

Retiree pension and benefits newsletter

June 2020

Well-being resources

We understand that these are challenging times for all of us and uncertainty can bring stress and anxiety. Here are some resources to support your health and well-being:

- Networks of resources and tools to help all Canadians maintain positive health and well-being:
 - WellCan—wellcan.ca and on the App Store or Google Play
 - Sun Life sunlife.ca/covid-19
 - Lumino Health—luminohealth.sunlife.ca
- bc211 Safe Seniors, Strong Communities Program (bc211.ca)—a program that matches seniors who need support with non-medical essentials such as pick up and delivery of prescriptions or groceries, to volunteers in their community who are willing to help.

What's inside?

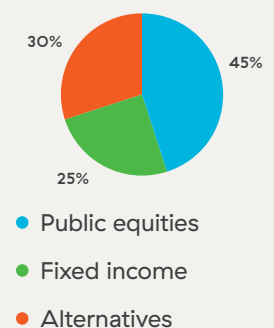
- The Pension Plan's financial health
- Retiree benefits & Extra Plan premium update
- Contact information

Your pension and volatile investment markets

You've probably seen and heard a lot recently about the ups and downs (i.e. volatility) of the current investment markets as a result of the COVID-19 pandemic. While this can be unnerving, if you're wondering about what the impacts may be to your pension, you can be reassured knowing:

- Your basic annual pension benefit was determined at retirement based on a formula of your earnings and service—it does not depend on investment returns.
- When you're eligible, your pension benefit is indexed annually through a cost of living adjustment (COLA).
- BC Hydro takes the investment risk in the plan, not employees or retirees. If the plan's investments have bad experience over an extended period of time, a funding shortfall can develop. If this happens, BC Hydro is responsible for making special payments to eliminate the shortfall in respect of your basic pension in a manner set out in B.C.'s pension legislation.
- The plan's investments are professionally managed, well diversified, and have a long term horizon. The diversification and investment strategy have moderated the market impact so far in 2020. BC Hydro is committed to generating strong long-term investment returns through responsible plan management so the plan remains secure now, and into the future.

Investment strategy



2019 annual pension statement

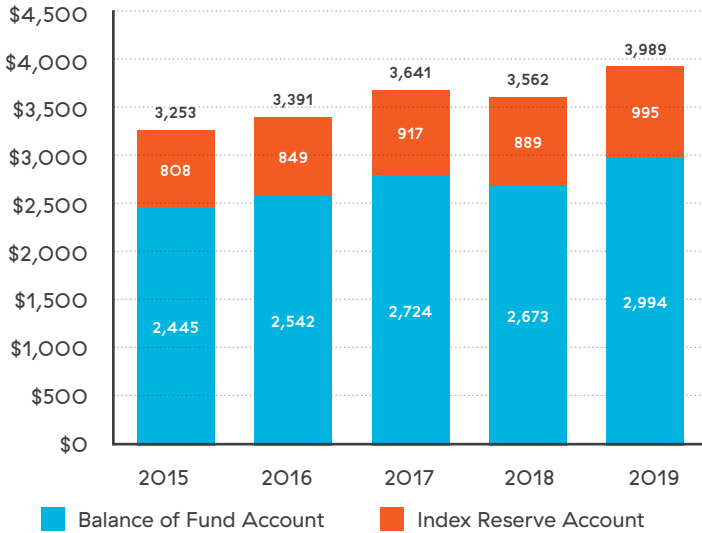
As required by pension legislation, annual pension statements as at December 31, 2019 will be mailed to pensioners by June 29, 2020. The statement provides general information about the Plan's financial position and administration. Please contact RBC Investor Services (contact information on page 4) for any specific information regarding your pension payment.

The Pension Plan's financial health

We review the pension plan's financial health on an ongoing basis to ensure the plan remains financially sound. This includes an actuarial valuation every three years and regular reviews of plan assets and liabilities.

