



PUBLIC EDUCATION BENEFITS TRUST



2015 Annual Report

www.pebt.ca

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Message from the Trustees

The Public Education Benefits Trust (PEBT) is pleased to present our 2015 Annual Report, which outlines the structure and activities of the Trust and performance of the program.

Almost 21,000 members across the province were covered under the Core Long Term Disability (LTD) program in 2015. Since inception of the Trust, as of December 31, 2015, there have been over 33,000 Joint Early Intervention Service (JEIS) cases and 4,943 LTD claims approved with 903 plan members currently receiving LTD benefits.

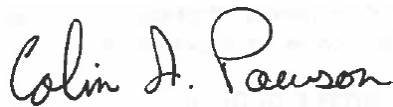
Investment return for 2015 was above the benchmark for a fourth year in a row at 7.2%, compared to the benchmark of 5.4%. As of December 31, 2015, the Trust held \$145 million in the investment portfolio and the actuarial liability for all benefits was \$38.6 million.

In our ongoing effort to ensure all stakeholders understand and support the JEIS program, development of an easy-to-read procedural manual was completed in 2015 which was shared at the 2016 Regional meetings. This manual, available on our website, will be used by all stakeholders to ensure consistency of service and is a great tool for ongoing communication and education about the program.

In October 2015, we announced that the benefits administration system will be replaced to address concerns district administrators have brought forward about the current system. The User Group, representing a cross section of school districts in terms of size of district, payroll system and location within the province, will be providing their feedback throughout the project to ensure the new system meets the needs of administrators. Bulletins communicating project progress and timelines are sent out regularly to keep Districts and local Unions informed of the project's status. We are looking forward to reporting the progress of the implementation of the new system over the next few years.

We have appreciated the ongoing opportunity to serve during the past year and look forward to another successful year ahead.

On Behalf of the PEBT Board of Trustees,



Colin Pawson, Board Chair



Alan Chell, Vice Chair

The PEBT

The Public Education Benefits Trust Fund (PEBT) was created in June of 2002 and is sponsored by both the British Columbia Public School Employers' Association (BCPSEA) and the Canadian Union of Public Employees (CUPE). The program is governed by a Board of Trustees representing both school districts and support staff workers in the K -12 sector. Currently, there are 59 school districts, 67 union locals, and over 20,000 plan members participating in the Trust.

The objective of the PEBT is to hold and administer a trust fund for the purpose of providing group health and welfare benefits for support staff members, their eligible dependents, and beneficiaries. The primary benefits are:

- "Core" Long Term Disability (LTD)
- "Other" Long Term Disability
- Joint Early Intervention Service (JEIS)
- Extended Health Care
- Dental Care
- Group Life (including Optional benefits)
- Accidental Death and Dismemberment (including Optional benefits)

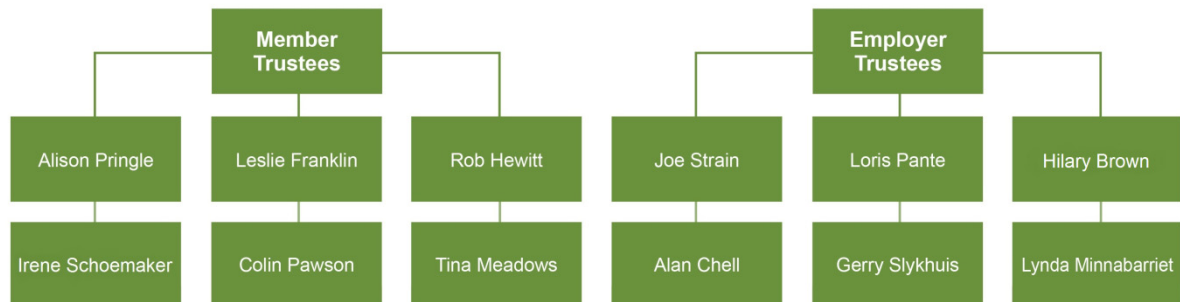
The "Core" LTD and JEIS programs are based on available funding. For all other benefits, plans are designed and funded in accordance with respective Collective Agreements.

The creation of the PEBT has resulted in a number of benefits for the employers and members within the K - 12 sector including, but not limited to, the following:

- Access for K-12 support staff to a provincial government funded LTD program.
- Improved management of disability claims with the introduction of a Joint Early Intervention Service resulting in benefits to members and employers.
- Promoting a positive labour relations environment that encourages stakeholders to work together for a common purpose.
- Direct financial savings due to the advantages of volume purchasing.
- Improved governance resulting from the inherent characteristics of a formalized trust.
- Generation of additional income from investments of reserves used to offset administration/Trust costs.
- Modernizing and standardizing the benefits administration function.

Section 1 – Plan Governance

The plan sponsors, BCPSEA and CUPE, are responsible for the appointment of Trustees to provide overall strategic direction of the Trust. A total of 12 Trustees are appointed with equal representation from the employer and union. Each Trustee serves a three year term with staggered expiry dates to ensure continuity at the Board level. The 2015 composition of the Board was as follows:



To optimize efficiencies in Trust operations, a number of committees, including: JEIS/LTD, Finance and Audit, Investment and Administration, focus on the different roles and responsibilities required of the Board of Trustees. All Trustees serve on one or more committees, which meet on a regular basis and provide updates and recommendations to the full Board for discussion and formal adoption. This facilitates more efficient and less frequent Board meetings, which reduces the Board's operating costs. The PEBT also has a number of other Committees such as Plan Design and Litigation Committees, which meet on an ad-hoc basis depending on the requirements of the Trust.

The PEBT Secretariat, which includes the Trust Secretary and Administrative Assistant, provides support and advice to the Board and acts as a liaison between the Board and the various providers. The Secretariat also assists in the day-to-day management of Trust activities including coordinating meetings, organizing events and preparing relevant documents.

In order to manage the operations of the Trust, the PEBT engages the services of a number of providers. Service providers presently serving the PEBT include:

SERVICES	PROVIDERS
Banking	VanCity Savings Credit Union
Custodian	RBC Investor Services Trust
Investment Management	Mawer and bclMC
Investment Consulting	Harry Satanove, George & Bell Consulting
Actuarial, Consulting and Administration	Morneau Shepell
Legal	Shawn Hatch
Group Life	Pacific Blue Cross ¹
Group Accidental Death and Dismemberment	AIG Insurance Company of Canada
JEIS and LTD Benefits	Desjardins Insurance
Extended Health and Dental Care Benefits	Pacific Blue Cross
Accounting	Goldsmith & Poulos Chartered Accountants
Audit	Ernst & Young
Trust Secretariat	Diane Moore and Lori Lofthaug

¹ Previously named British Columbia Life & Casualty Company

Section 2 – Joint Early Intervention Service

The PEBT sponsors a confidential Joint Early Intervention Service (JEIS) as an integral part of the disability program to assist plan members in their return to work. The program is supported by unions, school districts and the PEBT and is provided through funding from the provincial government for the “Core” LTD.

Based on feedback received from stakeholders of the PEBT including members and union and employer representatives, the JEIS has been an overwhelming success. There have been a number of salient cases that demonstrate the effectiveness of the program as well as the financial savings that are achieved by using the JEIS.

The PEBT provides an opportunity for members to provide feedback regarding the program through a variety of channels such as conferences and surveys.

Some specific member comments from the JEIS Evaluation Form sent to each member that participated in the program include:

- *“[The Health Care Management Specialist] gave great advice on how to handle re-entry as that was a tricky and uncertain time.”*
- *“[The HCMS] was amazing! I feel very secure when talking and sharing with her and I am so grateful for the service.”*
- *“[The HCMS]’s kindness and empathy greatly helped me to return to work successfully.”*

Desjardins Insurance (Desjardins), who is also the claims administrator for the PEBT LTD plan, is the administrator of the JEIS program. The JEIS complements the LTD program by providing a pro-active and timely service to Plan Members that facilitates their return to work in a caring, safe, and timely manner.

