



2020/21

Annual Report

Embracing the future

Embracing the future

For certain, 2020/21 was an unprecedented year. Yet, we did not let the challenges of the pandemic impede our progress and found a way to make things happen. We kept everyone safe, were well prepared to successfully adapt and deliver our services, and planned for the future. We are committed to serving plan members, employers, the pension boards of trustees and our employees with forward-looking solutions.

Contents

Welcome	2
Who we are	4
Where we are in our strategic plan	8
How we are performing	9
We kept everyone safe	9
We were well prepared to successfully adapt and deliver our services	11
We planned for the future	12
Risk and financial discussion	14
Appendices	17
Board compensation and meeting attendance	17
Executive compensation	18
Financial statements	19

Highlights

Meet our board and our executive team, and learn more about BC Pension Corporation

02

Welcome

Learn how we continued to achieve our goals in an unprecedented year

09

Our performance

Find out where we are in our strategic plan—we closed out one nine-year plan and launched another

08

Strategic plan

Read about the financial position of our organization and our financial health

19

Financial statements

09

Kept everyone safe

Safety was our priority this year. We quickly and successfully pivoted to have most of our employees work safely and securely from home.

11

Adapted and delivered our services

We were able to successfully deliver our important services in digital, more secure ways.

12

Planned for the future

We developed a vision and plan for the corporation to 2030, and supported plan boards as they set their own course.



Laura Nashman

Our organization is stronger,
with new capabilities and a
deeper sense of purpose

Welcome

CEO message

I suppose each year has its own character and theme, highlights and lowlights. This year was jam-packed with all that and more. Our team was not only resilient, resourceful, supportive and compassionate, we were defiant against the challenges we faced—unwilling to let the circumstances of the pandemic deter us from serving plan members, employers and trustees, while ensuring the health, safety and well-being of the amazing community at Pension Corporation.

Our accomplishments are highlighted in this annual report. Above all, we did it together. Our organization is stronger, with new capabilities and a deeper sense of purpose that's embedded in our new strategic plan—*Plan 20/30: Our Future is Insight*.

I encourage you to read our annual report and share in the success of Pension Corporation.

My sincere appreciation and gratitude to all our staff, and my thanks to the board of directors for their support and encouragement along the way.



Laura Nashman

Chief executive officer

Board chair message

There's no doubt this was a year like no other. Despite the challenges of the pandemic, BC Pension Corporation has had a year of achievement. The board of directors is pleased to share BC Pension Corporation's *2020/21 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.

Laura and her team's first priority was to keep employees healthy and safe while continuing to serve plan members, and we applaud their efforts at maintaining a strong COVID-19 safety plan. They supported their employees by focusing on work-from-home solutions while planning for the future of their work. They continued their digital transformation, evolved their services, improved processes, created efficiencies and chose forward-looking solutions. They wrapped up one nine-year strategic plan, *From 12 to 21: Our Way Forward*; launched another, *Plan 20/30: Our Future is Insight*; and worked with the plan boards to create new service delivery plans for all five plans they serve.

The only way to get through a year like this and achieve so much is to work together. We are impressed by Pension Corporation's caring, committed and high-performing culture.

On behalf of the board of directors, I would like to thank Laura, her executive team and all Pension Corporation employees for their passion and efforts this past year. I encourage you to read this annual report and share in the important work being done by Pension Corporation, its employees and its executive, on behalf of BC's public sector pension plans.



Geraldine Hutchings

Chair, board of directors

We'd like to thank David Vipond and Weldon Cowan for their service and contributions to the corporate board. We also welcome new board members Cameron McRobb and Harpinder Sandhu.




Geraldine Hutchings

“ We are impressed by Pension Corporation's caring, committed and high-performing culture ”

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.



PLAN MEMBERS


659,000+

NEW ACTIVE MEMBERS

28,000+

NEW RETIREES

11,000+




PENSION PLANS WE SERVE

5

PARTICIPATING EMPLOYERS

1,000+



BENEFITS PAID OUT OVER THE YEAR

\$5.1 BILLION

BENEFITS PAID OUT EACH MONTH

\$0.4 BILLION

Territorial land acknowledgment

Our offices are located on the traditional territory of the Ləkʷəŋən (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 Ləkʷəŋən People since time immemorial, and we honour their ongoing connection to the land.

Who we serve

Pension Corporation supports five pension plans with over 659,000 members. We provide the right information at the right time so plan members can make informed decisions about their pension. We constantly learn and evolve our approach to client service to meet the changing needs of those we serve.

Total membership* in each of BC's five public sector pension plans

- COLLEGE
31,126
as of August 31, 2020
- MUNICIPAL
379,091
as of December 31, 2020
- PUBLIC SERVICE
140,745
as of March 31, 2021
- TEACHERS'
101,606
as of December 31, 2020
- WORKSAFEBC
6,853
as of March 31, 2021

TOTAL MEMBERSHIP
659,421



* 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. 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 2020/21 fiscal year:

APPOINTED BY THE


College Pension Board of Trustees



Geraldine Hutchings, chair



Cameron McRobb¹



Weldon Cowan²

APPOINTED BY THE

Municipal Pension Board of Trustees




Gary Yee




Philip Twyford

APPOINTED BY THE


Public Service Pension Board of Trustees



Chan-Seng Lee




Harpinder Sandhu¹




David Vipond²

APPOINTED BY THE

Teachers' Pension Board of Trustees



Elizabeth Baverstock,
vice-chair



Brad Underwood

1. Incoming appointment
2. Outgoing appointment



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



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



Joel Levinson
vice-president, Member and Employer Experience



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

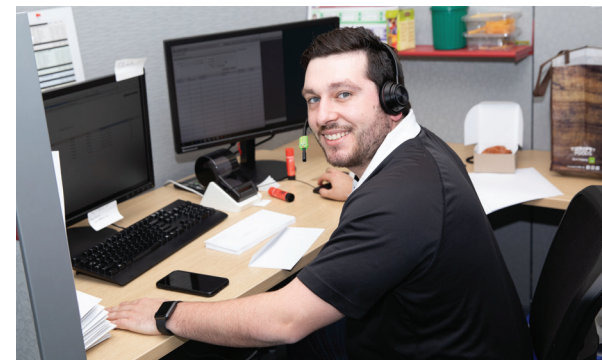


Aaron Walker-Duncan
vice-president, Board and Communication Services



Erika Taylor
vice-president, People and Culture





Excellence Canada is an independent, not-for-profit corporation dedicated to advancing organizational performance across Canada. The Excellence Canada verification team was most impressed with:

- Our visionary leadership
- Our trust and transparency
- Our passionate focus on the customers
- Our people

We achieved Platinum Excellence recognition

This year, we achieved Canada Awards for Excellence® Platinum certification in the *Excellence, Innovation and Wellness*® Standard. Platinum certification is the highest standard offered by Excellence Canada and one of the most progressive standards in the world.

