


BC PENSION
CORPORATION



2018/19
ANNUAL REPORT



We deliver professional services, create value and build strong relationships with those we serve.

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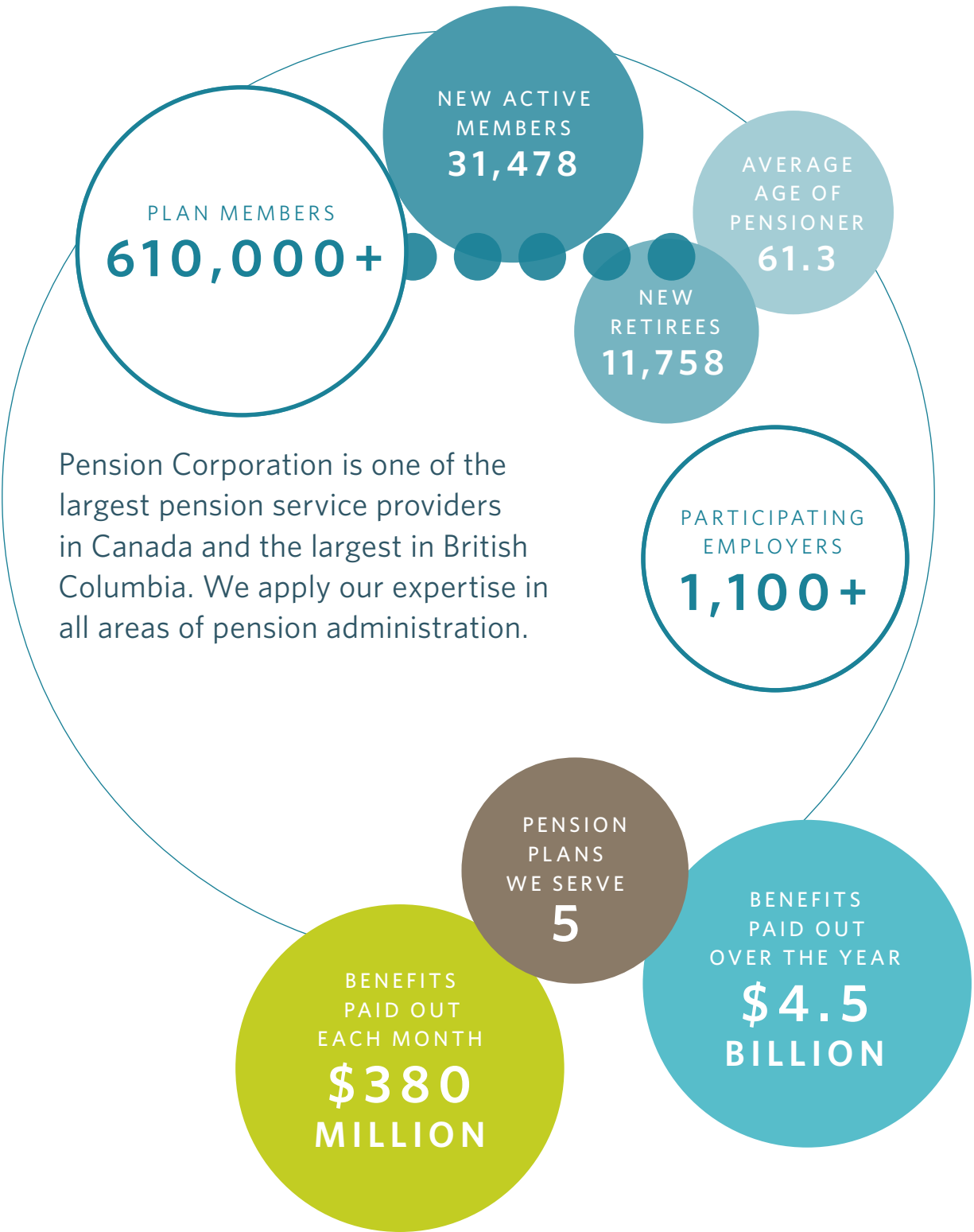
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WHO WE ARE

BC Pension Corporation



We provide the right information at the right time so plan members can make informed decisions about their pension.

TOTAL MEMBERSHIP* IN EACH OF BC'S FIVE PUBLIC SECTOR PENSION PLANS

COLLEGE PENSION PLAN **28,582**
as at August 31, 2018

MUNICIPAL PENSION PLAN **348,690**
as at December 31, 2018

PUBLIC SERVICE PENSION PLAN **132,629**
as at March 31, 2019

TEACHERS' PENSION PLAN **98,805**
as at December 31, 2018

WORKSAFEBC PENSION PLAN **6,012**
as at March 31, 2019

TOTAL 614,718

* Refers to active, inactive and retired membership. Inactive members are members who have ended their employment with a plan employer but left their contributions (or accrued benefit) in the plan.

Note: figures are based on each plan's year-end reporting cycle.

Message from the board chair

BC Pension Corporation is doing wonderful work performing with flexibility and agility as it progresses through the final phase of the strategic plan, *From 12 to 21: Our Way Forward*. I'm a big supporter of the 12 to 21 strategic plan and appreciate the forward thinking contained in the strategy. The corporate board and I continuously support the corporation's efforts to find better ways of meeting the expectations of pension plan members, employers and boards of trustees.

It's been a busy year, with systems and communications being updated for critically important plan design changes for two pension plans. All the while the corporation continues to work hard to elevate the member and employer experience—offering new online services for members, enhanced online education and an outreach program that's strengthening relationships with employers.

The environment today is complex and ever changing. We are proud of the way the corporation manages risk and keeps security top of mind as it transforms to further improve services.

The board would like to thank the CEO and her team for their excellent leadership and commitment to our shared strategic vision, and Pension Corporation staff for their diligent, reliable service. I encourage you to read through this annual report and share in the important work being done by Pension Corporation, its staff and its executive, on behalf of BC's public sector pension plans.



A handwritten signature in dark ink that reads "Weldon Cowan".

Weldon Cowan
Chair, board of directors



Message from the CEO

This year marked the beginning of the final phase of our 12 to 21 strategic plan, an ambitious business transformation that began in 2012 and takes us to 2021. In the final phase, we are focused on operational excellence—looking deep within core business processes to drive efficiency and effectiveness. An easy statement to make, but a goal that requires effort, commitment, resources and flexibility. We are making good progress and have started by investing in new technologies to digitize and automate our work. This strategic work will improve the member experience and our relationships with pension plan employers while helping us be more responsive to plan trustees and provide modern, meaningful work experiences for staff. All this while we continue to be a cost-effective and high-performing service organization.

Every day, Pension Corporation staff step up and lean in to serve members and employers, and meet the evolving needs of the plan boards. I note our agile response to significant changes to the Public Service Pension Plan, which required staff to exercise new levels of creativity and technical expertise to implement changes in a timely manner. During this time, we also completed Teachers' Pension Plan design changes, the culmination of a number of years' work.

Staff also initiated new ways of interacting with plan employers, improving the timeliness and quality of data provided by some of the largest pension plan employers.

Like many other organizations, we're addressing challenges with cyber security, investing in technology and developing good cyber-hygiene practices to protect member data.

BC Pension Corporation is a special place to work. I am proud to lead this extraordinary organization, and I am grateful for the support of the board and hard work of our amazing staff.



A stylized, handwritten signature in black ink, consisting of several fluid, connected strokes.

Laura Nashman
Chief executive officer



Our board of directors

The collective knowledge and experience of the BC Pension Corporation Board of Directors (corporate board) informs the strategic planning and direction of Pension Corporation. Trustees provide careful, thoughtful oversight and sound governance.

The corporate board includes a plan member and plan employer representative from each of the following plan boards. Corporate board members for the 2018/19 fiscal year:

COLLEGE PENSION BOARD OF TRUSTEES



Weldon Cowan, chair



Geraldine Hutchings¹



Carl Fischer²

MUNICIPAL PENSION BOARD OF TRUSTEES



Mary Procter, vice-chair



Gary Yee

PUBLIC SERVICE PENSION BOARD OF TRUSTEES



David Vipond



Chan-Seng Lee¹



John Mazure²

TEACHERS' PENSION BOARD OF TRUSTEES



Brad Underwood



Elizabeth Baverstock¹



Dale Lauber²

1 Incoming appointment
2 Outgoing appointment

2018 Public Sector Pensions National Forum



In August, Pension Corporation hosted the 2018 Public Sector Pensions National Forum, an annual event for Canadian pension plan administrators to discuss pressing issues affecting the Canadian pension industry today. Over 60 delegates from across the country gathered in Victoria to discuss ideas and share opinions on topics including cyber security, the impact of technology, defined benefit availability and employer service management.



