



# 2025 Annual Report



**Public Service**  
Pension Plan



## Territorial acknowledgement

The Public Service Pension Board of Trustees acknowledges that its administrative offices are located on the traditional territories of the ɫə́kʷəŋən (Lekwungen) People, known today as the Songhees and Esquimalt Nations. Plan members learn, work and live on the traditional territories of many nations throughout BC.

The board and its service providers honour the ɫə́kʷəŋən People and their ongoing connection to the land and respect their diverse teachings, traditions and practices within this territory.

Find out which territories you're on at [native-land.ca](https://www.native-land.ca).

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Emerald Lake Lodge, Field, BC

# A beacon of strength in uncertain times

## A message from the Public Service Pension Board of Trustees

The Public Service Pension Plan continues to deliver on its mandate to provide reliable, lifelong pension income for plan members. Over the years, it has weathered many storms—including the 2008 market crash and the COVID-19 pandemic. But the plan is designed to navigate both the good times and the bad. Regardless of what is happening in the world, members can count on their pension being there for them in their retirement years.

Our strong governance framework and prudent investment approach have consistently generated positive returns, supporting the long-term sustainability of the plan. Our commitment to good governance and careful financial management means members can confidently plan for their retirement years. The pension fund grows over time, ensuring member pensions will be ready for them when they choose to retire.

As a defined benefit pension plan, the plan offers several key advantages over other savings vehicles:

- Financial security through predictable monthly income
- Protection from market volatility
- Lifetime pension payments, so members do not outlive their retirement savings

These features help members build their retirement spending plans. This not only helps them maintain their lifestyle, but also provides financial support to their local economy and the broader economy of BC.



How? The plan pays out millions in pension payments every month. Retired members spend a majority of their pension dollars in their home communities and in the communities they visit, supporting local businesses and the public services everyone relies on.

Our approach to investment fund management works. By leveraging the expertise of BCI, the plan's investment agent, we have:

- Access to investment opportunities not typically available to individuals and other investors
- The capacity to meet our fiduciary responsibilities and drive positive environmental, social and governance performance in our portfolio companies
- A long-term investment horizon that allows for investments in large-scale projects like public infrastructure
- The ability to invest in a diverse set of asset classes
- Lower investment costs

The board remains committed to managing the plan for the benefit of all members. Our focus on strong governance, responsible risk management and a strategic approach to responsible investment will ensure the plan's continued strength and stability for years to come.

Thank you for your trust in the plan. Together, we are building a secure financial future for members and contributing to the economic well-being of BC.

*Regardless of what is happening in the world, plan members can count on their pension to be there for them in their retirement years.*



# 2025 by the numbers

## NET ASSETS (\$ BILLIONS)

NET ASSETS  
(March 31, 2024)

INVESTMENT RETURNS

CONTRIBUTIONS

PENSIONS,  
BENEFITS, EXPENSES

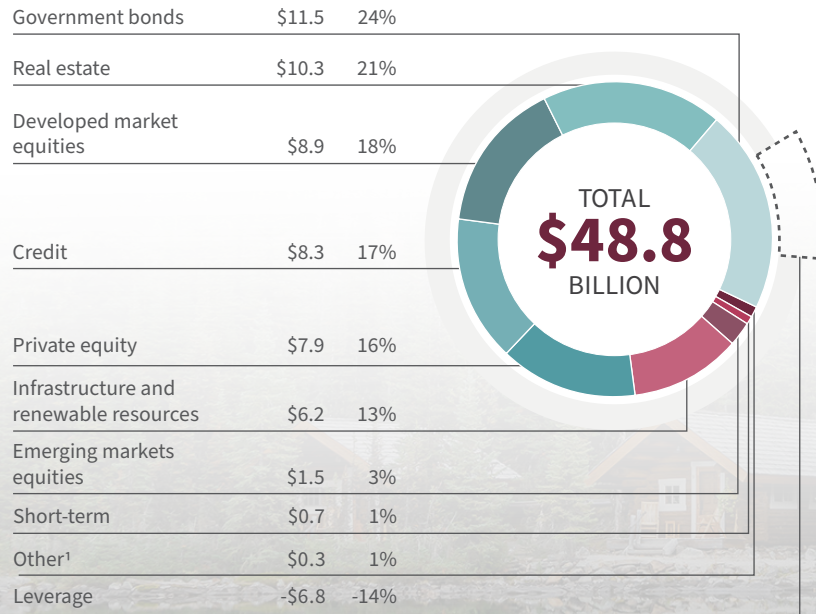
NET ASSETS  
(March 31, 2025)

**\$44.9 + 4.5 + 1.2 - 1.8 = \$48.8**



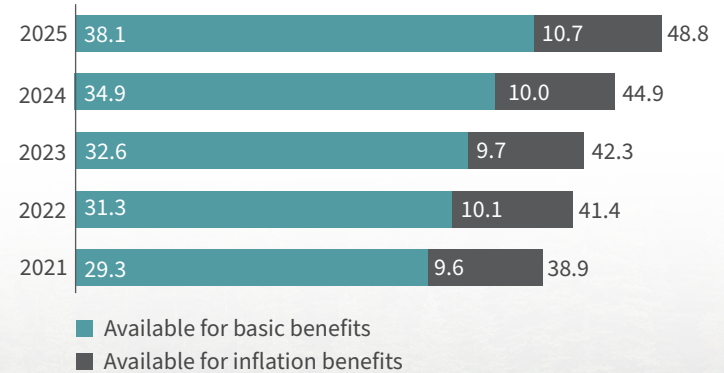
# Investments

**INVESTMENT HOLDINGS—MARKET VALUE (\$ BILLIONS)**  
as at March 31, 2025



<sup>1</sup> Cash, unsettled trades and client currency hedging policy.

**NET ASSETS AVAILABLE FOR BENEFITS (\$ BILLIONS)**  
as at March 31





## Membership

**ACTIVE MEMBERS**  
as at March 31, 2025

**79,532**

**MEMBERSHIP GROWTH (%)**  
2015-2025

**17%**  
growth of employers

**41%**  
growth of members

**THE PLAN PAID OUT**  
as at March 31, 2025

IN PENSIONS

**\$1.49** billion

MEMBERS RECEIVING A PENSION

**57,519**

AVERAGE ANNUAL PENSION

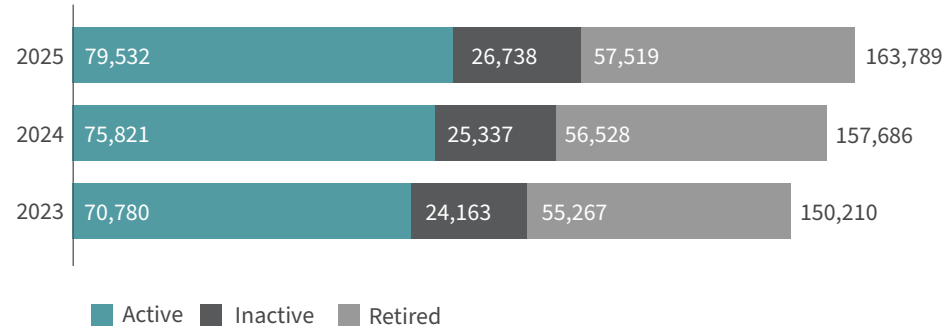
**\$26,607**

MEDIAN ANNUAL PENSION

**\$22,513**

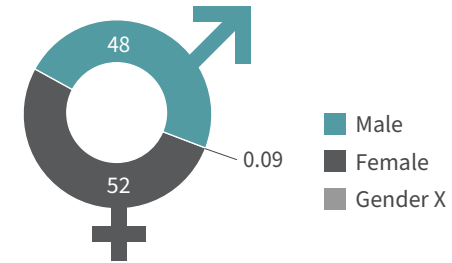
**NUMBER OF MEMBERS**

as at March 31



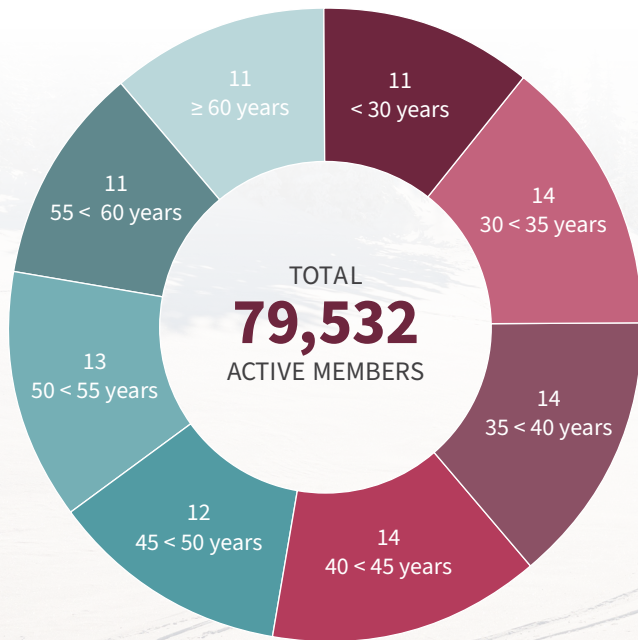
**ACTIVE MEMBERS, BY GENDER (%)**

as at March 31, 2025



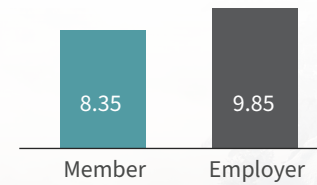
**ACTIVE MEMBERS, BY AGE (%)**

as at March 31, 2025



**CONTRIBUTION RATES AS A PERCENTAGE OF SALARIES (%)**

effective since April 1, 2018



Rates apply to most members, excluding groups with higher contribution rates (correctional officers, ambulance paramedics, some statutory officers, judges, associate judges and Members of the Legislative Assembly).



## FIVE-YEAR FINANCIAL SUMMARY (\$ MILLIONS)

for the year ended March 31

	2025	2024	2023	2022	2021
<b>Increase in assets</b>					
Investment income	\$ 4,533	\$ 3,085	\$ 1,610	\$ 3,050	\$ 5,896
Contributions					
Employers	650	583	515	477	455
Members	535	478	424	393	378
Transfers from other plans	18	14	23	13	16
<b>Total increase in assets</b>	<b>5,736</b>	<b>4,160</b>	<b>2,572</b>	<b>3,933</b>	<b>6,745</b>
<b>Decrease in assets</b>					
Pension benefits	1,490	1,410	1,305	1,216	1,170
Termination benefits	88	73	139	132	111
Transfers to other plans	22	22	28	34	18
Retired member group benefits	34	31	29	28	24
Investment and administration costs <sup>1,2</sup>	136	121	105	66	121
<b>Total decrease in assets</b>	<b>1,770</b>	<b>1,657</b>	<b>1,606</b>	<b>1,476</b>	<b>1,444</b>
<b>Increase in net assets</b>	<b>3,966</b>	<b>2,503</b>	<b>966</b>	<b>2,457</b>	<b>5,301</b>
<b>Net assets available for benefits at beginning of year</b>	<b>44,850</b>	<b>42,347</b>	<b>41,381</b>	<b>38,924</b>	<b>33,623</b>
<b>Net assets available for benefits at end of year</b>	<b>\$48,816</b>	<b>\$44,850</b>	<b>\$42,347</b>	<b>\$41,381</b>	<b>\$38,924</b>
<b>Investment and administration costs as a percentage of net assets (%)<sup>1,2</sup></b>					
Investment management <sup>1,2,3</sup>	0.39	0.39	0.38	0.30	0.41
Benefits administration	0.05	0.05	0.05	0.05	0.06

1 Investment costs as a percentage of net assets include certain external investment management costs totalling \$73.7 million (2024: \$69.7 million; 2023: \$72.2 million; 2022: \$80.5 million; 2021: \$48.4 million) that are netted against investment income; they are not included in investment and administration costs in the financial statements.

2 In the 2021/22 fiscal year, investment management costs include a recovery of GST from the prior year of \$25 million. Removing this from the investment management costs increases investment and administration costs to \$91 million for 2022, and the investment management costs increase six basis points.

3 Investment and administration costs as a percentage of net assets exclude external indirect investment management costs netted against investment income. This is consistent with current industry practice; including these costs increases investment management costs as a percentage of net assets by 48.3 basis points in the 2024/25 fiscal year. External indirect investment management costs include limited partnership costs incurred within investments held in the private equity, infrastructure and global real estate asset classes.



# Trustee information

Serving the plan and its members

## Who we are

The plan is jointly sponsored and managed by trustees appointed by the employer partner (Province of British Columbia), the active member partner (British Columbia General Employees' Union) and the retired member appointing body (British Columbia Government Retired Employees' Association). The trustees appoint a chair and vice-chair. The board appoints trustees to serve as directors of the plan's administrative agent (BC Pension Corporation) and the plan's investment agent (BCI).

During the fiscal year, Chan-Seng Lee and Harpinder Sandhu served on the Pension Corporation board of directors, and Paul Finch served on the BCI board of directors. Learn about the trustees and their backgrounds at [pspp.pensionsbc.ca/board-trustees](https://pspp.pensionsbc.ca/board-trustees).

As of March 31, 2025, the members of the Public Service Pension Board of Trustees were:



**ANGIE SORRELL | CHAIR**

**Appointed by** Province of British Columbia

**Committees** Benefits, Communications, Governance, Responsible Investment (chair), Executive Forum, Interplan Coordination Committee

**Board term** 2018 – present



**ALYSON BLACKSTOCK**

**Appointed by** Province of British Columbia

**Committees** Benefits, Governance (chair)

**Board term** 2019 – present



**MARIA MIDDLEMISS | VICE-CHAIR**

**Appointed by** British Columbia General Employees’ Union

**Committees** Benefits (chair), Communications, Governance, Interplan Coordination, Executive Forum

**Board term** 2017 – present



**WANDA BODEN**

**Appointed by** Province of British Columbia (nominated by the British Columbia Excluded Employees’ Association)

**Committees** Benefits, Governance, Interplan Audit (chair)

**Board term** 2019 – present





**FRANK CHOLETTE**

**Appointed by** Province of British Columbia

**Committees** Benefits, Interplan Investment

**Board term** 2024 – present



**DOUG DYKENS**

**Appointed by** British Columbia General Employees’ Union

**Committees** Benefits, Governance, Interplan Trustee Education, Responsible Investment

**Board term** 2019 – 2025



**TROY CLIFFORD**

**Appointed by** British Columbia General Employees’ Union (nominated by the unions, other than the BCGEU, that collectively bargain on behalf of plan members)

**Committees** Benefits, Communications (chair), Governance, Interplan Trustee Education

**Board term** 2017 – present



**PAUL FINCH**

**Appointed by** British Columbia General Employees’ Union

**Committees** Benefits, Communications

**Board term** 2014 – present



**JAMES COCCOLA**

**Appointed by** British Columbia General Employees’ Union

**Committees** Benefits, Communications, Responsible Investment

**Board term** 2021 – present



**CHAN-SENG LEE**

**Appointed by** Province of British Columbia (nominated by the Crown Corporation Employers’ Association)

**Committees** Benefits, Interplan Investment

**Board term** 2010 – present



**ADAM MOLINEUX**

**Appointed by** Province of British Columbia

**Committees** Benefits, Communications

**Board term** 2024 – present



**HARPINDER SANDHU**

**Appointed by** British Columbia General Employees' Union (nominated by the unions, other than the BCGEU, that collectively bargain on behalf of plan members)

**Committees** Benefits, Communications, Responsible Investment

**Board term** 2015 – present



**JOHANNA MORROW**

**Appointed by** British Columbia Government Retired Employees' Association

**Committees** Benefits, Communications, Governance, Interplan Audit, Responsible Investment

**Board term** 2022 – present



**JOANNA WHITE**

**Appointed by** Province of British Columbia

**Committees** Benefits, Communications

**Board term** 2025 – present





Vancouver, BC

# Investments

The plan delivered strong returns despite a challenging macroeconomic landscape this past year. Prudent management by BCI, the plan's investment agent, has enabled the plan to achieve more stable returns through its diversified portfolio and ample liquidity. Diversification and a long-term investment approach are key to the plan's ongoing health, as investments are spread across geographies, asset classes and sectors.

The plan exceeded its return objectives over both the one- and five-year periods. The return objective is the amount the plan's investments need to earn to fulfil pension payments and other obligations for the long term. For the fiscal year ended March 31, 2025, the plan delivered a strong absolute one-year return of 9.9 per cent, above the 6.0 per cent return objective, but underperformed the 11.2 per cent benchmark. Over longer periods, the fund continued to exceed the return objective and outperformed the 10-year benchmark.

## INVESTMENT ASSET MIX AND PERFORMANCE (%)

as at March 31, 2025

Asset class	Approved range	Target allocation	Actual allocation	One-year rate of return	Performance benchmark
<b>Leverage<sup>1</sup></b>	<b>(20)–0</b>	<b>(15)</b>	<b>(14.0)</b>	<b>4.3</b>	<b>4.3</b>
Short-term	0–7	2	1.4	8.1	8.0
Government bonds	13–30	22	23.5	7.3	7.2
Credit	3–24	16	16.9	7.9	5.3
<b>Fixed income</b>	<b>23–50</b>	<b>40</b>	<b>41.8</b>	<b>7.6</b>	<b>6.6</b>
Developed market equities	7–32	17	18.3	14.2	14.2
Emerging markets equities	0–10	3	3.1	12.7	15.0
Private equity	10–22	17	16.2	13.4	16.0
<b>Equity</b>	<b>24–56</b>	<b>37</b>	<b>37.6</b>	<b>13.7</b>	<b>15.1</b>
Real estate (equity and debt)	12–32	23	21.2	0.0	6.6
IRR <sup>2</sup>	5–20	15	12.8	8.5	6.5
<b>Real assets</b>	<b>26–50</b>	<b>38</b>	<b>34.0</b>	<b>3.1</b>	<b>6.6</b>
<b>Other</b>	<b>0–5</b>	<b>0</b>	<b>0.6</b>	<b>n/a</b>	<b>n/a</b>
<b>Total</b>		<b>100</b>	<b>100.0</b>	<b>9.9</b>	<b>11.2</b>

1 “Leverage” is an investment strategy of using borrowed money to increase the potential return of an investment.

