

Pension Plan for Employees of FortisBC Energy Inc. (the “Plan”)

Member Update – August 2022

Actuarial valuation completed – pension contribution rates decrease to 6.9%

As required by BC pension legislation every three years, an actuarial valuation of the Plan was recently completed by the Plan’s actuary using a December 31, 2021 measurement date. As a result of the actuarial valuation, contribution rates for Plan Members and the Company will decrease from 8.7% to 6.9%. The new contribution rate of 6.9% will take effect during the first pay period in October 2022.

Ancillary contributions – making optional contributions to increase the value of your pension benefits

You are eligible to make optional ancillary contributions to the Plan to enhance the value of your pension upon retirement. The Income Tax Act permits total pension contributions up to 9.0% of earnings, which means for most Plan Members the eligible ancillary contribution room will increase from 0.3% to 2.1% in October 2022.

More information will be provided to you about the optional ancillary contributions and how the ancillary contribution rate will affect you shortly.

Please contact the [Pension department](#) if you’re interested in opening an ancillary account, changing your bi-weekly deduction rate, or if you have any questions regarding ancillary contributions.

December 31, 2021, actuarial valuation results – going concern and solvency

The cost of funding the Plan is shared equally between Plan Members and the Company. The amount required to fund the Plan is determined through an actuarial valuation. It’s dependent on several factors, including investment performance, the interest rate environment, salary increases, mortality rates, and pension legislation. An actuarial valuation assesses the funded status of the Plan under two measures:

1) Going concern valuation

A going concern valuation assesses the Plan’s funded status on the valuation date, assuming the Plan continues indefinitely. As of December 31, 2021, the going concern funded ratio is 113%, which means the Plan currently has more assets than required to pay for benefits earned by Plan Members, provided the Plan continues to operate over the long term.

2) Solvency valuation

A solvency valuation compares the Plan's assets to the cost of settling all member benefits, had the Plan been terminated on the valuation date. As of December 31, 2021, the solvency ratio is 97%, meaning that if the Plan had terminated on that date, it would have enough assets to pay 97% of the promised benefits to Plan Members.

The actuarial valuations are dependent on a number of assumptions about future events. If actual experience differs from the assumptions used in the valuation, the financial position of the Plan may be impacted. Regular valuations are completed to monitor the financial health of the Plan in accordance with pension legislation, to ensure that funding remains adequate over time.

The table below summarizes the results of the December 31, 2021 actuarial valuation compared to the results of the prior valuation.

Valuation date	31-Dec-2021	31-Dec-2018
Going concern valuation		
Plan Assets	\$ 199,800,000	\$ 121,700,000
Plan Liabilities	\$ 177,100,000	\$ 108,000,000
Surplus/(Deficit)	\$ 22,700,000	\$ 13,700,000
Going concern funded ratio	113%	113%
Solvency valuation		
Plan assets	\$ 210,000,000	\$ 115,100,000
Plan liabilities	\$ 217,400,000	\$ 129,400,000
Surplus/(deficit)	\$ (7,400,000)	\$ (14,300,000)
Solvency Funded Ratio	97%	89%

The next actuarial valuation measurement date will occur no later than December 31, 2024.

Plan governance

The Joint Pension Committee (the "JPC") oversees the governance and administration of the Plan and reports up to the Executive Pension Committee. The Company and employee representatives of the JPC are:

Company representatives

Elizabeth Gorman (chair)
Katrina Craig
James Wong
Barb Richardson

Employee representatives

Bea Bains
Christopher Huang
Jamie King
Joyce Ng

Additional information such as a copy of the [pension handbook](#), [beneficiary change form](#), and prior communications can be found on the pension [Connector page](#).

If you have any questions, please contact the [FortisBC Pension team](#) at 1-877-469-8022 or pensions@fortisbc.com.