Our leaders

Our high-performing executive team is committed to fostering a positive organizational culture at Pension Corporation. The team oversees our operations and implementation of the strategic plan. They provide forward-thinking solutions as we transform our business to meet the changing needs and expectations of those we serve.



Laura Nashman
chief executive officer



Trevor Fedyna
vice-president,
corporate services and
chief financial officer



Joel Levinson
vice-president, member
and employer experience



Aaron Walker-Duncan
vice-president, board and
communication services

Absent: **Dave Marecek**
vice-president, transformation
and information services



Transition in senior leadership roles

In May 2019, Joel Levinson was appointed vice-president of the member and employer experience division. Joel brings more than 20 years of technology and operations management experience. Before joining us, he served as chief information officer for MAXIMUS Canada and held key leadership roles at Intel Corporation. Joel is a strategic leader with extensive experience developing and implementing business transformations.



BC CEO award

CEO Laura Nashman was recognized for her excellent leadership with the 2018 BC CEO Award from *Business in Vancouver* in November 2018. This is the second award from *Business in Vancouver* for Laura; she was named as one of 2017's influential women in business—one of five women in BC to receive this recognition.

"The board is extremely pleased to see Laura's leadership recognized at a provincial level time and time again."

—Weldon Cowan, corporate board chair



Odgers Berndtson's CEOx1Day

CEOx1Day is a global initiative intended to develop promising future leaders in Canada. Each year, 20 third- and fourth-year university students are paired with CEOs across the country for a day of mentorship and to experience life as a CEO.

CEO Laura Nashman was paired up with Simon Litt, a fourth-year bachelor of commerce student at the University of Victoria. Simon learned about how we serve members and about our enterprise product model approach. He left with fond memories of our welcoming culture and strategies for success.



WHERE WE ARE IN THE STRATEGIC PLAN

Our strategy

We are in the first year of the third and final phase of our strategic plan, *From 12 to 21: Our Way Forward*. Over the next two years, we'll continue to improve the member experience, focus on necessary compliance work, design for automation and provide digital solutions to help transform how we do business.

Automating processes is key to efficiency and continued high-quality service levels.



Our strategic plan responds to five key drivers:

- Increasing importance of information and need for process management
- Rising stakeholder expectations
- Growing complexity and diversity in plan design and administration
- Evolving demographics and client service expectations
- Shifting workforce characteristics

You can find more information about our strategic plan on our website at bcpensioncorp.ca.



HOW WE ARE PERFORMING

Adapting to change with agility

As we transform to improve our services, the plans we serve are also evolving. In 2018/19, Teachers' Pension Plan (TPP) and Public Service Pension Plan (PSPP) significantly changed their plan rules. Our dedicated staff demonstrated agility and diligence to ensure changes were delivered accurately and on time.

Teachers' Pension Plan redesign wrap-up


On January 1, 2019, the TPP redesign was officially completed. In redesigning the plan, the Teachers' Pension Board of Trustees looked at how the labour market has changed in the last 40 or 50 years, with plan sustainability as the most important factor. The changes mark a significant milestone for TPP and coincide with its 90th birthday.

Public Service Pension Plan redesign

The Public Service Pension Plan redesign is progressing well. Since April 1, 2018, when the plan design changes came into effect, we have updated plan rules, systems, procedures and communications to reflect the new plan design. All PSPP retirements are now calculated to reflect service under the old plan rules and new plan rules. We have also been updating systems to implement a past service benefit enhancement, effective October 1, 2019.

Improving our management of data

At Pension Corporation, we take protection of data seriously and continually strengthen our privacy and security programs. Last year, we reviewed controls for managing and storing physical records, and enhanced our privacy training and awareness program for staff.



"[Pension Corporation staff] played a role in how our members will retire. The work has paved the way for the future—not just for our membership, but also for the broader pension industry."

—Brad Underwood, TPP trustee and corporate board director

Delivering enhanced services to members and employers

How plan members and employers interact with each of the pension plans is important to us. We've improved our service:

- Provided new online services and educational materials
- Enhanced the quality of front-line services to members with initiatives such as co-browse and a phone-call quality assurance program
- Offered coaching for employers, hosted monthly webinars and started a payroll community of practice

A newly automated process for calculating pension options allows many members to apply to retire online and receive their pension options immediately. This is a big step toward modernizing how we serve members and employers.



My Account improvements

Message Centre was launched in My Account for all five pension plans in 2018/19. Message Centre is a secure channel for sending and receiving messages and attachments online. It provides a convenient, safe and personalized archive of members' online pension interactions. This digital-first solution helps reduce our information security risk.

Benefits of Message Centre:

- Enhances security of member data by storing requests and responses in one secure location
- Ensures compliance with government information security legislation
- Improves tracking of information
- Supports a consistent, high-quality experience for members



"I'm excited as we continue to implement new digital services, improving members' experience while giving them confidence their requests will be processed in a secure and environmentally friendly way. Of equal importance is reducing the need for manual effort by our staff, allowing them to focus on work that requires our expertise and a personal touch, where it matters most for members."

—Nadine Njootli, director,
member services



Innovation recognized and honoured

WorldPensionSummit award

Pension Corporation earned a trophy from *Pensions and Investments*' WorldPensionSummit Innovation Awards, which recognizes innovative initiatives in the global pensions and retirement community. Our submission highlighted our transformation to an online and digital presence, providing over 569,000 members with the ability to access their pension information online using My Account. As well, all five pension plan websites were redesigned, and an eight-step online retirement application process was introduced, replacing a 49-page paper application.



"We were recognized by an international panel of pension experts for the innovative approach we have taken to enhance our member communications."

—Aaron Walker-Duncan, vice-president,
board and communication services



New online education

The launch of *Making the Most of Your Pension* online learning marked an education milestone for Pension Corporation. All five pension plans we administer now offer online learning for new, prospective and mid-career members. This gives members another channel to learn about their pension when and where they choose.

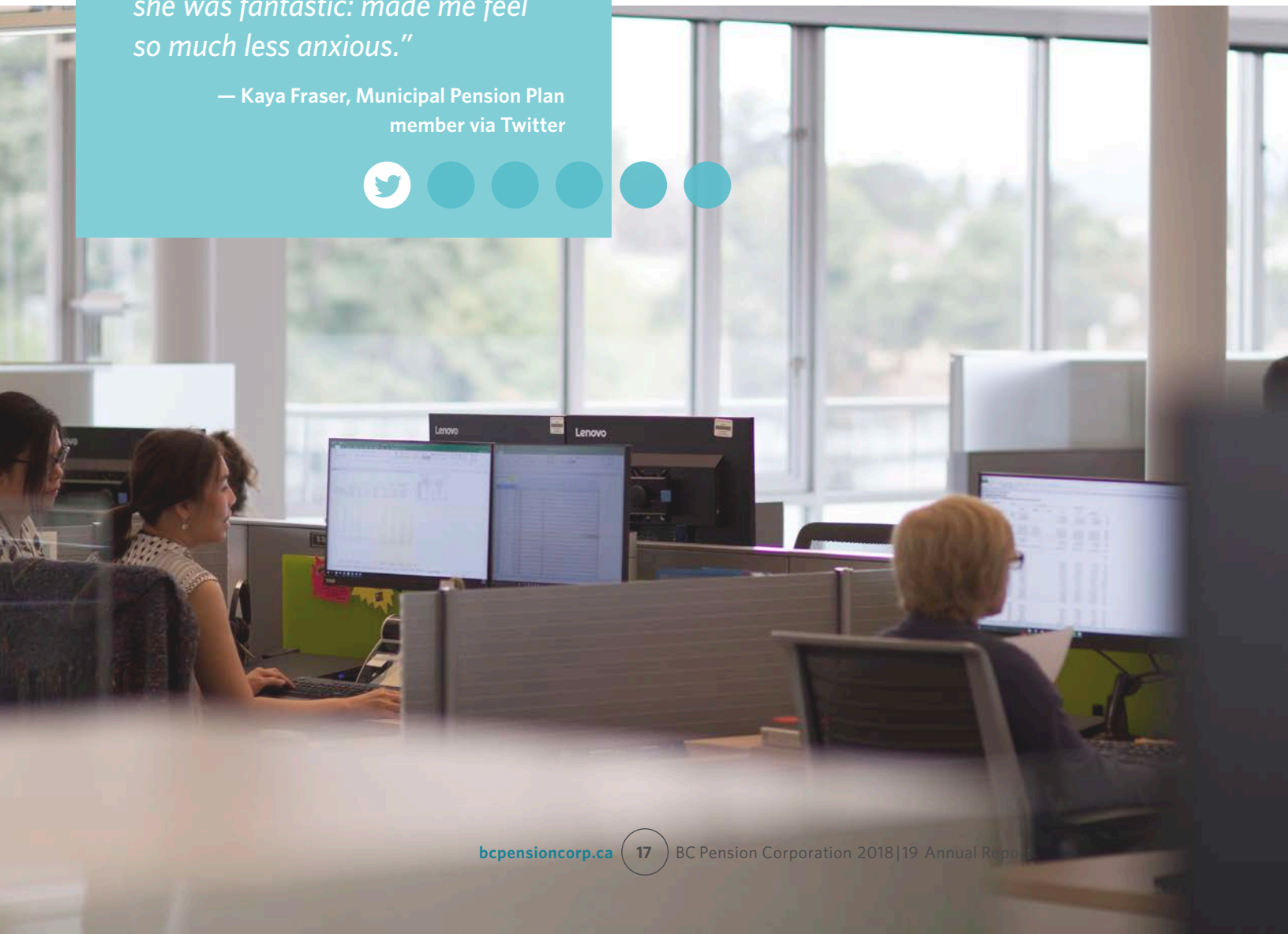
"Dealing with a competent, empathetic customer service rep can really improve your day. I just spent time on the phone with someone from @MyBCMPP and she was fantastic: made me feel so much less anxious."