2 Infrastructure and renewable resources.



## INVESTMENT MARKET VALUE RATES OF RETURN (%)

as at March 31

	Investment return	Performance benchmark <sup>1</sup>
<b>Annual rates</b>		
<b>2025</b>	<b>9.9</b>	<b>11.2</b>
2024	7.1	11.4
2023	3.8	2.8
2022	7.7	3.7
2021	17.3	21.0
<b>5-year annualized rates</b>		
<b>2025</b>	<b>9.1</b>	<b>9.7</b>
2024	7.7	7.3
<b>10-year annualized rates</b>		
<b>2025</b>	<b>7.7</b>	<b>7.3</b>
2024	8.1	7.5

1 Benchmarks are standards to compare against actual investment returns.

## INVESTMENT PORTFOLIO

as at March 31, 2025

	Market value (\$ millions)	Asset mix market value (%)
<b>Leverage</b>	<b>\$ (6,833)</b>	<b>(14.0)</b>
<b>Short-term</b>	<b>662</b>	<b>1.4</b>
<b>Government bonds</b>	<b>11,471</b>	<b>23.5</b>
Government bonds	3,581	7.3
Leveraged bonds	7,890	16.2
<b>Credit</b>	<b>8,266</b>	<b>16.9</b>
Corporate bonds	4,242	8.7
Private debt	4,024	8.2
<b>Developed market equities</b>	<b>8,938</b>	<b>18.3</b>
Canadian equities	1,643	3.4
Global equities	7,295	14.9
<b>Emerging markets equity</b>	<b>1,531</b>	<b>3.1</b>
<b>Private equity</b>	<b>7,868</b>	<b>16.2</b>
<b>Real estate</b>	<b>10,349</b>	<b>21.2</b>
Real estate equity	7,973	16.3
Real estate debt (mortgages)	2,376	4.9
<b>IRR<sup>1</sup></b>	<b>6,238</b>	<b>12.8</b>
<b>Cash and unsettled trades</b>	<b>19</b>	<b>0.0</b>
<b>Currency hedging</b>	<b>287</b>	<b>0.6</b>
<b>Total investments</b>	<b>\$48,796</b>	<b>100</b>
2024 comparison	\$44,834	

1 Infrastructure and renewable resources.

Note: Asset classifications vary from the financial statements for the purpose of performance reporting.

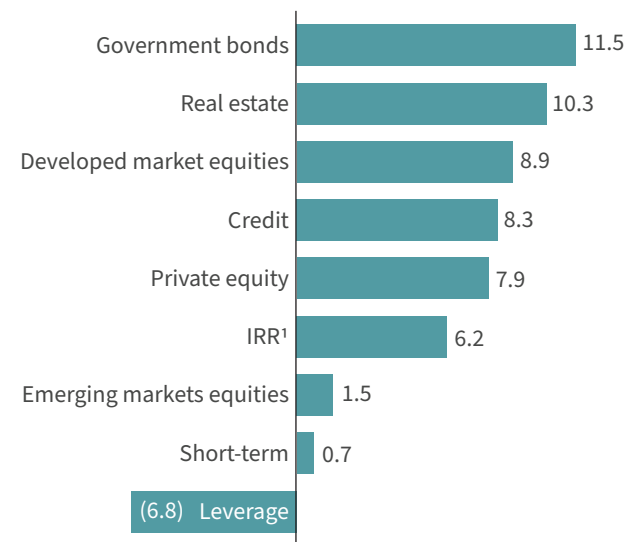
## TOP 25 SECURITY HOLDINGS

as at March 31, 2025

Security	Total public equity exposure—worldwide	
	Percentage of portfolio	Total exposure (\$ millions)
Apple Inc.	0.7	337
Microsoft Corp.	0.6	295
Nvidia Corp.	0.6	281
Amazon.com, Inc.	0.4	202
Alphabet Inc.	0.4	182
Meta Platforms, Inc.	0.3	142
Taiwan Semiconductor Manufacturing Company Limited	0.3	125
Royal Bank of Canada	0.2	112
Shopify Inc.	0.2	85
Broadcom Inc.	0.2	83
Tencent Holdings Ltd.	0.2	80
Toronto-Dominion Bank	0.2	74
Tesla Inc.	0.1	72
UnitedHealth Group Inc.	0.1	67
Visa Inc.	0.1	65
Eli Lilly and Company	0.1	64
Berkshire Hathaway Inc.	0.1	62
Constellation Software	0.1	61
JPMorgan Chase & Co.	0.1	61
Canadian Pacific Kansas City Limited	0.1	60
WSP Global Inc.	0.1	56
Alibaba Group Holding Ltd.	0.1	56
Canadian Natural Resources Limited	0.1	51
Samsung Electronics Co., Ltd.	0.1	51
Mastercard Inc.	0.1	50

## INVESTMENT HOLDINGS—MARKET VALUE (\$ BILLIONS)

as at March 31, 2025



1 Infrastructure and renewable resources.



## Public markets

Within public markets, the plan is invested in fixed income (e.g., government and corporate bonds) and public equities (e.g., publicly traded stocks). Fixed income posted a one-year return of 7.6 per cent, outperforming the 6.6 per cent benchmark. All fixed income allocations generated a positive one-year return, with government bonds and credit being the main contributors. Long-term results were also positive. The asset class had a five-year annualized return of 2.4 per cent, exceeding the 2.0 per cent benchmark.

Public equities contributed positively to the plan’s overall excess return but underperformed its one-year benchmark, returning 13.9 per cent against the 14.3 per cent benchmark. A key driver of underperformance relative to the benchmark was from investments in emerging markets. U.S. equities continue to face headwinds resulting from the uncertainty surrounding tariffs and broader economic policy. The portfolio outperformed on a five-year basis, achieving an annualized return of 15.0 per cent against the 14.3 per cent benchmark.

**PUBLIC MARKETS (%)**  
as at March 31, 2025

### Fixed income

**7.6**

one-year return

**6.6**

benchmark

### Public equities

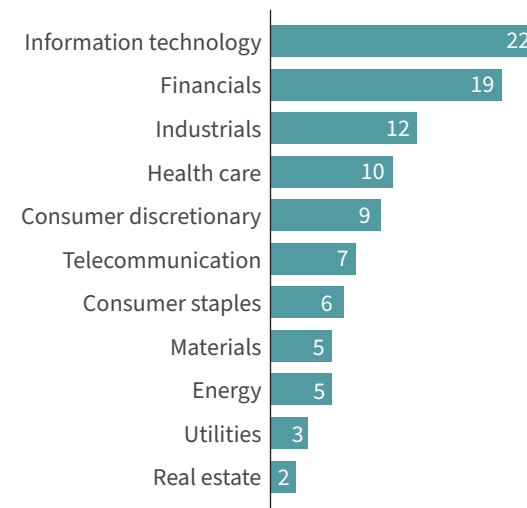
**13.9**

one-year return

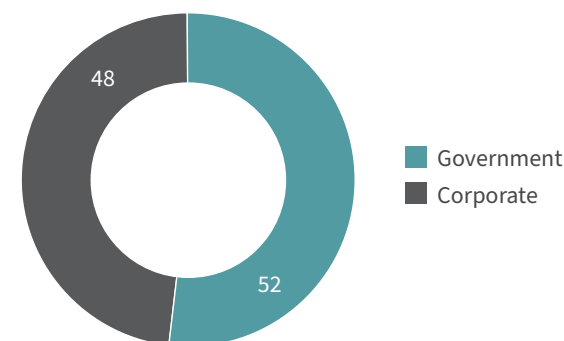
**14.3**

benchmark

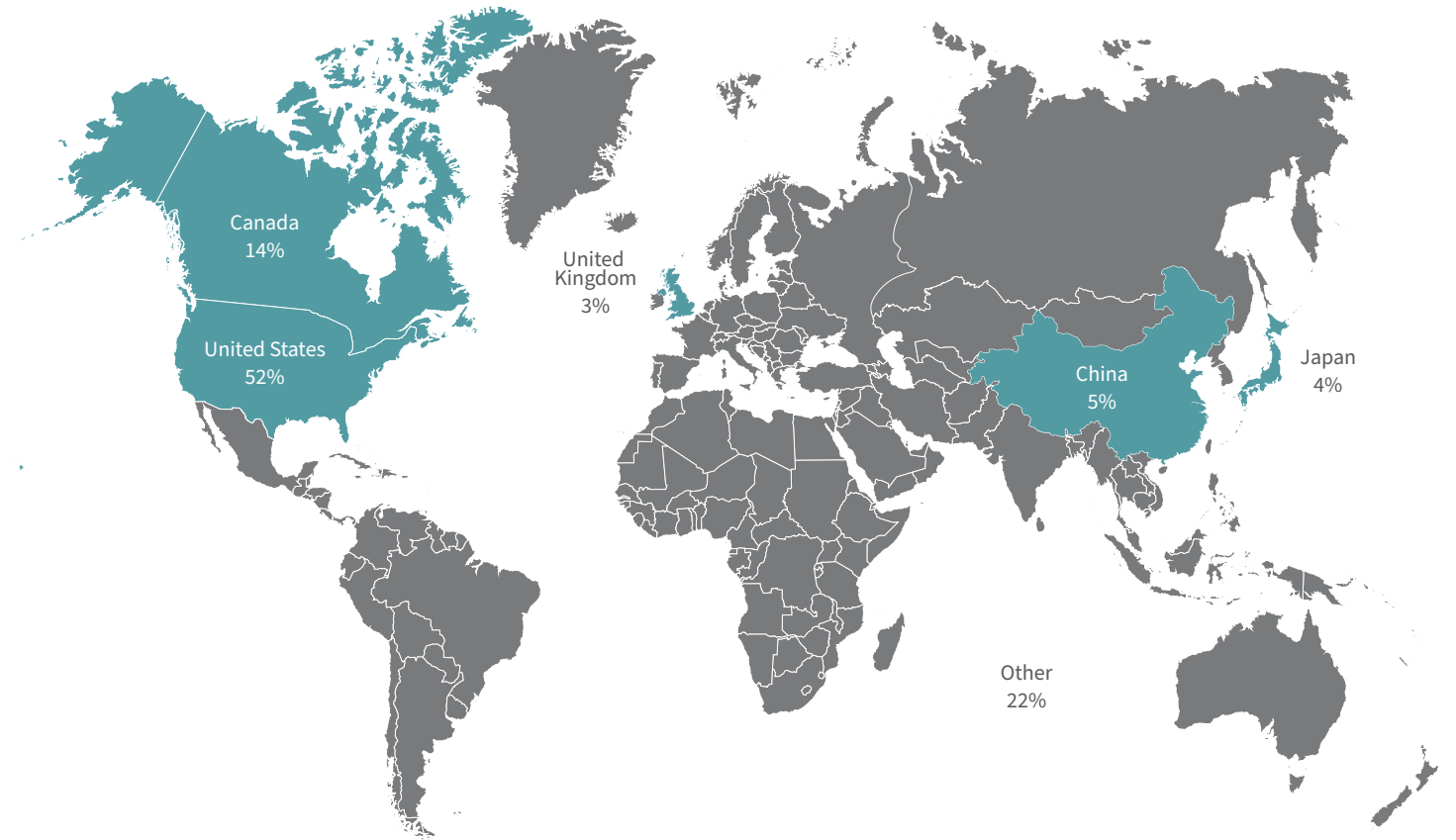
**DEVELOPED MARKET EQUITIES, BY SECTOR (%)**  
as at March 31, 2025



**BONDS—MARKET VALUE (%)**  
as at March 31, 2025



**PUBLIC EQUITIES, BY COUNTRY (%)**  
*as at March 31, 2025*





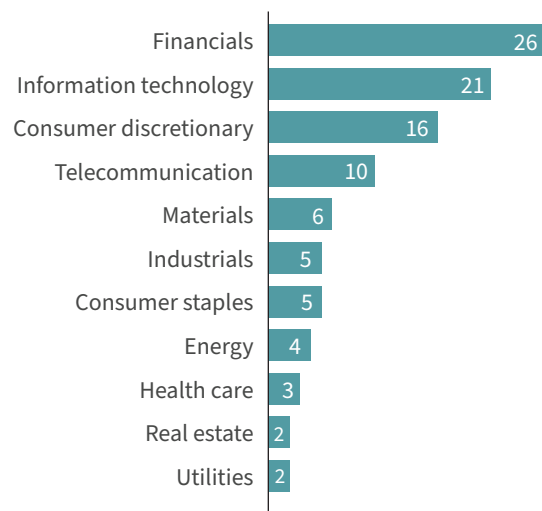
## Private equity

While private equity underperformed its one-year benchmark for the second consecutive year, it was one of the best-performing asset classes on an absolute basis. Over the year ended March 31, 2025, private equity returned 13.4 per cent against the 16.0 per cent benchmark. The private equity industry as a whole has continued to experience low exit activity, reduced distributions and a downward revision in asset values, all of which have impacted private equity portfolio performance this year. However, the portfolio continued to deliver strong long-term results, with a five-year annualized return of 13.9 per cent, which underperformed the 17.4 per cent benchmark.

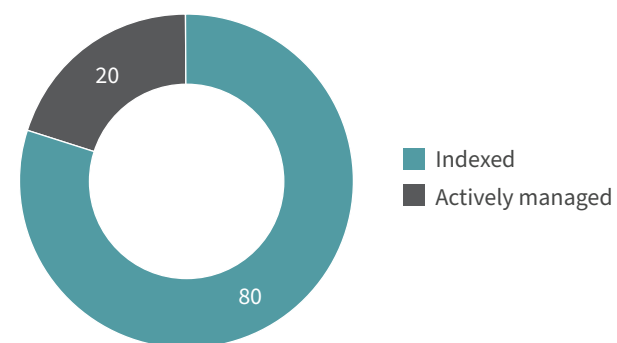
**PRIVATE EQUITY (%)**  
as at March 31, 2025



**EMERGING MARKET EQUITIES, BY SECTOR (%)**  
as at March 31, 2025



**DEVELOPED MARKET EQUITIES—MARKET VALUE (%)**  
as at March 31, 2025

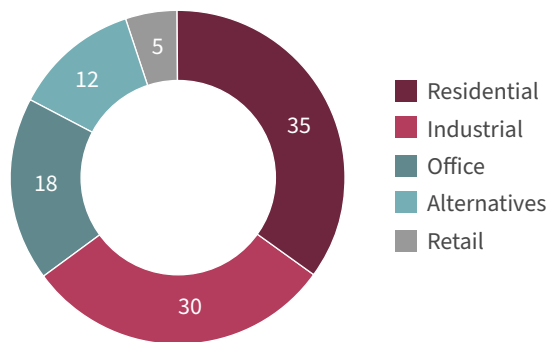


## Real estate

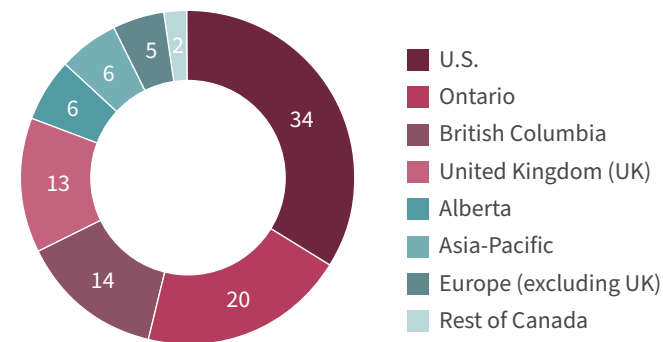
The real estate equity market was challenged by higher interest rates and elevated inflation expectations in 2024. Over the year, real estate equity returned -1.6 per cent against the 6.8 per cent benchmark. Returns improved from the previous year but were still negative for the second consecutive year, driven by valuation write-downs across sectors and regions, most notably in the office sector. However, office exposure continues to decrease as assets are sold and valuations are adjusted. Portfolio concentration in other areas, such as industrial, multi-family and data centres, helped mitigate declines in portfolio value. On a five-year basis, the portfolio had positive annualized returns of 3.1 per cent, which was below the 6.8 per cent benchmark, but outperformed relative to peers and most real estate equity fund indices.

While high interest rates were challenging for real estate equity, the real estate debt portfolio benefited from increased income generated through real estate loans (e.g., mortgages). Over the year, real estate debt generated a 6.1 per cent return, outperforming the 6.0 per cent benchmark. New investments in the portfolio continue to focus on high-conviction sectors, including industrial, residential and alternatives. Over five years, on a time-weighted rate of return basis, real estate debt returned 5.1 per cent, exceeding the 3.7 per cent benchmark.

**REAL ESTATE BY TYPE (%)**  
as at March 31, 2025



**REAL ESTATE BY LOCATION (%)**  
as at March 31, 2025





## Infrastructure and renewable resources

Infrastructure and renewable resources (IRR) had limited exposure to the fluctuating market conditions that marked the past year and saw positive performance from all sectors, with the exception of agriculture. The utilities sector was the top contributor to IRR program returns in 2024. The IRR portfolio bounced back from last year's underperformance and achieved an 8.5 per cent return that exceeded the 6.5 per cent benchmark. Over five years, IRR also outperformed its benchmark, achieving an annualized return of 8.4 per cent against the 6.5 per cent benchmark.

## Responsible investing

Responsible investing is a key component of the plan's investment approach. It involves integrating environmental, social and governance (ESG) factors into investment decisions. The board and BCI agree that ESG integration is fundamental to growing and protecting the value of the plan. ESG factors may be specific to a company, such as board compensation and employee safety, or widespread systemic factors like climate change.

Our shared belief is that companies with strong ESG practices are better positioned to deliver risk-adjusted returns for plan members.

BCI's ESG strategy ensures a consistent approach across all asset classes and addresses the factors most material to the plan's investments. This is accomplished with a focus on four key areas:

- ESG analysis and risk management are integrated into all investment processes and decisions.
- BCI actively seeks opportunities to invest in ESG-related investments that contribute to improved long-term outcomes.
- Through engagement and advocacy, BCI applies its influence on companies BCI invests in, its partners and other capital market participants.
- BCI uses learnings across all ESG activities, as well as BCI's understanding of emerging trends, to generate insights that help continually adapt and improve its strategies, processes and approaches.

Climate change continues to be a significant social and economic risk and remains a priority for the board, plan members and global investors.

BCI is committed to supporting the global goal of achieving net-zero greenhouse gas emissions by 2050. BCI's Climate Action Plan provides a roadmap for supporting this goal while creating and preserving financial value for the plan. This is done by actively engaging with portfolio companies, advocating for policy change and participating in global initiatives on climate action reporting and transparency.

Additionally, BCI manages climate change risk across all asset classes and pursues meaningful opportunities in climate solutions. For example, BCI actively seeks investments associated with the global energy transition. By the end of 2024, BCI's climate opportunity exposure grew to about \$12.1 billion, up from \$10.7 billion earlier that year.

BCI also invests in sustainable bonds, which can provide low-risk returns and help finance projects with positive environmental and social outcomes. BCI exceeded its 2025 objective of \$5 billion in sustainable bond investments, reaching \$6 billion.

## BCI's approach to engagement

BCI continues to support positive ESG performance in its portfolio companies through global policy advocacy, proxy voting and engagement. BCI focuses on ESG issues that pose a material risk to the plan's portfolio, with the potential to impact long-term investment returns and sustainability. BCI's first-ever **Stewardship Report** outlines key engagement activities and outcomes.

## Policy advocacy

BCI engages at the policy and market levels to strengthen the investment landscape. By advocating for change that incorporates ESG principles into regulatory frameworks, BCI contributes to greater stability within global capital markets.

