Teachers' Pension Plan

2024 Annual Report

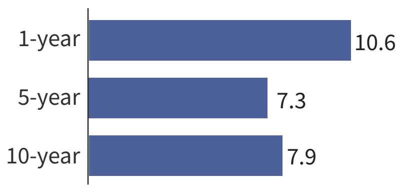
Contents

2024 year in review

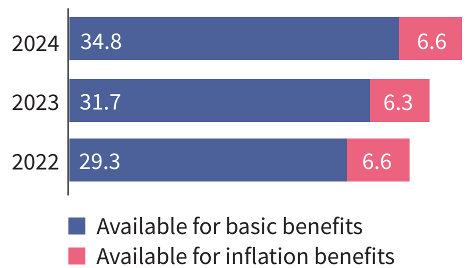
Investments

Plan investment holdings topped $41 billion for the first time in history, helped by annual returns of 10.7 per cent, well above the return objective of 5.75 per cent.

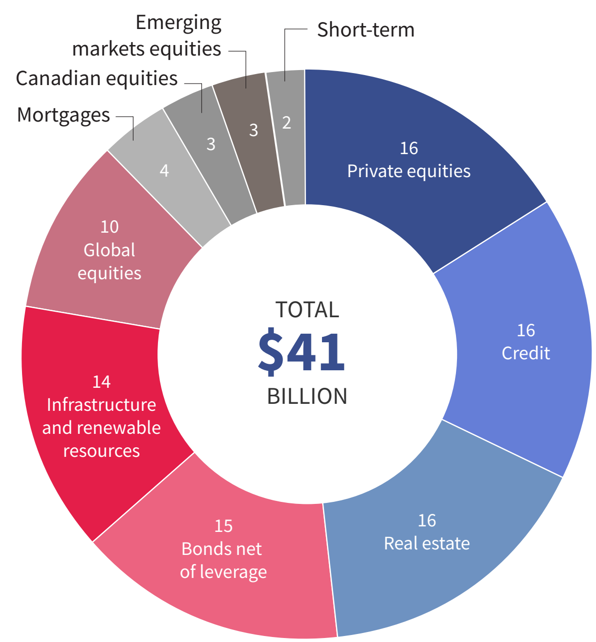
ANNUALIZED RATES OF RETURN (%)
as at December 31, 2024



NET ASSETS AVAILABLE FOR BENEFITS ($ BILLIONS)
as at December 31



INVESTMENT HOLDINGS (%)[1]
as at December 31, 2024



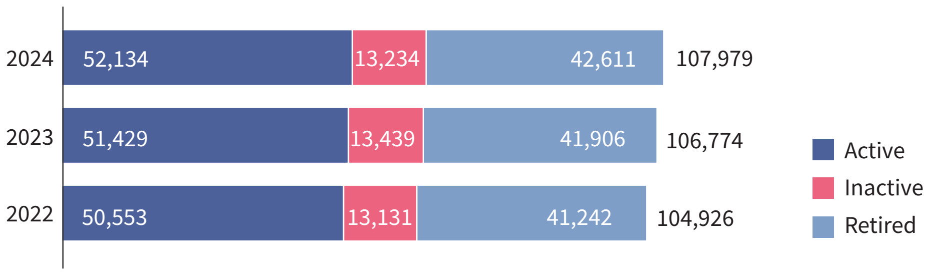
1 Percentages do not total 100 due to rounding.

NET ASSETS ($ MILLIONS)

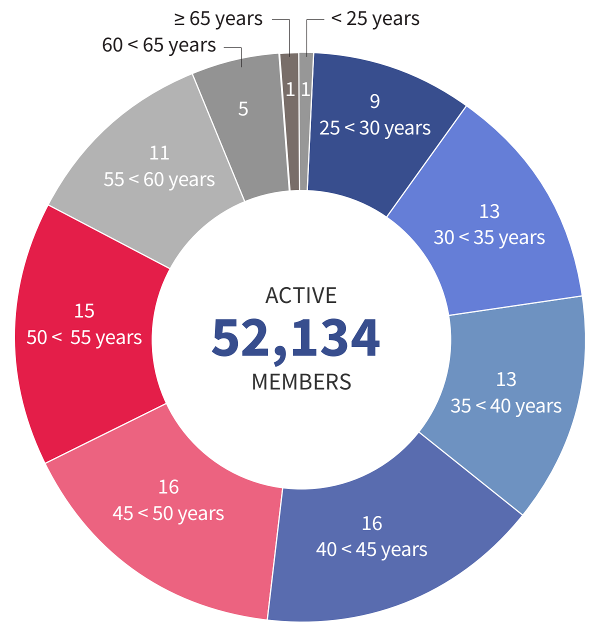
Net assets		Investment return		Contributions		Pensions, benefits, expenses		Net assets
Jan 1 2024	+		+		–		=	Dec 31 2024
$37,959		4,118		975		1,681		$41,371

Membership

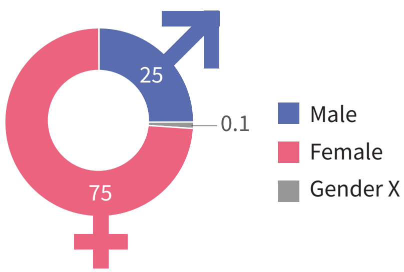
NUMBER OF MEMBERS
as at December 31



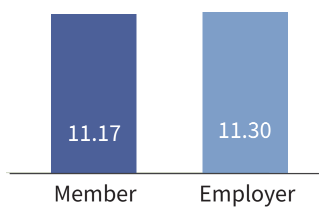
ACTIVE MEMBERS BY AGE (%)
as at December 31, 2024



ACTIVE MEMBERS BY GENDER (%)
as at December 31, 2024



CONTRIBUTION RATES AS A PERCENTAGE OF SALARIES (%)
effective since January 1, 2019



THE PLAN PAID OUT
as at December 31, 2024

$1,569 million in benefits in 2024

$36,413 Average annual pension

$36,618 Median annual pension

42,611 Members receiving a pension

Trustees' message

***Georges P. Vanier Secondary**, Courtenay*
SD71 | Comox Valley

Trustees' message

Some members are retired, loving life on the rugged Pacific shores of Haida Gwaii or gardening in the shadow of the Rocky Mountains. Some members are busy teaching math to children in bustling Greater Vancouver classrooms, while others may be coaching volleyball or soccer at a small school north of Fort St. John. Some are 25; some are 105. Some are BC-born and raised; others arrived from around the world.

And what do they have in common? They are all members of BC's Teachers' Pension Plan.

As the Teachers' Pension Board of Trustees, it is our honour and responsibility to govern the plan effectively, ensuring every single one of these educators receives their pension in retirement.

As part of our commitment to effective governance, we set strategic priorities, which we share in our 2023–2025 strategic plan, available on the plan website.

Three of our most important priorities are:

- Assess plan design and value of post-retirement group benefits
- Proactively manage stakeholder relations and plan reputation
- Enhance plan governance and monitor risk (for example, see the message from the chair from May 2025 on the plan website)

In 2024, two pivotal achievements stemmed from these priorities: modernization of our extended health care plan and a valuation that shows the plan is fully funded.

Our top priorities of 2024:

- Assess plan design and value of post-retirement group benefits
- Proactively manage stakeholder relations and plan reputation
- Enhance plan governance and monitor risk

Modernization of the extended health care plan

On January 1, 2025, changes to the plan's optional retirement health coverage took effect. You may have read about the changes in recent issues of *Pension Life* or on the plan's website.

We began considering changes to health coverage in 2022, when we noticed that fewer retired members were signing up.

To help us understand why this was happening, we conducted extensive research. Our goal was to determine if extended health coverage was meeting member needs and providing good value for money.

We consulted benefits administration experts from across the country, held focus groups with 60 plan members and received survey responses from more than 1,400 plan members. The result? Valuable insight on what was working and what wasn't.

In general terms, members told us they were satisfied with drug coverage. But they also told us they weren't happy with the cost of premiums relative to certain other benefits.

We took this feedback seriously. The new health coverage enhances paramedical services, hearing care and vision care. To balance the cost of these improvements, we introduced new limits on drug coverage.

Thanks to these improvements, our retirement health coverage now better meets the needs of most members and remains cost-effective, both today and well into the future.

We held **focus groups** with **60 plan members** and received **survey responses** from more than **1,400 plan members**.

Knowing that my retirement savings are growing each month gives me a sense of stability and peace of mind. It reassures me that I'm making progress toward a secure future and that I'll have the financial freedom to enjoy retirement without unnecessary stress. It also motivates me to continue being disciplined about saving and planning ahead.

Michelle Wolkenbrod
Member
SD39 | Vancouver

In her first classroom

Actuarial valuation results

As the plan's governors, we have many tools to measure the health of the plan. These tools show us, for example, when we might need to adjust our investment strategy or update certain plan rules to ensure the ongoing health of the plan.

The actuarial valuation is the most important of these tools, conducted every three years. In a valuation, an independent actuary—a professional with specialized training in financial modelling, laws of probability and risk management—looks at economic and demographic assumptions, assets and liabilities, and predicted contributions and returns on investments to determine the plan's present and future health.

The most recent actuarial valuation, as at December 31, 2023, shows the plan is fully funded. This means that the money available for current and future pensions matches the projected costs of paying for those pensions. The plan and member pensions are secure and sustainable.

The valuation also shows that the plan's Inflation Adjustment Account, the account from which the plan pays cost-of-living adjustments to retired plan members, is also sustainable.

The next valuation is scheduled to take place as at December 31, 2026.

ACTUARIAL VALUATION
as at December 31, 2023

FUNDED RATIO

112.8%

Thank you

This year, for the first time, the plan's assets topped $41 billion, helped by annual returns of 10.6 per cent and 10-year average returns of 7.9 per cent. Across all membership groups, there are now almost 108,000 members.

While we take pride in the plan's financial strength and sustainability, our greatest achievement is ensuring retirement security for BC educators. In the last decade, more than 14,000 members have retired with that security from the plan.

As the board of trustees, we extend our thanks to these members, spanning generations and communities across the province, for entrusting us with the privilege of safeguarding financial security in retirement through BC's Teachers' Pension Plan.

PLAN ASSET HIGHLIGHTS
($ BILLION) (%)

$41.4 **Plan assets**

10.6% **Annual return** (2024)
Benchmark 13.9%

7.9% **10-year return** (2014–2024)
Benchmark 7.6%

Who we are

***Lakes District Secondary School**, Burns Lake*
SD91 | Nechako Lakes

Who we are

The 2024 Teachers' Pension Board of Trustees

The Teachers' Pension Board of Trustees is made up of a dynamic and diverse group of passionate British Columbians. Each trustee brings their own expertise, knowledge and critical thinking skills to the boardroom.

Half of the trustees are appointed by the employer partner (Province of British Columbia) and half by the member partner (BC Teachers' Federation).

United in their mission, the trustees ensure retirement income for plan members by effectively governing the Teachers' Pension Plan and honouring the trust placed in them by the plan partners.

The board appoints its own chair and vice-chair. The board also appoints a director to the board of BCI, which provides the plan's investment management services, and two directors to the board of BC Pension Corporation, which provides pension administration services.

The board's collaborative and efficient governance model ensures that the plan is managed with integrity and dedication, securing a stable future for BC's public educators.

For more about the board and trustees, visit **About us > Who we are > Teachers' Pension Plan > Board trustees** on the plan website.

2024 Teachers' Pension Board of Trustees, from left to right:
Sarvi Brent, Reg Bawa (vice-chair),
Ankie Carswell, Cheryl Eason,
Adam Molineux, Al Cornes,
Lynda Reeve, Chung Yan Ip (chair),
Elizabeth Baverstock, Leslie Roosa

Trustees

as at December 31, 2024

CHUNG YAN IP | CHAIR

Appointed by	BC Teachers' Federation
Committees	Benefits and communications, Executive Forum, governance, interplan audit, interplan coordination
Trustee	Since 2011

REG BAWA | VICE-CHAIR

Appointed by	Province of British Columbia
Other boards	BCI board of directors
Committees	Executive Forum, governance, interplan coordination
Trustee	Since 2010

ELIZABETH BAVERSTOCK

Appointed by	BC Teachers' Federation
Other boards	BC Pension Corporation board of directors
Committees	Benefits and communications (chair), interplan investment
Trustee	Since 2018

SARVI BRENT

Appointed by	Province of British Columbia
Committees	None
Trustee	Since 2024

ANKIE CARSWELL

Appointed by	BC Teachers' Federation
Committees	Benefits and communications
Trustee	Since 2024

AL CORNES

Appointed by BC Teachers' Federation
Committees Benefits and communications
Trustee Since 2022

LYNDA REEVE

Appointed by Province of British Columbia
Committees Benefits and communications, governance, interplan trustee education
Trustee Since 2020

CHERYL EASON

Appointed by Province of British Columbia
Other boards BC Pension Corporation board of directors
Committees Governance, interplan investment (chair)
Trustee Since 2018

LESLIE ROOSA

Appointed by BC Teachers' Federation
Committees Benefits and communications, governance (chair), interplan trustee education
Trustee Since 2019

ADAM MOLINEUX

Appointed by Province of British Columbia
Committees Interplan audit
Trustee Since 2023

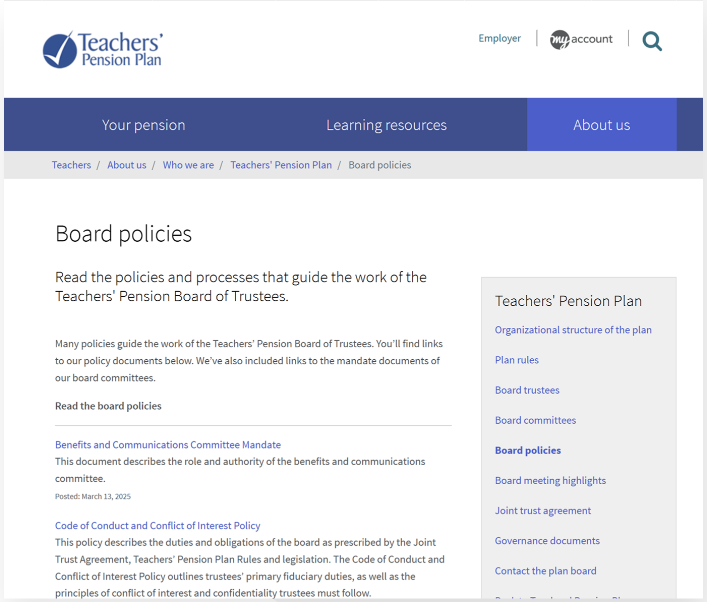
Trustee remuneration

Each year, in addition to regularly scheduled and ad hoc board, committee and interplan meetings, trustees take training courses and attend conferences and events.

The plan pays trustees, or their employers, annual stipends and per diems. The plan also reimburses reasonable expenses, such as travel for board business.

Guidelines and rates are set out in the board's remuneration policy. Under the policy, remuneration may be adjusted annually by an amount equal to the cost-of-living adjustment made to pension payments.

To read the remuneration policy, visit **About us > Who we are > Teachers' Pension Plan > Board policies** on the plan website.



TRUSTEE REMUNERATION

year ended December 31, 2024

Trustee	Meeting days	Per diem	Annual stipend	Chair and vice-chair remuneration	Total payments	Paid to
Chung Yan Ip (chair)	31	$ 15,376	$ —	$ —	$ 15,376	BC Teachers' Federation
	—	—	4,956	4,956	9,912	Board member
Reg Bawa (vice-chair)	12.5	6,200	4,956	2,478	13,634	Ministry of Finance
Elizabeth Baverstock	24.5	12,152	—	—	12,152	Richmond Teachers' Association
	—	—	4,956	—	4,956	Board member
Sarvi Brent	11	5,456	4,956	—	10,412	Ministry of Finance
Ankie Carswell	24.5	12,152	—	—	12,152	Vancouver School Board
	—	—	4,956	—	4,956	Board member
Al Cornes	22.5	11,160	4,956	—	16,116	Board member
Cheryl Eason	22.5	11,160	4,956	—	16,116	Board member
Adam Molineux	12	5,952	4,956	—	10,908	Ministry of Finance
Lynda Reeve	17.5	8,680	—	—	8,680	Surrey School District
	—	—	4,956	—	4,956	Board member
Leslie Roosa	24.5	12,152	—	—	12,152	BC Teachers' Federation
	—	—	4,956	—	4,956	Board member
Total		**$100,440**	**$49,560**	**$7,434**	**$157,434**	

Plan-specific committees

Trustees are assigned to plan-specific committees based on their knowledge, background, education and interests. In addition to the committee meetings described below, trustees met for five board meetings.

Benefits and communications committee

The benefits and communications committee meets to discuss issues including:

- Post-retirement group benefits
- Plan rule amendments
- Communications products, including *Report to Members* for active members, *Pension Life* for retired members and the *Annual Report*.

For some items brought to this committee, the committee has the authority to make decisions under authority delegated to the board. For other items, the committee might recommend they be taken to the board for further discussion or decision.

This committee met three times in 2024.

Governance committee

The governance committee helps the board fulfil its governance responsibilities by considering items such as:

- Policy development
- Risk management
- Strategic planning mechanisms
- Development of the board's assessment tools
- Succession planning

This committee met three times in 2024.

Interplan committees

Interplan committees address issues common to the four BC public sector pension plans. In addition to the Teachers' Pension Plan, the public sector pension plans are the College, Municipal and Public Service pension plans.

Some interplan committees do not include the Municipal Pension Plan.

Executive Forum

The Executive Forum is designed to share areas of common interest among the Teachers', College, Municipal and Public Service pension plans. It provides an opportunity for plan board chairs, vice-chairs and executive staff from the plans' secretariats to keep up with the activities of the boards and, in some cases, find common ground and areas of collaboration.

The forum met twice in 2024.

Interplan Audit Committee

The Interplan Audit Committee includes representatives of the Teachers', College, Municipal and Public Service pension boards of trustees who meet to help provide and maintain:

- A timely and cost-effective system of accounting and reporting
- Financial statements consistent with Canadian accounting standards for pension plans
- An independent audit of the financial statements
- An *Annual Report* with audited financial statements

This committee met three times in 2024.

Interplan Coordination Committee

The Interplan Coordination Committee facilitates communication to ensure that the Teachers', College and Public Service pension boards of trustees meet their common governance and operational requirements. Additionally, this committee oversees the operations of Pension Board Secretariat.

This committee met three times in 2024.

Interplan Investment Committee

The Interplan Investment Committee discusses investment issues common to the Teachers', College and Public Service pension boards of trustees. It makes recommendations to each board on generic investment policy and procedure statements and on investment issues identified by a board, BCI or the committee itself. It considers things like:

- Trends in the investment industry
- Regulatory and legal developments
- Responsible investing issues
- Asset class reviews
- Updates on capital markets
- New investment products

This committee met four times in 2024.

