Public Service Pension Plan

2024

Annual Report

pspp.pensionsbc.ca

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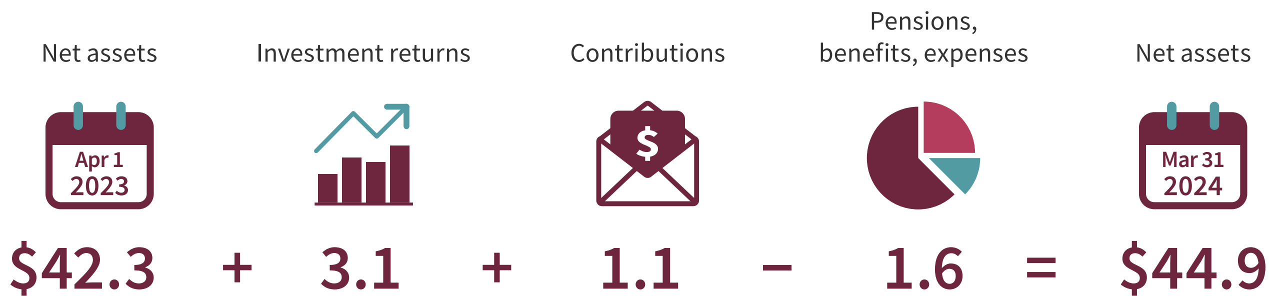
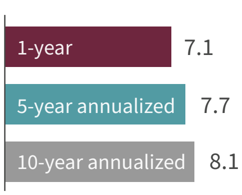
INVESTMENT HIGHLIGHTS

The Public Service Pension Board of Trustees manages the plan and the plan's investments in the best financial interests of current and future plan members. The board and our investment agent, BCI, are aligned in our responsible investment beliefs. BCI also participates in Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change to mitigate financial risk and to maximize the long-term value of assets.

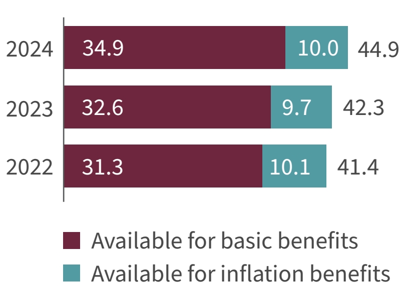
NET ASSETS ($ BILLIONS)



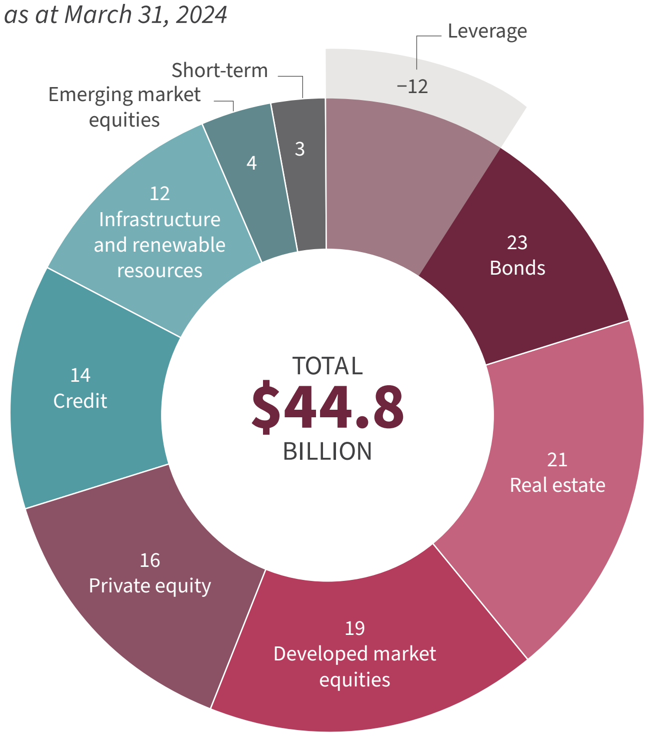
RATE OF RETURN ON INVESTMENT (%)
as at March 31, 2024



NET ASSETS AVAILABLE FOR BENEFITS ($ BILLIONS)
as at March 31

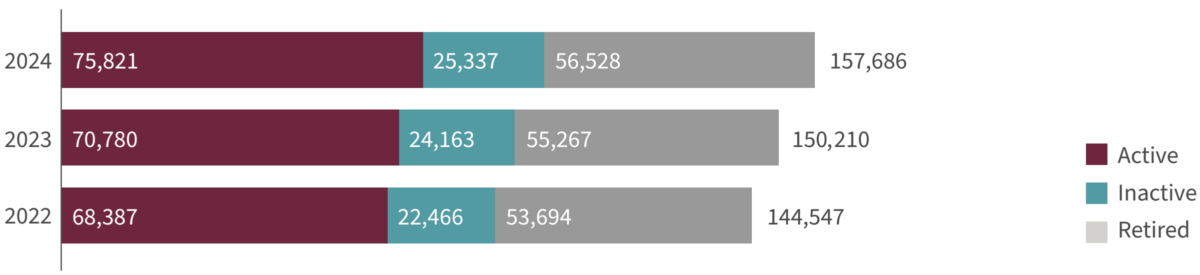


INVESTMENT HOLDINGS (%)
as at March 31, 2024

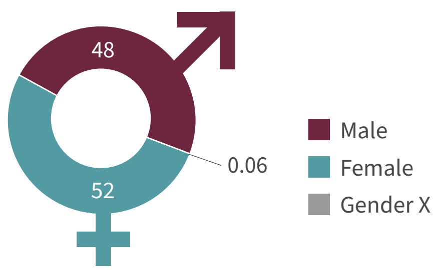


Membership

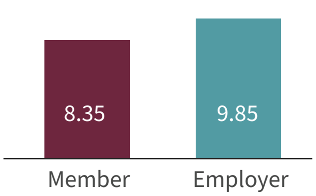
NUMBER OF MEMBERS
as at March 31



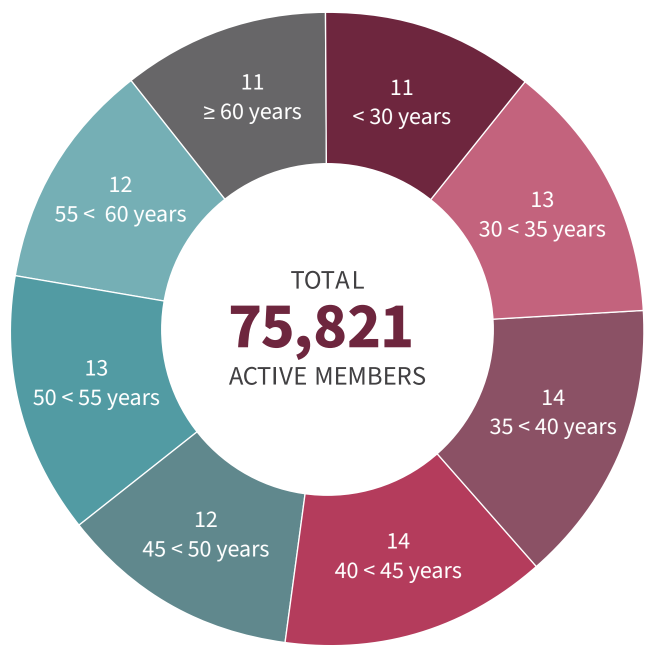
ACTIVE MEMBERS, BY GENDER (%)
as at March 31, 2024



CONTRIBUTION RATES AS A PERCENTAGE OF SALARIES (%)*
effective since April 1, 2018



ACTIVE MEMBERS, BY AGE (%)
as at March 31, 2024



5.0% Growth of members

3.0% Growth of employers

$26,066 Average annual pension in pay

$22,035 Median annual pension in pay

THE PLAN PAID OUT **$1.4 billion** in pensions

THERE WERE **56,528** members receiving pensions

* Rates apply to most members, excluding groups with higher contribution rates (correctional officers, ambulance paramedics, some statutory officers, judges, associate judges and Members of the Legislative Assembly). Note: An integrated rate for correctional members was introduced effective April 1, 2022.

FIVE-YEAR FINANCIAL SUMMARY ($ MILLIONS)
for the year ended March 31

	2024	2023	2022	2021	2020
Increase in assets					
Investment income	**$ 3,085**	$ 1,610	$ 3,050	$ 5,896	$ 1,094
Contributions					
Employers	**583**	515	477	455	432
Members	**478**	424	393	378	359
Transfers from other plans	**14**	23	13	16	11
Total increase in assets	**4,160**	2,572	3,933	6,745	1,896
Decrease in assets					
Pension benefits	**1,410**	1,305	1,216	1,170	1,121
Termination benefits	**73**	139	132	111	97
Transfers to other plans	**22**	28	34	18	14
Retired member group benefits	**31**	29	28	24	24
Investment and administration costs[1,2]	**121**	105	66	121	89
Total decrease in assets	**1,657**	1,606	1,476	1,444	1,345
Increase in net assets	**2,503**	966	2,457	5,301	551
Net assets available for benefits at beginning of year	**42,347**	41,381	38,924	33,623	33,072
Net assets available for benefits at end of year	**$44,850**	$42,347	$41,381	$38,924	$33,623
Investment and administration costs as a percentage of net assets (%)[1,2]					
Investment management[1,2,3]	**0.39**	0.38	0.30	0.41	0.37
Benefits administration	**0.05**	0.05	0.05	0.06	0.07

1 Investment costs as a percentage of net assets include certain external investment management costs totalling $69.7 million (2023: $72.2 million; 2022: $80.5 million; 2021: $48.4 million; 2020: $60.3 million) that are netted against investment income; they are not included in investment and administration costs in the financial statements.

2 In the 2022 fiscal year, investment management costs include a recovery of GST from the prior year of $25 million. Removing this from the investment management costs increases investment and administration costs to $91 million for 2022, and the investment management costs increase six basis points.

3 Investment and administration costs as a percentage of net assets exclude external indirect investment management costs netted against investment income. This is consistent with current industry practice; including these costs increases investment management costs as a percentage of net assets by 49.9 basis points in the 2024 fiscal year. External indirect investment management costs include limited partnership costs incurred within investments held in the private equity, infrastructure and global real estate asset classes.

A message from your trustees

Meeting member needs today and tomorrow

We are pleased to share that the Public Service Pension Plan continues to maintain its financial strength and resilience to meet the changing times ahead.

For the fiscal year ended March 31, 2024, the investment portfolio returned 7.1 per cent against the benchmark return of 11.4 per cent, exceeding the 6.0 per cent actuarial return target.

The latest actuarial valuation results build confidence

There was more good news this year. The latest valuation, measured as of March 31, 2023, determined that the plan's Basic Account, which pays lifetime pensions, had actuarial assets of $38.0 billion and actuarial liabilities of $33.5 billion. This resulted in a surplus of $4.5 billion. The plan's funded ratio is 113 per cent. This is great news because it means the plan continues to be sustainable to pay pension benefits to current and future retirees.

The plan for surplus funds

It is important that the decisions we make are sustainable and fair to members and employers. The plan's Joint Trust Agreement provides clear guidance on how we may use surplus funds. After reviewing our options, we decided to:

- **Use a portion of surplus funds to maintain existing contribution rates.** Contribution rates are currently less than the required normal cost because we used surplus funds from the 2020 valuation to maintain existing contribution rates. We will use surplus funds from the 2023 valuation to continue maintaining these rates.
- **Keep the remaining surplus in the Basic Account.** Pensions are paid from the Basic Account. Holding the surplus funds in reserve helps us maintain a strong and resilient Basic Account. This decision is made as part of our commitment to the long-term sustainability of pensions and inflation adjustments during economically uncertain times.

Members and employers can have peace of mind knowing the plan is well positioned to deal with downturns in the financial markets. The 2023 valuation results show that the plan's finances remain strong and sustainable for the long term.

Thank you and goodbye to one of our board members

With deep gratitude, our board wishes long-time trustee and board chair Tom Vincent a long and happy retirement. Tom was appointed to the Public Service Pension Board of Trustees in 2009 and brought years of experience working in the area of pensions. He served on a number of board committees, including benefits, governance, interplan investment, interplan trustee education and responsible investment.

Before joining our board, Tom was a member of the Teachers' Pension Board of Trustees and, before joint trusteeship in 2001, a member of the Municipal Pension Advisory Board. He also served as chair of the Medical Services Commission and was on the board of the Irving K. Barber BC Scholarship Society as well as the boards of several employer associations.

Tom has served as vice-president of the Public Sector Employers' Council, assistant deputy minister with the ministries of Advanced Education and Education, and provincial co-chair of the Assistant Deputy Ministers' Federal/Provincial-Territorial Committee on Student Financial Assistance. Tom has also worked at the Treasury Board and the BC Ministry of Health.

Our board has benefited greatly from Tom's expertise, insights, candour and diplomacy. He was a passionate advocate for the board's fiduciary duty to members and employers and for ensuring the plan was governed in a fair and sustainable way. We wish Tom and his family all the best in the years ahead.

Thank you to Tom Vincent for his years of service to the board.

Photo by Tom Vincent

Trustee information

Serving the plan and its members

Who we are

The plan is jointly sponsored and managed by trustees appointed by the employer partner (Province of British Columbia), the active member partner (British Columbia General Employees' Union) and the retired member appointing body (British Columbia Government Retired Employees' Association). The trustees themselves appoint a chair and vice-chair. The board appoints trustees to serve as directors of BC Pension Corporation, the plan's administrative agent, and BCI, the plan's investment agent.

During the fiscal year, Chan-Seng Lee and Harpinder Sandhu served as directors of Pension Corporation, and Paul Finch served as a director of BCI. Learn about the trustees and their backgrounds at **pspp.pensionsbc.ca/board-trustees**.

Public Service Pension Board of Trustees as at March 31, 2024

TOM VINCENT | CHAIR

Appointed by Province of British Columbia
Committees Benefits, governance, interplan investment (chair), interplan trustee education, responsible investment
Trustee 2009–2024

MARIA BENNETT | VICE-CHAIR

Appointed by British Columbia General Employees' Union
Committees Benefits (chair), communications, governance, interplan coordination
Trustee Since 2017

ALYSON BLACKSTOCK

Appointed by Province of British Columbia
Committees Benefits, governance (chair)
Trustee Since 2018

WANDA BODEN

Appointed by Province of British Columbia (nominated by the British Columbia Excluded Employees' Association)
Committees Benefits, interplan audit (chair)
Trustee Since 2019

FRANK CHOLETTE

Appointed by Province of British Columbia
Committees Interplan investment
Trustee Since 2024

TROY CLIFFORD

Appointed by British Columbia General Employees' Union (nominated by the unions, other than the British Columbia General Employees' Union, that collectively bargain on behalf of plan members)

Committees Benefits, communications (chair), governance, interplan trustee education

Trustee Since 2017

JAMES COCCOLA

Appointed by British Columbia General Employees' Union

Committees Benefits, communications, responsible investment

Trustee Since 2021

DOUG DYKENS

Appointed by British Columbia General Employees' Union

Committees Benefits, governance, responsible investment

Trustee Since 2019

PAUL FINCH

Appointed by British Columbia General Employees' Union

Committees Benefits, communications

Trustee Since 2014

CHAN-SENG LEE

Appointed by Province of British Columbia (nominated by the Crown Corporation Employers' Association)

Committees Benefits, interplan investment

Trustee Since 2010

SADAF MIRZA

Appointed by	Province of British Columbia
Committees	Benefits
Trustee	Since 2022

JOHANNA MORROW

Appointed by	British Columbia Government Retired Employees' Association
Committees	Benefits, communications, governance
Trustee	Since 2022

HARPINDER SANDHU

Appointed by	British Columbia General Employees' Union (nominated by the unions, other than the British Columbia General Employees' Union, that collectively bargain on behalf of plan members)
Committees	Benefits, communications, responsible investment
Trustee	Since 2015

ANGIE SORRELL

Appointed by	Province of British Columbia
Committees	Benefits, communications, governance, responsible investment (chair)
Trustee	Since 2018

Investments

Exceeding objectives

A challenging macroeconomic environment marked by consistent flat or negative growth in Canada and Europe weighed on investment performance in 2023. Despite the difficult market conditions, the plan exceeded its return objective over the one- and five-year periods, which is the amount needed to fulfil pension payments and serve plan members. The plan continues to maintain its well-funded position through astute and prudent asset management by BCI, the plan's investment manager.

For the fiscal year ended March 31, 2024, the plan delivered a strong absolute one-year return of 7.1 per cent, compared with the 6.0 per cent return objective. Total fund underperformance relative to the 11.4 per cent benchmark was primarily due to lower private equity and real estate equity returns. On a five-year basis, the plan delivered an annualized return of 7.7 per cent, exceeding both the 6.0 per cent return objective and the 7.3 per cent benchmark.

Public markets

Within public markets, the plan is invested in fixed income (e.g., government and corporate bonds) and public equities (e.g., publicly traded stocks). Public equity markets have steadily risen since October 2022, leading to strong returns in the portfolio. On a one-year basis, public equities returned 20.4 per cent, surpassing the 18.9 per cent benchmark. Investments in developed markets equities were a key contributor and reached all-time highs due to robust earnings from large-cap technology stocks. Public equities' five-year annualized return was 10.5 per cent, outperforming the 9.7 per cent benchmark.

A surge in government bond yields reduced bond values in fixed income, but the asset class performed well overall and contributed positively to total fund performance. BCI's Principal Credit Fund also delivered strong performance and helped drive fixed income returns.