The JEIS program’s primary goals include:

- Providing early identification of member needs and active, caring treatment of member health issues
- Facilitating a return to work of members
- Promoting open discussion and support for the JEIS by the local unions and school districts at all levels
- Ensuring the long-term viability of the “Core” LTD program

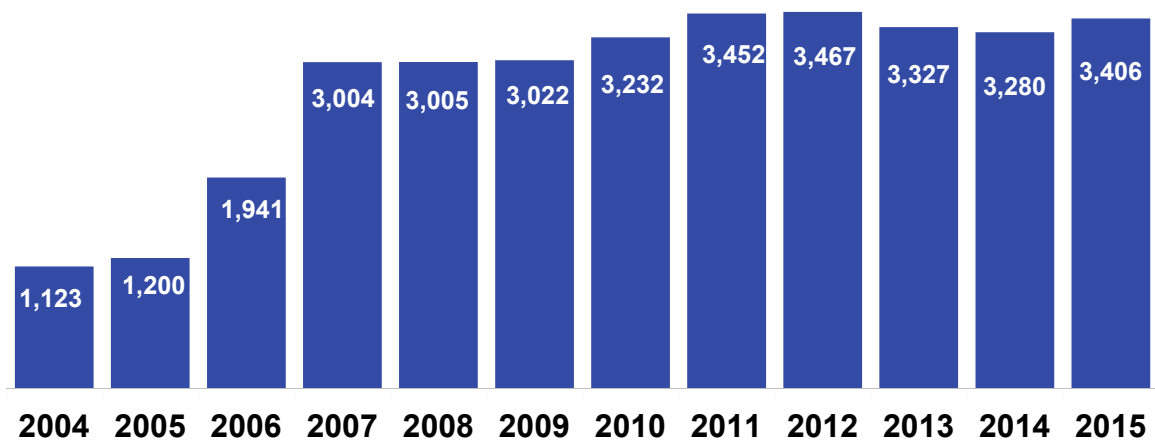
For JEIS to continue to be a success it is essential that the program continue to be fully supported by all stakeholders. Any new practice applied must uphold the confidence in the JEIS program that has developed over more than a decade of experience.

The JEIS program audit undertaken in 2013, produced recommendations on a number of initiatives. Throughout 2015 the JEIS Committee worked on a Procedural Manual, as recommended by the audit, to provide clarity for all stakeholders regarding the JEIS program processes. The new Manual was presented to Districts and Union Locals at the 2016 Regional meetings in the spring.

JEIS Utilization

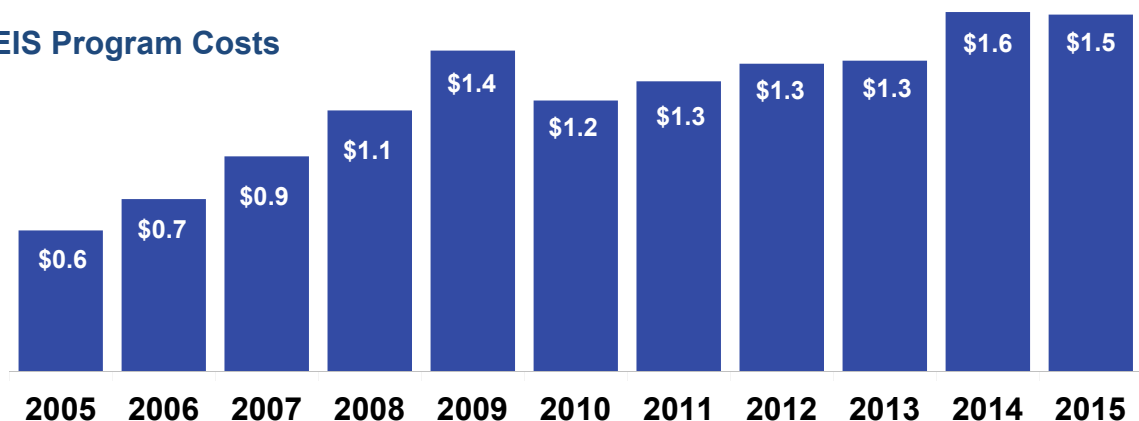
Members are required to participate in the JEIS program in accordance with JEIS policy and as agreed in the Provincial support staff framework agreement. The success of the JEIS program is due to all stakeholders working together towards common goals as well as establishing an infrastructure to manage the demands of the program. In 2015, there were 3,406 active JEIS cases reported through the program. For reference, the following chart shows the number of active JEIS cases by year.

ACTIVE JEIS CASES



The number of JEIS cases increased compared to 2014. As the teachers' strike likely impacted participation in 2014, we expected to see the number of cases increase this year and be more in line with the past few years prior to 2014.

JEIS Program Costs



(Millions of Dollars)

The 2015 JEIS costs are almost unchanged when compared to 2014. The increase in 2014 and 2015 compared to the previous three years is due to an increase in paramedical assistance and outside vendor costs. In addition, reimbursement for medical form completion was increased at the beginning of 2014 from \$25 to the current industry standard of \$40 per form which almost doubled this expense.

The investment in the JEIS program has created benefits for the PEBT through quicker recovery and for employers through reduction in sick leave usage and health care costs. The JEIS program allowed the most important stakeholder, members, to be assisted through an absence while respectfully keeping them connected with the work place. This connection minimizes the chance of secondary factors that may increase the likelihood of a LTD claim, or lengthy, more frequent absences. From a broader perspective it assists all parties in managing health related labour relations conflicts and heightens awareness of disability and workplace issues.

Section 3 – Long Term Disability

The PEBT Long Term Disability (LTD) plan provides income protection to plan members who become totally disabled due to illnesses or injuries that are not work related and therefore not covered by WorkSafeBC. The benefit is payable to eligible members who remain totally disabled after participating in the JEIS program. Desjardins follows claims management policies and processes to ensure proper payment of benefits. This includes regular follow up with members to monitor their condition and enforcement of the requirement of members to apply for other disability benefits to which they may be entitled. This protects the plan from unnecessary expenses and contributes to the plan's ongoing viability. Benefits are payable to age 65 subject to certain restrictions. A more detailed description of the plan provisions can be found on the PEBT website (<http://www.pebt.ca>).

The LTD program is made up of two components; "Core" LTD and "Other" LTD, which are both administered and/or insured by Desjardins Insurance (Desjardins). The "Core" LTD plan is funded by contributions received from the provincial government while the "Other" is funded by school districts and/or member contributions. The benefit level provided under the "Core" LTD is based on available funding and the Board may approve a benefit adjustment as recommended by the PEBT Actuary. Changes to existing benefit levels are a function of whether there is a surplus or deficit associated with the "Core" LTD program.

The PEBT self-insures the "Core" LTD benefit for the first five years (plus elimination period) of an LTD claim. To manage risk, the PEBT purchases pooling protection whereby Desjardins assumes the financial risk should the disability continue beyond the five year limit.

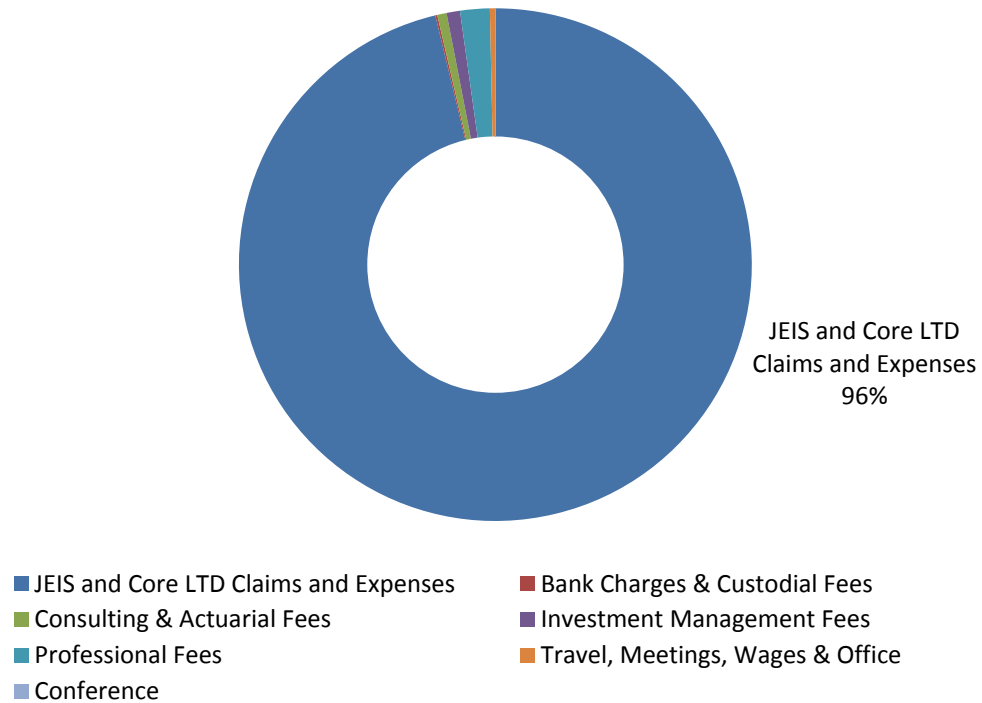
The "Other" LTD was made available to those school districts that previously had a disability arrangement in place that exceeded the "Core" LTD benefit offered through the PEBT. "Other" LTD is also available to those districts and unions that jointly agree to add LTD coverage that exceeds the "Core" LTD benefit.

