



2022 Annual report

What's inside

FIND ANSWERS TO THESE KEY QUESTIONS:

- What changed in 2022?
- 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 PEBT?
- How did the PEBT's investments perform?



This annual report summarizes the yearly performance and activities of the Public Education Benefits Trust Fund (PEBT), a jointly trusteeed employee life and health trust (ELHT) formed through bargaining and the recommendations of the Industrial Inquiry Commission (IIC) delivering employee benefits to the unionized support staff in British Columbia's public schools. PEBT is focused on the health and well-being of our 26,600+ Members and their 43,000+ dependents, helping maintain their health and financial security and ensuring our programs continue to meet Members' needs.

Our report 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
- Improved governance due to the PEBT's structure as a trust
- Financial savings due to the PEBT's size and purchasing power
- Generation of additional income from investment of reserves to offset administration/Trust costs
- Promoting positive labour relations that encourage the interested parties 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 PEBT does to support Members, union locals and school districts.

Irene Schoemaker
Board Chair

Alan Chell
Board Vice Chair

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

Noteworthy in 2022

Trustee Changes

Employer Trustees:

- Bruce L. Anderson replaced Hilary Brown

Member Trustees:

- Debbie Mohabir replaced Noelle Wass
- Kyle Clark replaced Ellen Bryden
- Harpinder Sandhu replaced Rob Hewitt

Rob Hewitt retired from the board in 2022 after 15 years as a Trustee. As Chair of the JEIS/LTD Committee and member of the Finance & Audit Committee Rob was an integral part of the evolution and continuing success of the JEIS and LTD programs. Rob embodied the PEBT's values of being Member-focused and working together with fellow Trustees for the benefit of the membership. Hilary served on the Investment Committee where her expertise and knowledge were invaluable in the stewardship of the Trust's funds. Ellen Bryden was a Trustee since 2018 and Noelle Wass since 2019, each serving on various committees throughout their tenure. The Board would like to thank Rob, Hilary, Ellen and Noelle for their years of service and commitment 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

26,600+ 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

60,571 Members supported through the JEIS program since inception in 2002

8,856 LTD claims approved since the inception of the Trust

4.3% investment return over the past 5 years: \$152,937,000 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 2022:

1. Operational Excellence

- Accelerated the service delivery model review based on feedback and concerns raised by school district benefits administrators about the current administration system and support services.
- Set measurable goals within the PEPT diversity, equity and inclusion framework for operations and Member services.
- Created an internal trustee training program.
- Reviewed the PEPT financial and accounting processes to ensure efficiency and identify any opportunities for improvements.

2. Member Health and Wellbeing

- Implemented a strategy to promote consistent access to healthy and safe modified duties for Members returning to work.
- Created an action plan to improve Member satisfaction with the JEIS and LTD programs.
- Worked collaboratively with school districts and union locals to raise awareness of the importance of on-time JEIS referrals and LTD applications.
- Incorporated practices to promote barrier-free access to our services.

3. Engagement

- Developed a communications strategy to increase awareness of the PEPT and improve engagement with our programs. This includes refreshing our brand and logo to reflect our purpose, vision, and values. There are many other initiatives planned for 2023 and we look forward to sharing these with you in future reports.

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 2022, the “Core” LTD program monthly benefit increased by 2.1%, effective July 1, 2022 for all active Member claims that have been in receipt of LTD benefits for 12 months or more. This aligns with the Municipal Pension Plan (MPP) adjustment and is based on the Canada Price Index as of September 2021. 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 (26,600+) 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

2022 BOARD OF TRUSTEES	
MEMBER TRUSTEES	EMPLOYER TRUSTEES
<ul style="list-style-type: none"> Tracey Dahlin CUPE LOCAL 703 Irene Schoemaker CUPE LOCAL 561 Debbie Mohabir CUPE LOCAL 15 Kyle Clark CUPE LOCAL 523 Harpinder Sandhu 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) Bruce L. Anderson 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.