## Proxy voting

BCI uses proxy voting as a tool to encourage ESG improvements through board and management accountability. Proxy voting enables BCI to vote on management and shareholder proposals according to its Proxy Voting Guidelines, which outline its ESG expectations for public portfolio companies. A full record of BCI's votes and rationale can be found through a searchable database on [bci.ca](https://www.bci.ca).

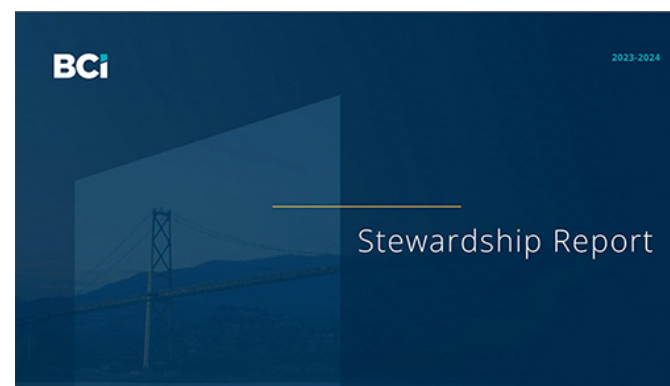
If BCI finds that a company it has already engaged with is not taking sufficient action to meet ESG standards, then it may escalate engagement.

## Direct and collaborative engagement

In addition to proxy voting and policy advocacy, BCI interacts with public and private companies on a broad range of ESG topics. Some interactions consist of targeted outreach on a specific, material ESG issue, while others involve multiple topics and milestones.

In 2023, BCI directly engaged 134 companies across public and private markets, with 58 per cent of these engagements resulting in positive momentum or achieving objectives.

For more information on BCI's ESG strategy, visit [bci.ca/esg](https://www.bci.ca/esg).



## Views on divestment and engagement

The word “divestment” is often used to describe the decision by an investor to sell its shares in a company that may not be meeting its ESG goals. Neither the board nor BCI believes that broad-based divestment is an effective strategy to address long-term and persistent ESG risks. Divestment eliminates a shareholder’s right to engage and promote change with management.

Instead, by engaging with companies and using their ownership rights, investors can raise concerns and influence corporate ESG practices. BCI continues to use its size and influence to address ESG matters through engagement and advocacy.

Separate from an ESG-driven view on divestment, BCI does not invest in companies that produce products prohibited by Canadian legislation or international treaties that Canada has signed.

## Managing investment costs

BCI operates on a cost-recovery, not-for-profit basis, meaning the plan pays fees only to cover the cost of managing its investments. Since BCI manages a large amount of assets, it has access to significant economies of scale when investing on behalf of the plan. Managing investment costs is important to the board, and BCI’s fees continue to be competitive with those of its peers and much lower than those charged by investment managers in the private sector.

Investment management fees are affected by the types of assets, the plan’s asset mix (i.e., what is in the portfolio) and BCI’s investment strategy. Some asset classes that produce higher returns are complex and more expensive to manage, which in turn affect fees. The objective is to earn enough investment income to fulfil the plan’s pension commitments at a reasonable cost. BCI’s transition to active, in-house management of funds, moving away from more expensive external managers, has helped reduce fees.





Mount Garibaldi, Squamish, BC

# Benefits and contributions

The Public Service Pension Plan is a defined benefit plan. That means that lifetime pensions are calculated using a member's years of pensionable service, the average salary of their five highest-paid years and their age at retirement. Once members make their first contribution, they are entitled to a pension at their earliest retirement age if they end employment. The plan also provides survivor and disability benefits. More information on how pension benefits are calculated is available at [pspp.pensionsbc.ca/how-we-calculate-your-pension](https://pspp.pensionsbc.ca/how-we-calculate-your-pension).

The plan is pre-funded. Members and employers make contributions that fund future pension payments, and the combination of contributions and investment returns is what makes it possible for the plan to pay lifetime pensions now and into the future. Contribution rates are set by the board and based on a valuation. To ensure the pension fund remains sustainable, an independent actuary (a professional with specialized training in financial modelling, the laws of probability and risk management) performs a valuation at least once every three years.

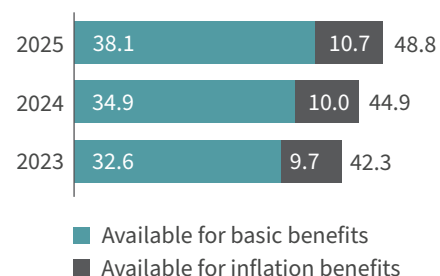
## 2023 valuation results

The most recent valuation was conducted in 2023 and showed the plan remained fully funded with a ratio of 113 per cent. The next valuation will take place as at March 31, 2026.

Read more about the plan’s financial health at [pspp.pensionsbc.ca/valuation-report](https://pspp.pensionsbc.ca/valuation-report).

### NET ASSETS AVAILABLE FOR BENEFITS (\$ BILLIONS)

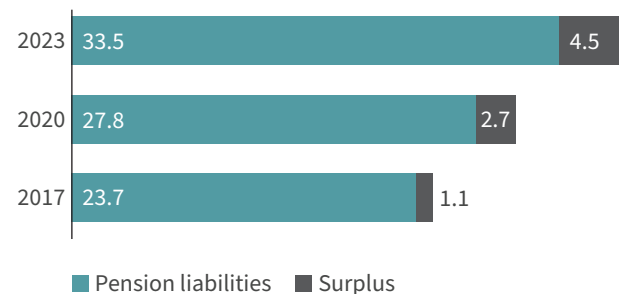
as at March 31



### FUNDING OF THE TOTAL BASIC BENEFIT LIABILITY

(\$ BILLIONS)

as at March 31



### FUNDED RATIOS 2017–2023 (%)

Year	Ratio <sup>1</sup>
<b>2023</b>	<b>113</b>
<b>2020</b>	110
<b>2017</b>	105 <sup>2</sup>

1 Funded ratio (assets divided by liabilities).

2 The 2017 valuation indicated a funding ratio of 108 per cent. The board established a Rate Stabilization Account (RSA), and the ratio was adjusted to reflect the amount set aside in the RSA. Starting with the 2020 valuation, the 2017 ratio is reported as 105 per cent. Amounts in the RSA are not included in the funded ratios.

## Contributions

Employers and active members both contribute to the Basic Account and the Inflation Adjustment Account (IAA). The Basic Account funds a guaranteed lifetime pension, and the IAA is used to provide annual inflation adjustments (these are not guaranteed).

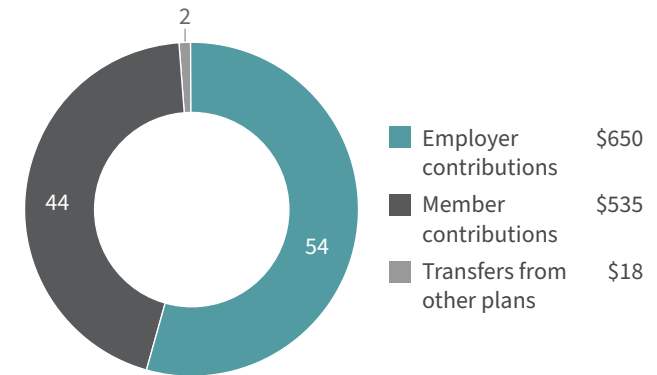
Members contribute through automatic payroll deductions. Members stop contributing once they reach 35 years of service, retire or end employment with a plan employer.

### CONTRIBUTION RATES<sup>1</sup> (% OF SALARY) effective April 1, 2018

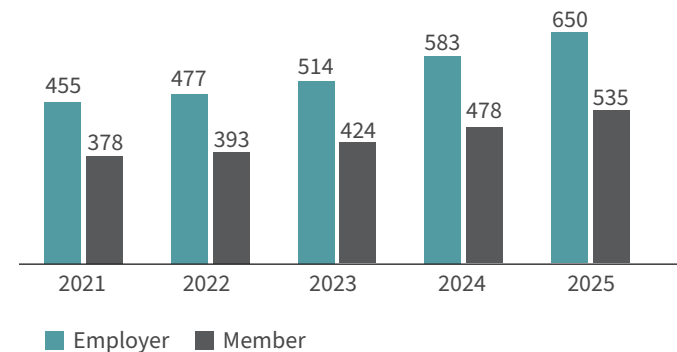
Account	Member	Employer
<b>Basic<sup>2</sup></b>	7.10	7.10
<b>IAA<sup>3</sup></b>	1.25	1.75
<b>PRGB<sup>4</sup></b>	0.00	1.00
<b>Total</b>	8.35	9.85

- Rates apply to most members, excluding groups with higher contribution rates (correctional officers, ambulance paramedics, some statutory officers, judges, associate judges and Members of the Legislative Assembly). Note: An integrated rate for correctional officers was introduced effective April 1, 2022.
- Members and employers both contribute to the Basic Account to provide for lifetime pensions.
- Inflation Adjustment Account (IAA). Members and employers also contribute to the IAA to provide for inflation adjustments to pensions. Inflation adjustments are not guaranteed.
- Contributions to subsidize post-retirement group benefits (PRGB) are limited to one per cent of salary. Funding is provided by employer contributions. Unused amounts are transferred to the IAA annually.

### CONTRIBUTION REVENUE (\$ MILLIONS) (%) year ended March 31, 2025



### CONTRIBUTIONS (\$ MILLIONS) year ended March 31





## Benefits

On March 31, 2025, the average annual pension in pay was \$26,607, and the median annual pension in pay was \$22,513.

### PENSIONS 2021–2025 for the year ended March 31

	New pensions during year	Pension terminations	In force at end of year	(\$ millions)		
				Basic pensions paid	Inflation supplements paid	Total pensions paid
<b>2025</b>	<b>2,243</b>	<b>1,252</b>	<b>57,519</b>	<b>\$1,145.2</b>	<b>\$345.6</b>	<b>\$1,490.8</b>
<b>2024</b>	2,390	1,129	56,528	\$1,107.1	\$303.0	\$1,410.1
<b>2023</b>	2,744	1,171	55,267	1,067.4	237.3	1,304.7
<b>2022</b>	2,629	1,129	53,694	1,014.2	201.9	1,216.1
<b>2021</b>	2,201	963	52,194	976.7	193.5	1,170.2

**AVERAGE VALUE OF NEW PENSIONS BY YEARS OF SERVICE AND AGE**  
for the year ended March 31, 2025

Years of service <sup>1</sup>	Number of new pensions	Average amount		
		Annual salary base	Annual lifetime pension <sup>2</sup>	Median annual lifetime pension <sup>2</sup>
< 10	589	\$ 77,800	\$ 6,100	\$ 4,800
10 < 15	286	81,800	14,600	13,400
15 < 20	308	83,600	22,400	19,000
20 < 25	273	88,200	31,500	25,000
25 < 30	330	85,500	35,000	30,800
30 < 35	319	90,000	43,900	38,800
≥ 35	138	84,500	44,500	38,700
<b>Total</b>	<b>2,243</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Average of all new lifetime pensions</b>		<b>\$83,700</b>	<b>\$24,500</b>	<b>\$20,700</b>
<b>Age</b>	62			
<b>Years of service</b>	19			

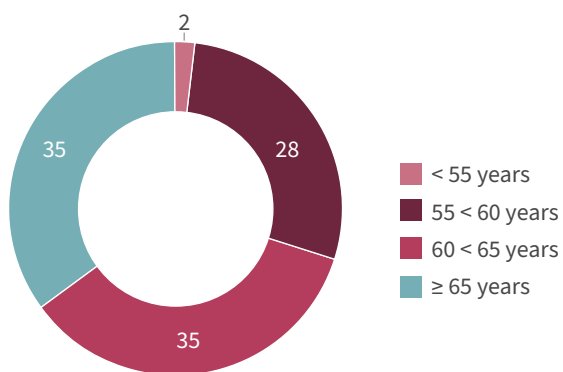
1 Includes service transferred from other plans.

2 Does not include the value of bridge benefits. Members receive the bridge benefit until they turn 65, at which point the bridge benefit stops.

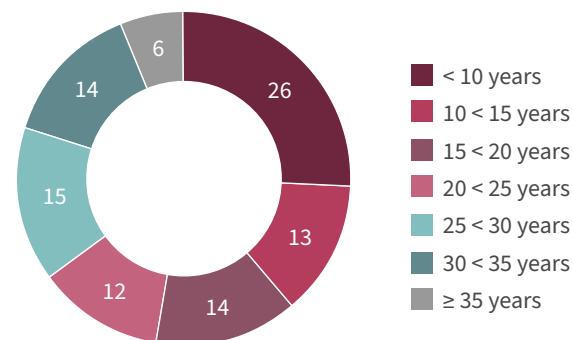
**NEW PENSIONS BY TYPE**  
for the year ended March 31

	Regular	Pre-retirement limited members	Post-retirement limited members	Death	Disability	Deferred	Total
<b>2025</b>	<b>1,494</b>	<b>30</b>	<b>20</b>	<b>53</b>	<b>164</b>	<b>482</b>	<b>2,243</b>
<b>2024</b>	1,467	65	16	60	193	589	2,390
<b>2023</b>	1,938	57	10	32	207	500	2,744
<b>2022</b>	1,986	32	16	38	169	388	2,629
<b>2021</b>	1,550	33	23	39	180	376	2,201

**PERCENTAGE OF NEW PENSIONS BY AGE AT RETIREMENT (%)**  
year ended March 31, 2025



**PERCENTAGE OF NEW PENSIONS BY YEARS OF SERVICE AT RETIREMENT (%)**  
year ended March 31, 2025





# Member services and communications

Supporting plan members

## Plan website and My Account

The plan website is an excellent source of information to help members make decisions about their pension. Resources, including online courses, videos and articles, can be found at [pspp.pensionsbc.ca/learning-resources](https://pspp.pensionsbc.ca/learning-resources). Through the plan website, members can also access My Account, a secure portal that provides self-service tools to manage their pensions online.

Through My Account, members can access their personal pension information (including *Member Benefit Statements*), use personalized pension and purchase of service cost estimators, update their beneficiary information and apply for their pension online once they are ready to retire.

Retired members can use My Account to access their pension payment history, T4As, annual pension statements, beneficiary information and more.



## Member webinars

The plan website offers members access to a wealth of pension information and educational content. Educational resources for plan members include online courses and webinars. Designed to help educate members at all career stages, these online workshops make important information available to members at their convenience. To learn more or register, visit [pspp.pensionsbc.ca/online-courses-and-webinars](https://pspp.pensionsbc.ca/online-courses-and-webinars).

## Inflation adjustments in retirement

Inflation adjustments help the pensions of retired members keep pace with increases in the cost of living. Providing future inflation adjustments is not guaranteed. Inflation adjustments are granted only when enough funds are available in the Inflation Adjustment Account (IAA). To date, the plan has fully funded inflation adjustments.

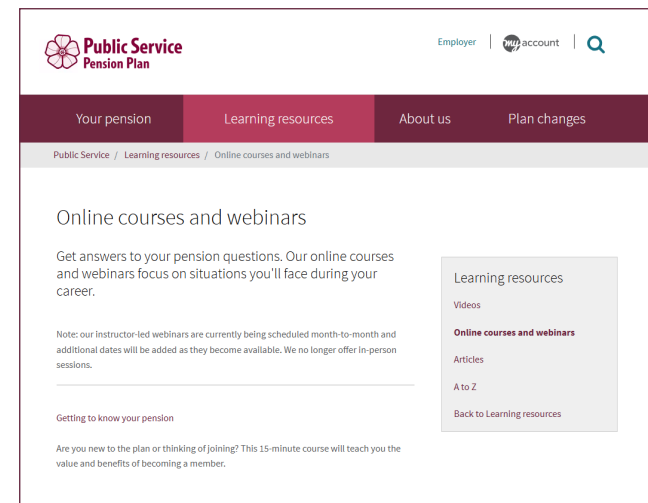
Both active members and employers contribute to the IAA. Those contributions, along with investment returns, pay for inflation adjustments.

Once granted, inflation adjustments become a permanent part of a retired member's lifetime pension. Inflation protection continues to beneficiary pensions as well. For retired members receiving the bridge benefit, previous indexing of the bridge benefit ends at the same time as their bridge benefit, at age 65 or death (whichever comes first).

A record of inflation adjustments granted since 2004 is available at [pspp.pensionsbc.ca/inflation-adjustments](https://pspp.pensionsbc.ca/inflation-adjustments).

# 17,000+

members attended instructor-led webinars  
over the 2024/25 fiscal year



## Retirement health benefits

The plan offers access to group health benefits, including extended health care (EHC), dental care and group life insurance. The board may change coverage and subsidies at any time, because they are not guaranteed.

The plan subsidizes the premiums for retired members' EHC. The subsidized amount depends on a member's pensionable service. Subsidies are funded by a small portion of employers' contributions that are provided for this purpose. Subsidies apply only to the retired member. For spouses or dependants, the retired member is required to pay the full premium.

There are no subsidies for dental coverage. Retired members who choose to participate in dental coverage pay full premiums.

For group life insurance, the plan may pay subsidies for retired members under age 65 who had access to the group life insurance plan through their employer before retirement.

For more information about health coverage in retirement, visit [pspp.pensionsbc.ca/retirement-health-coverage-and-you](https://pspp.pensionsbc.ca/retirement-health-coverage-and-you).

The screenshot shows the Public Service Pension Plan website. The header includes the logo, 'Employer', 'my account', and a search icon. The navigation menu has 'Your pension' (highlighted), 'Learning resources', 'About us', and 'Plan changes'. The breadcrumb trail reads: 'Public Service / Your pension / Retirement health coverage / Retirement health coverage and you'. The main heading is 'Retirement health coverage and you'. Below it, the text says: 'Support your health and peace of mind. Learn about the coverage options available to you as a retired member of BC's Public Service Pension Plan.' There are three numbered sections: 1. Eligibility, 2. Enrolling when you retire, and 3. Waiving coverage. A paragraph explains that when you retire, any extended health care and dental coverage from your employer will stop, but you can apply for extended health care and dental coverage when you apply for your pension. A note mentions that optional coverage is provided through the plan's insurance carrier, Green Shield Canada, and gives access to competitive group rates. On the right side, there is a sidebar with the heading 'Retirement health coverage and you' and a list of links: 'Retirement health coverage', 'Extended health care coverage', 'Dental plans', 'Medical Services Plan of BC', 'Retirement health coverage premiums', 'Apply for or cancel coverage', and 'Make a claim'.



## Termination and refund benefits

Members who end employment with all plan employers have options depending on their age and circumstance.