Plan Performance

The number of new, approved LTD claims was 470 in 2015. As at December 31, 2015, there were approximately 20,455 active members (75% female and 25% male) and 903 members were still disabled. Of these, 653 are active claims less than five years in duration and 250 are active claims exceeding the 5 year durational pooling period. This is an increase when compared to 857 total disabled members at the end of 2014. As of December 31, 2015, 4,943 LTD claims have been approved since the inception of the Trust.

For reference, the costs associated with the “Core” LTD plan are illustrated on the chart below:

Core LTD Program Expenses 2015

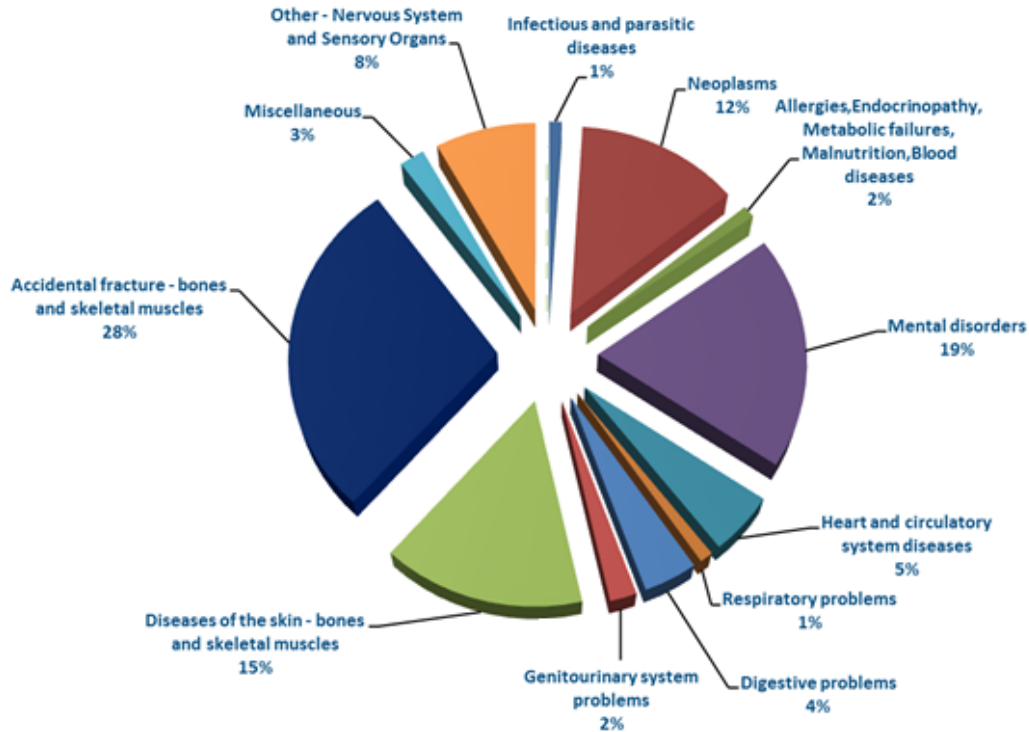


Detailed financial information can be found in the audited financial statements in Section 5 of this report.

Causes of Disability

The chart below shows the causes of disability for both active and terminated LTD claims based on receipt of the full benefit (i.e. excluding plan members receiving the \$50 minimum benefit). There have been no significant changes in disability causes compared to 2014.

PEBT CAUSES OF DISABILITY - FULL BENEFIT CLAIMS



Section 4 – Other Benefits

The Other Benefits include Group Life (including Optional benefits), Group Accident (including Optional benefits), Extended Health Care (including Medical Referral and Travel, where applicable), and Dental Care. These benefits are designed and funded in accordance with the Collective Agreements negotiated between the unions representing plan members and the respective districts.

The PEBT achieves many economies of scale in the delivery of these benefits. This includes negotiating reduced expense charges with the benefits providers, managing appropriate claims risk (which also minimizes insurance costs), and achieving favourable investment returns on claims reserves. As well, the PEBT incorporates a shared services delivery approach with respect to benefits administration by having a common administration system for all participating districts which generates further efficiencies for the sector.

Other Benefits provided through the PEBT are underwritten as follows:

Underwriting Approach for Other Benefits

	UNDERWRITING	STOP-LOSS
Benefits		
Basic Life:		
Death Benefit	Insured Cost Plus	Catastrophic coverage
Waiver of Premium	Administrative Services Only	
Optional and Dependent Life ²	Fully Pooled	N/A
Basic and Optional AD&D	Fully Pooled	N/A
Extended Health Care ³	Administrative Services Only	\$25,000 per individual ⁴
Dental Care	Administrative Services Only	N/A

The Waiver of Premium Reserve is determined by the PEBT Actuary for the Basic Life benefit and by BC Life for Optional and Dependent Life benefits. The reserve makes it possible for coverage to continue while a member is disabled and not contributing premiums towards the benefit.

Supplementing the Extended Health Care policy is a Stop Loss policy which limits the PEBT's exposure to risk by transferring the cost of large claims exceeding \$25,000 (per year, per individual) back to the insurance carrier.

² Including optional dependent and retiree life.

³ Includes Medical Referral Travel Benefit (MRTB), if applicable

⁴ Per an individual's total claims in a year (excluding MRTB).

Basic Life

The Basic Life benefit (death claims only) is underwritten on an insured cost plus basis with BC Life and Casualty (BC Life). From the individual school district perspective, the benefit is pooled with other school districts in the program and as such, claims by a particular school district within the pool have minimal effect on the overall premium rate charged to that school district.

The pooling arrangement includes catastrophic coverage which provides protection when three or more insured members die as a result of the same accident or incident. In this scenario, BC Life assumes the liability for claims in excess of \$250,000 to a maximum of \$20,000,000.

The life rate is reviewed at each renewal to reflect the performance of the overall PEBT claims experience. When evaluating the performance, the ratio of claims to premiums for all participating districts is considered (up to five years) as well as the reserves held to fund life waivers for disabled members. The level of the required life waiver of premium reserve is set by the plan Actuary and varies depending on the disabled employee's age, gender, the duration of disability, amount insured, and retirement date.

While each district maintains their own plan design, there is one common contribution rate for the Basic Life benefit as districts enter the PEBT program. The rate may change should a district subsequently modify their plan design.

Plan Performance

Over the 2015 year, 45 Basic Life claims were paid totaling \$2,645,000. As at December 31, 2015, the plan held a total Life Waiver of Premium Reserve of \$7,162,000, an Unreported Waiver of Premium Reserve of \$1,864,000 and an Unreported Death Claims Reserve of \$633,000.

Accidental Death and Dismemberment Benefits (AD&D)

The AD&D benefit (including optional benefits) is fully pooled within the insurer's block of similar business and is underwritten by AIG Insurance Company of Canada. Accordingly, claims incurred by school districts have no direct impact on the premium rate levels charged. These benefits are provided to those districts/ local unions that have negotiated them into their benefits program.

The AD&D premium rates are negotiated at each renewal to reflect the performance of the overall PEBT claims experience. There are common premium rates for school districts and members participating in the AD&D benefits being offered.

Plan Performance

Over the past year, there were no basic or optional AD&D claims. Over the 2014 calendar year, there were no basic AD&D claims and one optional AD&D claim in the amount of \$150,000.

