

Pension News

August 2025

A newsletter for members of the Pension Plan for Employees of FortisBC Energy Inc. (the "Plan")

Actuarial valuation completed – pension contribution rates increase to 7.7%

BC pension legislation requires that at least once every three years, an actuarial valuation be prepared to assess the funded status of the Plan and determine the required contribution rates. The Plan's actuary recently completed the required valuation as of December 31, 2024. As a result of the actuarial valuation, **required contribution rates for Plan Members and the Company will increase from 6.9% to 7.7%, effective the first pay period in October 2025 (pay period 21).**

December 31, 2024 valuation results

The results of the December 31, 2024 valuation show that the Plan is fully funded on both a going concern and solvency basis. The going concern position has decreased from 112.8% at the last valuation to 101.9% as of December 31, 2024 primarily as a result of a provision for adverse deviation (PfAD) that is prescribed by the provincial pension regulator.

Valuation date	31-Dec-2024	31-Dec-2021
Going concern valuation		
Plan assets	\$255,200,000	\$199,800,000
Plan liabilities	\$250,600,000	\$177,100,000
Surplus/(Deficit)	\$4,600,000	\$22,700,000
Funded Ratio	101.9%	112.8%
Prescribed PfAD	16.85%	8.80%

Solvency valuation		
Plan assets	\$268,700,000	\$210,000,000
Plan liabilities	\$248,000,000	\$217,400,000
Surplus/(Deficit)	\$20,700,000	(\$7,400,000)
Funded Ratio	108.4%	96.6%

Plan assets and liabilities are determined using different methodologies for the going concern and solvency bases. You can learn more about these valuation bases on the next page.

Voluntary Ancillary Contributions

In addition to the required contributions, Plan Members have the option to make voluntary contributions to an ancillary account that may be used to enhance pension benefits upon retirement. Since the maximum employee contribution rate under the Income Tax Act is 9.0%, the maximum permissible ancillary contribution rate will **decrease from 2.1% of bi-weekly salary to 1.3% in October 2025.**

If you are already contributing to an ancillary account, your bi-weekly deductions will automatically be changed to 1.3%. If you are interested in initiating these voluntary contributions, or to change your voluntary contribution rate to something less than 1.3%, please contact the [FortisBC Pension department](#).

Required Contributions

Plan Members and FortisBC are required to contribute equal amounts to the Plan, which are calculated as part of bi-weekly payroll processing. The contributions are pooled together, remitted to the pension fund, and invested by the Plan's Outsourced Chief Investment Officer in accordance with the investment policy established by the Joint Pension Committee and Executive Pension Committee (the "Committees"). Although the Committees take steps to mitigate contribution rate volatility, the rates are ultimately dependent on the funded status of the plan revealed in each actuarial valuation and are expected to change as a result of actual demographic and financial experience differing from the assumptions used in the valuations.

The following table summarizes the historical contribution rates for the Plan since inception:

Effective Date	Contribution Rate
October 1, 2025	7.7%
October 1, 2022	6.9%
October 1, 2019	8.7%
January 1, 2017	8.1%
October 1, 2016	9.3%
October 1, 2013	9.8%
October 1, 2010	7.5%
January 1, 2007	5.0%

What is an actuarial valuation?

An actuarial valuation is the process used to determine a pension plan’s financial position and contribution requirements. These valuations are dependent on several factors including actuarial practices, pension legislation, and several assumptions including the discount rate or expected return on plan assets, future salary increases, and mortality. The funded status is assessed under two bases:

Going concern valuation

The going concern valuation assesses the Plan's funded status on the valuation date, assuming the Plan continues indefinitely. As of December 31, 2024, the going concern funded ratio is 101.9%, 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.

Solvency valuation

The 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, 2024, the solvency ratio is 108.4%, meaning that if the Plan had terminated on that date, it would have enough assets to pay all of the promised benefits to Plan Members.

Regular valuations are completed to monitor the financial health of the Plan in accordance with pension legislation and to ensure that funding remains adequate over time. Although the plan is currently in good financial health, being fully funded on both a going concern and solvency basis, provincial pension legislation is driving the increase in the required contribution rate in an effort to ensure the Plan maintains this healthy profile over the span of the next three years. The increased rate (through the prescribed provision for adverse deviation) provides a buffer to protect the Plan from changing interest rate environments.

Looking for more information?

Visit the online Pension Web Portal at <https://fortisbc.hroffice.com> where you can access your annual pension statements and run personalized pension estimates. It is important to review the *personal information* section of your annual statement and contact the [FortisBC Pension Department](#) if anything needs to be updated, or if you have any questions about your pension.

You can also check out the [Pension Handbook](#) on Connector for more information about the Plan.

FortisBC Pension Department:

1-888-469-8022
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Plan investments

Plan Member and Company contributions are deposited into the pension fund and, together with investment income, are used to pay for the pensions of all plan members. The Committees have established a Statement of Investment Policy and Procedures (SIP&P) for the Plan which sets investment guidelines for the Plan’s external investment managers as well as criteria to evaluate the investment performance of the fund.

The Plan assets are invested in accordance with the SIP&P by the Plans’ Outsourced Chief Investment Officer who has been delegated these duties by the Committees. Through this delegation, the Plan is exposed to a greater diversity of funds at an affordable cost. The Plan’s current investment portfolio includes allocations to global equity, bonds, real estate, infrastructure and alternative credit funds.

Year	Rate of Return*	Benchmark
2024	11.3%	11.9%
2023	14.4%	14.6%
2022	-11.6%	-13.8%
2021	12.1%	10.3%
2020	10.7%	10.1%

**gross of investment management fees*

Meet your Joint Pension Committee

The Joint Pension Committee oversees the governance and administration of the Plan and reports up to the Executive Pension Committee. The Committees are responsible for carefully managing the Plan to ensure that benefit obligations are fulfilled and regulatory requirements are met.

The Company and Employee representatives of the Joint Pension Committee are:

Company Representatives	Employee Representatives
Elizabeth Gorman (chair)	Bea Bains
Katrina Craig	Jamie King
Pauline Hum	Jay Loder
Elliott He (alternate)	