

# Report to Members



# 2021

Learn more about the plan: [pspp.pensionsbc.ca](https://pspp.pensionsbc.ca)

## Succeeding together

### MESSAGE FROM THE TRUSTEES

One of the many steps we take to ensure your pension plan maintains its value and remains healthy and financially sustainable is conducting an actuarial valuation. Valuations help us assess the financial position of the plan. Valuations also help us to understand the plan's funding requirements to ensure enough funds are available for the current and future pensions of all members.

We are pleased that the latest valuation, as at March 31, 2020, showed the plan funding ratio is 109.6 per cent. The plan has actuarial assets of \$30.5 billion, exceeding the actuarial liabilities of \$27.8 billion, leaving the plan with surplus funds of \$2.7 billion. This means the plan is fully funded and remains in a strong financial position.

### A plan for surplus funds

Our decisions about what to do with the valuation surplus will support the plan's strategic objectives. Two of our top priorities are to deliver the lifetime pension and to provide inflation adjustments to retired member pensions. The plan's Joint Trust Agreement and plan funding policy provide clear guidance on how we may use surplus funds. Our options include:

- Creating a rate stabilization reserve to cushion contribution rates against future increases
- Transferring a portion of surplus funds to the inflation adjustment account for retired member pensions

- Reducing contribution rates for members and employers
- Improving pension benefits
- Leaving some or all of the surplus funds in the basic account

It is important that whatever decisions we make be sustainable and equitable to all members and employers. We'll provide more information on the plan website at [pspp.pensionsbc.ca](https://pspp.pensionsbc.ca). Watch for updates in the fall.

### Sustainable improvements to health benefits

We have completed a full review of retirement group health benefits. This work included a member engagement survey. Based on the information we collected and the options available, we've decided to change the prescription drug plan for retired members effective January 1, 2022. The drug plan is a part of the optional extended health care coverage. These changes modify the drug plan by adding a tiered formulary based on BC PharmaCare coverage. This approach improves coverage for most prescription drugs in retirement. While retirement group health benefits are not guaranteed, we know that members who are currently working want access to these benefits when they retire. We are working to ensure that group health benefits remain available, valuable and sustainable for the long term. More information is available on the plan website at [pspp.pensionsbc.ca](https://pspp.pensionsbc.ca).

### Year at a glance (\$ millions)

$$33,623 + 5,896 + 849 - 1,323 - 121 = 38,924$$

Net assets April 1, 2020	Investment income	Contributions	Benefits payments	Investment and administration	Net assets March 31, 2021
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### Pension backdating

PLAN RULE AMENDMENT NO 54—VARIOUS DATES:

EFFECTIVE JUNE 4, 2020

Provides criteria for what constitutes a “good and sufficient reason” for pension backdating and clarifies the plan rules on what situations Pension Corporation must consider when reviewing a pension backdating request.

EFFECTIVE RETROACTIVE TO OCTOBER 1, 2019

Updates the definition of “refund interest rate.”

EFFECTIVE RETROACTIVE TO JANUARY 1, 2001

Repeals a redundant reference regarding pension transfer provisions.

### Replacing gender-specific terms and general housekeeping

PLAN RULE AMENDMENT NO 55—VARIOUS DATES:

EFFECTIVE DECEMBER 11, 2020

Replaces gender-specific terms with gender-neutral language.

EFFECTIVE MARCH 23, 2020

Updates to include two new *Employment Standards Act* (ESA) leave types for which the employer is required to pay the employer portion, if the employee chooses to pay the employee portion. The two new leaves are illness or injury leave and COVID-19-related leave.

EFFECTIVE RETROACTIVE TO MAY 17, 2018

Replaces “pregnancy leave” with “maternity leave” to be consistent with section 50 of the ESA.



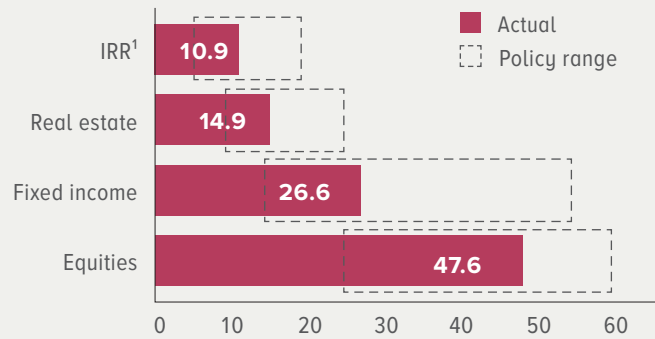
Timely tips, news and links @BCPSPP

### PLAN PERFORMANCE

These unaudited financial highlights are provided as an overview of the plan’s investment performance this past year. The *2021 Annual Report* with audited financial statements will be posted to the plan website in early fall 2021. Watch for it on the plan’s home page and for updates on Twitter.

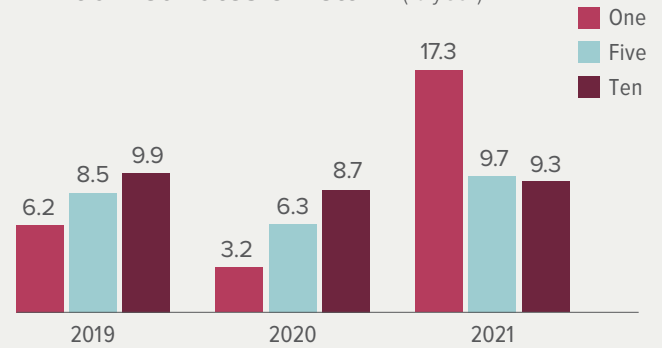
#### Asset allocation (%)

as at March 31, 2021



<sup>1</sup> Infrastructure and renewable resources.

#### Annualized rates of return (% year)



#### Net assets available for benefits

(\$ billions)

