

STAFF PENSION PLAN UPDATE

Newsletter published by the Pension Board for members and beneficiaries of The University of British Columbia Staff Pension Plan.



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Dear Plan Members:

2009 was a year of change and challenge for the Staff Pension Plan. To ensure the Plan is fair and equitable to all members, the Plan changed to a flat contribution formula (6.5% of salary) and to a flat pension benefits formula (1.8% x salary x pensionable service) on July 1, 2009. These and other improvements will enhance retirement pensions and members' retirement security.

It was also a challenging year given the Plan's investment losses as reported in the Plan's 2008 Financial Statements. Fortunately, the Plan's assets are recovering, and although the first two months of 2009 had negative returns, every month since March has produced positive returns. To learn more about the status of the Plan's assets, read the article, *Economic Update by UBC IMANT*, on page 5.

Cost of Living Adjustment approved for January 1, 2010

Good news! Following the January 1, 2008 Actuarial Valuation and Benefits/Funding Test, the Plan's Actuary has recommended full indexing for the next two years (2010 & 2011). However, the ability of the Plan to pay full indexing in 2012 and beyond will not be confirmed until results are reviewed from the next Actuarial Valuation and Benefits/Funding Test, which commences on January 1, 2011. The Pension Board is also working on some cost reduction strategies to increase the likelihood of the Plan's ability to continue to pay full indexing. See the article on page 2 for further details.

Economic Update by UBC IMANT

UBC IMANT recently updated the status of the Plan's assets. Since the last half of 2008, investment managers and investors have been closely monitoring the financial markets for signs of recovery. The question that everyone wants to know is: Are we out of the woods yet? See page 5 for the answer to this important question.

myPension upgraded to reflect July 1, 2009 Plan changes

As a customized tool created for our members, myPension enables you to access your personal pension information, review your contributions and service accruals, and calculate pension estimates to project how much income you'll need for retirement. The insert on pages 3 and 4 describes the recent upgrades to the tool and provides easy instructions for using myPension.

I also recommend you visit our website at www.pensions.ubc.ca/staff for up-to-date information about the Staff Pension Plan and the resources available to you as a Plan member.

On behalf of the Pension Office staff and the Directors of the Pension Board, please accept our warm wishes to you and your family for a safe and happy holiday season.

On behalf of the Board,

 Brian Evans
CHAIR

This material has been compiled by the Staff and Pension Board Members of The University of British Columbia Staff Pension Plan from information provided to them and is believed to be correct. If there is any inconsistency between the contents of this newsletter and the pension plan trust or legislation, the trust and legislation will prevail.

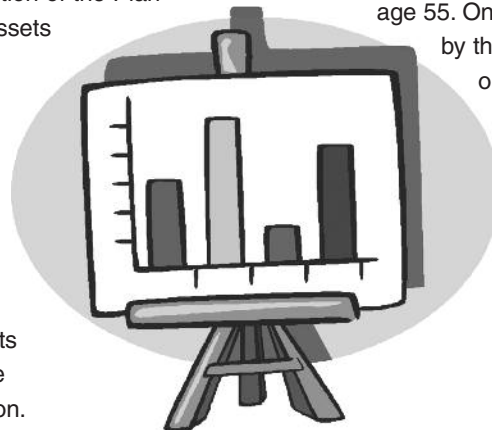
Cost of Living Adjustment Approved for 2010

The Pension Board is pleased to inform all members of the Cost of Living Adjustment (COLA) as of January 1, 2010. The decision to approve or reject COLA (inflation indexing) is made every three years based on the results of the Pension Plan's Actuarial Valuation and Benefits/Funding Test.

In the November 2008 newsletter, we published a summary of the 2008 Actuarial Valuation. The Plan's Actuary advised that the Plan could pay full (100% of inflation) indexing for the next three years or until the next Actuarial Valuation, whichever came first.

