

# 2023 Annual report

## What's inside

FIND ANSWERS TO THESE  
 KEY QUESTIONS:

- What changed in 2023?
- 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 trustee 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 27,200+ members and their 44,300+ 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](http://www.pebt.ca).

# Noteworthy in 2023

## Trustee Changes

### Employer Trustees:

- Kyle Uno replaced Laura Buchanan

### Member Trustees:

- Kirsten Daub replaced Tina Meadows

Laura Buchanan and Tina Meadows were trustees for 13 years and involved with several different committees during their tenures with Laura most recently the Chair of the Litigation Committee and Tina most recently Chair of the Investment Committee. Both Laura and Tina provided stewardship in their roles to support the sustainability of the plan to ensure the valuable benefits and support offered by the Trust are continued for members. The Board thanks both Laura and Tina for their commitment and their years of service 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

**27,200+** 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

**64,779** members supported through the JEIS program since inception in 2002

**9,531** LTD claims approved since the inception of the Trust

**6.4%** investment return over the past 5 years: \$146,603,000 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 2023:

### 1. Operational Excellence

- Developed and implemented a transition plan for a “direct-to-insurer” service delivery model.
- Collected diversity, equity and inclusion statements and goals from our service providers to ensure they are aligned with PEBT values.
- Continued the internal trustee training program with sessions designed specifically for PEBT.

### 2. Member Health and Wellbeing

- Developed presentations to increase awareness of the JEIS and LTD programs and communicate best practices for healthy and safe modified duties for members who are returning to work.
- Added optional demographic questions to our member surveys to determine if marginalized or racialized groups within our membership are experiencing our services differently and what issues or barriers to service may be present.
- Developed diversity education training for the JEIS and LTD specialists working with members.

### 3. Engagement

- Implemented our communications strategy to increase awareness of the PEBT and improve engagement with our programs. This included creating a communications policy, developing an origin story, refreshing our brand and logo to reflect our purpose, vision, and values, and developing a new user-friendly website.

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 2023, the “Core” LTD program monthly benefit increased by 2.1%, effective July 1, 2023 for all active member claims that have been in receipt of LTD benefits for 12 months or more. This increase balances the need for sustainability of the Core LTD Program while recognizing members receiving LTD benefits are facing rising costs on a reduced income. 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 (27,200+) 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

| 2023 BOARD OF TRUSTEES   |   |
|--|---|
| MEMBER TRUSTEES  | EMPLOYER TRUSTEES   |
| <ul style="list-style-type: none"> <li>Tracey Dahlin<br/>CUPE LOCAL 703</li> <li>Irene Schoemaker<br/>CUPE LOCAL 561</li> <li>Debbie Mohabir<br/>CUPE LOCAL 15</li> <li>Kyle Clark<br/>CUPE LOCAL 523</li> <li>Harpinder Sandhu<br/>CUPE NATIONAL<br/>SERVICING<br/>REPRESENTATIVE</li> <li>Kirsten Daub<br/>CUPE NATIONAL<br/>SERVICING<br/>REPRESENTATIVE</li> </ul> | <ul style="list-style-type: none"> <li>Lorelei Russell<br/>SD 39 (VANCOUVER)</li> <li>Alan Chell<br/>SD 19 (REVELSTOKE)</li> <li>Kyle Uno<br/>SD 36 (SURREY)</li> <li>Ryan Hung<br/>SD 69 (QUALICUM)</li> <li>Bruce L. Anderson<br/>BCPSEA</li> <li>Alanna Cameron<br/>SD 87 (STIKINE)</li> </ul> |

### 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

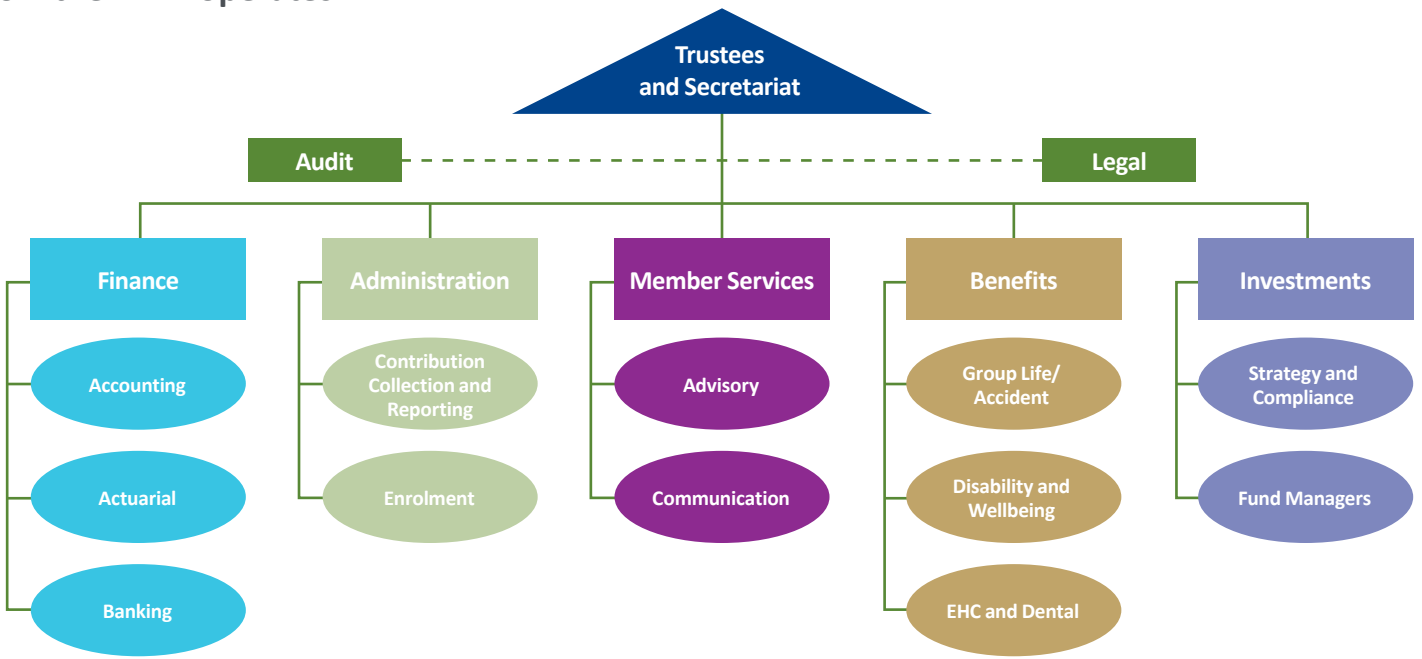
Members, school districts and local unions all benefit from the creation of the PEBT.

