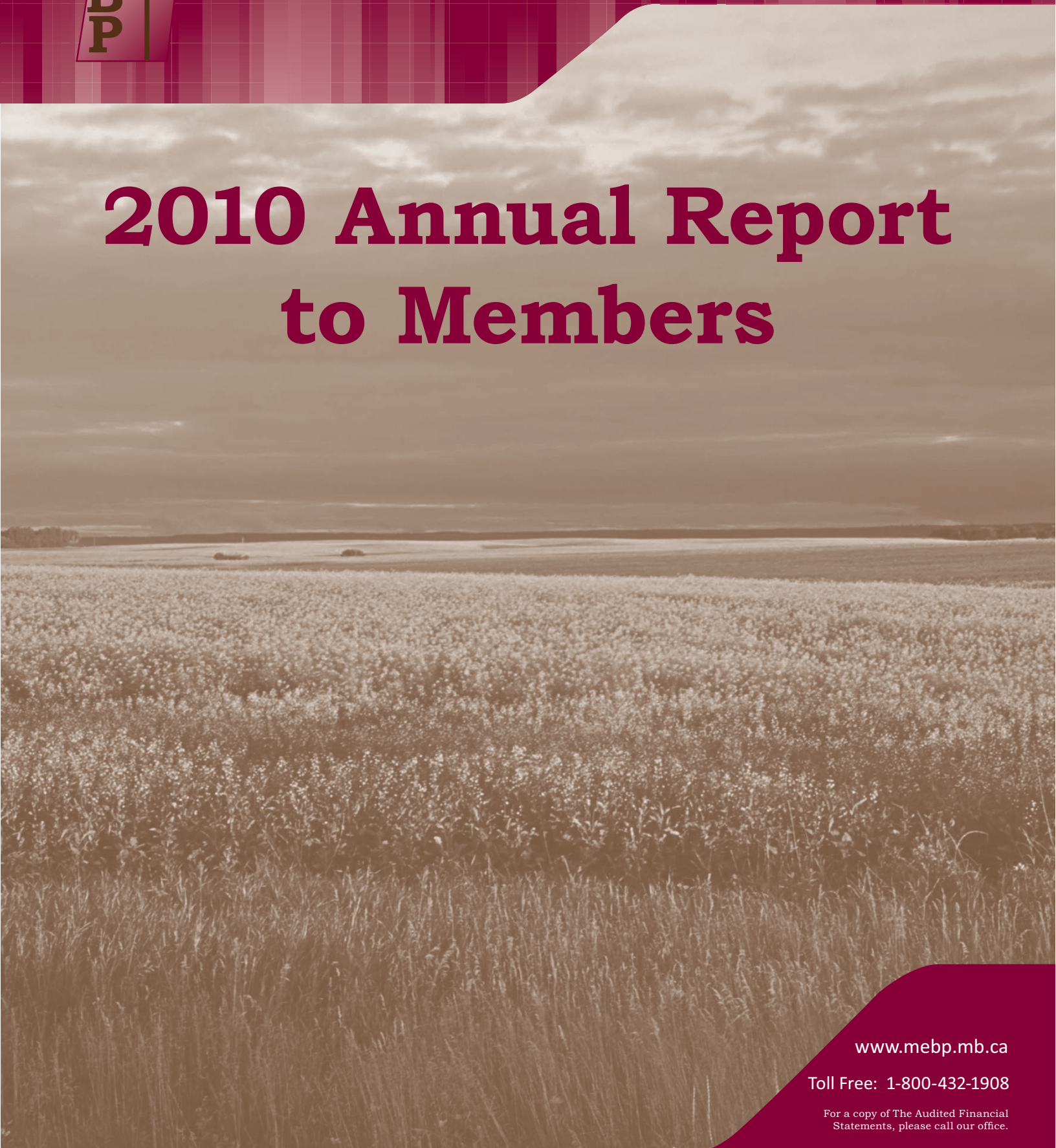




**M  
E  
B  
P**

Municipal Employees Benefits Program




# **2010 Annual Report to Members**

[www.mebp.mb.ca](http://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

I am pleased to present my report for the 2010 year - a year that, more than most, has seen economic and financial events dominate the news. 2010 was the second year of recovery after the 2008 crisis, and the past year proved to be a volatile one again in terms of stock market returns. The year ended on a positive note overall for both equities and bonds with the markets producing double-digit gains in 2010 as the recovery from the 2008 financial meltdown continued. The 2010 investment returns continued to build on the positive returns of 2009.

