



# MEBP

MUNICIPAL EMPLOYEES  
BENEFITS PROGRAM

**2014**  
**ANNUAL REPORT TO**  
**MEMBERS**

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

Toll-Free – 1-800-432-1908

## MESSAGE FROM THE CHAIR

As Chair of the MEBP Board, I would suggest that everything we do at MEBP is driven by a single purpose – focusing on ensuring stable and reliable pensions for the 3,000 plus employees who rely on us and, at the same time, keeping contribution rates affordable. Remaining financially stable is our highest priority and the Board is committed to providing value to its members across all areas of your plan in the most effective way possible. We will continue to be immersed in the strategy and investment issues that face the pension fund.

The 2014 investment returns were not as high as hoped, generating a return of 9.22%. The plan needs 6% to sustain itself, but this does not include the current accrued deficit. While the 9.22% return did help the bottom line, the pension valuation as at December 31, 2014 disclosed a going concern funded ratio of 95.2% (93.3% in 2013) and a solvency ratio of 69.7% (78.3% in 2013). The pension fund's total investment assets were \$578 million as at December 31, 2014, an increase of nearly 9% over 2013.

Challenges to deal with the solvency deficit are difficult, as there continues to be high volatility in the investment market, increases in our liability profile and changes in pension legislation. And while we all want to improve plan members' chances of financial security, the Board must balance risk management with revenue generation.

In 2013 the Board undertook a Plan Sustainability Study prepared by Towers Watson. The conclusion of the study illustrated that some decisions needed to be made to ensure the pension benefits for all members are protected. This led to a decision by the Board to introduce the minimum retirement age of 55 effective January 1, 2018. The actuary did express concern that the decision to move to 2018 as the implementation date could lead to potential changes in the future. Obviously that will depend on investment returns. We conducted an Asset Mix Study in 2014 and made some changes to our target Asset Mix to maximize returns.

I would like to express my appreciation to all the members of the Board and to the MEBP staff for their dedicated work and tremendous input. From a staff perspective, the amalgamation effort in 2014 was a large task, which resulted in considerable consultation and correspondence regarding the whole handling of employee benefits. I also thank the members for all their patience in this matter, as this was a new experience for everyone.

In closing, the 2014 year brought many challenges and also some tough lessons. The main lesson that I took from 2014 was that our communication efforts to outline and explain pension plan changes, particularly the age 55 rule, could have been better communicated. That communication needs to include positive news as well as negative news. We will improve going forward. To all the members, we appreciate your interest and understand your concerns.

All of us at MEBP are committed to the future as we continue to find innovative and forward thinking ways to deliver on the MEBP pension promise. This is central to our main goal of achieving a position of being favourably funded.

Thank you

Jack Kehler, Chair

## Investment Overview

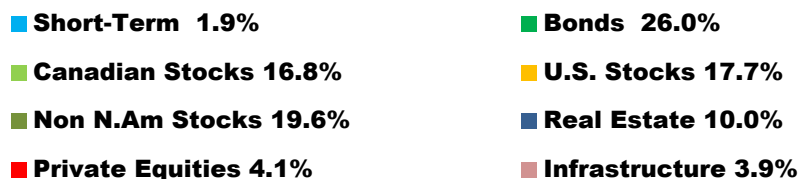
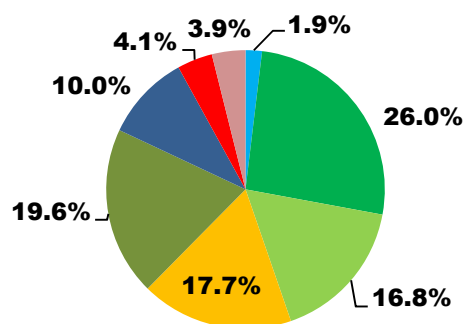
The Fund registered a return of 9.22% in 2014, compared to 12.27% in 2013. This return underperformed the benchmark by 2.14% and was more than the rate required by the valuation to fund benefits by 3.22%.