In 2016, we achieved Excellence Canada Gold certification. Achieving the Platinum award shows we have sustained world-class performance with the following key outcomes:

- Sound, systemic approach to excellence, innovation and wellness
- Continual improvement as a “way of life,” with integration into culture and systems
- Sustained positive improvements over at least three years
- Seen as a sector leader in terms of knowledge sharing, industry and benchmark leadership, and best practices

We continue to incorporate excellence in all aspects of our business. Every day, we strive to reach higher through our passion and commitment to the members, employers, boards and plans we serve.

Achieving this award is thanks to a collective effort to making Pension Corporation a professional, forward-thinking organization with a deeply positive culture and strong sense of community.

Every day, we strive to reach higher...

We're a BC Top Employer

BC Pension Corporation was chosen as one of [BC's Top Employers](#) for 2021. Now in its 16th 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:

- We quickly moved our employees to work from home in response to the pandemic, supplying the tools and equipment they needed, and conducted regular surveys about the work-from-home experience
- We help our employees save for the future with a defined benefit pension plan
- We support ongoing education for our employees, whether related or indirectly related to their current role





Where we are in our strategic plan

This past year, we celebrated the completion of our nine-year strategic plan, *From 12 to 21: Our Way Forward*, and launched our new strategic plan, *Plan 20/30: Our Future is Insight*, which will guide us through to 2030.

From 12 to 21 steered us well and allowed us to thrive in the new digital world. Our new strategic plan, *Plan 20/30*, keeps us on the right track for the future. We will continue to fulfil our purpose, realize our direction and demonstrate our commitment to investing in our people.

CELEBRATED FROM 12 TO 21 ACHIEVEMENT

We wrapped up *From 12 to 21: Our Way Forward*. The strategy addressed five business drivers identified in 2012 that remained relevant through to 2021:

1. Increasing need for information and process management
2. Rising stakeholder expectations
3. Growing complexity and diversity in plan design and administration
4. Evolving demographics and client expectations for service
5. Shifting workforce characteristics

As we executed the strategy, we learned a lot along the way. We will use what we learned as we move forward in our next strategic plan, *Plan 20/30*.



LAUNCHED PLAN 20/30

We launched *Plan 20/30: Our Future is Insight* on April 1, 2021. As we defined our new strategic plan, we looked at our purpose and engaged our employees and the board of directors to help define it. Our purpose is clear: **we create peace of mind** for those we serve.

One in nine British Columbians is a member of one of the five pension plans we administer. We serve them by providing accurate, timely information and exceptional service, and delivering on our promises. People can count on us, whether they are pension board trustees, plan members, plan employers, our employees or our community.

Our purpose gives us a shared sense of meaning and helps connect our work to a common goal of making a difference.

Our new strategic plan, *Plan 20/30*, is grounded in three aspirations:



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

We have five strategic objectives to bring these aspirations to life:

1

Strengthen efficiency and quality in everything we do

2

Focus on our people and culture

3

Elevate the member and employer experience

4

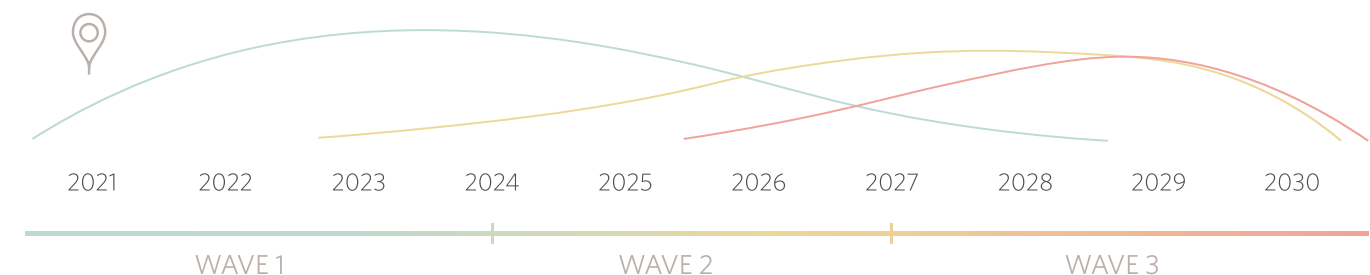
Proactively support the evolving needs of the plans

5

Partner with plans to increase their membership

We will deliver on these objectives over three waves. Each wave is three years with its own specific outcomes, actions and measures of success. We launched Wave 1 on April 1, 2021.

During the first wave, we will focus on strengthening efficiency and quality in everything we do, and ensuring our people and culture are well positioned to thrive.



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





How we are performing

We kept everyone safe

The health and safety of employees and members was a priority, and we each continued to do our part to reduce spread of the virus. We worked hard to make sure most employees could work from home in a comfortable way. While the past year required us to make many adjustments, we were resilient, flexible and committed to deliver on the work we do.



PROVIDED A STRONG COVID-19 SAFETY PLAN

We continued to evolve our response to COVID-19 to keep our employees safe and healthy. As information about the pandemic changed, we kept our employees informed about any updates and about our COVID-19 safety plan, the safety protocols and processes we put in place to reduce risk of COVID-19 transmission at the Pension Corporation offices.

We also provided training on leadership resiliency to help our leaders focus on their own health and well-being while taking care of others. This training was directly linked to helping them through the pandemic.

LAUNCHED FLEXIBLE OPTIONS FOR THE FUTURE OF WORK

We continue to build and foster a highly productive and engaging work environment, rethinking how and where our work is done. We began to plan for a re-imagined workplace in a post-COVID-19 world. Our new hybrid work environment emphasizes flexible options, sustained productivity, and collaborative new tools, technology and common-purpose workspaces while continuing to maintain our connected community.

