

**Pension Advisory Committee Representative**

**Annual Report to VIUFA**

**2017**

Plan Performance

According to the Trustees Report of February 2017, “The Plan had a return of 6. 5% this year. That is below the benchmark (6.8%) but still above our long term rate of return assumption which is 6.25%”

Cost of Living Adjustments

Due to a modest surplus in the Plan, the COLA (cost-of-living adjustment) for retired members has been increased by 1.4% It now stands at 2.07% and will be capped at 2.07% at least until 2018.

Members Who Choose to Work Past the Age of 65

Since the elimination of mandatory retirement many more members are choosing to work past the age of 65. 5% of working members were over the age of 65 in 2015, an increase of 1% over the previous year. At VIU in 2007/08 there were 8 FTE over the age of 65. In 2013/14 there were 19.

In addition, once one turns 71, one must begin to collect one’s pension. If one continues to work, one will receive both one’s full pension in addition to one’s salary. Those who continue to work past the age of 71 no longer make contributions to the pension plan, nor does the employer on their behalf. The number of members working past the age of 71 has increased from 8 in 2011 to 33 in 2015. A joint PC/PAC subcommittee is looking into ways to encourage retirement (e.g. phased retirement).

Socially Responsible Investing and the College Pension Plan.

I am a member of PAC’s Socially Responsible Investment subcommittee. Our first biannual report was submitted at FPSE’s AGM in May 2016. The recommendations in that report are:

\*That FPSE continue to monitor the SRI practices of the College Pension Plan.

\*The sub-committee believes that climate change will dominate the SRI universe for the foreseeable future. FPSE should remain current on issues related to climate change, greenhouse gas emissions, and possible developments in divestment from carbon based energy investments.

\*That FPSE also maintain a focus on issues of human and labour rights within the College Pension Plan investments.

\*That FPSE appointed trustees work to ensure that the College Pension Board of Trustees develops practices that allow it to more effectively oversee the SRI practices and policies of bcIMC (the corporation responsible for investing our pension funds).

\*There is a strong need for legal reform so that better and more accurate information is available concerning the operations of mining companies in the developing world and so that victims of human rights abuses are able to pursue these companies in Canada. The Pension Advisory Committee recommends that FPSE trustees engage this issue more actively.

\*That opportunities for impact investing be investigated more fully and implemented where economic and ESG factors make sense.

Last year SHARE (The Shareholder Association for Research and Education) was hired to conduct an analysis of bcIMC’s SRI practices and policies. Apparently SHARE’s executive director Peter Chapman reported that bcIMC is doing a ‘good job’. I asked that a copy of Peter Chapman’s report be circulated to PAC. Unfortunately it turns out that Mr. Chapman’s report was a verbal one. I have asked that Peter Chapmen be invited to a PAC meeting to give a detailed account of his findings.

At the subcommittee’s request a representative of bcIMC gave a report on socially responsible investing at our February meeting. He stated that bcIMC will have key performance indicators with regard to its SRI practices in place by March 2017. Hopefully these will help us to more closely monitor bcIMC’s SRI practices.

I would like to thank the members of VIUFA’s own subcommittee on ethical investing and the CPP for their continued interest and support: Don Alexander and Michael Down.

Respectfully submitted by

Robert Pepper-Smith

April, 2017