

2009 REPORT TO MEMBERS



Building a future together...



Public Service
Pension Plan

Trustees' Message



We are pleased to present the 2009 edition of the Public Service Pension Plan's *Report to Members*. One of the features of the Public Service Pension Plan (PSPP) is the view it takes toward investing. The plan's assets are invested to ensure the overall health of the plan and its ability to provide a secure pension benefit. Through the B.C. Investment Management Corporation (bcIMC), the board's investment manager, prudent investment decisions position the plan for varying economic conditions.

An important feature of the plan is the investment asset mix. The asset mix decision is one of the major decisions made by the trustees as it establishes the general framework for the investment of pension plan assets.

Every three years, the plan is required to complete a valuation report for a detailed check of the plan. The actuarial valuation is an independent assessment of the plan's financial health by an independent actuary. The latest valuation report was as at March 31, 2008. This valuation does not take into consideration the market volatility since that time.

The valuation indicated the plan was financially sound. Despite the plan's modest surplus at the time, the board is required under the *Pension Benefits Standards Act* to increase contribution rates to meet the plan's funding requirements. A small contribution rate increase for both members and employers was announced to take effect April 1, 2009. Details on this are inside.

Markets and the economy can change, especially in times of volatility, but your pension plan is focused on the long term. Based on our conservative investment approach and our focus on the long term, we believe the pension funds continue to be well positioned.

Trustees continue to monitor and evaluate the value of the fund. Each year we review our *Statement of Investment Policies and Procedures* (SIPP). One of the roles of the SIPP is to set forth investment performance objectives to be used in evaluating the fund.

The goal of the plan is to generate investment returns that grow over time, despite market volatility. In this way, the plan is positioned for both today and tomorrow. No one can be certain when markets will bounce back, but the plan's asset mix ensures it will benefit from the turnaround when it happens.

Whatever stage you may be in with your career, this long-term view works for you.

Your defined benefit pension plan guarantees you an income for life when you retire.

The amount of your pension payment will depend on your age, years of service and earnings while you worked, not the state of the markets when you retire.

Visit the plan's website at pspp.pensionsbc.ca for more information on the 2008 valuation report.

Public Service Pension Board of Trustees

Trustees as at March 31, 2009

John W. Cook, Chair

Joyce Burns	Lori Joaquin
John Davison	Lawrence Johnson
David Day	Paul Martin
Judi Filion	Laurie McAmmond
Alana Gallagher	Ron McEachern
Andy Jani	John Mazure
Jodi Jensen	David Vipond, Vice Chair

What's the Public Service Pension Plan?

The Public Service Pension Plan is your pension plan. The Public Service Pension Plan currently has three components. They are the basic pension, inflation adjustments and group health benefits.

The basic pension is guaranteed and its availability does not depend on economic conditions. The basic pension benefit is based on how many years the member contributed to the plan, the average of the five highest years of salary and age at retirement. This benefit is available after two full years of enrolment.

Inflation adjustments are not guaranteed. They are calculated annually and offered subject to available funding. Once granted, they become part of the basic lifetime, guaranteed benefit.

Group health benefits are optional and are not guaranteed. These non-pension benefits are funded from employer contributions designated for this purpose.



Partners, Trustees and Agents

Plan partners: the provincial government and the B.C. Government and Service Employees' Union (BCGEU). These partners and other organizations representing plan employers and plan members are responsible for nominating and appointing trustees.

Public Service Pension Board of Trustees: is responsible for the management of the pension plan, including asset investment and plan administration.

British Columbia Pension Corporation: provides benefit administration services as an agent of the board of trustees. The corporation enrolls members, collects contributions, processes benefits and issues pension payments among other things.

British Columbia Investment Management Corporation (bcIMC): provides investment management services as an agent of the board of trustees. The bcIMC is one of the largest institutional investors in the country, offering a wide range of fund management services.

PricewaterhouseCoopers: provides auditing services to the plan. It is one of Canada's largest accounting firms offering a wide range of management services.

Eckler Ltd.: provides consulting and actuarial services to the plan. As consultants and actuaries, Eckler Ltd. prepares actuarial valuations and costings for the plan.

Changes to the Public Service Pension Plan

Contribution Rates – Amendment No. 21

On April 1, 2009, the contribution rates for plan members and employers rose by 0.15 per cent of salaries.

The latest valuation report on the Public Service Pension Plan shows the plan continues to be financially sound. The end date for the valuation was March 31, 2008, and at that time the plan had a surplus of \$487 million.

Since that time, financial markets have experienced significant downturn and trustees will continue to closely monitor the impact this financial environment is having on the plan. With these rate changes, the long-term health of the Public Sector Pension Plan continues to be sound.

Plan Member Contribution Rates as of April 1, 2009

7.78 per cent of pensionable salary up to the Year's Maximum Pensionable Earnings (YMPE)*, and 9.28 per cent of pensionable salary in excess of the YMPE.

Employer Contribution Rates as of April 1, 2009

8.78 per cent of pensionable salary up to the YMPE, and 10.28 per cent of pensionable salary in excess of the YMPE.