What strikes me most about the Pension Fund's performance in 2010 is that MEBP's investment team clearly demonstrated its ability to generate solid returns. In the future, facing an uncertain, volatile financial environment much like today's, this execution capability will be fundamental to the continued financial success of your pension fund. As we can see from the latest results, a substantial portion of the unrealized losses from 2008 have been recuperated, and I believe this demonstrates the solid long-term value of MEBP's Investments' assets. We will continue to attempt to maximize returns without undue risk of loss.

We all recognize that many significant economic changes are under way worldwide – changes that offer as many opportunities to earn returns as to make costly mistakes. This is an environment that demands vigilance and a capacity to understand underlying trends both in the near term and over the long run. MEBP will need to be very attentive to these shifts over the next 12 to 18 months. Ultimately, what matters the most to all of us is the long run and we all need to understand that a pension fund is like running a marathon, not a sprint. Your pension fund needs to be here for the long haul, and that is the Board's commitment. I will reiterate that the Board's diligence will continue to dwell on the key principle of maintaining the optimum balance between risk and return for the best benefit of the members, both active and retired. Benefit enhancements or changes are regularly considered; however, I find it a very fine line between being proactive about the future and being cautious, and maybe overly cautious. The Board seeks to find a good balance.

Another notable highlight was the legislative changes pertaining to solvency exemption. Legislation was enacted to permit some public sector plans, including MEBP, to elect an exemption from solvency and deficiency payments. If legislation had not provided the exemption, contribution rates would have needed to be increased dramatically and municipalities would have had to come up with lots of cash. I do wish to acknowledge the support of AMM in the solvency issue and it is obvious that their political efforts have been rewarded. I also thank the Province for seeing fit to make the required legislative changes.

In closing I would remind all our stakeholders of the importance of remaining patient and pragmatic as the pension fund continues to navigate through one of the worst financial crisis in recent memory.

I wish to express my gratitude to fellow members of our Board for contributing so much of their time and expertise and for working diligently to make sure that MEBP fulfills its mandate. Special thanks are due to former colleagues who have left the Board, Grant Thorsteinson and Eric David. I would also like to take this opportunity to welcome new Board members Brad Collett and Donna Harrowen, both of whom were elected in fall of 2010.

Finally, on behalf of the Board, I wish to thank MEBP employees and the investment team for their hard work and commitment over the course of another very eventful and challenging year. This is my last year as Chair, and with all your support, it made my job easy. Thank you.

Jack Kehler,  
Chair

# Investment Overview

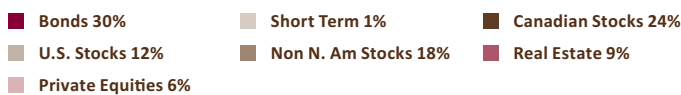
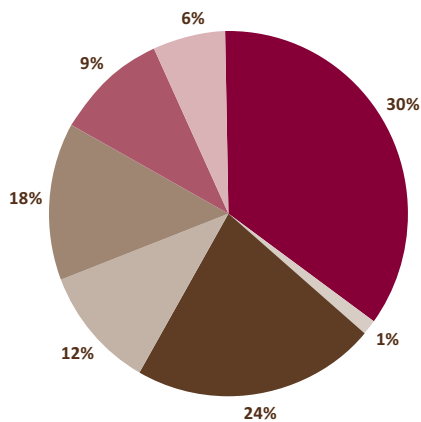
The Fund registered a return of 12.9% in 2010, compared to 14.5% in 2009. This return was 2.5% more than the benchmark and exceeded the rate required by the valuation to fund benefits by 6.4%.

## PENSION PLAN HIGHLIGHTS

(\$ Thousands)

