

# Delivering the pension promise

CBC  Radio-Canada

CBC Pension Plan  
Annual Report  
**HIGHLIGHTS**

2016



CBC Pension Plan



# Committed to pension **stability** and **security**

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**The CBC Pension Board of Trustees  
understands the importance of long-term  
benefit security to members.**

We are committed to meeting the pension promise by ensuring you receive the pension benefits you've worked hard for and earned. In the report that follows, you will find details about 2016's Pension Plan activities and performance. We hope it provides reassurance that the plan is secure and stable. We want you to understand and feel confident that your pension will be there when you need it.

# 2016 HIGHLIGHTS

Excerpts from the 2016 Annual Report



**\$1.73**

**BILLION**

(Funding Surplus)



**135%**

(Funding Ratio)



**\$6.62**

**BILLION**

(Net Assets)



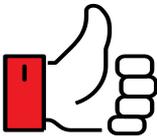
**5.8%**

(2016 rate of return)



**9.6%**

(4-year annualized rate of return)



**95%**

(Member Service Satisfaction Level)



**18,726**

(Total membership)

## 2016 ACTIVITY HIGHLIGHTS

**Member Services** - We are committed to providing pension administration services to our members in a timely and cost efficient basis. This starts with providing clearly communicated information to our members about our services; establishing acceptable service level criteria and providing services that meet this quality standard. Our service levels continue to meet or exceed targets and survey results regarding member experience have been rated good/excellent 96.9% of the time by those completing the survey. Participation in member satisfaction surveys continues to increase and we will look for expanded ways for members to provide feedback on our services.

Last year we began the roll out of a multi-year plan to bring a more member-centric approach to our communications. This year, we revised the Trustees and CEO letters in the annual report to focus more on what mattered to members and less on financial market developments. The Plan's public website, the front page of the PAC website and the pension section of the CBC/Radio-Canada's iO Portal have been similarly revised. The format of the Trustees' quarterly Communiqué was simplified and includes a one-page infographic summarizing our long-term Strategic Plan goals and the status of our activities.

**Investment Management** - We are also responsible for the investment of assets used to pay benefits. Although your benefits are not based on our investment returns, our ability to generate solid, stable investment returns helps to create a more sustainable pension plan. Despite a year of choppy financial markets and surprising geo-political events, our investment returns managed to keep pace with the growth in long-term pension obligations. During the year, we continued to focus on growing our internal investment management capabilities by completing the corporate bond transition to internal management and by developing an in-house currency management program for implementation in 2017.

**Operations / Risk Management** - Understanding, mitigating and managing the risks faced by the Plan remains a critical component of our operational oversight. As institutional investors, we need to be aware of these risks and know when to take advantage or avoid them. In 2016 we completed the biennial review of the Risk Register which identifies the Plan's major risks and assesses our risk mitigating activities and controls. Regulatory risk was identified as a key Plan risk as the amount of regulation continues to increase. During the year, we spent a significant amount of time actively engaging with the regulator and industry organizations to better understand and respond to regulatory developments. A comprehensive framework to address cyber risk was also developed.

**Governance** - It has been well researched that good governance leads to better investment and operational performance. We have long recognized the importance of a robust governance model which includes training for new Trustees and ongoing education sessions for all Trustees in light of an ever-evolving pension industry. This year we welcomed two new Trustees and prepare for two new Trustees in 2017. An industry wide assessment of auditor services was undertaken and following a robust process the decision was made to retain the services of our current provider. A third-party testing of fraud controls was also completed as part of the Trustees assurance control framework.

# TRUSTEES REPORT



The CBC Pension Plan is focused on one simple overriding objective – to meet the pension promise. What this means to you, our plan members, is that everything we do is aligned with ensuring that members receive every dollar of pension benefits that they have earned. We strive to ensure that whether you retire today, tomorrow or in 40 years or more from now, the Plan will be able to pay the pension benefits that you have earned. 2016 marked another year of achievement and progress in meeting this objective.

