PROVINCE OF BRITISH COLUMBIA

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# Thirtieth Annual Report

of the Business Done in Pursuance of the

# Teachers' Pensions Act

for the Year Ended

DECEMBER 31

1970

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in right of the Province of British Columbia.
1972

*To Colonel the Honourable* JOHN R. NICHOLSON, P.C., O.B.E., Q.C., LL.D.,
*Lieutenant-Governor of the Province of British Columbia.*

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully submits the Report of the business done in pursuance of the *Teachers' Pensions Act* during the fiscal year ended December 31, 1970.

WESLEY D. BLACK
*Provincial Secretary*

*Provincial Secretary's Office,*
*Victoria, British Columbia, December 13, 1971.*

*The Honourable Wesley D. Black,*
*Provincial Secretary, Victoria, British Columbia.*

SIR—I have the honour to lay before you the Report of the business done in pursuance of the *Teachers' Pensions Act* during the fiscal year ended December 31, 1970.

I have the honour to be,

Sir,

Your obedient servant,

W. H. FORREST
*Commissioner of Teachers' Pensions*

*December 13, 1971.*

## TEACHERS' PENSIONS ACT

# ANNUAL REPORT

### Report of the Business Done in Pursuance of the Teachers' Pensions Act During the Period January 1, 1970, to December 31, 1970

*Sections 6 and 7*—Contributions received from teachers totalled $10,615,742, consisting of basic contributions of $10,425,762, extra and voluntary contributions of $66,125, individual repayment of refunds for reinstatement of $102,478, and individual contributions for approved periods of leave of absence of $21,377.

As at December 31, 1970, there were 23,139 teachers making current contributions, of whom 107 were employed by other than school districts. In addition, there were open acounts in the following categories:

| | |
|---|---|
| Teachers out of service less than two years | 3,092 |
| Teachers with deferred vested pension rights | 287 |
| | 3,379 |
| Teachers out of service more than two years | 2,863 |

*Section 8 (1)*—Employer basic contributions received from the Minister of Finance based on 22,327 teachers contributing in December, 1969, amounted to $6,279,711.

*Section 8 (3)*—Employer contributions received from the British Columbia Teachers' Federation and employers other than school districts for teachers on loan, etc., amounted to $67,616. As at December 31, 1970, there were 107 teachers in this category.

*Sections 8 (5) and (6)*—The net rate of interest earned during 1970 after charging administration expenses was 6.11 per cent.

After distributing interest for 1970 to the Basic Account at the guaranteed rate of 4 per cent, amounting to $5,534,498, and to the Retirement Annuity Account at the net earned rate of 6.11 per cent, amounting to $1,599,833, the balance of interest earned during 1970, amounting to $2,919,932, was transferred to the Interest Reserve Account.

As of December 31, 1970, the balance in the Interest Reserve Account was transferred into the Basic Account. A statement of the Interest Reserve Account is shown below:

| | $ | $ |
|---|---|---|
| Balance at credit, January 1, 1970 | | *Nil* |
| Interest earned during 1970 over minimum statutory requirements | | 2,919,932 |
| Charges during year under section 8 (6)— | | |
| Portion of monthly medical premiums in respect of eligible pensioners, amounting to $2.25 in the case of a single member or $4 in the case of a member with dependents | 50,657 | |
| Transferred to the Basic Account toward providing the benefits under the Act, as determined by the Fund actuary | 2,869,275 | |
| | | 2,919,932 |
| Balance at credit, December 31, 1970 | | *Nil* |

*Section 8 (7)*—Reimbursement to employers of Canada Pension Plan employer contributions paid by them, in respect of employees to whom the *Teachers' Pensions Act* applies, amounted to $2,107,738.

*Section 11*—Superannuation allowances were granted 224 teachers who attained retirement age. For analysis *see* statements of comparative statistics appended.

*Section 14*—Superannuation allowances were granted to 13 teachers who had become totally and permanently disabled.

*Section 15*—Superannuation allowances were granted to the dependent in the case of 17 teachers who died while still in service, and refunds totalling $188,068 were made in the case of 44 teachers who died while still in service.

*Section 16*—Refunds totalling $1,737,364 were made to 1,790 teachers who left the service of their employers.

*Section 20*—Actuarial and administration expenses paid from the Fund amounted to $113,663.

