

2023 UPDATE

For the UBC Staff Pension Plan

DERRICK JOHNSTONE, EXECUTIVE DIRECTOR, PENSIONS
JUNE 2023



Your Questions

- Over 1100 registered SPP members
- Around 120 questions were asked in advance
- Question topics included:
 - Pension Benefit (*ie. retirement income estimates, lump sum vs. monthly pension*)
 - Leaving the Plan before retirement (*ie. leaving UBC before age 55*)
 - Beneficiaries (*ie. spouse, death benefits, guarantee period*)
 - Retirement options & ages (*ie. retiring at age 55 vs. 71*)
 - Contributions (*ie. contributing more or less than 6.5%*)
 - Changing jobs (*ie. moving from part-time to full-time, or from CUPE 2950 to AAPS*)
 - Other benefits in retirement (*ie. health, dental, life insurance*)



Membership Highlights



Active members

10,740 62%

Pensioners

3,384 19%

Deferred members

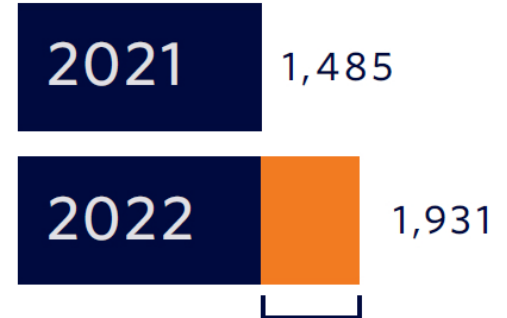
3,387 19%



6.3% increase from 2021

1,931

ENROLMENTS IN 2022



Increase of **30%** from previous year

RATIO OF ACTIVE MEMBERS TO PENSIONERS

3 ● ● ●

Active members

FOR EVERY

1 ●

Pensioner

Financial Highlights

Total Plan Assets
\$2.3 B

Total Pensions Paid in 2022
\$52 M



Contributions into the Plan
\$120 M

\$49 M Employee Contributions

\$71 M Employer Contributions



9%

Increase from 2021

Key Areas of Focus

- Focus on long term sustainability of the Plan
 - Actuarial valuation in progress with results available in the fall of 2023
- Maintain a resilient investment portfolio focused on providing stable lifetime pensions
 - Use long term approach to balancing investment risk and return
 - Ongoing commitment to responsible investing
- Enhance member services and communication to deliver best member experience
 - Serving growing membership
 - Connecting with members in different ways



Plan Funding



Sustainable Pension Plan

Target Benefit Plan

- Contribution rates are fixed
- Basic pension and indexing subject to Plan's ability to pay

100% Target Benefit Funded Ratio

- Plan is fully funded as of last valuation at December 31, 2019
- Current valuation in progress

Well-Funded

50% Indexing

Plan's Benefits / Funding Test

22.6% Safety Margin

Cost-of-Living Adjustments



- The SPP uses inflation protection as a lever to keep the Plan sustainable and to protect the lifetime pension that you receive from the SPP.
- Every COLA that you receive becomes part of your lifetime pension benefit.
- Since 2011, an increase to SPP pensions has been provided at 50% of inflation (CPI) each year.
 - January 1, 2023: 3.25%
 - January 1, 2022: 1.35%
 - January 1, 2021: 0.50%
- The COLA increase for the next three years (2024 to 2026) will be determined this year and will be announced with the actuarial valuation results available this fall.

Investment Approach: Focused on the long term

- The *Statement of Investment Policies and Procedures* (SIPP) developed by SPP Pension Board and approved by Board of Governors outlines the investment strategy.
- UBC Investment Management uses a manager-of-managers approach to invest the SPP fund.
 - Selects the appropriate strategies and external managers to implement the asset mix in the SIPP
- Invested for the long term to generate sufficient returns to maintain pensions and indexing – balance of risk and return



Investment Performance – Net Rate of Return



- The SPP's investment portfolio continues to perform in line with the policy benchmark over longer time horizons.
- Focused on long-term performance as the purpose of the SPP is to provide stable retirement pensions for the lifetime of our members.

