

To: all plan members and employers, unions and associations  
From: College Pension Board of Trustees  
February 1, 2016



## Contribution rates are changing April 1, 2016

As of April 1, 2016, contribution rates for both members and employers are going up \$1 for every \$1,000 of salary.

As part of plan design changes announced by the College Pension Board of Trustees (board) in February 2014, the plan partners agreed to strengthen the long-term health of the account for cost-of-living adjustments (COLAs). COLAs are not guaranteed; however, once granted, they become part of the lifetime pension benefit.

### **Your Plan Partners**

The College Pension Plan has four plan partners:

- BC Government and Service Employees' Union
- Federation of Post-Secondary Educators of BC
- Post-Secondary Employers' Association
- Provincial government

Each of the plan partners appoints trustees to the College Pension Board of Trustees (board).

The plan partners proposed plan design changes to keep the plan sustainable and modern; the board supported and accepted these changes.

The agreement creates a mechanism to increase contributions to the inflation adjustment account (IAA) as a function of negotiated salary increases for unionized faculty. These increases will occur until the plan's sustainable indexing cap is greater than or equal to the plan's assumed rate of inflation.

For every annual pay increase of one per cent or larger, one-twentieth (five per cent) of that increase will go to the IAA as employer contributions with matching member contributions.

Based on bargaining agreements, employees will have received three wage increases (totalling 1.95 per cent) between April 1, 2015 and April 1, 2016. This, in turn, affects the contributions of all members and employers to the IAA. The rate (rounded up to the nearest hundredth of a per cent) for both members and employers will increase by 0.10 per cent on April 1, 2016.

## Contribution rates effective April 1, 2016 as a percentage of salary

	Member (%)		Employer (%)	
	Rates as of January 1, 2016	Rates effective April 1, 2016	Rates as of January 1, 2016	Rates effective April 1, 2016
Basic	8.39	8.39	8.49	8.49
IAA	1.47	1.57	1.47	1.57
<b>Total</b>	<b>9.86</b>	<b>9.96</b>	<b>9.96</b>	<b>10.06</b>

### Future adjustments

Contribution rates may also change this year as a result of the actuarial valuation, which is conducted every three years to ensure sufficient funds are available to meet the pension promise for plan members. The actuary is reviewing the plan and in May 2016 we expect his report on the funded status of the plan as at August 31, 2015.

If contribution rates change as a result of the valuation, members and employers will receive notice of the change through future board communiqués and updates to the plan website.

The board will notify members of future increases to the IAA contribution rate when the annual pay increases negotiated in the sector are one per cent or larger. These increases take effect on April 1.

### What you need to do

#### *Active members*

No action is required.

#### *Employers*

An article will be included in the March Employer Newsletter with details about the impact of this contribution rate change.

For more information, read the [Plan Design contribution rate for members FAQ](#).

### Plan design 2016

More information is also available on the [Plan Design 2016 webpage](#).

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