## Financial Health of the Plan

The Plan's primary way of assessing its overall financial health and its ability to meet the pension promise over the long term is by its funding ratios, or the value of the Plan's assets relative to the value of the pension obligations. The Plan's ratio of assets to obligations on a going-concern basis was a very healthy 135% at year end. More simply put, the Plan had approximately \$1.35 of assets for each dollar of going-concern pension plan obligations. The Plan's positive going-concern funding status indicates the strong financial strength of the Plan and its ability to fulfill its pension obligations on a going-concern basis. Secondary, but still an important way of assessing the performance and health of the Pension Plan, is the Plan's long term rate of return. I am pleased to report that over the past 4 years, the Plan has achieved a 9.6% annualized rate of return (net of all expenses).

## Governance

Every year the Board of Trustees undertakes a wide range of activities that support the ability of the Plan to meet the pension promise over the long term. In 2016, this included the continued roll out of the Strategic Plan and the monitoring of progress against the Plan's strategic and annual objectives. All key annual and strategic objectives were met and the Plan made progress in aligning its Board and member reporting to reflect the strategic objectives. The Board of Trustees also closely monitored the rollout of the Communications Plan with the introduction of a redesigned member access to the Pension Administration Center website and the redesign of the *Communiqué* and *Pension News* member newsletters.

# TRUSTEES REPORT

The year 2016 was marked by a number of changes in the Board of Trustees. Mr. Paul Gaffney, Ms. Josée Girard and Mr. Brian Mitchell left the Board during the year. Collectively they had provided 18 years of service to the Board of Trustees. I would personally like to thank Mr. Gaffney, Ms. Girard and Mr. Mitchell for their dedication and service to the CBC Pension Plan. Joining the CBC Pension Board of Trustees during the year were Ms. Monique Marcotte, Vice-President, People and Culture at CBC/Radio-Canada and Mr. Rob Jeffery, a Director on the CBC/Radio-Canada Board of Directors. Mr. Alain Pineau, Member of the National Pensioners Association will join the Board of Trustees at the start of the new year.

## Thanks

On behalf of the entire Board of Trustees, I would like to thank all pension plan members for the trust that they have placed in us.

On behalf of the CBC Pension Board of Trustees,

Maureen McCaw



Chair  
CBC Pension Board of Trustees  
February 18, 2017

## MANAGING DIRECTOR / CEO REPORT



Why provide a defined benefit pension plan? For the sponsor, a defined benefit pension plan provides a way to attract and retain employees. For employees, it adds a stable and reliable component to their future retirement income.

The funding of the CBC Pension Plan relies on contributions from both CBC/Radio-Canada (the Plan Sponsor) and active members. Over the last few years, the level of employee contributions has been on the rise, moving slowly towards an equal cost-sharing of the Plan. This trend towards higher employee contributions is consistent throughout the defined benefit pension industry, as defined benefit plan sponsors contend with low interest rates, people living longer and regulatory conservatism. Other federal crown corporations have also been moving towards a 50/50 sharing of the total contributions.

Despite this trend towards higher costs, I think defined benefit pension plans are worth it. While some studies say that certain generations of employees are not interested in this benefit, I make sure that my “millennial”-born children know that defined benefit pension plans are a big deal and highly valuable.

One of our key roles at the Board of Trustees is to invest total contributions in order to generate an investment return that, over time, will grow the assets sufficiently to pay the long-term pension benefit payments earned by plan members.

I am pleased to report that 2016 was another good year for the CBC Pension Plan. This year’s 5.8% rate of return, net of investment management fees, brings the four-year average annual rate of return to 9.6%. Both of these numbers are in excess of their respective benchmark returns of 5.7% and 7.5%. Despite a year full of financial market volatility and jaw-dropping geopolitical events, our investment approach has been very successful in generating returns in excess of that required to support the long-term sustainability of the plan. As a result, the Plan’s going-concern funded ratio at year end remained strong at 135% and the going concern surplus (net assets in excess of liabilities) now rests at \$1.7 billion. This positive position indicates that

## MANAGING DIRECTOR / CEO REPORT

the Plan continues to hold more than sufficient assets to meet all of the long-term obligations of the Plan. More information on the Plan's funded status on a going concern, as well as on a solvency basis can be found on page 13 in the Annual Report.

