



**Public Service
Pension Plan**

2019 Report to Members

Your yearly guide to Public Service Pension Plan updates

Trustees' message: A bigger pension for past service

Page 2

New pension option coming this fall

Page 4

Plan rule changes

Page 5

Extended health care in retirement

Page 6

Financial highlights for 2019

Page 7

A bigger pension for past service

A message from the Public Service Pension Board of Trustees

Did you earn pensionable service between April 1, 2006 and March 31, 2018? If so, your lifetime pension will increase. Learn why this matters to you and your 2020 RRSP room.

The latest valuation of the Public Service Pension Plan revealed it is fully funded with a surplus of about \$1.9 billion. To comply with the requirements of the *Pension Benefit Standards Act*, approximately 60 per cent of the surplus (\$1.2 billion) must stay in the plan to act as a buffer in case future years are not as favourable to the plan's investment returns. The remaining surplus may be shared with plan members. Based on advice received from the plan's actuary and an agreement between the plan partners, approximately \$0.7 billion of the surplus will be used to improve lifetime pensions for those who earned pensionable service between April 1, 2006 and March 31, 2018, inclusive.

Why the limited time frame?

The change applies to service earned between April 1, 2006 and March 31, 2018, inclusive, because members who contributed during this time frame paid higher contribution rates than members had to pay in previous years.

What is the pension improvement?

If you earned service in the eligible time frame, you will receive an improvement to your lifetime pension beginning at age 65. You will see

- an increase in the accrual rate from 1.35 to 1.65 per cent of your pensionable salary below the year's maximum pensionable earnings (YMPE), and
- no change in the accrual rate of 2.0 per cent on your pensionable salary above the YMPE.

*Learn to speak pension!
Want to learn what YMPE
or accrual rate? The plan
website has an A-Z list
of terms that explains
key pension language.*

pspp.pensionsbc.ca

If you retire before age 65, the accrual rate for your bridge benefit will be adjusted from 0.65 per cent to 0.35 per cent of your pensionable salary below the YMPE. Note, the lifetime pension and bridge benefit, together, will still yield the same 2.0 per cent accrual rate as before.

How does this improvement affect 2020 RRSP room?

This pension improvement will mean your 2020 RRSP room will be lower than expected. You will be mailed a past-service pension adjustment (PSPA) statement that will show you the value of the improvement. Your RRSP room will be reduced by the amount on your PSPA statement.

If you aren't sure whether this change could have tax implications for you, seek the advice of a tax professional or the Canada Revenue Agency.

Are you turning 55 before October 1, 2019?

The pension improvement provides you with a higher lifetime pension through the application of a higher accrual rate to your service earned between April 1, 2006 and March 31, 2018. It does not change the benefits you receive before age 65.

However, if you turn age 55 between April 1, 2018 and October 1, 2019, you have a one-time opportunity to request an updated termination estimate that reflects the commuted value of your benefits. See page 5 for details.

Once you reach age 55, you are no longer eligible to receive a commuted value payment in lieu of a pension from the plan.

Special rules for ambulance paramedics and corrections officers apply. For more information, visit the plan website at pspp.pensionsbc.ca.



New pension option coming this fall

A second temporary annuity option will be available in November 2019

If you retire before age 65, you may choose to buy a temporary annuity. A temporary annuity provides you with more pension income up front but less income after age 65, to pay for its cost.

To create more flexibility, trustees have created a second half temporary annuity option. With this option, you receive a smaller increase up front (half the current temporary annuity amount), but after age 65 your lifetime income also drops less.

From November 2019 a pension estimate will show you the cost of the two temporary annuity options and how they may affect your monthly pension payment after age 65. Sign in to My Account on the plan website in November to create a personalized pension estimate.

To learn more about the temporary annuity, explore Choose your pension option in the plan website section Planning for retirement, under Your pension.



Sign in to or register for My Account to

- *send and receive messages securely using Message Centre,*
- *update your personal information,*
- *view your personal service and salary information,*
- *name a beneficiary,*
- *calculate a pension estimate,*
- *look up your current and past member benefit statements, or*
- *apply for your pension.*

Plan rule changes

Learn what changed between April 1, 2018 and March 31, 2019

Clarification of the cost of purchasing service for public safety and statutory officers

Amendment 42—effective June 13, 2018

The amendment clarifies that purchase costings for public safety members (i.e., ambulance paramedics and correctional employees) and statutory officers include the additional employer contributions paid for these groups.

