



# MEBP

MUNICIPAL EMPLOYEES  
BENEFITS PROGRAM

**2021**

## **ANNUAL REPORT TO MEMBERS**

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

Toll-Free – 1-800-432-1908

## **MESSAGE FROM THE CHAIR**

The Board of Trustees is responsible for oversight and guidance of the plan to ensure the organization successfully manages growth while continuing to meet its long-term mandate. A few minor changes were made to the Pension Fund investment strategy in 2021 which add to the Plan's alternative investments to provide further diversification. This strategy is designed to achieve the expected long term returns while ensuring the Plan is not exposed to unnecessary risk in its investments. Your Board members continue to monitor all underlying investments of the plan to make sure they are performing as expected.

The 2021 yearend pension fund total assets were \$905 million as compared to \$829 million at the end of the previous year. This reflects the continued strong turnaround in the markets since COVID-19 arose. This market strength has unfortunately not continued into 2022 as stock and bond markets have pulled back due to higher-than-expected inflation, rising interest rates, global supply chain challenges and uncertainties resulting from the war in Ukraine. Given the changes to the investment portfolio, the introduction of alternative investments has served to provide some downside protection to the Plan in general though returns in 2022 have been negative year to date given the swiftness and breadth of the global market downturn since the end of 2021.

There was also a change to our Board in 2022, with Karen McKinnon, Councillor for the City of Flin Flon, leaving the board. We wish to thank Karen for her contribution to the Board. In her place, we welcome Kelly Cook, Councillor for the City of Selkirk, to the Board.

In conjunction with the easing of pandemic restrictions we remain committed to the future growth of the plan and will continue to implement innovative and forward-thinking ways to deliver on the MEBP pension promise and service to our members. As such, we will continue to monitor the investment structure of the Plan and continue to look at ways to provide enhanced service and information online going forward.

On behalf of myself, the Board of Trustees and our Plan Administrator, Coughlin & Associates, we hope you and your families stay safe and healthy.

Sincerely,

Stuart Olmstead, Chair

## **2021 in Review**

The Pension Plan valuation as of December 31, 2021, reflected a going-concern surplus of \$11.7 million (\$26.9 million deficit in 2020) due to strong investment returns and a minor adjustment to the actuarial assumption (i.e., slightly higher expected investment returns in the future) and being 77.4% funded on a solvency basis (70.5% in 2020). The improvement in the Plan's solvency position is a result of the strong investment performance and also higher interest rates resulting in decreased Plan liabilities. No cost-of-living increase may be granted to retirees until solvency funding exceeds 90%.

Investment earnings for the Pension Plan were very strong in 2021 as markets continued the rebound from early 2020, in spite of continued worries about Covid-19, higher inflation and global supply chain issues. Governments and central banks globally maintain stimulative policies to support the economy. Performance was quite strong from both equities and alternative investments. Bonds began to feel the pressures of rising rates as inflation began to take hold in late 2021. In this regard, the pension plan reflected an 11.3% return in 2021.

The number of members participating within the Pension Plan increased in 2021 to 6,917 (6,821 in 2020), with 115 new retirements occurring within the year and 306 members leaving the Plan following termination of employment. Demographics within the Plan membership remained consistent with retirees/beneficiaries representing 36% of the total participants (36% in 2020). During 2021, the number of active participating employers remained the same at 220 (220 in 2020).

The Group Life and Disability Income Plans continues to do well with positive investment earnings. Despite an increase in Life and Disability claims under MEBP, both Plans continued to see their assets grow in 2021.

For greater detail on the contributions to and pay-outs from the Plan, the age breakdown of active members, plan member activity and our Plan administration costs, please review the relevant charts within this report.

## Investment Overview

The Fund registered a strong return of 11.33% in 2021, compared to 8.52% in 2020. This return well outperformed the Plan benchmark of 8.73%.