Extended Health Care (including Medical Referral and Travel) and Dental Benefits

The Extended Health (including Medical Referral and Travel⁵, if applicable) and Dental Care benefits are underwritten on an Administrative Services Only (ASO) basis with Pacific Blue Cross (PBC). However, small to medium sized school districts (i.e. less than 200 plan members) were given a one-time option of participating in the PEBT Extended Health Care (EHC) and Dental “Pool”. Under this approach, future rates are based on a district’s past claims experience, up to a certain degree, depending on the size of the group. This is the most appropriate method for districts of a smaller size, or those not able to assume the risk of potentially volatile claims experience. Districts with more than 200 plan members are required to participate on a “stand-alone” basis whereby the district assumes full responsibility for its claims experience, with the exception of any claims in excess of the stop-loss level.

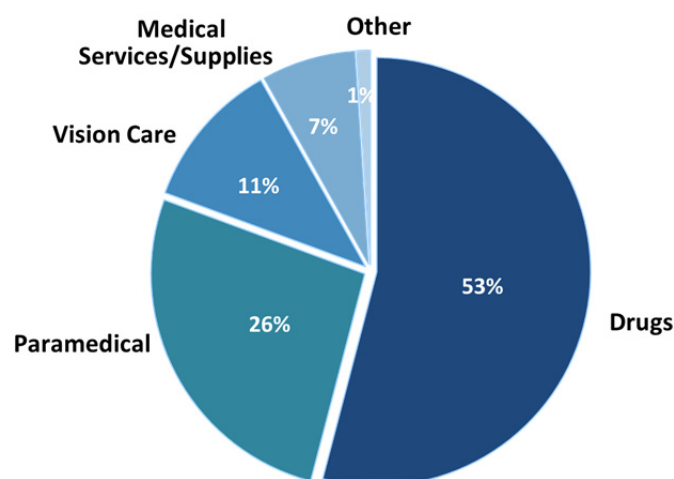
Plan Performance – EHC

Since inception, \$181,313,000 in claims has been paid through the EHC plan of which \$21,531,000 was paid in 2014 and \$22,683,000 in 2015. As at December 31, 2015, there were approximately 21,679 plan members participating in the EHC benefit, which is a slight increase from 2014. As shown in the Actuary Report in Section 5 of this report, the Incurred But Not Reported (IBNR) reserve requirement decreased significantly to account for the fact that most members now have access to a drug card which removes the lag time between when a claim is incurred and when it is submitted for reimbursement. As drugs make up the majority of claims costs, the addition of a drug card has a significant impact on the reserve required.

EHC claims costs increased by 5.4% between 2014 and 2015, which is lower than expected when compared to industry standard trend factors of approximately 9 – 15% used to project future claims costs.

The charts below show a breakdown of claims for the PEBT EHC plan as a percentage of overall cost:

PEBT EHC Claims – 2015



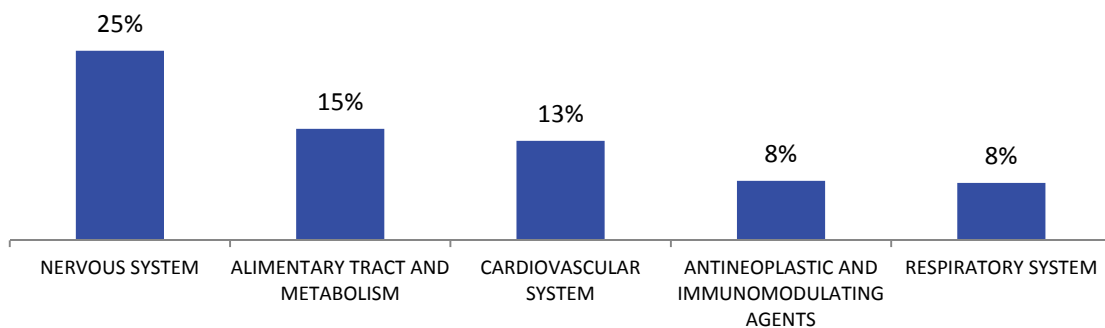
⁵ A small number of districts have a Medical Referral and Travel Benefit (MRTB). This benefit is in place to reimburse plan members who incur expenses due to their distance from necessary medical resources.

Looking at claims as a percentage of annual costs over the previous two years, the percentage of dollars spent in each category has remained relatively unchanged.

As shown in the previous chart, drugs represent the highest percentage of extended health care claims for the PEBT.

Top 5 Drugs by Category as a Percentage of Total Paid Drug Claims

January-December 2015



Common uses for each of these five categories are as follows:

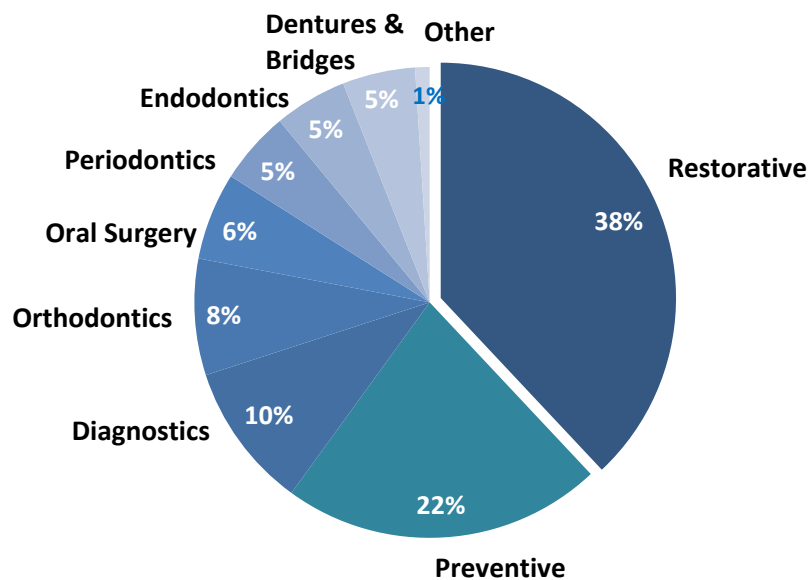
Drug Category	Common Usages
Nervous System	Mental Health, Epilepsy Treatment
Alimentary Tract and Metabolism (<i>Gastrointestinal</i>)	Diabetes, Acid Reflux, Ulcers
Cardiovascular Drugs	Hypertension, Angina, Congestive Heart Failure, Arrhythmia
Antineoplastic and Immunomodulating Agents	Rheumatoid Arthritis, Multiple Sclerosis, Cancer
Respiratory System	Asthma, Chronic Obstructive Pulmonary Disease (COPD)

Plan Performance – Dental Care

Since inception, \$222,293,000 in claims has been paid through the Dental plan of which \$24,368,000 was paid in 2014 and \$24,988,000 in 2015. As at December 31, 2015, there were approximately 21,609 active plan members participating in the Dental Care benefit. This represents a slight increase in participation from 2014. During this period there has been a 2.5% increase in claims costs which, like extended health care, is lower than expected when compared to industry standard trend factors of approximately 6-9% used to project future claims costs.

The claims costs per category as a percentage of the overall dental cost have remained stable. Bearing in mind that the PEBT Dental plans are negotiated at the school district level and coverage levels vary as a result, the charts below show Dental categories as a percentage of overall cost:

PEBT Dental Claims – 2015



Section 5 – Financial Summary

Audited Financial Statements

The Trust assets are consolidated for investment purposes; however, an accounting of Trust assets is maintained for each benefit for the purpose of monitoring the financial position of each benefit. Expenses that can be reasonably identified as a function of a particular benefit are also allocated to that benefit.

The Finance and Audit Committee meets regularly to oversee the financial operations of the Trust and review the annual audited financial statements. The Auditors' Report to the Board and the accompanying financial statements for the year ending 2015 follow this page.