New employee category for paramedics

Amendment 43—retroactively effective April 1, 2015

The Public Service Pension Board of Trustees (board) added a new employee category—regular part-time paramedics—to the categories eligible for an enhanced early retirement benefit.

Commutated value payment eligibility

Amendment 44—effective June 13, 2018

The amendment allows members who turn 55 between April 1, 2018 and October 1, 2019, a one-time opportunity to request an updated termination estimate. Members who turn 55 within this time frame can request the updated estimate anytime between October 1 and 31, 2019, to take advantage of the plan changes effective October 1, 2019.

Public safety contribution rate adjustments

Amendment 45—effective August 1, 2018

Following the 2017 valuation results, member and employer contribution rates for public safety members were adjusted.

Employment Standards Act leave of absence updates

Amendment 46—effective May 17, 2018

British Columbia's *Employment Standards Act* (ESA) was amended regarding leaves that are considered ESA protected. The board adopted plan rule amendments because of these changes.

Pension Benefits Standards Act terminology update for “pension”

Amendment 47—effective December 14, 2018

The plan rules have been updated with terminology to ensure “pension” is only used in reference to a lifetime benefit in accordance with the *Pension Benefits Standards Act*.

Past-service pension improvement

Amendment 48—effective October 1, 2019

The pension improvement applies to members who have service between April 1, 2006 and March 31, 2018, inclusive. The change also applies to public safety employees.

While researching the impacts of the pension improvement, the board identified a small segment of members whose retirement benefit amounts would be reduced slightly. To mitigate the negative impact, the board will maintain current retirement benefit amounts for affected retired members until age 65. After age 65, these members will see an increase in their monthly pension; however, the increase will be reduced to recover the amount they received before age 65.

New half temporary annuity option

Amendment 49—effective November 10, 2019

Members will have the option to add a temporary annuity at retirement that is half the full temporary annuity amount.

Removal of Canada Pension Plan—exempt pension provisions

Amendment 50—effective June 13, 2019

The board removed the historical Canada Pension Plan—exempt provisions as they do not apply to any members who are currently in the plan.

For more information on plan rule and policy changes, see the 2019 Annual Report available on the plan website in fall 2019.

Extended health care in retirement

Your carrier and coverage change when you retire. Learn why.

One of the Public Service Pension Plan's (plan) top priorities is providing members with access to extended health care (EHC) and dental coverage when they retire. While this coverage is not a guaranteed benefit of the plan, trustees know how much members value it, so we regularly review and adjust the program to help maintain it for the future.

While you're employed, your EHC and dental coverage is likely paid for in full or in part by your employer. However, that coverage ends when you retire. You then have the option to pay for EHC and dental coverage at competitive group rates through the plan.

An advantage of EHC coverage through the plan is that the cost of premiums is currently subsidized for

