



Teachers' Pension  
Board of Trustees

# Strategic Plan

2023–2025

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Janice Marshner, Teachers' plan member, SD5 (Southeast Kootenay)

## Our promise to you, the member

We, the Teachers' Pension Board of Trustees (board), are a diverse group of individuals with varied skill sets that come together to act on behalf of plan beneficiaries and act in their best interest. We have a fiduciary duty to the plan beneficiaries and an overriding responsibility to carry out the terms of the plan while acting within the scope of the Joint Trust Agreement and Plan Rules. Everything we do as a board is for the benefit of the plan beneficiaries.

We are committed to providing secure retirement income for more than 100,000 plan members, including teachers, vice-principals, principals and superintendents from school boards across the province. We take a long-term view in providing this income security, to ensure stability for plan member beneficiaries. We are proud to serve you all.

We take a risk-based approach to our strategic work and apply this lens to the decisions we make and the analysis we undertake. In addition to our regular board meetings we conduct focused, strategic planning exercises at least once a year, in order to ensure that the work we do in future years supports our mission in delivering on the pension promise—an earned pension for all members.

This rolling three-year strategic plan outlines our current strategic direction and our specific planned activities for the period 2023–2025. These activities are specific and measurable, and we will assess them as we review our risks on a quarterly basis.

We have developed this strategic plan to be open and transparent to our stakeholders about our direction and our activities. The strategic plan demonstrates our commitment to the work we are undertaking.

We are proud of the pension plan and the members it serves. We are honoured to provide thousands of British Columbia educators, now and in the future, the secure and dignified retirement they deserve.

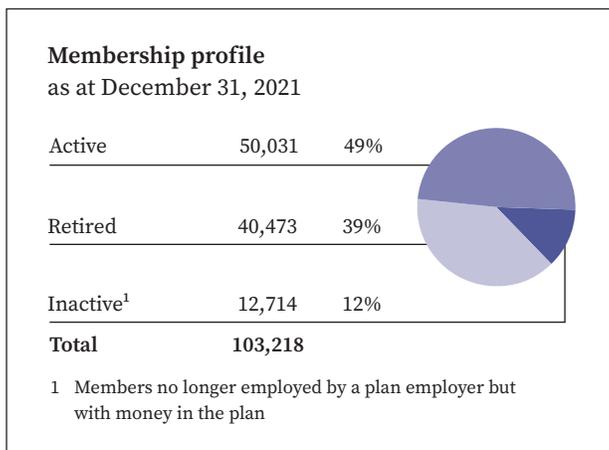


## Who we are

We are 10 trustees representing both the plan member and employer partners, overseeing more than **\$37 billion** in net assets on behalf of active and retired teachers. These assets are generated by contributions from more than **50,000 active members** and their employers. Thanks to investment returns from our strategically allocated investment funds, **\$1.3 billion** in pensions were paid to more than **40,000 retired members** in 2021.

more than  
**\$37**  
 billion  
 in net assets

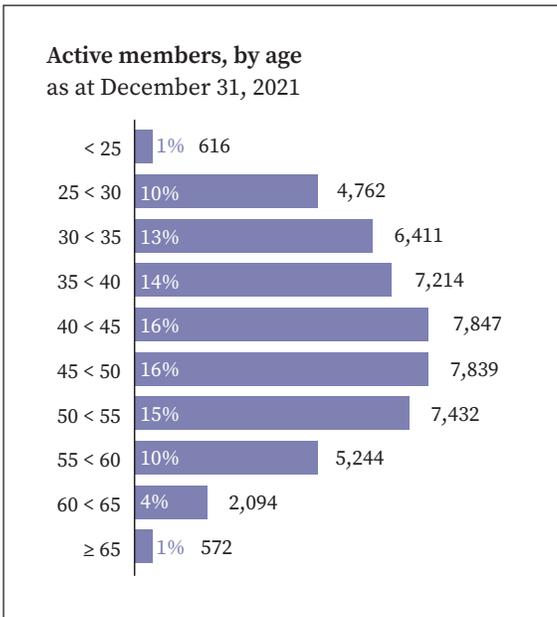
### Some facts, charts and graphs about the plan



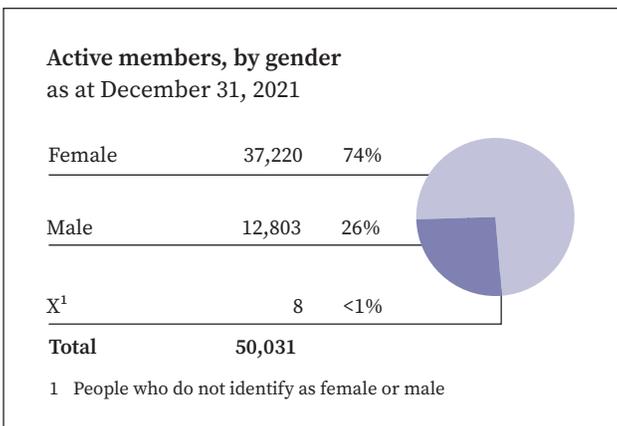
- The ratio of active to retired members is currently 1.24. In 2012 the active to retired member ratio was 1.41. This indicates a maturing of the pension plan but the ratio of 1.24 has held steady for the past 5 years.

