



# STAFF PENSION PLAN UPDATE

Newsletter published by the Pension Board for members and beneficiaries of the University of British Columbia Staff Pension Plan.

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### Dear Members,

As the end of another year draws near, the UBC Staff Pension Plan (SPP) Board looks forward to welcoming at least one new Pension Board Member.

### New Pension Board Member

Helen Hahn, a retiree and long-time employee of the University of British Columbia, has been appointed to a four-year term on the Pension Board as a university representative. Board members look forward to Helen's perspective and contributions. Read a brief profile of Helen on page 4.

### Election of Directors

By the time you receive this newsletter, two Directors will have been elected to serve four-year terms on the Pension Board. The terms begin January 1, 2001.

Four candidates ran for election:

*Peter Dudulec Jr.*, Electrician, Plant Operations, Land and Building Services  
*Alan Marchant*, Director, Advancement Services, External Affairs  
*Jon Nightingale*, Deferred Member, Current UBC Staff Pension Plan Board Member  
*Shirley Reeve*, Controller, TRIUMF, Current UBC Staff Pension Plan Board Member

Find out which candidates were elected by checking the election results posted November 29, 2000 on TeleVote at 822-8683.

### Plan Amendments

To keep the Plan current and in step with recent changes in pension legislation, the University Board of Governors recently approved amendments to the SPP. The amendments deal with:

- the conditions under which non-residents are exempt from the Plan's locking-in provisions
- how the Plan treats "small benefits"
- the definition of benefits to be divided on marriage breakdown

You will find more details on these amendments on page 2.

### Web Site Coming

By the New Year you will be able to receive information about your Plan on the new UBC Staff Pension Plan web site, currently in the completion stages. You'll find details about the Plan and information updates for members. Watch for details.

### Season's Greetings

The busy Holiday Season is approaching. On behalf of the Pension Board, I wish all members of the UBC Staff Pension Plan a relaxing, safe and peaceful season.

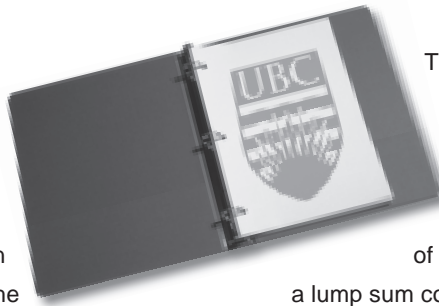
Sincerely yours,

George McLaughlin  
Chair of the UBC Staff Pension Plan Board

This material has been compiled by the Staff and Pension Board Members of The University of British Columbia Staff Pension Plan from information provided to them and is believed to be correct. If there is any inconsistency between the contents of the newsletter and the Pension Plan trust or legislation, the trust and legislation will prevail.

## Plan Amendments Drafted

To keep the Plan up to date with evolving legislation, the Pension Board regularly prepares amendments. The most recent amendments, passed by the University Board of Governors at its November 16th meeting, adjust the Plan in keeping with new regulations under the BC Pension Benefits Standards Act that became effective December 17, 1999. The amendments also include a small policy change. The amendments are summarized below.



The “small benefits” covered by these provisions are based on Canada Pension Plan earnings limits, which change each year. For the year 2000, the previous Plan provisions would have covered pensions of less than \$752 per year and pensions with a lump sum commuted value of less than \$1,504.

Effective December 17, 1999 the amendments changed these provisions in the following two ways:

- Small benefits are no longer paid out of the Plan automatically. Members with small benefits have the same deferred pension choices as other members. However, as before, small benefits paid in cash or as RRSP transfers are free from legislative locking-in requirements.
- The small benefit limits were raised substantially for the the year 2000. The new provisions apply to pensions of less than \$3,760 per year and to pensions with a lump sum commuted value of less than \$7,520.

### Conditions for Exemption of Non-Resident Canadians from Locking-in Provisions

Locked-in funds must be used to provide retirement income, including survivor benefits, if applicable. They cannot be cashed out. As the November 1999 newsletter explained, non-resident Canadians can now obtain exemption from the locking-in provisions of the Plan.

A non-resident Canadian is a member, spouse, or limited member who has been absent from Canada for two or more years and who is a non-resident of Canada for tax purposes. These individuals are permitted to cash out their benefits, but only under certain conditions. The current amendments specify the conditions.

