



Your pension is safe and secure

MESSAGE FROM THE TRUSTEES

DURING THE PANDEMIC, YOU HAVE NO DOUBT BEEN CONCERNED ABOUT YOUR HEALTH AND THE HEALTH OF LOVED ONES. YOU MAY ALSO HAVE CONCERNS ABOUT THE HEALTH OF YOUR PENSION AND YOUR ABILITY TO RETIRE.

We want to assure you that your pension benefit is safe and secure, and it is financially well positioned to withstand market downturns. Your pension is a defined benefit pension. This means it is based on a formula that includes the length of your time working and your salary. Your pension benefit will not change with fluctuations in investment returns.

You may ask why investments are important at all if your pension doesn't rely on them. When investments do perform poorly over the long term, we may have to increase member and employer contribution rates to make up the difference, but your actual pension amount does not change. We make the decisions about contribution rates, as necessary, following each triennial review of the plan's funded position, known as the actuarial valuation (the next one is as at August 31, 2021).

First, despite the pandemic, the plan's annual return was 8.0 per cent up to August 31, 2020, while the plan's 10-year return stood at 8.8 per cent. Both returns exceed the investment return goal (or actuarial assumption) of 6.25 per cent.

Second, the most recent valuation showed a strong surplus, allowing us to improve the plan's long-term sustainability. You can read about some of the improvements on the next page of this newsletter and on the website.

There is good news—the plan's 10-year return stood at 8.8 per cent, exceeding the investment return goal of 6.25 per cent

Thank you, members

We want to thank you, as a member of the College Pension Plan, not only for working hard to serve the people of British Columbia but also for doing your part to follow public health guidelines.

We are committed to keeping your pensions safe and secure; you can count on us. We hope this provides some peace of mind as you continue to serve your communities in these difficult times.

Year at a glance (\$ millions)

$$5,343.6 + 438.0 + 200.7 - 219.9 - 15.3 = 5,747.1$$

Net assets September 1, 2019	Investment income	Contributions	Benefits payments	Investment and administration	Net assets August 31, 2020
---------------------------------	-------------------	---------------	----------------------	----------------------------------	-------------------------------

Positive valuation leads to positive changes

EFFECTIVE DECEMBER 1, 2020

The plan's valuation as at August 31, 2018, shows the plan has actuarial assets of \$5.2 billion and actuarial liabilities of \$4.9 billion. The plan is in a surplus situation.

As a result, the cap on annual cost-of-living adjustments (COLAs) was removed. Starting January 1, 2021, the COLA granted to retired members can match the full annual increase in the Canadian consumer price index.

In addition to eliminating the cap, contribution increases tied to contractual raises were eliminated. Also, a rate stabilization account was established to help offset potential contribution rate increases in the case of future negative valuations.

New option for buying service

EFFECTIVE MAY 1, 2020

The plan rules have been amended to allow you to make pension contributions during a leave approved under the *Employment Standards Act* (ESA). You can now either make pension contributions during your ESA leave or buy back service after the leave.

New leave types

EFFECTIVE MARCH 23, 2020

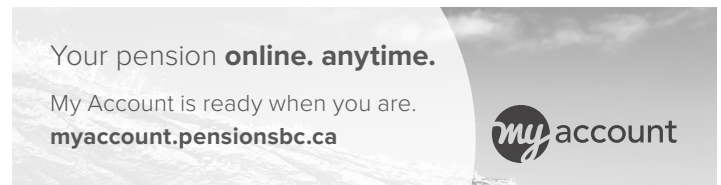
The ESA was amended to allow leaves for personal illness or injury and for COVID-19 health considerations (requiring quarantine or being diagnosed with COVID-19, for example). If you have to take leave for any of these reasons, you can now buy the service for that time.

Administrative amendments

Language was updated to clarify that a member's temporary annuity is based only on the maximum benefit payable under the *Old Age Security Act*.

The plan rules were amended to clarify that post-retirement group benefits administration costs are paid from the inflation adjustment account.

Other housekeeping amendments were made to maintain consistency with other plan rules and remove unnecessary terms and provisions.

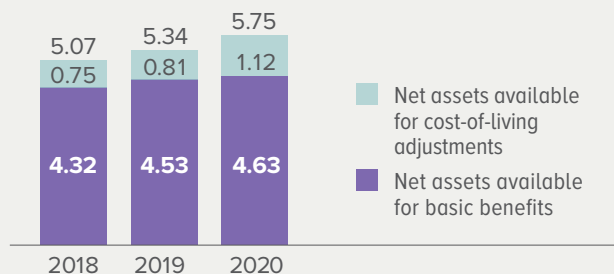


PLAN PERFORMANCE

These highlights are unaudited. The *2020 Annual Report* with audited financial statements will be posted to the plan website in spring 2021

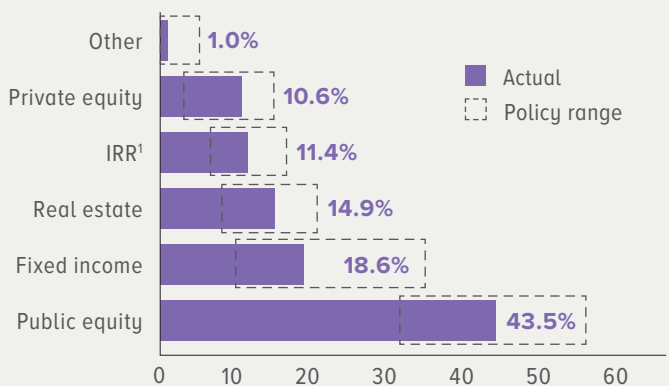
Net assets available for benefits

(\$ billions)



Asset allocation

as at August 31, 2020



¹ Infrastructure and renewable resources.

Photo: College Pension Plan member ART WILLIAMS

Toll-free (Canada/U.S.): 1-888-440-0111
College Pension Plan, PO Box 9460, Victoria BC V8W 9V8