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Municipal Employees Benefits Program

2008 Annual Report to Members



www.mebp.mb.ca

Toll Free: 1-800-432-1908

For a copy of The Audited Financial
Statements, please call our office.



Mission Statement

The Municipal Employee Benefits Program will provide secure pension and benefit services to our members and their families in a cost-effective manner.

MESSAGE FROM THE CHAIR

Dear Plan Members:

Despite tough market times, the Pension Fund has remained in reasonably good shape on a going concern basis. Let me explain.

On behalf of MEBP, an actuary performs a valuation on the Pension Plan to assess the financial position of the plan. Valuations must be prepared on a going concern and solvency basis. The going concern valuation assumes that the Plan will continue indefinitely, while the solvency test assumes that the Plan suddenly ended as at December 31, 2008, and all benefits have to be paid out at once. Valuations must be done at least every three years, and the MEBP date is December 31, 2008. Had the three year anniversary date for the valuation been December 31, 2007, there would be not be any issue on the solvency test. The Plan experienced a solvency deficiency at the end of 2008 of around \$70,000,000. Because the trustees fully expect the MEBP Plan to continue to operate indefinitely and every member knows that it did not cease operating as at December 31, 2008, I do not feel that the Plan's solvency deficit properly reflects the unique status of our multi-employer plan.

The immediate issue of the \$70 million solvency deficit has been addressed through a smoothing of assets process. This will resolve the deficit issue on a short term basis. This may not get us out of the woods yet, however, it does depend heavily on the investment market! For the longer term, the Board will continue its' lobbying efforts with the provincial government to seek exemption from, or modification to, the pension solvency legislation.

In 2008, global financial markets basically tanked, stock markets tumbled, oil prices skyrocketed, the Canadian dollar dropped, bonds collapsed, and generally it seemed as though anything that could go wrong did go wrong. Not surprisingly, the bear market that began in October of 2007 has dramatically reduced the value of the Pension Fund assets, and it is obvious that the year 2009 will be one of volatility with numerous competing forces at play. I would not be one to make predictions, other than to summarize that 2008 was a difficult year with an estimated loss of 16.8%, and 2009 will be somewhat of a "wait and see" year. The one known factor is that pension contributions will again be increased in 2010, to help with the expected longer-term revenue shortfall.

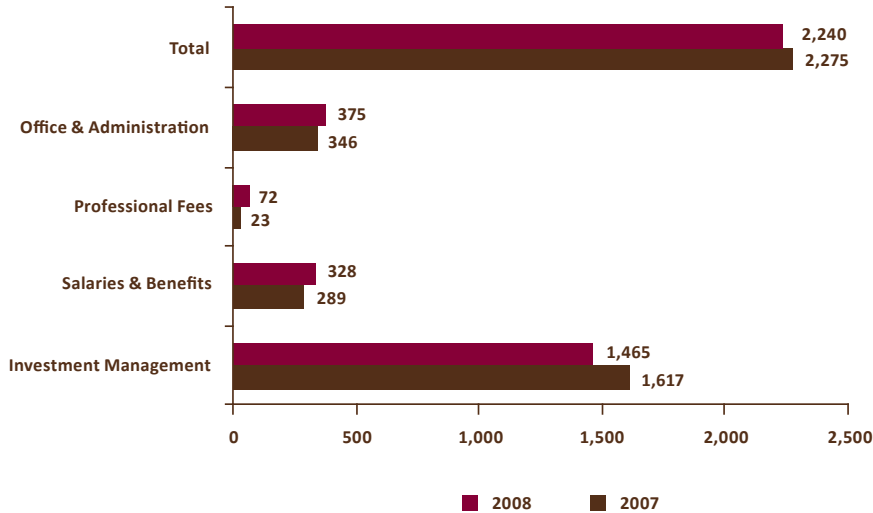
It is the Board's intention to continue to provide first-rate service to our plan members and their families. As part of the service, staff will be launching a new modern website shortly, and the pre-retirement seminars are expected to continue to be a valuable tool for those members who are approaching retirement. I have heard from several members that I am soon approaching retirement age, and I would want to remind them that some people never retire! And if I would, I am comfortable that MEBP has and will continue to have a great Pension Plan.

