



# Annual Report

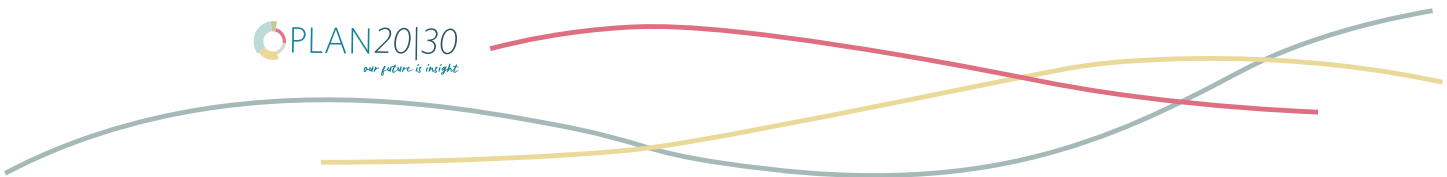
## 2021/22



# We took action on a new plan

In 2021/22, we took action: launched a new nine-year strategic plan, *Plan 20|30: Our Future is Insight*, and experienced tangible benefits. We focused on operational excellence to drive efficiency and quality, and enabled our people to thrive. We digitized the business and supported our hybrid workforce. We were efficient, effective and adaptable. Our new performance measures show we made significant progress in year one of *Plan 20|30*.

As our organization transforms to meet evolving expectations, we continue to serve plan members, employers, the pension boards of trustees and our employees with forward-looking solutions.



## Table of contents

Welcome .....	01
Who we are .....	03
Who we serve .....	04
Our strategic plan in progress .....	07
Our performance snapshot .....	08
How we are performing .....	10
• We digitized the business	
• We supported our hybrid workforce	
• We were efficient, effective and adaptable	
Risk and financial discussion .....	21
Where we are headed .....	24
Appendices .....	25
• Board compensation	
• Board and committees, and meeting attendance	
• Executive compensation	
• Audited financial statements	



# Welcome

## CEO message

The year 2021/22 was guided by *Plan 20/30*, our new strategic plan launched April 1, 2021. This strategy is first and foremost about operational excellence, which for us means driving efficiency and quality in everything we do. We are also focused on ways to improve the employee experience and adapt to the challenges of a shifting environment, whether from the pandemic, hybrid work or changing expectations for learning and development. We accomplished a lot together this year—we were not impeded by the challenges. We drove forward to meet our commitments and, by doing so, fulfilled our purpose to create peace of mind for those we serve. That said, we have more to do to deepen operational excellence and better enable our staff to be their best.

Looking ahead, we have ambitious goals and well-formed plans to drive efficiency and quality, and continue to enhance the work experience. I am excited about the path forward and confident in the team we have in place to make it happen. I am grateful for the energy of our team and impressed by the solid capabilities of our staff.

Our board of directors has supported our efforts and provided guidance along the way. I appreciate their good governance and enthusiasm for our strategic plan.

I encourage you to review this report and learn more about our challenges and successes.



Laura Nashman  
Chief executive officer





## Board chair message

The board of directors is pleased to share BC Pension Corporation's *2021/22 Annual Report*, a review of the organization's performance over the past year and a celebration of the initiatives begun, targets set and goals achieved.

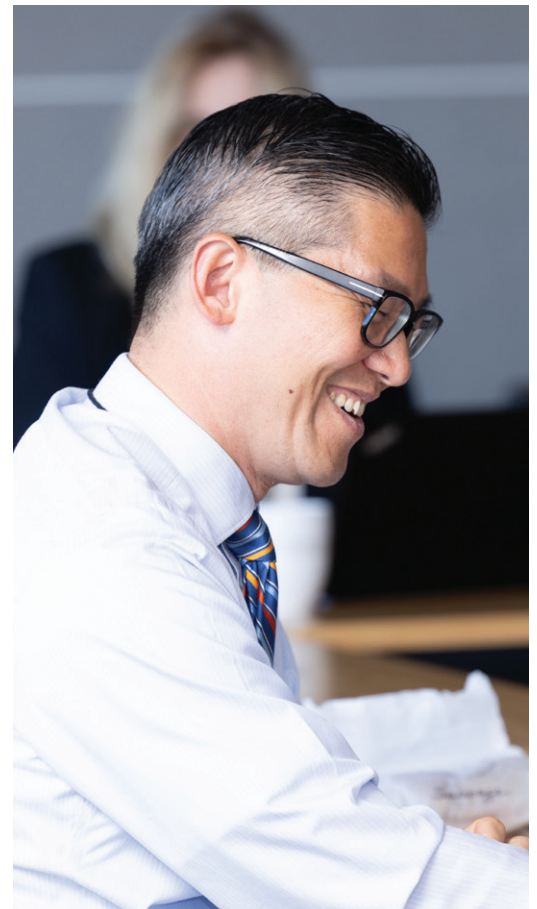
Despite the ongoing challenges of the pandemic in 2021/22, BC Pension Corporation had a year of significant transformational activities and achievement. I encourage you to read all about this in the report and share in the important work being done by Pension Corporation, its employees and leaders, on behalf of BC's public sector pension plans.

In the first year of their new nine-year strategic plan, *Plan 20/30: Our Future is Insight*, Laura and her team jumped into action and made things happen. They transformed how they do business as an organization through operational excellence, service innovation and data-driven decision making. All this, while continuing to serve plan members, employers and pension boards of trustees with the excellent service we have come to expect. In addition, they launched plan redesign initiatives for two plans and assisted plan expansion with another. This was truly a year of action.

We are impressed by the corporation's mindset of continuous improvement and growth, and the way leaders and employees work together as a team of forward-thinking professionals. On behalf of the board of directors, I would like to thank Laura, her executive team and all Pension Corporation employees for their incredible efforts this past year.



Liz Baverstock  
Chair, board of directors





Who we are

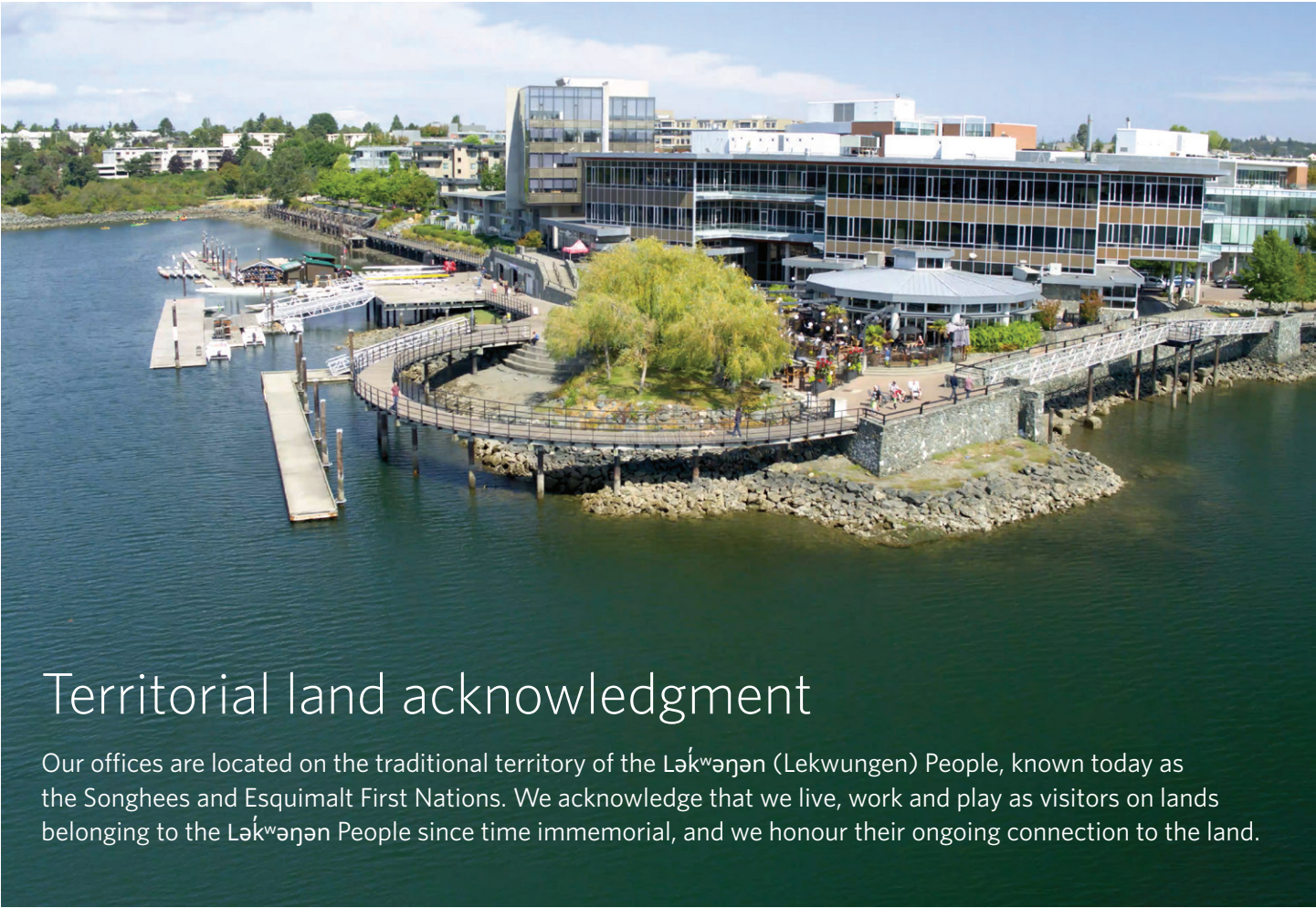
# BC Pension Corporation

Pension Corporation is one of the largest pension service providers in Canada and the largest in British Columbia. We apply our expertise in all areas of pension administration.

