



Pension Airwaves

Episode 5 - Executive Director transition (*Transcript*)

Hi there and thanks for tuning in to this episode of Pension Airwaves. Today we wanted to talk about an exciting executive staff transition happening at the Pension Office!

Since 2015, Orla Cousineau has been our Executive Director of Pensions, at the helm of both the Faculty Pension Plan and the Staff Pension Plan here at UBC. And in 2022 she is retiring. We wanted to have her on the podcast today but she was unfortunately unable to join us, but we still wanted to take the opportunity to acknowledge her retirement here anyway, and we'll also chat with our new Executive Director of Pensions, Derrick Johnstone. He started with us in July of 2022, easing into the role and getting to know all of us! And here, we hope to get to know him a little better and we'll learn about some of his priorities for the Staff Pension Plan going forward.

The Executive Director of Pensions leads the activities related to the administrative operations of both the Faculty and Staff Pension Plans, and greatly supports their leadership teams, and provides strategic advice and guidance to the SPP Board on administrative, regulatory and governance activities.

Orla came to us with a strong background in the pension industry and operational management. She helped the Plan through many notable milestones, including compulsory enrolment in 2020, navigating the covid-19 pandemic, bringing a deeper focus onto the Plan's commitment to responsible investing, and she also saw the Plan become a signatory to the United Nations Principles for Responsible Investment.

And now that she is retiring and about to become a pensioner herself, we want to thank her so much for being a calm and reassuring presence, a wealth of knowledge and expertise, and for being an amazing colleague. We're thrilled that she's able to start this new chapter in her life and we truly wish her all the best in her retirement!

Derrick Johnstone also comes to us with a very strong background, with 25 years of experience in financial services and pension management, including the management of public and private sector pension plans. Since 2013, Derrick was the Chief Executive Officer for the IWA Forest Industry Pension and LTD Plans, where he worked closely with their Board of Trustees, and he was responsible for the pension administration of over 70,000 members!

I'm really excited to have Derrick sitting with me today to say hello and have a little chat about the new role, being at UBC, and what he thinks so far about working with the Staff Pension Plan! A warm welcome to Derrick, thanks so much for joining me today!

Derrick: No problem, thanks for having me, Chelsey!

Chelsey: So first of all, can you share a little bit about where you were before you started as the new Executive Director here at the Pension Office? And I'm curious about what drew you to the role.

Derrick: Before I was here I was the CEO of a large industrial based pension plan, it's for the forest workers of BC. I'd been there since... In fact I left this office in 2013 having worked here previously. I think what probably attracted me is the ability to come back and work with these two nationally respected pension

plans, both are very unique in their own ways, both the Staff Plan and the Faculty Plan. And as well, the opportunity to come back to campus – the UBC campus is such a unique place to work, it was a real draw to come back here.

Chelsey: What do you hope to bring to the Staff Pension Plan – and the Pension Administration Office – as you take the helm?

Derrick: Well, I think one of the first things that I have to keep in mind is, I've come at a very fortunate time that these plans have been so well- and professionally managed. Pension plans, especially pension plans of this size, aren't something you can just run off the side of someone's desk. There is a team of people here, managing what is essentially a small financial services organization embedded within the university. And with the amount of oversight both through the university and provincial regulators, and the Canada Revenue Agency, there's a tremendous amount of governance and oversight that goes into managing pension plans. So that's one thing, of course, I'm just sort of continuing on, but what we've found is that over the last 10, 20, 30 years, the requirements of pension plans have only become greater and greater. You know, that's in terms of oversight. So that's one of the things I certainly want to bring to this plan, is with my experience in this role, it's a bit daunting but very exciting.

Chelsey: What are your priorities for the coming year?

Derrick: Well the Staff Plan will do its triennial valuation report starting at the end of this year. Pension plans in BC are required to do a valuation report at least every 3 years, and that's the cycle that the Staff Plan is on. And the valuation report, of course, gives the Pension Board all sorts of information about how well the Plan is funded, how stable the benefits are, of course, but they're also very forward-looking reports, where they forecast assumptions 20, 30 years down the road. So that's a very significant report that will come to the Board, and decisions will have to be made based on that report. So that's certainly one of the big things. The other priority, I think, is that I need to understand better the Plan's position on ESG considerations. Pension plans and ESG – they're very complicated. UBC, just given its nature as a university and the people who work here and come here, ESG considerations, I think, are very much at the forefront of their thought, and they want to see and understand what their Plans are doing in terms of ESG. So that's going to be something that has started already of course, before I arrived here, and it's going to continue on for some time as the Plan figures out what is the best course of action to implement ESG considerations – into our investment profile, and into other ways that we run the Plan.

Chelsey: Can you talk a little bit more about ESG, just in case there's someone listening that's not sure what ESG means?

Derrick: ESG stands for Environmental, Social & Governance, and that's usually considered sort of the three areas that investors should be concerned with when investing in certain assets. "Environmental" is the big consideration of the three, usually, that's... you know, are you investing in a carbon-emitting industry or company, or what is this company's footprint in terms of carbon emissions, are they improving or not so good... you know, it's all things to consider based back to the return on the investment. "Social" – how do they treat their people, the environments they work in, mining companies that work in other jurisdictions with looser environmental concerns. And "Governance" – that's how well companies are managed, do they respect the regulations, do they respect the people that work for them... all of those things combined are sort of what ESG considerations are.

Chelsey: 2021 marked the SPP's 50th year of operations here, I'm sure you've learned about the major plan milestones within that time period. And I'm just wondering about what's one of the main milestones that stands out to you as being a particularly notable achievement for the Plan?