*Section 25*—The securities held by the trustees on December 31, 1970, are set out in Schedule 1 of this Report. During the year, $18,937,500 par value bonds were purchased, the average yield being 7.934 per cent, and $3,206,100 par value bonds were redeemed, resulting in a net increase of $15,731,400 par value bonds held by the trustees during 1970. Every effort is made to invest the funds as soon as they become available and at the maximum yield possible at the time of purchase.

*Section 37*—During the year the Teachers' Pensions Board held three meetings during which it dealt with some 250 cases. This involved the reinstatement of previous teaching service; approving applications from teachers to pay employee-employer contributions for periods of absence; and approving applications for disability allowances. All of the aforementioned matters were considered pursuant to Board policies which are reviewed and revised from time to time as deemed advisable.

## LEGISLATION

The *Teachers' Pensions Act, 1961* was amended during the 1971 Session of the Legislature. Among the more important changes are the following:

(1) Provision for payment of a supplementary allowance to persons in receipt of a superannuation allowance, commencing in July 1971, calculated at the rate of 7 per cent of the lifetime portion of the allowance received but based on not less than $150 per month and not more than $300 per month.

(2) The ceiling on contributory earnings of $12,500 per annum was removed effective from the 1st day of July 1971.

(3) The average salary on which the 2-per-cent formula is calculated was increased by changing the average from the highest 10 years of service to the highest seven years of service.

(4) The 2-per-cent formula will apply to all pensionable service, whether before or after the 1st day of January 1961, with a maximum of 35 countable years to produce a maximum pension of 70 per cent of average salary.

(5) The contribution by the Minister of Finance on behalf of each Board of School Trustees is increased at a compound rate of 10 per cent for the next seven years from approximately $281 per active teacher in 1970 to $548 per active teacher in 1977.

(6) The Teacher Qualification Service and its permanent employees were brought under the Act.

(7) Provision for the Lieutenant-Governor in Council to make regulations prescribing conditions under which an employee who is absent from service may contribute at double the normal rate in order to count period of absence as pensionable service and also terms and conditions under which an employee may be reinstated in the Fund.

(8) Provision enabling the Lieutenant-Governor in Council to recognize military or other service as pensionable service and prescribe the amount the employee would be required to contribute to the Fund in order to receive credit for same.

(9) Provision to co-ordinate disability pensions with the new group disability salary continuance plan recently established in some school districts. In pertinent cases, the disabled teacher will continue to accumulate additional pension benefits while disabled, at no additional cost to the teacher.

(10) From the 1st day of January 1971, the Fund will be divided into three accounts to more clearly allocate the assets, as follows:

(*a*) *Pensions Account*—Will show the capitalized value of all superannuation allowances in force.

(*b*) *Employee Contribution Account*—Will contain the contribution plus interest equity of all contributors who have not taken a refund or been granted a superannuation allowance.

(*c*) *Employer Reserve Account*—Will consist of the excess of the assets of the Fund over the sum of the balances in the Pensions Account and the Employee Contribution Account.

W. H. FORREST
*Commissioner of Teachers' Pensions*

## TEACHERS' PENSIONS FUND

### STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1970

*Revenue*

| | $ | $ | $ |
|---|---|---|---|
| Contributions per requirements of the *Teachers' Pensions Act*— | | | |
| Employees— | | | |
| Basic contributions | 10,425,762 | | |
| Voluntary contributions | 66,125 | | |
| Repayment of refunds for reinstatement | 102,478 | | |
| Contributions for approved periods of leave of absence | 21,377 | | |
| | | 10,615,742 | |
| Employers— | | | |
| Basic contributions | 6,279,711 | | |
| Contributions paid by employers other than school districts for teachers on loan, etc. | 67,616 | | |
| | | 6,347,327 | |
| Transfer from College Pension Fund *re* pension granted | | 2,726 | |
| Interest on investments | | 10,167,926 | |
| | | | 27,133,721 |

