



# MEBP

MUNICIPAL EMPLOYEES  
BENEFITS PROGRAM

## **2019 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 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 2019 to broaden the Plan's alternative investments and provide further diversification to return enhancement and risk reduction. The Board feels that the strategy in place is set up to deliver the expected long term returns while ensuring the level of risk used is appropriate.

The 2019 year end pension fund total assets are now at \$772 million as compared to \$691 million at the end of the previous year, reflecting the strong markets of last year. Unfortunately much of this return was given back in the first quarter of 2020 as stock markets sold off aggressively given the uncertainty related to COVID-19. The added diversification into alternative assets assisted Plan returns providing downside protection during the recent market volatility. Furthermore, at the time of writing this, markets have since rebounded quite strongly offsetting much of the losses earlier in the year given government and central bank intervention globally to support employees and employers during the pandemic. Going forward, the Plan's investment manager believes we will be able to achieve the necessary returns while continuing to insulate against the potential challenges of another market downturn.

There has also been a recent change to our Board, with Mel Klassen and Earl McNutt stepping down at year end. We wish to thank Mel and Earl for their contribution to the Board. As a result of their departure, we welcome Adam Philpott and Karen MacKinnon to the Board. As we welcome some new faces to the Board, please note that we remain committed to the future and will continue to implement innovative and forward thinking ways to deliver on the MEBP pension promise. We have also changed and updated our website in early 2020 and will continue to look into ways to provide enhanced service and information online.

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

Thank you,

Stuart Olmsted, Chair

## **2019 in Review**

The Pension Plan valuation as at December 31, 2019 reflected a slight going-concern deficit of \$1.9 million (\$9.4 million surplus in 2018) as a result of actuarial assumption changes (i.e. lower expected investment returns in the future) and being 72.3% funded on a solvency basis (75.6% in 2018). The reduction in the Plan's solvency position is a result of falling interest rates which have the result of increasing Plan liabilities. No cost-of-living increase may be granted to retirees until solvency funding exceeds 90%.

The number of members participating within the Pension Plan decreased in 2019 to 6,464 (6,532 in 2018), with 122 new retirements occurring within the year and 292 members leaving the Plan following termination of employment. Demographics within the Plan membership remained fairly consistent with retirees/beneficiaries representing 35% of the total participants (36% in 2018).

During 2019, the number of participating employers remained unchanged at 223. There have been a few new employers joining the MEBP Plans so far in 2020.

Given positive investment earnings and lower than expected use from the Insurance Plan, a reduction in contribution rates was implemented for the Life and Family Life benefits effective January 1, 2020. Overall, this Plan remains very healthy.

The Disability Income Plan also continues to do well with positive investment earnings and a reduced number of members utilizing the Disability benefits in 2019. However, as the trend shows higher income earners on average being approved for disability benefits, contribution rates remain unchanged to protect any a future escalation in claims. This trend use and financial status of this Plan will continue to be closely monitored in 2020.

For greater detail on the contributions to and payouts 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

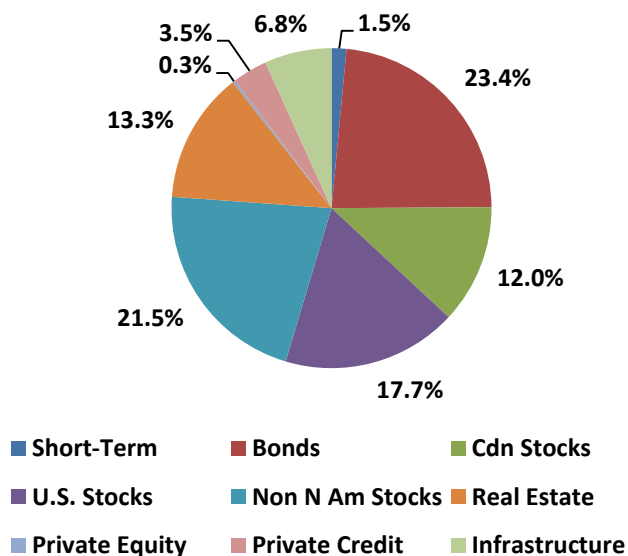
The Fund registered a strong return of 13.39% in 2019, compared to -0.51% in 2018. This return slightly underperformed the Plan benchmark of 13.91%.

