



PUBLIC EDUCATION BENEFITS TRUST FUND

2021 Annual report

What's inside

FIND ANSWERS TO THESE KEY QUESTIONS:

- What changed in 2021?
- Who is responsible for plan governance and operations of the Trust?
- Why is the JEIS so important?
- How does the LTD program support our Members?
- What other benefits are offered through the PEPT?
- How did the PEPT's investments perform?



Irene Schoemaker
Board Chair

Alan Chell
Board Vice Chair

This annual report summarizes the yearly performance and activities of the Public Education Benefits Trust Fund (PEBT) that provides 26,000+ Members in the K-12 sector with group life, disability and health coverage, and support for their 42,000+ eligible dependents and beneficiaries. It also highlights how Member and employer trustees work collaboratively together to successfully administer the Trust and the benefits offered.

Through the PEBT, our Members enjoy many advantages, which include:

- Help in making a safe and timely return to work through the Joint Early Intervention Service (JEIS) program
- Financial support in the event of a long-term illness or disability through a Long Term Disability (LTD) program funded through the provincial government
- A modernized and standardized benefits administration system
- Improved governance due to the PEPT's structure as a trust
- Financial savings due to the PEPT's size and purchasing power
- Generation of additional income from investment of reserves to offset administration/Trust costs
- Promoting positive labour relations that encourage stakeholders to work together for a common purpose

The intent of this report is to make information about the structure and activities of the Trust, as well as the performance of the services and programs offered through the Trust, more accessible to our Members.

We encourage you to read our annual report and become familiar with all that the PEPT does to support its Members and stakeholders.

To learn more about the PEPT, and everything it has to offer, visit www.pebt.ca.

Noteworthy in 2021

Trustee Changes

Employer Trustees:

- Ryan Hung replaced Gerry Slykhuis
- Alanna Cameron replaced Lynda Minnabarriet

Lynda Minnabarriet and Hilary Brown both retired from the board in 2021. As Chair of the Finance & Audit Committee and a member of the Investment Committee, Lynda provided leadership instrumental in ensuring good governance and sustainability of the Trust. Hilary served on the Investment Committee where her expertise and knowledge were invaluable in the stewardship of the Trust's funds. The Board would like to thank them both for their many years serving as Trustees.

PEBT Strategic Plan Update

Our strategic plan aligns with our purpose, vision and values.

Purpose

To help Members lead their best lives with sustainable, supportive benefits and services.

Vision

Leader in benefit delivery, partner in Member health and well-being

Values

Member Focused,
Do What's Right,
Work Together,
Accountable



PEBT – QUICK FACTS

2 sponsors: the British Columbia Public School Employers' Association (BCPSEA) and the Canadian Union of Public Employees (CUPE)

59 participating school districts

67 union locals

26,000+ plan Members

12 appointed Trustees with equal representation from the employer and union govern the plan, representing both school districts and support staff workers in the K–12 sector

\$19,428,240

Bargained funding provided by the provincial government annually to fund the "Core" LTD program

55,959 Members supported through the JEIS program since inception in 2002

8,122 LTD claims approved since the inception of the Trust

7.7% investment return over the past 5 years: \$184,483,000 investment portfolio

PEBT Strategic Plan Update (CONTINUED)

Through our strategic initiatives we want to continue to improve the benefits and supports we provide to Members. Here are the highlights of our strategic initiatives for 2021:

1. Operational Excellence

- Set measurable goals within the PEBT diversity, equity and inclusion framework for operations and Member services.
- Implemented the practice of personalized Indigenous land acknowledgements at every scheduled committee and board meeting.
- Commenced a review of our service delivery to identify the optimal model for the PEBT and determine if any changes to the current model are required.

2. Member Health and Wellbeing

- Expanded the PEBT substance misuse and addiction program to cover one-third of medical monitoring costs up to \$2,500 per Member per calendar year.
- Implemented an enhanced benefit under the Core LTD Program to cover the Member's portion of the extended health (including medical referral travel benefit) and dental premium contributions for the first two years of the Member's long term disability (LTD) claim.
- Updated the "Core" LTD Program Text to ensure disabilities resulting from surgery for gender affirmation or sex reassignment surgery are covered.
- Focused on mental health support and sustainable return-to-work plans given the increased number of JEIS referrals and LTD claims during the pandemic.
- Approved the addition of three more Health Care Management Specialists to support Members referred to the JEIS program.

3. Stakeholder Engagement

- Approved the creation of a communications strategy to increase awareness of the PEBT and improve stakeholder engagement with our programs.

We will continue to share our progress as we complete these initiatives and identify new ones to support our purpose and vision.

Cost of living adjustment benefit

In most years, the cost of living rises with inflation. That means a dollar today may not have the same purchasing power 20 years from now. To offset the effects of inflation, the "Core" LTD Program may provide a cost of living adjustment (COLA). In 2021, the "Core" LTD program monthly benefit increased by **0.5%**, effective July 1, 2021 for all active claims. This aligns with the Municipal Pension Plan (MPP) adjustment and is based on the Canada Price Index as of September 2020. Any future COLA will be considered by the Board, depending on the financial position and priorities of the Trust.



Trust governance & operations

The PEBT is a joint trust where Member and employer trustees work collaboratively together and with service providers to administer, manage and operate the Trust. Good plan governance is essential to making sure all Members (26,000+) and their dependents continue to benefit from valuable programs that support their health and well-being now and into the future.

Who is involved?