**\$1.3**  
 billion  
 paid in pensions to  
 more than  
**40,000**  
 retired members

- The plan's active membership has grown by 11.6 per cent in the past 5 years and the plan's retired membership has grown by 10.9 per cent.



more than  
**50,000**  
active members



While it is our responsibility to fulfil the **pension promise** by ensuring there are enough funds to pay the pensions, there are also a number of **meaningful activities** that take place in-between, which are outlined in this document.

# Our guiding principles

To guide the work we do, we as a board have a set of principles. These principles are what we come back to during our decision making to ensure we are being consistent and aligned with our overall strategic intent:

## **Taking a long-term view**

The plan was formed in 1929 and will be around for many years into the future to provide pensions for the members of today and the members who will join in the years ahead. The plan needs to be sustainable into the future.

## **Ensuring compliance**

With all that it does, the plan has to be compliant with the legislation, rules and governing documents that are specific to the plan and the industry.

## **Maintaining fairness and equity to all**

We have a fiduciary duty to all beneficiaries. We need to act fairly and equitably to all members, showing balance and good judgement.

## **Practicing good governance**

We will ensure exemplary governance practices. Clear processes and procedures will be adhered to in the work that we do as a board along with the oversight practices and our expectations of agents and service providers.

## **Acting responsibly**

In all our activities we will act responsibly. With the plan's investments we will act with environmental, social and governance best practices in mind. In our decision-making, we will be responsible and act in the members' best financial interests.

## **Climate change**

Recognizing the importance of climate change and the profound impact it is having we will support our investment manager with their ongoing efforts to address climate change and carry out the actions identified in the Climate Action Plan.

## **Communicating and engaging effectively with stakeholders**

In our interactions and communications with our stakeholders we will be thoughtful, clear and open. We will be approachable and willing to engage in a way that is honest and ethical, acknowledging the human nature of our work as well as the financial nature.

In our decision-making, we will be responsible and act in the members' best financial interests.



Laura-Lyn Helton, retired Teachers' plan member

## Our commitment to accountability

We believe in being accountable to its members and will provide updates to strategic priorities and activities in its [Annual Report](#), including how we measure success against our commitments, how the landscape has changed and if there are new and emerging issues that impact the commitments made.

The value that members will see in their pension is of utmost importance. Success to us means each and every member receiving the pension promise they have worked hard for throughout their teaching career, and being able to retire with financial support and dignity. Our success will be demonstrated by our deliberate effective management of the risks we have identified. Each board member commits to active and constructive participation in the risk management process as part of their fiduciary duty.



## The environment in which we work

In developing this strategic plan, we conducted several exercises examining the current environment and the subsequent risks to the plan. The main environmental issues facing the plan currently are:

### **Plan maturity**

The plan has been maturing over the past decade. The ratio of active to retired members is falling almost to a point of one active member for each retired member. In 2021 the ratio of active to retired members was 1.24:1. As the plan matures, the pace of active member growth continues to be slower than the rate of retired member growth. This maturity makes the plan more susceptible to events that could negatively impact plan funding. With a lower ratio of active to retired members there is more pressure on active members to cover the increasing liabilities.

### **Market uncertainty**

The plan is facing a period of increased inflation that has not been experienced for several decades. Market volatility is something the plan always faces but the current environment is seeing more rapid fluctuations in the market. This began with the sharp market falls in 2020 because of the global pandemic, and the markets rebounded rapidly. This volatility has remained since 2020 and is expected to continue.

## Climate change

The deadly heatwave of summer 2021 and the November 2021 ‘atmospheric river’ have driven climate change awareness in BC to increasingly higher levels. Our approach to climate change is aligned with BCI and we believe engagement is a better approach than divestment in managing the challenges of climate change in our investments. Some members have provided feedback that indicates misunderstanding or disagreement with this approach. We are aware of the need to educate members about our beliefs and our fiduciary duty to all members.

## Geopolitical events

In 2022, we have seen significant geopolitical events which have impacted the investment markets and the plan. Unprecedented actions were taken by the plan’s investment manager and investment organizations globally in 2022 following the invasion of Ukraine by Russia. This unrest in the geopolitical environment is something the trustees feel could become a more regular feature of the environment that the plan needs to navigate.