Everyone Benefits from the PEBT

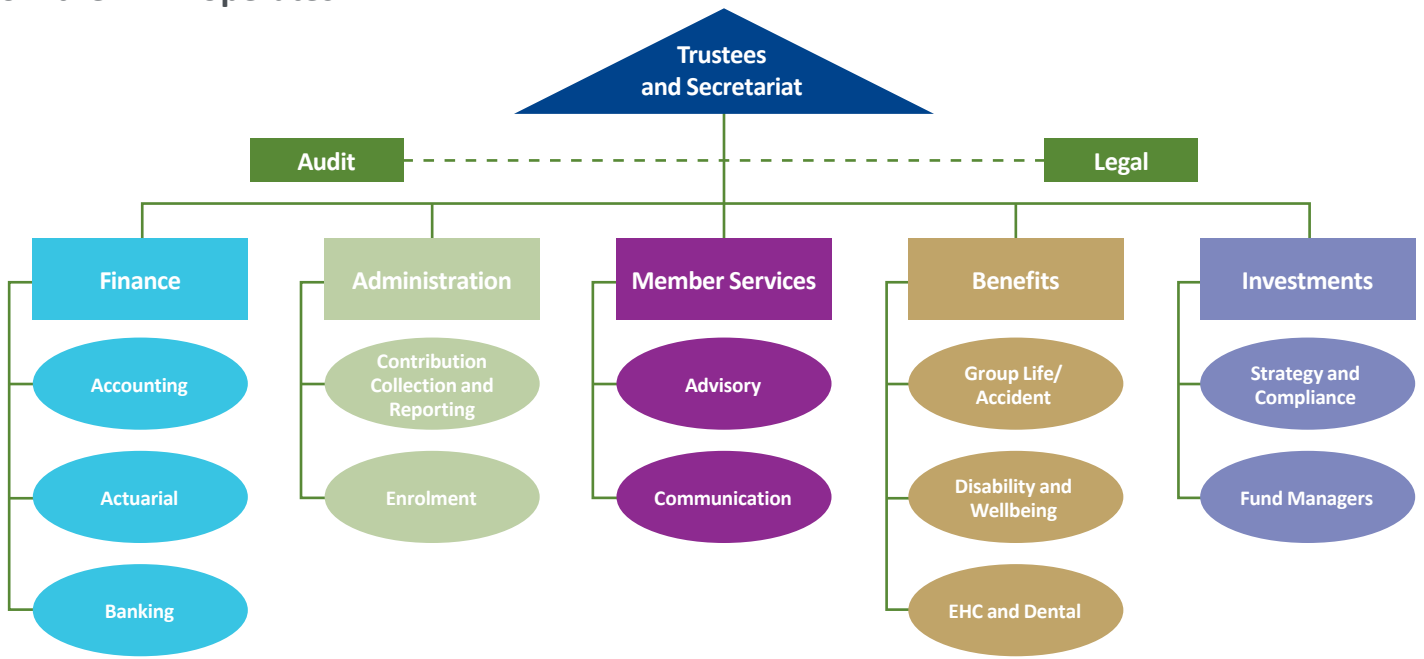
Members, school districts and local unions all benefit from the creation of the PEBT.

- Members** have access to the JEIS program to support making a safe and timely return to work as well as financial support in the event of a longer term illness or injury. The "Core" LTD program includes an ad-hoc cost of living adjustment and the Members' costs for extended health and dental coverage are paid for by the program for the first two years of a disability claim.
- School Districts** costs are reduced as the JEIS and LTD programs are 100% funded by the PEBT and provide services and supports that might otherwise be the responsibility of the district. These programs are designed to support Members with a safe and timely return to work, which reduces sick leave and replacement worker costs, while increasing workplace productivity and engagement. These benefits and the nature of the joint trust also provide a competitive advantage for attracting and retaining employees.
- Union Locals** have more control and opportunities to provide feedback about the services provided due to the joint nature of the trust. Access to information about the operations and financial position of the benefits programs is better compared to an employer sponsored plan and there is more collaboration with locals to identify supports required by Members for their recovery and return to work.

How the PEBT is funded



How the PEBT operates



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



The PEBT Secretariat

Alison Coelho, Trust Secretary and Lori Lofthaug, Administrative Assistant

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.

Ray Parker, Disability Management Strategic Advisor

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 Members, union locals, school districts and industry experts.

John Trieu, Trust Consultant

Assists with trustee development, management of the PEBT's service providers and organizational strategic planning.

2022 in review

The PEBT provides many valuable benefits to support the health and well-being of its 26,600+ 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

Financial Update

As with most other like-organizations, the PEBT experienced negative investment returns in 2022 due to the volatility of equity and bond markets impacted by the war in Ukraine, fears of a global economic recession, and an increase in interest rates to combat inflation. This significantly reduced our investments by over \$30 million. Additionally, the trust’s total actuarial liabilities increased significantly due to an increased number of LTD claims accepted and Members remaining disabled for longer. Both changes reduce the net assets available for benefits. While the PEBT is still in a well funded position, this is closely monitored so appropriate actions can be taken to protect the sustainability of the plan. An asset mix review of the investment portfolio has commenced to determine if changes are needed to increase returns while also reducing the risk of negative returns.

JEIS Pilot Project

Over the past few years, we have seen steady increases in the number of Members referred to the Joint Early Intervention Services (JEIS). In response, we implemented a JEIS pilot project for select school districts featuring the addition of two Non-complex Healthcare Management Specialists (HCMS) assisting with Member follow-ups and shorter absences. Feedback from this pilot project will be used to make any necessary adjustments to ensure we are meeting the needs of Members, school districts and local unions. The aim of the pilot project is to ensure that the HCMS team has adequate time to support complex absences and recovery plans for all Members.