Latest Retirement Age is now 71 – Amendment No. 18

Active plan members can now continue to contribute until the end of November of the year in which they reach age 71 or until they reach 35 years of service, whichever is earlier. The latest a member can begin to receive monthly pension payments is December of the calendar year in which they reach age 71. The latest retirement age was previously 69. Effective January 1, 2008.

Withdrawal of Voluntary Contributions – Amendment No. 19

Active plan members who have made additional voluntary contributions to the Public Service Pension Plan can now withdraw them at any time before retiring or terminating employment. Individual correspondence was sent out this past year to any members who made additional voluntary contributions in the past. Effective April 1, 2008.

Death Benefit Eligibility – Amendment No. 20

This amendment clarifies the eligibility for pre-retirement death benefits where a member who terminated employment before January 1, 1996 and dies on or after April 1, 2000. Effective retroactive to January 1, 2001.

* *Year's Maximum Pensionable Earnings is the earnings on which you make Canada Pension Plan contributions. The 2009 YMPE is \$46,300.*



Changes to Transfer Agreements with other Pension Plans

You may be able to increase your pension benefit by transferring service. Transfer agreements allow plan members who meet the eligibility criteria to transfer their service from other pension plans into the Public Service Pension Plan. Visit our website to see information about how agreements work and for a list of the Canadian pension plans included in our transfer agreements.

These plans recently joined the National Transfer Agreement:

- Ontario Pension Board
- Ontario Public Service Employees Union Pension Plan Trust Fund.

Purchase Service to Increase Your Pension

You can increase the value of your pension by purchasing service. Purchasing service means paying for periods of employment that have not been counted as pensionable with the Public Service Pension Plan. An example of a period not included is a leave without pay.

You have the opportunity to purchase service that occurred after April 1, 2004. The deadline to purchase this period of service is five years from the end of the period you are applying to purchase, or before your employment ends (whichever is earlier).

For more information on what periods of service are eligible to purchase, visit our website at pspp.pensionsbc.ca.

Seek Professional Advice from an Independent Advisor

The Public Service Pension Plan provides information about your pension benefits, but we always recommend you speak with a qualified, independent financial advisor when considering overall retirement plans. An independent financial advisor is a professional who is qualified to offer you unbiased advice on financial matters and who does not act as a representative for any financial product.

It is Never too Soon to Plan for Retirement

The pension you are earning can be a very significant financial asset; it's important to know the value of your future pension payments and how they fit into your overall retirement plans. The Public Service Pension Plan encourages you to take advantage of the products and services we've created to keep you informed. Take a look at these.

Improvements to the Personalized Pension Estimator

In last year's *Report to Members* we introduced you to the online Personalized Pension Estimator's new design and easier to use features. Try it and you will see results that look like a researched pension estimate you would receive from the plan.

The Personalized Pension Estimator is available through the My Account section of the plan website. If you are not currently registered for My Account, it's simple to do so.

You will find your user name and password on your current *Member's Benefit Statement*. If you have registered but have forgotten your password you can retrieve it by using the "I can't remember my password" link on the My Account login page, or by contacting the Public Service Pension Plan.

Pension Seminars: Two seminars to meet your needs

Coming soon to a community near you – two seminars designed for the unique needs of members at different stages of their careers are available near you. *Your Pension, Your Future* explains your pension benefits and helps you understand how today's decisions can affect your future pension income. Topics include the value of your pension to you and your loved ones, and the effect of purchasing leaves of absence, maternity and parental leaves. *Thinking about Retiring* is for members approaching retirement. It includes valuable information on topics like choosing the best pension option and things to consider when determining your retirement income. New this past year is online registration available through the website. Both seminars are offered at no charge. See the schedule and registration form at pspp.pensionsbc.ca.

Member's Benefit Statements

Each year that you are working and contributing to the Public Service Pension Plan, you receive a *Member's Benefit Statement*. This statement provides a record of your service, contributions to the plan, and accrued and projected pension estimates. Keep this document for your records.

Retirement Planning and Application Packages

The online *Retirement Planning Package* provides concise information, asks key questions and includes a checklist of issues for you to consider. Once you've made the decision to retire, contact the plan to receive your *Retirement Application Package*.

Financial Health

A major responsibility of the trustees is the financial health of the plan. Our goal is to achieve long-term performance by following sound investment principles that direct the fund managers to invest prudently with high standards of corporate governance and environmental and social practices.

For a listing of your Public Service Pension Plan's financial holdings please see the Public Service Pension Plan 2009 Annual Report, available later this year under the publications on the web at pspp.pensionsbc.ca.

Financial Statement Highlights

	\$ Millions	
	March 31	
	2009	2008
Net Assets—Beginning of Year	(unaudited) \$17,557	\$17,685
Investment Income	(2,472)	81
Contributions	550	516
Benefit Payments	(703)	(688)
Investment and Administration Costs*	(30)	(37)
Net Assets—End of Year	\$14,902	\$17,557

* See Administration Costs footnote on page 10.