We are also an organization dedicated to servicing the pension administration needs of our 18,726 members. On this front, we continue our efforts to improve member's experience at the Pension Administration Centre (PAC). Recent enhancements include allowing easier access to the PAC employee website. Our self-service options are available 24/7 and more website usage by members will assist in managing the costs associated with your Pension Plan. We re-designed our various communications with shorter, more simplified and focused messages. Member service delivery is important to us and our service quality metrics and member survey ratings remain strong.

To achieve these results, I am surrounded by a great team, dedicated to the careful management and oversight of the assets and benefit administration. We, in turn, are overseen and challenged by a Board of Trustees who understand the importance of their fiduciary duties.

Last year's member survey results indicated that one of the key messages that you wanted was confirmation that the benefits you earn in the CBC Pension Plan are secure, stable and predictable. We manage our responsibilities with that goal in mind. How much is that type of benefit worth to you? We think it is worth a lot. We hope you agree.

Sincerely,

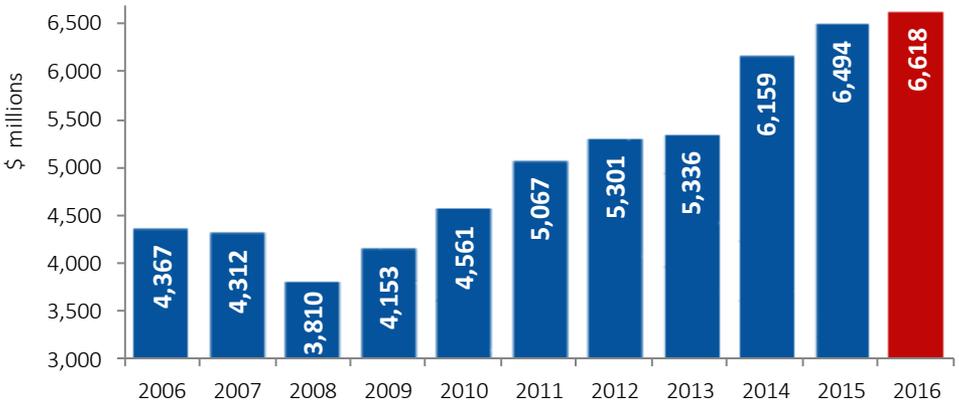


Debra Alves  
Managing Director / CEO

# FINANCIAL OVERVIEW

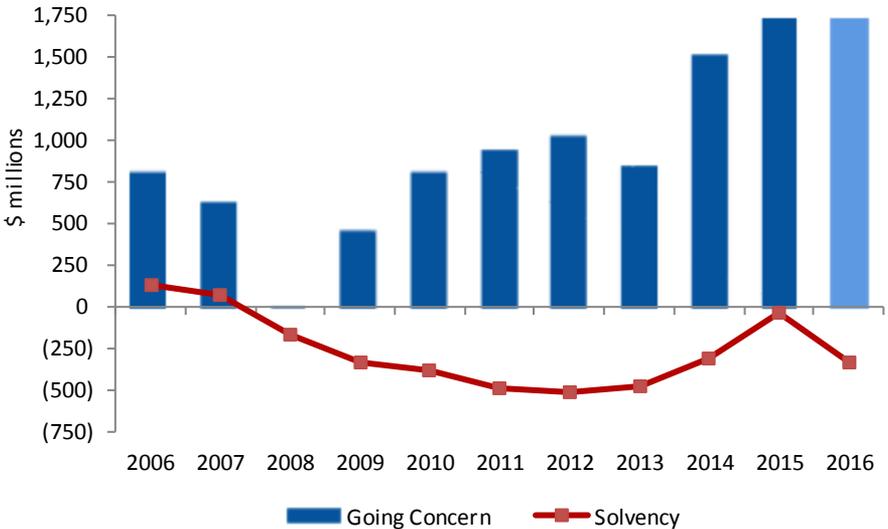
## NET ASSET HISTORY

as at December 31



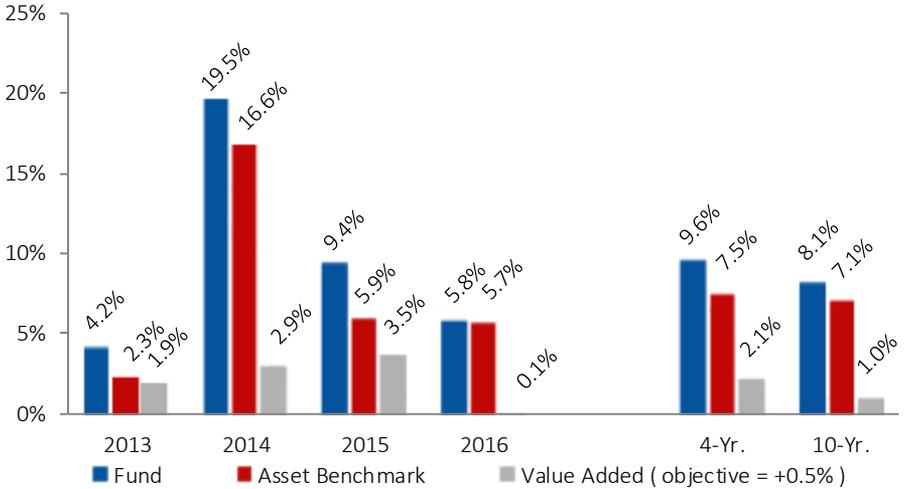
## FUNDING SURPLUS / (DEFICIT)