*Expenditure*

| | | | |
|---|---|---|---|
| Superannuation allowances | | 6,537,543 | |
| Refund of contributions— | | | |
| Resignations | 1,737,364 | | |
| Death in service | 188,068 | | |
| Miscellaneous | 894 | | |
| | | 1,926,326 | |
| Transfers to Civil Service Superannuation Fund of present value of seven allowances granted | | 155,916 | |
| Portion of medical premiums in respect of eligible recipients of a superannuation allowance | | 50,657 | |
| Reimbursement to employers of Canada Pension Plan employer contributions paid by them in respect of employees to whom the *Teachers' Pensions Act* applies | | 2,107,738 | |
| Actuarial and administration expenses | | 113,663 | |
| | | | 10,891,843 |
| Net increase of ledger assets | | | 16,241,878 |

## TEACHERS' PENSION FUND—*Continued*

### BALANCE SHEET AS AT DECEMBER 31, 1970

| *Assets* | $ | $ |
|---|---|---|
| Cash in bank | | 15,372 |
| Accounts receivable— | | |
| Employee contributions | 1,101,442 | |
| Employer contributions | 7,314 | |
| | | 1,108,756 |
| Investments at the lower of cost or par value after amortization of discounts (Schedule 1) (par value, $177,529,450) | | 174,456,724 |
| Accrued interest on investments | | 2,249,803 |
| | | 177,830,655 |

| *Liabilities* | |
|---|---|
| Sundry accounts payable | 161,619 |
| Employees' Retirement Annuity Account | 26,913,061 |
| Teachers' Pensions Fund Basic Account | 150,755,975 |
| | 177,830,655 |

W. H. FORREST
*Commissioner of Teachers' Pensions*

G. S. SOUTAR
*Accountant*

*Auditor's Report*

I have examined the balance sheet of the Teachers' Pensions Fund as at December 31, 1970, and the statement of revenue and expenditure for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

The *Teachers' Pensions Act* provides for an actuarial valuation of the Fund every three years. The last such valuation was made in an actuarial report dated March 12, 1969. Neither the books of the Fund nor the above balance sheet reflect computations of the kind made by an actuary in preparing his report.

Subject to the above, these financial statements present fairly the financial position of the Fund as at December 31, 1970, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. MINTY, C.A.
*Comptroller-General*
*Province of British Columbia*

*Victoria, British Columbia, November 8, 1971.*

## SCHEDULE 1—TRUSTEES OF THE TEACHERS' PENSIONS FUND AND THE MINISTER OF FINANCE FOR THE PROVINCE OF BRITISH COLUMBIA.

### SECURITIES HELD AS AT DECEMBER 31, 1970

| | Par Value $ | Book Value $ |
|---|---|---|
| Government of Canada guaranty—Canadian National Railway Company | 50,000 | 49,994 |
| Province of British Columbia guaranty— | | |
| British Columbia Hydro and Power Authority | 98,199,000 | 96,651,416 |
| British Columbia Electric Company | 1,450,750 | 1,369,394 |
| British Columbia Power Commission | 6,256,000 | 6,207,010 |
| Pacific Great Eastern Railway | 10,146,000 | 10,064,726 |
| Greater Vancouver Water District | 1,528,000 | 1,524,885 |
| Greater Vancouver Sewerage and Drainage District | 980,000 | 979,787 |
| British Columbia school districts serials | 23,156,200 | 22,279,463 |
| British Columbia School Districts Capital Financing Authority serials | 5,253,000 | 5,208,495 |
| British Columbia School Districts Capital Financing Authority | 24,887,000 | 24,623,401 |
| British Columbia municipal serials | 1,759,000 | 1,689,423 |
| British Columbia improvement districts | 664,000 | 654,550 |
| Nechako Improvement District serial | 769,000 | 761,695 |
| British Columbia hospital improvement districts serials | 1,020,000 | 1,007,999 |
| British Columbia irrigation districts serials | 293,000 | 289,679 |
| West Bench Irrigation District | 37,500 | 36,966 |
| Rutland Water Works District | 56,000 | 55,203 |
| Saltair Water Works District serial | 16,000 | 15,728 |
| Greater Vancouver Water District serial | 500,000 | 483,000 |
| Greater Vancouver Sewerage and Drainage District serial | 495,000 | 490,124 |
| Province of Alberta guaranty—Alberta Municipal Financing Corporation | 14,000 | 13,786 |
| | 177,529,450 | 174,456,724 |

