

To all employers and active plan members
 From College Pension Board of Trustees
 May 19, 2010



Contribution rates increasing

College Pension Plan member and employer contribution rates are increasing on September 1, 2010 following the plan's 2009 actuarial valuation report. Active member contribution rates will increase by 0.23 per cent of salary while employer rates will increase by 0.33 per cent of salary.

This contribution rate increase follows a review of the plan's finances, which occurs every three years. This independent actuarial valuation showed the plan had an unfunded liability for basic pension benefits of approximately \$28 million on August 31, 2009. An unfunded liability occurs when the money projected to be available for future pensions (assets) is less than the projected costs of paying for those pensions (liabilities).

The 2009 valuation showed the position improved from 2006, when the plan had an unfunded liability of \$54 million. The improvement from one valuation to the next was due mainly to increased contributions following the 2006 valuation offset by more conservative assumptions about investment returns.

The full valuation report is available on the plan's website, college.pensionsbc.ca, under Publications (Board Publications).

Results of the 2009 and 2006 actuarial valuations

	2009 (\$ millions)	2006 (\$ millions)
Basic benefits only:		
Assets	\$3,081	\$2,409
Liabilities	3,110	2,463
Surplus (unfunded liability)*	(28)	(54)

* The unfunded liability calculations above are correct. Figures have been rounded to the nearest million.

Contribution rate adjustments are periodically required to ensure the pension benefits all members have been promised will be available upon retirement. The contribution rate increase to take effect September 1, 2010 is a result of the board monitoring plan finances closely to ensure the plan is properly funded and remains fiscally sound. Your future pension benefit is guaranteed.

The new contribution rates are shown in the table on the following page.

Contributions as a percentage of salary

	Member		Employer	
	Old rates (%)	Rates effective September 1, 2010 (%)	Old rates (%)	Rates effective September 1, 2010 (%)
Below YMPE*				
Basic**	7.37	7.56	7.37	7.66
IAA***	1.34	1.38	1.34	1.38
Total	8.71	8.94	8.71	9.04
Above YMPE*				
Basic**	8.12	8.31	8.12	8.41
IAA***	1.34	1.38	1.34	1.38
Total	9.46	9.69	9.46	9.79

* The YMPE is the Year's Maximum Pensionable Earnings for the Canada Pension Plan. The YMPE for 2010 is \$47,200.

** Members and employers both contribute to the basic account to provide for the member's retirement pension.

*** Members and employers also contribute to the inflation adjustment account to provide for cost-of-living adjustments, which are not guaranteed.

Complete purchases of service before September 1, 2010 to save

Purchase of service costs are based on salary and contribution rates. On September 1, 2010, when contribution rates increase, purchase of service costs will also increase. Purchase of service applications received by employers by August 31, 2010 will be processed using the current contribution rates. For more information about purchasing service, please see the plan's website at college.pensionsbc.ca.

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