as at December 31



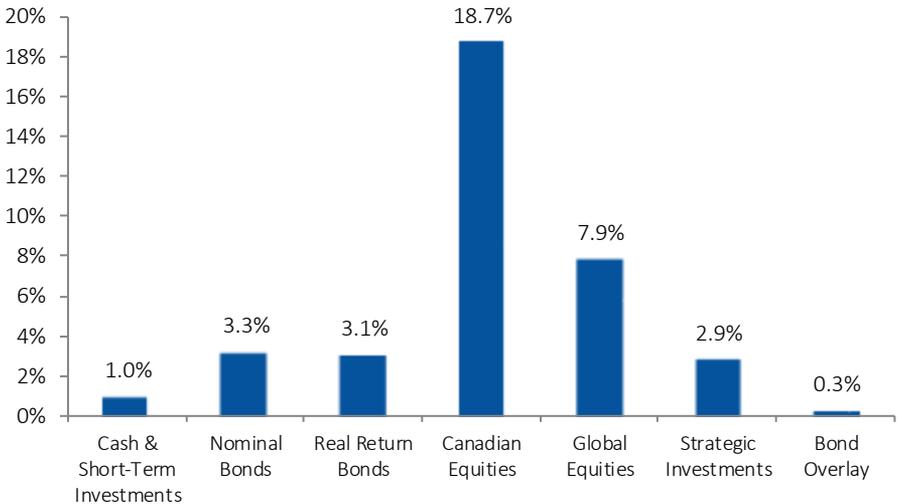
# INVESTMENT OVERVIEW

## ACTUAL FUND RATES OF RETURN vs. ASSET BENCHMARK



## RETURNS BY ASSET CATEGORY

2016

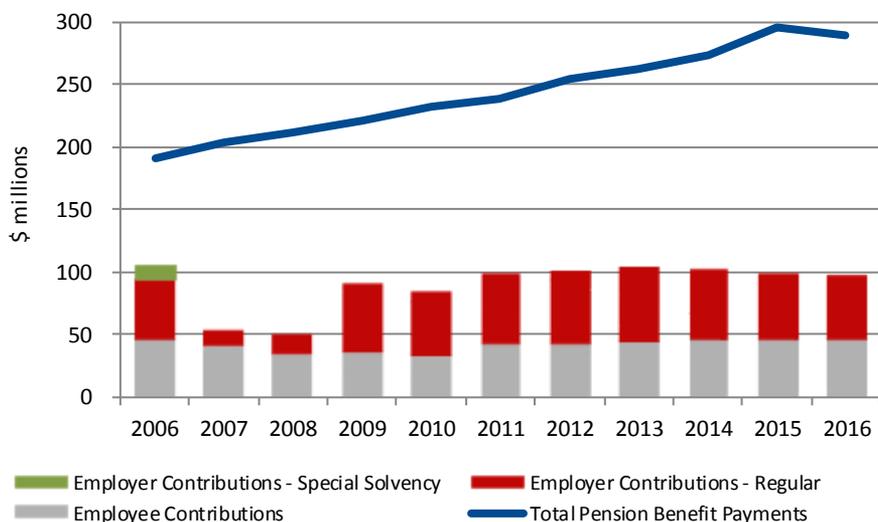


# INVESTMENT OVERVIEW

## INVESTMENT PERFORMANCE BY ASSET CATEGORY VS BENCHMARK

Asset Categories	Annualized Compounded Rates Category as a % of Total Investments	1-Year Returns		4-Year Returns	
		Asset Returns	Benchmark Returns	Asset Returns	Benchmark Returns
<b>Fixed Income:</b>					
Cash & Short-Term Investments	6.4%	1.0%	0.5%	1.1%	0.8%
Nominal Bonds	28.8	3.3	3.1	4.4	4.0
Real Return Bonds	11.7	3.1	3.1	0.9	0.9
<b>Publicly Traded Securities:</b>					
Canadian Equities	10.9	18.7	21.1	8.4	8.5
Global Equities	21.7	7.9	3.7	20.9	17.6
<b>Strategic Investments:</b>					
Property	8.9	6.2	3.9	8.3	4.2
Private Investments	9.6	3.2	3.9	17.6	4.2
Hedge Funds	2.1	(10.2)	3.9	3.9	4.2
Bond Overlay	(0.1)	0.3	0.2	0.7	0.4
<b>Total / Weighted Average</b>	<b>100.0%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>9.6%</b>	<b>7.5%</b>

