

Municipal Employees Benefits Program


2011 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

The stability and long term sustainability of the MEBP plans have always been the priority for the Board of Trustees. These priorities were a challenge in 2011, especially for the Pension Plan. Employer and employee contributions paid into the Pension Fund are not enough to cover the pensioner payroll, refunds and administration costs and the Fund relies on investment income to remain healthy and viable.

During 2011, global capital markets were extremely volatile, especially in the latter part of the year. Events that occurred around the world caused investors to be pessimistic and fearful of a repeat of the near financial collapse of 2008. The investment returns for the Pension Fund were slightly negative for the year (minus 0.5%).

We must remember that the pension promise is a long-term promise. This means that a bad year will not cause the plan to stop functioning. There are safety nets in place which act as guides for the Board and Investment Committee. The Plan is continually monitored to make sure that the asset mix for the plan generates maximum investment returns and investment consultants are used to guide the Trustees in their decision-making.

A preliminary actuarial valuation for the Pension Plan as at December 31, 2011 has revealed that the funded ratio of the Pension Plan is 97.5% (a deficit of \$11,767,000). Provisions of *The Pension Benefits Act* state that the deficit must be amortized and paid over 15 years and we must start paying immediately. The Board of Trustees had two options to fund the deficiency: (1) reduce future benefits or (2) increase contribution rates. The Board chose to protect current pension benefits and made the decision to increase contribution rates for both members and employers. The rate increases are scheduled to occur July 2012 and January 2013.

A review of current contribution rates for public sector plans registered in Manitoba revealed that all plans are dealing with rate increases over the next few years and that the Municipal Employee Pension Plan rates were comparable to the other plans.

I wish to thank my fellow members of the Board for their time commitment and diligence over the past year. The Trustees were faced with challenges that had never been experienced in the history of the MEPP. I would also like to thank the MEBP staff for their continued commitment and service to Plan members.

Bert Lagimodiere,
Chair

Investment Overview

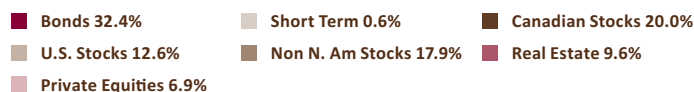
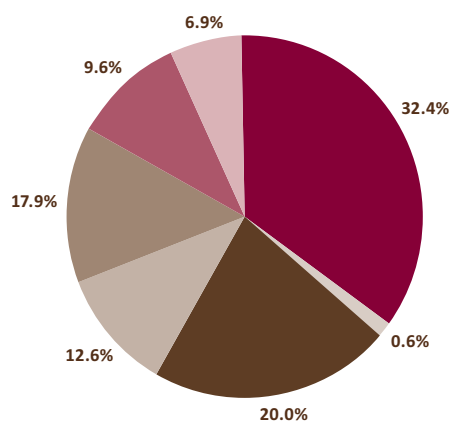
The Fund registered a return of minus 0.5% in 2011, compared to 12.9% in 2010. This return underperformed the benchmark by 3.9% and was less than the rate required by the valuation to fund benefits by 5.5%.

PENSION PLAN HIGHLIGHTS

(\$ Thousands)

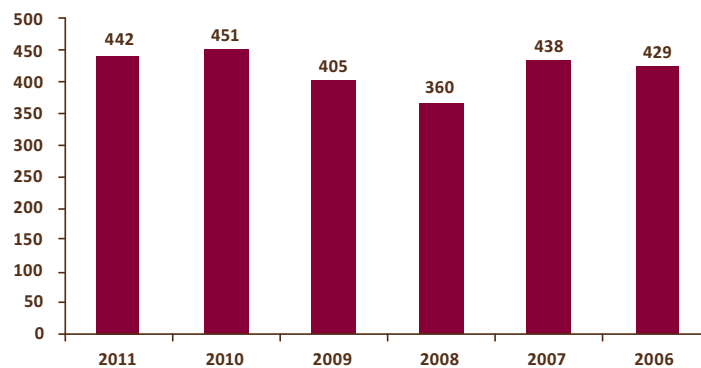
	2011	2010
Market Value of Investments	\$438,353	\$447,662
Investment Income	\$10,589	\$10,707
Employee Contributions	\$10,032	\$9,601
Employer Contributions	\$9,634	\$9,111
Pension Payments	\$18,199	\$16,524
Refunds and Transfers	\$6,091	\$5,712
Investment Rate of Return	-0.54%	12.9%
Investment Benchmark	3.39%	10.4%
Employees and Former Employees	3,902	3,801
Pensioners and Beneficiaries	1,734	1,632
Total Members	5,636	5,433