AN OVERVIEW OF THE PLAN’S PERFORMANCE IN 2022

4,612

Active JEIS cases

\$2,275,592

JEIS program costs

734

LTD claims approved

1,874

Members currently on LTD

-7.9%

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

\$152,937,000

Value of the Trust’s investments

\$64,606,000

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

Update on our 2022 initiatives

Mental Health Accommodations

- We can learn a lot from each other, and in 2022 we asked school districts and local unions about return-to-work best practices and success stories. We started sharing this information with other school districts and local unions including one school district's approach to mental health return-to-work accommodations and how to support principals and vice-principals as return-to-work champions. Our plan is to continue these conversations so we may all benefit from each others' perspectives and ideas.

New Videos to Guide Members

- We created three new short, animated videos available on YouTube to guide Members through JEIS, long-term disability (LTD) and applying for Canada Pension Plan benefits. Sharable links to the videos are available at pebt.ca. School districts and local unions are encouraged to post these links on their social media accounts and websites or send them directly to Members.

Professional Development (Pro-D) Day Presentations

- While JEIS has been around for more than 20 years, most Members are still not aware that the program exists. As a result, when initially contacted, some Members can be reluctant to respond to the HCMS and access the recovery support they need. Having a PEBT Pro-D presentation helps to ensure Members participate in JEIS because they become familiar with our program and know what to expect. In 2022, while we provided many Pro-D presentations, there are still several school districts and local unions whose Members we would like to reach. To schedule your PEBT Pro-D presentation, please ['contact us'](https://pebt.ca) at pebt.ca.

Raising Awareness of the PEBT

- To increase awareness and understanding of the PEBT, we delivered a presentation at the spring conference of the British Columbia Association of School Business Officials (BCASBO). Our aim was to share valuable information highlighting the PEBT and its programs. Our presentation included recommendations for how school districts can optimize return-to-work opportunities for their unionized support staff.
- While respecting the ongoing challenges of the COVID-19 pandemic, we also facilitated a comprehensive on-line information session for school districts and local unions, delivering updates on the PEBT. We shared valuable insights and tips on how to best utilize our JEIS and LTD programs. The event featured an inspiring segment by Allan Kehler on mental health, titled 'Finding Your Voice' which encompassed strategies to effectively support individuals experiencing distress.



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 PEBT
- 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

	2021	2022
1. Return-to-work percentage by the 120 th day	73%	73%
2. Return-to-work percentage by the 300 th day	72%	75%
3. Members indicating 'good' or 'very good' or 'neutral' in surveys asking, 'How well did Desjardins Insurance involve me in my return to work?'	95%	92%
4. District Joint Committees indicating 'good' or 'very good' in surveys about overall experience with the PEBT JEIS and LTD programs	90%	83%
5. Members indicating 'good' or 'very good' for overall experience in JEIS and LTD surveys	84%	69%
6. Average number of days for JEIS referrals	9	8
7. On-time payment rate for new LTD claims	86%	92%
8. Annual JEIS and LTD audit scores	88% - JEIS 81% - LTD	86% - JEIS 75% - LTD
9. Members contacted within 24 hours by HCMS	87%	78%



JEIS 2022 PERFORMANCE

7%

Increase in Members referred to JEIS in 2022 compared to 2021 (4,612 vs. 4,317)

\$335,494

Increase in JEIS program costs compared to 2021 (\$2,275,592 vs. \$1,940,098)

11

Total number of Health Care Management Specialists (HCMS) dedicated to the PEBT

Some initiatives that will be implemented in 2023 are:

New JEIS Committee Member Orientation Sessions

- Ensuring new District JEIS Committee members from both the school districts and local unions are introduced to the PEBT and its programs, and are aware of key responsibilities and resources, we regularly invite new committee members to a one-hour PEBT orientation session. To request a session, please [contact us](#) at pebt.ca.

Responding to the MMIWG Calls for Justice

- To ensure our services are appropriate and accessible, we will develop training for the HCMS and LTD Claims Specialists informed by the Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls.

Adding Optional Demographic Questions to our Surveys

- This data will help determine if marginalized or racialized groups are experiencing our services differently and what issues or barriers to service may be present for these groups.

