Introduction:

Please find below an extensive list of questions and answers regarding the BC College Pension Plan (BCCPP). While we surely won't have anticipated every question, we have tried to answer as many questions as possible. We have linked to several pages on the BCCPP website as there you will find more detailed information.
As reported previously, a joint committee made up of appointees by SFU and SFUFA considered a range of pension options, determining that if we were to alter our existing pension plan, the BCCPP would provide the greatest benefit to the greatest number of members. We will be holding multiple info sessions throughout the Fall semester to have further discussion with members, and will put the question to a vote prior to any further action on this front. We have tried to address he questions received or anticipated to date, but please don't hesitate to contact us directly if you have a question not answered here.

1. **Will SFUFA members have to vote on the possibility of joining the BCCPP? When would the vote be held and, if supported, how long after would the transition to the BCCPP occur?**

SFUFA will only join the BCCPP should members vote to do so. The vote will likely happen in the Fall 2018 semester. It will be an electronic vote. Should the membership decide to join the BCCPP, we will then begin active discussions with the University and the College plan to determine a timeline for possible transition.

2. What happens to the money I currently have in the SFU DC (defined contribution) plan?

Should we join the BCCPP, existing faculty members would have a choice: you could leave the money currently in the DC plan where it is, and only contribute to the BCCPP on a go-forward basis. This would mean that at retirement, you would draw from both the BCCPP and your existing DC fund. Your second option would be to buy years of service in the BCCPP with some or all of the contributions currently being held in the SFU DC plan, exchanging dollars for "years of service" under the BCCPP formula. New faculty members would automatically join the BCCPP.

3. Up to what age can someone can join the BCCPP?

Based on Canadian law, you can join up to age 71.

4. I have been at SFU for over 30 years, and plan to retire in 2 or 3 years' time. Is the BCCPP of much benefit to me?

If you are near to retirement, and were hired at SFU prior to 2001, the BCCPP may be of interest as an attractive alternative to a traditional annuity purchased through an insurance company. (As explained later in this document, the purchase of past years of service by a person close to retirement is roughly equivalent to purchasing an inflation-indexed annuity paying 8% per annum.) However, there would be no obligation to buy back years of service in the BCCPP and members alternatively could, at their discretion, leave their existing funds in the current SFU DC Plan. You would contribute to the BCCPP for the last few years of work prior to retirement, which would allow you to draw a small pension from the BCCPP and access their post-retirement benefits should you choose. The lifetime limit for post-retirement health benefits through the BCCPP is currently $150,000 (https://college.pensionsbc.ca/retirement-health-coverage; https://onlineservices.greenshield.ca/publicbooklets/cpp.pdf) vs $15,000 with our current retirement benefits (https://www.sfu.ca/human-resources/retirees-health-benefit.html).

5. The benefit formula for the BCCPP is based on the average of the best five years' salary. What happens for members who are close to retirement and only intend to be part of the plan for 2 to 3 years?

If you work for less than 5 years before retiring, your pension benefit amount would be based on the best average salary of the number of years you work before retirement.

6. I am a mid-career faculty member who plans to work until at least age 65. How will the BCCPP likely affect me?

The immediate effect of joining the BCCPP would be that you would have to begin making retirement contributions to the BCCPP. If you are currently investing ~10% of your income into RRSPs, your existing DC account, or other retirement savings (above the contributions made by the university), this change would have little effect on your disposable income, as you would likely stop making your current contributions and switch to investing in the BCCPP. If you are currently saving less than 10%, the increased contributions to retirement would mean a decrease in your immediate disposable income.

If you are a mid-career member and intend to continue working at SFU for a number of years, you will have accumulated substantial savings in your SFU DC plan, and would also accumulate moderate benefits through the BCCPP. As described above, you could choose to buy years of service with some or all of the funds in your SFU DC plan, or keep this as a separate fund. For instance, imagine that you have worked at SFU for 15 years, and intend to continue working here for another 15. If you do not buy years of service, you will accumulate 15 years with the BCCPP, and so upon retirement, your benefits will be 15 x 2% x average of best 5 years of service = annual pension of 30% of the average of your best 5 years, and you would also have the funds from the SFU DC to supplement your income. Alternatively, you could buy years of service. However, your SFU DC plan funds would not necessarily be sufficient to buy all 15 years of service that you had actually worked, and may need to be supplemented by savings in other registered plans.

7. Is there a minimum number of years someone has to contribute to the BCCPP in order to draw benefits?

No. As soon as you join the BCCPP you are eligible to access the post-retirement benefits.

8. Is there a ceiling on the number of years a member can contribute to the BCCPP?

No, until you reach age 71, you can contribute to the BCCPP for as long as you are employed as SFU Faculty.

9. I have built up a significant balance in my SFU DC plan. Do I have to transfer these funds to the BCCPP?

No. Faculty members are under no obligation to transfer money currently in the SFU DC plan into the BCCPP.

