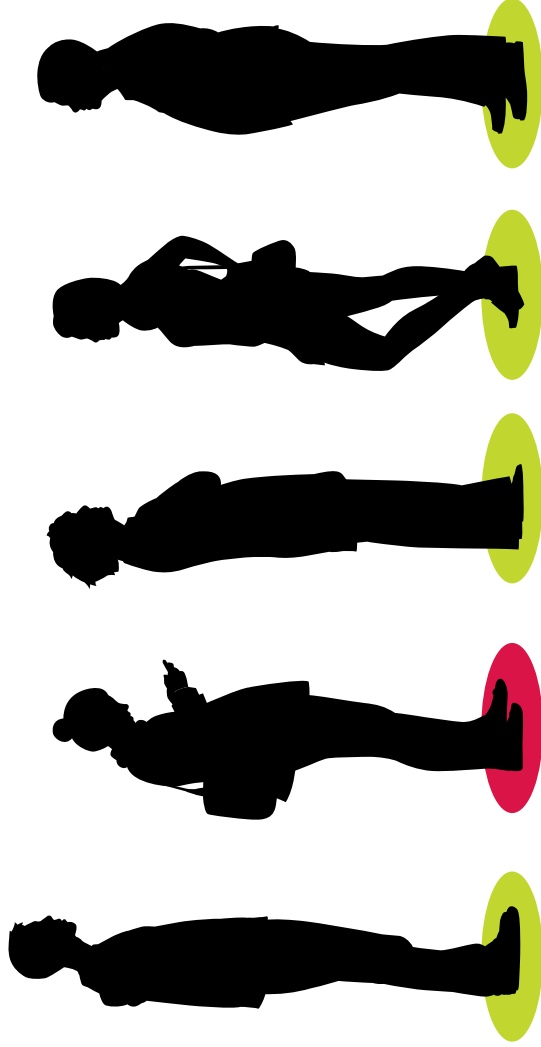


FIND YOURSELF ON PAGE 4

Your Life, Your Pension



Your pension: good
for the economy



Why Jeanetta Watt
loves her pension

WORK SAFE BC Report to Members

2014

Bridge benefits
WHO, WHAT, HOW

12

2

8

MESSAGE FROM THE TRUSTEES

HOW YOUR PENSION IS GOOD FOR THE ECONOMY

On the enclosed *Member's Benefit Statement* you'll see a name: **your** name. Be proud that your name is there because it means your pension contributions will not only provide you a paycheque in retirement but also, through the plan's investments, help the local, provincial, national and even global economies. And the pension you receive on retirement will have a positive impact on the economy of BC and the community you live in.

Two recent studies have examined the positive economic effects of your pension and other public sector pensions: *Economic Impact of British Columbia's Public Sector Pension Plans*, from the Conference Board of Canada, and *The Top 10: Investing for Canada on the World Stage*, from the Boston Consulting Group.

The studies demonstrate there are many reasons why economies on all levels benefit from public sector pension plans. Here are three of the most compelling findings:



#1

Retired plan members have increased spending power

The WorkSafeBC Pension Plan pays out more than \$35 million per year in pension payments to retired plan members.

Where, exactly, does that money go? As the vast majority of retired plan members live in BC, we know that much of their pension income ends up in BC communities. Retired members support local businesses such as grocery stores, restaurants and retail stores, as well as essentials like transportation, medical services and housing.

The trickle-down effect of the expenditures leads to employment through a variety of sectors (everybody from grocery clerks to food servers to mechanics to taxi drivers) which in turn helps the economy.

#2

Pension fund investments contribute billions to the economy

The pension contributions that come off your paycheque become part of about \$1.6 billion the plan invests through its investment agent, the British Columbia Investment Management

Corporation (bcIMC). Investments are diverse and include holdings in public equities, bonds, real estate, infrastructure and private equity (learn more about plan holdings in our upcoming *2014 Annual Report*). These investments support large and small businesses throughout BC, Canada and the world.

"Investments from BC public sector plans are expected to contribute about \$65.6 billion to Canada's gross domestic product."