- **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.

## 2023 in review

The PEBT provides many valuable benefits to support the health and well-being of its 27,200+ 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

The PEBT LTD plan is facing increasing costs due to a growing membership and rising member incomes over time, which result in higher LTD benefits when disabilities occur. The cost for the JEIS and LTD programs was \$36.6 million in 2023 compared to \$19.4 million annual government funding, making investment returns very important. The PEBT experienced better investment returns in 2023 making up for some of the losses experienced in 2022. Total actuarial liabilities remained stable compared to last year as LTD claims increased only slightly while the number of claims closing increased. While the PEBT remains in a funded position at the moment, this is closely monitored so appropriate actions can be taken to protect the sustainability of the plan and avoid reductions to benefits. More information about changes to the asset mix of our investment portfolio needed to increase returns while also reducing the risk of negative returns can be found on page 12 of this report.

### Benefits Administration Transition Project

Based on continued concerns raised by school district benefits administrators regarding the benefits administration system, the PEBT has been working on a long-term solution for an improved administration service delivery model. As a result of this review and the overwhelming preference from school district administrators for a direct-to-insurer model, the PEBT engaged Pacific Blue Cross (PBC) to provide an administration system for all benefits. Configuration and planning for the transition to PBC started in late 2023 and will be completed in 2024. With this change, we aim to reduce the current administration system issues and create a more positive user experience for school district administrators by having a more straightforward, efficient process and system. Additionally, this transition creates an opportunity to re-visit reporting and administrative functions to make them better and more efficient.



### AN OVERVIEW OF THE PLAN'S PERFORMANCE IN 2023

**\$19,428,240**

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

**4,208**

Active JEIS cases

**\$2,281,547**

JEIS program costs

**675**

LTD claims approved

**1,920**

Members currently on LTD

**+9.9%**

One-year investment return – lower than benchmark of +11.1%

**\$146,603,000**

Value of the Trust's investments

**\$64,125,000**

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



## Update on our 2023 initiatives

### New JEIS Committee Member Orientation Sessions

- The local JEIS Committees play a crucial role in each school district, ensuring that members receive the benefits and support they need and are entitled to. In 2023, we began offering one-hour orientation sessions to new JEIS Committee members. These sessions introduce the PEBT as well as the JEIS and LTD programs and outline the five key responsibilities of JEIS Committee members. We regularly invite new committee members to attend an orientation session and feedback from participants has been very positive. 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 provided training for the Healthcare Management Specialists (HCMS) and LTD Claims Specialists informed by the Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls. Training emphasized understanding the lived experiences of Indigenous women and girls and highlighted the need for inclusive services that provide a welcoming and respectful environment, recognizing cultural backgrounds and addressing specific needs. It included strategies for offering inclusive JEIS and LTD services, with examples of how to deliver trauma-informed support. Additionally, HCMS and LTD Claims Specialists were encouraged to continue learning and developing their skills on this important topic.

### Adding Optional Demographic Questions to our Surveys

- Optional demographic questions have been added to the surveys emailed to all members participating in JEIS or applying for long-term disability benefits. While these surveys remain anonymous, the additional information will help us identify if marginalized or racialized groups are experiencing our services differently. This data will guide us in addressing any issues or barriers to service.

### Raising Awareness of the PEBT

- Development of a new PEBT website began in late 2023 and was completed in 2024. This member-focused website is easier to navigate with an enhanced search function, improved organization of content, easy access to the forms and documents, translation options, and the site is up to date on current accessibility standards. Please check out our new site at [pebt.ca](#).
- To increase awareness and understanding of the PEBT, we held ten regional meetings across the province of BC to connect with school districts and local unions. Attendees were provided with valuable information about our programs, PEBT activities, and discussed challenges, priorities, and best practices for supporting members while they are absent or returning to work.
- Professional development day JEIS presentations helps to ensure members participate in JEIS because they become familiar with our program and know what to expect. To schedule your PEBT Pro-D presentation, please [‘contact us’](#) at [pebt.ca](#).
- The PEBT origin story was formally documented to raise awareness of how and why the Trust was formed. It is important to understand the value of the support and financial security the Trust brings to unionized support staff in B.C. Our story can be found on the website [here](#).



## JEIS Supporting Mental Health – A Success Story

In her late forties, an education assistant faced significant mental health challenges affecting both her and her two adult children. Feeling overwhelmed by job demands and student needs, she was ready to quit and needed to stop working. Upon referral to JEIS, a Healthcare Management Specialist (HCMS) arranged an intensive recovery program. This included two months of cognitive-behavioral therapy with a psychologist and sessions with an occupational therapist. Additionally, the HCMS helped the member connect her adult children to supportive community resources.

This comprehensive support rebuilt the member’s self-confidence and provided valuable coping strategies, transforming her mindset from self-defeating to self-empowering. After successful treatment, she resumed her full duties in the job she loves with her students.