Plan sponsors (BCPSEA and CUPE)

Responsible for appointing the Board of Trustees



Board of Trustees

Governs and provides overall strategic direction to the PEBT

2021 BOARD OF TRUSTEES	
MEMBER TRUSTEES	EMPLOYER TRUSTEES
<ul style="list-style-type: none"> Tracey Dahlin CUPE LOCAL 703 Irene Schoemaker CUPE LOCAL 561 Noelle Wass CUPE LOCAL 459 Ellen Bryden CUPE LOCAL 3742 Rob Hewitt CUPE NATIONAL SERVICING REPRESENTATIVE Tina Meadows CUPE NATIONAL SERVICING REPRESENTATIVE 	<ul style="list-style-type: none"> Lorelei Russell SD 39 (VANCOUVER) Alan Chell SD 19 (REVELSTOKE) Laura Buchanan SD 38 (RICHMOND) Ryan Hung SD 69 (QUALICUM) Hilary Brown BCPSEA Alanna Cameron SD 87 (STIKINE)

DID YOU KNOW?

Each Trustee serves a three-year term – with staggered expiry dates – to ensure continuity at the Board level.



Committees

To keep the Board efficient, the PEBT has created a number of committees to deal with specific areas of the PEBT's ongoing administration. This includes JEIS/LTD, Finance and Audit, Investment, Administration, Plan Design and Litigation. These committees meet on a regular basis (or as needed), providing updates and recommendations to the full Board for discussion and formal adoption.



GOVERNANCE DEFINED: Governance refers to the processes and procedures that are put in place so that the parties involved in the administration and management of the Trust can ensure the plan operates in the best interest of its Members.

ACCOUNTABLE
 PARTICIPATORY
 RESPONSIVE
 CHARACTERISTICS OF GOOD GOVERNANCE
 INCLUSIVE
 TRANSPARENT EFFECTIVE
 EFFICIENT
 EQUITABLE















The PEBT Secretariat

<p>Alison Coelho, Trust Secretary and Lori Lofthaug, Administrative Assistant</p>	<p>Ray Parker, Disability Management Strategic Advisor</p>	<p>John Trieu, Trust Consultant</p>
<p>Provides support and advice to the Board of Trustees; acts as a connection between the Board and the various providers; assists in the day-to-day management of Trust activities, including coordinating meetings, organizing events and preparing relevant documents.</p>	<p>Develops, implements, and monitors support programs for plan Members based on the analysis of data from the JEIS and LTD programs, and feedback gathered from PEBT stakeholders and industry experts.</p>	<p>Assists with trustee development, management of the PEBT's service providers and organizational strategic planning.</p>



Service providers

The Board of Trustees selects best-in-class service providers to support with the management and operations of the PEBT.

<p>Desjardins Insurance</p>	<p>Blue Cross Life</p>	<p>Pacific Blue Cross</p>	<p>AIG Insurance Company of Canada</p>
<p> JEIS and LTD Benefits</p>	<p> Group Life Benefit</p>	<p> Extended Health and Dental Care Benefits</p>	<p> Group Accidental Death and Dismemberment</p>
<p>VanCity Savings Credit Union</p>	<p>HUB International</p>	<p>Mawer Investment Management Ltd., BCI and IFM</p>	<p>George & Bell Consulting</p>
<p> Banking</p>	<p> Actuarial & Consulting</p>	<p> Investment Management</p>	<p> Investment Consulting</p>
<p>LifeWorks</p>	<p>Hatch Law and Lawson Lundell LLP</p>	<p>Areti LLP</p>	<p>Ernst & Young</p>
<p> Benefits System and Administration</p>	<p> Legal</p>	<p> Accounting</p>	<p> Audit</p>

2021 in review

The PEBT provides many valuable benefits to support the health and well-being of its 26,000+ Members, including:

- Joint Early Intervention Service (JEIS)
- “Core” Long Term Disability (LTD) benefits
- “Other” Long Term Disability benefits
- Other benefits: Group Life (including Optional benefits), Group Accident (including Optional benefits), Extended Health Care (including Medical Referral and Travel, where applicable), and Dental Care

In 2021 we saw a record number of Members referred to the Joint Early Intervention Services (JEIS) including for complex mental health absences. To ensure our Members receive caring and effective support, three (3) additional Healthcare Management Specialist (HCMS) positions were approved bringing the total to eleven (11). To further improve our service, a JEIS pilot project was launched with three school districts involving specialized HCMS's to handle straightforward absences. To date, the findings of our JEIS pilot project have been positive, and we anticipate expanding to other school districts and local unions in 2022.

With more absences comes a greater need for Members to understand what to expect if they stop working due to an illness or injury. Our experience shows that Members who are unaware of the JEIS program often find the initial call from the HCMS surprising, and it takes much longer for the Member to understand and accept the recovery support that they need and are entitled to. A PEBT Pro-D presentation has been designed to help with this and includes stories from other Members who have been supported with mental health challenges, physical conditions, and substance misuse. In 2021, the PEBT provided eleven (11) Pro-D presentations, and our goal is to reach Members in all school districts and local unions. This free, hour-long Pro-D presentation can be provided virtually, or in-person and **we recommend districts and/or union locals contact the PEBT to schedule a PEBT Pro-D presentation at least once every two years.**

In 2021 we introduced two new benefits for our Members, and early feedback has been very positive.

1. Effective January 1, 2021, the PEBT expanded our substance misuse and addiction program by covering one-third of medical monitoring costs up to \$2,500 per Member per calendar year.
2. Effective July 1, 2021, the new Core LTD enhancement covers the Member's portion of the extended health (including medical referral travel benefit) and dental premium contributions for the first two years of the Member's LTD claim.

Based on feedback from Members, school districts and local unions, and other considerations including financial position of the plan, the PEBT Board of Trustees was pleased to be able to provide the Core LTD enhancement. This enhancement aligns with the “own occupation” period of disability and provides immediate support to disabled Members at a time when the Member may be responsible for some or the full cost of these benefits.