PENSION PLAN ASSET MIX



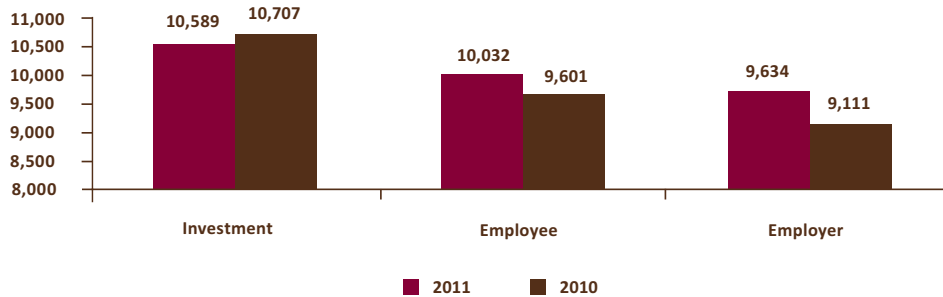
PENSION FUND ASSETS

(\$ millions)

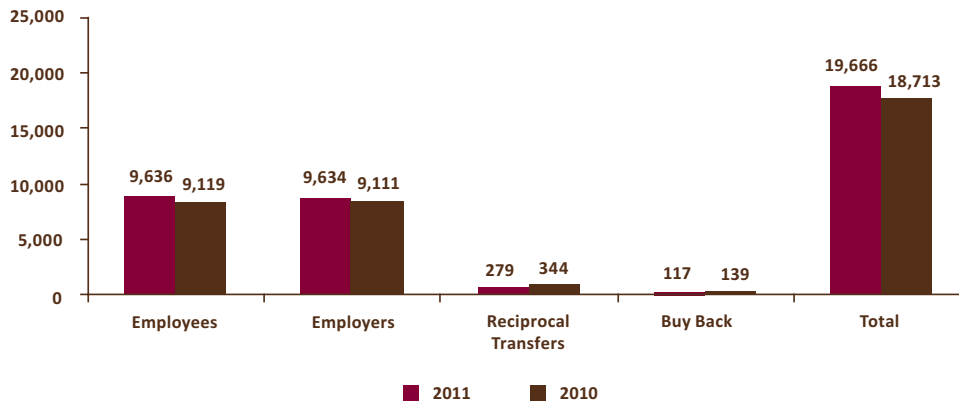


The Pension Plan

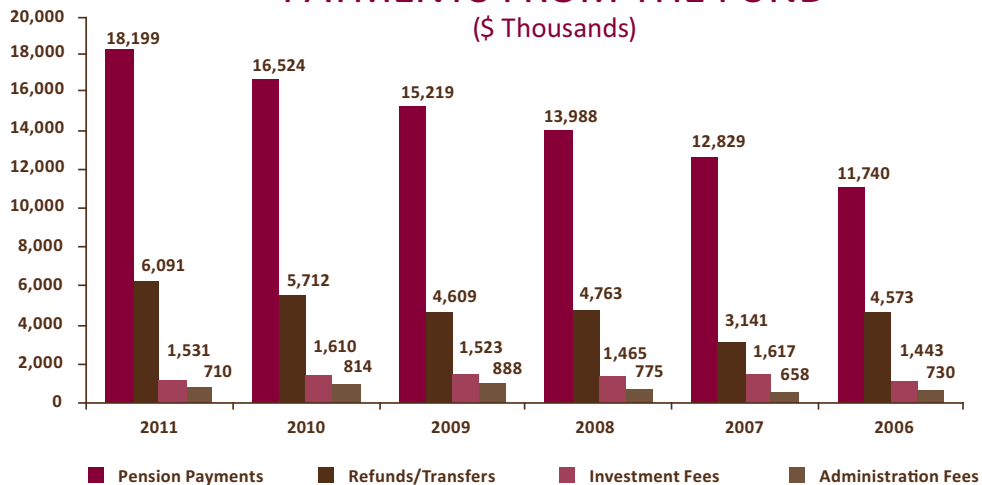
SOURCES OF INCOME (\$ Thousands)



