



SUBJECT	UBC Staff Pension Plan Annual Governance Report 2022
SUBMITTED TO	Finance Committee
MEETING DATE	June 14, 2023
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	Frank Laezza, Vice-President Finance & Operations Derrick Johnstone, Executive Director, Pensions

PRIOR SUBMISSIONS

The UBC Staff Pension Plan Board provides an annual governance report to the Board of Governors, as required under the Pension Board's Terms of Reference. The last report was received on [June 15, 2022](#).

EXECUTIVE SUMMARY

Annual Report

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

The Annual Report for 2022 (Appendix 1) 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 Pension Board has reviewed and approved the Annual Governance Report for 2022. The Pension Board confirms that the UBC Staff Pension Plan is compliant with all legislation, internal governance policies and regulatory guidelines.

SUPPLEMENTAL MATERIALS (optional reading for Governors)

1. UBC Staff Pension Plan Annual Governance Report from the Staff Pension Board for the calendar year 2022

The University of British Columbia

Staff Pension Plan

Annual Governance Report from Staff Pension Board

for the calendar year

2022

Approved by the UBC Staff Pension Plan Board
on March 28, 2023

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. The Plan’s benefits/funding test is used to assess the long-term sustainability of the Plan, and to ensure benefit levels are in balance with the capacity of the Plan’s funding level to support them.

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 2023, the Pension Board will issue the “Staff Pension Plan 2022 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, 2022, the Pension Board was comprised of the following individuals:

Name	Position	Term
Barry Gros	Independent Chair (non-voting)	January 1, 2022 – December 31, 2023
Jerry Chen	Appointed Board Member	January 1, 2022 – December 31, 2025
Shannon Dunn	Elected Board Member	January 1, 2019 – December 31, 2022
Yale Loh	Appointed Board Member	January 1, 2019 – December 31, 2022
Christie Stephenson	Elected Board Member	January 1, 2019 – December 31, 2022
Laura O’Neil	Appointed Board Member	January 1, 2020 – December 31, 2023
Kamila Giesbrecht	Appointed Board Member	January 1, 2021 to December 31, 2024
Lia Cosco	Elected Board Member	January 1, 2021 to December 31, 2024
Paul Kwon	Elected Board Member	January 1, 2021 to December 31, 2024

2.1 Key Pension Administration Office Personnel

As of December 31, 2022, the Pension Administration Office was comprised of the following key individuals:

Name	Title
Derrick Johnstone	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
George & Bell (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 (Investment Manager)	Implements investment directions in the Statement of Investment Policies and Procedures (SIPP), reviews investment performance and advises the Pension Board on investment matters.
TELUS Health, formerly LifeWorks (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.
Club Vita (Actuary)	Provides advice on longevity risk management.

3 KEY PLAN DEVELOPMENTS DURING 2022

The Plan is a signatory of the United Nations Principles for Responsible Investment (PRI) and is committed to the six PRI principles. In 2022 the Plan received its inaugural assessment that indicated the Plan is incorporating ESG considerations into its investment implementation and has the foundational governance elements in place as it relates to responsible investing. The Plan continues to engage with UBC IM on opportunities to improve assessments where the Plan scored below median and on other aspects of the Plan's responsible investing strategy.

Orla Cousineau retired as Executive Director, Pensions. Following a recruitment, Derrick Johnstone was hired as the new Executive Director and began in the role in July.

The SPP Board retained George & Bell Consulting as the Plan's new actuarial consultants and will conduct the 2022 actuarial valuation report.

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 2022 the Pension Board reported to the UBC Board of Governors in June and September.

5 RISK MANAGEMENT

The most recent actuarial valuation was completed as at December 31, 2019, and the next valuation is required as at December 31, 2022.

The 2019 actuarial valuation confirmed the Plan was well funded. The Plan's Benefits/Funding Test showed the current benefits can be supported over the long term, and the Plan can continue to pay indexing at 50% of the Consumer Price Index until December 2023, while maintaining a margin of 22.6%.

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, 2022, confirmed the Plan was well funded. The estimated going concern funded ratio of 151%, and Benefits/Funding Test margin of 45%, show the Plan is in a healthy financial position.

Investment risk is one of the risks that can impact the funding level of the Plan and the Plan's ability to pay benefits. Investment risk is managed and monitored by the SPP Board through:

- Establishing an appropriate long-term asset mix policy (the current asset mix policy was established in 2019, and will be reviewed in 2023).
- The annual review of the SIPP; and
- The ongoing review and monitoring of UBC IM's investment performance.

On an annual basis, the Pension Board monitors the Plan's longevity risk to ensure the baseline mortality assumptions are still appropriate. The mortality analysis completed in 2022 indicated that neither the extreme heats events of the summer nor the pandemic had a material impact on the Plan's mortality experience in 2021.

6 PENSION BOARD'S ASSESSMENT OF UBC IM'S PERFORMANCE

The Pension Board has completed an annual assessment of UBC IM and is satisfied with UBC IM'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 2022, prepared by Lawson Lundell, and sought confirmation from UBC IM 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.