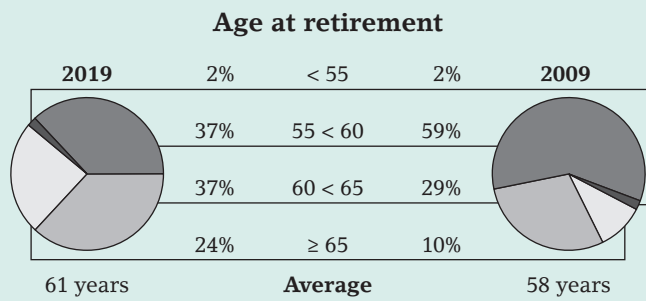
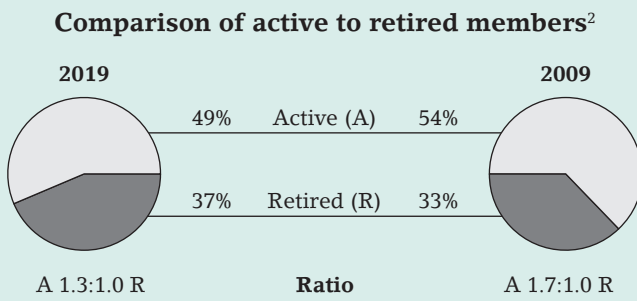
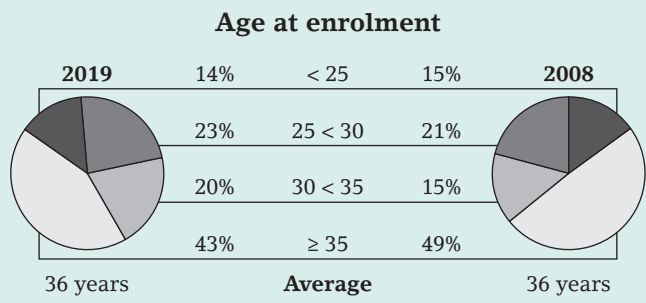
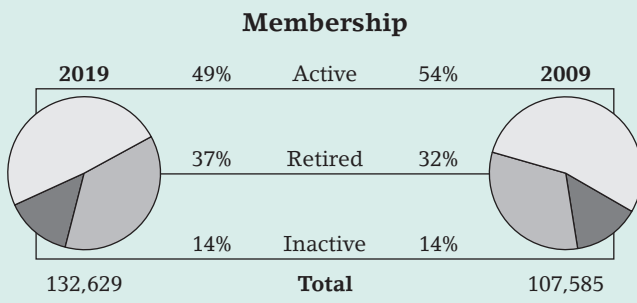
most members based on their years of pensionable service. These subsidies are funded by employer contributions. The more years of pensionable service a member has earned, the higher their subsidy. Dental coverage is not subsidized.

Trustees will continue to monitor and adjust the EHC and dental coverage offerings to manage costs, promote efficiency and maintain value for members.

Visit the plan website for details and links to content from the plan's EHC and dental coverage carrier.

The changing faces of the plan

Learn who makes up the plan membership¹



¹ All figures are unaudited and dates are as at March 31, 2019, unless otherwise stated. For audited financial statements and further details, see the 2019 Annual Report, available on the plan website in fall 2019.
² Percentages of total membership.

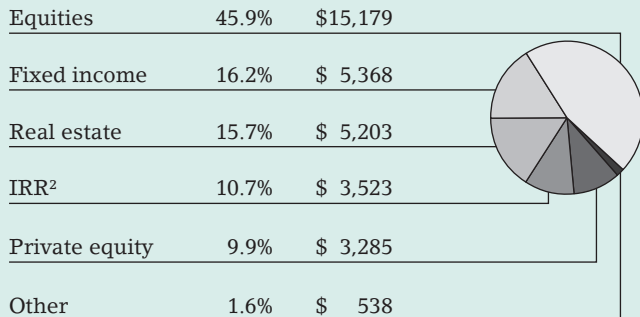
Financial highlights for 2019

The plan by the numbers¹

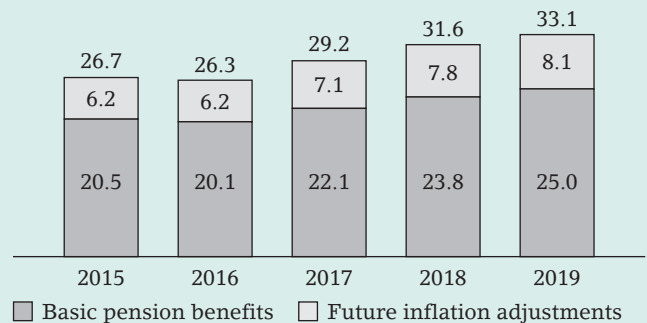
Year at a glance (\$ millions)