As reported in the February 2009 newsletter, the Staff Pension Plan's way of calculating the COLA would change effective January 1, 2010 to match the method and timing of the Canada Pension Plan (CPP) indexing. This change will simplify comparisons between the Staff Pension Plan (SPP) and the CPP. Once the CPP indexing is released, we will publish the 2010 COLA on the SPP website and inform retirees by letter.

The continued payment of indexing is a top priority for the Pension Board. It is a condition of the Plan that if there are not sufficient assets to support benefits, then future indexing is reduced. The 2008 Financial Statements of the SPP showed that the Plan's assets had decreased from \$812.9 million at the end of 2007 to \$643.6 million at the end of 2008, for a loss of \$169.3 million. The Plan's assets as of September 30, 2009 have since recovered to \$701.8 million.



Continuing full indexing in 2012 and beyond will require some combination of a reduction in costs (liabilities) and an increase of the Plan's assets by January 1, 2011, the date of the next Actuarial Valuation. There is time to implement effective cost reduction strategies and for the Plan's assets to recover. As a cost reduction, the Pension Board has recommended the removal of the commuted value option for members age 55 and older. This change, if approved by the Board of Governors, would be effective January 1, 2011. The change is being recommended because it will reduce the Plan's future liabilities. The Plan's Actuary and Legal Counsel have approved the recommended change.

The remaining options will continue for members 55 and older and there will be no change for members under age 55. Once this change has been approved by the Board of Governors, it will be posted on the SPP website and communicated in the February 2010 newsletter.

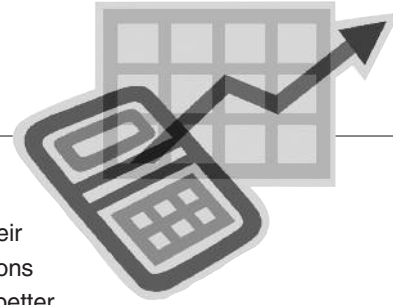
The Pension Board appreciates your understanding and patience as we work together through these challenging times.

Christmas to New Year Closure

The Pension Administration Office will be closed from December 25, 2009 to January 1, 2010, inclusive. We will reopen on Monday, January 4, 2010.

Messages on the general reception line at 604-822-8100 will be monitored periodically during the Christmas closure.

Check out the improvements to *your* myPension tool



What is myPension?

myPension is a customized tool for active members of the Plan to access their personal pension information, review their beneficiary(s), see their contributions and service accruals, and have the ability to calculate pension estimates to better understand pension income for retirement planning. Members can access this tool by logging into www.msp.ubc.ca using their Campus-Wide Login (CWL) ID.



myPension Estimator *upgraded* to reflect July 1, 2009 changes to the Plan

The new pension formula of *1.8% of best 3-year average earnings times years of pensionable service* only applies to service on and after July 1, 2009 and is tied to a flat contribution rate of 6.5%. To ensure no loss of retirement benefits under this new benefit formula a grandparenting provision is applied to every person who was a Plan member prior to July 1, 2009. This ensures that at least the same dollar amount of pension at normal retirement as the old pension formula. The myPension Estimator has been upgraded to take into account this grandparenting provision and is able to apply all the relevant terms of the Plan in estimating what your pension will look like at a future date.

Using the myPension Estimator

The myPension Estimator calculates a monthly pension figure based in part on the information you provide (*see snapshot*) such as an age that you would like to retire at and your marital and spousal information.

Snapshot of myPension Estimator

Personal Information	
At what age do you expect to retire?	65  (up to 71 yrs.)
What is your Spouse's birthdate? (if applicable)	Jan  / <input type="text"/> (YYYY)
What would you like your Estimates to be based on?	<input checked="" type="radio"/> Best Average Earnings (\$43,192.84) <input type="radio"/> Annualized Salary Rate (\$59,601.96)
<input type="button" value="Calculate!"/> <input type="button" value="Clear Form"/>	

Best Average Earnings versus Annualized Salary Rate – Which to use?

Which option to base your estimate on depends on where you are in your career and life, and how long you anticipate you will be an employee at the University.