— Kaya Fraser, Municipal Pension Plan member via Twitter



Quality assurance coaching for member services centre

We improved our front-line services for members through a new quality assurance program. Over the year the program has been in place, our internal quality measure scores have risen to 85 per cent from 70 per cent. A quality assurance coach and team leaders provide feedback and coaching to staff—recognizing achievements and identifying training opportunities. This program also helps us measure plan members' satisfaction and identify call trends.



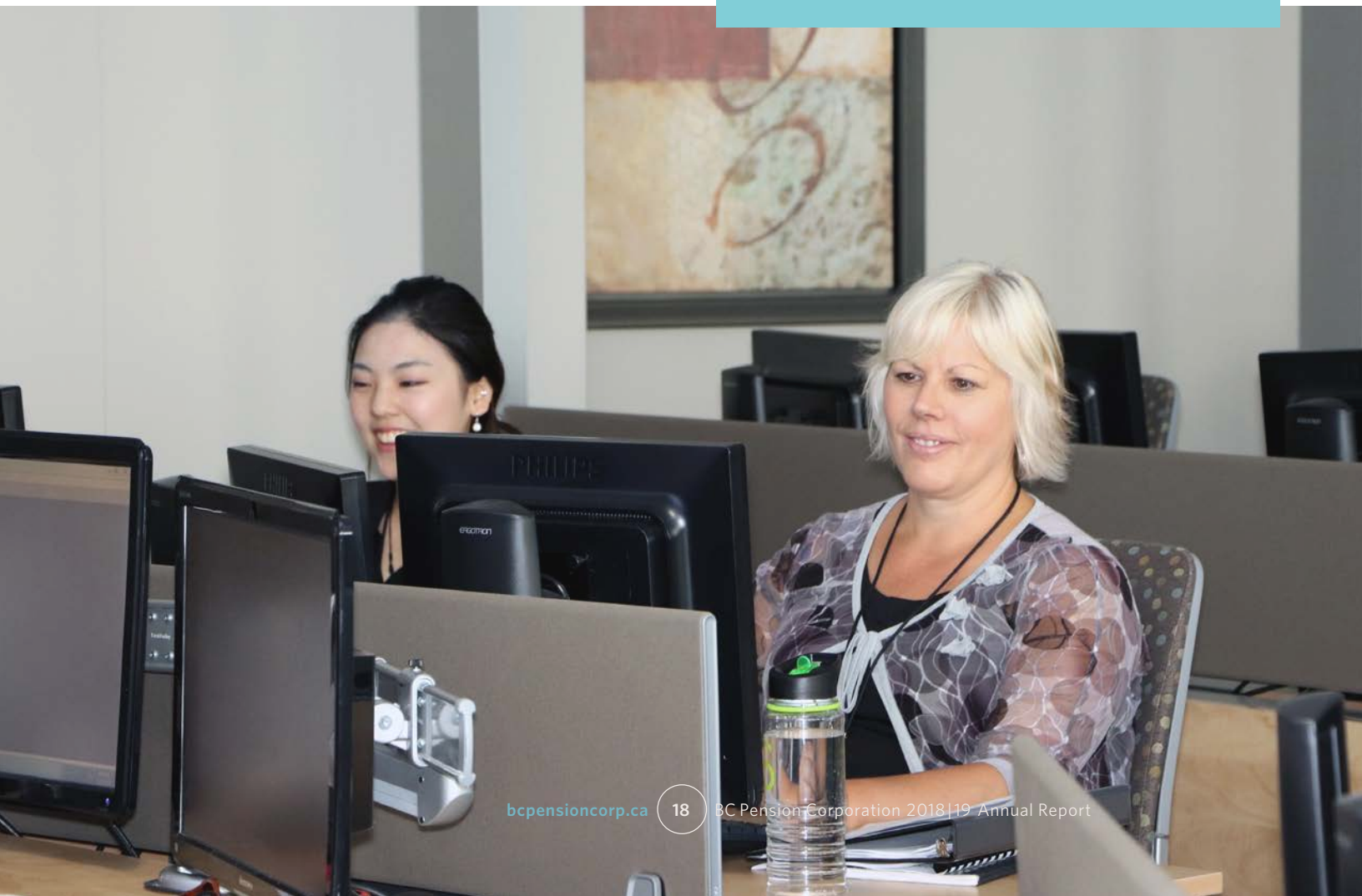
Employer outreach program

We've expanded our education opportunities for employers, including:

- Monthly webinars for employers on hot topics—e.g., pension adjustment statements and contribution remittances
- Personalized in-house learning sessions with employers of more than 1,000 members
- Quarterly payroll community of practice, where employers meet to discuss pension administration

Another outreach program initiative is the expansion of file-testing activities to a larger group of employers. File testing allows employers to submit their year-end files ahead of the due date and receive feedback and coaching on how to enhance their performance at year-end.

Employer webinars are a great education option and networking solution for small organizations located in remote areas. Finding answers to pension administration questions is now easier.





Our people strategy

We are transforming the employee experience through career development programs, flexible work options and focusing on how to retain our valued employees. We are a diverse team of specialized professionals with a passion for delivering outstanding client service. As an organization, we strive to ensure our employees are empowered, inspired and reach their fullest potential. While our employee engagement continues to be strong, we acknowledge the need to focus on retaining our best and most-knowledgeable staff.



Career development

We are developing the talent in our organization and helping staff achieve their career goals. We offer career development workshops and support, and one-on-one sessions with recruitment specialists. We also offer learning activities for professional development and leadership practices including coaching, leading change, delegating, empowering and building respectful workplaces.

LeadNow

Elevates our people leadership by establishing four key practices: coaching, leading change, building respectful workplaces, and delegating and empowering.

ONTRAC

Ensures employees are on track with their performance, their development and their career.

inVESTED

Launched with a view to the workforce of the future, our inVESTED Scholarship Program provides staff with opportunities to learn and grow with us.

We're excited to announce this year's recipients of the inVESTED scholarship for children of employees. Recipients were selected based on the following criteria: essay, extra-curricular and volunteer experience, and year of study. Congratulations to our three winners:

Anya is developing her love of fashion and obtaining her bachelor of design degree. Cassidy is studying towards her general science associate degree. Lynden plans to study kinesiology and receive her bachelor of science degree.



Flexible work options

Employees and leaders tell us that flexible work options have increased work-life balance, job satisfaction and productivity. Expanded work arrangements—such as modified workweek, compressed workweek, and mobile and part-time work—help attract and retain staff.