### PENSION PLAN HIGHLIGHTS

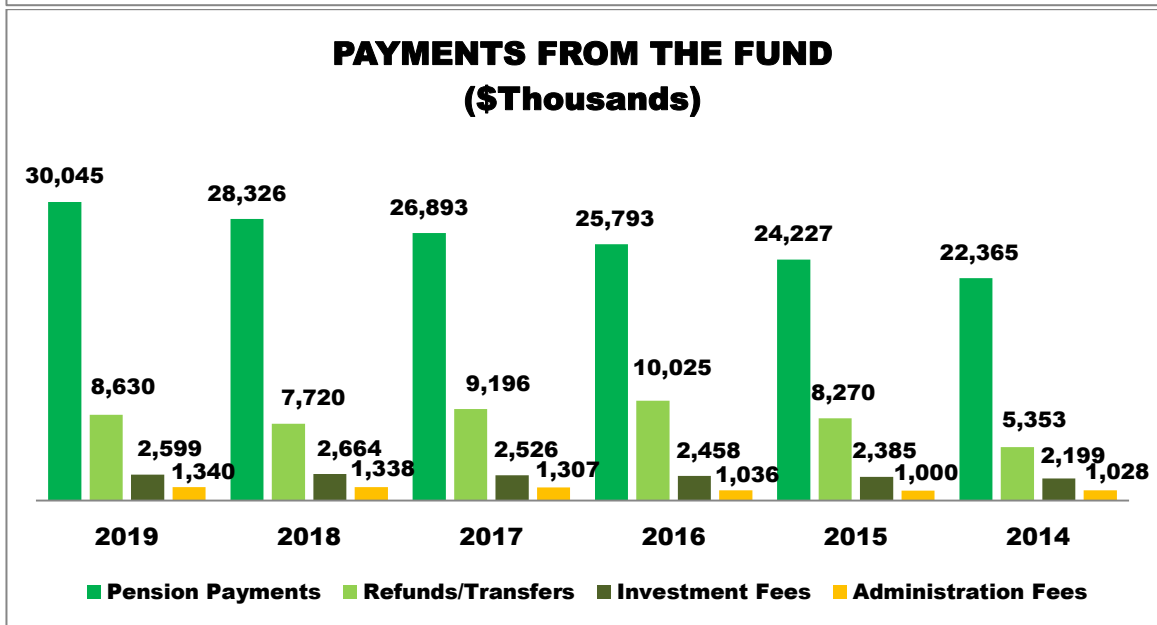
