

TEACHERS' PENSION PLAN

RESTATED JOINT TRUST AGREEMENT

June 28, 2021

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**TEACHERS' PENSION PLAN
RESTATED JOINT TRUST AGREEMENT**

THIS RESTATED JOINT TRUST AGREEMENT is made the 28th day of June 2021,

BETWEEN:

Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister responsible for the *Public Sector Pensions Plans Act*

(the “**Government**”)

AND:

the British Columbia Teachers' Federation

(the “**BCTF**”).

WHEREAS:

- A. Pursuant to the *Pension (Teachers) Act*, R.S.B.C. 1996, c. 357 (the “**PTA**”), a pension plan was provided for the benefit of teachers and certain other public service employees.
- B. Pursuant to s. 4 of the PTA, the Teachers' Pension Fund (the “**Pension Fund**”) was continued under the PTA.
- C. The *Public Sector Pension Plans Act*, S.B.C. 1999, c. 44 (the “**Act**”), which received Royal Assent on July 15, 1999, introduced certain changes to British Columbia's four statutory pension plans, including the plan provided for under the PTA.
- D. Pursuant to s. 2 of Schedule D to the Act (“**Schedule D**”), the plan provided for under the PTA was continued on April 1, 2000 as the Teachers' Pension Plan (the “**Pension Plan**”) under Schedule D and the regulations made pursuant to s. 16(1) of Schedule D.
- E. Pursuant to s. 9 of Schedule D, the Pension Fund constituted under the PTA was further continued under Schedule D effective April 1, 2000.
- F. In conjunction with the continuation of the Pension Plan and the Pension Fund under Schedule D, the PTA was repealed effective April 1, 2000 pursuant to s. 124(d) of the Act.
- G. The Act established an agency known as the British Columbia Pension Corporation to provide pension plan administration services to British Columbia's statutory pension plans, including the Pension Plan.

- H. The Act also established an agency known as the British Columbia Investment Management Corporation which may provide investment management services to British Columbia's statutory pension plans, including the Pension Plan.
- I. Section 18 of Schedule D provided for the parties to enter into a unanimous joint management agreement that provided for the following:
- (a) the continuation of the Pension Plan and the Pension Fund for the benefit of plan members;
 - (b) the joint management of the Pension Plan and the Pension Fund;
 - (c) the establishment of who will manage the joint management agreement;
 - (d) the establishment of an arrangement to hold and invest the Pension Fund;
 - (e) the composition of the board of trustees, including the appointment of trustees and the delineation of their powers, functions and duties;
 - (f) the sharing by the employers and plan members of gains or surplus and of liability for deficiencies in the Pension Fund;
 - (g) the method for amending the Pension Plan by the agreement of the Partners;
 - (h) the resolution of disputes; and
 - (i) any other matter on which agreement was reached.
- J. By letter dated March 3, 2000 from the Minister of Finance and Corporate Relations to the President of the BCTF, the Minister proposed that pursuant to s. 18(6) of Schedule D discussions be initiated regarding a joint management agreement.
- K. The Governance Committee of the Teachers' Pension Board approved in principle on June 7, 2000 an agreement in committee subject to ratification by the plan member organizations and the government. A booklet entitled "Joint Trusteeship of the Teachers' Pension Plan" was then prepared by the Teachers' Pension Board and distributed to members to provide information to them on the issue of joint trusteeship before ratification votes were held. The booklet included a section entitled "The Proposed Joint Management Agreement – an overview" in which the following principles of joint trusteeship were stated:
- (a) equal sharing of responsibility for management of the pension assets in the best interest of the beneficiaries;
 - (b) agreement on the sharing of contributions;
 - (c) equal sharing of responsibility for any unfunded liabilities generated during the period of joint trusteeship;

- (d) equal ownership of any surplus generated during the period of joint trusteeship;
and
 - (e) protection of the plan from unilateral actions by government.
- L. As a result of the discussions initiated by the letter described in Recital J, and pursuant to s. 18 of Schedule D, on April 2, 2001 the parties entered into a joint trust agreement to provide for, among other things, the joint management of the Pension Plan and the Pension Fund.
- M. On April 5, 2001 ss. 115 and 122 of the Act came into force, which amended s. 1 of the Act (pursuant to s. 115 of the Act) and repealed Part 1 of Schedule D (pursuant to s. 122 of the Act), with the result that the 2001 Joint Trust Agreement and the Pension Plan Rules, each as hereinafter defined, thereafter governed the Pension Plan and the Pension Fund.
- N. The joint trust agreement concluded on April 2, 2001 was subsequently amended by a Partners' Agreement dated November 29, 2010, Amending Agreement No. 2 dated May 1, 2015, Amending Agreement No. 3 dated December 11, 2015, Amending Agreement No. 4 dated June 16, 2016 and Amending Agreement No. 5 dated June 28, 2019. The April 2, 2001 joint trust agreement as so amended is collectively referred to as the "**2001 Joint Trust Agreement**").
- O. Pursuant to section 13.1 of the 2001 Joint Trust Agreement, it may be amended at any time by the parties hereto after consulting with the Trustees.
- P. The parties have consulted with the Trustees and wish to amend and restate the 2001 Joint Trust Agreement to read as set out herein to i) consolidate all amendments made to date, ii) remove all spent provisions, iii) include funding requirements due to changes to the funding provisions of the PBSA, iv) clarify the future use of Surplus Assets, and v) reflect the creation and use of the Rate Stabilization Account (RSA) and the flow of contribution rates between the RSA, the Inflation Adjustment Account (IAA) and the Basic Account.

THEREFORE THE PARTIES AGREE to amend and restate the 2001 Joint Trust Agreement to read as follows:

PREAMBLE

The purpose of this Joint Trust Agreement is to provide for the prudent management of the Pension Plan and the Pension Fund in a framework where the Plan Members and Employers share the responsibility of plan governance and share the risks and rewards of plan sponsorship.

ARTICLE 1. - INTERPRETATION

1.1. Definitions

In this Joint Trust Agreement, unless the context requires another meaning, the following defined terms have the following meanings:

“**Act**” means the *Public Sector Pension Plans Act*, S.B.C. 1999, c. 44.

“**Basic Account**” means the basic account of the Pension Fund established pursuant to s. 75 of the Statutory Pension Plan Rules and continued in accordance with s. 75 of the Pension Plan Rules.

“**Board**” means the Teachers’ Pension Board of Trustees continued under Section 3.4.

“**Chair**” means the chair of the Board appointed pursuant to Section 5.1.

“**Employees**” means those persons who are considered eligible employees under s. 3 of the Pension Plan Rules.

“**Employers**” means those persons or other bodies who are considered eligible employers under s. 2 of the Pension Plan Rules.

“**Employer Trustees**” means those Trustees appointed by the Plan Employer Partner as described in subsection 4.1(a).

“**Family Law Act**” means the *Family Law Act*, S.B.C. 2011, c. 25.

“**Government**” means Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister responsible for the *Public Sector Pension Plans Act*.

“**Inflation Adjustment Account**” means the inflation adjustment account of the Pension Fund established pursuant to s. 75 of the Statutory Pension Plan Rules and continued in accordance with s. 75 of the Pension Plan Rules.

“**ITA**” means the *Income Tax Act* (Canada).

“**Investment Management Corporation**” means the British Columbia Investment Management Corporation established under s. 16 of the Act.

“**Joint Trust Agreement**” means this Restated Joint Trust Agreement which is a joint management agreement entered into pursuant to s. 18 of Schedule D.

“**Member Trustees**” means those Trustees appointed by the Plan Member Partner as described in subsection 4.1(b).

“**Partners**” means the Plan Employer Partner and the Plan Member Partner, and “**Partner**” means either of them.

“**PBSA**” means the *Pension Benefits Standards Act*, S.B.C. 2012, c. 30.

“**Pension Corporation**” means the British Columbia Pension Corporation established under s. 5 of the Act.

“**Pension Fund**” means the Teachers’ Pension Fund continued under Section 3.2.

“**Pension Plan**” means the Teachers’ Pension Plan continued under Section 3.1.

“**Pension Plan Rules**” means the plan rules made under Article 11.

“**Plan Administrative Agent**” means the Pension Corporation.

“**Plan Employer Partner**” means the Government.

“**Plan Investment Agent**” means the Investment Management Corporation or an investment manager referred to in Section 7.3.

“**Plan Member**” means a member, as that term is defined in the Pension Plan Rules.

“**Plan Member Partner**” means the BCTF.

“**PTA**” means the *Pension (Teachers) Act*, R.S.B.C. 1996, c. 357.

“**Rate Stabilization Account**” means the notional account established in the Basic Account for the purpose of stabilizing future contribution rates.

“**Schedule D**” means Schedule D to the Act.

“**School Act**” means the *School Act*, R.S.B.C. 1996, c. 412.

“**Statutory Pension Plan Rules**” means the *Teachers’ Pension Plan Regulation*, B.C. Reg. 115/2000, made pursuant to s. 16(1) of Schedule D.

“**Supplemental Benefits Account**” means the supplemental benefits account of the Pension Fund established pursuant to s. 75 of the Statutory Pension Plan Rules and continued in accordance with s. 75 of the Pension Plan Rules.

“**Surplus Assets**” means, in respect of the benefits payable from the Basic Account as of a certain date, the amount by which the Going Concern Assets Value exceeds the Going Concern Liabilities Value, as those terms are defined in Appendix B. If the result of the calculation in the preceding sentence is a negative number, the result is deemed to be nil.

“**Treasury Board**” means the body continued by s. 3 of the *Financial Administration Act*, R.S.B.C. 1996, c. 138.