We ran several COVID pulse-check surveys so employees could tell us how they were doing. Insight into their experiences and well-being helped us continue to create a safe, healthy, supportive and productive workplace. We continue to run pulse checks to help us plan and adjust.

FOCUSED ON MENTAL HEALTH

In the fall, we measured the health and well-being of our employees through a survey to gauge how well we're doing and determine where we need to focus our efforts in the future. Over 400 employees participated. The good news is our overall employee engagement remains strong.

October was Healthy Workplace Month. We participated along with organizations across Canada to encourage healthy practices, team connection and workplace culture. Each week we challenged employees with an individual and team connection activity, and provided learning resources to explore. We focused on healthy lifestyles, physical environment, mental health and workplace culture.

ENCOURAGED ACTIVE LIVING






We know our ability to thrive is affected by our health, safety, social connections and work environment. We launched the Pro-Active Living Series to help support healthy lifestyles, mental health and workplace culture. In summer 2020, we encouraged our employees to get some fresh air and move their bodies with a virtual 5K run-and-walk event, and barre and Pilates physical workouts. We also hosted a virtual nature photography course. With a smartphone in hand and a strong sense of curiosity and creativity, employees learned to hone their photography skills and capture what nature has to offer.

CELEBRATED VIRTUALLY

Over 470 employees came together in a virtual town hall in December to wrap up the year and celebrate our successes. We were joined by Catherine Neville and Kathryn Cestnick from Excellence Canada, who presented our Platinum award and shared a few words on our incredible achievement. We reflected on our *From 12 to 21* journey of transformation and all we've accomplished, and looked ahead to our next strategy, *Plan 20|30*.

Board member Cameron McRobb shared a few words about our Excellence Canada accomplishment, response to COVID-19, dedication and excellent service. In light of the challenges our communities are facing this year, Cameron announced a donation from Pension Corporation to the 1Up Victoria Single Parent Resource Centre, our neighbour down the road. Sarah Downey, 1Up's executive director, joined the town hall to accept the donation and share how it will help support the incredible work 1Up is doing in our community.

Key findings

-  Employees continue to experience stressors daily yet are coping well, which is significant especially during these times
-  We continue to maintain an engaged workforce, with very strong teamwork and purpose
-  Employees have high trust in our leadership
-  Opportunities continue to help employees cope with stress, improve communication about their workload and promote increased physical activity
-  The majority of employees are aware of our new core values and have a high level of understanding of them



The fundraising campaign for the Provincial Employees Community Service Fund went virtual this year. Through our combined generosity and involvement, we contributed \$56,829 toward the provincial record-breaking total of \$2,250,543. Funds raised were distributed across more than 1,000 community-based charities.

 we contributed
\$56,829



SOUGHT TO BETTER UNDERSTAND DIVERSITY AND INCLUSION

Our best ideas come out of an environment where everyone feels comfortable speaking up, and where trust, collaboration and inclusion are part of the organizational culture. We continue our work to better understand diversity and inclusion, and embed it into our organizational culture.

In September 2020, we launched A Conversation on Diversity and Inclusion series—virtual sessions hosted by leading diversity and inclusion experts to provide education and drive greater awareness. The virtual sessions introduced concepts of diversity and inclusion, inclusive design, equity and privilege, and mental health, and helped identify actions we can take to improve. Feedback was very positive, with employees asking for more sessions, so we invited the speakers back for a special hour-long Q&A session in December.

In the spring, we learned about the traditional territories on which we live, work and play as visitors. A Knowledge Keeper from the Songhees Nation shared a brief history of the Lək̓ʷəŋən territory (where our offices are located), and we learned what we can all do as individuals to advance principles of reconciliation.

We added new sections to our *Member-centric Communications Guide* on member diversity, inclusive language and accessibility. The new sections show employees how to adapt their communications to include people with non-binary gender identities; talk about gender, age and ability; and write or speak respectfully about Indigenous Peoples. Making communications accessible means improving the way we speak and write so members of all abilities and literacy levels can understand us.

We also provided gender-diversity training for our human resources team and the Workplace Mental Health Leadership Certificate program, which was completed by 43 managers and supervisors, and 51 employees. Since the certificate program was first launched in 2018, employees have reported feeling more supported by leaders, with less stigma attached to mental health issues.

We're learning what we can do to encourage diversity and inclusion.

Over the next year, we will continue our work to create an integrated, organizational approach to wellness, diversity, equity, inclusion and belonging. We will continue to evolve our organization as we understand gaps and challenges, and uncover potential bias and inequities in our systems, policies and processes.



We were well prepared to adapt and successfully deliver our services

Despite the nature of this unprecedented year, we did not let pandemic challenges impede our services and found a way to move forward. We served members from our home offices and enhanced our digital services. We launched virtual learning for all pension education, including webinars for plan members and employers, and pension education for employees. We're embedding operational excellence in everything we do, and improving the efficiency and quality of our service.

LAUNCHED OUR BIGGEST DIGITAL INITIATIVE

In spring 2021, we launched the new digital workflow system for our Member and Employer Experience Division, the largest initiative in our digitize program. The new system means we can queue and process all member and employer requests more efficiently across the division. This, in turn, will improve efficiency and quality and, ultimately, the member and employer experience. We will also be able to capture a great deal of data on how work flows through our system, which we will use to drive continuous improvement and operational excellence, reducing errors, follow-up and rework.

EXPANDED VIRTUAL EDUCATION

Before COVID-19 changed how we provide member and employer education, we were already exploring alternatives to in-person services. The onset of COVID-19 forced early adoption, and we began delivering webinars for members and employers through Skype and Zoom with positive results. Our pension education is now 100 per cent online.

The virtual classroom is safer, healthier and more convenient for members and employers, and provides more equitable access for all. We can reach a greater number of members and employers, no matter where they live, and provide a more consistent approach to pension education, as before the pandemic most employer workshops were already available online. Reduced travel for attendees and presenters also helps reduce our carbon footprint.

Webinars streamline our ability to capture data on registration and attendance, which provides more insight for decision making. We continue to receive positive feedback from the member education webinars.

We also launched a virtual employer council—a forum for employers across all plans to discuss pension administration matters with the corporation. It's a convenient format for busy employers, and employers think it's a valuable use of their time.