### PENSION PLAN HIGHLIGHTS

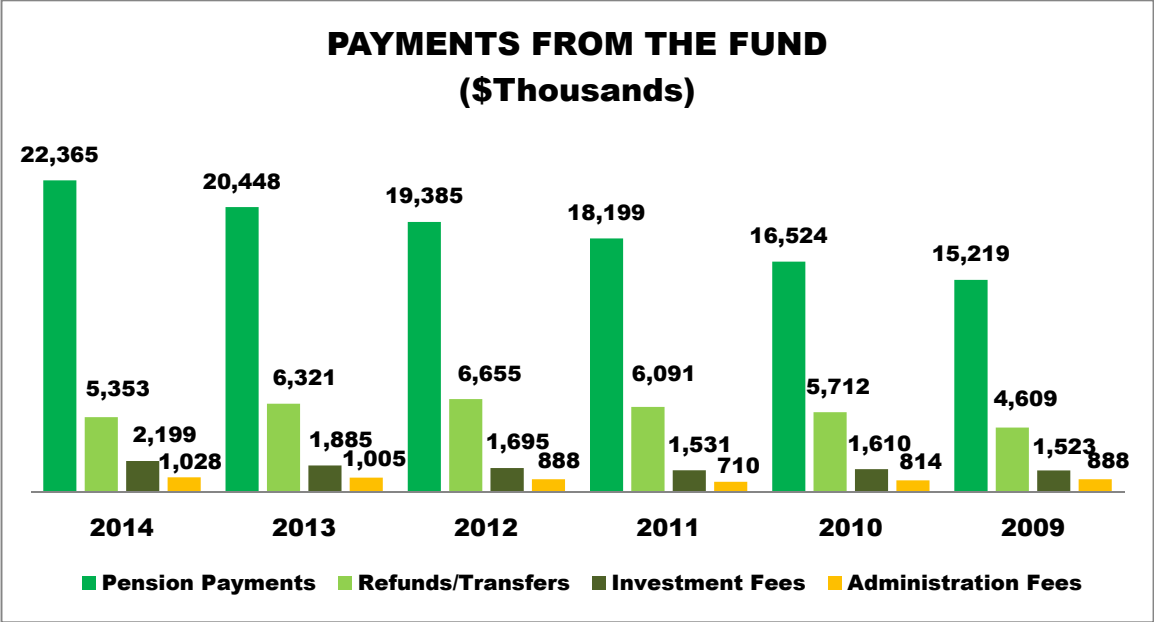