## Member feedback

Plan members continue to provide feedback to the board, with an increased focus on climate change and services provided by post-retirement group benefits providers.

The board takes seriously its fiduciary responsibility to all plan beneficiaries and is committed to recognizing opportunities whenever possible when feedback does not align with our fiduciary duties, through listening, explaining and educating.



Robert Eichelberger, Teachers’ plan member,  
SD59 (Peace River South)

# The path forward

The path the plan follows is guided by a risk-based strategic framework that we critically review on a regular basis. This framework, along with our mission, guide the strategic plan and the objectives and priorities that will be undertaken over the next three years.

The plan's mission is the foundational stepping stone on this path: **to provide retirement income to plan members by effectively and efficiently meeting the pension promise and fulfilling the joint trust placed on us by the plan partners.**

We have identified six risk types which affect the plan. In alphabetical order these are:

- **Governance risks**  
Risks that the board will not be able to comply with its fiduciary duties due to lack (or perceived lack) of independence.
- **Organizational capacity and capability risks**  
Risks associated with inadequacies in the plan's organizational capacity and resources to support its strategic priorities.
- **Plan performance risks**  
Risks that the plan will not perform as expected and the pension promise to members is in danger of compromise.
- **Reputational risks**  
Risks resulting in a material impact to the reputation of the plan or the trustees, for example, value of the plan or climate change issues.
- **Service provider risks**  
Risk that actions of the plan's service providers fail to meet expected or contractual performance objectives, resulting in impacts to plan performance or credibility of the board.
- **Stakeholder relationship risks**  
Risks resulting in a loss of credibility or perceived value of the plan with key stakeholders.

Risk statements have been developed, which relate to one or more of the risk types. We review these statements regularly, with a strategic eye for likelihood and impact, then assesses corresponding mitigation tactics. The risk statements are regularly reviewed and updated.

Strategic priorities stemming from the risk statements will guide us on our path to fulfilling the plan goals.

Our mission is to provide retirement income to plan members by effectively and efficiently meeting the pension promise and fulfilling the joint trust placed on us by the plan partners.



## Our strategic direction

We place top priority on the interests of the plan members and the stability and longevity of the pension plan. Risks are monitored as they change and evolve on a quarterly basis both at the committee and board levels. Our strategic priorities were developed to mitigate potential risks to the plan. Four strategic priorities were identified, each with associated projects and activities for the coming three years.

### **Enhance plan governance and improve operational efficiency**

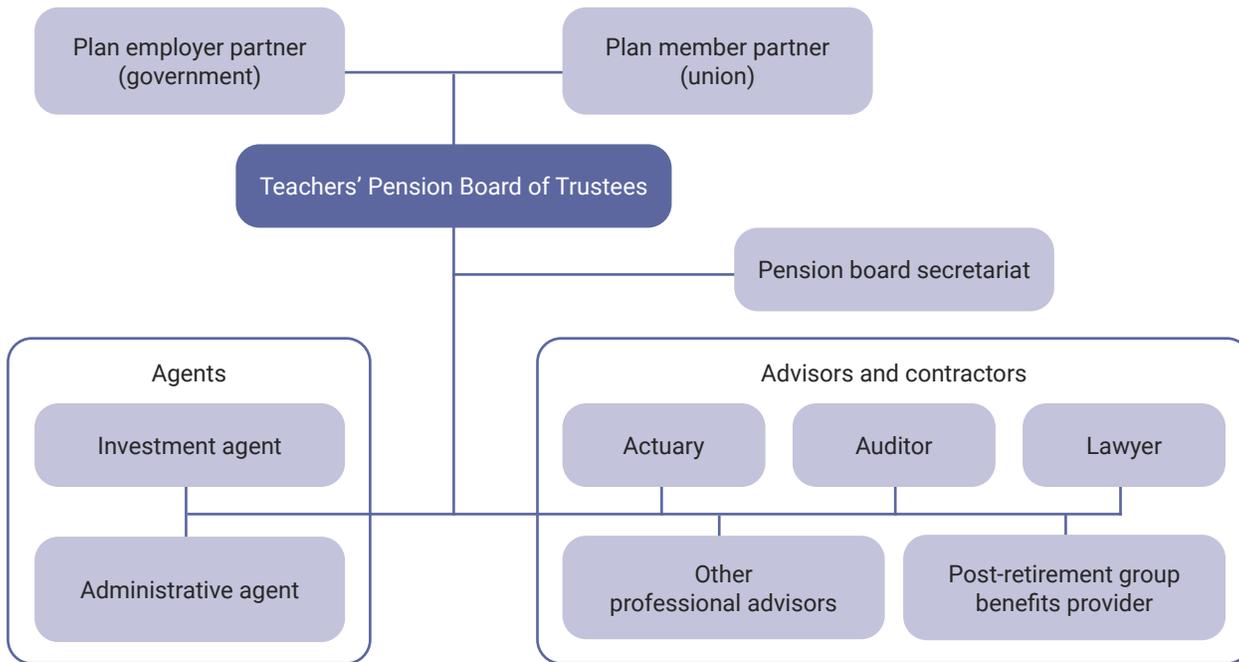
Retaining board independence and the trust of its members is integral to plan oversight. A well-structured operational model and related processes ensure we can remain effective in its role.