Derrick: I think one of the biggest ones happened just in the past decade and that's in 2016 when the provincial regulator recognized the Staff Pension Plan as a target benefit plan. Now it's interesting because the Staff Plan has always been a target benefit plan since its inception, but no one knew what to call it. There were no other plans in Canada of that design where there were fixed contributions and a defined benefit. Now of course the Staff Pension Plan was always, 'we have this benefit if the funding will allow' and that was what always stood out as something unusual within a defined benefit plan, is that contingency. So the government in BC changed the Pension Benefit Standards Act in 2015 to allow for this type of plan, and in fact named it a 'target benefit plan,' or a defined benefit plan with target benefits to it. So I think that recognition has really allowed the Plan to understand how it fits in, how it should be governed, how the benefit should be designed, how it should be made sure that it's sustainable... it gave a lot more certainty to the management of the Plan.

Chelsey: What do you foresee for the Plan in the next 10, 25 and 50 years? Do you anticipate any major opportunities or challenges?

Derrick: Well, there will certainly always be challenges. Managing a pension plan always starts with... really it's the contributions coming into the Plan, the investments made by the Plan, the return on investment from those assets, that's an ongoing consideration and challenge. That just never goes away.

I think what we'll also see happening, probably within the next 10 years, are technology changes that will come to pension plans, especially large pension plans like the Staff Plan, are there opportunities to leverage various pieces of technology to either better manage the Plan or better serve the members? Some plans are now experimenting with artificial intelligence, just in feedback between members. Pension plans generally have very straightforward rules, and artificial intelligence really likes rules. So if someone... you know, people have used a chat box before, they can work well in some situations. Other ways, it could be that those tools help the Board forecast their investments in sustainability and benefits better as well. So that's one of the areas where I think we'll see significant changes in the next 10 years.

I certainly think that the continued considerations of governance for Plan management is not going away, that's only accelerating. And that's good, it's good for Plan members, it's good for the Plan overall. The more oversight a plan has... there are rules and they need to be followed. Other challenges of course, as the Plan hopefully continues to grow in size, in terms of assets, it opens up other opportunities for further diversification within the asset portfolio, or access to assets that the Plan can't currently access. So those are considerations as the Plan matures further, and the asset pool becomes larger, and there will be other opportunities there.

Chelsey: You've been here since July, and had a month-long overlap with Orla, getting to know the office and the position. I'm wondering what is the most interesting thing you've learned from Orla during that time?

Derrick: [laughter] Well she's helped me understand all the things that have changed since I left the UBC campus about 9 years ago! Most of the various departments within UBC, they've changed their Heads, so they're all different. Where the Plans fit into that have also changed. When I left here there were two different Executive Directors for each of the Plans, and now there's just the single Executive Director. Of course the Staff Plan is still part of the Human Resources department, as its one of the major benefits provided to employees of the university as part of their compensation packages so there is still oversight there of course, but as I mentioned before, we're really kind of running a small financial services company embedded within the much larger university.

Chelsey: What is the main thing about working at UBC that you have enjoyed so far? And you can think back to when you were here at UBC previously, or now, and if there's something you haven't done here yet, what are you looking forward to the most?

Derrick: Well, as you mentioned I've only been here a short time, but the campus in the summer is quite a treat. It's quiet, but it's just so lovely out here in Point Grey. It's a lovely place to be, to come out to, to go to work. So that's something I've enjoyed over the past 4-5 weeks. I think in the next number of months, I'll start to become better aligned or integrated within the UBC community, and that's something I'm looking forward to in my past experience that was something I really enjoyed being part of the broader UBC community, whether it's with the Human Resources folks or the Finance folks, it's just being a little more attuned to how this, what is a small city, operates.

Chelsey: There may be members listening who are young and just starting out their career, and there may be members who have been at UBC for a long time and they're starting to think about retirement on the horizon. I'm just wondering, given your background in working with employer pension plans and seeing the trends through the years, what advice would you pass on to members about the importance of saving for the future, or preparing for retirement?

Derrick: Well I suppose, to the younger folks who are coming to the university – start saving early. If you're early in your career, start putting away something early. Now with the Staff Plan, you will be putting away what's required in contributions, so that's sort of taken care of, but... I will say to all young people, do it now. I didn't listen to it, you may not listen to it, but trust me, it's necessary, just do it don't even think about it. And then, occasionally read a statement that we send to you so you understand how the Plan works, just so you understand what it is and isn't. That's sometimes where miscommunication happens, if people don't understand how the Plan fundamentally works, that can be disappointing or frustrating down the road if you realize it's not what you thought it was.

For older folks considering retirement, make sure you get good information. Whether it's for the Staff Plan, we have people here to speak to you, help you, guide you through the process of retiring through the Staff Plan, but of course there's more to your retirement than just the Staff Plan. So get good information – it is so critical to making those decisions such that I think you can set yourself up for a good, stress-free retirement, at least in terms of your income, coming from whether it's the Staff Plan or your own savings or other areas.

Chelsey: Ok this has been great, thank you so much for chatting with me about the role of Executive Director, Pensions, your background, your thoughts about the Plan in the future, and for just taking the time out of your day. I appreciate it so much and – thank you again!

Derrick: Thanks Chelsey! Maybe we'll be back *[to record another episode]* sometime.

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If you have questions about the Pension Airwaves podcast, you can reach out to pension.comms@ubc.ca, or visit staff.pensions.ubc.ca/podcast.

If you have questions about the UBC Staff Pension Plan or your personal situation, you can reach out to SPP Member Services at spp@hr.ubc.ca, or visit staff.pensions.ubc.ca/contact.