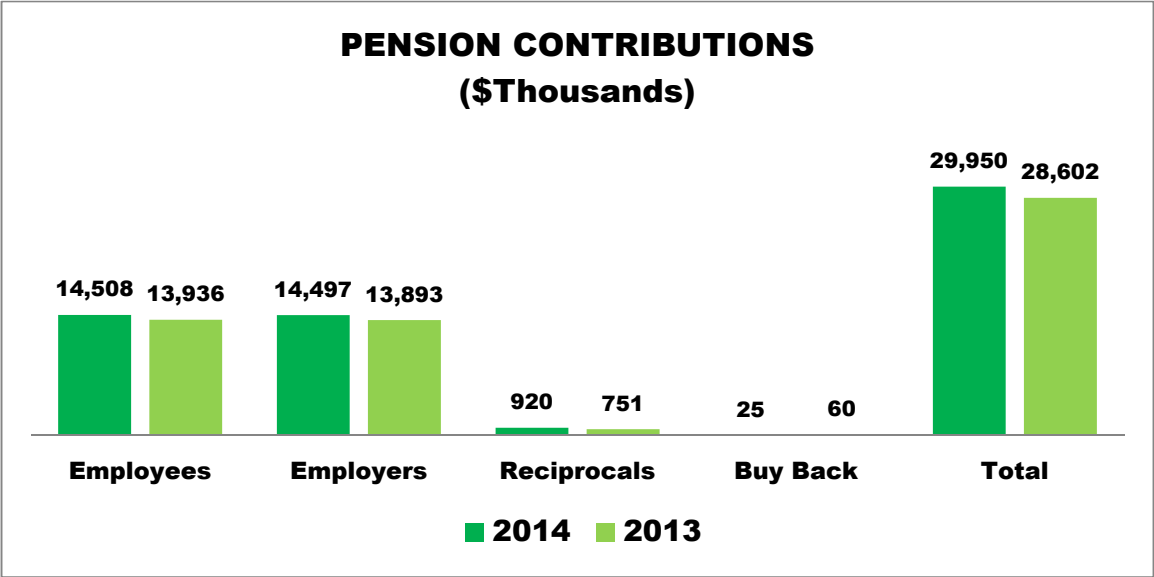
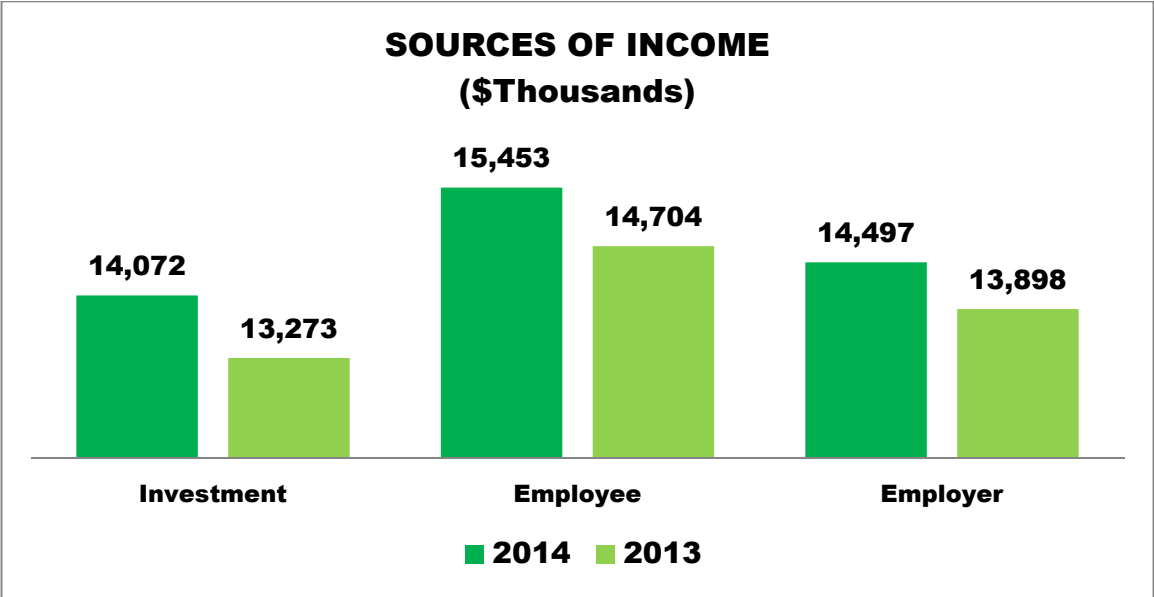
(\$ Thousands)

