



staff pension plan update

UBC and the Staff Pension Plan

Understanding how your pension plan works

In the February and May 2013 *Staff Pension Plan (SPP) Update* newsletters, we wrote about two important aspects of the SPP's design: how the Plan is funded and what happens if the Plan is over or underfunded. In this article, we will look at the relationship between the University of British Columbia (UBC) and the SPP and why it makes sense for UBC to sponsor a pension plan designed like ours.

Why does UBC sponsor the SPP?

In Canada, employers are not required to sponsor a pension plan for their employees, and only about 39% of workers in Canada are covered by an employer sponsored pension plan.¹ UBC chooses to sponsor the SPP for two key reasons:

Fostering an Outstanding Work Environment

One of UBC's commitments is to foster an outstanding work environment for staff and faculty. As an employer, UBC strives to be a healthy and inspiring workplace that cultivates wellbeing, both professionally and personally; this includes helping you to save for your future and/or prepare for your retirement. Your pension benefit from the SPP is an important component of your total rewards package. In addition to the SPP, UBC also provides compensation, health, medical and dental benefits, programs and opportunities that contribute to your overall health, development, and wellbeing. To learn more about staff opportunities and benefits, please visit the UBC Human Resources website at www.hr.ubc.ca.

Providing sustainable stable lifetime pensions

The purpose of the SPP is to provide sustainable, stable lifetime retirement pensions for its members. Over the last 40 years, the Plan's design has changed to ensure that this objective is met. Today, the current design of the Plan is recognized by the pension industry as a model for providing long term sustainable pensions. The two key aspects of the Plan's design that make the SPP plan design a model for providing sustainable pensions are:

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- **Fixed contribution rate** – As described in the February 2013 *SPP Update*, UBC and its related employers make a fixed contribution each month, in addition to monthly member contributions, to help fund the overall Plan. A fixed contribution rate also allows UBC to predict its costs, which is important for public sector employers that manage several complex operating budgets. UBC and its related employers have a responsibility to make fixed contributions to the Plan whether the Plan is well-funded or not. Moreover, they do not have any entitlement to the SPP funds – all money contributed belongs to Plan members.
- **Target benefit funding policy** – The fixed contribution rate also means that if there is insufficient money to pay pension benefits and indexing (inflation adjustments), the Plan's target benefit funding policy allows benefits and indexing to be adjusted as required. Therefore, the risk is shared collectively by the Plan's members and not by UBC.

Working together on the Plan's future

The SPP Board continues to work with the UBC Board of Governors and the University to ensure that the Plan remains sustainable. As reported in the February 2012 *SPP Update*, the University's Board of Governors approved a new governance policy for the SPP. The *Terms of Reference and Governance Policy* outlines the obligations and duties of the SPP Board, the University, UBC Board of Governors, and Plan advisors in the governance of the Plan. Furthermore, the SPP Board provides regular quarterly updates to the UBC Board of Governors on key areas of the Plan such as:

- Actuarial and funding status of the Plan;
- Risk management;
- Member communications; and
- Changes to the SPP Board composition, Pension Administration Office staff, or the Plan's service providers.

To learn more about the Plan's governance and governance policy, please visit the Plan Governance section of the Plan's website.

In Closing

This article concludes this series on how your pension plan works. The SPP has been designed to be sustainable over the long term. As announced in our November 2012 *SPP Update*, important changes are on the way for pension plans registered in British Columbia. A new Pension Benefits Standards Act (PBSA) is anticipated to become law which introduces provisions for a new class of pension plan called Target Benefit Plan. Since our last newsletter, the Plan received an update from our advisors that the new PBSA regulations should be released in late 2014 or early 2015. The SPP Board will continue to work with the UBC Board of Governors and the University and with the Plan's advisors in preparation for these new regulations. We anticipate that these regulations will be helpful in the administration of the Plan as they will specifically address the Plan's unique design. ■

¹ Source: Registered Pension Plan (RPP) and Retirement Savings Coverage (Canada), Report produced by the Office of the Superintendent of Financial Institutions Canada http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/oca/FS_RPP_2010_e.pdf

Pension Plan Evolution

Interested in the topic of sustainability of pension plans? The Ontario Teachers' Pension Plan has co-produced a documentary called "Pension Plan Evolution," which looks at the economic and demographic realities facing pension plans globally, and how these plans are addressing issues such as pension plan sustainability, retirement security, and generational equity.