Overall, fixed income generated a 4.0 per cent return on a one-year basis, in line with the 4.0 per cent benchmark. Its five-year annualized rate of return was 1.7 per cent, exceeding the 1.2 per cent benchmark.

Private equity

While private equity faced challenges such as prolonged high interest rates and slowing industry activity, it still produced positive returns of 7.4 per cent over the year. This was below the private equity benchmark, which was propelled to 25.2 per cent by a group of mega-cap technology stocks called the "magnificent seven" (Microsoft, Apple, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla).

The plan remains focused on long-term results as this more accurately reflects the quality and positioning of the portfolio. On a five-year basis, private equity returned 16.6 per cent, above the 13.2 per cent benchmark. Private equity was the largest contributor to the total fund's positive excess return over the five-year period.

Real estate

The unprecedented increase in global interest rates decreased demand in the real estate equity market in 2023. Compared with the preceding three years, real estate investment volumes dropped 35 per cent, affecting real estate equity performance. The portfolio returned −3.7 per cent on a one-year basis against the 6.8 per cent benchmark. This underperformance can be mainly attributed to the office sector being heavily impacted by the long-term effect of remote work. Significant allocations in the relatively less volatile industrial and multi-family sectors in Canada helped mitigate the effects of exposure to the office sector. Over a five-year period, real estate equity posted a positive annualized return of 4.5 per cent, relative to the 6.5 per cent benchmark.

Real estate debt, on the other hand, benefited from the higher interest rates as this increased the income generated through real estate loans (e.g., mortgages). On a one-year basis, real estate debt returned 6.9 per cent, outperforming the 5.9 per cent benchmark as a result of the portfolio's positive credit performance. Its five-year annualized return was 4.9 per cent, above the 3.5 per cent benchmark.

Performance results (%)

Five-year performance (2019–2024)

	Overall performance	Public equity	Private equity	Real estate equity
Return	7.7	10.5	16.6	4.5
Benchmark	7.3	9.7	13.2	6.5

Infrastructure and renewable resources

Infrastructure and renewable resources (IRR) performed well over the last year and is an asset class that tends to be better protected against inflation. On a one-year basis, IRR returned 6.0 per cent, just below the 6.3 per cent benchmark. In terms of sector breakdown, renewable power investments had notable outperformance, and utility investments contributed solid returns as well. On a five-year basis, IRR posted an 8.4 per cent return against the 6.6 per cent benchmark. These results reflect the investment appetite for infrastructure assets. Therefore, BCI remains focused on adding value through the pursuit of more opportunities in energy transition, digital infrastructure and food security.

IRR PERFORMANCE

The plan's infrastructure and renewable resources (IRR) portfolio performed well on both a one- and five-year basis.

IRR RETURNS VS. BENCHMARK (%)

	One-year	Five-year
Return	6.0	8.4
Period	2024	2019–2024
Benchmark	6.3	6.6

Risk management

The Public Service Pension Board of Trustees and BCI take a long-term approach to investing to ensure the plan is secure, sustainable and able to provide for members now and into the future. This is an important responsibility, since for every pension dollar a member receives, about 75 cents comes from investment income. The goal is to meet or exceed the plan's investment return objectives—the minimum returns needed to pay for the plan's obligations—while taking on an appropriate level of risk. To achieve this, the board and BCI have built a diversified portfolio that is invested in multiple asset types, industry sectors and global markets.

Diversification is a key part of risk management as it limits the impact on the whole portfolio when there are lower returns in one category, such as during a market downturn. The plan's investments are adjusted based on anticipated risk and market outlook, either to protect the plan or to take advantage of opportunities to add value.

The plan's overall framework for managing assets is governed by the Statement of Investment Policies and Procedures (SIPP), which is established and updated by the board. BCI is responsible for implementing the investment strategy and working toward the financial goals outlined in the SIPP. The board oversees and monitors the performance of BCI in carrying out this responsibility.

The board and BCI take a long-term approach to investing to ensure the plan is secure, sustainable and able to provide for members now and into the future.

Responsible investing

Responsible investing is a key component of the plan's investment approach. It involves integrating environmental, social and governance (ESG) factors, alongside financial, geopolitical, economic and other considerations, into investment decisions. The board and BCI agree that ESG integration is fundamental to growing and protecting the value of the plan. ESG factors range from being company-specific, such as board compensation or employee safety, to widespread systemic factors like climate change. Responsible investing also takes into account geopolitical issues and market risks. While responsible investing covers an array of considerations, this particular report will focus on climate change, BCI's engagement strategies and its view on divestment.

Our shared belief is that companies that have strong ESG practices are better positioned to generate long-term, sustainable investment returns.

BCI's corporate-wide ESG Strategy ensures consistency across all asset classes in addressing the issues most material to the plan's investments. This is accomplished through a focus on four key areas:

- ESG analysis and risk management are integrated in all investment processes and decisions.
- BCI actively seeks opportunities to invest in ESG-themed investments that contribute to improved long-term outcomes.
- Through engagement and advocacy, BCI applies its influence on companies it invests in, its partners and other capital market participants.
- BCI uses its learnings across all ESG activities and its understanding of emerging trends to generate insights that help continuously adapt and improve its strategies, processes and approaches.

Climate change continues to be a significant social and economic risk and remains a priority for the board, plan members and global investors. BCI is committed to supporting the global goal of achieving net-zero greenhouse gas emissions by 2050. Its Climate Action Plan provides a road map for fulfilling this commitment while creating and preserving financial value for the plan. This is done through managing climate change risk across all asset classes and pursuing meaningful opportunities in climate solutions.

For example, BCI actively seeks investments associated with the global energy transition. Sustainable bonds provide strong risk-adjusted returns as well as exposure to positive environmental and social outcomes. As of March 31, 2024, BCI had achieved $5.2 billion in cumulative sustainable bond participation, surpassing its planned target of $5.0 billion to be met by 2025.

As a large, global investor, BCI uses its influence on behalf of the plan to encourage companies and partners to adopt best practices in ESG. To improve investment outcomes, BCI may exercise shareholder voting rights, engage with companies directly, make policy submissions or sit on the boards of companies.

In November 2022, BCI published an update to its Climate Action Plan, which affirms its commitment to using its influence to drive actions aligned with the global goal of achieving net-zero greenhouse gas emissions by 2050.

BCI is also actively engaged in responsible investing initiatives around the world. As a founding signatory of the Principles for Responsible Investment, a United Nations–supported network of investors, BCI participates in regular assessments of its responsible investing activities and progress. Through its participation in Climate Action 100+, BCI engages with some of the world's largest greenhouse gas emitters to take necessary action on climate change. BCI is also a member of the steering committee for the 30% Club Canada, which promotes greater board diversity and inclusion in addition to increased transparency in ESG reporting. BCI also follows best practices for climate-related disclosures and has been reporting in alignment with the Task Force on Climate-Related Financial Disclosures. BCI will continue to enhance its climate-related reporting in line with emerging best practices, such as the IFRS Sustainability Disclosure Standards, which have been developed by the International Sustainability Standards Board.

To learn more about BCI's ESG and Climate Action Plan activities, visit **bci.ca/esg**.

Views on divestment and engagement

The word "divestment" is often used to describe the decision by an investor to sell its shares in a company that may not be meeting its ESG goals.

Neither the board nor BCI believe that broad-based divestment is an effective strategy to address long-term and persistent ESG risks. Instead, by engaging with companies and exercising our ownership rights, we can voice our concerns and influence a company's corporate ESG practices.

Divestment eliminates a shareholder's right to engage with management and promote change through proposed amendments to policies and practices. Divestment may also compromise the plan's investment strategy, increase risks and costs, negatively affect investment returns and fail to reduce absolute emissions.

Separate from an ESG-driven view on divestment, BCI will exclude securities from companies that produce products prohibited by Canadian legislation or international agreements.

Managing investment costs

BCI operates on a cost-recovery, not-for-profit basis, meaning the plan pays fees only to cover the cost of managing the investments. Managing investment costs is important to the board, and BCI's fees continue to be competitive with its peers and are much lower than those charged by investment managers in the private sector.

Investment management fees are affected by the types of assets, the plan's asset mix (what is in the portfolio) and BCI's investment strategy. Some asset classes that are expected to produce higher returns are complex and more expensive to manage, which affects fees. However, since BCI manages a large amount of assets, it has access to significant economies of scale when investing on behalf of the plan. BCI's transition to active, in-house management of funds away from more expensive external managers has helped reduce fees. The goal is to earn enough investment income to fulfil the plan's pension commitments at a reasonable cost.

INVESTMENT ASSET MIX AND PERFORMANCE (%)

as at March 31, 2024

Asset class	Approved range	Target allocation	Actual allocation	One-year rate of return	Performance benchmark
Leverage[1]	**(20)–0**	**(15)**	**(12.1)**	**5.2**	**5.2**
Short-term	0–7	2	2.5	5.2	5.0
Government bonds	13–30	22	22.9	0.8	1.0
Credit	3–24	16	13.7	10.4	9.6
Fixed income	**23–50**	**40**	**39.1**	**4.0**	**4.0**
Developed market equities	7–32	17	19.1	24.2	23.1
Emerging markets equities	0–10	3	4.2	9.8	8.1
Private equity	9–21	16	16.3	7.4	25.2
Equity	**24–56**	**36**	**39.6**	**14.9**	**21.2**
Real estate	13–33	24	20.8	(1.8)	6.7
IRR[2]	5–20	15	12.5	6.0	6.3
Real assets	**26–50**	**39**	**33.3**	**0.9**	**6.5**
Other	**0–5**	**0**	**0.1**	**n/a**	**n/a**
Total		**100**	**100.0**	**7.1**	**11.4**

1 “Leverage” is an investment strategy of using borrowed money to increase the potential return of an investment.

2 Infrastructure and renewable resources.

INVESTMENT MARKET VALUE RATES OF RETURN (%)

Year ended March 31	Investment returns	Performance benchmark[1]
Annual rates		
2024	**7.1**	**11.4**
2023	3.8	2.8
2022	7.7	3.7
2021	17.3	21.0
2020	3.3	(0.4)
5-year annualized rates		
2024	**7.7**	**7.3**
2023	7.5	6.2
10-year annualized rates		
2024	**8.1**	**7.5**
2023	8.9	7.6

1 Benchmarks are standards to compare against actual investment returns.

INVESTMENT PORTFOLIO
as at March 31, 2024

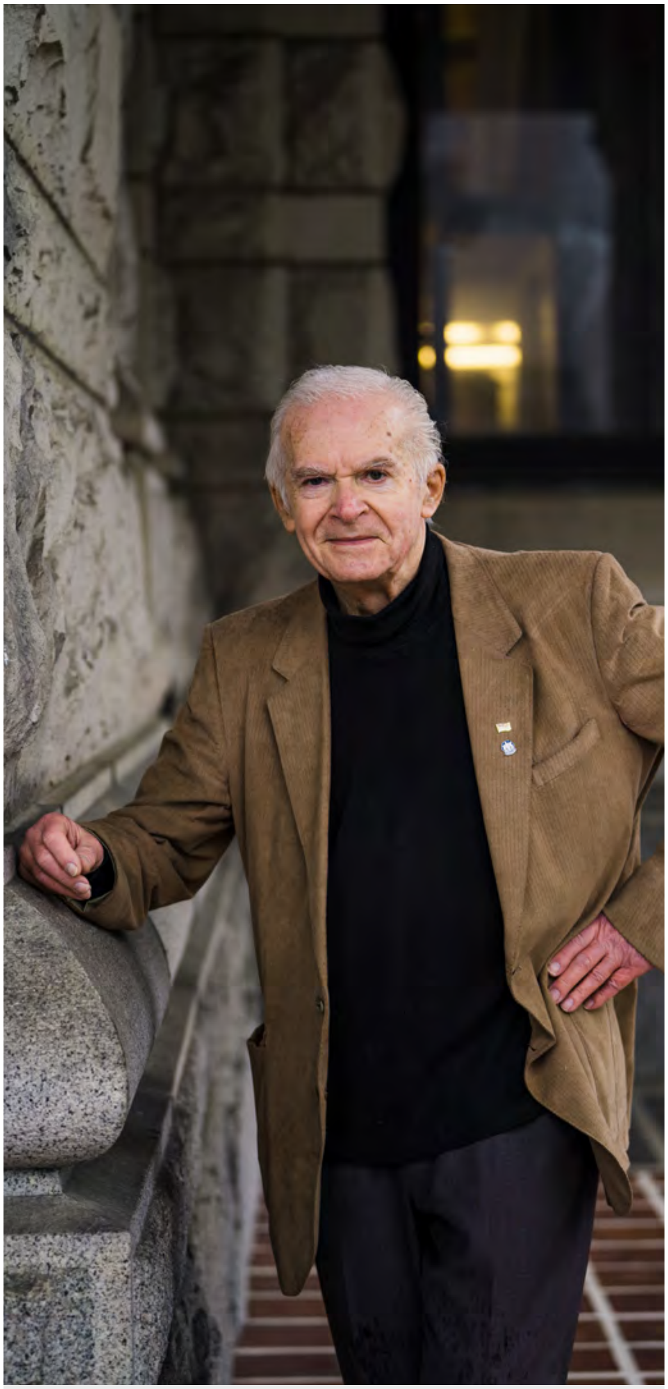
	Market value ($ millions)	Asset mix market value (%)
Leverage	**$ (5,405)**	**(12.1)**
Short-term	**1,135**	**2.5**
Government bonds	**10,253**	**22.9**
Government bonds	4,116	9.2
Leveraged bonds	6,137	13.7
Credit	**6,139**	**13.7**
Corporate bonds	2,788	6.2
Private debt	3,351	7.5
Developed market equities	**8,554**	**19.1**
Canadian equities	1,547	3.5
Global equities	7,007	15.6
Emerging markets equity	**1,870**	**4.2**
Private equity	**7,335**	**16.3**
Real estate	**9,316**	**20.8**
Real estate equity	7,402	16.5
Real estate debt (mortgages)	1,914	4.3
IRR[1]	**5,607**	**12.5**
Currency hedging	**30**	**0.1**
Total investments	**44,834**	**100**
2023 comparison	$42,315	

1 Infrastructure and renewable resources.

Note: Asset classifications vary from the financial statements for the purpose of performance reporting.

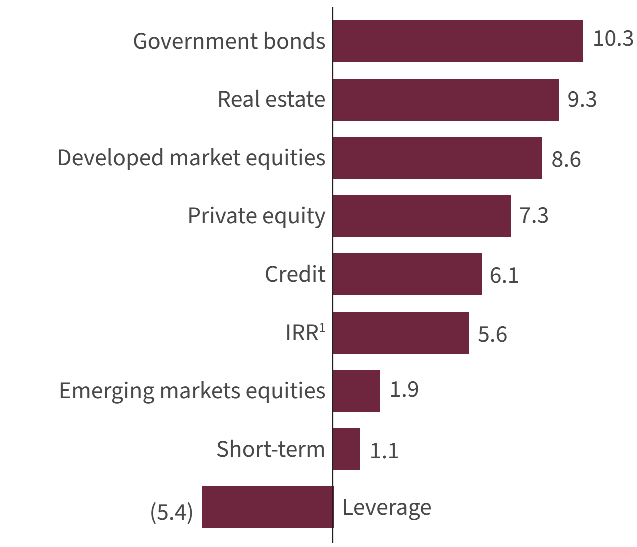
TOP 25 SECURITY HOLDINGS
as at March 31, 2024

	Total public equity exposure—worldwide	
Security	**Percentage of portfolio**	**Total exposure ($ millions)**
Microsoft Corp.	0.8	348
Nvidia Corp.	0.6	276
Apple Inc.	0.5	210
Amazon.com, Inc.	0.4	194
Taiwan Semiconductor Manufacturing Company Limited	0.4	178
Alphabet Inc.	0.4	157
Royal Bank of Canada	0.3	122
Meta Platforms, Inc.	0.2	111
Toronto-Dominion Bank	0.2	101
Samsung Electronics Co., Ltd.	0.2	99
UnitedHealth Group Inc.	0.2	84
Constellation Software	0.2	72
Bank of Montreal	0.2	70
Broadcom Inc.	0.2	68
Shopify Inc.	0.1	67
Mastercard Inc.	0.1	66
Tencent Holdings Ltd.	0.1	54
Alibaba Group Holding Ltd.	0.1	54
AstraZeneca PLC	0.1	53
WSP Global Inc.	0.1	51
Rogers Communications Inc.	0.1	50
Novo Nordisk A/S	0.1	49
ASML Holding N.V.	0.1	48
Visa Inc.	0.1	48
Eli Lilly and Company	0.1	47



Walter Sartisohn, retired member

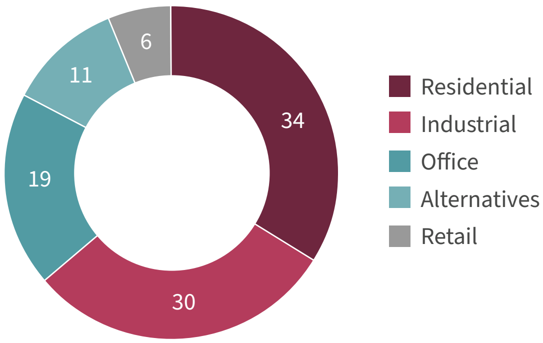
INVESTMENT HOLDINGS—MARKET VALUE ($ BILLIONS)
as at March 31, 2024



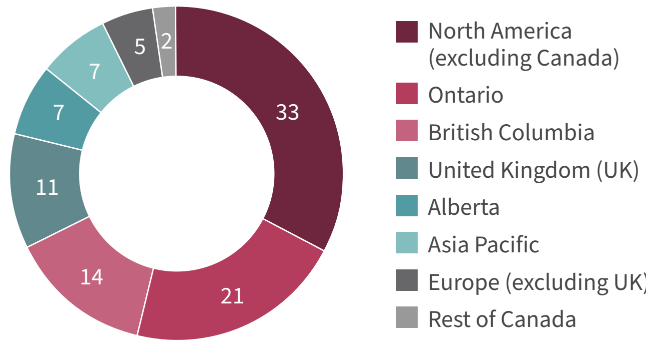
1 Infrastructure and renewable resources.

