates. Allocations to public equities and real asset investments are expected to generate higher long term returns than fixed income investments but may lead to higher volatility. Real assets such as infrastructure and real estate provide steady cash flows that are well suited to meet the long-term financial objectives of the Plan. These assets are also held to provide inflation protection and insulate the Plan from the volatility typically observed in public markets.

During 2021, UBC IMANT continued to transition the Plan's portfolio towards the strategic asset mix that became effective in 2019. UBC IMANT continues to concentrate on sourcing private asset investment opportunities for the Plan and has made additional commitments to private debt, private equity, real estate and infrastructure funds in 2021. UBC IMANT also undertook a restructuring of the Plan's equity portfolio, including new investment managers that are expected to generate stronger performance compared to the equity portfolio benchmarks.

Staff Pension Plan Asset Mix

AS OF DECEMBER 31 2021



Responsible

Investing

Responsible investing plays an important role in the management of the SPP pension fund and in keeping the Plan sustainable for the long term. In 2021, the SPP's Responsible Investing Policy was integrated into the Plan's Statement of Investment Policies and Procedures and was approved by the UBC Board of Governors. This document outlines how the Plan's funds are to be managed and invested.

Our Responsible Investing Policy confirms the SPP Board's commitment to the integration of Environmental, Social and Governance (ESG) factors into the investment decision making process. The policy will evolve in the coming months and years.

The SPP Board, working closely with UBC IMANT, has made significant progress over the past two years in managing the ESG related risks, including climate change, to the SPP. In 2021, UBC IMANT reviewed and evaluated all the external investment managers they have selected to invest the SPP portfolio. The initial ESG scorecard developed by UBC IMANT tracks the implementation of responsible investing practices at the asset and manager level, measuring progress and strengthening governance and accountability. The ESG assessments will be reviewed and updated annually, and it evaluates the level of integration and residual risk of ESG and climate change for each of the external investment managers. The measurement of climate change risk is an evolving area that will be a focus for 2022.

The SPP Board is committed to communicating openly and transparently about our responsible investment activities as they evolve. At least annually, we will provide our members with information and updates on our approach to responsible investing in the annual report and newsletters, and on the Plan website.

Our Journey So Far

**February
2020**

- Responsible Investing education sessions for the SPP Board

**July
2020**

SPP joins the United Nations Principles for Responsible Investing, a leading organization promoting responsible investing principles

**September
2020**

Began regular measurement of SPP Portfolio Carbon Emission

**December
2020**

Responsible Investing Policy established

**April
2021**

- Began disclosing public equity holdings on UBC IMANT's website
- Guidelines established outlining UBC IMANT's approach to engagement of and influence on the SPP's external investment managers

**December
2021**

ESG scoring framework and assessment of all the SPP external investment managers. Scoring will be updated on an annual basis.

Governance & Risk Management

Governance and risk management are important elements to ensuring we are able to deliver our pension promise and to provide our members with secure and stable lifetime retirement pensions.

Strong Governance Model

The UBC Staff Pension Plan follows a governance model outlined in the Plan's Terms of Reference and Governance Policy. These policies outline the various duties and responsibilities delegated to the SPP Board by the UBC Board of Governors. The SPP Board meets several times a year to review and discuss topics such as the Plan administration, operations, governance and investments, and works closely with the University and the Plan's advisors to ensure the Plan is sustainable for the long term. Part of our governance model includes completing a Governance Report under the Terms of Reference, which is presented to the UBC Board of Governors on an annual basis.

The SPP Board is also responsible for monitoring the Plan's compliance (administration, funding and investment) with the terms of the Plan, and the various regulatory bodies. The last actuarial valuation confirms that the SPP is in compliance with regulatory requirements for target benefit plans.

Proactive Risk Management

The SPP Board is focused on proactive risk management through regular monitoring. Every quarter, each risk is categorized as either high, medium or low, with a rating of high triggering a discussion by the SPP Board. In 2021, there were no risks with a high rating.