Interplan Trustee Education Committee

The Interplan Trustee Education Committee allows the Teachers', College, Municipal and Public Service pension boards of trustees to develop trustee knowledge and skills, work together on common educational issues and provide information on trends in various areas, such as benefits, pensions and investments. This group organizes the annual BC Public Sector Pension Conference.

This committee met three times in 2024.

Agents and service providers

BCI

BCI provides investment management services to the board. One of Canada's largest institutional investors, BCI manages a portfolio of more than $250 billion. It offers investment options across a range of asset classes, including public and private equity, real estate, and infrastructure and renewable resources.

BC Pension Corporation

BC Pension Corporation provides professional pension services for the plan on behalf of the board. One of Canada's largest pension service providers, Pension Corporation serves the largest public sector pension plans in British Columbia, representing more than 750,000 members and more than 1,000 employers. Services include providing plan information to members and employers, managing contributions and member records, paying pensions, and providing policy, financial and communications support to the board.

Pension Board Secretariat

Pension Board Secretariat is a branch within Pension Corporation dedicated to providing day-to-day professional and operational support to help the board meet its governance and fiduciary obligations.

Eckler Ltd.

Eckler is the plan's independent actuary. It conducts an actuarial valuation on the plan's funding every three years and supports the board in its decision making as appropriate. The results of the most recent valuation, as at December 31, 2023, are on **page 30** of this report.

GreenShield

GreenShield is a not-for-profit benefits carrier that administers the plan's non-guaranteed extended health care and dental coverage.

KPMG LLP

KPMG provides external audit services to the plan.

Lawson Lundell LLP

Lawson Lundell is the plan's legal counsel.

WTW

WTW is the board's benefits advisor. It works closely with the board and GreenShield to provide retired plan members with access to non-guaranteed post-retirement group benefits.

Plan financials

Laurie Middle School, *Cranbrook*
SD5 | Southeast Kootenay

Plan financials

Investment strategy

The primary objective of the board is to ensure the plan is secure and stable over the long term. To meet this objective, the board sets investment beliefs and financial goals for the plan through the Statement of Investment Policies and Procedures (SIPP). BCI is responsible for applying the investment strategy and working toward the financial goals as outlined in the SIPP. The board oversees and monitors BCI's performance in carrying out this responsibility.

The main financial goal of the plan is to meet or exceed its long-term investment return objective (the amount the plan's investments need to earn to pay for its obligations, including pensions) while taking on an appropriate level of risk.

To manage risk effectively, the board and BCI have constructed a diversified portfolio that is invested in multiple asset types, industries and geographies. Diversification is a key part of risk management as it limits the impact on the whole portfolio during times of lower returns, such as a market downturn.

The plan's investments are adjusted based on anticipated risk and market outlook, either to protect the plan or to take advantage of value-add opportunities.

An important and growing segment of the plan's investment portfolio is private markets and real assets. Real assets include real estate, infrastructure and other physical assets. Since real assets are less correlated with traditional investments like stocks and bonds, they help safeguard the portfolio against market volatility. Through direct ownership, which is often accompanied by governance rights like board representation, BCI can influence companies' strategic direction to create long-term value for the plan.

Overall plan performance

For the year ended December 31, 2024, the plan returned 10.6 per cent. This exceeded the plan's return objective of 5.75 per cent but fell short of the 13.9 per cent benchmark. In 2024, the plan's assets grew from $38.0 billion to $41.4 billion. The main contributor to absolute performance over the year was developed markets equity. Relative underperformance continued to be caused by real estate equity and private equity returns falling below their respective benchmarks.

Over five years, the plan had an annualized return of 7.3 per cent, which was slightly below the 7.5 per cent benchmark but above the 5.75 per cent return objective. While 1- and 5-year results underperformed their performance benchmarks, the 10-year return of 7.9 per cent saw outperformance for both the 7.6 per cent benchmark and the return objective.

In 2024,
the plan's assets
grew from

$38.0 billion

to

$41.4 billion.

Knowing that my pension will contribute to my financial security later in life takes a lot of pressure off my current financial planning. It's a significant relief.

Michael St. Claire
Member
SD61 | Greater Victoria

Visiting St. Boniface Cathedral

Public markets

Within public markets, the plan invests in fixed income (e.g., government and corporate bonds) and public equities (e.g., publicly traded stocks). Overall, fixed income performed well, returning 5.2 per cent against the 4.7 per cent benchmark over the year. Every fixed income allocation contributed positively to the total fund's absolute return. Credit was the largest contributor as demand from investors continued to exceed supply from issuers. Government bonds also contributed significantly to absolute return, matching the benchmark over the past year. Fixed income's five-year annualized return of 2.1 per cent exceeded the 1.8 per cent benchmark.

In 2024, strong equity markets resulted in high absolute returns. Public equities delivered a 25.6 per cent return over the year compared with the 26.2 per cent benchmark. Within public equities, developed markets equity posted strong gains, providing the largest absolute contribution to the total fund's one-year return. Developed markets continued to benefit from an optimistic market outlook for technology stocks, especially large technology stocks known as the Magnificent Seven (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla). The outcome of the U.S. elections, which were seen as pro-business, helped boost stocks in the U.S. toward the end of 2024. On the other hand, the election outcome also impacted emerging markets due to the increased risk of U.S. tariffs on emerging markets exports. Long-term results were positive, returning 12.0 per cent over five years and outperforming the 11.5 per cent benchmark.

PERFORMANCE RESULTS (%)
FIVE-YEAR PERFORMANCE (2019–2024)

5.2 — **Fixed income annual return**
Benchmark 4.7%

2.1 — **Fixed income five-year return**
Benchmark 1.8%

25.6 — **Public equities annual return**
Benchmark 26.2%

12.0 — **Public equities five-year return**
Benchmark 11.5%

Private equity

The same Magnificent Seven technology companies that performed well in public equities were a key driver in the underperformance of private equities relative to the benchmark. As happened in 2023, the private equity benchmark (MSCI ACWI index +2%) was propelled by the performance of Magnificent Seven technology stocks. The one-year benchmark was 30.1 per cent, more than double what private equity returned (13.8 per cent). In late 2024, private equity deal and exit activity showed modest signs of improvement. It is expected to continue on a positive trajectory if macroeconomic pressures and borrowing costs continue to ease. Private equity's long-term performance remained strong, with annualized returns of 15.9 per cent over five years, exceeding the 14.4 per cent benchmark.

Real estate

Real estate equity performance this year reflected the gradual recovery of global real estate investment volumes and improving sentiment. Over the year, real estate equity returned −1.8 per cent against the 6.8 per cent benchmark, showing a marked improvement from the −4.9 per cent return last year. While this was the sixth consecutive quarter of negative one-year returns for the global real estate market, most major markets are seeing improved returns. The real estate program is still well diversified across regions and sectors, in addition to having stable portfolio occupancies. Over five years, real estate equity returned 2.8 per cent compared with the 6.6 per cent benchmark.

PERFORMANCE RESULTS (%)
FIVE-YEAR PERFORMANCE (2019–2024)

13.8 — **Private equities annual return**
Benchmark 30.1%

15.9 — **Private equities five-year return**
Benchmark 14.4%

−1.8 — **Real estate equity annual return**
Benchmark 6.8%

2.8 — **Real estate equity five-year return**
Benchmark 6.6%

Real estate debt market activity remained subdued in the first half of 2024 and began to recover in the second half. Real estate debt returned 6.2 per cent on a one-year basis, exceeding the 5.9 per cent benchmark. The plan strategically reduced the portfolio's exposure to the more volatile office and retail property types, rebalancing the portfolio with new investments directed toward high-conviction sectors such as industrial, residential and alternative assets. This positions the plan well to navigate market challenges. Real estate debt posted a 4.7 per cent annualized five-year return, above the 4.2 per cent benchmark.

Infrastructure and renewable resources

The infrastructure and renewable resources (IRR) portfolio continued outperforming the benchmark in both the short and long terms. Over the year, IRR delivered an 8.3 per cent return, surpassing the 6.4 per cent benchmark. Throughout 2024, IRR generated strong cash flows, mainly due to the utilities sector, which makes up about 40 per cent of the portfolio's exposure. The portfolio delivered a five-year annualized return of 8.8 per cent against the 6.5 per cent benchmark.

The IRR program at BCI remains strategic, developing key relationships and scoping opportunities in new regions globally.

PERFORMANCE RESULTS (%)
FIVE-YEAR PERFORMANCE (2019–2024)

8.3 **IRR annual return**
Benchmark 6.4%

8.8 **IRR five-year return**
Benchmark 6.5%

Responsible investing

Responsible investing is key to BCI's work to generate long-term value for plan members. The board and BCI believe that when portfolio companies have better environmental, social and governance (ESG) performance, they are better positioned to deliver risk-adjusted returns.

BCI's approach to engagement

BCI continues to support positive ESG performance in its portfolio companies through global policy advocacy, proxy voting and engagement. BCI focuses on ESG issues that pose a material risk to the plan's portfolio, with the potential to impact long-term investment returns and sustainability. BCI's first-ever **Stewardship Report** outlines key engagement activities, case studies and outcomes.

Policy advocacy

BCI engages at the policy and market levels to strengthen the investment landscape. By advocating for change that incorporates ESG principles into regulatory frameworks, BCI contributes to greater stability in global capital markets.

For example, managing methane emissions is one of the fastest and most cost-effective means of limiting global warming in the near term. BCI strategically identified this as an opportunity for engagement, given the impact it could have on the plan's portfolio.

Proxy voting

BCI uses proxy voting as a tool to encourage ESG improvements through board and management accountability. Proxy voting enables BCI to vote on management and shareholder proposals according to its **Proxy Voting Guidelines**, which outline BCI's ESG expectations for public portfolio companies. A full record of BCI's votes and rationale can be found through a **searchable database** on its website.

If BCI finds that a company not taking sufficient action to meet ESG standards, it may escalate engagement by filing shareholder proposals.

Direct and collaborative engagement

In addition to proxy voting and policy advocacy, BCI interacts with public and private companies on a broad range of ESG topics. Some interactions consist of targeted outreach on a specific, material ESG issue, while others involve multiple topics and milestones.

In 2023, BCI directly engaged 134 companies across public and private markets, with 58 per cent of these engagements resulting in positive momentum or achieving objectives.

ESG issues are always evolving. Therefore, the board and BCI emphasize the importance of responsible investing to ensure long-term financial success. For more information on BCI's ESG strategy, visit **bci.ca/esg**.

Climate change

Climate change is a complex global issue and remains a concern for the board, plan members, BCI and global investors due to its potentially severe physical and economic impacts.

BCI is committed to supporting the global goal of achieving net-zero greenhouse gas emissions by 2050. Its Climate Action Plan provides a road map for fulfilling this commitment while creating and preserving financial value for the plan.

BCI also collaborates with other organizations to advance its objectives in mitigating climate change risks. One initiative BCI participates in is Climate Action 100+, where it engages with some of the world's largest greenhouse gas emitters to take necessary action on climate change.

Transparency plays a major role in climate action. BCI follows best practices for climate-related disclosures and has been reporting in alignment with the Task Force on Climate-Related Financial Disclosures. BCI will continue to enhance its climate-related reporting in line with the standards of the International Sustainability Standards Board (ISSB). BCI also supports the new Canadian Sustainability Disclosure Standards (CSDS), which align with the global baseline set out by ISSB. BCI helped shape the CSDS guidelines and maintained a dialogue with the Canadian Sustainability Standards Board as the board worked to finalize the guidelines. The CSDS aim to help Canadian companies voluntarily report on their sustainability practices and ESG activities.

BCI actively seeks opportunities related to the global energy transition across its portfolio. By the end of 2024, BCI's climate opportunity exposure grew to about $12.1 billion, up from $10.7 billion earlier that year.

BCI also invests in sustainable bonds, which can provide low-risk returns and help finance projects with positive environmental and social outcomes. BCI exceeded their 2025 objective of $5 billion in sustainable bond investments, reaching $6 billion.

To read more about BCI's Climate Action Plan activities, visit **bci.ca/approach/climate-action**.

BCI is committed to supporting the global goal of achieving net-zero greenhouse gas emissions by 2050.

Divestment and engagement

Divestment is a practice in which an investor sells its shares in a company. The decision to divest can stem from reasons such as personal values, ethical concerns or ESG considerations. Neither the board nor BCI believes that broad-based divestment is an effective strategy to address long-term and persistent ESG risks. Divestment eliminates a shareholder's right to engage and promote change with management.

Instead, by engaging with companies and using their ownership rights, investors can raise concerns and influence corporate ESG practices. BCI continues to use its size and influence to address ESG matters through engagement and advocacy.

Separate from an ESG-driven view on divestment, BCI does not invest in companies that produce products prohibited by Canadian legislation or international treaties that Canada has signed.

Investment costs

BCI operates on a cost-recovery, not-for-profit basis, meaning the plan pays fees only to cover the cost of managing its investments. Since BCI manages a large amount of assets, it has access to significant economies of scale when investing on behalf of the plan. Managing investment costs is important to the board, and BCI's fees continue to be competitive with its peers and much lower than those charged by investment managers in the private sector.

Investment management fees are affected by the types of assets, the plan's asset mix (i.e., what is in the portfolio) and BCI's investment strategy. Some asset classes that produce higher returns are complex and more expensive to manage, which in turn affects fees. The objective is to earn enough investment income to fulfil the plan's pension commitments at a reasonable cost. BCI's transition to active, in-house management of funds, moving away from more expensive external managers, has helped reduce fees.

Actuarial valuation: The plan's report card

The actuarial valuation is the most important measurement of the plan's health. Using a series of economic and demographic assumptions, the valuation determines how much money the plan needs to have to pay current and future pensions. An independent actuary—a professional with specialized training in financial modelling, laws of probability and risk management—performs the valuation every three years. For the valuation, the actuary compares current assets, future contributions and investment returns against the money to be paid out in the future for pension benefits.

Read more about the most recent valuation in the message from the trustees on **page 2**.

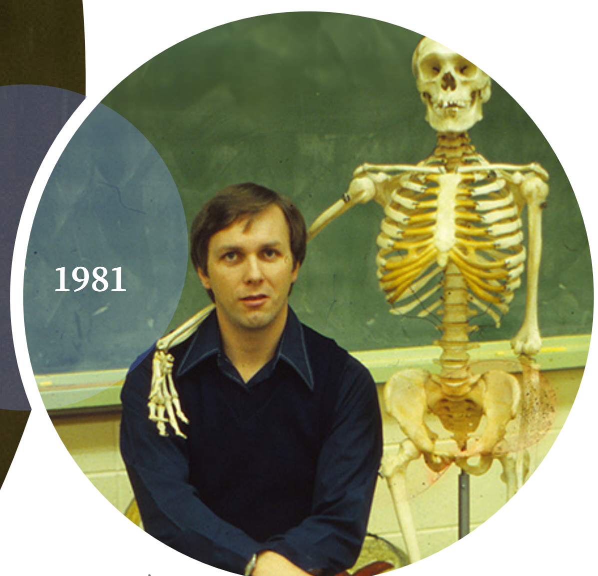
The next valuation will be measured as at December 31, 2026, with results expected in late 2027.

VALUATION HISTORY ($ MILLIONS)
as at December 31

	2023	2020	2017
Surplus	**$4,572**	$1,584	$644
Funded ratio (%)	**112.8**	105.3	102.5

Over the past 24 years, my pension has covered all the essential expenses of daily life, allowing Carla and me to use our savings as "play money" to finance travel to 76 countries around the world. The result has been a comfortable, fun-filled retirement.

Ron Knight
Retired member



With a friend, in his biology lab

Tables, charts and graphs

ASSET MIX AND PERFORMANCE (%)

as at December 31, 2024

	Approved ranges	Target asset mix	Actual asset mix	Rate of return	Performance benchmark
Leverage	(15)–0	(10)	**(10.0)**	4.8	4.8
Short-term	0–8	2	**1.5**	10.4	10.2
Government bonds	15–33	25	**25.7**	3.3	3.3
Credit[1]	3–25	18	**15.9**	8.0	6.2
Fixed income	22–55	45	**43.1**	5.2	4.7
Developed markets[2]	3–30	13	**13.5**	27.8	27.9
Emerging markets	0–8	2	**2.8**	16.4	17.3
Private equity	8–20	13	**16.1**	13.8	30.1
Equity	16–52	28	**32.4**	20.2	27.8
Real estate[3]	12–32	22	**20.2**	(0.1)	6.6
Infrastructure and renewable resources	6–20	15	**13.7**	8.3	6.4
Real assets	18–50	37	**33.9**	3.1	6.5
Other	0–5	0	**0.6**	—	—
Total asset mix		**100**	**100.0**	**10.6**	**13.9**

1 Corporate bonds and private debt.
2 Canadian and global equities.
3 Real estate equity and real estate debt (mortgages).

INVESTMENT PERFORMANCE (%)

year ended December 31

	Rate of return	Performance benchmark
Annual rates		
2024	**10.6**	**13.9**
2023	7.6	11.5
2022	(3.4)	(5.9)
2021	11.6	8.4
2020	10.7	11.2
5-year annualized rates		
2024	**7.3**	**7.5**
2023	7.8	7.4
10-year annualized rates		
2024	**7.9**	**7.6**
2023	8.0	7.2

Larry Dureski
Retired member

FIVE-YEAR FINANCIAL SUMMARY ($ MILLIONS)

year ended December 31

	2024	2023	2022	2021	2020
Increase (decrease) in assets					
Investment income (loss)	**$ 4,118**	$ 2,740	$ (1,205)	$ 4,049	$ 3,392
Contributions					
Members	**483**	450	414	401	384
Employers	**487**	454	417	404	387
Transfers from other plans	**5**	10	12	10	11
Total increase (decrease) in assets	**5,093**	3,654	(362)	4,864	4,174
Decrease in assets					
Pension benefits	**1,569**	1,504	1,396	1,318	1,293
Transfers to other plans	**10**	5	9	11	6
Investment and administration costs[1]	**102**	99	87	50	95
Total decrease in assets	**1,681**	1,608	1,492	1,379	1,394
Increase (decrease) in net assets	**3,412**	2,046	(1,854)	3,485	2,780
Net assets available for benefits at beginning of year	**37,959**	35,913	37,767	34,282	31,502
Net assets available for benefits at end of year	**$41,371**	$37,959	$35,913	$37,767	$34,282
Investment and administration costs as a percentage of net assets (%)[1,2]					
Investment management[1,2]	**0.36**	0.39	0.41	0.24	0.38
Benefits administration	**0.04**	0.05	0.04	0.05	0.05

1 Investment costs as a percentage of net assets include certain external investment management costs totalling $58.3 million (2023: $59.5 million; 2022: $75.8 million; 2021: $52.2 million; 2020: $36.9 million) that are netted against investment income; they are not included in investment and administration costs in the financial statements.

2 Investment costs as a percentage of net assets exclude external indirect investment management costs netted against investment income on the statement of changes in net assets available for benefits. This is consistent with current industry practice; including these costs using the budgeted amount would have increased investment management costs as a percentage of net assets by an estimated 47 basis points in 2024. External indirect investment management costs include limited partnership management fees and other fees principally incurred within investments held in the private equity, infrastructure and renewable resources, and real estate asset classes.