We serve one in nine British Columbians while fulfilling our purpose to create peace of mind.

685,000+	366,000+	224,000+	13,000+	11,000+
Plan members	Active plan members	Retired plan members	New active members*	New retirees*
71	1,000+	5	\$0.5 billion	\$5.5 billion
Average age of pensioner	Participating employers	Pension plans we serve	Benefits paid out each month	Benefits paid out over the year

\* For the fiscal year 2021/22



## Territorial land acknowledgment

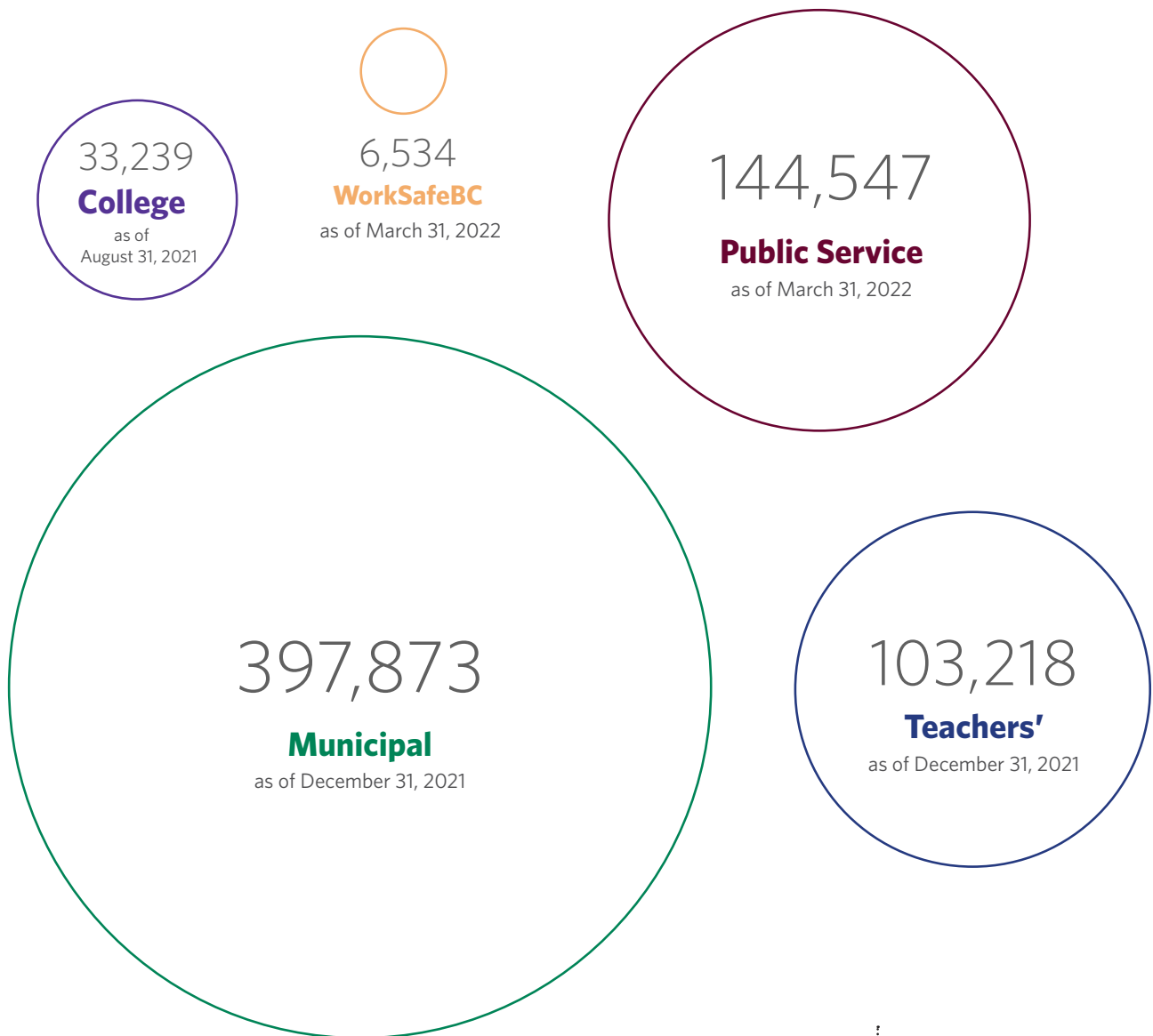
Our offices are located on the traditional territory of the Łə́kwəŋən (Lekwungen) People, known today as the Songhees and Esquimalt First Nations. We acknowledge that we live, work and play as visitors on lands belonging to the Łə́kwəŋən People since time immemorial, and we honour their ongoing connection to the land.

## Who we serve

Pension Corporation supports five pension plans with over 685,000 members, and one retirement benefit trust. We manage contributions and member records, pay pension benefits, and provide policy, financial and communication services to the corporate and plan boards.

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:



\* Refers to active, inactive and retired membership. Inactive members are members who have ended their employment with a plan employer but left their accrued benefit in the plan. Figures are based on each plan's year-end reporting cycle.

## Our board of directors

The collective knowledge and experience of our board of directors informs our strategic planning and direction. Board members provide careful, thoughtful oversight and sound governance. The board of directors includes a plan member and plan employer representative from each of the following plan boards.

Board of directors for the 2021/22 fiscal year:

### APPOINTED BY THE College Pension Board of Trustees



Geraldine Hutchings

Cameron McRobb

### APPOINTED BY THE Municipal Pension Board of Trustees



Gary Yee

Lucas Corwin<sup>1</sup>

Philip Twyford<sup>2</sup>

### APPOINTED BY THE Public Service Pension Board of Trustees



Chan-Seng Lee,  
vice-chair

Harpinder Sandhu

### APPOINTED BY THE Teachers' Pension Board of Trustees



Elizabeth Baverstock,  
chair

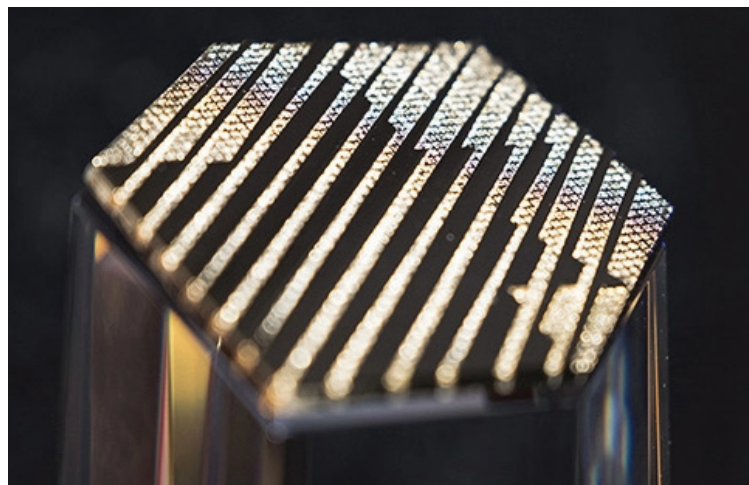
Cheryl Eason<sup>1</sup>

Brad Underwood<sup>2</sup>

1. Incoming appointment    2. Outgoing appointment

## We celebrated excellence

This year, Pension Corporation was formally recognized for our achievement of the Canada Awards for Excellence® Platinum certification in the Excellence, Innovation and Wellness® Standard category. We received this award almost a year ago, but the official ceremony was postponed due to COVID-19. This Platinum award reflects not only what we've accomplished, but our commitment to continual improvement. [View our acceptance video.](#)





## Our leaders

Our executive team carries out our strategic plan and keeps us focused on our operational and strategic goals. They guide us as we serve plan members, employers and trustees, and invest in our people.



**Laura Nashman**  
chief executive officer



**Trevor Fedyna**  
vice-president, Strategy and Insights,  
and chief financial officer



**Brett Emmerton**  
vice-president, Information and  
Technology Services, and chief  
information officer



**Aaron Walker-Duncan**  
vice-president, Board and  
Communication Services



**Joel Levinson**  
vice-president, Member and  
Employer Experience



**Erika Taylor**  
vice-president, People and Culture

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## We're a BC Top Employer

Once again, BC Pension Corporation was chosen as one of BC's Top Employers. Now in its 17th year, BC's Top Employers is a special designation recognizing BC employers that lead their industry as exceptional places to work. Here are some of the reasons we were selected as a top employer for 2022:



We invest in our people with progressive learning and development programs, mental and physical health and wellness programs, and corporate recognition.