We created a road map for evolving member education from pension literacy to financial literacy. It shows how we will help increase members' financial literacy, key decision points and opportunities to adjust the road map. We began this three-stage approach with new member education. The road map continues through 2021–2023 with pension literacy and will expand post-2023 with financial literacy.

FOUND NEW WAYS TO ENHANCE THE MEMBER EXPERIENCE

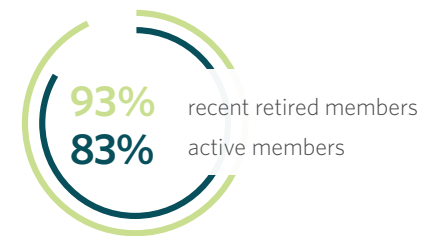
We continue to find new ways to make the member experience easier. Three new digital services are now available 24/7 to provide more convenient ways to submit important information to us:

- *Report the death of a member* allows family members, caregivers and executors to digitally notify the plan of a member's passing
- *Submit an entitlement claim* allows a former spouse of a member to advise us online that they may be entitled to a portion of a member's pension
- *Apply for limited member status* allows limited members to submit online the documents necessary to divide a pension

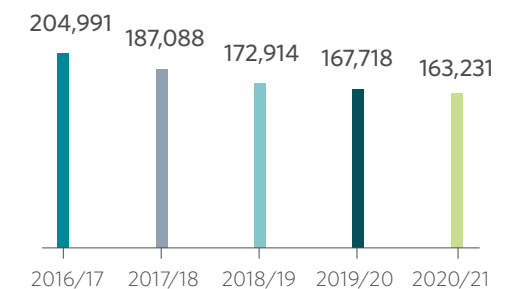
We also continue to improve our products and services for members:

- Simplified the My Account dashboard to save active members time during My Account registration
- Digitized products for retirees—welcome-to-retirement information on the plan websites, and advice statements and transaction statements in My Account
- Enabled digital opt-in so members can receive digital communications such as benefit statements, T4As, annual reports to members and retirement newsletters
- Made phone calls more efficient with courtesy callback—when wait times reach a defined threshold, the caller can choose to receive a callback from the member services centre without losing their place in the queue
- Provided short message service (SMS) text to members, a new feature that allows our member services centre staff to send a website link to a member's mobile device while speaking to them on the phone—SMS text has proven to be very convenient for members
- Continued automating highly manual calculators, which reduces risk of manual entry errors, increases efficiency and processing times, and results in a better service experience for members

Members need to understand their options to make informed decisions about their retirement; this helps provide peace of mind. We launched a pilot project for the Teachers' and Public Service pension plans to support members who are planning to retire, by offering scheduled phone appointments with a plan specialist. Scheduled appointments allow the member to prepare for the appointment. In advance, we encourage them to run an estimate, become familiar with the *Approaching Retirement* online workshop and look at resources on their plan website.



Members score staff helpfulness very highly.



Members call us less as digital services improve.



More members are registering for My Account, especially retired members.



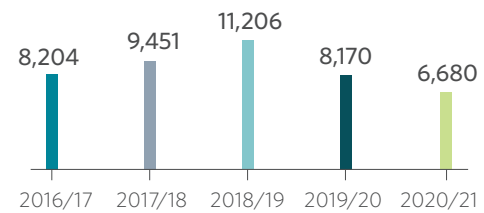
More members are retiring **online**.



Employers score staff **helpfulness** very highly



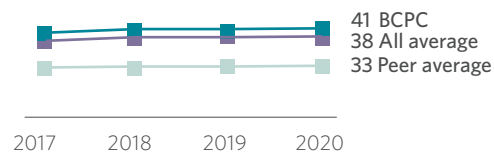
Employers highly rate their **overall experience** with Pension Corporation



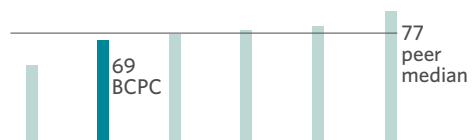
Employer call volumes continue to **decrease** overall.



Cost per active/retired member was \$30 below peer average.



We are more complex than our peers due to the number of different plans and variability of plan rules.



Our service score was lower than the peer median.

CREATED EFFICIENCIES FOR EMPLOYERS

Our focus on efficiency and quality has helped improve the employer experience. We are providing services that save employers time and effort.

Small changes can create big improvements. For example, we added a mandatory drop-down list in the form employers use to submit final service and salary information for plan members who've retired or ended their employment. This means employers can no longer unintentionally submit incomplete data. This saves time in follow-up and reduces the risk of incorrect or delayed benefit payments.

We also launched the member validation service, an online service employers can use to determine whether they can enrol an employee in the pension plan. We added the ability to identify members already receiving a pension who have returned to work (as they cannot be re-enrolled in a pension plan). This has saved time and effort, and encouraged use of the online service.

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. The CEM 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.

We planned for the future

This year we launched a new nine-year strategic plan, *Plan 20/30*, and the Wave 1 plan, which will guide us during the first three years of our strategy. As we planned where we want to go and how we will get there, we explored our organizational culture and what it means to be at our best. We also worked with the plan boards and WorkSafeBC Pension Plan to develop new service delivery commitments for 2021-2024.

GATHERED VIRTUALLY TO LAUNCH PLAN 20/30

On March 3, we gathered together virtually for our annual Staff Day, where we launched our nine-year strategy, *Plan 20/30: Our Future is Insight*, to all employees, and hosted online speakers and presentations to help us reflect, connect to our goals and inspire each other. Everyone was able to participate through workshops, chat, polls and Q&As. Communications and engagement in *Plan 20/30* will continue throughout the year so our employees know where we are going, how we are going to get there and how they see themselves in it.

Launched the Wave 1 plan

The Wave 1 plan describes our priorities for 2021-2024, the first three years of *Plan 20/30*. It shows what we will achieve by 2024, where we will take action and how we will measure our success. The plan is a key tool for our leadership to ensure the organization stays focused on key priorities and to help our employees understand how their work fits into the overall long-term goals. The plan was developed with input from many stakeholders across the organization and informed by our discussions with the plan boards.