“Pension Corporation has all the tools we need for online meetings; there is every reason to take full advantage of these opportunities.”

—Andrew Bonnell, digital experience
and communication services



Strong organizational community

Diversity and inclusion are fundamental to a strong organizational community.

At Pension Corporation, diversity and inclusion means:

- We embrace individual differences and ensure equal employment opportunities based on capability and performance
- We leverage the diverse thinking, skills, experience and working styles of our employees and other stakeholders
- We provide opportunities for work arrangements that accommodate the diverse needs of individuals at different stages of their life and career
- We develop a workforce that reflects the diversity of the community

Commitment to community

We are proud of our contribution to BC's 2018 Provincial Employees Community Service Fund (PECSF) campaign. We were finalists in two award categories: highest participation and most improved. Total money raised by staff donations was \$58,851.

"Our work with PECSF really demonstrates our commitment to the community in which we work."

—Laura Nashman, chief executive officer





Our staff champions fantastic fundraisers, like Jeans Days for BC Children's Hospital, and promotes healthy living.



Inspiring confidence

Financial discussion

Pension Corporation provides financially responsible services. We do not receive direct funding from the Province of British Columbia or any other level of government. We operate on a cost-recovery basis, charging each pension plan for services provided and for its share of Pension Corporation's net operating and capital costs. Every dollar we receive goes to supporting services for plan members, employers and boards of trustees, and sustaining those services.

For the year ended March 31, 2019, we were slightly under budget by 0.9 per cent or \$729,000.

Below is a summary of the supplemental statement appended to the audited financial statements. The supplemental statement represents Pension Corporation's performance against its approved budget and reflects 2018/19 charges to our clients for operating and capital funding requirements.

TOTAL SERVICE DELIVERY CHARGES TO THE PENSION PLANS FOR THE YEAR ENDED MARCH 31, 2019^{1,2}

March 31	2018/19 actual (\$ thousands)	2018/19 budget (\$ thousands)	Budget variance	
			(\$ thousands)	(%)
Operations	62,953	63,700	(747)	(1.2)
Strategic actions	12,121	12,800	(679)	(5.3)
PSPP redesign ³	6,259	6,259	—	—
Total pension corporation	81,333	82,759	(1,426)	(1.7)
Secretariat	2,387	2,465	(78)	(3.2)
Office consolidation	775	—	775	100
Total charges to pension plans	84,495	85,224	(729)	(0.9)

1 For a detailed breakdown, refer to British Columbia Pension Corporation Supplemental Statement attached to the financial statements.

2 The audited financial statements that start on page 39 reflect a different perspective for total charges to pension plans, revenue and expenses, as the audited statements capitalize some assets and amortize them over their useful life. We present both views in this annual report to be as transparent as possible with financial information. A reconciliation of the differences between the supplemental statement and the audited financial statements can be found in the notes of the audited financial statements.

3 On September 11, 2018, the Public Service Pension Board of Trustees approved a budget increase of \$10 million plus or minus 25 per cent to implement plan design changes over a two-year period.

SERVICE DELIVERY CHARGE DETAILS

Operations	Core day-to-day costs of running our organization
	Slightly under budget for daily activities (\$747,000; 1.2 per cent)—due to savings in salaries, telephony, premises and other costs
Strategic actions	Our most forward-thinking actions; projects we must undertake to meet the changing needs and expectations of those we serve
	Slightly under budget at year-end
	Completed My Account enhancements (retiree dashboard; Message Centre)
	Strengthened cyber security
	Planned and designed major process and system changes that will modernize and automate how we do our work
PSPP redesign	New unplanned work introduced into strategic actions portfolio with PSPP redesign project
	Updates progressing well—tools are being updated with new plan rules
	On track for delivering all changes accurately and on time for members and employers
Secretariat	Pension board secretariats provide professional and operational support to the pension plans' boards to meet governance and fiduciary obligations
	Secretariats carry out day-to-day board operations and serve as liaisons between plan boards, plan partners, Pension Corporation, British Columbia Investment Management Corporation, plan members and employers, pension plan stakeholders and others
	Total secretariat costs slightly under budget at 3.2 per cent
Office consolidation	Consolidated our offices from five locations to two (over two fiscal periods)
	Brought together teams and updated our facilities
	Office consolidation now complete and finished on budget

Financial outlook

As we look forward to future years, we will work to remain a cost-conscious pension service provider. The primary driver of any future cost increases will mostly relate to supporting day-to-day operations and secretariat activities. We expect to continue to be a low-cost service provider compared to our peers.

Forward-looking information is subject to change. What we forecast may differ from what occurs for a variety of reasons: differing salary assumptions, changing currency valuation, fluctuating service events, changing technological costs, shifting timing, and complexity of plan and post-retirement group benefit design changes.



We have
strengthened
our accountability.

Quality assurance and risk management

Improvements to our quality assurance and risk management program help us strengthen our accountability. The program is organized around four areas of practice:

- **Enterprise risk management:** improved tools help us better identify and assess risk, and report on it to the corporate and plan boards and within Pension Corporation
- **Business continuity management:** increased scope allows us to better address business resiliency and crisis management, and assess and report on risks during irregular operations
- **Quality management:** this new program was developed to ensure quality objectives (e.g., timeliness, accuracy, security) are met by assessing risk early in a project to ensure it includes appropriate controls and working with staff to review and improve controls in ongoing operations
- **Internal audit and advisory services:** this service allows better tracking and reporting of audit findings and action plans to management and the audit committee



Our approach to risk

We monitor risk through our enterprise risk management program to provide a coordinated enterprise-wide approach to identifying, assessing, managing and monitoring risk at all levels (strategic, corporate, project and operating). Our program is based on an internationally recognized risk management framework and is used to regularly report risks and risk management activities to the corporate enterprise risk committee and the corporate audit committee.

We also include in our coordinated approach to risk management:

- Business continuity planning
- Crisis, incident and emergency response
- Internal audit
- Insurance
- IT disaster recovery

Business continuity and incident response plans are reviewed regularly, updated as required, and tested through tabletop exercises and participation in simulation events.

As we implement *From 12 to 21*, we are addressing our strategic and corporate risks. Accomplishments such as our employer outreach program and My Account Message Centre not only improve service but also reduce identified risks.

Risk management is an ongoing process, and we review our program to improve both program delivery and Pension Corporation's overall risk awareness and intelligence. This year, we did the following:

- Improved risk monitoring through updated technology
- Enhanced our business continuity management program
- Engaged independent third parties to evaluate and make recommendations for improvement on our enterprise risk management and business continuity management programs

We assess our market, credit and liquidity risks as low. Funding for both operating and capital expenditures comes from the pension plans based on an agreed-upon budget. Any excess funds from the timing of this funding and disbursements are held in short-term investments rated AA or higher, and are readily available to meet obligations as they become due.

For a discussion of risks related to financial statements, see note 17 of the financial statements.

Information security

Of particular note in today's world is the use of information risk management to protect information technology systems and information assets. We continue to invest here to identify risks, prioritize risk management activities, and ensure member and corporate data is protected.

Pension Corporation is keenly aware of our responsibility to plan members, plan employers and other stakeholders to protect the information we hold. We have a multi-faceted approach to meeting this responsibility:

- Policies and procedures governing information management and information security
- An information security risk management program that includes technology, people, processes, culture and physical security
- Ongoing training and awareness campaigns so all staff are engaged in protecting information and privacy
- A security officer responsible for ensuring information systems are secure, and a privacy officer responsible for ensuring we adhere to privacy legislation and best practices

We are committed to evolving and improving our privacy and information security practices.



Strong service delivery metrics

Pension Corporation participates in an annual benchmarking initiative conducted by Cost Effective Measurement (CEM); this helps us understand our position in relation to our peer organizations in Canada.

