



Ministry of Municipal  
Affairs

Local Government Infrastructure  
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Victoria BC V8W 9T1

CIRCULAR

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Circular No. 24:04

February 06, 2024

To: All Municipal and Regional District Financial Administrators, Auditors

Re: Pension Information for Notes to Financial Statements

Attached is an update of the recommended pension note to the financial statements of local governments in the Province of British Columbia for December 31, 2023. Two note options are provided. Please choose the one that best meets the needs of your local government.

There are a few minor changes from the 2022 note including an adjustment to the number of active members from 227,000 to 240,000 and the number of retired members from 118,000 to 124,000. Further information and the actuarial report itself can be found at:

[www.pensionsbc.ca](http://www.pensionsbc.ca).

If you have any questions with respect to this note, please contact the Financial Officer assigned to your area.

Joshua Craig, CPA  
Director

Local Government Finance

Attachment

## **Pension Information for Notes to Financial Statements**

### **Option 1:**

The [employer] and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The [insert name of organization] paid \$XXXX for employer contributions to the plan in fiscal [insert year].

The next valuation will be as at December 31, 2024.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

## **Option 2:**

The [employer] and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The [insert name of organization] paid \$XXXX (2022 - \$XXXX) for employer contributions while employees contributed \$XXXX (2022 - \$XXXX) to the plan in fiscal [insert year].

The next valuation will be as at December 31, 2024.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.