PROVINCE OF BRITISH COLUMBIA

Thirty-fifth Annual Report

of the Business Done in Pursuance of the

Teachers' Pensions Act

YEAR ENDED DECEMBER 31

1975

Printed by K. M. MacDonald, Printer to the Queen's Most Excellent Majesty
in right of the Province of British Columbia.
1977

To Colonel 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, 1975.

GRACE McCARTHY
Provincial Secretary

Provincial Secretary's Office,
Victoria, B.C., January 10, 1977.

The Honourable Grace McCarthy,
Provincial Secretary, Victoria, B.C.

MADAM: 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, 1975.

I have the honour to be,
Madam,
Your obedient servant,

H. E. TURNER
Deputy Commissioner of Teachers' Pensions

January 10, 1977.

TEACHERS' PENSIONS ACT

ANNUAL REPORT

Report of Business Done in Pursuance of the Teachers' Pensions Act During the Fiscal Year Ended December 31, 1975

Section 4D—Cost-of-living supplements totalling $2,746,850 paid during the year were charged to Pension Account. Effective May 1, 1976, when the accumulated payments exceeded 1 per cent of the average annual total of contributory salaries, cost-of-living supplements are being financed by additional employee and employer contributions, each at the rate of 0.5 per cent of salary. The section provides for a further similar increase in contributions when the accumulated payments again exceed 1 per cent of the average annual total of contributory salaries.

Sections 6, 7, and 10—Contributions received from teachers totalled $23,834,451, made up as follows:

	$
Basic contributions	23,493,046
Voluntary contributions	38,706
Repayment of refunds for reinstatement	111,755
Contributions for approved periods of leave of absence	39,206
Contributions for approved military or other service	151,738

As at December 31, 1975, there were 38,530 teachers with contributory credits in the fund, made up as follows:

Current contributors—	
Teachers employed by school districts	29,315
Teachers employed other than by school districts	104
Open inactive accounts—	
Teachers out of service less than two years	4,520
Teachers with deferred vested pension rights	343
Teachers out of service more than two years	4,248

Costs assumed by the Minister of Finance in respect of recognition of approved military or other service amounted to $127,925.

Section 8 (1)—Employer basic contributions received from the Minister of Finance, matching the amount paid by teachers employed by school districts, amounted to $23,340,302.

Section 8 (3), (4), and (5)—Employer contributions received from the British Columbia Teachers' Federation and employers other than school districts for 104 teachers on loan, etc., amounted to $152,744.

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 $3,694,477.

Sections 11, 11A, 14, and 15 (1)—Superannuation allowances were granted in respect of 440 teachers as follows:

Normal retirement age	406
Total and permanent disability	11
Death in service	23

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

Transfers totalling $459,930 were received from four reciprocal pension plans in respect of 53 contributors upon grant of allowance and in respect of 17 contributors following transfer of service, as follows:

		$
Upon grant of allowance—		
Public Service Superannuation Fund	1	63,586
Province of Alberta Teachers' Pensions Fund	20	155,792
Province of Saskatchewan Teachers' Pensions Fund	32	122,255
During service—		
Public Service Superannuation Fund	1	1,124
Government of Canada Public Service Pension Account	16	117,173

Transfers totalling $1,321,297 were made to six reciprocal pension plans in respect of 22 contributors upon grant of allowance and in respect of 13 contributors following transfer of service, as follows:

		$
Upon grant of allowance—		
College Pension Fund	7	514,465
Public Service Superannuation Fund	12	763,545
Province of Alberta Teachers' Pensions Fund	1	1,815
Province of Saskatchewan Teachers' Pensions Fund	1	5,606
Province of Ontario Teachers' Superannuation Fund	1	606
During service—Government of Canada Public Service Pension Account	13	35,260

Section 13 (4)—The matching portion of medical premiums deducted from eligible recipients of a superannuation allowance was paid by the Minister of Finance.

Sections 15 (5) and 16—Refunds were granted in respect of 1,251 teachers and totalled $2,213,798, made up as follows:

		$
Resignations	1,161	2,026,748
Death in service	19	111,578
Excess contributions on grant of allowance	58	72,288
Miscellaneous	13	3,184

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

Section 20—Actuarial and administrative expenses paid from the fund amounted to $245,848.