Select asset class investments

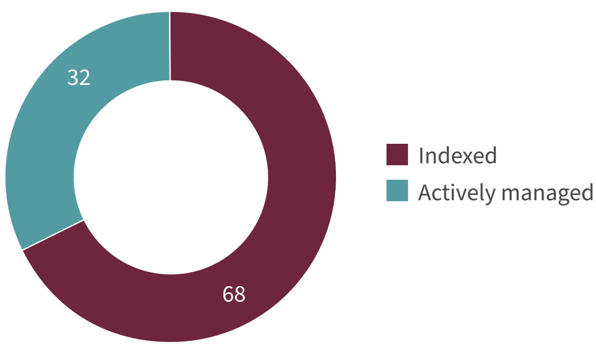
REAL ESTATE BY TYPE (%)
as at March 31, 2024



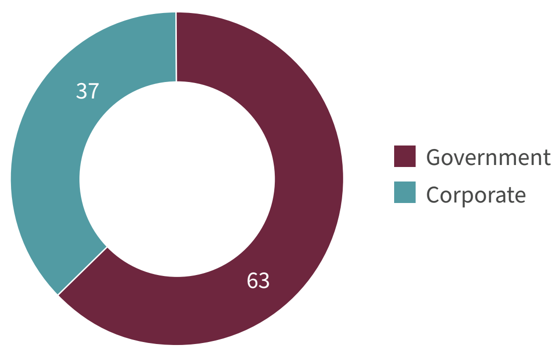
REAL ESTATE BY LOCATION (%)
as at March 31, 2024



DEVELOPED MARKET EQUITIES—MARKET VALUE (%)
as at March 31, 2024

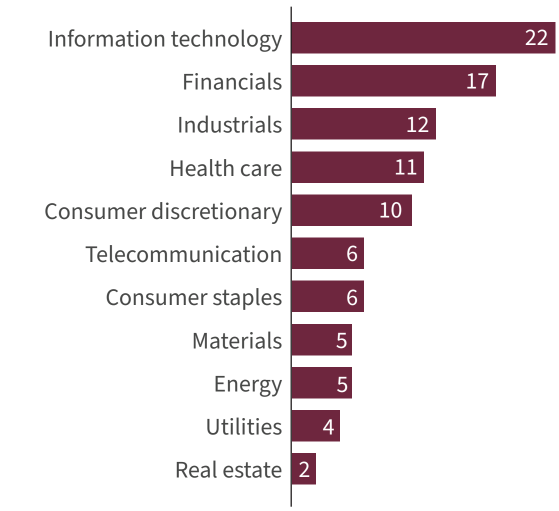


BONDS—MARKET VALUE (%)
as at March 31, 2024

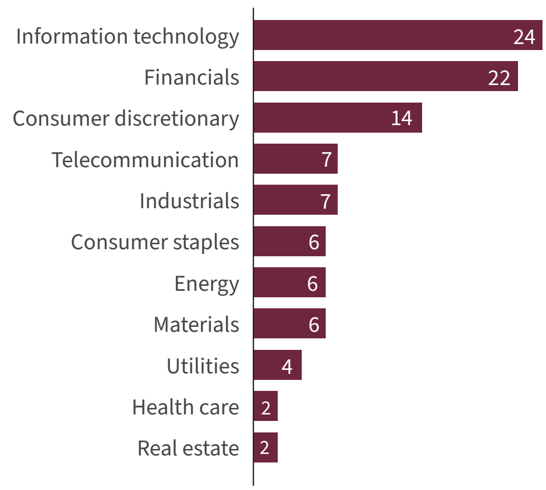


Equities

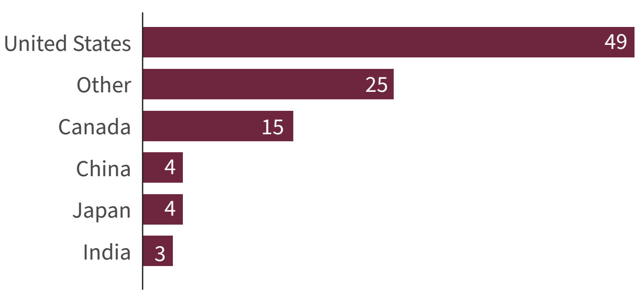
DEVELOPED MARKET EQUITIES, BY SECTOR (%)
as at March 31, 2024



EMERGING MARKET EQUITIES, BY SECTOR (%)
as at March 31, 2024



EQUITIES, BY COUNTRY (%)
as at March 31, 2024



Mary-Anne Neal, retired member

Benefits and contributions

Investing in a secure retirement

Kathryn Prinz, member

In the Public Service Pension Plan, a lifetime pension is based on a calculation that uses a member's age, their years of pensionable service and the average of their best five years of salary (although not necessarily the last five years). The plan is pre-funded, which means enough money is set aside through contributions and investments to pay lifetime pensions now and into the future. Once members make their first contribution, they are entitled to apply for a pension at their earliest retirement age if they terminate employment. The plan also provides survivor and disability benefits.

On March 31, 2024, the average annual pension was $26,066 and the median annual pension in pay was $22,035.

Contributions

Active members contribute to the plan through automatic payroll deductions. Employers and members make pension contributions to the Basic Account and Inflation Adjustment Account. Members stop contributing to the plan once they reach 35 years of service, retire or end their employment with a plan employer.

CONTRIBUTION RATES[1] (% OF SALARY)
Rates effective April 1, 2018

Account	Member	Employer
Basic[2]	7.10	7.10
IAA[3]	1.25	1.75
PRGB[4]	0	1.00
Total	8.35	9.85

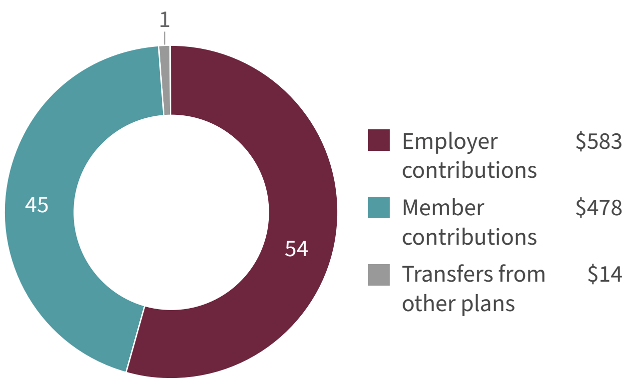
1 Rates apply to most members, excluding groups with higher contribution rates (correctional officers, ambulance paramedics, some statutory officers, judges, associate judges and Members of the Legislative Assembly). Note: An integrated rate for correctional officers was introduced effective April 1, 2022.

2 Members and employers both contribute to the Basic Account to provide for lifetime pensions.

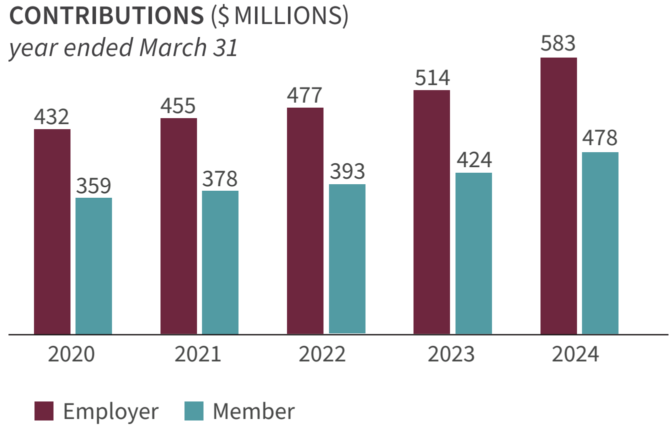
3 Inflation Adjustment Account (IAA). Members and employers also contribute to the IAA to provide for inflation adjustments. Inflation adjustments are not guaranteed.

4 Contributions to subsidize post-retirement group benefits (PRGB) are limited to one per cent of salary. Funding is provided by employer contributions. Unused amounts are transferred to the IAA.

CONTRIBUTION REVENUE ($ MILLIONS) (%)
year ended March 31, 2024



CONTRIBUTIONS ($ MILLIONS)
year ended March 31



Note: These contributions include funds for post-retirement group benefits.

Beyond the lifetime pension benefit

PENSIONS 2020–2024
for the year ended March 31

	New pensions during year	Pension terminations	In force at end of year	($ millions) Basic pensions paid	Inflation supplements paid[1]	Total pensions paid
2024	**2,390**	**1,129**	**56,528**	**$1,107.1**	**$303.0**	**$1,410.1**
2023	2,744	1,171	55,267	1,067.4	237.3	1,304.7
2022	2,629	1,129	53,694	1,014.2	201.9	1,216.1
2021	2,201	963	52,194	976.7	193.5	1,170.2
2020	2,431	1,021	50,956	938.4	182.9	1,121.3

1 "Inflation supplements paid" refers to pension benefits paid that were the result of past inflation adjustments granted.

AVERAGE VALUE OF NEW PENSIONS BY YEARS OF SERVICE AND AGE
for the year ended March 31, 2024

Years of service[1]	Number of new pensions	Average amount: Annual salary base	Average amount: Annual lifetime pension[2]	Median annual lifetime pension[2]
< 10	657	$ 74,700	$ 5,500	$ 4,000
10 < 15	328	81,600	15,300	13,200
15 < 20	309	81,800	23,200	18,600
20 < 25	270	81,700	28,100	24,400
25 < 30	334	83,400	34,700	29,100
30 < 35	338	83,600	39,800	35,400
≥ 35	154	80,900	41,200	35,800
Total	**2,390**	**n/a**	**n/a**	**n/a**
Average of all new lifetime pensions		**$80,200**	**$22,900**	**$19,300**
Age	62			
Years of service	19			

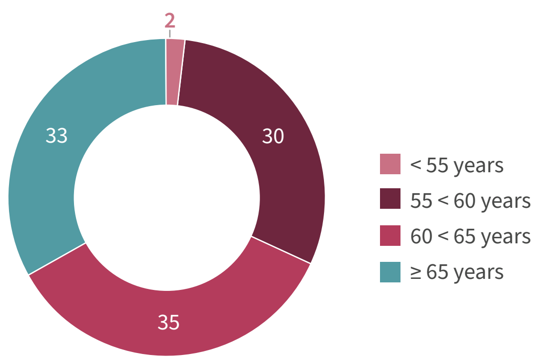
1 Includes service transferred from other plans.

2 Does not include the value of bridge benefits. Members receive the bridge benefit, if applicable, until they turn 65, at which point the bridge benefit stops.

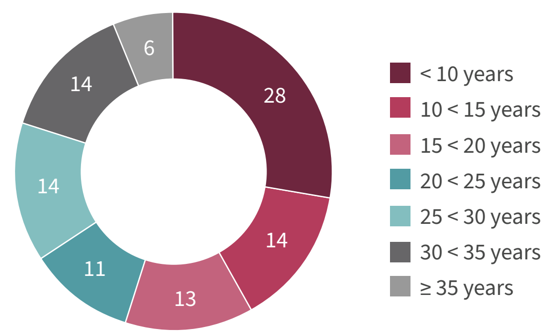
NEW PENSIONS BY TYPE
for the year ended March 31

	Regular	Pre-retirement limited members	Post-retirement limited members	Death	Disability	Deferred	Total
2024	**1,467**	**65**	**16**	**60**	**193**	**589**	**2,390**
2023	1,938	57	10	32	207	500	2,744
2022	1,986	32	16	38	169	388	2,629
2021	1,550	33	23	39	180	376	2,201
2020	1,684	43	18	44	221	421	2,431

PERCENTAGE OF NEW PENSIONS BY AGE AT RETIREMENT (%)
year ended March 31, 2024



PERCENTAGE OF NEW PENSIONS BY YEARS OF SERVICE AT RETIREMENT (%)
year ended March 31, 2024



Additional components and service options

Beyond the lifetime pension, several non-guaranteed components and service options are available to members

Paul Johnson, retired member

Inflation adjustments in retirement

Inflation adjustments help the pensions of retired members keep pace with increases in the cost of living. Providing future inflation adjustments is not guaranteed. Inflation adjustments are granted only when enough funds are available in the Inflation Adjustment Account (IAA). To date, the plan has fully funded inflation adjustments.

Both active members and employers contribute to the IAA. Those contributions, along with investment returns, pay for inflation adjustments.

Once an inflation adjustment is granted to retired members, it becomes part of their lifetime pension. Inflation protection continues to beneficiary pensions as well. For members receiving the bridge benefit, previous indexing of the bridge benefit ends at the same time as their bridge benefit, at age 65 or death (whichever comes first).

Retirement health benefits

The Public Service Pension Plan provides access to group coverage, including extended health care (EHC), dental care and group life insurance. Coverage is not guaranteed. This means the board may change coverage and subsidies at any time.

The plan subsidizes a portion of the premiums for retired members' EHC, and the amount depends on a member's pensionable service. The subsidies are funded by a small portion of employers' contributions that are provided for this purpose. Retired members must pay the full premiums for any EHC they choose for their spouse or dependants.

Retired members choosing to participate in dental coverage pay full premiums.

The plan may also pay group life insurance subsidies for retired members under age 65 who had access to the group life insurance plan through their employer when they were active employees.

The Public Service Pension Plan provides access to group coverage, including extended health care (EHC), dental care and group life insurance.

Termination and refund benefits

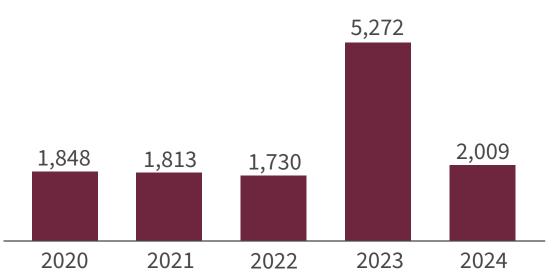
Members who leave the plan but have not yet reached the earliest retirement age may choose one of the following:

- Defer their pension
- Transfer the commuted value of their pension (the minimum value is their contributions plus interest) to a locked-in retirement account or similar tax-deferred plan

If members leave the plan having reached their earliest retirement age, they may choose one of the following:

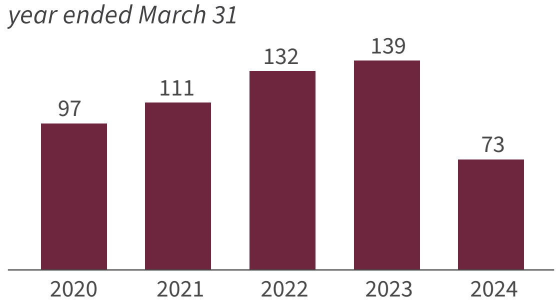
- Defer their pension (which may be reduced if they elect to start it before their earliest unreduced pension age)
- Take an immediate pension (which may be reduced if it is prior to their earliest unreduced pension age)

NUMBER OF TERMINATION AND REFUND BENEFITS PAID[1]
year ended March 31



1 In fiscal 2023, employer-ineligible refunds included approximately 2,950 members with corrections service who qualified for a refund for past service.

VALUE OF TERMINATION AND REFUND BENEFITS PAID
($ MILLIONS)
year ended March 31



Service transfers

When moving to an employer with a different pension plan, members may be able to transfer their service if a transfer agreement is in place between the pension plans.

Service purchases

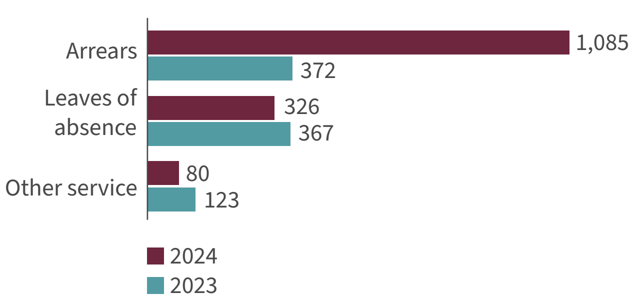
Members may be able to increase their future pension by buying service—paying for periods of employment not already counted as service with the plan. Examples include:

- Leaves of absence (such as pregnancy, parental, compassionate care and general leaves)
- Arrears contributions (occurring if a member was not enrolled correctly)
- Time worked for an employer before the employer joined the plan
- Non-contributory service (employment service with a plan employer from before an employee became a member)

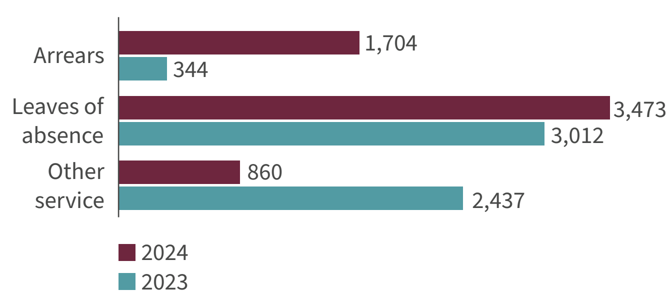
Depending on the type of service they choose to buy, members may be responsible for paying both the employee and employer portions or just the employee portion. For more information on buying service, visit the plan website.