Market value of assets

(Shown \$ in millions) at December 31



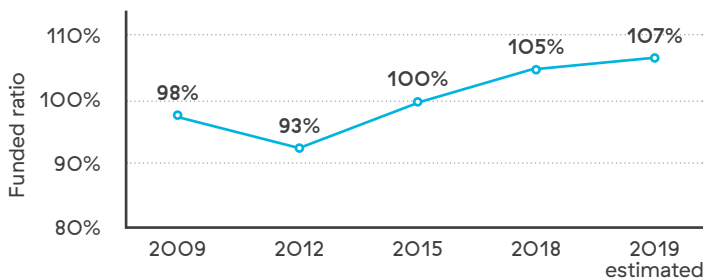
This graph shows the total market value of plan assets over the last five years. Fluctuations in the fund are normal and do not have significant long-term impacts on the fund.

Did you know?

Indexing, also known as cost of living adjustments (COLA), is a benefit that increases retirees' pension benefits to account for the rising cost of living over time. These increases are paid out of the Index Reserve Account, up to a sustainability cap.

Funded ratio—basic benefits

At December 31



Note: This is the funded ratio on a going concern basis.

When we compare the plan's assets and liabilities, we determine the plan's "funded ratio."

This graph shows the going concern funded ratio of the BC Hydro pension plan over the past four actuarial valuations and an estimate for December 31, 2019 based on a projection of the December 31, 2018 valuation. This ratio will change over time based on plan experience in areas such as membership, earnings, how long members and retirees live, investment performance and economic conditions.

Key facts about the Pension Plan

	At December 31, 2018	At December 31, 2019
Total active plan membership	7,152	7,281
Total number of pensioners	5,705	5,769
Total assets in the Plan	\$3.6 billion	\$4.0 billion
BC Hydro contributions	\$44.3 million	\$47.5 million
Employee contributions	\$40.6 million	\$43.1 million

Retiree extended health care— Extra plan premium rate increase effective July 1, 2020

At retirement, members eligible for retiree benefits had the option of choosing between the extended health Basic Plan and Extra Plan. Members of the Extra Plan pay a monthly premium and receive additional coverage over the Basic Plan.

How are extra plan premiums calculated?

For eligible members, BC Hydro pays the cost of extended health claims, up to \$25,000. The cost of claims in excess of \$25,000 under the Extra Plan is paid for by the members of the Extra Plan. Every year, BC Hydro’s benefit consultants review the claims experience and inflationary increases to determine the cost of the Extra Plan and premium rates are set accordingly.

What are the July 1, 2020 rates?

We’ve reviewed the cost of the additional coverage of the Extra Plan over the Basic Plan and have determined that an increase of 14% is required for the Extra Plan premium effective July 1, 2020. The new monthly and annual premium rates are summarized in the table to the right.

	Current		July 1, 2020	
	Monthly	Annual	Monthly	Annual
Single	\$62.75	\$753	\$71.50	\$858
Couple	\$115.50	\$1,386	\$131.75	\$1,581
Family	\$168.00	\$2,016	\$191.50	\$2,298

The increasing overall cost of prescription drugs due to utilization and higher-priced specialty drugs are the primary drivers of the premium rate increase. As a result, the percentage of members and claims that exceed the \$25,000 lifetime maximum is projected to continue to increase.

Therefore, Extra Plan premiums are also expected to increase (as shown in the table to the right). These projections are provided for planning purposes only. Annual adjustments will be based on the analysis of claim costs over \$25,000.

While the Extra premiums continue to increase, the Plan continues to offer high levels of coverage at competitive rates compared to other external retiree plans.

Years	Projected % of claims over \$25K threshold	Projected Extra Plan premium rate adjustment
2021 to 2023	45% to 65%	10% to 18% per year
2024 to 2028	65% to 80%	6% to 10% per year

Did you know?

