

2025 Annual report

What's inside

FIND ANSWERS TO THESE KEY QUESTIONS:

- What changed in 2025?
- 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 trusted 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 28,200+ members and their 46,100+ dependents, helping maintain their health and financial security and ensuring our programs continue to meet members' needs.

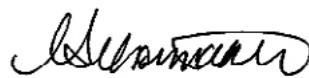
Our report highlights how member and employer trustees work collaboratively together to successfully administer the Trust and the benefits offered.

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

We have also provided updates to the financial status of the PEBT and, in particular, the "Core" LTD Program that is solely funded through the provincial government on an annual basis.

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 pebt.ca.

Noteworthy in 2025

Trustee Changes

Employer Trustees:

- Nick Angrignon replaced Harpinder Sandhu
- Jeff Virtanen replaced Debbie Mohabir

Harpinder Sandhu and Debbie Mohabir both joined the PEBT Board in 2022. Harpinder served on the Finance & Audit and Litigation Committees and chaired the Investment Committee, where he applied his expertise and knowledge to support the Board's investment oversight and decision-making. Debbie served on the Investment Committee and chaired the JEIS/LTD Committee. We thank Harpinder and Debbie for their dedication and valuable contributions to the PEBT.

PEBT Strategic Plan Update

Our purpose, vision and strategic plan are aligned with our current objectives to ensure we are meeting future requirements of our members.



Purpose

To support members through their disability and deliver quality health benefits and services



Vision

Excellence in benefit delivery for member health and wellbeing



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

28,200+ 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

73,977 members supported through the JEIS program since inception in 2002

10,929 LTD claims approved since the inception of the Trust

5.8% investment return over the past 5 years: \$144,843,000 investment portfolio as of December 31, 2025

PEBT Strategic Plan Update (CONTINUED)

The PEBT provides many valuable benefits to support the health and well-being of its 28,200+ 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

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 2025:

1. Operational Excellence

- Developed a contingency monitoring and action plan for Core LTD funding scenarios. As funding for Core LTD remains unchanged while costs increase, the PEBT Board of Trustees must monitor the financial position of the plan closely so appropriate actions can be taken to protect the sustainability of the plan as much as possible.

2. Member Health and Wellbeing

- Collaborated with school districts and union locals to improve return-to-work outcomes, resulting in the development of JEIS Referral and Return-to-Work Toolkits that provide members with clear, timely information, strengthen early support and communication, and enhance the likelihood of a successful and sustained return to work.

3. Engagement

- Developed an orientation video for districts and union local representatives to explain the purpose and value of the PEBT and outline the roles they play in the administration of PEBT benefits. Additional skill-building modules to support these roles will be developed in 2026.
- Refreshed and expanded the posters available to promote the JEIS program. These posters are available on the PEBT website and can be printed and displayed at work sites or added to intranet sites to increase member awareness of the JEIS program.
- Launched an awareness campaign for the PEBT website (pebt.ca) to ensure members, districts, and union local representatives know where to find PEBT information, resources and tools. The website is member-focused, easy to navigate and includes translation functionality for several languages.

We will continue to share our progress as we complete initiatives supporting 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 2025, the “Core” LTD program monthly benefit increased by 1.6%, effective July 1, 2025 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 (28,200+) 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

2025 BOARD OF TRUSTEES	
MEMBER TRUSTEES	EMPLOYER TRUSTEES
- Tracey Dahlin CUPE LOCAL 703 - Irene Schoemaker CUPE LOCAL 561 - Jeff Virtanen CUPE LOCAL 606 - Kyle Clark CUPE LOCAL 523 - Nick Angrignon CUPE NATIONAL SERVICING REPRESENTATIVE - Kirsten Daub CUPE NATIONAL SERVICING REPRESENTATIVE	- Lorelei Russell SD 39 (VANCOUVER) - Alan Chell SD 19 (REVELSTOKE) - Kyle Uno SD 36 (SURREY) - Ryan Hung SD 69 (QUALICUM) - Bruce L. Anderson BCPSEA - Rachael Green SD 33 (CHILLIWACK)

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.

