

FortisBC Pension Plan for IBEW and MoveUP Members: 2023 in review

This newsletter highlights the pension plan's strong investment performance, diversified asset mix and options for members leaving FortisBC.

Overview

- The pension plan's investment performance showed a 6.5% average annual net return over the five-year period ending December 31, 2023, with a notable rebound in 2023 from the negative returns experienced by the market in 2022.
- The pension fund maintains a well-diversified asset mix to mitigate short-term market fluctuations and support long-term growth, aligning with the Plan's investment policy and undergoing regular reviews and rebalancing.
- When a member leaves FortisBC the following options are available:
 - If you are younger than 55, you can choose between a commuted value or a deferred pension.
 - If you are 55 or older, you may elect an immediate or deferred pension that can be paid in different optional forms.

Please explore the remaining sections of this newsletter for further details. Additionally, this newsletter provides you with access to helpful resources, including highlights on an upcoming new resource – *the pension plan microsite*.



Indexing granted for July 2024

The Trustees are pleased to announce that pension indexing has been granted to both Gas & Electric division retirees and beneficiaries commencing with the July 2024 pension payments.



Retirees and beneficiaries from both divisions have been granted an increase of 1.1%.



Gas division retirees and beneficiaries have received an additional increase of 1.6%, which will mark the end of differential indexing for Gas and Electric members.

Going forward, members from both the Gas division and Electric division will be granted the same level of indexing based on the rules and criteria outlined in the Plan's indexing policy.

Your pension plan by the numbers

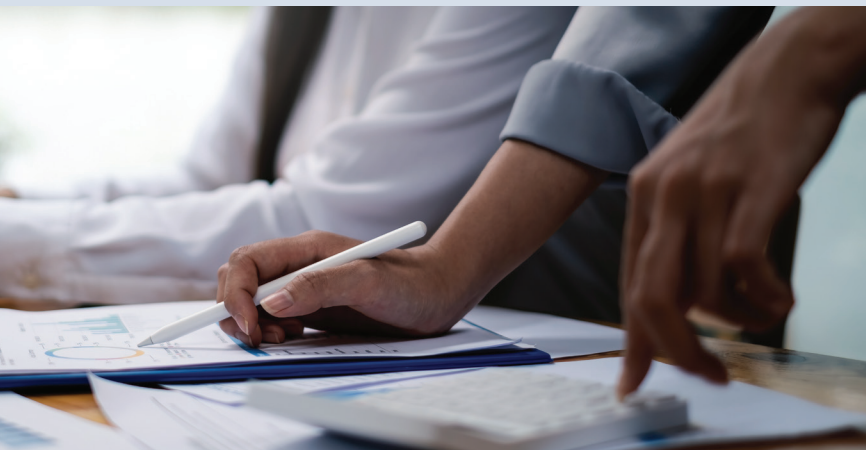
Investment performance

6.5%

Average annual net investment return over the five-year period ending December 31, 2023

10.0%

Investment return of the pension fund in 2023, net of investment-related expenses

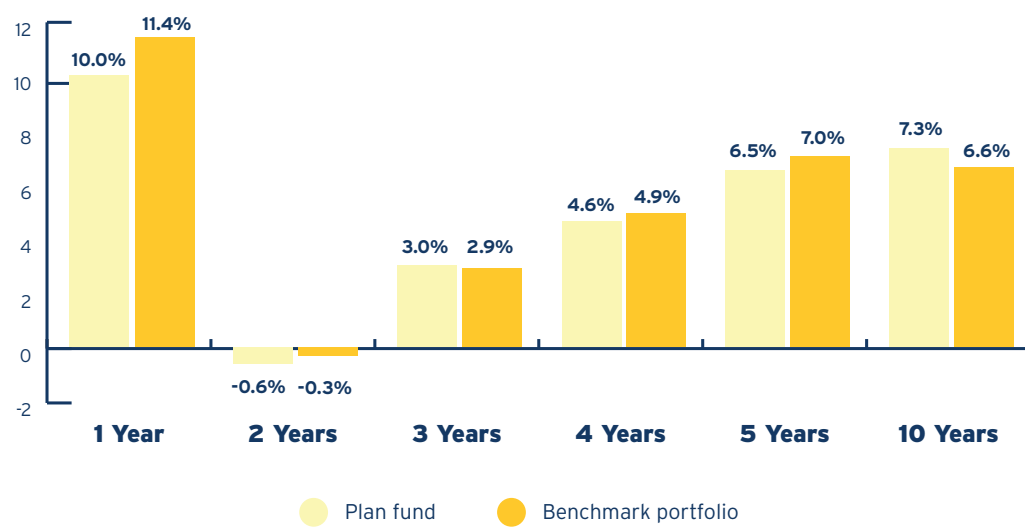


2023 was a relatively strong year for investment returns and the Plan bounced back from the negative returns in 2022.

