



MEBP

MUNICIPAL EMPLOYEES
BENEFITS PROGRAM

2017

ANNUAL REPORT TO MEMBERS

www.mebp.mb.ca

Toll-Free – 1-800-432-1908

MESSAGE FROM THE CHAIR

The Board of Trustees is responsible for providing the requisite oversight and guidance to ensure the organization successfully manages growth and continues to meet its long term mandate. A few changes were made to the Pension Fund investment strategy in 2017 to enhance returns and for risk reduction purposes. Further changes will be occurring in 2018. These changes are largely to broaden the Plan's alternative investments and replace some strategies that have underperformed. The Board feels now that a strategy is in place to deliver the expected long term returns while ensuring the level of risk used is appropriate.

The 2017 year end pension fund total assets are now at \$696 million as compared to \$638 million at the end of the previous year, reflecting about a 9% increase. The 2017 investment portfolio returned 10.4%, well in excess of the Plan's target return and above the Plan's internal benchmark. Given this strong return in 2017, the pension fund is now fully funded on a going concern basis. The estimated solvency ratio for 2017 has also improved to 73%, compared to 72% at the 2016 year end.

Overall 2017 was a strong year globally in the markets given the positive backdrop of strong global growth in both developed and emerging markets. The changes being made to the Plan investments are both to further diversify the Plan's investments but to also reduce the Plan's reliance on the strong equity market that has occurred over the past decade. With these changes, the Plan's investment manager believes we will be able to achieve the needed returns but also insulate against the potential challenges of a market downturn and rising interest rates.

There was a successful and seamless transition of the administration of the Pension Plan and benefits to Coughlin & Associates as of April 1, 2017. We wish to thank both the team at Coughlin and our previous internal staff, headed by Executive Director Rose Neufeld, for the efforts to make this a successful transition. A new chapter has begun with our Plan and we look forward to a long relationship with the new Administration team. It should also be noted that in addition to Rose, three of the longer serving board members also moved on in 2017 with Jack Kehler, Bob Malazdrewich and Roger Wilson retiring from the Board of Trustees. We wish them well and thank them for their contribution to the Board over the years. As we welcome some new faces to the Board, please note that we remain committed to the future and will strive to find innovative and forward thinking ways to deliver on the ME BP pension promise.

Thank you

Mel Klassen, Chair

Investment Overview

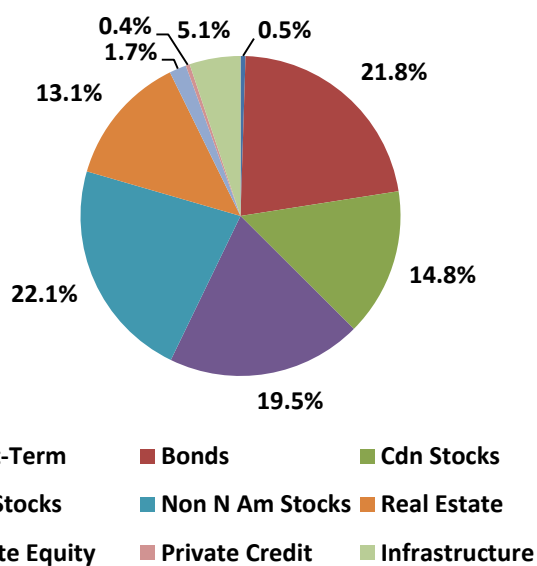
The Fund registered a return of 10.40% in 2017, compared to 5.24% in 2016. This return outperformed the benchmark by 0.79% and was greater than the rate required by the valuation to fund benefits by 4.50%.