For the fiscal year ended March 31, 2024, there were 1,491 purchases of service with a total contribution of $6.0 million. This represents an increase in volume and an increase in dollar value from the previous year, where there were 862 purchases of service with a total contribution of $5.8 million.

NUMBER OF PURCHASES
year ended March 31



CONTRIBUTIONS FOR PURCHASES ($ THOUSANDS)
year ended March 31



Debra Page, retired member

Temporary annuities

Members can buy an optional temporary annuity (additional monthly payment) to increase their monthly income until age 65 or death, whichever comes first. If members do buy a temporary annuity, their basic lifetime pension income after age 65 will be lower than if they had not bought the annuity. Members who retire at an earlier age will pay a higher amount for the temporary annuity through a larger reduction to their pension after age 65.

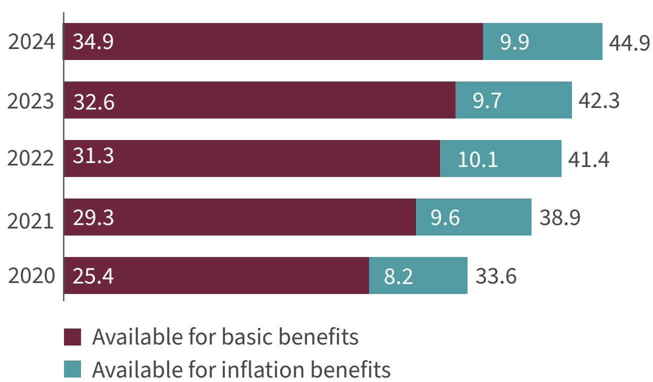
In 2019, the board created a new half temporary annuity option. Members may choose this option because the temporary monthly payments are half the full temporary annuity payments, meaning they will incur a smaller decrease in their lifetime pension income. This option is based on half the maximum old age security pension and is payable to age 65 or death.

2023 valuation results

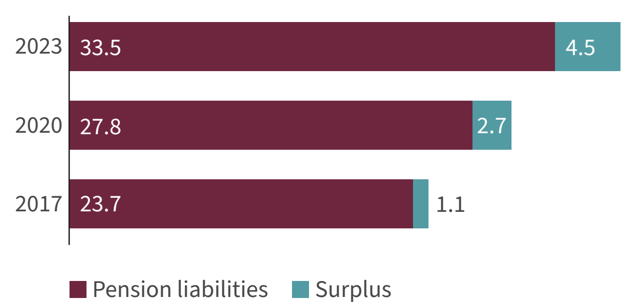
The Public Service Pension Plan's most recent valuation shows its funded ratio is 113 per cent. Conducted as at March 31, 2023, the valuation confirmed solid results that demonstrate the plan's strong financial health. The valuation showed that the plan's Basic Account, which pays lifetime pensions, had actuarial assets of $38.0 billion, exceeding the actuarial liabilities of $33.5 billion, leaving the plan with surplus funds of $4.5 billion. The plan's Joint Trust Agreement provides clear guidance on how the board may use surplus funds. After reviewing its options, the board decided to use a portion of surplus funds to maintain existing contribution rates and then keep the remaining surplus in the Basic Account. Holding the surplus funds in reserve helps the board build a strong and resilient Basic Account for current and future retirees.

Visit the plan website to read the 2023 valuation report.

NET ASSETS AVAILABLE FOR BENEFITS ($ BILLIONS)
as at March 31



FUNDING OF THE TOTAL BASIC BENEFIT LIABILITY ($ BILLIONS)
as at March 31



FUNDED RATIOS 2017–2023 (%)

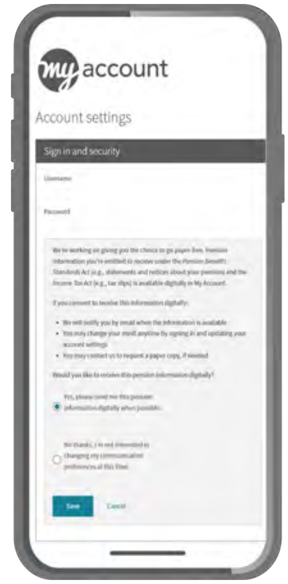
Year	Ratio[1]
2023	113
2020	110
2017	105[2]

1 Funded ratio (assets divided by liabilities).

2 The 2017 valuation indicated a funding ratio of 108 per cent. The board established a rate stabilization account (RSA) and the ratio was adjusted to reflect the amount set aside in in the RSA. Starting with the 2020 valuation, the 2017 ratio is reported as 105 per cent. Amounts in the RSA are not included in the funded ratios.

Plan website and My Account

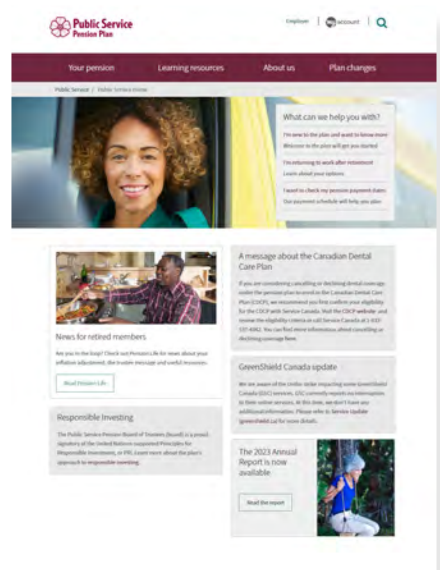
The plan website is an excellent source of pension plan information, providing the resources and tools members need to make the most of their plan.



Members can sign in to My Account on the plan website for instant access to their personal pension information. My Account offers members personalized pension and purchase cost estimators to help with their planning, service and salary summaries, the ability to update their beneficiary information and the ability to apply for their pension online once they are ready to retire. Members can also opt in to paper-free communications through My Account. This option will allow them to receive important notifications and pension information online. Retired members can use My Account to access their pension payment history, T4As, annual pension statements, beneficiary information and more.

Member services

Some aspects of pension and retirement planning can be challenging. In cases where members need more personalized support, the plan has skilled staff available by phone and through Message Centre (within My Account) to assist members with issues like marital breakdowns, the death of a spouse, retirement planning questions and employment transfers.



Pension communications

The plan's website offers members access to a wealth of pension information and educational content. Members can learn about different features of their pensions and initiate services online through My Account. New information is added regularly.

The option to select paper-free communications is also available through My Account, and more online options will be included over time.

Member webinars

Educational resources for plan members include the online introduction *Getting to Know Your Pension* and two webinars: *Making the Most of Your Pension* and *Approaching Retirement*. Designed to help educate members at all career stages, these online workshops make important information available to members at their convenience.

Online workshops make important information available to members at their convenience.

Plan participants

Types of plan membership

Paul Atterton, retired member

Members

Membership in the plan is open to all eligible employees of the provincial public service or other employers approved by the board. Once an employee begins contributing to the plan, contributions will continue as long as the member remains with a plan employer or until they have completed 35 years of pensionable service. (For a list of employers in the plan, see the appendix.)

For the year ended March 31, 2024, the number of active members increased by 7.1 per cent, and the number of retired members increased by 2.3 per cent.

Member categories

Active

Currently contributing (or no longer contributing because they have earned 35 or more years of pensionable service), receiving benefits from an approved group disability plan or on an approved leave of absence

Limited

Former spouse who applied to the plan following separation or divorce from a member and who is entitled to a portion of the member's benefit

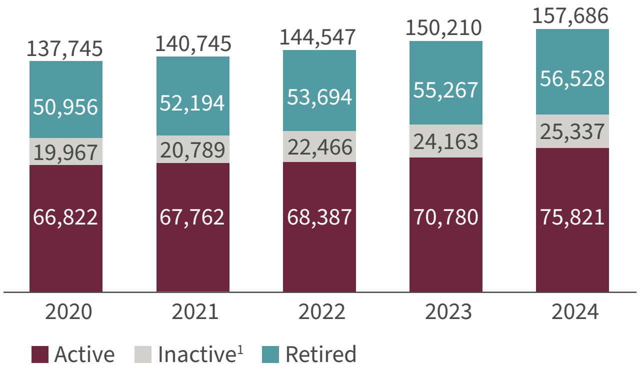
Inactive

Ended employment with a plan employer but left their benefit in the plan

Retired

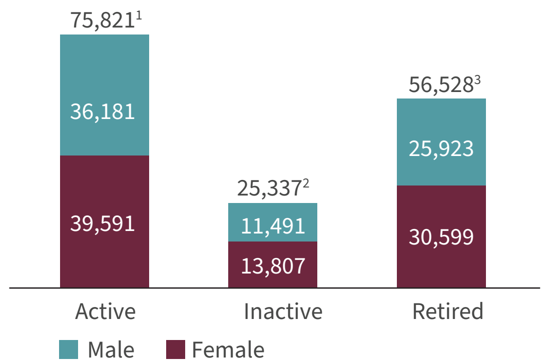
Receiving a pension, including a disability benefit

TOTAL MEMBERSHIP PROFILE
as at March 31



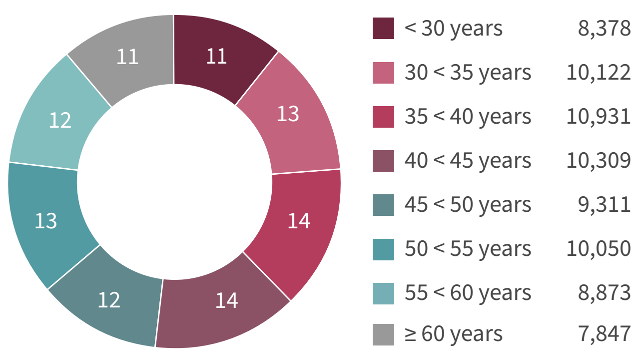
1 Member who is no longer employed but has left their contributions in the plan to receive a future pension.

GENDER PROFILE OF MEMBERS
as at March 31, 2024

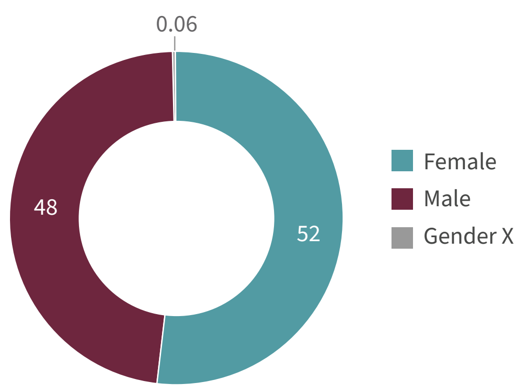


1 Forty-nine active members identified as gender X.
2 Thirty-nine inactive members identified as gender X.
3 Six retired members identified as gender X.

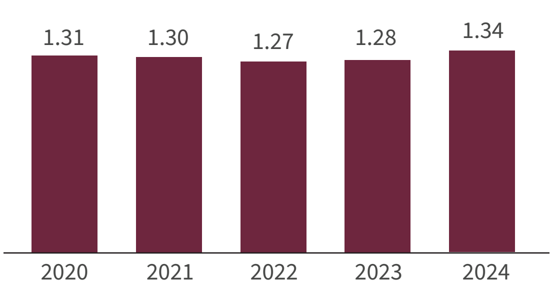
AGE PROFILE OF ACTIVE MEMBERS (%)
as at March 31, 2024



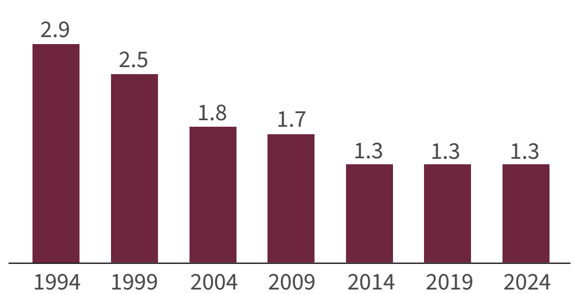
GENDER PROFILE OF ACTIVE MEMBERS (%)
as at March 31, 2024



RATIO OF ACTIVE TO RETIRED MEMBERS
as at March 31



RATIO OF ACTIVE TO RETIRED MEMBERS
30-year history as at March 31



NEW ENROLMENTS AND AVERAGE ENROLMENT AGE, COMPARING 2014 TO 2024
as at March 31

Age	2014 new enrolments	2014 average enrolment age	2024 new enrolments	2024 average enrolment age	Growth in new enrolments (%)
Under 25	178	23	499	23	280
25 < 30	385	27	1,399	27	363
30 < 35	338	32	1,363	32	403
35 and over	961	45	3,079	44	320
Total/average	**1,862**	**37**	**6,340**	**36**	**340**

AVERAGE ENROLMENT AGE
as at March 31

Age	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Average (overall)	**37**	**37**	**36**	**36**	**36**	**36**	**36**	**37**	**36**	**36**	**36**

NEW ENROLMENTS COMPOSITION BY AGE (%)
as at March 31

Age	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Under 25	9	9	9	9	8	9	9	8	7	8	8
25 < 30	21	20	22	21	22	21	22	21	23	22	22
30 < 35	18	21	19	21	21	21	20	21	22	22	21
35 and over	52	50	50	49	49	49	49	50	48	48	49
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

MEMBERSHIP COUNT BY UNION AFFILIATION
at March 31, 2024

Union	Union membership count[1]	Percentage of union membership (%)
BC General Employees' Union	37,480	48.59
BC Ferry & Marine Workers' Union	4,265	5.54
British Columbia Nurses' Union	466	0.60
British Columbia Union Workers' Union	250	0.32
Canadian Office and Professional Employees Union[2]	1,276	1.65
Canadian Union of Public Employees	2,085	2.70
Canadian Union of Public Employees Local 873	4,581	5.94
Health Sciences Association of British Columbia	73	0.09
Hospital Employees' Union	199	0.26
International Longshore and Warehouse Union	14	0.02
Professional Employees Association	1,429	1.85
Unifor	5,892	7.64
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union	6	0.01
Transit Police Professional Association	105	0.14
Members not represented by a union	17,847	23.14
Members with invalid union codes	1,165	1.51
Total members	**77,133**	**100**

1 Total union membership count represents the number of open employments per employer on March 31, 2024. Members with an open employment with more than one employer are counted once per employer.

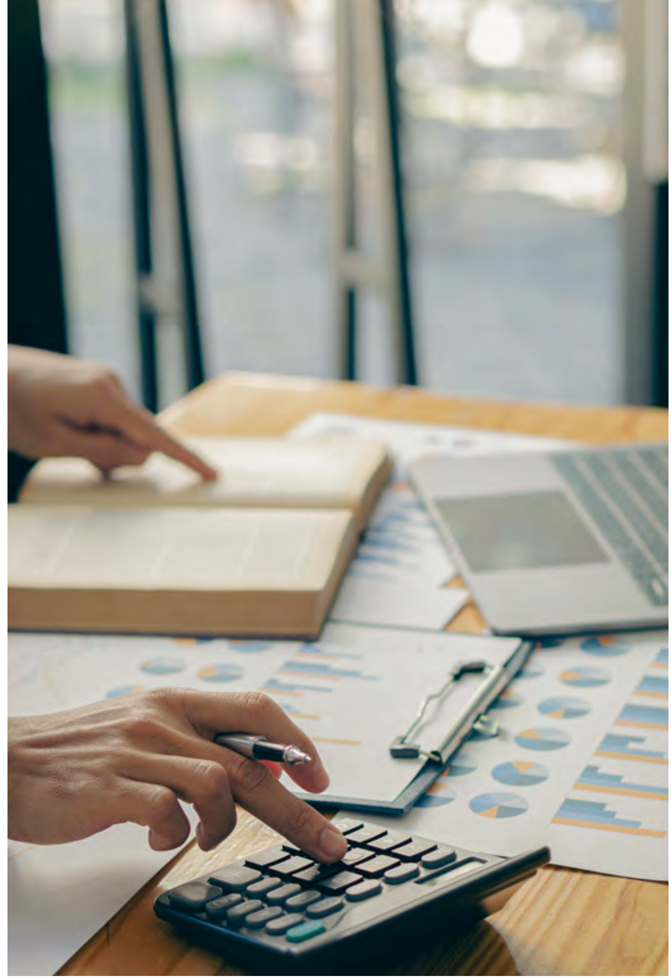
2 The Canadian Office and Professional Employees Union includes Local 378, which is branded as MoveUP.

Employers

As at March 31, 2024, the plan had approximately 100 employers. For a complete list, see the appendix.

Governance

Your plan representatives



Trustee activities

For the fiscal year ended March 31, 2024, the board held four meetings over eight days. The board also held one strategic planning session, one plan partners and key stakeholders meeting and one valuation education session, and attended an all-plan partners education event.

In addition, trustees conducted board business at both regularly scheduled and ad hoc meetings over 13 full-day meetings. Trustees also attended a number of conferences, including the annual BC Public Sector Pension Conference.

Trustee remuneration

Trustees are compensated by the plan for their time spent on board business. Remuneration guidelines and rates are set out in the board remuneration policy. Trustees receive remuneration directly if they are not paid for time spent on board duties by any other organization. If they are reimbursed by another organization, they may request the remuneration be paid to the other organization. Trustee remuneration may be adjusted annually under board policy by an amount equal to the inflation adjustment made to pension payments.

Expenses related to trustee attendance at educational events and at meetings to conduct board business are reimbursed within board policy limits.

