

FortisBC Pension Plan for IBEW and MoveUP Members: 2022 in review

Market volatility: Your pension remains secure

2022 was a period of significant volatility and the investment returns for most asset classes were negative. This was partially due to rising interest rates used to combat high inflation. The other major factors were the negative returns in the equity markets globally.

Although the markets have continued to fluctuate over the past few years, **the pension fund's net investment returns have performed approximately in line with the benchmark portfolio.**

The negative returns do not directly impact your pension.

Your pension is calculated from your years of service and final average earnings—both of which are not tied to investment performance.



Your pension plan by the numbers

Investment performance

5.3%

Average annual net investment return over the five-year period ending December 31, 2022

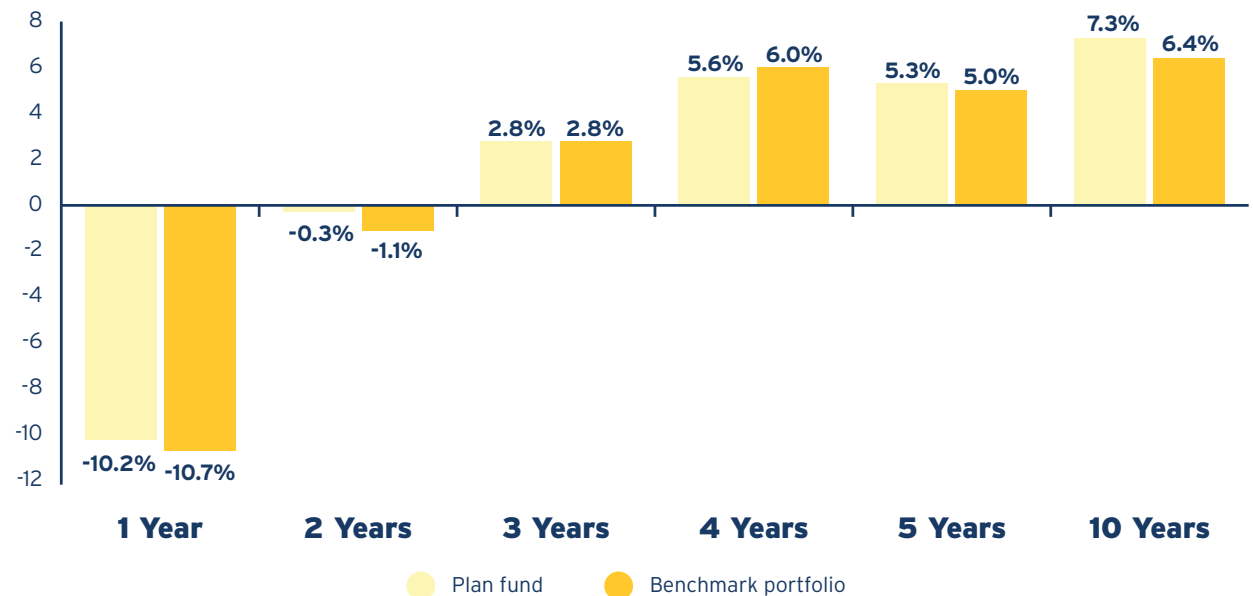
-10.2%

Net investment return of the pension fund in 2022 including investment-related expenses

The table below shows the average annual net investment rates of return of the Plan, up to December 31, 2022 alongside the returns of a benchmark portfolio. The Trustees use the benchmark portfolio to compare the pension fund's investment return with general market performance and assess the asset classes the pension fund is invested in.

Average Net Investment Returns

For periods ending December 31



2023 investment performance has generally looked more positive.

The equity markets have shown a positive outlook year to date in 2023, particularly for the US and global equities. Most pension plans have seen their assets improve over the first five months of 2023. Additionally, the interest rate increases by the Bank of Canada over 2022 and 2023 have begun to slow inflation.



Read more about interest rates on the next page!



Interest rate changes are inversely related to fixed income returns. This means that when interest rates go up, the value of the Plan's fixed income investments goes down (and vice versa).

However, the same is also true for the liabilities of the Plan (the value of future pension payment obligations). As interest rates increase, the Plan's liabilities decrease.

Holding fixed income investments means that as interest rates change, some of the Plan's assets and liabilities will move in sync.