Investments from the WorkSafeBC Pension Plan and other BC public sector plans are expected to contribute about \$65.6 billion (in 2012 dollars) to Canada's gross domestic product (GDP) between 2012 and 2035. As part of that, in this same period, about

YOUR LIFE, YOUR PENSION

\$10.6 billion of additional GDP would be added to British Columbia's economy.

Professionals are of course required to manage these huge investments: the Boston Consulting Group study showed that it takes 10,000 financial and real estate professionals throughout Canada to manage the funds of the 10 largest Canadian pension plans. Each of these professionals has a job, pays for food, housing and services and contributes to their own local economies because of the work they do for plans like the WorkSafeBC Pension Plan.

#3 Retired plan members are less likely to need government assistance

When you retire with a pension from the WorkSafeBC Pension Plan, you will be less likely to rely on government programs for low-income seniors, such as the Guaranteed Income Supplement (GIS). The Conference Board of Canada report shows that 45 to 50 per cent of Canadian retirees without a defined benefit pension

Choosing the right time to retire is just one small part of the pension experience.

In fact, between your first day in the plan and your last day of work, your pension is quietly accompanying you toward your retirement. But your pension doesn't have to be passive—there may be many times in your life where **your own actions** can either enhance your pension or make the pension experience easier.

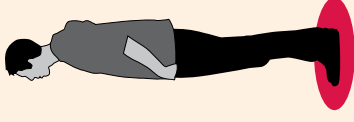
Can you relate to one of the fictional members described on the following pages? Do you share their same questions or concerns? If so, maybe our advice for them also applies to you!

All the documents described below can be found on the plan's website, worksafebc.pensionsbc.ca.

collect the GIS, yet only 10 to 15 per cent of Canadian retirees **with** a defined benefit pension, such as you, need to collect the GIS. The money the government doesn't spend on the GIS or other income assistance programs, now or in the future, means more money is and will be available for public services.

THESE ARE JUST THREE OF THE MANY REASONS WHY YOUR PENSION IS GREAT

for the economy. If you hear criticism of public sector pension plans in the media or in the community, it's important you, as a member of the WorkSafeBC Pension Plan, share how plans like yours enrich the lives all British Columbians and Canadians. Know that you and your fellow members are helping strengthen the economy with each and every contribution you and your employer make.



YOU'RE 25. YOU LOVE YOUR JOB

at WorkSafeBC—you've been there three years already! Retirement is a long way off; according to your annual *Member's Benefit Statement*, you could retire in 2044! You know you've got a pension, but you aren't paying much attention to it right now; your contributions are just another number coming off your paycheque. At the back of your mind, however, you understand your pension will be important to you someday and it's better to learn about it now while you're relatively new to the plan.

What can you do to **learn more about, and engage with, your pension?**

- **Read A Guide for Plan Members**
- **Review** your annual *Member's Benefit Statement* included with this *Report to Members*
- **Talk** with the people in the WorkSafeBC Employee Benefits section of the People Services Division

CONTINUED ON PAGE 6

VALUATION MOVES TO 2014

At least once every three years, the plan's actuary, a professional with specialized training in financial modelling, the laws of probability and risk management, assesses the financial position of the plan, examining the plan's ability to pay all current and future pensions. The plan's most recent valuation occurred in 2012, meaning the next valuation must occur no later than 2015.

Earlier this year, we asked the actuary to conduct a valuation of the plan as at March 31, 2014, rather than waiting until 2015.

Why are we doing this?

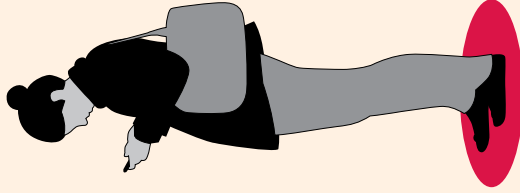
The last two valuations took into account the effects of the extreme market downturn of 2008 and 2009.

CONTINUED FROM PAGE 5

IT'S A BUSY TIME IN YOUR LIFE.

You're in your mid 30s, and have been with the plan for seven years.