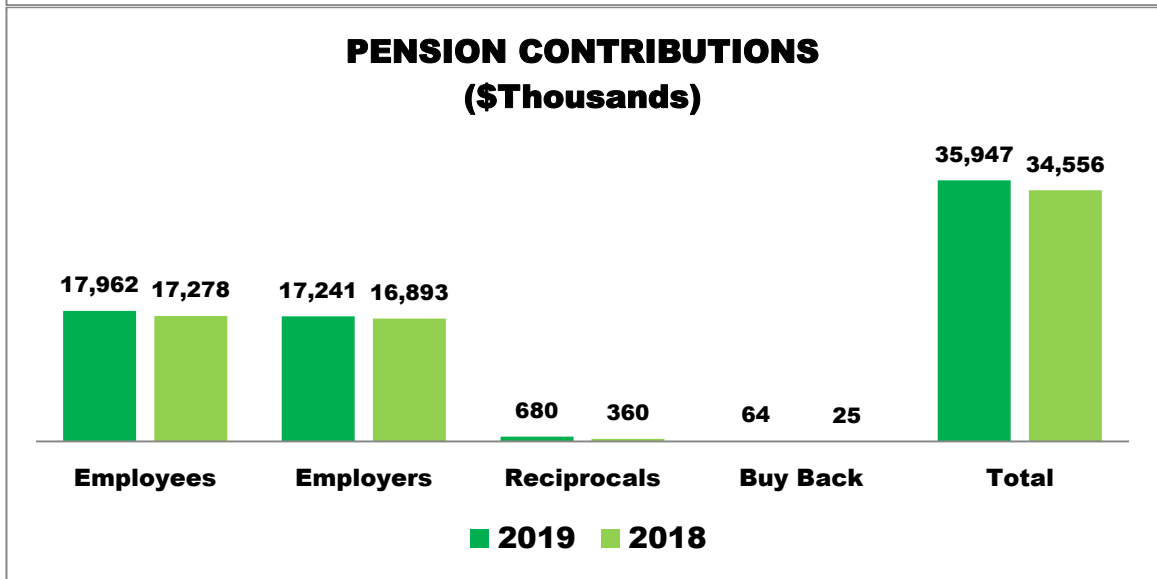
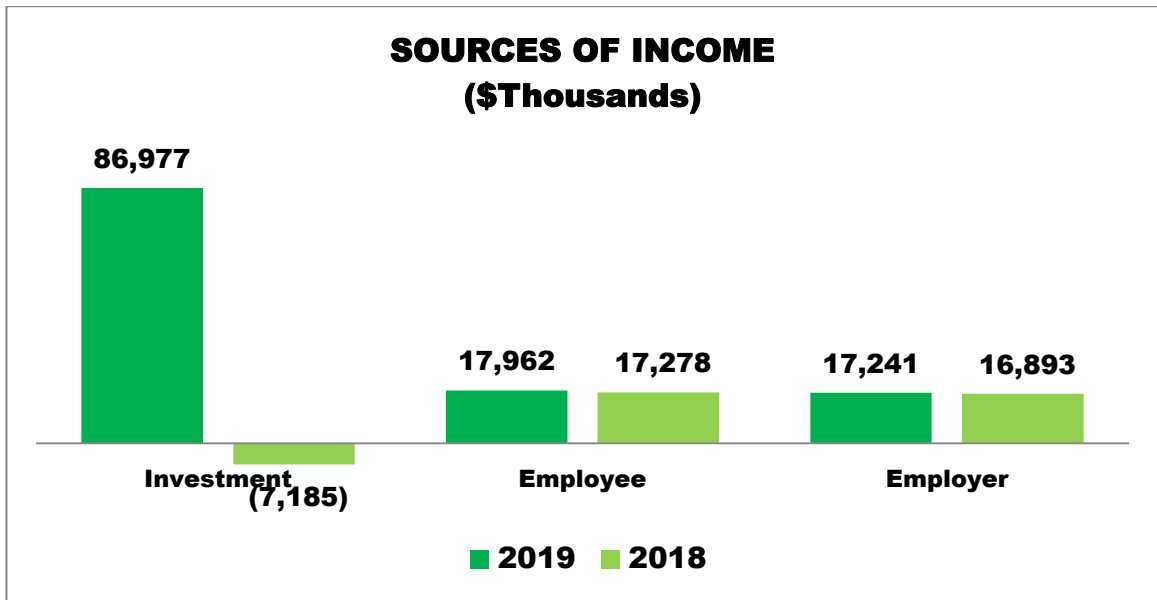
(\$ Thousands)