Jack Kehler,
Chair

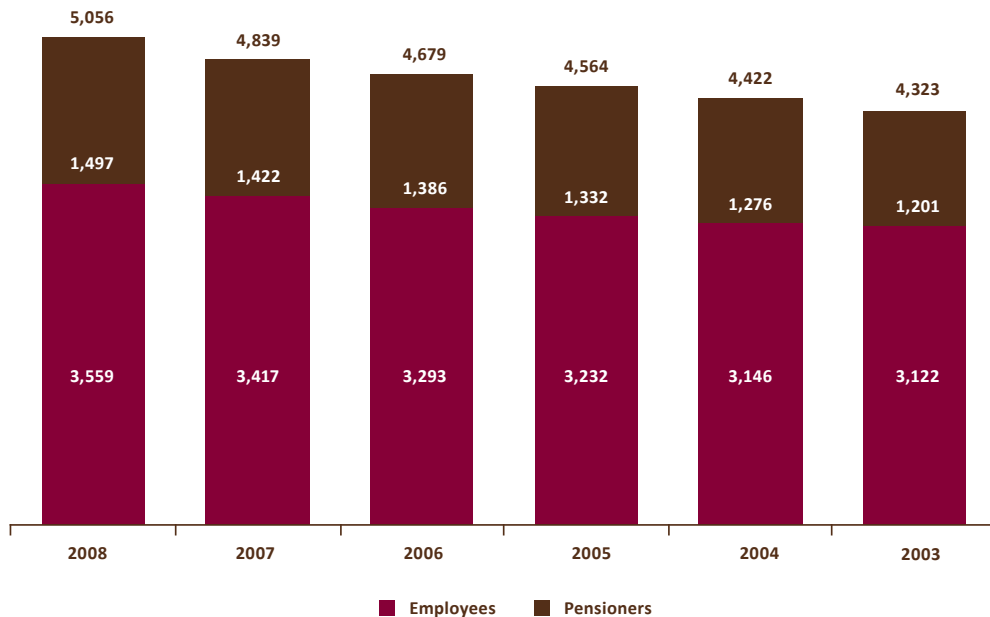
ADMINISTRATION

Total administration costs, including investment expenses, amounted to \$2.2 million. This translates into an annual cost of \$443 per member.

(\$ Thousands)



PENSION PLAN MEMBERS



Investment Overview

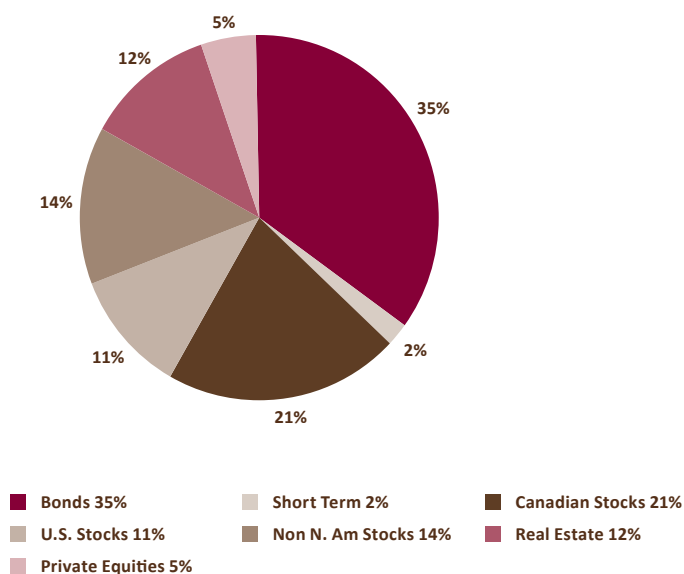
The Fund registered a return of -16.8% in 2008, compared to 3.4% in 2007. This return was 2.9% less than the benchmark and 23.3% less than the rate required by the valuation to fund benefits.

PENSION PLAN HIGHLIGHTS

(\$ Thousands)

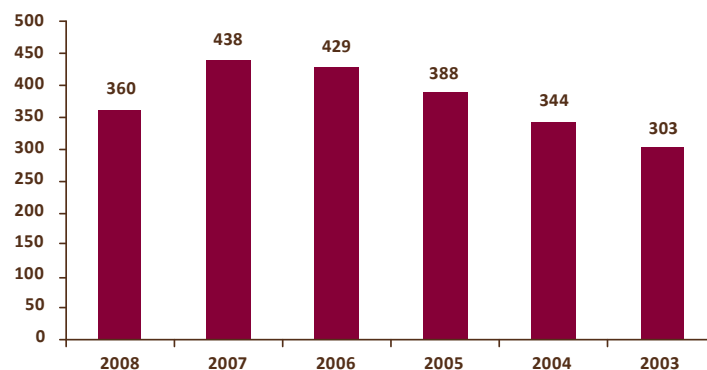
	2008	2007
Market Value of Investments	\$357,516	\$434,904
Investment Income	\$15,659	\$14,632
Employee Contributions	\$9,886	\$7,224
Employer Contributions	\$6,637	\$6,206
Pension Payments	\$13,988	\$12,829
Refunds and Transfers	\$4,763	\$3,141
Investment Rate of Return	-16.8%	3.4%
Investment Benchmark	-13.9%	2.7%
Employees and Former Employees	3,559	3,417
Pensioners and Beneficiaries	1,497	1,422
Total Members	5,056	4,839

PENSION PLAN ASSET MIX



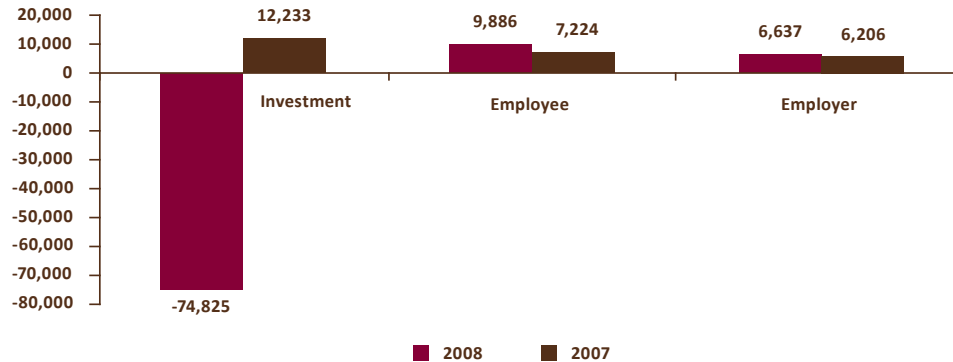
PENSION FUND ASSETS

(\$ millions)