You have two children, including a newborn. Right now you're on parental leave and, let's face it, your pension is not as important as getting three uninterrupted hours of sleep. You're not entirely sure if you'll go back to work full time or if now's the time to take a break from the workforce and try something new in a few years.



What pension information might be **helpful to you in these busy times?**

- **Talk** with the people in the WorkSafeBC Employee Benefits section of the People Services Division about returning to work and purchasing service

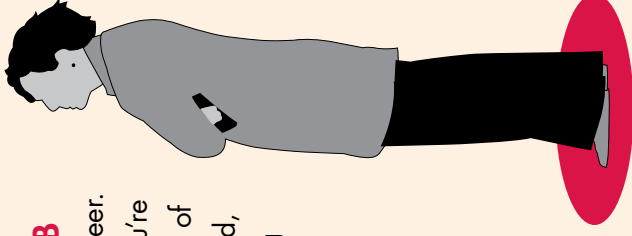
In 2012, the plan had a strong surplus in its **going-concern valuation** (a measurement of the plan taking into account the projected lifetimes of all current members), but the plan's **solvency valuation** (a measurement of the plan taking into account the hypothetical event the plan was to shut down) showed a small deficit that WorkSafeBC, as the employer, addressed through a letter of credit. A positive solvency valuation in 2014 could eliminate the need for that letter of credit and its associated interest costs, and result in significant cost savings. We are cautiously optimistic that, due to the positive market trends of 2013/14, both valuation measurements will be positive.

Results will be announced in late 2014, following the completion of the valuation.

- **Read** the *Purchasing leaves of absence PensionFacts* (for those who have returned from parental leave), the *Transferring service PensionFacts* (for those thinking about changing jobs) or the *Terminating employment PensionFacts* (in cases where you may leave the workforce)

TWO DECADES ON THE JOB

and you're established in your career. In some ways, you've **made it**. You're financially secure, the kids are out of the house and, for good or for bad, so is your spouse. And your aging parents have moved in with you. You're not ready to retire yet, and your impending divorce may push that possibility back even further.



CONTINUED ON PAGE 8

CONTINUED FROM PAGE 7

How are these **life changes going to affect your pension?**

- **Talk** with the people in the WorkSafeBC Employee Benefits section of the People Services Division
- **Read** the *How a separation or divorce affects your pension* PensionFacts
- **Read** *Your pension and your RRSP* room PensionFacts for information on how the estimated value of your pension benefits reduce the amount you can contribute to an RRSP
- **Review** *Protecting Your Pension Benefit: A Guide to Nominating Beneficiaries before Retiring* (for information on updating beneficiaries)

IT'S AN EXCITING TIME.

Retirement is close enough to touch. Maybe knock that last career goal out of the way first? You're excited, but apprehensive. Leaving the workforce

INCOME SECURITY HOW YOUR PENSION PLAN FUNDS ARE INVESTED

bcIMC believes companies that do a good job of managing environmental, social and governance risks deliver better returns.

The British Columbia Investment Management Corporation (bcIMC) is the plan's investment manager. As one of Canada's largest institutional investors, bcIMC invests the plan's funds around the world, in accordance with the plan's investment policies. Investments include infrastructure, real estate, private and public equity, commercial mortgages and fixed income.

Who decides how the plan's assets are allocated?

The plan's trustees decide on the types of investment categories, or asset classes, where the plan funds will

be allocated, as well as the long-term policy allocation assigned to each asset class. Assets are allocated in a way that seeks to provide long-term investment returns that meet funding goals, while managing the risks to protect the value of the plan's assets. The trustees also provide bcIMC with a management range around their policy target to allow bcIMC some discretion in managing the assets.

