



staff pension plan update

UBC Staff Pension Plan: Looking back and looking forward

As announced in the last issue of the *Staff Pension Plan (SPP) Update* newsletter, Jay Parker, Executive Director for the SPP, retires in 2015. A succession plan for his retirement was approved by the SPP Pension Board in 2014, which included an opportunity to restructure the senior leadership team for the UBC Pension Administration Office. Orla Cousineau, Executive Director, Pensions and Debbie Wilson, Associate Director, Pensions were hired in 2015 to form the new leadership team.

We sat down with Jay, Orla, and Debbie to look back at some of the major milestones for the UBC SPP as well as to look ahead to what we can expect in the future.



Left to right: Orla Cousineau, Jay Parker, and Debbie Wilson

QUESTION: Jay, looking back, what are some of the major milestones in the 44-year history of the UBC SPP?

JAY: The first 20 years of the Plan were smooth; there were many active members making contributions to the Plan with very few retired members receiving pensions. However, by the mid-1990s, the Plan's demographics shifted, the number of retirees increased and members were living longer, which made it more expensive to administer the Plan. Since 1995, the SPP Board has been working closely with their advisors to make important decisions and changes to help ensure the Plan is sustainable and equitable going forward. The SPP Board established that the primary purpose of the Plan is to provide stable lifetime retirement pensions for members. Key milestones that support this purpose include:

- increasing member contributions to provide an improved pension benefit;
- protecting the Monthly Lifetime Pension option by removing the Lump Sum payment option for members age 55 and over;
- strengthening the governance of the Plan by establishing a new governance policy; and
- working with the Plan's advisors to develop a new asset mix policy to reduce investment risk and protect the Plan's basic pension benefit.

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QUESTION: Orla and Debbie, where were you before you came to UBC? What drew you to pursue your current roles at the UBC Pension Administration Office?

ORLA: After I graduated from the UBC Faculty of Law, I practiced law with a Vancouver law firm for a few years. I then moved to Mercer, a global consulting firm, where I worked for 27 years specializing in pension consulting. I was an advisor to several large jointly trustee pension plans and provided advice to a number of large corporations on the ongoing management and oversight of their pension funds.

I was familiar with the success of both the UBC Staff and Faculty Pension Plans, and saw this as a great opportunity to use my skills and experience. My favorite part of my job at Mercer was working with engaged Boards and being their trusted advisor. The UBC Pension Administration Office represented the opportunity to work more closely with two Boards and to be part of the team, not just an advisor. It's my 'dream job.'

DEBBIE: I was a pension consultant with Mercer for over 20 years, and then I moved to Simon Fraser University (SFU) where I was the Director of Pensions and Benefits for the last three years. While I was working at SFU, I was appointed to the UBC Staff Pension Plan Board of Directors. Since 2012, I had the opportunity to work not only with the Board of Directors, but also with many of the staff of the Pension Administration Office. I could see that the PAO was a great team, who take pride in their work and also have fun. That made my decision to join UBC an easy one.

QUESTION: Orla and Debbie, what do you hope to bring to the UBC SPP and Pension Administration Office as you take the helm? What are your priorities for the next year?

ORLA: With my legal background and Debbie's actuarial background, we hope to bring strong leadership to the UBC Pension Administration Office, and continue to build on the great work that has been done. The UBC SPP is a well-governed pension plan which includes a strong team at the UBC Pension Administration Office. Important steps have been taken to ensure we remain focused on the long term sustainability of the Plan.

DEBBIE: We will also be looking for efficiencies in the administration of the Plan and specifically looking at improving existing technology and implementing an electronic communications strategy.

QUESTION: Are there any notable opportunities or challenges for the Plan in the near future?

DEBBIE: In terms of economic challenges, there has been a long period of historically low interest rates and the outlook for the immediate future is similar. When there are low interest rates, it costs the Plan more to provide future pension benefits. Furthermore, with today's volatile stock markets, we can anticipate a period of lower expected returns on pension fund assets. Another important factor is that members and retirees are living longer, which means that pensions are paid for a longer period of time, which also increases the costs of the Plan.

JAY: The good news is that for several years the SPP Board has been working with its advisors to address these issues and have made changes to the Plan's design and investment asset mix policy to help make the Plan sustainable for the long term, and to protect the Plan's basic pension benefit so that we can continue to provide stable lifetime retirement pensions for our members.