“**Trustees**” means the persons appointed pursuant to the terms of this Joint Trust Agreement to administer the Pension Plan and manage the Pension Fund and those persons appointed from time to time in accordance with this Joint Trust Agreement as their successors.

1.2. Use of Plural and Defined Terms

In this Joint Trust Agreement according to the context:

- (a) words in the singular include the plural and words in the plural include the singular; and
- (b) where a word or expression is defined, other parts of speech and grammatical forms of the same word or expression will have corresponding meanings.

1.3. Headings

The headings used in this Joint Trust Agreement are for ease of reference only and shall form no part of this Joint Trust Agreement.

1.4. Use of Certain Terms

The expressions “herein”, “hereof”, “hereto”, “above”, “below” and similar expressions used in any Article, Section, subsection or paragraph of this Joint Trust Agreement refer and relate to the whole of this Joint Trust Agreement and not to that Article, Section, subsection or paragraph only, unless otherwise expressly provided.

1.5. Statutory References

In this Joint Trust Agreement, any reference to a statute shall include the regulations promulgated under that statute and any final judicial decisions interpreting the same, with all amendments made thereto and in force from time to time, and any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant to that statute.

1.6. Recitals, Preamble and Appendices

The recitals, the Preamble and the Appendices hereto form part of this Joint Trust Agreement.

1.7. Survival of Provisions

The provisions of this Joint Trust Agreement which, by their context are meant to survive the termination of this Joint Trust Agreement, shall so survive the termination of this Joint Trust Agreement.

1.8. Conflict between Pension Plan Rules and Joint Trust Agreement

If there is any conflict between the Pension Plan Rules and this Joint Trust Agreement, this Joint Trust Agreement shall prevail and govern.

1.9. Other Joint Management Agreements

Joint management agreements have been concluded pursuant to s. 18 of each of Schedule A, B and C of the Act. Those agreements are the product of different negotiating processes among different parties, and any differences between those agreements and this Joint Trust Agreement shall have no bearing on the interpretation of this Joint Trust Agreement.

ARTICLE 2.- JOINT TRUST AGREEMENT

2.1. Acknowledgement by the Partners

This Joint Trust Agreement is made pursuant to, and constitutes a joint management agreement for the purposes of, s. 18(2) of Schedule D.

2.2. Effective Date of Joint Trusteeship

On April 5, 2001, the 2001 Joint Trust Agreement and the Pension Plan Rules came into force, and thereafter governed the Pension Plan and the Pension Fund. The Pension Plan and Pension Fund continue to be governed by this Joint Trust Agreement and the Pension Plan Rules, all as amended from time to time.

2.3. Status of Board under PBSA and ITA

For the purposes of the PBSA and the ITA the Board is the “administrator” of the Pension Plan.

2.4. Status of Joint Trust Agreement under PBSA

This Joint Trust Agreement and the Pension Plan Rules made pursuant to it continue the multi-employer plan constituted under Schedule D. Pursuant to s. 47 of the PBSA, all Employers are bound by this Joint Trust Agreement and any amendments to it.

ARTICLE 3. - CONTINUATION OF THE PENSION PLAN AND PENSION FUND

3.1. Pension Plan Continued

- (a) The pension plan continued under the 2001 Joint Trust Agreement and the Pension Plan Rules is further continued under this Joint Trust Agreement and the Pension Plan Rules.
- (b) All persons or entities who were considered “Employers”, “Employees”, “Plan Members” or “Trustees” immediately before the entry into this Joint Trust Agreement continue to be “Employers”, “Employees”, “Plan Members” and “Trustees” respectively, after the entry into this Joint Trust Agreement, subject to the terms of this Joint Trust Agreement and the Pension Plan Rules.
- (c) All rights vested in individuals under the Pension Plan immediately before the coming into force of this Joint Trust Agreement continue to be vested in such individuals after the entry into this Joint Trust Agreement, subject to the terms of the Joint Trust Agreement and the Pension Plan Rules.
- (d) The fiscal year end of the Pension Plan is December 31st, or any other date that the Board may establish as the fiscal year end for the Pension Plan.

3.2. Pension Fund Continued

- (a) The Pension Fund continued under the 2001 Joint Trust Agreement is further continued under this Joint Trust Agreement.
- (b) The Board, which held the Pension Fund in trust in accordance with the 2001 Joint Trust Agreement, continues to hold the Pension Fund in trust in accordance with this Joint Trust Agreement. The Partners and the Board shall take all necessary steps to ensure that legal title to the Pension Fund continues to be vested in the Board, and that the Board can

exercise and discharge all rights and obligations associated with the ownership of the Pension Fund.

- (c) The Pension Fund shall consist of cash, investments and other assets held by the Board.
- (d) The contributions from Employers and Plan Members and any other payments or assets paid or delivered to and received by the Board for the purposes of the Pension Fund, including returns on investments, form part of the Pension Fund.
- (e) Benefits and disbursements payable under this Joint Trust Agreement and the Pension Plan Rules must be paid from the Pension Fund and, for this purpose, the Pension Fund must be considered one and indivisible.
- (f) The following fees, expenses and disbursements, as are reasonably necessary and approved by the Board, must be paid from the Pension Fund:
 - (i) the fees, expenses and disbursements of the Board incurred in administering the Pension Plan and managing the Pension Fund;
 - (ii) any expenses incurred by a Trustee in attending or participating in any program of trustee education;
 - (iii) the fees, expenses and disbursements of, and amounts requisitioned by, the Pension Corporation and the Investment Management Corporation, or the amount payable to other investment managers, to operate and administer the Pension Plan and to manage the Pension Fund;
 - (iv) the fees, expenses and disbursements incurred by the Board, a Trustee, or Trustee acting in their capacity as a member of the Teachers' Pension Plan Advisory Committee (TPPAC), participating with the Partners in consulting with the Plan Members and Employers on plan design, including any expenses incurred by the Board developing or producing related materials or products; and
 - (v) any other expenses incurred in the administration of this Joint Trust Agreement and the Pension Plan Rules.
- (g) The fees, expenses, and disbursements of the Board incurred in administering a program of post retirement group benefits sponsored by the Board pursuant to section 18.3 of Schedule D of the Act, including the expenses relating to enrollment, administration, plan design, and the selection and supervision of a plan carrier, but excluding any expenditure relating to the actual cost of the post retirement group benefits, must be paid from the Supplemental Benefits Account. For greater certainty, it is confirmed that this paragraph (g) contains limits set by the Partners pursuant to subsection 18.1(3) of Schedule D of the Act.

3.3. Pension Fund Held for Purposes set out in Joint Trust Agreement

The Pension Fund is for the sole benefit of the Plan Members. The Partners and the Employers shall have no claim on the assets of the Pension Fund other than as expressly provided for in this

Joint Trust Agreement. Without limitation, nothing in this Section 3.3 derogates from the Board's ability to apply Surplus Assets to the reduction of Employer contribution rates in accordance with Section 10.2 or pay remaining assets to the Employers pursuant to Section 13.5.

3.4. Board of Trustees Continued

- (a) The board of trustees established under the 2001 Joint Trust Agreement is continued under this Joint Trust Agreement as the "Board". Each individual appointed to the board of trustees established under the 2001 Joint Trust Agreement is deemed to have been so appointed pursuant to the corresponding provision of Section 4.1.
- (b) All decisions of the boards of trustees constituted under Schedule D and the 2001 Joint Trust Agreement (the 'old boards') are deemed to be decisions of the Board continued under this Joint Trust Agreement (the 'new board'). The new board is bound by the decisions of the old boards in the same manner and to the same extent as the old boards were bound by such decisions.

ARTICLE 4. - APPOINTMENT AND REPLACEMENT OF TRUSTEES

4.1. Appointment of the Board

Subject to Section 5.1, the Board shall consist of ten Trustees appointed as follows:

- (a) five persons appointed by the Government, which individuals may be, but need not be, employees of the Government or a school district, as defined in the *School Act*; and
- (b) five persons appointed by BCTF who are Plan Members selected from teachers, retirees and excluded employees.

4.2. Acceptance by Trustees

Each Trustee and successor Trustee, upon signing an Acceptance of Trust in the form set forth in Appendix A attached hereto, thereby accepts the trusts established by this Joint Trust Agreement and consents to act as a Trustee.

4.3. Term

An appointment to the Board under Section 4.1 or subsection 5.1(b) must be made:

- (a) for a term not exceeding three years, which term must end on a December 31; and
- (b) so that no more than four appointments expire in any calendar year.

The term of a Trustee's appointment shall be stated in the Trustee's Acceptance of Trust. If an individual is appointed Trustee pursuant to Section 4.8, the individual's initial term shall be for the balance of what would have been the remainder of the term of the Trustee whose death, resignation or removal from office necessitated the appointment of that Trustee.

4.4. Renewal

An appointment under Section 4.1 or subsection 5.1(b) may be renewed by the party who appointed the Trustee.

4.5. Removal

Despite Section 4.1 or subsection 5.1(b), but subject to Sections 4.7 and 4.8, a Trustee appointed to the Board may be removed at any time by the party who appointed that Trustee. For greater certainty, if a Trustee is appointed by the Board pursuant to Section 4.7 or Section 4.8 because an appointing party failed to do so, the appointing party may remove that Trustee in accordance with Section 4.7 or Section 4.8, as the case may be.

4.6. Residency

Each Trustee must be a permanent resident of Canada.

