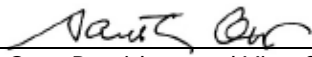


<b>SUBJECT</b>	<b>UBC STAFF PENSION PLAN (SPP) 2018 GOVERNANCE AND ANNUAL REPORT</b>
<b>MEETING DATE</b>	<b>JUNE 5, 2019</b>

Forwarded on the Recommendation of the President

**APPROVED FOR  
SUBMISSION**

  
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 Santa J. Ono, President and Vice-Chancellor

**FOR INFORMATION**

<b>Report Date</b>	April 30, 2019
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**Presented By** Barbara Meens Thistle, Vice-President Human Resources  
 Orla Cousineau, Executive Director, Pensions

**EXECUTIVE SUMMARY**

**Staff Pension Plan (SPP) Annual Governance Report for the calendar year 2018**

On an annual basis, the UBC Staff Pension Plan (SPP) Pension Board provides a report to the UBC Board of Governors on the Staff Pension Plan’s (“the Plan”) compliance with applicable laws, the Plan’s internal policies, including the SPP Board’s Terms of Reference, the Plan’s Governance Policy, and the Statement of Investment Policies and Procedures.

The UBC Staff Pension Plan Pension Board has reviewed and approved the 2018 Annual Report and confirms that the UBC Staff Pension Plan is compliant with legislation, internal governance policies, and regulatory guidelines.

**Attachments:**

A copy of the Annual Report from the Staff Pension Plan Board for the calendar year 2018 is attached.

**STRATEGIC CORE AREAS SUPPORTED**

- People and Places     
  Research Excellence     
  Transformative Learning     
  Local / Global Engagement

**DESCRIPTION & RATIONALE** The Annual Report confirms there is a robust governance structure in place, and that the Board of Governors is discharging its oversight responsibility for the UBC Staff Pension Plan.

**The University of British Columbia**

**Staff Pension Plan**

**Annual Report from Staff Pension Board**

**for the calendar year**

**2018**

Approved by the UBC Staff Pension Plan Board  
On March 12, 2019

# The University of British Columbia Staff Pension Plan

## Annual Report

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### 1 PURPOSE OF THIS REPORT

The University of British Columbia (the “**University**”) sponsors the University of British Columbia Staff Pension Plan (the “**Plan**”). The Plan provides benefits to non-faculty staff of the University and several related employers and bargaining agents. The Plan is registered under the *Pension Benefits Standards Act* (British Columbia) (the “**PBSA**”) and the *Income Tax Act* (Canada) (the “**ITA**”). It is a target benefit plan design, which means that benefit levels are defined, and the Plan is funded by fixed contributions from the Plan members and the University, as defined in the Plan text. The University contribution rate is 9.4% of pensionable earnings, and the employee contribution rate is 6.5% of pensionable earnings. A benefits funding test is used to enable the coordination of benefit levels and available funding.

The University of British Columbia Staff Pension Plan Pension Board (the “**Pension Board**”) has been established to perform administration duties related to the Plan and to oversee the Plan’s compliance with governing legislation and regulatory guidelines. The Pension Board meets at least four times per year to oversee the administration of the Plan, supervise agents, review and direct the investment of the Plan’s assets, receive reports and provide direction in respect of projects that the Pension Board has initiated. The Pension Board meetings are minuted.

As part of its regular duties the Pension Board completes this Annual Report to update the Board of Governors on key plan developments, including investment and funding matters.

### 2 OVERVIEW OF PLAN ADMINISTRATION

In May 2019, the Pension Board will issue the “Staff Pension Plan 2018 Annual Report”. This is the Pension Board’s annual report to the members and Plan stakeholders. It will provide an update on the Plan’s investments and the changes made to the Statement of Investment Policies and Procedures, effective January 1, 2019.

As of December 31, 2018, the Pension Board was comprised of the following individuals:

Name	Position	Term
Barry Gros	Independent Chair (non-voting)	January 1, 2018 – December 31, 2021
Joanna Carson	Appointed Board Member	January 1, 2018 – December 31, 2021
Mike Leslie	Appointed Board Member	January 1, 2017 – December 31, 2020
Alan Marchant	Elected Board Member	January 1, 2017 - December 31, 2020
Michal Jaworski	Elected Board Member	January 1, 2017 – December 31, 2020
Laura O’Neill	Appointed Board Member	February 15, 2016 – December 31, 2019
Peter Smailes	Appointed Board Member	January 1, 2015 – December 31, 2018
Brian Evans	Elected Board Member	January 1, 2015 – December 31, 2018
Karen Ranalletta	Elected Board Members	January 1, 2015 – December 31, 2018

## 2.1 Key Pension Administration Office Personnel

As of December 31, 2018, the Pension Administration Office was comprised of the following key individuals:

<b>Name</b>	<b>Title</b>
Orla Cousineau	Executive Director, Pensions; Secretary to the Board
Debbie Wilson	Director, Pensions
Kathy Pang	Communications Manager
Maricres De Leon	Pension Plan Accountant

## 2.2 Plan Service Providers

<b>Service Provider</b>	<b>Duties</b>
Aon Hewitt (Actuary)	Provides professional advice on Plan funding, funded status and related matters; performs actuarial valuations and other filings; annual review of pension administration system.
UBC Investment Management Trust Inc. (Investment Manager)	Implements investment directions in the Statement of Investment Policies and Procedures (SIPP), reviews investment performance and advises Pension Board on investment matters.
Aon Hewitt (Asset Consultant)	Provides independent investment advice on the SIPP, and the Plan's target asset mix.
The Northern Trust Company, Canada  (Pension Fund Custodian)	Holds the pension fund in trust and pays all benefit payments.
Deloitte (Auditor)	Conducts annual independent audit of the financial statements of the Plan.
Pension Administration Office (Administrative Team)	Administers the Plan on a day-to-day basis.
Lawson Lundell LLP (External Counsel)	Provides legal advice on Plan design, interpretation, contracts, legislation, governance and compliance tracking.

### **3 KEY PLAN DEVELOPMENTS DURING 2018**

The most recent actuarial valuation was completed 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 Benefits/Funding Test that is performed as part of the actuarial valuation, revealed that the Plan is able to support full formula benefits (both accrued and future), expenses and indexing of all benefits at 50% of the Consumer Price Index (CPI), while maintaining a margin of 12.1%.

The asset mix review study that was completed in 2018, resulted in a number of changes recommended by UBC IMANT and the Plan's asset consultant. The Plan's revised Statement of Investment Policy & Procedures (SIPP), effective January 1, 2019, was adopted by the Pension Board in October 2018, and approved by the Finance Committee of the Board of Governors on November 26, 2018. The changes to the asset mix are now being implemented by IMANT.

### **4 REPORTING TO THE UBC BOARD OF GOVERNORS**

Under the Pension Board's Terms of Reference and Governance Policy, the SPP Pension Board regularly reports to the Finance Committee of the UBC Board of Governors. In 2018 the Pension Board reported to the UBC Board of Governors in April, September, and November 2018.

### **5 RISK MANAGEMENT**

During 2018 an asset mix review was completed, using the most recent actuarial valuation results, as at December 31, 2016. The purpose of the asset liability modelling was to determine what changes should be made to the Plan's long term asset mix to better meet the Plan's objectives:

1. Limit downside in the Plan (i.e. risk of benefits having to be reduced);
2. Maximize the indexing that can be paid, and
3. Maximize the opportunity to pass the funding requirements for target benefit plans under the *Pension Benefits Standards Act* (British Columbia) (the "PBSA").

As part of the asset mix review in 2018, the Plan Actuary updated the 2016 valuation results to show the impact of the proposed new asset mix. The results showed if the new asset mix had been implemented it would have improved the funded position of the Plan, and the Plan could have provided a higher level of indexing of 75% of CPI, while still maintaining a healthy margin.

The Finance Committee of the Board of Governors has approved the new asset mix as described in the SIPP, effective January 1, 2019, and IMANT is now implementing those changes.

The Pension Board continues to monitor the funded position of the Plan. The Plan's Actuary prepares quarterly monitoring reports for the Pension Board estimating the financial position of the Plan. The most recent monitoring report, as of December 31, 2018, confirms the Plan is well funded, and the going concern funded ratio and Benefits/Funding Test margin have both improved since the last actuarial valuation at December 31, 2016.

## **6 PENSION BOARD'S ASSESSMENT OF IMANT'S PERFORMANCE**

The relationship between the Pension Board and IMANT has greatly improved over the last two years, and the Pension Board has confidence in IMANT's ability to manage the Plan's investments. The Pension Board has completed an annual assessment of IMANT and is satisfied with IMANT's performance.

## **7 ANNUAL GOVERNANCE AND COMPLIANCE REPORTING**

The roles and responsibilities of the Pension Board are described in the Governance Policy and SPP Pension Board Terms of Reference, dated December 31, 2017. On an annual basis, the Pension Board is required to provide an annual report to the Board of Governors in a form consistent with Appendix D of the Terms of Reference.

The Pension Board has also reviewed and completed the Compliance Checklist Questionnaire for 2018, prepared by Lawson Lundell, and sought professional assistance where necessary.

The Pension Board is satisfied the UBC Staff Pension Plan is in compliance with governing legislation, the Plan's Governance Policy, and the Pension Board Terms of Reference.