We lead with a caring culture and a determination to be our best every day.



We recognize that flexible work options are attractive to recruit and retain great people, and provide the support our people need to be effective in a hybrid work environment.

# our strategic plan in progress

On April 1, 2021, we launched our new strategic plan, *Plan 20/30: Our Future is Insight*, which guides our direction for the next nine years. From the outset, we took action and moved forward with our aspirations and objectives, with accomplishments in key areas. Year one focused on efficiency and quality, as well as our people and culture, but our initiatives supported all five strategic objectives.

Find details of *Plan 20/30* and Wave 1 in our [road map to the future](#).



## Operational excellence

optimize quality, cost and service



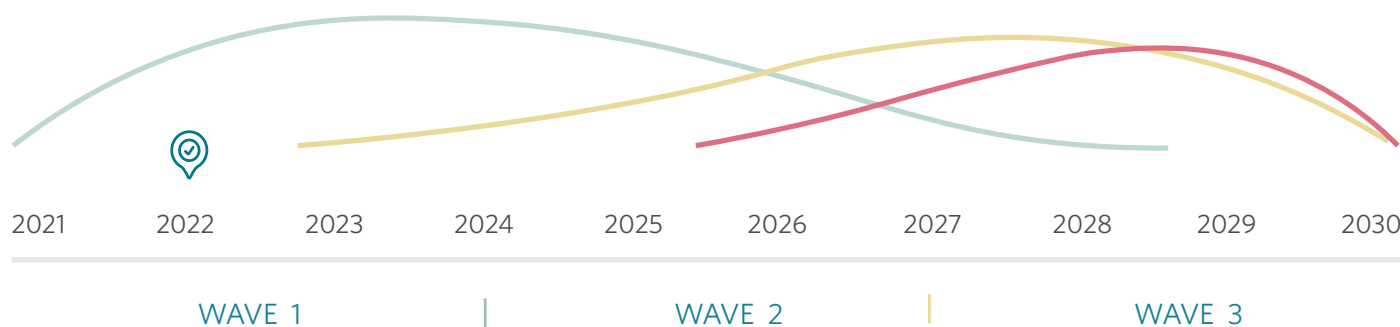
## Service innovation

bring new services to life



## Influence

be thought leaders and support the plans to increase the number of members



# our performance snapshot

We made significant progress in year one of *Plan 20/30* Wave 1. We set a mix of pragmatic and aspirational targets, and achieved or exceeded many of them. The following snapshot shows the strategic outcomes for each *Plan 20/30* objective, key performance indicators that measure our progress toward the outcomes, our measurement targets and actual results for 2021/22.

## OBJECTIVE 1: STRENGTHEN EFFICIENCY AND QUALITY IN EVERYTHING WE DO



### Cost per member

Our cost per member of \$137.3 was slightly better than target (\$139), largely due to a positive budget variance of \$375,000. This is the total cost to run the organization divided by the number of plan members.



### Privacy and security maturity

Our privacy and security maturity score of 3.0 (out of 5.0) exceeded our target (2.6). We significantly improved our security posture with M365 and other initiatives.



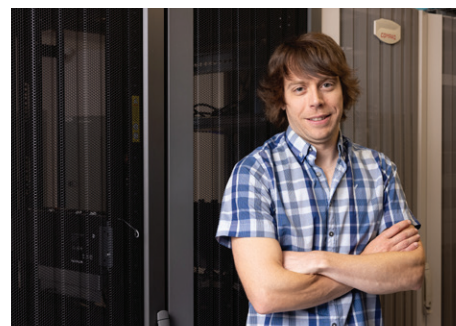
### Organizational performance

Our organizational performance management score was on target, increasing from 2.5 to 3.0 (out of 5.0). We improved our planning processes, with clear performance targets defined.



### Quality index

The quality index metric will be defined once baseline data is available in 2022.



## OBJECTIVE 2: FOCUS ON OUR PEOPLE AND CULTURE



### Leadership effectiveness

Our leadership effectiveness score of 83.9% exceeded our target (80%). The score reflects the percentage of staff who respond positively to questions about leadership effectiveness. Our leaders stepped up in a variety of ways during challenging times.



### Position occupancy rate

Our position occupancy rate of 91.7%, which shows the percentage of employee positions filled, was slightly below target (93%) due to higher turnover than usual and a competitive talent market with unemployment rates at record lows. Our workforce strategy will help improve retention and reduce vacancies.



### Workplace culture

Our workplace culture score of 83.2%, based on employees' responses about our culture, decreased modestly in 2021/22 (from 87%). This may be due to remote work resulting from the pandemic. We are optimistic our new hybrid work model will promote community and improve culture.



# our performance snapshot



## OBJECTIVE 3: ELEVATE THE MEMBER AND EMPLOYER EXPERIENCE



### Member satisfaction

The member satisfaction score of 84.5%, based on members' feedback about their experience, decreased slightly below target (87%). Our strategies to improve wait times should increase this score next year.



### Employer satisfaction

The employer satisfaction score of 87.4%, based on employers' feedback about their experience, was near target (90%). We've made progress on our strategy to provide enhanced digital tools and technology to support employers.



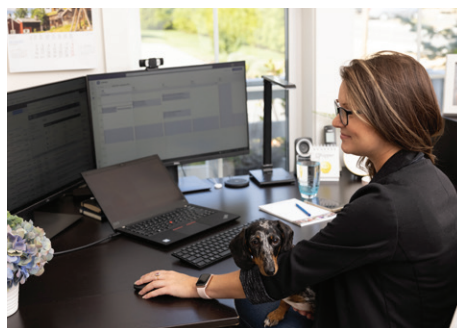
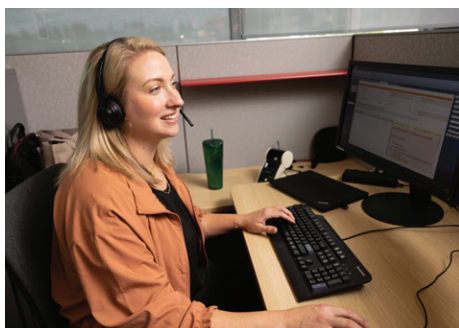
### Service score

The service score of 67, which is calculated by a benchmarking firm that evaluates service delivery, was below target (71). We expect our shift to virtual counselling appointments and strategies will improve wait times and elevate this score.



### Retirement readiness

Retirement readiness is a new metric based on member feedback about the information they receive to make their retirement decision. The score of 84.9% exceeded our target (80%) as we rolled out retirement readiness appointments for three plans.



## OBJECTIVE 4: PROACTIVELY SUPPORT THE EVOLVING NEEDS OF THE PLANS



### SDP commitment index

The service delivery plan (SDP) commitment index is the percentage of SDP commitments that we delivered. The score of 100.7% shows we delivered above our commitments to the plan boards.



### Trustee satisfaction

The trustee satisfaction score of 4.7 (out of 5.0) exceeded our target (4.5). The score is based on plan board feedback on timeliness, quality of products, depth and breadth of our insights, quality of our advice, and overall satisfaction with the services we provide.



### Thought leadership

The thought leadership metric will be defined once baseline data is available in 2022.

## OBJECTIVE 5: PARTNER WITH THE PLANS TO INCREASE THEIR MEMBERSHIP

Objective 5, partner with the plans to increase their membership, is not a focus during 2021-2024. However, we consider opportunities as they arise and support plan boards in agreed-to areas. A more deliberate focus will be placed on this goal post-2024.

# How we are performing

## We digitized the business

Operational excellence is the dominant aspiration of *Plan 20/30* Wave 1. We have a strategy to digitally transform our business to meet stakeholders' evolving service expectations, improve quality and increase operational efficiency.

### Rolled out digital workflow

We rolled out a new digital workflow system to better serve plan members and employers. Our work is now digitally routed, completed, monitored and tracked, which provides greater security of member and employer information. It also allows us to gather data from these operations and identify opportunities to improve services to members and employers.

### WorkSmart program provides improvements

We have a small-but-mighty WorkSmart team that helps us examine the work we do and how we can do it better. The WorkSmart team has made improvement recommendations for our recruitment process, continuous monitoring, corporate and employee communication intake, and the accounts payable and financial reporting process. By applying their recommendations, we reduced the financial reporting process by eight calendar days.