### PENSION PLAN HIGHLIGHTS

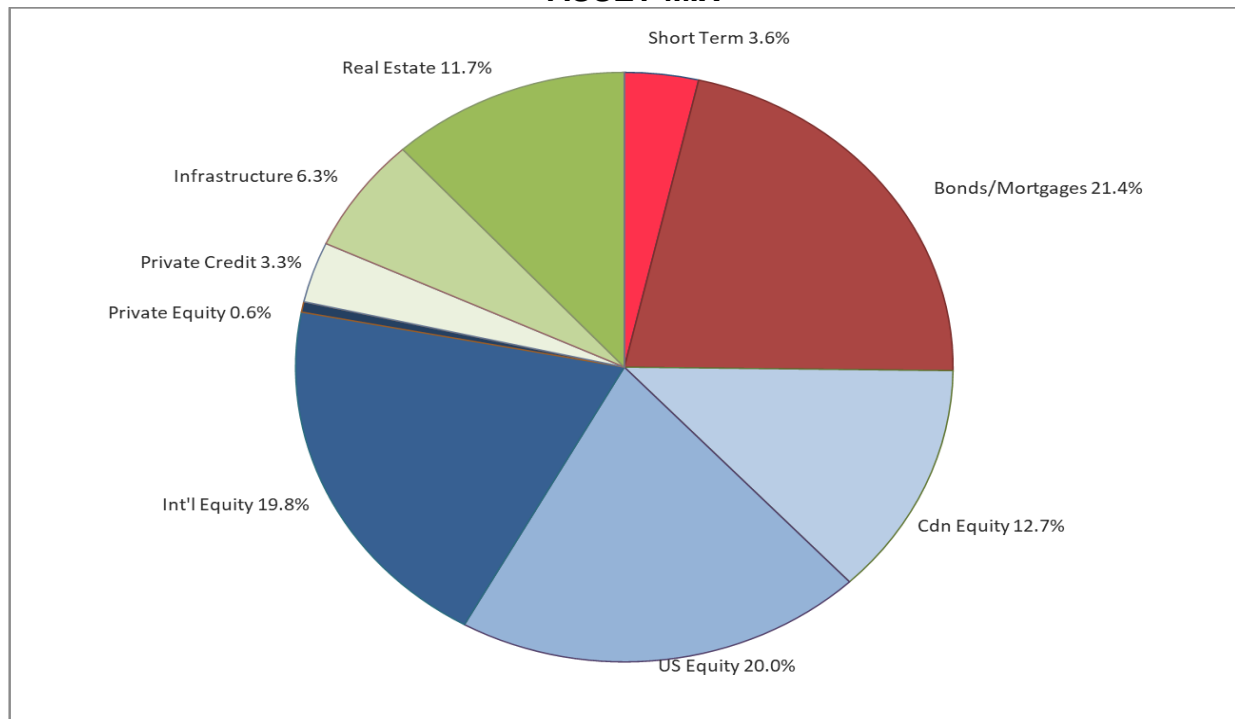
(\$ Thousands)

Market Value of Investments  
 Investment Income  
 Employee Contributions  
 Employer Contributions  
 Pension Payments  
 Refunds and Transfers  
 Investment Rate of Return  
 Investment Benchmark