## 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

|  | 2022                    | 2023                    |
|--|-------------------------|-------------------------|
| 1. Return-to-work percentage by the 120 <sup>th</sup> day  | 73%                     | 67%                     |
| 2. Return-to-work percentage by the 300 <sup>th</sup> day  | 75%                     | 74%                     |
| 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 PEBT JEIS and LTD programs            | 83%                     | 83%                     |
| 5. Members indicating 'good' or 'very good' for overall experience in JEIS and LTD surveys   | 69%                     | 85%                     |
| 6. Average number of days for JEIS referrals   | 8                       | 7                       |
| 7. On-time payment rate for new LTD claims   | 92%                     | 95%                     |
| 8. Annual JEIS and LTD audit scores  | 86% - JEIS<br>75% - LTD | 85% - JEIS<br>81% - LTD |
| 9. Members contacted within 24 hours by HCMS   | 78%                     | 94%                     |
| 10. Average month-end overdue LTD tasks - Desjardins   | 163                     | 30                      |



## JEIS 2023 PERFORMANCE

9%

Decrease in members referred to JEIS in 2023 compared to 2022 (4,208 vs. 4,612)

\$5,955

Increase in JEIS program costs compared to 2022 (\$2,281,547 vs. \$2,275,592)

11

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

### Initiatives for 2024

In 2024, we will be implementing several key initiatives aimed at improving our return-to-work outcomes for members:

- **Return-To-Work Analysis:** We will collaborate with school districts and local unions to perform an in-depth analysis of our existing return-to-work processes for both JEIS and LTD. This will involve identifying potential bottlenecks and areas for improvement to ensure a smoother transition for all members.
- **Data-Driven Insights:** Our goal is to enhance our data collection methods to gain more detailed insights into the factors influencing return-to-work rates. This will involve targeted modifications to our surveys, including those sent to members and District Joint JEIS Committees. Improved data collection will help us better understand the challenges and develop more effective strategies for supporting members back to work.
- **Tested Best Practices:** We will prioritize identifying and sharing successful strategies and solutions to facilitate members' return to work and address common challenges.

By implementing these initiatives, we aim to create a more effective and supportive environment for our members, ensuring they have the resources and assistance they need for a healthy and safe return to work.



## 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.

## Ensuring the Future of Our Long-Term Disability Plan: Achievements and Challenges

The PEBT long-term disability (LTD) plan has been a significant success story, benefiting thousands of members and their families since 2003. It has provided vital income replacement and treatment support, enabling many members to return to safe and healthy employment after experiencing a disability. The positive effects on coworkers, students, schools, and communities have been immeasurable.

Looking ahead, we recognize potential challenges. The LTD plan is facing increasing costs due to a growing membership, driven by our expanding provincial population and educational workforce. Additionally, rising member incomes over time result in higher LTD benefits when disabilities occur. Complex disabilities, particularly mental health conditions, are on the rise, leading to greater treatment costs and longer absences. Despite these rising costs, government funding for the LTD program has not increased.

Despite these concerns, we are seeing an increasing number of members transitioning back to work with accommodated duties, and not just those with workplace injuries.

For instance, an administrative assistant on Vancouver Island recently returned to work part-time following a bout of depression. In a survey, the member shared that the welcoming atmosphere made a significant difference in her recovery and motivation. Shortly after her absence began, she received ‘get well’ cards, and both her union representative and principal called monthly to express their support. She felt their concern was genuine and that they truly cared about her well-being. Rather than feeling isolated and forgotten, she felt like she was still part of the school. Maintaining a connection and welcoming people back to work in this way is one key factor in ensuring the sustainability of our long-term disability plan now and in the future.

## LTD 2023 PERFORMANCE

**46**

Increase in total active LTD claims compared to 2022 (1,920 vs. 1,874)

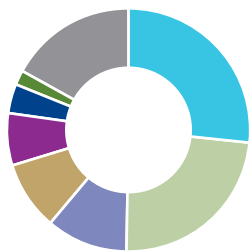
**918**

Members currently on LTD leave for less than five years

**1,002**

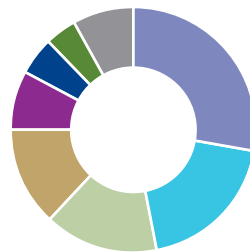
Members currently on LTD leave for longer than five years

CAUSES OF DISABILITY – 2023 ACTIVE BENEFIT CLAIMS



27% Mental health  
 24% Diseases of the bones, muscles and skin  
 11% Accidental injuries  
 9% Cancers  
 7% Nervous system disorders  
 4% Heart and Circulatory Diseases  
 2% Digestive  
 17% All Other

CAUSES OF DISABILITY – 2013 ACTIVE BENEFIT CLAIMS



28% Accidental injuries  
 19% Mental health  
 15% Diseases of the bones, muscles and skin  
 13% Cancers  
 8% Nervous system disorders  
 5% Heart and Circulatory Diseases  
 4% Digestive  
 8% All Other

As indicated in the above charts, over the past decade, the incidence of mental health and diseases of the bones, muscles and skin claims have increased notably, while accidental injuries have shown a marked reduction.

## 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&amp;D) Insurance</p> |  <p>Dental Care</p> |  <p>Extended Health Care (including Medical Referral and Travel, where applicable)</p> |
|--|---|--|---|

## OTHER BENEFITS 2023 PERFORMANCE

### Life Insurance:

**\$3,447,250**

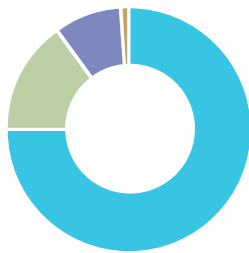
Basic and Optional Life claims paid in 2023 (\$4,478,961 in 2022)

### AD&D Insurance:

**\$198,450**

Basic and Optional AD&D claims paid in 2023 (\$0 in 2022)

## DENTAL CLAIMS BY CATEGORY



TOTAL  
**\$43,293,833**

**\$32,558,156** Basic  
**\$6,353,535** Major  
**\$3,990,158** Orthodontics  
**\$391,984** Other Services

### Dental Care:

**\$43,293,833**

Dental care claims paid in 2023

**12%**

Increase in dental care costs compared to 2022



## 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:

- Since 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 \$1,633,550 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. 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.
- Currently, PharmaCare is the first payor for contraception and Continuous Glucose Monitoring (CGM) coverage for all BC resident plan members. As a result of direct integration with PharmaCare, over the most recent calendar year, the PEBT saved an estimated \$240,000 in contraceptive expenses, and an additional \$164,000 in diabetic supply costs linked to CGM's.
- Generating additional income from investments of reserves to offset costs.