- The member must apply for the exemption using a specific form.
- For members with spouses, the application is subject to the spouse signing a waiver of spousal entitlement.

### Treatment of Small Benefits

The Plan has special provisions for dealing with “small benefits”.

Before the new regulations took effect on December 17, 1999, small benefit entitlements were automatically paid in cash or transferred to an RRSP. They were not locked-in and members could not take them in the form of a deferred pension from the Plan.

### Definition of Benefits to be Divided on Marriage Breakdown

When a member’s pension entitlement is divided on marriage breakdown, the ex-spouse receives, at the member’s retirement age, a specified share of the value of the member’s benefit. Prior to the amendment, the Plan based the specified share on the value of the member’s pension. In a small number of cases the member is also entitled to an additional amount in respect of the minimum “double refund” benefit available on termination of employment. The amendment states that, effective July 15, 1999 the date on which the Pension Board changed its policy, this additional amount is also to be shared with the ex-spouse.

Division of pension assets on marriage breakdown is a complex issue. If this issue affects you, be sure to call the Pensions Office to confidentially discuss your situation one-on-one.

The amendments also include some minor technical adjustments to the Plan document. These are not listed here.

## A Question of Ethics – Socially Responsible Investing

In recent months a number of articles in the popular press have discussed ethical or socially responsible investing (SRI) and the increasing interest shown by institutional investors. This interest was reflected at the June 2000 Annual General Meeting of the UBC Staff Pension Plan (SPP) when a question was raised about SRI.

While the SPP Statement of Investment Policies does not currently include SRI guidelines or objectives, the SPP Investment Committee is investigating industry practices and trends.

An SRI investment philosophy means that a fund's investments are consistent with the social/environmental goals and the financial goals of the owners or beneficiaries. Fund trustees with an SRI investment philosophy use economic and market levers to encourage corporate responsibility and positive social and environmental change, and at the same time, achieve competitive financial returns.

Obviously, for a pension plan or trustee fund, the principles of maximizing return and minimizing risk, are critical. Those principles are carried out within a framework of prudence and fiduciary duty. The objective of an SRI policy for these types of funds, therefore, is to integrate the social goals of the fund owners or beneficiaries, with a prudent investment decision process consistent with the trustees' duties as fiduciaries.

Trustees must be aware that as the list of objectionable stocks or industries grows, the risk of under-performing relative to the standard equity benchmarks increases.

The number of funds reflecting an SRI philosophy that are available for institutional investors has grown in number and size over the past few years. As the sector matures and develops longer investment performance histories for an increasing number of funds, even more investors will be able to consider these types of funds.

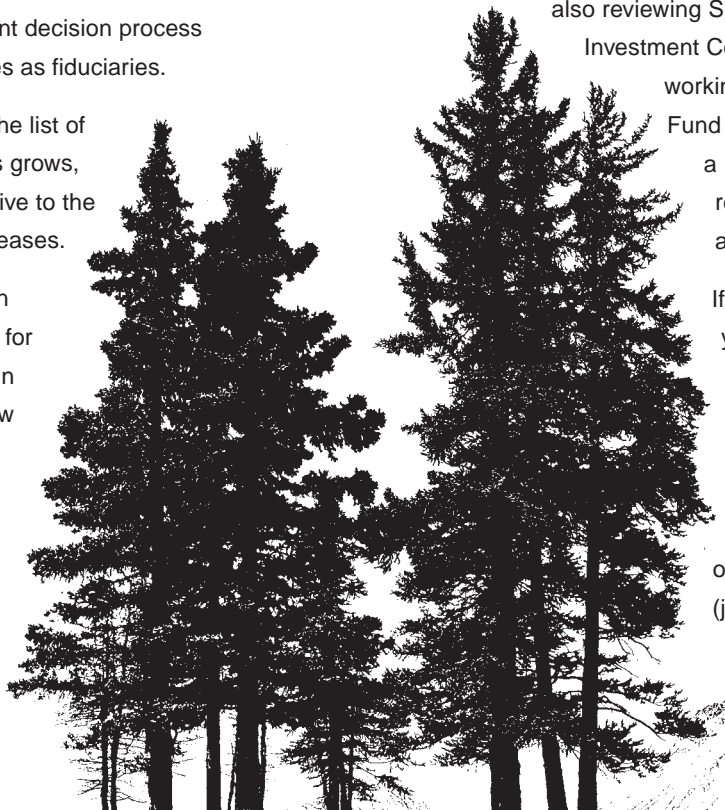
SRI fund managers typically screen the universe of stocks, looking for those that reflect the values or mission of the owners. They analyze a company's corporate policies, practices and impacts as well as its financial merit. Investments may be based on negative criteria, e.g., no "sin" stocks, such as armaments or nuclear power. Or, they may be chosen because of positive criteria such as leading-edge environmental practices, employee relations, human rights issues, etc. Some SRI policies use investing as a means to have a direct impact on corporate action – through proxy voting and shareholder pressure. Economically targeted investments or community/social investing may be another component of SRI.