4.7. Appointment of Trustees on Expiration of Term

No later than six months prior to the expiry date of a Trustee's term, the Chair shall give written notice to the party who appointed the Trustee, and that party shall renew the appointment of the Trustee or appoint a successor Trustee. If the party does not renew the appointment of the incumbent Trustee or appoint a successor Trustee within four months after the expiry of the term, the Trustees shall appoint a successor to fill the vacant position. The appointing party may subsequently rescind the Trustees' appointment of the successor Trustee pursuant to Section 4.5 and, if it does so, must concurrently appoint a replacement Trustee pursuant to Section 4.8.

4.8. Appointment of Trustees on Resignation, Removal or Death

If a Trustee dies, resigns or is removed from office, the party who appointed the Trustee must forthwith appoint a successor Trustee. If that party fails to appoint a successor Trustee within two months of the Trustee's ceasing to serve, the Chair shall give written notice to the party who appointed the Trustee. The party who appointed the Trustee shall have a further two months from the date upon which the notice is received to appoint a successor Trustee. If the party does not appoint a successor Trustee during that period the Trustees shall appoint a successor to fill the vacant position. The appointing party may subsequently rescind the Trustees' appointment of the successor Trustee pursuant to Section 4.5 and, if it does so, must concurrently appoint a replacement Trustee pursuant to this Section 4.8.

4.9. Special Quorum and Voting Procedures for Trustee Appointment and Removal

Despite any other provision of this Joint Trust Agreement, the quorum requirements for a resolution described in Section 4.7 or 4.8 is a simple majority of the Trustees, and the majority requirement for such a resolution is a simple majority of the Trustees present at the meeting and voting on the resolution.

4.10. Resignation of a Trustee

A Trustee may resign by giving written notice thereof to the party who appointed the Trustee, who shall promptly notify the Board. The effective date of a resignation shall be stated in the notice of resignation, which date may be no earlier than the date the Trustee signs the resignation, failing which it shall be the date when the party who appointed the Trustee receives the written notice of resignation.

4.11. Death of a Trustee

If a Trustee dies, the Trustee's heirs, administrators, executors and assigns shall be fully discharged from all future duties and responsibilities in respect of this Joint Trust Agreement as of the date of the Trustee's death. A deceased Trustee's estate shall not be discharged from, and shall remain liable for, any of the deceased's liabilities arising hereunder prior to the date of death.

4.12. Discharge of Trustees

If a Trustee resigns, is removed or the Trustee's term expires, that individual shall be fully discharged from all future duties and responsibilities in respect of this Joint Trust Agreement as of the date of such resignation, removal or expiration of term, as the case may be. However, a Trustee who resigns, is removed or whose term expires shall not be discharged from, and shall remain liable for, any of the Trustee's liabilities arising hereunder prior to the effective date of resignation, removal or expiration of term, as the case may be.

4.13. Termination of Trusteeship

A Trustee who resigns, is removed or whose term expires without being reappointed and the personal representatives of any deceased Trustee, all as the case may be, must forthwith turn over to the Trustees any and all records, books, documents, money and other property and assets in that individual's possession, forming part of the Pension Fund or incidental to that individual's duties as Trustee under this Agreement or relating to the administration of the Pension Fund or the Pension Plan. In addition, any such individual shall convey, assign or transfer to the Trustees any or all rights or property of that individual in the Pension Fund, excluding any rights or property that individual has in that individual's capacity as a Plan Member, and shall, if necessary, convey, assign or transfer to the Trustees any or all rights or property of that individual in the Pension Fund as the Trustees may direct. Despite the foregoing, if the Board considers it appropriate, a former Trustee may have reasonable access to any of the former Trustee's records, books or documents turned over to the Trustees as described above.

4.14. Former Trustee Purporting to Act

If a Trustee resigns, is removed or is not reappointed upon the expiration of the Trustee's term but purports to continue to act as a Trustee, the Board may do such things and take such action at law or equity as it determines necessary to cause the person to cease to purport to act as a Trustee including, without limitation, making application to a court of competent jurisdiction for the relief, including injunctive relief, as may be appropriate in the circumstances.

ARTICLE 5. - BOARD OPERATION

5.1. Chair of Board

The Trustees appointed under Section 4.1 must:

- (a) designate one of the Trustees appointed under Section 4.1 as chair of the Board; or
- (b) appoint a person, not appointed pursuant to Section 4.1, as a Trustee and designate that person as chair of the Board.

5.2. Term of Chair

- (a) A Chair designated pursuant to subsection 5.1(a) shall serve for a term determined by the Trustees, which term shall not exceed two years, subject to that individual's resignation, death or removal in accordance with subsection 5.2(d).
- (b) A Chair appointed pursuant to subsection 5.1(b) shall serve for a term determined by the Trustees, which term shall not exceed two years, subject to that individual's resignation, death or removal by the Trustees in accordance with subsection 5.2(d).
- (c) A designation pursuant to subsection 5.1(a) or an appointment pursuant to subsection 5.1(b) may be renewed by the Trustees appointed under Section 4.1.
- (d) The Trustees appointed under Section 4.1 may remove at any time a Chair designated pursuant to subsection 5.1(a) or appointed pursuant to subsection 5.1(b).
- (e) A Chair designated pursuant to subsection 5.1(a) who ceases to hold office for any reason shall not cease to be a Trustee because that individual ceased to be Chair. The person who ceased to be Chair shall remain a Trustee until the person ceases to be a Trustee in accordance with this Joint Trust Agreement.
- (f) A Chair designated pursuant to subsection 5.1(a) who ceases to be a Trustee for any reason shall cease to be Chair effective the date upon which the person ceases to be a Trustee.
- (g) A Chair appointed pursuant to subsection 5.1(b) who ceases to hold office as Chair for any reason shall cease to be a Trustee effective the date upon which the person ceases to be Chair.
- (h) If a Chair ceases to hold office at any time for any reason, the Trustees appointed under Section 4.1 shall forthwith designate a replacement in accordance with Section 5.1.

5.3. Voting by Chair

- (a) A Chair designated pursuant to subsection 5.1(a) is not entitled to a second or casting vote.

- (b) The Trustees appointed pursuant to Section 4.1 must determine whether a Chair appointed pursuant to subsection 5.2(b) has a vote, and any such determination remains in effect until the Trustees appointed under Section 4.1 determine otherwise. Unless and until the Trustees appointed pursuant to Section 4.1 determine that a Chair appointed pursuant to subsection 5.1(b) has a vote, such a Chair shall not be entitled to vote at any duly called and constituted meeting of the Board.

5.4. Voting

Subject to Section 5.3, each Trustee appointed pursuant to this Joint Trust Agreement shall have one vote at any duly called and constituted meeting of the Board.

5.5. Quorum

- (a) A quorum at a meeting of the Board shall consist of seven of the Trustees appointed under Section 4.1.
- (b) If a quorum is not present within one-half hour of the time specified for a meeting of the Board, the Trustees present may adjourn the meeting to a fixed time and place but may not transact any other business.
- (c) If during a meeting a quorum is lost, the Trustees remaining at the meeting shall not transact any business except to fix a time and place for a continuation of the meeting.
- (d) If the Trustees meet when a Trustee position is vacant, the meeting is validly constituted as long as a quorum is present.

5.6. Decisions

Subject to other provisions of this Joint Trust Agreement, all decisions of the Board must be made by a resolution passed by an affirmative vote of at least seven of the Trustees, including a Chair appointed under subsection 5.1(b) who has been given a vote under subsection 5.3(b), who are present at a duly called and constituted meeting of the Board.

5.7. Election of Chair and Other Officers of the Board

Despite any other provision of this Joint Trust Agreement, the Chair and any other officer of the Board must be chosen by way of a resolution passed by a majority of the Trustees appointed under Section 4.1 present at a duly called and constituted meeting of the Board.

5.8. Resolutions in Writing

Despite Section 5.6, if all of the Trustees then in office could form a quorum if they met, any decision of the Board may be made by unanimous consent in writing signed by all Trustees then in office without a meeting of the Trustees.

5.9. Trustee Expenses and Remuneration

The Board may pay from the Pension Fund:

- (a) to a Trustee or a person appointed to a committee of the Board an allowance for reasonable travel and other expenses necessarily incurred by that person in carrying out the business of the Board;
- (b) to a Trustee or a person appointed to a committee of the Board, if the Trustee or person is not receiving remuneration from any other source for acting as a Trustee or as a committee member, remuneration that has been set by the Board and is consistent with Treasury Board guidelines; and
- (c) to an organization specified by a Trustee or a person appointed to a committee of the Board, remuneration for the services of the Trustee or person at the rate set by the Board under subsection (b).

5.10. Frequency of Meetings

- (a) The Trustees shall meet no less frequently than three times per calendar year. The Chair shall set the date and location of each meeting.
- (b) Any three Trustees may request the Chair to convene a meeting of the Board, which request shall be in writing and shall include the information reasonably required by the Chair to fulfil the agenda provisions contained herein. If requested as described above, no later than 14 days following receipt of the written request the Chair shall give notice to the Trustees setting out the date and location of the meeting, which meeting must be held within two months of the date upon which the request to convene a meeting was received by the Chair.
- (c) If the office of the Chair is vacant, any two Employer Trustees and any two Member Trustees acting jointly may exercise the powers otherwise given to the Chair to set the date and location of a meeting, and give notice of it to the other Trustees.
- (d) Board meetings must be held in British Columbia. If a Trustee participating in a meeting does so by means of telephone conference or such other communication facilities as are permitted by Section 5.15, that Trustee will be deemed to be in British Columbia for the purposes of the meeting.