The **Best Average Earnings (BAE)** is an average of three non-overlapping periods of twelve consecutive calendar months of pensionable service which yields the highest amount. The three years do not need to be consecutive, and may not necessarily be your last three years of pensionable service. If you have less than three years of service, then the average is calculated using all of your pensionable service.

If you foresee yourself leaving the University within a year, the use of the BAE would produce a more accurate estimate of your future pension to assist in your planning needs.

(continued on page 4)

(continued from page 3)

Annualized Salary Rate is a representation of your current salary. This calculation would be based on your *current* month's salary times twelve months of pensionable service.

If you do not plan on leaving the University within two years, and would therefore likely achieve subsequent salary increases during this time period, the Annualized Salary Rate option is the highest benchmark of your salary to date on which to forecast an illustration. Keep in mind that as you accrue pensionable service, your pension also grows.

Please be aware that the calculator is designed to provide you with an *illustration* of how your pension is calculated and should not be used or relied upon for the purpose of retirement planning. *Your actual pension can only be calculated on the information available at the date of your retirement.* If you are within a year of retirement, please contact the Pension Administration Office for an estimate by e-mail at spp@hr.ubc.ca or by telephone at **604-822-8646** or **604-822-8883**.

Pension Options – Are there more options?

All pension benefits are paid for the later of your lifetime or for the guaranteed payment period selected with your pension option. Pension options available to our Plan members vary depending if you are single or have a spouse, and each option has a choice of three guaranteed payment periods. A *guaranteed payment period* is the minimum number of guaranteed pension payments you are guaranteed to receive based on duration of 5, 10, or 15 years.

The myPension Estimator will present your pension option(s) *based on the guaranteed payment period* most commonly selected by our Plan members: 10 years if you are single and 15 years if you have a spouse. If you are within a year of retirement and would like to request an illustration showing all the pension options available to you, please contact the Pension Administration Office.

Learn more about myPension

If you have never used myPension before, or would like to learn more about the capabilities of this customized tool, please visit our myPension resource page at www.pensions.ubc.ca/mypension.html

Helpful Links

Staff Pension Plan

www.pensions.ubc.ca/staff

Information on the Plan, pensions, frequently asked questions, newsletters and articles, and more.

July 1, 2009 Changes to the Plan

www.pensions.ubc.ca/staff/changes_to_plan.html

Information on the changes to the Plan and how it benefits you.

Commonly Used Terms

www.pensions.ubc.ca/staff/terms.html

Pension plans are based on complex legal documents which use very specific pension terms. A list of important terms used pertaining to the Plan is available at this page.

CWL Login

www.cwl.ubc.ca

Obtain a CWL login username and password to access myPension.



Economic Update by UBC IMANT

The UBC IMANT Board of Directors and staff are responsible for determining the Plan's asset mix, investment manager selection, and allocations, in addition to monitoring investment performance and investment alternatives. UBC IMANT reports to UBC's Board of Governors on an ongoing basis and reports to the SPP Board of Directors as required.



Global equity markets experience wild swings of movement as they show signs of recovery

For the first two months of 2009, the Canadian, U.S. and foreign markets experienced significant drops in value in the wake of the global market meltdown that occurred in the latter half of 2008. The Canadian market, as represented by the S&P/TSX, lost 10% in value on top of the 24% that was lost in the last three months of 2008. At the same time, the U.S. market, as represented by the S&P 500, decreased 19% in value (in USD terms), in addition to the 23% that was lost from the end of September 2008 through to the end of that year. The foreign markets, as represented by the EAFE, also experienced similar declines. During this period of uncertainty, the Canadian dollar was volatile relative to the USD and foreign currencies as commodity prices (oil and gas) fell and then recovered.