	<u>2014</u>	<u>2013</u>
Market Value of Investments	\$577,987	\$530,677
Investment Income	\$14,072	\$13,273
Employee Contributions	\$15,453	\$14,704
Employer Contributions	\$14,497	\$13,898
Pension Payments	\$22,365	\$20,448
Refunds and Transfers	\$5,353	\$6,320
Investment Rate of Return	9.22%	12.27%
Investment Benchmark	11.36%	11.71%
Employees and Former Employees	3,941	3,862
Pensioners and Beneficiaries	<u>2,010</u>	<u>1,882</u>
Total Members	5,951	5,744

### Pension Plan Asset Mix

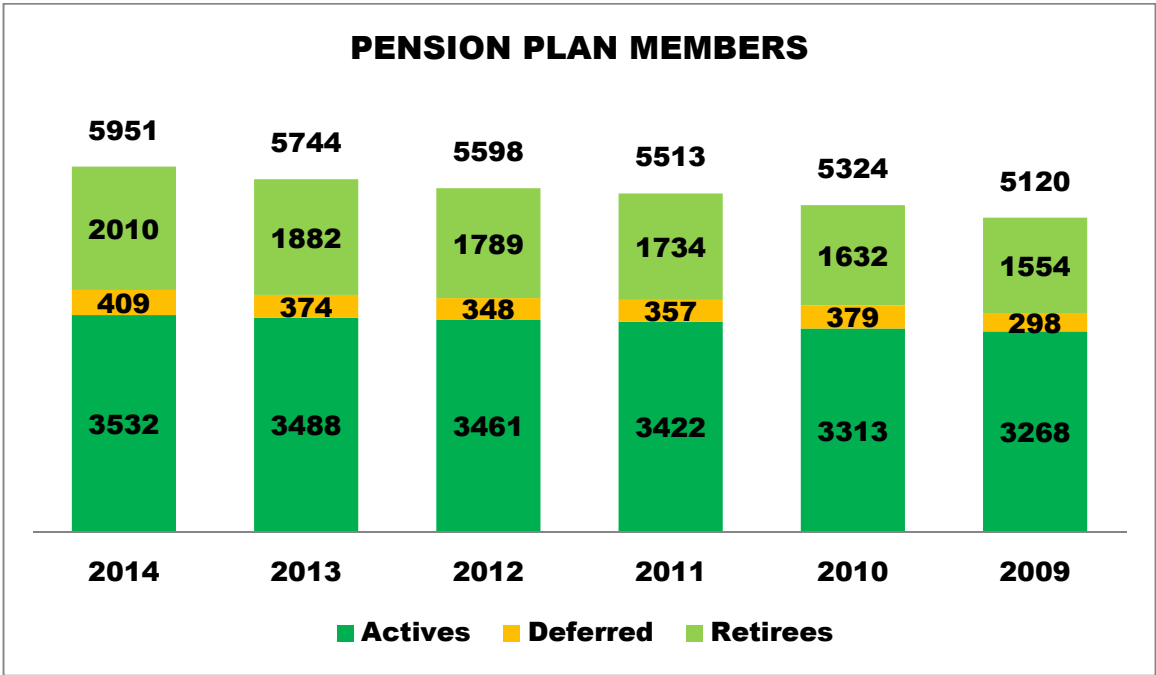
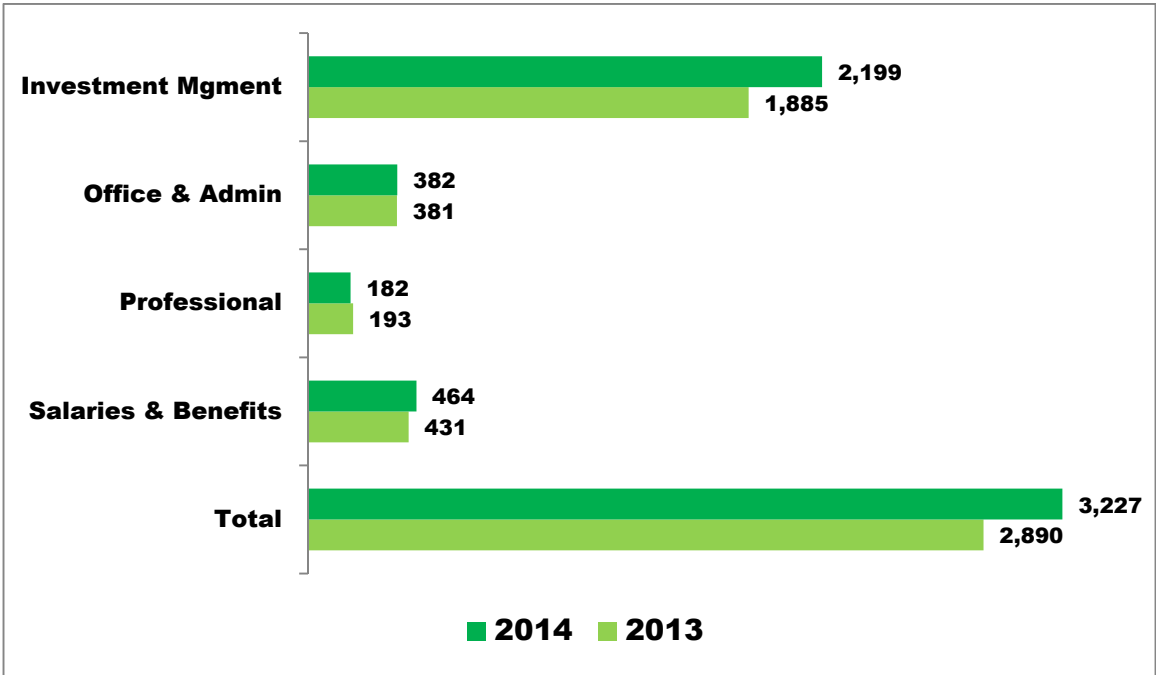


