PROVINCE OF BRITISH COLUMBIA

Eleventh Annual Report

of the Business Done in Pursuance of the

College Pension Act

YEAR ENDED AUGUST 31

1979

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Victoria, 1980

To the Honourable HENRY P. BELL-IRVING, D.S.O., O.B.E., E.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 *College Pension Act* for the fiscal year ended August 31, 1979.

EVAN M. WOLFE
Provincial Secretary and
Minister of Government Services

Office of the Provincial Secretary and
Minister of Government Services
Victoria, British Columbia
December 31, 1979

The Honourable Evan M. Wolfe,
Provincial Secretary and
Minister of Government Services,
Victoria, British Columbia

SIR: I have the honour to lay before you the Report of the business done in pursuance of the *College Pension Act* during the fiscal year ended August 31, 1979.

Respectfully submitted,

J. D. REID
Superannuation Commissioner

December 31, 1979

COLLEGE PENSION ACT

ANNUAL REPORT

Report of the Business Done in Pursuance of the College Pension Act For the Fiscal Year Ended August 31, 1979

Section 3—All moneys received and paid out under the provisions of this Act are shown in the statement of changes in fund balance and all assets and liabilities are shown in the statement of financial position. These financial statements are attached to this report.

Section 4—During the year 58 eligible employees were, upon application, declared to be exempt from becoming contributors.

As at August 31, 1979 there were 2,585 active contributors (1,832 male, 753 female).

Section 5—Employee contributions amounted to $3,018,999 made up as follows:

	$
Basic contributions	3,008,957
Voluntary contributions	10,042

Section 7—Employer matching contributions amounted to $3,008,957.

Section 11 (1)—During the year 10 allowances were granted. There were 41 allowances in force as at August 31, 1979.

Section 11 (3)—One transfer in the amount of $39,456 was received from an approved employer.

Section 11A—Transfers totalling $411,906 were received from 3 reciprocal pension plans in respect of 6 contributors upon grant of allowance as follows:

Upon Grant of Allowance—	$	
Teachers' Pensions Fund	223,125	*re* 2 allowances granted
Public Service Superannuation Fund	154,551	*re* 3 allowances granted
Municipal Superannuation Fund	34,230	*re* 1 allowance granted

Transfers totalling $86,454 were made to 3 reciprocal pension plans in respect of 7 employees upon grant of allowance and in respect of 3 contributors, following transfer of service as follows:

Upon Grant of Allowance—	$	
Teachers' Pensions Fund	47,120	*re* 3 allowances granted
Public Service Superannuation Fund	31,906	*re* 3 allowances granted
Municipal Superannuation Fund	7,100	*re* 1 allowance granted
During Service—		
Teachers' Pensions Fund	328	*re* 3 contributors

Section 16—Refunds amounting to $188,100 were granted to 103 employees upon resignation.

Section 21—An actuarial valuation of the Fund was carried out as at August 31, 1976. The valuation indicates that the unfunded liability of the Plan is about $12,290,000 as at August 31, 1976. The actuary has recommended that the statutory contribution rates under the Plan be increased to ensure stable contribution rates in the future. These recommendations are now being considered by the government. Any change to improve financing of the Plan requires statutory amendments.

Section 22—Administration expenses paid from the Fund amounted to $18,289.

Section 25—During the year, the Fund's trustee departed from the previous policy of holding investments until maturity and adopted a policy allowing for the sale of investments if there is an opportunity to improve the yield upon reinvestment. Pursuant to this policy, certain investments were disposed of resulting in losses aggregating $23 which have been deducted from interest earnings. It is anticipated that these losses will be recovered through future increased interest earnings.

Investments held by the trustee as at August 31, 1979 amounted to $28,893,000 (par value), as set out in the attached Schedule 1. Transactions during the year (par value) were as follows:

	$
Purchases	6,887,000
Sales	—
Net increase during year	6,887,000

The average yield on investments purchased during the year was 10.064 per cent.

Based on the mean of the Fund opening and closing balances amounting to $27,619,371 the net rate of interest earned during the year after charging administration expense was 9.429 per cent.

J. D. REID
Superannuation Commissioner

Exhibit A

COLLEGE PENSION FUND

STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 1979

ASSETS	1979 $	1978 $
Cash and term deposits	3,240,809	1,940,844
Contributions receivable	776,731	573,542
Accrued interest on investments	702,519	535,069
Investments in bonds issued or guaranteed by Canada or a Province (Note 2)	28,492,297	21,647,529
	33,212,356	24,696,984

LIABILITY AND FUND BALANCE		
Liability		
Pensions and transfer payable	42,316	24,029
Fund Balance (Exhibit B)		
Employees' Retirement Annuity Account	68,149	56,788
College Pension Fund Basic Account	33,101,891	24,616,167
	33,170,040	24,672,955
	33,212,356	24,696,984

The four accompanying notes are an integral part of these financial statements.