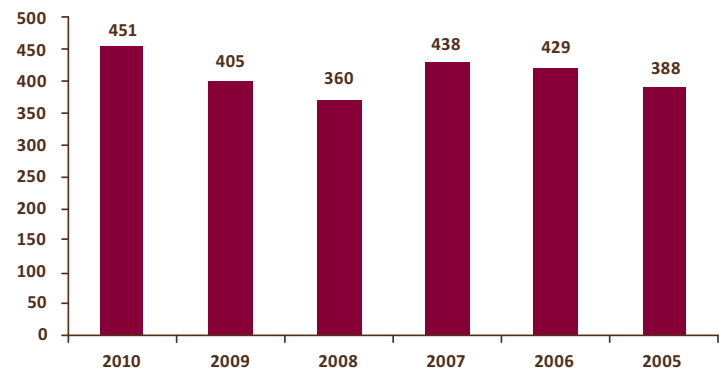
	2010	2009
Market Value of Investments	\$447,662	\$402,372
Investment Income	\$10,707	\$12,461
Employee Contributions	\$9,601	\$8,526
Employer Contributions	\$9,111	\$7,962
Pension Payments	\$16,524	\$15,219
Refunds and Transfers	\$5,712	\$4,609
Investment Rate of Return	12.9%	14.5%
Investment Benchmark	10.4%	13.4%
Employees and Former Employees	3,801	3,715
Pensioners and Beneficiaries	1,632	1,554
<b>Total Members</b>	<b>5,433</b>	<b>5,269</b>

## PENSION PLAN ASSET MIX



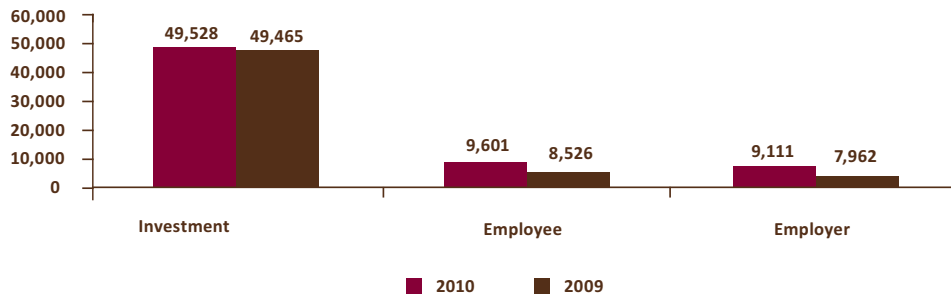
## PENSION FUND ASSETS

(\$ millions)

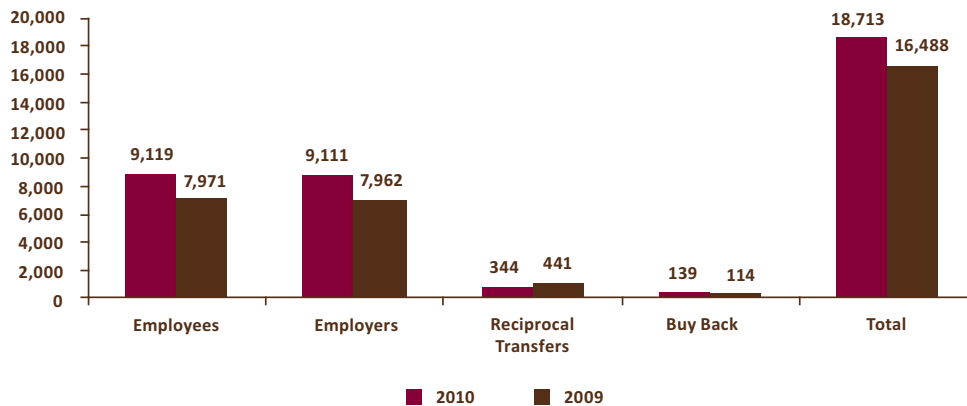


# The Pension Plan

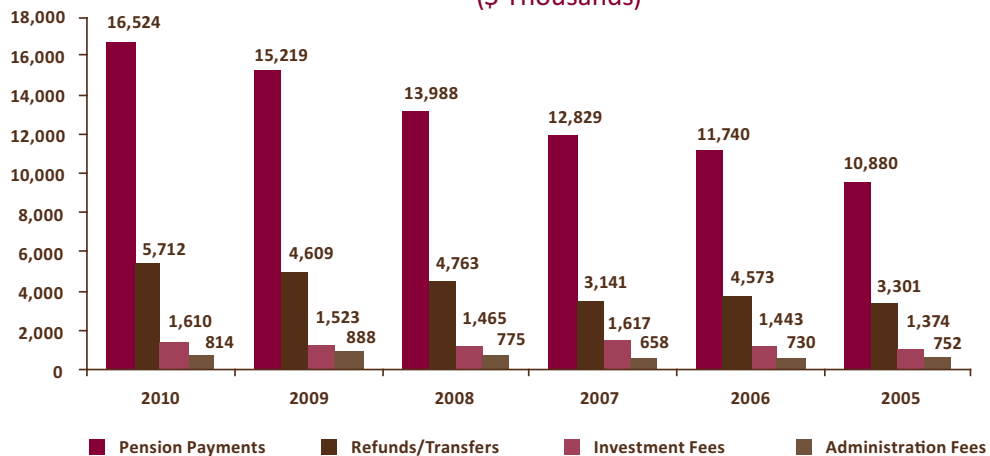
## SOURCES OF INCOME (\$ Thousands)