The Pension Plan

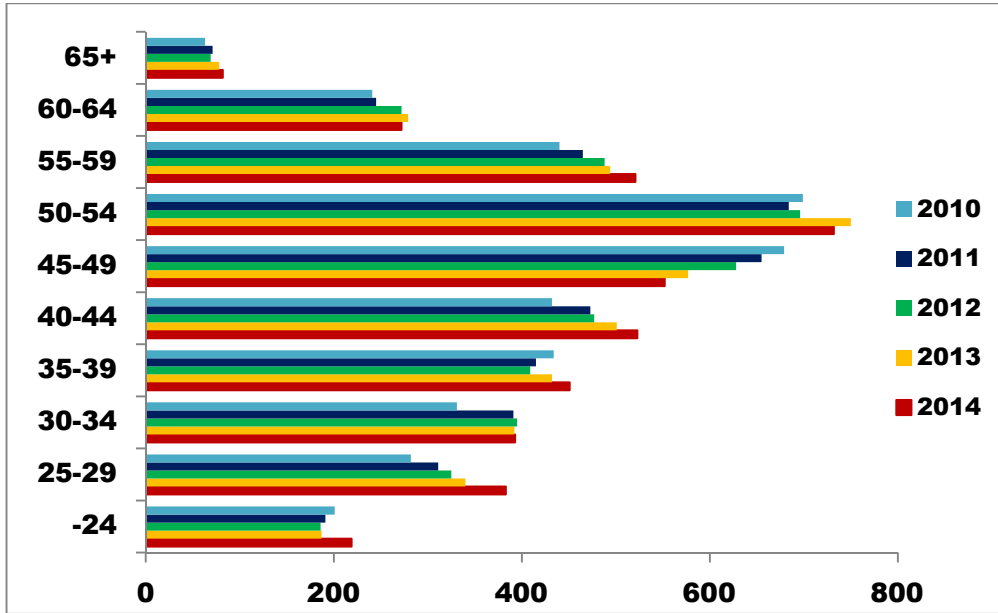


# Pension Administration

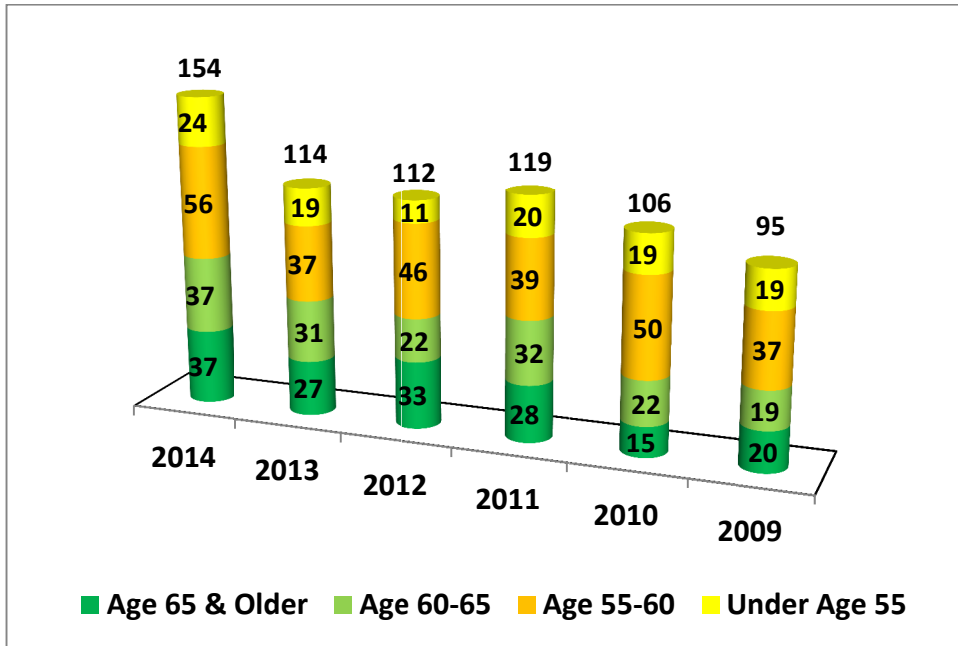
Total administration costs, including investment expenses, amounted to \$3.2 million. This