If a member has not yet reached their earliest retirement age, they can:

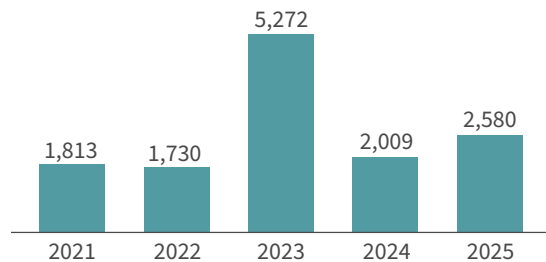
- Defer their pension and apply for it at a later date
- Transfer the commuted value of their pension (the minimum value is member contributions plus interest) to a locked-in retirement vehicle or similar tax-deferred plan

If a member has reached their earliest retirement age, they can:

- Take an immediate pension (which may be reduced if it is prior to their earliest unreduced age)
- Defer their pension up to their latest retirement date (their pension may be reduced if they elect to start it before their earliest unreduced age)

### NUMBER OF TERMINATION AND REFUND BENEFITS PAID<sup>1</sup>

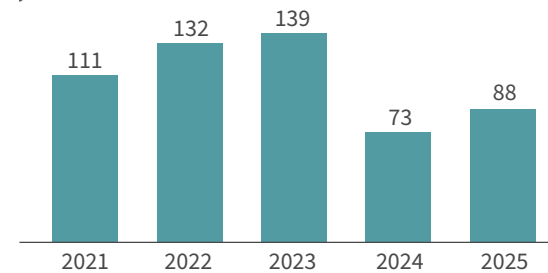
year ended March 31



<sup>1</sup> In fiscal year 2022/23, employer-ineligible refunds included approximately 2,950 members with corrections service that qualified for a refund for past service.

### VALUE OF TERMINATION AND REFUND BENEFITS PAID (\$ MILLIONS)

year ended March 31



## Service transfers

When changing jobs to an employer with a different pension plan, members may be able to transfer their service if a transfer agreement is in place between the pension plans.

## Service purchases

Life happens over the course of members' working years. Babies are born, parents need caregiving and sometimes a member needs time off to recover from an illness or injury. Members may be able to increase their future pension by buying service. Buying service means members can pay the contributions that otherwise would have been paid for periods of employment with a plan employer not already counted as service with the plan.

Examples include:

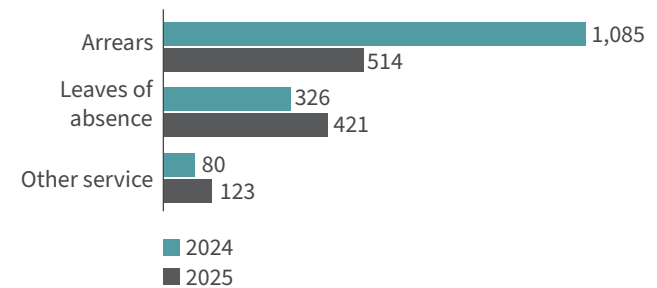
- Leaves of absence (such as pregnancy, parental, compassionate care and general leaves)
- Arrears contributions (occurring if a member was not enrolled correctly)
- Time worked for an employer before the employer joined the plan
- Non-contributory service (employment service with a plan employer from before an employee became a member, such as time spent as an auxiliary employee)

Depending on the type of service members choose to buy, they may be responsible for paying both the employee and employer portions or just the employee portion. For more information on buying service, visit [pspp.pensionsbc.ca/taking-time-off-work-and-buying-service](https://pspp.pensionsbc.ca/taking-time-off-work-and-buying-service).

For the fiscal year ended March 31, 2025, there were 1,058 purchases of service, with a total contribution of \$6.0 million. This represents a decrease in volume but a similar value compared to the previous year, when there were 1,491 purchases of service and a total contribution of \$6.0 million.

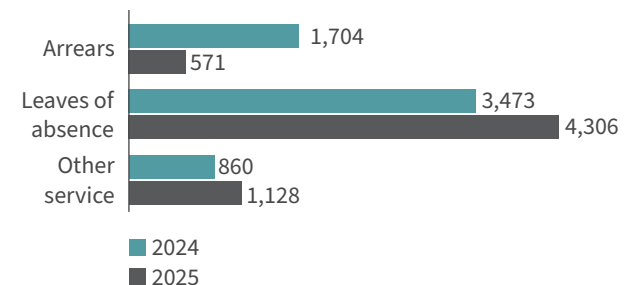
### NUMBER OF PURCHASES

year ended March 31



### CONTRIBUTIONS FOR PURCHASES (\$ THOUSANDS)

year ended March 31



## Temporary annuities

Members can buy an optional temporary annuity (additional monthly payment) to increase their monthly income until age 65 or death, whichever comes first. If members buy a temporary annuity, their basic lifetime pension income after age 65 will be lower than if they had not bought the annuity. Members who retire at an earlier age will pay a higher amount for the temporary annuity through a larger reduction to their pension after age 65.

More information about the temporary annuity option is available at [pspp.pensionsbc.ca/buying-a-temporary-annuity](https://pspp.pensionsbc.ca/buying-a-temporary-annuity).

## Member services

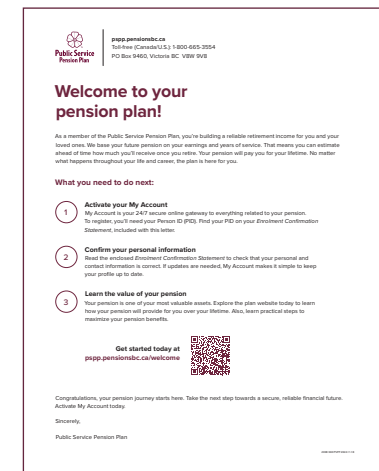
Some aspects of pension and retirement planning can be challenging. In cases where members need more personalized support, the plan has skilled staff available by phone and through Message Centre (a feature within My Account). The member services centre is available to help members as they navigate life events, like the end of their marriage or the death of a spouse, and answer questions about retirement planning and employment transfers. The plan also offers personalized planning appointments for members who are within one year of retirement.


## Pension communications

It is important for members to keep their contact information current, because the plan sends out information directly to members once or twice a year. Members will receive these communications online through My Account or through the mail.

Active members will receive a statement with personal pension information along with the *Report to Members* once a year. Retired members receive the plan's newsletter, *Pension Life*, twice a year. The summer edition is sent in July, and the winter edition is sent in January. The winter edition provides information on the inflation adjustment (if granted) and pension payment dates.

The plan issued 9,902 “Welcome to the plan” letters and 1,431 “Welcome to retirement” packages.





Pacific Rim National Park Reserve, Vancouver Island, BC

# Plan participants

## Members and employers

### Members

Membership in the plan is open to all eligible employees of the provincial public service or other employers approved by the board. Once an employee begins contributing to the plan, they become a member and will contribute for as long as they remain with a plan employer or until they have completed 35 years of pensionable service. (For a list of employers in the plan, see the appendix.)

For the year ended March 31, 2025, the number of active members increased by 4.9 per cent, and the number of retired members increased by 1.8 per cent.

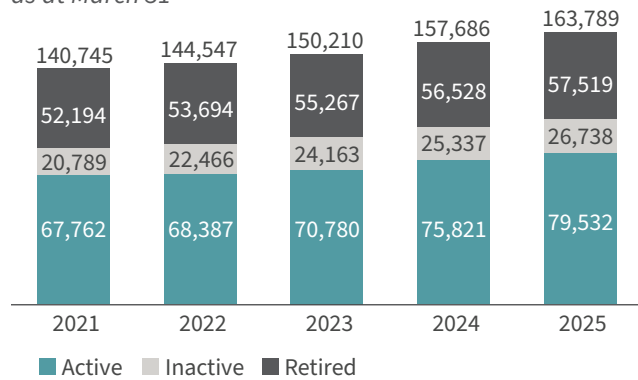


## Types of members

- **Active:** Currently contributing to the plan (or no longer contributing if they have earned 35 years or more of pensionable service), receiving benefits from an approved group disability plan or on an approved leave of absence
- **Limited:** A former spouse who applied to the plan following separation or divorce from a plan member and who is entitled to a portion of the member’s benefit
- **Inactive:** Ended employment with a plan employer but left their benefit in the plan
- **Retired:** Receiving a pension, including a disability benefit

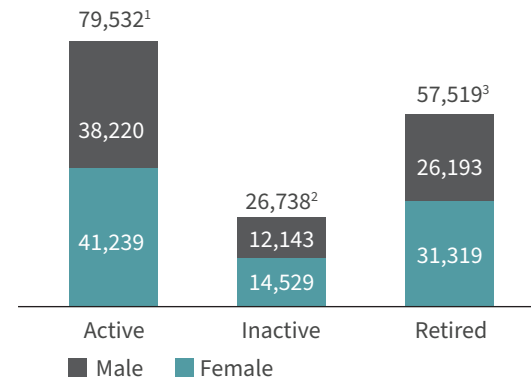
### TOTAL MEMBERSHIP PROFILE

as at March 31



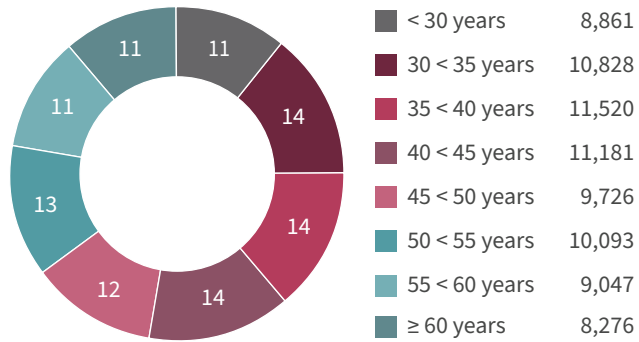
### GENDER PROFILE OF MEMBERS

as at March 31, 2025

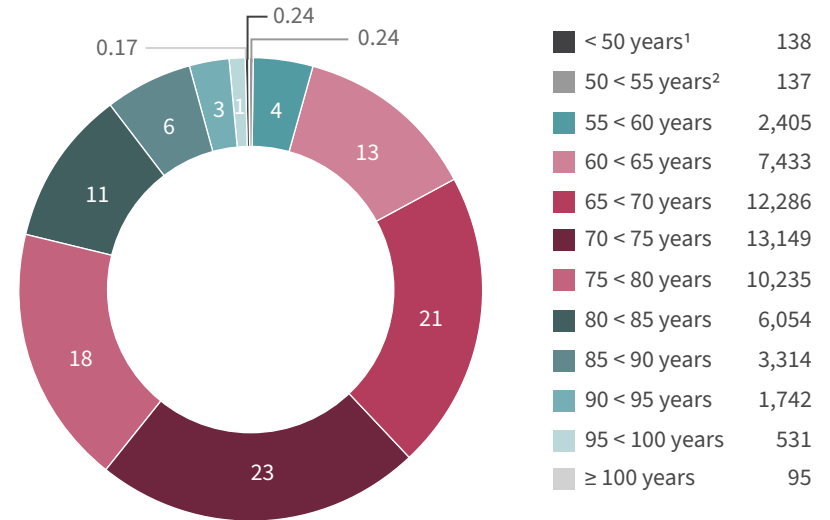


- 1 Seventy-three active members identified as gender X.
- 2 Sixty-six inactive members identified as gender X.
- 3 Seven retired members identified as gender X.

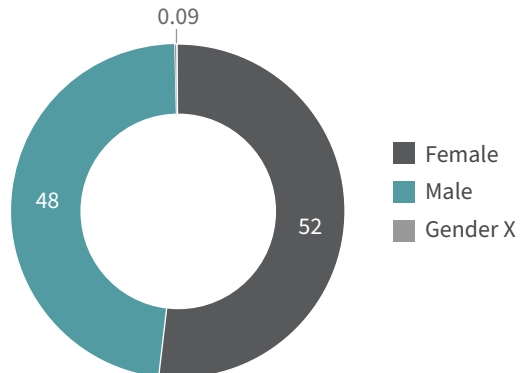
**AGE PROFILE OF ACTIVE MEMBERS (%)**  
as at March 31, 2025



**AGE PROFILE OF RETIRED MEMBERS (%)**  
as at March 31, 2025



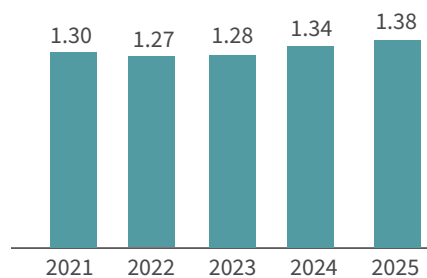
**GENDER PROFILE OF ACTIVE MEMBERS (%)**  
as at March 31, 2025



1 Relates to limited member, disability, survivors and continuing beneficiary pensions.  
2 Public safety members qualify for early retirement provisions.

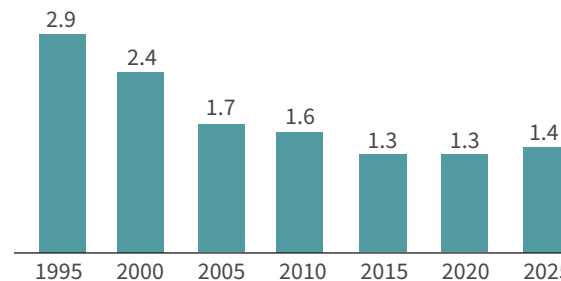
**RATIO OF ACTIVE TO RETIRED MEMBERS**

*as at March 31*



**RATIO OF ACTIVE TO RETIRED MEMBERS—30-YEAR HISTORY**

*as at March 31*



**NEW ENROLMENTS AND AVERAGE ENROLMENT AGE, 2015 VS. 2025**

*as at March 31*

Age	2015 new enrolments	2015 average enrolment age	2025 new enrolments	2025 average enrolment age	Growth in new enrolments (%)
Under 25	176	23	409	23	232
25 < 30	402	27	1,112	27	277
30 < 35	412	32	1,143	32	277
35 and over	985	45	2,630	44	267
<b>Total/average</b>	<b>1,975</b>	<b>37</b>	<b>5,294</b>	<b>36</b>	<b>268</b>





**MEMBERSHIP COUNT BY UNION AFFILIATION***at March 31, 2025*

<b>Union</b>	<b>Union membership count<sup>1</sup></b>	<b>Percentage of union membership (%)</b>
BC General Employees' Union	39,705	48.89
BC Ferry & Marine Workers' Union	4,370	5.38
British Columbia Nurses' Union	430	0.53
British Columbia Union Workers' Union	226	0.28
Canadian Office and Professional Employees Union <sup>2</sup>	1,359	1.67
Canadian Union of Public Employees	2,159	2.66
Canadian Union of Public Employees Local 873	5,602	6.90
Health Sciences Association of British Columbia	66	0.08
Hospital Employees' Union	180	0.22
International Longshore and Warehouse Union	16	0.02
Professional Employees Association	1,786	2.20
Transit Police Professional Association	100	0.12
Unifor	6,246	7.69
United Steelworkers	0	0.00
Members not represented by a union	18,551	22.84
Members with invalid union codes	418	0.51
<b>Total members</b>	<b>81,214</b>	<b>100</b>

1 Total union membership count represents the number of open employments per employer on March 31, 2025. Members with an open employment with more than one employer are counted once per employer.

2 The Canadian Office and Professional Employees Union includes Local 378, which is branded as MoveUP.

## Employers

As of March 31, 2025, the plan had approximately 100 employers. For a complete list, see the appendix.

# Plan governance

The plan has a joint trusteeship governance structure, meaning the responsibility of plan governance is shared by trustees appointed by bodies that represent plan members and employers. The plan's governance contributes to the overall fairness of the plan and is outlined in the plan's Joint Trust Agreement. The agreement is available at [pspp.pensionsbc.ca/joint-trust-agreement](https://pspp.pensionsbc.ca/joint-trust-agreement).

As plan partners, the BC General Employees' Union and the Province of British Columbia are responsible, along with other organizations representing plan employers and members, for nominating and appointing trustees to the board. This ensures trustees come from a cross-section of employer and member groups participating in the plan.

Although trustees bring unique perspectives to the board table, they must act for all members. The board is responsible for governing the plan in the best interest of members. It is obligated by law to act even-handedly, to steer the plan in the best financial interest of the plan's membership and to consider the interests of all members when making decisions.

The board can change plan rules if directed to do so by the plan partners and if certain conditions are met. The Joint Trust Agreement sets out conditions for implementing certain changes. The board can also change plan rules without the direction of the plan partners as long as the changes are cost-neutral to the plan.

## Trustee activities

### Key highlights

#### **Inflation adjustment**

On December 10, 2024, the board approved an inflation adjustment increase of 2.6 per cent to pensions in pay, effective January 1, 2025. The inflation adjustment matches the annual percentage change in the 12-month average of the Canadian consumer price index from November 2023 through October 2024. This helps retired members maintain the purchasing power of their pensions.

#### **New employers**

The plan welcomed three employers to the plan: the British Columbia Institute of Agrologists, Indigenous Child and Family Services Directors Our Children Our Way Society, and Orca Lelum Wellness Society.

### Education opportunities

Over the year, trustees embrace educational opportunities, like conferences and courses, to support their capacity to govern in the best interest of members.

In 2024, trustees attended events about pension and investment management, industry trends and best practices for pension communications, and key issues currently impacting public sector pension plans.

## Board remuneration

Trustees are compensated by the plan for time spent on board business. Remuneration guidelines and rates are set out in the board remuneration policy. Trustees receive remuneration directly if they are not paid for time spent on board duties by any other organization. If they are reimbursed by another organization, they may request that remuneration be paid to the other organization. Trustee remuneration may be adjusted annually under board policy by an amount equal to the inflation adjustment made to pension payments. Expenses related to trustee attendance at educational events and at meetings to conduct board business are reimbursed within board policy limits.

**BOARD MEMBER REMUNERATION***for the year ended March 31, 2025*

Board member	Meeting fee	Retainer	Payment	Remuneration paid to
<b>Alyson Blackstock</b>	\$ 6,974	\$ 8,829	\$ 15,803	BC Public Service Agency
<b>Wanda Boden</b>	9,945	8,829	18,774	Ministry of Finance
<b>Frank Cholette</b>	3,737	6,305	10,042	Board member
<b>Troy Clifford</b>	12,176	8,829	21,005	Board member
<b>James Coccola</b>	6,189	6,305	12,494	BC General Employees' Union
<b>Douglas Dykens</b>	9,192	6,305	15,497	BC General Employees' Union
<b>Paul Finch</b>	4,230	6,305	10,535	BC General Employees' Union
<b>Chan-Seng Lee</b>	8,693	6,305	14,998	Infrastructure BC Inc.
<b>Maria Middlemiss</b> (vice-chair)	6,727	12,608	19,335	BC General Employees' Union
<b>Sadaf Mirza<sup>1</sup></b>	4,437	5,234	9,671	Ministry of Finance
<b>Adam Molineux</b>	7,220	6,305	13,525	Ministry of Finance
<b>Johanna Morrow</b>	12,676	6,305	18,981	Board member
<b>Harpinder Sandhu</b>	7,467	6,305	13,772	Canadian Union of Public Employees
<b>Angie Sorrell</b> (chair)	12,423	18,913	31,336	Board member
<b>Joanna White<sup>2</sup></b>	1,012	1,071	2,083	Ministry of Finance
<b>Total</b>	<b>\$113,094</b>	<b>\$114,753</b>	<b>\$227,847</b>	

1 Sadaf Miraz's term ended February 4, 2025.

2 Joanna White's term began February 5, 2025.

3 Doug Dykens' term ended May 13, 2025.



## Committees

There are several standing committees of the board, which meet regularly to deal with specific areas of plan administration. The board also strikes ad hoc committees as required.