AN OVERVIEW OF THE PLAN'S PERFORMANCE IN 2021

4,317

Active JEIS cases

\$1,940,098

JEIS program costs

690

LTD claims approved

1,795

Members currently on LTD

7.3%

One-year investment return – higher than benchmark of 7.1%

\$184,483,000

Value of the Trust's investments

\$59,401,000

Total actuarial liabilities for all benefits (LTD, Extended Health, Dental, Group Life Waiver of Premium)

JEIS: supporting Members in their return to work

A caring, safe and timely recovery for ill or injured plan Members is the foundation of the JEIS: a confidential service that supports and facilitates plan Members' return to work.

The JEIS Program...

- Provides early identification of Member needs and active, caring treatment of health issues
- Encourages early referral from school districts for absences expected to be longer than six consecutive working days
- Is supported by unions, school districts and the PEPT
- Is funded by the provincial government through the "Core" LTD
- Ensures the long-term sustainability of the "Core" LTD program

JEIS/LTD Strategic Plan

Key Performance Indicators

	2020	2021
1. Return-to work percentage by the 120 th day	67%	73%
2. Return-to-work percentage by the 300 th day	73%	72%
3. Members indicating 'good' or 'very good' or 'neutral' in surveys asking, 'How well did Desjardins Insurance involve me in my return to work?'	92%	95%
4. District Joint Committees indicating 'good' or 'very good' in surveys about overall experience with the PEPT JEIS and LTD programs	90%	90%
5. Members indicating 'good' or 'very good' for overall experience in JEIS and LTD surveys	79%	84%
6. Average number of days for JEIS referrals	12	9
7. On-time payment rate for new LTD claims	88%	86%
8. Annual JEIS and LTD audit scores	'Overall Positive'	88% - JEIS 81% - LTD
9. Members contacted within 24 hours by HCMS	82%	87%



JEIS 2021 PERFORMANCE

4%

Increase in Members referred to JEIS in 2021 compared to 2020 (4,317 vs. 4,150)

\$171,307

Increase in JEIS program costs compared to 2020 (\$1,940,098 vs. \$1,768,791)

3

Increase in the number of dedicated Health Care Management Specialists (HCMS) compared to 2020 (11 vs. 8)

Some initiatives that will be implemented in 2022 are:

Mental Health Workplace Accommodation Strategies

- Our goal in 2022-23 is to raise awareness and share best practices ensuring that Members with mental health challenges have opportunities to recover at work that are both healthy and safe.

New Videos To Guide Members

- Recognizing that some Members have different needs, we will be creating short videos guiding Members through various stages of JEIS and LTD. The videos are designed to help Members know what to expect, and consequently experience less stress so that they can focus on their recovery.

PEBT Pro-D presentations

- To continue raising the awareness of our programs, our plan is to provide PEPT Pro-D presentations in as many school districts and local unions as possible.

LTD: providing valuable income protection

When a Member is unable to return to work due to illness or injury, the LTD benefit is designed to provide income protection so Members can fully focus on recovery.

The monthly “Core” LTD benefit is 70% of a Member’s earnings which is funded by contributions from the provincial government. This benefit may be reduced by other sources of income, such as Canada Pension Plan (CPP) benefits. In addition to the “Core” LTD benefit, some school districts/ union locals provide “Other” LTD programs to eligible Members where previous arrangements or joint agreements are in place that provide for coverage above the “Core” benefit offered through the PEBT.

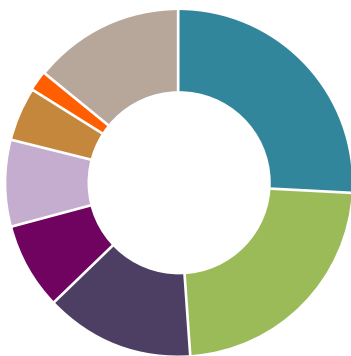
Response to More Members Requiring LTD Benefits

Similar to previous years, we have seen an increase in the number of Members receiving long-term disability (LTD) benefits in 2021. Despite this increase, ensuring timely LTD claims decisions and recovery supports remains a priority – we know that our Members rely on these benefits. Rather than wait we also want Members, including those receiving LTD, to focus on a healthy return to work as soon as safely possible.

In 2021:

1. The number of LTD Claim Specialists at Desjardins Insurance for the PEBT increased by 25% from the previous year (8 in 2020 to 10 in 2021) and;
2. For Members receiving LTD benefits, spending on recovery supports including visits to medical specialists nearly doubled from the previous year (\$543,946 in 2020 to \$1,048,033 in 2021).

CAUSES OF DISABILITY – 2021 ACTIVE BENEFIT CLAIMS



26% Mental health
 23% Diseases of the bones, muscles and skin
 14% Accidental injuries
 8% Nervous system disorders
 8% Cancers
 5% Heart and Circulatory Diseases
 2% Digestive
 14% All Other

LTD 2021 PERFORMANCE

186

Increase in total active LTD claims compared to 2020 (1,609 vs. 1,795)

958

Members currently on LTD leave for less than five years

837

Members currently on LTD leave for longer than five years



Other benefits: supporting Members' health and well-being

In addition to the JEIS and LTD programs, the PEBT also supports plan Members' health and well-being through other benefits, including:

 <p>Basic and Optional Life Insurance</p>	 <p>Basic and Optional Accidental Death and Dismemberment (AD&D) Insurance</p>	 <p>Dental Care</p>	 <p>Extended Health Care (including Medical Referral and Travel, where applicable)</p>
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OTHER BENEFITS 2021 PERFORMANCE