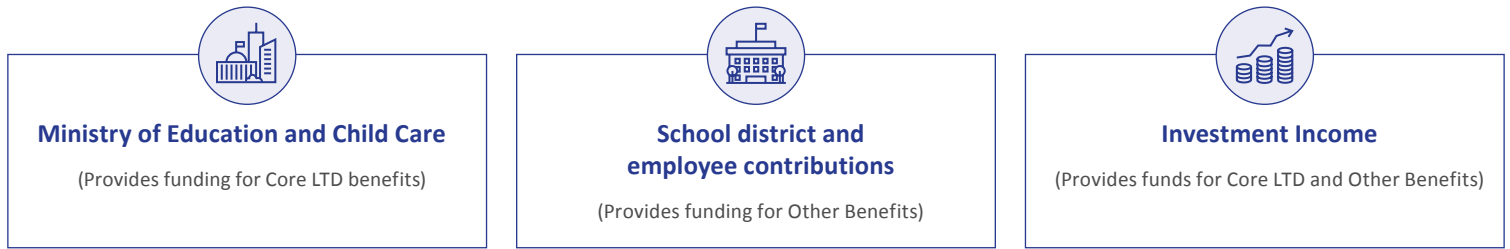


Everyone Benefits from the PEBT

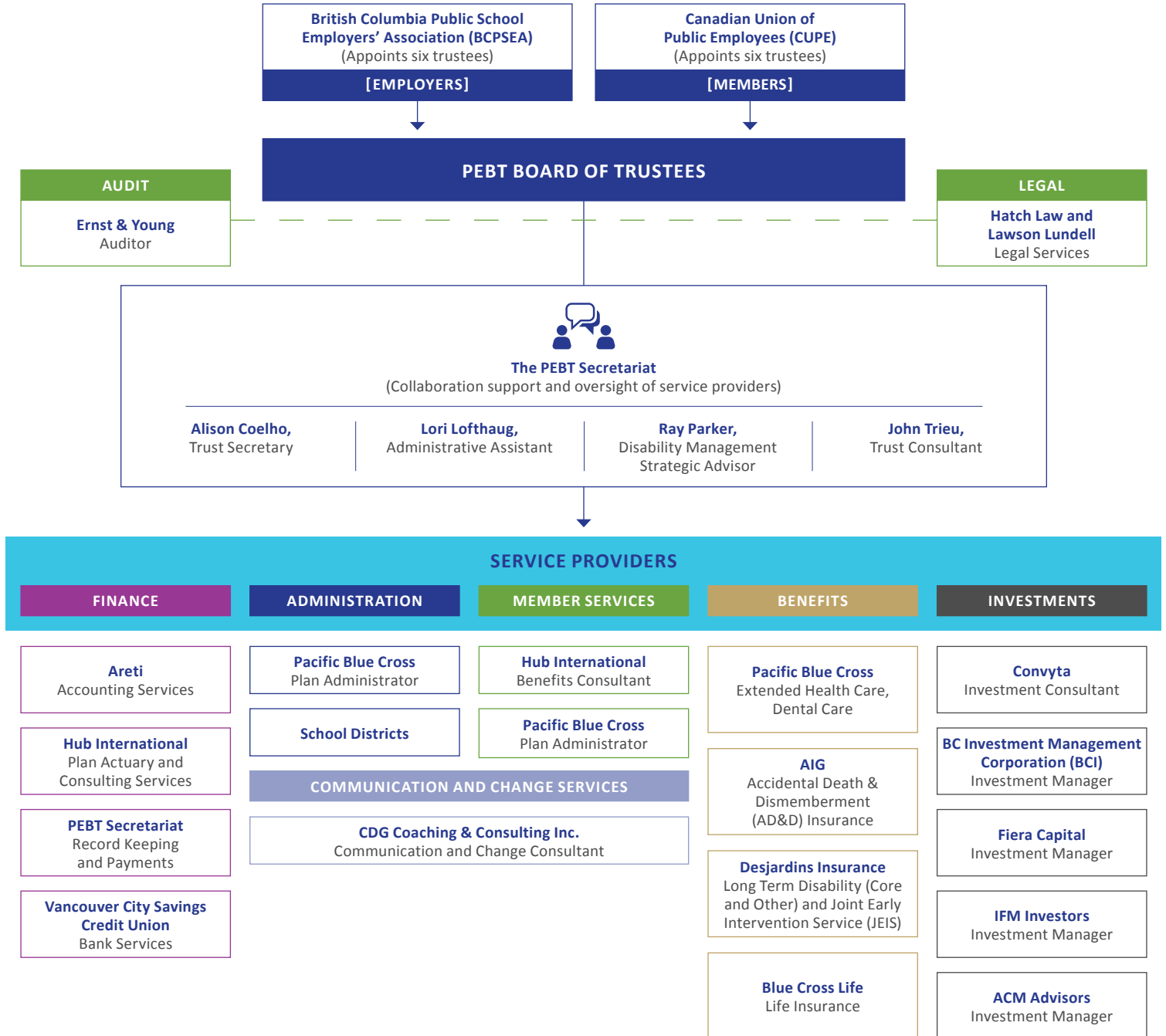
Members, school districts and local unions all benefit from the creation of the PEBT.

- 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 District** 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



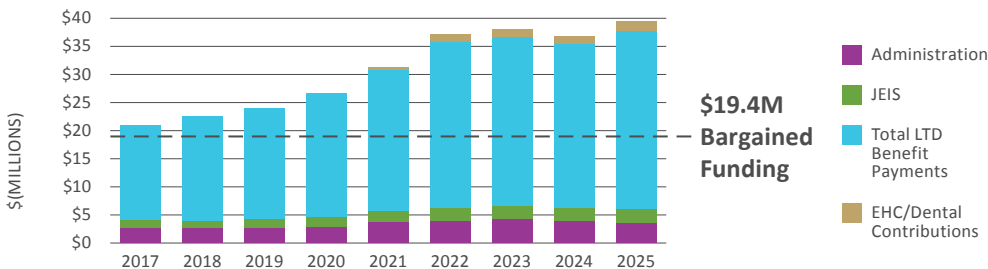
The Board of Trustees selects best-in-class service providers to support the management and operations of the PEBT.

2025 in review

Financial Update

The PEBT investment portfolio performed well in 2025 (see page 12 of this report for more information on our investment portfolio). However, despite positive investment returns, net assets available for Core LTD benefits declined as liabilities increased due to higher claim incidence and a greater number of open claims. At the same time, investable assets reduced as these funds were redeemed to support Core LTD operating expenses.