As of March 31, 2025:

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### **BENEFITS** | Maria Middlemiss (chair)

The benefits committee reviews the plan rules for benefit entitlements and policies related to benefit administration and makes recommendations to the board on potential changes as needed. The committee also reviews post-retirement group benefits, including extended health care and dental plan designs, coverage levels and cost structure.

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### **COMMUNICATIONS** | Troy Clifford (chair)

The communications committee oversees the development of plan communications to members, employers and other plan stakeholders. The committee provides strategic communications direction to Pension Corporation and reviews major communications, including the *Annual Report*.

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### **GOVERNANCE** | Alyson Blackstock (chair)

The governance committee develops and reviews board operational policies, tools and processes related to risk management, strategic planning and other matters. The committee prepares reports on the board's governance structures and activities as required by pension legislation.

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### **RESPONSIBLE INVESTMENT** | Angie Sorrell (chair)

The responsible investment committee considers all responsible investment issues referred to the committee by the board.

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**INTERPLAN AUDIT COMMITTEE | Wanda Boden (chair)**

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The Interplan Audit Committee is composed of two nominees from each of the College, Municipal, Public Service and Teachers' pension boards of trustees.

The committee prepares each plan's annual financial statements and provides mandated financial oversight by:

- Monitoring and reporting to the boards on the integrity of reporting, internal controls and compliance of financial statements with generally accepted accounting principles
- Monitoring and reporting on the independence and performance of external auditors
- Monitoring and reporting on risk management as it affects financial reporting
- Recommending the selection and compensation of auditors

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**INTERPLAN COORDINATION COMMITTEE | Angie Sorrell (chair)**

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The Interplan Coordination Committee facilitates communication among the College, Public Service and Teachers' pension boards of trustees on initiatives of mutual interest and monitors the operation of Pension Board Secretariat.

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**EXECUTIVE FORUM | Angie Sorrell (chair)**

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The Executive Forum is a venue for the chairs and vice-chairs of the College, Municipal, Public Service and Teachers' pension boards of trustees to discuss issues of mutual interest, including pension reform, research, governance and risk.

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**INTERPLAN INVESTMENT COMMITTEE | Cheryl Eason, Teachers' Pension Plan (chair)**

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The Interplan Investment Committee provides a forum for considering investment issues common to the College, Public Service and Teachers' pension boards of trustees. The committee considers trends in the investment industry, new investment approaches and vehicles, and economic and market updates.

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**INTERPLAN TRUSTEE EDUCATION COMMITTEE | Weldon Cowan, College Pension Plan (chair)**

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The Interplan Trustee Education Committee is a forum for the College, Municipal, Public Service and Teachers' pension boards of trustees to develop trustee knowledge and skills and to work together on common educational issues. This group organizes the annual BC Public Sector Pension Conference.

Island Lake, Okanagan, BC

# Agents and service providers

## BC Pension Corporation

BC Pension Corporation is one of the largest pension benefit administrators in Canada, serving the public sector pension plans in British Columbia. Operating on a not-for-profit, cost-recovery basis, Pension Corporation is the lowest-cost service provider among its peers. It delivers consistent, timely and reliable service to plan members across five public sector pension plans and one retirement benefit trust.

Pension Corporation provides plan information to members and employers, manages contributions and member records, and pays pension benefits. Pension Corporation also provides policy, financial and communications services to the board.

## BCI

BCI provides investment management services to the board. It is one of Canada's largest investment managers, with over \$250 billion in assets under management. BCI offers investment options across a range of asset classes, including infrastructure and renewable resources, and long-term strategic themes.

## Eckler Ltd.

Eckler Ltd. is a Canada-based actuarial and consulting firm specializing in financial services, pensions and benefits, and global consulting solutions. It provides consulting and actuarial services to the board.



## GreenShield Canada

GreenShield Canada provides retired plan members with access to optional extended health care and dental coverage.

## KPMG LLP

KPMG LLP was appointed to perform the audit of the plan's financial statements for the year ended March 31, 2025.

## Lawson Lundell LLP

Lawson Lundell LLP is the plan's legal counsel.

## Pension Board Secretariat

Pension Board Secretariat provides day-to-day professional and operational support to help the board meet its governance and fiduciary obligations.

## Willis Towers Watson

Willis Towers Watson is the board's post-retirement group benefits advisor.





# Plan rule and policy changes

## Changes to the *Family Law Act* affect pensions for separating couples

Effective January 1, 2025, the *Family Law Act* was updated to clarify provisions for pension division upon divorce or separation. Updates include:

- Restricting a limited member's ability to take their share of their former spouse's benefit out of the plan based on their former spouse's age and benefit options.
- Requiring the administrative fee to process a limited member's entitlement to be deducted from their payment of benefits unless one or both spouses pay the fee.

## Amendments to federal tax regulations lead to updates for buying service

Retroactively effective January 1, 2022, the federal Income Tax Regulations have been amended. The updates allow plan members who have worked for their employer for at least three months to buy service for periods of reduced pay that started in 2022 or later. There is no plan rule amendment required, and the plan is administering its own rules for buying service in line with the regulations update.

## Plan rule amendment no. 60

### **Registered retirement income fund (RRIF) transfer option**

When an unlocked amount is payable from the plan, it can now be transferred to a RRIF, in addition to the existing option of a registered retirement savings plan. Instances where this transfer option may apply include a refund of the member's contributions with interest, a "small benefit" payment when the commuted value is under a prescribed amount or a return of voluntary contributions.

### **Updates to disability benefits requirements**

Changes include streamlining medical exam requirements, clarifying when a disabled member is considered a retired member and adding "disabled member" as a definition to the plan rules.

### **Updates to the definition of "correctional employee"**

Changes include updating the definition of "correctional employee" to clarify that members must be employed in a public safety occupation (as defined in the federal *Income Tax Act*) to ensure the enhanced early retirement provisions apply only to members employed in public safety occupations.

## Plan rule amendment no. 61

Based on the plan's actuarial valuation report as at March 31, 2023, the additional employer contribution rate for ambulance paramedics decreased from 2.18 per cent to 2.08 per cent of the member's salary, effective July 1, 2024. There was no change in the member contribution rate for ambulance paramedics.

## Plan rule amendment no. 62

Effective March 11, 2025, the plan rules were amended to clarify when an estate may be entitled to a member's original contributions with interest, less the amount of benefits that have already been paid out from the plan.





September 4, 2025

**Re: Public Service Pension Plan  
Administrative Agent's Responsibility for Financial Reporting**

The financial statements of the Public Service Pension Plan (PSPP) were prepared by the British Columbia Pension Corporation, the administrative agent for the Public Service Pension Board of Trustees (Board), in accordance with Canadian accounting standards for pension plans. The Board is responsible for approving PSPP's financial statements. The Board is assisted by the Interplan Audit Committee (Committee), which is made up of representatives from the College, Municipal, Public Service and Teachers' pension boards of trustees. As part of its responsibility, the Committee reviews the financial statements, and performs any necessary steps and procedures prior to recommending the financial statements to the Board for approval.

Pension Corporation prepares the financial statements and is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting policies consistent with Canadian accounting standards for pension plans. In discharging its responsibility, Pension Corporation maintains a system of internal controls designed to provide reasonable assurance that transactions are properly authorized, reliable financial records are maintained and assets are adequately safeguarded, ensuring the fair presentation of the financial statements. Pension Corporation has assessed that PSPP will continue as a going concern, and ensured that other financial information contained in the *Public Service Pension Plan Annual Report* is consistent with these financial statements.

The Board appointed KPMG LLP as the independent auditor for PSPP. The role of the auditor is to perform an independent audit of the financial statements of PSPP in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the independent auditor's report attached to these financial statements.

A handwritten signature in black ink, appearing to read "Trevor Fedyna", written over a horizontal line.

Trevor Fedyna, CPA, C. Dir.

Vice-president, Strategy, Insights,  
and Chief Financial Officer  
British Columbia Pension Corporation

A handwritten signature in black ink, appearing to read "Allan Chen", written over a horizontal line.

Allan Chen, CPA

Controller  
British Columbia Pension Corporation

Mail: PO Box 9460  
Victoria, BC V8W 9V8

Phone: 250 387-1014  
Fax: 250 953-0429

[bcpensioncorp.ca](http://bcpensioncorp.ca)





**KPMG LLP**

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Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Public Service Pension Plan

***Opinion***

We have audited the financial statements of the Public Service Pension Plan (the "Plan"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2025, and its changes in net assets available for benefits and its changes in accrued pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Public Service Pension Plan  
Page 2

### **Other Information**

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



*Public Service Pension Plan*  
Page 3

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
September 4, 2025

## PUBLIC SERVICE PENSION PLAN

## Statement of financial position

(\$ millions)



As at March 31	Note	2025	2024
<b>Assets</b>			
Investments	3a	\$ 48,851	\$ 44,823
Directly held derivatives	3b	323	86
Contributions receivable		49	40
Prepaid expenses		6	6
Interest and dividends receivable		5	10
Cash		4	-
Other		1	-
<b>Total assets</b>		<b>49,239</b>	<b>44,965</b>
<b>Liabilities</b>			
Directly held derivatives	3b	387	84
Accounts payable and accrued expenses		21	16
Taxes payable		15	15
<b>Total liabilities</b>		<b>423</b>	<b>115</b>
<b>Net assets available for benefits</b>		<b>\$ 48,816</b>	<b>\$ 44,850</b>
<b>Accrued pension obligations</b>			
Accrued basic pension obligations	4a	\$ 28,579	\$ 27,095
Non-guaranteed pension obligations	4b	10,723	9,948
<b>Accrued pension obligations</b>		<b>39,302</b>	<b>37,043</b>
<b>Surplus</b>			
Accessible actuarial excess	5a	3,836	3,057
Measurement differences between funding and accounting positions	5a	5,678	4,750
<b>Surplus</b>		<b>9,514</b>	<b>7,807</b>
<b>Accrued pension obligations and surplus</b>		<b>\$ 48,816</b>	<b>\$ 44,850</b>

The accompanying notes are an integral part of the financial statements including:

Commitments (note 14)

Approved by the Public Service Pension Board of Trustees:

  
 \_\_\_\_\_  
 Angie Sorrell, Chair  
 Public Service Pension Board of Trustees

  
 \_\_\_\_\_  
 Wanda Boden, Trustee  
 Public Service Pension Board of Trustees

  
 \_\_\_\_\_  
 Maria Middlemiss, Vice-Chair  
 Public Service Pension Board of Trustees



## PUBLIC SERVICE PENSION PLAN

## Statement of changes in net assets available for benefits

(\$ millions)



For the year ended March 31	Note	Inflation			Totals	
		Basic Account	Adjustment Account	Supplemental Benefits Account	2025	2024
<b>Increase in assets</b>						
Investment income	8	\$ 3,530	\$ 1,003	\$ -	\$ 4,533	\$ 3,085
Contributions						
Employer	9	443	144	63	650	583
Member	9	453	80	2	535	478
		896	224	65	1,185	1,061
Transfers from other plans		15	3	-	18	14
Total increase in assets		4,441	1,230	65	5,736	4,160
<b>Decrease in assets</b>						
Benefits	10	1,513	34	31	1,578	1,483
Transfers to other plans		17	5	-	22	22
Retired member group benefits	11	-	-	34	34	31
Investment and administration costs	12b	111	25	-	136	121
Total decrease in assets		1,641	64	65	1,770	1,657
<b>Increase in net assets before transfers</b>		2,800	1,166	-	3,966	2,503
Account transfers	13	391	(391)	-	-	-
<b>Increase in net assets</b>		3,191	775	-	3,966	2,503
Net assets available for benefits						
at beginning of year		34,902	9,948	-	44,850	42,347
<b>Net assets available for benefits</b>						
at end of year		\$ 38,093	\$ 10,723	\$ -	\$ 48,816	\$ 44,850

The accompanying notes are an integral part of these financial statements.

## PUBLIC SERVICE PENSION PLAN

## Statement of changes in accrued pension obligations

(\$ millions)



For the year ended March 31	Note	2025	2024
<b>Increase in accrued pension obligations</b>			
Interest on accrued pension obligations		\$ 1,616	\$ 1,523
Benefits accrued		1,062	949
Account transfers		391	615
Change in actuarial assumptions	4a	-	331
<b>Increase in accrued pension obligations</b>		<b>3,069</b>	<b>3,418</b>
<b>Decrease in accrued pension obligations</b>			
Benefits paid		1,585	1,494
Experience gains	4a	-	71
<b>Decrease in accrued pension obligations</b>		<b>1,585</b>	<b>1,565</b>
<b>Net increase in accrued pension obligations</b>		<b>1,484</b>	<b>1,853</b>
Accrued basic pension obligations, beginning of year		27,095	25,242
Accrued basic pension obligations, end of year	4a	28,579	27,095
<b>Non-guaranteed pension obligations</b>			
Increase in non-guaranteed pension obligations	4b	775	232
Non-guaranteed pension obligations, beginning of year		9,948	9,716
Non-guaranteed pension obligations, end of year	4b	10,723	9,948
<b>Total accrued pension obligations</b>		<b>\$ 39,302</b>	<b>\$ 37,043</b>

The accompanying notes are an integral part of these financial statements.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN

The following description of the Public Service Pension Plan (PSPP) is a summary provided for general information only. For more information, please refer to the Joint Trust Agreement (Agreement) and the PSPP rules (plan rules).

#### a) General

PSPP is a jointly trustee pension plan continued under a joint trust agreement authorized by the *Public Sector Pension Plans Act*, SBC 1999, c.44 (Act). The Act enabled the establishment of the Agreement. Joint trusteeship was established effective January 1, 2001. The partners to the Agreement are the Provincial Government and the British Columbia General Employees' Union (Partners). The Agreement describes the composition, appointment, powers, functions and duties of the Public Service Pension Board of Trustees (Board) and provides the authority for the Board to make the plan rules.

PSPP is registered with the Superintendent of Pensions, who administers and enforces the *Pension Benefits Standards Act* (PBSA). The PBSA governs employment pension plans registered in British Columbia that have active, inactive and retired members.

Membership in PSPP is open to eligible employees of the Province of British Columbia and certain Crown corporations, agencies, institutions, eligible Members of the Legislative Assembly and other employers approved by the Board.

#### b) Roles and responsibilities

##### Partners

The Partners and other organizations representing PSPP members and employers are responsible for appointing the 14 trustees to the Board. The Partners have responsibility for resolving trustee disputes and, if certain conditions are met, may direct amendments to the plan rules.

##### Board

The Board is responsible for the management of PSPP, including investment of assets and administration of PSPP. The Board may amend the plan rules as long as changes can be funded by PSPP's surpluses or are cost neutral to PSPP. Unless required to ensure compliance with regulatory enactments applicable to PSPP, only the Partners can initiate plan rule changes that result in contribution rate increases. The Agreement allows the Board to either appoint a chair from among the 14 trustees or appoint a person not appointed by the Partners. The vice-chair is appointed by the other trustees, from among the 14 trustees.

##### British Columbia Pension Corporation (Pension Corporation)

Pension Corporation provides benefit administration services as an agent of the Board. The Board appoints two members to the eight-member board of directors of Pension Corporation.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN (CONTINUED)

#### b) Roles and responsibilities (continued)

British Columbia Investment Management Corporation (BCI)

BCI provides investment management services, including the valuation of investments, as an agent of the Board. The Board appoints one member to the seven-member board of directors of BCI.

#### c) Funding

Contributions and investment earnings fund PSPP benefits. Contributions are made by active members and employers of PSPP. The determination of the value of the benefits and required contributions is based on a triennial actuarial valuation for funding purposes.

The Board's funding policy is intended to secure the pension benefit obligation, improve the level of sustainable indexing, and achieve long-term stability in contribution rates for both employers and members.

#### d) Contributions

The following member and employer contributions apply to the majority of members, excluding correctional employees, ambulance paramedics, statutory officers, provincial court judges, associate judges of the Supreme Court, and Members of the Legislative Assembly (certain limited groups) with higher contribution rates required to fund the cost of their benefits.

##### Basic Account

Members contributed 7.10% of salaries and employers contributed 7.10% of members' salaries (excluding certain limited groups with higher contribution rates required to fund the cost of their benefits), less amounts allocated to the Supplemental Benefits Account (SBA).

##### Inflation Adjustment Account

Members contributed 1.25% of salaries to the Inflation Adjustment Account (IAA). Employers contributed 2.75% of salaries to the IAA, less amounts allocated to the SBA.

#### e) Pension benefits

The following pension benefits apply to the majority of members, excluding certain limited groups, such as public safety occupations, that may be eligible for a benefit earlier than indicated.

All active members are eligible for a pension benefit.

For service on or after April 1, 2018, members are eligible for unreduced pension benefits

- at age 65;
- at age 60, with at least two years of contributory service; or
- at age 55 or older, with at least 35 years of contributory service.

Other retiring members have a reduction factor applied to their pension. The early retirement reduction applicable for service accrued on or after April 1, 2018, is 6.2% for each year below age 60 with two years or more of contributory service, or 5.0% for each year below age 65 with less than two years of contributory service.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN (CONTINUED)

#### e) Pension benefits (continued)

For service on or after April 1, 2022, PSPP provides a defined benefit of 1.95% of the member's highest five-year average annual salary (HAS) to a maximum of 35 years.

For service between April 1, 2018 and March 31, 2022, PSPP provides a defined benefit of 1.85% of the member's HAS to a maximum of 35 years.

For service up to March 31, 2018, the defined benefit was integrated with the Canada Pension Plan. As a result, PSPP provides a benefit of 1.35% (1.3% for members who terminated prior to March 1, 2002) of pensionable earnings up to the year's maximum pensionable earnings (YMPE) and 2.0% of pensionable earnings over YMPE for each year of pensionable service (to a maximum of 35 years). For the pension calculation, pensionable earnings are based on the member's HAS.

For service up to March 31, 2018, PSPP also provides a bridge benefit payable to age 65 (or the date of death, if earlier). The bridge benefit is 0.65% (0.7% for members who terminated prior to March 1, 2002) of the lesser of YMPE or HAS for each year of pensionable service.