INVESTMENT PORTFOLIO[1]

as at December 31, 2024

	Market value ($ millions)	Asset mix market value (%)
Short-term	$ 623	1.5
Leverage	(4,142)	(10.0)
Bonds	10,621	25.7
Credit	6,584	15.9
Mortgages	1,854	4.5
Canadian equities	1,214	2.9
Global equities	4,376	10.6
Emerging markets equities	1,144	2.8
Real estate	6,481	15.7
Private equity	6,663	16.1
Infrastructure and renewable resources	5,651	13.7
Centralized currency management	256	0.6
Cash and unsettled trades	8	0.0
Total investments	**$41,333**	**100.0**
2023 comparison	**$37,906**	

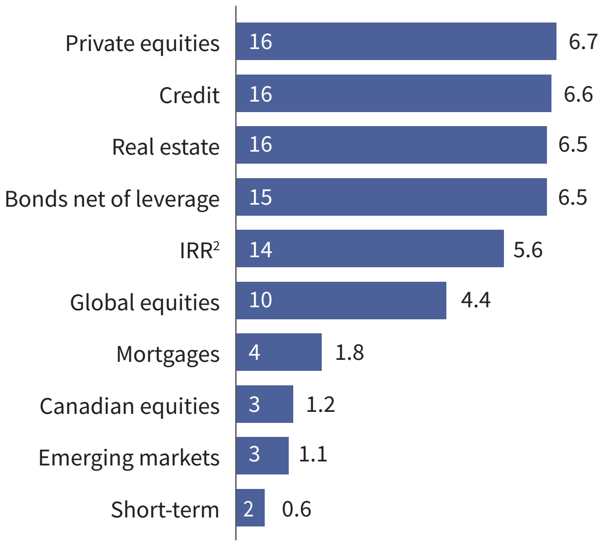
1 Asset classifications vary from the financial statements for the purpose of performance reporting.

Arnelia Ganesh
Retired member

TOP 25 SECURITY HOLDINGS
TOTAL PUBLIC EQUITY EXPOSURE—WORLDWIDE
as at December 31, 2024

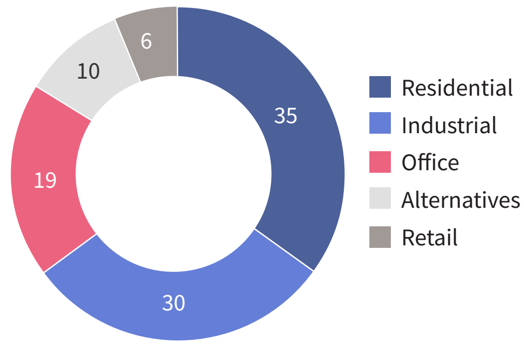
Company	Percentage of portfolio (%)	Total exposure ($ millions)
Apple Inc.	0.5	216.9
Nvidia Corp.	0.5	208.1
Microsoft Corp.	0.5	193.3
Alphabet Inc.	0.3	132.5
Amazon.com, Inc.	0.3	129.8
Taiwan Semiconductor Manufacturing Company Limited	0.3	113.6
Meta Platforms, Inc.	0.2	85.8
Royal Bank of Canada	0.2	75.9
Broadcom Inc.	0.2	71.7
Tesla, Inc.	0.1	60.7
Shopify Inc.	0.1	60.6
Canadian Pacific Kansas City	0.1	52.6
Tencent Holdings Ltd.	0.1	51.0
WSP Global Inc.	0.1	46.5
Constellation Software	0.1	45.0
Waste Connections, Inc.	0.1	40.4
Visa Inc.	0.1	38.3
UnitedHealth Group Inc.	0.1	37.9
Aguas Andinas S.A.	0.1	31.5
Canadian Imperial Bank of Commerce	0.1	31.5
Eli Lilly and Company	0.1	31.3
Mastercard Inc.	0.1	31.0
Alimentation Couche-Tard Inc.	0.1	30.7
JPMorgan Chase & Co.	0.1	29.2
Pembina Pipeline Corp.	0.1	28.9

INVESTMENT HOLDINGS
(% MARKET VALUE)[1] ($ BILLIONS)
as at December 31, 2024

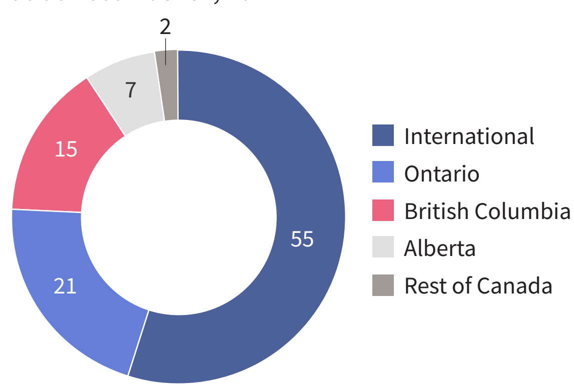


1 Percentages do not total 100 due to rounding
2 Infrastructure and renewable resources

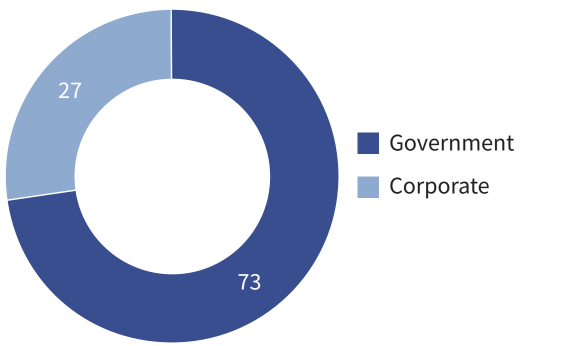
REAL ESTATE BY TYPE (%)
as at December 31, 2024



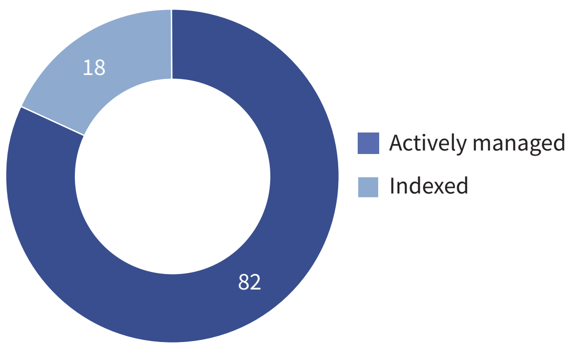
REAL ESTATE BY LOCATION (%)
as at December 31, 2024



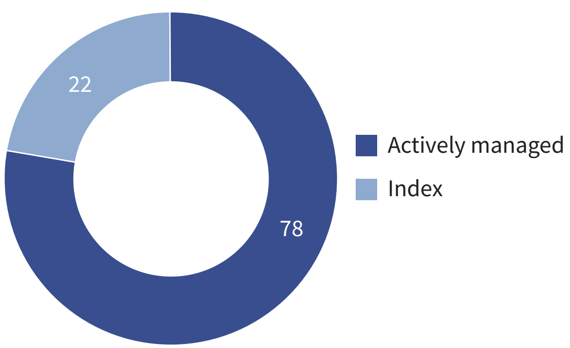
BONDS (MARKET VALUE) (%)
as at December 31, 2024



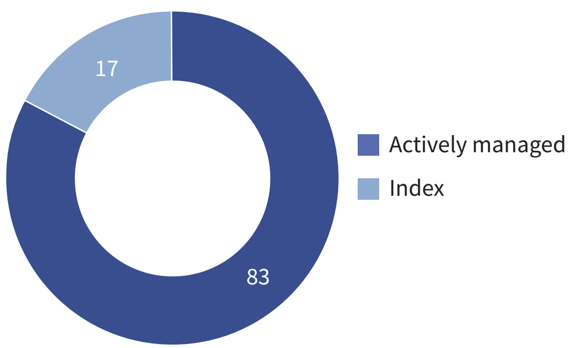
DEVELOPED MARKETS EQUITIES (MARKET VALUE) (%)
as at December 31, 2024



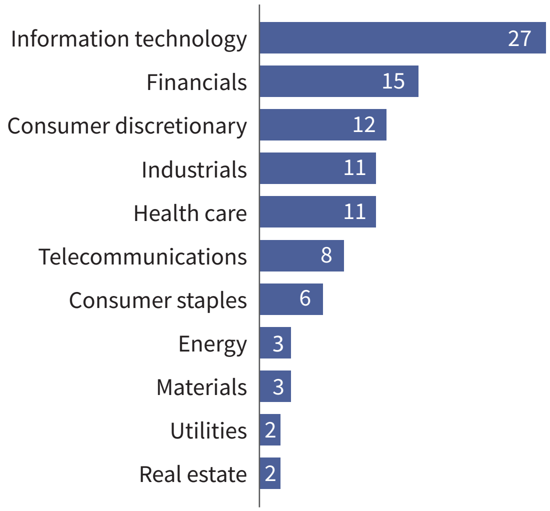
CANADIAN EQUITIES (MARKET VALUE) (%)
as at December 31, 2024



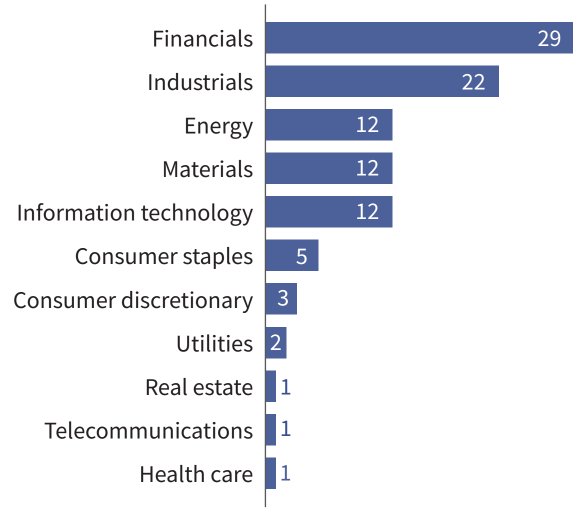
GLOBAL EQUITIES (MARKET VALUE) (%)
as at December 31, 2024



GLOBAL EQUITIES BY SECTOR (%)
as at December 31, 2024

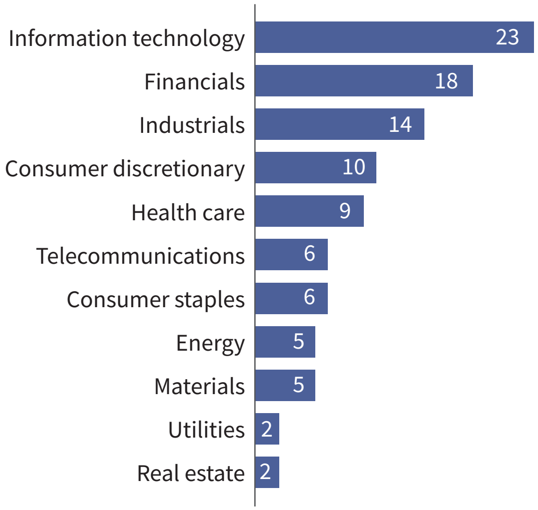


CANADIAN EQUITIES BY SECTOR (%)
as at December 31, 2024



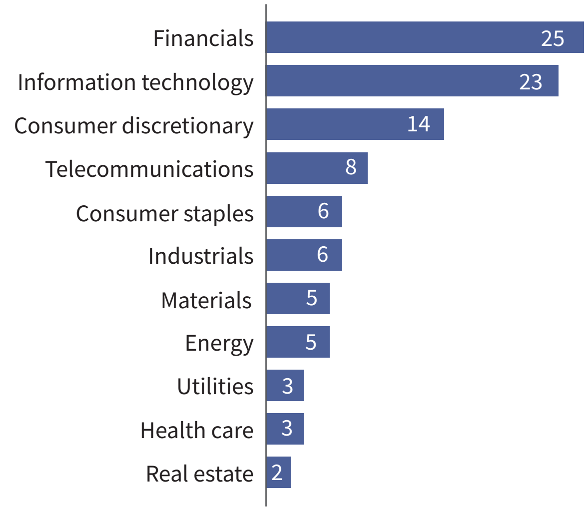
DEVELOPED MARKETS EQUITIES BY SECTOR (%)

as at December 31, 2024



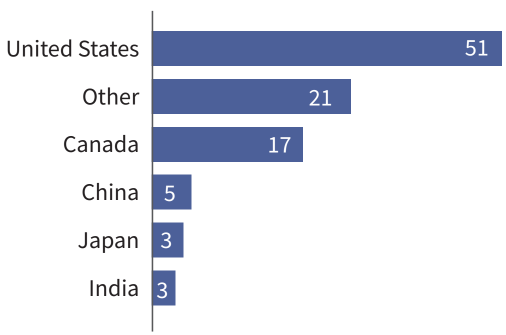
EMERGING MARKETS EQUITIES BY SECTOR (%)

as at December 31, 2024



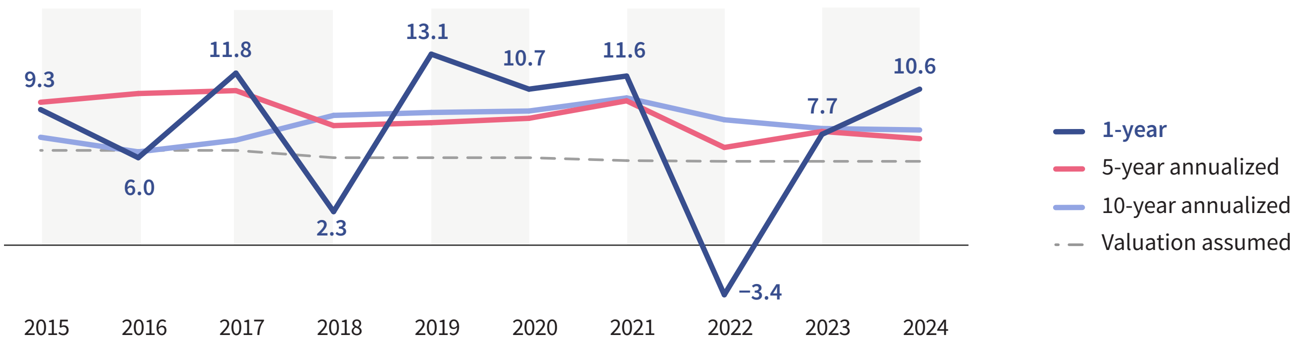
EQUITY EXPOSURE BY REGION (%)

as at December 31, 2024



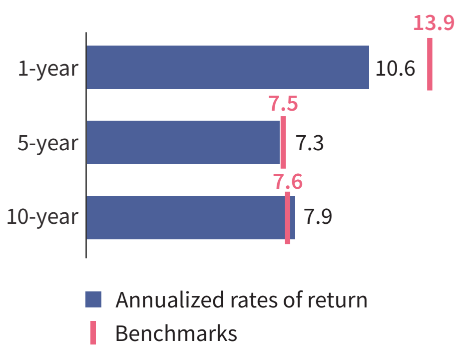
INVESTMENT RETURNS (%)

10-year history



ANNUALIZED RATES OF RETURN VS. BENCHMARKS (%)

as at December 31, 2024



About the plan and who we serve

Kootenay Discovery School, *Fernie*
SD5 | Southeast Kootenay

About the plan and who we serve

Members

Eligibility for membership

Plan membership is open to the following:

- Members of:
  - BC Principals' & Vice-Principals' Association
  - BC School Superintendents Association
  - BC Teachers' Federation
- Associated professionals appointed by a board of education in BC's public school system
- Eligible employees of employers approved by the board

New employees are immediately enrolled in the plan by their employer and cannot opt out.

Robert Eichelberger
Member
SD72 | Campbell River

Member types

Active members

Active members make up the largest group of plan members. Active members are those working and contributing to the plan, on an approved leave of absence or receiving benefits from an approved long-term group disability plan (distinct from disability benefits provided to retired members by the Teachers' Pension Plan). There are 52,134 active members in the plan—a 1.4 per cent increase from 2023.

Retired members

Retired members are those receiving a pension, including those receiving a survivor pension. There are 42,611 retired plan members—a 1.7 per cent increase from 2023.

Inactive members

Members in this group no longer work with a plan employer but chose to leave their contributions in the plan. This means they are entitled to receive a benefit from the plan in the future. Members in this group might return to work for a plan employer in the future. In doing so, they will make additional contributions and accrue additional service. There are 13,234 inactive members in the plan—a 1.5 per cent decrease from 2023.

Limited members

Limited members are former spouses of plan members entitled to a portion of the plan member's pension. A person must apply to become a limited member—unlike other membership types, which have automatic enrolment. Limited members are included in the retired members total if they are receiving a pension.

Disabled members

Disabled members are individuals who have been granted a disability benefit under the plan rules.

How the plan works: The journey to a pension

The member joins the plan and starts contributing

When a new member joins the Teachers' Pension Plan, both the member and their employer start making contributions to the plan on the member's behalf. Contributions are automatically deducted from the member's pay and sent directly to the plan along with employer contributions.

Contributions are based on a percentage of salary (effective since January 1, 2019):

- Members contribute 11.17 per cent of salary.
- Employers contribute 11.30 per cent of salary.

If an actuarial valuation (see **page 30**) determines that contribution rates need to change to ensure current and future benefits are sustainable, these rates may change.

Once the member and employer contributions are received by the plan, they are pooled and invested.

BCI invests the contributions

BCI, the plan's investment management agent, determines how best to invest the plan's assets within guidelines determined by the plan's board of trustees. These guidelines include environmental, social and governance factors. BCI's relatively low fees (about 0.36 per cent of net assets) help maximize the amount of money going toward pensions.

Over time, long-term investments form the basis of the plan's financial health, making up the largest portion of the money needed to pay pensions. About 75 per cent of a member's lifetime pension is generated from investments.

May Chan
Retired member

Life happens

During a member's career, life events happen. The Teachers' Pension Plan supports members and their future pension during these events with various tools, resources and options.

The member needs to take time off work

Sometimes, a member may need to take time off work to look after a personal responsibility. This might include having a baby, dealing with a family illness or even returning to school. If the member takes an approved leave of absence, the member can choose to buy service for that leave. Buying service may increase the member's pension or allow the member to retire earlier with an unreduced pension.

The member leaves the plan before retiring

Sometimes, members leave the plan before their earliest retirement age.

If a member leaves the plan to move to an employer who is part of another pension plan, the member may (if they meet certain criteria) be able to transfer contributory and pensionable service from the Teachers' Pension Plan to the new employer's pension plan. The new plan must have a transfer agreement with the Teachers' Pension Plan for this to take place.

This works both ways. If a new member of the Teachers' Pension Plan comes from an employer that has a pension transfer agreement with the plan, the member may be able to transfer contributory and pensionable service into the plan.