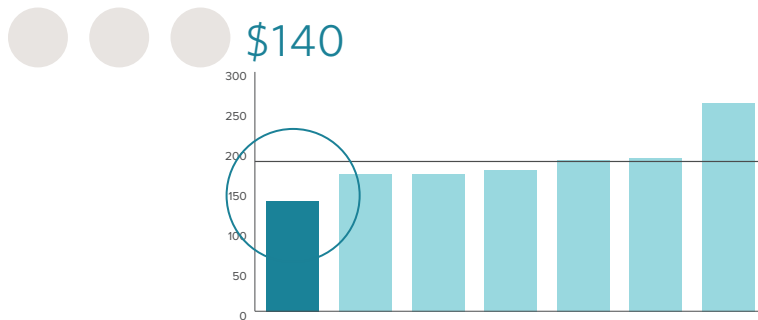
The report focuses on the following:

- Pension administration cost
- Service score
- Relative level of complexity

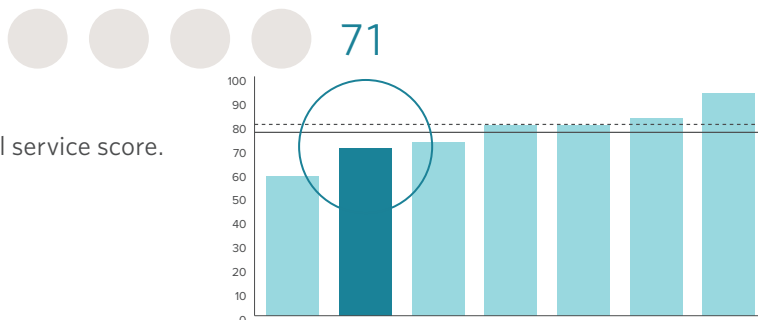
The total pension administration cost of \$140 per active or retired member was \$49 below the peer average of \$189, and the lowest cost among our pension peers.

We've maintained our position as a low-cost service provider when benchmarked against our peers.

COST PER MEMBER = \$140
in 2018, up from \$131 in 2017

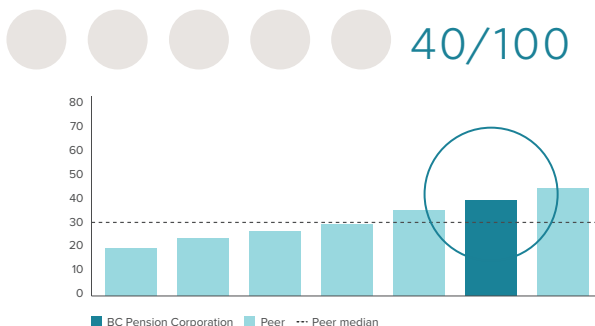


TOTAL SERVICE SCORE = 71
compared to the peer median of 81



We are 10 points below our peers in total service score.

TOTAL RELATIVE COMPLEXITY = 40/100
compared to the peer median of 30



Pension Corporation continues to work within a complex pension environment. By building out flexible, scalable systems, we are able to manage changes to complexity brought about by legislative or plan design rule changes

Member and employer satisfaction scores and feedback

Our service scores, compiled by Ipsos, a third-party market research company, demonstrate how we are meeting members’ and employers’ expectations. These scores are based on satisfaction survey results.

QUALITY SERVICE MEASURES AS A PERCENTAGE

Pension Corporation corporate measures	Overall quality service index score	Timeliness of service	Clarity of information	Helpfulness of staff
All members	82.2	73.2	79.7	85.8
Active members	80.3	69.3	76.5	83.3
Recent retired members	85.3	80.3	84.1	90.9
Long-term retired members	86.3	79.7	85.9	89.2
Employers	89.5	90.1	89.1	93.9



82.2%
ALL MEMBERS
QUALITY SERVICE
INDEX SCORE

Call volumes and My Account uptake

CALL VOLUMES ARE DECREASING

-7.6%
FROM 2017/18

172,914
CALLS 2018/19

	2014/15	2015/16	2016/17	2017/18	2018/19
Telephone volume— all pension plans and member types	196,681	169,456	204,991	187,088	172,914

MORE MEMBERS ARE REGISTERING FOR MY ACCOUNT (%)

MEMBERS
REGISTERING FOR
MY ACCOUNT UP
FROM 2017/18 (%)

	2014/15	2015/16	2016/17	2017/18	2018/19
Active	32.1	34.8	37.5	40.5	43.9
Inactive	13.3	15.2	16.8	19.5	23.2
Retired	15.2	21.2	28.1	34.2	40.1

+8.4

+19.0

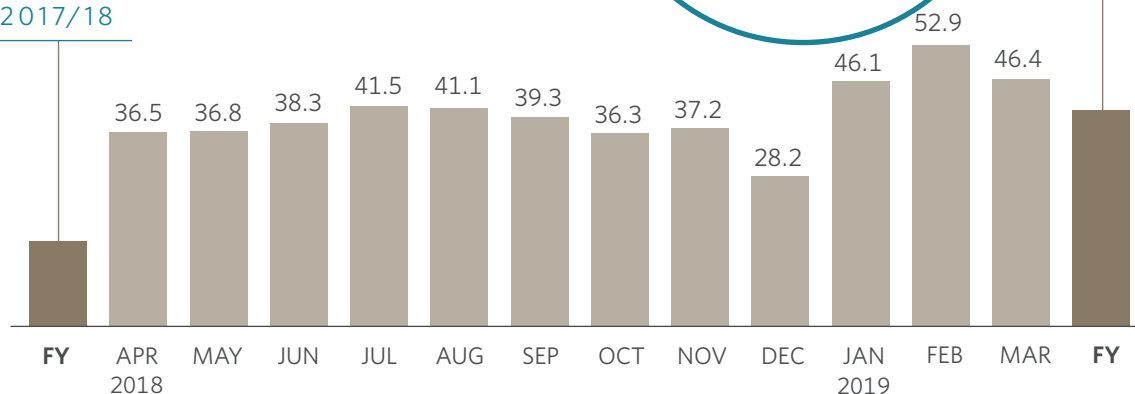
+17.3

MORE MEMBERS ARE RETIRING ONLINE (%)

+152.8%
FROM 2017/18

40.7%
2018/19

16.1%
2017/18





APPENDICES

Board compensation

The Pension Corporation Board of Directors oversees governance of BC Pension Corporation. Board members are remunerated through an annual retainer and per diem fee for board and committee meetings. The retainer and fees are paid to board members or the organization that employs them while they serve on the board. In addition, members are reimbursed for travel expenses.

The board met four times for a total of 5 meeting days, and the audit committee met three times for a total of 3 meeting days.

BOARD MEMBER REMUNERATIONS FOR THE YEAR ENDING MARCH 31, 2019

Name	Position	Remuneration (\$)
Weldon Cowan	Chair	11,800
Mary Procter	Vice-chair	11,804
Brad Underwood	Director	6,653
David Vipond	Director Chair, human resources committee	9,350
Gary Yee	Director	19,584
Elizabeth Baverstock ¹	Director	4,383
Geraldine Hutchings ¹	Director Chair, audit committee	4,999
Chan-Seng Lee ¹	Director	7,596
Carl Fischer ²	Director	2,561
Dale Lauber ²	Director Chair, audit committee	10,465
John Mazure ²	Director	2,561

¹ Incoming position—remuneration is for part of the fiscal year

² Outgoing position—remuneration is for part of the fiscal year

Executive compensation

BC Pension Corporation has four divisions, each led by a vice-president with a focused portfolio. This ensures the effective execution of core business functions along with our transformational efforts.

The board determines the chief executive officer's compensation, and the executive team falls under the *Public Service Act* and its relevant compensation framework.

EXECUTIVE COMPENSATION FOR THE YEAR ENDING MARCH 31, 2019

Name and position	Base salary ¹ (\$)	Other remuneration ² (\$)	Total remuneration (\$)
Laura Nashman, CEO	356,131	34,357	390,488
Trevor Fedyna, vice-president, corporate services, and CFO	212,114	6,612	218,726
Aaron Walker-Duncan, vice-president, board and communication services	200,229	15,386	215,615
Dave Marecek, vice-president, transformation and information services	200,229	10,511	210,740
Joel Levinson, vice-president, member and employer experience ³	16,252	761	17,013
Lanny Smith, vice-president, pension operations ⁴	194,399	3,333	197,732
Kevin Olineck, vice-president, member experience ⁴	71,036	1,348	72,384

1 Base salary includes retroactive salary and payout of unused vacation

2 Other remuneration includes taxable allowances (business travel, training, conferences, professional dues and business expenses) provided to the employee

3 Incoming position—remuneration is for part of the fiscal year

4 Outgoing position—remuneration is for part of the fiscal year

Financial statements



MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the Annual Report are the responsibility of management of the British Columbia Pension Corporation (Corporation) and have been approved by management and the Board of Directors (Board).