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 LTD Delays

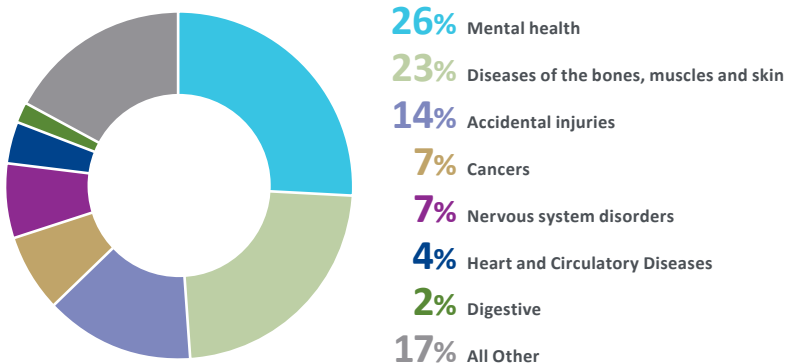
We continued to experience increased numbers of Members applying for long-term disability (LTD) benefits in 2022. Timely LTD adjudication decisions and payments are vital to a Member’s health and wellbeing when they are disabled. However, in 2022 the results for this key performance indicator deteriorated to 78% from 87% in 2021. This means initial LTD payments were late for 156 Members.

Reasons for delayed LTD decisions and payments included:

- Inadequate LTD Claims Specialist staffing
- Members not receiving the LTD forms early enough and
- Delays from doctors or Members

In response, we have improved JEIS processes to ensure LTD forms are given to Members in a timely manner, and two new LTD Claim Specialists have been added to support our Members bringing the total from 10 in 2021 up to 12 in 2022. As we appreciate the administrative process when applying for LTD has an impact on Member health, we will continue to monitor the LTD application and payment process closely, and work with Desjardins to make additional improvements as necessary.

CAUSES OF DISABILITY – 2022 ACTIVE BENEFIT CLAIMS



LTD 2022 PERFORMANCE

79

Increase in total active LTD claims compared to 2021 (1,874 vs. 1,795)

975

Members currently on LTD leave for less than five years

899

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 2022 PERFORMANCE

Life Insurance:

\$4,478,961

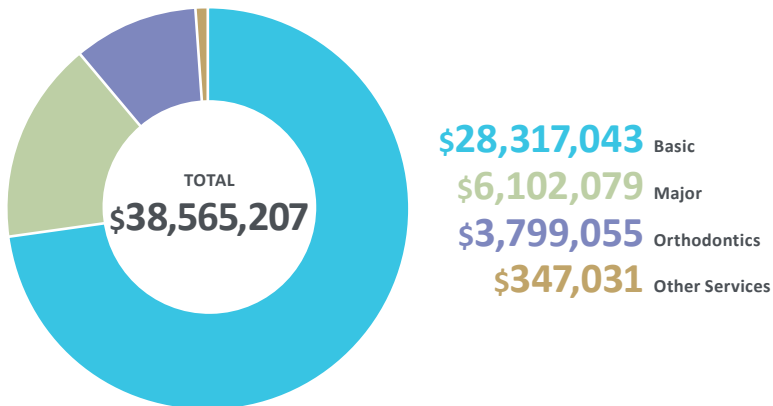
Basic and Optional Life claims paid in 2022 (\$2,595,967 in 2021)

AD&D Insurance:

\$0

Basic and Optional AD&D claims paid in 2022 (\$50,600 in 2021)

DENTAL CLAIMS BY CATEGORY



Dental Care:

\$38,565,207

Dental care claims paid in 2022

8%

Increase in dental care costs compared to 2021



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:

- Effective January 1, 2022, the PEBT now self-insures 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 more favourable risk-sharing arrangement, the PEBT has benefited by retaining over \$500,000 within the EHC plan based on PBC's most recent financial reporting.
- 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):

