

Staff Pension Plan Advisory Committee

TFEU Report February 15, 2012

Purpose of the committee:

The Staff Pension Plan Advisory Committee oversees the administration of the plan and communications with plan members, and recommends plan design and financing to the BCTF Executive Committee.

Composition:

Four persons appointed by the Federation

Four persons elected by the union (Three with voting rights and one serving as an alternate)

One person appointed by the retired members of the plan

The committee normally meets three to four times a year. The last regular meeting was held January 13, 2012. The next scheduled meetings are March 15 and April 25, 2012.

Solvency Deficiency

As previously reported to plan members the results of the January 2011 valuation showed a solvency deficiency of \$7,953,400. This is a combination of the remaining balance of \$1,723,900 from the January 2008 solvency deficiency and an increase in the solvency deficiency of \$6,229,500 reflected on the January 2011 valuation. The regulation requires the plan sponsor (BCTF) pay the solvency deficiency amount into the plan over five years along with their regular contributions. The committee with the support of all groups (TFEU, BCTF) did seek an extension to the January 2011 solvency deficiency payments. FICOM (Financial Institutions Commission) did approve a request of an extension for the January 2008 solvency deficiency from five to fifteen years. However, after a number of back and forth discussions between FICOM and the committee regarding the current solvency deficiency extension on payments we were advised in late December that the application was not approved.

For the federation this means the annual employer contribution for three years (based on the valuation) would be as follows:

Year	Normal Cost	Deficiency	Total
2011	\$543,600	\$1,569,000	\$2,112,600
2012	\$419,600	\$1,569,000	\$1,988,600
2013	\$432,200	\$1,569,000	\$2,001,200

Plan Amendment

The BCTF as the plan sponsor was notified by FICOM that the wording under Article 14.8 Termination of Plan in our Staff Pension Plan text did not comply with the requirements of the Pension Benefits Standards Act (the "Act") and Section (39)(2)(c). Based on our communications with FICOM and amendment was prepared to conform to the requirement under the regulations. This change gives all members equal rights on plan wind up. Our previous wording gave preferential treatment on wind up to one group of members over another. A memo was sent to plan members on November 28, 2011 from Walt Dallamore with a copy of the plan amendment (Amendment 6).

Actuarial Services

The Staff Pension Plan Advisory Committee with the approval from the BCTF Executive Committee is seeking new actuarial services beginning April 2, 2012. The “Request for Proposals” has been sent out to four actuarial firms and interviews will take place March 15. The current services provided by Bitu Jenab from Aon-Hewitt Consulting will expire March 31, 2012. The BCTF has extended their appreciation on behalf of plan members to Bitu and her staff for the services provided to our plan for over 20 years.

Funding Policy

This still remains a priority for the committee. The committee will work with a new actuarial service provider and seek the support of the BCTF EC to develop a funding policy for our plan. The purpose of this policy is to seek to maintain full funding with sufficient margins to eliminate any solvency deficiency and restore indexing. This strategy is intended to smooth out solvency deficiencies over the long term and protect our defined benefit plan.

Other Topics and Information

The bulk of the committees work in the last year has related to the solvency deficiency and the changes to our plan text.

Future agenda items include the following:

- New Actuarial Service Provider
- Funding policy
- Pension booklet update
- Training session
- Member communication
- Re-employment of Retirees
- Phased Retirement

Pension Fund Manger

The pension fund manager is Foyston Gordon & Payne. The fund performance for the fourth quarter to December 31, 2011 was 2.6%. The growth since fund inception June 2003 is 7.1%. The fund value at December 31, 2011 was \$35,320,647.

Respectfully submitted by,
Jenny Adams, Barb Dodds, Sheila Jones, Belva Lee