Risks are monitored through various means such as:

- The Risk Dashboard and Register
- The Benefits/Funding Test
- Longevity Analysis
- Asset Liability studies
- Annual Governance Report to the UBC Board of Governors

There are seven risk categories that are monitored by the SPP Board.



Investment



Funding



Operational



Legal/Regulatory



Governance



Member Communication



Strategic

Although the SPP Board is only required to determine the Plan's funding status every three years through an actuarial valuation, the funding risk is monitored on a more frequent basis through quarterly funding updates from the Plan's actuary. In addition, the SPP Board receives an annual longevity analysis. This analysis now incorporates the potential impact that the pandemic may have on the SPP.



Accessing

Your Pension

Information

Online



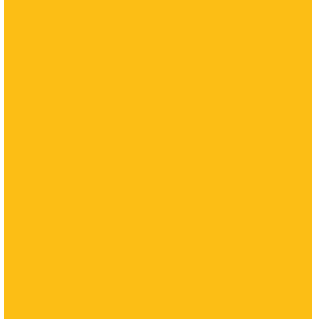
myPension is a secure website where members can view their personal pension information, beneficiaries, annual pension adjustment and service accruals as well as run their own pension estimates to better understand pension income for retirement planning. They can also update their communication preferences for their annual member statement. *myPension* is available 24/7.



For details on how to access and use ***myPension***, visit staff.pensions.ubc.ca/mypension



Did you know?
Subscribing to an electronic annual statement is not only kinder to the environment, but it also keeps more money in the pension plan as it reduces costs.



Members can opt out of paper statements by signing into *myPension* at staff.pensions.ubc.ca/mypension and selecting the Communication Preferences tab within *myPension* to change their preference.

Who We Are

Pension Board

The SPP Board comprises eight board members (four elected by the membership and four appointed by the UBC Board of Governors) and an independent non-voting chair.

Appointed Independent Non-Voting Chair

Current Term

Barry Gros	Retired actuary	January 1, 2022 to December 31, 2023
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Appointed Board Members

Current Term

Jerry Chen	AVP Human Resources, UBC	January 1, 2022 to December 31, 2025
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Kamila Giesbrecht	Executive Director, Investments, UBC Faculty Pension Plan	January 1, 2021 to December 31, 2024
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Yale Loh	Treasurer, UBC	March 4, 2019 to December 31, 2022
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Laura O'Neill	B.C. General Employees' Union	January 1, 2020 to December 31, 2023
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Elected Board Members

Current Term

Lia Cosco	Deferred Member (formerly Director, HR and Operations, Peter A. Allard School of Law, UBC)	January 1, 2021 to December 31, 2024
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Shannon Dunn	Director, Business Operations, UBC Okanagan	January 1, 2019 to December 31, 2022
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Paul Kwon	Finance Manager, UBC Hiring Solutions	January 1, 2021 to December 31, 2024
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Christie Stephenson	Executive Director, Peter P. Dhillon Centre for Business Ethics, UBC Sauder School of Business	January 1, 2019 to December 31, 2022
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WHO WE ARE

UBC Pension Administration Office Management and Staff

The UBC Pension Administration Office provides day-to-day administration of the SPP including member services and communications.

Orla Cousineau	Executive Director, Pensions	Louise Mah	Pension Clerk
Debbie Wilson	Director, Pensions	Maricres De Leon	Pension Plan Accountant
Margaret Leathley	Pension Administrator	GV Fragante	Systems Analyst
Anna Ha	Pension Analyst	Helena Huynh	Systems Analyst
Betty Jay	Member Services	Kathy Pang	Communications Manager
Carol Brodie	Member Services	Chelsey Maher	Communications Coordinator
Carol Liao	Member Services	Sarah Halvorson	Office Administrator
Pravin Khan	Member Services	Megha Gupta	Administrative Assistant

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