\$46,479,688

Extended Health Care claims paid in 2022

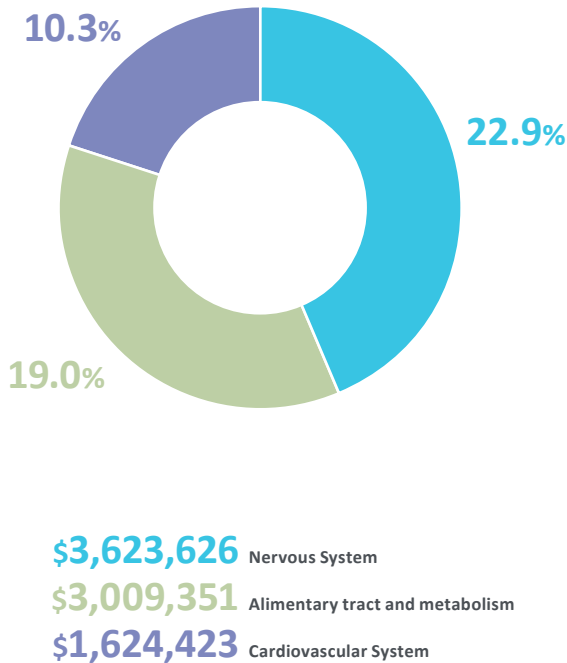
6%

Increase in Extended Health Care costs compared to 2021

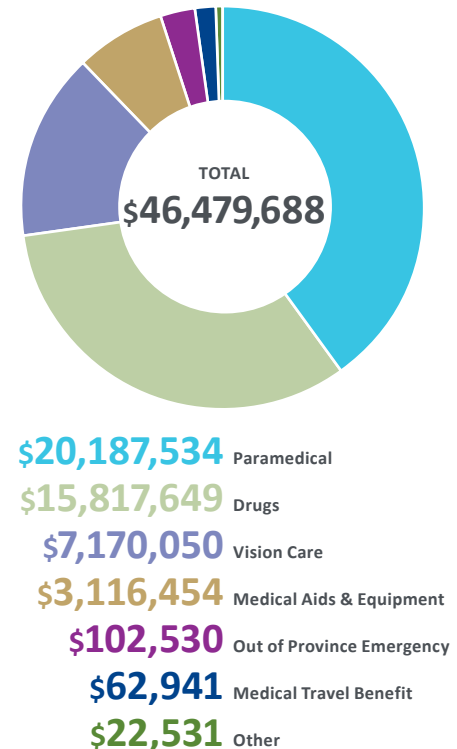
30%

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

TOP 3 DRUGS BY CLASSIFICATION



EHC CLAIMS BY CATEGORY



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 PEPT fund future benefits for the “Core” LTD and subsidize operating expenses incurred to manage the Trust.

The PEPT 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

Rising interest rates and volatile markets contributed to negative returns from equities and fixed income in 2022, while positive performance from infrastructure assets partially offset these results. As the PEPT 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 5-year investment objectives. An asset mix allocation review commenced in 2022 to determine if changes are needed to align with PEPT’s new investment objective of 5.5% return going forward while continuing to protect the fund against the risk of negative returns.



PEBT INVESTMENTS IN 2022

-7.9%

One-year investment return - lower than benchmark of -7.1%. The PEPT continues to meet its objectives by earning 4.3% over the last 5 years.

\$152,937,000

Value of the Trust’s investments as at December 31, 2022.

\$31,546,000

Decrease in the Trust’s investments compared to 2021.

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



Important notice

All the terms of the PEPT 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, 2022



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, 2022, 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, 2022, and its changes in net assets available for benefits and its changes in actuarial 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 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 determine 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 have 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 14, 2023

Ernst + Young LLP

Chartered Professional Accountants



Public Education Benefits Trust Fund

Statement of financial position

As at December 31

	Core LTD program	Addiction treatment	Other LTD benefits	Return to work program	Extended health	Dental	AD&D	Optional AD&D	Life	Optional life	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets												
Cash (bank indebtedness)	6,012,686	1,148,227	(254,084)	—	7,514,992	(1,357,113)	244,002	1,767	430,217	20,796	13,761,490	16,035,028
Restricted cash [note 4]	—	—	—	—	11,564,699	11,150,459	—	—	—	—	22,715,158	25,628,992
Investments at fair value [note 5[a]]	134,062,722	—	—	—	—	—	—	—	18,873,657	—	152,936,379	184,483,455
Due from other benefits	79,601	—	—	—	—	—	—	—	—	—	79,601	79,263
Contributions receivable	—	—	81,334	—	2,513,912	2,615,464	5,466	4,405	203,287	6,090	5,429,958	5,106,611
Prepaid benefit and premium costs	—	—	246,574	—	—	—	—	—	—	—	246,574	159,692
Prepaid expenses and other receivables	22,406	—	—	—	—	—	—	—	—	—	22,406	22,406
Claims fluctuation account [note 7]	—	—	—	—	—	—	—	—	454,544	—	454,544	487,568
Total assets	140,177,415	1,148,227	73,824	—	21,593,603	12,408,810	249,468	6,172	19,961,705	26,886	195,646,110	232,003,015
Liabilities												
Accounts payable and accrued liabilities	121,713	—	—	—	—	—	—	—	63,867	—	185,580	515,364
Benefit and premium costs payable	5,196,812	—	—	—	5,122,580	4,126,566	11,772	—	162,984	8,930	14,629,644	13,680,222
Due to Core LTD	—	—	210	—	41,465	31,808	210	—	5,908	—	79,601	79,264
Deferred contributions [note 6]	—	—	—	—	152,650	70,321	—	—	—	—	222,971	224,641
Provision for claim reserves [note 8]	48,943,000	—	—	—	2,043,000	1,623,000	—	—	11,997,000	—	64,606,000	59,401,000
Total liabilities	54,261,525	—	210	—	7,359,695	5,851,695	11,982	—	12,229,759	8,930	79,723,796	73,900,491
Net assets available for benefits	85,915,890	1,148,227	73,614	—	14,233,908	6,557,115	237,486	6,172	7,731,946	17,956	115,922,314	158,102,524