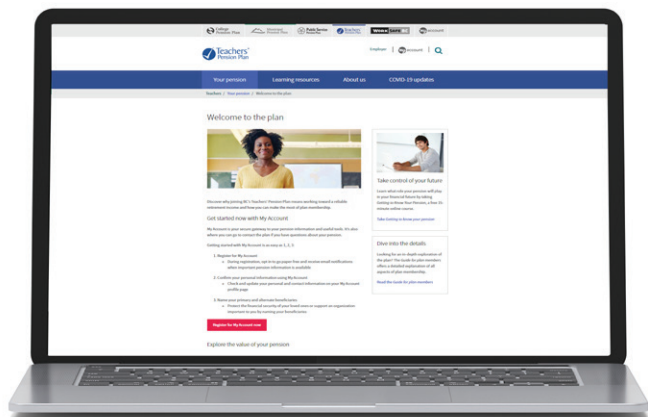
### Expanded digital services to members

We continue to expand the services and products offered in My Account and online. For example, if a member leaves a job with an employer participating in the plan, they can now use My Account to request and upload a completed termination selection statement. Members can also receive digital communications for several products: *Member's Benefit Statement*, *Report to Members*, annual statement, T4A/NR4, *Pension Life* and *Welcome to Retirement*.



## We won a plain language award

We won a Center for Plain Language ClearMark Award in the websites category for the new online *Welcome to the Plan* available on the plan websites. The Center for Plain Language is an American organization whose mission is to “champion clear communication so people and organizations can thrive.” The ClearMark awards recognize and celebrate plain language communications created by North American organizations. For the online version of *Welcome to the Plan*, we changed the format from a standard step-by-step guide to a new “hub and spoke” model—an online, centralized hub that spokes out to other details. Members can focus their attention on main topics important to them and drill down as deeply as they like to other pension information. Providing communications in language that is plain and easy to understand elevates the experience of new plan members.



*The Welcome to the Plan user research informed the web page content. We simplified the navigation to focus members' attention and organized the information into bite-sized, easy-to-read pieces. Making improvements like these to address the members' pain points has created an ideal onboarding experience for new plan members.*

**Christin Petelski**  
assistant director, Digital Experience

## Retirees have a new digital service

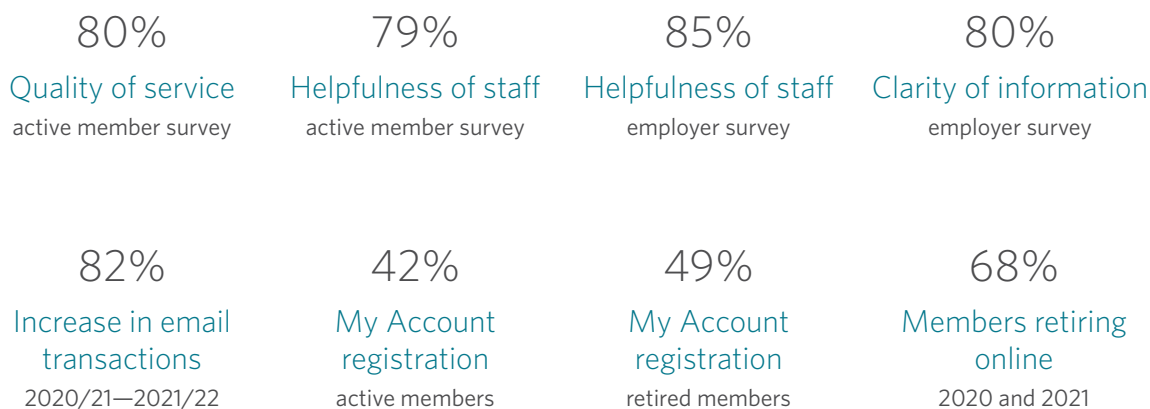
We launched the new *Income verification letter* digital service for all retired plan members. Organizations and financial institutions may request proof of a member's pension income for some applications, such as a bank loan. This new online service allows a retired member to generate a simple income verification letter at a time convenient for them. The letter includes the member's pension effective date and current gross monthly pension payment. The member can download, save and print a copy of the letter, and regenerate it as needed.

## Personalized pension planning is popular

Personalized pension planning appointments are proving popular. Members have told us they really appreciate the dedicated time with a representative who is familiar with their circumstances and can answer all their questions.



We use feedback and data to inform our decision making





## Improved collaboration on the cloud

We launched Microsoft 365 (M365) in June 2021 as part of a planned, multi-year program. M365 continues to evolve and expand, and transform how we work. One example is the use of Microsoft Teams Workspace to improve our digital collaboration. A Teams workspace is a web-based space that allows users to define who has access to the space and the products within it, share information and documents in SharePoint, and manage the approval process. Employees can now securely access a file from any device, simultaneously work on the same document and collaborate in real time. This allows more flexibility, saves time, reduces email clutter, enhances productivity and provides a smoother approval process for better quality assurance. We also transitioned all home drives to OneDrive and began migrating corporate information into Teams and SharePoint.



## Project Online is a helpful tool

We are using M365 technology to make our processes more efficient.

On April 1, we launched Project Online, and modernized how we manage strategic and operational projects. Each project in Project Online has a dedicated Teams workspace where project team members access and share information and files, chat, plan and organize work. These workspaces have a standardized look and feel for easy navigation across projects; they also provide a view of the project requirements and deliverables, specific task assignments, timelines and deadlines. In addition, a weekly timesheet automatically updates the remaining work assigned.

*Project Online has modernized how we manage our strategic and operational projects. The tool integrates with Power BI to support decision making and funding. It is a low-cost, always current, powerful new tool that helps us plan, prioritize and track our projects in one place.*

*We are thrilled to be using Project Online for our upcoming Wave 1 year-three strategic planning process.*

**Rajkumar Easwaran**  
assistant director, Portfolio Solutions



## Secured our information

As cyber threats continue to grow in volume and complexity, we've enhanced our hybrid cloud security. We deployed endpoint detection and response technology on all workstations, decommissioned obsolete digital services, and completed perimeter firewall upgrades at the Jutland campus.

We added multi-factor authentication to our available tools. Multi-factor authentication asks you to prove you are who you say you are before you can access certain corporate applications and services. It adds a level of security to ensure corporate and personal information remains safe and protected. In addition, we replaced PhishMe, our phishing defence solution, with Attack Simulator, a full end-to-end program that does everything PhishMe can do but with more reporting options and follow-up training options to educate users. As well, there is no third-party cost and no requirement to run multiple campaigns.



### Endpoint detection and response

is a more complete security solution that includes real-time continuous monitoring of data at the endpoint device; it can detect unknown threats based on behaviours that would not be considered normal.



### Intrusion prevention system

examines network traffic behaviour in real-time to detect and prevent exploitation of vulnerabilities.



### Antivirus software

traditionally compares files against databases of "bad signatures" to determine if any known threats have been installed in the environment.





# We supported our hybrid workforce

We embraced more-flexible collaboration with hybrid work and launched more-relevant, convenient virtual training for our employees. We stayed connected and drove positive change.

## Provided more flexibility

The beginning of April 2022 marked the official start of our new hybrid work environment. Hybrid work allows us to connect and collaborate once again in person while also providing employees the flexibility to work remotely. It supports the ways we need to collaborate on projects, solve problems and develop innovative ideas. To smooth the transition, we created a *Hybrid work* page on our intranet to provide our employees everything they need to know about hybrid work and how to run successful hybrid meetings. Resources include links to our hybrid work policy; a hybrid work employee checklist; OfficeSpace, our interactive tool for booking parking or a desk; and an invaluable resources page full of tools and tips, such as Teams instructions, workstation set-up and how to get the best experience from our meeting room technology.



## Kept our connection and focused on community

We kicked off year two of *Plan 20/30* with a virtual town hall celebration for all staff. It was a great time to reconnect and remind ourselves of the important work we do. We recognized our accomplishments, discussed what we have planned for the second year of *Plan 20/30* and launched our new hybrid work environment.

Virtual town halls are one of our success stories from the pandemic; they offer a different format that connects us all, regardless of where we are working. Holding our town halls virtually is a new tradition we want to keep and add to our many in-person traditions: social events, welcoming new staff to the organization and our annual Staff Day.





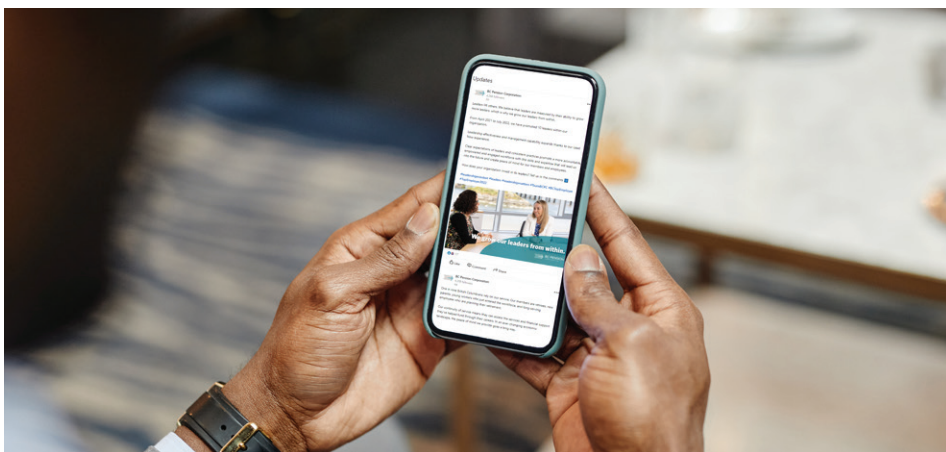
## Drove positive change

We continued to drive positive change within our organization. Attracting new employees and retaining staff are key actions.

