

**TEACHERS' PENSION PLAN
JOINT TRUST AGREEMENT**

AMENDING AGREEMENT NO. 3

TEACHERS' PENSION PLAN JOINT TRUST AGREEMENT

AMENDING AGREEMENT NO. 3

THIS AMENDING AGREEMENT NO. 3 is made the 11th day of December, 2015,

BETWEEN:

Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister responsible for the *Public Sector Pension Plans Act*

(the "Government"),

AND:

British Columbia Teachers' Federation, as represented by the President of the Federation

(the "BCTF").

RECITALS

WHEREAS:

- A. The Government and the BCTF entered into a Joint Trust Agreement made April 2, 2001 (the "Joint Trust Agreement") which provides for the joint management of the Teachers' Pension Fund and the Teachers' Pension Plan (the "Plan");
- B. Under the Joint Trust Agreement, the BCTF is the "Plan Member Partner" and the Government is the "Plan Employer Partner", and the Plan Member Partner and the Plan Employer Partner together are referred to as the "Partners";
- C. Section 13.1 of the Joint Trust Agreement provides that the Partners may amend the Joint Trust Agreement at any time after first consulting with the trustees appointed pursuant to the Joint Trust Agreement (the "Trustees");
- D. After considering the Actuarial Valuation of the Plan prepared as of December 31, 2014 the Partners wish to alter the Funding Arrangements for the Transitional Period set out in Appendix "B" to the Joint Trust Agreement;
- E. The Partners also wish to make certain changes to the Joint Trust Agreement to reflect the coming into force of the *Family Law Act*, S.B.C. 2011, c. 25 effective as of March 18, 2013 and the *Pension Benefits Standards Act*, S.B.C. 2012, c. 30 effective as of September 30, 2015;

- F. The Partners have in accordance with Section 13.1 of the Joint Trust Agreement consulted with the Trustees regarding these proposed changes;

THEREFORE THE PARTNERS AGREE that the Joint Trust Agreement is amended as follows:

1. The definition of "*Family Relations Act*" in subsection 1.1(i) is deleted and replaced with the following:

"Family Law Act" means the *Family Law Act*, S.B.C. 2011, c. 25.

2. The definition of "PBSA" in subsection 1.1(q) is deleted and replaced with the following:

"PBSA" means the *Pension Benefits Standards Act*, S.B.C. 2012, c. 30.

3. Section 2.5 is amended by replacing the reference to "s. 12" of the PBSA in the second sentence with "s. 47".

4. Section 6.4 is amended by adding the following as new subsections (d) and (e) and renumbering the existing subsections (d) and (e) accordingly:

(d) establish a written governance policy and funding policy for the Pension Plan in accordance with the PBSA;

(e) assess the administration of the Pension Plan at the times and in the manner required by the PBSA;

5. Section 11.2 is amended by replacing the reference to "*Family Relations Act*" with "*Family Law Act*".

6. The following is added as section 8 to Appendix B to the Joint Trust Agreement:

8. Alterations to Transitional Arrangements due to 2014 Valuation.

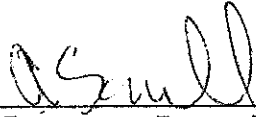
The powers of the Board to use the excess assets of the Pension Plan identified in the Actuarial Valuation of the Pension Plan prepared as of December 31, 2014 (the "**2014 Valuation**") and any subsequent actuarial valuation of the Plan filed with the Superintendent of Pensions (a "**Future Valuation**") are modified as follows:

- (a) Concurrently with a portion of the excess assets identified in the 2014 Valuation being used to fully implement the objective described in subsection 4(a), the Employer contribution rate to the Inflation Adjustment Account is decreased by 0.05% to 3.08% and the Plan Member contribution rate to the Inflation Adjustment Account is decreased by 0.05% to 2.95%.

- (b) Despite subsection 4(b), the excess assets identified in the 2014 Valuation will only be used to further reduce the Employer contribution rate to the Basic Account by 1.82%.
- (c) Having regard to the 0.05% decrease in each of the Employer and Plan Member contribution rates to the Inflation Adjustment Account described in subsection (a), and despite any other provision of this Joint Trust Agreement, the Employer and Plan Member contribution rates to the Basic Account are each increased by 0.05% from the levels otherwise determined by the 2014 Valuation and the application of subsections (a) and (b).
- (d) All changes to contribution rates described in subsections (a), (b) and (c) will take effect as of the date that Employer and Plan Member contribution rates to the Basic Account are adjusted pursuant to the 2014 Valuation.
- (e) The excess assets identified in the 2014 Valuation which otherwise would have been used to reduce the Employer contribution rate to the Basic Account pursuant to subsection 4(b) by 1.93%, as well as the excess assets created by the increase in the Employer and Plan Member contribution rates to the Basic Account pursuant to subsection (c), must be held by the Trustees as a contingency reserve within the Basic Account until the earlier of the i) the effective date of the first Future Valuation after the 2014 Valuation, and ii) the date the Partners agree to use such excess assets to fund an increase in the benefits payable from the Basic Account.
- (f) Despite subsections 4(a) and (b), if excess assets are identified in a Future Valuation the Board shall first use such excess assets to decrease each of the Employer and the Plan Member contribution rates to the Basic Account by 0.05%, with a concurrent and corresponding 0.05% increase in the Employer and the Plan Member contribution rates to the Inflation Adjustment Account, and shall use any remaining excess assets to implement the objectives in subsections 4(b), 4(c) and 4(d), in that order.

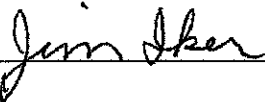
IN WITNESS WHEREOF the Partners have executed this Amending Agreement No. 3 as of the date first written above.

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA,
as represented by the Minister responsible for the
*Public Sector Pension Plans Act***



Government Partner Representative

**BRITISH COLUMBIA TEACHERS'
FEDERATION, as represented by its President**



President