See accompanying notes

On behalf of the Board:

Alan Chell PEBT, Employer Trustee

Irene Schoemaker PEBT, Member Trustee

Public Education Benefits Trust Fund

Statement of changes in net assets available for benefits

Year ended December 31

	Core LTD program	Addiction treatment	Other LTD benefits	Return to work program	Extended health	Dental	AD&D	Optional AD&D	Life	Optional life	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Increase in net assets												
Contributions												
Province of British Columbia	19,428,240	—	—	—	—	—	—	—	—	—	19,428,240	19,428,240
School districts	—	—	180,844	—	47,914,938	35,878,809	106,800	91,020	2,669,489	93,021	86,934,921	82,004,944
Investment income												
Interest and dividends [note 5(b)]	5,369,853	28,109	—	—	—	—	—	—	499,450	—	5,897,412	6,678,342
Realized gains (losses) [note 5(b)]	1,986,144	—	—	—	—	—	—	—	(17,133)	—	1,969,011	8,221,931
Unrealized losses	(19,447,161)	—	—	—	—	—	—	—	(2,433,515)	—	(21,880,676)	(1,779,260)
Other income	111,967	—	—	—	—	—	—	—	—	—	111,967	—
Total increase in net assets	7,449,043	28,109	180,844	—	47,914,938	35,878,809	106,800	91,020	718,291	93,021	92,460,875	114,554,197
Decrease in net assets												
Benefits costs												
Change in claim reserves	6,851,000	—	—	—	(275,000)	80,000	—	—	(1,451,000)	—	5,205,000	4,354,000
Claims paid	20,034,792	—	—	—	44,750,166	39,373,575	—	—	—	—	104,158,533	97,304,871
Insurance premiums												
Durational pooling	7,872,264	—	—	—	—	—	—	—	—	—	7,872,264	6,953,028
Other [note 9]	1,718,928	—	188,944	—	—	—	101,780	91,417	2,937,093	91,187	5,129,349	4,114,050
Administration	1,503,179	—	956	1,436,914	3,015,675	1,331,426	934	—	51,531	—	7,340,615	6,499,708
Medical reports and other	1,115,430	—	—	838,678	—	—	—	—	—	—	1,954,108	1,939,328
EHC/Dental contributions for disabled members												
Medical monitoring	977,928	—	—	—	—	—	—	—	—	—	977,928	315,049
Medical monitoring	—	27,159	—	—	—	—	—	—	—	—	27,159	8,830
Operating costs												
Advisory services	101,963	—	679	—	152,467	116,803	665	—	8,768	—	381,345	373,992
Communications	3,286	—	—	—	—	—	—	—	—	—	3,286	4,862
Bank charges	1,533	—	—	—	—	—	—	—	—	—	1,533	1,713
Consulting and actuarial fees [note 10]	114,688	—	478	—	107,371	82,256	468	—	6,176	—	311,437	290,140
Investment management fees	342,388	—	—	—	—	—	—	—	53,711	—	396,099	249,555
Office	1,375	—	—	—	—	—	—	—	—	—	1,375	2,199
Professional fees [note 10]	748,931	—	—	—	—	—	—	—	—	—	748,931	756,531
Special project	43,211	—	—	—	—	—	—	—	—	—	43,211	26,250
Trustee costs												
Trustee travel and meetings	83,185	—	—	—	—	—	—	—	—	—	83,185	8,488
Wages and benefits	5,727	—	—	—	—	—	—	—	—	—	5,727	6,142
Total decrease in net assets	41,519,808	27,159	191,057	2,275,592	47,750,679	40,984,060	103,847	91,417	1,606,279	91,187	134,641,085	123,208,736

Public Education Benefits Trust Fund

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

Year ended December 31

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2022 Total \$	2021 Total \$
Increase (decrease) in net assets												
Net excess (deficiency) before undernoted	(34,070,765)	950	(10,213)	(2,275,592)	164,259	(5,105,251)	2,953	(397)	(887,988)	1,834	(42,180,210)	(8,654,539)
Transfers	(2,275,592)	—	—	2,275,592	—	—	—	—	—	—	—	—
Net increase (decrease) in net assets	(36,346,357)	950	(10,213)	—	164,259	(5,105,251)	2,953	(397)	(887,988)	1,834	(42,180,210)	(8,654,539)
Net assets available for benefits, beginning 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
Net assets available for benefits, end of year	85,915,890	1,148,227	73,614	—	14,233,908	6,557,115	237,486	6,172	7,731,946	17,956	115,922,314	158,102,524