Section 25—Securities held by the trustees at December 31, 1975, amounted to $299,068,450, par value, as set out in Schedule 1 appended. Transactions during the year (par values) were as follows:

	$
Purchases	49,792,000
Redemptions	10,671,100
	39,120,900

The average yield on securities purchased during the year was 10.161 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 $295,753,864, the net rate of interest earned during the year after charging administration expense of $245,848 was 7.108 per cent.

Section 37—During the year the Teachers' Pensions Board held two meetings at which it dealt with some 16 cases in accordance with Board policies. Applications considered related to contributions for periods of leave of absence and to disability allowances.

H. E. TURNER
Deputy Commissioner of Teachers' Pensions

TEACHERS' PENSIONS FUND

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 1975

	1975	1974
ASSETS		
	$	$
Cash and bank deposit notes	9,097,114	7,429,323
Contributions receivable—		
Employee and employer	4,047,381	2,892,249
Province of British Columbia *re* deficit in employer reserve	7,592,991	2,679,472
Accrued interest on investments	4,707,685	4,084,044
Investments at lower of cost or par value with amortization of discounts (Note 2)	296,843,692	257,728,825
(Par value 1975, $299,068,450; 1974, $259,947,550)		
	322,288,863	274,813,913

LIABILITY AND FUND BALANCE		
Liability		
Accounts payable	347,549	333,979
Fund Balance		
Pensions Account, being the amount available for the payment of current pensions	140,224,590	118,723,731
Employee Contributions Account	181,716,724	155,756,203
	321,941,314	274,479,934
	322,288,863	274,813,913

Approved by:

H. E. TURNER
Deputy Superannuation Commissioner

C. WEBSTER, C.A.
Comptroller

Superannuation Commissioner,
Province of British Columbia.

AUDITOR'S REPORT

I have examined the statement of financial position of the Teachers' Pensions Fund as at December 31, 1975, and the statement of changes in Fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1975, 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.

The actuarial valuation of the Fund is referred to in Note 1 to the financial statements.

K. M. LIGHTBODY, C.A.
Acting Comptroller-General, Province of British Columbia

Victoria, B.C., January 7, 1977.

TEACHERS' PENSION FUND

STATEMENT OF CHANGES IN FUND BALANCE, YEAR ENDED DECEMBER 31, 1975

	1975	1974
Fund Balance Increased During Year by		
Contributions—		
Employees:	$	$
Basic	23,493,046	18,741,226
Voluntary	38,706	45,549
Reinstatement	111,755	132,534
Leave of absence	39,206	32,784
Military or other service	151,738	136,239
	23,834,451	19,088,332
Employers:		
Basic—paid by the Province of British Columbia	23,340,302	13,043,273
Contributions paid by employers other than school districts for teachers on loan, etc.	152,744	107,974
	23,493,046	13,151,247
Province of British Columbia: *re* deficit in Employer Reserve Account	4,913,519	2,679,472
Transfers from other funds	459,930	345,395
Interest on investments	20,545,413	17,185,283
	73,246,359	52,449,729
Fund Balance Decreased During Year by		
Superannuation allowances—		
Contributory allowances	15,562,709	13,295,741
Cost-of-living supplements	2,746,850	622,365
	18,309,559	13,918,106
Refunds	2,213,798	2,213,370
Transfers to other funds	1,321,297	753,707
Reimbursement to employers of Canada Pension Plan employer contributions paid by them in respect of employees to whom the *Teachers' Pensions Act* applies	3,694,477	3,089,240
Actuarial and administration expenses	245,848	168,932
	25,784,979	20,143,355
Net increase in Fund balance during year	47,461,380	32,306,374
Fund balance at beginning of year	274,479,934	242,173,560
Fund balance at end of year	321,941,314	274,479,934

TEACHERS' PENSION FUND

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1975

1. *Actuarial valuation*—According to the Act applicable to the Fund, an actuarial valuation of the assets and liabilities of the Fund is required to be made by an actuary from time to time at intervals of not more than five years. The most recent valuation was carried out as at December 31, 1970. This valuation noted that the funding level provided for under the Act requires that the assets of the Fund are at all times at least equal to the sum of active employees' contributions accumulated with interest plus the present value of pensions being paid to pensioners and of vested pensions. The report indicated that, to maintain this level of funding, employer subsidy contributions would be required by 1978. Such employer subsidy contributions were initiated in 1974. An actuarial valuation as of December 31, 1974, is presently in progress, which will reflect the additional costs attributable to the significant improvements in benefits enacted during the four-year period then ended.