Management is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Annual Report conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Board, primarily through its Audit Committee (Committee), is responsible for ensuring that management fulfills this responsibility. The Committee reviews the financial statements and recommends them to the board for approval. The Committee meets with management and external auditors to discuss internal controls, auditing matters and financial reporting issues.

The firm of KPMG LLP has been appointed the independent auditor of the Corporation by the Board. The role of the auditor is to perform an independent audit of the financial statements of the Corporation in accordance with generally accepted auditing standards in Canada. The resulting audit opinion is set out in the Auditors’ Report attached to these financial statements.

	
Trevor Fedyna, CPA CGA, C. Dir	Kevin Craig, CPA CA
Vice President Corporate Services and Chief Financial Officer	Director, Financial Services
British Columbia Pension Corporation	British Columbia Pension Corporation

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of British Columbia Pension Corporation

Opinion

We have audited the financial statements of British Columbia Pension Corporation (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 27, 2019

Statement of Financial Position

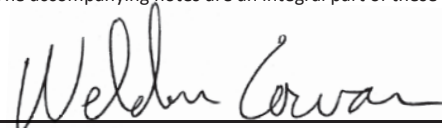
(\$ thousands)

As at March 31	Note	2019	2018
Assets			
Current			
Cash and cash equivalents	4	\$ 9,591	\$ 8,725
Due from pension plans	5	6,030	6,053
Accounts receivable		551	423
Prepaid expenses		1,147	691
		<u>17,319</u>	<u>15,892</u>
Computer systems and other assets	6		
Intangible assets		28,128	20,286
Tangible assets		8,893	9,033
		<u>37,021</u>	<u>29,319</u>
Total assets		\$ 54,340	\$ 45,211
Liabilities			
Current			
Accounts payable		\$ 9,764	\$ 8,654
Accrued salaries and benefits	7	7,564	7,236
Current portion of obligations under lease	8	90	525
		<u>17,418</u>	<u>16,414</u>
Obligations under lease	8	162	82
Deferred capital funding	9	36,760	28,714
		<u>36,922</u>	<u>28,796</u>
Share Capital		-	-
Total liabilities and net assets		\$ 54,340	\$ 45,211

Commitments (note 10)

Contingent liabilities (note 18)

The accompanying notes are an integral part of these financial statements.


 British Columbia Pension Corporation
 Board of Directors


 British Columbia Pension Corporation
 Board of Directors

Statement of Operations and Changes in Net Assets

(\$ thousands)

For the year ended March 31	Note	2019	2018
Revenues			
Benefit administration service revenue	11	\$ 74,081	\$ 69,306
Pension plan boards' secretariat service revenue	12	2,387	1,668
Investment income	13	379	189
Total revenues		76,847	71,163
Expenses			
Salaries and benefits		43,957	41,207
Professional services		7,448	7,854
Information services and systems		8,609	8,107
Amortization		7,828	6,316
Premises		4,840	3,391
Other	14	4,165	4,288
Total expenses		76,847	71,163
Excess of revenues over expenses		-	-
Opening balance, net assets		-	-
Ending balance, net assets		\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

(\$ thousands)

For the year ended March 31	Note	2019	2018
Operating transactions			
Excess of revenues over expenses	\$	-	\$ -
Add (deduct) items not involving cash			
Amortization of computer systems and other assets		7,828	6,316
Amortization of deferred capital funding		(7,828)	(6,316)
		-	-
Change in non-cash working capital balances			
Decrease (increase) in due from pension plans		23	(2,633)
(Increase) decrease in accounts receivable		(128)	67
(Increase) decrease in prepaid expenses		(456)	33
Increase in accounts payable		1,110	2,292
Increase in accrued salaries and benefits		328	346
Total operating activities		877	105
Investing transactions			
Acquisition of computer systems and other assets		(15,530)	(9,849)
Total investing activities		(15,530)	(9,849)
Financing transactions			
Decrease in obligations under lease		(355)	(514)
Deferred capital funding received		15,874	10,366
Total financing activities		15,519	9,852
Increase (decrease) for the year		866	108
Cash and cash equivalents at beginning of year		8,725	8,617
Cash and cash equivalents at end of year	4	\$ 9,591	\$ 8,725

The accompanying notes are an integral part of these financial statements.

(\$ thousands except as otherwise noted)

1. AUTHORITY

The British Columbia Pension Corporation (Corporation) was established as a corporation on April 1, 2000, under section 5 of the *Public Sector Pension Plans Act, S.B.C. 1999 C 44* (the Act). The Act describes the composition, appointment, powers, functions and duties of the Board of Directors (board) for the Corporation.

2. NATURE OF OPERATIONS

The Corporation operates on a not-for-profit (NFPO) basis providing benefit administration services as agent for the boards of trustees responsible for the College, Municipal, Public Service and Teachers' pension plans. It may also provide services to other British Columbia public sector pension clients. The Corporation's board consists of eight (8) directors, two (2) directors from each of the four boards of trustees above. The chair and vice chair of the board are elected by the directors.

Services provided by the Corporation include collecting and recording contributions, calculating and paying benefits, communicating to employers and plan members, pension plan board supporting services and other services specifically approved by the individual boards of trustees. These services are provided pursuant to service agreements with each pension plan.

The Corporation charges each pension plan with its respective share of the Corporation's operating expenses, and computer systems and other asset purchases, less investment and miscellaneous income and amortization.

The issued share (\$10.00 par value) of the Corporation is held by the Province of British Columbia (the Province), and accordingly the Corporation is exempt from income taxes. The Corporation collects and remits GST on the provision of services and recovers eligible taxes paid through the input tax credits.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (NFPO) under Part III of the Chartered Professional Accountants (CPA) Canada Handbook—Accounting.

b) Cash and cash equivalents

Cash and cash equivalents consists of cash and short term highly liquid investments, such as pooled money market funds, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes of value.

(\$ thousands except as otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Computer systems and other assets

Computer systems and other assets are classified into four categories:

- Major business application software which consists of the Corporation's pension administrative systems, financial systems, and websites;
- Computer systems include the Corporation's servers, networking systems and computer hardware and software;
- Furniture consists of Corporation furniture and other miscellaneous equipment; and
- Tenant improvements include changes and improvements to current accommodations.

In determining the total cost of Computer systems and other assets, the following criteria are applied:

- Computer systems and other assets acquired or constructed are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The cost includes overhead directly attributable to construction;
- Salaries and benefits costs incurred directly in the development, improvement, betterment or implementing Computer systems or other assets are recorded at cost.

Computer systems and other assets under development are not amortized until the project is completed, implemented, and asset is ready for use.

Computer systems and other assets are written down to residual value when conditions indicate they no longer contribute to the ability of the Corporation to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations and Changes in Net Assets.

The cost, less residual value, of Computer systems and other assets is amortized on a straight-line basis over the estimated useful life of the asset. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful lives for computer systems and other assets are as follows:

Major business application software	3 to 10 years
Computer systems	3 to 5 years
Furniture	10 years
Tenant improvements	5 to 10 years

Or, over the term of the underlying lease, whichever is shorter.

(\$ thousands except as otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Computer systems and other assets (continued)

The Corporation monitors all assets for changes in circumstances that indicate assets may be impaired if their service value to the Corporation has declined. If such circumstances occur, the excess of the net book value over any residual value will be recognized as an expense in the statement of operations and changes in net assets.

d) Capital lease

Leases where substantially all of the benefits and risk of ownership rest with the Corporation are accounted for as capital leases. Assets held under capital leases are initially recognized as assets at their fair value at the inception of the lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to produce a constant periodic rate of interest on the remaining balance of the liability.

e) Revenue recognition

The Corporation receives cash funding in advance from the pension plans that receive services from the Corporation. Service revenue is recognized as operating expenses are incurred and as assets are amortized. The Corporation defers capital funding received in advance for computer systems and other asset purchases. This deferred capital funding is recognized as service revenue on the same basis as the related assets are amortized. Investment income is recorded on an accrual basis.

f) Foreign currency translation

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect year-end exchange rates at the statement of financial position date. Any resulting exchange gains and losses are included in the determination of income.

g) Employee pension plan

The Corporation and its employees contribute to a multi-employer contributory defined benefit pension plan. Defined contribution plan accounting is applied, as the pension plan exposes current participating organizations to actuarial risks associated with employees of current and former participating organizations, with the result that there is no consistent and reliable basis for allocating the pension plan obligation, assets or cost to individual participating organizations in the pension plan.

h) Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for NFOs, requires management to make estimates and assumptions that affect the reported amounts on the statement of financial position and statement of operations and changes in net assets at the date on the financial statements. Actual results could differ from these estimates. The significant area requiring the use of management estimates relates to the estimated useful lives of computer systems and other assets.