## PENSION CONTRIBUTIONS (\$ Thousands)



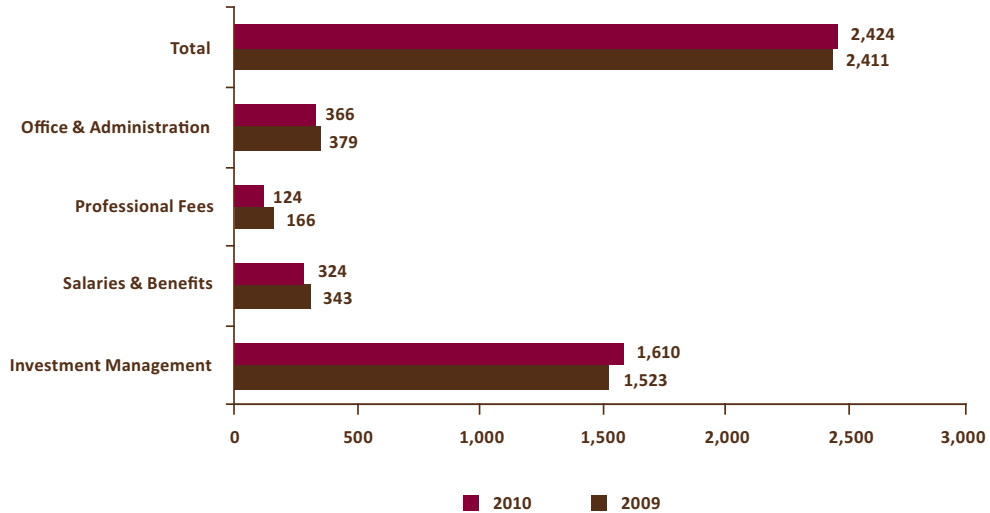
## PAYMENTS FROM THE FUND (\$ Thousands)



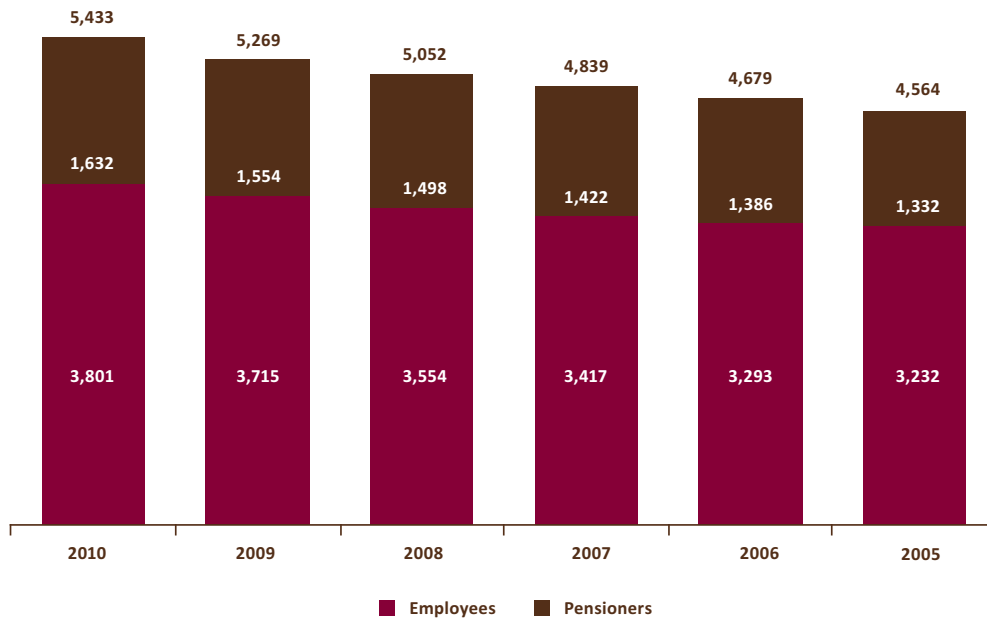
## ADMINISTRATION

Total administration costs, including investment expenses, amounted to \$2.4 million. This translates into an annual cost of \$446 per member.