Financial statements

Public Education Benefits Trust Fund
December 31, 2015

Independent auditors' report

To the Trustees of the
Public Education Benefits Trust Fund

We have audited the accompanying financial statements of the **Public Education Benefits Trust Fund**, which comprise the statement of financial position as at December 31, 2015, and the statements of changes in net assets available for benefits and changes in actuarial obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Public Education Benefits Trust Fund** as at December 31, 2015, and the changes in its net assets available for benefits and its actuarial obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Vancouver, Canada
June 23, 2016

Ernst & Young LLP

Chartered Professional Accountants

Public Education Benefits Trust Fund

Statement of financial position

As at December 31, 2015

	Core LTD program \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2015 Total \$	2014 Total \$
Assets											
Cash (bank indebtedness)	(8,088,628)	(162,846)	—	7,043,226	1,764,605	210,205	(5,397)	16,050,507	(15,909)	16,795,763	9,542,429
Restricted cash [note 4]	—	—	—	10,974,190	9,254,345	—	—	—	—	20,228,535	21,184,928
Investments at fair value [note 5(a)]	144,980,685	—	—	—	—	—	—	—	—	144,980,685	135,248,601
Contributions receivable	—	11,609	—	545,730	892,102	4,051	7,660	188,887	8,917	1,658,956	3,070,779
Prepaid benefit and premium costs	—	201,440	—	—	1,521,040	—	—	—	—	1,722,480	1,392,813
Claims fluctuation account [note 7]	100,720	—	—	—	—	—	—	—	—	100,720	447,827
Total assets	136,992,777	50,203	—	18,563,146	13,432,092	214,256	2,263	16,239,394	(6,992)	185,487,139	170,887,377
Liabilities											
Accounts payable and accrued liabilities	272,152	1,133	—	—	—	—	—	—	—	273,285	268,379
Benefit and premium costs payable	3,107,600	—	—	59,982	—	22,180	—	294,510	—	3,484,272	1,722,022
Deferred contributions [note 6]	—	2,555	—	78,086	80,887	723	244	19,950	156	182,601	84,821
Provision for claim reserves [note 8]	25,149,000	—	—	2,486,000	1,299,000	—	—	9,659,000	—	38,593,000	38,920,000
Total liabilities	28,528,752	3,688	—	2,624,068	1,379,887	22,903	244	9,973,460	156	42,533,158	40,995,222
Net assets (deficit)											
available for benefits	108,464,025	46,515	—	15,939,078	12,052,205	191,353	2,019	6,265,934	(7,148)	142,953,981	129,892,155

See accompanying notes

On behalf of the Board:



Trustee



Trustee

Public Education Benefits Trust Fund

Statement of changes in net assets available for benefits

Year ended December 31, 2015

	Core LTD program \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2015 Total \$	2014 Total \$
Increase in net assets											
Contributions											
Province of British Columbia	19,428,240	—	—	—	—	—	—	—	—	19,428,240	19,428,240
School districts	—	399,446	—	23,698,281	26,324,499	141,986	86,932	4,770,180	163,905	55,585,229	54,843,482
Investment income											
Interest and dividends [note 5[b]]	5,913,361	2,512	—	149,736	158,218	1,339	—	29,443	—	6,254,609	5,360,530
Realized gains [note 5[b]]	1,954,696	—	—	—	—	—	—	—	—	1,954,696	1,631,028
Unrealized gains	2,297,320	—	—	—	—	—	—	—	—	2,297,320	7,331,890
Total increase in net assets	29,593,617	401,958	—	23,848,017	26,482,717	143,325	86,932	4,799,623	163,905	85,520,094	88,595,170
Decrease in net assets											
Benefits costs											
Change in claim reserves	827,000	—	—	(1,788,000)	30,000	—	—	604,000	—	(327,000)	3,394,000
Claims paid	9,311,223	—	—	22,741,561	24,987,573	—	—	—	—	57,040,357	55,191,369
Insurance premiums											
Durational pooling	4,492,653	—	—	—	—	—	—	—	—	4,492,653	4,524,878
Other	—	334,314	—	—	—	123,519	89,789	3,042,650	157,807	3,748,079	4,002,326
Administration	1,612,820	5,682	1,104,720	1,263,769	1,132,839	3,030	—	70,066	—	5,192,926	5,154,704
Medical reports and other	808,496	—	434,675	—	—	—	—	—	—	1,243,171	1,534,583
Operating costs											
Bank charges	1,256	—	—	—	—	—	—	—	—	1,256	1,265
Consulting and actuarial fees [note 9]	109,243	1,987	—	118,436	125,145	1,059	—	33,684	—	389,554	383,460
Custodial fees	27,431	—	—	—	—	—	—	—	—	27,431	25,921
Investment management fees	209,265	—	—	—	—	—	—	—	—	209,265	178,594
Office	1,859	—	—	—	—	—	—	—	—	1,859	2,444
Professional fees [note 9]	355,092	—	—	—	—	—	—	—	—	355,092	392,056
Trustee costs											
Trustee travel and meetings	74,932	—	—	—	—	—	—	—	—	74,932	64,491
Wages and benefits	8,693	—	—	—	—	—	—	—	—	8,693	4,834
Total decrease in net assets	17,839,963	341,983	1,539,395	22,335,766	26,275,557	127,608	89,789	3,750,400	157,807	72,458,268	74,854,925

Public Education Benefits Trust Fund

Statement of changes in net assets available for benefits [cont'd]

Year ended December 31, 2015

	Core LTD program \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2015 Total \$	2014 Total \$
Increase (decrease) in net assets											
Net excess (deficiency) before undernoted	11,753,654	59,975	(1,539,395)	1,512,251	207,160	15,717	(2,857)	1,049,223	6,098	13,061,826	13,740,245
Transfers	(1,539,395)	—	1,539,395	—	—	—	—	—	—	—	—
Net increase (decrease) in net assets	10,214,259	59,975	—	1,512,251	207,160	15,717	(2,857)	1,049,223	6,098	13,061,826	13,740,245
Net assets (deficit) available for benefits, beginning of year	98,249,766	(13,460)	—	14,426,827	11,845,045	175,636	4,876	5,216,711	(13,246)	129,892,155	116,151,910
Net assets (deficit) available for benefits, end of year	108,464,025	46,515	—	15,939,078	12,052,205	191,353	2,019	6,265,934	(7,148)	142,953,981	129,892,155

See accompanying notes

Public Education Benefits Trust Fund

Statement of changes in actuarial obligations

Year ended December 31, 2015

	Core LTD program \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2015 Total \$	2014 Total \$
Changes in actuarial obligations											
Benefits accrued	13,508,000	—	—	—	—	—	—	3,358,000	—	16,866,000	15,398,000
Benefits plus expenses paid	(12,484,000)	—	—	—	—	—	—	(3,350,000)	—	(15,834,000)	(13,954,981)
Interest accrued on benefits	904,000	—	—	—	—	—	—	337,000	—	1,241,000	1,135,076
Effect of experience gain or loss	(1,928,000)	—	—	—	—	—	—	(345,000)	—	(2,273,000)	(2,578,095)
Effect of demographic changes	292,000	—	—	—	—	—	—	419,000	—	711,000	2,232,537
Effect of change in valuation basis	467,000	—	—	—	—	—	—	—	—	467,000	98,463
Total increase in actuarial obligations	759,000	—	—	—	—	—	—	419,000	—	1,178,000	2,331,000
Actuarial obligations, beginning of year	17,568,000	—	—	—	—	—	—	6,743,000	—	24,311,000	21,980,000
Actuarial obligations, end of year	18,327,000	—	—	—	—	—	—	7,162,000	—	25,489,000	24,311,000
Incurred but not reported component of claim reserves	6,822,000	—	—	2,486,000	1,299,000	—	—	2,497,000	—	13,104,000	14,609,000
Provision for claim reserves, end of year	25,149,000	—	—	2,486,000	1,299,000	—	—	9,659,000	—	38,593,000	38,920,000

See accompanying notes

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

1. Description of trust

The following description of the Public Education Benefits Trust Fund [the “Trust” or “Plan”] is a summary only. For more complete information, reference should be made to the Trust Agreement, the Plan Text and the relevant collective agreements.

General

The Trust was created by a Trust Agreement on June 28, 2002. The Trust provides health and welfare benefits for certain employees of School Boards of British Columbia, and their dependents, who are members of the support staff union. The Trust was created in accordance with the recommendations issued by the Industrial Inquiry Commission appointed by the British Columbia Minister of Labour.

The intention of the Trust is to provide the following health and welfare benefits:

- [a] long-term disability [“LTD”] benefits;
- [b] early return to work benefits;
- [c] hospital, surgical, medical, dental, eyeglass, pharmaceutical, anaesthetic, diagnostic, and other private health service benefits;
- [d] accidental death and dismemberment benefits [“AD&D”]; and
- [e] group life benefits.