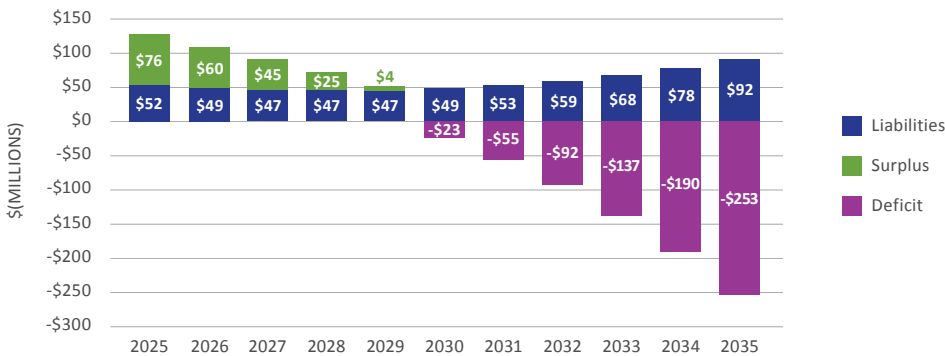
The PEBT continues to focus on operational efficiencies and prudent management of administrative costs. However, the total annual cost of delivering the JEIS and LTD programs exceeds annual government funding, requiring the PEBT to draw on accumulated surplus funds to maintain program operations and continue providing disability benefits to members:



While rising LTD costs are a challenge experienced across disability programs, the PEBT is uniquely affected by external cost pressures due to its defined funding structure, which has remained essentially unchanged since 2002 despite significant changes to the environment in which the PEBT operates. These pressures include:

- Growth in covered membership and increases in member wages
- Increased costs of services from benefit providers
- ICBC legislative changes

Strong governance procedures are in place to ensure our funding position is closely monitored so appropriate actions can be taken to protect the sustainability of the plan. To this end, the PEBT annually performs a funding projection over a 10-year period to evaluate our financial position. Below we have provided the latest projection in 2025:



While the “Core” LTD Program is not projected to reach an unfunded position for a few more years, the PEBT Board of Trustees recognizes that action is required now to address the growing gap between the current funding model and the increasing cost of delivering the program. The Board has proactively engaged the Settlers (CUPE and BCPSEA) and the Province to address these challenges. Additional funding was secured as part of the 2025–2029 Provincial Framework Agreement between BCPSEA and the K-12 Presidents’ Council and Support Staff Unions, providing support towards addressing part of the funding gap. The PEBT has also established contingency action plans and continues to closely monitor the program’s financial position to balance the needs of our members with the long-term sustainability of the plan.

AN OVERVIEW OF THE PLAN’S PERFORMANCE IN 2025

\$144,843,000

Value of the Trust’s investments as of December 31, 2025

\$69,419,000

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

\$41,857,000

Cost of JEIS and LTD

\$19,428,240

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

4,782

Active JEIS cases

752

LTD claims approved

1,478

Members currently on LTD

+9.1%

One-year investment return – lower than benchmark of +9.9%

Update on Our 2025 Initiatives

Supporting Better Return-to-Work Outcomes

In 2025, the PEBT continued its focus on supporting members in their recovery and return to work through the Joint Early Intervention Services (JEIS) and Long-Term Disability (LTD) programs. We worked closely with school districts and local unions to strengthen return-to-work practices, improve communication, and share successful approaches from across the province.

New Toolkits to Support Districts and Local Unions

JEIS Referral Toolkit

To help school districts and local unions provide consistent support to employees during disability-related absences, the PEBT launched a new JEIS Referral Toolkit on pebt.ca. The toolkit includes practical resources, templates, and best practices designed to improve communication, increase awareness of JEIS, and support timely referrals. By providing members with clear information and support early in an absence, districts and unions can help reduce uncertainty, encourage participation in JEIS, and improve return-to-work outcomes.

Return-to-Work Toolkit

To support school districts and unions, the PEBT launched a new Return-to-Work Toolkit on pebt.ca. The toolkit provides practical resources that can help support employees during more complex or longer-term absences.

These tools can be particularly valuable when additional support, communication, or workplace planning may improve outcomes.

1. Supervisor Return-to-Work Guide

- Provides practical tips for supervisors on supporting members before, during, and after a return to work. The guide helps supervisors navigate challenging situations, communicate effectively, and build confidence in supporting members with more complex absences.

2. Member Return-to-Work Quick Guide

- Provides members with clear information about what to expect during a return to work and practical suggestions for navigating the process. It helps reduce uncertainty and encourages open communication between the member, supervisor, union, and Health Care Management Specialist.

3. How to Welcome a Coworker Back Guide

- A simple resource that helps coworkers understand how to provide respectful and supportive encouragement when a colleague returns to work. Positive workplace connections can play an important role in helping employees feel comfortable and successful during their transition back to work.

All resources are designed to be practical, easy to use, and adaptable to the unique circumstances of each workplace.

Working Together Makes a Difference

School districts and local unions continue to play a critical role in supporting members during disability absences. Timely referrals to JEIS, maintaining appropriate contact with absent members, offering modified work when possible, and creating a welcoming environment when members return all contribute to better outcomes.

By continuing to work together and using the tools available, we can help more members return to productive and meaningful work while supporting the long-term sustainability of the JEIS and LTD programs.

SUCCESS STORY

A school district custodian was referred to JEIS following a lengthy absence related to anxiety and depression. After several months away from work, he was concerned about returning and worried about how coworkers would react.

