



SUBJECT	UBC Staff Pension Plan (SPP) Governance Report 2019
SUBMITTED TO	Finance Committee
MEETING DATE	June 1, 2020
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For information only - No action requested
LEAD EXECUTIVE	Marcia Buchholz, Vice-President Human Resources
SUPPORTED BY	Orla Cousineau, Executive Director, Pensions

EXECUTIVE SUMMARY

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 Annual Governance Report for 2019 and confirms that the UBC Staff Pension Plan is compliant with legislation, internal governance policies, and regulatory guidelines.

The Annual Governance 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.

APPENDIX

1. UBC Staff Pension Plan Annual Governance Report for 2019

The University of British Columbia

Staff Pension Plan

Annual Governance Report from Staff Pension Board

for the calendar year

2019

Approved by the UBC Staff Pension Plan Board
on March 31, 2020

The University of British Columbia Staff Pension Plan

Annual Governance Report

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 Governance Report to update the Board of Governors on key Plan developments, including investment and funding matters.

2 OVERVIEW OF PLAN ADMINISTRATION

In May 2020, the Pension Board will issue the “Staff Pension Plan 2019 Annual Report”. This is the Pension Board’s annual report to the members and Plan stakeholders. It will provide an update on the membership and financial position of the Plan. It will also provide an overview of the Plan’s investments and long-term investment strategy.

As of December 31, 2019, 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
Yale Loh	Appointed Board Member	January 1, 2019 – December 31, 2022
Christie Stephenson	Elected Board Member	January 1, 2019 – December 31, 2022
Shannon Dunn	Elected Board Members	January 1, 2019 – December 31, 2022
Laura O’Neill	Appointed Board Member	January 1, 2020 – December 31, 2023

2.1 Key Pension Administration Office Personnel

As of December 31, 2019, the Pension Administration Office was comprised of the following key individuals:

Name	Title
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

Service Provider	Duties
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 2019

In September 2019, the Board of Governors approved an amendment to the Plan effective April 1, 2020, to make enrolment in the Plan mandatory.

The last actuarial valuation was completed as at December 31, 2016. An actuarial valuation is required every three years, and the valuation as at December 31, 2019, is currently underway and will be completed by September 2020.

In 2019 the Pension Board engaged Club Vita (Eckler) to conduct a longevity/mortality study on the Plan's membership. The purpose of the study is to analyze the actual versus expected deaths for the Plan, in order to use more accurate mortality assumptions in the 2019 actuarial valuation.

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 2019 the Pension Board reported to the UBC Board of Governors in June, September, and November 2019.

5 RISK MANAGEMENT

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, 2019, confirmed the Plan was well funded, and the going concern funded ratio and Benefits/Funding Test margin had both improved since the last actuarial valuation at December 31, 2016.

The volatility and the size of the required margin under the Pension Benefits Standards Act is an ongoing issue for the Plan. We continue to share our concerns with the pension regulator and the BC Ministry of Finance and to advocate for changes.

6 PENSION BOARD'S ASSESSMENT OF IMANT'S PERFORMANCE

The Pension Board is satisfied with the transition from Rajiv Silgado to Dawn Jia in 2019, and the Board continues to have 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.

The Pension Board has concerns whether IMANT will have the capacity and depth of resources to be able to continue to meet the needs of the Staff Pension Plan, as the divestment of the UBC Endowment portfolio is stretching IMANT's resources.

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 2019, prepared by Lawson Lundell, and sought confirmation from IMANT 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.