(\$ thousands except as otherwise noted)

4. CASH AND CASH EQUIVALENTS

Cash equivalents consist of direct ownership in units of pooled investment portfolios, managed by the British Columbia Investment Management Corporation (BCI). Each unit gives its holder a proportionate share in the value of the net assets of the pooled investment portfolio. The pooled investment portfolios consist of Canadian money market securities such as financial, government and corporate commercial paper. These investments are recorded at fair value.

	2019	2018
Cash	\$ 1,108	\$ 1,122
Cash equivalents	8,483	7,603
	\$ 9,591	\$ 8,725

5. DUE FROM PENSION PLANS

Due from pension plans represents total charges to pension plans less operating and capital funding received as follows:

	2019	2018
Beginning balance, due from pension plans	\$ 6,053	\$ 3,420
Total charges to pension plans for		
Benefit administration services (note 11)	82,108	73,343
Pension plan boards' secretariat services (note 12)	2,387	1,668
Operating funding received	(68,644)	(62,012)
Deferred capital funding received	(15,874)	(10,366)
Ending balance, due from pension plans	\$ 6,030	\$ 6,053
Comprised of:		
Municipal Pension Plan	\$ 3,539	\$ 3,724
Public Service Pension Plan	1,463	1,111
Teachers' Pension Plan	825	1,065
College Pension Plan	88	115
WorkSafe BC	115	38
Due from pension plans	\$ 6,030	\$ 6,053

(\$ thousands except as otherwise noted)

6. COMPUTER SYSTEMS AND OTHER ASSETS

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<u>Intangible assets</u>				
Major business application software	65,566	(38,020)	27,545	19,469
Held in name of service provider:				
Data centre transformation	1,633	(1,050)	583	817
Total intangible assets	67,199	(39,070)	28,128	20,286
<u>Tangible assets</u>				
Computer systems	14,135	(10,563)	3,572	3,651
Furniture	6,042	(3,137)	2,905	3,396
Tenant improvements	5,355	(3,220)	2,135	1,561
	25,532	(16,920)	8,612	8,608
Held in name of service provider:				
Computer systems	340	(306)	34	101
Computer systems under capital lease	1,581	(1,335)	247	324
	1,921	(1,640)	281	425
Total tangible assets	27,453	(18,560)	8,893	9,033
Total	94,652	(57,631)	37,021	29,319

The Corporation has entered into a contract for the provision of services to maintain and manage its data centre operations (note 10b). Under the agreement, assets purchased for use in the data centre are held in the name of the service provider and can be either funded directly by the Corporation or by way of lease with a third party (note 8). The assets are dedicated to the provision of services to the Corporation and the Corporation has the option to take possession of the assets on termination of the master agreement with the service provider.

Funding obtained from the pension plans to acquire capital assets are recorded as unamortized deferred capital funding. The recovery of costs is recognized on the same basis as the capital assets are amortized.

British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2019

(\$ thousands except as otherwise noted)

7. ACCRUED SALARIES AND BENEFITS

	2019	2018
Accrued salaries and benefits	\$ 5,925	\$ 5,502
Leave liability	1,639	1,734
	\$ 7,564	\$ 7,236

Leave liability primarily consists of vacation earned but not yet taken.

8. OBLIGATIONS UNDER LEASE

The Corporation entered into lease agreements to fund the data centre transformation and related computer systems equipment through a service provider that also maintains and operates those assets. The leases have five year terms, with interest rates ranging from 5.35% to 7.32%. The minimum future lease payments under leases are as follows:

Year ending March 31	2019	2018
2019		559
2020	103	56
2021	89	30
2022	32	-
2023	32	-
2024	22	-
	278	645
Amount representing interest	(26)	(38)
Obligation	252	607
Less: current portion	(90)	(525)
	\$ 162	\$ 82
Opening balance, obligations under lease	\$ 607	\$ 1,121
Additions	233	-
Less: principal payments	(588)	(514)
Decrease in obligations under lease	(355)	(514)
Closing balance, obligations under lease	\$ 252	\$ 607

Of the \$252 of lease obligations, \$252 (2018: \$555) are capital and \$0 (2018: \$52) are operating.

(\$ thousands except as otherwise noted)

9. DEFERRED CAPITAL FUNDING

	2019	2018
Opening balance	\$ 28,714	\$ 24,664
Computer Systems and Other Assets additions	15,530	9,849
Net changes in obligations under lease	344	517
Capital funding received	15,874	10,366
Amount amortized into revenue	(7,828)	(6,316)
Ending balance	\$ 36,760	\$ 28,714

10. COMMITMENTS**a) Contractual obligations – operating lease commitments**

In 2016, the Corporation entered into a building and rental accommodation agreement, starting in early fiscal 2019, to sublease a larger office building in the Selkirk campus area, with the intention of consolidating its non-primary locations. The consolidation is now complete; the Corporation has two primary locations with minimum future lease payments under leases as follows:

Year ending March 31

2020	\$ 4,413
2021	4,459
2022	4,499
2023	4,619
2024	4,643
Thereafter	9,448

b) Contractual obligations – data centre operations

In fiscal 2014, the Corporation entered into a contract for the provision of service to maintain and manage its data centre operations. The terms of the agreement fall within the master agreement that the service provider has negotiated with the Province.

The initial term of the Corporation's agreement for provision of server management, network management and network security services expires on March 31, 2021, with options to extend for additional 3 and 5 year terms. The initial term of the agreement for provision of data centre facility services expires on March 31, 2024 with an option to extend for an additional 5 year term. Projected contract costs, excluding obligations purchased under lease (Note 8) and inflation, are as follows:

(\$ thousands except as otherwise noted)

10. COMMITMENTS (CONTINUED)**b) Contractual obligations – data centre operations**

For the year ended March 31	Managed services	Data centre facilities	Total
2020	3,903	237	4,140
2021	3,903	237	4,140
2022	-	237	237
2023	-	237	237
2024	-	237	237
	<u>\$ 7,806</u>	<u>\$ 1,185</u>	<u>\$ 8,991</u>

There is provision under the contract for the Corporation to terminate for convenience with not less than twelve month notice. Termination costs include the residual value of any prepaid costs, costs related to the relocation of equipment and staff for the service provider, and a termination fee to compensate the service provider for data centre facilities that have been reserved on behalf of the Corporation. Based on service commitments made to March 31, 2019, the estimated one-time termination costs are:

Date of termination as at March 31	Managed Services	Data centre facilities	Total
2020	270	561	831
2021	-	420	420
2022	-	280	280
2023	-	140	140

In order to participate under the Province master agreement with the service provider for data centre services, the Corporation has entered into an agreement with the Province to provide contract administration services on its behalf. Estimated costs for each of the years ending March 31, 2019 to 2021 are \$50.

c) Contractual obligations – member services centre

On November 16, 2016 the Corporation entered in an agreement for the provision of a member services centre telephony software and technical solution. The terms of the agreement fall within the master agreement that the service provider has negotiated with the Province. The Province through the service provider will provide project services to implement the technical solution and ongoing managed services.

There is provision under the agreement for the Corporation to terminate for convenience with not less than 60 days prior written notice to the Province. Should the Corporation exercise its termination rights the Corporation may be required to pay termination fees to the

(\$ thousands except as otherwise noted)

10. COMMITMENTS (CONTINUED)

c) Contractual obligations – member services centre (continued)

Province for unrecovered capital costs and initial unrecoverable costs for the service provider.

The unrecovered capital costs payable to the Province are \$450 less an amount of \$7 each month for the number of months expired in the agreement after March 31, 2018. The unrecovered capital cost as at March 31, 2019 is \$366.