10. What sources of funds can be used to buy past years of service in the BCCPP?

Any money currently in any type of locked-in retirement savings account (RRSP, another pension plan, another locked-in retirement account).
You can also buy past years of service with money not currently locked in to any retirement savings account penalty-free up to your personal RRSP contribution limit. After that, any non-locked-in funds used would be subject to a penalty.

11. What will the cost of buying past years of service be?

The cost of buying back years of service depends on your age, salary, and number of years you've worked at SFU. When we began to explore the BCCPP, the College Plan provided a rough estimate which was included in our previous FAQs. That table is reproduced here, though it is intended only as an rough estimate as of July, 2014.

Estimated cost in 2014 to purchase one year of past service

Salary \ Age	40	45	50	55	60	65
70,000	9,929	11,059	12,509	14,320	16,293	17,684
100,000	14,185	15,799	17,870	20,457	23,275	25,263
130,000	18,440	20,538	23,231	26,594	30,258	32,842

12. I am on a very tight budget, and don't think I can afford the member contributions that are a mandatory part of belonging to the BCCPP. What can be done?

We understand that joining the BCCPP would mean increased deductions from members' paycheques. However, there are other factors that we hope will mitigate the impact to members' take-home pay.

In the coming months, we will no longer have MSP deducted from our paycheques. There was also a General Wage Increase and a step award implemented on September 1st, 2018, and there will be further increases in 2019. These factors, combined with the after-tax impact of the contributions falling somewhere closer to 7% rather than 10%, will significantly mitigate the cost of the BCCPP contributions for individuals.

13. How does CPP affect BCCPP? Does it cause the BCCPP pension to be adjusted?

The BCCPP is a non superannuated plan, which means you can collect your full CPP as well as your full BCCPP benefit.

14. How is the BCCPP structured?

The College Pension Plan is a segregated, jointly trusteed defined benefit pension plan. The plan is governed and managed by a 10-person Board of Trustees, structured as follows:

Trustees are nominated and appointed by the four plan partners – the British Columbia Government and Service Employees' Union (BCGEU), the Federation of Post-Secondary Educators of BC (FPSE), the Post-Secondary Employers' Association (PSEA) and the provincial government.

The College Pension Plan Joint Trust Agreement sets out how the 10 trustees are appointed:

- The provincial government appoints four trustees (one nominated by PSEA)
- FPSE appoints three trustees
- BCGEU appoints one trustee

- The plan member partners appoint one trustee who must be retired and receiving a pension from the plan
- The plan employer partners appoint one trustee who must be an active member of the plan and not a member of either BCGEU or FPSE

Trustees are responsible for governing the plan and managing the pension fund, which includes pension plan administration and investment of assets. They do this by making decisions and providing direction to:

- British Columbia Pension Corporation (the plan's administrative agent) on administration of the plan, including services to members
- British Columbia Investment Management Corporation (the plan's investment agent) on management of the plan's assets

The following service providers also play an important role:

- Eckler Ltd. (an independent actuary) assesses the plan's financial health every three years
- KPMG (an independent auditor) audits the plan's financial statements each year per Canadian generally accepted auditing standards
- Green Shield Canada provides voluntary extended health care and dental coverage for eligible retired plan members
- Lawson Lundell provides legal counsel to the plan

(Source: https://college.pensionsbc.ca/organizational-structure-of-the-plan)

Note that the structure means that half the Board is made up of representatives of employers, with the other half being representatives of employees. This contributes to the sustainability of the plan because the interests of employees (who want higher benefits) is balanced by the interests of the employers and the province (who don't want employer contributions to get out of hand).

15. What is the investment track record of the BCCPP?

As of August 31, 2017, the plan had investment assets of more than $4.6 billion. During the 2008 financial crash, the plan remained 99% funded.

16. I have a medical condition that means I likely won't live as long in retirement as a typical member. Am I disadvantaged under a DB plan such as the BCCPP?

There are a number of ways you can collect your BCCPP benefits that will allow you to tailor your benefits to your personal situation. For the different options, please see below (question 17).

17. What options are there for how the pension can be taken under the BCCPP?

When deciding how to take your BCCPP benefit, you'll have 3 options to choose from, as well as 3 guarantee period options.

A guarantee period determines how long your pension will be paid to a beneficiary. If you die within the guarantee period, the remaining benefit will be paid to your named beneficiary (or beneficiaries) until the guarantee period ends.

You can choose a guarantee period of 5, 10 or 15 years. A shorter guarantee period will result in higher monthly payments.

If you choose a single life pension option:

- If you die within the guarantee period, your pension benefit will be paid to your beneficiary (or beneficiaries) until the end of the guarantee period.
- If you live beyond the guarantee period, you will continue to receive your monthly pension for the rest of your life, but there will be no pension paid to your named beneficiary (or beneficiaries) when you die.

