

SUBJECT	UBC STAFF PENSION PLAN AUDITED FINANCIAL STATEMENTS 2016
MEETING DATE	SEPTEMBER 21, 2017

Forwarded to the Board of Governors on the Recommendation of the President

**APPROVED FOR
SUBMISSION**



Santa J. Ono, President and Vice-Chancellor

	For Information
Report Date	July 19, 2017
Presented By	Lisa Castle, Vice-President Human Resources Orla Cousineau, Executive Director, Pensions

EXECUTIVE SUMMARY

The Financial Statements of the UBC Staff Pension Plan (the “Plan”) for the year ending December 31, 2016 received an unqualified audit opinion from Deloitte LLP. The Financial Statements are filed with the Board Secretary.

INSTITUTIONAL STRATEGIC PRIORITIES SUPPORTED

- Learning
 Research
 Innovation
 Engagement
 International
 (Internal / External)

or Operational

DESCRIPTION & RATIONALE	The UBC Board of Governors has governance and fiduciary duties for the administration of the UBC Staff Pension Plan. UBC acting through the Board of Governors and senior management, is the sponsor and administrator of the UBC Staff Pension Plan.
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BENEFITS	The audited Financial Statements must be filed with the Superintendent of Pensions and this was done in June 2017.
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Learning, Research, Financial, Sustainability & Reputational

Appendix: UBC Staff Pension Plan Summary

- The Staff Pension Plan (the Plan) was established in 1972, as a target benefit pension plan with fixed contribution rates for the Plan members and the University.
- The administration of the Plan has been delegated by the UBC Board of Governors to the Pension Board of the Plan as described in the Pension Board Terms of Reference and Governance Policy, effective February 2, 2012.
- Amendments to the Plan text are recommended by the Pension Board, reviewed by the University and approved by the Board of Governors.
- The members contribute 6.5% of their salary and the University’s contribution rate is approximately 8.7% of members’ salaries.
- The most recent actuarial valuation was conducted as at December 31, 2016. The Plan’s Actuary determines if the Plan is adequately funded based on the Plan’s funded status at the date of the valuation and projections of funding adequacy for 25 years into the future.
- The Plan’s funding policy for balancing benefits and funding requires that benefits be reduced if there is not adequate funding. University contributions continue unchanged at the fixed contribution level whether the Plan is under or overfunded.
- The Benefits/Funding Test that was performed as part of the last actuarial valuation, as at December 31, 2016, revealed that a margin of 12.1% permits the Plan to support full formula benefits (both accrued and future), expenses and indexing of all benefits at 50% of the change in the Consumer Price Index (CPI).

Facts At A Glance (as at December 31, 2016)

(\$ Figures in Millions)	2016	2015	2014	2013	2012
Total Membership	11,957	11,436	11,207	10,700	10,025
Active Members	7,614	7,366	7,435	7,164	6,706
Deferred Members	2,001	1,895	1,779	1,646	1,566
Retired Members	2,342	2,175	1,993	1,890	1,753
Total Fund Value	\$1,486.7	1,365.3	\$1,274.6	\$1,098.5	\$979.9
Total Contributions (Member + University)	\$68.5	\$66.2	\$64.6	\$61.6	\$56.8
Retirement Benefits Paid	\$33.0	\$30.4	\$27.6	\$25.4	\$23.0
Refunds and Transfers Out	\$12.6	\$12.6	\$9.8	\$12.4	\$11.8
Gross Rate of Return	7.69%	5.58%	14.51%	10.04%	9.79%
Net Rate of Return	7.29%	5.08%	14.02%	9.42%	9.32%
Operating Expenses as a % of the fund	0.13%	0.12%	0.15%	0.14%	0.17%
Investment Expenses as a % of the fund	0.56% ¹	0.38%	0.32%	0.48%	0.35%

¹ In 2016 the recording of expenses was changed to an accrual basis from a cash basis, and includes investment fees charged directly from the investment funds which do not impact cash flow.