PROVINCE OF BRITISH COLUMBIA

Thirty-second Annual Report

of the Business Done in Pursuance of the

Teachers' Pensions Act

YEAR ENDED DECEMBER 31

1972

Printed by K. M. MacDonald, Printer to the Queen's Most Excellent Majesty
in right of the Province of British Columbia.
1973

To the Honourable WALTER S. OWEN, 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, 1972.

ERNEST HALL
Provincial Secretary

Provincial Secretary's Office,
Victoria, B.C., December 3, 1973.

The Honourable Ernest Hall,
Provincial Secretary, Victoria, B.C.

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, 1972.

I have the honour to be,

Sir,

Your obedient servant,

W. H. FORREST
Commissioner of Teachers' Pensions

December 3, 1973.

TEACHERS' PENSIONS ACT

ANNUAL REPORT

Report of the Business Done in Pursuance of the Teachers' Pensions Act
During the Fiscal Year Ended December 31, 1972

Sections 6, 7, and 10 — Contributions received from teachers totalled $14,017,285, made up as follows:

	$
Basic contributions	13,735,389
Voluntary contributions	55,330
Repayment of refunds for reinstatement	137,063
Contributions for approved period of leave of absence	33,875
Contributions for approved military or other service	55,628

As at December 31, 1972, there were 30,516 teachers with contributory credits in the fund, made up as follows:

Current contributors—	
Teachers employed by school districts	23,526
Teachers employed other than by school districts	129
Open inactive accounts—	
Teachers out of service less than two years	3,423
Teachers with deferred vested pension rights	267
Teachers out of service more than two years	3,171

Costs assumed by the Minister of Finance in respect of recognition of approved military or other service amounted to $47,118.

Section 8 (1)—Employer basic contributions received from the Minister of Finance, based on 23,793 teachers contributing in December 1971, amounted to $8,089,620.

Section 8 (3), (4), and (5)—Employer contributions received from the British Columbia Teachers' Federation and employers other than school districts for 129 teachers on loan, etc., amounted to $86,916.

Section 8 (8)—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 to $2,194,024.

Sections 11, 14, and 15 (1)—Superannuation allowances were granted in respect of 322 teachers as follows:

Normal retirement age	301
Total and permanent disability	14
Death in service	7

For analysis and comparative statistics, *see* Schedules 2, 3, and 4 appended.

Sections 15 (5) and 16—Refunds were granted in respect of 1,706 teachers and totalled $2,132,556, made up as follows:

		$
Resignations	1,637	1,966,878
Death in service	22	109,947
Excess contributions on grant of allowance	36	55,345
Miscellaneous	11	386

For analysis and comparative statistics, *see* Schedules 2 and 3 appended.

Section 20 — Actuarial and administrative expenses paid from the Fund amounted to $130,888.

Section 25—Securities held by the trustees at December 31, 1972, amounted to $216,147,750, par value, as set out in Schedule 1 appended. Transactions during the year (par values) were as follows:

	$
Purchases	24,175,000
Redemptions	3,376,600
Net increase during year	20,798,400

The average yield on securities purchased during the year was 7.432 per cent. 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.

Based on the mean of the opening and closing balances amounting to $200,626,767, the net rate of interest earned during the year after charging administration expense ($130,888) and matching portion of pensioners medical premiums ($78,123) was 6.359 per cent.

Section 37—During the year the Teachers' Pensions Board held two meetings at which it dealt with some 39 cases in accordance with Board policies. Applications considered included reinstatement of previous teaching service, payment of employee-employer contributions for periods of absence, and disability allowance.

LEGISLATION

The *Teachers' Pensions Act* was amended during the 1973 Spring Session of the Legislative Assembly. Among the more important changes are the following:

(1) Providing for payment, effective July 1, 1973, to persons in receipt of an allowance prior to January 1, 1972, of a supplementary allowance calculated by applying to the lifetime portion of the allowance percentages ranging from 3 per cent for allowances granted in 1971 with an additional 3 per cent for each prior year to 66 per cent for allowances granted in 1950 and before.

(2) Permitting a former contributor, who has not obtained a refund of all his contributions, upon completing one year of full-time service after again becoming a contributor, to count his previous service as pensionable service. Where, after July 1, 1973, a refund has been taken, reinstatement of previous service is no longer permitted.

(3) Changing, effective January 1, 1974, the basis of contributions by the Minister of Finance on behalf of employers in each calendar year from a stated amount per employee to a percentage of employee contributions, as follows:

	Per Cent
1974	70
1975	80
1976	90
1977 and subsequent years	100

(4) Providing *pro rata* reciprocal portability of contributions and service with other British Columbia public pension plans where the service in one plan commences not more than three years after the service in the other plan terminated.