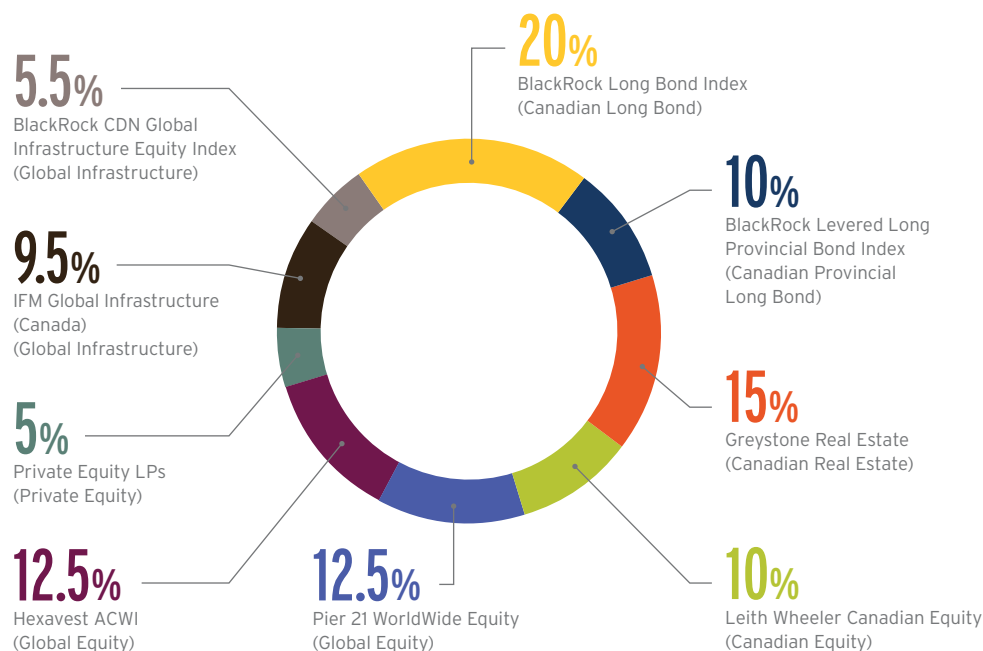
Recall that at the date of the last funding valuation (December 31, 2021) the going-concern position was 123.1% and the solvency position was 120.2%. The next funding valuation will be performed as at December 31, 2024.

Pension fund asset mix

The combination of investments in a portfolio is called an asset mix. The pension fund contains a well-diversified asset mix, which means it has investments with varying levels of potential risk and reward. This approach helps minimize the impact of short-term market fluctuations, while supporting long-term growth of the pension fund.

The Trustees continuously monitor the Plan's investment performance and target asset mix to ensure the assets continue to perform as expected.

The Plan's current asset mix is:



The pension fund's asset mix complies with the Plan's Statement of Investment Policy (SIP) – a document that outlines the Plan's investment goals and objectives. The pension fund's asset mix is reviewed regularly and assets are rebalanced quarterly to ensure investments are within the ranges outlined in the SIP.



Plan finances: contributions and market value

	2021	2022
FortisBC contributions	\$7,080,000	\$7,096,000
Member contributions	\$7,080,000	\$7,096,000
December 31 market value	\$668,551,000	\$593,668,000

Plan members: active, deferred, pensioner

	2021	2022
Active members	1,202	1,192
Deferred/transferred members	357	379
Pensioners	1,001	1,056

Inflation and your pension

Each year, Statistics Canada determines the inflation measure – also known as the Consumer Price Index (CPI). The CPI reflects the current cost of living, including prices for food, shelter, transportation, and household expenses.

For 2022, Statistics Canada determined a 6.3% inflation measure, meaning the cost of goods and services increased by 6.3% between December 31, 2021 and December 31, 2022 – the highest level recorded since the early 1980s.

Rest assured, the Plan has features built in to help protect members against inflation.

Active members

Your pension amount is based on your five highest consecutive years of Plan earnings. That means **when your earnings, while in a union role, with FortisBC increase, your pension does too.**

Retired members

Indexing increases granted for Gas division retirees

Each year, the Trustees review the Plan to determine if pension increases can be granted based on the Plan's indexing policy and the funded status of the Plan.