5.11. Notice of Meeting

The Chair, or any other person delegated to do so by the Board, shall cause written notice of each meeting of the Board to be given to the Trustees no less than seven days prior to the date of the meeting. The notice of a meeting shall specify the date, time and location of the meeting, and shall include an agenda of matters to be addressed at the meeting. The agenda for each meeting shall be distributed with the notice of meeting. Whenever possible, any reports or other documentation to be considered at a meeting shall be provided to the Trustees with the notice of the meeting. For greater certainty, nothing in this Section 5.11 precludes a Trustee from bringing

forth any matter for discussion at a meeting, and business not included in the agenda for a meeting may be conducted at a meeting.

5.12. Waiver of Notice

A Trustee may waive notice of a meeting of the Board in writing. A Trustee shall be deemed to have waived notice of a meeting of the Board by attending at the meeting without objection.

5.13. Recording Secretary

The Trustees shall appoint a recording secretary who need not be a Trustee to keep minutes or records of all meetings, proceedings and acts of the Trustees. Those minutes or records of Trustee meetings must be provided to the Trustees for verification at the next meeting of the Board.

5.14. Chair of Meeting

The Chair shall act as chair of a meeting of the Board. If the Chair is not in attendance at a meeting, the Trustees present at the meeting shall select a chair for the meeting from their number.

5.15. Telephone Meetings

A meeting of the Board or any committee of the Board may be held, or a Trustee may participate in a meeting of the Board, by means of telephone or such other communication facilities which permit all persons participating in the meeting to speak to and hear each other, and a Trustee participating in a meeting by that means is deemed to be present at the meeting and will be counted in determining whether a quorum is present.

5.16. Resolution of Disputes

Any disputes amongst the Trustees in the administration of this Joint Trust Agreement will be sent to the Partners for resolution.

5.17. Defect in Appointment, etc.

Despite that it is subsequently discovered or determined that there exists some defect in the appointment, removal or qualification of any Trustee, all acts and proceedings of the Trustees done and carried on in good faith while the defect existed shall be valid and effective.

5.18. Execution of Documents

All agreements and other documents to be executed by the Board shall after being approved by the Board be signed by one Employer Trustee and one Member Trustee, or by other persons as the Board may from time to time direct. All cheques payable out of the Pension Fund shall be signed by one Employer Trustee and one Member Trustee, or by other persons or in other manners as the Board may from time to time direct.

5.19. Power to Enter Into Agreements

The Board may:

- (a) retain the services of persons for the purpose of assisting the Board with the administration of the Pension Plan and the management of the Pension Fund; and
- (b) enter into agreements, including the agreements contemplated by subsection 6.3(b).

5.20. Enforcement of Contributions

Every Employer and Plan Member is required to make contributions and other payments to the Board and the Pension Fund in the amounts and at the times specified in the Pension Plan Rules. The Board may enforce the payment or delivery of contributions or transfers or any other payments due to it by action in any court in the name of the Board as a debt due to the Board.

5.21. Procedures and Meetings

The Board must make rules regarding the conduct of the business of the Board including, but not limited to:

- (a) appointing committees of the Board and delegating functions to them;
- (b) allowing non-Board members to serve as members of a committee;
- (c) setting the remuneration of eligible Board members and persons serving on committees; and
- (d) establishing the practice and procedure for appeals to the Board.

5.22. Formal Name of Board

The Board shall enter into agreements and act in all matters in the name of the “Teachers’ Pension Board of Trustees”.

ARTICLE 6. - POWERS, FUNCTIONS AND DUTIES OF THE BOARD

6.1. General

The Board has all powers necessary to enable it to administer the Pension Plan and manage the Pension Fund, subject only to the limitations set out in this Joint Trust Agreement, the Pension Plan Rules, the Act, the PBSA and all other applicable laws.

6.2. Management and Investment of Pension Fund

The Board must invest and manage the Pension Fund in a prudent manner. Without limitation, the Board must:

- (a) establish a written statement of investment policies and procedures for the Pension Fund in accordance with the PBSA;

- (b) monitor the performance of the Plan Administrative Agent and the Plan Investment Agents;
- (c) ensure that the money and assets of the Pension Fund are invested or loaned in the best financial interests of the Plan Members and, in doing that, must:
 - (i) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person; and
 - (ii) make the investments and loans in accordance with the provisions of the PBSA and other regulatory requirements;
- (d) ensure that the Plan Administrative Agent keeps an account of all money and assets received and paid out of the Pension Fund and keeps an accounting of the assets and liabilities of the Pension Fund;
- (e) ensure that the Plan Administrative Agent keeps an individual record of contributions made by each Plan Member; and
- (f) ensure that the Pension Plan and Pension Fund are administered in compliance with this Joint Trust Agreement, the Pension Plan Rules, the Act, the PBSA and all applicable laws.

6.3. Direction to Plan Administrative Agent

The Board must direct the Plan Administrative Agent respecting:

- (a) the application of the Pension Plan Rules;
- (b) the negotiation of agreements on behalf of the Board with a person, class of persons or body, including agreements which may differ from the Pension Plan Rules, respecting:
 - (i) portability of pension benefits;
 - (ii) pension-based early retirement incentive programs;
 - (iii) continuation of Pension Plan membership in the case of employer merger or reorganization;
 - (iv) provision of benefits in addition to those provided for in the Pension Plan Rules;
 - (v) reporting requirements on behalf of Employers under the ITA; and
 - (vi) any other agreements the Board considers to be advisable;
- (c) the implementation of any agreements entered into by the Board; and
- (d) the service standards necessary for providing the appropriate quality and level of service to Plan Members.

6.4. Functions and Duties

The Board must carry out the following functions and duties:

- (a) adopt an annual budget for Pension Plan administration, investment management of the Pension Fund and the activities of the Board;
- (b) prepare an annual report, including audited financial statements, on the Pension Plan and Pension Fund;
- (c) obtain an actuarial valuation and report on the Pension Plan and the Pension Fund at least every three years;
- (d) establish a written governance policy and funding policy for the Pension Plan in accordance with the PBSA, provided that the Board must consult with the Partners when considering changes to the funding policy that relate to contribution rates;
- (e) assess the administration of the Pension Plan at the times and in the manner required by the PBSA;
- (f) retain professional, technical and other advisors that it considers necessary and determine the remuneration and reimbursement for expenses to which they are entitled;
- (g) provide for the financial administration of the Pension Plan by:
 - (i) having an accounting system established for the proper reporting and accountability to the Board in a timely manner and at a reasonable cost;
 - (ii) having annual financial statements of the Pension Plan prepared in accordance with generally accepted accounting principles;
 - (iii) having a financial reporting audit performed on the financial statements referred to in subparagraph (ii); and
 - (iv) providing to the Partners an annual report on the Pension Plan, including the audited financial statements.

6.5. Resolutions, Committees and Appointments

The Board may:

- (a) pass resolutions it considers necessary or advisable to administer the Pension Fund and the Pension Plan and to exercise the Board's powers and perform its duties;
- (b) establish committees or panels of the Board, and determine the composition, duties, responsibilities, limitations and operating procedures of those committees or panels;
- (c) appoint persons other than Trustees to a committee or panel referred to in subsection (b), and set the term of appointment to the committee or panel that applies to those persons;

- (d) appoint Trustees to the boards of the Pension Corporation and the Investment Management Corporation, or to the boards of directors or trustees of other bodies corporate or trusts; and
- (e) rescind an appointment made under subsections (c) or (d).

6.6. Power to Settle Claims

The Board may, if and as it thinks fit, compromise, compound, abandon, submit to arbitration or otherwise settle a debt, account, claim or other thing relating to the Pension Plan or the Pension Fund. For any of these purposes, the Board may enter, give, execute and do the agreements, instruments of composition or arrangement, releases and other things that the Board considers expedient.

6.7. Appointment of Auditor

The Board must engage the services of an auditor to perform, at least once in each year, an audit of the financial statements of the Pension Plan, including the accounts of the Board. The fees of the auditor must be paid from the Pension Fund.

ARTICLE 7.- PLAN ADMINISTRATION AND INVESTMENT

7.1. Pension Corporation

The Board must retain the services of the Pension Corporation upon terms satisfactory to the Board, which terms shall be set out in a service agreement between the Board and the Pension Corporation, to carry out the Board's responsibilities respecting the administration of the Pension Plan. Without limitation, the service agreement must require the Pension Corporation to discharge the responsibilities of the Board under the ITA relating to the administration of the Pension Plan, and any other responsibilities that the Act imposes on the Pension Corporation in respect of the Pension Plan or the Pension Fund.

7.2. Investment Management Corporation

The Board must appoint the Investment Management Corporation as the investment manager of the Pension Fund upon terms satisfactory to the Board, which terms shall be set out in an investment management agreement between the Board and the Investment Management Corporation.

7.3. Other Investment Managers

Despite Section 7.2, the Board may appoint agencies other than the Investment Management Corporation as the investment manager(s) of some or all of the Pension Fund if, in the opinion of the Board, the alternative funds management services are in the best financial interests of the Plan Members. If the Board appoints investment managers other than the Investment Management Corporation, it shall do so upon terms satisfactory to the Board, which terms shall be set out in an investment management agreement between the Board and the investment manager.

ARTICLE 8. - APPEALS FROM DECISION OF PLAN ADMINISTRATIVE AGENT

8.1. Decision of Plan Administrative Agent

A person, an organization, or a person and an organization, directly affected by a decision of the Plan Administrative Agent in the application of the Pension Plan Rules (the “**Affected Party**”) may, by written notice to the Board, appeal all or part of the decision in accordance with the procedure set out in this Section.