The JEIS team worked closely with the member, healthcare providers, union representatives, and the district to develop a gradual return-to-work plan. The supervisor maintained supportive contact throughout the absence and used resources from the Return-to-Work Toolkit to help prepare for the member's return.

Before his first day back, coworkers were encouraged to focus on welcoming him back rather than asking questions about his absence. The member later shared during a scheduled check-in with his supervisor that this made him feel respected and comfortable returning to the workplace.

The gradual return-to-work plan was successful, and the member steadily increased his hours until he returned to his regular position. He credited the support of his supervisor, coworkers, union, and JEIS team with helping him regain confidence and remain at work.

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

	2024	2025
1. Return-to-work percentage by the 120 th day	69%	66%
2. Return-to-work percentage by the 300 th day	69%	73%
3. Members indicating ‘good’ or ‘very good’ or ‘neutral’ in surveys asking, ‘How well did Desjardins Insurance involve me in my return to work?’	83%	82%
4. District Joint Committees indicating ‘good’ or ‘very good’ in surveys about overall experience with the PEBT JEIS and LTD programs	82%	64%
5. Members indicating ‘good’ or ‘very good’ for overall experience in JEIS and LTD surveys	78%	78%
6. Average number of days for JEIS referrals	8	8
7. On-time payment rate for new LTD claims	87%	88%
8. Annual JEIS and LTD audit scores	86% - JEIS 83% - LTD	86% - JEIS 84% - LTD
9. Members contacted within 24 hours by HCMS	93%	94%
10. Average month-end overdue LTD tasks - Desjardins	71	36



JEIS 2025 PERFORMANCE

8%

Increase in members referred to JEIS in 2025 compared to 2024 (4,782 vs. 4,416)

\$39,943

Increase in JEIS program costs compared to 2024 (\$2,377,536 vs. \$2,337,593)

11

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

Improve the Member Experience with the Absence FAQ

One of the most practical resources in the JEIS Referral Toolkit is the **Absence FAQ**. The toolkit recommends providing it to members on the 7th day of a disability-related absence, when many begin looking for information about sick leave, benefits, medical documentation requirements, JEIS, and the return-to-work process.

The early days of an absence can be stressful and uncertain. Providing clear, consistent information helps reduce anxiety, builds trust, and ensures members are aware of the supports available to them.

Districts using similar absence guides report positive results. Members feel better informed, supervisors and HR staff spend less time answering routine questions, payroll and benefits departments receive fewer inquiries, and members are more likely to engage with JEIS early in their absence.

The Absence FAQ is easy to implement, can be customized to reflect local practices, and is often incorporated into a district’s standard absence process. By providing the right information at the right time, districts can improve communication and create a more supportive experience from the beginning of an absence.

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.

Sustaining the Long-Term Disability Plan: Working Together for Better Outcomes

The PEBT Long-Term Disability (LTD) plan continues to play a vital role in supporting members through some of the most challenging periods of their lives. Since 2003, the plan has provided income replacement and access to treatment and rehabilitation services, helping thousands of members recover, return to meaningful work, and maintain financial stability.

In 2025, positive return-to-work outcomes continued through the combined efforts of members, school districts, unions, healthcare providers, and JEIS. Early support, workplace accommodations, and strong collaboration remain critical to successful recovery and return to work.

At the same time, LTD applications continue to increase, with growing numbers of complex disability absences, particularly those involving mental health. Many members are also managing challenges outside the workplace, including caregiving responsibilities, financial pressures, housing concerns, and delays accessing healthcare. These factors often result in longer, more complex claims requiring greater coordination and support.

Higher claim volumes, rising salaries, and longer claim durations increase program costs. These trends reinforce the importance of early intervention, communication, and strong partnerships.

LTD 2025 PERFORMANCE

77

Increase in total active LTD claims compared to 2024 (1,478 vs. 1,401)

954

Members currently on LTD leave for less than five years

524

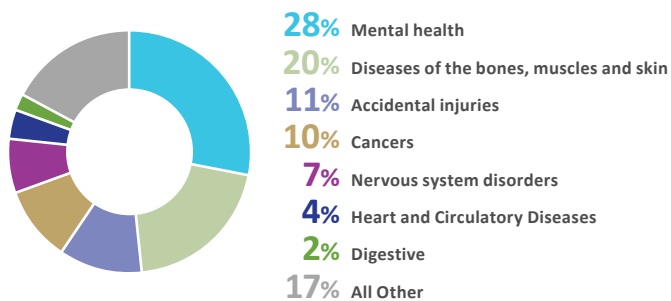
Members currently on LTD leave for longer than five years

SUCCESS STORY: SMALL ADJUSTMENTS, BIG RESULTS

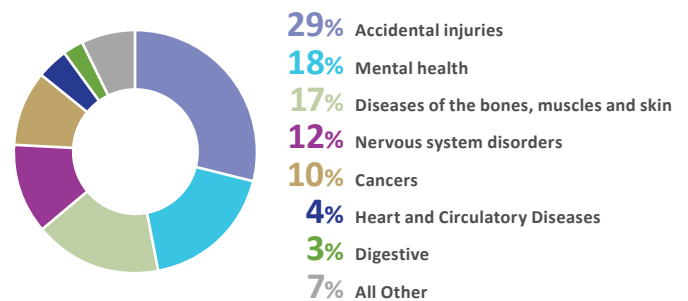
After several months on LTD due to a chronic health condition, an administrative assistant was ready to return to work but had concerns about managing her workload.