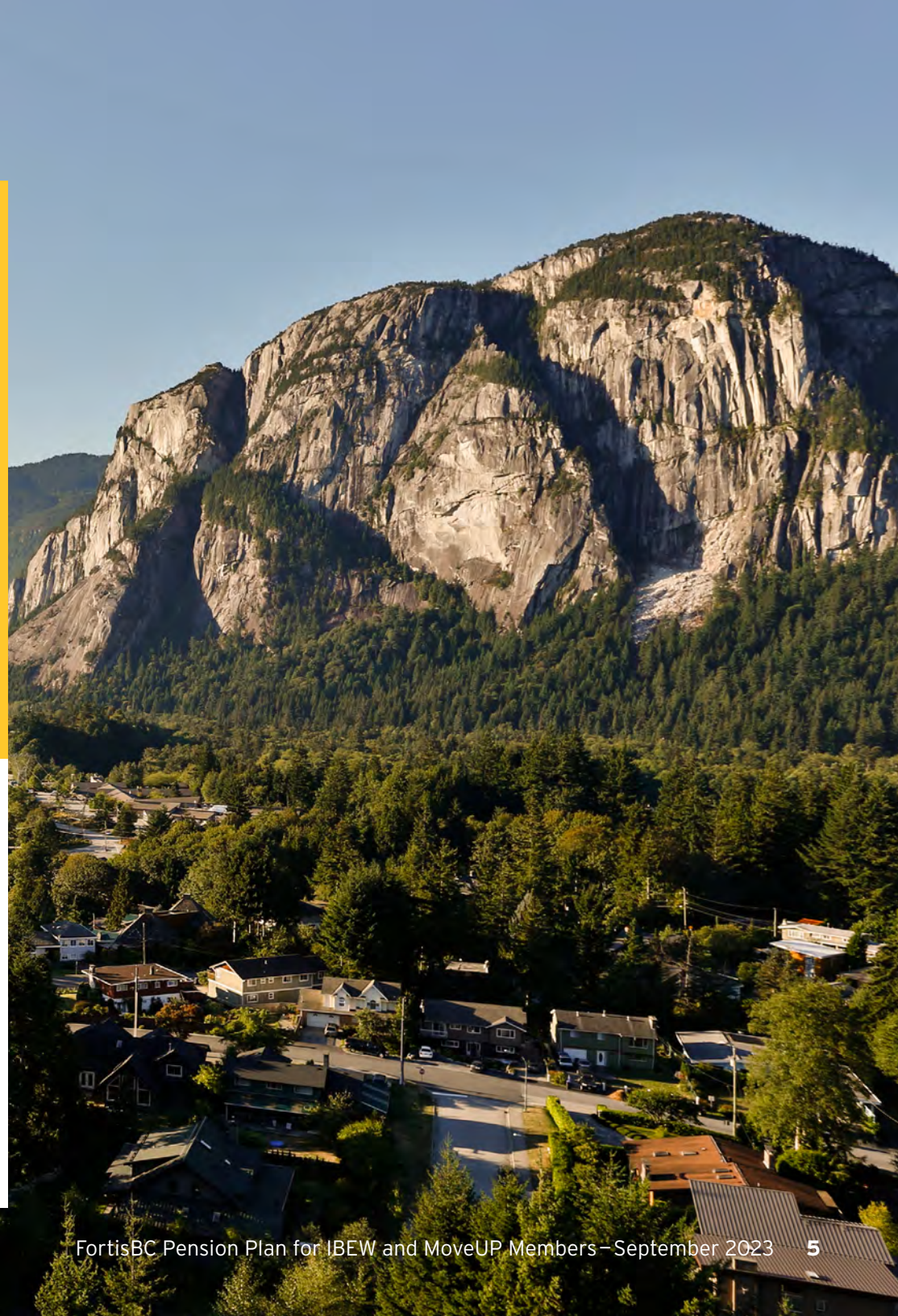
Great news! As a result of the Plan's well-funded status and despite poor returns in 2022 , **the Trustees are pleased to grant an increase—** to Gas division retirees effective July 1, 2023 to **match the 6.3% increase in the CPI.**

The Trustees have also determined that an additional catch-up increase may be granted to Gas division retirees who retired before July 2019 for years where no pension increase was granted. The additional increase will be based on the CPI increase in 2018 (2.0%) and will depend on when the pensioner retired.