See accompanying notes

Public Education Benefits Trust Fund

Statement of changes in actuarial obligations

Year ended December 31

	Core LTD program	Addiction treatment	Other LTD benefits	Return to work program	Extended health	Dental	AD&D	Optional AD&D	Life	Optional life	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Changes in actuarial obligations												
Benefits accrued	20,734,000	—	—	—	—	—	—	—	3,904,000	—	24,638,000	23,645,000
Benefits plus expenses paid	(18,045,000)	—	—	—	—	—	—	—	(2,410,000)	—	(20,455,000)	(19,778,000)
Interest accrued on benefits	1,481,000	—	—	—	—	—	—	—	522,000	—	2,003,000	1,816,000
Effect of experience gain or loss	(4,170,000)	—	—	—	—	—	—	—	(2,016,000)	—	(6,186,000)	(4,877,000)
Effect of demographic changes	4,992,000	—	—	—	—	—	—	—	396,000	—	5,388,000	2,832,000
Effect of change in valuation basis	147,000	—	—	—	—	—	—	—	(2,015,000)	—	(1,868,000)	355,000
Total increase in actuarial obligations	5,139,000	—	—	—	—	—	—	—	(1,619,000)	—	3,520,000	3,993,000
Actuarial obligations, beginning of year	31,569,000	—	—	—	—	—	—	—	10,846,000	—	42,415,000	38,422,000
Actuarial obligations, end of year	36,708,000	—	—	—	—	—	—	—	9,227,000	—	45,935,000	42,415,000
Incurred but not reported component of claim reserves	12,235,000	—	—	—	2,043,000	1,623,000	—	—	2,770,000	—	18,671,000	16,986,000
Provision for claim reserves, end of year	48,943,000	—	—	—	2,043,000	1,623,000	—	—	11,997,000	—	64,606,000	59,401,000

See accompanying notes

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2022

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, 2022

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 2021 and 2022.

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 Standard 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, 2022

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, 2022, no such indirect fees were included [2021 – nil].

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, 2022

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, 2022 was \$454,544 [2021 – \$487,568].

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, 2022;
- [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, 2022 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, 2022

5. Investments and realized investment income

[a] Summary by type of investment

	2022	2021
	\$	\$
Canadian equity pooled funds	14,030,934	20,179,453
American equity pooled funds	16,468,070	20,818,378
International equity pooled funds	32,815,098	41,173,273
Fixed income pooled funds	59,688,582	76,770,060
Canadian money market funds	3,697,795	1,794,236
Global infrastructure funds	26,235,900	23,748,055
	152,936,379	184,483,455

[b] Realized investment income by type

	2022	2022
	\$	\$
Cash and short-term investments	1,136,725	492,966
Canadian equity pooled funds	2,082,564	2,881,863
American equity pooled funds	1,474,872	3,071,394
International equity pooled funds	1,534,184	6,227,126
Fixed income pooled funds	850,800	1,964,716
Canadian money market funds	59,585	220,296
Global infrastructure funds	727,693	41,912
	7,866,423	14,900,273
Disclosed as		
Interest and dividends	5,897,412	6,678,342
Realized gains	1,969,011	8,221,931
	7,866,423	14,900,273

6. Deferred contributions

In December 2022, the Trust received \$222,971 [2021 – \$224,641] from school districts as contribution payments for 2023.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2022

7. Claims fluctuation account

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

	2022	2021
	\$	\$
Balance, beginning of year	487,568	458,409
Required funding for the year	(33,024)	29,159
Balance, end of year	454,544	487,568

8. Provision for claim reserves

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

	2022	2021
	\$	\$
Claims in progress/ongoing	34,607,000	29,827,000
Group life waiver of premiums	9,227,000	10,846,000
Extended Health Care, Dental, LTD	2,101,000	1,742,000
	45,935,000	42,415,000
Incurred but not reported claims	18,671,000	16,986,000
	64,606,000	59,401,000

9. Durational pooling [other]

During the year ended December 31, 2022, 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 \$1,718,928 [2021 – \$520,336].

10. Operating expenses

Operating expenses consist of the following:

	2022	2021
	\$	\$
Consulting and actuarial fees		
HUB	268,554	263,375
Other	42,883	26,765
	311,437	290,140

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2022

	2022	2021
	\$	\$
Professional fees		
Ernst & Young LLP	46,068	43,071
Areti LLP	53,970	46,751
Trust secretariat	624,993	660,110
Hatch Law	4,595	6,599
Max Reed Law Corporation	19,305	—
	748,931	756,531

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.

	2022			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	13,761,490	—	—	13,761,490
Restricted cash	22,715,158	—	—	22,715,158
Canadian equity pooled funds	—	14,030,934	—	14,030,934
American equity pooled funds	—	16,468,070	—	16,468,070
International equity pooled funds	—	32,815,098	—	32,815,098
Fixed income pooled funds	—	59,688,582	—	59,688,582
Canadian money market funds	—	3,697,795	—	3,697,795
Global infrastructure funds	—	26,235,879	—	26,235,879
	36,476,648	152,936,358	—	189,413,006

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2022

	2021			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Cash	16,035,028	—	—	16,035,028
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
	41,664,020	184,483,455	—	226,147,475

There were no transfers of investments between the levels during the years ended December 31, 2022 and 2021.