## CONTRIBUTIONS vs. PENSION BENEFIT PAYMENTS

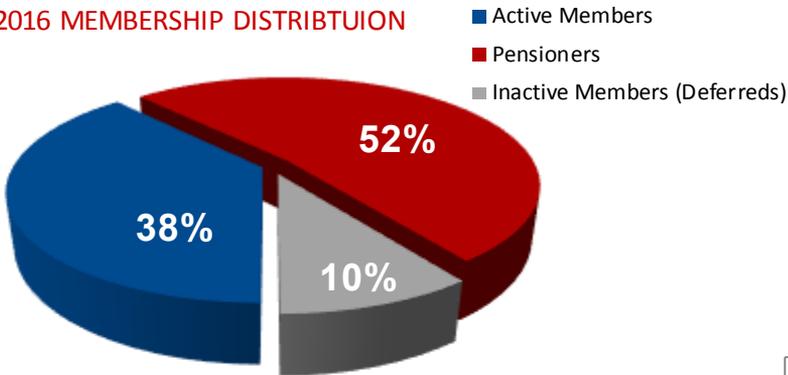


# MEMBERS SERVICES

## PENSION ADMINISTRATION SERVICES

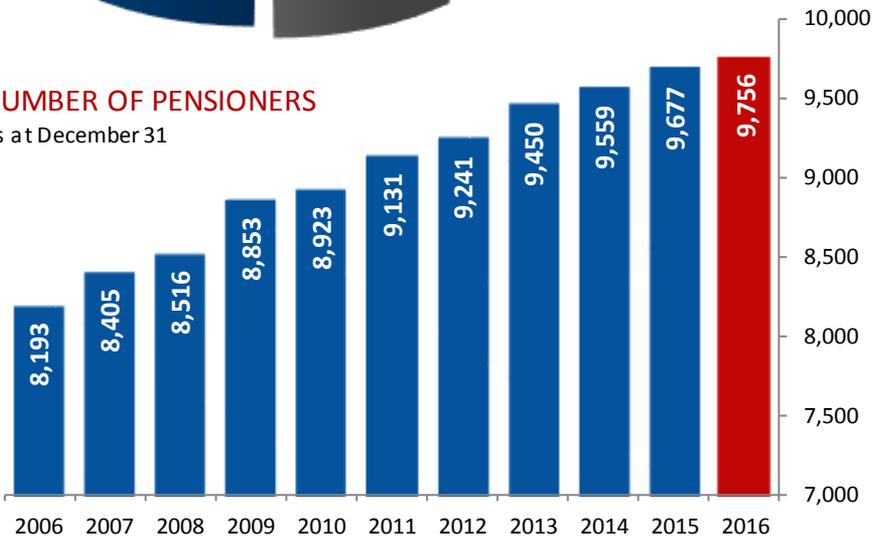
	2016	2015
Member Services satisfaction level (rated as satisfied or very satisfied)	95%	95%
Pension Administration Centre		
Transactions processed	10,559	14,976
Online interactions	17,973	19,617