Effective October 1, 2019, service earned between April 1, 2006 and March 31, 2018, inclusive, was adjusted. For service earned during this period, PSPP provided an integrated defined benefit of 1.65% of pensionable earnings up to YMPE, and 2.0% of pensionable earnings over YMPE, for each year of pensionable service. Pensionable earnings are based on the member's HAS. PSPP provided a bridge benefit payable to age 65 (or the date of death, if earlier). The bridge benefit was 0.35% of the lesser of YMPE or HAS for each year of pensionable service.

For service up to March 31, 2018, members are eligible for unreduced pension benefits

- at age 65;
- at age 60, with at least two years of contributory service; or
- at age 55 or older, with age plus years of contributory service totalling 85 or more.

Increases to pension payments related to inflation adjustments are not guaranteed but may be provided each January 1 in accordance with the inflation adjustment provisions of PSPP. These inflation adjustments are based on the annual average increase in the Canada consumer price index (CPI) over the preceding 12-month period ending the previous October 31, reduced for the CPI decrease, if any, in prior years and subject to the availability of funds in the IAA.

The Board annually considers all relevant factors and its IAA funding policy to determine if an inflation adjustment will be granted on pensions in pay and the amount of the inflation adjustment, if any.



## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 1. DESCRIPTION OF THE PUBLIC SERVICE PENSION PLAN (CONTINUED)

#### f) Termination and portability benefits

Terminating members who have not yet reached the earliest retirement age may choose

- to leave their benefit on deposit—either for a deferred pension or in anticipation of future re-employment with a plan employer, or
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in retirement vehicle or similar tax-sheltered plan.

Where there are portability arrangements between PSPP and other pension plans, members may be able to transfer service to another pension plan.

#### g) Other benefits

Disability and survivor benefits are also available under PSPP. A disability benefit is available to a member under age 60 (under age 55 for certain limited groups) who has terminated employment, becomes totally and permanently disabled as defined by PSPP, has at least two years of contributory service, is not eligible to receive benefits from an approved long-term group disability plan and meets other eligibility requirements.

The disability benefit is calculated using the greater of the member's years of pensionable service to the date of termination of employment and HAS, or an increased pension calculation as specified under the Income Tax Regulations. Disability benefits continue for the member's lifetime unless the member is no longer totally and permanently disabled before age 60 (age 55 for certain limited groups) or returns to work.

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of an active member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

Supplemental benefits are funded from the SBA.

#### h) Tax registration

PSPP is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada) (registration number 0345702), except for any supplemental benefits, which are funded in addition to the RPP. PSPP is not subject to income taxes but is subject to indirect taxes, including British Columbia provincial sales tax (PST) and Canadian federal goods and services tax (GST). PSPP receives a 33% rebate of GST paid.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of presentation

These financial statements are prepared on the going-concern basis in accordance with Canadian accounting standards for pension plans, Part IV of the *Chartered Professional Accountants of Canada Handbook* (CPA Canada Handbook), and present PSPP as a separate financial reporting entity, independent of contributing employers and members and independent of any associated retired member group benefit plans.

Accounting standards for private enterprises in Part II of the CPA Canada Handbook have been chosen for accounting policies that do not relate to PSPP's investment portfolio or accrued pension obligations.

#### b) Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

Investment purchases and sales are recorded on the trade date (the date on which the substantial risks and rewards of ownership have been transferred).

#### c) Accrued pension obligations

Accrued pension obligations are determined based on an actuarial valuation prepared by an independent actuarial consulting firm. PSPP's actuary is Eckler Ltd. The valuation of accrued pension obligations is based on data extrapolated to the financial statement date. The valuation uses the projected benefit method pro-rated on service that incorporates the independent actuary's estimate of various economic and demographic assumptions. These assumptions are the same as those used in the determination of the actuarial position of PSPP for funding purposes.

#### d) Investment income

Income from investments is recorded on an accrual basis and represents pooled investment portfolio income attributable to PSPP as a unit holder and income from directly held investments. The change in fair value includes realized and unrealized gains and losses that are included in investment income.

Within the pools, dividends are accrued on the ex-dividend date, and interest is recognized on an accrual basis. Gains and losses on derivative contracts are recognized concurrently with changes in their fair values.

#### e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rates on the year-end date. Income and expenses are translated into Canadian dollars at the prevailing exchange rates on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included within the current period change in fair value in investment income.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Use of estimates

The preparation of financial statements, in conformance with Canadian accounting standards for pension plans, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increases and decreases in assets and liabilities during the period. Significant areas requiring the use of management estimates relate to the valuation of investments based on unobservable inputs, as further described in note 7, and the calculation of the accrued pension obligations of the Basic Account for accounting and funding purposes, as further described in notes 4 and 5. Actual results could differ materially from these estimates.

### 3. INVESTMENTS

#### a) Investments

Fair value of investment holdings	2025	2024
Short-term	\$ 672	\$ 1,135
Bonds	15,790	13,076
Repurchase agreements	(6,909)	(5,440)
	8,881	7,636
Canadian equities	1,642	1,548
Global equities	7,295	7,007
Emerging markets equities	1,531	1,870
Mortgages	2,429	1,920
Real estate	8,131	7,417
Private debt	4,033	3,351
Private equity	7,864	7,334
Infrastructure and renewable resources	6,373	5,605
	\$ 48,851	\$ 44,823

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate share in the value of the net assets of the pooled investment fund. The Basic Account and IAA are combined for investment management purposes.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 3. INVESTMENTS (CONTINUED)

#### a) Investments (continued)

One or more pooled investment portfolios exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt; private equity; and infrastructure and renewable resources. While the purpose of each fund is to invest in a particular type of investment, given the timing of trading activities, the fund may at any time hold a certain amount of cash, short-term investments, accrued interest income and net accounts receivable or payable from outstanding sales and purchases of investments.

Short-term investments consist of Canadian and U.S. money market securities, such as treasury bills with maturities of 15 months or less, and short-term bonds with one- to five-year terms. Short-term investments are valued using current market yields.

Bonds consist of government bonds, investment grade and non-investment grade corporate bonds, repurchase agreements, unsecured debt, and debentures. Bonds are valued based on current market yields and, in some cases, quoted market prices. Bonds include the use of repurchase agreements to borrow money to create leverage to purchase other bonds and enhance yields through a leverage bond fund strategy. Funds are also borrowed from the issuance of bonds to create leverage. These funds are unsecured debt. Unsecured debt of \$1,407 million (2024: \$593 million) is included in the repurchase agreements category.

Canadian, global and emerging markets equities consist primarily of publicly traded shares and are valued based on quoted market prices on the primary exchanges on which they are traded.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. The mortgages are secured by real estate and valued using current market yields.

Real estate investments consist mainly of diversified Canadian and U.S. income-producing properties. Real estate investments are valued quarterly by external investment managers and, at least once every 10 to 18 months, by accredited independent appraisers to establish current market values.

Private debt consists of private debt instruments and private debt investee funds and are valued using discounted cash flows on current market yields and comparable securities, as applicable.

Private equity consists mainly of equity investments made outside the structure of public markets. Private equity investments are valued either quarterly or annually based on audited financial statements from external investment managers using a market-based approach.

Infrastructure and renewable resources consist of privately owned and managed infrastructure assets, as well as timber, agriculture and other renewable assets. Infrastructure and renewable resource investments are formally valued annually using a market-based approach or net asset value method.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 3. INVESTMENTS (CONTINUED)

#### b) Derivatives

Derivative contracts are directly and indirectly held by PSPP. The details of these contracts are as follows:

Fair value of derivative contracts	2025		2024	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>Directly held</b>				
Foreign currency forwards	\$ 323	\$ (387)	\$ 86	\$ (84)
<b>Indirectly held in pooled investment portfolios</b>				
Foreign currency forwards	\$ 5	\$ (264)	\$ 23	\$ (36)
Total return swaps	81	(207)	232	(34)
Interest rate swaps	81	(31)	36	(6)
Cross currency swaps	-	(2)	-	-
Options	1	(2)	23	(20)
	\$ 168	\$ (506)	\$ 314	\$ (96)
<b>Total derivatives</b>	<b>\$ 491</b>	<b>\$ (893)</b>	<b>\$ 400</b>	<b>\$ (180)</b>
<b>Derivatives by investment asset classification</b>				
Short-term	\$ 1	\$ -	\$ -	\$ -
Bonds	82	(70)	33	(12)
Canadian equities	-	-	10	(1)
Global equities	79	(296)	248	(66)
Emerging markets equities	4	(14)	12	(2)
Mortgages	43	(55)	10	(12)
Real estate	144	(171)	39	(41)
Private debt	2	(124)	12	(15)
Infrastructure and renewable resources	136	(163)	36	(31)
<b>Total derivatives</b>	<b>\$ 491</b>	<b>\$ (893)</b>	<b>\$ 400</b>	<b>\$ (180)</b>

Derivative contracts consist of foreign currency forward contracts, total return swaps, interest rate swaps, cross currency swaps and options held directly by PSPP or indirectly through various pooled investment portfolios. Directly held and indirectly held derivative contracts are reflected at fair value based on expected settlement amounts at the date of the Statement of Financial Position. Directly held derivatives are disclosed on the face of the Statement of Financial Position while indirectly held derivatives are included in investments.

A foreign currency forward contract is a privately negotiated contractual obligation to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Foreign currency forward contracts are held by PSPP to manage exposure to foreign currency risk.



## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 3. INVESTMENTS (CONTINUED)

#### b) Derivatives (continued)

Options are contracts that give the buyer the right, but not the obligation, to buy or sell a certain security or index at an agreed-upon price on or before a specified date. Options are held for synthetic indexing, a modern technique used to replicate the performance of a security or index without directly purchasing or selling the underlying assets and for risk control.

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating interest rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally better interest rate than would have been possible without the swap.

Cross currency swaps are agreements that involve the exchange of principal and interest payments in one currency for equivalent amounts in another currency. Cross currency swaps are used to hedge against fluctuations in exchange rates in relation to future amounts that are receivable in foreign currencies. Cross currency swaps are held to manage exposure to foreign currency risk.

A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, including both the income it generates and any capital gains. In total return swaps, the underlying asset (referred to as the reference asset) is usually an equity index or basket of equity securities. Interest rate swaps and total return swaps are held indirectly through various pooled investment portfolios for synthetic indexing purposes.

Derivative transactions are supported with collateral to mitigate counterparty credit risk. A single net fair value amount is used to determine the value of collateral with each counterparty. Collateral approximately equal to the positive fair value of each derivative contract has been provided by counterparties, and collateral approximately equal to the negative fair value of each derivative contract has been delivered to counterparties. Acceptable forms of collateral are Canadian federal or provincial bonds, and U.S. federal government treasury bills and bonds.

The notional value of derivatives is either the total value of a position, how much value a position controls, or an agreed-upon amount in a contract.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 3. INVESTMENTS (CONTINUED)

#### b) Derivatives (continued)

Absolute notional value of the Canadian denominated portion of derivatives is disclosed in the table below.

Notional value of derivatives	Within			2025	2024
	1 year	1 to 5 years	Over 5 years	Total	Total
<b>Directly held</b>					
Foreign currency forwards	\$ 18,796	\$ -	\$ -	\$ 18,796	\$ 16,886
Cross currency swaps	26	-	-	26	-
Options	25	-	-	25	-
	18,847	-	-	18,847	16,886
<b>Indirectly held in pooled investment portfolios</b>					
Foreign currency forwards	\$ 10,292	\$ 234	\$ 111	\$ 10,637	\$ 7,266
Total return swaps	10,238	372	-	10,610	7,605
Interest rate swaps	971	1,345	1,394	3,710	3,079
Cross currency swaps	8	21	-	29	-
Options	1,009	-	-	1,009	1,607
	\$ 22,518	\$ 1,972	\$ 1,505	\$ 25,995	\$ 19,557
<b>Total derivatives</b>	<b>\$ 41,365</b>	<b>\$ 1,972</b>	<b>\$ 1,505</b>	<b>\$ 44,842</b>	<b>\$ 36,443</b>
<b>Derivatives by investment asset classification</b>					
Short-term	\$ 157	\$ -	\$ -	\$ 157	\$ 129
Bonds	4,359	-	1,394	5,753	3,166
Canadian equities	5	-	-	5	547
Global equities	12,976	1,476	-	14,452	11,684
Emerging markets equities	744	262	-	1,006	889
Mortgages	2,608	-	-	2,608	2,194
Private debt	4,004	-	-	4,004	3,114
Private equity	-	-	-	-	5
Real estate	8,729	-	-	8,729	7,709
Infrastructure and renewable resources	7,783	234	111	8,128	7,006
<b>Total derivatives</b>	<b>\$ 41,365</b>	<b>\$ 1,972</b>	<b>\$ 1,505</b>	<b>\$ 44,842</b>	<b>\$ 36,443</b>

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 3. INVESTMENTS (CONTINUED)

#### c) Repurchase agreements

PSPP has indirect exposure to repurchase agreements through its investment in the pooled investment portfolio underwritten on bond securities. Repurchase agreements are short-term agreements to sell securities in order to buy them back at a slightly higher price. The party selling the repurchase agreement is effectively borrowing, and the other party is lending, since the lender is credited the implicit interest in the difference in prices. Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified future date. The securities sold under these agreements continue to be recognized on the statements of financial position with any changes in fair value recorded as net gain (loss) on investments and included in investment income. Interest incurred on repurchase agreements is included in borrowing costs within investment-related expenses.

Repurchase agreements are carried at the amount at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these agreements.

### 4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES

#### a) Basic Account

In accordance with the Agreement and PBSA, an actuarial valuation is performed at least every three years. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of PSPP as described in note 5a. As part of the valuation, the PSPP's actuary also calculates values of the Basic Account assets and liabilities for accounting purposes. For accounting purposes, pension liabilities are based on those accrued to the financial statement date, and, assets include the full impact of investment fair value changes as at the financial statement date. The liability for accrued basic pension obligations at the valuation date is determined using the projected benefit method pro-rated on service.

The latest full actuarial valuation for accounting purposes was prepared as at March 31, 2023, by Eckler Ltd. This valuation calculated the liability for accrued basic pension obligations for financial statement purposes to be \$25,502 million (2020: \$21,629 million).

Between valuations, an estimate of the actuarial position is required. This estimate, an extrapolation, has been made to March 31, 2025, using the following long-term actuarial assumptions:

- Annual investment return 6.00%
- Annual salary escalation rate 3.25%

The extrapolation calculated the liability for accrued basic pension obligations to be \$28,579 million (2024: \$27,095 million).

In 2024, the extrapolation reflected assumption changes made during the 2023 valuation that resulted in an increase in the 2023 accrued basic pension obligations of \$331 million, mainly due to adding a reserve for mortality uncertainty. Further, the 2023 valuation accrued basic pension obligations were \$71 million lower than anticipated by the 2023 extrapolation as a result of experience gains, primarily retirement rates being lower than the actuarial assumption.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES (CONTINUED)

#### a) Basic Account (continued)

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings, and the incidence of retirements, withdrawals and changes in other factors may vary significantly from the long-term assumptions used in the extrapolation. In the event of a major change to PSPP, a new valuation or review of assumptions may be required.

The next full actuarial valuation will be carried out as at March 31, 2026, with the results included in the March 31, 2027, financial statements.

Actuarial liabilities are also affected by changes in the assumed investment return. Based on the actuarial valuation completed as at March 31, 2023, a reduction in the investment return assumption from 6.00% to 5.75% would have increased the March 31, 2025, liability for accrued basic pension obligations of \$28,579 million by \$846 million or 2.96%, and the impact of a 1% change would be approximately four times the amount. Changes to assumptions included in the actuarial valuation are interrelated, and the cumulative impact of changed assumptions may be offsetting.

#### b) Inflation Adjustment Account (IAA), non-guaranteed pension obligations

No unfunded liability exists for the IAA since the obligation for future inflation adjustments is limited to the amount of the available assets in the account. There is no minimum level of inflation adjustment required to be paid under the plan rules, nor is there any PSPP provision to fund the IAA to any minimum level of future potential inflation adjustments (note 5b). The non-guaranteed pension obligations are therefore equal to the net assets available for benefits in the IAA of \$10,723 million (2024: \$9,948 million). The net increase of \$775 million (2024: \$232 million decrease) in the IAA balance consists of employee and employer contributions, investment income and net transfers reduced by payments out of the account (see note 13 for details on amounts transferred).

### 5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES

#### a) Basic Account

The Basic Account is the account from which the defined basic benefits of PSPP are paid. In accordance with the Agreement and PBSA, an actuarial valuation of PSPP's assets and pension obligations is performed at least every three years by an independent actuary to determine an appropriate combined employer and member contribution rate to fund the Basic Account. For this purpose, the PSPP's actuary values both accrued assets and accrued pension obligations to the financial statement date, and contributions and benefits for future service. The contribution requirements are calculated by the actuary using the entry-age normal cost method (entry-age method).

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

#### a) Basic Account (continued)

This method produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future new entrants to PSPP. This rate may be adjusted for the amortization of any actuarial funding surplus, and this rate will be adjusted for the amortization of any unfunded actuarial liability. Contribution rate determinations exclude consideration of the assets in the rate stabilization account (RSA), which is held notionally within the Basic Account; if contribution rate increases are considered, funds may be transferred from the RSA to keep the rate at its current level or to minimize the increase.

Future inflation adjustments are not guaranteed within the PSPP provisions and are granted to retired members only to the extent that sufficient assets are available in the IAA to fund those benefits (note 5b). As inflation adjustments are granted, the Basic Account receives from the IAA the present value of the amount necessary to fund the inflation adjustments granted, and the adjustments are paid from the Basic Account. Therefore, accrued basic pension obligations for valuation purposes include the liability for all inflation adjustments granted to the date of the valuation, but not for as-yet-unknown future inflation adjustments.

#### Actuarial valuation

The latest full actuarial valuation for funding purposes was prepared as at March 31, 2023, by the independent actuary based on the entry-age method; the valuation indicated an actuarial surplus of \$4,491 million excluding \$1,672 million set aside for rate stabilization purposes (2020: \$2,667 million excluding \$117 million set aside for rate stabilization purposes).

The Agreement specifies that, if an actuarial valuation indicates increased basic contribution rates are required, the increase must be shared equally by members and employers. The Agreement also describes the manner in which the Board can elect to apply surplus assets.

