The history of your plan

From its earliest days, the Teachers’ Pension Plan has existed to provide lifelong income security to those involved in educating our most precious resource—the children of the province. Find out how the plan has evolved, from its humble beginnings almost a century ago, to today, where it is recognized as a leader in the pension industry for its design, governance and security.

BC’s educators did not always have access to the lifetime pensions they count on today. In fact, before 1921, teachers could only receive a pension through a special act of legislature as a reward for long and faithful service. The *Civil Servants’ Pension Act* of 1921 opened the door to pensions in theory, by giving school boards the authority to grant pensions to educators. However, no pensions were actually granted under the act.

All of this changed in 1929 with the passage of the provincial *Teachers’ Pension Act*. Under the terms of the act, members of the new pension plan contributed four per cent of their salary and received an annual pension of $25 for each year of service, to a maximum of $750 annually. The provincial government contributed a lump sum of $25,000 per year to the pension fund.

Over the following decades, the act was modified, with changes made to the contribution amounts and total annual pension paid. The most significant change came in 1961. Pensions would no longer be a set dollar amount based on years of service, but would be calculated using a formula taking into account a member’s years of service, age at retirement and final average salary. This is similar to how your pension is calculated today. Other new features included access to a reduced pension at age 60 and the introduction of a deferred pension.

When the Canada Pension Plan was introduced in 1966, the Teachers’ Pension Plan was integrated with it, with contributions based on a percentage of a member’s salary up to the year’s maximum pensionable earnings. And, beginning in 1975, pensions became indexed, increasing annually in line with changes to the Canadian consumer price index. These increases have never been guaranteed, but once granted they form a part of the basic lifetime pension.

Until 1994, all decisions about pension investments and plan rules were made by the provincial government alone. In 1994, a pension advisory board was created, with members of the board representing both the BC Teachers’ Federation and the provincial government. However, decisions ultimately rested with the provincial government.

In 1998, government introduced five principles for joint trusteeship. They included:

- Equal sharing of responsibility for management of the pension asset in the best interest of the beneficiaries
- Sharing of contributions
- Equal sharing of responsibility for any unfunded liabilities generated during the period of joint trusteeship
- Equal ownership of any surpluses generated during the period of joint trusteeship
- Protection of the plan from unilateral actions by plan sponsors or principals

To learn more about the plan, visit tpp.pensionsbc.ca

Three years later, in 2001, the Teachers' Pension Plan shifted from being a statutory plan to one operated through joint trusteeship, with the plan managed by the Teachers' Pension Board of Trustees (board). The board consists of 10 trustees – five appointed by the plan member partner (BC Teachers' Federation) and five appointed by the plan employer partner (the provincial government).

The board's foundational document, jointly managed by the partners, is the Teachers' Pension Plan Joint Trust Agreement (JTA). A significant piece of the JTA discusses how the plan, over time, would take steps to balance employer and member contribution rates. Once employer and member contribution rates equalized, the plan would be considered to have fully transitioned to joint trusteeship.

Over the years, as the plan could, these steps were implemented.

Fast-forward to 2018: strong investment returns resulting in a surplus allowed the plan to achieve the final step in reaching full transition to joint trusteeship. Today, both employers and members make equal contributions to the plan's basic account, providing a financially stable future for years to come. This change also meant contribution rates were no longer linked to the Canada Pension Plan, a major achievement in modernizing the plan.

Trustees are responsible for governing the plan and managing the pension fund, which includes both administering the plan and investing fund assets. They do this by providing policy direction and oversight to British Columbia Pension Corporation (the plan's administrative agent) and British Columbia Investment Management Corporation (the plan's investment agent).

The plan's trustees keep an eye on the future, carrying out activities to ensure the plan's strength for years to come. These activities include establishing a rate stabilization account and actively working with the plan's investment agent to better assess and manage plan risks due to climate change.

Joint trusteeship provides a strong governance model. It means that both members and provincial government have an equal say in managing the plan. The JTA also provides direction to the board about implementing plan rule changes. For example, the board must change the plan rules when necessary to comply with legislative requirements. Any changes that aren't required by legislation can only be made if they can be funded by pension fund surpluses or remain cost neutral.

Your pension plan has come a long way over the past 90 years. The board now oversees an investment portfolio valued at more than $30 billion, which is professionally managed to ensure the long-term sustainability of the plan—so all members can continue to count on a lifetime monthly pension when they retire.

Teachers' Pension Plan

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