Approved by:

J. D. REID, F.C.I.A.
Superannuation Commissioner, Trustee

C. WEBSTER, C.A.
Comptroller, Superannuation Branch

AUDITOR'S REPORT

To the Commissioner of the College Pension Fund, and
To the Provincial Secretary and Minister of Government Services
Province of British Columbia:

I have examined the statement of financial position of the College Pension Fund as at 31 August 1979 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.

I have relied upon information furnished by the Fund's Consulting Actuary as to the accuracy of note 1 to the financial statements.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 August 1979 and the changes in its 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.

ERMA MORRISON, C.A.
Auditor General

Victoria, British Columbia
21 December 1979.

Exhibit B

COLLEGE PENSION FUND

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED AUGUST 31, 1979

	1979 $	1978 $
Fund balance increased by		
Contributions—		
Employees:		
Basic	3,008,957	2,455,294
Voluntary	10,042	20,425
	3,018,999	2,475,719
Employer matching contributions	3,008,957	2,455,294
Transfers from other funds	451,362	479,105
Income from investments	2,622,542	1,867,737
	9,101,860	7,277,855
Fund balance decreased by		
Superannuation allowance payments—		
Contributory	262,193	220,757
Cost-of-living supplements (Note 3)	47,354	26,971
	309,547	247,728
Refunds	188,100	150,326
Transfers to other funds	86,454	82,061
Medical premium subsidy for pensioners	2,385	1,552
Administration expense	18,289	28,801
	604,775	510,468
Net increase in fund balance	8,497,085	6,767,387
Fund balance at beginning of year	24,672,955	17,905,568
Fund balance at end of year (Exhibit A)	33,170,040	24,672,955

COLLEGE PENSION FUND

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1979

1. Actuarial Valuation

According to the *College Pension Act,* actuarial valuations of the Fund shall be made by an actuary when requested by the Superannuation Commissioner. The first actuarial valuation of the Fund was carried out as at August 31, 1976. The valuation indicates that the unfunded liability of the Plan is about $12,290,000 as at August 31, 1976. The actuary has recommended that the statutory contribution rates under the Plan be increased to ensure stable contribution rates in the future. These recommendations are now being considered by the government. Any change to the Plan requires statutory amendments.

2. Investments

Investments are carried at the lower of cost and par value. Premiums are written off in the year of acquisition. Discounts on single maturity bonds are amortized over the term of the bonds. Discounts on serial bonds are recognized as income as the serial redemptions occur. Investments held at the end of the year are as follows:

	1979	1978
	$	$
Book value	28,492,297	21,647,529
Par value	28,893,000	22,006,000
Market value	26,076,030	21,006,249

The difference between the book value and the market value of the investments is not considered to be a permanent reduction of the Fund balance available for payment of pension benefits and therefore has not been provided for as at August 31, 1979.

3. Cost-of-living Supplementary Allowances

Payment of supplementary allowances, adjusted quarterly in relation to the cost of living index, commenced July 1, 1975. The Act provides that when the accumulated payments exceed 1 per cent of the average annual total of contributory salaries, these supplements are to be financed by additional employee and employer contributions, each at the rate of 0.5 per cent of salary. The Act provides for a further similar increase when the accumulated payments again exceed 1 per cent of the average annual total of contributory salaries.

4. Additional Information

These financial statements show only the position of the Fund as at August 31, 1979 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 superannuation plan.

COLLEGE PENSION FUND

SCHEDULE 1

TRUSTEES OF THE COLLEGE PENSION FUND AND THE MINISTER OF FINANCE FOR THE PROVINCE OF BRITISH COLUMBIA

Securities Held as at August 31, 1979

	Par Value $	Book Value $	Market Value $
Government of Canada	1,017,000	1,017,000	935,470
Province of British Columbia Guaranty			
B.C. Hydro and Power Authority	21,014,000	20,655,025	18,806,084
B.C. Railway Company	6,487,000	6,446,841	6,025,497
B.C. School Districts Financing Authority	290,000	288,431	238,542
Peachland Irrigation District	50,000	50,000	39,350
Province of Ontario Guaranty			
Ontario Hydro	35,000	35,000	31,087
	28,893,000	28,492,297	26,076,030