An estimate of the actuarial position of PSPP for funding purposes has been made to March 31, 2025, using the following long-term actuarial assumptions:

- Annual investment return 6.00%
- Annual salary escalation rate 3.25%



## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

#### a) Basic Account (continued)

This estimate, an extrapolation, produced an estimated accessible actuarial excess of \$3,836 million as at March 31, 2025 (2024: \$3,057 million), as follows:

Funding extrapolation	2025	2024
Net assets available for basic pension benefits	\$ 38,093	\$ 34,902
Actuarial asset value adjustment	(865)	(162)
Smoothed assets for basic pension benefits	37,228	34,740
Rate stabilization account	(1,932)	(1,790)
Smoothed assets excluding rate stabilization account	35,296	32,950
Present value of future contributions at entry-age rate	9,131	8,201
Present value of temporary rate reduction below entry-age rate	(448)	(497)
Net actuarial assets for basic pension benefits	43,979	40,654
Actuarial liability for accrued and future basic pension benefits	(38,666)	(36,197)
<b>Entry-age method actuarial surplus</b>	<b>\$ 5,313</b>	<b>\$ 4,457</b>
PBSA 5% of net liabilities	(1,477)	(1,400)
<b>Accessible actuarial excess</b>	<b>\$ 3,836</b>	<b>\$ 3,057</b>

Changes in the extrapolated entry-age method funded status	2025	2024
Extrapolated entry-age method actuarial surplus, beginning of year	\$ 4,457	\$ 5,053
Adjustment to reflect the 2023 valuation	-	(550)
Asset smoothing method adjustment	-	(433)
Extrapolated change in actuarial liability for accrued and future basic pension benefits	(2,469)	(2,694)
Extrapolated change in actuarial assets for basic pension benefits	3,325	3,081
Extrapolated entry-age method actuarial surplus, end of year	\$ 5,313	\$ 4,457
PBSA 5% of net liabilities	(1,477)	(1,400)
<b>Accessible actuarial excess</b>	<b>\$ 3,836</b>	<b>\$ 3,057</b>

Based on the funded position at the last actuarial valuation, PSPP had accessible going concern excess (AGCE) and the entry age normal cost exceeded the current contribution. The Joint Trust Agreement and funding policy permit the use of surplus to fund a contribution rate below the entry age normal cost, provided a margin of 5% of net liabilities (total liabilities less the present value of future contributions at entry-age rate), plus the amount of surplus required for the contribution reduction is held in the Basic Account. The extrapolation reflects these amounts.

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, various factors, including actual wage increases, investment earnings, and the incidence of retirements and withdrawals, may vary significantly from the long-term assumptions used in the extrapolation.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

#### a) Basic Account (continued)

Measurement difference between funding and accounting positions

While the accrued pension benefit liability for financial statement purposes uses the projected benefit method pro-rated on service, the pension liability for funding purposes uses an entry-age funding method, where the present value of future normal cost contributions, basic pension benefits for future service and future amortization amounts are included in the determination of the funded status of PSPP.

The primary components of the measurement differences between the extrapolated entry-age method accessible actuarial excess and the financial statement accounting surplus are as follows:

Measurement difference between funding and accounting positions	2025	2024
Accessible actuarial excess	\$ 3,836	\$ 3,057
PBSA 5% of net liabilities	1,477	1,400
Actuarial asset value adjustment	865	162
Rate stabilization account	1,932	1,790
Difference in actuarial methods—present value of future contributions	(9,131)	(8,201)
Difference in actuarial methods—present value of rate reduction	448	497
Difference in actuarial methods—present value of future liabilities	10,087	9,102
Measurement differences between funding and accounting positions	5,678	4,750
Surplus for financial statement purposes	\$ 9,514	\$ 7,807

Actuarial asset value adjustment

To determine the entry-age method surplus for funding purposes, the actuarial value of net assets available for benefits is determined on an adjusted value basis that smooths the difference between the actual investment return and an expected long-term return rate over a five-year period.

The funding policy requires that the value of the assets be smoothed within a certain corridor. The corridor requires that the smoothed value be no more than 108% and no less than 92% of the market value of the assets. The smoothed value of the assets at March 31, 2025, was 97.7% of the market value of the assets (2024: 99.5%).

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

#### a) Basic Account (continued)

The following schedule indicates the year the components of the actuarial asset value adjustment will be recognized in the entry-age method actuarial surplus. The amounts are based on that proportion of the total fund related to the Basic Account assets.

Actuarial asset value adjustment	2025	2024
2025	\$ -	\$ 385
2026	51	(220)
2027	198	(75)
2028	344	72
2029	272	-
<b>Total adjustment</b>	<b>\$ 865</b>	<b>\$ 162</b>

#### Rate Stabilization Account

Interest on the RSA is determined by applying the smoothed rate of return to the fiscal year-end balance. For 2025, \$142 million of interest was transferred from the Basic Account to the RSA based on the 2025 smoothed rate of return of 7.9%

Rate stabilization account	2025	2024
Opening balance	\$ 1,790	\$ 1,695
Asset smoothing method adjustment	-	(23)
Interest	142	118
<b>Ending balance</b>	<b>\$ 1,932</b>	<b>\$ 1,790</b>

#### b) Inflation Adjustment Account (IAA)

No unfunded liability exists for the IAA, since the obligation for future inflation adjustments is limited to the amount of the available assets in the account. There is no minimum level of inflation adjustment required to be paid under the plan rules, nor is there any PSPP provision to fund the IAA to any minimum level for future potential inflation adjustments.

The Board annually considers all relevant factors and its IAA funding policy to determine if an inflation adjustment will be granted on pensions in pay and the amount of the inflation adjustment, if any.

The Board monitors the performance of the IAA and, at least annually, reviews a sensitivity analysis of the projected impact on the IAA of possible differing future economic trends. Such factors include inflation rates, real wage growth rates, real investment rates of return and group health benefits costs. This sensitivity analysis assists the Board to identify scenarios, some years in advance of their possible occurrence, in which the IAA assets may cease to grow and PSPP may not be able to grant full CPI increases.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 6. FINANCIAL RISK MANAGEMENT

The Board approves the long-term asset mix policy for investment assets through its Statement of Investment Policies and Procedures (SIPP) and oversees the management of these assets through the Board's investment management agent, BCI. The SIPP requires diversification of investments among asset classes, sets guidelines on investment categories, and limits the exposure to individual investments and counterparties.

Significant risks are regularly monitored and managed by BCI, and actions are taken when appropriate, according to PSPP's SIPP. In addition, these risks are reviewed periodically with the Board. Such risks include liquidity risk, as well as other financial risks, which comprise currency risk, interest rate risk, other price risk and credit risk.

Financial risks are disclosed on a unit-of-account basis (note 6b), which represents the legal ownership of securities held, and at the underlying securities level (note 6c), which provides additional insight to other risks that may impact the financial instruments of PSPP. Both forms of disclosure provide valuable perspectives on the financial risks that may directly or indirectly impact the financial statements and the funded status of PSPP. These two forms of risk disclosure are not additive to each other.

#### a) Liquidity risk

Liquidity risk is the risk of not being able to meet PSPP's cash requirements in a timely and cost-effective manner. Expenditures relate primarily to pensions, termination and refund benefits, investment and administration costs, and retired member group benefits. PSPP's approach to mitigating liquidity risk is to forecast its cash requirements over the near and long term to determine whether sufficient funds are available.

PSPP's primary sources of liquidity are income generated from PSPP's investments, and employer and employee contributions. Investments are primarily held in pooled funds. Many securities are held in pools, are traded in active markets and can readily be sold; the pooled fund units can thereby be redeemed to fund cash requirements. Accounts payable of \$21 million (2024: \$16 million) are generally due within one month. Derivatives payable of \$387 million (2024: \$84 million) are due within the next fiscal year.

#### b) Financial risks on a unit-of-account basis

PSPP investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate interest in the value of the net assets of the respective pooled investment fund. The unit-of-account of PSPP's investments is the units of the pooled investment funds.

#### Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk consists of currency, interest rate and other price risk.

The financial markets are a source of uncertainty, notably due to geopolitical tensions, ongoing tariff negotiations, and the volatility of stock markets and interest rates that are continuing to disrupt global economic activity.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b) Financial risks on a unit-of-account basis (continued)

##### Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the fund will fluctuate due to changes in foreign exchange rates. PSPP holds primarily Canadian dollar denominated investment pooled fund units and is exposed to currency risk through holdings of small amounts of foreign currency denominated debt investments. See note 6c for currency exposure related to underlying securities.

Foreign denominated investments held by PSPP, in Canadian dollars, are \$364 million United States (US), 0.4% of total investments; \$1 million Australia (AUS), 0.0% of total investments, (2024: \$505 million US, nil AUS).

As at March 31, 2025, if the Canadian dollar strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately \$37 million (2024: \$50 million).

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of PSPP investments will change as a result of future fluctuations in market interest rates. The majority of PSPP's investment assets are non-interest bearing and not subject to interest rate risk. See note 6c for interest rate risk related to underlying securities.

##### Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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. PSPP investments are subject to other price risk through its public equity investments and private market investments, including equity in real estate companies, held directly and through pooled investment portfolios. This risk is managed by diversifying investments across asset classes based on criteria established in the SIPP.

As at March 31, 2025, if the pooled investment fund unit and directly held debt prices increased or decreased by 10%, with all other factors remaining constant, net assets available for benefits would have increased or decreased by approximately \$4,885 million (2024: \$4,482 million).

##### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into, resulting in a financial loss to PSPP. The majority of PSPP's investments are held in securities that are not subject to credit risk. See note 6c for credit risk related to underlying securities.

Credit exposure exists for contributions receivable directly held by PSPP totalling \$49 million (2024: \$40 million), interest and dividends receivable \$5 million (2024: \$10 million), and for the derivatives \$323 million (2024: \$86 million).



## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### c) Financial risks of underlying securities held through pooled investment funds

Pooled investment funds exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt and equity; and infrastructure and renewable resources. Examining the risks of the underlying securities contained in pooled investment funds provides additional disclosure to assess the overall financial risks of PSPP's investments. Viewing the financial risks of underlying securities is an alternative way of disclosing financial risks from the unit-of-account basis in note 6b. These risks are not considered additive to the financial risks already disclosed in note 6b.

Market risks are reduced through asset class diversification, diversification within each asset class and credit quality requirements on investments.

Currency risk

Currency risk exposure also arises from foreign currency denominated investments held directly and from underlying investments held indirectly in pooled investment funds. BCI has currency exposure management programs under which it enters into economic hedges of foreign currency exposure through the use of foreign currency forward contracts.

PSPP's total currency exposure, the impact of economic hedging activities and its net notional exposure as at March 31 are as follows:

Foreign denominated investment holdings (Cdn dollar equivalent)	Total exposure	Economic hedging	Net exposure	% of total
<b>2025</b>				
United States	\$ 26,363	\$ 9,842	\$ 16,521	59%
United Kingdom	3,190	158	3,032	11%
Asia-Pacific, excluding Japan	2,908	68	2,840	10%
Euro countries	3,675	963	2,712	10%
Other	1,584	3	1,581	5%
Other Europe	939	153	786	3%
Japan	676	127	549	2%
	<b>\$ 39,335</b>	<b>\$ 11,314</b>	<b>\$ 28,021</b>	<b>100%</b>
<b>2024</b>				
United States	\$ 21,463	\$ 7,052	\$ 14,411	57%
Asia-Pacific, excluding Japan	2,876	153	2,723	11%
Euro countries	3,218	609	2,609	10%
United Kingdom	2,690	102	2,588	10%
Other	1,851	-	1,851	7%
Other Europe	810	131	679	3%
Japan	508	-	508	2%
	<b>\$ 33,416</b>	<b>\$ 8,047</b>	<b>\$ 25,369</b>	<b>100%</b>

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### c) Financial risks of underlying securities held through pooled investment funds (continued)

The net foreign currency exposure of PSPP's underlying investments represents 57% (2024: 57%) of its total investments.

#### Interest rate risk

PSPP's pooled investment funds hold interest-bearing financial instruments in short-term investments, bonds, mortgages and private debt. The risk of adverse changes in interest rates is reduced within the underlying investment pools through management of duration in exposure to fixed income securities, the use of floating rate notes and interest rate swaps, and general diversification by security type and geographic region. PSPP participates in a leveraged bond strategy using repurchase agreements, which are included in the terms to maturity table below.

The terms to contractual maturity of interest-bearing financial instruments held directly and through pooled investment portfolios as at March 31, are as follows:

#### Terms to maturity of interest-bearing financial instruments

	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Effective yield to maturity
2025						
Short-term	\$ 656	\$ -	\$ 16	\$ -	\$ 672	3.66%
Bonds	524	5,143	5,353	4,770	15,790	3.89%
Repurchase agreements	(5,502)	-	(1,407)	-	(6,909)	-2.97%
Mortgages	459	1,902	68	-	2,429	7.33%
Debt*	-	4	1	-	5	4.80%
Private debt**	189	1,169	297	18	1,673	9.70%
	\$ (3,674)	\$ 8,218	\$ 4,328	\$ 4,788	\$ 13,660	
2024						
Short-term	\$ 1,128	\$ 7	\$ -	\$ -	\$ 1,135	5.20%
Bonds	458	4,687	3,957	3,974	13,076	4.31%
Repurchase agreements	(4,847)	-	(593)	-	(5,440)	-4.89%
Mortgages	275	1,611	16	18	1,920	7.37%
Debt*	-	4	-	-	4	4.80%
Private debt**	189	1,001	306	22	1,518	10.69%
	\$ (2,797)	\$ 7,310	\$ 3,686	\$ 4,014	\$ 12,213	

\* Grouped with real estate investment category

\*\* An additional \$2,360 million (2024: \$1,833 million) of private debt is held in unlisted private debt investee funds, which are generally illiquid

As at March 31, 2025, if the prevailing interest rates had increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables remaining constant, the fair value of interest-bearing financial instruments and net assets available for benefits would have decreased or increased by approximately \$1,166 million (2024: \$982 million).

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### c) Financial risks of underlying securities held through pooled investment funds (continued)

##### Other price risk

Other price risk associated with the underlying investments held in pooled investment funds is consistent with that described in note 6b, which describes financial risks on a unit-of-account basis.

##### Credit risk

PSPP's underlying investment assets held in pooled investment funds attract credit risk. This is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. It's also the risk of losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligations. Credit risk is managed by establishing specific investment criteria, such as minimum credit ratings for investees and counterparties and maximum concentration limits with given counterparties.

Credit risk ratings on financial instruments (short-term investments, bonds, mortgages and debt) held directly and through pooled investment portfolios are as follows:

##### Credit rating of financial instruments

	AAA/AA	A	BBB	Non-investment grade	Unrated	Total
2025						
Short-term	\$ 250	\$ 280	\$ 16	\$ -	\$ 126	\$ 672
Bonds	11,567	821	1,311	1,589	502	15,790
Mortgages	-	-	-	-	2,429	2,429
Debt*	-	-	-	-	5	5
Private debt	8	-	-	150	3,875	4,033
	\$ 11,825	\$ 1,101	\$ 1,327	\$ 1,739	\$ 6,937	\$ 22,929
	51%	5%	6%	8%	30%	100%
2024						
Short-term	\$ 409	\$ 530	\$ -	\$ -	\$ 195	\$ 1,134
Bonds	8,963	2,229	588	979	317	13,076
Mortgages	-	-	-	-	1,920	1,920
Debt*	-	-	-	-	4	4
Private debt	8	-	-	190	3,153	3,351
	\$ 9,380	\$ 2,759	\$ 588	\$ 1,169	\$ 5,589	\$ 19,485
	48%	14%	3%	6%	29%	100%

\* Grouped with real estate investment category

The ratings used are defined by Standard & Poor's rating agency. Obligations rated AAA/AA have the highest rating assigned. The counterparty's capacity to meet its financial commitment on the obligation is very strong. Bonds rated A, BBB or non-investment grade are weaker. A BBB rating denotes an obligation with adequate protection parameters, and a non-investment grade rating denotes major ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the debtor's inadequate capacity to meet its financial commitment on the obligation.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### a) Fair value hierarchy

Fair value measurements of the investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The three levels of the fair value hierarchy are as follows:

##### Level 1

Inputs that are unadjusted quoted prices in active markets for identical assets or liabilities

##### Level 2

Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

##### Level 3

Inputs that are not based on observable market data

PSPP investments are carried at fair value in the financial statements. The following table details the classification of PSPP's investments based on the fair value hierarchy as at March 31:

Fair value hierarchy	Level 1	Level 2	Level 3	Total
2025				
Pooled investments	\$ 671	\$ 21,829	\$ 21,841	\$ 44,341
Other investment entities	-	-	4,505	4,505
Direct debt*	-	-	5	5
<b>Investments</b>	<b>\$ 671</b>	<b>\$ 21,829</b>	<b>\$ 26,351</b>	<b>\$ 48,851</b>
<b>Directly held derivatives</b>	<b>\$ -</b>	<b>\$ (64)</b>	<b>\$ -</b>	<b>\$ (64)</b>
2024				
Pooled investments	\$ 1,135	\$ 20,380	\$ 19,342	\$ 40,857
Other investment entities	-	-	3,962	3,962
Direct debt*	-	-	4	4
<b>Investments</b>	<b>\$ 1,135</b>	<b>\$ 20,380</b>	<b>\$ 23,308</b>	<b>\$ 44,823</b>
<b>Directly held derivatives</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 2</b>

\*Grouped with real estate investment category

During 2025 and 2024, there were no significant transfers of investments between levels.

Other investment entities are comprised of corporations, limited partnerships and trusts.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### a) Fair value hierarchy (continued)

The following table reconciles PSPP's level 3 fair value measurements:

Level 3 fair value hierarchy	Pooled investments	Other investment entities	Direct debt	Total
Balance, beginning of year	\$ 19,342	\$ 3,962	\$ 4	\$ 23,308
Net gain included in investment income	1,861	148	1	2,010
Purchases	9,574	829	-	10,403
Sales	(8,936)	(434)	-	(9,370)
<b>Balance, end of year</b>	<b>\$ 21,841</b>	<b>\$ 4,505</b>	<b>\$ 5</b>	<b>\$ 26,351</b>
Total unrealized gain (loss) included in investment income	\$ (914)	\$ 275	\$ -	\$ (639)
2024				
Balance, beginning of year	\$ 17,300	\$ 2,716	\$ 3	\$ 20,019
Net gain included in investment income	942	34	-	976
Purchases	3,575	1,787	1	5,363
Sales	(2,475)	(575)	-	(3,050)
<b>Balance, end of year</b>	<b>\$ 19,342</b>	<b>\$ 3,962</b>	<b>\$ 4</b>	<b>\$ 23,308</b>
Total unrealized gain included in investment income	\$ 395	\$ 50	\$ -	\$ 445

#### b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants on the measurement date.

BCI uses widely recognized valuation methods for determining the fair value of common and less complex financial instruments such as investments in pooled funds, where fair value is based on the underlying net asset value of the respective pooled fund as determined by the underlying fund manager. Observable prices and model inputs are usually available in the market for listed equity and debt securities, simple derivatives such as forward or future currency contracts and pooled funds.

The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the financial instrument and is subject to change based on specific events and general conditions in the financial markets.



## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### b) Valuation models (continued)

For more complex financial instruments, BCI, either directly or through external independent valuers, uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates, or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. BCI and their external independent valuers are usually required to select the appropriate valuation model to be used, determine expected future cash flows of the financial instrument being valued, determine the probability of counterparty default and prepayments, and select appropriate discount rates.