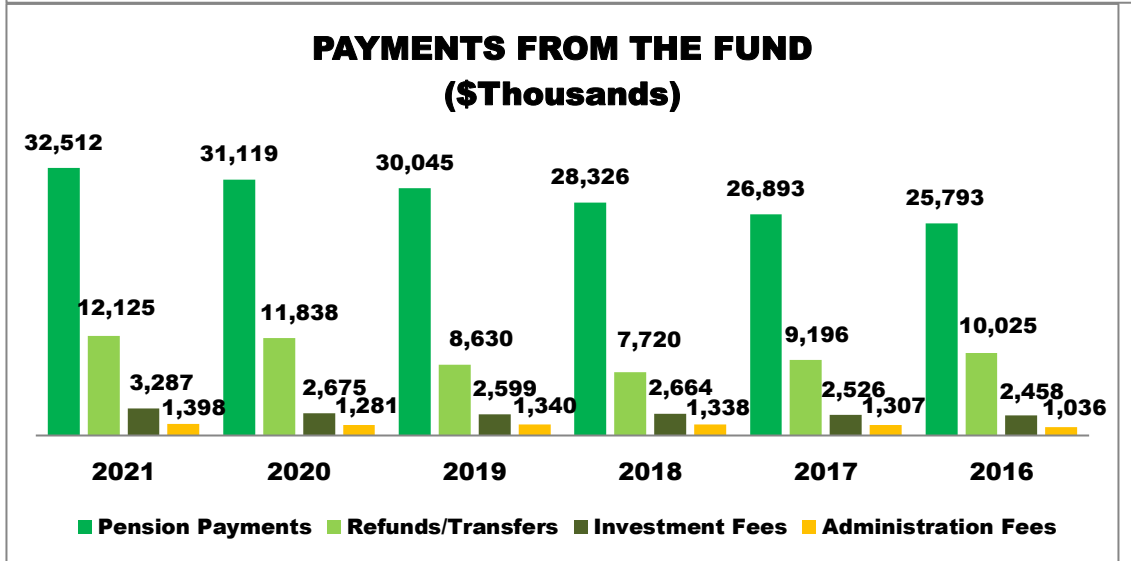
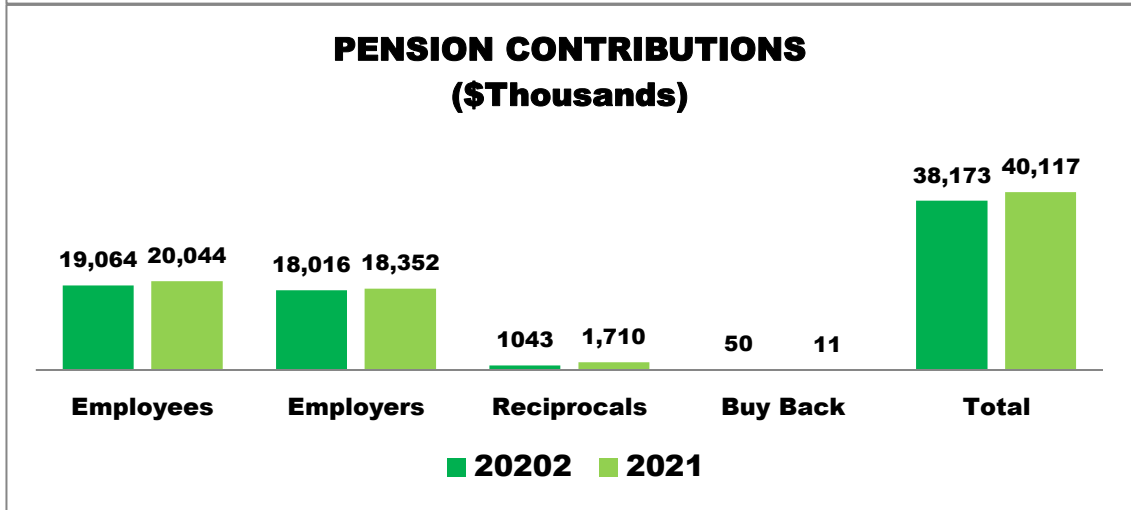
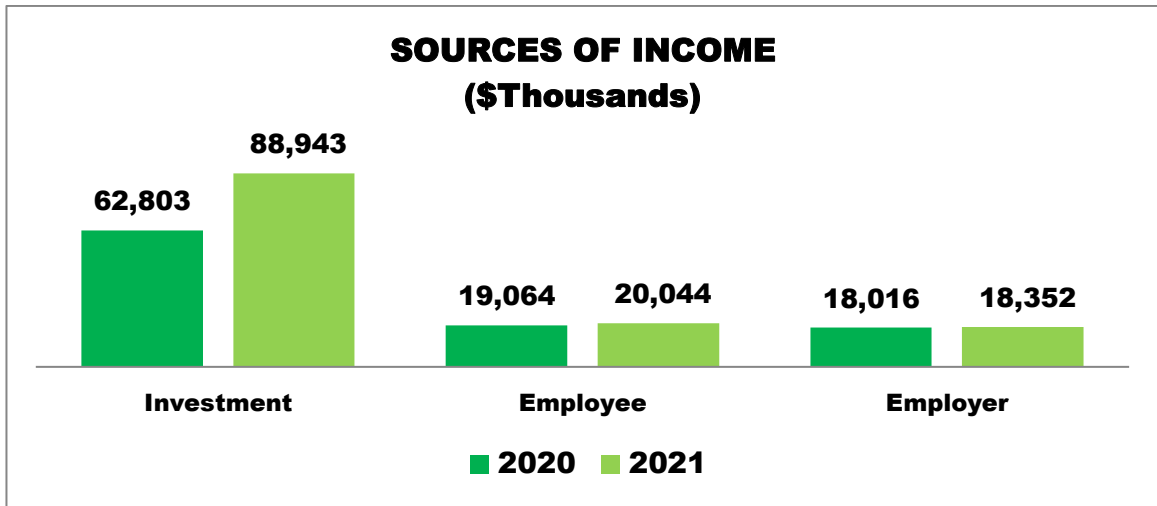
	<u>2021</u>	<u>2020</u>
	\$905,455	\$825,566
	\$88,943	\$62,803
	\$20,044	\$19,064
	\$18,352	\$18,016
	\$32,512	\$31,119
	\$12,125	\$11,838
	11.33%	8.52%
	8.73%	8.70%
	4,414	4,378
	<u>2,503</u>	<u>2,443</u>
	<u>6,917</u>	<u>6,821</u>