Life Insurance:

\$2,595,967

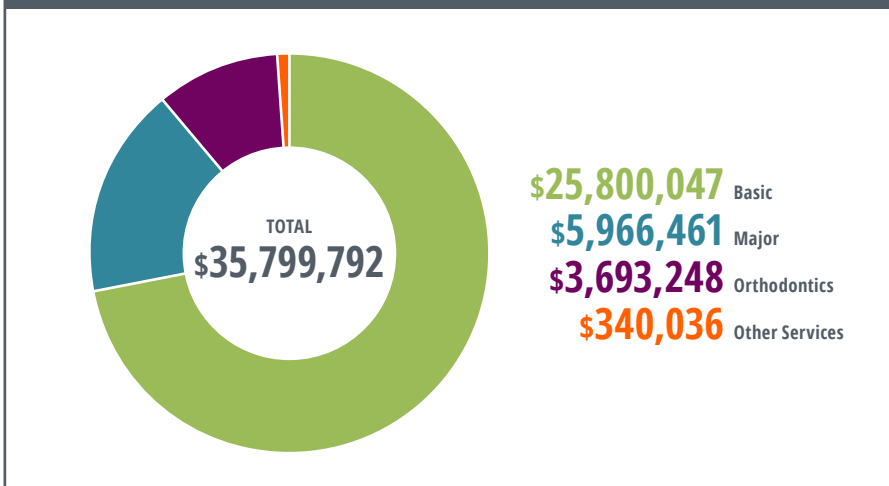
Basic and Optional Life claims paid in 2021 (\$2,091,743 in 2020)

AD&D Insurance:

\$50,600

Basic and Optional AD&D claims paid in 2021 (\$150,000 in 2020)

DENTAL CLAIMS BY CATEGORY



Dental Care:

\$35,799,792

Dental care claims paid in 2021

40%

Increase in dental care costs compared to 2020



Other benefits: supporting Members' health and well-being (CONTINUED)

How the PEBT helps manage costs to keep benefits sustainable

The cost to provide benefits continues to rise in Canada due to an aging population and more expensive treatments. The PEBT is taking active measures to keep the plan administration and claims costs sustainable, while still providing care required by the Members. Some of these measures include:

- Negotiating and implementing a more favourable risk-sharing arrangement with PBC for very large, non-recurring, extended health care claims while maintaining the risk exposure of each participating school district. The PEBT will now self-insure a secondary pool for EHC claims exceeding \$25,000 up to \$100,000. For all claims incurred by an individual in a calendar year that exceed \$100,000, a catastrophic stop loss pool limit was introduced that is fully insured by PBC. As a result of this new arrangement, the PEBT is pleased to report no change in the stop loss charge.
- Performing a targeted market survey for the Accident benefits offered under the PEBT, resulting in a lengthy guarantee and stabilization of the current rates until June 30, 2025.
- Generating additional income from investments of reserves to offset costs
- Partnering with benefits providers who help control costs, and who can provide a managed drug formulary such as Blue RX, which was collectively bargained as part of the Unionized Support Staff Provincial Standardized EHC Plan. Blue RX is a list of covered drugs that is reviewed regularly to ensure any new drugs are both clinically proven and cost effective before they are added to the plan

Extended Health Care (EHC) (including Medical Referral and Travel):

\$43,871,437

Extended Health Care claims paid in 2021

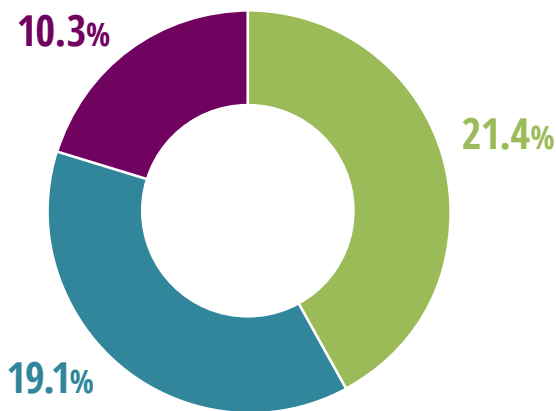
23%

Increase in Extended Health Care costs compared to 2020

30%

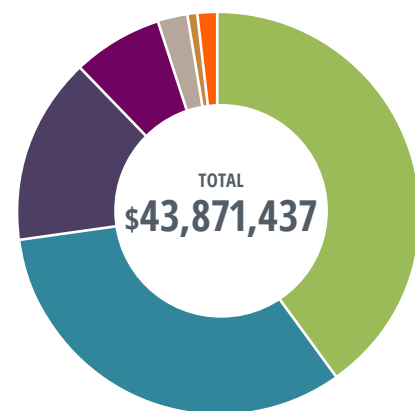
Decrease in drug costs for plans using the Blue RX formulary compared to groups with an open formulary

TOP 3 DRUGS BY CLASSIFICATION



\$3,243,532 Nervous System
\$2,902,210 Alimentary tract and metabolism
\$1,561,643 Cardiovascular System

EHC CLAIMS BY CATEGORY



\$18,207,551 Paramedical
\$15,164,049 Drugs
\$7,296,607 Vision Care
\$3,055,435 Medical Aids & Equipment
\$68,124 Medical Travel Benefit
\$19,034 Out of Province Emergency
\$60,638 Other

Making money last longer

One of the additional benefits of the Trust is the generation of extra income from investments of reserves – this helps the PEBT fund future benefits for the “Core” LTD and subsidize operating expenses incurred to manage the Trust.