8.2. Appeals to Plan Administrative Agent

- (a) The Affected Party may, in writing, submit an appeal to the Plan Administrative Agent.
- (b) The Plan Administrative Agent will render its decision within 30 school days, as used in the *School Act*, of the receipt of the appeal from the Affected Party.
- (c) The Plan Administrative Agent shall cause copies of the appeal and reply to be provided to the Board, to the Affected Party and, subject to applicable law, the organization that normally represents the category of Plan Members to which the Affected Party belongs.

8.3. Appeals to Board

- (a) Failing satisfactory resolution of the appeal under Section 8.2, the Affected Party may within 30 school days, as used in the *School Act*, of receipt of a decision from the Plan Administrative Agent under Section 8.2, submit the appeal to the Board or to a panel consisting of one or more Trustees appointed by the Board to consider appeals.
- (b) If a panel consists of more than one person, the Chair must preside over the panel or designate the person who is to chair the panel.
- (c) For an appeal referred to a panel:
 - (i) the panel has all the jurisdiction and may exercise the powers and perform the duties of the Board; and
 - (ii) a decision of the panel is a decision of the Board.

8.4. Appeal to Third Party

- (a) Failing satisfactory resolution of the appeal under Section 8.3, the Affected Party may, within 30 school days, as used in the *School Act*, of the receipt of the decision from the Board or panel, submit the appeal to determination and award of a single arbitrator.
- (b) The arbitrator will be chosen by lot from a list of arbitrators periodically agreed to by the Partners.
- (c) The decision of the arbitrator, made in writing, will be final and binding upon the Board, the Pension Plan and the Affected Party.

(d) The Affected Party and the Board will share equally the costs of the arbitrator.

8.5. Appeals to be Dealt with Promptly

The Board, to the degree that it has control, must ensure that each appeal by an Affected Party is dealt with promptly and efficiently.

**ARTICLE 9. - INDEMNIFICATION,
LIMITATION OF LIABILITY AND INSURANCE**

9.1. Indemnification

A Trustee must be indemnified out of the Pension Fund against all costs, charges and expenses actually and reasonably incurred by that person, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which the person is made a party because of being or having been a Trustee, and including an action brought by the Board, if:

- (a) the Trustee acted in good faith; and
- (b) in the case of a criminal action or proceeding, the Trustee had reasonable grounds for believing that the Trustee's conduct was lawful.

9.2. Liability for Losses in Pension Fund

The Trustees, individually or collectively, shall not be liable for the making, retention or sale of any investment or reinvestment made by them in accordance with this Joint Trust Agreement or in accordance with any other legal duties nor for any loss to or diminution of the Pension Fund, except a loss or diminution that resulted from a Trustee's not acting in good faith, and no individual Trustee shall incur any liability for any loss or diminution unless the Trustee was a party to the action that resulted in the loss or diminution.

9.3. Liability for Other Matters

The Trustees, individually or collectively, shall not be responsible or liable for:

- (a) any matter, cause or thing arising due to the invalidity of all or any part of this Joint Trust Agreement or the Pension Plan Rules;
- (b) any delay occasioned by any restriction or provision in:
 - (i) this Joint Trust Agreement;
 - (ii) the Pension Plan Rules;
 - (iii) any contract procured in the course of the administration of the Pension Plan or Pension Fund; or
 - (iv) by any other procedure;

- (c) any contributions required to be paid to the Pension Fund other than the contributions a Trustee may be required or permitted to make under the Pension Plan in the Trustee's capacity as a Plan Member.

9.4. Reliance on Documents, etc.

The Trustees shall incur no liability, either collectively or individually, in acting upon any documents, data or information believed by them to be genuine and accurate and to have been made, executed, delivered or assembled by the appropriate parties.

9.5. Reliance on Advisors.

So long as the Trustees exercise reasonable care in the selection, instruction and supervision of a professional advisor, then subject to Section 14.4 the Trustees shall incur no liability, either collectively or individually, in acting and relying upon the opinions or advice of the professional advisor.

9.6. Further Assurances.

The Trustees shall do such things and execute and deliver such documents in order that any and all funds required to be paid out of the Pension Fund by way of indemnity as herein set forth are paid as required from time to time.

9.7. Recourse Solely Against Pension Fund

A Plan Member or person claiming through a Plan Member shall have recourse solely to the Pension Fund for any benefit or other payment under the Pension Plan.

9.8. Acting as a Director or Trustee of Other Body

- (a) The Board may pay from the Pension Fund an amount it considers appropriate in the circumstances to indemnify, fully or partly, a Trustee against costs, loss or damages incurred or awarded against the Trustee as a result of any act or omission done, or omitted to be done, in good faith as trustee of another trust, or as director of a body corporate, to which the Trustee was appointed by the Board as trustee or director for the purpose of representing the Board in the operation of that other trust or body corporate.
- (b) Despite subsection (a), where a loss suffered by the Trustee in serving as trustee of another trust, or as director of a body corporate, as described in subsection (a) results from liability to pay the deductible amount under an insurance policy that insured the other trust or body corporate, or its trustees and directors, against the loss except for the deductible amount, then the Board shall pay from the Pension Fund the amount necessary to indemnify the Trustee for liability to pay that part of the deductible amount that the Trustees consider was a reasonable deductible amount.

9.9. Financial Responsibility for the Pension Plan

The Employers' and Plan Members' sole financial obligation in respect of the Pension Plan is to make contributions and other payments to the Board and the Pension Fund in the amounts and at

the times specified in the Pension Plan Rules. Without limitation, no Plan Member, Employer, Partner, union or association that represents any of the Plan Members shall be liable or responsible for any debts, liabilities, obligations, or deficiencies of the Board, the Pension Plan or the Pension Fund.

9.10. No Liability for Trustees Appointed

A Partner is not liable for any of the acts or obligations of a Trustee solely because the Trustee is or was an officer or employee of the Partner, or the Partner appointed the Trustee.

9.11. Extended Meaning of Trustee, etc.

- (a) Any reference in this Joint Trust Agreement to the indemnification or other protection of a Trustee shall, unless the context clearly indicates otherwise, include a person appointed to a committee or a panel under subsection 6.5(c).
- (b) Any reference in this Joint Trust Agreement to the indemnification or other protection of a Trustee or a person appointed to a committee or panel under subsection 6.5(c) shall, unless the context clearly indicates otherwise, apply to individuals who formerly held these positions on or after April 5, 2001, and to the personal representatives of any such individuals.

9.12. Bonding

The Board may procure insurance or fidelity bonds for those persons the Board considers appropriate. Those persons may be insured or bonded in the amounts and in the manner decided by the Board. The cost of the insurance or bonds must be paid out of the Pension Fund.

9.13. Fiduciary Liability and Other Insurance

The Board may purchase and maintain the errors and omissions insurance or fiduciary liability insurance, or insurance of a similar nature or description, it considers necessary for the Board, any Trustee or anyone else engaged in the administration or operation of the Pension Plan or Pension Fund. The cost of this insurance shall be paid from the Pension Fund.

ARTICLE 10.- CONTRIBUTION RATES AND USE OF SURPLUS ASSETS

10.1. Appointment of an Actuary

The Board must engage the services of an actuary to prepare all actuarial reports and perform all actuarial valuations required by the Board. The fees of the actuary must be paid from the Pension Fund.

10.2. Actuarial Valuation

- (a) The Board must have the Pension Plan reviewed, and the results of the review set out in the form of an actuarial valuation report for a going-concern valuation in the manner and at the times specified in the PBSA, the regulations under the PBSA and Appendix B.

- (b) In each actuarial valuation report prepared pursuant to subsection (a), the Plan actuary must calculate and identify the following, each effective as of the effective date of the actuarial valuation report:
- (i) the entry age normal cost of the Plan (the “**EANC**”);
 - (ii) the “**PBSA Contribution Rate**”, being the aggregate Employer and Plan Member contribution rate to the Basic Account calculated in accordance with Appendix B assuming that:
 - A. any Unfunded Liability identified in the valuation will be amortized over the maximum period permitted by Appendix B, and
 - B. the Basic Account does not have the assets notionally allocated to the Rate Stabilization Account;
 - (iii) the “**Required Contribution Rate**”, being the greater of the EANC and the PBSA Contribution Rate so identified;
 - (iv) the Surplus Assets in the Basic Account, if any; and
 - (v) the “**Accessible Going Concern Excess**”, as defined in Appendix B, if any.
- (c) If the Required Contribution Rate identified in an actuarial valuation report of the Plan filed with the Superintendent of Pensions is less than the aggregate Employer and Plan Member contribution to the Basic Account then in effect (the “**Current Contribution Rate**”), the Board must reduce the aggregate Employer and Plan Member contribution rate to the Basic Account to the Required Contribution Rate. The decrease must be shared equally between the Employers and the Plan Members, and the Board must amend the Pension Plan Rules accordingly. Despite the preceding two sentences, if the Board determines that a reduction in the aggregate Employer and Plan Member contribution rate to the Basic Account otherwise mandated by this subsection (c) is not material, and would be unduly disruptive to the Employers and Plan Members to implement, the Board may choose to not implement the reduction.
- (d) If the Required Contribution Rate identified in an actuarial valuation report of the Plan filed with the Superintendent of Pensions is greater than the Current Contribution Rate, the Board must increase the aggregate Employer and Plan Member contribution rate to the Basic Account to the Required Contribution Rate. The increase must be shared equally between the Employers and the Plan Members, and the Board must amend the Pension Plan Rules accordingly.
- (e) If the EANC identified in an actuarial valuation report of the Plan filed with the Superintendent of Pensions is greater than the Current Contribution Rate, and there is Accessible Going Concern Excess in the Basic Account as of the effective date of the actuarial valuation report, the Board must use the Accessible Going Concern Excess to fund a reduction in the aggregate Employer and Plan Member contribution rate to the Basic Account equal to the least of:

- (i) the difference between the EANC and the Current Contribution Rate,
- (ii) the maximum such reduction that can be funded with the Accessible Going Concern Excess pursuant to Appendix B, and
- (iii) the reduction that will result in an aggregate Employer and Plan Member contribution rate to the Basic Account equal to the EANC minus 1.0%.