PENSION PLAN HIGHLIGHTS

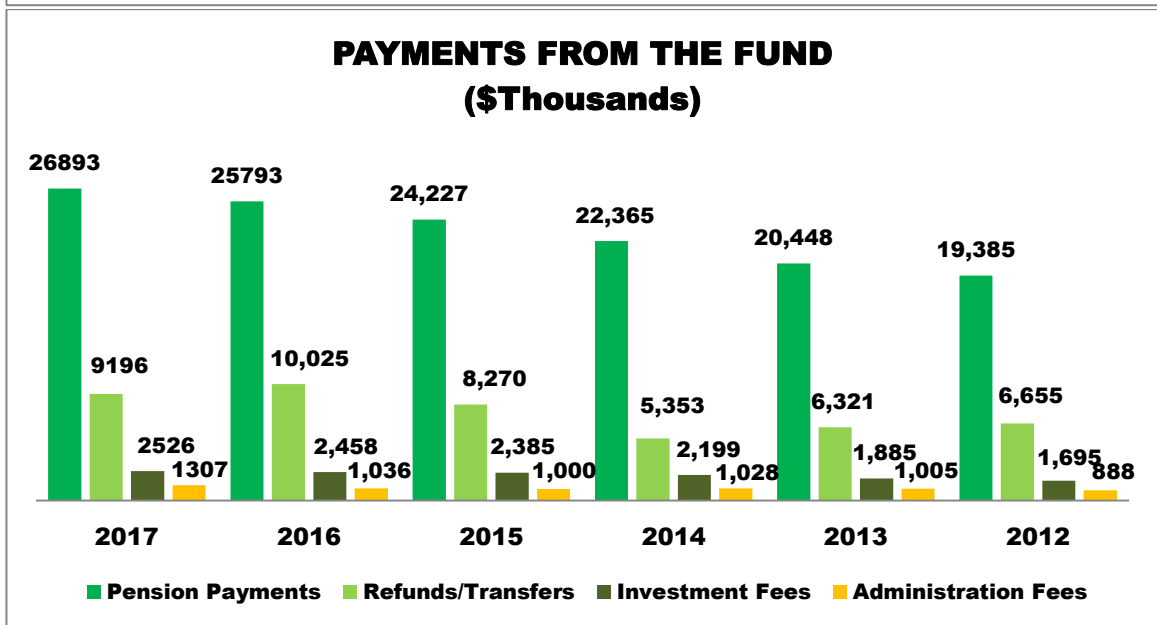