Sometimes members terminate employment with their plan employer and don't have the ability to transfer service. This might happen if the member is no longer teaching or has found work in another province. These members may be able to:

- Defer their pension. A member can keep their pension contributions with the plan until their earliest retirement age and up to December of the year they turn 71 (at which time they must start receiving their pension). When the member decides to start their monthly pension, they may receive non-guaranteed inflation adjustments and access to group extended health care and dental coverage.
- Transfer the commuted value of their pension to a locked-in retirement vehicle, such as a registered pension plan or a life income fund. The commuted value is the amount of money that would need to be set aside to pay for the member's future pension when they retire. A member who terminates employment and has reached the earliest retirement age of 55 may choose to take an immediate pension (which may be reduced) at any time.

The member's spousal relationship ends

Under BC law, a pension is shared family property, just like a house, car or bank account.

This means that if a member of the plan ends a spousal relationship, the value of their pension will be treated just like any other family property. The former spouse of the plan member may be entitled to an equal share of the pension earned while in the relationship.

When a member informs us of a separation or divorce, we'll send a letter to their former spouse inviting them to become a limited member of the plan. If the former spouse chooses to become a limited member, we pay their portion of the member's pension directly to them. The member's monthly pension is reduced to make up for the amount going to the limited member.

The member is ready to retire

Once a member starts thinking about retirement, the member can visit the My Account section of the plan website to determine which dates and which pension option work best for their own unique situation.

The lifetime defined benefit pension is calculated based on:

- Years of pensionable service
- The average of the member's five highest years of salary (not necessarily the last five years)

The monthly pension payment the member receives also depends on factors that include:

- The member's age at retirement and, if applicable, their spouse's age
- The pension option they choose on retirement

Life in retirement

A member living in retirement with a Teachers' Pension Plan receives a pension payment every month. This means the member has greater financial independence, relies less on taxpayer-funded government support and has improved mental and physical health. Please see **page 55** for information on studies that demonstrate the advantages of defined benefit pension plans.

Some specific pension-related benefits of being a retired plan member include:

Cost-of-living adjustments (not guaranteed)

Cost-of-living adjustments (COLAs) help retired members' pensions keep pace with increases in the cost of living.

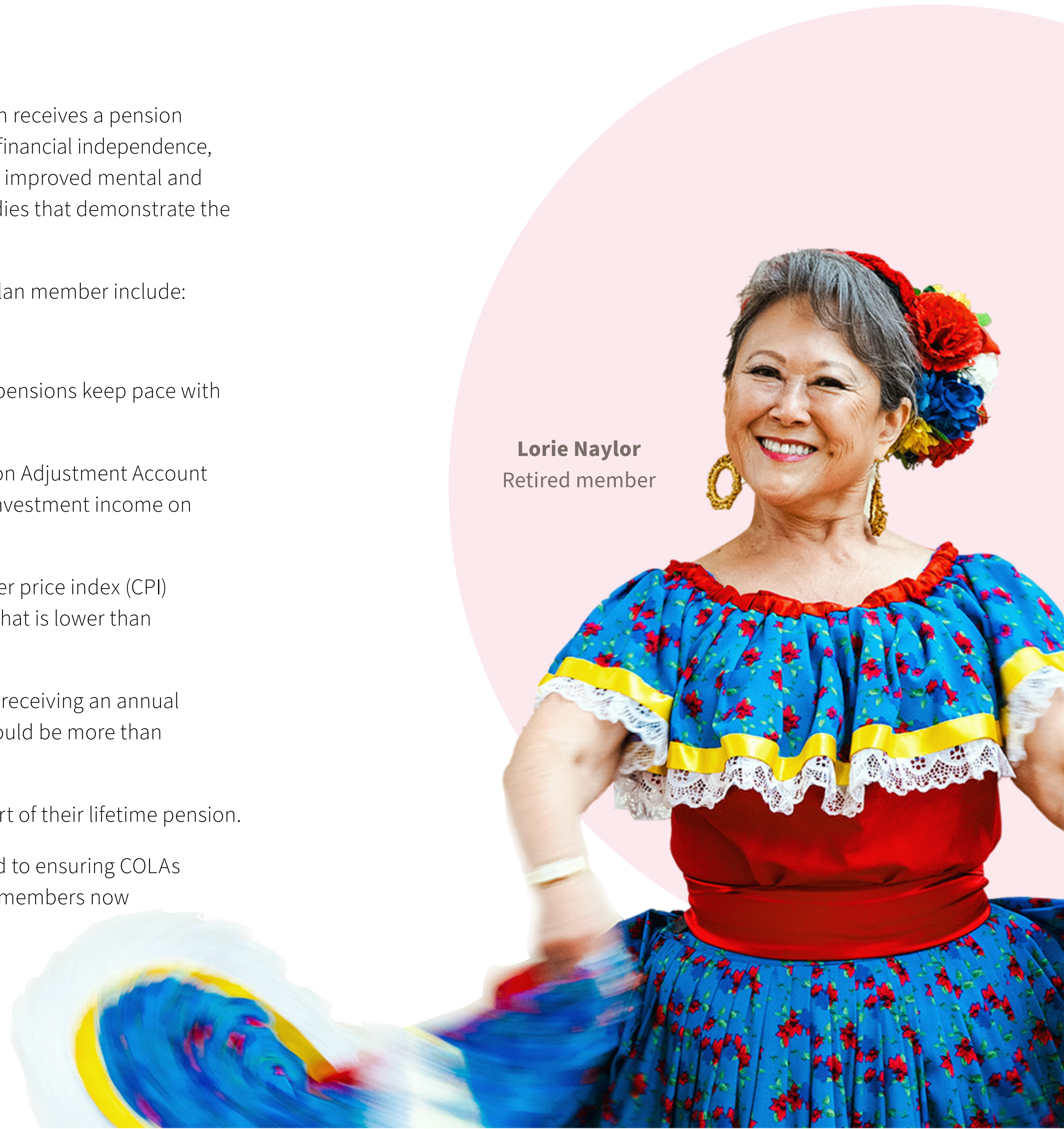
COLAs are granted if there are available funds in the Inflation Adjustment Account (IAA). Both member and employer contributions, and the investment income on those contributions, fund the IAA.

Traditionally, COLAs have been granted for the full consumer price index (CPI) increase each year. However, the board may grant a COLA that is lower than the CPI increase.

COLAs add up over time. For example, if a member started receiving an annual pension of $25,000 in 2004, their annual pension in 2024 would be more than $38,500 because of COLAs approved by the board.

Once a COLA is granted to retired members, it becomes part of their lifetime pension.

Although COLAs are not guaranteed, the board is dedicated to ensuring COLAs are sustainable over the long term to equitably support all members now and in the future.



Lorie Naylor
Retired member

Optional extended health care and dental

The plan provides access to non-guaranteed group extended health care and dental coverage. The board recently completed a review of the plan's retirement health coverage to ensure it remains affordable and effective for retired members (see **page 3**).

Temporary annuities

If a member retires before age 65, they may choose a temporary annuity to top up their pension. A temporary annuity increases the member's monthly payment until they reach age 65 or their death, whichever comes first. However, a temporary annuity also reduces the member's lifetime pension after age 65. There are a few reasons a member might choose a temporary annuity:

- A temporary annuity may help members meet the initial expenses of retirement, such as paying off a mortgage.
- For those with significant taxable assets, such as registered retirement savings plans, a temporary annuity can help lower income after age 65 and reduce tax on income.

Members must remember:

- If they choose a temporary annuity, the younger the member is when they retire, the bigger the impact on their pension after age 65.
- A reduced lifetime pension might have a significant impact on a member's spouse or dependants if the member dies first.
- The temporary annuity amount is based on the maximum old age security benefit. Amounts may change from year to year to reflect fluctuations in old age security, but payments will remain stable from the member's retirement date onward.

Bridge benefit

Members who retire before age 65 may receive a temporary monthly payment called a bridge benefit.

The bridge benefit is designed to "bridge" the gap between the member's early retirement income and income the member receives after turning 65, which may also include income from the Canada Pension Plan and old age security. The bridge benefit ends when the member turns 65 or dies, whichever happens first.

Members earn the bridge benefit on pensionable service accumulated in the plan up to and including December 31, 2017. Pensionable service earned on or after January 1, 2018, does not add to a member's bridge benefit. Changes to the formula used to calculate pensions were put in place on January 1, 2018, converting the bridge benefit to a lifetime pension benefit. This means members now receive a higher lifetime pension, since there is no bridge benefit that will stop at age 65.

Disability benefits

Disability and survivor benefits are also available under the plan.

A disability benefit is available to members under age 61 who apply within two years of the date of their last contribution to the plan if they meet all the following conditions:

- They have terminated all employment with plan employers.
- They have become totally and permanently disabled as defined by the plan.
- They have at least two years of contributory service.
- They are not eligible to receive benefits from an approved long-term group disability plan.

The disability benefit is calculated using a member's highest average salary and their years of pensionable service to the date of termination of employment. Disability benefits continue for the member's lifetime unless the member is no longer totally and permanently disabled before age 61 (since January 1, 2018) or returns to work. A death benefit may be available to a surviving spouse or designated beneficiary upon the death of an active member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

When a member dies

After the member dies, depending on the pension option they chose at retirement, the plan may continue to pay:

- A pension to the member's spouse (if applicable)
- Pension benefits to other beneficiaries
- A lump-sum payment to the member's estate or an organization the member has named as their beneficiary

Member services and communications

The plan website and My Account

The plan website provides resources and tools that members can access to better understand their plan and make informed decisions about their pension.

A personalized resource for members, My Account is a secure online portal where members can review and update their personal pension information.

My Account offers members personalized pension and purchase cost estimators to help with their planning, service and salary summaries, the ability to update their personal and beneficiary information and the ability to apply for their pension online once they are ready to retire.

Through My Account, members have access to Message Centre, where they can send secure messages to the plan.

Member education

Designed to help educate members at all career stages, the plan offers online courses and webinars that make plan information available to members at their convenience.

Getting to know your pension is available as an online course, while *Making the most of your pension* and *Approaching retirement* are available as online courses and instructor-led webinars.

Pension communications

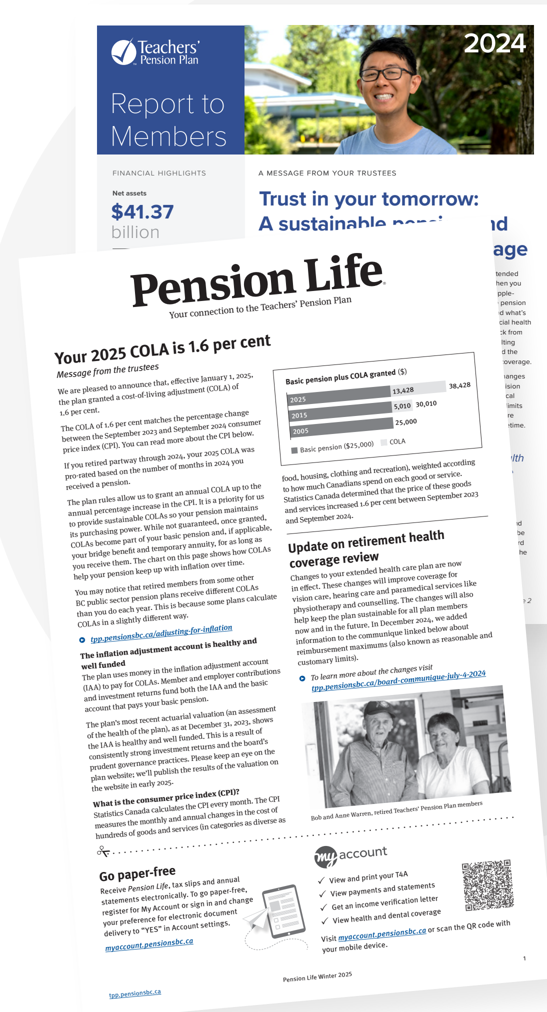
In addition to the website and My Account, active and retired members receive regular reports and statements digitally or in print.

Special bulletins are distributed to active members through their employer.

Personal assistance

The plan has staff available by phone and through Message Centre to assist with issues like separation and divorce, the death of a spouse or plan member, retirement planning and employment transfers. Members within one year of retirement can book personalized pension-planning appointments, where they can speak with a plan representative to discuss pension questions.

Over-the-phone interpretation through a third-party provider was introduced in November 2024. The service offers access to more than 5,000 certified interpreters fluent in more than 300 languages. This service will improve the experience for plan members whose first language is not English.



Employers

The plan has 65 employers spanning the province:

- **Boards of education** for BC's 60 public school districts, including the public school board for all French-language schools in BC, the Conseil scolaire francophone de la Colombie-Britannique
- **BC Principals' & Vice-Principals' Association**, the professional organization representing principals and vice-principals in BC's public education system
- **BC Public School Employers' Association**, the employers' association for all of BC's 60 public boards of education
- **BC School Superintendents Association**, the association that provides services and support to superintendents, assistant superintendents, directors of instruction and other senior executives in BC's public education system
- **BC Teachers' Federation**, the union of professionals representing public school teachers in BC's public education system
- **Teacher Qualification Service**, the organization that assists teachers and their employing board of education in establishing the qualifications of teachers for salary purposes

Benefits for employers

Stable and predictable costs

The plan's large scale and professional management enable it to operate efficiently and maintain stable, predictable contribution rates. Most members and employers contribute a flat rate on all member salaries based on their member group. Rates are reviewed every three years following each actuarial valuation.

A strong draw for job seekers

By contributing to the future retirement income of employees, plan employers demonstrate that they care for their people and want them to stay for the long term.

Participation in the plan helps employers stand out with job seekers.

Key findings from the 2023 Canadian Employer Pension Survey by Angus Reid (commissioned by the Healthcare of Ontario Pension Plan) indicate employers rank retention (64 per cent), recruitment (59 per cent) and helping reduce the financial stress of their employees (46 per cent) as the main advantages of offering retirement benefits.

Administration made easy

Plan employers don't need to hire specialized pension administrators or investment firms to oversee their employees' retirement income program. BC Pension Corporation, on behalf of the plan, does the administration work for the employer, while BCI, one of Canada's largest institutional investors, does the investing

Pension Corporation and BCI are both public sector organizations based in Victoria.

Resources available for employers

Employers are never alone when working with Pension Corporation.

Resources for employers include:

- Support from a team dedicated exclusively to working with, and supporting, employers
- Comprehensive and ongoing training through eLearning, workshops, instruction manuals and more
- A secure portal on the plan website for transactions and e-remittances
- A monthly newsletter featuring a to-do checklist, training information, plan updates and tips

Why defined benefit pension plans are good for members, the province and the country

We believe any form of pension for workers is better than none, but defined benefit (DB) pensions, like those provided by the Teachers' Pension Plan, are the most beneficial, not only for plan members but also for the broader community.

Good for members

Members of DB pension plans accumulate more money in retirement than retired workers without a DB pension

Every payday, Teachers' Pension Plan members and their employers contribute to the plan. By the time members retire, their pension, due to the power of investing and matching employer contributions, can be worth up to nine times the members' original contributions.

Having a DB pension results in a retirement income significantly higher than that of a typical worker who may not have a DB pension. And this results in a more secure, financially stable retirement.

More certainty, less worry

With a DB pension, members gain an increasingly accurate idea of their monthly pension amount as they progress through their career.

A member's final lifetime pension is defined. This means it doesn't matter if the market is weak or undergoing economic fluctuations when the member retires. The pension is based on a formula that considers the length of the member's career and their earnings, not on the markets or the economy.

After retirement, the member's monthly pension payment remains constant and may even increase if the board grants non-guaranteed cost-of-living adjustments.

Healthy outcomes

A recent Healthcare of Ontario Pension Plan (HOOPP) study, *The Impact of Having a Defined Benefit Pension Plan on Well-Being*, showed that workers with a pension plan reported increased financial wellness and decreased financial stress compared with those without a pension.

A second HOOPP study, *The Health Impacts of a Pension*, found that having a pension—whether you're an active or retired worker—is linked to benefits such as decreased incidence of depression, reduced risk of suicide, lower chronic inflammation, longer life expectancy and more time for community activities like sports and hobbies.

If cost increases occur, they are shared

The plan is managed through a Joint Trust Agreement. This means plan members share costs with employers. For example, if an actuarial valuation shows a funding shortfall, meaning the actuary predicts there aren't enough funds for future pension payments, plan members and employers share equally in any contribution rate increases to make up that shortfall.

On the positive side, when actuarial valuations show an excess of funds available for future pension payments, employers and members share in any contribution rate decreases.

Beneficiaries are protected

In addition to the financial security the defined benefit provides members, the pension can also provide financial care for beneficiaries after a member's death. Beneficiaries can be family members, friends and even charities or organizations that are important to the member.

If the member dies before retirement, the plan will pay a death benefit to their beneficiary/ies.

If the member dies after retirement, the plan may pay a death benefit to beneficiary/ies based on the pension option the member chose on retirement.

Johnson Wong
Member
SD39 | Vancouver

Good for the province

The economy gets a boost

A 2025 study commissioned by BCI, *The BCI Ecosystem: Economic Contribution 2024*, notes that for every $10 in pensions paid to retired BC plan members (across all pension plans), more than $15 of economic activity is supported.

BC businesses benefit

The more that members receive in retirement, the more they'll spend in their local communities. Whether they are spending on groceries, household goods, personal care or any number of other goods and services, people with a reliable pension income in retirement will support BC businesses and the provincial economy more dependably than those without that income.

Good for the country

Less taxpayer money spent on supporting seniors

The Power of Pensions, a study by the Canadian Centre for Policy Alternatives, notes that governments and taxpayers alike benefit from retired plan members' pension income.

Across all levels of government, a $1 increase in pension income results in governments recouping $0.41 in tax revenue and a reduced need to support seniors. Government contributions to their own workers' plans provide even better returns. In 2023 and 2024, every $1 that governments contributed to their own workers' pension plans returned $2.38 in higher tax revenue and a reduced need to support seniors.

Economic Impact of British Columbia's Public Sector Pension Plans, a study by the Conference Board of Canada, notes that between 2012 and 2035, the higher savings rate of public sector pension plan members will result in around $60 billion more in investment and just over $85 billion more in the federal GDP.

Public pensions are good for equity

The Power of Pensions study notes that public pensions are also good for demographic equity.

While a secure income in retirement is important for *all* Canadians, it's especially crucial for those who have traditionally required additional government and taxpayer assistance in old age due to a lack of savings.

About 90 per cent of women in the public sector have a retirement plan, typically a defined benefit pension. In the private sector, only 44 per cent of women have a retirement plan.

For Indigenous workers in the public sector, about 85 per cent have a retirement plan, typically a defined benefit pension, but only 46 per cent of Indigenous workers in the private sector have a retirement plan.

For new Canadians in the public sector, about 80 per cent have a workplace retirement plan, but only 45 per cent of new Canadians in the private sector do.

These women, Indigenous workers and new Canadians not receiving a workplace pension will be much more reliant on taxpayer assistance in retirement because of inadequate retirement income.