# SCHEDULE 2—TEACHERS' PENSIONS FUND

## MAIN COMPARATIVE STATISTICS, JANUARY 1, 1941 TO DECEMBER 31, 1970

| Fiscal Year | Number of Contributors at End of Fiscal Year | Contributions | | | Employer C.P.P. Abatements | Withdrawals | | Allowances | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Employer, Including Sec. 4 to 1959 | Employees | Employees' Special 1% | | Number | Amount Refunded | Number Granted During Year | Deaths and Expirations During Year | Number in Force at End of Year | Amount Paid |
| | | $ | $ | $ | $ | | $ | | | | $ |
| 1941 | 4,198 | 141,514 | 297,852 | ..... | ..... | 302 | 92,849 | 61 | 10 | 340 | 158,452 |
| 1945 | 4,609 | 656,777 | 369,607 | 75,958 | ..... | 489 | 93,984 | 57 | 13 | 463 | 225,230 |
| 1949 | 6,645 | 1,131,057 | 677,367 | 147,537 | ..... | 433 | 115,542 | 46 | 13 | 603 | 319,158 |
| 1951 | 7,581 | 1,413,943 | 908,236 | 189,091 | ..... | 497 | 134,231 | 54 | 16 | 672 | 440,312 |
| 1953 | 8,644 | 1,650,635 | 1,384,581 | 262,420 | ..... | 528 | 165,874 | 39 | 32 | 725 | 752,134 |
| 1955 | 10,009 | 2,031,862 | 1,749,336 | 328,681 | ..... | 554 | 208,845 | 51 | 23 | 769 | 848,082 |
| 1957 | 10,327<br>1,400[1]<br>1,002[2] | 2,611,895 | 2,243,943 | 425,782 | ..... | 604 | 299,930 | 63 | 25 | 828 | 939,787 |
| 1959 | 11,622<br>1,730[1]<br>973[2] | 3,341,764 | 3,170,828 | 593,735 | ..... | 627 | 367,236 | 58 | 25 | 875 | 1,191,586 |
| 1961 | 12,844<br>1,820[1]<br>1,646[2] | 3,435,686 | 4,539,264 | ..... | ..... | 767 | 513,719 | 91 | 23 | 990 | 1,866,428 |
| 1963 | 14,473<br>1,748[1]<br>1,256[2] | 3,844,244 | 5,262,358 | ..... | ..... | 928 | 728,689 | 116 | 39 | 1,130 | 2,088,061 |
| 1965 | 16,143<br>1,846[1]<br>1,745[2] | 4,287,785 | 6,417,059 | ..... | ..... | 1,191 | 1,022,385 | 125 | 36 | 1,289 | 2,476,242 |
| 1967 | 18,994<br>2,586[1]<br>1,814[2] | 4,937,996 | 7,178,000 | ..... | 1,503,260 | 1,214 | 1,203,347 | 185 | 42 | 1,604 | 3,965,122 |
| 1968 | 20,649<br>2,903[1]<br>2,128[2] | 5,370,206 | 8,301,880 | ..... | 1,675,357 | 1,541<br>196[3] | 1,477,042<br>128,280[3] | 207 | 40 | 1,771 | 4,842,058 |
| 1969 | 22,454<br>3,030[1]<br>2,235[2] | 5,840,194 | 9,372,339 | ..... | 1,719,147 | 1,650<br>1,609[3] | 1,663,815<br>703,318[3] | 267 | 49 | 1,989 | 5,918,745 |
| 1970 | 23,139<br>3,379[1]<br>2,863[2] | 6,347,327 | 10,615,742 | ..... | 2,107,738 | 1,834 | 1,926,326 | 254 | 41 | 2,202 | 6,537,543 |

[1] Nonactive open accounts of teachers who have been out of service less than two years.
[2] Nonactive open accounts of teachers who have been out of service over two years.
[3] Refund of extra compulsory contributions under section 12 of *Teachers' Pensions (Amendment) Act, 1968.*