BOARD MEMBER REMUNERATION

for the year ended March 31, 2024

Board member	Meeting fee	Retainer	Payment	Remuneration paid to
Alyson Blackstock	$ 7,164	$ 8,496	$ 15,660	BC Public Service Agency
Wanda Boden	9,298	8,496	17,794	Ministry of Finance
Joanne Carpendale[1]	2,596	4,500	7,096	BC Ferry Services Inc. ($2,596) Board member ($4,500)
Frank Cholette[2]	986	1,566	2,552	Board member
James Coccola	6,404	6,066	12,470	BC General Employees' Union ($6,404) Board member ($6,066)
Troy Clifford	8,376	8,496	16,872	Board member
Douglas Dykens	6,918	6,066	12,984	BC General Employees' Union
Paul Finch	4,998	6,066	11,064	BC General Employees' Union
Chan-Seng Lee	8,108	6,066	14,174	Infrastructure BC Inc. ($8,108) Board member ($6,066)
Maria Bennett (vice-chair)	9,309	12,132	21,441	BC General Employees' Union ($9,309) Board member ($12,132)
Sadaf Mirza	7,830	6,066	13,896	Ministry of Finance
Johanna Morrow	11,443	6,066	17,509	Board member
Harpinder Sandhu	7,851	6,066	13,917	Canadian Union of Public Employees ($7,851) Board member ($6,066)
Angie Sorrell	12,398	8,496	20,894	Board member
Thomas Vincent (chair)	15,733	18,198	33,931	Board member
Total	**$119,412**	**$112,842**	**$232,254**	

1 Joanne Carpendale's term ended January 5.

2 Frank Cholette's term began January 5.

Committees

There are a number of standing committees of the board, which meet regularly to deal with specific areas of pension plan administration. The board also strikes ad hoc committees as required. As at March 31, 2024:

BENEFITS

Maria Bennett (chair)	The benefits committee reviews the plan rules for benefit entitlements and policies related to benefit administration and makes recommendations to the board on potential changes as needed. The committee also reviews post-retirement group benefits, including extended health and dental plan designs, coverage levels and cost structure.

COMMUNICATIONS

Troy Clifford (chair)	The communications committee oversees the development of plan communications to members, employers and other plan stakeholders. The committee provides strategic communications direction to Pension Corporation and reviews major communications, including the *Annual Report*.

GOVERNANCE

Alyson Blackstock (chair)	The governance committee develops and reviews board operational policies, tools and processes related to risk management, strategic planning and other matters. The committee prepares reports on the board's governance structures and activities as required by pension legislation.

RESPONSIBLE INVESTMENT

Angie Sorrell (chair)	The purpose of the responsible investment committee is to consider all responsible investment issues referred to the committee by the board. The committee also considers all matters related to the board's responsibilities and opportunities as an asset owner signatory to the United Nations–supported Principles for Responsible Investment.

INTERPLAN AUDIT COMMITTEE

Wanda Boden (chair)

The Interplan Audit Committee is composed of two nominees from each of the College, Municipal, Public Service and Teachers' pension boards of trustees. The committee prepares each plan's annual financial statements and provides mandated financial oversight by:

- Monitoring and reporting to the boards on the integrity of reporting, internal controls and compliance of financial statements with generally accepted accounting principles
- Monitoring and reporting on the independence and performance of external auditors
- Monitoring and reporting on risk management as it affects financial reporting
- Recommending the selection and compensation of auditors

INTERPLAN COORDINATION COMMITTEE

Maria Bennett (chair)	The Interplan Coordination Committee facilitates communication among the College, Public Service and Teachers' pension boards of trustees on initiatives of mutual interest and monitors the operation of Pension Board Secretariat.

INTERPLAN INVESTMENT COMMITTEE

Cheryl Eason (chair)	The Interplan Investment Committee provides a forum for considering investment issues common to the College, Public Service and Teachers' pension boards of trustees. The committee considers trends in the investment industry, new investment approaches and vehicles, and economic and market updates.

EXECUTIVE FORUM

Executive staff of the plan boards (chair)	The Executive Forum is a venue for the chairs and vice-chairs of the College, Municipal, Public Service and Teachers' pension boards of trustees to discuss issues of mutual interest, including pension reform, research, governance and risk.

INTERPLAN TRUSTEE EDUCATION COMMITTEE

Weldon Cowan (chair)	The Interplan Trustee Education Committee is a forum for the College, Municipal, Public Service and Teachers' boards to develop trustee knowledge and skills and work together on common educational issues. This group organizes the annual BC Public Sector Pension Conference.

Board, partners, agents and service providers

The plan's governance arrangement contributes to the overall fairness of the plan and is outlined in the Public Service Pension Plan Joint Trust Agreement. The agreement is available on the plan website.

The plan partners (BC General Employees' Union and the Province of British Columbia), and other organizations representing plan employers and members, are responsible for nominating and appointing trustees.

The board is responsible for the governance of the plan. It is obligated by law to act even-handedly, to act in the best financial interest of the plan's membership and to consider the interests of all members when making decisions. Trustees come from a cross-section of employer and member groups participating in the plan. Though trustees bring unique perspectives to the board table, they must act for all members.

The board can change plan rules if directed to do so by the plan partners and if certain conditions are met. It can also change plan rules as long as the changes are cost-neutral to the plan. The Joint Trust Agreement sets out conditions for implementing certain changes.

BC Pension Corporation

BC Pension Corporation is one of the largest pension benefit administrators in Canada, serving the public sector pension plans in British Columbia. It provides plan information to members and employers, manages contributions and member records, and pays pension benefits. Pension Corporation also provides policy, financial and communication services to the board.

BCI

As one of Canada's largest investment managers, BCI offers investment options across a range of asset classes, including infrastructure and renewable resources, and long-term strategic themes. BCI provides investment management services to the board.

Eckler Ltd.

Eckler Ltd. is a Canada-based actuarial and consulting firm specializing in financial services, pensions and benefits, and global consulting solutions. It provides consulting and actuarial services to the board.

Green Shield Canada

Green Shield Canada provides retired plan members access to optional extended health care and dental coverage.

KPMG LLP

KPMG LLP was appointed to perform the audit of the plan's financial statements for the year ended March 31, 2024.

Lawson Lundell LLP

Lawson Lundell LLP is the plan's legal counsel.

Pension Board Secretariat

Pension Board Secretariat provides day-to-day professional and operational support to help the board meet its governance and fiduciary obligations.

Willis Towers Watson

Willis Towers Watson is the board's benefits advisor.

Financial statements

Public Service Pension Plan 2024

BC PENSION CORPORATION

September 16, 2024

Re: Public Service Pension Plan
Administrative Agent's Responsibility for Financial Reporting

The financial statements of the Public Service Pension Plan were prepared by the British Columbia Pension Corporation, the administrative agent for the Public Service Pension Board of Trustees, in accordance with Canadian accounting standards for pension plans. The Board is responsible for approving the Plan's financial statements. The Board is assisted by the Interplan Audit Committee, which is made up of representatives from the Public Service, Municipal, Teachers' and College pension boards of trustees. As part of its responsibility, the Committee reviews the financial statements, and performs steps and procedures as necessary, prior to recommending them to the Board for approval.

Pension Corporation prepares the financial statements and 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 Canadian accounting standards for pension plans. In discharging its responsibility, Pension Corporation maintains a system of internal controls designed to provide reasonable assurance that transactions are properly authorized, reliable financial records are maintained and assets are adequately safeguarded, ensuring the fair presentation of the financial statements. Pension Corporation has assessed that the Plan will continue as a going concern, and ensured that other financial information contained in the *Public Service Pension Plan Annual Report* is consistent with these financial statements.

The Board appointed KPMG LLP as the independent auditor to the Plan. The role of the auditor is to perform an independent audit of the financial statements of the Plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the independent auditors' report attached to these financial statements.

Trevor Fedyna, CPA, CGA, C. Dir.	**Allan Chen, CPA, CA**
Vice-president, Strategy, Insights, and Chief Financial Officer	Controller, Financial Services
British Columbia Pension Corporation	British Columbia Pension Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Public Service Pension Plan

Opinion

We have audited the financial statements of the Public Service Pension Plan (the "Plan"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued pension obligations 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 Plan as at March 31, 2024, and its changes in net assets available for benefits and its changes in accrued pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan 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.

Public Service Pension Plan
Page 2

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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 accounting standards for pension plans, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's 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 auditor's 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.

KPMG

Public Service Pension Plan
Page 3

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 Plan'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 Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Plan 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
September 16, 2024

PUBLIC SERVICE PENSION PLAN

Statement of financial position

($ millions)

Public Service Pension Plan™

As at March 31	Note		2024		2023
Assets					
Investments	3a	$	**44,823**	$	42,347
Directly held derivatives	3b		**86**		240
Contributions receivable			**40**		36
Cash			**-**		21
Prepaid expenses			**6**		6
Interest and dividends receivable			**10**		6
Total assets			**44,965**		42,656
Liabilities					
Directly held derivatives	3b		**84**		277
Accounts payable and accrued expenses			**16**		18
Taxes payable			**15**		14
Total liabilities			**115**		309
Net assets available for benefits		**$**	**44,850**	**$**	**42,347**
Accrued pension obligations					
Accrued basic pension obligations	4a	$	**27,095**	$	25,242
Non-guaranteed pension obligations	4b		**9,948**		9,716
Accrued pension obligations			**37,043**		34,958
Surplus					
Accessible actuarial excess	5a		**3,057**		3,756
Measurement differences between funding and accounting positions	5a		**4,750**		3,633
Surplus			**7,807**		7,389
Accrued pension obligations and surplus		**$**	**44,850**	**$**	**42,347**

The accompanying notes are an integral part of the financial statements including:
Commitments (note 14)

Approved by the Public Service Pension Board of Trustees:

Angie Sorrell, Chair
Public Service Pension Board of Trustees

Wanda Boden, Trustee
Public Service Pension Board of Trustees

Alyson Blackstock, Trustee
Public Service Pension Board of Trustees

PUBLIC SERVICE PENSION PLAN

Statement of changes in net assets available for benefits

($ millions)

For the year ended March 31	Note	Basic account	Inflation adjustment account	Supplemental benefits account	Totals 2024	2023
Increase in assets						
Investment income	8	$ 2,386	$ 699	$ -	$ **3,085**	$ 1,610
Contributions			-			
Employer	9	396	129	58	**583**	515
Member	9	405	72	1	**478**	424
		801	201	59	**1,061**	939
Transfers from other plans		12	2	-	**14**	23
Total increase in assets		3,199	902	59	**4,160**	2,572
Decrease in assets						
Benefits	10	1,426	29	28	**1,483**	1,444
Transfers to other plans		17	5	-	**22**	28
Retired member group benefits	11	-	-	31	**31**	29
Investment and administration costs	12b	100	21	-	**121**	105
Total decrease in assets		1,543	55	59	**1,657**	1,606
Increase in net assets before transfers		1,656	847	-	**2,503**	966
Account transfers	13	615	(615)	-	**-**	-
Increase in net assets		**2,271**	**232**	**-**	**2,503**	**966**
Net assets available for benefits at beginning of year		32,631	9,716	-	**42,347**	41,381
Net assets available for benefits at end of year		**$ 34,902**	**$ 9,948**	**$ -**	**$ 44,850**	**$ 42,347**

The accompanying notes are an integral part of these financial statements.

PUBLIC SERVICE PENSION PLAN

Statement of changes in accrued pension obligations

($ millions)

For the year ended March 31	Note	2024	2023
Increase in accrued pension obligations			
Interest on accrued pension obligations		$ **1,523**	$ 1,410
Benefits accrued		**949**	831
Change in actuarial assumptions	4a	**331**	-
Account transfers		**615**	832
Increase in accrued pension obligations		**3,418**	3,073
Decrease in accrued pension obligations			
Experience gains	4a	**71**	-
Benefits paid		**1,494**	1,412
Decrease in accrued pension obligations		**1,565**	1,412
Net increase in accrued pension obligations		**1,853**	1,661
Accrued basic pension obligations, beginning of year		**25,242**	23,581
Accrued basic pension obligations, end of year	4a	**27,095**	25,242
Non-guaranteed pension obligations			
Increase (decrease) in non-guaranteed pension obligations	4b	**232**	(366)
Non-guaranteed pension obligations, beginning of year		**9,716**	10,082
Non-guaranteed pension obligations, end of year	4b	**9,948**	9,716
Total accrued pension obligations		$ **37,043**	$ **34,958**

The accompanying notes are an integral part of these financial statements.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN

The following description of the Public Service Pension Plan (Plan) is a summary provided for general information only. For more information, please refer to the Joint Trust Agreement (Agreement) and the Public Service Pension Plan Rules (pension plan rules).

a) General

The Plan is a jointly trusteed pension plan continued under a joint trust agreement authorized by the *Public Sector Pension Plans Act*, SBC 1999, c.44 (Act). The Act enabled the establishment of the Agreement. Joint trusteeship was established effective January 1, 2001. The partners to the Agreement are the Provincial Government and the British Columbia General Employees' Union (Partners). The Agreement describes the composition, appointment, powers, functions and duties of the Public Service Pension Board of Trustees (Board) and provides the authority for the Board to make the pension plan rules.

The Plan is registered with the Superintendent of Pensions, who administers and enforces the *Pension Benefits Standards Act* (PBSA). The PBSA governs employment pension plans registered in British Columbia that have active, inactive and retired members.

Membership in the Plan is open to eligible employees of the Province of British Columbia and certain Crown corporations, agencies, institutions, other employers approved by the Board and eligible Members of the Legislative Assembly.

b) Roles and responsibilities

Partners

The Partners and other organizations representing the plan members and employers are responsible for appointing the 14 trustees to the Board. The Partners have responsibility for resolving trustee disputes and, if certain conditions are met, may direct amendments to the pension plan rules.

Board

The Board is responsible for the management of the Plan, including investment of assets and administration of the Plan. The Board may amend the pension plan rules as long as changes can be funded by the Plan's surpluses or are cost neutral to the Plan. Unless required to ensure compliance with regulatory enactments applicable to the Plan, only the Partners can initiate pension plan rule changes that result in contribution rate increases. The Agreement allows the Board to either appoint a chair from among the 14 trustees or appoint a person not appointed by the Partners. The vice-chair is appointed by the other trustees, from among the 14 trustees.

British Columbia Pension Corporation (Pension Corporation)

Pension Corporation provides benefit administration services as an agent of the Board. The Board appoints two members to the eight-member board of directors of Pension Corporation.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN (CONTINUED)

b) Roles and responsibilities (continued)

British Columbia Investment Management Corporation (BCI)

BCI provides investment management services, including the valuation of investments, as an agent of the Board. The Board appoints one member to the seven-member board of directors of BCI.

c) Funding

Contributions and investment earnings fund plan benefits. Contributions are made by active members and employers of the Plan. The determination of the value of the benefits and required contributions is based on a triennial actuarial valuation for funding purposes.

The Board's funding policy is intended to secure the pension benefit obligation, improve the level of sustainable indexing, and achieve long-term stability in contribution rates for both employers and members.

d) Contributions

The following member and employer contributions apply to the majority of members, excluding corrections, ambulance paramedics, statutory officers, provincial court judges, associate judges of the Supreme Court, and Members of the Legislative Assembly (certain limited groups) with higher contribution rates required to fund the cost of their benefits.

Basic Account

Members contributed 7.10% of salaries and employers contributed 7.10% of members' salaries (excluding certain limited groups with higher contribution rates required to fund the cost of their benefits), less amounts allocated to the Supplemental Benefits Account (SBA).

Inflation Adjustment Account

Members contributed 1.25% of salaries to the Inflation Adjustment Account (IAA). Employers contributed 2.75% of salaries to the IAA, less amounts allocated to the SBA.

e) Pension benefits

The following pension benefits apply to the majority of members, excluding certain limited groups, such as public safety occupations, that may be eligible for a benefit earlier than indicated.

All active members are eligible for a pension benefit.

For service on or after April 1, 2018, members are eligible for unreduced pension benefits

- at age 65;
- at age 60, with at least two years contributory service; or
- at age 55 or older, with at least 35 years of contributory service.

Other retiring members have a reduction factor applied to their pensions.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN (CONTINUED)

e) Pension benefits (continued)

For service on or after April 1, 2022, the Plan provides a defined plan benefit of 1.95% of the member's highest five-year average annual salary (HAS) to a maximum of 35 years. The early retirement reduction applicable for service accrued after this date is 6.2% for each year below age 65 or age 60 with two years or more of contributory service.

For service between April 1, 2018 and March 31, 2022, the Plan provides a defined plan benefit of 1.85% of the member's HAS to a maximum of 35 years. The early retirement reduction applicable for service accrued is 6.2% for each year below age 65 or age 60 with two years or more of contributory service.

For service up to March 31, 2018, the defined basic plan benefit was integrated with the Canada Pension Plan. As a result, the Plan provides a benefit of 1.35% (1.3% for members who terminated prior to March 1, 2002) of pensionable earnings up to the year's maximum pensionable earnings (YMPE) and 2.0% of pensionable earnings over YMPE for each year of pensionable service (to a maximum of 35 years). For the pension calculation, pensionable earnings are based on the member's HAS.

For service up to March 31, 2018, the Plan also provides a bridge benefit payable to age 65 (or the date of death, if earlier). The bridge benefit is 0.65% (0.7% for members who terminated prior to March 1, 2002) of the lesser of YMPE or HAS for each year of pensionable service.