The member, supervisor, union, healthcare providers, and LTD Claims Specialist developed a gradual return-to-work plan with modified hours and temporary duty adjustments. Within a few months, she resumed her regular schedule, crediting the flexibility, communication, and workplace support she received for her successful recovery.

CAUSES OF DISABILITY –
2025 ACTIVE BENEFIT CLAIMS



CAUSES OF DISABILITY –
2015 ACTIVE BENEFIT CLAIMS



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:



Basic and Optional Life Insurance



Basic and Optional Accidental Death and Dismemberment (AD&D) Insurance



Dental Care



Extended Health Care (including Medical Referral and Travel, where applicable)

OTHER BENEFITS 2025 PERFORMANCE

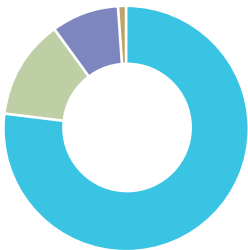
Life Insurance:
\$3,908,340

Basic and Optional Life claims paid in 2025 (\$3,189,033 in 2024)

AD&D Insurance:
\$78,000

Basic and Optional AD&D claims paid in 2025 (\$0 in 2024)

DENTAL CLAIMS BY CATEGORY



TOTAL
\$49,365,512

\$38,042,300 Basic
\$6,483,948 Major
\$4,422,872 Orthodontics
\$416,392 Other Services

Dental Care:
\$49,365,512

Dental care claims paid in 2025

3%
Increase in dental care costs compared to 2024



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 \$2,803,665 within the Trust 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.
- Generating additional income from investments of reserves to offset costs.

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

\$71,248,501

Extended Health Care claims paid
in 2025

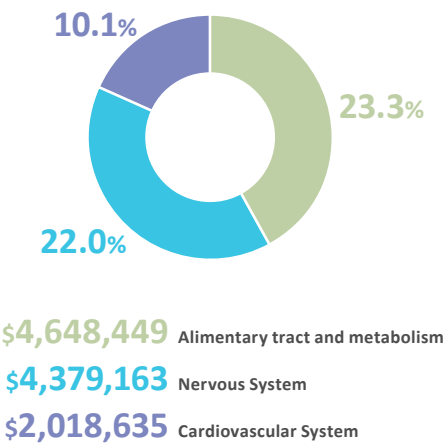
11%

Increase in Extended Health Care costs
compared to 2024

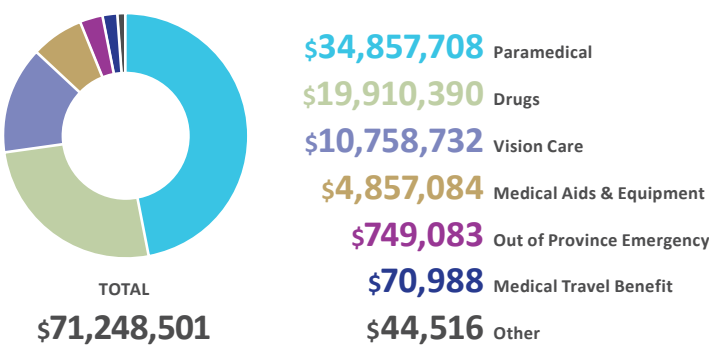
30%

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 PEBT maintain benefits for the “Core” LTD and subsidize operating expenses incurred to manage the Trust.

The PEBT has two main objectives for its investments:

1. Generate investment earnings of at least 5.5% on average each year, over a 5-year period
2. Reduce the risk of losing capital in any year

Positive investment returns for 2025 enabled the portfolio to meet the PEBT’s 5.5% 5-year investment objective. Despite these positive results, JEIS and LTD program costs are much greater than the \$19.4 million annual funding provided by the government and assets are regularly redeemed from the investment portfolio to pay for benefits and operational expenses. This also means there are less funds invested each year to generate the income required to cover the gap between costs and annual funding.



PEBT INVESTMENTS IN 2025

+9.1%

One-year investment return – lower than benchmark of +9.9%. The PEBT continues to meet its objectives by earning 5.8% over the last 5 years.

\$144,843,000

Value of the Trust’s investments as at December 31, 2025.

\$4,778,000

Decrease in the Trust’s investments compared to 2024. Includes investment returns and fund withdrawals.

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



Important notice

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

Appendices

Appendix 1:

Audited financial statements

Public Education Benefits Trust Fund

Financial statements
December 31, 2025



Shape the future
with confidence

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, 2025, 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, 2025, 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 16, 2026