ORLA: Also, when we look at the demographics of the Plan, the Plan is in a healthy situation where we have a good balance of active members and retirees. Active members contributing to the Plan are important as contributions into the Plan (both employee and employer) along with investment earnings, fund the overall Plan which in turn, includes pension benefits paid to retirees. As UBC celebrates its centennial year, the SPP marks its 44th year in operation and continues to look forward to the future.

QUESTION: Jay, any other comments you would like to add? What are you looking forward to most in retirement?

JAY: When I retire on October 1, 2015, I will have worked for a total of 39 years - almost 24 of those years have been with UBC. It has been a very rewarding experience and a great deal has been accomplished. I am delighted that Orla Cousineau and Debbie Wilson will be the new leadership team for the UBC Pension Administration Office. They have the necessary skills and experience to carry on the objectives of the SPP Board and to oversee the opportunities and challenges going forward. I am also happy to report that I will continue as a Director on the SPP Board until the end of 2017.

In retirement, I am looking forward to having the freedom to do whatever I want which will include spending more time reading, exercising, visiting friends and sipping a nice glass of wine. ■

New British Columbia Pension Benefits Standards Act

In the November 2012 issue of the *Staff Pension Plan (SPP) Update* newsletter, we reported that a new British Columbia Pension Benefits Standards Act (BC PBSA) had been approved which would affect the SPP. This new legislation came into force on September 30, 2015.

Although the legislation introduces a new plan design called a Target Benefit Plan, it does not specifically address our Plan at this time. For now, the UBC SPP will continue to be regulated as a Defined Benefit Plan.

What is a Target Benefit Plan?

To learn more about Target Benefit Plans, please refer to the "Understanding how your pension plan works" articles in the February and May 2013 issues of the *SPP Update* newsletter available in the Library on the Plan's website.

Also, as a result of the new legislation, the SPP Board has approved required amendments to the Plan, effective September 30, 2015, to comply with the new BC PBSA. A revised Plan Text will be posted in the Plan Governance section of the Plan's website in late 2015. The following are a couple of changes that may be of interest to members:

1. Calculation of Small Pensions

Under the new BC PBSA, there is now only one formula used for determining small pension eligibility. If the commuted value of your pension is less than 20% of the Canada Pension Plan (CPP) Yearly Maximum Pensionable Earnings (YMPE) for the calendar year in which the commuted value was determined, then you will receive a lump sum payment instead of a pension.

For example, in 2015, 20% of the YMPE is \$10,720. This means that a member leaving UBC whose commuted value of their pension is less than \$10,720 will receive a lump sum payment from the Plan, instead of a pension.

What is a Commuted Value?

A commuted value is the lump sum present value of the pension benefits to which a person is entitled under the Plan. The value is calculated by an Actuary in accordance with the BC PBSA and takes into account several variables such as life expectancies and interest rates at the time of payment.

2. Removal of split lump sum payments

If you leave UBC and are eligible for a lump sum payment from the pension plan, you are required to receive your plan benefit in one installment. There is no longer a provision for receiving your lump sum payment in two installments. ■

Plan eligibility changes for CUPE 116 Hourly Employees

As part of the recently renewed collective agreement between CUPE 116 and the University, the Plan's eligibility rules have changed for CUPE 116 hourly employees. Effective October 1, 2015, CUPE 116 hourly employees

are eligible to join the SPP when they have completed at least 12 months of continuous employment in which they earned at least 35% of the YMPE in effect for the year the 12-month period concludes. ■

Plan custodian change from RBC Investor Services to Northern Trust

In 2014, the UBC Staff Pension Plan's (SPP) investment manager, UBC IMANT, recommended to the SPP Board and the University that a review be undertaken of the plan custodian for both the SPP and UBC Endowment Funds. RBC Investor Services had been the custodian for both funds since 1999.

A consultant with expertise in custodial searches was hired and a Request for Proposal was sent to three potential candidates, including the incumbent, RBC Investor Services. Each firm was interviewed and references were checked. Northern Trust was recommended and approved as the new custodian for the SPP and the UBC Endowment Fund. Northern Trust was selected as the Plan's new custodian as they ranked the highest in the following areas:

- Strong commitment to the custody business
- Dedicated, experienced, pro-active and responsive client service team with proven track record
- High quality online reporting and administrative tools.

