

MEBP NEWS

Manitoba Municipal
Employees Benefits Program
Fall 2013

The Year in Review

Welcome to MEBP News! In this issue, you will find an update on recent initiatives and important information about your MEBP benefits plans.

The following is a summary of the activities that have kept MEBP staff busy in 2013:

1. Effective January 2013, the Board of Trustees approved a contribution rate increase for the Pension Plan.
2. Effective July 2013, the Manitoba Government increased the retail sales tax on certain group insurance contracts from 7% to 8%.
3. Effective June 1, 2013 the insurance carrier for the Municipal Employees Basic, Optional and Family Life Insurance changed from Great West Life Assurance Company to the Blue Cross Life Insurance Company of Canada.

Also in 2013:

1. MEBP staff organized Pre-Retirement Seminars in Neepawa, Dauphin, Souris and Morris.
2. The MEBP website was enhanced to include a "Retired Members" section.

2012 Pension Plan Valuation

Actuarial valuations for defined benefit plans, such as MEPP, are prepared by an Actuary and are required to be completed a minimum of once every three years.

The Actuary uses actuarial assumptions when preparing the valuation. Assumptions are estimates about the future. Examples of assumptions would be: salary increases, investment returns and life expectancy. The assumptions help to determine what the required annual contribution rates should be and to ensure that the plan's promised benefits will be met.

Two types of actuarial valuations are prepared:

- **Going Concern Valuation** – is prepared to determine whether or not the present assets of the Plan would cover the accrued liabilities (benefits), *assuming the plan is going to continue into the future.*
- **Solvency Valuation** – is prepared to determine whether or not the present assets could cover the accrued liabilities (benefits), *assuming the plan would be discontinued on the date of valuation.*

If the plan assets exceed liabilities, the plan has a "surplus". If the liabilities are higher, the Plan has an "unfunded liability" (also referred to as a "deficit").

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Quick Facts

Please advise MEBP of an address change. An outdated address on your MEBP account may result in delays when providing you with important information, such as the Annual Benefits Statement

The Annual Report to Members will no longer be mailed to members and is now available under the Publications section of the MEBP website. If required, a paper copy will be mailed to members at no charge.

MEBP NEWS is published for members of the Municipal Employees Benefits Program. Comments or suggestions are welcomed. Contact us at:

MEBP NEWS

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2012 Pension Plan Valuation – continued

As at December 31, 2012, the Going Concern Valuation determined that liabilities exceeded assets, resulting in an Unfunded Actuarial Liability of \$29,695,000 and the funded ratio of the actuarial value of assets to the actuarial liabilities was 94%. As required by provincial legislation, special payments plus interest are currently being made to the plan sufficient to pay off the liability over a 15 year period. This is why contribution rates were increased in July 2012 and January 2013.

Also, as at December 31, 2012, the Solvency Valuation revealed that the Plan had an Unfunded Solvency Liability of \$220,483,000 and the solvency ratio of the solvency value of assets to the solvency liabilities was 67.9%. The Solvency Valuation is based on a hypothetical plan wind up; therefore, no amortization payments are required. However, if the Solvency Ratio is below 90%, no plan improvements can be granted to members, including Cost of Living increases to retired members and beneficiaries.

Despite the contribution rate increases and a favourable investment return in 2012 of 9.36%, the impact of the 2008 financial crisis is still being felt as is apparent with the valuation results. Other external factors that have not only affected MEPP, but pension plans across the globe, are aging demographics, global economic events, and low interest rates.

At the Board's Strategic Planning Session, the focus was on the sustainability of the Pension Plan. The Plan Actuary was

asked to provide projections over the next 10 years assuming different scenarios and risk factors. The study results will assist the Board in making difficult decisions which may involve further increases to the contribution rates and/or reducing future liabilities by adjusting pension benefits. **No immediate action is being taken at this time.** The Board, with the help of the Plan Actuary, will continue to monitor the Plan and to explore all options to ensure that MEPP continues to be a viable plan into the future.

The current Pension Plan contribution rates are:

8.3% up to the CPP Yearly Maximum Pensionable Earnings (YMPE - \$51,100 in 2013) and **9.5%** on earnings above \$51,100

If you are a member that **does not** participate in the Disability Income Plan, the current contribution rates are:

8.4% up to the CPP Yearly Maximum Pensionable Earnings (YMPE - \$51,100 in 2013) and **9.6%** on earnings above \$51,100



TIPS FOR MEMBERS

You can view and print a history of your earnings and contributions to the Canada Pension Plan (CPP) and review your estimated benefits on line. For more information, please contact Service Canada – Canada Pension Plan toll-free at 1-800-277-9914 or visit the Service Canada website at www.servicecanada.gc.ca

Disability Income Plan

A Disability Income Plan Text amendment was passed by the Board effective October 1, 2013. The amendment serves to clarify the contributory service requirements of the Plan. Years of contributory service are used to determine the period that disability benefits are eligible to be paid to a member who has been approved under the Plan.

Years of Contributory Service	Period Disability Benefits May Be Paid
Less than 1	1 year
More than 1 but less than 5	5 years
More than 5	Age 65

The entire plan text can be viewed under the "Employee" section of the MEBP website at www.mebp.mb.ca.

Reminder: If you have experienced a 50% reduction in employment earnings due to a medical condition and the medical condition is expected to continue beyond 18 weeks, you may be eligible to apply for disability benefits. Please contact our office or visit our website for additional information.