PENSION CONTRIBUTIONS (\$ Thousands)



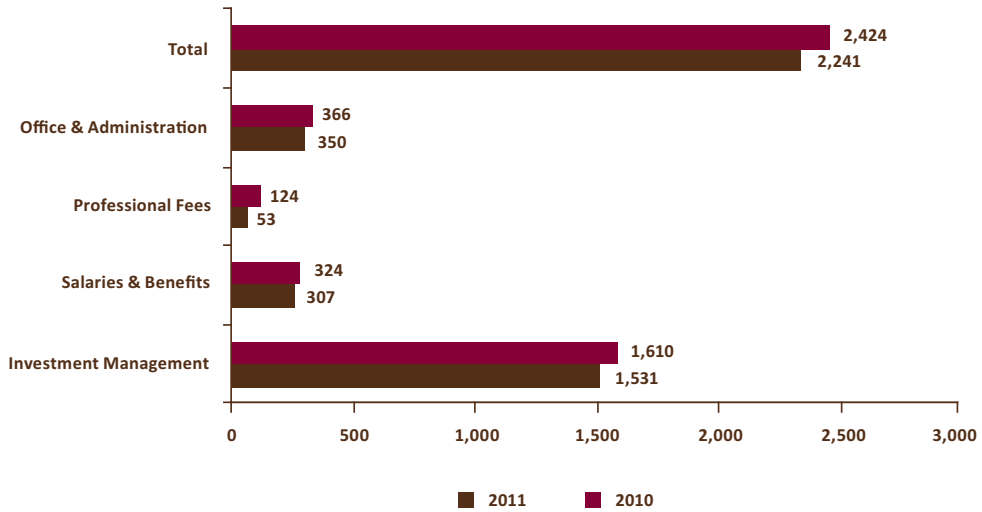
PAYMENTS FROM THE FUND (\$ Thousands)



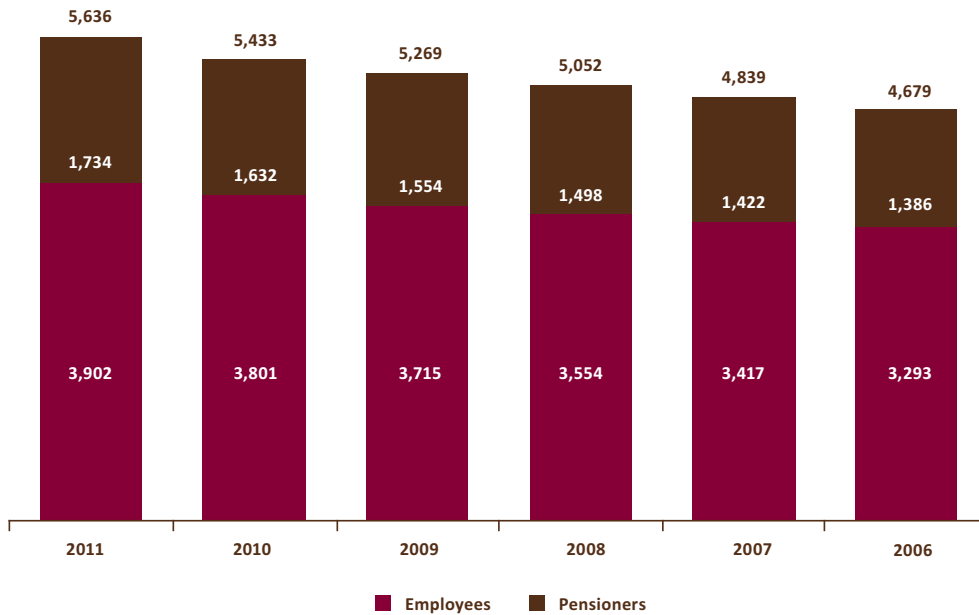
ADMINISTRATION

Total administration costs, including investment expenses, amounted to \$2.2 million. This translates into an annual cost of \$398 per member.

