

**TEACHERS' PENSION PLAN
JOINT TRUST AGREEMENT**

AMENDING AGREEMENT NO. 5

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THIS AMENDING AGREEMENT NO. 5 is made the 28 day of June, 2019

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. In a letter dated October 11, 2017, the Partners reached an agreement to change the accrual rate and normal form of pension for certain benefits 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, effective as of October 11, 2017, the Joint Trust Agreement is amended as follows:

- 1. Subsection 10.3(e) is amended by deleting paragraph (ii) and replacing it with the following:

- (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 on or after January 1, 2019 to a single life with a ten year guarantee;

2. Subsection 10.3(e) is further amended by adding the following as paragraph (iii):

- (iii) if after implementing the objectives in paragraphs (i) and (ii) there remains sufficient surplus assets to do so, apply such portion of the remaining surplus assets as is necessary to increase the annual accrual rate, expressed as a percentage of highest average salary, to a flat rate which shall not exceed 2.00%, which increased accrual rate will apply to the pension benefits earned on and after a date to be determined by the Partners.

3. Subsection 10.3(e) is further amended by deleting the final paragraph and replacing it with the following:

The Board must determine the cost of implementing the objectives in paragraphs (ii) and (iii) in accordance with Section 11.5. 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. It is confirmed that the objective in paragraph (ii) was fully implemented as a result of the actuarial valuation report of the Plan prepared as of December 31, 2017

4. Section 4 of Appendix B is amended by deleting subsection (d) and replacing it with the following:

(d) Specified Benefit Improvements

- (i) 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, subject to paragraph (ii), 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 on or after January 1, 2018 and who first commence payment of their pension benefits on or after January 1, 2019 (the "**Post-2017 Benefits**"). The amount of the increase in the annual accrual rate will be the lesser of:

- (A) the difference between an annual accrual rate of 1.90% of highest average salary and the annual accrual rate, expressed as a percentage of highest average salary, then in effect, and
 - (B) 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; and
- (ii) Concurrently with the increase of the annual accrual rate for Post-2017 Benefits set out in paragraph (i), the Board must also change the normal form of the Post-2017 Benefits to a single life with a ten year guarantee, and such change in the normal form must be recognized in the calculation of the increase in the annual accrual rate performed pursuant to paragraph (i).

5. Section 4 of Appendix B is further amended by adding the following as subsection (e):

(e) End of Transitional Period

Once the annual accrual rate for Post-2017 Benefits has been increased to a flat 1.90% of highest average salary and the normal form of the Post-2017 Benefits has been changed to a single life with a ten year guarantee in accordance with subsection (d), the objective described in subsection (d) is completed, and the Transitional Period is at an end. For greater certainty, it is confirmed that the objective set out in subsection (d) was fully implemented as a result of the actuarial valuation report of the Plan prepared as of December 31, 2017.

IN WITNESS WHEREOF the Partners have executed this Amending Agreement No. 5 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**



Glen Hansman
British Columbia Teachers' Federation