With this catch-up indexing granted, the Plan has now granted full CPI increases to Gas division retirees' pensions since the Plan's inception.

Future Indexing

Since the IBEW Electric Pension Plan's financial status was different from the Gas division's financial status before the Plans merged on January 1, 2020, there were measures in place to address that differential. These measures included different pension indexing for Gas division retirees during a 3-year equalization period which has now concluded. Commencing on July 1, 2024, Electric division retirees will be eligible to receive indexing alongside Gas division retirees. The Trustees will grant indexing to eligible members in accordance with the criteria as outlined in the Plan's indexing policy.



Information and resources

Want easier, faster access to your pension information? **Go Green!**

Plan members have the option to switch to online-only communication for annual pension statements. Not only will you reduce your carbon footprint, but you will also be able to access pension information from any device, any time—all with just a few clicks!



If you haven't already set your communication preferences, go to the Web Portal at fortisbc.hroffice.com, or scan the QR code.



Note: Instructions on how to access the Web Portal are available on [Connector](#).

The Web Portal provides online access to annual pension statements. If you are an active employee (i.e. still employed by FortisBC), you will also find helpful retirement planning tools through the Web Portal. **Be sure to check it out!**



Retiring or leaving us soon? We are sad to see you go! There are a few steps to take leading up to your last day. Before leaving the company, please visit [Connector](#) to review these steps. It will help make the process as seamless as possible.



Information regarding retiree benefits (extended health care and life insurance) and eligibility criteria for members of IBEW Electric, IBEW Gas or MoveUP are also available on [Connector](#). If you are preparing for retirement, you may find it useful to review this information.

Active members: Check out the Pension Projection Tool

The Pension Projection Tool is available on the Web Portal. You can use it to estimate your pension entitlement based on different retirement ages and the various payment options that are available at retirement. Plus, you can save a PDF copy of all of your estimates.



Tip! After you log in to the Web Portal and access the Pension Projection tool, select the “details” option to see the various optional forms available to you on retirement.

Trustee updates

The Board of Trustees oversees the operation of the Plan and ensures the security of the Plan assets. The Trustees are required to act independently and in the best interest of the members of the Plan.

The Board of Trustees includes primary and alternate representatives from FortisBC, IBEW Local 213 and MoveUP. Alternate Trustees attend every meeting but only vote if a Primary Trustee is absent. An independent Chairperson is also appointed to provide balance and expertise. In a typical year, Trustees are expected to meet quarterly.

Primary Trustees	Contact information	Year Joined	Meetings attended in 2022
Richard J. Humphries, Chair	(604) 926-1576	2017	9/9
Elliot He, FortisBC	(250) 469-8094	2021	9/9
Rouzbeh Mehrazma, FortisBC	(604) 592-7813	2021	9/9
Tony Sadowski, IBEW	(604) 690-3904	2013	9/9
Norm Stickelmann, MoveUP	(604) 576-7101	2008	8/9
Alternate Trustees			
Timo Pirhonen, IBEW	(604) 690-3859	2015	8/9
Ravinder Ghuman, IBEW	(604) 789-9379	2003	8/9
Darlene Freeman, MoveUP	(604) 928-4684	2012	9/9
Lori Mayhew, MoveUP	(604) 299-0378	2017	6/9
Barb Richardson, FortisBC	Resigned	2019	8/9
Pauline Hum, FortisBC	(604) 317-4572	2023	n/a
James Wong, FortisBC	(604) 592-7871	2013	8/9



The Management group within the Board of Trustees recently appointed Pauline Hum to an Alternate Trustee position. Pauline is a Chartered Professional Accountant (CPA) with over 30 years of experience at FortisBC including leadership roles in Finance, IS and HR. Further, not only is pension part of the portfolio in her current role in HR, Pauline is also a deferred member of the Plan. Welcome, Pauline!

Questions?

For questions about your pension or for questions to the Trustees, please contact:

FortisBC – People Department

📞 1-888-469-8022

✉ pensions@fortisbc.com

This material has been compiled by the Board of Trustees of the FortisBC Pension Plan for IBEW and MoveUP Members from information provided to them and is believed to be correct. If there is any inconsistency between contents of the newsletter and the pension Plan text, trust agreement or legislation, the Plan and legislation will prevail.