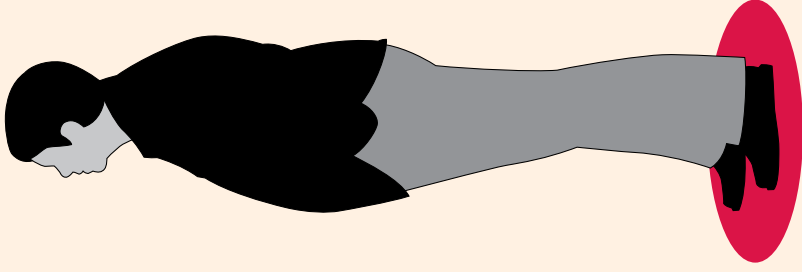
How does bcIMC practice responsible investing?

When bcIMC invests in a company it also contributes its expertise in responsible investing. It believes companies that do a good job of managing environmental, social and governance (ESG) risks deliver better returns or reduce risk to the plan's assets over the longer term. As an engaged investor, bcIMC takes longer-term aspects such as ESG issues into account, both before and after an investment is made. Also, as part of its responsible investing practices, bcIMC encourages companies,

is a massive step. You've been building your pension since the year the Canucks wore yellow. The time to make this important final decision draws near...

What can you do to help **decide if you're ready to retire?**

- **Talk** with the people in the WorkSafeBC Employee Benefits section of the People Services Division or attend a retirement planning workshop within two years of retirement
- **Use** the personalized pension estimator
- **Review** the WSN Retirement Planning section



"I KNOW OF WHAT I SPEAK" A MESSAGE FROM RETIRED MEMBER JEANETTA WATT

"When I was younger there were times that I begrudged the money being deducted. When I look back now, I am so grateful pension deductions were required and not optional."

Hello again to those of you I knew from my days at the Human Resources reception desk. Hello also to those of you I never had the pleasure to get to know.

I cannot believe it's been almost seven years since my husband and I made the move from Richmond over to Fanny Bay on Vancouver Island. Where has the time gone?

I retired in 2007, as good a year as any except for the global economic meltdown that we had no idea was right around the



After being introduced to WorkSafeBC in 1993 through a temporary recruiting agency, Jeanetta Watt had the good fortune to be placed in the then-Human Resources Department where she worked as receptionist for six months. After being reassigned to two other temporary assignments Jeanetta was successful in obtaining a permanent position as Human Resources receptionist in 1994. Jeanetta and her husband retired to Vancouver Island in 2007.

corner. Thankfully my WorkSafeBC pension was there for me and other retired members during this difficult time.

When I started at WorkSafeBC our two sons were in middle school and high school. My husband was successfully self-employed and I, of course, had an enjoyable new job. Our whole family was busy coming and going as young families do. There was food and clothes to buy, sporting activities, family holidays now and then, and home and car expenses to name but a few, and, naturally, we “wanted it all.” Life was good and retirement seemed a lifetime away.

During these busy years, retirement planning wasn’t fully on our radar. RRSP contributions were something we did just to save on taxes. Pension contributions seemed like just another deduction. But as we drew closer to retirement and with the children growing up, we became thankful the contributions had been mandatory when they were.

Now in retirement, my husband and I have outgrown the “wanting it all” attitudes we had in our younger day and I’ve enjoyed a successful retirement for almost seven years.



My advice? Stay healthy and develop a passion before retirement. Time can be the real treasure when you retire, so plan wisely.

As a WorkSafeBC employee and plan member, you are, through the contributions you are making, putting yourself in a strong and healthy position for retirement. You may not think so now, but you will come to appreciate it when your time is right to retire. I know of what I speak.

Stay well.

BRIDGE BENEFITS

THE WHO, THE WHAT, THE HOW

What is it? How long will I receive it?

The bridge benefit is a non-guaranteed temporary and automatic supplement to your WorkSafeBC pension, paid from your earliest retirement date until age 65 or death, whichever comes first. It was originally designed to “bridge” the gap between your retirement and receipt of the Canada Pension Plan pension.

Additionally, if you start to collect your Canada Pension Plan pension before age 65, your bridge benefit is not affected.

Who is eligible?

If you are under age 65 when you retire, you receive the bridge benefit **automatically**; there are no choices you need to make.

THE CALCULATION

$$0.7\% \times \text{YMPE}^1 \times \text{HAS}^2 \times \text{Total pensionable service}^3$$

The use of YMPE (of the year prior to the pension commencing) or HAS in the calculation is dependent on whichever value is less.