	<u>2019</u>	<u>2018</u>
Market Value of Investments	\$769,445	\$685,018
Investment Income	\$86,977	(\$7,185)
Employee Contributions	\$17,962	\$17,278
Employer Contributions	\$17,241	\$16,893
Pension Payments	\$30,045	\$28,326
Refunds and Transfers	\$8,630	\$7,720
Investment Rate of Return	13.39%	(0.51%)
Investment Benchmark	13.91%	0.63%
Employees and Former Employees	4,079	4,169
Pensioners and Beneficiaries	<u>2,385</u>	<u>2,363</u>
Total Members	6,464	6,532

### Pension Plan Asset Mix

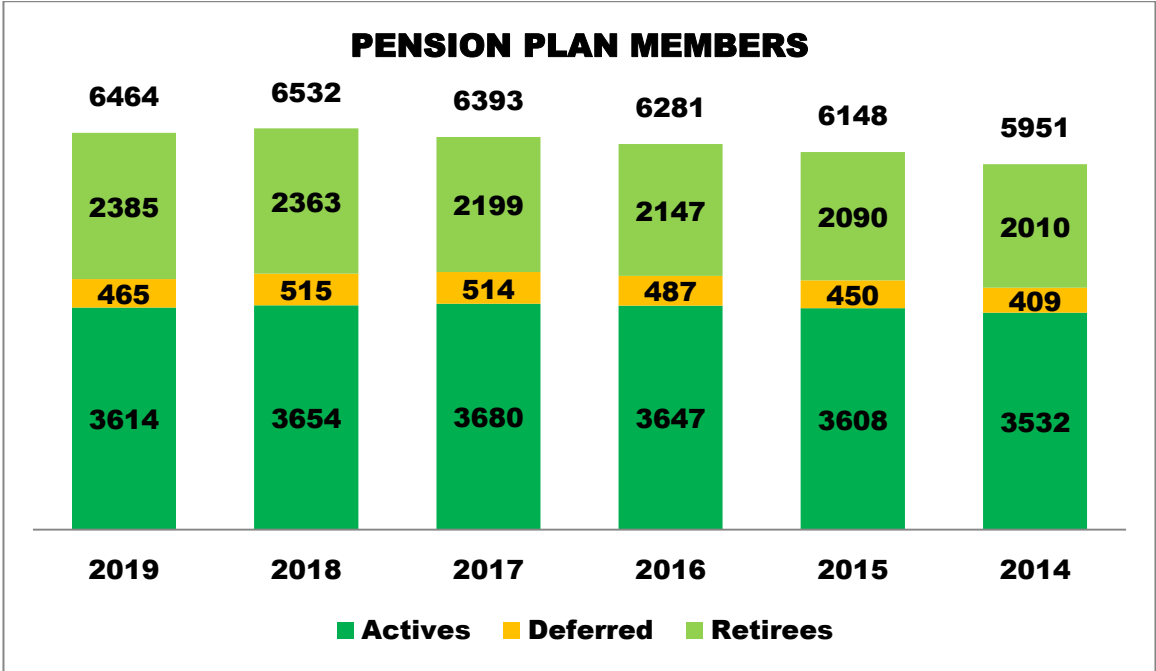
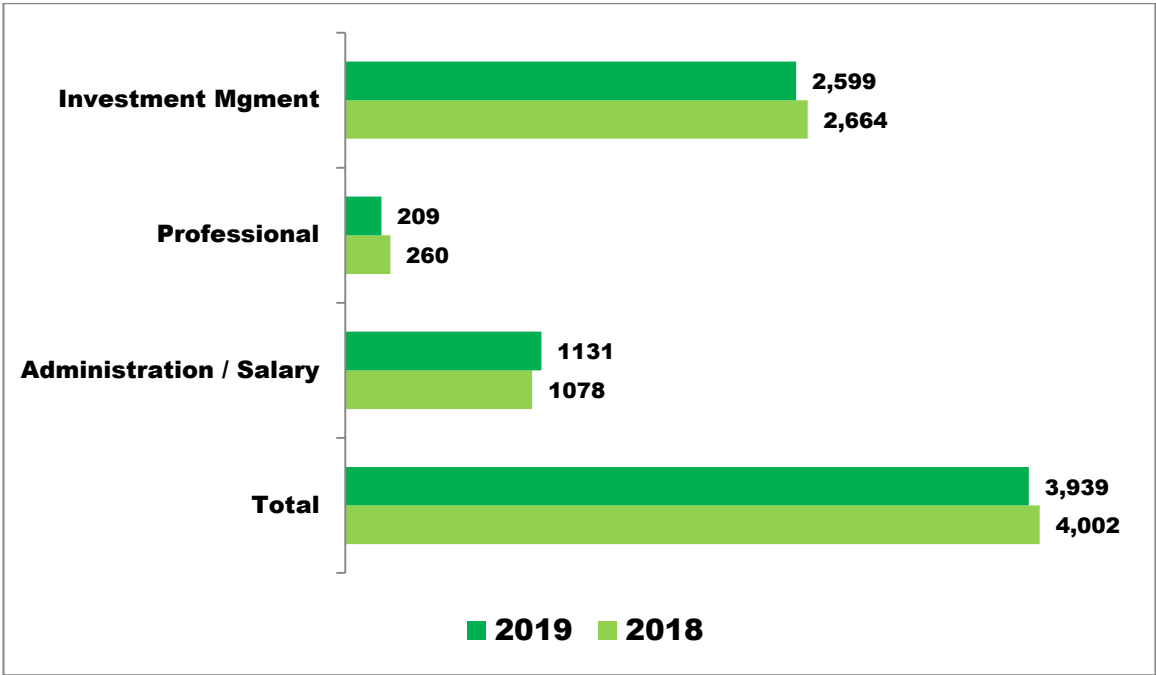