Our work is guided by the [Joint Trust Agreement](#) and subject to legislation, regulations and plan governance documents, including the following:

- [Funding Policy](#)
- [Family Law Act](#)
- [Income Tax Act](#)
- [Income Tax Regulations](#)
- [Pension Benefits Standards Act](#)
- [Pension Benefits Standards Regulation](#)
- [Public Sector Pension Plans Act](#)
- [Wills, Estates and Succession Act](#)

Retaining board independence and the trust of its members is integral to plan oversight. A well-structured operational model and related processes ensure we can remain effective in its role.

## Governance framework



## Continue to be proactive in addressing environmental, social and governance issues

Investing for a large plan is complex, and there are policies in place to help us decide how and where to invest. We recognize the continuing evolution of environmental, social and governance (ESG) issues and have prioritized being proactive about managing ESG issues and being clear about our approach.

The plan's investments are managed by British Columbia Investment Management Corporation (BCI). We provide BCI with the [Statement of Investment Policies and Procedures](#), a set of policies to guide investment decisions.

These policies set investment guidelines and direction for BCI, including:

- The many different types of assets in which the plan can invest (known as asset classes)
- How much to invest in each asset class to balance potential return and investment risk
- The benchmarks used to measure success

The plan's choice of how much to allocate to each type of asset is called the strategic asset mix. Generally in investment management, the strategic asset mix is considered to have the most impact on the investment outcomes. Because of that, we spend a significant amount of time on issues related to the strategic asset mix.

We thoroughly review the plan's asset mix at least every three years. The analysis involves economic and climate change scenarios and a review of the types of investment risk assumed by the plan.

## **Assess post-retirement group benefits plan design and value**

We recognize that when you retire, any extended health care or dental coverage you were receiving through your employer will stop. Because of that, the plan's insurance carrier, Green Shield Canada, provides optional coverage to retired members and access to competitive group rates. Due diligence requires us to review plan design and tender the plan on a regular basis. We regularly meet with the plan's insurance carrier to ensure that expectations are being met on behalf of members.

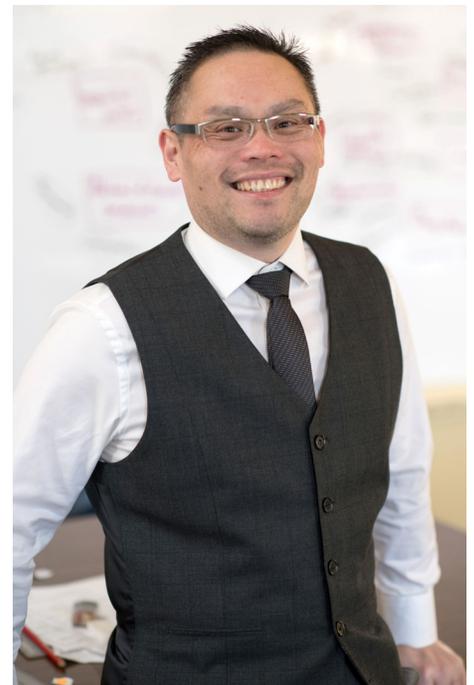
Recognizing the plan's history of offering post-retirement group benefits (PRGB) to retired members, in the next three years we will review the PRGB plan design and consider the long-term value of the PRGB offering to retired members.

## **Proactively manage stakeholder relations and plan reputation**

We have several stakeholders with which we engage on a regular basis on behalf of the plan: members, employers, plan partners, regulators, service providers, retiree associations and the public. We have a responsibility to ensure that communications with these stakeholders are accurate, timely and complete, incorporate plain language, and are evaluated periodically.

To safeguard the continued success of the plan, we recognize the importance of understanding the changing needs and expectations of plan members, employers, and other key stakeholders, ensuring communications are responsive to these shifts.

We welcome opportunities to review existing communications mechanisms and evaluate their effectiveness and develop engagement strategies tailored to individual stakeholder groups. Engagement opportunities will be sought to actively enhance these relationships in a way that benefit the plan, the members and stakeholder groups, in the interest of collegiality and collaboration.



Steve Leung, Teachers' plan member,  
SD39 (Vancouver)