Public sector pensions can act as a great equalizer, ensuring that all workers, regardless of their demographic group, receive a fair and stable retirement income. This helps counter income inequality and provides a more equitable financial future for disadvantaged groups.

It is such a peaceful feeling to know that my family and I are taken care of in the future with little need to plan on my end. I feel like my future is organized, bright and waiting for me!

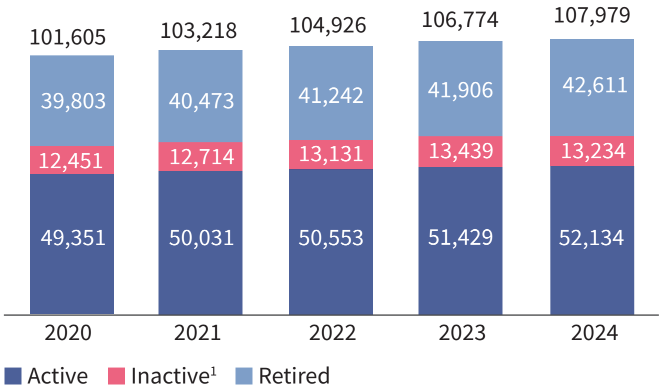
Carmelle Granger
Member
SD61 | Greater Victoria

Carmelle and son Cole

Tables, charts and graphs

NUMBER OF MEMBERS

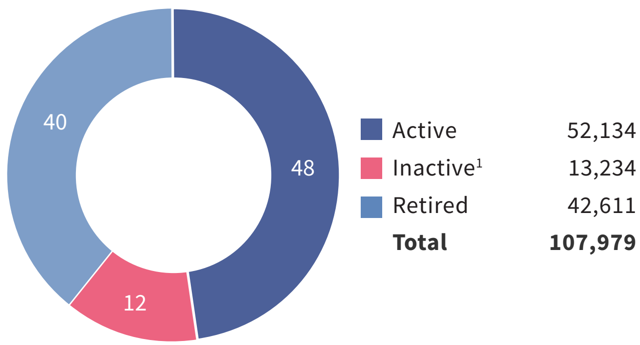
as at December 31



1 Members no longer employed with a plan employer but with money in the plan.

MEMBERSHIP PROFILE (%)

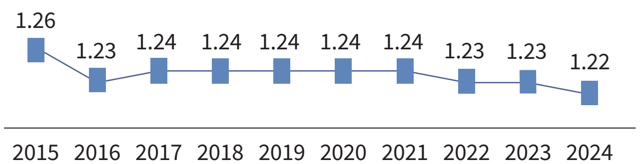
as at December 31, 2024



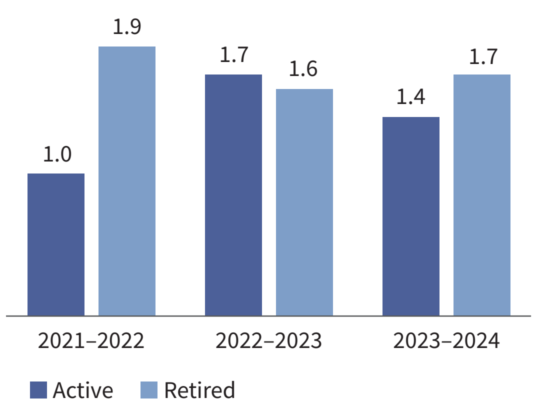
1 Members no longer employed with a plan employer but with money in the plan.

RATIO OF ACTIVE TO RETIRED MEMBERS

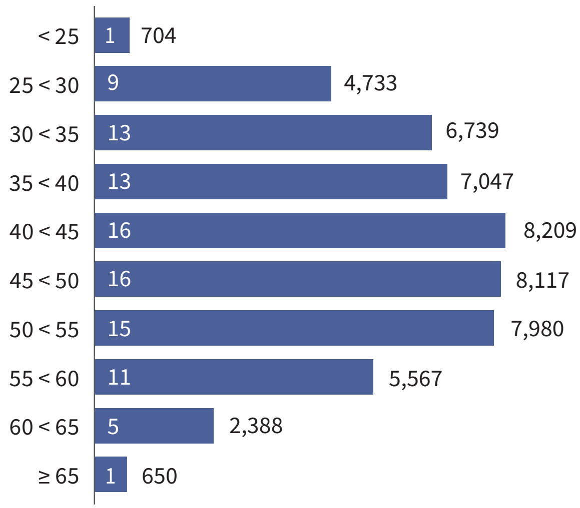
as at December 31



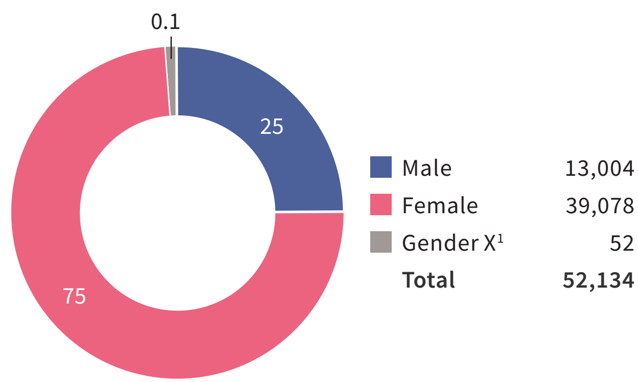
GROWTH OF ACTIVE VS. RETIRED MEMBERS (%)



ACTIVE MEMBERS, BY AGE (%)
as at December 31, 2024



ACTIVE MEMBERS BY GENDER (%)
as at December 31, 2024



1 People who do not identify as female or male. Members who would like to identify as gender X should tell their employer, who will pass this information on to the plan.

PROFILE OF PENSIONS 2015–2024

year ended December 31

	New pensions	Pension terminations	In force at end of year	Basic pensions paid	Cost-of-living adjustments paid	Total pensions paid
				($ millions)		
2024	**1,441**	**736**	**42,611**	**$1,131.3**	**$407.0**	**$1,538.3**
2023	1,380	716	41,906	1,099.7	364.1	1,463.8
2022	1,497	728	41,242	1,068.5	283.5	1,352.0
2021	1,335	665	40,473	1,038.6	237.5	1,276.1
2020	1,258	601	39,803	1,014.3	239.8	1,254.1
2019	1,290	609	39,146	991.9	224.6	1,216.5
2018	1,333	438	38,465	969.9	206.0	1,175.9
2017	1,586	526	37,570	938.9	194.9	1,133.8
2016	1,518	607	36,510	906.2	187.8	1,094.0
2015	1,432	488	35,599	877.4	184.2	1,061.6

AVERAGE AND MEDIAN PENSIONS IN PAY[1]

as at December 31, 2024

Average value[2]	$36,413
Median value[3]	$36,618

1 Includes bridge benefits for those receiving their pension before age 65.
2 The average value reflects the total value of all pensions paid by the plan divided by the total number of recipients in the plan.
3 The median value denotes the halfway point: half of the pensions paid by the plan are more than this amount and half are less.

NEW PENSIONS BY TYPE 2015–2024

year ended December 31

	Regular	Limited members	Survivor	Disability	LTD[1] to pension plus disability	Deferred	Total
2024	**1,100**	**46**	**13**	**1**	**91**	**190**	**1,441**
2023	1,001	39	17	—	98	225	1,380
2022	1,214	31	12	—	96	144	1,497
2021	1,055	40	13	—	88	139	1,335
2020	989	28	15	—	83	143	1,258
2019	1,033	34	13	—	82	128	1,290
2018	1,080	38	17	—	82	116	1,333
2017	1,317	49	16	—	98	106	1,586
2016	1,256	36	12	—	92	122	1,518
2015	1,148	50	13	1	114	106	1,432

1 Long-term disability

NEW PENSION PROFILE[1]

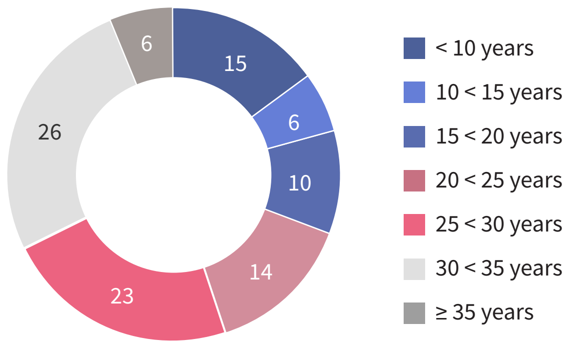
for the year ended December 31, 2024

Years of service	Numbers of new pensions – Age at retirement < 55	55 < 60	60 < 65	≥ 65	Total	Average annual salary base	Average annual pension	Median annual pension	Average lifetime annual pension	Median lifetime annual pension
< 10	9	55	74	73	**211**	$ 77,000	$ 6,300	$ 4,700	$ 4,700	$ 3,400
10 < 15	2	38	37	14	**91**	94,000	21,500	20,500	15,800	15,700
15 < 20	1	44	54	44	**143**	95,000	29,000	28,500	23,500	24,000
20 < 25		90	75	39	**204**	98,000	40,000	39,300	31,900	31,100
25 < 30	1	150	146	38	**335**	100,000	50,200	49,000	39,300	37,800
30 < 35		189	142	38	**369**	106,000	63,100	60,900	50,000	46,600
≥ 35		17	36	35	**88**	113,000	71,200	65,000	62,600	56,600
Total	**13**	**583**	**564**	**281**	**1,441**					
Average						**$98,000**	**$43,000**	**$44,700**	**$34,300**	**$35,000**

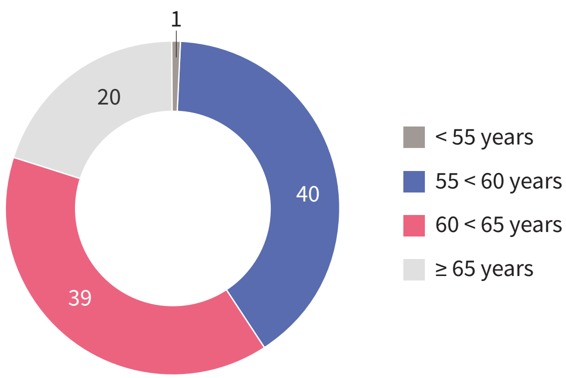
	Average years of service < 55	55 < 60	60 < 65	≥ 65	Total
Male	7	26	25	22	25
Female	9	24	23	20	23
Average					**23**
Average age at retirement					**61**

1 Average value reflects the total value of new pensions granted during the year divided by the total number of recipients—in the case of median pensions, half of retirees receive more than this amount and half receive less; pensions started before age 65 typically include a bridge benefit, which ends at age 65.

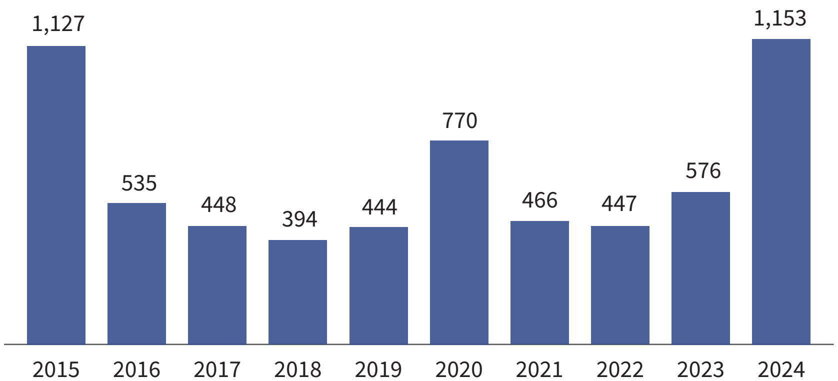
NEW PENSION RECIPIENTS, BY YEARS OF SERVICE (%)
as at December 31, 2024



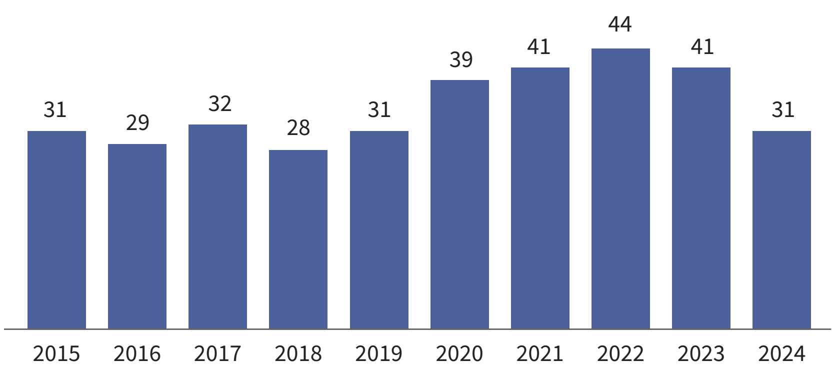
NEW PENSION RECIPIENTS, BY AGE AT RETIREMENT (%)
as at December 31, 2024



NUMBER OF TERMINATION AND REFUND BENEFITS PAID
year ended December 31

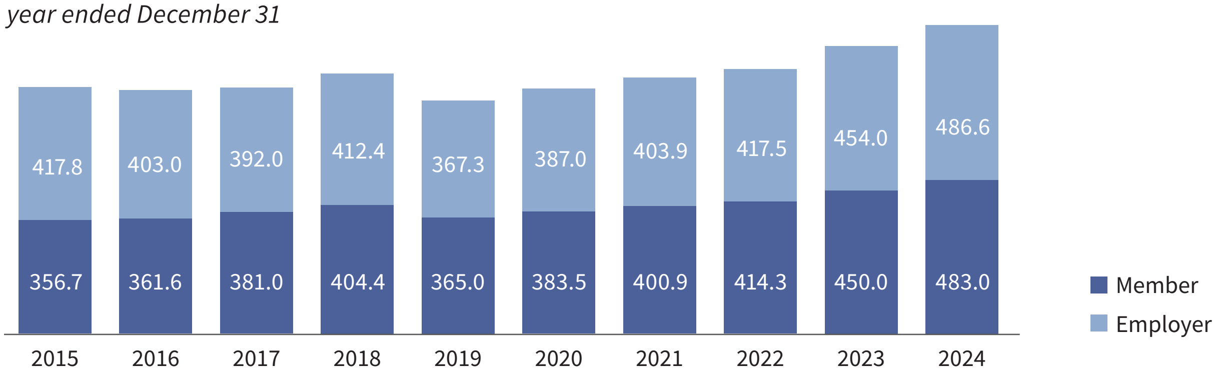


VALUE OF TERMINATION AND REFUND BENEFITS PAID ($ MILLIONS)
year ended December 31



CONTRIBUTION REVENUE ($ MILLIONS)

year ended December 31



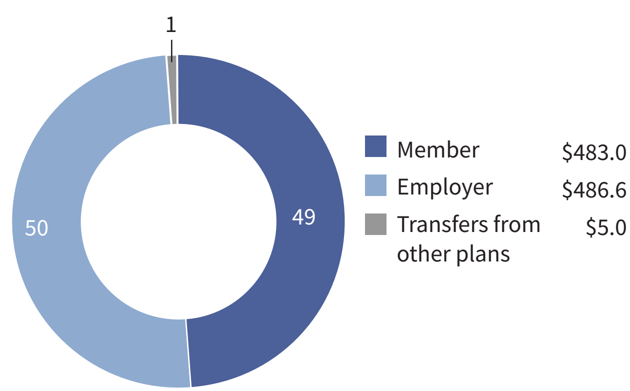
CONTRIBUTION RATES AS A PERCENTAGE OF SALARY (%)

flat rate on all salaries

	Effective January 1, 2018	Effective January 1, 2019
Member	12.92	11.17
Employer	13.23	11.30
Total	**26.15**	**22.47**

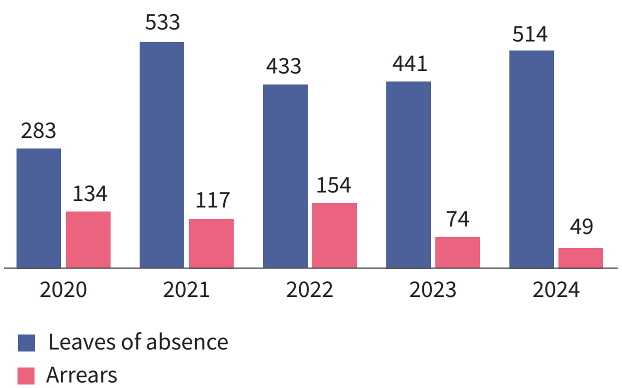
CONTRIBUTION REVENUE (%) ($ MILLIONS)

year ended December 31, 2024



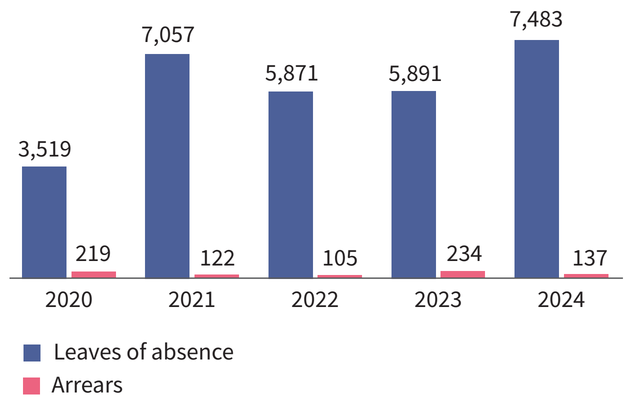
NUMBER OF PURCHASES

year ended December 31



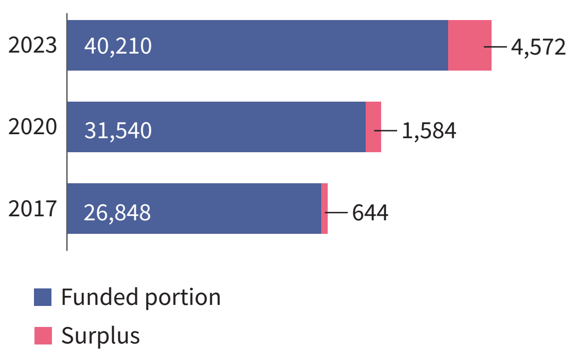
VALUE OF PURCHASES ($ THOUSANDS)

year ended December 31



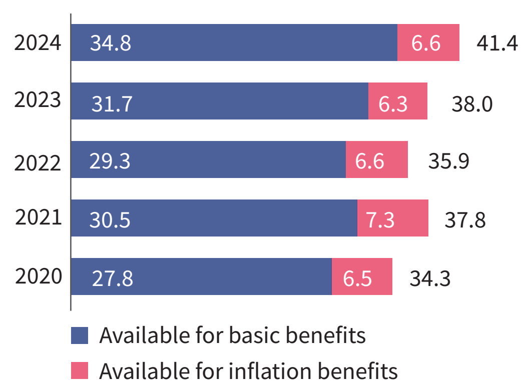
FUNDING OF THE TOTAL BASIC BENEFIT LIABILITY (ENTRY-AGE BASIS) ($ MILLIONS)

as at December 31



NET ASSETS AVAILABLE FOR BENEFITS ($ BILLIONS)

as at December 31



Plan rule updates, amendments and administrative changes

(2023 and 2024)

The Teachers' Pension Board of Trustees regularly reviews and amends the plan rules and post-retirement group benefits rules to ensure they remain in compliance with provincial and federal legislation, are clear and transparent, and continue to meet member and employer needs.