Participating School Board employers are required to participate in the Trust’s Core LTD program, and if they also provide other benefits to their employees, then these additional benefits must be provided through the Trust’s other benefits programs.

Under the Trust Agreement, cash balances of the Trust are commingled for investment purposes, but a continual accounting of the assets of the Trust is maintained for each benefit for the purpose of monitoring the actuarial experience of each benefit. Interest income is allocated to each benefit program based on the specified percentages approved by the Trustees.

Expenses that can be reasonably identified as pertaining to a particular benefit are allocated to that benefit program. All other expenses are allocated to the Core LTD program.

Where the actuary identifies an actuarial surplus attributable to the Core LTD program, the Trust Agreement allows the use of the portion of such surplus attributable to investment income to reduce or eliminate implementation costs attributable to other benefits.

Where the actuary identifies an actuarial deficit attributable to other benefits such as the other LTD benefits program, the Trust Agreement requires that, on the actuary’s advice, the level of contributions be increased in an amount actuarially determined to be necessary to eliminate such a deficit.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

Funding policy

Under the terms of the Trust Agreement, the Trust is funded by the Province of British Columbia [the "Province"] for the Core LTD program and by contributions from employers and/or employees for other programs. Early return to work program expenses are paid out of government LTD funding for Core LTD benefits.

In accordance with the Trust Agreement and the May 2006 collective bargaining agreement, the Province contributes \$19,428,240 to the Trust annually for the purpose of funding the Core LTD program for certain employees of School Boards of British Columbia, and their dependents, who are members of the support staff union.

There were no changes to the funding policy during the period.

Income tax status

The Trust is registered with the Canada Revenue Agency and, as such, the Trust is subject to income taxes on investment income after deducting the expenses in relation to the operations of the Trust. The resulting calculation of this method of taxation has resulted in the Trust paying nil income taxes in 2014 and 2015.

2. Basis of presentation

These financial statements have been prepared on a going concern basis and in accordance with Part IV of the CPA Canada Handbook Section 4600 – *Accounting Standards for Pension Plans*.

In accordance with Section 4600, accounting policies of the Trust that do not relate to its investment portfolio and provision for claim reserves comply on a consistent basis with Canadian accounting standards for private enterprises in Part II of the CPA Canada Handbook to the extent that those standards do not conflict with the requirements of Section 4600.

To satisfy the fair value measurement requirements in Section 4600 for the investment portfolio, the Trust follows International Financial Reporting Standards 13, *Fair Value Measurement*.

These financial statements are prepared using the accrual basis of accounting.

3. Summary of significant accounting policies

Financial instruments

Financial instruments are measured at fair value on initial recognition. Financial assets include cash, restricted cash and investments, which are measured at fair value. Interest receivable and contributions receivable are measured at amortized cost. Accounts payable and accrued liabilities and benefit and premium costs payable are measured at amortized cost.

Transaction costs are expensed as incurred.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

Investments

Investment transactions are recorded as of the trade date. Investments are measured at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of investment assets held in units of pooled funds is determined based on fair value information provided by the fund administrators. Interest income is recorded on the accrual basis, recognizing interest as it is earned. The net change in fair value of investments for the year is reflected in investment income in the statement of changes in net assets available for benefits. When pooled investments are charged investment management fees, the Trust's portion of the expense is added to the direct investment management fees charged by the Trust's investment managers. For the year ended December 31, 2015, such indirect fees included were \$27,431 [2014 – \$25,921].

Revenue recognition

Contributions

Contributions are recognized on the accrual basis of accounting.

Realized investment income

Realized investment income consists of interest, dividends and the gain on sale of securities. Interest income is recognized as it accrues. Dividend income is recognized at the ex-dividend date. Gains on the sale of securities are recognized on a trade date basis.

Unrealized investment income

The Trust records unrealized investment income as the difference between the fair value and book value of investments. Fair value is the quoted market price of a financial instrument traded in an active and liquid market. For financial instruments not traded in an active market, the fair value is determined using appropriate and reliable valuation techniques. Such techniques may include recent arm's-length market transactions; reference to the current fair value of another instrument that is substantially the same; and discounted cash flow analysis or other valuation models.

Plan benefits

Benefits received by members under the terms of collective agreements are paid under insured contracts and administrative services only contracts. The Core LTD program, return to work program, extended health, and dental benefits are provided under administrative services only contracts. Other LTD, life, and AD&D benefits are provided under insured contracts. Group life is administered on a cost recovery basis.

Subject to underwriting agreements, the Trust has entered into risk sharing arrangements with insurance carriers. The Trust has entered into a pooling arrangement with Desjardins Financial Security Life Assurance Company for Core LTD benefits, whereby the Trust pays for the first 60 months of benefits, and the insurance carrier pays for any amounts beyond 60 months.

The Trust has catastrophic insurance coverage under the life benefits.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

Claims fluctuation account and unrestricted deposit account

The Trust is required to fund the claim fluctuation reserve account under basic life benefits. The excess over the required amount, if any, is transferred to the unrestricted deposit account. The Trust has full access to the amount outstanding in the unrestricted deposit account.

Provision for claim reserves

The provision for claim reserves is prepared by the Trust's actuary and comprises the following:

- [a] an estimated amount of claims to be submitted for services rendered and benefits incurred prior to December 31, 2015;
- [b] an estimated amount of the future costs of claims approved and expected claims to be approved relating to claims incurred prior to December 31, 2015 and not yet reported; and
- [c] an estimated amount of disability waiver premiums and claims for employees who are on disability leave and for whom premiums are not paid to the benefit providers.

The process of estimating claim reserves involves an estimate of future claims based on prior claim history. The actual amounts of claims expenses cannot be determined until all claims have been submitted and processed.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of changes in net assets available for benefits and actuarial obligations during the year. In particular, significant estimates are required in the determination of the provision for claim reserves. Actual results could differ from those estimates.

4. Restricted cash

Restricted cash consists of cash balances held in accounts with a Canadian financial institution. The restricted cash has been received from the school districts and is held for payments of future claims made for extended health and dental coverage.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

5. Investments and realized investment income

[a] Summary by type of investment

	2015	2014
	\$	\$
Canadian equity pooled funds	20,069,970	20,387,626
American equity pooled funds	11,392,888	10,784,358
Emerging market equity pooled funds	3,560,658	3,487,681
International equity pooled funds	31,112,482	27,081,481
Fixed income pooled funds	71,614,992	64,501,071
Canadian short-term investments	7,229,695	9,006,384
	144,980,685	135,248,601

[b] Realized investment income by type

	2015	2014
	\$	\$
Cash	777,608	561,451
Canadian equity pooled funds	2,049,474	2,842,686
American equity pooled funds	1,602,448	607,090
International equity pooled funds	1,825,585	877,298
Fixed income pooled funds	1,954,190	2,103,033
	8,209,305	6,991,558
Disclosed as		
Interest and dividends	6,254,609	5,360,530
Realized gains	1,954,696	1,631,028
	8,209,305	6,991,558

6. Deferred contributions

In December 2015, the Trust received \$182,601 [2014 – \$84,821] from school districts as contribution payments for 2016 [2014 – 2015].

