



# MEBP NEWS

## MUNICIPAL EMPLOYEES BENEFITS PROGRAM

Manitoba Municipal  
Employees Benefits Program  
2015 Edition

## The Year in Review

Welcome to MEBP News. We recently launched our new logo, so we look a little different. In this issue of MEBP News we provide you with important information about your MEBP benefit plans.

The following is a summary of some of the activities that have kept MEBP staff busy in 2015:

1. Effective January 2015, the Board of Trustees approved a contribution rate increase for the Disability Income Plan.
2. In 2014 the Provincial Government initiated the amalgamation of municipalities, villages and towns, which affected 106 MEBP participating employers. Throughout 2015, MEBP staff have reviewed and updated employer and member accounts.
3. MEBP staff organized Financial & Pre-Retirement Seminars in Brandon, Dauphin and Thompson.
4. The Pension Plan Text was reviewed and updated due to policy changes. A new version of the document is now available on our website.

## 2014 Pension Plan Valuation

The purposes of the Pension Plan Valuation are to present information on:

- the financial position of the Plan on both going concern and solvency basis; and
- the sufficiency of participating employer and member contributions to fund the minimum required contributions.

The valuation also outlines the changes in the Plan's financial situation since the previous actuarial valuation at December 31, 2013, and provides information required by *The Manitoba Pension Benefits Act* and the *Income Tax Act*.

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.**

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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 An outdated address on your MEBP account may result in delays when providing you with important information, such as the Annual Benefits Statement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 is available under the Publications section of the MEBP website. If requested, 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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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”)

The following are the results of the 2014 Pension Plan valuation:

### Going Concern Financial Position

	December 31, 2014	December 31, 2013
<b>Actuarial Value of Assets</b>	\$ 548,203,000	\$ 506,598,000
<b>Actuarial Liability</b>		
Active and disabled members	\$ 291,766,000	\$ 286,317,000
Retired members and beneficiaries	256,260,000	229,568,000
Terminated vested members	13,915,000	14,226,000
Reserves	14,087,000	12,946,000
Total actuarial liability	\$ 576,028,000	\$ 543,057,000
<b>Actuarial Surplus</b>	\$ (27,825,000)	\$ (36,459,000)
<b>Funded Ratio</b>	95.2%	93.3%

### Solvency Financial Position

	December 31, 2014	December 31, 2013
<b>Solvency Value of Assets</b>	\$ 548,203,000	\$ 506,598,000
Provision for plan windup expenses	(2,000,000)	(1,900,000)
Total solvency value of assets	\$ 546,203,000	\$ 504,698,000
<b>Solvency Liability</b>		
Active and disabled members	\$ 413,993,000	\$ 353,333,000
Retired members and beneficiaries	345,930,000	271,909,000
Terminated vested members	23,517,000	19,227,000
Total actuarial liability	\$ 783,440,000	\$ 644,469,000
<b>Solvency Surplus</b>	\$ (237,237,000)	\$ (139,771,000)
<b>Funded Ratio</b>	69.7%	78.3%

As at December 31, 2014, the Going Concern Valuation determined that liabilities exceeded assets, resulting in an Unfunded Actuarial Liability of \$27,825,000 and the funded ratio of the actuarial value of assets to the actuarial liabilities was 95.2%.

As required by provincial legislation, special payments plus interest are currently being made by the plan to pay off the liability over a 15 year period.

Also, as at December 31, 2014, the Solvency Valuation revealed that the Plan had an Unfunded Solvency Liability of \$237,237,000 and the solvency ratio of the solvency value of assets to the solvency liabilities was 69.7%. 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.

The annual rate of return on the actuarial value of assets was approximately 8.1% (net of investment expenses) and the annual rate of return on the market value of assets was approximately 8.6%. Total member and participating employer contributions were \$29,927,000.

Since 2008 the Board of Trustees has focused on the sustainability of the Plan. The current contribution rates are helping to improve the financial position of the Plan by paying down the deficit and providing a cushion for adverse deviation.

The Plan, however, continues to face a number of risks including:

- Low investment returns or low interest rates
- Mortality improvements (people living longer)
- Higher retirement rates and higher than expected salary increases

**These risks could impair the long-term financial position of the Plan and could require additional contribution rate increases or benefit reductions or both.**

The Board, with the help of the Plan Actuary, will continue to monitor the Plan and to explore all options to ensure that the MEPP continues to be a viable plan into the future.

## Pension Plan Changes

### Re: Integration with Old Age Security Option

In 2012 the Government of Canada made changes to the Old Age Security (OAS) program. People born between April 1, 1958 and January 31, 1962, will be eligible to receive their OAS benefit between the age of 65 and 67, depending on their birth date. People born on or after February 1, 1962 will be eligible to receive their OAS benefits at the age of 67.

The changes to the Old Age Security program affect a voluntary option known as “Integration with Old Age Security (OAS)” that MEPP offers to members who are under age 65 on their retirement date.

The option allows the Municipal Employees Pension Plan (MEPP) to add an “advance” to a member’s monthly pension

payment. The advance is paid from the date of retirement date to age 65. At age 65 the member’s MEPP payment is reduced in order to recover the advance payments issued to the member. This reduction to the MEPP payment continues for the member’s lifetime.