The board approved the following updates, amendments and administrative changes to the plan in 2023 and 2024:

- Effective June 4, 2024, the board updated the plan rules' **disability benefits criteria.** This change streamlines medical exam requirements, adds "disabled member" as a defined term and clarifies when a disabled member can be considered a retired member.
- The board updated the plan rules to **allow unlocked amounts payable to a member to be transferred to a registered retirement income fund.** This update, effective March 31, 2024, ensured compliance with BC's *Pension Benefits Standards Act.*
- The board made **general administrative amendments** to the plan rules to improve readability and consistency between BC public sector pension plans. These amendments were effective December 4, 2023.

Financial statements

Agassiz Elementary Secondary School, *Agassiz*
SD78 | Fraser-Cascade

BC PENSION CORPORATION

June 3, 2025

Re: Teachers' Pension Plan

Administrative agent's responsibility for financial reporting

The financial statements of the Teachers' Pension Plan were prepared by British Columbia Pension Corporation, the administrative agent for the Teachers' Pension Board of Trustees in accordance with Canadian accounting standards for pension plans. The board is responsible for approving the plan's financial statements. The board is assisted by the Interplan Audit Committee, which is made up of representatives from the College, Municipal, Public Service, and Teachers' pension boards of trustees. As part of its responsibility, the committee reviews the financial statements, and performs any necessary steps and procedures prior to recommending the financial statements to the board for approval.

Pension Corporation prepares the financial statements and is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting policies consistent with Canadian accounting standards for pension plans. In discharging its responsibility, Pension Corporation maintains a system of internal controls designed to provide reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded, ensuring the fair presentation of the financial statements. Pension Corporation has assessed that the plan will continue as a going concern, and ensured that other financial information contained in the Teachers' Pension Plan *Annual Report* is consistent with these financial statements.

The board appointed KPMG LLP as the independent auditor for the plan. The role of the auditor is to perform an independent audit of the financial statements of the plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the independent auditors' report attached to these financial statements.

Trevor Fedyna, CPA, CGA, C. Dir.	**Allan Chen, CPA, CA**
Vice-president, Strategy, Insights and Chief Financial Officer	Controller
British Columbia Pension Corporation	British Columbia Pension Corporation

Mail: PO Box 9460
Victoria, BC V8W 9V8
Phone: 250 387-1014
Fax: 250 953-0429
bcpensioncorp.ca

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Members of the Teachers' Pension Plan

Opinion

We have audited the financial statements of the Teachers' Pension Plan (the "Plan"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024, and its changes in net assets available for benefits and its changes in accrued pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Teachers' Pension Plan
Page 2

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

KPMG

Teachers' Pension Plan
Page 3

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 3, 2025

TEACHERS' PENSION PLAN

Statement of financial position

($ millions)

As at December 31	Note	2024	2023
Assets			
Investments	3a	$ **41,376**	$ 37,825
Directly held derivatives	3b	**299**	150
Contributions receivable		**61**	59
Interest and dividends receivable		**3**	6
Receivable for sale of investments		**-**	47
Total assets		**41,739**	38,087
Liabilities			
Directly held derivatives	3b	**344**	122
Taxes payable		**17**	-
Accounts payable and accrued expenses		**7**	6
Total liabilities		**368**	128
Net assets available for benefits		**$ 41,371**	**$ 37,959**
Accrued pension obligations			
Accrued basic pension obligations	4a	$ **27,670**	$ 25,763
Non-guaranteed pension obligations	4b	**6,559**	6,288
Accrued pension obligations		**34,229**	32,051
Surplus			
Accessible actuarial excess	5a	**3,151**	3,514
Measurement differences between funding and accounting positions	5a	**3,991**	2,394
Surplus		**7,142**	5,908
Accrued pension obligations and surplus		**$ 41,371**	**$ 37,959**

All accompanying notes are an integral part of the financial statements including:
Commitments (note 14)

Approved by the Teachers' Pension Board of Trustees:

Chung Yan Ip, Chair
Teachers' Pension Board of Trustees

Reg Bawa, Vice-chair
Teachers' Pension Board of Trustees

Adam Molineux, Trustee
Teachers' Pension Board of Trustees

TEACHERS' PENSION PLAN

Statement of changes in net assets available for benefits

($ millions)

For the year ended December 31	Note	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Totals 2024	2023
Increase in assets						
Investment income	8	$ 3,457	$ 661	$ -	$ **4,118**	$ 2,740
Contributions						
Members	9	397	86	-	**483**	450
Employers	9	395	91	1	**487**	454
		792	177	1	**970**	904
Transfers from other plans		4	1	-	**5**	10
Total increase in assets		4,253	839	1	**5,093**	3,654
Decrease in assets						
Benefits	10	1,560	8	1	**1,569**	1,504
Transfers to other plans		8	2	-	**10**	5
Investment and administration costs	11	88	14	-	**102**	99
Total decrease in assets		1,656	24	1	**1,681**	1,608
Increase in net assets before transfers		**2,597**	**815**	-	**3,412**	2,046
Account transfers	12	544	(544)	-	-	-
Increase in net assets		**3,141**	**271**	-	**3,412**	2,046
Net assets available for benefits at beginning of year		31,671	6,288	-	**37,959**	35,913
Net assets available for benefits at end of year		**$ 34,812**	**$ 6,559**	**$ -**	**$ 41,371**	**$ 37,959**

The accompanying notes are an integral part of the financial statements.

TEACHERS' PENSION PLAN

Statement of changes in accrued pension obligations

($ millions)

For the year ended December 31	Note	2024	2023
Increase in accrued pension obligations			
Interest on accrued pension obligations		$ 1,527	$ 1,422
Benefits accrued		776	725
Account transfers		544	918
Change in actuarial assumptions	4a	363	-
Experience gains	4a	284	-
Total increase in accrued pension obligations		3,494	3,065
Decrease in accrued pension obligations			
Benefits paid		1,587	1,515
Total decrease in accrued pension obligations		1,587	1,515
Net increase in accrued pension obligations		1,907	1,550
Accrued basic pension obligations at beginning of year		25,763	24,213
Accrued basic pension obligations at end of year	4a	27,670	25,763
Non-guaranteed pension obligations			
Increase (decrease) in non-guaranteed pension obligations	4b	271	(308)
Non-guaranteed pension obligations at beginning of year		6,288	6,596
Non-guaranteed pension obligations at end of year	4b	6,559	6,288
Total accrued pension obligations		$ 34,229	$ 32,051

The accompanying notes are an integral part of the financial statements.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE TEACHERS' PENSION PLAN

The following description of the Teachers' Pension Plan (Plan) is a summary provided for general information only. For more information, please refer to the Joint Trust Agreement (Agreement) and the Teachers' Pension Plan rules (plan rules).

a) General

The Plan is a jointly trusteed pension plan continued under a joint trust agreement authorized by the *Public Sector Pension Plans Act*, SBC 1999, c. 44 (Act). The Act enabled the establishment of the Agreement. Joint trusteeship was established effective April 5, 2001. The partners to the Agreement are the Province of British Columbia and the B.C. Teachers' Federation (Partners). The Agreement describes the composition, appointment, powers, functions and duties of the Teachers' Pension Board of Trustees (Board) and provides the authority for the Board to make the plan rules.

The Plan is registered with the Superintendent of Pensions, who administers and enforces the *Pension Benefits Standards Act* (PBSA). The PBSA governs employment pension plans registered in British Columbia that have active, inactive and retired members.

Membership in the Plan is mandatory for all certified teachers (including teachers teaching on call), principals, vice-principals, superintendents, assistant superintendents, directors of instruction, associated professionals and certified professionals who are appointed by a board of education in the British Columbia public school system.

b) Roles and responsibilities

Partners

The Partners representing the plan members and employers are responsible for appointing 10 trustees to the Board. The Partners have responsibility for resolving trustee disputes and, if certain conditions are met, may direct amendments to the plan rules.

Board

The Board is responsible for the management of the Plan, including the investment of assets and administration of the Plan. The Board may amend the plan rules as long as changes can be funded by the Plan's surpluses (subject to provisions on the use of surplus in the Agreement) or are cost-neutral to the Plan. Unless required to ensure compliance with regulatory enactments applicable to the Plan, only the Partners can initiate pension plan rule changes that result in contribution rate increases. The Chair and Vice-Chair are appointed by the trustees.

British Columbia Pension Corporation (Pension Corporation)

Pension Corporation provides benefit administration services as an agent of the Board. The Board appoints two members to the eight-member board of directors of Pension Corporation.

British Columbia Investment Management Corporation (BCI)

BCI provides investment management services, including the valuation of investments, as an agent of the Board. The Board appoints one member to the seven-member board of directors of BCI.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE TEACHERS' PENSION PLAN (CONTINUED)

c) Funding

Contributions and investment earnings fund plan benefits. Contributions are made by active members and employers of the Plan. The determination of the value of the benefits and required contributions is based on triennial actuarial valuations for funding purposes.

The Board's funding policy is intended to secure the pension benefit obligation and achieve long-term stability in contribution rates for both employers and members.

d) Contributions

Basic Account

Members contributed 8.17% of salaries and employers contributed 8.17% of salaries, less amounts allocated to the Supplemental Benefits Account (SBA).

Inflation Adjustment Account

Members contributed 2.00% of salaries to the Inflation Adjustment Account (IAA). Employers contributed 2.13% of salaries to the IAA, less amounts allocated to the SBA.

Rate Stabilization Account

Members and employers each contributed 1.00% of salaries to the Rate Stabilization Account (RSA). The RSA is held notionally within the Basic Account.

e) Pension benefits

All members are eligible for a pension benefit.

For service on or after January 1, 2018, the Plan provides a defined basic plan benefit of 1.90% of pensionable earnings for each year of pensionable service with no maximum for members who remained active on or after January 1, 2019.

Members are eligible for unreduced pension benefits

- at age 65;
- at age 61, with at least two years contributory service; or
- at age 55 or older, with at least 35 years of contributory service.

The early retirement reduction applicable for service accrued after 2017 is 4.5% for each year where members do not meet the unreduced pension benefit criteria above.

Future cost-of-living adjustments are not guaranteed. These adjustments are granted at the discretion of the Board and may not exceed the annual increase in the Canada consumer price index as at the previous September 30, subject to the availability of funds in the IAA. Any cost-of-living adjustment the Board grants is applied in January. The Board annually considers relevant factors to determine if an adjustment will be granted.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE TEACHERS' PENSION PLAN (CONTINUED)

f) Termination and portability benefits

Terminating members who have not yet reached the earliest retirement age may choose

- to leave their benefit on deposit – either for a deferred pension or in anticipation of future re-employment with a plan employer, or
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in retirement vehicle or similar tax-sheltered plan.

Where there are portability arrangements between the Plan and other pension plans, members may be able to transfer service to another pension plan.

g) Other benefits

Disability and survivor benefits are also available under the Plan. A disability benefit is available to a member under age 61 who has terminated employment, becomes totally and permanently disabled as defined by the Plan, has at least two years of contributory service, is not eligible to receive benefits from an approved long-term group disability plan and meets other eligibility requirements.

The disability benefit is calculated using a member's years of pensionable service to the date of termination of employment and highest average salary. Disability benefits continue for the member's lifetime unless the member is no longer totally and permanently disabled before age 61 (since January 1, 2018) or returns to work.

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of an active member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

Supplemental benefits are funded from the SBA.

h) Tax registration

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada) (registration number 0227462), except for any supplemental benefits, which are funded in addition to the RPP. The Plan is not subject to income tax but is subject to indirect taxes, including British Columbia provincial sales tax (PST) and Canadian federal goods and services tax (GST). The Plan receives a 33% rebate of GST paid.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared on the going-concern basis in accordance with Canadian accounting standards for pension plans, Part IV of the *Chartered Professional Accountants of Canada Handbook* (CPA Canada Handbook), and present the Plan as a separate financial reporting entity, independent of the Plan's contributing employers and members, and independent of any associated retired member group benefit plans.

Accounting standards for private enterprises in Part II of the CPA Canada Handbook have been chosen for accounting policies that do not relate to the Plan's investment portfolio or accrued pension obligations.

b) Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment purchases and sales are recorded on the trade date (the date on which the substantial risks and rewards of ownership have been transferred).

c) Accrued pension obligations

Accrued pension obligations are determined based on an actuarial valuation prepared by an independent actuarial consulting firm. The Plan actuary is Eckler Ltd. The valuation of accrued pension obligations is based on data extrapolated to the financial statement date. The valuation uses the projected benefit method pro-rated on service that incorporates the independent actuary's estimate of various economic and demographic assumptions. These assumptions are the same as those used in the determination of the actuarial position of the Plan for funding purposes.

d) Investment income

Income from investments is recorded on an accrual basis and represents pooled investment portfolio income attributable to the Plan as a unit holder and income from directly held investments. The change in fair value includes realized and unrealized gains and losses that are included in investment income.

Within the pools, dividends are accrued on the ex-dividend date, and interest is recognized on an accrual basis. Gains and losses on derivative contracts are recognized concurrently with changes in their fair values.

e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rates on the year-end date. Income and expenses are translated into Canadian dollars at the prevailing exchange rates on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included within the current period change in fair value in investment income.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Use of estimates

The preparation of financial statements, in conformance with Canadian accounting standards for pension plans, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increases and decreases in assets and liabilities during the period. Significant areas requiring the use of management estimates relate to the valuation of investments based on unobservable inputs, as further described in note 7, and the calculation of the accrued pension obligations of the Basic Account for accounting and funding purposes as further described in notes 4 and 5. Actual results could differ materially from these estimates.

3. INVESTMENTS

a) Investments

Fair value of investment holdings	2024	2023
Short-term	$ 631	$ 769
Bonds	**13,520**	11,705
Repurchase agreements	**(4,142)**	(3,740)
	9,378	7,965
Canadian equities	**1,214**	1,391
Global equities	**4,376**	4,516
Emerging markets equities	**1,144**	1,266
Mortgages	**1,908**	1,623
Real estate	**6,611**	6,066
Private debt	**3,685**	3,475
Private equity	**6,663**	5,959
Infrastructure and renewable resources	**5,766**	4,795
	$ 41,376	**$ 37,825**

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate share in the value of the net assets of the pooled investment fund. The Basic Account and IAA are combined for investment management purposes.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

a) Investments (continued)

One or more pooled investment portfolios exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt; private equity; and infrastructure and renewable resources. While the purpose of each fund is to invest in a particular type of investment, given the timing of trading activities, the fund may at any time hold a certain amount of cash, short-term investments, accrued interest income and net accounts receivable or payable from outstanding sales and purchases of investments.

Short-term investments consist of Canadian and U.S. money market securities such as treasury bills with maturities of 15 months or less, and short-term bonds with one- to five-year terms. Short-term investments are valued using current market yields.

Bonds consist of government bonds, investment grade and non-investment grade corporate bonds, repurchase agreements, unsecured debt and debentures. Bonds are valued based on current market yields and, in some cases, quoted market prices. Bonds include the use of repurchase agreements to borrow money to create leverage to purchase other bonds and enhance yields through a leverage bond fund strategy. Funds are also borrowed from the issuance of bonds to create leverage. These funds are unsecured debt. Unsecured debt of $639 million (2023: $245 million) are included in repurchase agreements category.

Canadian, global and emerging markets equities consist primarily of publicly traded shares and are valued based on quoted market prices on the primary exchanges on which they are traded.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. The mortgages are secured by real estate and valued using current market yields.

Real estate investments consist mainly of diversified Canadian and U.S. income-producing properties. Real estate investments are valued quarterly by external investment managers and, at least once every 10 to 18 months, by accredited independent appraisers to establish current market values.

Private debt consists of private debt instruments and private debt investee funds and are valued using discounted cash flows on current market yields and comparable securities, as applicable.

Private equity consists mainly of equity investments made outside the structure of public markets. Private equity investments are valued either quarterly or annually based on audited financial statements from external investment managers using a market-based approach.

Infrastructure and renewable resources consist of privately owned and managed infrastructure assets, as well as timber, agriculture and other renewable assets. Infrastructure and renewable resources investments are valued annually using a market-based approach or net asset value method.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives

Derivatives contracts are directly and indirectly held by the Plan. The details of these contracts are as follows:

Fair value of derivative contracts	2024		2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Directly held				
Foreign currency forwards	$ 299	$ (344)	$ 150	$ (122)
Indirectly held in pooled investment portfolios				
Foreign currency forwards	$ 8	$ (312)	$ 123	$ (4)
Total return swaps	66	(53)	130	(15)
Interest rate swaps	36	(16)	27	(13)
Cross currency swaps	-	(1)	-	-
Options	2	(4)	24	(21)
	$ 411	$ (730)	$ 454	$ (175)
Derivatives by investment asset classification				
Short term	$ 3	$ -	$ -	$ (1)
Bonds	36	(119)	60	-
Canadian equities	-	-	16	(3)
Global equities	64	(121)	161	(39)
Emerging markets equities	5	(7)	7	(4)
Mortgages	37	(56)	24	(15)
Real estate	128	(147)	64	(58)
Private debt	3	(137)	60	(6)
Infrastructure and renewable resources	135	(143)	62	(49)
	$ 411	$ (730)	$ 454	$ (175)

Derivative contracts consist of foreign currency forward contracts, cross currency swaps, options, interest rate swaps and total return swaps held directly by the Plan or indirectly through various pooled investment portfolios. Directly held and indirectly held derivative contracts are reflected at fair value based on expected settlement amounts at the date of the Statement of Financial Position. Directly held derivatives are disclosed on the face of the Statement of Financial Position while indirectly held derivatives are included in investments.

A foreign currency forward contract is a privately negotiated contractual obligation to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Foreign currency forward contracts are held to manage exposure to foreign currency risk.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, including both the income it generates and any capital gains. In total return swaps, the underlying asset (referred to as the reference asset) is usually an equity index or basket of equity securities. Interest rate swaps and total return swaps are held indirectly through various pooled investment portfolios for synthetic indexing purposes.

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating interest rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally better interest rate than would have been possible without the swap.

Cross currency swaps are agreements that involve the exchange of principal and interest payments in one currency for equivalent amounts in another currency. Cross currency swaps are used to hedge against fluctuations in exchange rates in relation to future amounts that are receivable in foreign currencies. Cross currency swaps are held to manage exposure to foreign currency risk.

Options are contracts that give the buyer the right, but not the obligation, to buy or sell a certain security or index at an agreed-upon price on or before a specified date. Options are held for synthetic indexing, a modern technique used to replicate the performance of a security or index without directly purchasing or selling the underlying assets and for risk control.