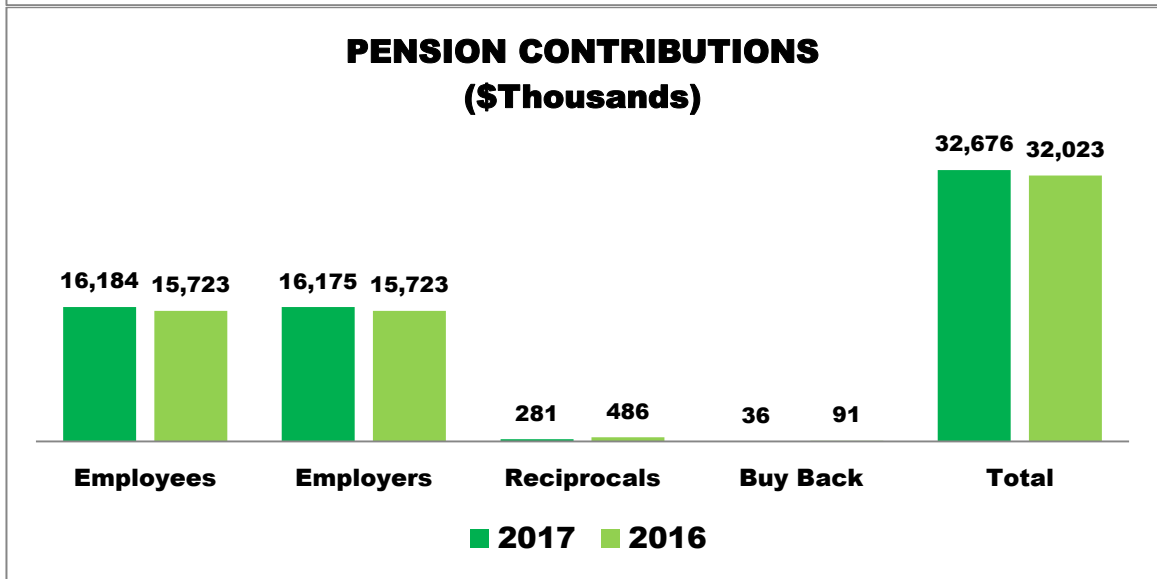
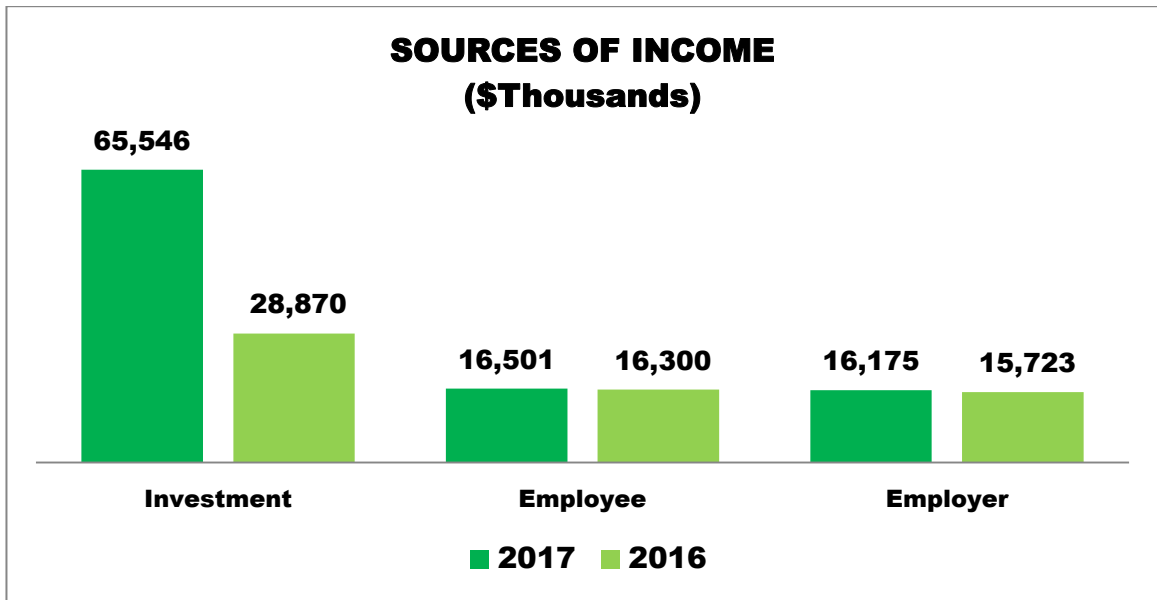
(\$ Thousands)

