

The Pensioner

NEWSLETTER FOR PENSIONERS OF THE UBC STAFF PENSION PLAN

December 2023

Actuarial Valuation Results: Key takeaways for Pensioners

Every three years, the UBC Staff Pension Plan ("SPP" or "the Plan") is required by pension legislation to undergo a financial check-up called an actuarial valuation.

Actuarial valuations are just one of the ways that the SPP Board proactively manages risks by monitoring the Plan's financial position. Conducted by the Plan's actuary, this process provides essential information that helps the SPP Board keep your pension plan sustainable for the long term.

The following are key takeaways from the actuarial valuation as at December 31, 2022:

1. The information from the actuarial valuation helps to determine the level of cost-of-living adjustment that the SPP can afford to pay on your pension.

The SPP pays you a lifetime pension when you retire. When plan funding allows, cost-of-living adjustments (also known as COLA, inflation adjustments, or post-retirement indexing) are provided to all pensioners to help your pension keep pace with increases to costs of living.

Since the SPP is a target benefit plan, the actuarial valuation helps the SPP Board determine the level of cost-of-living adjustments the Plan can afford to pay. Although future cost-of-living adjustments are not guaranteed, every adjustment you receive becomes part of your pension going forward. Therefore, your pension will increase over time with future inflation adjustments.

2. The SPP, at present, is well-funded and sustainable for the long term. You will receive a cost-of-living adjustment on your pension of 70% of inflation.



Your pension from the SPP continues to be stable and will be paid for your lifetime. You will not outlive your pension. On January 1st for the next three years (2024 to 2026), you will receive a cost-of-living adjustment of 70% of inflation that will become part of your pension each year.

Since 2011, an increase to SPP pensions has been granted of 50% of inflation each year. Based on this current valuation, the SPP Board has determined that the Plan is able to change the rate from 50% to 70% of inflation.

For specific examples to help you understand how the results affect cost-of-living adjustments for the next three years, refer to the "*SPP Actuarial Valuation as at December 31, 2022: How will the results affect SPP Members?*" document at staff.pensions.ubc.ca/valuationresults2023.

...continued on next page



Actuarial Valuation Results continued...

3. The level of cost-of-living adjustment will be evaluated again in 2026

Regularly scheduled actuarial valuations are important for keeping an eye on the financial health of the Plan. The data used for this actuarial valuation is based on a snapshot of the SPP from December 31, 2022. The next actuarial valuation for the SPP will occur in 2026, and data at December 31, 2025 will be used for that valuation. At that time, there will be new results available. Depending on the Plan's financial situation, the level of cost-of-living adjustments that the Plan can afford to pay may stay the same, decrease or increase.

In summary, the SPP is currently well-funded and sustainable for the long term. The SPP Board is proactively managing risk in the Plan through regular monitoring of the Plan's financial position. In addition to the actuarial valuation, the SPP Board also receives quarterly funding reports from the Plan's actuary to stay on top of the Plan's funding status in between actuarial valuations. You can have peace of mind knowing that the SPP pension you have earned is in good hands.

For more information about the actuarial valuation, visit staff.pensions.ubc.ca, and select **Plan Governance > Actuarial Valuations**.

What is inflation?

The SPP uses the Consumer Price Index (CPI) for inflation. Developed by Statistics Canada, the CPI is a measure of the rate of price change for goods and services bought by Canadian consumers. Each month, the CPI is obtained by determining the cost of a fixed basket of goods. The basket of goods consists of food, shelter, clothing, transportation, health care and other household expenditures.

Learn more about the actuarial valuation



Listen to the *Pension Airwaves* podcast episode on "What is an Actuarial Valuation?" at staff.pensions.ubc.ca/podcast

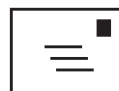


Read the October 2023 issue of the *SPP Update* newsletter at staff.pensions.ubc.ca/news/newsletters



Watch a video of the *SPP Lunch & Learn: Actuarial Valuation Results 101* at staff.pensions.ubc.ca/governance/actuarial-valuations

New to myPension: Contact information changes



You can now make updates to your contact information, including phone, email and mailing address, through myPension. Log in at my.pensions.ubc.ca and select the *Communication Preferences* tab to make changes.



