



# Summary of Funding Policy for UBC Staff Pension Plan

The following is a summary of the main provisions of the Funding Policy for the UBC Staff Pension Plan (the “Plan”) effective November 28, 2023. For the full provisions of the Funding Policy, please refer to the official Funding Policy document at [staff.pensions.ubc.ca](http://staff.pensions.ubc.ca). Select **Plan Governance** > **Governance Policies & Documents**.

## PURPOSE OF PLAN AND FUNDING POLICY

The purpose of the Plan is to provide benefits on retirement, death, and termination of employment for and on behalf of members of the Plan. The Plan priorities are to provide stable lifetime pensions and to provide pension indexing, subject to available funds.

The Funding Policy is the framework used by the Pension Board to manage the risks inherent in a Target Benefit Plan. The Funding Policy provides guidance and rules regarding decisions that must, or may be made by the Pension Board around the pension benefits provided under the Plan.

## RISK MANAGEMENT

The Plan faces a number of risks that could impact the funding level of the Plan and affect the Plan’s ability to pay benefits. These risks are monitored by the Pension Board through a number of established procedures including:

- A financial checkup called an actuarial valuation, which is performed every three years;
- A regular review of the estimated funding level of the Plan between valuations;
- An annual review of the *Statement of Investment Policies and Procedures*;
- A regular review of the Benefits/Funding Test; and
- Ongoing review of the Plan’s investment performance.

## FUNDING OBJECTIVES

The objective of the Pension Board is to ensure that the Plan is financially sustainable for the long-term. Since both the employer and employee contributions to the Plan are fixed, the Pension Board needs to ensure that the benefits provided are kept in balance with the capacity of the Plan’s funding level to support them. The Benefits/Funding Test is one of the tools used by the Board to maintain this balance.

## BENEFITS/FUNDING TEST

The Benefits/Funding Test is used to assess the long-term sustainability of the Plan by comparing current assets and future contributions against benefits earned to date and in the future. By looking at past and future benefits and contributions in a single test, it also ensures benefits are provided that are consistent across the whole plan membership. Where the Benefits/Funding Test shows that the funding is insufficient or more than sufficient, the Pension Board must follow certain steps to restore the balance, with future indexing being the first item to be addressed.