## The Pension Plan

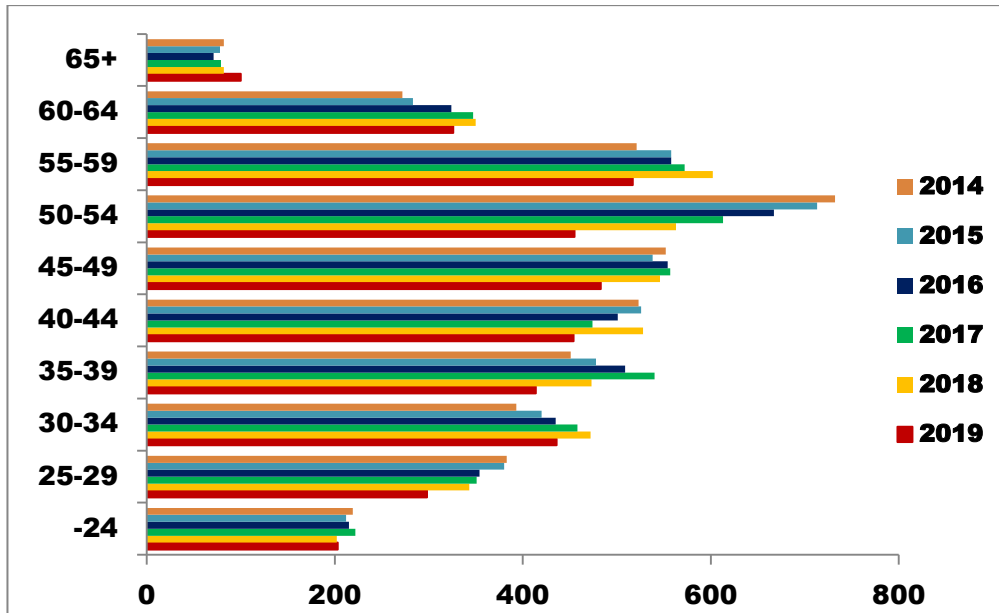


### Pension Administration

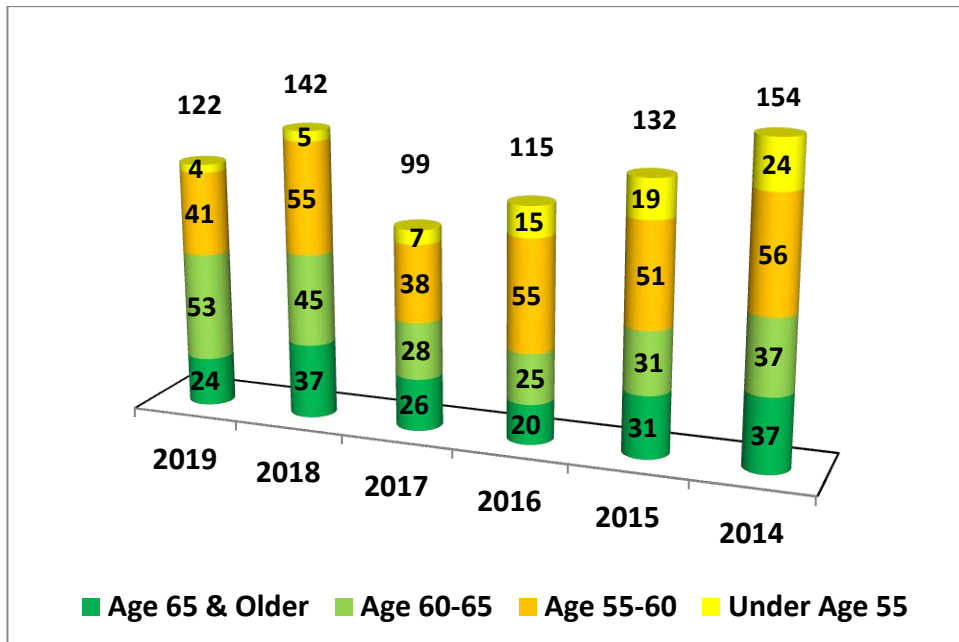
Total administration costs, including investment expenses, amounted to \$3.9 million. This