



SUBJECT	UBC Staff Pension Plan Report
SUBMITTED TO	Finance Committee
MEETING DATE	September 9, 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

PRIOR SUBMISSIONS

The subject matter of this submission has not previously been considered by the Finance Committee.

EXECUTIVE SUMMARY

As part of its regular duties, the UBC Staff Pension Plan Board (“Pension Board”) provides summary reports to the Finance Committee of the UBC Board of Governors on key developments.

Funded Position of the Plan

An actuarial valuation was completed as at December 31, 2019, to determine the funded position of the Plan, and its compliance with the funding requirements under the Pension Benefits Standards Act (“PBSA”) for target benefit plans.

The actuarial valuation as at December 31, 2019 determined the Plan’s funded ratio on a going concern basis was 128%. The Benefits/Funding Test that is performed as part of the valuation to assess the long-term sustainability of the Plan, determined the Plan has a Benefits/Funding Test margin of 22.6%, which permits the Plan to continue to provide 50% indexing of pension benefits. The Pension Board on the recommendation of the actuary has approved indexing of all benefits at 50% of CPI until the next actuarial valuation.

The actuarial valuation also assessed whether the Plan meets the PBSA funding requirements:

- The required PBSA margin was 33.4% at December 31, 2019.
- There is a small shortfall (\$5.9 million) in meeting the Contribution Adequacy Test for future service (i.e. cost of accruing benefits in 2020-2022 plus the prescribed margin of 33.4%), however under the Past Service Test the Plan has a past service surplus of \$10.8 million and a portion of that surplus (\$5.9 million) can be applied to satisfy the Contribution Adequacy Test, and still continue to support 50% indexing.

While the actuarial valuation was completed as at December 31, 2019, the Pension Board continues to closely monitor the Plan’s funded position and investment returns. The Plan actuary prepares quarterly monitoring reports for the Pension Board estimating the financial position of the Plan. The most recent monitoring report as at March 31, 2020, confirmed the Plan continues to be well funded and the estimated going concern funded ratio was 127%. The Plan’s investment returns as of the close of May 1, 2020, on a year-to-date basis, had declined approximately 1%.

Plan Member Communication

The Plan's 2019 Annual Report was posted on the Plan's website in May 2020:

(<https://staff.pensions.ubc.ca/files/2020/05/2019AnnualReport.pdf>)

The Annual Pension Fair was cancelled due to COVID-19 restrictions, and instead we hosted two online information sessions for new members to the Plan and both sessions were well attended.

Investments

In 2019 the Pension Board established an Environmental, Social and Governance Committee in recognition of the importance of responsible investing. It is an area of priority for the Pension Board.

In July 2020 IMANT became a signatory to the UN PRI on behalf of the UBC Staff Pension Plan. The Pension Board's objective is to provide greater transparency on the Plan website and in member communications about IMANT's approach to responsible investing in respect of the assets of the UBC Staff Pension Plan.



Update on UBC Staff Pension Plan

Finance Committee, September 9, 2020

Orla Cousineau, Executive Director, Pensions



Funded Position



- 2019 actuarial valuation was completed:
 - Plan is well funded (going concern funded ratio of 128%)
 - Plan's Benefits/Funding Test can continue 50% indexing for next 3 years
 - Meets the PBSA funding requirements

Funded Position



- Pension Board receives quarterly monitoring reports from the actuary to assess ongoing estimated financial position of the Plan
- Q2 monitoring report shows going concern
Funded ratio was 131%

Funding Policy



- Reviewed every 3 years
- Updated to reflect the changes in Plan membership and describe Plan's robust governance practices
- Pension Board is recommending for approval the revised Funding Policy, July 1, 2020

Investments



- ESG Committee
- UN PRI Signatory
- Pension Board priority is enhanced
transparency on Plan website and member
communications about responsible investing