The dominant theme of Wave 1 is operational excellence—a deliberate focus on efficiency and quality. Operational excellence is the first aspiration of *Plan 20/30*, and we will pursue it with determination. This, together with our focus on people and culture, will ensure we are ready to pursue our other aspirations—service innovation and influence—in the years ahead.

Discovered @our best values

We know what it means to be at our best every day. We did important work involving employees across the organization to define the values that guide our work: we take action, seek to understand, build bridges, have courage and deliver on our promises. Those values will serve us well and enable us to be successful as we move forward.



We initiated workforce planning in key areas of the organization to ensure we have the talent we need for today and into the future. This will help us align our workforce needs directly to our *Plan 20/30* strategy and our annual business plans. Workforce planning will help identify gaps in knowledge and skills.

@our best

We established a new People and Culture Division to escalate the importance of our people to deliver on *Plan 20/30*.



FINALIZED NEW SERVICE DELIVERY PLANS

We worked with the plan boards to develop and finalize the 2021-2024 service delivery plans for all five pension plans we serve. The three-year plans, which came into effect April 1, 2021, outline the services we will provide the plan boards, members and employers, as well as the new products and services we'll introduce over 2021-2024. They also set out performance reporting and reporting cycles.

The new service delivery plans align with the Wave 1 initiatives of *Plan 20/30*. Our strategy and the progress we make within it provided the context for building the service delivery plans. Alignment with Wave 1 ensures our transformational journey supports the evolution of our service to the plans.

Launched Twitter

We launched a Twitter account for the Public Service Pension Plan, [@BCPSPP](#) and the College Pension Plan [@BCCollegePlan](#). The accounts share news, reminders, tips and educational content primarily directed at plan members (active and retired) and employers, but also unions and associations. The accounts were promoted on plan websites and in employer newsletters, and the handle information was added to member communications.

SUPPORTED THE PLAN BOARDS

We continue to support the plan boards as they govern their plans. We rolled out new tools, implemented new compliance initiatives and supported plan redesign.

Preparing for MPP's redesign

We've been busy implementing plan design changes on behalf of the Municipal Pension Plan (MPP) that will come into effect January 1, 2022. In March 2021, we successfully rolled out communications on plan design changes for all members. We emailed employers, unions and associations, providing them with announcement links; hosted employer webinars; created web content; and updated our internal systems to reflect the new plan rules. Our teams are ready to support MPP members and employers through all the changes.

As part of the redesign, the MPP partners established a retiree benefit trust, effective January 1, 2022. The newly established Municipal Retiree Benefit Trust board will be responsible for all post-retirement group benefits (PRGB) administration and oversight. We are helping support the transition of PRGB governance to the trust, and as the group benefits administrator, we will continue to provide PRGB administrative services.

Assisted engagement on retirement health

We've been helping the Public Service Pension Plan (PSPP) and MPP engage their members on retirement group health benefits.

PSPP member engagement ran November through December with more than 1,300 members participating. We developed educational products to make sure members had the information they needed to participate, including a video, survey and webinar.

More than 4,000 MPP members participated in the Municipal board's engagement survey about retirement group health benefit preferences. We developed communications to help inform members about retirement group health benefits and the benefits of using a low-cost pharmacy.

The Canadian Institute of Actuaries released a revised commuted value (CV) standard of practice effective December 1, 2020. As of that date, all our CV calculations reflect the new standards, which include:

- How interest rates used in the calculations are determined
- The assumed retirement age used in calculation
- Disclosure requirements to make plan members aware of interest rates and assumptions used in the calculation

We provided information about assumptions and interest rates used in the calculations on members' statements and the plan websites.

SET OUR PLATFORM FOR THE FUTURE WITH M365

With *Plan 20/30* underway, one of the first things out of the gate was the launch of Microsoft 365 (M365). We moved away from the provincial government's technology infrastructure and onto our own network, which will help us keep pace with technological changes to better meet our business needs. There's more to do as we harness the tools of our digital world. The move to M365 also improved our network stability, and employees will experience fewer network disruptions and Outlook issues.

It was an exciting way to kick off our new strategy.

M365 is a powerful tool that will enhance our overall collaboration, and its built-in security means we will manage risk more proactively with enhanced cybersecurity so we can keep information safe. We had teams making sure the transition was as smooth as possible. It was an exciting way to kick off our new strategy, with new tools and capabilities. It's directly in line with where we need to be today and positions us well for the future.





Risk and financial discussion

Risk management discussion

LEVERAGED OPPORTUNITIES AND NAVIGATED CHANGE

Our risk management program helps us navigate change, leverage opportunities and manage challenges. We organize the program around four areas of practice:

- **Enterprise risk management:** identify, evaluate and mitigate risk, and report on it to the corporate and plan boards and within Pension Corporation
- **Business continuity management:** address our business resiliency and crisis management, and assess and report on risks during irregular operations
- **Quality management:** ensure we meet quality objectives (e.g., timeliness, accuracy, security) by assessing risk as we change processes and technology, and working with employees to review and improve controls in ongoing operations
- **Internal audit and advisory services:** provide independent assurance and advice on risks and controls, and report audit findings and action plans to management and the audit committee

INCREASED POSITIVE OUTCOMES THROUGH OUR RISK APPROACH

We use a coordinated enterprise-wide approach to risk management that helps us identify, assess, manage and monitor risks to successful achievement of our objectives (strategic, corporate, project, operating). We base our program on an internationally recognized risk management framework, and regularly report on risks and our risk management activities to the corporate enterprise risk committee and the audit committee.

Our program is designed to increase positive outcomes and reduce uncertainty. We continually review our program to improve performance and our overall risk awareness and intelligence. This year, program improvements included:

- Tighter integration of strategic planning, performance measurement and risk management
- Increased focus on material risks and associated risk management plans
- Increased business resiliency as we adapted to public health orders throughout the year to keep our employees safe through COVID-19

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 18 of the financial statements.

PROTECTED OUR DATA

We are keenly aware of our responsibility to plan members, plan employers and other stakeholders to protect 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 practice

The pandemic has changed the way people work, particularly how technology is used to support a flexible work environment with employees off-site as well as on-site. We use information risk management to protect information technology systems and information assets—this has helped us adapt to the ever-changing environment. We continue to invest in information security to identify risks, prioritize activities, and ensure member and corporate data is protected.