Will it affect my Canada Pension Plan pension?

No. The amount of the bridge benefit does not affect the amount of your eventual Canada Pension Plan pension.

What else do I need to know?

- After you retire, if cost-of-living adjustments are applied to your basic pension, the same adjustments are also applied to your bridge benefit.
- If you die before your bridge ends, your beneficiary or spouse is not entitled to the bridge benefit.

Who can I contact if I have questions?

WorkSafeBC People Services.

1 The YMPE (year's maximum pensionable earnings) is the maximum salary limit for contributions to the Canada Pension Plan. It is set annually by the Canada Revenue Agency. For 2014, the YMPE is \$52,500.
 2 The HAS (highest average salary) is the average of the highest five years (not necessarily last five years) of full-time equivalent earnings from a member's entire time contributing into the plan.
 3 Total pensionable service is the actual time worked by a member while contributing into the plan.

industry and regulatory bodies to develop sound governance practices, helping create long-term value and dependable cash flows.

What is long-term capital and why is it important to the plan?

Pensions are funded through two sources: contributions and investment returns. The investment returns come from assets that grow in value and deliver steady returns over the long term. Many of bclMC's investments are held for more than 20 or 30 years. This long time frame allows these companies to focus on their future instead of being driven by quarterly earnings expectations. They give attention to activities that better position them over the long term, become more innovative and adopt better governance practices. By investing for the long term, the pension fund provides income security for plan members and also benefits the economy.



My Account is your online gateway to contribution and service history, your annual Member's Benefit Statement, a personalized pension estimator and other key information.

Register at worksafebc.pensionsbc.ca

My Account

FAST. CONVENIENT. SECURE.

PLAN FINANCES

2014: A STRONG YEAR FOR THE PLAN

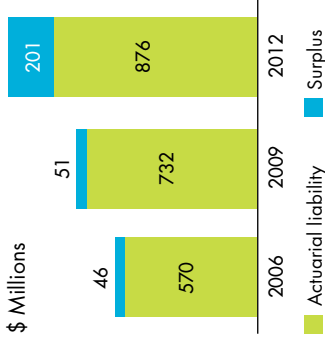
A major responsibility of the plan trustees is to oversee the financial health of the plan. Working with the WorkSafeBC Board of Directors and the British Columbia Investment Management Corporation, our investment manager, we work to get the strongest possible returns for the plan through prudent, long-term investments.

The 2013 *WorkSafeBC Pension Plan Annual Report* features detailed information on the plan's financial holdings; it is available under Publications at worksafebc.pensionsbc.ca. The upcoming 2014 *WorkSafeBC Pension Plan Annual Report* will be available in fall 2014, also on the website.

Funding of the total basic benefit liability

as at March 31

\$ Millions

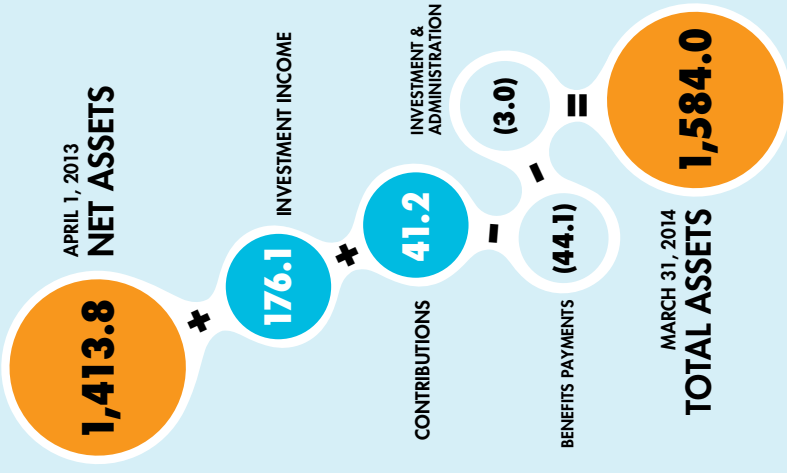


The plan's funding surplus more than quadrupled between 2006 and 2012, the year of the most recent actuarial valuation of the plan. Total assets also increased substantially in that time. Assets are being built up to provide pension benefits to current and future retired members.