Employees and Former Employees  
 Pensioners and Beneficiaries  
 Total Members

### ASSET MIX

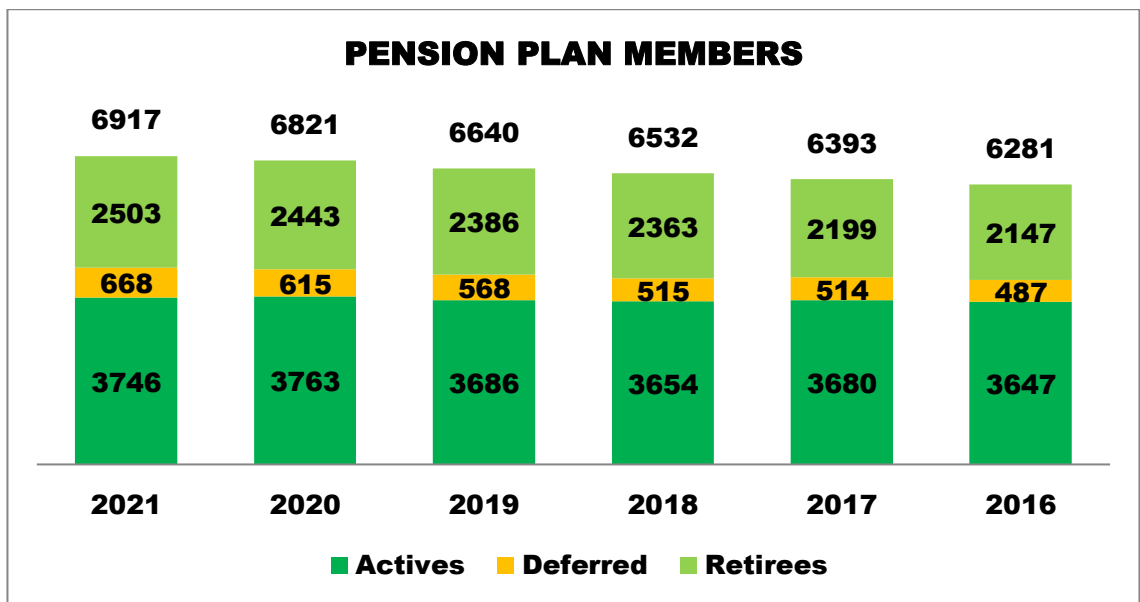
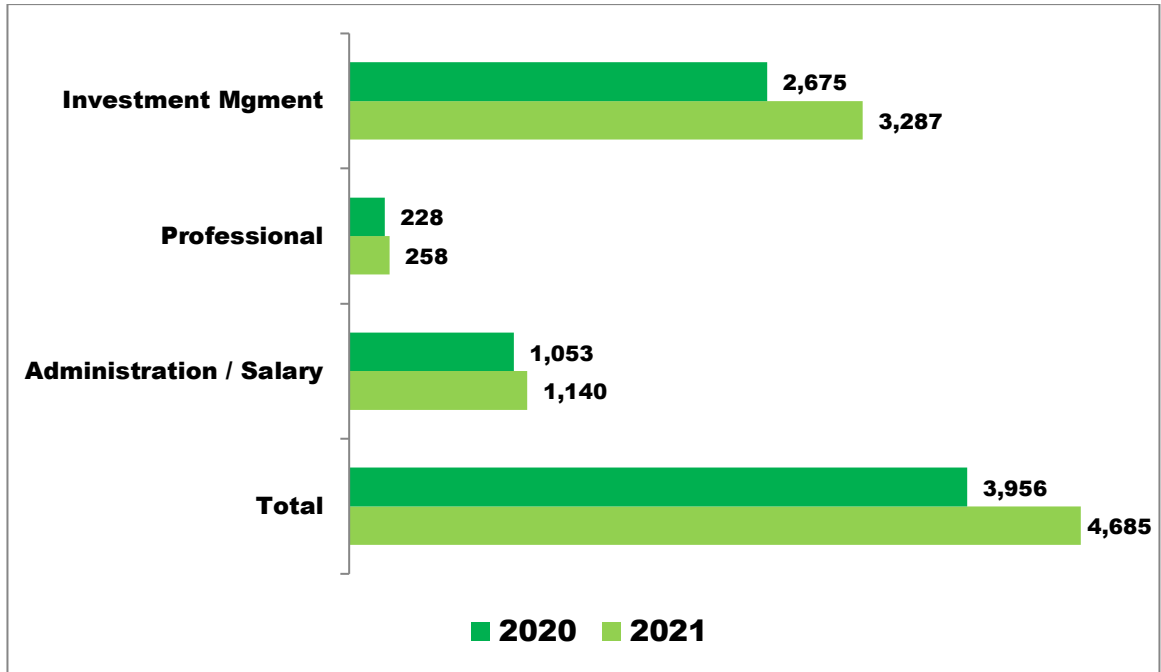