The Accessible Going Concern Excess must be so applied by amortizing it over a 25-year period from the effective date of the valuation assuming an open group of Plan Members. Any such reduction must be shared equally between the Employers and the Plan Members, and the Board must amend the Pension Plan Rules accordingly.

- (f) If an actuarial valuation report of the Plan filed with the Superintendent of Pensions indicates that the Basic Account has Surplus Assets, the Board must transfer such portion of the Surplus Assets remaining after the implementation of subsection (e), if applicable, to the Inflation Adjustment Account as is necessary to ensure that the Inflation Adjustment Account has:
 - (i) sufficient assets to index all benefits payable from the Basic Account for accrued and future service at a rate equal to the long-term rate of inflation assumed in that actuarial valuation report, and
 - (ii) a prudent reserve.
- (g) If an actuarial valuation report of the Plan filed with the Superintendent of Pensions indicates that the Basic Account has Surplus Assets, the portion of the Surplus Assets remaining after the implementation of subsection (e), if applicable, and subsection (f) will be considered unallocated Surplus Assets of the Basic Account unless and until the Board elects to apply the Surplus Assets for the equal benefit of the Plan Members and the Employers in one or more of the following manners:
 - (i) implement a notional allocation to the Rate Stabilization Account for the purpose of stabilizing future contribution rates;
 - (ii) implement an equal reduction in Employer and Plan Member contribution rates, which reduction:
 - A. will be determined by applying the Surplus Assets over a 25 year period from the effective date of the valuation and assuming an open group of Plan Members,
 - B. will not result in an aggregate Employer and Plan Member contribution rate to the Basic Account that is less than the EANC minus 1.0%, ignoring for this purpose any reduction in Employer and Plan Member contribution rates implemented pursuant to items (iii) or (iv);
 - (iii) implement an equal reduction in Employer and Plan Member contribution rates, which reduction:

- A. will be determined by applying the Surplus Assets over a 25 year period from the effective date of the valuation and assuming an open group of Plan Members,
 - B. will be limited to a total of 1.0%, and
 - C. will result in funds being made available to fund post retirement group benefits for retired Plan Members pursuant to a Partners' agreement to that effect made under Section 11.3;
- (iv) implement in one or more stages over one or more valuation periods a combination of benefit enhancements, temporary reductions in Plan Member contribution rates and temporary reductions in Employer contribution rates, on the following basis:
- A. the temporary reductions in contribution rates must be determined by applying the Surplus Assets over a 25 year period from the effective date of the relevant valuation and assuming an open group of Plan Members,
 - B. the approvals under the ITA needed to allow the Employer contribution rates to be less than the Plan Member contribution rates must be obtained,
 - C. the benefit enhancements must be implemented as provided in Section 11.5,
 - D. the total actuarial value of all benefit enhancements and temporary reductions in Plan Member contribution rates must equal the total actuarial value of the temporary reductions in Employer contribution rates,
 - E. the equality of actuarial value mandated by sub-item D must be measured over the entire period of time during which the program of measures is being implemented, and
 - F. any transient inequalities in actuarial value which arise while the program of measures is being implemented must be resolved by adjustments to the program of measures which will restore the equality of actuarial value mandated by sub-items D and E.
- (h) Any action taken by the Board under any of subsections (c) through (g) must comply with the funding requirements set out in Appendix B, and must result in the Pension Plan being funded in accordance with such funding requirements.

10.3. Use of Rate Stabilization Account

- (a) If in the preparation of an actuarial valuation report intended to be filed with the Superintendent of Pensions the Plan actuary identifies that the Basic Account will have one or more Unfunded Liabilities (as defined in Appendix B), assets notionally allocated to the Rate Stabilization Account shall be notionally allocated back to the remainder of the Basic Account as of the effective date of the actuarial valuation report in such

amounts and in such manner as the Plan actuary recommends to eliminate or reduce such Unfunded Liabilities. If such a notional allocation back to the remainder of the Basic Account occurs, all of the calculations and determinations provided for in this Joint Trust Agreement will be performed having regard to the reduced value of the Rate Stabilization Account after such a notional allocation occurs.

- (b) If in the preparation of an actuarial valuation report intended to be filed with the Superintendent of Pensions the Plan actuary identifies that after the implementation of subsection (a), if necessary, the Basic Account will not have an Unfunded Liability (as defined in Appendix B) as of the effective date of that valuation report, assets notionally allocated to the Rate Stabilization Account may be transferred from the Basic Account to the Inflation Adjustment Account as of the effective date of that valuation report for the purpose of better achieving the objective described in subsection 10.2(f) in such amount as the Plan actuary recommends. If such a transfer to the Inflation Adjustment Account occurs, all of the calculations and determinations provided for in this Joint Trust Agreement will be performed having regard to the values of the Basic Account and the Inflation Adjustment Account after such a transfer occurs.

10.4. Rate Stabilization Contributions

- (a) The Board must amend the Pension Plan Rules effective January 1, 2020 to:
- (i) reduce each of the Employer and Plan Member contribution rate to the Inflation Adjustment Account by 1.0%;
 - (ii) provide for Employer contributions to the Rate Stabilization Account within the Basic Account at a rate of 1.0%;
 - (iii) provide for Plan Member contributions to the Rate Stabilization Account within the Basic Account at a rate of 1.0%;
 - (iv) provide that the Employer and Plan Member contributions described in paragraphs (ii) and (iii), as adjusted pursuant to subsections (b), (c) and (d), be notionally credited to the Rate Stabilization Account once contributed to the Basic Account.
- (b) If in an actuarial valuation report filed with the Superintendent of Pensions the Plan actuary identifies that the then rate of Employer and Plan Member contributions to the Inflation Adjustment Account (ignoring for this purpose any temporary increase to such contribution rates made pursuant to this subsection (b) as a result of a previous actuarial valuation report) is insufficient to maintain sustainable indexing in the manner described in subsection 10.2(f), the Board must amend the Pension Plan Rules to provide that for the three year period commencing one year after the effective date of that actuarial valuation report the rate of Employer and Plan Member contributions provided for in paragraphs (a)(ii) and (a)(iii) each be decreased in such amount as the Plan actuary specifies, and that the rate of Employer and Plan Member contributions to the Inflation Adjustment Account each be increased in a corresponding amount.

- (c) If in an actuarial valuation report filed with the Superintendent of Pensions the Plan actuary identifies that the Basic Account has an Unfunded Liability (as defined in Appendix B), the Board must amend the Pension Plan Rules to provide that for the three year period commencing one year after the effective date of that actuarial valuation report the rate of Employer and Plan Member contributions provided for in paragraphs (a)(ii) and (a)(iii) in effect after implementing subsection (b) each be reduced in such amount as the Plan actuary specifies.
- (d) If in an actuarial valuation report filed with the Superintendent of Pensions the Plan actuary identifies that the EANC is greater than the Current Contribution Rate, and that after giving effect to the measure described in subsection 10.2(e) the aggregate Employer and Plan Member contribution rate to the Basic Account must increase to a level greater than the Current Contribution Rate, the Board must amend the Pension Plan Rules to provide that for the three year period commencing one year after the effective date of that actuarial valuation report the rate of Employer and Plan Member contributions provided for in paragraphs (a)(ii) and (a)(iii) in effect after implementing subsections (b) and (c) each be reduced in such amount as the Plan actuary specifies.
- (e) The rate of Employer and Plan Member contributions provided for in paragraphs (a)(ii) and (a)(iii) can never be reduced to less than nil.
- (f) Every temporary alteration to the rate of Employer and Plan Member contributions to the Rate Stabilization Account or Inflation Adjustment Account made pursuant to subsections (b), (c) or (d) must come to an end at the end of the relevant three year period, subject to the application of subsections (b), (c) or (d) as a result of a future actuarial valuation report.

ARTICLE 11.– TEACHERS’ PENSION PLAN RULES

11.1. Pension Plan Rules

- (a) The Board may make plan rules, applicable generally or to a specified person or class of persons, prescribing the Pension Plan Rules. Without limitation, the Board may group or classify Employers and Plan Members in any way it considers necessary or desirable for the purposes of the Pension Plan, including the provision or payment of pension benefits under the Pension Plan. The Board may also provide in the Pension Plan Rules for different benefits and different levels of benefits for different groups or classes of Plan Members so as to take into account any variable affecting the administration or funding of the Pension Plan.
- (b) In making plan rules under this Joint Trust Agreement, the Board may delegate a matter to a person and confer a discretionary power on a person.
- (c) The Pension Plan Rules made under the 2001 Joint Trust Agreement in effect immediately prior to the entry of this Joint Trust Agreement are confirmed as the Pension Plan Rules made under this Joint Trust Agreement.

- (d) The Board may amend, repeal or replace the Pension Plan Rules as provided in this Joint Trust Agreement.

11.2. Amendment to Pension Plan Rules to Comply with Law

Despite Sections 11.3 and 11.4, the Board must amend the Pension Plan Rules to the extent necessary to keep the Pension Plan Rules in compliance with the *Family Law Act*, the ITA, the PBSA and any other enactment applicable to the Pension Plan, the Pension Fund and the benefits payable under the Pension Plan.