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, 2022

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 \$15,293,635 [2021 – \$18,448,346].

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, 2022 by HUB. 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, 2022 actuarial valuation. The primary assumptions for Core LTD benefits include the claim CPP approval rate, funding interest rate, claim related expense rate and claim termination rates based on modifications to the 1988–1994 CIA study of disability

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2022

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, 2022, the Trust paid administrative expenses of \$83,185 [2021 – \$8,488] 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 have contributed to significant volatility in financial markets. The resulting decline in certain equity and commodity prices as well as lower interest rates is 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

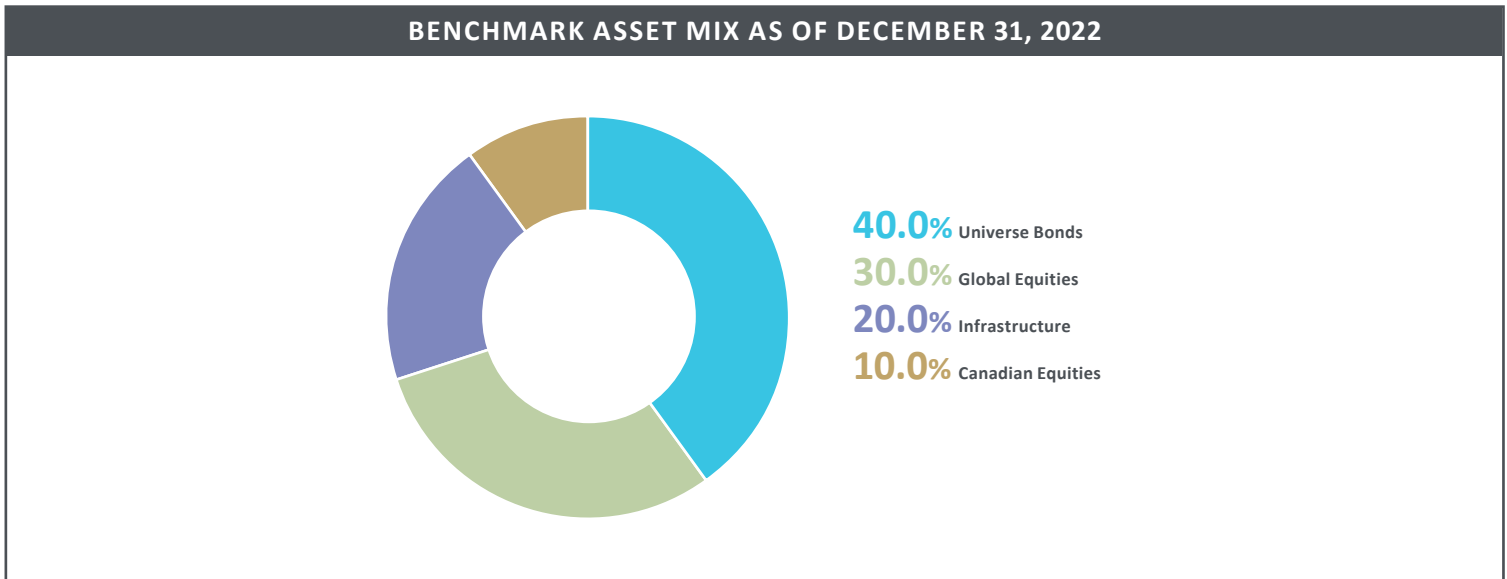
Appendix 2:

Investment Summary

Investment summary

The PEBT 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:



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

FUND	INVESTMENTS — AT FAIR VALUE				
	2022	2021	2020	2019	2018
Canadian equity funds	\$14,031,000	\$20,179,000	\$17,674,000	\$16,272,000	\$22,322,000
Global equity funds	\$49,283,000	\$61,992,000	\$63,929,000	\$58,146,000	\$40,973,000
Emerging market equities	\$0	\$0	\$0	\$0	\$4,029,000
Universe bonds	\$59,689,000	\$76,770,000	\$76,143,000	\$71,047,000	\$74,631,000
Infrastructure	\$26,236,000	\$23,748,000	\$0	\$0	\$0
Short-Term bonds	\$0	\$0	\$24,070,000	\$23,002,000	\$6,267,000
Money market and cash	\$3,698,000	\$1,794,000	\$1,813,000	\$1,254,000	\$3,073,000
Total Portfolio	\$152,937,000	\$184,483,000	\$183,630,000	\$169,721,000	\$151,296,000
In-Year Investment Returns	-7.9%	7.3%	10.9%	13.2%	-0.3%