You can claim the premiums paid for the Extra Plan as a medical expense on line 330 of your personal income tax return. The total premiums paid for the 2020 tax year will appear on your 2020 T4A statement.

What other factors may impact the overall cost of the drug plan?

The following factors may either increase the overall cost of the prescription drug plan, or may help sustain or reduce the cost.

- A national pharmacare system may impact the overall cost of prescription drugs under the retiree plan, but more details are needed about this system to better understand the long-term impact.
- BC Pharmacare has reduced coverage for some high-cost biologic drugs and is covering the associated biosimilar drug instead. This may put cost pressure on the retiree drug plan.
- Increased utilization of lower-cost biosimilar drugs rather than the higher-cost biologic drugs may help reduce/sustain the overall drug plan costs.
- Longer life expectancy may increase the utilization of prescription drugs and may increase the overall drug plan costs.
- Being better health consumers may help reduce/sustain overall drug plan costs. Consider the following:
 - Use generic drugs instead of the brand name, when possible
 - Get your prescriptions from pharmacies with lower dispensing fees
 - Use Sun Life’s Preferred Pharmacy Network for specialty drugs (mysunlife.ca/sunlifepharmacynetwork)
 - Make sure you’re registered for Fair PharmaCare
 - Consider biosimilar drugs rather than biologic drugs, if appropriate
 - Take care of your health and well-being

Did you know?

You have the option of cancelling the Extra Plan and changing to the Basic Plan at any time. Once the Extra Plan is cancelled, the decision can't be reversed. Contact the BC Hydro Retiree Benefits Department to request the change form (contact information below).

Submitting claims to Sun Life

Submit your eligible extended health or dental spending account claims to Sun Life online or by mail.

ONLINE

Sign in to mysunlife.ca or use the my Sun Life Mobile app and select "Submit a claim". Easy-to-use screens guide you through a series of steps. If you submit your claim online, you must keep your original receipts for 12 months as Sun Life may ask you to mail in your original receipts.

BY MAIL

Complete the Retiree Extended Health Claim Form or Dental Health Spending Account Claim Form and mail it along with your original receipt(s) to Sun Life at the address on the back of the form. You can find the claim form online at mysunlife.ca or request one by calling Sun Life. (Refer to contact information below)

Now is the time to stay connected

Join Power Pioneers for eNews, online technology classes, BC Hydro updates (retirements, memoriams, pension and benefit reminders), what we're up to during COVID-19 and more.

Visit powerpioneers.com today and look for the join us link on the homepage to get your membership and full access to everything available online.

Contact information

<ul style="list-style-type: none">○ Report the death of a BC Hydro pensioner or spouse○ General information about the pension plan○ Submit or change a Power of Attorney	BC Hydro Benefits and Pension Centre 1 888 353 9123 (Mon–Fri 7 a.m. to 4 p.m.) Employee.Benefits@bchydro.com
<ul style="list-style-type: none">○ Change of address or banking information○ Information about pension payments or adjust tax deductions○ Questions about your T4A	RBC Investor Services 1 800 668 1320 (Mon–Fri 5 a.m. to 5 p.m.) benefpay@rbc.com
<ul style="list-style-type: none">○ Questions about your coverage under the Retiree Extended Health plan○ Questions about your dental HSA claim○ Information on emergency medical travel coverage	Sun Life 1 800 361 6212 (Mon–Fri 5 a.m. to 5 p.m.) mysunlife.ca Policy 150533
<ul style="list-style-type: none">○ Out-of-country or out-of-province emergency travel assistance under the Extended Health Care plan (phone numbers are also listed on the back of your Sun Life card)	Allianz Global Assistance 1 800 511 4610 (from US and Canada) 1 519 514 0351 (from anywhere else)
<ul style="list-style-type: none">○ General information about retiree benefits○ Making changes to your Extended Health Care coverage	BC Hydro (Retiree Line) 604 694 8600 or 1 800 663 1339 Pension.RetireeBenefits@bchydro.com