The graph below displays the Plan’s annual net investment rates of return up to December 31, 2023, compared to a benchmark portfolio used by Trustees to evaluate market performance and assess asset class investments.

Average Annual Net Investment Returns

For periods ending December 31





Pension fund asset mix

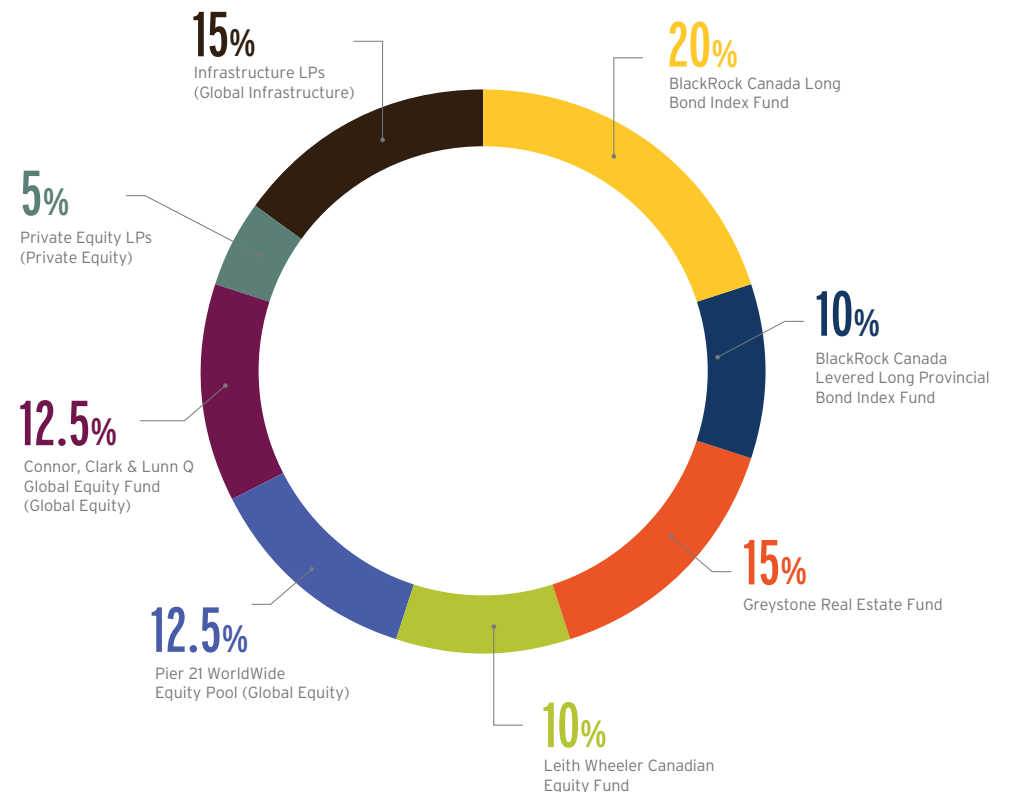
The combination of investments in a portfolio is called an asset mix. The pension fund contains a well-diversified asset mix, which means it has investments with varying levels of potential risk and reward. This approach helps minimize the impact of short-term market fluctuations, while supporting long-term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

The Trustees continually monitor the Plan's investment performance and target asset mix to ensure the assets perform as expected. These expectations and the pension fund's asset mix are outlined in the Plan's Statement of Investment Policy (SIP), defining investment goals and objectives. This requires regular reviews and quarterly rebalancing to maintain investments within specified ranges.

The Trustees have recently made several changes to the asset mix of the Plan.

After careful review over several quarters, it was determined that the Hexavest Global Equity Fund was performing below expectations. With much due diligence during the search for a new manager, the Trustees elected to use Vancouver based firm, Connor Clark & Lunn. This investment manager will complement the other Global Equity manager (Pier 21) due to the different strategies used to invest their assets.

The Trustees performed an infrastructure manager search to replace their temporary allocation to the BlackRock Infrastructure fund. The Canadian-based Fengate Infrastructure Yield Fund, which focuses on North American infrastructure assets, was selected by the Trustees. This complements the Plan's existing manager, IFM, which invests in large assets globally.



Exploring Pension Options

You may retire and commence receiving a pension from the Plan any time after age 55 or (if earlier) when your age plus service equals at least 90 points (years). Depending on your age and years of service at retirement, your pension may be reduced.

Optional Forms of Pension

As you prepare for retirement, it's essential to understand the options at your disposal for receiving a monthly pension from the Plan. There are the "normal" form and "optional" forms of pension.