Ernst & Young LLP

Chartered Professional Accountants

Public Education Benefits Trust Fund

Statement of financial position

As at December 31

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2025 Total \$	2024 Total \$
Assets												
Cash	4,084,645	2,244,834	224,117	268,712	19,450,376	8,763,886	1,852,026	522,187	4,129,998	1,541,762	43,082,543	30,503,768
Restricted cash <i>[note 4]</i>	—	—	—	—	6,848,286	10,879,990	—	—	—	—	17,728,276	12,779,600
Investments at fair value <i>[note 5[a]]</i>	119,433,882	—	—	—	—	—	—	—	25,409,040	—	144,842,922	149,621,149
Due from other benefits	265,631	—	—	—	—	—	—	—	—	—	265,631	46,470
Prepaid expenses and other receivables	389,556	—	—	—	—	—	—	—	—	—	389,556	389,556
Claims fluctuation account <i>[note 7]</i>	—	—	—	—	—	—	—	—	641,566	—	641,566	571,081
Total assets	124,173,714	2,244,834	224,117	268,712	26,298,662	19,643,876	1,852,026	522,187	30,180,604	1,541,762	206,950,494	193,911,624
Liabilities												
Accounts payable and accrued liabilities	209,265	—	—	—	—	—	—	—	—	—	209,265	241,292
Benefit and premium costs payable	4,299,814	6,127	53,150	268,712	8,498,657	5,938,999	5,109	—	855,371	9,051	19,934,990	15,738,044
Due to Core LTD	—	—	519	—	136,446	104,281	519	—	23,865	—	265,630	46,470
Deferred contributions <i>[note 6]</i>	—	—	222,664	—	387,852	277,376	625	452	17,885	492	907,346	616,631
Provision for claim reserves <i>[note 8]</i>	50,821,000	—	—	—	2,550,000	2,133,000	—	—	13,915,000	—	69,419,000	64,590,000
Total liabilities	55,330,079	6,127	276,333	268,712	11,572,955	8,453,656	6,253	452	14,812,121	9,543	90,736,231	81,232,437
Net assets available for benefits	68,843,635	2,238,707	(52,216)	—	14,725,707	11,190,220	1,845,773	521,735	15,368,483	1,532,219	116,214,263	112,679,187

See accompanying notes

On behalf of the Board:



Alan Chell PEBT, Employer Trustee



Irene Schoemaker PEBT, Member Trustee

Public Education Benefits Trust Fund

Statement of changes in net assets available for benefits

Year ended December 31

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2025 Total \$	2024 Total \$
Increase in net assets												
Contributions												
Province of British Columbia	19,428,240	—	—	—	—	—	—	—	—	—	19,428,240	20,428,240
School districts	—	—	264,190	—	79,150,566	60,541,598	137,803	3,677	4,157,715	92,491	144,348,040	124,768,959
Investment income												
Interest and dividends <i>[note 5[b]]</i>	4,319,466	64,360	—	—	383,301	269,142	—	—	1,279,640	—	6,315,909	8,055,044
Realized gains <i>[note 5[b]]</i>	3,406,288	—	—	—	—	—	—	—	468,985	—	3,875,273	2,848,803
Unrealized gains	3,522,323	—	—	—	—	—	—	—	928,101	—	4,450,424	8,714,792
Other income	20,485	—	—	—	—	—	—	—	—	—	20,485	—
Total increase in net assets	30,696,802	64,360	264,190	—	79,533,867	60,810,740	137,803	3,677	6,834,441	92,491	178,438,371	164,815,838
Decrease in net assets												
Benefits costs												
Change in claim reserves	2,506,000	—	—	—	214,000	84,000	—	—	1,791,000	—	4,595,000	465,000
Claims paid	21,937,599	—	—	—	70,920,579	49,363,993	—	—	—	—	142,222,171	130,953,786
Insurance premiums												
Durational pooling	8,281,742	—	—	—	—	—	—	—	—	—	8,281,742	8,081,229
Other <i>[note 9]</i>	1,657,956	—	262,152	—	—	—	43,356	—	4,201,835	—	6,165,299	6,672,249
Administration	1,333,112	—	42	1,553,153	3,800,872	1,292,273	42	—	1,912	—	7,981,406	7,890,060
Medical reports and other	973,091	—	—	824,383	—	—	—	—	—	—	1,797,474	1,800,610
EHC/Dental contributions for disabled members	1,434,284	—	—	—	—	—	—	—	—	—	1,434,284	1,157,367
Medical monitoring	—	54,214	—	—	—	—	—	—	—	—	54,214	44,999
Operating costs												
Advisory services	197,165	—	404	—	106,259	81,209	404	—	18,585	—	404,026	396,103
Communications	1,930	—	4	—	1,040	795	4	—	182	—	3,955	3,087
Bank charges	871	—	2	—	461	353	2	—	81	—	1,770	4,341
Consulting and actuarial fees <i>[note 10]</i>	160,504	—	285	—	74,832	57,191	285	—	13,089	—	306,186	315,592
Investment management fees	455,122	—	—	—	—	—	—	—	93,508	—	548,630	489,415
Office	265	—	—	—	143	109	—	—	25	—	542	2,850
Professional fees <i>[note 10]</i>	409,209	—	839	—	220,537	168,547	839	—	38,573	—	838,544	806,591
Other operating	14,252	—	29	—	7,681	5,870	29	—	1,343	—	29,204	—
Special project	9,048	—	19	—	4,876	3,727	19	—	853	—	18,542	47,487
Transition project	60,652	—	124	—	32,688	24,982	124	—	5,717	—	124,287	161,087
Trustee costs												
Trustee travel and meetings	29,634	—	61	—	15,971	12,206	61	—	2,793	—	60,726	116,831
Wages and benefits	17,223	—	35	—	9,282	7,094	35	—	1,624	—	35,293	6,774
Total decrease in net assets	39,479,659	54,214	263,996	2,377,536	75,409,221	51,102,349	45,200	—	6,171,120	—	174,903,295	159,415,458