In the event that the Province through the service provider is no longer providing these services to the Corporation on or after November 15, 2019, a one-time fee of \$200 for unrecovered costs is payable by the Corporation to the Province on such date the services ceased. Should the Corporation elect to enter into a separate agreement with the service provider directly for a term of no less or more than two years following November 19, 2019, the Corporation will not be liable for the \$200 fee discussed above.

d) Contractual obligations – managed services

On April 1, 2019, the Corporation entered into a 4-year contract for the provision of managed services to support one of the Corporation's major business application systems. The contract covers the period April 1, 2019 through to September 21, 2023. The total cost is \$1,272 for 2020 and \$ 1,176 annually for the remainder of the contract.

e) Contractual obligations – software implementation support

On April 1, 2019, the Corporation entered into a contract to support the implementation of one of the Corporation's major business application systems. The contract covers the period April 1, 2019 through to May 31, 2020 with a total cost of \$6,286.

f) Contractual obligations – managed security services

On June 1, 2019, the Corporation entered into a two-year contract to provide information security monitoring and device management services. The contract covers the period June 1, 2019 through to August 12, 2021 with a total cost of \$1,832.

g) Contractual obligations – other contracts and commitments

The Corporation has committed to \$322 (2018: \$475) for various IT software licenses and maintenance fees on April 1, 2019 and ending on March 31, 2020.

British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2019

(\$ thousands except as otherwise noted)

11. BENEFIT ADMINISTRATION SERVICE REVENUE

The Corporation's benefit administration service revenue consists of charges to the pension plans for the Corporation's operating expenses, and computer systems and other asset purchases, less capital funding received, plus amortization of deferred capital funding.

	2019	2018
Total charges to pension plans for benefit administration services and purchase of assets (a)	\$ 82,108	\$ 73,343
Purchase of computer systems and other assets	(15,530)	(9,852)
Lease obligation funding received, net of disposals	(325)	(501)
	66,253	62,990
Capital funding recognized as service revenue:		
Amortization of deferred capital funding	7,828	6,316
Benefit administration service revenue	\$ 74,081	\$ 69,306

(a) Total charges to pension plans for benefit administration services were

Municipal Pension Plan	\$ 42,356	\$ 40,932
Public Service Pension Plan	22,854	15,706
Teachers' Pension Plan	12,491	12,593
College Pension Plan	3,404	3,289
WorkSafe BC	1,003	823
	\$ 82,108	\$ 73,343

(\$ thousands except as otherwise noted)

12. PENSION PLAN BOARDS' SECRETARIAT SERVICE REVENUE

The Corporation's pension plan boards' secretariat service revenue consists of charges to the pension plans for the pension plan boards' secretariat operating, computer systems and other asset purchases, less capital funding received. Pension plan boards directly approve the pension plan boards' secretariat operating and capital expenditure budgets, which the Corporation recovers.

	2019	2018
Total charges to pension plans for plan boards' secretariat support services and purchase of assets (a)	\$ 2,387	\$ 1,668
Pension plan boards' secretariat service revenue	\$ 2,387	\$ 1,668
 (a) Total charges to pension plans for plan boards' secretariat services were		
Municipal Pension Plan	\$ 1,202	\$ 891
Public Service Pension Plan	395	259
Teachers' Pension Plan	395	259
College Pension Plan	395	259
	\$ 2,387	\$ 1,668

13. INVESTMENT INCOME

	2019	2018
Interest from cash	\$ 135	\$ 30
Interest from cash equivalents	244	159
	\$ 379	\$ 189

14. OTHER EXPENSES

	2019	2018
Communication products and distribution	\$ 1,299	\$ 1,360
Travel and business expenses	1,039	994
Staff training	713	853
Office supplies	560	521
Bank charges and regulatory fees	420	406
Corporate board	92	81
Lease financing	42	73
	\$ 4,165	\$ 4,288

(\$ thousands except as otherwise noted)

15. EMPLOYEES' PENSION PLAN AND RETIREMENT BENEFITS

In accordance with the Act, the Corporation and its employees contribute to the Public Service Pension Plan (plan), a jointly trustee pension plan. The plan is a multi-employer contributory defined benefit pension plan. The Corporation administers the plan, including the payment of pension benefits, on behalf of the employers and the employees to whom the act applies. As at March 31, 2019, the Corporation has approximately 504 (2018: 536) employees contributing to the plan, which has approximately 62,000 active plan members and approximately 48,000 retired plan members.

Employer contributions to the plan are included in salaries and benefits and represent the amount of pension expense for the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest actuarial valuation as at March 31, 2017, indicated a funding surplus of \$1,896 million for basic pension benefits.

Effective April 1, 2018, a single contribution rate has replaced the two-tiered contribution rates for members and employers. Members will pay a contribution rate of 8.35% of salaries and employers pay 9.85% of members' salaries. Employee and Corporation contributions include 1.25% and 2.75% of salaries respectively, to fund contingent benefits such as future pension indexing and retired member group benefits that are subject to the availability of specified funding arrangements.

The next valuation will be March 31, 2020, with results available in early 2021.

The actuary does not attribute portions of the unfunded liability to individual employers. In 2019, the Corporation paid \$3,484 (2018: \$3,300) for employer contributions to the plan. Employees are also entitled to specific retirement benefits as provided for under collective agreements and terms of employment. The cost of these future benefits is included in salaries and benefits expense.

16. RELATED PARTY TRANSACTIONS

The College, Municipal, Public Service and Teachers' pension plans and BCI are related parties to the Corporation. The pension plan boards appoint members to the corporate board, and the Corporation provides services to the pension plans. These transactions are in the normal course of operations and consist of the recovery of the Corporation's operating expenses, and computer systems and other asset purchases.

The Corporation engages in transactions with the Province. These transactions are considered to be in the normal course of operations and include some limited supporting services; payroll, building occupancy and some information technology support services. Included in accounts payable and accrued salaries and benefits is \$9,665 (2018: \$8,700) due to the Province of BC.

17. FINANCIAL INSTRUMENTS

The Corporation's financial instruments recorded at amortized cost consists of accounts receivable, including due from pension plans and accounts payable, accrued salaries and benefits and obligations under lease. The fair value of these financial instruments approximates their carrying values.

(\$ thousands except as otherwise noted)

17. FINANCIAL INSTRUMENTS (CONTINUED)

Cash equivalents are recorded at fair value using current market yields and are held in a pooled investment fund managed by BCI and are regularly monitored by management. Risks associated with financial instruments include market risk, credit risk and liquidity risk.

Fair value measurements of the investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The three levels of the fair value hierarchy are:

- Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2—Inputs other than unadjusted quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3—Inputs that are not based on observable market data.

Cash equivalents, which total \$8,483, are classified as level 1 (2018: \$7,603—level 1).

The Corporation's other financial instruments, which are carried at amortized costs, are classified as level 2, as while quoted prices are available, there is no active market for these instruments.

Market risk is the risk that the fair values of an investment will fluctuate as a result of changes in market conditions. Market risk comprises foreign currency risk, interest rate risk, and price risk. Market risk is minimal as all investments are short-term.

Credit risk is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit risk is managed for investments by establishing specific investment criteria such as minimum credit ratings for investees.

The majority of cash equivalents held within pooled investment portfolios have a credit rating of AAA/AA, as defined by the Standard & Poor's rating agency. Obligations rated AAA/AA have the highest rating assigned in such cases. The lenders' capacity to meet is financial commitment on the obligation is very strong. The credit risk associated with the receivable from pension plans is minimal.

Liquidity risk is the risk of not being able to meet the Corporation's cash requirements in a timely and cost effective manner. The Corporation's financial investments consist of highly liquid cash and units in money market funds. The Corporation forecasts its cash requirements over the near term to determine whether sufficient funds are available to meet forecast expenditures. The Corporation's primary source of liquidity is amounts charged to pension plans. The Corporation has a short-term unsecured bank facility of up to \$1,500 in place should it be required to meet temporary fluctuations in cash requirements. As at fiscal 2019 (2018: nil) the bank facility had not been drawn upon. The Corporation's accounts payable and accrued salaries and benefits are due within one year of the Corporations year end. The terms of the obligations under lease are described in note 8.

It is management's opinion that the Corporation is not exposed to significant risks arising from financial instruments.

(\$ thousands except as otherwise noted)

18. CONTINGENT LIABILITIES

From time to time the Corporation is named in litigation in the normal course of providing benefit administration services to pension plans. Management has evaluated all outstanding claims and believes that the outcomes of any claims are preliminary and the outcome not determinable, and accordingly believe that no provision is required in the financial statements for legal claims.

19. STATUTORY DEDUCTIONS ASSURANCE

The BC Public Service Agency confirms that all payroll remittances for the Corporation for the period April 1, 2018 to March 31, 2019 were submitted on time.

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