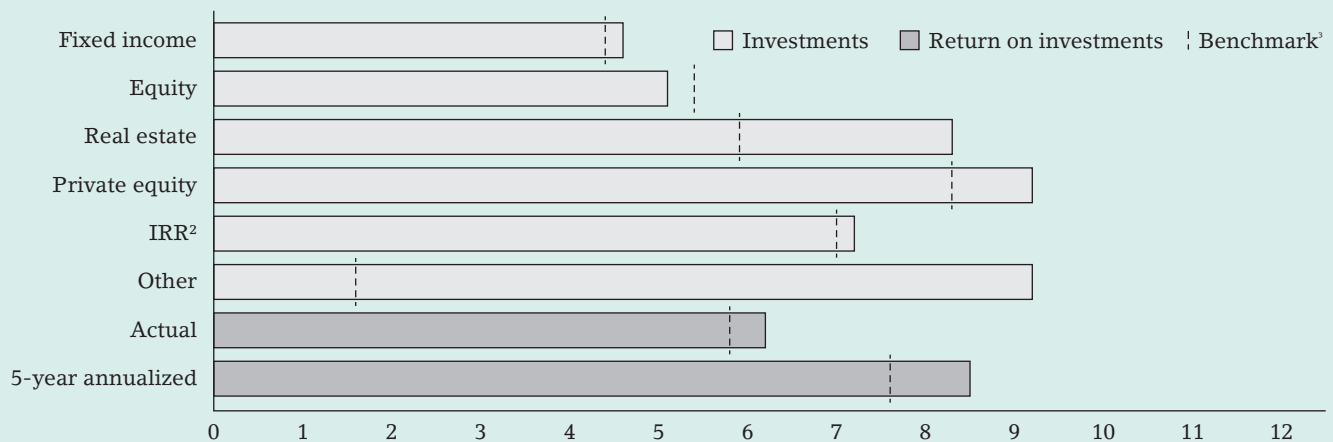
Asset mix market value (\$ millions)



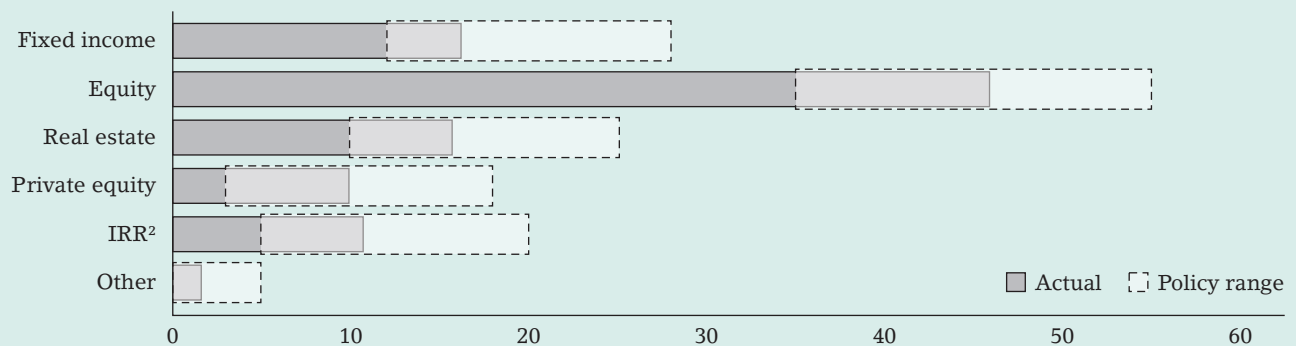
Net assets available for benefits (\$ billions)



Rate of return vs. benchmark (%)



Asset allocation (%)



1 All figures are unaudited and dates are as at March 31, 2019, unless otherwise stated. For audited financial statements and further details, see the 2019 Annual Report, available on the plan website in fall 2019.

2 Infrastructure and renewable resources.

3 Benchmarks are standards to compare against actual investment returns.



Planning made easy.

your pension online.
anytime.

Update your personal information, securely send and receive messages using Message Centre, name a beneficiary, calculate a pension estimate, and apply for your pension ... all in one place.

myaccount.pensionsbc.ca



Souie Gorup, Public Service plan member

pspp.pensionsbc.ca

Toll-free (Canada/U.S.): 1-800-665-3554

Mail: Public Service Pension Plan, PO Box 9460, Victoria BC V8W 9V8

Public Service Pension Board of Trustees email: pspbt@pensionsbc.ca



The information in this booklet is based on the legislation and Public Service Pension Plan rules in effect as of March 31, 2019, except where otherwise noted. In the event of any variation between the information in this booklet and the provisions of the statutes, regulations and plan rules that govern any benefits available under the Public Service Pension Plan, the latter will prevail. Financial figures presented in this report as at March 31, 2019, are unaudited. For audited financial statements, see the *2019 Annual Report*, available on the plan website in fall 2019.