Public Education Benefits Trust Fund

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

Year ended December 31

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2025 Total \$	2024 Total \$
Increase (decrease) in net assets												
Net excess (deficiency) before undernoted	(8,782,857)	10,146	194	(2,377,536)	4,124,646	9,708,391	92,603	3,677	663,321	92,491	3,535,076	5,400,380
Transfers	(2,377,536)	—	—	2,377,536	—	—	—	—	—	—	—	—
Net increase (decrease) in net assets	(11,160,393)	10,146	194	—	4,124,646	9,708,391	92,603	3,677	663,321	92,491	3,535,076	5,400,380
Net assets available for benefits, beginning of year	80,004,028	2,228,561	(52,410)	—	10,601,061	1,481,829	1,753,170	518,058	14,705,162	1,439,728	112,679,187	107,278,807
Net assets available for benefits, end of year	68,843,635	2,238,707	(52,216)	—	14,725,707	11,190,220	1,845,773	521,735	15,368,483	1,532,219	116,214,263	112,679,187

See accompanying notes

Public Education Benefits Trust Fund

Statement of changes in actuarial obligations

Year ended December 31

	Core LTD program \$	Addiction treatment \$	Other LTD benefits \$	Return to work program \$	Extended health \$	Dental \$	AD&D \$	Optional AD&D \$	Life \$	Optional life \$	2025 Total \$	2024 Total \$
Changes in actuarial obligations												
Benefits accrued	26,294,000	—	—	—	—	—	—	—	3,490,000	—	29,784,000	31,148,000
Benefits plus expenses paid	(21,496,000)	—	—	—	—	—	—	—	(2,261,000)	—	(23,757,000)	(22,844,000)
Interest accrued on benefits	2,066,000	—	—	—	—	—	—	—	555,000	—	2,621,000	2,661,000
Effect of experience gain or loss	(6,864,000)	—	—	—	—	—	—	—	(1,784,000)	—	(8,648,000)	(10,965,000)
Effect of demographic changes	3,890,000	—	—	—	—	—	—	—	1,421,000	—	5,311,000	1,770,000
Effect of change in valuation basis	(1,182,000)	—	—	—	—	—	—	—	—	—	(1,182,000)	(1,342,000)
Total increase in actuarial obligations	2,708,000	—	—	—	—	—	—	—	1,421,000	—	4,129,000	428,000
Actuarial obligations, beginning of year	35,168,000	—	—	—	—	—	—	—	9,484,000	—	44,652,000	44,224,000
Actuarial obligations, end of year	37,876,000	—	—	—	—	—	—	—	10,905,000	—	48,781,000	44,652,000
Incurred but not reported component of claim reserves	12,945,000	—	—	—	2,550,000	2,133,000	—	—	3,010,000	—	20,638,000	19,938,000
Provision for claim reserves, end of year	50,821,000	—	—	—	2,550,000	2,133,000	—	—	13,915,000	—	69,419,000	64,590,000

See accompanying notes

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2025

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, 2025

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.

During the year ended December 31, 2024, the Trust received a one-time funding amount of \$1,000,000 under an agreement with the Government of British Columbia to be utilized for addiction treatment support programs.

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 2023 and 2024.

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, and investments, which are subsequently measured at fair value. 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, 2025

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 ["Desjardins"] 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, 2025

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 as at December 31, 2025 was \$641,566 [2024 – \$571,081].

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, 2025;
- [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, 2025 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, 2025

5. Investments and realized investment income

[a] Summary by type of investment

	2025	2024
	\$	\$
Canadian equity pooled funds	14,467,113	15,913,577
International equity pooled funds	27,298,937	30,120,992
Fixed income pooled funds	41,045,955	43,079,554
Canadian money market funds	4,660,351	4,505,234
Mortgage funds	23,891,289	25,381,663
Global infrastructure funds	33,479,277	30,620,129
	144,842,922	149,621,149

[b] Realized investment income by type

	2025	2024
	\$	\$
Cash and short-term investments	2,168,757	2,061,507
Canadian equity pooled funds	313,475	284,776
International equity pooled funds	3,031,207	2,439,030
Fixed income pooled funds	1,800,408	2,172,572
Canadian money market funds	322,200	588,428
Mortgage funds	1,519,162	1,671,627
Global infrastructure funds	1,035,973	1,685,907
	10,191,182	10,903,847
Disclosed as		
Interest and dividends	6,315,909	8,055,044
Realized gains	3,875,273	2,848,803
	10,191,182	10,903,847

6. Deferred contributions

In 2025, the Trust received \$907,347 [2024 – \$616,631] from school districts as contribution payments for 2026.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2025

7. Claims fluctuation account

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

	2025	2024
	\$	\$
Balance, beginning of year	571,081	396,015
Required funding for the year	70,485	175,066
Balance, end of year	641,566	571,081

8. Provision for claim reserves

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

	2025	2024
	\$	\$
Claims in progress/ongoing	35,102,000	32,977,000
Group life waiver of premiums	10,905,000	9,484,000
Extended health, dental, LTD	2,774,000	2,191,000
	48,781,000	44,652,000
Incurred but not reported claims	20,638,000	19,938,000
	69,419,000	64,590,000

9. Durational pooling [other]

During the year ended December 31, 2025, 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 \$1,657,956 [2024 – \$1,866,001].

10. Operating expenses

Operating expenses consist of the following:

	2025	2024
	\$	\$
Consulting and actuarial fees		
HUB	284,533	278,954
Other	21,652	36,638
	306,185	315,592

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2025

	2025 \$	2024 \$
Professional fees		
Ernst & Young LLP	58,695	53,550
Areti LLP	40,950	40,950
Trust Secretariat	734,597	708,260
Hatch Law	4301	3,831
	838,543	806,591

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.