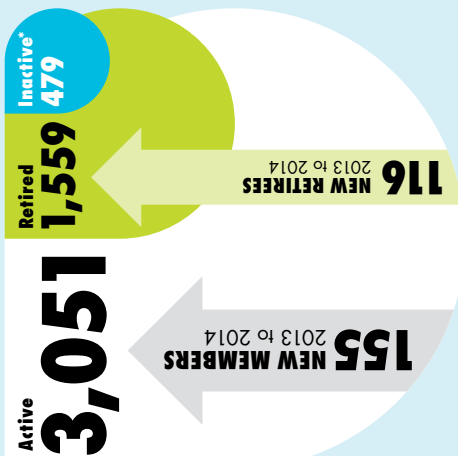
YEAR AT A GLANCE

Financial highlights (\$ millions)

year ended March 31, 2014 (unaudited)



Members
as at March 31, 2014



* Inactive members have terminated their employment but have left their contributions in the plan. They may or may not be eligible for a pension in the future.

Return on investments

for the year ending March 31, 2014

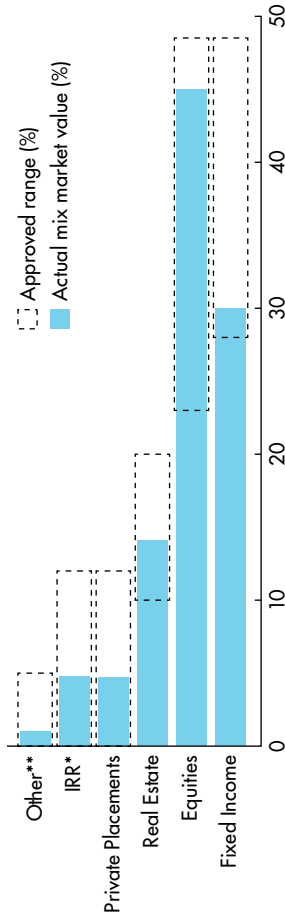


* Benchmarks are standards to compare against actual investment returns

In 2014, the plan exceeded its benchmark return of 10.5 per cent. Over the long term the plan looks to meet its target.

Approved asset range

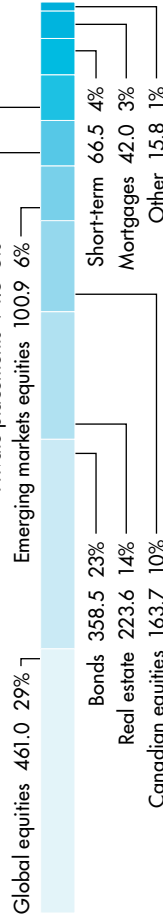
as at March 31, 2014



* Infrastructure and renewable resources
** Includes strategies and investments specifically approved by the trustees that do not correspond to the listed asset classes.

Investment holdings

as at March 31, 2014



* Infrastructure and renewable resources

The size of the plan's assets allows it to access investments that are not typically available to individual investors. As part of the plan's long-term investment strategy, trustees ensure plan assets are well distributed and "not all in the same basket."

ABOUT THE PLAN

GOVERNANCE, BENEFITS AND SERVICES

The plan provides your pension benefits based on your highest average salary, length of service and age at retirement.

Governance

As at March 31, 2014, the WorkSafeBC Pension Plan trustees are Brian Erickson (employer trustee), James Morrison (member trustee) and Paul Martin (independent trustee). The trustees are appointed by the WorkSafeBC Board of Directors and are responsible for overseeing the prudent investment of the plan's assets and ensuring the plan's administration services are provided to plan members.

2013/14 amendments to plan rules

Compliance and housekeeping amendment to the plan rules (OIC #049-14)

These amendments were made to ensure the plan is compliant and being administered in accordance with the plan rules and provincial and federal governing legislation. The changes were general housekeeping that removed obsolete provisions and references and clarified responsibilities for decision making.