The pandemic has changed the way people work...

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 2020/21, we continued to be the lowest-cost service provider relative to our peers.

For the year ended March 31, 2021, we were essentially right on budget (variance of 0.5 per cent under budget or \$446,000).

Below is a summary of the supplemental statement. The statement is a management report that represents our performance against our approved budget and reflects 2020/21 charges to the plans for operations, strategic projects and secretariat requirements.

Total service delivery charges to the pension plans

For the year ended March 31, 2021¹

	2020/21 actual (\$ thousands)	2020/21 budget (\$ thousands)	Budget variance	
			(\$ thousands)	%
Operations	71,281	71,100	181	0.3
Strategic actions	13,350	13,800	(450)	(3.3)
Total Pension Corporation	84,631	84,900	(269)	(0.3)
Major plan redesign	822	800	22	2.7
Secretariat services	2,279	2,478	(199)	(8.0)
Total charges to pension plans	87,732	88,178	(446)	(0.5)

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

AUDITED FINANCIAL STATEMENTS

Operations are the day-to-day costs of running our organization to serve plan members and employers. Operations were slightly over budget due to higher-than-anticipated salary costs and sourcing specialized skills.

Strategic actions are costs to implement forward-thinking projects to improve our organizational performance. Strategic actions were under budget, driven primarily by project timing.

Major plan redesign are costs associated with a significant redesign by one of the plans we serve. We completed the first year of the two-year plan design changes near budget and expect to complete the work on budget in 2021/22.

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 19 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 assets provide value. The total service delivery charges to pension plans is a report that supports the annual budgeted charge to the plans. We present both views in this annual report to be as transparent as possible with financial information.

The variances between this year and the previous year on the audited financial statements can largely be attributed to three main factors:

1. Substantial increase in the amount of spending that was of a capital nature for accounting purposes
2. Increase in amortization—as we adapted our approach to focus on digitization, we revisited a past technology choice and made a prudent business decision to accelerate amortization on assets that are no longer required to support our strategy
3. Decrease in other expenses including travel, training and business expenses primarily due to COVID-19

A detailed reconciliation of the differences 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 future years, we will continue to provide excellent service to plan members and employers in a fiscally responsible manner. We see only modest cost pressure as we continue to make changes that strengthen our operational efficiency and enhance the quality of our services. COVID-19 has created some uncertainty; however, we expect to advance our services within approved budgets. We will continue to keep our employees safe and healthy as we deliver on our commitments to our clients in a fiscally responsible way. We expect to maintain our position as a low-cost provider when compared to our peers.



Where we are headed

▲▲ Our *Plan 20/30* and *Wave 1* plan will help guide us as we transform into an even more efficient organization.

MOVING FORWARD WITH INSIGHT

At Pension Corporation, we're moving forward with energy and commitment. We learned many lessons through the past year about resilience and continuing to strive for excellence despite the challenges of the world around us. Our *Plan 20/30* and *Wave 1* plan will help guide us as we transform into an even more efficient organization. We will reinvest those efficiencies to continue improving services to plan members, employers and trustees.

As we look beyond the pandemic, we see a future that embraces a hybrid workforce while maintaining our deep connections. As always, while we are focused on the future, we continue to deliver on our commitments today and bring new and better services to life.

Our new strategic plan, *Plan 20/30*, builds on our success and the momentum we've created. We know where we are headed and how we will create peace of mind. For details on our aspirations and new direction, and our 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 ¹	Vice-chair	8,985	0	8,985
Weldon Cowan ^{1,2}	Director	2,156	0	2,156
Geraldine Hutchings ¹	Chair	13,440	0	13,440
Chan-Seng Lee ¹	Director	6,900	0	6,900
Cameron McRobb ^{1,2}	Director	4,157	0	4,157
Harpinder Sandhu ^{1,2}	Director	1,343	0	1,343
Philip Twyford ¹	Director	3,976	0	3,976
Brad Underwood ¹	Director and chair, audit committee	9,180	0	9,180
David Vipond ²	Director	5,940	0	5,940
Gary Yee ¹	Director and chair, HR and governance committee	7,821	2,527	10,347

1. Board members’ 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 helps the board fulfil 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
Brad Underwood	Committee chair
Geraldine Hutchings	Member
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 helps the board fulfil 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)
David Vipond	Committee chair (ended November 12, 2020)
Brad Underwood	Member
Harpinder Sandhu	Member (appointed February 23, 2021)
Weldon Cowan	Member (ended August 31, 2020)
Cameron McRobb	Member (appointed September 25, 2020)
Ex officio members	Board chair and vice-chair

Board and committee meeting attendance

Name	Board meetings (days)	Audit committee meetings (days)	HR and governance committee meetings (days)	Attended (days)	Eligible (days)	%
Weldon Cowan ¹	5	3	3	2	3	67
Geraldine Hutchings	5	3	3	11	11	100
Elizabeth Baverstock	5	3	3	11	11	100
Gary Yee	5	3	3	8	8	100
Brad Underwood	5	3	3	8	8	100
David Vipond ²	5	3	3	4	5	80
Chan-Seng Lee	5	3	3	7	8	86
Philip Twyford	5	3	3	2	8	25
Cameron McRobb ³	5	3	3	5	5	100
Harpinder Sandhu ⁴	5	3	3	1	1	100

1. Outgoing appointment, August 31, 2020
2. Outgoing appointment, December 31, 2020
3. Incoming appointment, September 1, 2020
4. Incoming appointment, January 1, 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.

				Total salary (\$)	Employer pension contributions ¹ (\$)
Name	Position	Base salary (\$)	Incentive (\$)		
Laura Nashman	Chief executive officer	367,934	40,473	408,407	36,241
Trevor Fedyna	Vice-president, Strategy and Insights, and chief financial officer	219,288	-	219,288	21,600
Brett Emmerton	Vice-president, Information and Technology Services, and chief information officer	209,000	-	209,000	20,587
Aaron Walker-Duncan	Vice-president, Board and Communication Services	219,288	-	219,288	21,600
Joel Levinson	Vice-president, Member and Employer Experience	224,720	-	224,700	22,135
Erika Taylor	Vice-president, People and Culture	190,000	-	190,000	18,715

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 6.98 per cent of salary, and a parking allowance of \$1,488. Executive may also receive other payouts such as for unused vacation time.



