

**TEACHERS' PENSION PLAN  
JOINT TRUST AGREEMENT**

**AMENDING AGREEMENT NO. 4**

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**THIS AMENDING AGREEMENT NO. 4** is made the 16<sup>th</sup> day of June, 2016

**BETWEEN:**

Her Majesty the Queen in Right of the Province of British  
Columbia

(the "**Government**"),

**AND:**

British Columbia Teachers' 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. The Partners have reached an agreement on changing the design of the Plan's benefit formulae effective January 1, 2018, and it is necessary to make various amendments to the Joint Trust Agreement to reflect that agreement;
- E. 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. Effective as of January 1, 2015, renumber paragraph 3.2(f)(iv) as paragraph 3.2(f)(v), and add the following as paragraph 3.2(f)(iv):

(iv) the fees, expenses and disbursements incurred by the Board, a Trustee, or Trustee acting in their capacity as a member of the Teachers' Pension Plan Advisory Committee (TPPAC), participating with the Partners in consulting with the Plan Members on plan design, including any expenses incurred by the Board in participation with the Partners developing or producing materials for the purpose of consulting or surveying Plan Members regarding plan design;

2. Subsection 4(c) of Appendix B is deleted and replaced with the following:

(c) [Intentionally Deleted].

3. Subsection 4(d) of Appendix B is deleted and replaced with the following:

(d) Specified Benefit Improvement

If an actuarial valuation report of the Plan filed with the Superintendent of Pensions concurrently with or after the completion of the measures described in subsections 8(f), 4(a) and 4(b) would but for this subsection (d) identify that the aggregate Employer and Plan Member contribution rate to the Basic Account, after the complete implementation of subsections 8(f), 4(a) and 4(b) and as calculated by the Plan actuary in accordance with the PBSA going concern funding requirements, is less than the aggregate Employer and Plan Member contribution rate to the Basic Account then in effect (the "**Current Contribution Rate**"), the Board must increase the annual accrual rate, expressed as a percentage of highest average salary, for the post-2017 benefits of those individuals who are active Plan Members at or after the January 1<sup>st</sup> following the date that valuation is filed with the Superintendent of Pensions. The amount of the increase in the annual accrual rate will be the lesser of:

- (i) the difference between an annual accrual rate of 2.00% of highest average salary and the annual accrual rate, expressed as a percentage of highest average salary, then in effect, and
- (ii) the percentage of highest average salary which when applied to such post-2017 benefits results in an aggregate Employer and Plan Member contribution rate to the Basic Account, as determined by the Plan actuary in accordance with the PBSA going concern requirements, equal to the Current Contribution Rate.

Once the annual accrual rate for post-2017 benefits has been increased to a flat 2% of highest average salary in accordance with the foregoing, the measure described in this subsection (d) is completed, and the Transitional Period is at an end. For greater certainty, the implementation of the

measure described in this subsection (d) must be reconsidered each time an actuarial valuation report of the Plan is filed with the Superintendent of Pensions prior to the end of the Transitional Period.

4. Subsections 10.3(c), 10.3(d) and 10.3(e) are deleted and replaced with the following:

- (c) After the end of the Transitional Period, as defined in Appendix B, the term “**surplus assets**” means, in respect of the benefits payable from the Basic Account as of a certain date, the amount equal to i) the value of the Basic Account as of that date, and ii) the actuarial present value as of that date of all future entry age normal cost contributions which will be made in respect of future service by the Plan Members, as identified as such in the then most recent actuarial valuation of the Plan filed with the Superintendent of Pensions, minus iii) the actuarial present value as of that date of all benefit and expense payments to be made from the Basic Account in respect of accrued and future service by the Plan Members, all as determined by the Plan actuary. If the result of the calculation in the preceding sentence is a negative number, the result is deemed to be nil.
- (d) If an actuarial valuation report of the Plan filed with the Superintendent of Pensions concurrently with or after the end of the Transitional Period, as defined in Appendix B, identifies that the aggregate Employer and Plan Member contribution rate to the Basic Account, after the complete implementation of subsections 8(f), 4(a), 4(b) and 4(d) of Appendix B and as calculated by the Plan actuary in accordance with the PBSA going concern funding requirements, (the “**PBSA Contribution Rate**”) is less than the aggregate Employer and Plan Member contribution rate to the Basic Account then in effect, the Board must reduce the aggregate Employer and Plan Member contribution rate to the Basic Account to the greater of the entry age normal cost, as determined by the Plan actuary, or the PBSA Contribution Rate. Despite the preceding sentence, if the Board determines that a reduction in the aggregate Employer and Plan Member contribution rate to the Basic Account otherwise mandated by this subsection (d) is not material, and would be unduly disruptive to the Employers and Plan Members to implement, the Board may choose to not implement that reduction.
- (e) If an actuarial valuation report of the Plan filed with the Superintendent of Pensions concurrently with or after the end of the Transitional Period, as defined in Appendix B, indicates that the Basic Account has surplus assets, such surplus assets must be used to implement the following objectives, in the following order:
  - (i) transfer such portion of the surplus assets to the Inflation Adjustment Account as is necessary to ensure that the Inflation Adjustment Account has