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

# \$56,569,603

Extended Health Care claims paid in 2023

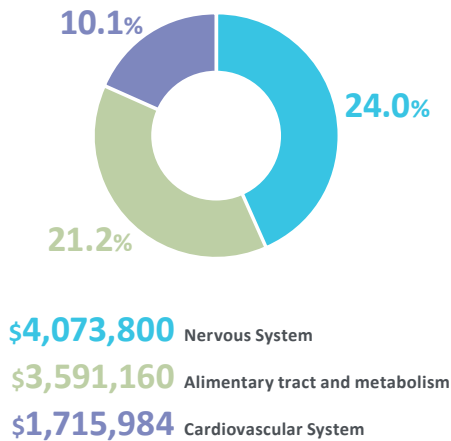
## 22%

Increase in Extended Health Care costs compared to 2022

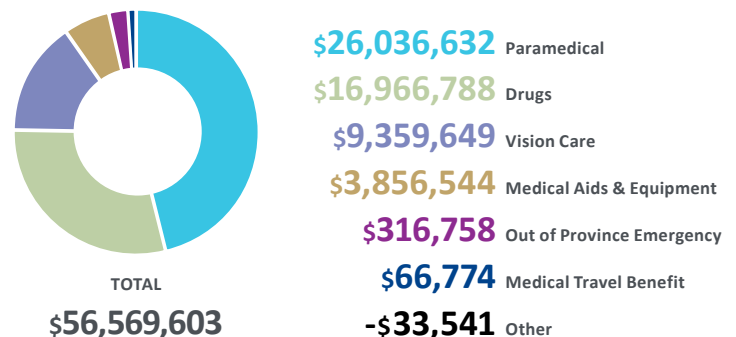
## 30%

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 other benefits of the Trust is the generation of additional income from investments of reserves – this helps the PEPT maintain 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 5.5% on average each year, over a 5-year period
2. Reduce the risk of losing capital in any year

Investment returns improved in 2023 compared to 2022 with equity, fixed income and infrastructure investments providing positive returns. While the current portfolio was able to meet the PEPT’s new 5.5% 5-year investment objective, changes to the portfolio’s asset mix were made in 2023 to introduce more diversification to increase returns and reduce risk. This included a reduction in equities, an increase in infrastructure and the introduction of investment in mortgage funds, which will be fully implement by the first quarter of 2024. Based on the new mix, changes to investment managers were also made to better align with the new portfolio and the needs of the PEPT.



## PEBT INVESTMENTS IN 2023

# +9.9%

One-year investment return - lower than benchmark of +11.1%. The PEPT continues to meet its objectives by earning 6.4% over the last 5 years.

# \$146,603,000

Value of the Trust’s investments as at December 31, 2023.

# \$6,334,000

Decrease in the Trust’s investments compared to 2022.

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, 2023





# 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, 2023, 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, 2023, 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 13, 2024