One of the most difficult challenges for a large pension plan with a diverse membership is identifying common social/environmental goals of the members. An important first step is to define the mission and values of the organization that owns the funds.

Over the coming months the SPP Investment Committee will continue to review SRI. We have requested that the SPPs investment managers state their policies on SRI, outline the availability of socially screened funds and identify any concerns regarding the impact of an SRI policy on a fund's overall long-term return potential.

The UBC Endowment Fund Investment Committee is also reviewing SRI policies. The SPP Investment Committee anticipates working with the Endowment Fund Committee in preparing a report and, if required, retaining the services of an SRI consulting firm.

If you would like to provide your input about ethical investing, contact Investment Committee Members Roger Polishak at 822-4090 ([roger@treasury.ubc.ca](mailto:roger@treasury.ubc.ca)) or Jay Parker at 822-8114 ([jay.parker@ubc.ca](mailto:jay.parker@ubc.ca)).



## Retirees, take note!

### Pensions Increase January 1, 2001

The cost-of-living adjustment (COLA) to pensions being paid as of January 1, 2001 will be 2.69%. The Staff Pension Plan pays a COLA to pensioners of record on January 1 each year. The percentage of the increase or decrease is based on the change in the national Consumer Price Index (CPI) in the past year. The average increase over 28 years to January 1, 2001 is 4.87%.

### New Year's Payments

The January 2001 payments for retirees will be in their bank accounts on the first business day of the month – Tuesday, January 2, 2001.

### EFAP Coverage Extended

The Employee and Family Assistance Program (EFAP) provides confidential counselling and referral services for retirees and eligible family members including areas such as financial concerns, depression, and alcohol and drug misuse concerns. Until recently, retirees were able to access EFAP services for two years after retirement. The two-year limitation was recently removed. Retirees may now keep their EFAP coverage in effect for as long as they choose.

## Board Welcomes Helen Hahn

Helen Hahn's goals are simple: "I want to help make the Plan do well and improve benefits."

The former UBC employee was appointed by the University for a four-year term on the Pension Board beginning January 2001. Helen sees a major part of her perspective as enhancing the retiree's perspective, but is also aware of a broader role.

"I want to add a retiree perspective and represent the concerns of retired folks, but I also have concerns for staff who are not yet ready to retire."

Retiring after 35 years as a UBC employee, she knows both perspectives well. She spent 25 years in the Research area and the last 10 years in the President's Office as assistant to the Vice President of Research.

Like many employees, she says she did not think much about her pension until she neared retirement. Hahn feels there may be room for the Pension Office to be more proactive in helping members think about retirement earlier. She is looking forward to making a contribution to the Pension Board. "I see it as a real challenge – to learn how it works and how it can be improved. Generally, I'm concerned about maintaining and improving the benefits that the Plan provides now."

## UBC United Way Campaign

*The 2000 UBC United Way Campaign is currently underway on campus. The UBC volunteers want to invite all retired and deferred members of the Plan, as well as current members, to participate in the campaign. Each year, UBC staff, faculty and students join together to make UBC a leader amongst workplace campaigns in the Lower Mainland. In 1999, the campus community – including retired and deferred members of the Plan – donated \$300,000 through United Way to support charitable organizations serving the communities in the Lower Mainland. For information or to make a contribution, please call (604) 822-8929 (UBC-UWAY) or visit [www.unitedway.ubc.ca](http://www.unitedway.ubc.ca).*