- A. sufficient assets to index all benefits payable from the Basic Account for accrued and future service at a rate equal to the long term rate of inflation assumed in the most recent actuarial valuation report of the Plan filed with the Superintendent of Pensions, and
  - B a prudent reserve;
- (ii) if after implementing the objective in paragraph (i) there remains sufficient surplus assets to do so, apply such portion of the remaining surplus assets as is necessary to change the normal form of all pension benefits which first commence payment after the date this objective is implemented to a single life with a ten year guarantee;

For greater certainty, the Board must determine the cost of implementing the objective in paragraph (ii) in accordance with Section 11.5. For further greater certainty, the objective in paragraph (i) is an ongoing objective, and its implementation must be reconsidered each time an actuarial valuation report of the Plan filed with the Superintendent of Pensions after the end of the Transitional Period, as defined in Appendix B, indicates that the Basic Account has surplus assets.

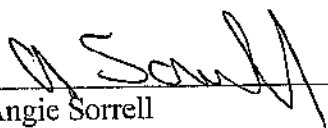
- (f) If an actuarial valuation report of the Plan filed with the Superintendent of Pensions concurrently with or after the end of the Transitional Period, as defined in Appendix B, indicates that the Basic Account has surplus assets, and after implementing, if necessary, the objectives described in subsection (e) there are still surplus assets, such surplus assets will be considered unallocated surplus assets of the Basic Account unless and until the Board elects to apply the surplus assets in one or more of the following manners:
- (i) implement in accordance with Section 11.5 an equal reduction in Employer and Plan Member contribution rates, limited to a total of 1.0%, which will result in the amounts not contributed to the Pension Fund being made available to fund post retirement group benefits for retired Plan Members;
  - (ii) leave all or a portion in the Basic Account for the purpose of stabilizing future contribution rates;
  - (iii) apply all or a portion of the surplus assets to fund changes to the benefit provisions set out in the Pension Plan Rules as provided in Section 11.5.
- (g) Any action taken by the Board under subsection (b), (d), (e) or (f) must comply with the PBSA funding requirements for a going-concern

valuation, and must result in the Pension Plan being funded in accordance with such funding requirements.

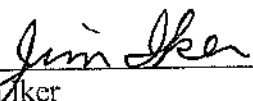
- 5. Subsection 11.5(b) is amended by replacing the phrase "Pension Plan excess assets" with "surplus assets, as defined in subsection 10.3(c)."
- 6. Subsection 14.1(c) is deleted and replaced with the following:
  - (c) Subsection (a) does not apply to any determination made by the Trustees pursuant to subsection 10.3(f). In making any determination relating to the application of surplus assets, as defined in subsection 10.3(c), the Trustees are not acting in a fiduciary capacity. When acting under subsection 10.3(f), a Trustee may take into account the financial and other interests of the party that appointed him or her as Trustee, and any other factor the Trustee considers appropriate, including factors unrelated to the Pension Plan or the Pension Fund.

**IN WITNESS WHEREOF** the Partners have executed this Amending Agreement No. 4 as of the date first written above.

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF BRITISH COLUMBIA**

  
 \_\_\_\_\_  
 Angie Sorrell  
 Government Pension Plan Partner Representative

**BRITISH COLUMBIA TEACHERS'  
FEDERATION**

  
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 Jim Iker  
 British Columbia Teachers' Federation