(\$ Thousands)

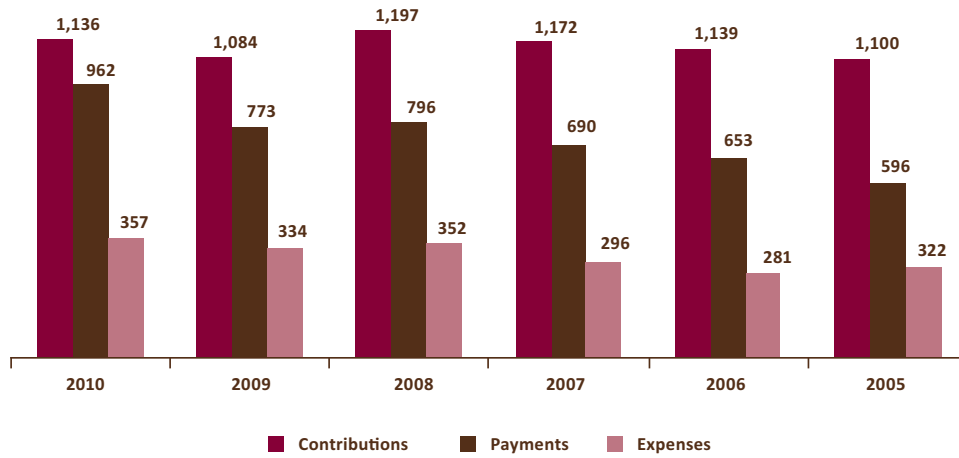


## PENSION PLAN MEMBERS



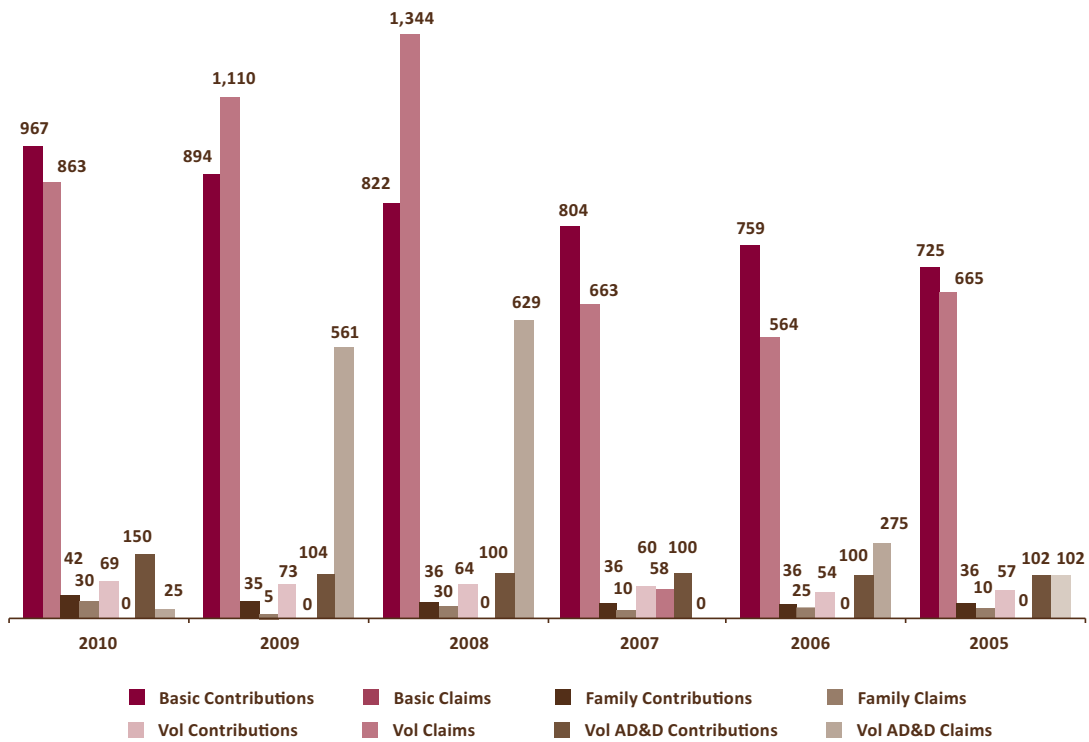
# The Disability Income Plan

(\$ Thousands)



# The Group Insurance Plan

(\$ Thousands)



**2010 Annual Report to Members**  
 Municipal Employees Benefits Program  
 Website: [www.mebp.mb.ca](http://www.mebp.mb.ca)