If you choose a 100% joint life pension option:

- Whether you die before or after the end of the guarantee period, your spouse will continue to receive 100 per cent of your pension for the rest of their lifetime.
- If you and your spouse both die within the guarantee period, your pension benefit will be paid to the named beneficiary (or beneficiaries) of the last survivor for the remainder of the guarantee period.
- If you and your spouse both live beyond the guarantee period, you will continue to receive your monthly pension for the rest of your lives, but there will be no continuing pension paid to your named beneficiary (or beneficiaries) when you die.

If you choose a 60% joint life pension option:

- If you die within the guarantee period, your spouse will receive 100 per cent of your pension until the guarantee period ends. After the guarantee period, your spouse's pension payment will be reduced to 60 per cent for their lifetime.
- If you die after the guarantee period, your spouse will receive 60 per cent of your pension for the rest of their life.
- If you and your spouse both die within the guarantee period, your pension benefit will be paid to the named beneficiary (or beneficiaries) of the last survivor for the remainder of the guarantee period.

Note that the pension option chosen affects the pension amount. Monthly payments are highest for the single life pension option and lowest for the 100% joint life pension option. (source: https://college.pensionsbc.ca/web/college/choose-your-pension-option)

18. What happens to my BCCPP pension contributions if I leave SFU well before retirement age?

If you leave your job at SFU, you would have a number of options regarding your BCCPP contributions:

- Defer your pension and apply for it at a later date. If you only contribute to the BCCPP for a few years early in your career, this would mean drawing a small pension from the plan at age 55 or later.
- Transfer the commuted value of your pension to a locked-in retirement vehicle (if you are under 55).
- Apply for a monthly pension (if you are 55 or older). Your monthly pension benefit would be calculated based on your years of service and salary from your best 5 years, with reductions if you are under 65 (https://college.pensionsbc.ca/apply-for-an-immediate-pension).
- Transfer your service to another public sector pension plan (if your new employer's pension plan has a transfer agreement with the College Pension Plan)

(source: https://college.pensionsbc.ca/leaving-your-job)

19. Fossil fuels, Sustainability, and Ethical Investment

While the BCCPP hasn't fully divested from fossil fuel investment, it does participate in a sustainable investment practice.

British Columbia Investment Management Corporation (BCI), the plan's investment manager, is a founding signatory to the United Nations–supported Principles for Responsible Investment, an international network of investors working together to put responsible investing principles into practice. These investment principles are founded on the belief that an economically efficient and sustainable global financial system is a necessity for creating long-term value.

BCI, with the support of the board, embraces responsible investing through three core activities:

- Integrating environmental, social and governance factors into investment analysis and decision making
- Being an active owner
- Being an active participant in the capital markets

BCI ranks among the top-performing investment managers globally in using the principles for responsible investment. BCI collaborates with other investors and organizations such as the Canadian Coalition for Good Governance, CDP (formerly the Carbon Disclosure Project) and the International Corporate Governance Network.

In 2016, BCI expanded its role in responsible investing by joining and serving as a steering committee member of the 30% Club Canada, an organization that advocates for companies to enhance gender diversity. BCI is also a member of the Sustainability Accounting Standards Board, whose mandate is to promote standards of sustainability reporting.

(source: https://college.pensionsbc.ca/responsible-investing).

20. Who are the faculty who join the plan? If you switch to an admin role, do you leave the plan?

All SFU Faculty and Academic Administrators (Associate Deans and above) would belong to the plan. If you take a temporary or term administrative position, you will not leave the plan.

21. Would other bargaining units on campus (CUPE, etc.) be part of the transition to the BCCPP?

No. CUPE, APSA, and Polyparty belong to a separate pension plan.

22. Are other BC universities part of the plan?

At this time, Royal Roads belongs to the BCCPP, along with many colleges and teaching universities. UBC, UVic and UNBC currently have their own stand-alone plans.

23. What is the maximum number of years of past service that can be bought back under the BCCPP?

You can buy back as many years as you have worked at SFU.

24. What's the tax treatment if the total contribution exceeds the RRSP ceiling?

Revenue Canada allows total contributions to DB pension plans to exceed the RRSP ceiling, at their discretion.

25. How stable is the BCCPP?

As with any investment, the BCCPP is subject to market fluctuations and world events. However, with that caveat, the BCCPP is very stable. Unlike some other DB plans, the plan is managed through a joint trust agreement between employers and employees, such that employers or government cannot unilaterally decide to reduce their contributions, or use funds for other purposes.

The plan is pre-funded such that each generation pays in advance for its own benefits. An actuarial valuation is performed at least once every three years to ensure that the funds in the plan are sufficient to cover the expected future benefits. At the most recent valuation, in 2015, the funded ratio was 103.6 per cent, i.e., the fund contains more money than it needs to pay the expected future benefits. If at any point this process were to identify potential shortfalls, the board (made up of employer and employee representatives) could decide to increase contribution rates (in which case members and employers share equally in rate increases) and/ or reduce future benefits on a go-forward basis. However, the Plan is

currently above fully-funded, and remained 99 percent fully funded through the 2008 financial crisis.
(source: https://college.pensionsbc.ca/facts-about-the-plan)