### Our strategy helps attract and retain

We understand that our employees are key to our success as an organization. To support this, we launched a strategy to proactively retain, develop and attract critical talent in key roles. We enhanced our social media presence to position Pension Corporation as an employment destination. We also enhanced our co-op program and increased co-op hires by 45 per cent.

Recommendations from our operational excellence program have helped us improve the hiring experience. Our recruitment time has been reduced by eight days and is 25 to 45 per cent lower than comparable organizations in the industry. Our hiring practices were acknowledged by the BC Merit Commissioner as best practice for the public service.



*The best part of my co-op experience is that I am not limited to the status quo when it comes to doing things. My supervisor and AD are both very open to me trying out new things that can help in improving the efficiency.*

**Ditij Beladiya**

IT vendor performance analyst co-op



*The co-op program growth can be attributed to building a framework to educate and support hiring managers as well as enhancing the co-op experience to stand out as an employer of choice for students.*

**Simone Conner**

talent acquisition advisor



### We built bridges

Pension Corporation employees united in a common cause to support local charities and make a difference in our community. **Together we raised \$62,711** over five weeks for the Provincial Employees Community Services Fund (PECSF) campaign. PECSF is a public service-wide fundraising program that's raised more than \$50 million for over 1,000 charities across BC since it was launched in 1965. One hundred per cent of pledges goes straight to the charities supported.



### We supported our community

In December 2021, we came together virtually to celebrate the festive season and support our community. Pension Corporation Board Chair Liz Baverstock announced a donation to the 1Up Victoria Single Parent Resource Centre, our neighbour down the road from our Jutland campus. Sarah Downey, 1Up's executive director, accepted the cheque and shared how the donation supports the incredible work 1Up is doing in our community.

## Flexible learning provides growth opportunities

There is no shortage of opportunities to grow our knowledge and develop our skill sets. Our teams, leaders and employees now have more choices for and access to learning with LinkedIn Learning. A flexible platform, LinkedIn Learning provides immediate opportunities for learning within the flow of work, supports self-directed education and builds critical capabilities. The top three courses chosen by employees support our M365 transition: *Power BI Essentials*, *Microsoft Teams Essentials* and *SharePoint: Creating Communication Sites*.



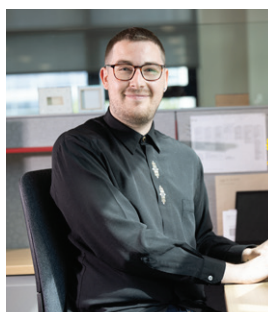
## New leader councils drive positive change

We established two leader councils to drive positive change through innovation, collaboration and problem solving. Made up of leaders from across the organization, the councils are a key part of our succession strategy, and allow us to identify and develop future leaders. The Culture Leader Council assists enterprise-wide actions that reinforce a culture of achievement, promote corporate values and help staff thrive. The council's initiatives encourage productivity and a growth mindset, and prioritize professional development and the values of equity, diversity and inclusion. The Operational Excellence Leader Council helps embed internal business processes and practices focused on efficiency and quality. The leader councils allow us to share accountability for corporate success with more participation on corporate direction and issues, and stronger cross-organizational decision making and collaboration.

## Promoted diversity, equity and inclusion

Diversity, equity and inclusion are fundamental to fostering an environment that engages employees, develops and recruits top talent, and supports the health and wellness of our employees. Our actions continue to build on past achievements and embrace our "at our best" values and our purpose—to create peace of mind for those we serve. We continue to review our people policies and practices, and develop resources to address unconscious bias in the workplace and the selection process. We are ensuring all our job postings, job descriptions and other talent acquisition materials use inclusive language.

This year, we updated the annual employee experience survey to allow us to review responses from employees who identified as visible or hidden minorities to better understand sentiment from that segment. The feedback provides valuable information we will use to better support all employees.



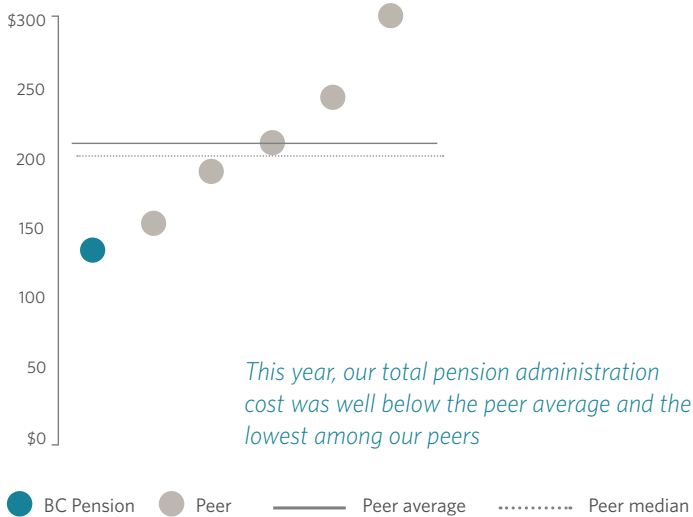
# We were efficient, effective and adaptable

Our focus on operational excellence is deliberate—we're examining the work we do and how we can do it better while maintaining productivity and high levels of service to our stakeholders. We've continued to deliver on our commitments to plan members, employers and the boards, and maintain a low cost per member throughout the first year of *Plan 20/30*.

## Maintained low cost per member and sound service scores

Each year, we participate in a pension administration benchmarking analysis by CEM Benchmarking, which gathers data on cost, service levels and complexity for 72 of the world's leading pension systems. CEM's annual report provides insights into how we compare to the other participants as well as to a select group of six peer Canadian pension plan administrators. Results show we continue to be the lowest-cost-per-member service provider among our peer group and continue to provide consistent service in a highly complex environment.

### Pension administration cost per member



### Service score



### Complexity score





## Automated manual processes

Process automation is a key part of our digital transformation. It allows us to process more requests, save hundreds of days of manual effort each year, and reduce turnaround times and errors. For example, with automation, we can now process pension calculation requests for marital breakdown claims three times faster. Automation helps us improve the members' and employers' experience, and frees up our employees to focus on and complete more complex work.



### Complex calculations are faster and easier

Calculations for members involved in multiple plans or member groups are complex, and they have become even more complex for Municipal Pension Plan (MPP) members because of plan design changes that came into effect January 1, 2022. We automated benefit calculations for MPP members in more than one member group (i.e., police officers and firefighters), and made it faster and easier to process their requests. We also made it easier for these members to understand their pensions by updating My Account to show all of a member's plans or groups on the landing page when they sign in.

### Robotic process automation helps with basic tasks

Robotic process automation (RPA) is a software robot that can be programmed to perform basic repeatable tasks, such as data entry. For example, we've trained a software robot to perform some basic tasks such as data reconciliation; this saves employees 30 to 60 minutes each day in basic copy-and-pasting of numbers. We've also used RPA to automate a portion of 1,000 ineligible refunds and expect to save about 2,100 hours of effort. RPA saves hundreds of hours of work that would have taken months to complete and frees up employees for more-complex work where human judgment is required.



## Gained insights from data

Our analytics program is making data more accessible, and with the new digital workflow system rolled out, we continue to add to our data warehouse. This allows us to integrate historical transaction data with new transaction data and generate greater insights on our performance. We've also launched multiple dashboards to measure our progress and improve our day-to-day decision making.



## Supported plan initiatives

We continue to provide high-quality service to our stakeholders. Over the past year, we moved forward with plan initiatives under the service delivery plans and successfully supported the plans with several significant, unplanned projects. We continue to support the evolving needs of the plans.

## Completed MPP redesign initiatives

We successfully completed MPP design changes by the end of 2021/22, with new rules for the Municipal Pension Plan that went into effect January 1, 2022. The changes improve equity for members, align with how members use their benefits, maintain a strong foundation for the sustainability of the plan and stay within the current costs to run the plan.

As part of the redesign, the MPP partners established a retiree benefit trust, also in effect January 1, 2022. We successfully transitioned post-retirement group benefit governance to the new Municipal Retiree Benefit Trust (MRBT), completed our deliverables (including member communications) and began the new relationship with the MRBT board. This was a seamless transition for plan members.



### Our virtual trustee education event was a success

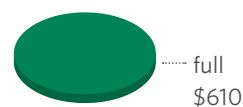
In November, we held our trustee education event, *Our Future is Insight: Data Analytics, Insights and Decision Intelligence*. The virtual event focused on the hot topic of data and analytics. We provided a demonstration of Power BI, a business analytics service by Microsoft, and our new dashboards. A guest speaker from EY presented a talk on business intelligence, detailing the benefits of analyzing data. We also had a virtual networking opportunity and further Q&A from the presenters. It was a great opportunity to gather fresh insights in a virtual way.



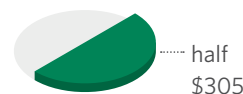
## MPP members have more retirement options

We launched new temporary annuity options for the Municipal Pension Plan. New quarter and half temporary annuities provide MPP members more options at retirement.