*Ernst & Young LLP*

Chartered Professional Accountants



**Public Education Benefits Trust Fund**

**Statement of financial position**

As at December 31

|  | Core<br>LTD<br>program<br>\$ | Addiction<br>treatment<br>\$ | Other<br>LTD<br>benefits<br>\$ | Return to<br>work<br>program<br>\$ | Extended<br>health<br>\$ | Dental<br>\$     | AD&D<br>\$       | Optional<br>AD&D<br>\$ | Life<br>\$        | Optional<br>life<br>\$ | 2023<br>Total<br>\$ | 2022<br>Total<br>\$ |
|--|------------------------------|------------------------------|--------------------------------|------------------------------------|--------------------------|------------------|------------------|------------------------|-------------------|------------------------|---------------------|---------------------|
| <b>Assets</b>                                |                              |                              |                                |                                    |                          |                  |                  |                        |                   |                        |                     |                     |
| Cash (bank indebtedness)                     | 9,721,551                    | 1,186,536                    | (101,531)                      | —                                  | 6,793,583                | (5,186,581)      | 1,735,408        | 510,188                | 2,581,911         | 1,442,095              | 18,683,160          | 13,761,490          |
| Restricted cash [note 4]                     | —                            | —                            | —                              | —                                  | 7,805,479                | 9,640,547        | —                | —                      | —                 | —                      | 17,446,026          | 22,715,158          |
| Investments at fair value [note 5[a]]        | 133,652,201                  | —                            | —                              | —                                  | —                        | —                | —                | —                      | 22,050,848        | —                      | 155,703,049         | 152,936,379         |
| Due from other benefits                      | 81,407                       | —                            | —                              | —                                  | —                        | —                | —                | —                      | —                 | —                      | 81,407              | 79,601              |
| Contributions receivable                     | —                            | —                            | 62,532                         | —                                  | 2,789,021                | 2,240,732        | —                | 9,137                  | 234,411           | 2,556                  | 5,338,389           | 5,429,958           |
| Prepaid benefit and premium costs            | —                            | —                            | 122,241                        | —                                  | 360,095                  | 208,900          | —                | —                      | —                 | —                      | 691,236             | 246,574             |
| Prepaid expenses and other<br>receivables    | —                            | —                            | —                              | —                                  | —                        | —                | —                | —                      | —                 | —                      | —                   | 22,406              |
| Claims fluctuation account [note 7]          | —                            | —                            | —                              | —                                  | —                        | —                | —                | —                      | 396,015           | —                      | 396,015             | 454,544             |
| <b>Total assets</b>                          | <b>143,455,159</b>           | <b>1,186,536</b>             | <b>83,242</b>                  | <b>—</b>                           | <b>17,748,178</b>        | <b>6,903,598</b> | <b>1,735,408</b> | <b>519,325</b>         | <b>25,263,185</b> | <b>1,444,651</b>       | <b>198,339,282</b>  | <b>195,646,110</b>  |
| <b>Liabilities</b>                           |                              |                              |                                |                                    |                          |                  |                  |                        |                   |                        |                     |                     |
| Accounts payable and accrued<br>liabilities  | 107,843                      | —                            | —                              | —                                  | —                        | —                | —                | —                      | 173,222           | —                      | 281,065             | 185,580             |
| Due to Broker                                | 7,800,000                    | —                            | —                              | —                                  | —                        | —                | —                | —                      | 1,300,000         | —                      | 9,100,000           | —                   |
| Benefit and premium costs payable            | 5,198,855                    | —                            | —                              | —                                  | 6,592,315                | 5,161,055        | —                | —                      | 360,014           | —                      | 17,312,239          | 14,629,644          |
| Due to Core LTD                              | —                            | —                            | 214                            | —                                  | 42,295                   | 32,337           | 107              | —                      | 6,454             | —                      | 81,407              | 79,601              |
| Deferred contributions [note 6]              | —                            | —                            | —                              | —                                  | 106,392                  | 53,196           | 1,176            | —                      | —                 | —                      | 160,764             | 222,971             |
| Provision for claim reserves [note 8]        | 48,523,000                   | —                            | —                              | —                                  | 1,924,000                | 1,804,000        | —                | —                      | 11,874,000        | —                      | 64,125,000          | 64,606,000          |
| <b>Total liabilities</b>                     | <b>61,629,698</b>            | <b>—</b>                     | <b>214</b>                     | <b>—</b>                           | <b>8,665,002</b>         | <b>7,050,588</b> | <b>1,283</b>     | <b>—</b>               | <b>13,713,690</b> | <b>—</b>               | <b>91,060,475</b>   | <b>79,723,796</b>   |
| <b>Net assets available for<br/>benefits</b> | <b>81,825,461</b>            | <b>1,186,536</b>             | <b>83,028</b>                  | <b>—</b>                           | <b>9,083,176</b>         | <b>(146,990)</b> | <b>1,734,125</b> | <b>519,325</b>         | <b>11,549,495</b> | <b>1,444,651</b>       | <b>107,278,807</b>  | <b>115,922,314</b>  |

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<br>LTD<br>program | Addiction<br>treatment | Other<br>LTD<br>benefits | Return to<br>work<br>program | Extended<br>health | Dental            | AD&D             | Optional<br>AD&D | Life             | Optional<br>life | 2023<br>Total      | 2022<br>Total      |
|---|------------------------|------------------------|--------------------------|------------------------------|--------------------|-------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|
|   | \$                     | \$                     | \$                       | \$                           | \$                 | \$                | \$               | \$               | \$               | \$               | \$                 | \$                 |
| <b>Increase in net assets</b>                 |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Contributions                                 |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Province of British Columbia                  | 19,428,240             | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 19,428,240         | 19,428,240         |
| School districts                              | —                      | —                      | 371,059                  | —                            | 53,826,444         | 38,208,244        | 1,611,356        | 604,960          | 6,047,770        | 1,517,112        | 102,186,945        | 86,934,921         |
| Investment income                             |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Interest and dividends [note 5[b]]            | 3,202,403              | 60,188                 | —                        | —                            | 572,686            | 440,948           | —                | —                | 1,088,474        | —                | 5,364,699          | 5,897,412          |
| Realized gains (losses) [note 5[b]]           | 6,969,363              | —                      | —                        | —                            | —                  | —                 | —                | —                | (803,348)        | —                | 6,166,015          | 1,969,011          |
| Unrealized gains (losses)                     | 2,859,417              | —                      | —                        | —                            | —                  | —                 | —                | —                | 2,357,971        | —                | 5,217,388          | (21,880,676)       |
| Other income                                  | 76,089                 | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 76,089             | 111,967            |
| <b>Total increase in net assets</b>           | <b>32,535,512</b>      | <b>60,188</b>          | <b>371,059</b>           | <b>—</b>                     | <b>54,399,130</b>  | <b>38,649,192</b> | <b>1,611,356</b> | <b>604,960</b>   | <b>8,690,867</b> | <b>1,517,112</b> | <b>138,439,376</b> | <b>92,460,875</b>  |
| <b>Decrease in net assets</b>                 |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Benefits costs                                |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Change in claim reserves                      | (1,244,000)            | —                      | —                        | —                            | (573,000)          | 466,000           | —                | —                | 870,000          | —                | (481,000)          | 5,205,000          |
| Claims paid                                   | 20,107,650             | —                      | —                        | —                            | 56,329,504         | 43,280,418        | —                | —                | —                | —                | 119,717,572        | 104,158,533        |
| Insurance premiums                            |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Durational pooling                            | 8,258,915              | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 8,258,915          | 7,872,264          |
| Other [note 9]                                | 1,898,420              | —                      | 359,017                  | —                            | —                  | —                 | 112,303          | 91,807           | 3,863,498        | 90,417           | 6,415,462          | 5,129,349          |
| Administration                                | 1,641,621              | —                      | 1,304                    | 1,523,488                    | 3,531,939          | 1,406,460         | 1,202            | —                | 61,677           | —                | 8,167,691          | 7,340,615          |
| Medical reports and other                     | 924,900                | —                      | —                        | 758,059                      | —                  | —                 | —                | —                | —                | —                | 1,682,959          | 1,954,108          |
| EHC/Dental contributions for disabled members |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
|   | 1,059,312              | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 1,059,312          | 977,928            |
| Medical monitoring                            | —                      | 21,879                 | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 21,879             | 27,159             |
| Operating costs                               |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Advisory services                             | 107,049                | —                      | 777                      | —                            | 153,393            | 117,600           | 711              | —                | 8,807            | —                | 388,337            | 381,345            |
| Communications                                | 4,394                  | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 4,394              | 3,286              |
| Bank charges                                  | 1,555                  | —                      | —                        | —                            | —                  | —                 | —                | —                | 30               | —                | 1,585              | 1,533              |
| Consulting and actuarial fees [note 10]       | 144,752                | —                      | 547                      | —                            | 108,026            | 82,819            | 501              | —                | 6,202            | —                | 342,847            | 311,437            |
| Investment management fees                    | 415,697                | —                      | —                        | —                            | —                  | —                 | —                | —                | 63,104           | —                | 478,801            | 396,099            |
| Office  | 28,961                 | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 28,961             | 1,375              |
| Professional fees [note 10]                   | 854,629                | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 854,629            | 748,931            |
| Special project                               | 41,989                 | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 41,989             | 43,211             |
| Trustee costs                                 |                        |                        |                          |                              |                    |                   |                  |                  |                  |                  |                    |                    |
| Trustee travel and meetings                   | 69,539                 | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 69,539             | 83,185             |
| Wages and benefits                            | 29,011                 | —                      | —                        | —                            | —                  | —                 | —                | —                | —                | —                | 29,011             | 5,727              |
| <b>Total decrease in net assets</b>           | <b>34,344,394</b>      | <b>21,879</b>          | <b>361,645</b>           | <b>2,281,547</b>             | <b>59,549,862</b>  | <b>45,353,297</b> | <b>114,717</b>   | <b>91,807</b>    | <b>4,873,318</b> | <b>90,417</b>    | <b>147,082,883</b> | <b>134,641,085</b> |

