



Report to Members 2019

A house made of brick: your pension plan's solid foundations

MESSAGE FROM THE TRUSTEES

THIS PAST YEAR MARKED A SIGNIFICANT MILESTONE FOR THE TEACHERS' PENSION PLAN (PLAN): REACHING 100,000 MEMBERS, INCLUDING YOU

You might be a first-year teacher; maybe you've been teaching since the late 1970s. Some of your former colleagues have been retired for months, years or decades. Collectively, you are part of a strong pension plan that supports the retirement of BC's public school teachers.

The plan's strength comes in part from its joint governance structure, where members and employers share responsibility for plan governance and the risk and rewards of plan sponsorship.

The structure starts with the Joint Trust Agreement (JTA), established by the plan's member partner, British Columbia Teachers' Federation (BCTF) and the plan's employer partner, the provincial government.

Part of the JTA includes the establishment of the Teachers' Pension Board of Trustees (board), made up of 10 trustees: 5 appointed by BCTF and 5 appointed by the government. Trustees are responsible for governing the plan and managing the pension fund. They provide direction to British Columbia Investment Management Corporation (the plan's

investment agent, known as BCI) and British Columbia Pension Corporation (the plan's administrative agent).

Ensuring the plan's long-term financial health is a key job of the board, and their most important tool for assessing that is the actuarial valuation.

The valuation is conducted every three years. It's performed by an independent actuary (a professional with specialized knowledge of finance, statistics and risk theory) and determines whether the plan has sufficient funds available to meet its pension obligations for all active, inactive and retired plan members. Based on the valuation results, the board can then adjust the plan as necessary (such as raising or lowering contributions rates).

Through the plan's governance structure, investment management, valuations and administrative support, the plan will continue to be an outstanding model for pension plans everywhere into the next decades.

COVID—19

This report is for the year 2019. Since January 2020, COVID-19 has disrupted the global financial markets which will affect the short term returns of the Teachers' Pension Plan. Please visit the plan website for more information.

Year at a glance (\$ millions)

$$28,366 + 3,712 + 739 - 1,251 - 64 = 31,502$$

Net assets January 1, 2019	+	Investment income	+	Contributions	-	Benefits payments	-	Investment and administration	=	Net assets December 31, 2019
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Changes to accrual rate and default pension option

EFFECTIVE JANUARY 1, 2019

In spring 2018, the board announced significant changes to the plan, including improvements to the accrual rate and default pension option. In addition, the account that funds non-guaranteed cost-of-living adjustments for retired members was strengthened effective January 1, 2019.

How will this affect you?

If your pension begins on or after January 1, 2019, it will be higher than it would have been before the improvements were made. For more, read the *2017 Report to Members*, available at tpp.pensionsbc.ca.

Reduced contribution rates

EFFECTIVE JANUARY 1, 2019

In October 2018, the board announced that contribution rates will be reduced for both members and employers, effective January 1, 2019. This change results from a strong valuation as at December 31, 2017.

How will this affect you?

Your contribution rates as a percentage of salary dropped to 11.17 from 12.92. This means for every \$1,000 of salary you now pay \$17.50 less in pension contributions. For more information, read the *2018 Report to Members*, available at tpp.pensionsbc.ca.

In addition to these changes, the board approved the following administrative changes:

- ON DECEMBER 9, 2019, the plan updated its rules to reflect changes to the provincial *Employment Standards Act*. The updates included new types of approved leaves (domestic or sexual violence and caring for a family member with a critical illness or injury). Members taking these leaves may now buy service for the time they are on leave, retroactive to May 30, 2019.
- ON JUNE 21, 2019, the plan's post-retirement group benefit rules were updated to address the elimination of provincial Medical Services Plan (MSP) premiums, effective January 1, 2020.
- Plan rules were also improved for clarity and to ensure alignment of terminology between plan provisions.

Serving you better online

Report to Members is updating its look as online offerings continue to grow. You'll still receive important updates, like plan changes and financials, by mail. Visit the plan website any time for the latest news, and register for My Account today to access all your information in one place.

your pension online. anytime.
myaccount.pensionsbc.ca

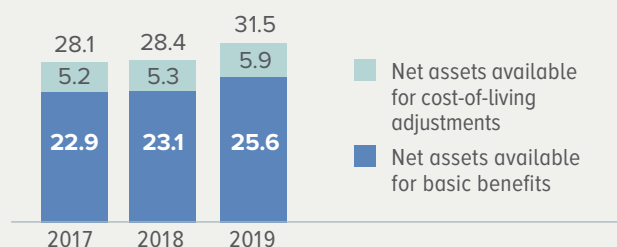


Brian Bradley (SD61)

PLAN PERFORMANCE¹

Net assets available for benefits

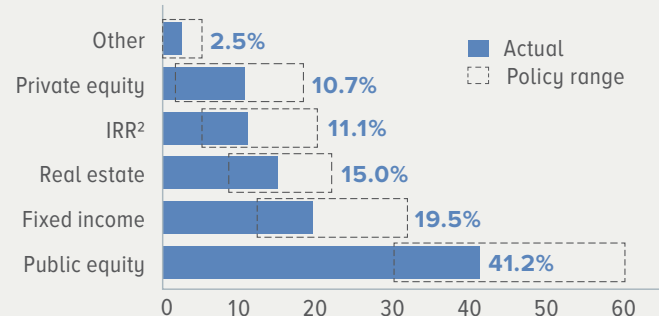
(\$ billions)



¹ These highlights are preliminary and unaudited; for audited financial statements, see the *2019 Annual Report*, which will be posted in the fall 2019 on the plan website.
² Infrastructure and renewable resources.

Asset allocation

as at December 31, 2019



TPP members on page one (left to right): **KAM PUREWAL**, **HENRY PETERS** and **MARNIE CANDIDO**, John Henderson Elementary School, Vancouver School District 39; **CATRINA SNOOK**, Lakewood Elementary School, Sooke School District 62; **STEVE LEUNG**, Sir William Van Horne Elementary School, Vancouver School District 39

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