In November 2021, we updated our systems and My Account to provide MPP members half and quarter temporary annuity options for pensions effective from January 1, 2022, and communicated this to the plan's members. These new options give MPP members more flexibility if they want to take an advance on their lifetime pensions.



The full temporary annuity is equivalent to the maximum old age security amount



These smaller portions may be more affordable

## Supported PSPP valuation surplus improvements

In January 2021, the Public Service Pension Board of Trustees announced the 2020 valuation showed the Public Service Pension Plan (PSPP) was fully funded with a surplus of \$2.7 billion. The board decided to use the surplus to make improvements to the contribution and accrual rates effective April 1, 2022. Throughout 2021/22, we supported the announcement in several ways:



Targeted communications to different member segments



Created and filed plan rule amendments



Updated our internal systems and My Account calculators to reflect the changes



Trained our teams to support members and employers through the changes



## Supported plan expansion

On July 1, 2021, Simon Fraser University (SFU) joined the College Pension Plan (College) as a plan employer, with almost 1,200 new members. We onboarded SFU as a new employer, helped it enrol eligible employees as College members, collaborated to deliver information sessions for prospective members, and distributed information to new members on how to buy service for time worked with SFU before joining the plan. We continue to support these members' requests to purchase past service.

## Promoted the value of defined benefits

We're helping people understand the value of a defined benefit pension plan to Canadians and the economy. Over a year ago, we began collaborating with our pension peers across the country to produce a short video, which launched in November 2021 during National Financial Literacy Month. The video was posted to YouTube through the plans' websites. We believe it will help raise awareness about the value of retirement security.

[Take a moment to enjoy the video.](#)



# Risk and financial discussion

## Risk management discussion

### Strengthened our resiliency

Our risk management program strengthens our resiliency and ability to anticipate and respond to potential barriers to achievement. Four areas of practice help us understand the critical risks and opportunities of our business, and when to take action with a risk management plan or capitalize on opportunities.



#### Risk management

Identify, assess and manage risks to achieving our strategic and operational objectives



#### Business continuity management

Assess risk to continuity of business operations, and develop plans for resilience, including incident response and issues management



#### Quality management and operational compliance

Assess risk to quality or non-compliance with legislation and plan rules; design appropriate controls to ensure quality objectives are met; and test outputs to ensure quality is maintained



#### Assurance

Internal audit and advisory services, an independent third party, assesses risks and controls to identify gaps and recommend improvements

### Took a pragmatic approach

Our coordinated, enterprise approach to risk management allows us to identify, assess, manage and monitor risks to successfully achieving our objectives—from strategic performance to day-to-day operations. We base our program on a globally recognized risk management framework that uses a principles-based approach and integrates strategy, performance and risk to promote a risk-savvy culture.

Our program is designed to increase positive outcomes and reduce uncertainty. To do this, we anticipate potential disruptions, plan for resilience and put those plans into action.

We continuously improve our enterprise risk management program to improve performance outcomes, and we regularly review program elements with our leadership and the corporate board.

This year, our program improvements included:

- ✓ Tighter integration of internal audit planning and enterprise risk management
- ✓ Enhanced business continuity plans for extreme weather
- ✓ Enhanced incident response plans based on learnings from the global cyber security (Log4j) vulnerability

We assess our market, credit and liquidity risks as low. We operate on a cost-recovery basis funded by the pension plans we serve. 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 18 of the financial statements.

## Protected our information

We are keenly aware of our responsibility to plan members, plan employers and other stakeholders to maintain the privacy and confidentiality of their information. Our multifaceted approach to meeting this responsibility includes:



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 employees 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 continue to invest in information security to identify risks, prioritize activities, and ensure plan member and corporate data is protected.

## Protected our people

The pandemic proved problematic for yet another year, and while the strong protections we put in place in 2020 were very effective, our return to campus created a new set of challenges to ensure our employees were safe and business operations continued. We adapted our safety plans, policies and procedures based on public health guidance throughout the year to respond to the Delta and Omicron variants, and continued to support employee mental health. Despite the uncertainty and changing expectations, we are pleased that 79 per cent of employees reported they were confident in the corporation's ability to overcome the challenges faced by COVID-19.



## Overcame new challenges

On top of challenges posed by the pandemic, Mother Nature had her own challenges in mind. A heat dome, multiple atmospheric rivers, widespread power outages, winter storms and massive flooding resulted in devastation for many across the province, along with unprecedented fuel rationing and supply chain issues. These events compounded the pressure faced by our employees still grappling with the impacts of COVID-19. We adapted to each of these events to promote employee safety and wellness, minimize supply chain risks and reduce the likelihood of service deterioration. Despite the significant number of events in 2021, our business continuity plans continued to prove effective and our employees continued to prove their resilience.

# Financial discussion

We take our responsibility seriously to provide services in a fiscally responsible way. 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, as we receive funds from each pension plan for services provided. Every dollar we receive from the plans goes to support services for plan members, employers and boards of trustees, and to sustain those services. For every pension dollar we collect on behalf of the plans, less than three cents is used to fund Pension Corporation services. In 2021/22, we continued to be the lowest-cost service provider relative to our peers.

For the year ended March 31, 2022, we were below budget (a variance of 0.9 per cent under budget or \$807,000).

Below is a summary of total service delivery charges to the pension plans and boards we serve. The statement is a management report that represents our performance against our approved budget and reflects 2021/22 charges to the plans for base operations, strategic projects and secretariat requirements.

## Total service delivery charges to the pension plans

For the year ended March 31, 2022<sup>1</sup>

	2021/22 actual (\$ thousands)	2021/22 budget (\$ thousands)	Budget variance	
			(\$ thousands)	(%)
Base operations	71,673	73,306	(1,633)	(2.2)
Strategic objectives	16,066	14,808	1,258	8.5
Total base operations and strategic objectives	<b>87,739</b>	<b>88,114</b>	<b>(375)</b>	<b>(0.4)</b>
Additional plan design and other enhanced services costs	2,053	2,520	(467)	(18.5)
Secretariat services	2,648	2,613	35	1.4
Total charges to pension plans	<b>92,440</b>	<b>93,247</b>	<b>(807)</b>	<b>(0.9)</b>

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



**Base operations** are the day-to-day costs of running our organization to serve plan members and employers. Base operations concluded well under budget due to cost savings as we exited some third-party information technology services and lower business expenses because of the pandemic. This was partially offset by increased use of professional services or contractors to temporarily fill vacant positions, as well as marginally higher salary costs.



**Strategic objectives** are costs to implement forward-thinking projects to improve our organizational performance. Strategic objectives concluded over budget, primarily in the objectives of *strengthen efficiency and quality in everything we do* and *elevate the member and employer experience*.



**Additional plan design and other enhanced services costs** are costs in addition to our core budget. These are charges approved by the plan board for enhanced services or unique plan design changes. This funding is separate from service delivery plan funding.



**Secretariat services** are costs to 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.



## Audited financial statements

The audited financial statements on page 27 reflect a different perspective than the total service delivery charges to the pension plans. The audited statements, which align with Canadian accounting standards, present a view where some charges are capitalized and amortized over the period of time that assets provide value. We present both views in this annual report to be as transparent as possible with financial information.

In the audited financial statements for the current fiscal year ended March 31, 2022, there was an increase in total expenses relative to 2020/21. This variance can be attributed to increases in salaries and benefits, and professional services over the previous year. Some of this increase was due to contractors temporarily filling vacant positions and increases in costs related to implementing forward-thinking projects. However, much of the increase was related to presentation, as fewer costs were capitalized to major projects than in the previous year.

A reconciliation between the supplemental statement and the audited financial statements is provided in notes 12, 13 and 14 of the audited financial statements.

## Financial outlook

As we look forward to the future, we will continue to provide excellent service to plan members and employers in a fiscally responsible manner. We anticipate cost pressures for the coming fiscal year, predominantly driven by inflationary increases and union salary negotiations, but we will continue to cultivate a cost-conscious approach with additional operational excellence savings as a means of offsetting these trends. We expect to maintain our position as a low-cost provider when compared to our peers.

## Where we are headed

We are at the beginning of year two of *Plan 20/30 Wave 1*. Our focus is on operational excellence, and we are determined to enable our organization and the people within it to thrive. We will fine-tune our approach to hybrid work in a purposeful, meaningful and deliberate way. We will drive efficiency and quality in everything we do. We will continue to inspire the trust and confidence of our stakeholders and live our purpose—to create peace of mind for those we serve.

For details on our aspirations, objectives and plan for the next three years, please visit our [road map to the future](#).