translates into an annual cost of \$609 per member (\$613 in 2018).



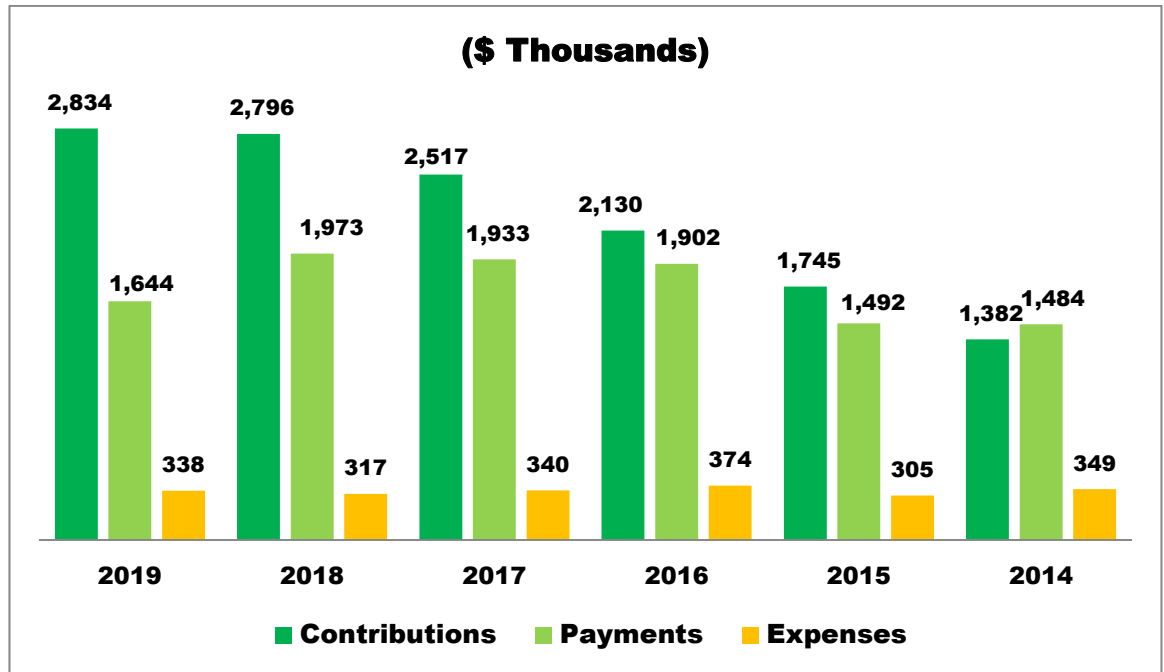
### ACTIVE MEMBER PROFILE BY AGE



### RETIREMENTS



## The Disability Income Plan



## The Group Insurance Plan