Since the lows of early March, investors have started to return to the equity markets as the massive government stimulus packages of 2008 and 2009 eased the credit markets and restored some confidence. Equity markets have rebounded from those lows and through September the S&P/TSX increased over 50% and the S&P 500 was up over 57% in value. In the U.S., the S&P 500 experienced more days with 5% swings in value in 2008 and 2009 than it has in the past 50 years. Even so, the Canadian market is still down about 3.0% and the U.S. market down 9% from September 2008, and both are down more than 20% when compared to their highs back in June 2008 and October 2007 respectively. As a result, Canadian and U.S. investors continue to sit on very large cash positions in money market and bond funds as they wait for further signs of a widespread recovery.

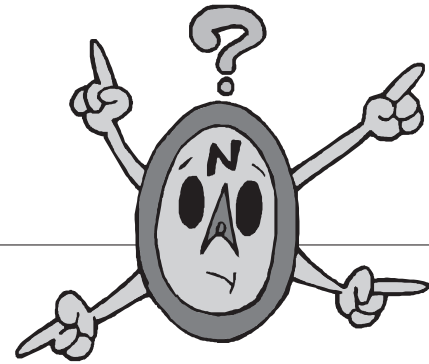
Many areas of the economy remain weak and government deficit levels have skyrocketed (total US debt including governments, consumer and corporate is at an all-time high even with consumers paying down debt and increasing their savings level). While there are divergent views on when or if inflation becomes an issue, given the amount of cash injected globally into the system one would expect some inflationary pressure and the period of falling tax rates to be over. Continued high unemployment levels and low capacity utilization levels across the globe will temper inflation over the near term.

Three areas of concern include a weakening commercial real estate market, increasing default rates on high yield debt and significant debt rollovers coming due in 2013 and 2014 leading to pressure on interest rates.

Impact on the Staff Pension Plan

Total fund return through the end of September 2009 is 4.5%, given the volatility and uncertainty seen in the markets, the final 2009 return number is impossible to predict. Members will recall that the fund is broadly diversified across all asset classes. While our public equity managers are benefiting from the recovery in the markets, the private equity and real estate funds have not participated to the same degree due to lags in pricing (these lags initially protected the fund as the downturn started last year) and for the real estate funds in particular, a soft global real estate market.

We need your help to locate missing members



The Pension Administration Office needs your help in finding deferred and retired members of the Plan with whom we have lost contact with over the years. These Staff Pension Plan members may be entitled to benefits from the Plan. If you have **any** information on the addresses, phone numbers, emails, contact information of family, friends, and relatives, or even connections through social media tools, for the members listed below, please contact the Pension Administration office at spp@hr.ubc.ca, or fax the details to **604-822-9471**. Any information you can provide to us would be greatly appreciated and helpful in our search, and would remain strictly confidential.

Name	Dept	Left UBC	Name	Dept	Left UBC
Masoud Aftaita	METL	Dec-00	Janice N. Lee-Thiem	CDSC	Sep-97
Rouzbeh Allahverdi	TRMF	Dec-05	Calvin Lin	TRMF	Dec-04
Suzanne Baylis	UKWN	Mar-05	Chih Alice Lin	UKWN	Nov-90
Lise Blouin	GIST	Mar-03	Lorraine Nelos	UKWN	Apr-91
Megan Clark	CCHR	Oct-03	Radu Oprea	MECH	Jun-00
Mency D.L. Clemente	FIND	Feb-97	Hong Pham	FORM	Sep-97
Tao Dai	HCEP	Jul-94	Zahra Samadi-Bahrami	PATH	Feb-02
Justine A. Dainard	MUSA	Jul-07	Terri Lynn Sosa	CMMT	Sep-07
Michelle Hopkins	LAWF	Aug-95	Alison Stack	RSAD	Jul-05
Brenda Hoyle	NURS	Jun-04	Norma Thomson	FMPR	Jun-93
Raymond Huie	UKWN	Sep-02	Marina Michailovna Verenitch	ANSC	Mar-00
Shahid Khan	CPCT	Dec-96	Xiao Hua Wang	HCEP	Dec-99
Richard Kobayashi	PURC	Feb-07	Ji Yuan	PATH	Dec-03
Gene Abston	PASS	Sep-02			