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	Sandy S. Leveque, CPA, CGA, CIA, MBA
Vice President Strategy, Insights and Chief Financial Officer	Director Corporate Financial Analysis and Procurement
British Columbia Pension Corporation	British Columbia Pension Corporation

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

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, 2021
- 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
- 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, 2021, 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, 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.

Chartered Professional Accountants

Vancouver, Canada
July 6, 2021



Statement of Financial Position

(\$ thousands)

As at March 31	Note	2021	2020
Assets			
Current			
Cash and cash equivalents	4	\$ 12,240	\$ 10,820
Due from pension plans	5	5,837	6,170
Accounts receivable		566	366
Prepaid expenses		1,282	760
		<u>19,925</u>	<u>18,116</u>
Computer systems and other assets	6		
Intangible assets		17,568	14,753
Tangible assets		8,392	8,173
		<u>25,960</u>	<u>22,926</u>
Total assets		\$ 45,885	\$ 41,042
Liabilities			
Current			
Accounts payable		\$ 15,715	\$ 11,092
Accrued salaries and benefits	7	4,209	7,033
Current portion of obligations under lease	8	204	405
		<u>20,128</u>	<u>18,530</u>
Obligations under lease	8	518	1,249
Deferred capital funding	9	25,239	21,263
		<u>25,757</u>	<u>22,512</u>
Share capital		-	-
Total liabilities and net assets		\$ 45,885	\$ 41,042

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	2021	2020
Revenues			
Benefit administration service revenue	12	\$ 81,485	\$ 100,483
Pension boards' secretariat service revenue	13	2,279	2,333
Investment income	14	155	375
Total revenues		83,919	103,191
Expenses			
Salaries and benefits		51,529	50,144
Professional services		8,822	16,746
Information services and systems		8,504	9,461
Amortization		7,674	18,160
Premises		4,778	4,623
Other	15	2,612	4,057
Total expenses		83,919	103,191
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)

As at March 31	Note	2021	2020
Operating transactions			
Excess of revenues over expenses	\$	-	\$ -
Add (deduct) items not involving cash			
Amortization of computer systems and other assets		7,674	18,160
Amortization of deferred capital funding		(7,674)	(18,160)
		-	-
Change in non-cash working capital balances			
Decrease (increase) in due from pension plans		333	(140)
(Increase) decrease in accounts receivable		(200)	185
(Increase) decrease in prepaid expenses		(521)	387
Increase (decrease) in accounts payable		4,624	1,328
(Decrease) increase in accrued salaries and benefits		(2,825)	(531)
Total operating activities		1,411	1,229
Investing transactions			
Acquisition of computer systems and other assets		(10,709)	(4,065)
Total investing activities		(10,709)	(4,065)
Financing transactions			
(Decrease) increase in obligations under lease		(932)	1,402
Deferred capital funding received		11,650	2,663
Total financing activities		10,718	4,065
Increase for the year		1,420	1,229
Cash and cash equivalents at beginning of year		10,820	9,591
Cash and cash equivalents at end of year	4	\$ 12,240	\$ 10,820

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 (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-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 is dynamic, with various cities and countries around the world responding in different ways to address the outbreak. As at March 31, 2021, 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 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 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.

(\$ thousands except as otherwise noted)

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.

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.

(\$ thousands except as otherwise noted)

4. CASH AND CASH EQUIVALENTS (CONTINUED)

	2021	2020
Cash	\$ 1,057	\$ 1,234
Cash equivalents	\$ 11,183	\$ 9,586
	<u>\$ 12,240</u>	<u>\$ 10,820</u>

5. DUE FROM PENSION PLANS

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

	2021	2020
Beginning balance, due from pension plans	\$ 6,170	\$ 6,030
Total charges to pension plans for		
Benefit administration services (note 12)	85,452	84,986
Pension boards' secretariat services (note 13)	2,279	2,333
Operating funding received	(76,414)	(84,516)
Deferred capital funding received	(11,650)	(2,663)
Ending balance, due from pension plans	<u>\$ 5,837</u>	<u>\$ 6,170</u>
Comprised of:		
Municipal Pension Plan	3,398	3,728
Public Service Pension Plan	1,490	1,478
Teachers' Pension Plan	822	917
College Pension Plan	27	37
WorkSafeBC	100	10
Due from pension plans	<u>\$ 5,837</u>	<u>\$ 6,170</u>

(\$ thousands except as otherwise noted)

6. COMPUTER SYSTEMS AND OTHER ASSETS

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
<u>Intangible assets</u>				
Major business application software held in name of service provider	80,072	(62,620)	17,452	14,403
Data centre transformation	1,633	(1,517)	116	350
Total intangible assets	<u>81,705</u>	<u>(64,137)</u>	<u>17,568</u>	<u>14,753</u>
<u>Tangible assets</u>				
Computer systems	17,466	(13,608)	3,858	1,994
Furniture	6,142	(4,044)	2,098	2,514
Tenant improvements	5,611	(3,850)	1,761	2,063
	<u>29,219</u>	<u>(21,502)</u>	<u>7,717</u>	<u>6,571</u>
Held in name of service provider:				
Computer systems	340	(340)	0	13
Computer systems under capital lease	2,772	(2,097)	675	1,589
	<u>3,112</u>	<u>(2,437)</u>	<u>675</u>	<u>1,602</u>
Total tangible assets	<u>32,331</u>	<u>(23,939)</u>	<u>8,392</u>	<u>8,173</u>
Total	<u>114,036</u>	<u>(88,076)</u>	<u>25,960</u>	<u>22,926</u>

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.

7. ACCRUED SALARIES AND BENEFITS

	2021	2020
Accrued salaries and benefits	\$ 1,514	\$ 5,121
Leave liability	2,695	1,912
	<u>\$ 4,209</u>	<u>\$ 7,033</u>

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

(\$ thousands except as otherwise noted)

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 3.96% to 5.95%. The minimum future lease payments under leases are as follows:

Year ending March 31	2021	2020
2021		466
2022	229	410
2023	229	410
2024	224	394
2025	91	122
	773	1,802
Amount representing interest	(51)	(148)
Obligation	722	1,654
Less: current portion	(204)	(405)
	\$ 518	\$ 1,249
Opening balance, obligations under lease	1,654	252
Additions	-	1,707
Less: principal payments	(932)	(305)
(Decrease)/increase in obligations under lease	(932)	1,402
Closing balance, obligations under lease	\$ 722	\$ 1,654

All of the \$722 (2020: \$1,654) lease obligations are capital.