COLLEGE PENSION FUND

SCHEDULE 2

INVESTMENT INTEREST AND TRANSACTIONS

Comparative Statistics, September 1, 1969 to August 31, 1979

Year Ended August 31	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
	%	%	%	%	%	%	%	%	%	%
Overall average earned rate of fund (net)[1]	6.619	7.186	7.048	7.113	7.292	7.559	8.535	8.988	9.028	9.429
Average rate of return of investments purchased in year	8.100	7.272	7.149	7.563	8.950	9.844	10.410	9.530	9.645	10.064
	$	$	$	$	$	$	$	$	$	$
Net interest earnings in year	33,420	71,037	122,977	199,743	313,639	492,019	849,777	1,319,250	1,867,737	2,622,542
Long-term investments in year—										
Purchases	376,000	567,000	1,030,000	1,188,900	1,820,100	1,681,000	3,244,000	7,226,000	4,968,000	6,887,000
Maturities and sales	----------	----------	----------	120,000	195,000	75,000	----------	20,000	76,000	----------
Net Increase (par value)	376,000	567,000	1,030,000	1,068,900	1,625,100	1,606,000	3,244,000	7,206,000	4,892,000	6,887,000
Fund balance at year end	700,657	1,295,443	2,254,713	3,488,835	5,321,128	8,083,924	12,457,778	17,905,568	24,672,955	33,170,040

[1] After charging administration costs.

COLLEGE PENSION FUND

Comparative Statistics, September 1, 1968 to August 31, 1979

Fiscal Year Ended August 31	Contributions				Refunds		Allowances			
	Number Contributors	Employer	Employee		Number	Amount	Granted	Expired	Number in Force at Year End	Amount Paid
			Regular	Voluntary						
		$	$	$		$				$
1969	302	123,577	123,577	2,985	2	559	—	—	—	—
1970	458	190,965	190,965	2,913	19	9,962	—	—	—	—
1971	559	296,107	296,107	6,809	23	19,713	—	—	—	—
1972	642	443,772	443,772	6,488	23	23,544	1	—	1	44
1973	743	540,265	540,265	9,518	31	40,935	—	—	1	529
1974	875	686,692	686,692	5,883	32	42,569	2	—	3	2,220
1975	971	986,724	986,724	4,555	49	72,037	6	—	9	37,459
1976	1,633	1,668,940	1,668,940	11,398	51	89,009	6	—	15	95,567 617[1]
1977	2,043	2,063,357	2,063,357	10,756	93	146,503	7	—	22	148,854 13,471[1]
1978	2,326	2,455,294	2,455,294	20,425	79	150,326	9	—	31	220,757 26,971[1]
1979	2,585	3,008,957	3,008,957	10,042	103	188,100	10	—	41	262,193 47,354[1]

[1] Cost-of-living supplementary allowances.

COLLEGE PENSION FUND

Approved and Reciprocal Employers as at August 31, 1979

	Effective Date
APPROVED EMPLOYERS	
Section 12 (6) provides for the method of determining the highest average salary of a contributor who within three years of making his last contribution to the Fund enters the service of one or more of the following employers and becomes entitled to a pension:	
Government of Canada	July 1, 1973
Any employer to whom the *Public Service Superannuation Act* applies	July 1, 1973
Any employer to whom the *Teachers' Pensions Act* applies	July 1, 1973
University of British Columbia	July 1, 1973
University of Victoria	July 1, 1973
Simon Fraser University	July 1, 1973
SPECIAL AGREEMENT WITH APPROVED EMPLOYER	
Section 11 (3) provides for transfer of funds in respect of an employee who within three months of termination of his service transfers to or from the service of the following approved employer:	
Government of Canada	June 22, 1973
RECIPROCAL EMPLOYERS	
Section 11A provides for the method of determining pensionable service and highest average salary together with *pro rata* sharing of the present value of the allowance and transfer of funds in respect of an employee who within three years of termination of his service transfers to or from the service of the following reciprocal employers:	
An employer under the *Public Service Superannuation Act*	July 1, 1973
An employer under the *Teachers' Pensions Act*	July 1, 1973
An employer under the *Municipal Superannuation Act*	July 1, 1973
Workers' Compensation Board	June 3, 1974

COLLEGE PENSION FUND

Approved Long-term Disability Salary Continuance Plans as at August 31, 1979

EMPLOYER	Date Plan Approved
Camosun College	Mar. 27, 1975
Capilano College	June 4, 1979
College of New Caledonia	Apr. 30, 1979
Douglas College	July 30, 1979
Justice Institute of B.C.	Aug. 3, 1979
Northern Lights College	June 8, 1979
Okanagan College	Feb. 4, 1977
Pacific Vocational Institute	Apr. 9, 1979
Vancouver Community College	June 6, 1979

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230-180-9623