translates into an annual cost of \$542 per member.



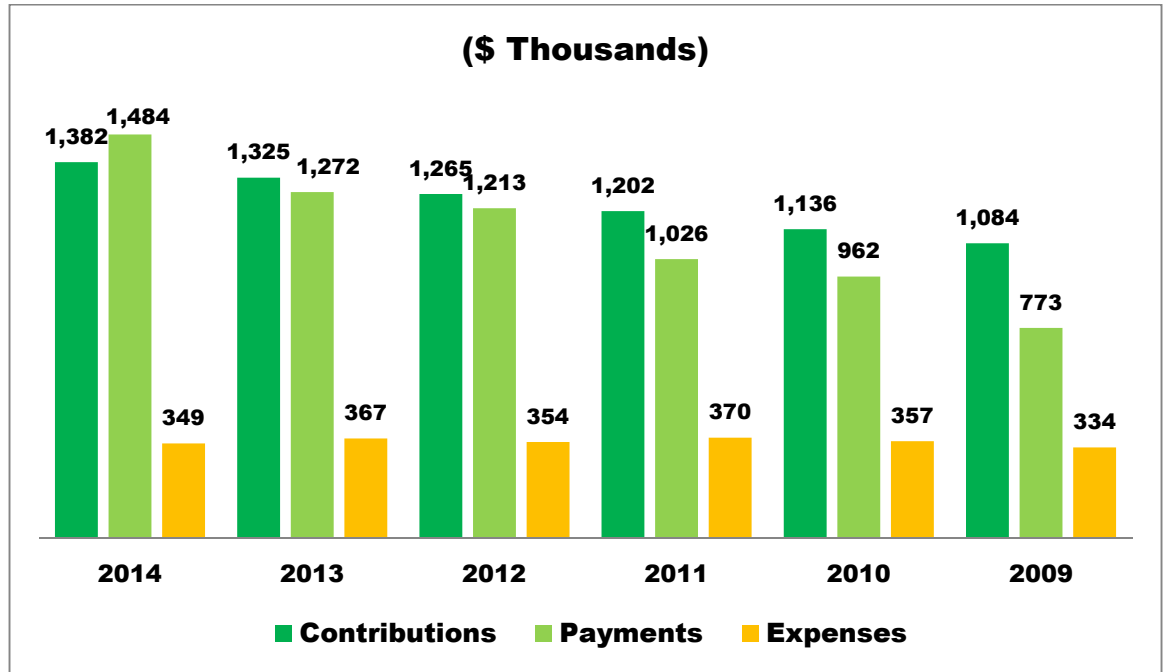
### ACTIVE MEMBER PROFILE BY AGE



### RETIREMENTS



## The Disability Income Plan



## The Group Insurance Plan