- 6.0%
1 YEAR

5.3%
4 YEAR

6.7%
10 YEAR

5.6%
25 YEAR

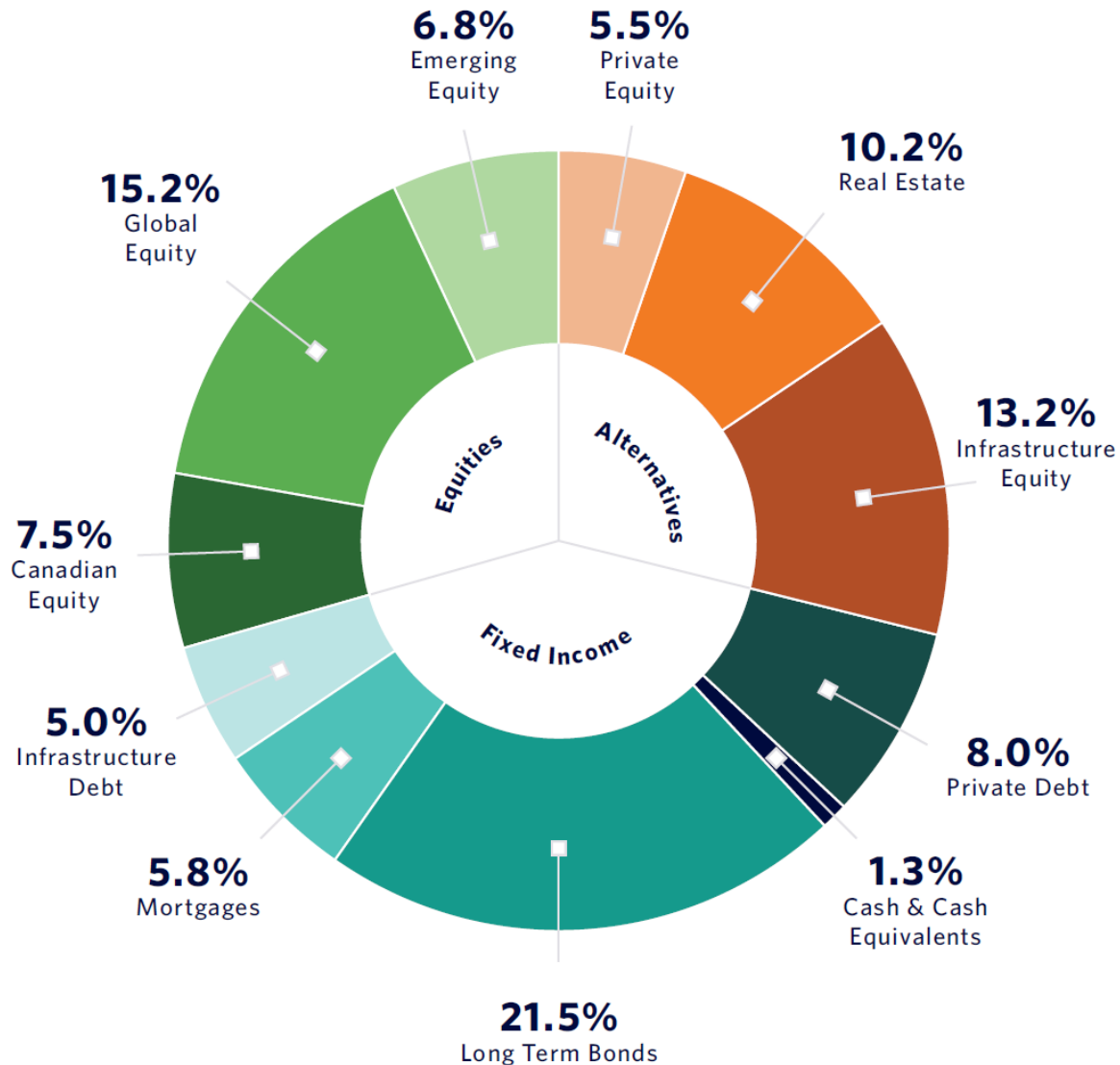
(Returns are net of operating and investment fees)

Investments

- The SPP continues to be well-funded.
- Our broadly diversified portfolio is designed to reduce investment risk during times of market volatility and to keep the Plan sustainable.
- The SPP Portfolio is a mix of public and private investments.
- There were changes in 2022 to the Plan's portfolio to enhance diversification and improve future expected returns.