Basic Account Investment Asset Mix and Performance

As at March 31, 2009

Asset Class	Approved Range (%)	Asset Mix		Performance Benchmark* (%)
		Market Value (%)	Rate of Return (%)	
(unaudited)				
Fixed Income	20-40			
Short-term	0-10	1.0	5.6	2.4
Mortgages	0-10	5.8	5.1	7.5
Bonds	10-25	16.9	3.6	4.9
Real Return Bonds	0-10	5.6	1.1	(0.8)
Equity	60-80			
Canadian Equities	9-19	14.2	(31.2)	(32.4)
U.S. Equities	10-20	15.6	(25.5)	(24.2)
International Equities	11-21	15.3	(34.9)	(33.6)
Real Estate	10-20	16.3	(7.8)	5.3
Private Placements	0-10	4.5	**	**
Strategic Investments and Infrastructure	0-10	4.8	(38.6)	8.0

* Benchmarks are standards to compare against actual investment returns.

** Annual rate of return not applicable.

Investment Performance

	Performance Benchmarks*	Actual March 31	
	2009	2009	2008
(unaudited)			
Market Value (\$ Billions)		\$14.9	\$17.6
Market Value Rates of Return			
Basic Account			
Annual	(10.5%)	(14.2%)	0.3%
Five-year Annualized	3.4%	3.7%	11.2%
Inflation Account			
Annual	(10.5%)	(14.5%)	0.4%
Five-year Annualized	3.4%	3.9%	11.8%

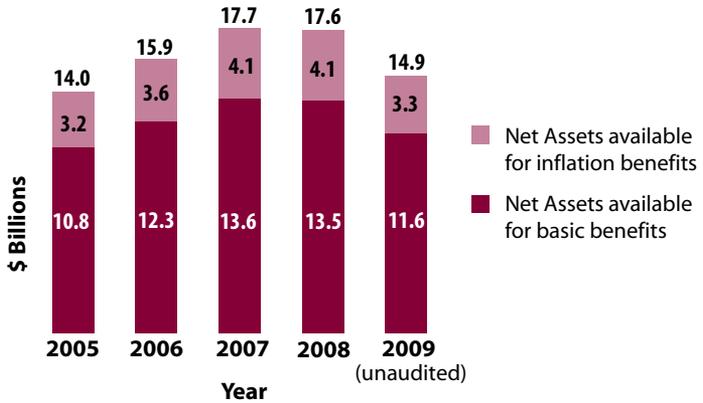
* Benchmarks are standards to compare against actual investment returns.

Investment and Administration Costs as a Percentage of Net Assets (%)

Year ended March 31	2009	2008	2007	2006	2005
	(unaudited)				
Benefit Administration	0.07%	0.05%	0.05%	0.06%	0.06%
Investment Management*	0.18%	0.26%	0.18%	0.19%	0.15%

* External investment management costs incurred in the investment pooled funds by wholly owned corporations of \$6.8 million (2008 – \$17.6 million) are not included in investment and administration costs, but are included in investment management costs as a percentage of net assets.

Net Assets Available



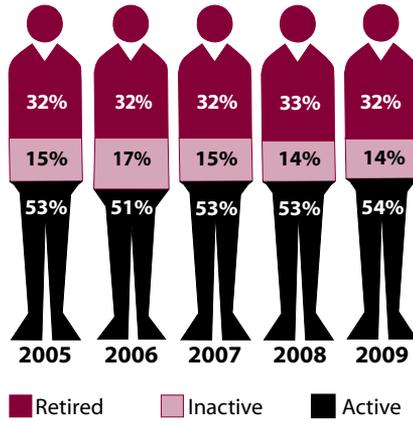
Mission Statement

The Public Service Pension Board of Trustees provides sound plan governance and prudent oversight of the management of the plan assets and administration so that current and retired plan members are assured a secure pension.

Membership

There are three categories of members in the Public Service Pension Plan:

- Active—those currently contributing, or on a leave of absence, or receiving benefits from an approved salary continuance plan.
- Inactive—those who have terminated employment but whose contributions remain on deposit in the plan. They may or may not be eligible for a pension in the future.
- Retired—those who are receiving a pension, including those who are receiving a disability pension.



The number of retired members is expected to continue to grow as more and more baby boomers reach retirement age. The change in ratio between active, contributing members and retired members may impact future indexing and group benefits. The trustees are monitoring these changes as they focus on the long-term management of the fund for the benefit of the plan and its members.

Disclaimer

The information in this booklet is based on the legislation and Public Service Pension Plan rules in effect as of March 31, 2009, except where otherwise noted.

In the event of any variation between the information in this booklet and the provisions of the statutes, regulations and plan rules which govern any benefits available under the Public Service Pension Plan, the latter will prevail.

Questions?

Find the answers at pspp.pensionsbc.ca

Your pension plan website contains up-to-date tools and resources to assist you throughout your working career, and into retirement. Log on to use the purchase of service and pension estimators, read the latest news and updates from your pension plan, and find the forms you need.

Public Service Pension Plan

General Contact Information

Phone: **Victoria:** 250 953-3033
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**Toll-free in Canada
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E-mail: PSPP@pensionsbc.ca

Mail: **Public Service Pension Plan**
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Victoria, BC V8W 9V8

Web: pspp.pensionsbc.ca

Public Service Pension Board of Trustees Contact Information

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