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

7. Claims fluctuation account

The changes in the claims fluctuation account consist of the following:

	2015 \$	2014 \$
Balance, beginning of year	447,827	299,107
Required funding (payments) for the year	(347,107)	148,720
Balance, end of year	100,720	447,827

8. Provision for claim reserves

The provision for claim reserves by status of claim is as follows:

	2015 \$	2014 \$
Claims in progress/ongoing	18,327,000	17,568,000
Group life waiver of premiums	7,162,000	6,743,000
	25,489,000	24,311,000
Incurred but not reported claims	13,104,000	14,609,000
	38,593,000	38,920,000

9. Operating expenses

	2015 \$	2014 \$
Consulting and actuarial fees		
Morneau Shepell Inc.	389,554	367,250
Other	—	16,210
	389,544	383,460

Professional fees

	2015 \$	2014 \$
Davis & Company	—	21,702
Ernst & Young LLP	40,162	26,276
Goldsmith & Poulos LLP	51,849	48,048
Morneau Shepell	25,200	43,575
Trust secretariat	233,950	250,416
Other	3,931	2,039
	355,092	392,056

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

10. Fair value measurement

A fair value hierarchy is presented below that distinguishes the significance of the inputs used in determining the fair value measurements of the Trust's financial instruments. The hierarchy has the following levels:

Level 1 – quoted [unadjusted] prices in active markets for identical assets and liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, or assets with quoted prices in a less active market; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

	2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	16,795,763	—	—	16,795,763
Restricted cash	20,228,535	—	—	20,228,535
Canadian equity pooled funds	—	20,069,970	—	20,069,970
American equity pooled funds	—	11,392,888	—	11,392,888
Emerging market equity pooled funds	—	3,560,658	—	3,560,658
International equity pooled funds	—	31,112,482	—	31,112,482
Fixed income pooled funds	—	71,614,992	—	71,614,992
Canadian short-term investments	—	7,229,695	—	7,229,695
	37,024,298	144,980,685	—	182,004,983

	2014			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	9,542,429	—	—	9,542,429
Restricted cash	21,184,928	—	—	21,184,928
Canadian equity pooled funds	—	20,387,626	—	20,387,626
American equity pooled funds	—	10,784,358	—	10,784,358
Emerging market equity pooled funds	—	3,487,681	—	3,487,681
International equity pooled funds	—	27,081,481	—	27,081,481
Fixed income pooled funds	—	64,501,071	—	64,501,071
Canadian short-term investments	—	9,006,384	—	9,006,384
	30,727,357	135,248,601	—	165,975,958

There were no transfers of investments between the levels during the years ended December 31, 2015 and 2014.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

11. Financial instruments and risk management

The Trust's financial instruments consist of cash, restricted cash, investments, contributions receivable, accounts payable and accrued liabilities, and benefit and premium costs payable. The Trust is largely exposed to financial instrument risk on its investments, which are recorded at fair value.

The Trust's investment portfolio is subject to a variety of financial instrument risks that could adversely affect its financial position and changes in net assets available for benefits. These risks are categorized as market risk, credit risk and liquidity risk as detailed below.

Managing financial risk

The Trustees manage the Trust's financial instrument risks through the approval of the Trust's Statement of Investment Policies and Procedures ["SIPP"]. The SIPP sets out the Trust's investment objectives and risk framework, requires diversification of investments within asset classes, sets guidelines on investment categories, and limits the exposure to individual investments and counterparties. The Trustees also regularly monitor investment performance against a variety of criteria including compliance with the SIPP and investment manager performance against agreed upon benchmarks.

The Trust invests in pooled funds that are in turn invested in government and government guaranteed bonds, corporate bonds, debentures, mortgage-backed securities, and equities. The investment managers must adhere to the SIPP.

Market risk

The Trust's investments are susceptible to market risk, which is defined as the risk that the fair value or future cash flows of an investment will fluctuate as a result of changes in market prices. Market risk comprises foreign currency risk, interest rate risk, and other price risk. Market risk is managed through asset class diversification, diversification within each class, and credit quality constraints on investments.

Foreign currency risk is the risk that the value of the Trust's financial instruments will fluctuate due to changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Trust invests in units of pooled funds, which in turn invest in a diversified portfolio of assets. While underlying investments of the Trust are susceptible to both currency and interest rate risks, the risk of the Trust is indirect in nature. Given that the Trust does not directly hold any investments denominated in a foreign currency or any interest sensitive securities, the Trust believes it has no direct exposure to foreign currency or interest rate risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices [other than those arising from foreign currency risk or interest rate risk] whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

The investments of the Trust are directly exposed to other price risk. If the unit price of the pooled funds were to increase or decrease by 10%, with all other variables being held constant, the impact on the net assets available for benefits would be approximately \$14,498,069 [2014 – \$13,524,860].

Credit risk

Credit risk is the risk that loss may occur from the failure of another party to perform according to the terms of a contract. The Trust is indirectly susceptible to credit risk through investments in pooled funds and cash holdings. The Trust does not consider the risk in this area to be significant.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Trust's cash requirements in a timely manner and includes the risk of not being able to liquidate assets at a reasonable price. The Trust forecasts its cash requirements over the near and long-term to determine whether sufficient funds are available. The Trust's primary source of liquidity is income generated from the Trust's investments and contributions. The Trust limits liquidity risk as the Trust primarily invests in securities that are traded in active markets and can be readily sold.

12. Actuarial valuation

Actuarial valuations are required annually under the Trust Agreement. The latest actuarial valuation was performed as at December 31, 2015 by Morneau Shepell Inc. Amounts reported in these financial statements are based on going concern results of this valuation. The actuarial assumptions used in determining the provision for claim reserves that were approved by the Trustees are set out in detail in the December 31, 2015 actuarial valuation. The primary assumptions for Core LTD benefits include the claim CPP approval rate, funding interest rate, claim related expense rate and claim termination rates based on modifications to the 1988–1994 CIA study of disability termination experience based on Plan experience. The primary assumptions for group life benefits include rates of mortality and recovery, based on the CIA November 2001 report Group Life Waiver Study, funding interest rate and claim related expense rate.

13. Related party transactions

Related parties of the Trust include members of the Board of Trustees [the "Board"]. For the year ended December 31, 2015, the Trust paid administrative expenses of \$83,625 [2014 – \$69,325] in support of Board meetings and training. All transactions with related parties are recorded at the exchange amount agreed upon by the related parties.

14. Capital management

Capital of the Trust is defined as the net assets available for benefits and is not subject to external restriction. The Trustees' primary objective when managing the net assets of the Trust is to safeguard its ability to continue providing benefits to members at current levels in the future.

The Trustees set the amount of the net asset balance taking into consideration anticipated changes in economic and investment conditions, benefit costs and actuarial determination. The Trustees have the ability to enhance or reduce benefits and to increase contributions as part of their management of the net assets of the Plan.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2015

15. Subsequent event

On March 11, 2016, the Board approved an amendment to the Plan whereby monthly Core LTD benefits were increased from 66.67% to 70% of pre-disability earnings, subject to other limitations. This change is effective for existing and new claims on or after July 1, 2016. This increase was in addition to a cost of living adjustment to the Core LTD benefit implemented concurrently for existing claims only. The effect of this change on the financial statements is not reflected in the period ended December 31, 2015 as the calculation of provisions at the new rate requires future data.

Actuary's Report

TOTAL PLAN LIABILITY - COMPARISON BETWEEN 2014 AND 2015

Benefits	As of December 31, 2015	As of December 31, 2014
Long Term Disability		
Open Claims	\$18,327,000	\$17,568,000
LTD IBNR Reserve	<u>\$6,822,000</u>	<u>\$6,754,000</u>
Total LTD Actuarial Liability	\$25,149,000	\$24,322,000
Extended Health & Dental Benefits		
EHB IBNR Reserve	\$2,486,000	\$4,274,000
Dental IBNR Reserve	<u>\$1,299,000</u>	<u>\$1,269,000</u>
Total EHB & Dental Actuarial Liabilities	\$3,785,000	\$5,543,000
Group Disabled Member Life Waiver of Premium Benefit		
Open Waiver of Premium Reserve	\$7,162,000	\$6,743,000
Unreported Waiver of Premium Reserve	\$1,864,000	\$1,679,000
Unreported Death Claims Reserve	<u>\$633,000</u>	<u>\$633,000</u>
Total Reserve	\$9,659,000	\$9,055,000
TOTAL ACTUARIAL LIABILITY	\$38,593,000	\$38,920,000

In respect of the PEBT Plan, I state that in my opinion:

- (a) the data on which the valuation is based are sufficient for the purpose of the valuation;
- (b) the assumptions made for the purpose of the valuation are, in aggregate, adequate and appropriate for the purpose of this report at the time the report was prepared; and
- (c) the valuation methods employed are consistent with sound actuarial principles and appropriate for the purposes of this report.

This report has been prepared, and opinions given, in accordance with accepted actuarial practice.

The undersigned is available to respond to any comments or questions regarding this report.

Respectfully submitted,

MORNEAU SHEPELL



May 11, 2016

Ian Leznoff, F.S.A., F.C.I.A.
Principal

Date

Section 6 – Investment Summary

The PEBT invests its assets to earn additional income to fund future benefits for “Core” LTD and subsidize operating expenses incurred to manage the Trust. As at December 31, 2015, the Trust held \$145 million in their investment portfolio representing a net increase of \$9.8 million from the amount held by the Trust on December 31, 2014.