The PEBT has two main objectives for its investments:

1. Generate investment earnings of at least 4% on average each year, over a 5-year period
2. Reduce the risk of losing capital in any year

The economic recovery from the COVID pandemic in 2021 contributed to favourable returns from equities and infrastructure while uncertainty about rising inflation and interest rates adversely impacted fixed income returns. As the PEBT regularly reviews the performance and types of investments that are included within the investment portfolio (e.g., quality of investments and diversification) we were still able to meet our investment objectives. Expanding our portfolio by including infrastructure in 2021 provided further asset mix diversification and had a positive impact on returns. These activities are part of our ongoing commitment to maintain stability now and into the future.



PEBT INVESTMENTS IN 2021

7.3%

One-year investment return - higher than benchmark of 7.1%. The PEBT continues to meet its objectives by earning 7.7% over the last 5 years.

\$184,483,000

Value of the Trust's investments as at December 31, 2021.

\$853,000

Increase in the Trust's investments compared to 2020.

For more details on the PEBT's investments and policies, please see [Appendix 2](#).



Important notice

All the terms of the PEBT are set out exclusively in the official plan documents. While the annual report summarizes certain terms of the plan, this annual report does not change or supplement the official plan documents in any manner whatsoever. In the event there is a discrepancy between this annual report and the official plan documents, the official plan documents will prevail.

Appendices

Appendix 1:

Audited financial statements

Public Education Benefits Trust Fund

Financial statements
December 31, 2021



Independent auditor's report

To the Trustees of the
Public Education Benefits Trust Fund

Opinion

We have audited the financial statements of the **Public Education Benefits Trust Fund** [the "Fund"], which comprise the statement of financial position as at December 31, 2021, and the statement of changes in net assets available for benefits and the statement of changes in actuarial obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021, and the changes in its net assets available for benefits and changes in its actuarial obligations for the year then ended in accordance with Part IV of the *CPA Canada Handbook – Accounting*, Section 4600, "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 report. We are independent of the Fund 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.

Responsibilities of trustees and those charged with governance for the financial statements

The trustees are 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 the trustees 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, the trustees are responsible for assessing the Fund'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 the trustees either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 these 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. 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 Fund'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 Fund 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.

We 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.

Vancouver, Canada
June 13, 2022

Ernst & Young LLP

Chartered Professional Accountants



Public Education Benefits Trust Fund

Statement of financial position

As at December 31, 2021

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2021 Total \$	2020 Total \$
Assets												
Cash (bank indebtedness)	6,587,833	1,147,277	(342,795)	—	6,427,397	1,085,442	241,474	1,554	811,356	75,490	16,035,028	13,590,223
Restricted cash [note 4]	—	—	—	—	12,158,710	13,470,282	—	—	—	—	25,628,992	31,994,552
Investments at fair value [note 5[a]]	163,958,284	—	—	—	—	—	—	—	20,525,171	—	184,483,455	183,629,617
Due from other benefits	79,263	—	—	—	—	—	—	—	—	—	79,263	77,866
Contributions receivable	—	—	267,109	—	2,536,642	1,946,962	6,696	5,015	401,040	(56,853)	5,106,611	4,000,134
Prepaid benefit and premium costs	—	—	159,692	—	—	—	—	—	—	—	159,692	368,218
Prepaid expenses and other receivables	22,406	—	—	—	—	—	—	—	—	—	22,406	20,125
Claims fluctuation account [note 7]	—	—	—	—	—	—	—	—	487,568	—	487,568	458,409
Total assets	170,647,786	1,147,277	84,006	—	21,122,749	16,502,686	248,170	6,569	22,225,135	18,637	232,003,015	234,139,144
Liabilities												
Accounts payable and accrued liabilities	486,205	—	—	—	—	—	—	—	29,159	—	515,364	619,831
Benefit and premium costs payable	5,582,693	—	—	—	4,693,770	3,265,666	13,462	—	122,116	2,515	13,680,222	11,599,346
Due to Core LTD	—	—	179	—	41,330	31,654	175	—	5,926	—	79,264	77,866
Deferred contributions [note 6]	224,641	—	—	—	—	—	—	—	—	—	224,641	38,038
Provision for claim reserves [note 8]	42,092,000	—	—	—	2,318,000	1,543,000	—	—	13,448,000	—	59,401,000	55,047,000
Total liabilities	48,385,539	—	179	—	7,053,100	4,840,320	13,637	—	13,605,201	2,515	73,900,491	67,382,081
Net assets available for benefits	122,262,247	1,147,277	83,827	—	14,069,649	11,662,366	234,533	6,569	8,619,934	16,122	158,102,524	166,757,063

See accompanying notes

On behalf of the Board:


 Alan Chell PEPT, Employer Trustee


 Tina Meadows PEPT, Member Trustee

Public Education Benefits Trust Fund

Statement of changes in net assets available for benefits

Year ended December 31, 2021

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2021 Total \$	2020 Total \$
Increase in net assets												
Contributions												
Province of British Columbia	19,428,240	—	—	—	—	—	—	—	—	—	19,428,240	19,428,240
School districts	—	—	206,305	—	45,015,916	33,562,822	110,049	94,381	2,912,457	103,014	82,004,944	83,398,666
Investment income												
Interest and dividends <i>[note 5[b]]</i>	5,998,055	9,135	—	—	—	—	—	—	671,152	—	6,678,342	8,486,854
Realized gains <i>[note 5[b]]</i>	7,856,906	—	—	—	—	—	—	—	365,025	—	8,221,931	3,767,147
Unrealized gains (losses)	(2,003,935)	—	—	—	—	—	—	—	224,675	—	(1,779,260)	5,954,680
Other income	—	—	—	—	—	—	—	—	—	—	—	381,322
Total increase in net assets	31,279,266	9,135	206,305	—	45,015,916	33,562,822	110,049	94,381	4,173,309	103,014	114,554,197	121,416,909
Decrease in net assets												
Benefits costs												
Change in claim reserves	3,489,000	—	—	—	(417,000)	198,000	—	—	1,084,000	—	4,354,000	8,044,000
Claims paid	17,692,287	—	—	—	43,799,390	35,813,194	—	—	—	—	97,304,871	84,405,469
Insurance premiums												
Durational pooling	6,953,028	—	—	—	—	—	—	—	—	—	6,953,028	6,516,697
Other <i>[note 9]</i>	520,336	—	189,176	—	—	—	100,431	95,343	3,111,450	97,314	4,114,050	3,560,297
Administration	1,503,105	—	1,012	1,137,264	2,544,482	1,258,459	947	—	54,439	—	6,499,708	5,924,753
Medical reports and other EHC/Dental contributions for disabled members	1,136,494	—	—	802,834	—	—	—	—	—	—	1,939,328	1,279,734
Medical monitoring	315,049	—	—	—	—	—	—	—	—	—	315,049	—
Medical monitoring	8,830	—	—	—	—	—	—	—	—	—	8,830	—
Operating costs												
Advisory services	98,856	—	658	—	150,501	114,857	616	—	8,504	—	373,992	372,750
Communications	4,862	—	—	—	—	—	—	—	—	—	4,862	6,572
Bank charges	1,239	—	—	—	220	—	—	—	254	—	1,713	3,685
Consulting and actuarial fees <i>[note 10]</i>	96,382	—	464	—	105,986	80,886	434	—	5,988	—	290,140	301,063
Custodial fees	—	—	—	—	—	—	—	—	—	—	—	22,557
Investment management fees	218,699	—	—	—	—	—	—	—	30,856	—	249,555	224,899
Office	2,199	—	—	—	—	—	—	—	—	—	2,199	2,728
Professional fees <i>[note 10]</i>	756,531	—	—	—	—	—	—	—	—	—	756,531	722,140
Special project	26,250	—	—	—	—	—	—	—	—	—	26,250	—
Trustee costs												
Trustee travel and meetings	8,488	—	—	—	—	—	—	—	—	—	8,488	16,526
Wages and benefits	6,142	—	—	—	—	—	—	—	—	—	6,142	5,084
Total decrease in net assets	32,837,777	—	191,310	1,940,098	46,183,579	37,465,396	102,428	95,343	4,295,491	97,314	123,208,736	111,408,954

Public Education Benefits Trust Fund

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

Year ended December 31, 2021

	Core LTD program	Addiction treatment	Other LTD benefits	Return to work program	Extended health	Dental	AD&D	Optional AD&D	Life	Optional life	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Increase (decrease) in net assets												
Net excess (deficiency) before undernoted	(1,558,511)	9,135	14,995	(1,940,098)	(1,167,663)	(3,902,574)	7,621	(962)	(122,182)	5,700	(8,654,539)	10,007,955
Transfers	(1,940,098)	—	—	1,940,098	—	—	—	—	—	—	—	—
Net increase (decrease) in net assets	(3,498,609)	9,135	14,995	—	(1,167,663)	(3,902,574)	7,621	(962)	(122,182)	5,700	(8,654,539)	10,007,955
Net assets available for benefits, beginning of year	125,760,856	1,138,142	68,832	—	15,237,312	15,564,940	226,912	7,531	8,742,116	10,422	166,757,063	156,749,108
Net assets available for benefits, end of year	122,262,247	1,147,277	83,827	—	14,069,649	11,662,366	234,533	6,569	8,619,934	16,122	158,102,524	166,757,063

See accompanying notes

Public Education Benefits Trust Fund

Statement of changes in actuarial obligations

Year ended December 31, 2021

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2021 Total \$	2020 Total \$
Changes in actuarial obligations												
Benefits accrued	19,699,000	—	—	—	—	—	—	—	3,946,000	—	23,645,000	21,050,000
Benefits plus expenses paid	(16,035,000)	—	—	—	—	—	—	—	(3,743,000)	—	(19,778,000)	(17,028,000)
Interest accrued on benefits	1,372,000	—	—	—	—	—	—	—	444,000	—	1,816,000	1,704,000
Effect of experience gain or loss	(4,230,000)	—	—	—	—	—	—	—	(647,000)	—	(4,877,000)	(5,726,000)
Effect of demographic changes	1,756,000	—	—	—	—	—	—	—	1,076,000	—	2,832,000	5,106,000
Effect of change in valuation basis	355,000	—	—	—	—	—	—	—	—	—	355,000	593,000
Change in plan design	—	—	—	—	—	—	—	—	—	—	—	664,000
Total increase in actuarial obligations	2,917,000	—	—	—	—	—	—	—	1,076,000	—	3,993,000	6,363,000
Actuarial obligations, beginning of year	28,652,000	—	—	—	—	—	—	—	9,770,000	—	38,422,000	32,059,000
Actuarial obligations, end of year	31,569,000	—	—	—	—	—	—	—	10,846,000	—	42,415,000	38,422,000
Incurred but not reported component of claim reserves	10,523,000	—	—	—	2,318,000	1,543,000	—	—	2,602,000	—	16,986,000	16,625,000
Provision for claim reserves, end of year	42,092,000	—	—	—	2,318,000	1,543,000	—	—	13,448,000	—	59,401,000	55,047,000

See accompanying notes

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

1. Description of trust

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

General

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

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

- [a] Long-term disability ["LTD"] benefits;
- [b] Early return to work benefits;
- [c] Hospital, surgical, medical, dental, eyeglass, pharmaceutical, anaesthetic, diagnostic, and other private health service benefits;
- [d] Accidental death and dismemberment benefits ["AD&D"]; and
- [e] Group life benefits.