(5) For the purpose of calculating a contributor's allowance upon retirement, using the 2 per cent of highest average salary per year of service formula, changing the averaging period from seven years to five years.

(6) Where a contributor retires before qualifying for an unreduced allowance, changing the basis of the reduction from an actuarial equivalent factor to a 5 per cent per annum factor.

(7) Providing for payment by the Minister of Finance, instead of out of interest earnings of the Fund, of one-half of monthly premium payable the British Columbia Medical Services Plan by persons in receipt of an allowance.

(8) In the event of the contributor's death in service, providing for widowers on the same basis as widows, and providing for continuance of the spouse's allowance in the event of remarriage.

(9) Providing for refund of voluntary contributions upon retirement at the option of the contributor.

(10) Authorizing the Trustees to invest also in the capital stock of a corporation.

W. H. FORREST
Superannuation Commissioner

TEACHERS' PENSIONS FUND

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31 1972

ASSETS

Cash in bank	$401,152
Accounts receivable	1,432,443
Investments at the lower of cost or par value after amortization of discounts (Schedule No. 1) (Par value $216,147,750)	213,498,061
Accrued interest on investments	2,829,345
	$218,161,001

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable		$179,761
Fund Balance		
Pensions Account, being the amount available for the payment of current pensions	$89,007,675	
Employee Contributions Account	117,589,145	
Employer Reserve Account	11,384,420	
		217,981,240
		$218,161,001

W. H. FORREST
Commissioner of Teachers' Pensions

C. WEBSTER, C.A.
Accountant

AUDITOR'S REPORT

I have examined the statement of financial position of the Teachers' Pensions Fund as at December 31 1972 and the statement of changes in fund balance 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, except that my work did not include a review of the actuarial soundness of the plan. It is the responsibility of the actuary appointed by the Fund to make actuarial valuations at intervals of not more than five years.

In my opinion, with the foregoing explanation concerning the actuarial soundness of the plan, these financial statements present fairly the financial position of the Fund as at December 31 1972 and the changes in fund balance 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
October 1, 1973

TEACHERS' PENSIONS FUND

STATEMENT OF CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1972

Fund Balance Increased During Year by			
Contributions per requirements of the *Teachers' Pensions Act*—			
Employees:			
Basic contributions		$13,735,389	
Voluntary contributions		55,330	
Repayment of refunds for reinstatement		137,063	
Contributions for approved periods of leave of absence		33,875	
Contributions for approved military or other service		55,628	
			$14,017,285
Employers:			
Basic contributions		$8,089,620	
Contributions paid by employers other than school districts for teachers on loan, etc.		86,916	
			8,176,536
Transfers from College Pensions Fund *re* four pensions granted			42,386
Interest on investments			12,974,289
			$35,210,496
Fund Balance Decreased During Year by			
Superannuation allowances		$8,736,776	
Refund of contributions—			
Resignations	$1,966,878		
Death in service	109,947		
Excess on grant of allowance	55,345		
Miscellaneous	386		
		2,132,556	
Transfers to Civil Service Superannuation Fund of present value of eight pensions granted		203,472	
Portion of medical premiums in respect of eligible recipients of a superannuation allowance		78,123	
Reimbursement to employers of Canada Pension Plan employer contributions paid by them in respect of employees to whom the *Teachers' Pensions Act* applies		2,194,024	
Actuarial and administration expenses		130,888	
			13,475,839
Net increase in Fund balance during year			$21,734,657
Fund balance—December 31 1971			196,246,583
Fund balance—December 31 1972			$217,981,240

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, 1972

	Par Value	Book Value
	$	$
Short-term Deposits		
Canadian Imperial Bank of Commerce	1,180,000	1,180,000
Province of British Columbia Guaranty		
B.C. Hydro and Power Authority	126,139,000	124,760,523
B.C. Electric Company Limited	1,450,750	1,379,624
B.C. Power Commission	6,256,000	6,211,910
B.C. Railway Company	25,476,000	25,404,361
Greater Vancouver Water District	1,528,000	1,525,386
Greater Vancouver Sewerage and Drainage District	980,000	979,815
B.C. School Districts Serials	17,917,000	17,218,809
B.C. School Districts Capital Financing Authority Serials	4,523,000	4,484,873
B.C. School Districts Capital Financing Authority	25,127,000	24,888,978
B.C. Municipal Serials	1,392,500	1,337,888
B.C. Improvement Districts	664,000	655,325
Nechako Improvement District Serial	732,000	725,046
B.C. Hospital Improvement Districts Serials	856,000	845,751
B.C. Irrigation Districts Serials	265,000	261,862
B.C. Irrigation Districts	592,500	591,415
B.C. Water Works Districts	94,000	93,228
Saltair Water Works District Serial	3,000	2,949
Greater Vancouver Water District Serial	500,000	483,000
Greater Vancouver Sewerage and Drainage District Serial	458,000	453,489
Province of Alberta Guaranty		
Alberta Municipal Financing Corporation	14,000	13,829
	216,147,750	213,498,061