In early July 2015, the SPP assets were transferred from RBC Investor Services to Northern Trust and the first pension payments were made in August 2015. ■



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What is a Plan Custodian?

Every pension plan is required to have a fund holder, or custodian, who holds the pension fund's assets exclusively for the pension plan. The SPP funds are held separate and apart from the University's assets and from the plan custodian's assets. Once the contributions are paid into the SPP pension fund by the University and members, the monies belong to the pension fund and must be administered and invested in accordance with pension legislation. The custodian is responsible for safekeeping of the pension fund in a manner that is required by pension legislation, meeting reporting and recordkeeping responsibilities, and making benefit payments to plan beneficiaries. The custodian needs to have a fully integrated custody, accounting, reporting and cash management system.

Upcoming Pension Payments for SPP Retirees: December 2015 and January 2016

Pension payments are paid on the first day of each month; however, when the first of the month is on a weekend or a statutory holiday, your financial institution may not deposit your pension payment into your bank account until the next business day.

The December 2015 pension payment will be made on Tuesday, December 1, 2015.

The January 2016 pension payment will be made on Monday, January 4, 2016 or earlier, depending on your financial institution.

Retiring soon?

Did you know the SPP offers one-on-one Retirement Information Sessions? If you are within a year of retirement, you are encouraged to schedule a Retirement Information Session (RIS) at the Pension Administration Office to review your retirement options in more detail. If you have a spouse, you are encouraged to bring them with you so you both understand your options. To book a RIS, please call a member of our staff at 604.822.8883 or 604.822.8119. ■

New Pension Board Director Appointment

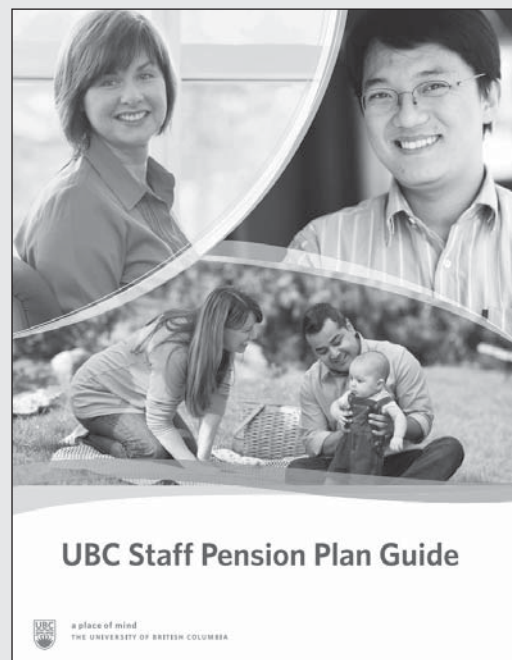
Barry Gros has been appointed by the UBC Board of Governors as an SPP Board Director for the term of October 1, 2015 to December 31, 2015 and for a four-year term effective January 1, 2016 to December 31, 2019. Mr. Gros is a senior actuary with 35 years' experience in the pension industry and has been a Fellow of the Canadian Institute of Actuaries since 1982. He holds a Bachelor of Science in Mathematics degree. He recently retired and is a member of the C.D. Howe Institute Pension Policy Council. For information on the Plan's Board Directors, please visit the Plan Governance section of the website. ■

September 2015 Quarterly Report

As required by the Plan's governance policy, the SPP Board presented a quarterly report to the UBC Board of Governors on September 18, 2015. To read this report and to learn more about the Plan's governance policy, please visit the Plan Governance section on the Plan's website. ■

Have you checked out the new SPP Guide?

We have redesigned our SPP Guide, which is a comprehensive guide about your pension benefits and how the pension plan works. The SPP Guide is available in the Library on the Plan's website.



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Pension Administration Office Holiday Closure

The Pension Administration Office will be closed from noon on December 24, 2015 to January 1, 2016 inclusive. The office will reopen on January 4, 2016. 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 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, will be put in the mail.

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



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.

There are eight directors plus an independent chair working on your and the Plan's behalf. If you have any questions regarding the Plan and would like to contact a board director, please visit the Contact Us page on the Plan's website at pensions.ubc.ca/staff/contact.html