(\$ Thousands)

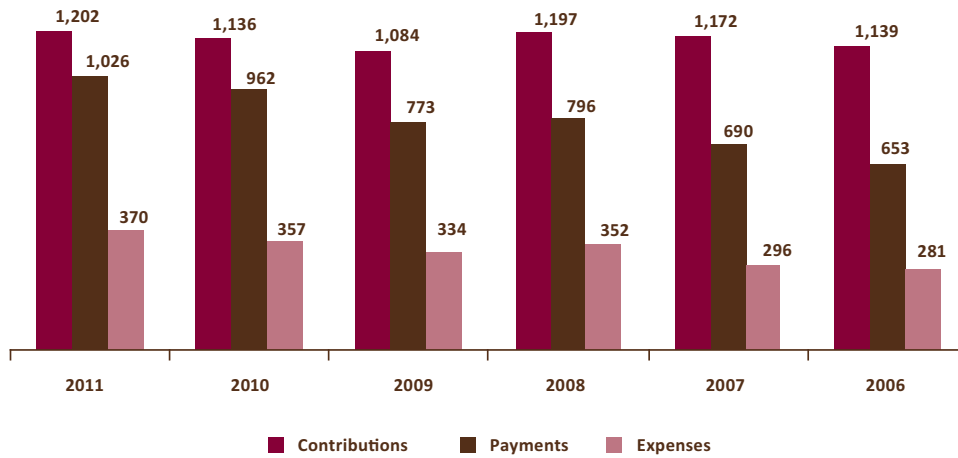


PENSION PLAN MEMBERS



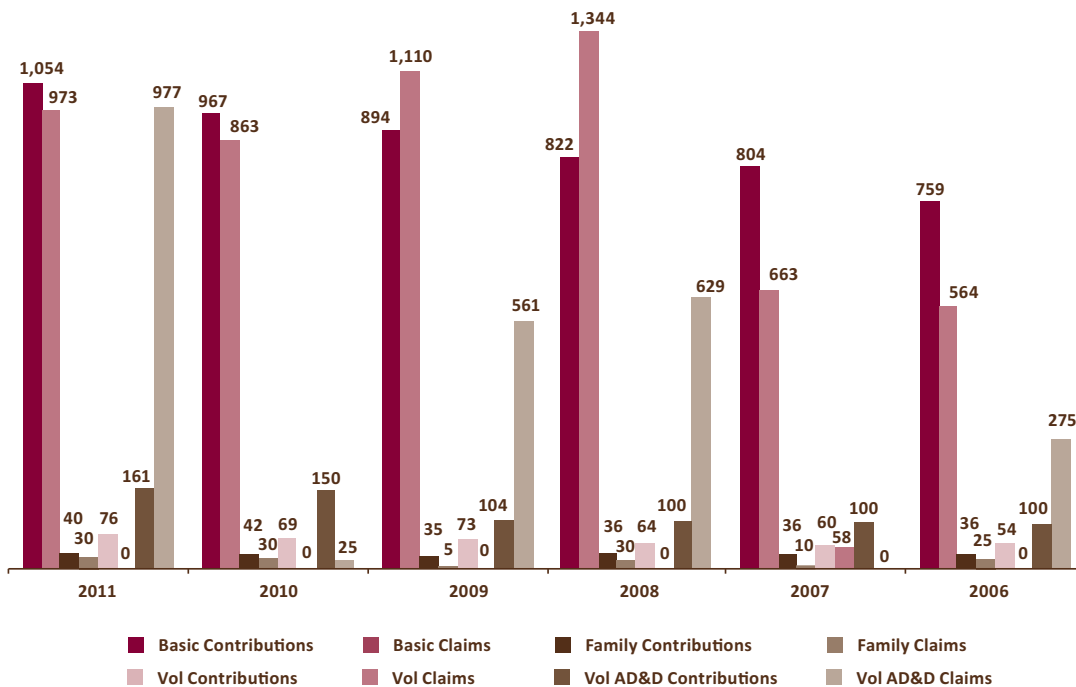
The Disability Income Plan

(\$ Thousands)



The Group Insurance Plan

(\$ Thousands)



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