**Public Education Benefits Trust Fund**

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

Year ended December 31

|   | <b>Core<br/>LTD<br/>program</b> | <b>Addiction<br/>treatment</b> | <b>Other<br/>LTD<br/>benefits</b> | <b>Return to<br/>work<br/>program</b> | <b>Extended<br/>health</b> | <b>Dental</b>      | <b>AD&amp;D</b>  | <b>Optional<br/>AD&amp;D</b> | <b>Life</b>       | <b>Optional<br/>life</b> | <b>2023<br/>Total</b> | <b>2022<br/>Total</b> |
|---|---------------------------------|--------------------------------|-----------------------------------|---------------------------------------|----------------------------|--------------------|------------------|------------------------------|-------------------|--------------------------|-----------------------|-----------------------|
|   | \$                              | \$                             | \$                                | \$                                    | \$                         | \$                 | \$               | \$                           | \$                | \$                       | \$                    | \$                    |
| <b>Increase (decrease) in<br/>net assets</b>              |                                 |                                |                                   |                                       |                            |                    |                  |                              |                   |                          |                       |                       |
| Net excess (deficiency)<br>before undernoted              | (1,808,882)                     | 38,309                         | 9,414                             | (2,281,547)                           | (5,150,732)                | (6,704,105)        | 1,496,639        | 513,153                      | 3,817,549         | 1,426,695                | (8,643,507)           | (42,180,210)          |
| Transfers   | (2,281,547)                     | —                              | —                                 | 2,281,547                             | —                          | —                  | —                | —                            | —                 | —                        | —                     | —                     |
| <b>Net increase (decrease) in<br/>net assets</b>          | <b>(4,090,429)</b>              | <b>38,309</b>                  | <b>9,414</b>                      | <b>—</b>                              | <b>(5,150,732)</b>         | <b>(6,704,105)</b> | <b>1,496,639</b> | <b>513,153</b>               | <b>3,817,549</b>  | <b>1,426,695</b>         | <b>(8,643,507)</b>    | <b>(42,180,210)</b>   |
| Net assets available<br>for benefits, beginning 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           |
| <b>Net assets available<br/>for benefits, end of year</b> | <b>81,825,461</b>               | <b>1,186,536</b>               | <b>83,028</b>                     | <b>—</b>                              | <b>9,083,176</b>           | <b>(146,990)</b>   | <b>1,734,125</b> | <b>519,325</b>               | <b>11,549,495</b> | <b>1,444,651</b>         | <b>107,278,807</b>    | <b>115,922,314</b>    |