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

Under the Trust Agreement, certain cash balances of the Trust are commingled for investment purposes, but a continual accounting of the assets of the Trust is maintained for each benefit for the purpose of monitoring the actuarial experience of each benefit. Interest income is allocated to each benefit program based on the specified percentages approved by the Trustees. Inter-benefit transfers are made with the intention of repayment to the originating benefit program with an appropriate return.

Expenses that can be reasonably identified as pertaining to a particular benefit are allocated to that benefit program. All other expenses are allocated to the Core LTD program. Expenses incurred in respect of the Core LTD program and general expenses, which cannot clearly be identified as having been incurred exclusively in connection with benefits other than Core LTD, shall be charged to the Core LTD program.

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

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

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

Funding policy

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

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

Income tax status

The Trust is registered with the Canada Revenue Agency and, as such, the Trust is subject to income taxes on investment income after deducting the expenses in relation to the operations of the Trust. The resulting calculation of this method of taxation has resulted in the Trust paying nil income taxes in 2020 and 2021.

2. Basis of presentation

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

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

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

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

3. Summary of significant accounting policies

Financial instruments

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

Transaction costs are expensed as incurred.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

Investments

Investment transactions are recorded as of the trade date. Investments are measured at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of investment assets held in units of pooled funds is determined based on fair value information provided by the fund administrators. Interest income is recorded on the accrual basis, recognizing interest as it is earned. The net change in fair value of investments for the year is reflected in investment income in the statement of changes in net assets available for benefits. When pooled investments are charged investment management fees, the Trust's portion of the expense is added to the direct investment management fees charged by the Trust's investment managers. For the year ended December 31, 2021, no such indirect fees were included [2020 – \$22,557].

Revenue recognition

Contributions are recognized on the accrual basis of accounting.

Realized investment income

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

Unrealized investment income

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

Plan benefits

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

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

The Trust has catastrophic insurance coverage under life benefits.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

Claims fluctuation account and unrestricted deposit account

The Trust is required to fund the claims fluctuation account under basic life benefits. The excess over the required amount, if any, is transferred to the unrestricted deposit account. The Trust has full access to the amount outstanding in the unrestricted deposit account. The amount in the claims fluctuation account at December 31, 2021 was \$487,568 [2020 – \$458,409].

Provision for claim reserves

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

- [a] An estimated amount of claims to be submitted for services rendered and benefits incurred prior to December 31, 2021;
- [b] An estimated amount of the future costs of claims approved and expected claims to be approved relating to claims incurred prior to December 31, 2021 and not yet reported; and
- [c] An estimated amount of disability waiver premiums and claims for employees who are on disability leave and for whom premiums are not paid to the benefit providers.

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

Use of estimates

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

4. Restricted cash

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

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

5. Investments and realized investment income

[a] Summary by type of investment

	2021	2020
	\$	\$
Canadian equity pooled funds	20,179,453	17,676,732
American equity pooled funds	20,818,378	21,758,477
International equity pooled funds	41,173,273	42,170,806
Fixed income pooled funds	76,770,060	76,143,494
Canadian money market funds	1,794,236	25,880,108
Global Infrastructure funds	23,748,055	—
	184,483,455	183,629,617

[b] Realized investment income by type

	2021	2020
	\$	\$
Cash and short-term investments	492,966	564,638
Canadian equity pooled funds	2,881,863	4,111,376
American equity pooled funds	3,071,394	509,011
International equity pooled funds	6,227,126	4,628,094
Fixed income pooled funds	1,964,716	2,440,882
Canadian money market funds	220,296	—
Global Infrastructure funds	41,912	—
	14,900,273	12,254,001
Disclosed as		
Interest and dividends	6,678,342	8,486,854
Realized gains	8,221,931	3,767,147
	14,900,273	12,254,001

6. Deferred contributions

In December 2021, the Trust received \$224,641 [2020 – \$38,038] from school districts as contribution payments for 2022.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

7. Claims fluctuation account

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

	2021	2020
	\$	\$
Balance, beginning of year	458,409	439,713
Required funding for the year	29,159	18,696
Balance, end of year	487,568	458,409

8. Provision for claim reserves

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

	2021	2020
	\$	\$
Claims in progress/ongoing	29,827,000	27,988,000
Group life waiver of premiums	10,846,000	9,770,000
Extended Health Care, Dental, LTD	1,742,000	1,518,000
	42,415,000	39,276,000
Incurred but not reported claims	16,986,000	15,771,000
	59,401,000	55,047,000

9. Durational pooling [other]

During the year ended December 31, 2020, the Board of Trustees [the "Board"] approved a Cost-of-living adjustment to the Core LTD benefits for existing claims only. The effect of this change on the financial statements was a payment to Desjardins in the amount of \$ 520,336 [2020 – nil].