11.3. Amendment Requested by Partners

The Partners may direct the Board to amend the Pension Plan Rules, and the Board must so amend the Pension Plan Rules if:

- (a) the Partners have first received and considered the advice of the Board respecting both the cost and the administrative impact of implementing the proposed amendment;
- (b) the proposed amendment is not inconsistent with Section 11.2, the Trustees' fiduciary responsibilities or any funding policy adopted by the Board; and
- (c) the proposed amendment will not result in the Pension Plan failing to be funded in accordance with Appendix B.

11.4. Recommendation of Amendments to the Partners by Board

The Board may make recommendations to the Partners respecting amendments to the Pension Plan Rules that the Board considers to be in the best interests of the Plan Members and, with the approval of the Partners respecting those recommendations, the Board may so amend the Pension Plan Rules.

11.5. Amendments to Pension Plan Rules by Board

- (a) Despite Sections 11.3 and 11.4, the Board may amend the Pension Plan Rules if:
 - (i) there is no resulting increase in the contribution rates for the non-indexed basic benefits;
 - (ii) there is no resulting increase in the contribution rates for the indexing of benefits;
 - (iii) there is no creation of, or increase in, an unfunded liability;
 - (iv) the proposed amendment is consistent with the Trustees' fiduciary responsibilities; and
 - (v) the proposed amendment does not conflict with Section 13.5.
- (b) For the purposes of subsection (a), when considering an amendment to the Pension Plan Rules respecting a benefit improvement, the Board must determine the cost of the benefit

improvement based on the open group of Plan Members and using a 25-year amortization schedule for the Surplus Assets that will be used to fund the benefit improvement.

- (c) The Board will inform the Partners in a timely manner of each change to the Pension Plan Rules, providing both a description of the change and the rationale for the change.

11.6. Retroactive Amendment

Any amendment to the Pension Plan Rules may take effect retroactively or otherwise as the Partners or the Board, as the case may be, direct.

ARTICLE 12. – EMPLOYER WITHDRAWAL

12.1. Employer Withdrawal

Withdrawal from the Pension Plan by an Employer is permitted only if:

- (a) terms and conditions for withdrawal are established by the Board; and
- (b) those terms and conditions are followed by the Employer wishing to withdraw.

ARTICLE 13.– AMENDMENT AND TERMINATION OF AGREEMENT

13.1. Amendment to Joint Trust Agreement

This Joint Trust Agreement may be amended at any time by the Partners after first consulting with the Trustees. This power of amendment is subject to no restrictions other than those imposed by law, and includes the power to revoke, in whole or in part, the trusts created under this Joint Trust Agreement or the Pension Plan Rules.

13.2. Amendment by Board

Despite any other provision in this Joint Trust Agreement, the Board may after consulting with the Partners amend this Joint Trust Agreement in the manner necessary to maintain the Pension Plan's registration under the PBSA and the ITA, or as is otherwise necessary to comply with applicable law.

13.3. Retroactive Amendment

Any amendment to this Joint Trust Agreement may take place retroactively or otherwise as the Partners or the Board, as the case may be, may direct, provided that no amendment shall be made which retroactively increases the duty of care required of a present or former Trustee or retroactively diminishes their right to indemnity under this Joint Trust Agreement.

13.4. Termination of Joint Trust Agreement or Pension Plan

This Joint Trust Agreement or the Pension Plan may be terminated, in whole or in part, at any time by the Partners but only after first consulting with the Trustees.

13.5. Termination of Entire Pension Plan

If the Pension Plan is terminated in its entirety, the assets of the Pension Fund shall be disbursed in accordance with the Pension Plan Rules, provided that the Pension Plan Rules must always, and shall be deemed to always, provide that if any assets remain in the Pension Fund after full provision has been made for all entitlements to receive a pension in respect of the Plan Members' membership in the Pension Plan, one half of such remaining assets must be used to provide pension improvements or other benefits to the Plan Members, and the other half of such remaining assets must be paid to the Employers.

ARTICLE 14. – FIDUCIARY RESPONSIBILITIES

14.1. No Conflict of Interest

- (a) Except as provided in subsection (c), no Trustee shall knowingly permit the Trustee's other interests to conflict with the Trustee's powers, duties and responsibilities in respect of the Pension Plan and Pension Fund.
- (b) Entitlement to a pension or other benefit under the Pension Plan does not create a conflict of interest.
- (c) Subsection (a) does not apply to any determination made by the Trustees pursuant to subsection 10.2(g). In making any determination pursuant to subsection 10.2(g) relating to the application of Surplus Assets, the Trustees are not acting in a fiduciary capacity. When acting under subsection 10.2(g), a Trustee may take into account the financial and other interests of the party that appointed the Trustee to the Board, and any other factor the Trustee considers appropriate, including factors unrelated to the Pension Plan or the Pension Fund.

14.2. Committee and Panel Members

If the Board appoints a person to a committee or panel under subsection 6.5(c), the Board shall personally select the person and be satisfied of the person's qualifications and ability to perform the duties for which such person is appointed, and the Board shall carry out such supervision of the committee and panel members as is prudent and reasonable. A person appointed to a committee or panel under subsection 6.5(c) shall be subject to the same duty of care as the Board, and is not entitled to any payment from the Pension Fund other than the usual and reasonable fees and expenses for services provided by the committee or panel member in respect of the Pension Plan and Pension Fund.

14.3. Use of Agents

Subject to Article 7, the Board may employ or appoint agents to carry out any act required to be done in the administration of the Pension Plan or in the administration and investment of the Pension Fund. If the Board employs or appoints an agent, the Board shall personally select the agent and be satisfied of the agent's qualifications and suitability to perform the duties for which the agent is employed or appointed, and the Board shall supervise these agents. Any agent so appointed or employed is subject to the same duty of care as the Board, and is not entitled to any payment from the Pension Fund other than a pension benefit provided in accordance with the

Pension Plan Rules, if applicable, and the usual and reasonable fees and expenses for the services provided by the agent in respect of the Pension Plan and Pension Fund.

14.4. Restrictions on Benefits Payable to Trustees

No Trustee is entitled to any benefit from the Pension Plan or Pension Fund other than a pension benefit provided for in the Pension Plan Rules, and any remuneration and reimbursement of expenses related to the administration of the Pension Plan or the administration and investment of the Pension Fund permitted by the common law or provided for in this Joint Trust Agreement or the Pension Plan Rules.

ARTICLE 15. – TRANSITIONAL PROVISIONS

15.1. Validation of Existing Calculations

All benefit calculations based on the rules that were in effect at the time of the calculation under the PTA and the regulations thereunder or the Act and the Statutory Pension Plan Rules are accepted as having been validly made for the purposes of this Joint Trust Agreement.

15.2. Agreements under Schedule D

This Joint Trust Agreement shall apply to all agreements made under Part 1 of Schedule D that were in effect on April 5, 2001, as if those agreements had been made by the Board under the authority of this Joint Trust Agreement.

15.3. Plan Rules

The Board may make such plan rules as it considers necessary or advisable for meeting or removing any difficulty arising out of the repeal of Part 1 of Schedule D and its replacement with this Joint Trust Agreement pursuant to Part 2 of Schedule D, and for preserving and giving effect to the rights of all persons accrued or accruing under Part 1 of Schedule D except as those rights are expressly varied by this Joint Trust Agreement, and those plan rules may be made to apply generally or to a particular case.

ARTICLE 16. – MISCELLANEOUS PROVISIONS

16.1. Methods of Giving Notice

All notices, requests, demands or other communications provided for herein shall be given in writing and shall be effectively given if delivered personally or sent by e-mail or other electronic transmission to the last known address or e-mail or other electronic address of the recipient of the communication. A notice, request, demand and other communication shall be deemed to have been received when delivered or, if sent by email or other electronic transmission, on the day that satisfactory proof that the e-mail or other electronic transmission has been sent.

16.2. No Duty to Inquire

All persons dealing with the Board do not have to inquire into any decision or authority of the Board or into the ability of the Board to receive any monies, securities or other property paid or

delivered to the Board and may rely upon any document required to be executed by the Board which has been executed as provided herein, as having been duly authorized.

16.3. Severance of Illegal Provisions

If any provision of this Joint Trust Agreement or the Pension Plan Rules is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining portions of this Joint Trust Agreement or the Pension Plan Rules, unless the illegality or invalidity materially prevents the accomplishment of the respective objectives and purposes of the Pension Plan Rules or this Joint Trust Agreement as determined by the Board.

16.4. Binding Effect of Pension Plan Rules, etc.

The Pension Plan Rules and amendments thereto and all of the Board's decisions, rules, regulations, policies and procedures made or established in accordance with this Joint Trust Agreement or the Pension Plan Rules, shall be binding upon the Trustees, the Partners, the Employers, the Plan Members and their respective beneficiaries, dependents, estates, heirs, executors, administrators, successors and assigns.

16.5. Further Assurances

Each Trustee shall from time to time and at any time hereafter, upon each reasonable written request to do so, make, do, execute and deliver or cause to be made, done, executed and delivered all further acts, deeds, assurances, things and written instruments as may be necessary in the opinion of any party, for more effectively implementing and carrying out the intent of this Joint Trust Agreement.

16.6. Governing Law

The Province of British Columbia is the location for legal purposes of the Pension Fund. All questions pertaining to the validity, construction and administration of this Joint Trust Agreement or the Pension Plan Rules shall be determined in accordance with the laws of the Province of British Columbia. Any litigation which arises pursuant to or in connection with this Joint Trust Agreement, the Pension Plan Rules or any of their respective provisions, shall be referred to the courts in the Province of British Columbia.