See accompanying notes

**Public Education Benefits Trust Fund**

**Statement of changes in actuarial obligations**

Year ended December 31

|  | Core<br>LTD<br>program | Addiction<br>treatment | Other<br>LTD<br>benefits | Return to<br>work<br>program | Extended<br>health | Dental           | AD&D     | Optional<br>AD&D | Life              | Optional<br>life | 2023<br>Total      | 2022<br>Total |
|--|------------------------|------------------------|--------------------------|------------------------------|--------------------|------------------|----------|------------------|-------------------|------------------|--------------------|---------------|
|  | \$                     | \$                     | \$                       | \$                           | \$                 | \$               | \$       | \$               | \$                | \$               | \$                 | \$            |
| <b>Changes in actuarial obligations</b>                  |                        |                        |                          |                              |                    |                  |          |                  |                   |                  |                    |               |
| Benefits accrued   | 24,470,000             | —                      | —                        | —                            | —                  | —                | —        | —                | 4,328,000         | —                | 28,798,000         | 24,638,000    |
| Benefits plus expenses paid                              | (20,543,000)           | —                      | —                        | —                            | —                  | —                | —        | —                | (2,204,000)       | —                | (22,747,000)       | (20,455,000)  |
| Interest accrued on benefits                             | 1,933,000              | —                      | —                        | —                            | —                  | —                | —        | —                | 514,000           | —                | 2,447,000          | 2,003,000     |
| Effect of experience gain or loss                        | (5,860,000)            | —                      | —                        | —                            | —                  | —                | —        | —                | (2,638,000)       | —                | (8,498,000)        | (6,186,000)   |
| Effect of demographic changes                            | (1,019,000)            | —                      | —                        | —                            | —                  | —                | —        | —                | (100,000)         | —                | (1,119,000)        | 5,388,000     |
| Effect of change in valuation basis                      | (592,000)              | —                      | —                        | —                            | —                  | —                | —        | —                | —                 | —                | (592,000)          | (1,868,000)   |
| <b>Total increase in actuarial obligations</b>           | <b>(1,611,000)</b>     | <b>—</b>               | <b>—</b>                 | <b>—</b>                     | <b>—</b>           | <b>—</b>         | <b>—</b> | <b>—</b>         | <b>(100,000)</b>  | <b>—</b>         | <b>(1,711,000)</b> | 3,520,000     |
| Actuarial obligations,<br>beginning of year              | 36,708,000             | —                      | —                        | —                            | —                  | —                | —        | —                | 9,227,000         | —                | 45,935,000         | 42,415,000    |
| <b>Actuarial obligations,<br/>end of year</b>            | <b>35,097,000</b>      | <b>—</b>               | <b>—</b>                 | <b>—</b>                     | <b>—</b>           | <b>—</b>         | <b>—</b> | <b>—</b>         | <b>9,127,000</b>  | <b>—</b>         | <b>44,224,000</b>  | 45,935,000    |
| Incurred but not reported<br>component of claim reserves | 13,426,000             | —                      | —                        | —                            | 1,924,000          | 1,804,000        | —        | —                | 2,747,000         | —                | 19,901,000         | 18,671,000    |
| <b>Provision for claim reserves,<br/>end of year</b>     | <b>48,523,000</b>      | <b>—</b>               | <b>—</b>                 | <b>—</b>                     | <b>1,924,000</b>   | <b>1,804,000</b> | <b>—</b> | <b>—</b>         | <b>11,874,000</b> | <b>—</b>         | <b>64,125,000</b>  | 64,606,000    |

See accompanying notes

# Public Education Benefits Trust Fund

## Notes to financial statements

December 31, 2023

### 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, 2023

#### 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 2022 and 2023.

#### 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, 2023

#### **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 and those fees comprise a portion of the net asset value of the investment fund, the Trust's portion of the expense is reflected within the valuation of investments held.

#### **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, 2023

#### 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, 2023 was \$396,015 [2022 – \$454,544].

#### 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, 2023;
- [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, 2023 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, 2023

#### 5. Investments and realized investment income

##### [a] Summary by type of investment

|                                   | 2023               | 2022               |
|-----------------------------------|--------------------|--------------------|
|                                   | \$                 | \$                 |
| Canadian equity pooled funds      | 14,419,489         | 14,030,934         |
| American equity pooled funds      | —                  | 16,468,070         |
| International equity pooled funds | 30,090,763         | 32,815,098         |
| Fixed income pooled funds         | 70,934,386         | 59,688,582         |
| Canadian money market funds       | 11,977,518         | 3,697,795          |
| Global infrastructure funds       | 28,280,893         | 26,235,900         |
|                                   | <b>155,703,049</b> | <b>152,936,379</b> |

##### [b] Realized investment income by type

|                                   | 2023              | 2022             |
|-----------------------------------|-------------------|------------------|
|                                   | \$                | \$               |
| Cash and short-term investments   | 2,193,945         | 1,136,725        |
| Canadian equity pooled funds      | 1,240,368         | 2,082,564        |
| American equity pooled funds      | 9,233,544         | 1,474,872        |
| International equity pooled funds | 3,861,852         | 1,534,184        |
| Fixed income pooled funds         | (5,755,703)       | 850,800          |
| Canadian money market funds       | 205,334           | 59,585           |
| Global infrastructure funds       | 551,374           | 727,693          |
|                                   | <b>11,530,714</b> | <b>7,866,423</b> |
| Disclosed as                      |                   |                  |
| Interest and dividends            | 5,364,699         | 5,897,412        |
| Realized gains                    | 6,166,015         | 1,969,011        |
|                                   | <b>11,530,714</b> | <b>7,866,423</b> |

#### 6. Deferred contributions

In 2023, the Trust received \$160,764 [2022 – \$222,971] from school districts as contribution payments for 2024.



## Public Education Benefits Trust Fund

### Notes to financial statements

December 31, 2023

#### 7. Claims fluctuation account

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

|                                   | 2023            | 2022     |
|-----------------------------------|-----------------|----------|
|                                   | \$              | \$       |
| <b>Balance, beginning of year</b> | <b>454,544</b>  | 487,568  |
| Required funding for the year     | <b>(58,529)</b> | (33,024) |
| <b>Balance, end of year</b>       | <b>396,015</b>  | 454,544  |

#### 8. Provision for claim reserves

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

|                                   | 2023              | 2022       |
|-----------------------------------|-------------------|------------|
|                                   | \$                | \$         |
| Claims in progress/ongoing        | <b>32,965,000</b> | 34,607,000 |
| Group life waiver of premiums     | <b>9,127,000</b>  | 9,227,000  |
| Extended Health Care, Dental, LTD | <b>2,132,000</b>  | 2,101,000  |
|                                   | <b>44,224,000</b> | 45,935,000 |
| Incurred but not reported claims  | <b>19,901,000</b> | 18,671,000 |
|                                   | <b>64,125,000</b> | 64,606,000 |

#### 9. Durational pooling [other]

During the year ended December 31, 2023, 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 \$1,899,058 [2022 – \$1,718,928].