Effective October 1, 2019, service earned between April 1, 2006 and March 31, 2018, inclusive, was adjusted. For service earned during this period, the Plan provided an integrated defined basic plan benefit of 1.65% of pensionable earnings up to YMPE, and 2.0% of pensionable earnings over YMPE, for each year of pensionable service. Pensionable earnings are based on the member's HAS. The Plan provided a bridge benefit payable to age 65 (or the date of death, if earlier). The bridge benefit was 0.35% of the lesser of YMPE or HAS for each year of pensionable service.

For service up to March 31, 2018, members are eligible for unreduced pension benefits

- at age 65;
- at age 60, with at least two years contributory service; or
- at age 55 or older, with age plus years of contributory service totalling 85 or more.

Increases to pension payments related to inflation adjustments are not guaranteed but may be provided each January 1 in accordance with the inflation adjustment provisions of the Plan. These inflation adjustments are based on the annual average increase in the Canada consumer price index (CPI) over the preceding 12-month period ending the previous October 31, reduced for the CPI decrease, if any, in prior years and subject to the availability of funds in the IAA.

The Board annually considers all relevant factors and its IAA funding policy to determine if an inflation adjustment will be granted on pensions in pay and the amount of the inflation adjustment, if any.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN (CONTINUED)

f) Termination and portability benefits

Terminating members who have not yet reached the earliest retirement age may choose

- a deferred pension, or
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in retirement vehicle or similar tax-sheltered plan.

Terminating members may also choose to leave their benefit on deposit in anticipation of future re-employment with a Plan employer.

Where there are portability arrangements between the Plan and other pension plans, members may be able to transfer service to another pension plan.

g) Other benefits

Disability and survivor benefits are also available under the Plan. A disability benefit is available to a member under age 60 (under age 55 for certain limited groups) who has terminated employment, becomes totally and permanently disabled as defined by the Plan, has at least two years of contributory service, is not eligible to receive benefits from an approved long-term group disability plan and meets other eligibility requirements.

The disability benefit is calculated using the greater of the member's years of pensionable service to the date of termination of employment and HAS, or an increased pension calculation as specified under the Income Tax Regulations. Disability benefits continue for the member's lifetime unless the member is no longer totally and permanently disabled before age 60 (age 55 for certain limited groups) or returns to work.

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of an active member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

Supplemental benefits are funded from the SBA.

h) Tax registration

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada) (registration number 0345702), except for any supplemental benefits, which are funded in addition to the RPP. The Plan is not subject to income taxes but is subject to indirect taxes, including British Columbia provincial sales tax (PST) and Canadian federal goods and services tax (GST). The Plan receives a 33% rebate of GST paid.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared on the going-concern basis in accordance with Canadian accounting standards for pension plans, Part IV of the *Chartered Professional Accountants of Canada Handbook* (CPA Canada Handbook), and present the Plan as a separate financial reporting entity, independent of the Plan's contributing employers and members and independent of any associated retired member group benefit plans.

Accounting standards for private enterprises in Part II of the CPA Canada Handbook have been chosen for accounting policies that do not relate to the Plan's investment portfolio or accrued pension obligations.

b) Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment purchases and sales are recorded on the trade date (the date on which the substantial risks and rewards of ownership have been transferred).

c) Accrued pension obligations

Accrued pension obligations are determined based on an actuarial valuation prepared by an independent actuarial consulting firm. The Plan actuary is Eckler Ltd. The valuation of accrued pension obligations is based on data extrapolated to the financial statement date. The valuation uses the projected benefit method pro-rated on service that incorporates the independent actuary's estimate of various economic and demographic assumptions. These assumptions are the same as those used in the determination of the actuarial position of the Plan for funding purposes.

d) Investment income

Income from investments is recorded on an accrual basis and represents pooled investment portfolio income attributable to the Plan as a unit holder and income from directly held investments. The change in fair value includes realized and unrealized gains and losses that are included in investment income.

Within the pools, dividends are accrued on the ex-dividend date, and interest is recognized on an accrual basis. Gains and losses on derivative contracts are recognized concurrently with changes in their fair values.

e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rates on the year-end date. Income and expenses are translated into Canadian dollars at the prevailing exchange rates on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included within the current period change in fair value in investment income.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for pension plans, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increases and decreases in assets and liabilities during the period. Significant areas requiring the use of management estimates relate to the valuation of investments based on unobservable inputs, as further described in note 7, and the calculation of the accrued pension obligations of the Basic Account for accounting and funding purposes, as further described in notes 4 and 5. Actual results could differ materially from these estimates.

3. INVESTMENTS

a) Investments

Fair value of investment holdings	2024	2023
Short-term	$ **1,135**	$ 820
Bonds*	**12,483**	11,484
Repurchase agreements	**(4,847)**	(4,220)
	7,636	7,264
Canadian equities	**1,548**	1,455
Global equities	**7,007**	6,309
Emerging markets equities	**1,870**	2,896
Mortgages	**1,920**	1,711
Real estate	**7,417**	7,673
Private debt and equity	**10,685**	9,684
Infrastructure and renewable resources	**5,605**	4,535
	$ **44,823**	$ **42,347**

* Net of unsecured debt

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate share in the value of the net assets of the pooled investment fund. The Basic Account and IAA are combined for investment management purposes.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

a) Investments (continued)

One or more pooled investment portfolios exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt and equity; and infrastructure and renewable resources. While the purpose of each fund is to invest in a particular type of investment, at any time, given the timing of trading activities, the fund may hold a certain amount of cash, short-term investments, accrued interest income and net accounts receivable or payable from outstanding sales and purchases of investments.

Short-term investments consist of Canadian and U.S. money market securities, such as treasury bills with maturities of 15 months or less, and short-term bonds with one- to five-year terms. Short-term investments are valued using current market yields.

Bonds consist of government bonds, investment grade and non-investment grade corporate bonds, repurchase agreements, unsecured debt, and debentures. Bonds are valued based on current market yields and, in some cases, quoted market prices. Bonds include the use of repurchase agreements to borrow money to create leverage to purchase other bonds and enhance yields through a leverage bond fund strategy. Unsecured debt are funds borrowed through the sale of bonds.

Equities consist primarily of publicly traded shares and are valued based on quoted market prices on the primary exchanges on which they are traded.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. The mortgages are secured by real estate and valued using current market yields.

Real estate investments consist mainly of diversified Canadian and U.S. income-producing properties. Real estate investments are valued quarterly by external investment managers and, at least once every 10 to 18 months, by accredited independent appraisers to establish current market values.

Private debt consists of private debt instruments and private debt investee funds and are valued using discounted cash flows on current market yields and comparable securities, as applicable.

Private equity consists mainly of equity investments made outside the structure of public markets. Private equity investments are valued either quarterly or annually based on audited financial statements from external investment managers using a market-based approach.

Infrastructure and renewable resources consist of privately owned and managed infrastructure assets, as well as timber, agriculture and other renewable assets. Infrastructure and renewable resource investments are valued annually using a market-based approach or net asset value method.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives

Derivative contracts are directly and indirectly held by the Plan. The details of these contracts are as follows:

Fair value of derivative contracts	2024		2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Directly held				
Foreign currency forwards	$ 86	$ (84)	$ 240	$ (277)
Indirectly held in pooled investment portfolios				
Foreign currency forwards	$ 23	$ (36)	$ 9	$ (146)
Options	23	(20)	-	-
Interest rate swaps	36	(6)	29	(7)
Total return swaps	232	(34)	122	(37)
	$ 314	$ (96)	$ 160	$ (190)
Total derivatives	$ 400	$ (180)	$ 400	$ (467)
Derivatives by investment asset classification				
Bonds	$ 33	$ (12)	$ 3	$ (36)
Canadian equities	10	(1)	5	(2)
Global equities	248	(66)	128	(56)
Emerging markets equities	12	(2)	19	(18)
Mortgages	10	(12)	27	(28)
Real estate	39	(41)	120	(126)
Private debt and equity	12	(15)	5	(77)
Infrastructure and renewable resources	36	(31)	93	(124)
Total derivatives	$ 400	$ (180)	$ 400	$ (467)

Derivative contracts consist of foreign currency forward contracts, options, interest rate swaps, and total return swaps held directly by the Plan or indirectly through various pooled investment portfolios. Directly held and indirectly held derivative contracts are reflected at fair value based on expected settlement amounts at the date of the Statement of Financial Position. Directly held derivatives are disclosed on the face of the Statement of Financial Position while indirectly held derivatives are included in investments.

A foreign currency forward contract is a privately negotiated contractual obligation to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Foreign currency forward contracts are held by the Plan to manage exposure to foreign currency risk.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Options are contracts that give the buyer the right, but not the obligation, to buy or sell a certain security or index at an agreed-upon price on or before a specified date. Options are held for synthetic indexing, a modern technique used to replicate the performance of a security or index without directly purchasing or selling the underlying assets and for risk control.

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating interest rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally better interest rate than would have been possible without the swap.

A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, including both the income it generates and any capital gains. In total return swaps, the underlying asset (referred to as the reference asset) is usually an equity index or basket of equity securities. Interest rate swaps and total return swaps are held indirectly through various pooled investment portfolios for synthetic indexing purposes.

Derivative transactions are supported with collateral to mitigate counterparty credit risk. A single net fair value amount is used to determine the value of collateral with each counterparty. Collateral approximately equal to the positive fair value of each derivative contract has been provided by counterparties, and collateral approximately equal to the negative fair value of each derivative contract has been delivered to counterparties. Acceptable forms of collateral are Canadian federal or provincial bonds, and U.S. federal government treasury bills and bonds.

The notional value of derivatives is the total value of a position, how much value a position controls, or an agreed-upon amount in a contract.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Absolute notional value of the Canadian denominated portion of derivatives is disclosed in the table below.

Notional value of derivatives				2024	2023
Term to maturity	Within 1 year	1 to 5 years	Over 5 years	Total	Total
Directly held					
Foreign currency forwards	$ 16,886	$ -	$ -	$ 16,886	$ 17,073
Indirectly held in pooled investment portfolios					
Foreign currency forwards	$ 7,266	$ -	$ -	$ 7,266	$ 5,229
Options	978	629	-	1,607	1
Interest rate swaps	908	1,591	580	3,079	3,966
Total return swaps	6,594	1,011	-	7,605	7,488
	$ 15,746	$ 3,231	$ 580	$ 19,557	$ 16,684
Total derivatives	$ 32,632	$ 3,231	$ 580	$ 36,443	$ 33,757
Derivatives by investment asset classification					
Short term	$ 129	$ -	$ -	$ 129	$ -
Bonds	2,586	-	580	3,166	2,259
Canadian equities	398	149	-	547	464
Global equities	8,818	2,866	-	11,684	9,258
Emerging markets equities	673	216	-	889	2,156
Mortgages	2,194	-	-	2,194	1,930
Private debt and equity	3,119	-	-	3,119	2,544
Real estate	7,709	-	-	7,709	8,659
Infrastructure and renewable resources	7,006	-	-	7,006	6,487
Total derivatives	$ 32,632	$ 3,231	$ 580	$ 36,443	$ 33,757

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Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

c) Repurchase agreements

The Plan has indirect exposure to repurchase agreements through its investment in the pooled investment portfolio underwritten on bond securities. Repurchase agreements are short-term agreements to sell securities in order to buy them back at a slightly higher price. The party selling the repurchase agreement is effectively borrowing, and the other party is lending, since the lender is credited the implicit interest in the difference in prices. Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified future date. The securities sold under these agreements continue to be recognized on the statements of financial position with any changes in fair value recorded as net gain (loss) on investments and included in investment income. Interest incurred on repurchase agreements is included in borrowing costs within investment-related expenses.

Repurchase agreements are carried at the amount at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these agreements.

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES

a) Basic Account

In accordance with the Agreement and PBSA, an actuarial valuation is performed at least every three years. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan as described in note 5a. As part of the actuarial valuation, the Plan actuary also calculates values, for accounting purposes, of the Basic Account assets as at, and pension liabilities accrued to, the financial statement date. For this purpose, contributions and benefits for future service are not included, in contrast to their inclusion in the valuation for funding purposes as described in note 5a. Also for accounting purposes, the full impact of investment fair value changes is reflected in the financial statements as at the financial statement date compared with the deferral and amortization of fair value gains or losses in the valuation for funding purposes. The liability for accrued basic pension obligations at the valuation date is determined using the projected benefit method pro-rated on service.

The latest full actuarial valuation for accounting purposes was prepared as at March 31, 2023, by Eckler Ltd. This valuation calculated the liability for accrued basic pension obligations for financial statement purposes to be $25,502 million (2020: $21,629 million).

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES (CONTINUED)

a) Basic Account (continued)

Between valuations, an estimate of the actuarial position is required. This estimate, an extrapolation, has been made to March 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 6.00% (2020: 6.00%)
- Annual salary escalation rate 3.25% (2020: 3.25%)

The extrapolation calculated the liability for accrued basic pension obligations to be $27,095 million (2023: $25,242 million).

In 2024, the extrapolation reflected assumption changes made during the 2023 valuation that resulted in an increase in the 2023 accrued basic pension obligations of $331 million, mainly due to adding a reserve for mortality uncertainty. Further, the 2023 valuation accrued basic pension obligations were $71 million lower than anticipated by the 2023 extrapolation as a result of experience gains, primarily retirement rates being lower than the actuarial assumption.

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings, and the incidence of retirements, withdrawals and changes in other factors may vary significantly from the long-term assumptions used in the extrapolation. In the event of a major change to the Plan, a new valuation or review of assumptions may be required.

The next full actuarial valuation will be carried out as at March 31, 2026, with the results included in the March 31, 2027, financial statements.

Actuarial liabilities are also affected by changes in the assumed investment return. Based on the actuarial valuation completed as at March 31, 2023, a reduction in the investment return assumption from 6.00% to 5.75% would have increased the March 31, 2024, liability for accrued basic pension obligations of $27,095 million by $808 million or 2.98% and the impact of a 1% change would be approximately four times the amount. Changes to assumptions included in the actuarial valuation are interrelated, and the cumulative impact of changed assumptions may be offsetting.

b) Inflation Adjustment Account (IAA), non-guaranteed pension obligations

No unfunded liability exists for the IAA since the obligation for future inflation adjustments is limited to the amount of the available assets in the account. There is no minimum level of inflation adjustment required to be paid under the pension plan rules, nor is there any Plan provision to fund the IAA to any minimum level of future potential inflation adjustments (note 5b). The non-guaranteed pension obligations are therefore equal to the net assets available for benefits in the IAA, 2024: $9,948 million (2023: $9,716 million). The net increase of $232 million (2023: $366 million decrease) in the IAA balance consists of employee and employer contributions, investment income and net transfers reduced by payments out of the account (see note 13 for details on amounts transferred).

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES

a) Basic Account

The Basic Account is the account from which the defined basic benefits of the Plan are paid. In accordance with the Agreement and PBSA, an actuarial valuation of the Plan's assets and pension obligations is performed at least every three years by an independent actuary to determine an appropriate combined employer and member contribution rate to fund the Basic Account. For this purpose, the Plan's actuary values both accrued assets and accrued pension obligations to the financial statement date, and contributions and benefits for future service. The contribution requirements are calculated by the actuary using the entry-age normal cost method (entry-age method).

This method produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future new entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus, and this rate will be adjusted for the amortization of any unfunded actuarial liability. Contribution rate determinations exclude consideration of the assets in the rate stabilization account (RSA), which is held notionally within the Basic Account; if contribution rate increases are considered, funds will be transferred from the RSA to keep the rate at its current level or to minimize the increase.

The Basic Account is also the account from which any inflation adjustments granted to retired members are paid. Future inflation adjustments are not guaranteed within the Plan provisions and are granted to retired members only to the extent that sufficient assets are available from the IAA to fund those benefits (note 5b). As inflation adjustments are granted, the Basic Account receives from the IAA the present value funding necessary for the inflation adjustments granted. Therefore, accrued basic pension obligations for valuation purposes include the liability for all inflation adjustments granted to the date of the valuation, but not for as-yet-unknown future inflation adjustments.

Actuarial valuation

The latest full actuarial valuation for funding purposes was prepared as at March 31, 2023, by the independent actuary based on the entry-age method; the valuation indicated an actuarial surplus of $4,491 million excluding $1,672 million set aside for rate stabilization purposes (2020: $2,667 million excluding $117 million set aside for rate stabilization purposes).

The Agreement specifies that, if an actuarial valuation indicates increased basic contribution rates are required, the increase must be shared equally by members and employers. The Agreement also describes the manner in which the Board can elect to apply surplus assets.