We have provided a link to the documentary on the Plan's website (www.pensions.ubc.ca/staff) as it is relevant to the Staff Pension Plan and will help you understand some of the challenges facing pension plans today.

Help us find these members

The Pension Administration Office needs your help to find SPP members who we have lost contact with over the years and may be entitled to benefits from the Plan. If you have any contact information (addresses, phone numbers, e-mails, contact information of family, friends, or relatives, or even connections through social media networks such as Facebook and LinkedIn) for the members listed below, please contact the Pension Administration Office at spp@hr.ubc.ca, or fax the details to 604.822.9471.

Name	Left UBC	Department
Cioci, Nicholas	March 2001	IT Services
Dai, Tao	July 1994	Health Care & Epidemiology
Fandrich, Larissa Mae	May 1999	Zoology
Gregg, David J.	September 2005	Wood
Khan, Shahid	December 1996	IT Services
Lee-Thiem, Janice N	September 1997	Clinical Dental Services
Lin, Chih Alice	June 1990	Unknown
Oprea, Radu	June 2000	Mechanical Engineering
Pham, Hong	September 1997	Forest Resource Management
Thomson, Norma	June 1993	Family Practice
Tom, George	July 2000	Plant Operations
Zachidniak, Karin	May 1996	Infectious Diseases Division

Pension Administration Office Holiday Closure

The Pension Administration Office will be closed from noon on December 24, 2013 to January 1, 2014 inclusive. The office will reopen on January 2, 2014. If you have an urgent pension inquiry during the holiday closure, please leave a message at 604.822.8119. These messages will be monitored daily over the holiday period.

Lump sum payments for December will be mailed on December 24, 2013 to members who have requested that payments be mailed to them. Members who prefer to pick up their payments will be contacted when their cheque is ready for pick up. Please note that any cheques marked for pick up, which have not been claimed by noon on December 24, 2013, will be put in the mail.

The SPP Board and PAO staff wish you and your family a safe and happy holiday season. ■



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www.pensions.ubc.ca/staff

Retiree Information Update Letter

Each year, we mail retirees a Retiree Information Update form to help us confirm that their information on file is still up-to-date. Thank you to our retirees who completed and returned this year's form. If you have received this form and have not yet returned it, we would appreciate it if you would please complete the form and return it to our office. If you have any questions regarding the Retiree Information Update letter, please e-mail us at spp@hr.ubc.ca. ■

Changes to Old Age Security

The Government of Canada has introduced changes to Old Age Security (OAS) designed to help the program remain on a sustainable path. One of these changes includes a voluntary deferral of OAS pension option that came into effect on July 1, 2013. To learn more about these changes, please visit www.servicecanada.gc.ca/eng/isp/oas/changes/index.shtml ■

Another Great Pension Fair

The SPP Board and Pension Administration Office staff and management would like to thank all members who attended the annual Pension Fair on June 6, 2013. It was another successful event with over 300 members in attendance. Each year, this event is an opportunity for new UBC staff and current plan members to learn more about their pension plan and SPP benefits.

Missed the Pension Fair? Visit the FAQ page under the QuickLinks at the SPP website to read the frequently asked questions from Plan members.

Save the Date - Don't miss out on the next pension fair - mark **June 5, 2014** in your calendar. ■

Missed an issue of the *SPP Update*?

Past issues of the Plan's newsletter, *SPP Update*, are available in the Library section of the Plan's website.

This newsletter has been compiled by the Staff and Pension Board Members of the University of British Columbia Staff Pension Plan from information provided to them. If there is any inconsistency between the contents of this newsletter and the pension plan trust or legislation, the trust and legislation will prevail. If you wish to contact a SPP Board Director, contact information is available on the Plan's website.