9. DEFERRED CAPITAL FUNDING

	2021	2020
Opening balance	\$ 21,263	\$ 36,760
Computer systems and other assets additions	10,709	4,065
Net changes in obligations under lease	941	(1,402)
Capital funding received	11,650	2,663
Amount amortized into revenue	(7,674)	(18,160)
Ending balance	\$ 25,239	\$ 21,263

(\$ thousands except as otherwise noted)

10. COMMITMENTS

a) Contractual obligations—operating lease commitments

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

Year ending March 31	
2022	\$4,529
2023	4,631
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
2022	3,303	264	3,567
2023	3,184	264	3,448
2024	3,184	264	3,448
	\$9,671	\$ 792	\$ 10,463

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, 2021, the estimated one-time termination costs are:

(\$ thousands except as otherwise noted)

10. COMMITMENTS (CONTINUED)

Date of termination as at March 31	Managed services	Data centre facilities	Total
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. The estimated cost for the year ended March 31, 2022, 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, 2021, is \$198.

d) 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 \$1,893.

e) Contractual obligations—other contracts and commitments

The Corporation has committed to \$593 (2020: \$81) for various IT software licences and maintenance fees on April 1, 2021, 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.

(\$ thousands except as otherwise noted)

12. 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.

	2021	2020
Total charges to pension plans for benefit administration services and purchase of assets (a)	\$ 85,452	\$ 84,986
Purchase of computer systems and other assets	(10,709)	(4,065)
Lease obligation funding received, net of disposals	(932)	1,402
	73,811	82,323
Capital funding recognized as service revenue:		
Amortization of deferred capital funding	7,674	18,160
Benefit administration service revenue	\$ 81,485	\$ 100,483

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

Municipal Pension Plan	\$ 48,724	\$ 45,842
Public Service Pension Plan	18,157	21,240
Teachers' Pension Plan	13,720	13,329
College Pension Plan	3,780	3,587
WorkSafe BC	1,071	988
	\$ 85,452	\$ 84,986

13. PENSION BOARDS' SECRETARIAT SERVICE REVENUE

The Corporation's pension boards' secretariat service revenue 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.

	2021	2020
Total charges to pension plans for plan boards secretariat support services and purchase of assets (a)	\$ 2,279	\$ 2,333
Pension plan boards' secretariat services	\$ 2,279	\$ 2,333
(a) Total charges to pension plans for plan boards' secretariat services were		
Municipal Pension Plan	\$ 1,409	\$ 1,355
Public Service Pension Plan	267	328
Teachers' Pension Plan	338	325
College Pension Plan	265	325
	\$ 2,279	\$ 2,333

(\$ thousands except as otherwise noted)		
14. INVESTMENT INCOME	2021	2020
Interest from cash	72	70
Interest from cash equivalents	83	305
	<u>\$ 155</u>	<u>\$ 375</u>

15. OTHER EXPENSES	2021	2020
Communication products and distribution	\$ 1,100	\$ 1,399
Travel and business expenses	301	1,022
Staff training	307	585
Office supplies	324	474
Bank charges and regulatory fees	439	426
Corporate board	67	95
Lease financing	74	56
Total	<u>\$ 2,612</u>	<u>\$ 4,057</u>

16. EMPLOYEES' PENSION PLAN AND RETIREMENT BENEFITS

The Corporation and its employees contribute to the Public Service Pension Plan (plan), a jointly trusteed 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, 2017, indicated a funding surplus of \$1,896 million 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, 2021, the Corporation has approximately 592 (2020: 573) employees contributing to the plan, which has approximately 67,000 active plan members and approximately 51,000 retired plan members.

In 2021, the Corporation paid \$4,214 (2020: \$3,918) 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.

(\$ thousands except as otherwise noted)

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 \$13,820 (2020: \$13,605) 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:

- 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 \$11,183, are classified as level 1 (2020: \$9,585—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.

(\$ thousands except as otherwise noted)

18. FINANCIAL INSTRUMENTS (CONTINUED)

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 2021 (2020: 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, 2020 to March 31, 2021, were submitted on time.



Supplemental Schedule

Total Charges to Pension Plans

Unaudited

(\$ thousands)

	Actual	Budget	Variance		Actual	Variance	
For the year ended March 31	2021	2021	Over (under) budget		2020	Over (under) 2020	
Operations							
Salaries and benefits	44,972	44,467	505	1.1%	41,887	3,085	7%
Professional services	3,533	2,174	1,359	62.5%	2,757	776	28%
Information services and systems	15,989	15,824	165	1.0%	15,992	(3)	(0%)
Premises	4,357	4,514	(157)	(3.5%)	4,389	(32)	(1%)
Other	2,430	4,121	(1,691)	(41.0%)	3,519	(1,089)	(31%)
Total operations	71,281	71,100	181	0.3%	68,544	2,737	4%
Strategic actions	13,350	13,800	(450)	(3.3%)	12,954	396	3%
Total operations and strategic actions	84,631	84,900	(269)	(0.3%)	81,498	3,133	4%
Major plan design changes	822	800	22	2.7%	3,488	(2,666)	(76%)
Secretariat services	2,279	2,478	(199)	(8.0%)	2,333	(54)	(2%)
Total charges to pension plans	87,732	88,178	(446)	(0.5%)	87,319	413	0.5%

The Supplemental Statement summarizes the total charges to pension plans for benefit administration services and pension boards’ secretariat services as set out in note 11 and 12 in the financial statements. This statement is unaudited and does not form the basis of the financial statements and is not in accordance with Canadian accounting standards for not-for-profit organizations under Part III of the Chartered Professional Accountants (CPA) Canada Handbook. There are differences between total charges to pension plans audited revenue and expenses per the statement of operations and changes in net assets, due to generally accepted accounting practices. Some line items in the total operations (for example, salaries and benefits, professional services) are not separately disclosed (netted) in total strategic actions and total charges to pension plans for plan board secretariat support services.