"Normal" form	"Optional" forms
<p>The "normal form" of pension is a monthly pension that is payable for your lifetime. It is guaranteed for 60 months, meaning that in case of death within the first five years, the balance of the 60 payments is payable to the member's beneficiary.</p> <p>The pension amounts shown on your annual pension statement and in the pension projection tool are shown in this form of pension.</p>	<p>When you retire, there will be several additional "optional forms" of pension that you may choose from instead of the normal form of pension.</p> <p>All the optional forms provide monthly pension payments beginning on your retirement date and continuing throughout your lifetime.</p>
What are the differences?	
<p>The expected present value of each optional form of pension will be equal to the value of your normal form of pension, but the monthly payments will vary.</p> <p>Opting for an optional pension payment typically results in a lower monthly amount than the "normal" form pension, as the optional pension is expected to be paid out over a longer duration (i.e. as a result of payments to a surviving spouse or payment of a remaining guarantee).</p>	

The following optional forms may be provided, depending on your circumstances:

- **Joint and Survivor options** which provide for payments to continue after your death for the remaining lifetime of your spouse at 50%, 60% or 100% of the payment amount prior to your death.
- **Life Guaranteed options** which contain a minimum guaranteed number of monthly payments for 5, 10 or 15 years; and/or
- **Level Income options** which provide for a higher monthly payment at early retirement, which is then reduced at age 65.



Commuted Value Options

If you leave FortisBC before your 55th birthday, you have the option to receive a commuted value payout or a deferred pension for your Plan entitlements. The commuted value is a lump sum amount based on factors that can change over time including current interest rates and mortality assumptions. Due to these assumptions, estimates are not provided.

Details of the commuted value option will be in a Termination Statement provided after your last day of employment. Typically, commuted values must be transferred to a Locked-In Retirement Account or used to purchase an annuity, with cash payments only provided for small pensions or when limited due to regulatory requirements. Please note that this commuted value payout option will not be available after age 55.



Reminder!

Due to provincial pension laws, your spouse is eligible for a survivor's pension upon your retirement. If you have a spouse at retirement, you must elect a joint and survivor payment option which will continue to your spouse at a rate of at least 60%. If you opt for a pension form with reduced spousal benefits, your spouse must provide consent through a spousal waiver declaration.

Your pension plan by the numbers

Plan finances: contributions and market value

	2022	2023
FortisBC contributions	\$7,096,000	\$7,170,000
Member contributions	\$7,096,000	\$7,170,000
December 31 market value	\$593,668,000	\$642,536,000

Plan members: active, deferred, pensioner

As of December 31st

	2022	2023
Active members	1,192	1,211
Deferred/transferred members	379	403
Pensioners	1,056	1098

Information and resources



Active members:

Check out the Pension Projection Tool



The Pension Projection Tool is available on the Web Portal. After you log into the Web Portal and access the Pension Projection tool, select the “SHOW DETAILS” option to see the various optional forms available to you on retirement.

Something new is in the works! A microsite of the pension plan booklet.



What is a microsite? It's a small, specialized website for your pension plan that will provide more user-friendly and interactive access to information currently available in the plan booklet. It is created to support you with important pension information, available with a click of a button!

This pension plan microsite will offer comprehensive information on **retirement benefits, eligibility criteria, resources, and much more** to help you make informed decisions for your financial future.

Retiring or leaving us soon?

There are a few steps to take leading up to your last day. Before leaving the company, please review the steps outlined on the [Leaving the Company page](#), located on Connector. It will help make the process as seamless as possible.

Web Portal

For instructions on how to access the Web Portal see [Connector](#).



Scan to access

Tip! The Web Portal provides online access to your personalized annual pension statement. 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 at fortisbc.hroffice.com.

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, comprising primary and alternate representatives from FortisBC, IBEW Local 213, and MoveUP, along with an independent Chairperson for balance and expertise, meets quarterly, with alternate Trustees voting only in the absence of a Primary Trustee.

Primary Trustees	Contact information	Year Joined	Meetings attended
Richard J. Humphries, Chair	(604) 926-1576	2017	8/8
Elliot He, FortisBC	(250) 469-8094	2021	8/8
Rouzbeh Mehrazma, FortisBC	(604) 592-7813	2021	7/8
Tony Sadowski, IBEW	Retired	2013	2/2
Timo Pirhonen, IBEW	(604) 690-3859	2015	8/8 (Appointed primary trustee in 2023)
Norm Stickelmann, MoveUP	(604) 576-7101	2008	6/8
Alternate Trustees			
Ravinder Ghuman, IBEW	(604) 789-9379	2003	6/8
Jeff Self, IBEW	(778) 552-3039	2023	2/6 (Appointed June 2023)
Darlene Freeman, MoveUP	(604) 928-4684	2012	5/8
Lori Mayhew, MoveUP	(604) 299-0378	2017	4/8
Pauline Hum, FortisBC	(604) 317-4572	2023	6/8
James Wong, FortisBC	(604) 592-7871	2013	6/8



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.