2. *Investments*—As the majority of the investments comprise bonds and debentures guaranteed by the Province of British Columbia and as there is no short-term need or intention to liquidate them, it is not considered necessary to make any provision for a temporary reduction in market value below cost.

3. *Cost-of-living supplementary allowances*—During April 1976 the accumulated payments exceeded 1 per cent of the average annual total of contributory salaries. Effective May 1, 1976, these supplements are being financed by additional employee and employer contributions, each at the rate of 0.5 per cent of salary. The Act provides for similar increases when the net accumulated payments again exceed 1 per cent of the average annual total of contributory salaries.

4. *Pertinent information*—These financial statements show only the position of the Fund as at December 31, 1975, and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the pension plan.

TEACHERS' PENSION FUND

SCHEDULE 1

TRUSTEES FOR THE TEACHERS' PENSIONS FUND AND THE MINISTER OF FINANCE FOR THE PROVINCE OF BRITISH COLUMBIA

Securities Held as at December 31, 1975

	Par Value	Book Value
Province of British Columbia Guaranty	$	$
B.C. Hydro and Power Authority	193,444,000	192,146,701
B.C. Electric Company Limited	1,450,750	1,394,970
B.C. Power Commission	5,606,000	5,569,140
B.C. Railway Company	52,091,000	51,984,637
Greater Vancouver Water District	1,528,000	1,526,139
Greater Vancouver Sewerage and Drainage District	980,000	979,857
B.C. School Districts Serials	10,466,200	10,043,786
B.C. School Districts Capital Financing Authority Serials	3,428,000	3,399,440
B.C. School Districts Capital Financing Authority	25,127,000	24,928,333
B.C. Municipal Serials	786,000	755,732
B.C. Improvement Districts	984,000	976,489
Nechako Improvement District Serial	669,000	662,644
B.C. Hospital Improvement District Serials	575,000	567,720
B.C. Irrigation District Serials	217,000	214,192
B.C. Irrigation Districts	715,500	714,558
B.C. Water Works Districts	94,000	93,331
Greater Vancouver Water District Serial	500,000	483,000
Greater Vancouver Sewerage and Drainage District Serial	393,000	389,129
Province of Alberta Guaranty		
Alberta Municipal Financing Corporation	14,000	13,894
	299,068,450	296,843,692

TEACHERS' PENSION FUND

SCHEDULE 2

Main Comparative Statistics, January 1, 1941, to December 31, 1975

Fiscal Year	Number of Contributors at End of Fiscal Year	Contributions			Employer C.P.P. Abatements	Withdrawals		Allowances			
		Employer	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	3,341,764	3,170,828	593,735	.....	627	367,236	58	25	875	1,191,586
	1,730[1]										
	973[2]										
1961	12,844	3,435,686	4,539,264	.....	.....	767	513,719	91	23	990	1,866,428
	1,820[1]										
	1,646[2]										
1965	16,143	4,287,785	6,417,059	.....	.....	1,191	1,022,385	125	36	1,289	2,476,242
	1,846[1]										
	1,745[2]										
1969	22,454	5,840,194	9,372,339	.....	1,719,147	1,650	1,663,815	267	49	1,989	5,918,745
	3,030[1]					1,609[3]	703,318[3]				
	2,235[2]										
1971	23,905	6,801,074	12,059,857	.....	2,116,290	1,597	1,833,216	239	74	2,367	7,498,172
	3,993[1]										
	2,915[2]										
1972	23,652	8,176,536	14,017,285	.....	2,194,024	1,706	2,132,556	322	52	2,637	8,736,776
	3,690[1]										
	3,171[2]										
1973	24,362	8,951,791	16,153,300	.....	2,407,258	1,411	1,960,678	291	47	2,881	10,712,996
	3,949[1]										
	3,488[2]										
1974	28,368	13,151,247	19,088,332	.....	3,089,240	1,277	2,213,370	389	51	3,219	13,295,741
	4,386[1]	2,679,472[4]									622,365[5]
	3,631[2]										
1975	29,419	23,493,046	23,834,451	.....	3,694,477	1,251	2,213,798	440	57	3,602	15,562,709
	4,863[1]	4,913,519[4]									2,746,850[5]
	4,248[2]										