# 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.

Name	Position	Remuneration (\$)	Expenses (\$)	Total (\$)
Elizabeth Baverstock <sup>1</sup>	Chair	15,964	2,423	18,387
Lucas Corwin <sup>2</sup>	Director	-	-	-
Cheryl Eason <sup>1,2</sup>	Director	4,324	-	4,324
Geraldine Hutchings <sup>1</sup>	Chair, audit committee	11,691	-	11,691
Chan-Seng Lee <sup>1</sup>	Vice-chair	9,429	749	10,178
Cameron McRobb <sup>1</sup>	Director	6,398	380	6,778
Harpinder Sandhu <sup>1</sup>	Director	6,802	1,058	7,860
Philip Twyford <sup>1,2</sup>	Director	3,833	-	3,833
Brad Underwood <sup>1,2</sup>	Director	4,420	-	4,420
Gary Yee <sup>1</sup>	Chair, HR and governance committee	12,084	1,392	13,476

1. Board member's remuneration paid partially or in full to an organization

2. Joined or left the board during the fiscal year

Board members also serve on the board's audit committee, and human resources (HR) and governance committee.

## Audit committee

The audit committee assists the board in fulfilling its oversight responsibilities in the areas of financial administration and risk management, such as reviewing the audited financial statements, and monitoring and reporting on management of principal risks.

Name	Position
Geraldine Hutchings	Committee chair
Chan-Seng Lee	Member
Philip Twyford	Member
Ex officio members	Board chair and vice-chair

## Human resources and governance committee

The HR and governance committee assists the board in fulfilling its responsibilities for HR strategy and provides a focus on board governance to enhance board performance, such as making recommendations on HR practices, policies and procedures, and best practices and current issues related to board governance.

Name	Position
Gary Yee	Committee chair (appointed November 13, 2020)
Harpinder Sandhu	Member (appointed February 23, 2021)
Cameron McRobb	Member (appointed September 25, 2020)
Ex officio members	Board chair and vice-chair

## Board and committee meeting attendance

In 2021/22, the Pension Corporation Board of Directors held five board meetings, five audit committee meetings, and six HR and governance committee meetings.

The table below shows trustees' meeting session eligibility and attendance. Eligibility refers to the meetings when the trustee was a director and therefore could attend the meeting; incoming or outgoing trustees will have lower meeting session eligibility.

Name	Board meetings eligible to attend	Board meetings attended	Audit committee meetings eligible to attend	Audit committee meetings attended	HR and governance committee meetings eligible to attend	HR and governance committee meetings attended	Total meetings eligible to attend	Total meetings attended
Lucas Corwin <sup>1</sup>	0	0	1	0	1	0	2	0
Geraldine Hutchings	5	5	5	5	6	6	16	16
Elizabeth Baverstock	5	5	5	5	6	6	16	16
Gary Yee	5	5	5	4	6	6	16	15
Brad Underwood <sup>2</sup>	3	3	1	1	1	1	5	5
Cheryl Eason <sup>3</sup>	2	2	4	2	5	4	11	8
Chan-Seng Lee	5	5	5	5	6	4	16	14
Philip Twyford <sup>4</sup>	3	3	2	1	2	0	7	4
Cameron McRobb	5	4	5	1	6	5	16	10
Harpinder Sandhu	5	3	5	0	6	6	16	9

1. Incoming appointment, March 10, 2022

2. Outgoing appointment, September 30, 2021

3. Incoming appointment, October 5, 2021

4. Outgoing appointment, November 4, 2021

## Executive compensation

Pension Corporation has five divisions, each led by a vice-president with a focused portfolio. This ensures we effectively execute 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.

Name	Position	Base salary (\$)	Incentive (\$)	Total salary (\$)	Employer pension contributions <sup>1</sup> (\$)
Laura Nashman	Chief executive officer	395,000	47,400	442,400	38,908
Trevor Fedyna	Vice-president, Strategy and Insights, and chief financial officer	225,867	-	225,867	22,248
Brett Emmerton	Vice-president, Information and Technology Services, and chief information officer	215,270	-	215,270	21,204
Aaron Walker-Duncan	Vice-president, Board and Communication Services	225,867	-	225,867	22,248
Joel Levinson	Vice-president, Member and Employer Experience	233,709	-	233,709	23,020
Erika Taylor	Vice-president, People and Culture	195,700	-	195,700	19,276

1. The pension is at an employer contribution rate of 9.85 per cent of base salary. There are other forms of benefits such as medical and health benefits estimated to be 6.84 per cent of salary, and a parking allowance of \$1,488. Executive may also receive other payouts such as for unused vacation time.



# Audited financial statements



KPMG LLP  
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Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
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## INDEPENDENT AUDITORS' REPORT

To the Shareholder of British Columbia Pension Corporation

### ***Opinion***

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

- the statement of financial position as at March 31, 2022
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- 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, 2022, 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada  
July 5, 2022



## 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 and have been approved by management and the Board of Directors.

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 in accordance with Canadian accounting standards for not-for-profit organizations. 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, 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**

Vice President Strategy, Insights and Chief  
Financial Officer

British Columbia Pension Corporation



**Allan Chen, CPA, CA**

Controller Financial Services

British Columbia Pension Corporation



## Statement of Financial Position

(\$ thousands)

As at March 31	Note	2022	2021
<b>Assets</b>			
Current			
Cash and cash equivalents	4	\$ 10,450	\$ 12,240
Due from pension plans	5	5,204	5,837
Accounts receivable		454	566
Prepaid expenses		1,594	1,282
		<u>17,702</u>	<u>19,925</u>
Computer systems and other assets	6		
Intangible assets		16,461	17,568
Tangible assets		6,974	8,392
		<u>23,435</u>	<u>25,960</u>
<b>Total assets</b>		<b>\$ 41,137</b>	<b>\$ 45,885</b>
<b>Liabilities</b>			
Current			
Accounts payable		\$ 8,843	\$ 15,715
Accrued salaries and benefits	7	8,828	4,209
Current portion of obligations under lease	8	212	204
		<u>17,883</u>	<u>20,128</u>
Obligations under lease	8	306	518
Deferred capital funding	9	22,918	25,239
		<u>23,224</u>	<u>25,757</u>
<b>Net assets</b>			
Share capital		-	-
Internally restricted net assets		30	-
<b>Total liabilities and net assets</b>		<b>\$ 41,137</b>	<b>\$ 45,885</b>

Commitments (note 10)

Contingent liabilities (note 11)

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)

As at March 31	Note	2022	2021
<b>Revenues</b>			
Pension services	12	\$ 92,176	\$ 81,485
Pension boards' secretariat services	13	2,648	2,279
Investment income	14	250	155
<b>Total revenues</b>		<b>\$ 95,074</b>	<b>\$ 83,919</b>
<b>Expenses</b>			
Salaries and benefits		57,931	51,529
Professional services		12,787	8,822
Information services and systems		8,786	8,504
Amortization		7,875	7,674
Premises		4,525	4,470
Other	15	3,140	2,920
<b>Total expenses</b>		<b>\$ 95,044</b>	<b>\$ 83,919</b>
Excess of revenues over expenses		30	-
Opening balance, net assets		-	-
<b>Ending balance, net assets</b>		<b>\$ 30</b>	<b>\$ -</b>

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



## Statement of Cash Flows

(\$ thousands)

As at March 31	Note	2022	2021
<b>Operating transactions</b>			
Excess of revenues over expenses		\$ 30	\$ -
Add (deduct) items not involving cash			
Amortization of computer systems and other assets		7,875	7,674
Amortization of deferred capital funding		(7,875)	(7,674)
		30	-
Change in non-cash working capital balances			
Decrease in due from pension plans		633	333
Decrease (increase) in accounts receivable		112	(200)
(Increase) in prepaid expenses		(312)	(521)
(Decrease) increase in accounts payable		(6,872)	4,624
Increase (decrease) in accrued salaries and benefits		4,619	(2,825)
Total operating activities		\$ (1,790)	\$ 1,411
<b>Investing transactions</b>			
Acquisition of computer systems and other assets		(5,349)	(10,709)
Total investing activities		\$ (5,349)	\$ (10,709)
<b>Financing transactions</b>			
(Decrease) in obligations under lease		(204)	(932)
Deferred capital funding received		5,553	11,650
Total financing activities		\$ 5,349	\$ 10,718
<b>(Decrease) increase for the year</b>		<b>\$ (1,790)</b>	<b>\$ 1,420</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>12,240</b>	<b>10,820</b>
<b>Cash and cash equivalents at end of year</b>	<b>4</b>	<b>\$ 10,450</b>	<b>\$ 12,240</b>

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

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ 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 (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 organization (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 directors, two 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-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 (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.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The situation remains dynamic, with various cities and countries around the world responding in different ways to address the outbreak. As at March 31, 2022, the impact of the pandemic on the Corporation has not resulted in significant difficulties in managing the operations of the Corporation. Based on assessments carried out by the Corporation, management is of the opinion that going forward the pandemic will not have any significant impact on the Corporation.

## 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 consist 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.

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ 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 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
- 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 implementation of computer systems or other assets are recorded at cost

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

Computer systems and other assets are adjusted to fair value or replacement cost 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 adjustments 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.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 NFPOs, 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 and impairment of computer systems and other assets.

**i) Internally restricted net assets**

Non-statutory plans will be assigned a negotiated charge for intangible assets and long term infrastructure costs. Funds generated from this charge will be held as internally restricted net assets and used to improve service and/or operational excellence.

