



Report to Members 2021

Latest valuation shows your plan is healthy

MESSAGE FROM THE TRUSTEES

The Teachers' Pension Plan's recent actuarial valuation shows the funds available for current and future pensions are more than the projected costs of paying for those pensions.

Measured as at December 31, 2020, the plan has assets of \$31.54 billion and liabilities of \$29.96 billion, for an actuarial surplus of \$1.58 billion. This means the plan has a funding ratio of 105.3 per cent.

What is the plan for the surplus?

BC's *Pension Benefits Standards Act* (PBSA) requires we set aside a large portion of the surplus as a buffer to protect the plan in the case of an economic downturn.

For the remainder of the surplus, we use the Teachers' Pension Plan Joint Trust Agreement (JTA) to help us weigh our options. The JTA, established by the plan partners (BC Teachers' Federation and the Government of BC), serves as a governance framework and gives us guidelines on how to manage the plan.

After considering the direction from the PBSA and JTA, we have decided to leave the surplus in the plan's basic account. Keeping our assets in the basic account ensures they will help the plan's financial position when future valuations are undertaken. There will be no change to member or employer contribution rates.

How did we get a surplus?

The surplus is mainly the result of investment returns being higher than expected.

What is a valuation and why is it important?

Valuations assess the financial position of the plan and its funding requirements. They allow us to make sure there are enough funds available for the current and future pensions of all active, retired and inactive members.

An independent actuary—a professional with specialized knowledge in finance, statistics and risk theory—performs a valuation every three years.

The next valuation will be measured as at December 31, 2023.

Valuations allow us to make sure there are enough funds available for the current and future pensions of all active, retired and inactive members.

To read the full valuation report, visit the *Reports* page under *About us* on the plan website.

Year at a glance (\$ millions)

34,282 + 4,071 + 815 - 1,329 - 72 = 37,767

Net assets
January 1, 2021

Investment income

Contributions

Benefits
payments

Investment and
administration

Net assets
December 31, 2021

Removal of limited member application fee

EFFECTIVE APRIL 1, 2021

The fee to apply to be a limited member was removed. Limited members are the former spouses of plan members who are entitled to a portion of the plan member's pension.

New option for buying service

EFFECTIVE MAY 1, 2020

The plan rules have been amended to allow you to make pension contributions during an approved leave of absence under the *Employment Standards Act (ESA)*. You can now either make pension contributions **during** your ESA leave or buy back service in a lump sum **after** the leave.

New leave types for COVID-19 and personal illness or injury reasons

EFFECTIVE MARCH 23, 2020

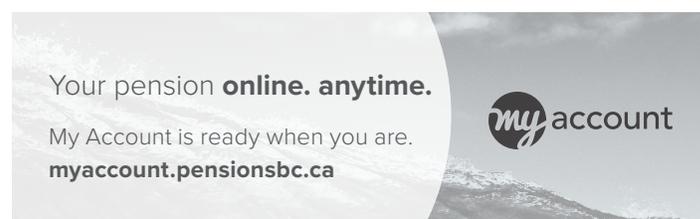
The ESA was amended on March 23, 2020, to allow leaves for personal illness or injury and for COVID-19-related reasons. If you need to take leave for any of these reasons, you can now buy the service for that time.

Further amendments for leaves related to COVID-19 were made to the ESA in April and May 2021.

Administrative changes

You will not be directly affected by these changes:

- A portion of member and employer **contributions have shifted from the inflation adjustment account to the rate stabilization account (RSA)**. The plan uses funds in the RSA to help mitigate significant increases to contribution rates that may result from future valuations. There is no change to total contributions. This change was approved June 28, 2021, effective retroactive to January 1, 2020.
- Changes to the plan's **commuted value methodology** were approved June 15, 2021, effective retroactive to December 1, 2020.
- Administrative work was completed to reflect changes to the Income Tax Regulations **expanding member eligibility to purchase service** for periods of reduced pay for 2020 and 2021.

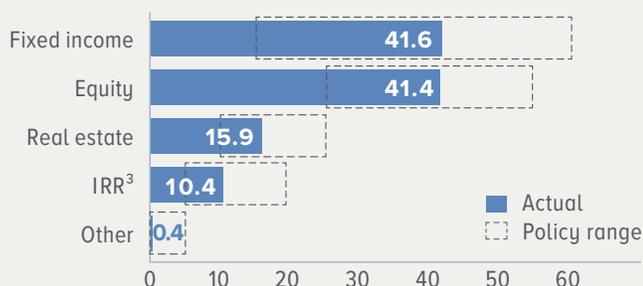


PLAN PERFORMANCE¹

The information here is an overview of the plan's financial status. For audited financial information, read the *2021 Annual Report*, available on the plan website in fall 2022.

Asset allocation² (%)

as at December 31, 2021



1 These highlights are preliminary and unaudited

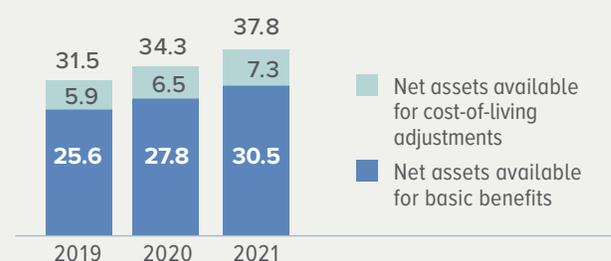
2 Asset allocation does not add to 100 per cent due to the use of leverage

3 Infrastructure and renewable resources

For the plan's full investment strategy, see the Statement of Investment Policies and Procedures (SIPP), on the plan website. The SIPP provides objectives, policies and principles for plan asset management.

Net assets available for benefits (\$ billions)

as at December 31, 2021



Plan members on page 1 (left to right): **Kam Purewal**, John Henderson Elementary, SD39 (Vancouver); **Robert Eichelberger**, Dawson Creek Secondary, SD59 (Peace River South); **Danita Stewart**, Dunsmuir Middle School, SD62 (Sooke); **Aaron Singh** and **Kim Seto**, John Henderson Elementary, SD39 (Vancouver)

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