	2025			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	43,082,543	—	—	43,082,543
Restricted cash	17,728,276	—	—	17,728,276
Canadian equity pooled funds	—	14,467,113	—	14,467,113
International equity pooled funds	—	27,298,937	—	27,298,937
Fixed income pooled funds	—	41,045,955	—	41,045,955
Canadian money market funds	—	4,660,351	—	4,660,351
Mortgage funds	—	23,891,289	—	23,891,289
Global infrastructure funds	—	33,479,277	—	33,479,277
	60,810,819	144,842,922	—	205,653,741

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2025

	2024			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Cash	30,503,768	—	—	30,503,768
Restricted cash	12,779,600	—	—	12,779,600
Canadian equity pooled funds	—	15,913,577	—	15,913,577
International equity pooled funds	—	30,120,992	—	30,120,992
Fixed income pooled funds	—	43,079,554	—	43,079,554
Canadian money market funds	—	4,505,234	—	4,505,234
Mortgage funds	—	25,381,663	—	25,381,663
Global infrastructure funds	—	30,620,129	—	30,620,129
	43,283,368	149,621,149	—	192,904,517

There were no transfers of investments between the levels during the years ended December 31, 2025 and 2024.

12. Financial instruments and risk management

The Trust is largely exposed to financial instrument risk on its investments, which are recorded at fair value.

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

Managing financial risk

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

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

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2025

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 \$14,484,292 [2024 – \$14,962,115].

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.

Public Education Benefits Trust Fund

Notes to financial statements

December 31, 2025

13. Actuarial valuation

Actuarial valuations are required annually under the Trust Agreement. The latest actuarial valuation was performed as at December 31, 2025 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, 2025 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 2009–2015 Canadian Institute of Actuaries [“CIA”] study of disability termination experience based on Plan experience. The primary assumptions for group life benefits include rates of mortality and recovery, based on the CIA Long-term Disability Termination Study based on 2009–2015 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, 2025, the Trust paid administrative expenses of \$60,725 [2024 – \$116,831] in support of Board meetings and training. All transactions with related parties were 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

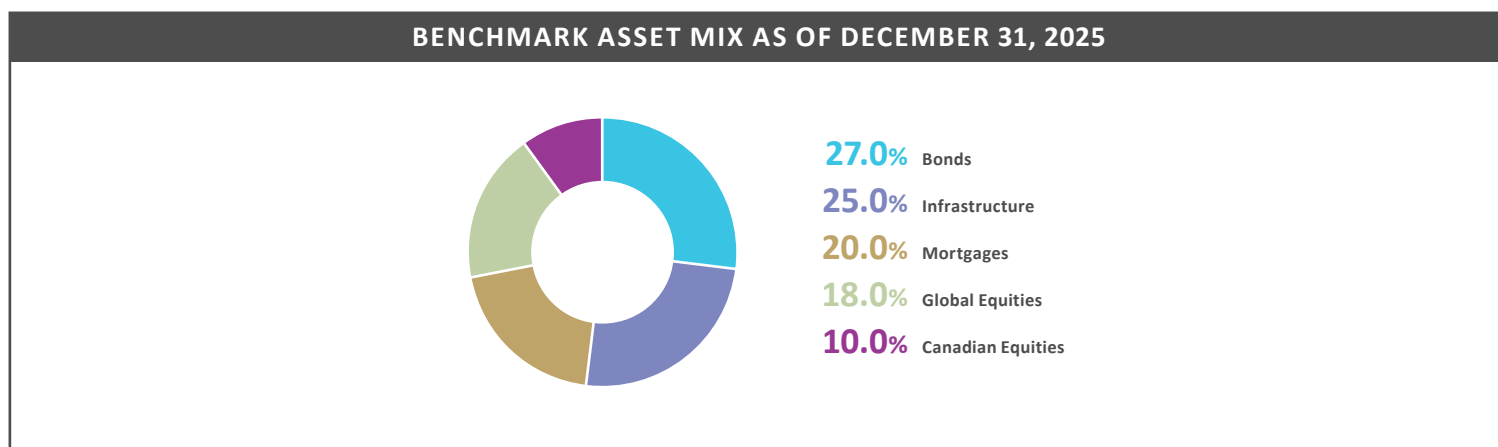
Appendix 2:

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:

INVESTMENTS — AT FAIR VALUE					
FUND	2025	2024	2023	2022	2021
Canadian equity funds	\$14,467,113	\$15,913,577	\$14,419,489	\$14,031,000	\$20,179,000
Global equity funds	\$27,298,937	\$30,120,992	\$30,090,763	\$49,283,000	\$61,992,000
Universe bonds	\$41,045,955	\$43,079,554	\$70,934,386	\$59,689,000	\$76,770,000
Infrastructure	\$33,479,277	\$30,620,129	\$28,280,893	\$26,236,000	\$23,748,000
Short-Term bonds	\$0	\$0	\$0	\$0	\$0
Mortgages	\$23,891,289	\$25,381,663	\$7,800,000	\$0	\$0
Money market and cash	\$4,660,351	\$4,505,234	\$4,177,518	\$3,698,000	\$1,794,000
Total Portfolio*	\$144,842,922	\$149,621,149	\$155,703,049	\$152,937,000	\$184,483,000
In-Year Investment Returns	9.1%	12.2%	9.9%	-7.9%	7.3%

*Reflects investment returns and fund withdrawals.