The management of the portfolio is outlined in the PEBT’s Statement of Investment Policy and Procedures (SIPP). The SIPP applies to the PEBT investment accounts held with bclMC and Mawer. The SIPP does not apply to cash, other assets in use, reserves for the day-to-day operation of the Fund, or assets held by an insurer in respect of any benefits that may be payable by the insurer.

The PEBT also has an agreement with the Vancouver City Savings Credit Union (VanCity) that provides a preferred interest rate on the assets held on deposit on a daily basis by the Fund. These interest returns also subsidize the operating expenses of the Trust.

The PEBT Investment Committee monitors the performance of the investment portfolio with the assistance and advice of the Investment Consultant. The powers and duties of the Investment Committee are contained in the Terms of Reference of the Investment Committee, as adopted by the Board and amended from time to time.

The Investment Committee reviews the SIPP at least once each year or at any time when any legislative or economic factors may affect the investment of the assets, and recommends to the Board any changes they feel are necessary. The Committee reports to the Board on its activities quarterly.

Investment Objectives

The PEBT SIPP was developed with two investment objectives. The primary objective is to generate investment earnings on average each year over a rolling 5-year period, equal to at least 4.0%. The second investment objective is to reduce the possibility that there may be a loss of capital in any year (i.e. risk objective).

A Benchmark Portfolio is the set of asset classes, in combination, that is expected to have the greatest likelihood of achieving the above investment objectives.

The Board currently utilizes the following Benchmark Portfolio for their investments:

Asset Class	Benchmark Index	Benchmark Asset Mix as of December 31, 2015
Canadian Equities	S&P / TSX Total Return	17%
Global Equities	Morgan Stanley (MSCI) World ex-Canada Total Return (\$Can)	25.5%
Canadian Bonds	FTSE TMX Canada Universe	50%
Short-Term Bonds	FTSE TMX Short-Term Government Bonds	5%
Emerging Market Equities	Morgan Stanley Capital International (MSCI) Emerging Markets Net Index	2.5%

The assets in the investment portfolio may be invested only in permitted categories of investments as stated in the PEBT SIPP. This includes, but is not limited to, equities, debt securities (i.e. bonds), interest-bearing cash or cash equivalents, and pooled funds.

Current Investments

The performance of the PEBT investment portfolio for each of the pooled funds is monitored quarterly by the investment consultant with the Investment Committee. The investment return for the PEBT portfolio in 2015 was 7.2% which was above the benchmark rate of return of 5.4%.

Over the course of the past three years, the dollar value of PEBT Investments at Fair Value is summarized as follows:

INVESTMENTS – AT FAIR VALUE			
Fund	2015	2014	2013
Canadian equity pooled funds	\$20,068,000	\$21,003,000	\$19,252,000
Global equity pooled funds	\$42,505,000	\$38,083,000	\$34,527,000
Emerging market equities	\$3,561,000	\$3,488,000	\$3,262,000
Universe bonds	\$70,330,000	\$63,870,000	\$58,394,000
Short-term bonds	\$7,230,000	\$6,504,000	\$6,027,000
Money market and cash	\$1,287,000	\$2,300,000	\$2,000
Total Portfolio	\$144,981,000	\$135,249,000	\$121,464,000

The PEBT continues to explore opportunities to ensure investment objectives are met including monitoring methods to minimize risk and reviewing alternative investments options.

Appendix A – List of Participants

District Name	School District Number	Union Local	Core LTD Plan Participation Date
Southeast Kootenay	05	CUPE Local 4165	March 1, 2003
Rocky Mountain	06	CUPE Local 440	November 1, 2006
Kootenay Lake	08	CUPE Local 748	April 1, 2003
Arrow Lakes	10	CUPE Local 2450	August 1, 2003
Revelstoke	19	CUPE Local 5150	March 1, 2003
Kootenay-Columbia	20	CUPE Local 1285	March 1, 2003
Vernon	22	CUPE Local 5523	March 1, 2003
Central Okanagan	23	CUPE Local 3523	March 1, 2003
Cariboo-Chilcotin	27	IUOE Local 959	November 1, 2006
Quesnel	28	CUPE Local 4990	November 1, 2006
Chilliwack	33	CUPE Local 411	November 1, 2006
Langley	35	CUPE Local 1260	March 1, 2003
Langley	35	CUPE Local 1851	March 1, 2003
Surrey	36	CUPE Local 728	November 1, 2006
Delta	37	CUPE Local 1091	March 1, 2003
Richmond	38	CUPE Local 716	March 1, 2003
Vancouver	39	CUPE Local 407	March 1, 2003
Vancouver	39	CUPE Local 15	November 1, 2006
Vancouver	39	IUOE Local 963	November 1, 2006
New Westminster	40	CUPE Local 409	March 1, 2003
Burnaby	41	CUPE Local 379	March 1, 2003
Maple Ridge/Pitt meadows	42	CUPE Local 703	March 1, 2003
Coquitlam	43	CUPE Local 561	November 1, 2006
North Vancouver	44	CUPE Local 389	March 1, 2003
West Vancouver	45	WVMEA	November 1, 2006
Sunshine Coast	46	CUPE Local 801	March 1, 2003
Powell River	47	CUPE Local 476	March 1, 2003
Howe Sound	48	CUPE Local 779	March 1, 2003
Central Coast	49	NTSA	November 1, 2006
Queen Charlotte/Haida Gwaii	50	CUPE Local 2020	March 1, 2003
Boundary	51	CUPE Local 2098	March 1, 2003
Prince Rupert	52	IUOE Local 882B	November 1, 2006
Okanagan/Similkameen	53	CUPE Local 523	March 1, 2003
Bulkley Valley	54	CUPE Local 2145	March 1, 2003
Prince George	57	CUPE Local 3742	March 1, 2003
Prince George	57	CUPE Local 4991	November 1, 2006
Nicola Similkameen	58	CUPE Local 847	March 1, 2003
Peace River South	59	BCGEU Local 710	November 1, 2006
Peace River South	59	Teamsters Local 31	November 1, 2006
Peace River South	59	CUPE Local 4992	November 1, 2006

Peace River North	60	CUPE Local 4653	November 1, 2006
Greater Victoria	61	CUPE Local 382	March 1, 2003
Greater Victoria	61	CUPE Local 947	March 1, 2003
Sooke	62	CUPE Local 459	March 1, 2003
Saanich	63	CUPE Local 441	March 1, 2003
Gulf Islands	64	CUPE Local 788	March 1, 2003
Okanagan Skaha	67	CUPE Local 523	March 1, 2003
Nanaimo - Ladysmith	68	CUPE Local 606	March 1, 2003
Qualicum	69	CUPE Local 3570	March 1, 2003
Alberni	70	CUPE Local 727	March 1, 2003
Comox Valley	71	CUPE Local 439	March 1, 2003
Campbell River	72	CUPE Local 723	November 1, 2006
Kamloops/Thompson	73	CUPE Local 3500	March 1, 2003
Gold Trail	74	CUPE Local 173	March 1, 2003
Mission	75	CUPE Local 593	March 1, 2003
Fraser-Cascade	78	CMAW Local 2423	November 1, 2006
Cowichan Valley	79	CUPE Local 5101	March 1, 2003
Cowichan Valley	79	USW 180	November 1, 2006
Fort Nelson	81	BCGEU Local 710	November 1, 2006
Coast Mountains Regular Employees	82	CUPE Local 2052	March 1, 2003
North Okanagan-Shuswap	83	CUPE Local 523	March 1, 2003
Vancouver Island West	84	CUPE Local 2769	March 1, 2003
Vancouver Island North	85	CUPE Local 401	March 1, 2003
Stikine	87	CUPE Local 3234	March 1, 2003
Nechako Lakes	91	CUPE Local 4177	March 1, 2003
Nisga'a	92	CUPE Local 2298	March 1, 2003
Conseil Scolaire Francophone	93	CUPE Local 4227	November 1, 2006

The background of the entire page is a dark blue color with a subtle, lighter blue pattern of stylized leaves and branches. The leaves are of various shapes, some oval, some more pointed, and the branches are thin and angular. The pattern is dense and covers the entire area.

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