Derivative transactions are supported with collateral to mitigate counterparty credit risk. A single net fair value amount is used to determine the value of collateral with each counterparty. Collateral approximately equal to the positive fair value of each derivative contract is provided by counterparties, and collateral approximately equal to the negative fair value of each derivative contract is delivered to counterparties. Acceptable forms of collateral are Canadian federal or provincial bonds, and U.S. federal government treasury bills and bonds.

The notional value of derivatives is either the total value of a position, how much value a position controls, or an agreed-upon amount in a contract.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Absolute notional value of the Canadian denominated portion of derivatives is disclosed in the table below.

Notional value of derivatives				2024	2023
Terms to maturity	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**	**Total**
Derivatives by type of contract					
Directly held					
Foreign currency forwards	$ 15,364	$ -	$ -	$ 15,364	$ 14,796
Cross currency swaps	24	-	-	24	-
	$ 15,388	$ -	$ -	$ 15,388	$ 14,796
Indirectly held in pooled investment portfolios					
Foreign currency forwards	$ 7,716	$ 79	$ 41	$ 7,836	$ 6,106
Total return swaps	5,965	168	-	6,133	5,396
Interest rate swaps	592	659	640	1,891	2,124
Cross currency swaps	4	10	-	14	-
Options	839	-	-	839	764
	$ 30,504	$ 916	$ 681	$ 32,101	$ 29,186
Derivatives by investment asset classification					
Short-term	$ 100	$ -	$ -	$ 100	$ 31
Bonds	2,828	-	640	3,468	2,150
Canadian equities	8	-	-	8	651
Global equities	8,180	761	-	8,941	7,733
Emerging markets equities	438	77	-	515	696
Mortgages	2,021	-	-	2,021	2,012
Real estate	6,684	-	-	6,684	6,628
Private debt	3,486	-	-	3,486	3,111
Private equity	8	-	-	8	14
IRR*	6,751	78	41	6,870	6,160
	$ 30,504	$ 916	$ 681	$ 32,101	$ 29,186

* Infrastructure and renewable resources

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

c) Repurchase agreements

The Plan has indirect exposure to repurchase agreements through its investment in the pooled investment portfolio underwritten on bond securities. Repurchase agreements are short-term agreements to sell securities in order to buy them back at a slightly higher price. The party selling the repurchase agreement is effectively borrowing, and the other party is lending, since the lender is credited the implicit interest in the difference in prices. Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified future date. The securities sold under these agreements continue to be recognized on the Statement of Financial Position with any changes in fair value recorded as net gain (loss) on investments and included in investment income. Interest incurred on repurchase agreements is included in borrowing costs within investment-related expenses.

Repurchase agreements are carried at the amount at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these agreements.

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES

a) Basic Account

In accordance with the Agreement and PBSA, an actuarial valuation is performed at least every three years. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan as described in note 5a. As part of the valuation, the Plan actuary also calculates values of the Basic Account assets and liabilities for accounting purposes. For accounting purposes, pension liabilities are based on those accrued to the financial statement date, and assets include the full impact of investment fair value changes reflected in the financial statements as at the financial statement date. The liability for accrued basic pension obligations at the valuation date is determined using the projected benefit method pro-rated on service.

The latest full actuarial valuation for accounting purposes was prepared as at December 31, 2023, by Eckler Ltd. This valuation calculated the liability for accrued basic pension obligations for financial statement purposes to be $26,410 million (2020: $22,547 million).

Between valuations, an estimate of the actuarial position is required. This estimate, an extrapolation, has been made to December 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 5.75% (2020: 5.75%)
- Annual salary escalation rate 3.25% (2020: 3.25%)

The extrapolation calculated the liability for accrued basic pension obligations to be $27,670 million (2023: $25,763 million).

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES (CONTINUED)

a) Basic Account (continued)

In 2024, the extrapolation reflected assumption changes made during the 2023 valuation that resulted in an increase in the 2023 accrued basic pension obligations of $363 million. The most significant change in the assumptions was a decrease in mortality rates, which increased the accrued basic pension obligations. Further, the 2023 valuation accrued basic pension obligations were $284 million higher than anticipated by the 2023 extrapolation, representing the net result of experience gains and losses (e.g., higher than expected salary increase, lighter mortality rates and later retirements than assumed).

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings, and the incidence of retirements, withdrawals and changes in other factors may vary significantly from the long-term assumptions used in the extrapolation. In the event of a major change to the Plan, a new valuation or review of assumptions may be required.

The next full actuarial valuation will be carried out as at December 31, 2026, with the results included in the December 31, 2027, financial statements.

Actuarial liabilities are also affected by changes in the assumed investment return. Based on the actuarial valuation completed as at December 31, 2023, a reduction in the investment return assumption from 5.75% to 5.50% would have increased the December 31, 2024, liability for accrued basic pension obligations of $27,670 million by $866 million or 3.1%, and the impact of a 1% change would be approximately four times the amount. Changes to assumptions included in the actuarial valuation are interrelated, and the cumulative impact of changed assumptions may be offsetting.

b) Inflation Adjustment Account (IAA), non-guaranteed pension obligations

No unfunded liability exists for the IAA, since the obligation for future cost-of-living adjustments is limited to the amount of the available assets in the account. There is no minimum level of inflation adjustment required to be paid under the plan rules, nor is there any Plan provision to fund the IAA to any minimum level of future potential inflation adjustments (note 5b). The non-guaranteed pension obligations are therefore equal to the net assets available for benefits in the IAA of $6,559 million (2023: $6,288 million). The net increase of $271 million (2023: $308 million decrease) in the IAA balance consists of employee and employer contributions, investment income, and net transfers reduced by payments out of the account. (See note 12 for details on amounts transferred.)

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES

a) Basic Account

The Basic Account is the account from which the defined basic benefits of the Plan are paid. In accordance with the Agreement and PBSA, an actuarial valuation of the Plan's assets and pension obligations is performed at least every three years by an independent actuary to determine an appropriate combined employer and member contribution rate to fund the Basic Account. For this purpose, the Plan's actuary values both accrued assets and accrued pension obligations to the financial statement date, and contributions and benefits for future service. The contribution requirements are calculated by the actuary using the entry-age normal cost method (entry-age method).

This method produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future new entrants to the Plan. Contribution rate determinations exclude consideration of the assets in the Rate Stabilization Account (RSA), which is held notionally within the Basic Account.

Future cost-of-living adjustments are not guaranteed within the Plan provisions and are granted to retired members only to the extent that sufficient assets are available in the IAA to fund those benefits (note 5b). As cost-of-living adjustments are granted, the Basic Account receives from the IAA the present value of the amount necessary to fund the cost-of-living adjustments granted, and the adjustments are paid from the Basic Account. Therefore, accrued basic pension obligations for valuation purposes include the liability for all cost-of-living adjustments granted to the date of the valuation, but not for as-yet-unknown future cost-of-living adjustments.

Actuarial valuation

The latest full actuarial valuation for funding purposes was prepared as at December 31, 2023, by the independent actuary based on the entry-age method; the valuation indicated an actuarial surplus of $4,572 million excluding $1,438 million set aside for stabilization purposes. (2020: $1,584 million excluding $892 million set aside for stabilization purposes).

The Agreement specifies that, if an actuarial valuation indicates increased basic contribution rates are required, the increase must be shared equally by members and employers. The Agreement also describes the manner in which the Board can elect to apply surplus assets.

An estimate of the actuarial position of the Plan for funding purposes has been made to December 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 5.75% (2020: 5.75%)
- Annual salary escalation rate 3.25% (2020: 3.25%)

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

This estimate, an extrapolation, produced an estimated accessible actuarial excess of $3,151 million as at December 31, 2024 (2023: $3,514 million), as follows:

Funding extrapolation	2024	2023
Net assets available for basic pension benefits	$ 34,812	$ 31,671
Actuarial asset value adjustment	106	1,612
Smoothed assets for basic pension benefits	34,918	33,283
Rate stabilization account	(1,607)	(1,438)
Smoothed assets excluding rate stabilization account	33,311	31,845
Present value of future contributions (entry-age method)	8,869	8,070
Present value of temporary rate reduction below entry-age rate	(192)	(481)
Net actuarial assets for basic pension benefits	41,988	39,434
Actuarial liability for accrued and future basic pension benefits	(37,410)	(34,594)
Entry-age method actuarial surplus	4,578	4,840
PBSA 5% of net liabilities	(1,427)	(1,326)
Accessible actuarial excess	$ 3,151	$ 3,514

Changes in the extrapolated entry-age method funded status	2024	2023
Extrapolated entry-age method actuarial surplus, beginning of year	$ 4,840	$ 4,261
Present value of temporary rate reduction below entry-age rate	(17)	(24)
Adjustment for the 2023 valuation	(444)	-
Extrapolated change in actuarial liability for accrued and future basic pension benefits	(1,772)	(2,180)
Extrapolated change in actuarial assets for basic pension benefits	1,971	2,783
Entry-age method actuarial surplus, end of year	4,578	4,840
PBSA 5% of net liabilities	(1,427)	(1,326)
Accessible actuarial excess	$ 3,151	$ 3,514

Based on the funded position at the last actuarial valuation, as the Plan had Accessible Going Concern Excess (AGCE) and the entry age normal cost exceeded the current contribution, the Joint Trust Agreement required that the AGCE be used to fund a contribution rate reduction below the entry age normal cost. The extrapolation reflects the amount of surplus required for the contribution reduction as well as the 5% of net liabilities (total liabilities less the present value of future contributions at entry-age rate) that needs to be held in the Basic Account when the current contribution rate is below the entry age normal cost.

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, various factors, including actual wage increases, investment earnings, and the incidence of retirements and withdrawals, may vary significantly from the long-term assumptions used in the extrapolation.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

Measurement differences between funding and accounting positions

While the accrued pension benefit liability for financial statement purposes uses the projected benefit method pro-rated on service, the pension liability for funding purposes uses an entry-age funding method, where the present value of future normal cost contributions, basic pension benefits for future service and future amortization amounts are included in the determination of the funded status of the Plan.

The primary components of the measurement differences between the extrapolated entry-age method funding surplus and the financial statement accounting surplus are as follows:

Measurement difference between funding and accounting positions	2024	2023
Accessible actuarial excess	$ **3,151**	$ 3,514
PBSA 5% of net liabilities	**1,427**	1,326
Actuarial asset value adjustment	**(106)**	(1,612)
Rate stabilization account	**1,607**	1,438
Difference in actuarial methods – present value of rate reduction	**192**	481
Difference in actuarial methods – present value of future contributions	**(8,869)**	(8,070)
Difference in actuarial methods – present value of future liabilities	**9,740**	8,831
Measurement differences between funding and accounting positions	**3,991**	2,394
Surplus for financial statement purposes	**$ 7,142**	**$ 5,908**

Actuarial asset value adjustment

To determine the entry-age method surplus for funding purposes, the actuarial value of net assets available for benefits is determined on an adjusted value basis that smooths the difference between the actual investment return and an expected long-term return rate over a five-year period.

The funding policy requires that the value of the assets be smoothed within a certain corridor. The corridor requires that the smoothed value be no more than 108% and no less than 92% of the market value of the assets. The smoothed value of the assets at December 31, 2024, was 100.3% of the market value of the assets (2023: 105.1%).

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

The following schedule indicates the year the components of the actuarial asset value adjustment will be recognized in the entry-age method actuarial surplus. The amounts are based on that proportion of the total fund related to the Basic Account assets.

Actuarial asset value adjustment	2024	2023
2024	$ -	$ (260)
2025	(284)	(594)
2026	(485)	(792)
2027	348	34
2028	315	-
Total adjustment	**$ (106)**	**$ (1,612)**

Rate Stabilization Account

Members and employers each contribute 1% to the RSA. The contributions are shifted from IAA to RSA with interest each fiscal year end. In fiscal 2024, the amount of $88 million (2023: $83 million), was transferred to the RSA, which is held notionally within the Basic Account.

Interest of $81 million (2023: $86 million) was transferred from the Basic Account to the RSA based on the 2024 opening balance and a smoothed rate of return of 5.63% (2023: 6.80%).

Rate stabilization account	2024	2023
Opening balance	$ 1,438	$ 1,269
Interest applied to balance	81	86
Contributions and interest	88	83
Ending balance	**$ 1,607**	**$ 1,438**

If an actuarial valuation indicates that increased basic contribution rates are required, the increase must be shared equally by members and employers. The Agreement also describes the manner in which the Board can elect to apply surplus assets.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

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5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

b) Inflation Adjustment Account (IAA)

No unfunded liability exists for the IAA, since the obligation for future cost-of-living adjustments is limited to the amount of the available assets in the account. There is no minimum level of cost-of-living adjustment required to be paid under the plan rules, nor is there any Plan provision to fund the IAA to any minimum level for future potential cost-of-living adjustments.

The Board annually considers all relevant factors and its IAA funding policy to determine if a cost-of-living adjustment will be granted on pensions in pay and the amount of the cost-of-living adjustment, if any.

6. FINANCIAL RISK MANAGEMENT

The Board approves the long-term asset mix policy for investment assets through its Statement of Investment Policies and Procedures (SIPP) and oversees the management of these assets through the Board's investment management agent, BCI. The SIPP requires diversification of investments among asset classes, sets guidelines on investment categories, and limits the exposure to individual investments and counterparties.

Significant risks are regularly monitored and managed by BCI, and actions are taken when appropriate, according to the Plan's SIPP. In addition, these risks are reviewed periodically with the Board. Such risks include liquidity risk, as well as other financial risks, which comprise currency risk, interest rate risk, other price risk and credit risk.

Financial risks are disclosed on a unit-of-account basis (note 6b), which represents the legal ownership of securities held, and at the underlying securities level (note 6c), which provides additional insight to other risks that may impact the financial instruments of the Plan. Both forms of disclosure provide valuable perspectives on the financial risks that may directly or indirectly impact the financial statements and the funded status of the Plan. These two forms of risk disclosure are not additive to each other.

a) Liquidity risk

Liquidity risk is the risk of not being able to meet the Plan's cash requirements in a timely and cost-effective manner. Expenditures relate primarily to pensions, termination and refund benefits, and investment and administration costs. The Plan's approach to mitigating liquidity risk is to forecast its cash requirements over the near and long term to determine whether sufficient funds are available.

The Plan's primary source of liquidity are income generated from the Plan's investments, and employer and employee contributions. Investments are primarily held in pooled funds. Many securities are held in pools, are traded in active markets and can readily be sold; the pooled fund units can thereby be redeemed to fund cash requirements. Accounts payable of $7 million (2023: $6 million) are generally due within one month. Derivatives payable of $344 million (2023: $122 million) are due within the next fiscal year.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Financial risks on a unit-of-account basis

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate interest in the value of the net assets of the respective pooled investment fund. The unit-of-account for the majority of the Plan's investments is the units of the pooled investment funds.

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk consists of currency, interest rate and other price risks.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the fund will fluctuate due to changes in foreign exchange rates. The Plan holds primarily Canadian dollar–denominated investment pooled fund units and is exposed to currency risk through holdings of small amounts of foreign currency–denominated debt investments. See note 6c for currency exposure related to underlying securities.

Foreign denominated investments held by the Plan, in Canadian dollars, are $292 million United States (U.S.), 0.7% of total investments (2023: $484 million US, 1.3% of total investments).

As at December 31, 2024, if the Canadian dollar strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately $29 million (2023: $48 million).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Plan investments will change as a result of future fluctuations in market interest rates. The majority of the Plan's investment assets are non–interest bearing and not subject to interest rate risk. See note 6c for interest rate risk related to underlying securities.

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Plan's investments are subject to other price risk through its public equity investments and private market investments, including equity in real estate companies, held directly and through pooled investment portfolios. This risk is managed by diversifying investments across asset classes based on criteria established in the SIPP.

As at December 31, 2024, if the pooled investment fund unit prices increased or decreased by 10%, with all other factors remaining constant, net assets available for benefits would have increased or decreased by approximately $4,137 million (2023: $3,783 million).

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Financial risks on a unit-of-account basis (continued)

Other price risk (continued)

In February 2022, events concerning Russia and Ukraine have resulted in sanctions being levied against Russian interests by numerous countries. As a result of this ongoing situation, the price and liquidity of securities connected to Russia have declined significantly and were written down to zero. The duration and extent of the impact of this situation on the Plan's other investments remain unclear.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into, resulting in a financial loss to the Plan. The majority of the Plan's investments are held in securities that are not subject to credit risk. See note 6c for credit risk related to underlying securities.

Credit exposure exists for contributions receivable directly held by the Plan totalling $61 million (2023: $59 million), for the derivatives $299 million (2023: $150 million) and interest and dividends receivable $3 million (2023: $6 million).

c) Financial risks of underlying securities held through pooled investment funds

Pooled investment funds exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt; private equity; and infrastructure and renewable resources. Examining the risks of the underlying securities contained in pooled investment funds provides additional disclosure to assess the overall financial risks of the Plan's investments. Viewing the financial risks of underlying securities is an alternative way of disclosing financial risks from the unit-of-account basis in note 6b. These risks are not considered additive to the financial risks already disclosed in note 6b.

Market risks are reduced through asset class diversification, diversification within each asset class and credit quality requirements on investments.

Currency risk

Currency exposure also arises from foreign currency denominated investments held directly and from underlying investments held indirectly in pooled investment funds. BCI has currency exposure management programs under which it enters into economic hedges of foreign currency exposure through the use of forward foreign currency contracts.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Currency risk (continued)

The Plan's total currency exposure, the impact of economic hedging activities, and it's net notional exposure as at December 31 are as follows:

Foreign denominated investment holdings (Cdn dollar equivalent)	Total exposure	Economic hedging	Net exposure	% of total
		2024		
United States	$ 20,101	$ 7,368	$ 12,733	59%
United Kingdom	2,700	137	2,563	12%
Asia-Pacific, excluding Japan	2,233	132	2,101	10%
Euro countries	2,946	822	2,124	9%
Other	1,489	-	1,489	7%
Other Europe	649	138	511	2%
Japan	331	116	215	1%
	$ 30,449	$ 8,713	$ 21,736	100%
		2023		
United States	$ 16,755	$ 6,157	$ 10,598	56%
Euro countries	2,737	580	2,157	11%
United Kingdom	2,144	130	2,014	11%
Asia-Pacific, excluding Japan	2,104	118	1,986	10%
Other	1,397	-	1,397	7%
Other Europe	605	122	483	3%
Japan	340	-	340	2%
	$ 26,082	$ 7,107	$ 18,975	100%

The net foreign currency exposure of the Plan's underlying investments represents 53% (2023: 50%) of it's total investments.