The Pension Plan

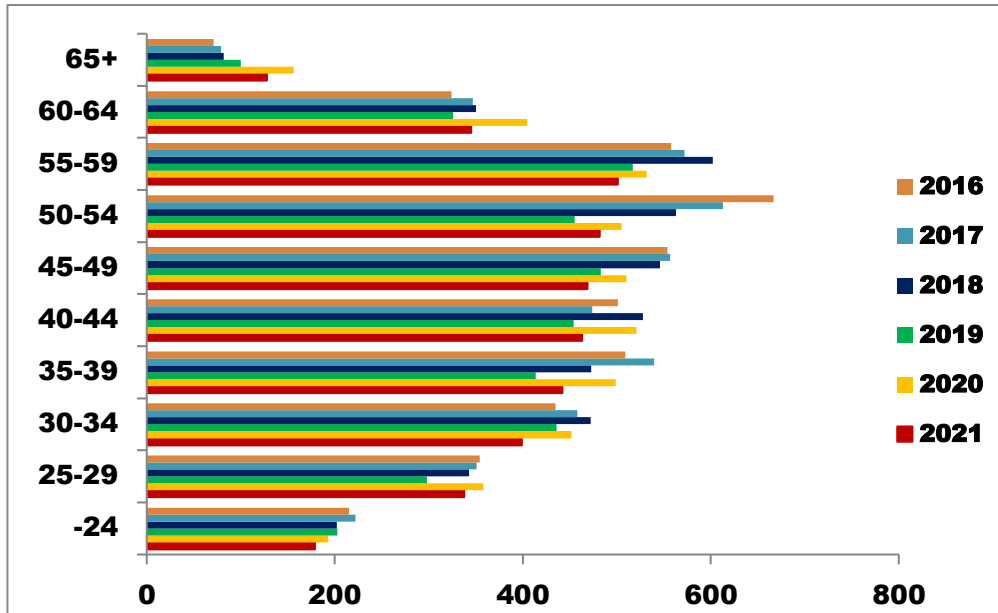


### Pension Administration

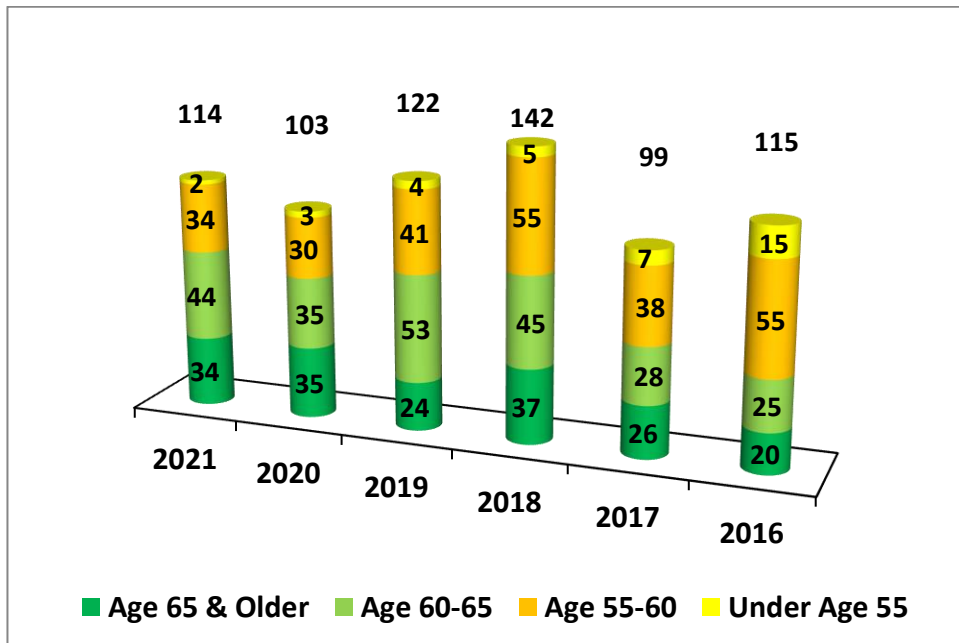
Total administration costs, including investment expenses, amounted to \$4.69 million. This