# SCHEDULE 3—TEACHERS' PENSIONS FUND

## SUMMARY OF NORMAL ALLOWANCES GRANTED DURING 1970

| Number of Allowances Granted | Years of Service | Average Salary During Last 10 Years | Average Annual Allowance, Single Life Plan | Average Value of Allowance | Average Teacher's Share | Average Governments' Share |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| 44 | 10-14 | 7,069 | 1,500 | 15,329 | 5,094 | 10,235 |
| 19 | 15-19 | 7,615 | 2,136 | 21,911 | 6,961 | 14,950 |
| 36 | 20-24 | 8,212 | 3,156 | 32,401 | 9,613 | 22,788 |
| 22 | 25-29 | 8,053 | 3,792 | 38,412 | 10,833 | 27,579 |
| 25 | 30-34 | 8,240 | 4,512 | 46,160 | 11,845 | 34,315 |
| 22 | 35-39 | 8,942 | 5,580 | 56,050 | 13,732 | 42,318 |
| 48 | 40 and over | 9,092 | 5,892 | 59,337 | 13,293 | 46,044 |
| Average of normal allowances granted during year— | | | | | | |
| 216 | 27 | 8,184 | 3,807 | 38,600 | 10,079 | 28,521 |
| Total value of normal allowances granted during year— | | | | | | |
| 216 | ..... | ..... | 822,204 | 8,337,526 | 2,177,064 | 6,160,462 |

Allowances other than normal granted during year not included in above summary: Death, 17; disability, 14; deferred, 7; total, 38.

# SCHEDULE 4—TEACHERS' PENSIONS FUND

## COMPARATIVE STATISTICS, JANUARY 1, 1959, TO DECEMBER 31, 1970, SUBDIVIDED ACCORDING TO SEX OF CONTRIBUTOR

| Fiscal Year | Number of Contributors | | Number of Refunds Granted | | Allowances | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of Allowances Granted | | Number of Deaths and Expirations | | Number of Allowances in Force at End of Year | |
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 1959 | 4,982 | 6,640 | 103 | 524 | 19 | 39 | 12 | 13 | 397 | 478 |
| Nonactive[1] | 409 | 1,321 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 169 | 810 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1960 | 5,291 | 6,890 | 123 | 601 | 18 | 49 | 11 | 9 | 404 | 518 |
| Nonactive[1] | 473 | 1,407 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 233 | 1,036 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1961 | 5,638 | 7,206 | 131 | 636 | 30 | 61 | 9 | 14 | 425 | 565 |
| Nonactive[1] | 479 | 1,341 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 325 | 1,321 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1962 | 5,998 | 7,613 | 166 | 691 | 25 | 63 | 12 | 13 | 438 | 615 |
| Nonactive[1] | 490 | 1,264 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 422 | 1,594 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1963 | 6,446 | 8,027 | 199 | 729 | 39 | 77 | 16 | 23 | 461 | 669 |
| Nonactive[1] | 493 | 1,255 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 222 | 1,034 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1964 | 6,706 | 8,510 | 258 | 800 | 29 | 77 | 20 | 16 | 470 | 730 |
| Nonactive[1] | 610 | 1,195 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 293 | 1,122 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1965 | 7,123 | 9,020 | 261 | 930 | 33 | 92 | 16 | 20 | 487 | 802 |
| Nonactive[1] | 607 | 1,239 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 323 | 1,422 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1966 | 7,673 | 9,789 | 271 | 851 | 64 | 139 | 15 | 16 | 536 | 925 |
| Nonactive[1] | 604 | 1,514 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 355 | 1,341 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1967 | 8,329 | 10,665 | 316 | 898 | 73 | 112 | 8 | 34 | 601 | 1,003 |
| Nonactive[1] | 704 | 1,882 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 404 | 1,410 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1968 | 9,163 | 11,486 | 520[3] | 1,217[3] | 80 | 127 | 14 | 26 | 667 | 1,104 |
| Nonactive[1] | 802 | 2,101 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 317 | 1,811 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1969 | 10,009 | 12,445 | 1,756[3] | 1,503[3] | 93 | 174 | 21 | 28 | 739 | 1,250 |
| Nonactive[1] | 886 | 2,144 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 524 | 1,711 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1970 | 10,468 | 12,671 | 466 | 1,368 | 96 | 158 | 16 | 25 | 819 | 1,383 |
| Nonactive[1] | 977 | 2,402 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Nonactive[2] | 694 | 2,169 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |

[1] Nonactive open accounts of teachers who have been out of service less than two years.
[2] Nonactive open accounts of teachers who have been out of service over two years.
[3] Includes refund of extra compulsory conributions only, 1968, 196; 1969, 1,609.

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1972

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