16.7. Counterpart Execution

This Joint Trust Agreement may be signed in counterparts.

16.8. Binding Effect of Joint Trust Agreement

This Joint Trust Agreement and any document prepared in connection with the Pension Plan or the Pension Fund is binding upon the Trustees, the Partners, the Employers and the Plan Members and their respective beneficiaries, dependants, estates, heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Joint Trust Agreement as of the date first written above.

**HER MAJESTY THE QUEEN IN
RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, as represented
by the Minister responsible for the
*Public Sector Pension Plans Act***

**THE BRITISH COLUMBIA
TEACHERS' FEDERATION**



Angie Sorrell, Government Partner
Representative

Teri Mooring, President
Member Partner Representative

APPENDIX A

THE TEACHERS' PENSION PLAN Appointment and Acceptance of Trust

TO: THE TEACHERS' PENSION BOARD OF TRUSTEES

The undersigned acknowledges receipt of a copy of the Teachers' Pension Plan Joint Trust Agreement (the "**Agreement**") pursuant to which the Teachers' Pension Plan (the "**Pension Plan**") and the Teachers' Pension Fund (the "**Pension Fund**") are established.

The undersigned is hereby appointed to act as a Trustee of the Pension Plan and the Pension Fund by the appointing party described below for a term of _____ years ending on _____.

The undersigned confirms that the undersigned is a permanent resident of Canada, and agrees to immediately notify the other Trustees if this ever ceases to be the case.

The undersigned consents to act as a Trustee of the Pension Plan and Pension Fund pursuant to the terms of the Agreement.

The undersigned hereby accepts the trusts created and established by the Agreement, and agrees to administer the Pension Plan and Pension Fund in accordance with the provisions of the Agreement.

The undersigned agrees that until further notice communications may be sent to the undersigned at the following addresses or number appropriate to the communication:

[Street address]

[E-mail Address]

DATED at _____, British Columbia, this _____ day of _____, _____.

[Name of Appointing Party]

Trustee

Per: _____

APPENDIX B

MINIMUM FUNDING REQUIREMENTS FOR THE TEACHERS' PENSION PLAN

1. Background

- (a) Effective December 31, 2019, the regulations under the PBSA were amended to change the funding rules for defined benefit pension plans in British Columbia. The Pension Plan continues to be exempt from the PBSA's funding rules.
- (b) The Pension Plan is funded in voluntary compliance with the PBSA going concern funding requirements, as they existed prior to the amendments made December 31, 2019. To ensure continuity of the framework, this Appendix confirms those funding requirements.

2. Definitions

- (a) Subject to paragraph (b), in this Appendix, terms which are defined in the PBSA or the regulations to the PBSA shall have the meaning set out therein and terms which are defined in Section 1.1 of the main body of this Joint Trust Agreement shall have the meaning set out therein.
- (b) In this Appendix, unless the context requires another meaning, the following terms have the following meanings:

“Accessible Going Concern Excess” means the amount by which the Going Concern Assets Value exceeds 105% of the Going Concern Liabilities Value, as those values are determined in the current actuarial valuation report.

“Active Member” means an “active member”, as defined in the Pension Plan Rules made under the Joint Trust Agreement.

“Actuarial Gain” means the amount that represents the improvement, referred to in paragraph 5(a), between the projected financial position of the Basic Account and the actual financial position of the Basic Account;

“Establishment Date” means, in respect of an Unfunded Liability:

- (i) the Review Date as at which the existence of the Unfunded Liability was established, or
- (ii) if the Unfunded Liability resulted from an amendment to the Pension Plan Rules, the effective date of the amendment.

“Going Concern Assets Value” means the value of the assets of the Basic Account, including income due and accrued, which value is determined on a Going Concern Basis, less the value of the assets notionally allocated to the Rate Stabilization Account.

“Going Concern Basis” means a basis for determining the value of the Pension Plan’s assets and liabilities that: (i) is adequate and appropriate; (ii) is in accordance with accepted actuarial practice, and (iii) applies to the Pension Plan if no decision has been made to terminate the Pension Plan.

“Going Concern Liabilities Value” means the actuarial present value of the accrued benefits payable from the Basic Account, including amounts due and unpaid, which actuarial present value is determined on a Going Concern Basis.

“Normal Actuarial Cost” means an amount, excluding special payments, estimated by the Plan Actuary, on a Going Concern Basis, to be the cost of the benefits payable from the Basic Account that accrue to Active Members in that fiscal year of the Pension Plan.

“Plan Actuary” means the actuary engaged by the Board pursuant to Section 10.1 of the Joint Trust Agreement.

“Plan Contributor” means the Employers and the Active Members.

“Review Date” means, in respect of an actuarial valuation report and related cost certificate prepared in relation to the Pension Plan, the date as at which the actuarial valuation report and related cost certificate is or was required to be prepared pursuant to section 45 of the regulations under the PBSA.

“Unfunded Liability” means, in respect of the benefits payable from the Basic Account, the amount, if any, by which the Going Concern Liabilities Value exceed the Going Concern Assets Value, both values determined as at the latest Review Date.

“Unfunded Liability Payment Period” means, in relation to an Unfunded Liability, the 15-year period that begins on the first anniversary of the Establishment Date of the Unfunded Liability.

3. Valuation

In preparing an actuarial valuation report for a going concern valuation as required by subsection 10.2(a) of the Joint Trust Agreement, the Plan Actuary shall value the Pension Plan’s assets and liabilities on a Going Concern Basis as at the Review Date. Such report shall determine the Normal Actuarial Cost and the funded position of the Pension Plan as at the Review Date.

4. Funding of Normal Actuarial Cost and Unfunded Liabilities

- (a) If an actuarial valuation report establishes the existence of an Unfunded Liability that did not exist prior to that report’s Review Date, such Unfunded Liability will be funded in accordance with this Section 4.
- (b) Subject to paragraph (c), the Plan Contributor must, in accordance with this paragraph, pay each of the following into the Pension Plan:
 - (i) at least monthly, an amount equal to 1/12 of the Normal Actuarial Cost determined on the basis of the current actuarial valuation report or cost certificate,

starting in the first month of the second fiscal year of the Pension Plan following the Review Date;

- (ii) without limiting any other obligation on the Plan Contributor to make payments under this paragraph in relation to any previous Unfunded Liability, if the current actuarial valuation report establishes the existence of an Unfunded Liability, a series of equal payments that are made at least monthly, which series of payments must be sufficient, in the opinion of the Plan Actuary who prepared that actuarial valuation report, to amortize the Unfunded Liability within the Unfunded Liability Payment Period applicable to it.
- (c) Instead of making the payments referred to in subparagraph (b)(ii), the Plan Contributor may elect to make payments into the Pension Plan under this paragraph if:
 - (i) the payments are made at least monthly over the Unfunded Liability Payment Period that is applicable to that Unfunded Liability,
 - (ii) the payment amounts are identical and are calculated as a percentage of the payroll or as an average amount per hour of employment that, as at the Review Date of the actuarial valuation report by which the existence of the Unfunded Liability was established, was projected for the Active Members; and
 - (iii) the actuarial present value of the payments over the period referred to in subparagraph (i), or any shorter period selected by the Board for the purposes of this paragraph, is equal to that Unfunded Liability.
- (d) Without limiting paragraphs (b) and (c), each Unfunded Liability must be funded by a separate series of payments under subparagraph (b)(ii) or paragraph (c) and must not be combined with any other Unfunded Liability.
- (e) If a Plan Contributor is required under paragraph (b) or (c) to make payments in relation to an Unfunded Liability, the Plan Contributor may make larger payments, more frequent payments or earlier payments than what is required, and, in that event, the Plan Contributor may, despite paragraph (b) or (c), reduce or eliminate subsequent payments provided that
 - (i) the Unfunded Liability is eliminated within the applicable Unfunded Liability Payment Period, and;
 - (ii) the balance of the Unfunded Liability never exceeds the amount of that Unfunded Liability that would have existed had the full amount of the payments required under paragraph (b) or (c) been made.

5. Actuarial Gain

- (a) If the current actuarial valuation report of the Pension Plan establishes that the total amount of all Unfunded Liabilities is less than the total amount of all Unfunded Liabilities projected for the Pension Plan in the previously filed actuarial valuation report, the amount of that Actuarial Gain must be used:

- (i) to eliminate every Unfunded Liability, or
 - (ii) if the amount of that Actuarial Gain is insufficient to eliminate every Unfunded Liability, to reduce the Unfunded Liabilities, with the Unfunded Liabilities being eliminated or reduced chronologically, beginning with the oldest Unfunded Liability.
- (b) If an Actuarial Gain is used in the manner referred to in subparagraph (a)(ii) to reduce the amount of an Unfunded Liability, the payments that are, under paragraphs 4(b) or 4(c), required to be made in relation to that Unfunded Liability must be reduced, on a prorated basis, and paid over the remainder of the applicable Unfunded Liability Payment Period, or a shorter period.

6. Use of Accessible Going Concern Excess to reduce Contributions

- (a) Subject to paragraph (b), if the Pension Plan has Accessible Going Concern Excess, it may be applied to reduce or eliminate the contributions referred to in subparagraph 4(b)(i).
- (b) Despite paragraph (a), not more than 20% of the Accessible Going Concern Excess may be used to reduce or eliminate contributions in the second fiscal year to which the current actuarial valuation report applies, and in each of the 2 following fiscal years.