translates into an annual cost of \$678 per member.



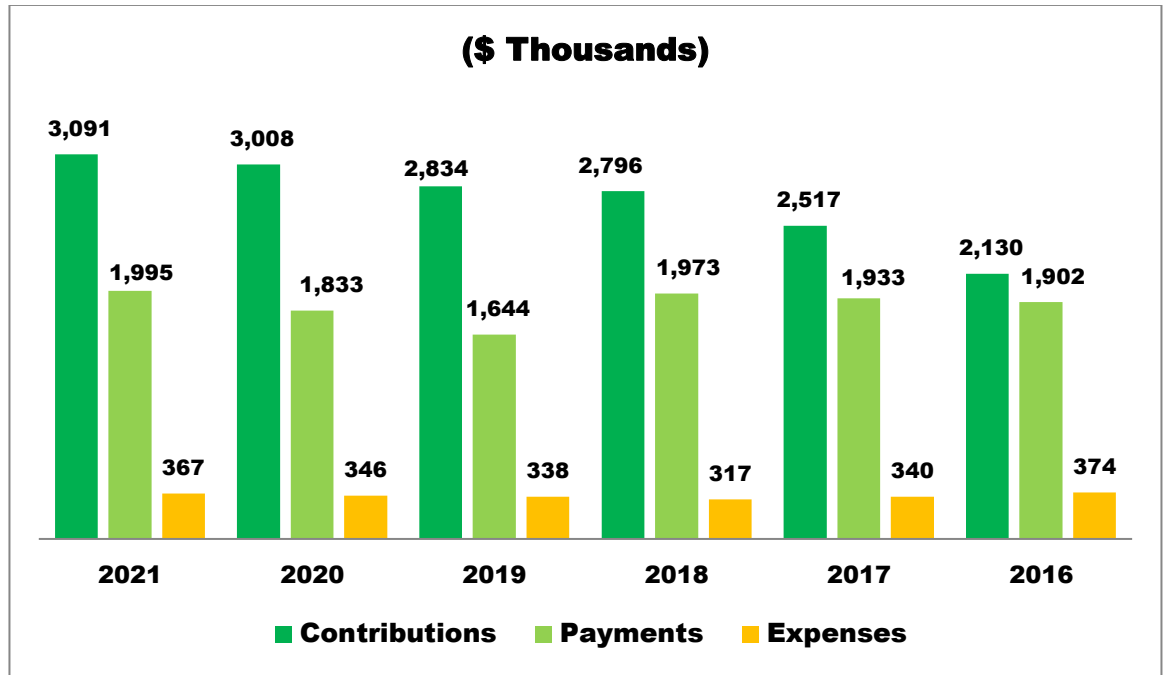
### ACTIVE MEMBER PROFILE BY AGE



### RETIREMENTS



### The Disability Income Plan



### The Group Insurance Plan