An estimate of the actuarial position of the Plan for funding purposes has been made to March 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 6.00% (2020: 6.00%)
- Annual salary escalation rate 3.25% (2020: 3.25%)

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

This estimate, an extrapolation, produced an estimated accessible actuarial excess of $3,057 million as at March 31, 2024 (2023: $3,756 million), as follows:

Funding extrapolation	**2024**	**2023**
Net assets available for basic pension benefits	$ 34,902	$ 32,631
Actuarial asset value adjustment	(162)	333
Smoothed assets for basic pension benefits	34,740	32,964
Rate stabilization account	(1,790)	(1,695)
Smoothed assets excluding rate stabilization account	32,950	31,269
Present value of future contributions at entry-age rate	8,201	7,050
Present value of temporary rate reduction below entry-age rate	(497)	(270)
Net actuarial assets for basic pension benefits	40,654	38,049
Actuarial liability for accrued and future basic pension benefits	(36,197)	(32,996)
Entry-age method actuarial surplus	$ 4,457	$ 5,053
PBSA 5% of net liabilities	(1,400)	(1,297)
Accessible actuarial excess	$ 3,057	$ 3,756

Changes in the extrapolated entry-age method funded status	**2024**	**2023**
Extrapolated entry-age method actuarial surplus, beginning of year	$ 5,053	$ 4,082
RSA transfer	-	-
Adjustment to reflect the 2023 valuation	(550)	-
Asset smoothing method adjustment	(433)	-
Extrapolated change in actuarial liability for accrued and future basic pension benefits	(2,694)	(2,258)
Extrapolated change in actuarial assets for basic pension benefits	3,081	3,229
Extrapolated entry-age method actuarial surplus, end of year	$ 4,457	$ 5,053
PBSA 5% of net liabilities	(1,400)	(1,297)
Accessible actuarial excess	$ 3,057	$ 3,756

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

Based on the funded position at the last actuarial valuation, the plan had accessible going concern excess (AGCE) and the entry age normal cost exceeded the current contribution. The Joint Trust Agreement and funding policy permit the use of surplus to fund a contribution rate below the entry age normal cost, provided a margin of 5% of net liabilities (total liabilities less the present value of future contributions at entry-age rate), plus the amount of surplus required for the contribution reduction is held in the Basic Account. The extrapolation reflects these amounts.

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, various factors, including actual wage increases, investment earnings, and the incidence of retirements and withdrawals, may vary significantly from the long-term assumptions used in the extrapolation.

Measurement difference between funding and accounting positions

The primary components of the measurement differences between the extrapolated entry-age method accessible actuarial excess and the financial statement accounting surplus are as follows:

Measurement difference between funding and accounting positions	2024	2023
Accessible actuarial excess	**$ 3,057**	$ 3,756
PBSA 5% of net liabilities	**1,400**	1,297
Actuarial asset value adjustment	**162**	(333)
Rate stabilization account	**1,790**	1,695
Difference in actuarial methods – present value of future contributions	**(8,201)**	(7,050)
Difference in actuarial methods – present value of rate reduction	**497**	270
Difference in actuarial methods – present value of future liabilities	**9,102**	7,754
Measurement differences between funding and accounting positions	**4,750**	3,633
Surplus for financial statement purposes	**$ 7,807**	**$ 7,389**

Actuarial asset value adjustment

To determine the entry-age method surplus for funding purposes, the actuarial value of net assets available for benefits is determined on an adjusted value basis that smooths the difference between the actual investment return and an assumed return. Effective for the March 31, 2023 funding valuation, the assumed return used is the nominal investment return assumption (from year beginning April 1, 2022). In prior years, the assumed rate was based on a long-term real return. As a result of the timing of this change, the opening smoothed assets and rate stabilization account differ marginally from those reported at year end in the March 31, 2023, financial statements.

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Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

The funding policy requires that the value of the assets be smoothed within a certain corridor. The corridor requires that the smoothed value be no more than 108% and no less than 92% of the market value of the assets. The smoothed value of the assets at March 31, 2024 was 99.5% of the market value of the assets (2023: 101.0%).

The following schedule indicates the year the components of the actuarial asset value adjustment will be recognized in the entry-age method actuarial surplus. The amounts are based on that proportion of the total fund related to the Basic Account assets.

Actuarial asset value adjustment	2024	2023
2024	-	132
2025	**385**	197
2026	**(220)**	(403)
2027	**(75)**	(259)
2028	**72**	-
Total adjustment	**$ 162**	**$ (333)**

Rate Stabilization Account

Interest on the RSA is determined by applying the smoothed rate of return to the fiscal year-end balance. For 2024, $118 million of interest was transferred from the Basic Account to the RSA based on the 2024 smoothed rate of return of 7.0%

Rate stabilization account	2024	2023
Opening balance	**$ 1,695**	$ 1,561
Asset smoothing method adjustment	**(23)**	-
Interest	**118**	134
Ending balance	**$ 1,790**	**$ 1,695**

Difference in actuarial methods

While the accrued pension benefit liability for financial statement purposes uses the projected benefit method pro-rated on service, the pension liability for funding purposes uses an entry-age funding method, where the present value of future normal cost contributions, basic pension benefits for future service and future amortization amounts are included in the determination of the funded status of the Plan.

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Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

b) Inflation Adjustment Account (IAA)

No unfunded liability exists for the IAA, since the obligation for future inflation adjustments is limited to the amount of the available assets in the account. As inflation adjustments are granted to retired members, full funding for the granted inflation adjustment, on a net present value basis, is transferred from the IAA to the Basic Account, from which the pensions are paid. There is no minimum level of inflation adjustment required to be paid under the pension plan rules, nor is there any Plan provision to fund the IAA to any minimum level for future potential inflation adjustments.

The Board annually considers all relevant factors and its IAA funding policy to determine if an inflation adjustment will be granted on pensions in pay and the amount of the inflation adjustment, if any.

The Board monitors the performance of the IAA and, at least annually, reviews a sensitivity analysis of the projected impact on the IAA of possible differing future economic trends. Such factors include inflation rates, real wage growth rates, real investment rates of return and group health benefits costs. This sensitivity analysis assists the Board to identify scenarios, some years in advance of their possible occurrence, in which the IAA assets may cease to grow and the Plan may not be able to grant full CPI increases.

6. FINANCIAL RISK MANAGEMENT

The Board approves the long-term asset mix policy for investment assets through its Statement of Investment Policies and Procedures (SIPP) and oversees the management of these assets through the Board’s investment management agent, BCI. The SIPP requires diversification of investments among asset classes, sets guidelines on investment categories, and limits the exposure to individual investments and counterparties.

Significant risks are regularly monitored and managed by BCI, and actions are taken when appropriate, according to the Plan’s SIPP. In addition, these risks are reviewed periodically with the Board. Such risks include liquidity risk, as well as other financial risks, which comprise currency risk, interest rate risk, other price risk and credit risk.

Financial risks are disclosed on a unit-of-account basis (note 6b), which represents the legal ownership of securities held, and at the underlying securities level (note 6c), which provides additional insight to other risks that may impact the financial instruments of the Plan. Both forms of disclosure provide valuable perspectives on the financial risks that may directly or indirectly impact the financial statements and the funded status of the Plan. These two forms of risk disclosure are not additive to each other.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Liquidity risk

Liquidity risk is the risk of not being able to meet the Plan's cash requirements in a timely and cost-effective manner. Expenditures relate primarily to pensions, termination and refund benefits, investment and administration costs, and retired member group benefits. The Plan's approach to mitigating liquidity risk is to forecast its cash requirements over the near and long term to determine whether sufficient funds are available.

The Plan's primary source of liquidity is income generated from the Plan's investments, and employer and employee contributions. Investments are primarily held in pooled funds; the securities held are traded in active markets and can be readily sold; and the pooled fund units can thereby be redeemed to fund cash requirements. Accounts payable of $16 million (2023: $18 million) are generally due within one month. Derivatives payable of $84 million (2023: $277 million) are due within the next fiscal year.

b) Financial risks on a unit-of-account basis

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate interest in the value of the net assets of the respective pooled investment fund. The unit-of-account of the Plan's investments is the units of the pooled investment funds.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk consists of currency, interest rate and other price risk.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the fund will fluctuate due to changes in foreign exchange rates. The Plan holds primarily Canadian dollar denominated investment pooled fund units and is exposed to currency risk through holdings of small amounts of foreign currency denominated debt investments. See note 6c for currency exposure related to underlying securities.

Foreign denominated investments held by the plan are $505 million United States (US), 1.1% of total investments (2023: $475 million US, 1.1% of total investments).

As at March 31, 2024, if the Canadian dollar strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately $50 million (2023: $47 million).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of Plan investments will change as a result of future fluctuations in market interest rates. The majority of the Plan's investment assets are non-interest bearing and not subject to interest rate risk. See note 6c for interest rate risk related to underlying securities.

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Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Financial risks on a unit-of-account basis (continued)

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments traded in the market. The Plan's investments are subject to other price risk through its public equity investments and private market investments, including equity in real estate companies, held directly and through pooled investment portfolios. This risk is managed by diversifying investments across asset classes based on criteria established in the SIPP.

As at March 31, 2024, if the pooled investment fund unit and directly held debt prices increased or decreased by 10%, with all other factors remaining constant, net assets available for benefits would have increased or decreased by approximately $4,482 million (2023: $4,234 million).

In February 2022, events concerning Russia and Ukraine resulted in sanctions being levied against Russian interests by numerous countries. As a result of this ongoing situation, the price and liquidity of securities connected to Russia have declined significantly and were written down to zero. The duration and extent of the impact of this situation on the Plan's other investments remain unclear.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into, resulting in a financial loss to the Plan. The majority of the Plan's investments are held in securities that are not subject to credit risk. See note 6c for credit risk related to underlying securities.

Credit exposure exists for contributions receivable directly held by the Plan totalling $40 million (2023: $36 million), interest and dividends receivable $10 million (2023: $6 million), and for the derivatives $86 million (2023: $240 million).

c) Financial risks of underlying securities held through pooled investment funds

Pooled investment funds exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt and equity; and infrastructure and renewable resources. Examining the risks of the underlying securities contained in pooled investment funds provides additional disclosure to assess the overall financial risks of the Plan's investments. Viewing the financial risks of underlying securities is an alternative way of disclosing financial risks from the unit-of-account basis in note 6b. These risks are not considered additive to the financial risks already disclosed in note 6b.

Market risks are reduced through asset class diversification, diversification within each asset class and credit quality requirements on investments.

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Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Currency risk

Currency exposure also arises from foreign currency denominated investments held directly and from underlying investments held indirectly in pooled investment funds. BCI has currency exposure management programs under which it enters into economic hedges of foreign currency exposure through the use of forward foreign currency contracts.

The Plan's total currency exposure, the impact of economic hedging activities and its net notional exposure as at March 31 are as follows:

Foreign denominated investment holdings (Cdn dollar equivalent)	Total exposure	Economic hedging	Net exposure	% of total
		2024		
United States	$ 21,463	$ 7,052	$ 14,411	57%
Asia-Pacific, excluding Japan	2,876	153	2,723	11%
Euro countries	3,218	609	2,609	10%
United Kingdom	2,690	102	2,588	10%
Other	1,851	-	1,851	7%
Other Europe	810	131	679	3%
Japan	508	-	508	2%
	$ 33,416	$ 8,047	$ 25,369	100%
		2023		
United States	$ 19,780	$ 5,402	$ 14,378	62%
Euro countries	4,106	522	3,584	15%
Asia-Pacific, excluding Japan	2,593	123	2,470	11%
United Kingdome	1,492	116	1,376	6%
Other	963	-	963	4%
Other Europe	369	111	258	1%
Japan	300	2	298	1%
	$ 29,603	$ 6,276	$ 23,327	100%

The net foreign currency exposure of its underlying investment represents 57% (2023: 55%) of the Plan's total investments.

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Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Interest rate risk

The Plan's pooled investment funds hold interest-bearing financial instruments in short-term investments, bonds, mortgages and private debt. The risk of adverse changes in interest rates is reduced within the underlying investment pools through management of duration in exposure to fixed income securities, the use of floating rate notes and interest rate swaps, and general diversification by security type and geographic region. The Plan participates in a leveraged bond strategy using repurchase agreements that is included in the terms to maturity table below.

The terms to contractual maturity of interest-bearing financial instruments held directly and through pooled investment portfolios as at March 31, are as follows:

Terms to maturity of interest-bearing financial instruments

	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Effective yield to maturity
			2024			
Short-term	$ 1,128	$ 7	$ -	$ -	$ 1,135	5.20%
Bonds[1]	298	4,687	3,364	3,974	12,323	4.71%
Repurchase agreements	(4,847)	-	-	-	(4,847)	-4.99%
Mortgages[2]	275	1,611	16	18	1,920	7.37%
Debt[3]	-	4	-	-	4	4.80%
Private debt[2]	189	1,001	306	22	1,518	10.69%
	$ (2,957)	$ 7,310	$ 3,686	$ 4,014	$ 12,053	
			2023			
Short-term	$ 820	$ -	$ -	$ -	$ 820	4.75%
Bonds[1]	167	3,990	3,223	4,022	11,402	3.95%
Repurchase agreements	(4,220)	-	-	-	(4,220)	-4.53%
Mortgages[2]	538	1,168	5	-	1,711	6.77%
Debt[3]	-	1	2	-	3	4.80%
Private debt[2]	3	997	275	23	1,298	10.49%
	$ (2,692)	$ 6,156	$ 3,505	$ 4,045	$ 11,014	

[1]Excludes unsecured debt and bonds with no maturity date

[2]Effective yield to maturity includes both fixed and variable interest rates

[3]Grouped with real estate investment category

As at March 31, 2024, if the prevailing interest rates had increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables remaining constant, the fair value of interest-bearing financial instruments and net assets available for benefits would have decreased or increased by approximately $982 million (2023: $856 million).

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Other price risk

Other price risk associated with the underlying investments held in pooled investment funds is consistent with that described earlier in note 6b, which describes financial risks on a unit-of-account basis.

Credit risk

The Plan's underlying investment assets held in pooled investment funds attract credit risk. This is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. It's also the risk of losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligations. Credit risk is managed by establishing specific investment criteria, such as minimum credit ratings for investees and counterparties and maximum concentration limits with given counterparties.

Credit risk ratings on financial instruments (short-term investments, bonds, mortgages and debt) held directly and through pooled investment portfolios are as follows:

Credit rating of financial instruments

	AAA/AA	A	BBB	Non-investment grade	Unrated	Total
			2024			
Short-term	$ 409	$ 530	$ -	$ -	$ 195	$ 1,134
Bonds*	8,963	2,229	588	979	317	13,076
Mortgages	-	-	-	-	1,920	1,920
Debt**	-	-	-	-	4	4
Private debt	8	-	-	190	3,153	3,351
	$ 9,380	$ 2,759	$ 588	$ 1,169	$ 5,589	$ 19,485
	48%	14%	3%	6%	29%	100%
			2023			
Short-term	$ 293	$ 386	$ -	$ -	$ 141	$ 820
Bonds	7,510	2,648	484	579	263	11,484
Mortgages	-	-	-	-	1,711	1,711
Debt**	-	-	-	-	3	3
Private debt	24	-	9	259	2,515	2,807
	$ 7,827	$ 3,034	$ 493	$ 838	$ 4,633	$ 16,825
	47%	18%	3%	5%	27%	100%

* Unsecured debt not included in bonds

** Grouped with real estate investment category

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Credit risk (continued)

The ratings used are defined by Standard & Poor's rating agency. Obligations rated AAA/AA have the highest rating assigned. The counterparty's capacity to meet its financial commitment on the obligation is very strong. Bonds rated A, BBB or non-investment grade are weaker. A BBB rating denotes an obligation with adequate protection parameters and a non-investment grade rating denotes major ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the debtor's inadequate capacity to meet its financial commitment on the obligation.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

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 as follows:

Level 1

Inputs that are unadjusted quoted prices in active markets for identical assets or liabilities

Level 2

Inputs other than 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

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value hierarchy (continued)

Plan investments are carried at fair value in the financial statements. The following table details the classification of the Plan's investments based on the fair value hierarchy as at March 31:

Fair value hierarchy	Level 1	Level 2	Level 3	Total
		2024		
Pooled investments	$ 1,135	$ 20,380	$ 23,304	$ 44,819
Direct debt*	-	-	4	4
Investments	**$ 1,135**	**$ 20,380**	**$ 23,308**	**$ 44,823**
Directly held derivatives	**$ -**	**$ 2**	**$ -**	**$ 2**
		2023		
Pooled investments	$ 8,673	$ 13,655	$ 20,016	$ 42,344
Direct debt*	-	-	3	3
Investments	**$ 8,673**	**$ 13,655**	**$ 20,019**	**$ 42,347**
Directly held derivatives	**$ -**	**$ (37)**	**$ -**	**$ (37)**

*Grouped with real estate investment category

During 2024 and 2023, there were no significant transfers of investments between levels.

The following table reconciles the Plan's level 3 fair value measurements:

Level 3 fair value hierarchy	Pooled investments	Direct debt	Total
		2024	
Balance, beginning of year	$ 20,016	$ 3	$ 20,019
Net gain included in investment income	976	-	976
Purchases	5,362	1	5,363
Sales	(3,050)	-	(3,050)
Balance, end of year	**$ 23,304**	**$ 4**	**$ 23,308**
Total unrealized gain included in investment income	$ 445	$ -	$ 445
		2023	
Balance, beginning of year	$ 16,587	$ 4	$ 16,591
Net gain (loss) included in investment income	973	(1)	972
Purchases	10,517	-	10,517
Sales	(8,061)	-	(8,061)
Balance, end of year	**$ 20,016**	**$ 3**	**$ 20,019**
Total unrealized loss included in investment income	$ 116	$ -	$ 116

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

BCI uses widely recognized valuation methods for determining the fair value of common and less complex financial instruments such as investments in pooled funds, where fair value is based on the underlying net asset value of the respective pooled fund as determined by the underlying fund manager. Observable prices and model inputs are usually available in the market for listed equity and debt securities, simple derivatives such as forward or future currency contracts and pooled funds.

The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the financial instrument and is subject to change based on specific events and general conditions in the financial markets.

For more complex financial instruments, such as direct private debt investments held by the Plan, BCI uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates, or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. BCI's judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows of the financial instrument being valued, determination of the probability of counterparty default and prepayments, and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that BCI believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Plan and the counterparties where appropriate.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

c) Valuation framework

BCI has an established framework with respect to the measurement of fair values of financial instruments. Where possible, for direct private debt investments held by the Plan, external, independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where BCI relies on the third-party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, where available, and other information from the underlying third-party manager or other sources.