Group Insurance Plan

The Group Insurance Plan is administered by the Municipal Employees Benefits Program (MEBP) based on an agreement (policy) that is in place with two insurance carriers. The insurance carriers are responsible for claims adjudication and processing of payments and as the administrator of the agreement, MEBP is responsible for processing and maintaining all changes to employee records and documents.

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The Group Insurance Plan consists of 5 types of insurance coverage:

1. Basic Life
2. Basic Accidental Death & Dismemberment (Basic AD&D)
3. Family Life
4. Optional Life
5. Voluntary Accidental Death & Dismemberment (Voluntary AD&D)

Effective June 1, 2013, the insurance carrier for Basic Life, Family Life and Optional Life changed from Great West Life to the Blue Cross Life Insurance Company. (The insurance carrier for the Basic AD&D and Voluntary AD&D continues to be SSQ Insurance).

All active and retired members, who participate in Basic and Optional Life, were asked to complete a new "Beneficiary Nomination Form". The Blue Cross/MEBP Group Life Insurance – Beneficiary Nomination Forms were mailed out to all participating members in August. The deadline for the completion and return of the form to the MEBP office was **September 30, 2013. If you did not receive this form or require additional information, please contact our office immediately.**

If you did not return the form, the beneficiary designation under your Basic Life Insurance and if applicable, the Optional Life Insurance will be recorded as your Estate.

You can change the beneficiary designation at any time by completing a Beneficiary Designation Form and returning it to MEBP. The form is available under the Employee section of the MEBP website: www.mebp.mb.ca, from your employer or the MEBP office. Beneficiary designation information will appear on your 2013 Annual Benefits Statement which will be mailed to members prior to June 30, 2014.

If you wish to update your beneficiary designation for Voluntary Accidental Death and Dismemberment Insurance you must make the required changes on the Voluntary Accidental Death & Dismemberment Insurance Form #78, which is also available on the MEBP website, from your employer or the MEBP office.

Focus on Benefits

In this edition we focus on:

Transfer of Pension Plan membership between Participating Employers.

If you terminate employment with a participating employer and become re-employed with another participating employer, you may transfer your pension benefits earned to your new employer. You will not accrue qualifying service for the period between the date of termination with the first employer and the date of employment with the new employer.

Note: The beneficiary designation for Basic Life will also be used as the beneficiary information for Basic AD&D.

Group Life Insurance Contributions

Effective with your first pay period that ends in January 2014, the cost of Basic Life Insurance will reduce from .34 cents per \$1,000 of coverage to .32 cents per \$1,000 of coverage.

This is an example of how your Basic Life Insurance contribution is calculated:

Neil has annual earnings of \$34,300 and has 2 units of Basic Life Insurance. He is paid bi-weekly, based on 26 pay periods in the year.

- His Basic Life Insurance coverage is \$68,000 ($\$34,000 \times 2$)*
**Annual Salary is rounded up or down to the nearest \$1,000 and then multiplied by the number of units of insurance (1 or 2).*
- His required bi-weekly contribution is: $(68 \times .32) \times 12/26 = \10.04
- Neil's employer has an agreement with their employees that they will pay 50% of the Basic Life cost. The employer pays $\$10.04/2 = \5.02 .
- Neil's bi-weekly contribution is $\$10.04 - \$5.02 = \$5.02$.
- 8% retail sales tax is applied to the required contribution for both employers and members: $\$5.02 \times .08 = \$.40 + \$5.02 = \5.42 is the cost for each.

Participating employers may cover all, a portion or none of the cost of the Basic Life Insurance. This will affect a member's cost requirements. Also, the employer's pay frequency (bi-weekly, semi-monthly, monthly) will affect the amount of the contribution per pay. Please contact your employer to confirm your current coverage and contribution amounts.

Note: The 8% Retail Sales Tax (RST) is required to be applied to all group insurance contributions. The tax applies to Basic Life, Family, Optional Life, Basic and Voluntary AD&D Insurance.

In order to update your pension account, we require that you complete enrolment forms with the new employer and you will need to complete a MEPP Termination Option Form. This form will be sent to you from the MEBP office after we have been advised by your previous employer that there has been a termination of employment.

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If the MEBP office does not receive your completed MEPP Termination Option Form, the transfer of your pension account from your former employer to your new employer cannot take place. Your pension account with the former employer will be placed into a deferred status until you contact our office.

It is important that you review your beneficiary designations and insurance coverage to make sure that they are up to date and that they reflect life changes. If you require assistance or additional information, please contact our office.

MEBP Staff & Trustee News

We wish to welcome Bob Malazdrewich back to the Board of Trustees as the CUPE representative. Bob served as a Trustee from 1991 to 2006 and replaces Brian Ellis who served on the Board from January 2007 to December 2012. We wish to thank Brian for his hard work and dedication.

MEBP is also pleased to announce two new staff members: Denise Cheang and Fran Johnson. Denise is involved with the administration of the Disability Income Plan, Employer Remittances, Buybacks and Relationship Breakdowns. Fran is a Senior Programmer Analyst who is responsible for updating, maintaining and improving the computer programs used in the administration of the benefit plans.

The MEBP Board and Staff would like to welcome the following new employers:

Thompson Regional Airport Authority – Participating in the Pension Plan effective January 28, 2013

Portage Regional Recreation Authority – Participating in all plans effective December 22, 2012

Whitemouth River Recreation Commission – Participating in all plans effective June 18, 2013

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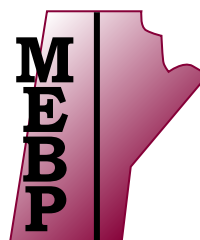
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