	<u>2017</u>	<u>2016</u>
Market Value of Investments	\$695,623	\$637,979
Investment Income	\$65,546	\$28,870
Employee Contributions	\$16,501	\$16,300
Employer Contributions	\$16,175	\$15,723
Pension Payments	\$26,893	\$25,793
Refunds and Transfers	\$9,196	\$10,025
Investment Rate of Return	10.40%	5.24%
Investment Benchmark	9.61%	6.18%
Employees and Former Employees	4,194	4,134
Pensioners and Beneficiaries	<u>2,199</u>	<u>2,147</u>
Total Members	6,393	6,281

Pension Plan Asset Mix

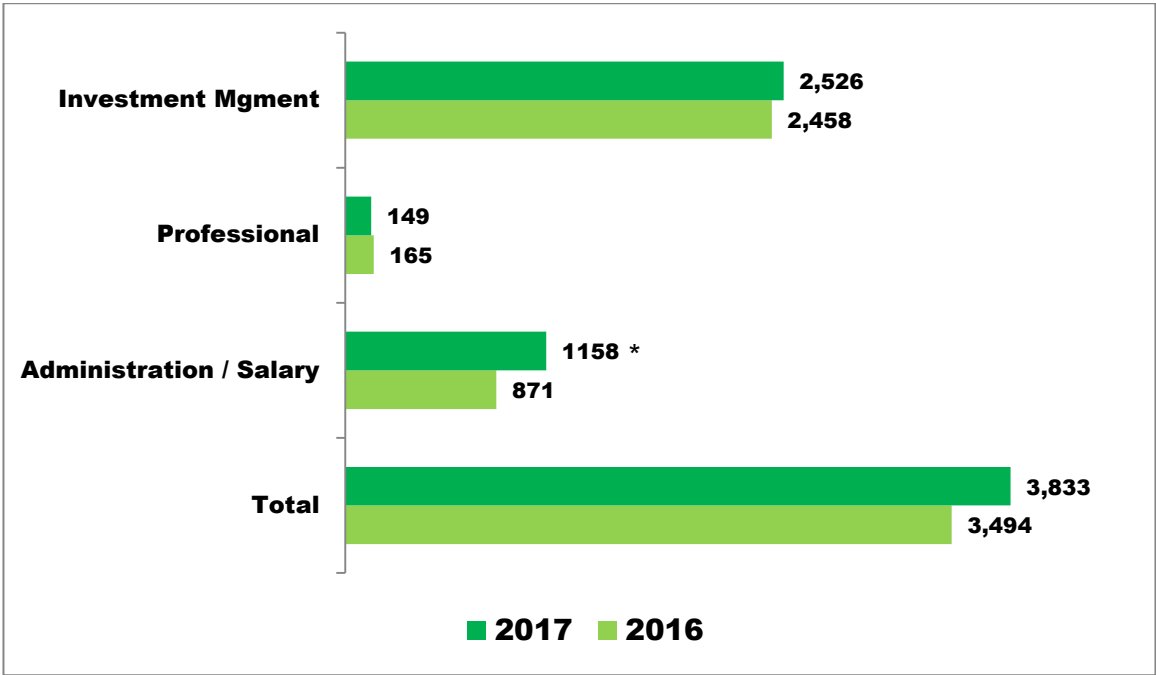


The Pension Plan

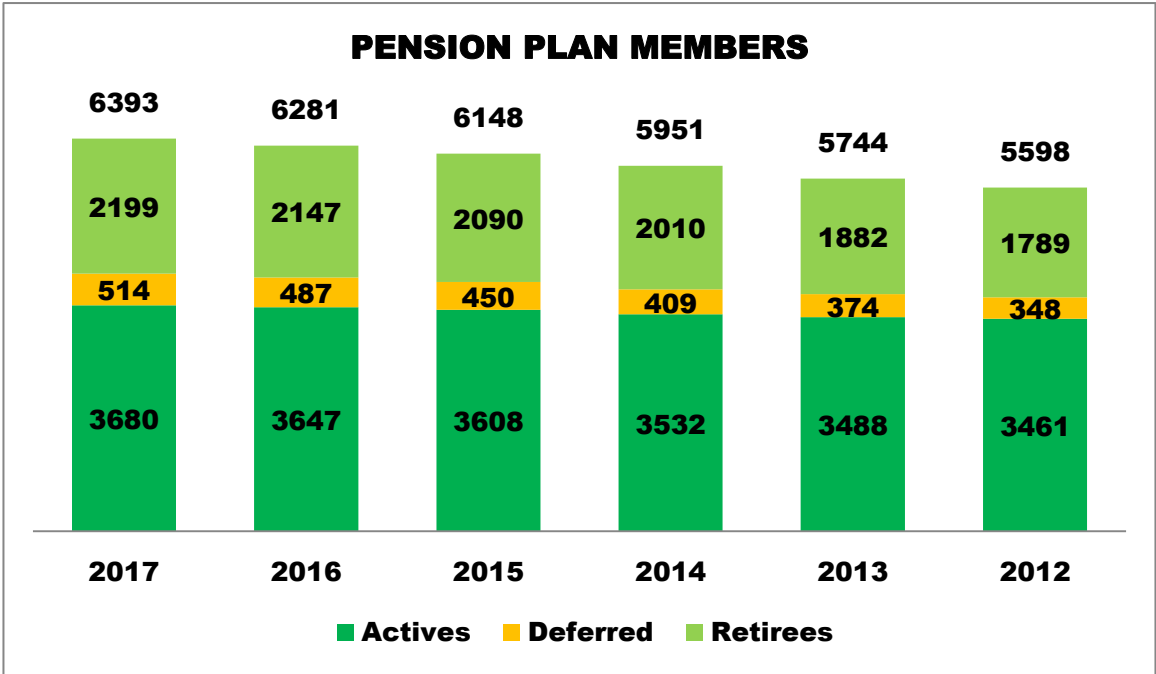


Pension Administration

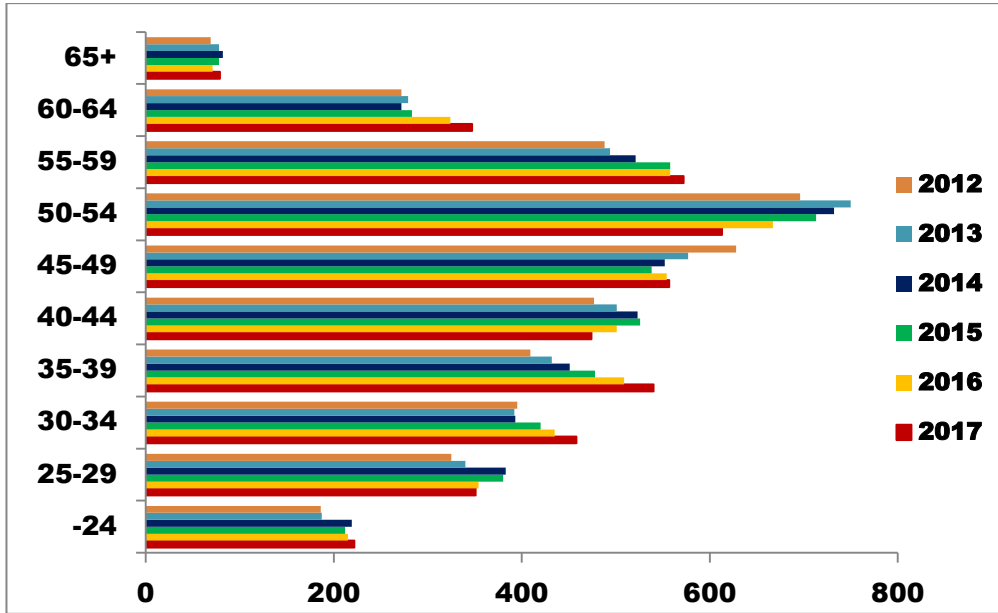
Total administration costs, including investment expenses, amounted to \$3.8 million. This translates into an annual cost of \$594 per member.