## 2016 MEMBERSHIP DISTRIBUTION



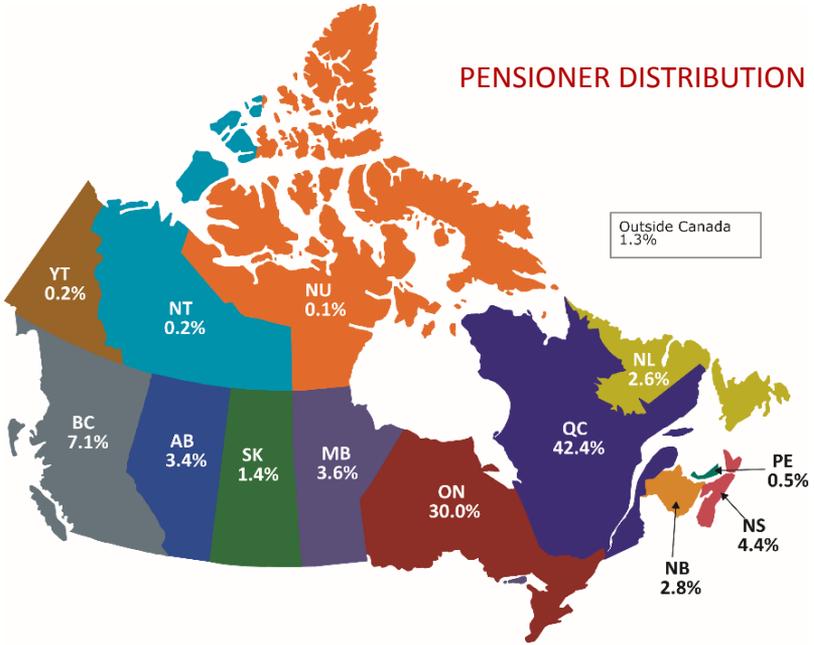
## NUMBER OF PENSIONERS

as at December 31



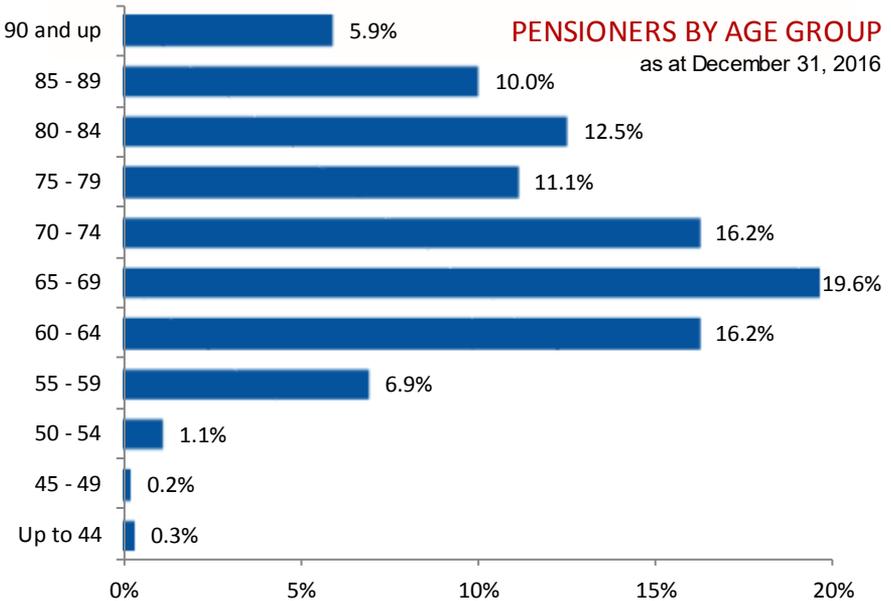
# MEMBERS SERVICES

## PENSIONER DISTRIBUTION



## PENSIONERS BY AGE GROUP

as at December 31, 2016



# BOARD OF TRUSTEES

(as of December 31, 2016)



**Maureen McCaw**  
(Chair)  
Director  
CBC/Radio-Canada



**Judith Purves**  
Vice-President & CFO  
CBC/Radio-Canada



**Monique Marcotte**  
Vice-President,  
People & Culture  
CBC/Radio-Canada



**Rob Jeffery**  
Director  
CBC/Radio-Canada



**Paul Gaffney**  
Member of the CBC  
National Pensioners  
Association



**Jonathan Soper**  
Member of the  
Consultative Committee  
on Staff Benefits



**Isabelle Doyon**  
Member of the  
Consultative Committee  
on Staff Benefits

## MANAGEMENT

**Debra Alves, CFA**  
Managing Director / CEO

**Duncan Burrill, CMA**  
Secretary / Treasurer

## ADMINISTRATION

**Francesca Adibe, CPA, CGA**  
Senior Manager,  
Risk Management  
& Administration

**Carole Bélanger, ASA**  
Director,  
Pension Administration

**Sheldon Sullivan, CPA, CA**  
Senior Manager,  
Accounting Operations

## INVESTMENT MANAGEMENT TEAM

**Timothy Cairns, CFA**  
Portfolio Manager,  
Property

**Paul Gasperetti, CFA**  
Portfolio Manager,  
Canadian Equity

**Nadi Tadros, CFA**  
Portfolio Manager,  
Global Equity

**Miles Whittingham, CFA**  
Portfolio Manager,  
Strategic Investments

**Patrizia Cappelli, CFA**  
Portfolio Manager,  
Domestic Bonds

**Laura Hurst, CFA**  
Portfolio Manager,  
Global Equity

**Robert VandenBygaart, CFA**  
Portfolio Manager,  
U.S. Equity



# COMMUNICATION

You are invited to review the Annual Report on our internet site or request a hard copy at the addresses below. The main report contains:

- The Financial Report which includes the audited financial statements, auditor's report, actuary's opinion and management's letter of responsibility for financial reporting;
- Details on Pension Plan Governance practices of your Plan;
- Management Discussion and Analysis which assists in giving an appreciation of the Plan's financial position and performance over the past year.

We welcome your comments and suggestions for this annual report as well as other aspects of your communications program.

Please address your comments to:

**CBC Pension Board of Trustees**  
**99 Bank Street, Suite 919**  
**Ottawa, Ontario K1P 6B9**

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E-mail: [pension@cbcpension.ca](mailto:pension@cbcpension.ca)

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Internet – CBC staff & pensioners: [www.pensionadmin-cbc-src.ca](http://www.pensionadmin-cbc-src.ca)

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