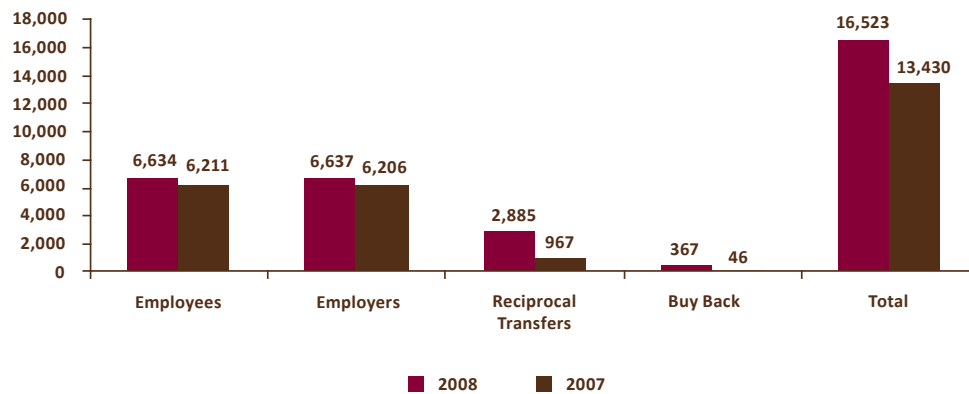


The Pension Plan

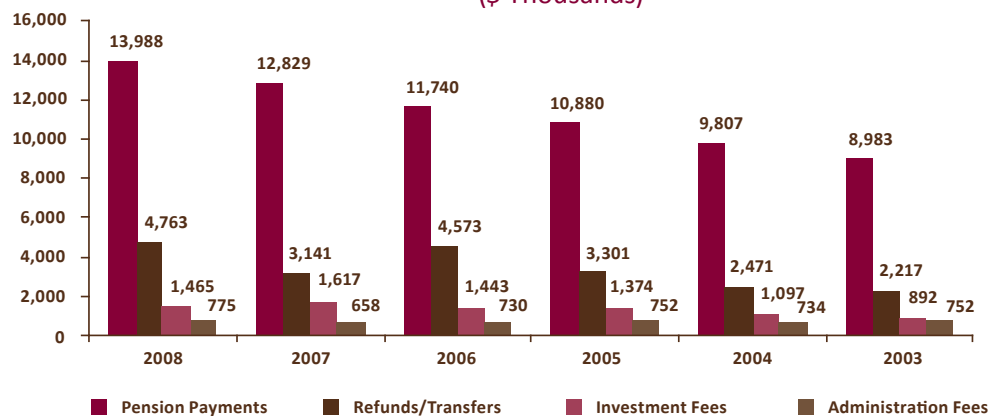
SOURCES OF FUNDS (\$ Thousands)



PENSION CONTRIBUTIONS (\$ Thousands)

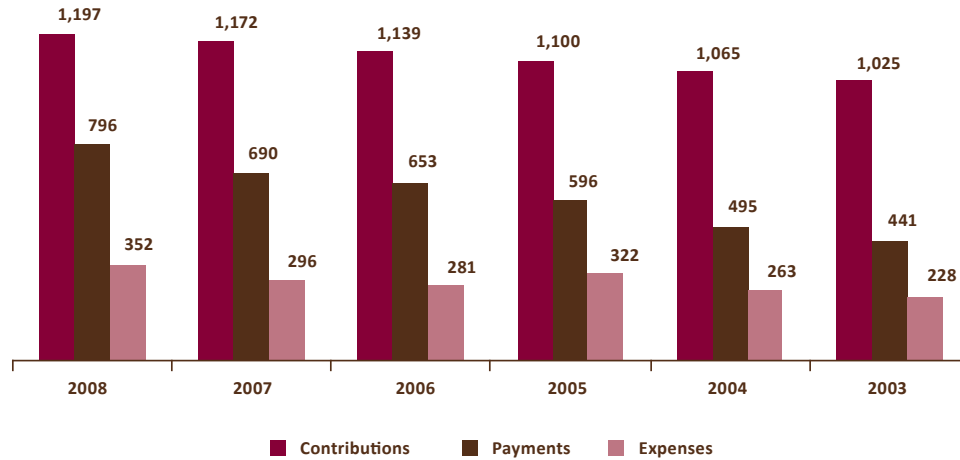


PAYMENTS FROM THE FUND (\$ Thousands)



The Disability Income Plan

(\$ Thousands)



The Group Insurance Plan

(\$ Thousands)