Interest rate risk

The Plan's pooled investment funds hold interest-bearing financial instruments in short-term investments, bonds, mortgages and private debt. The risk of adverse changes in interest rates is reduced within the underlying investment pools through management of duration in exposure to fixed income securities, the use of floating rate notes and interest rate swaps, and general diversification by security type and geographic region. The Plan participates in a leveraged bond strategy using repurchase agreements which are included in the terms to maturity table below.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Interest rate risk (continued)

The terms to contractual maturity of interest-bearing financial instruments held directly and through pooled investment, portfolios, as at December 31, are as follows:

Terms to maturity of interest-bearing financial instruments

	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Effective yield to maturity
			2024			
Short-term	$ 607	$ -	$ 24	$ -	$ 631	3.80%
Bonds	154	4,726	4,730	3,910	13,520	3.93%
Repurchase agreements	(3,503)	-	(639)	-	(4,142)	-3.40%
Mortgages	321	1,573	14	-	1,908	7.07%
Debt*	-	4	1	-	5	4.80%
Private debt**	192	821	571	23	1,607	9.90%
	$ (2,229)	$ 7,124	$ 4,701	$ 3,933	$ 13,529	
			2023			
Short-term	$ 768	$ -	$ 1	$ -	$ 769	5.30%
Bonds	262	3,593	4,279	3,571	11,705	-3.93%
Repurchase agreements	(3,495)	-	(245)	-	(3,740)	-4.94%
Mortgages	321	1,166	121	15	1,623	7.48%
Debt*	-	2	2	-	4	4.80%
Private debt**	176	1,011	390	22	1,599	10.64%
	$ (1,968)	$ 5,772	$ 4,548	$ 3,608	$ 11,960	

* Grouped with real estate investment category.

** An additional $2,078 (2023: $1,876) of private debt are held in unlisted private debt investee funds which are generally illiquid.

As at December 31, 2024, if the prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables remaining constant, the fair value of interest-bearing financial instruments and net assets available for benefits would have decreased or increased by approximately $1,007 million (2023: $881 million).

Other price risk

Other price risk associated with the underlying investments held in pooled investment funds is consistent with that described earlier in note 6b, which describes financial risks on a unit-of-account basis.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Credit risk

The Plan's underlying investment assets held in pooled investment funds attract credit risk. This is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. It is also the risk of losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligations. Credit risk is managed by establishing specific investment criteria, such as minimum credit ratings for investees and counterparties, and maximum concentration limits with given counterparties.

Credit risk ratings on financial instruments (short-term investments, bonds, mortgages, debt, and private debt) held directly and through pooled investment portfolios are as follows:

Credit rating of financial instruments

	AAA/AA	A	BBB	Non-investment grade	Unrated	Total
			2024			
Short-term	$ 302	$ 304	$ 19	$ -	$ 6	$ 631
Bonds	11,097	616	693	1,079	35	13,520
Mortgages	-	-	-	-	1,908	1,908
Debt*	-	-	-	-	4	4
Private debt	34	5	-	147	3,499	3,685
	$ 11,433	$ 925	$ 712	$ 1,226	$ 5,452	$ 19,748
	58%	5%	3%	6%	28%	100%
			2023			
Short-term	$ 615	$ 154	$ -	$ -	$ -	$ 769
Bonds	8,376	1,924	413	713	279	11,705
Mortgages	-	-	-	-	1,623	1,623
Debt*	-	-	-	-	4	4
Private debt	54	-	9	247	3,165	3,475
	$ 9,045	$ 2,078	$ 422	$ 960	$ 5,071	$ 17,576
	51%	12%	2%	6%	29%	100%

* Grouped with real estate investment category.

The ratings used are defined by Standard & Poor's rating agency. Obligations rated AAA/AA have the highest rating assigned. The counterparty's capacity to meet its financial commitment on the obligation is very strong. Bonds rated A, BBB or non-investment grade are weaker. A BBB rating denotes an obligation with adequate protection parameters and a non-investment grade rating denotes major ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the debtor's inadequate capacity to meet its financial commitment on the obligation.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

Fair value measurements of the investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The three levels of the fair value hierarchy are as follows:

Level 1

Inputs that are unadjusted quoted prices in active markets for identical assets or liabilities

Level 2

Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3

Inputs that are not based on observable market data

Plan investments are carried at fair value in the financial statements. The following table details the classification of the Plan's investments based on the fair value hierarchy as at December 31:

Fair value hierarchy	Level 1	Level 2	Level 3	Total
		2024		
Pooled investments	$ 631	$ 18,447	$ 18,349	$ 37,427
Other Investment entities	-	-	3,945	3,945
Direct debt*	-	-	4	4
Investments	**$ 631**	**$ 18,447**	**$ 22,298**	**$ 41,376**
Derivatives	**$ -**	**$ (45)**	**$ -**	**$ (45)**
		2023		
Pooled investments	$ 680	$ 17,365	$ 16,449	$ 34,494
Other investment entities	-	-	3,327	3,327
Direct debt*	-	-	4	4
Investments	**$ 680**	**$ 17,365**	**$ 19,780**	**$ 37,825**
Derivatives	**$ -**	**$ 28**	**$ -**	**$ 28**

*Grouped with real estate investment category.

During 2024 and 2023, there were no significant transfers of investments between levels.

Other investment entities are comprised of corporations, limited partnerships and trusts.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value hierarchy (continued)

The following table reconciles the Plan's level 3 fair value measurements:

Level 3 fair value hierarchy	Pooled investments	Other investment entities	Direct debt	Total
		2024		
Balance, beginning of year	$ 16,449	$ 3,327	$ 4	$ 19,780
Net gain included in investment income	1,927	122	-	2,049
Purchases	2,519	1,161	-	3,680
Sales	(2,546)	(665)	-	(3,211)
Balance, end of year	$ 18,349	$ 3,945	$ 4	$ 22,298
Unrealized gain included in investment income	$ 719	$ 279	$ -	$ 998
		2023		
Balance, beginning of year	$ 14,762	$ 2,474	$ 3	$ 17,239
Net loss included in investment income	650	20	-	670
Purchases	4,872	1,437	1	6,310
Sales	(3,835)	(604)	-	(4,439)
Balance, end of year	$ 16,449	$ 3,327	$ 4	$ 19,780
Unrealized gain (loss) included in investment income	$ 101	$ 41	$ -	$ 142

b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants on the measurement date.

BCI uses widely recognized valuation methods for determining the fair value of common and less complex financial instruments such as investments in pooled funds, where fair value is based on the underlying net asset value of the respective pooled fund as determined by the underlying fund manager. Observable prices and model inputs are usually available in the market for listed equity and debt securities, simple derivatives such as forward or future currency contracts, and pooled funds.

The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the financial instrument and is subject to change based on specific events and general conditions in the financial markets.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

b) Valuation models (continued)

For more complex financial instruments, BCI, either directly or through external independent valuators, uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates, or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. BCI and their external independent valuators is usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows of the financial instrument being valued, determination of the probability of counterparty default and prepayments, and selection of appropriate discount rates.

BCI reviews the fair value estimates of external independent valuators and ultimately decided on the fair value estimate to be used. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that BCI and the external valuator believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to account for the credit risk of the Plan and the counterparties where appropriate.

c) Valuation framework

BCI has an established framework with respect to the measurement of fair values of financial instruments. Where possible, for direct private debt investments held by the Plan, external independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where BCI relies on the third-party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, where available, and other information from the underlying third-party manager or other sources.

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- Verification of observable pricing inputs
- Appraisal of domestic real estate properties once every 10 to 18 months by accredited independent appraisers
- Analysis and investigation of significant valuation movements
- Review of unobservable inputs and valuation adjustments

When third-party information, such as broker quotes or pricing services, is used to measure fair value, BCI assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. This includes:

- Verifying that the broker or pricing service is approved by BCI for use in pricing the relevant type of financial instrument
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

c) Valuation framework (continued)

- Understanding how the fair value has been determined when a number of quotes for similar financial instruments have been obtained
- Understanding how prices for similar financial instruments used to measure fair value have been adjusted to reflect the characteristics of the financial instrument subject to measurement

d) Significant unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as level 3 in the fair value hierarchy.

Significant unobservable inputs used in measuring fair value

Description	Fair value	Valuation technique	Unobservable input	Amount/ range	Sensitivity to change in significant unobservable input
			2024		
Pooled investments	$ 18,349	Net asset value	Net asset value	$ 18,349	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Other investment entities	3,945	Net asset value	Net asset value	3,945	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Direct debt	$ 4	Discounted cash flow	Discount rate	4.8%	The estimated fair value would increase (decrease) if the discount rate was lower (higher)
			2023		
Pooled investments	$ 16,449	Net asset value	Net asset value	$ 16,449	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Other Investment entities	3,327	Net asset value	Net asset value	3,327	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Direct debt	$ 4	Discounted cash flow	Discount rate	4.8%	The estimated fair value would increase (decrease) if the discount rate was lower (higher)

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

d) Significant unobservable inputs used in measuring fair value (continued)

Net asset value

Net asset value is determined by BCI based on the fair value of assets less liabilities. Such investments are closed funds with significant restrictions on redemptions. Accordingly, BCI is unable to dispose of the pooled fund investment until the maturity or wind-up and liquidation of the respective pooled fund. In such cases, it is the Plan's policy to categorize the pooled fund investment as level 3 within the fair value hierarchy.

Discount rate

This represents the discount rate applied to the expected future cash flows of the direct debt investments. For the discount rates used, the underlying investment manager assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

e) Effects of unobservable input on fair value measurement

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3, changing one or more of the assumptions used for a reasonable alternative assumption could have the following effects on net assets attributable to holders of redeemable units.

The pooled investments, other investment entities and direct debt investments were valued based on information received from BCI, the manager of the respective investments. The fair value of these investments fluctuates in response to changes to specific assumptions for these particular investments, as determined by BCI. The favourable and unfavourable effects of reasonable alternative assumptions for the valuation of pooled investments, other investment entities and direct debt investments have been calculated by adjusting the respective underlying net asset value by 10%.

Effects of unobservable input on level 3 fair value measurement

	2024		2023	
	Favourable	Unfavourable	Favourable	Unfavourable
Pooled investments	$ 1,835	$ (1,835)	$ 1,645	$ (1,645)
Other investment entities	395	(395)	333	(333)
Direct debt	-	-	-	-
	$ 2,230	$ (2,230)	$ 1,978	$ (1,978)

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

f) Financial instruments not measured at fair value

The carrying value of contributions receivable, receivable from sale of investments, interest and dividends receivable, accounts payable and accrued expenses and payable for purchase of investments approximate their fair value given their short-term nature. These financial instruments are classified as level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

8. INVESTMENT INCOME

	2024			2023		
	Income allocation	Change in fair value	Total	Income allocation	Change in fair value	Total
Short-term	$ 35	$ 52	$ 87	$ 41	$ (5)	$ 36
Bonds	385	(400)	(15)	284	258	542
Canadian equities	38	175	213	38	106	144
Global equities	147	1,057	1,204	177	935	1,112
Emerging markets equities	40	157	197	52	95	147
Mortgages	86	118	204	75	5	80
Real estate	168	(32)	136	66	(411)	(345)
Private debt	233	434	667	157	231	388
Private equity	363	508	871	265	110	375
IRR*	390	247	637	430	(199)	231
	1,885	2,316	4,201	1,585	1,125	2,710
Directly held derivatives	-	(83)	(83)	-	30	30
	$ 1,885	$ 2,233	$ 4,118	$ 1,585	$ 1,155	$ 2,740

* Infrastructure and renewable resources

Investment income represents realized and unrealized pooled investment portfolio income attributable to the Plan, as a unit holder, and income from directly held investments. Income allocation is composed of interest, dividends and other investment payments. Change in fair value is composed of realized gains and losses on the disposal of investments and derivatives, as well as unrealized gains and losses on investments and derivatives held at year-end. All income earned within a pooled investment portfolio is reinvested within the portfolio.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

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9. CONTRIBUTIONS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Members' contributions				
Regular	$ 394	$ 85	$ -	$ 479
Past service purchases	3	1	-	4
	397	86	-	483
Employers' contributions				
Regular	393	90	1	484
Past service purchases	2	1	-	3
	395	91	1	487
	$ 792	$ 177	$ 1	$ 970
		2023		
Members' contributions				
Regular	$ 368	$ 78	$ -	$ 446
Past service purchases	3	1	-	4
	371	79	-	450
Employers' contributions				
Regular	367	83	1	451
Past service purchases	2	1	-	3
	369	84	1	454
	$ 740	$ 163	$ 1	$ 904

Member and employer contributions are as defined under the plan rules. Members' past service purchases are voluntary contributions.

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Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

10. BENEFITS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Regular pension benefits	**$ 1,130**	**$ -**	**$ 1**	**$ 1,131**
Indexing – regular pension benefits	**407**	**-**	**-**	**407**
Termination and refund benefits	**18**	**5**	**-**	**23**
Death benefit payments	**5**	**3**	**-**	**8**
	$ 1,560	**$ 8**	**$ 1**	**$ 1,569**
		2023		
Regular pension benefits	$ 1,099	$ -	$ 1	$ 1,100
Indexing – regular pension benefits	364	-	-	364
Termination and refund benefits	16	5	-	21
Death benefit payments	15	4	-	19
	$ 1,494	**$ 9**	**$ 1**	**$ 1,504**

11. INVESTMENT AND ADMINISTRATION COSTS

	2024	2023
Investment management	**$ 84.3**	$ 81.7
Benefit administration	**16.0**	15.6
Other professional services	**0.4**	0.6
Board secretariat costs	**0.4**	0.4
Board remuneration and expenses	**0.3**	0.3
Audit and actuary expenses	**0.2**	0.1
	$ 101.6	**$ 98.7**

BCI and Pension Corporation are related parties to the Plan. The Board appoints members to each of the respective corporate boards. Investment management and benefit administration costs are approved by the Board.

Investment management costs represent amounts charged to recover internal and external management costs incurred by BCI, except those external management fees related to investments managed by an underlying external manager, where management fees are embedded in the net assets of the respective investment. Underlying external investment management fees of $58.3 million (2023: $59.5 million) were netted against investment income.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

11. INVESTMENT AND ADMINISTRATION COSTS (CONTINUED)

Benefit administration costs represent amounts charged to recover benefit administration costs incurred by Pension Corporation. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Board secretariat costs represent amounts directly incurred by the Board for costs associated with supporting the Board.

Other professional services costs include insurance and legal fees incurred directly by the Plan.

Board remuneration and expenses represent amounts for trustee compensation and direct expenses.

12. ACCOUNT TRANSFERS

	2024		2023	
	Basic account	Inflation adjustment account	Basic account	Inflation adjustment account
Indexing supplements	$ 540	$ (540)	$ 913	$ (913)
Indexing of deferred pensions	4	(4)	5	(5)
	$ 544	**$ (544)**	**$ 918**	**$ (918)**

The IAA is a separate account maintained for funding current and future cost-of-living adjustments. The IAA is funded through a portion of ongoing contributions from employers and members, investment income earned and excess investment return earned in the Basic Account.

Cost-of-living adjusted pension payments are made from the Basic Account. Each year, if members' pension payments are adjusted for the current cost-of-living adjustment, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current cost-of-living adjustment. The Board considers all relevant factors and its IAA funding policy to determine if a cost-of-living adjustment will be granted on pensions in pay and the amount of the cost-of-living adjustment, if any. As at January 1, 2024, retired members received a cost-of-living adjustment of 3.8% (2023: 6.9%), and indexing supplements were transferred.

When a deferred pension commences, the present value of the cost-of-living adjustments during the deferral period is transferred from the IAA to the Basic Account. Approximately $71 million (2023: $52 million) of the current IAA balance is for cost-of-living adjustments already granted for deferred pensions but not yet transferred to the Basic Account.

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

12. ACCOUNT TRANSFERS (CONTINUED)

Excess investment return is based on investment income earned on those assets in the Basic Account required for pensions currently being paid, approximately $15.2 billion of assets for 2024 (2023: $14.6 billion). The excess investment return rate is determined by taking the difference between the actual five-year annualized market rate of return (7.3%) and the rate of return used by the Plan actuary (5.75%) in valuing the Plan's liabilities. The calculated excess investment return rate for 2024 was 1.55% (2023: 2.05%), resulting in a positive excess investment return amount of $236 million (2023: $300 million).

Plan rules allow the positive excess investment return transfer to occur at the discretion of the Board. Should the excess investment return in any year not be transferred to the IAA, it will be carried forward cumulatively with interest and if available, may be transferred to the IAA at the discretion of the Board in the future. The amount that may be transferred is subject to a number of factors, including the available surplus, which may be below the cumulative excess investment return balance. If the balance is ever negative, it will be offset against future positive excess investment returns before transfers to the IAA will recommence. The excess investment interest is an amount determined by applying the five-year annualized market rate of return to the fiscal year opening balance.

Excess investment return	**2024**	**2023**
Cumulative excess investment return, beginning of year	$ 3,127	$ 2,622
Interest applied to beginning of year amount	228	205
Excess investment return	236	300
Cumulative excess investment return, end of year	**$ 3,591**	**$ 3,127**

13. SUPPLEMENTAL BENEFITS ACCOUNT

The SBA funds certain supplemental benefits. For example, pension benefits that exceed *Income Tax Act* limits for registered pension plans are paid through this account.

14. COMMITMENTS

The Plan participates in private equity, international real estate, mortgages, and infrastructure and renewable resource pools. As at December 31, 2024, the Plan's share of commitments for future investment contracts in these pools over the next several years is approximately $7,512 million (2023: $6,749 million).

TEACHERS' PENSION PLAN

Notes to the financial statements for the year ended December 31, 2024

($ millions except as otherwise noted)

15. CAPITAL DISCLOSURES

Capital is defined as the funded status (surplus or deficit) of the Plan as determined by the actuary. The Plan's objective for managing capital is to ensure that the assets of the Plan are invested prudently and effectively, and with contributions adequate to meet the obligations of the Plan. Management of the Plan's funded status is achieved by adjusting member and employer contribution rates, through implementation of the SIPP, which affects the earnings of the Plan, and, in the case of the IAA, by changing the benefits paid. The Board has a funding policy that outlines the principles that provide guidance in managing this process. The investment performance of the Plan's assets is reviewed by the Board on a regular basis and compared to relevant industry benchmarks. Benefit entitlement is based on the provisions of the Agreement and the plan rules. Funding deficits must be funded over a period not to exceed 15 years.

An actuarial valuation must be prepared at least once every three years. The latest actuarial valuation for funding purposes was prepared as at December 31, 2023, and has two components: the Basic Account non-indexed benefits and, by considering the valuation of the entire Plan, the non-guaranteed IAA benefits. The next full actuarial valuation will be carried out as at December 31, 2026, with the results included in the December 31, 2027, financial statements.

The Act and the Board's funding policy require that contribution rates comply with the going-concern requirements of PBSA.

16. PRIOR YEAR COMPARATIVES

The prior year comparatives have been reclassified to conform to the current year presentation.

tpp.pensionsbc.ca

Toll-free (Canada/U.S.): 1-800-665-6770
Mail: Teachers' Pension Plan,
PO Box 9460, Victoria BC V8W 9V8

Cover photo: Michelle Wolkenbrod, member, SD39 | Vancouver

MISSION STATEMENT
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.

1998-067 TPP AR 2025.08.11