ACTIONS YOU CAN TAKE NOW

These amendments were administrative in nature. No actions on your part are required.

Plan benefits

The WorkSafeBC Pension Plan provides your pension benefits based on your highest average working salary, length of service and age at retirement. You are entitled to a pension benefit after two years of contributory service. The plan also provides survivor and disability benefits.

Services for members

The WorkSafeBC Employee Benefits section in the People Services Division offers a variety of pension services. Staff members are experienced and well trained, and are available to help you with a wide range of requests, from providing basic pension plan information to assisting you with pension applications. You can also contact WorkSafeBC Pension Plan staff through our administrative agent, the BC Pension Corporation, at worksafebc.pensionsbc.ca.

CONTINUED ON PAGE 18



Family Law Act

The new *Family Law Act* gives people new options to divide a pension in the event of a separation or divorce.

More information is available on the plan website, under Publications, in the PensionFacts *How a separation or divorce affects your pension*.

CONTINUED FROM PAGE 17

In many cases, the plan sends important information directly to you. For example, you receive a *Member's Benefit Statement* each year (accompanying this *Report to Members*), which summarizes the benefits you have earned.

Another publication, the *2014 WorkSafeBC Pension Plan Annual Report*, including audited financial statements, will soon be available on the website. A copy of the report can be requested by contacting the plan or the WorkSafeBC People Services Division.

Plan funding/actuarial valuation

As an active plan member, both you and WorkSafeBC contribute to the plan. Every three years, as required by provincial legislation, an independent actuary assesses the financial position of the plan, examining the plan's ability to pay all the current and future pensions.

This assessment also reviews the current contribution rates for funding the plan and makes sure it is sufficient.



YOU MAY BE ABLE TO INCREASE YOUR FUTURE PENSION BENEFIT. HERE'S HOW.

The most recent valuation, on March 31, 2012, showed that the plan was fully funded and no increase was required to contribution rates. Please read the Message from the Trustees on page 2 to learn more about the next valuation.

Plan agents

The **BC Investment Management Corporation** (bcIMC) provides investment management services for your pension contributions as an agent of WorkSafeBC. As one of the largest institutional investors in the country, with more than \$105 billion in assets, bcIMC offers a wide range of fund management services.

The **BC Pension Corporation** provides benefit administration services to active and retired members as an agent of WorkSafeBC. The corporation enrolls new members, collects contributions, provides information and answers your questions, processes benefits and issues pension payments.

If you are an active member, you have until March 31, 2015, or termination of employment (whichever occurs first) to purchase any eligible leaves of absence (LOAs) or periods of non-contributory service that ended on or before March 31, 2010.

In addition, members who were active as of March 31, 2010, have until March 31, 2015, or termination of employment (whichever occurs first) to apply to reinstate any refund of pension contributions previously taken.

For all LOAs and periods of non-contributory service ending on or after April 1, 2010, a five-year application deadline applies. Members who rejoin the plan on or after April 1, 2010, must apply to reinstate any refund within five years from when they recommence contributions to the plan or before they terminate employment, whichever comes first.

For more information, please see *Purchasing leaves of absence* and *Reinstatement of a refund PensionFacts* or talk to WorkSafeBC People Services.

This publication is produced by the BC Pension Corporation on behalf of the WorkSafeBC Pension Plan. If you have any questions on the information contained in this report, please contact:

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Victoria BC V8W 9V8

Phone 250 953-4324
Toll-free: 1 888 440-0111
(Canada and U.S.)

Email worksafebc@pensionsbc.ca

Disclaimer: the information in this booklet is based on the legislation and the WorkSafeBC Pension Plan rules in effect as of March 31, 2014, except where otherwise noted. In the event of any variation between the information in this booklet and the provisions of the statutes, regulations and plan rules that govern any benefit available under the WorkSafeBC Pension Plan, the latter will prevail. Financial figures presented in this report as at March 31, 2014, are unaudited.

98-107 WCB 2014 R2M 2014.13.09



SURREY OFFICE 2014

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