#### 10. Operating expenses

Operating expenses consist of the following:

|                                      | 2023           | 2022    |
|--------------------------------------|----------------|---------|
|                                      | \$             | \$      |
| <b>Consulting and actuarial fees</b> |                |         |
| HUB                                  | <b>273,484</b> | 268,554 |
| Other                                | <b>69,363</b>  | 42,883  |
|                                      | <b>342,847</b> | 311,437 |

## Public Education Benefits Trust Fund

### Notes to financial statements

December 31, 2023

|                          | 2023           | 2022           |
|--------------------------|----------------|----------------|
|                          | \$             | \$             |
| <b>Professional fees</b> |                |                |
| Ernst & Young LLP        | 50,873         | 46,068         |
| Areti LLP                | 40,950         | 53,970         |
| Trust Secretariat        | 738,324        | 624,993        |
| Hatch Law                | 11,914         | 4,595          |
| Max Reed Law Corporation | 12,568         | 19,305         |
|                          | <b>854,629</b> | <b>748,931</b> |

#### 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.

|                                   | 2023              |                    |          |                    |
|-----------------------------------|-------------------|--------------------|----------|--------------------|
|                                   | Level 1           | Level 2            | Level 3  | Total              |
|                                   | \$                | \$                 | \$       | \$                 |
| Cash                              | 18,683,160        | —                  | —        | 18,683,160         |
| Restricted cash                   | 17,446,026        | —                  | —        | 17,446,026         |
| Canadian equity pooled funds      | —                 | 14,419,489         | —        | 14,419,489         |
| International equity pooled funds | —                 | 30,090,763         | —        | 30,090,763         |
| Fixed income pooled funds         | —                 | 70,934,386         | —        | 70,934,386         |
| Canadian money market funds       | —                 | 11,977,518         | —        | 11,977,518         |
| Global infrastructure funds       | —                 | 28,280,893         | —        | 28,280,893         |
|                                   | <b>36,129,186</b> | <b>155,703,049</b> | <b>—</b> | <b>191,832,235</b> |

## Public Education Benefits Trust Fund

### Notes to financial statements

December 31, 2023

|                                   | 2022       |             |         | Total       |
|-----------------------------------|------------|-------------|---------|-------------|
|                                   | Level 1    | Level 2     | Level 3 |             |
|                                   | \$         | \$          | \$      | \$          |
| 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 |

There were no transfers of investments between the levels during the years ended December 31, 2023 and 2022.

#### 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, however the Trust modified the SIPP in December 2023 and is in the process of adjusting the investment portfolio to align with the SIPP at December 31, 2023.

## Public Education Benefits Trust Fund

### Notes to financial statements

December 31, 2023

#### 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 \$15,570,304 [2022 – \$15,293,635].

#### 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, 2023 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, 2023 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, 2023

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, 2023, the Trust paid administrative expenses of \$69,949 [2022 – \$83,185] 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.

# Appendices

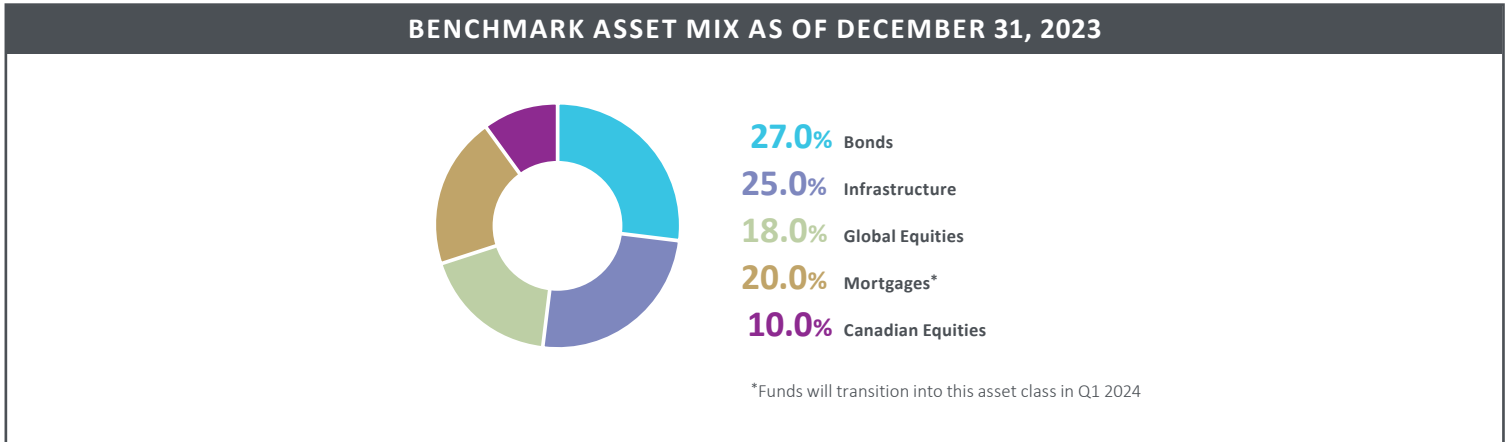
Appendix 2:

## 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 |                      |                      |                      |                      |
|-----------------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 2023                        | 2022                 | 2021                 | 2020                 | 2019                 |
| Canadian equity funds             | \$14,419,489                | \$14,031,000         | \$20,179,000         | \$17,674,000         | \$16,272,000         |
| Global equity funds               | \$30,090,761                | \$49,283,000         | \$61,992,000         | \$63,929,000         | \$58,146,000         |
| Universe bonds                    | \$45,917,832                | \$59,689,000         | \$76,770,000         | \$76,143,000         | \$71,047,000         |
| Infrastructure                    | \$28,280,893                | \$26,236,000         | \$23,748,000         | \$0                  | \$0                  |
| Short-Term bonds                  | \$0                         | \$0                  | \$0                  | \$24,070,000         | \$23,002,000         |
| Money market and cash             | \$27,894,073                | \$3,698,000          | \$1,794,000          | \$1,813,000          | \$1,254,000          |
| <b>Total Portfolio</b>            | <b>\$146,603,048</b>        | <b>\$152,937,000</b> | <b>\$184,483,000</b> | <b>\$183,630,000</b> | <b>\$169,721,000</b> |
| <b>In-Year Investment Returns</b> | <b>9.9%</b>                 | <b>-7.9%</b>         | <b>7.3%</b>          | <b>10.9%</b>         | <b>13.2%</b>         |