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ 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.

	2022	2021
Cash	\$ 1,032	\$ 1,057
Cash equivalents	9,418	11,183
	\$ 10,450	\$ 12,240

## 5. DUE FROM PENSION PLANS

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

	2022	2021
Beginning balance, due from pension plans	\$ 5,837	\$ 6,170
Total charges to pension plans for		
Benefit Administration services (note 12)	89,792	85,452
Pension boards' secretariat services (note 13)	2,648	2,279
Operating funding received	(87,520)	(76,414)
Deferred capital funding received	(5,553)	(11,650)
Ending balance, due from pension plans	\$ 5,204	\$ 5,837
Comprised of:		
Municipal Pension Plan	\$ 3,150	\$ 3,398
Public Service Pension Plan	1,270	1,490
Teachers' Pension Plan	721	822
College Pension Plan	44	27
WorkSafeBC	48	100
Municipal Retiree Benefit Trust	(29)	-
Due from pension plans	\$ 5,204	\$ 5,837

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ thousands except as otherwise noted)

## 6. COMPUTER SYSTEMS AND OTHER ASSETS

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<u>Intangible assets</u>				
Major business application software held in name of service provider	\$ 84,573	\$ (68,112)	\$ 16,461	\$ 17,452
Data centre transformation	1,633	(1,633)	-	116
Total intangible assets	86,206	(69,745)	16,461	17,568
<u>Tangible assets</u>				
Computer systems	18,264	(14,964)	3,300	3,858
Furniture	6,147	(4,466)	1,681	2,098
Tenant improvements	5,656	(4,136)	1,520	1,761
	30,067	(23,566)	6,501	7,717
Held in name of service provider:				
Computer systems	340	(340)	-	-
Computer systems under capital lease	2,771	(2,298)	473	675
	3,111	(2,638)	473	1,602
Total tangible assets	33,178	(26,204)	6,974	8,392
Total	\$ 119,384	\$ (95,949)	\$ 23,435	\$ 25,960

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, 2022

(\$ thousands except as otherwise noted)

## 7. ACCRUED SALARIES AND BENEFITS

	2022	2021
Accrued salaries and benefits	\$ 6,000	\$ 1,514
Leave liability	2,828	2,695
	<u>\$ 8,828</u>	<u>\$ 4,209</u>

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

## 8. OBLIGATIONS UNDER LEASE

The Corporation entered into lease agreements in fiscal 2014 to fund a 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 4.00% to 5.00%. The minimum future lease payments under leases are as follows:

Year ending March 31	2022	2021
2022	\$ -	\$ 229
2023	229	229
2024	224	224
2025	91	91
	<u>544</u>	<u>773</u>
Amount representing interest	(26)	(51)
Obligation	<u>518</u>	<u>722</u>
Less: current portion	<u>(212)</u>	<u>(204)</u>
	<u>\$ 306</u>	<u>\$ 518</u>
Opening balance, obligations under lease	\$ 722	\$ 1,654
Additions	-	-
Less: principal payments	(204)	(932)
Closing balance, obligations under lease	<u>\$ 518</u>	<u>\$ 722</u>

All of the \$518 (2021: \$722) lease obligations are capital.

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ thousands except as otherwise noted)

## 9. DEFERRED CAPITAL FUNDING

	2022	2021
Opening balance	\$ 25,239	\$ 21,263
Computer systems and other assets additions	5,349	10,709
Net changes in obligations under lease	204	941
Capital funding received	5,553	11,650
Amount amortized into revenue	(7,875)	(7,674)
Ending balance	\$ 22,918	\$ 25,239

## 10. COMMITMENTS

### a) Contractual obligations—operating lease commitments

The Corporation has two primary locations with minimum future lease payments under leases as follows:

For the year ending March 31	Lease Total
2023	\$ 4,609
2024	\$ 4,678
2025	\$ 4,721
2026	\$ 4,770

### b) Contractual obligations—data centre operations

In fiscal 2014, the Corporation entered into a contract for the provision of services 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 expired on March 31, 2021, with options to extend for additional three- and five-year terms. A notice of intent to renew the managed services for the first renewal option 2021–2024 was sent to the service provider on September 30, 2019. The new term of the agreement for provision of data centre facility services will expire on March 31, 2024, with an option to extend for an additional five-year term. Projected contract costs, excluding obligations purchased under lease (note 8) and inflation, are as follows:

For the year ending March 31	Managed services	Data centre facilities	Total
2023	\$ 3,076	\$ 273	\$ 3,349
2024	3,076	287	3,363
	\$ 6,152	\$ 560	\$ 6,712

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ thousands except as otherwise noted)

## b) Contractual obligations—data centre operations (continued)

There is provision under the contract for the Corporation to terminate for convenience with not less than 12 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, 2022, the estimated one-time termination costs are:

Termination as at March 31	Managed services	Data centre facilities	Total
2023	-	\$ 141	\$ 141

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. The estimated cost for the year ended March 31, 2023, is \$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 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, 2022, is \$114.

## d) Contractual obligations—other contracts and commitments

The Corporation has committed to \$350 (2021: \$593) for various IT software licenses and maintenance fees on April 1, 2022 and ending on March 31, 2022.

## 11. 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 not determinable, and accordingly believe that no provision is required in the financial statements for legal claims.



# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ thousands except as otherwise noted)

## 12. PENSION SERVICES

The Corporation's pension services 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.

	2022	2021
Total charges to pension plans for benefit administration services and purchase of assets. See (a) below	\$ 89,792	\$ 85,452
Intangible assets and long term infrastructure charge	62	-
Total charges to pension plans	89,854	85,452
Purchase of computer systems and other assets	(5,349)	(10,709)
Lease obligation funding received, net of disposals	(204)	(932)
	84,301	73,811
Capital funding recognized as service revenue:		
Amortization of deferred capital funding	7,875	7,674
Total pension services	\$ 92,176	\$ 81,485

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

Municipal Pension Plan	\$ 50,757	\$ 48,724
Public Service Pension Plan	19,227	18,157
Teachers' Pension Plan	13,743	13,720
College Pension Plan	4,560	3,780
WorkSafe BC	1,174	1,071
Municipal Retiree Benefit Trust	331	-
	\$ 89,792	\$ 85,452

# British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ thousands except as otherwise noted)

## 13. PENSION BOARDS' SECRETARIAT SERVICES

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

	2022	2021
Municipal Pension Plan	\$ 1,592	\$ 1,409
Public Service Pension Plan	333	267
Teachers' Pension Plan	390	338
College Pension Plan	333	265
Total charges to pension plans for plan boards secretariat support services	\$ 2,648	\$ 2,279

## 14. INVESTMENT INCOME

	2022	2021
Interest from cash	\$ 213	\$ 72
Interest from cash equivalents	37	83
	\$ 250	\$ 155

## 15. OTHER EXPENSES

	2022	2021
Communication products and distribution	\$ 1,102	\$ 1,100
Travel and business expenses	351	301
Staff training	385	307
Office supplies	357	324
Bank charges and regulatory fees	481	439
Insurance	356	308
Corporate board	83	67
Lease financing	25	74
	\$ 3,140	\$ 2,920

## British Columbia Pension Corporation

Notes to the financial statements for the year ended March 31, 2022

(\$ thousands except as otherwise noted)

### 16. EMPLOYEES' PENSION PLAN AND RETIREMENT BENEFITS

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.

Members 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.

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, 2020, indicated a funding surplus of \$2.7 billion for basic pension benefits. The plan does not attribute surplus or unfunded liability to individual employers; however, valuation results are used to determine future contribution rates.

As at March 31, 2022, the Corporation has approximately 663 (2021: 592) employees contributing to the plan, which has approximately 67,800 active plan members and approximately 52,200 retired plan members.

In 2022, the Corporation paid \$4,618 (2021: \$4,214) for employer contributions to the plan. Employer contributions to the plan are included in salaries and benefits, and represent the amount of pension expense for the year.

Employees are entitled to specific retirement benefits, and the cost of these future benefits is included in salaries and benefits expense as well.

### 17. RELATED PARTY TRANSACTIONS

The College, Municipal, Public Service and Teachers' pension plans and BCI are related parties to the Corporation. The pension 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 \$14,650 (2021: \$13,820) due to the Province of BC.

### 18. FINANCIAL INSTRUMENTS

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

Cash equivalents are recorded at fair value using current market yields, held in a pooled investment fund managed by BCI and 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:



**18. FINANCIAL INSTRUMENTS (CONTINUED)**

- 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
- Level 3—Inputs that are not based on observable market data

Cash equivalents, which total \$9,418, are classified as level 1 (2021: \$11,183—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 its 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 2022 (2021: 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 Corporation's 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.

**19. STATUTORY DEDUCTIONS ASSURANCE**

The BC Public Service Agency confirms that all payroll remittances for the Corporation for the period April 1, 2021 to March 31, 2022, were submitted on time.

**20. PRIOR YEAR COMPARATIVES**

The prior year comparatives have been reclassified to conform to the current year presentation.



BC PENSION  
CORPORATION