SPP Asset Mix as at December 31, 2022



Responsible Investing

- Responsible investing is:
 - An important factor in keeping the Plan sustainable for the long term.
 - An ongoing area of focus for the SPP Board.
- The objective is to manage financial risks and improve returns.
- Climate change and other Environmental, Social and Governance (ESG) factors are part of UBC Investment Management's investment process.
- SPP Board monitors UBC Investment Management's investment performance and ESG activities.



Responsible Investing

- Key milestones on our journey so far:
 - Establishing a Responsible Investing Policy
 - Signatory of the United Nations Principles for Responsible Investment (UN PRI)
- In 2022, we continued working on the following initiatives:
 - Maintaining status with the UN PRI
 - Leveraging best practices from peer leaders and industry experts
 - Regular monitoring and assessment of the SPP investment funds
 - Member communication and transparency



Connecting with Members



- Member services are offered in person and online



New in 2022

What's next in 2023

 Pension Airwaves Podcast Listen and learn from anywhere	 Designating a Beneficiary Video Learn why it's important to designate a beneficiary for the SPP.
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 myPension Redesign Improvements and new features are coming to your secure member website.	 New Videos Our video library is growing with short and easy to watch educational videos.
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Annual Pension Statement

- Statements were posted to myPension at the end of April.
- If you opted for a paper statement, it was mailed in May.
- Learn more about your annual statement on our website:
 - Read the **annual statement guide**
 - Listen to the **new podcast episode** on annual statements



Lifetime Pensions

- Your pension is paid for your lifetime. If you have a spouse at the time of your retirement, your pension is also paid for their lifetime.
- A guarantee period only applies to the payment of your pension benefit to a designated beneficiary in the event of your death, and in the event of your spouse's death.



myPension

- Secure website where you can view your personal pension information.
- For retirement planning, use myPension to run your own pension estimate. The estimate will include pensionable service after December 31, 2022 to the date you choose as your retirement date.
- Access myPension at **my.pensions.ubc.ca**



Keeping Informed

- SPP website: staff.pensions.ubc.ca
- *SPP Update* and *SPP Pensioner* newsletters
- Annual Report
- *Understanding your Staff Pension Plan* workshops
- Retirement Information Sessions
- Get Educated Sessions
- myPension - my.pensions.ubc.ca



Keeping Informed

- Pension Airwaves Podcast
staff.pensions.ubc.ca/podcast

Some topics we've covered:

- Benefits of being in the SPP
- Target Benefit Plans
- Contributions
- Leaving the Plan before Retirement
- Your Annual Statement

...and more!



February 22, 2023

Pension Airwaves Episode 10: Leaving the Plan before Retirement



Not all UBC staff members stay at the same job for their entire career. So what happens to our pension plan if we change jobs or move to different employers? In this episode, we discuss what kind of benefits and options we could expect when we leave the Plan before retirement, and the importance of staying in contact with the SPP.

Host: Chelsey Maher

Guest: Margaret Leathley, SPP Pension Administrator

Running time: 10:28

[PDF Transcript](#)

[Download audio file](#)

[Go back to Pension Airwaves main page](#)

Member Services

- Member Services team is available Monday to Friday, 8:30 am to 4:30 pm. Our physical office is closed on Fridays and we are available remotely through phone and email.
- Dedicated Member Services representative to assist you.
- Contact information at **staff.pensions.ubc.ca** under **Contact Us > Contact Member Services.**



Key Takeaways

- Plan is well-funded and remains resilient.
- Our commitment to you:
 - To manage the Plan for long term
 - To protect the basic pension benefit and provide a level of indexing the Plan can afford
- Peace of mind that your pension is in good hands.
- Pension Administration Office is here to support you throughout your pension journey, before and after retirement.



Questions?

To ask questions:

- » Click on the Q&A icon at the bottom of your screen in Zoom
- » Type in your question



**THANK YOU FOR ATTENDING
OUR 2023 UPDATE FOR THE
UBC STAFF PENSION PLAN**