[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 the *Teachers' Pensions (Amendment) Act, 1968.*
[4] Province of British Columbia *re* deficit in Employer Reserve Account.
[5] Cost-of-living supplements, effective July 1, 1974, to be financed by additional employee and employer contributions.

TEACHERS' PENSION FUND

SCHEDULE 3

Comparative Statistics, January 1, 1959, to December 31, 1975, 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	-----	-----	-----	-----	-----	-----	-----	-----
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	-----	-----	-----	-----	-----	-----	-----	-----
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	12,520	430	1,276	125	197	19	28	987	1,650
Nonactive[1]	1,052	2,638	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	713	2,458	-----	-----	-----	-----	-----	-----	-----	-----
1973	11,466	12,896	380	1,031	85	206	15	32	1,057	1,824
Nonactive[1]	1,126	2,823	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	784	2,704	-----	-----	-----	-----	-----	-----	-----	-----
1974	12,965	15,403	359	918	147	242	21	30	1,183	2,036
Nonactive[1]	993	3,393	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	852	2,779	-----	-----	-----	-----	-----	-----	-----	-----
1975	13,665	15,754	391	860	166	274	18	39	1,331	2,271
Nonactive[1]	1,074	3,789	-----	-----	-----	-----	-----	-----	-----	-----
Nonactive[2]	970	3,278	-----	-----	-----	-----	-----	-----	-----	-----

[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).

TEACHERS' PENSION FUND

SCHEDULE 4

Summary of Normal Allowances Granted During 1975

SUBDIVIDED BY YEARS OF SERVICE AND VALUE OF ALLOWANCE

Years of Service	Number of Allowances Granted	Average Salary During Last 5 Years	Average Annual Allowance, Single Life Plan	Average Value of Allowance	Average Teachers' Share	Average Government Share
		$	$	$	$	$
Under 10	3	10,054	1,152	14,597	4,442	10,155
10–14	42	12,357	2,472	26,765	7,599	19,165
15–19	81	12,485	3,792	40,988	11,241	29,748
20–24	54	13,727	5,532	59,135	15,012	44,123
25–29	76	13,831	6,972	74,400	17,448	56,952
30–34	46	15,316	9,156	96,875	21,670	75,205
35–39	51	16,540	10,968	117,895	22,286	95,609
40 and over	30	18,257	12,120	118,814	21,519	97,295
AVERAGE OF NORMAL ALLOWANCES GRANTED DURING YEAR						
26	62	14,227	6,756	71,460	16,080	55,380
TOTAL VALUE OF NORMAL ALLOWANCES GRANTED DURING YEAR						
	383	.....	215,770	27,369,166	6,158,756	21,210,410

SUBDIVIDED BY YEARS OF SERVICE AND AGE AT RETIREMENT

Years of Service	Age at Retirement												
	55	56	57	58	59	60	61	62	63	64	65	Total	Per Cent
Under 10	----	----	----	2	----	—	1	----	----	----	----	3	1
10–14	1	1	1	1	4	5	4	7	2	1	15	42	11
15–19	5	1	4	5	7	15	1	4	1	12	26	81	21
20–24	1	----	5	1	3	16	1	3	3	6	15	54	14
25–29	1	1	1	3	6	18	6	6	8	7	19	76	20
30–34	----	1	1	2	6	12	4	6	4	1	9	46	12
35 and over	1	1	3	8	10	14	8	6	5	7	18	81	21
	9	5	15	22	36	80	25	32	23	34	102	383	100

Allowances Other Than Normal Granted During 1975

Number of Allowances Granted	Death	Disability	Deferred
57	24	12	21

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