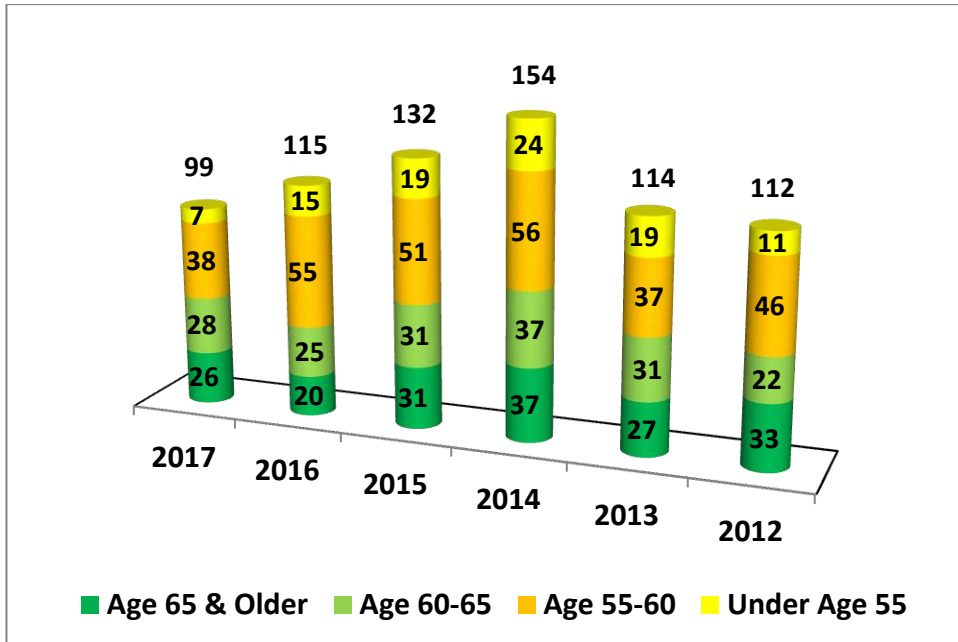
- Includes \$238,000 in salary for prior internal administration team



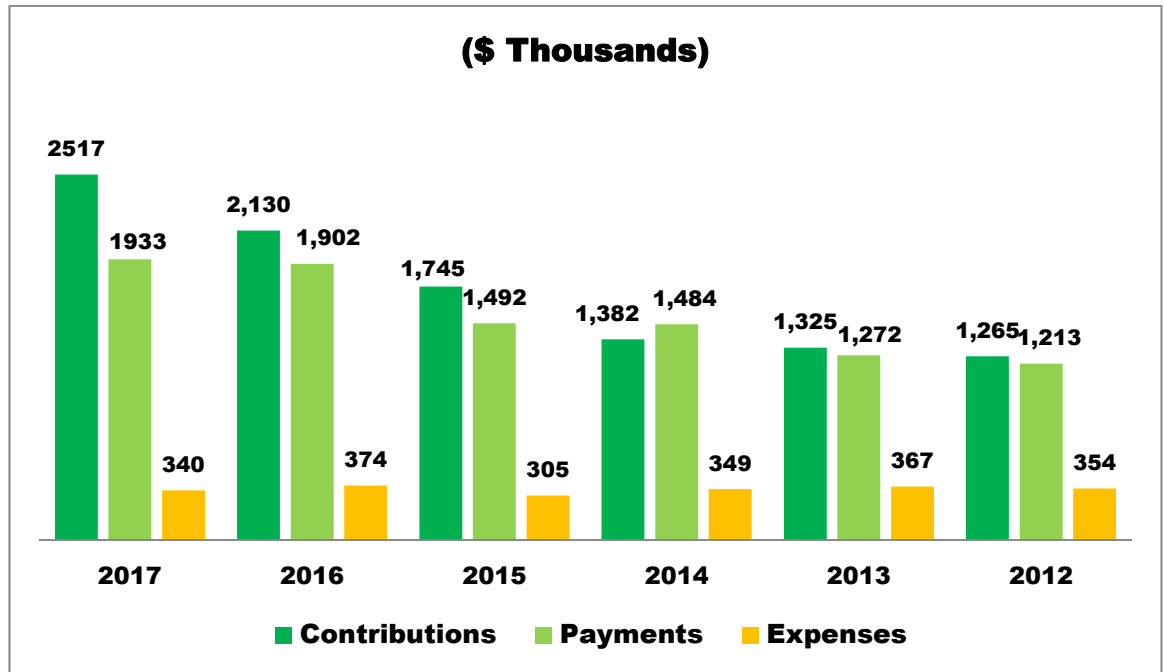
ACTIVE MEMBER PROFILE BY AGE



RETIREMENTS



The Disability Income Plan



The Group Insurance Plan