**Note: The Income Tax Act (Canada) currently does not allow pension plans to offer an integration option that pays an advance payment beyond age 65.**

In the past, members could offset the reduction by applying for their OAS benefits at age 65. However, due to the changes made to the OAS program, this is no longer the case for members born on April 1, 1958 or later. If these members choose the Integration with OAS option, there will be a gap in their retirement income between the ages of 65 to 67.

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For this reason effective January 1, 2016, the MEBP Board of Trustees has approved the following changes:

- The Integration with OAS option will no longer be offered to members who were born April 1, 1958 or later and have a retirement date of January 1, 2016 or later.
- Members born April 1, 1958 or later who have a retirement date of December 31, 2015 or prior will continue to be offered the OAS integration option.
- Members born prior to April 1, 1958 will continue to be offered this option at retirement.

To receive additional information on the Old Age Security program contact Service Canada at 1-800-277-9914 or go to their website at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca).

**The MEBP Board and Staff would like to thank all employers, who have been involved with the amalgamation process, for their help in completing new MEBP participation agreements and updating member accounts.**

**A list of MEBP participating employers is available on the website under the About MEBP section.**

## Disability Income Plan Contribution Rate Increase

An Actuarial Valuation conducted as at January 1, 2014, confirmed that the Plan experienced a deficiency of \$539,000.

In order to recover the deficiency and to ensure that contributions collected are sufficient to fund future costs,

the Board of Trustees approved a series of contribution rate increases. The first increase was implemented in January 2015, with the contribution rate going from 1% to 1.2%.

The next rate increase will be effective on your first pay dated January 2016. The contribution rate will increase from 1.2% to 1.4%. An additional increase is scheduled to take place in January 2017.

## Focus on Benefits

In this edition of MEBP News we have provided a summary of the plan costs. Participating employers may cover none, all or a portion of the costs for the Disability Income Plan and Basic Life Insurance. Also, insurance contributions may be pro-rated if paid on a bi-weekly or semi-monthly basis.

Plan	Contribution Frequency	Required Member Contribution
<b>PENSION</b>	Each pay period	8.3% of pensionable earnings up to the YMPE* and 9.5% of pensionable earnings in excess of the YMPE
(Members who do not participate in the Disability Income Plan pay 8.4% up to YMPE and 9.6% in excess of YMPE). *YMPE is the Year's Maximum Pensionable Earnings. For 2015, the YMPE is \$53,600		
<b>DISABILITY INCOME PLAN</b>	Each pay period	1.2% of pensionable earnings (Effective January 2016, 1.4%)
<b>BASIC LIFE INSURANCE</b>	Monthly	.32 cents per \$1,000 of coverage
<b>OPTIONAL LIFE INSURANCE</b>	Monthly	Cost is based on your age and whether you are a smoker or non-smoker.
<b>FAMILY INSURANCE</b>	Monthly	\$2.50
<b>VOLUNTARY ACCIDENTAL DEATH &amp; DISMEMBERMENT</b>	Monthly	Cost based on plan type/coverage amount

Coverage Amount	Employee Only Plan	Employee & Family Plan
<b>\$25,000 Minimum</b>	\$0.75	\$1.00
\$50,000	\$1.50	\$2.00
\$75,000	\$2.25	\$3.00
\$100,000	\$3.00	\$4.00
\$125,000	\$3.75	\$5.00
\$150,000	\$4.50	\$6.00
\$175,000	\$5.25	\$7.00
\$200,000	\$6.00	\$8.00
\$225,000	\$6.75	\$9.00
<b>\$250,000 Maximum</b>	\$7.50	\$10.00

## MEBP Staff & Trustee News

We wish to thank Brad Collett for his service on the Board. Mr. Collett served as an Employee Representative from January 2011 to December 2014.

Welcome to Chris Goertzen on the Board of Trustees, who was appointed by the Association of Manitoba Municipalities to serve as an Employer Representative for the term January 2015 to December 2018.

Effective May 2015, Melissa Wollmann is no longer with MEBP. We would like to thank Melissa for her service and wish her all the best for the future.

## Attention Deferred Members

A deferred member is a member who is no longer an active employee, but chose to leave their pension benefit in the Plan after they were no longer employed with a participating MEBP employer.

If you are a deferred member it is important that you continue to notify MEBP of any changes to your address and marital status. This way you will not miss out on important notifications that may affect your pension benefits.

## MEBP Board of Trustees – 2014 Election

Thank you to all plan members who voted in the election which took place on November 21, 2014. We received 648 ballots. Tanya Addison and Earl McNutt, both from the City of Brandon, were elected Employee Representatives on the Board of Trustees. Ms. Addison and Mr. McNutt will serve a 4 year term from January 1, 2015 to December 31, 2018.

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### BOARD OF TRUSTEES:

#### Member Representatives

#### Jack Kehler Chair

Manitoba Municipal  
Administrators Association

#### Earl McNutt

Elected Representative  
City of Brandon

#### Bob Malazdrewich

C.U.P.E.  
Winnipeg

#### Tanya Addison

Elected Representative  
City of Brandon

#### Employer Representatives

#### Stuart Olmstead

Association of Manitoba  
Municipalities  
Mayor, Town of Carberry

#### Mel Klassen

**Vice-Chair**  
Association of Manitoba  
Municipalities  
Mayor, Town of Altona

#### Chris Goertzen

Association of Manitoba  
Municipalities  
Mayor, City of Steinbach

#### Roger Wilson

Association of Manitoba  
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Councillor, Prairie View  
Municipality



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