BCI reviews the fair value estimates of external independent valuers and ultimately decides on the fair value estimate to be used. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that BCI and the external valuers believe that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to account for the credit risk of PSPP and the counterparties where appropriate.

#### c) Valuation framework

BCI has an established framework with respect to the measurement of fair values of financial instruments. Where possible, for direct private debt investments held by PSPP, external, independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where BCI relies on the third-party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, where available, and other information from the underlying third-party manager or other sources.

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- Verification of observable pricing inputs
- Appraisal of domestic real estate properties once every 10 to 18 months by accredited independent appraisers
- Analysis and investigation of significant valuation movements
- Review of unobservable inputs and valuation adjustments

When third-party information such as broker quotes or pricing services is used to measure fair value, BCI assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. This includes:

- Verifying that the broker or pricing service is approved by BCI for use in pricing the relevant type of financial instrument
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions
- Understanding how fair value has been determined when a number of quotes for similar financial instruments have been obtained

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### c) Valuation framework (continued)

- Understanding how prices for similar financial instruments used to measure fair value have been adjusted to reflect the characteristics of the financial instrument subject to measurement

#### d) Significant unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as level 3 in the fair value hierarchy.

#### Significant unobservable inputs used in measuring fair value

Description	Fair value	Valuation technique	Unobservable input	Amount / range	Sensitivity to change in significant unobservable input
2025					
Pooled investments	\$ 21,841	Net asset value	Net asset value	\$ 21,841	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Other investment entities	\$ 4,505	Net asset value	Net asset value	\$ 4,505	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Direct debt	\$ 5	Discounted cash flow	Discount rate	4.8%	The estimated fair value would increase (decrease) if the discount rate was lower (higher)
2024					
Pooled investments	\$ 19,342	Net asset value	Net asset value	\$ 19,342	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Other investment entities	\$ 3,962	Net asset value	Net asset value	\$ 3,962	The estimated fair value would increase (decrease) if the net assets value was higher (lower)
Direct debt	\$ 4	Discounted cash flow	Discount rate	4.8%	The estimated fair value would increase (decrease) if the discount rate was lower (higher)

#### Net asset value

Net asset value is determined by BCI based on the fair value of assets less liabilities. Such investments are closed funds with significant restrictions on redemptions. Accordingly, BCI is unable to dispose of the pooled fund investment until the maturity or wind-up and liquidation of the respective pooled fund. In such cases, it is PSPP's policy to categorize the pooled fund investment as level 3 within the fair value hierarchy.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### d) Significant unobservable inputs used in measuring fair value (continued)

##### Discount rate

This represents the discount rate applied to the expected future cash flows of the direct debt investment. For the discount rates used, the underlying investment manager assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

#### e) Effects of unobservable input on fair value measurement

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3, changing one or more of the assumptions used for a reasonable alternative assumption could have the following effects on net assets attributable to holders of redeemable units.

The pooled investments, other investment entities, and direct debt investment were valued based on information received from BCI, the manager of the respective investments. The fair value of these investments fluctuates in response to changes to specific assumptions for these particular investments, as determined by BCI. The favourable and unfavourable effects of reasonable alternative assumptions for the valuation of pooled investments, other investment entities, and direct debt investments have been calculated by adjusting the respective underlying net asset value by 10%.

##### Effects of unobservable input on level 3 fair value measurement

	2025		2024	
	Favourable	Unfavourable	Favourable	Unfavourable
Pooled investments	\$ 2,184	\$ (2,184)	\$ 1,934	\$ (1,934)
Other investment entities	451	(451)	396	(396)
Direct debt	1	(1)	-	-
	\$ 2,636	\$ (2,636)	\$ 2,330	\$ (2,330)

#### f) Financial instruments not measured at fair value

The carrying value of contributions receivable, due from sale of investments, accounts payable and accrued expenses, and payable for purchase of investments approximate their fair value given their short-term nature. These financial instruments are classified as level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 8. INVESTMENT INCOME

	2025			2024		
	Income allocation	Change in fair value	Total	Income allocation	Change in fair value	Total
Short-term	\$ 42	\$ 42	\$ 84	\$ 54	\$ 7	\$ 61
Bonds	384	309	693	292	(314)	(22)
Canadian equities	43	152	195	50	166	216
Global equities	207	786	993	220	1,264	1,484
Emerging markets equities	55	187	242	99	130	229
Mortgages	90	127	217	101	31	132
Real estate	192	(46)	146	142	(419)	(277)
Private debt	235	121	356	156	250	406
Private equity	568	405	973	365	172	537
IRR*	393	334	727	558	(250)	308
	2,209	2,417	4,626	2,037	1,037	3,074
Directly held derivatives	8	(101)	(93)	-	11	11
	\$ 2,217	\$ 2,316	\$ 4,533	\$ 2,037	\$ 1,048	\$ 3,085

\* Infrastructure and renewable resources

Investment income represents realized and unrealized pooled investment portfolio income attributable to PSPP, as a unit holder, and income from directly held investments. Income allocation is composed of interest, dividends and other investment payments. Change in fair value is composed of realized gains and losses on the disposal of investments and derivatives, as well as unrealized gains and losses on investments and derivatives held at year-end. All income earned within a pooled investment portfolio is reinvested within the portfolio.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 9. CONTRIBUTIONS

	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total
2025				
<b>Employer contributions</b>				
Province of British Columbia				
Regular	\$ 221	\$ 77	\$ 27	\$ 325
Past service purchases	1	-	-	1
Retired member group benefits	-	-	18	18
	222	77	45	344
<b>Other employers</b>				
Regular	220	66	2	288
Past service purchases	1	1	-	2
Retired member group benefits	-	-	16	16
	221	67	18	306
<b>Total employer contributions</b>	<b>443</b>	<b>144</b>	<b>63</b>	<b>650</b>
<b>Member contributions</b>				
Regular	450	79	2	531
Past service purchases	3	1	-	4
	453	80	2	535
	\$ 896	\$ 224	\$ 65	\$ 1,185
2024				
<b>Employer contributions</b>				
Province of British Columbia				
Regular	\$ 205	\$ 71	\$ 25	\$ 301
Past service purchases	1	-	-	1
Retired member group benefits	-	-	17	17
	206	71	42	319
<b>Other employers</b>				
Regular	189	57	2	248
Past service purchases	1	1	-	2
Retired member group benefits	-	-	14	14
	190	58	16	264
<b>Total employer contributions</b>	<b>396</b>	<b>129</b>	<b>58</b>	<b>583</b>
<b>Member contributions</b>				
Regular	403	71	1	475
Past service purchases	2	1	-	3
	405	72	1	478
	\$ 801	\$ 201	\$ 59	\$ 1,061

Member and employer contributions are as defined under the plan rules. Members' past service purchases are voluntary contributions.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 10. BENEFITS

	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total
2025				
Regular pension benefits	\$ 1,121	\$ -	\$ 24	\$ 1,145
Indexing—regular pension benefits	339	-	6	345
Termination and refund benefits	41	27	1	69
Death benefit payments	12	7	-	19
	\$ 1,513	\$ 34	\$ 31	\$ 1,578
2024				
Regular pension benefits	\$ 1,084	\$ -	\$ 23	\$ 1,107
Indexing—regular pension benefits	298	-	5	303
Termination and refund benefits	29	22	-	51
Death benefit payments	15	7	-	22
	\$ 1,426	\$ 29	\$ 28	\$ 1,483

### 11. SUPPLEMENTAL BENEFITS ACCOUNT

The SBA funds certain supplemental benefits; for example, pension benefits that exceed the *Income Tax Act* limits for registered pension plans are paid through this account. Certain group benefit coverage has been provided for retired members through this account. The availability, type and level of retired member group benefit coverage are contingent on the availability of funding for such benefits.

To the extent retired member group benefits are funded from the SBA (2025: \$34 million; 2024: \$31 million), they are funded from current contributions that would otherwise be employer contributions to the IAA and are capped at 1% of pensionable salaries. Retired member group benefit costs (shown on the Statement of Changes in Net Assets Available for Benefits) represent group benefit costs paid by PSPP less any premiums paid by retired members.

### 12. RELATED PARTY TRANSACTIONS

#### a) Transfers from Members of the Legislative Assembly (MLA) Superannuation Account

The Members of the Legislative Assembly Superannuation Account (MLA Account) was established under Part 2 of the *Members' Remuneration and Pensions Act*, which was amended in July 1995 to discontinue the accrual of benefit entitlements under Part 2 after June 19, 1996. As at March 31, 2025, two members remain (2024: two members) with eligibility for a benefit from the MLA Account.

When an eligible MLA is granted a pension, the present value of the pension is transferred from the MLA Account to PSPP, from which monthly benefits are paid. During the year ended March 31, 2025, no pensions were granted (2024: no pensions were granted).



## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 12. RELATED PARTY TRANSACTIONS (CONTINUED)

#### b) Investment and administration costs (continued)

	2025	2024
Investment management	\$ 111.7	\$ 97.9
Benefit administration	22.4	21.4
Other professional services	0.4	0.4
Board secretariat	0.4	0.4
Actuarial and audit	0.4	0.2
Board remuneration and expenses	0.3	0.4
	\$ 135.6	\$ 120.7

Investment and administration costs include audit fees of \$74 thousand (2024: \$65 thousand) and actuarial fees of \$318 thousand (2024: \$178 thousand).

BCI and Pension Corporation are related parties to PSPP. The Board appoints members to each of the respective corporate boards. BCI and Pension Corporation are participating employers in PSPP. Investment management and benefit administration costs are approved by the Board.

Investment management costs represent amounts charged to recover internal and external management costs incurred by BCI, except those external management fees related to investments managed by an underlying external manager, where management fees are embedded in the net assets of the respective investment. Underlying external investment management fees of \$74 million (2024: \$70 million) were netted against investment income.

Benefit administration costs represent amounts charged to recover benefit administration costs incurred by Pension Corporation. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Other professional services costs include insurance and legal fees incurred directly by PSPP.

Board secretariat costs represent amounts directly incurred by the Board for costs associated with supporting the Board.

Board remuneration and expenses represent amounts for trustee compensation and direct expenses.

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 13. ACCOUNT TRANSFERS

	2025		2024	
	Basic	Inflation	Basic	Inflation
	Account	Adjustment Account	Account	Adjustment Account
Indexing supplements	\$ 376	\$ (376)	\$ 600	\$ (600)
Indexing deferred pensions	15	(15)	15	(15)
	\$ 391	\$ (391)	\$ 615	\$ (615)

The IAA is a separate account maintained for funding current and future inflation adjustments. The IAA is funded through a portion of ongoing contributions from employers and members, investment income earned and excess investment return earned in the Basic Account.

Inflation adjusted pension payments are made from the Basic Account. Each year, if members' pension payments are adjusted for the current inflation adjustment, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current inflation adjustment. The Board annually considers all relevant factors and its IAA funding policy to determine if an inflation adjustment will be granted on pensions in pay and the amount of the inflation adjustment, if any. As at January 1, 2025, retired members received an inflation adjustment of 2.6% (2024: 4.4%) and indexing supplements were transferred.

When a deferred pension commences, the present value of the inflation adjustment during the deferral period is transferred from the IAA to the Basic Account. Approximately \$181 million (2024: \$160 million) of the current IAA balance is for inflation adjustments already granted for deferred pensions but not yet transferred to the Basic Account.

Excess investment return is based on investment income earned on those assets in the Basic Account required for pensions currently being paid: approximately \$15.0 billion of assets for 2025 (2024: \$14.4 billion). The excess investment return rate is determined by taking the difference between the actual five-year annualized market rate of return (9.1%) and the rate of return used by PSPP's actuary (6.00%) in valuing PSPP's liabilities. The calculated excess investment return rate for 2025 was 3.1% (2024: 1.70%), resulting in an excess investment return amount of \$466 million (2024: \$244 million).

## PUBLIC SERVICE PENSION PLAN

Notes to the financial statements for the year ended March 31, 2025

(\$ millions except as otherwise noted)

### 13. ACCOUNT TRANSFERS (CONTINUED)

Plan rules allow the positive excess investment return transfer to occur at the discretion of the Board.

Should the excess investment return in any year not be transferred to the IAA or the RSA, it will be carried forward cumulatively with interest and be available for transfer to the IAA at the discretion of the Board, in the future. If there is a positive balance at the valuation date and there is a valuation surplus, the funding policy calls for this amount to be transferred to the RSA. If the balance is ever negative, it will be offset against future positive excess investment returns before transfers to the IAA or RSA will recommence. The excess investment interest is an amount determined by applying the five-year annualized market rate of return to the fiscal year opening balance.

Excess investment return	2025	2024
Cumulative excess investment return, beginning of year	\$ 1,423	\$ 1,095
Interest applied to beginning of year amount	130	84
Excess investment return	466	244
Cumulative excess investment return, end of year	\$ 2,019	\$ 1,423

### 14. COMMITMENTS

PSPP participates in private equity, international real estate, mortgages, and infrastructure and renewable resource pools. As at March 31, 2025, PSPP's share of commitments for future investment contracts in these pools over the next several years is approximately \$9,738 million (2024: \$8,183 million).

### 15. CAPITAL DISCLOSURES

Capital is defined as the funded status (surplus or deficit) of PSPP as determined by the actuary. PSPP's objective for managing capital is to ensure that the assets of PSPP are invested prudently and effectively, and with contributions adequate to meet the obligations of PSPP. Management of PSPP's funded status is achieved by adjusting member and employer contribution rates; through implementation of the SIPP, which affects the earnings of PSPP; and, in the case of the IAA, by changing the benefits paid. The Board has a funding policy that outlines the principles that provide guidance in managing this process. The investment performance of PSPP's assets is reviewed by the Board on a regular basis and compared to relevant industry benchmarks. Benefit entitlement is based on the provisions of the Agreement and the plan rules. Funding deficits must be funded over a period not to exceed 15 years.

An actuarial valuation must be prepared at least once every three years. The latest actuarial valuation for funding purposes was prepared as at March 31, 2023, and has two components: the Basic Account non-indexed benefits and, by considering the valuation of the entire PSPP, the non-guaranteed IAA benefits. The next full actuarial valuation will be carried out as at March 31, 2026, with the results included in the March 31, 2027, financial statements.

The Act and the Board's funding policy require that contribution rates comply with the going-concern requirements of the PBSA.

### 16. PRIOR YEAR COMPARATIVES

The prior year comparatives have been reclassified to conform to the current year presentation.

# Appendix

## Employer list

### A

Alliance Facility Solutions, Inc.

Architectural Institute of British Columbia

Association of British Columbia Forest Professionals

Association of Doctors of BC

### B

BC Family Maintenance Agency Ltd.

BC Ferry & Marine Workers' Union

BC General Employees' Union

BC Infrastructure Benefits Inc.

BC Pavilion Corporation

BC Public Service Agency

British Columbia Assessment Authority

British Columbia Centre for Disease Control (an operation of the Provincial Health Services Authority)

British Columbia Emergency Health Services

British Columbia Energy Regulator

British Columbia Excluded Employees' Association

British Columbia Ferry Services Inc.

British Columbia Financial Services Authority

British Columbia Housing Management Commission

British Columbia Innovation Council

British Columbia Institute of Agrologists

British Columbia Institute of Technology

British Columbia Investment Management Corporation

British Columbia Liquor Distribution Branch

British Columbia Mental Health Society (an operation of the Provincial Health Services Authority)

British Columbia Milk Marketing Board

British Columbia Pension Corporation

British Columbia Rapid Transit Company Ltd.

British Columbia Securities Commission

British Columbia Transit Authority

British Columbia Treaty Commission

British Columbia Utilities Commission

Broadmead Care Society

Brookfield GIS Workplace Solutions Inc.

Building Officials' Association of British Columbia

Business Practices and Consumer Protection Authority

## C

Canada/British Columbia Business Services Society  
Canadian Office and Professional Employees Union, Local 378  
Canadian Road Builders Inc. dba Lafrentz Road Marking Division  
Coast Mountain Bus Company Ltd.  
Cobra Electric Regional Services Ltd.  
College of Applied Biology  
College of Physicians and Surgeons of British Columbia  
Columbia Basin Trust  
Columbia Power Corporation  
Community Living British Columbia  
Creative BC Society

## E

E-Comm Emergency Communications for British Columbia Inc.  
Elections British Columbia  
ESIT Advanced Solutions Inc.

## F

First Peoples' Cultural Council  
Forensic Psychiatric Services Commission  
Forest Enhancement Society of BC  
Forestry Innovation Investment Ltd.  
Fraser Health Authority  
Freshwater Fisheries Society of BC

## H

Habitat Conservation Trust Foundation

## I

InBC Investment Corporation  
Indigenous Child and Family Services Directors Our Children  
Our Way Society  
Infrastructure BC Inc.  
Insurance Corporation of British Columbia  
Interior Health Authority  
Islands Trust Council  
ISM Information Systems Management Canada Corporation

## J

Justice Development Commission

## K

Kw'umut Lelum Child and Family Services Society

## L

Land Title and Survey Authority of British Columbia  
Legislative Assembly of British Columbia  
Lu'ma Native Housing Society

## M

MAXIMUS BC Health, Inc.  
MAXIMUS BC Health Benefit Operations, Inc.  
MAXIMUS Canada BC Operations Inc.  
MAXIMUS Canada Service (BC), Inc.

## N

Nanaimo Port Authority

NiĒ TU,O Child and Family Services Society

North Island-Coast Development Initiative Trust

Northern Development Initiative Trust

Northern Health Authority

NTT DATA BCU, Inc.

## O

Orca Lelum Wellness Society

## P

PBC Solutions Limited

Professional Employees Association

Protrans BC Operations Ltd.

Providence Health Care Society

Provincial Health Services Authority

Public Service Pension Plan

## R

Royal BC Museum

## S

Scw'exmx Child and Family Services Society

Secwépemc Child and Family Services

SkilledTradesBC

South Coast British Columbia Transportation Authority

Southern Interior Development Initiative Trust

## T

Technical Safety BC

TELUS Employer Solutions Inc.

TransLink Security Management Ltd.

Transportation Investment Corporation

## V

Vancouver Aboriginal Child and Family Services Society

Vancouver Coastal Health Authority

Vancouver Island Health Authority

## W

WaterBridge Equipment Inc.

WaterBridge Ferries Inc.

West Coast Express Ltd.

Western Pacific Marine Ltd.

Workers' Compensation Appeal Tribunal

## X

Xyótheméylh (Fraser Valley Aboriginal Children and Family Services Society)

## y

Yellowhead Road & Bridge (Nicola) Ltd.





This is a publication of the Public Service Pension Board of Trustees. If you have any questions about the information contained in this report, please contact:

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COVER PHOTO  
Garibaldi Provincial Park, BC