SCHEDULE 2

TEACHERS' PENSIONS FUND

Main Comparative Statistics, January 1, 1941, to December 31, 1972

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
1955	10,009	2,031,862	1,749,336	328,681	.....	554	208,845	51	23	769	848,082
1959	11,622 1,730[1] 973[2]	3,341,764	3,170,828	593,735	.....	627	367,236	58	25	875	1,191,586
1961	12,844 1,820[1] 1,646[2]	3,435,686	4,539,264	.....	.....	767	513,719	91	23	990	1,866,428
1963	14,473 1,748[1] 1,256[2]	3,844,244	5,262,358	.....	.....	928	728,689	116	39	1,130	2,088,061
1965	16,143 1,846[1] 1,745[2]	4,287,785	6,417,059	.....	.....	1,191	1,022,385	125	36	1,289	2,476,242
1967	18,994 2,586[1] 1,814[2]	4,937,996	7,178,000	.....	1,503,260	1,214	1,203,347	185	42	1,604	3,965,122
1969	22,454 3,030[1] 2,235[2]	5,840,194	9,372,339	.....	1,719,147	1,650 1,609[3]	1,663,815 703,318[3]	267	49	1,989	5,918,745
1970	23,139 3,379[1] 2,863[2]	6,347,327	10,615,742	.....	2,107,738	1,834	1,926,326	254	41	2,202	6,537,543
1971	23,905 3,993[1] 2,915[2]	6,801,074	12,059,857	.....	2,116,290	1,597	1,833,216	239	74	2,367	7,498,172
1972	23,652 3,690[1] 3,171[2]	8,176,536	14,017,285	.....	2,194,024	1,706	2,132,556	322	52	2,637	8,736,776

[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

Comparative Statistics, January 1, 1959, to December 31, 1972, Subdivided According to Sex of Contributor

Fiscal Year	Number of Contributors		Number of Refunds Granted		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	-----	-----	-----	-----	-----	-----	-----	-----
1961	5,638	7,206	131	636	30	61	9	14	425	565
Nonactive[1]	479	1,341	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	325	1,321	-----	-----	-----	-----	-----	-----	-----	-----
1963	6,446	8,027	199	729	39	77	16	23	461	669
Nonactive[1]	493	1,255	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	222	1,034	-----	-----	-----	-----	-----	-----	-----	-----
1965	7,123	9,020	261	930	33	92	16	20	487	802
Nonactive[1]	607	1,239	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	323	1,422	-----	-----	-----	-----	-----	-----	-----	-----
1967	8,329	10,665	316	898	73	112	8	34	601	1,003
Nonactive[1]	704	1,882	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	404	1,410	-----	-----	-----	-----	-----	-----	-----	-----
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	-----	-----	-----	-----	-----	-----	-----	-----
1971	10,914	12,991	393	1,204	86	153	24	50	881	1,486
Nonactive[1]	1,195	2,798	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	649	2,266	-----	-----	-----	-----	-----	-----	-----	-----
1972	11,132	11,520	430	1,276	125	197	19	28	987	1,650
Nonactive[1]	1,052	2,638	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	713	2,458	-----	-----	-----	-----	-----	-----	-----	-----

[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 contributions only, 1,609.

SCHEDULE 4

TEACHERS' PENSIONS FUND

Summary of Normal Allowances Granted During 1972

Number of Allowances Granted	Years of Service	Average Salary During Last 5 Years	Average Annual Allowance, Single Life Plan	Average Value of Allowance	Average Teacher's Share	Average Government Share
		$	$	$	$	$
51	10–14	8,632	1,680	20,011	7,035	12,976
40	15–19	9,109	2,592	30,410	9,768	20,642
28	20–24	9,882	3,612	40,752	12,786	27,966
39	25–29	10,008	4,776	55,110	15,320	39,790
49	30–34	10,118	6,312	74,919	16,206	58,713
38	35–39	11,281	7,644	90,558	18,035	72,523
43	40 and over	11,490	7,788	86,089	19,058	67,031
AVERAGE OF NORMAL ALLOWANCES GRANTED DURING YEAR						
		$	$	$	$	$
288	27	10,035	5,010	57,829	14,991	42,839
TOTAL VALUE OF NORMAL ALLOWANCES GRANTED DURING YEAR						
		$	$	$	$	$
288	.....	.....	1,442,880	16,654,893	4,317,395	12,337,498

Allowances other than normal granted during 1972: Death, 7; disability, 14; deferred, 13; total, 34.

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