10. Operating expenses

Operating expenses consist of the following:

	2021	2020
	\$	\$
Consulting and actuarial fees		
HUB [formerly Morneau Shepell Inc.]	263,375	262,500
Other	26,765	38,563
	290,140	301,063

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

	2021	2020
	\$	\$
Professional fees		
Ernst & Young LLP	43,071	42,000
Areti LLP	46,751	30,518
Trust secretariat	660,110	635,742
Hatch Law	6,599	7,827
Lawson Lundell LLP	—	6,053
	756,531	722,140

11. Fair value measurement

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

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

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

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

	2021			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	16,034,953	—	—	16,034,953
Restricted cash	25,628,992	—	—	25,628,992
Canadian equity pooled funds	—	20,179,453	—	20,179,453
American equity pooled funds	—	20,818,378	—	20,818,378
International equity pooled funds	—	41,173,273	—	41,173,273
Fixed income pooled funds	—	76,770,060	—	76,770,060
Canadian money market funds	—	1,794,236	—	1,794,236
Global infrastructure funds	—	23,748,055	—	23,748,055
	41,663,945	184,483,455	—	226,147,400

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

	2020			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Cash	13,590,223	—	—	13,590,223
Restricted cash	31,994,552	—	—	31,994,552
Canadian equity pooled funds	—	17,676,732	—	17,676,732
American equity pooled funds	—	21,758,477	—	21,758,477
International equity pooled funds	—	42,170,806	—	42,170,806
Fixed income pooled funds	—	76,143,494	—	76,143,494
Canadian money market funds	—	25,880,108	—	25,880,108
	45,584,775	183,629,617	—	229,214,392

There were no transfers of investments between the levels during the years ended December 31, 2021 and 2020.

12. Financial instruments and risk management

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

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

Managing financial risk

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

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

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

Market risk

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

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

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

The investments of the Trust are directly exposed to other price risk. If the unit price of the pooled funds were to increase or decrease by 10%, with all other variables being held constant, the impact on the net assets available for benefits would be \$18,448,346 [2020 – \$18,362,962].

Credit risk

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

Liquidity risk

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

13. Actuarial valuation

Actuarial valuations are required annually under the Trust Agreement. The latest actuarial valuation was performed as at December 31, 2021 by HUB [formerly Morneau Shepell Inc.]. Amounts reported in these financial statements are based on going concern results of this valuation. The actuarial assumptions used in determining the provision for claim reserves that were approved by the Trustees are set out in detail in the December 31, 2021 actuarial valuation. The primary assumptions for Core LTD benefits include the claim CPP approval rate, funding interest rate, claim related expense rate and claim termination rates based on modifications to the 1988–1994 CIA study

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2021

of disability termination experience based on Plan experience. The primary assumptions for group life benefits include rates of mortality and recovery, based on the CIA Long-term Disability Termination Study based on 2004–2008 experience, funding interest rate and claim related expense rate.

14. Related party transactions

Related parties of the Trust include members of the Board. For the year ended December 31, 2021, the Trust paid administrative expenses of \$8,488 [2020 – \$16,526] in support of Board meetings and training. All transactions with related parties are in the normal course of operations and recorded at the exchange amount agreed upon by the related parties.

15. Capital management

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

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

16. COVID-19 pandemic

COVID-19 has been recognized by the World Health Organization as a pandemic. Efforts by governments to control the further spread of COVID-19, and its variants, have disrupted normal economic activity and has contributed to significant volatility in financial markets. The resulting decline in certain equity and commodity prices as well as lower interest rates are reflected as a decline in the Trust's assets. The Trust's management is monitoring the impact of the pandemic and managing investments and expenses accordingly. Management believes that the Trust is well positioned to meet its financial obligations and to support planned business operations throughout the pandemic. The extent to which the Trust's portfolio, financial conditions and results of operations will be further impacted by the COVID-19 pandemic is uncertain and will depend on future developments. Accordingly, there is a higher level of uncertainty with respect to management's judgments and estimates.

Appendices

Appendix 2:

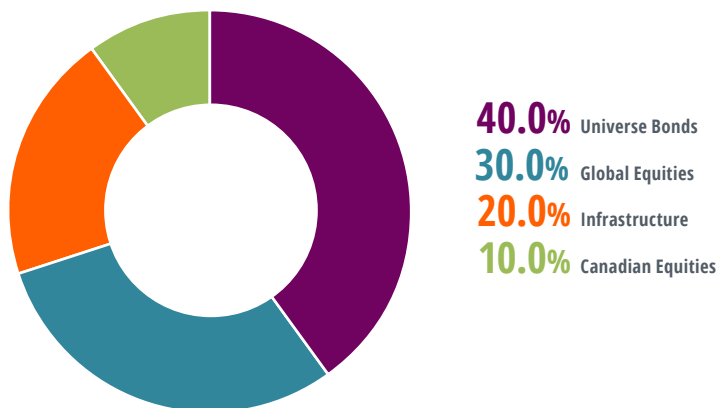
Investment Summary

Investment summary

The PEPT invests its assets to earn additional income to fund future benefits for “Core” LTD and subsidize operating expenses incurred to manage the Trust.

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

BENCHMARK ASSET MIX AS OF DECEMBER 31, 2021



Over the course of the past five years, the dollar value and annual returns for PEPT Investments at Fair Value is summarized as follows:

INVESTMENTS — AT FAIR VALUE					
FUND	2021	2020	2019	2018	2017
Canadian equity funds	\$20,179,000	\$17,674,000	\$16,272,000	\$22,322,000	\$25,279,000
Global equity funds	\$61,992,000	\$63,929,000	\$58,146,000	\$40,973,000	\$43,261,000
Emerging market equities	\$0	\$0	\$0	\$4,029,000	\$3,933,000
Universe bonds	\$76,770,000	\$76,143,000	\$71,047,000	\$74,631,000	\$74,087,000
Infrastructure	\$23,748,000	\$0	\$0	\$0	\$0
Short-Term bonds	\$0	\$24,070,000	\$23,002,000	\$6,267,000	\$6,157,000
Money market and cash	\$1,794,000	\$1,813,000	\$1,254,000	\$3,073,000	\$2,264,000
Total Portfolio	\$184,483,000	\$183,630,000	\$169,721,000	\$151,296,000	\$154,982,000
In-Year Investment Returns	7.3%	10.9%	13.2%	-0.3%	8.1%