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- Verification of observable pricing inputs
- Appraisal of domestic real estate properties once every 10 to 18 months by accredited independent appraisers
- Analysis and investigation of significant valuation movements
- Review of unobservable inputs and valuation adjustments

When third-party information such as broker quotes or pricing services is used to measure fair value, BCI assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. This includes:

- Verifying that the broker or pricing service is approved by BCI for use in pricing the relevant type of financial instrument
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions
- Understanding how fair value has been determined when a number of quotes for similar financial instruments have been obtained
- Understanding how prices for similar financial instruments used to measure fair value have been adjusted to reflect the characteristics of the financial instrument subject to measurement

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

d) Significant unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as level 3 in the fair value hierarchy.

Significant unobservable inputs used in measuring fair value

Description	Fair value	Valuation technique	Unobservable input	Amount / range	Sensitivity to change in significant unobservable input
			2024		
					The estimated fair value would increase if:
Pooled investments	**$ 23,304**	**Net asset value**	**Net asset value**	**$ 23,304**	**The net asset value increased**
Direct debt	**$ 4**	**Discounted cash flow**	**Discount rate**	**4.8%**	**The discount rate decreased**
			2023		
					The estimated fair value would increase if:
Pooled investments	$ 20,016	Net asset value	Net asset value	$ 20,016	The net asset value increased
Direct debt	$ 3	Discounted cash flow	Discount rate	4.8%	The discount rate decreased

Net asset value

Net asset value is determined by BCI based on the fair value of assets less liabilities. Such investments are closed funds with significant restrictions on redemptions. Accordingly, BCI is unable to dispose of the pooled fund investment until the maturity or wind-up and liquidation of the respective pooled fund. In such cases, it is the Plan's policy to categorize the pooled fund investment as level 3 within the fair value hierarchy.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

d) Significant unobservable inputs used in measuring fair value (continued)

Discount rate

This represents the discount rate applied to the expected future cash flows of the direct debt investment. For the discount rates used, the underlying investment manager assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

e) Effects of unobservable input on fair value measurement

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3, changing one or more of the assumptions used for a reasonable alternative assumption could have the following effects on net assets attributable to holders of redeemable units.

The pooled investments and direct debt investment were valued based on information received from BCI, the manager of the respective investments. The fair value of these investments fluctuates in response to changes to specific assumptions for these particular investments, as determined by BCI. The favourable and unfavourable effects of reasonable alternative assumptions for the valuation of pooled investments and direct debt investments have been calculated by adjusting the respective underlying net asset value by 10%.

	2024		2023	
	Favourable	Unfavourable	Favourable	Unfavourable
Pooled investments	$ 2,330	$ (2,330)	$ 2,002	$ (2,002)
Direct debt	-	-	-	-
	$ 2,330	$ (2,330)	$ 2,002	$ (2,002)

f) Financial instruments not measured at fair value

The carrying value of contributions receivable, due from sale of investments, accounts payable and accrued expenses, and payable for purchase of investments approximate their fair value given their short-term nature. These financial instruments are classified as level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

8. INVESTMENT INCOME

	2024			2023		
	Income allocation	Change in fair value	Total	Income allocation	Change in fair value	Total
Short-term	$ 54	$ 7	$ 61	$ 19	$ 35	$ 54
Bonds	292	(314)	(22)	371	(500)	(129)
Canadian equities	50	166	216	37	(90)	(53)
Global equities	220	1,264	1,484	163	(9)	154
Emerging markets equities	99	130	229	88	(44)	44
Mortgages	101	31	132	152	3	155
Real estate	142	(419)	(277)	200	285	485
Private debt and equity	521	422	943	748	(386)	362
IRR*	558	(250)	308	297	324	621
	2,037	1,037	3,074	2,075	(382)	1,693
Directly held derivatives	-	11	11	-	(83)	(83)
	$ 2,037	$ 1,048	$ 3,085	$ 2,075	$ (465)	$ 1,610

* Infrastructure and renewable resources

Investment income represents realized and unrealized pooled investment portfolio income attributable to the Plan, as a unit holder, and income from directly held investments. Income allocation is composed of interest, dividends and other investment payments. Change in fair value is composed of realized gains and losses on the disposal of investments and derivatives, and unrealized gains and losses on investments and derivatives held at year-end. All income earned within a pooled investment portfolio is reinvested within the portfolio.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

9. CONTRIBUTIONS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Employer contributions				
Province of British Columbia				
Regular	$ 205	$ 71	$ 25	$ 301
Past service purchases	1	-	-	1
Retired member group benefits	-	-	17	17
	206	71	42	319
Other employers				
Regular	189	57	2	248
Past service purchases	1	1	-	2
Retired member group benefits	-	-	14	14
	190	58	16	264
Total employer contributions	396	129	58	583
Member contributions				
Regular	403	71	1	475
Past service purchases	2	1	-	3
	405	72	1	478
	$ 801	$ 201	$ 59	$ 1,061
		2023		
Employer contributions				
Province of British Columbia				
Regular	$ 181	$ 63	$ 22	$ 266
Past service purchases	1	-	-	1
Retired member group benefits	-	-	16	16
	182	63	38	283
Other employers				
Regular	166	50	2	218
Past service purchases	1	-	-	1
Retired member group benefits	-	-	13	13
	167	50	15	232
Total employer contributions	349	113	53	515
Member contributions				
Regular	356	63	1	420
Past service purchases	3	1	-	4
	359	64	1	424
	$ 708	$ 177	$ 54	$ 939

Member and employer contributions are as defined under the pension plan rules. Members' past service purchases are voluntary contributions.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

10. BENEFITS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Regular pension benefits	$ 1,084	$ -	$ 23	$ 1,107
Indexing—regular pension benefits	298	-	5	303
Termination and refund benefits	29	22	-	51
Death benefit payments	15	7	-	22
	$ 1,426	$ 29	$ 28	$ 1,483
		2023		
Regular pension benefits	$ 1,046	$ -	$ 21	$ 1,067
Indexing—regular pension benefits	234	-	4	238
Termination and refund benefits	55	62	-	117
Death benefit payments	14	8	-	22
	$ 1,349	$ 70	$ 25	$ 1,444

11. SUPPLEMENTAL BENEFITS ACCOUNT

The SBA funds certain supplemental benefits; for example, pension benefits that exceed the *Income Tax Act* limits for registered pension plans are paid through this account. Certain group benefit coverage has been provided for retired members through this account. The availability, type and level of retired member group benefit coverage are contingent on the availability of funding for such benefits.

To the extent retired member group benefits are funded from the SBA (2024: $31 million; 2023: $29 million), they are funded from current contributions that would otherwise be employer contributions to the IAA and are capped at 1% of pensionable salaries, which equates to 25% of total current member and employer IAA contributions. Retired member group benefit costs (shown on the Statement of Changes in Net Assets Available for Benefits) represent group benefit costs paid by the Plan less any premiums paid by retired members.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

12. RELATED PARTY TRANSACTIONS

a) Transfers from Members of the Legislative Assembly (MLA) Superannuation Account

The Members of the Legislative Assembly Superannuation Account (MLA Account) was established under Part 2 of the *Members' Remuneration and Pensions Act* which was amended in July 1995 to discontinue the accrual of benefit entitlements under Part 2 after June 19, 1996. As at March 31, 2024, two members remain (2023: two members) with eligibility for a benefit from the MLA Account.

When an eligible MLA is granted a pension, the present value of the pension is transferred from the MLA Account to the Plan, from which monthly benefits are paid. During the year ended March 31, 2024, no pensions were granted (2023: no pensions were granted).

b) Investment and administration costs

	2024	2023
Investment management	$ **97.9**	$ 84.0
Benefit administration	**21.4**	19.8
Other professional services	**0.4**	0.6
Board secretariat	**0.4**	0.4
Board remuneration and expenses	**0.4**	0.3
Actuarial and audit	**0.2**	0.1
	$ **120.7**	$ **105.2**

Investment and administration costs include audit fees of $65 thousand (2023: $66 thousand) and actuary fees of $178 thousand (2023: $87 thousand).

BCI and Pension Corporation are related parties to the Plan. The Board appoints members to each of the respective corporate boards. BCI and Pension Corporation are participating employers in the Plan. Investment management and benefit administration costs are approved by the Board.

Investment management costs represent amounts charged to recover internal and external management costs incurred by BCI, except those external management fees related to investments managed by an underlying external manager, where management fees are embedded in the net assets of the respective investment. Underlying external investment management fees of $70 million (2023: $72 million) were netted against investment income.

Benefit administration costs represent amounts charged to recover benefit administration costs incurred by Pension Corporation. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Investment and administration costs (continued)

Other professional services costs include insurance and legal fees incurred directly by the Plan.

Board secretariat costs represent amounts directly incurred by the Board for costs associated with supporting the Board.

Board remuneration and expenses represent amounts for trustee compensation and direct expenses.

13. ACCOUNT TRANSFERS

	2024		2023	
	Basic account	Inflation adjustment account	Basic account	Inflation adjustment account
Indexing supplements	$ 600	$ (600)	$ 822	$ (822)
Indexing deferred pensions	15	(15)	10	(10)
	$ 615	$ (615)	$ 832	$ (832)

The IAA is a separate account maintained for funding current and future inflation adjustments. The IAA is funded through a portion of ongoing contributions from employers and members, investment income earned and excess investment return earned in the Basic Account.

Inflation adjusted pension payments are made from the Basic Account. Each year, if members' pension payments are adjusted for the current inflation adjustment, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current inflation adjustment. The Board annually considers all relevant factors and its IAA funding policy to determine if an inflation adjustment will be granted on pensions in pay and the amount of the inflation adjustment, if any. As at January 1, 2024, retired members received an inflation adjustment of 4.4% (2023: 6.5%) and indexing supplements were transferred.

When a deferred pension commences, the present value of the inflation adjustment during the deferral period is transferred from the IAA to the Basic Account. Approximately $160 million (2023: $163 million) of the current IAA balance is for inflation adjustments already granted for deferred pensions but not yet transferred to the Basic Account.

Excess investment return is based on investment income earned on those assets in the Basic Account required for pensions currently being paid: approximately $14.4 billion of assets for 2024 (2023: $13.3 billion). The excess investment return rate is determined by taking the difference between the actual five-year annualized market rate of return (7.7%) and the rate of return used by the Plan actuary (6.00%) in valuing the Plan's liabilities. The calculated excess investment return rate for 2024 was 1.70% (2023: 1.50%), resulting in an excess investment return amount of $244 million (2023: $200 million).

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

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13. ACCOUNT TRANSFERS (CONTINUED)

Plan rules allow the positive excess investment return transfer to occur at the discretion of the Board. The Board did not elect to transfer this excess investment return in the Basic Account to the IAA.

Should the excess investment return in any year not be transferred to the IAA or the RSA, it will be carried forward cumulatively with interest and be available for transfer to the IAA at the discretion of the Board, in the future. If there is a positive balance at the valuation date and there is a valuation surplus, the funding policy calls for this amount to be transferred to the RSA. If the balance is ever negative, it will be offset against future positive excess investment returns before transfers to the IAA or RSA will recommence. The excess investment interest is an amount determined by applying the five-year annualized market rate of return to the fiscal year opening balance.

Excess investment return	2024	2023
Cumulative excess investment return, beginning of year	$ 1,095	$ 832
Interest applied to beginning of year amount	84	63
Excess investment return	244	200
Cumulative excess investment return, end of year	**$ 1,423**	**$ 1,095**

14. COMMITMENTS

The Plan participates in private equity, international real estate, mortgages, and infrastructure and renewable resource pools. As at March 31, 2024, the Plan's share of commitments for future investment contracts in these pools over the next several years is approximately $8,183 million (2023: $8,605 million).

PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ millions except as otherwise noted)

15. CAPITAL DISCLOSURES

Capital is defined as the funded status (surplus or deficit) of the Plan as determined by the actuary. The Plan's objective for managing capital is to ensure that the assets of the Plan are invested prudently and effectively, and with contributions adequate to meet the obligations of the Plan. Management of the Plan's funded status is achieved by adjusting member and employer contribution rates; through implementation of the SIPP, which affects the earnings of the Plan; and, in the case of the IAA, by changing the benefits paid. The Board has a funding policy that outlines the principles that provide guidance in managing this process. The investment performance of the Plan's assets is reviewed by the Board on a regular basis and compared to relevant industry benchmarks. Benefit entitlement is based on the provisions of the Agreement and the pension plan rules. Funding deficits must be funded over a period not to exceed 15 years.

An actuarial valuation must be prepared at least once every three years. The latest actuarial valuation for funding purposes was prepared as at March 31, 2023, and has two components, the Basic Account non-indexed benefits and, by considering the valuation of the entire Plan, the non-guaranteed IAA benefits. The next full actuarial valuation will be carried out as at March 31, 2026, with the results included in the March 31, 2027 financial statements.

The Act and the Board's funding policy require that contribution rates comply with the going-concern requirements of the PBSA.

16. PRIOR YEAR COMPARATIVES

The prior year comparatives have been reclassified to conform to the current year presentation.

Plan rule amendments

Updated definition of "ambulance paramedic" and various housekeeping amendments

Plan rule amendment no. 59—effective December 15, 2023; definition of "ambulance paramedic": January 23, 2024

The definition of "ambulance paramedic" was amended to clarify that members must be employed in a public safety occupation as defined in the *Income Tax Act* regulations. This update ensures the enhanced early retirement provisions apply only to members employed in public safety occupations.

Appendix

Employer list

A

Alliance Facility Solutions Inc.
Architectural Institute of British Columbia
Association of British Columbia Forest Professionals
Association of Doctors of BC

B

BC Family Maintenance Agency Ltd.
BC Ferry and Marine Workers' Union
BC General Employees' Union
BC Infrastructure Benefits Inc.
BC Pavilion Corporation
BC Public Service Agency
British Columbia Assessment Authority
British Columbia Centre for Disease Control (an operation of the Provincial Health Services Authority)
British Columbia Emergency Health Services
British Columbia Energy Regulator
British Columbia Excluded Employees' Association
British Columbia Ferry Services Inc.
British Columbia Financial Services Authority
British Columbia Housing Management Commission
British Columbia Innovation Council
British Columbia Institute of Technology
British Columbia Investment Management Corporation
British Columbia Liquor Distribution Branch
British Columbia Mental Health Society (an operation of the Provincial Health Services Authority)
British Columbia Milk Marketing Board
British Columbia Pension Corporation
British Columbia Rapid Transit Company Ltd.
British Columbia Securities Commission
British Columbia Transit Authority
British Columbia Treaty Commission
British Columbia Utilities Commission
Broadmead Care Society
Brookfield GIS Workplace Solutions Inc.
Building Officials' Association of British Columbia

C

Canada/British Columbia Business Services Society
Canadian Office and Professional Employees Union, Local 378
Canadian Road Builders Inc. dba Lafrentz Road Marking Division
Coast Mountain Bus Company Ltd.
Cobra Electric Regional Services Ltd.
College of Applied Biology
College of Physicians and Surgeons of British Columbia
Columbia Basin Trust
Columbia Power Corporation
Community Living British Columbia
Creative BC Society

E

E-Comm Emergency Communications for British Columbia Inc.
Elections British Columbia
ESIT Advanced Solutions Inc.

F

First Peoples' Cultural Council
Forensic Psychiatric Services Commission
Forest Enhancement Society of BC
Forestry Innovation Investment Ltd.
Fraser Health Authority
Freshwater Fisheries Society of BC

H

Habitat Conservation Trust Foundation

I

InBC Investment Corporation
Infrastructure BC Inc.
Interior Health Authority
Islands Trust Council
ISM Information Systems Management Canada Corporation

J

Justice Development Commission

K

Kw'umut Lelum Child and Family Services Society

L

Land Title and Survey Authority of British Columbia
Legislative Assembly of British Columbia
Lu'ma Native Housing Society

M

MAXIMUS BC Health Benefit Operations, Inc.
MAXIMUS BC Health, Inc.
MAXIMUS Canada BC Operations Inc.
MAXIMUS Canada Service (BC), Inc.

N

Nanaimo Port Authority
NIȽ TU,O Child and Family Services Society
Northern Development Initiative Trust
North Island-Coast Development Initiative Trust
Northern Health Authority
NTT DATA BCU, Inc.

P

PBC Solutions Limited
Professional Employees Association
Protrans BC Operations Ltd.
Providence Health Care Society
Provincial Health Services Authority
Public Service Pension Plan

R

Royal BC Museum

S

Scw'exmx Child and Family Services Society
Secwépemc Child and Family Services
SkilledTradesBC

South Coast British Columbia Transportation Authority
Southern Interior Development Initiative Trust

T

Technical Safety BC
TELUS Employer Solutions Inc.
Thompson Health Region
TransLink Security Management Ltd.
Transportation Investment Corporation

V

Vancouver Aboriginal Child and Family Services Society
Vancouver Coastal Health Authority
Vancouver Island Health Authority

W

WaterBridge Equipment Inc.
WaterBridge Fabricating Inc.
WaterBridge Ferries Inc.
West Coast Express Ltd.
Western Pacific Marine Ltd.
Workers' Compensation Appeal Tribunal

X

Xyólheméylh (Fraser Valley Aboriginal Children and Family Services Society)

Y

Yellowhead Road & Bridge (Nicola) Ltd.

Public Service Pension Plan™

This is a publication of the Public Service Pension Board of Trustees. If you have any questions about the information contained in this report, please contact:

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