For more information about making changes to your address or personal information, visit staff.pensions.ubc.ca and select **Life Events > Changing your Address or Personal Information**.

2024 Cost-of-Living increase to your SPP Pension

On January 1, 2024, the lifetime pension you receive from the UBC Staff Pension Plan will **increase by 3.08%**.

This increase will be automatically applied to your pension, beginning with your January payment.

How is the SPP cost-of-living adjustment calculated for 2024?

In order to calculate the cost-of-living adjustment for the SPP, we use the average of the Consumer Price Index (CPI) for the 12-month period ending in October, and compare it to the average for the same period the previous year. This is the same method that the Government of Canada uses to determine the increase that will be applied to your Canada Pension Plan benefit on January 1, 2024. For example, here is how we calculate the increase to your SPP pension on January 1, 2024:

Step 1: We determine the inflation rate using the formula below:

$$\frac{\text{Average CPI (November 2022 to October 2023)}}{\text{Average CPI (November 2021 to October 2022)}} = 4.4\%$$

Step 2: Multiply the rate determined in Step 1 by the level of indexing confirmed in the most recent actuarial valuation for the SPP. As mentioned earlier, the level is now 70% of inflation.

$$70\% \text{ of } 4.4\% = \mathbf{3.08\%}$$

You will receive a 3.08% cost-of-living adjustment increase on your pension starting January 1, 2024. This amount becomes part of your pension going forward and will be subject to future cost-of-living adjustments of 70% of inflation until 2026.

What if I retired in 2023?

If you retired in 2023, you will receive a prorated cost-of-living adjustment on January 1, 2024. For example, if you retired July 1, 2023, your pension will be prorated for the six months that you received a pension as shown below:

$$\frac{6 \text{ months}}{12 \text{ months}} \times 3.08\% = 1.54\%$$

On January 1, 2024, you will receive a cost-of-living adjustment increase on your pension of 1.54%. After 2024, you'll receive the full SPP cost-of-living adjustment and it will not be prorated.

Pension Office Holiday Closure

The UBC Pension Administration Office will be closed from December 25, 2023 to January 1, 2024 inclusive. We will return on Tuesday, January 2, 2024.

If you have an urgent pension inquiry during the holiday closure, please leave a message at 604-822-8119. These messages will be monitored over the holiday period.

The SPP Board, management and staff wish you and your family a safe and happy holiday.

myPension: Your pension information 24/7

Log in to myPension to do the following:

- View your pension information and beneficiaries
- Update your communication preferences for your annual statement and newsletter.
- Update your contact and mailing information to stay connected with the SPP
- View and/or print a current or past annual statement

For assistance with accessing myPension, visit staff.pensions.ubc.ca/my pension

Are you a member of the UBC Retirement and Survivor Benefits (RSB) Program?

If you have questions about your RSB benefits, please contact the UBC Benefits team.

Visit hr.ubc.ca/benefits/contact-benefits for contact information. Information about this program can be found at hr.ubc.ca/benefits/benefit-plan-details/retirement-survivor-benefits.

Keep your information up to date

It is important to keep your information up to date with the Pension Administration Office, especially if there are changes to your mailing address, contact or banking information, power of attorney, beneficiaries and marital status. Our contact information is listed in the section below.

How to contact us

UBC Staff Pension Plan
Pension Administration Office
201 - 2389 Health Sciences Mall
Vancouver, B.C. V6T 1Z3 Canada

Please contact your Member Services representative below:

Last Name A, P - R, Y, Z

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For hours of operation and directions to our office, visit:

staff.pensions.ubc.ca/contact