



MEBP

MUNICIPAL EMPLOYEES
BENEFITS PROGRAM

2020

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 oversight and guidance of the plan to ensure the organization successfully manages growth while continuing to meet its long-term mandate. A few changes were made to the Pension Fund investment strategy in 2020 to add to the Plan's alternative investments. This provides further diversification to enhance returns while reducing risk. 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. Your Board members continue to monitor all underlying investments of the plan to make sure they are performing as expected.

The 2020 year end pension fund total assets are now at \$829 million as compared to \$773 million at the end of the previous year. This reflects a surprisingly strong turnaround in the market after the global pandemic of COVID-19 arose. This market strength has continued into 2021 as stock markets continue to hit new highs globally due to government stimulus in reaction to COVID-19 and the optimism from the vaccine roll-out. 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 have also been a few changes to our Board recently, with Martin Harder and Mervin Starzyk leaving the board. We wish to thank Martin and Mervin for their contribution to the Board. In their places, we welcome Chris Ewen and Rhonda Coupland to the Board. Furthermore, on the Plan's Investment Committee, we have also seen a change with our professional advisor Alex Chomski stepping down and Evan Mancer being appointed to the position. Again, we thank Alex for his long service and commitment to the Pension Plan.

As we welcome some new faces to the Board and Investment Committee, 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. To reflect the changes that COVID-19 have brought to all workplaces we have updated our website this past year to better serve our members. We will 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 during this challenging time.

Sincerely,

Stuart Olmstead, Chair

2020 in Review

The Pension Plan valuation as of December 31, 2020, reflected a going-concern deficit of \$26.9 million (\$1.9 million deficit in 2019) because of actuarial assumption changes (i.e., lower expected investment returns in the future) and being 70.5% funded on a solvency basis (72.3% in 2019). The reduction in the Plan's solvency position is a result of interest rates falling to historic lows which have the result of increasing Plan liabilities. No cost-of-living increase may be granted to retirees until solvency funding exceeds 90%.

Investment earnings for the Pension Plan were quite strong in 2020 despite the difficult year due to Covid-19. Early government and central bank intervention and a rally late in the year due to vaccine rollout, resulted in relatively strong returns in the year from both Equity and Bond investments, as well as generally strong performance from alternative investments. In this regard, the pension plan reflected an 8.5% return in 2020.

The number of members participating within the Pension Plan increased in 2020 to 6,821 (6,640 in 2019), with 103 new retirements occurring within the year and 233 members leaving the Plan following termination of employment. Demographics within the Plan membership remained consistent with retirees/beneficiaries increasing slightly to represent 36% of the total participants (35% in 2019).

During 2020, the number of participating employers reduced slightly to 220 (223 in 2019), however this reduction was a result of mergers of participating employers.

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 2020.

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.

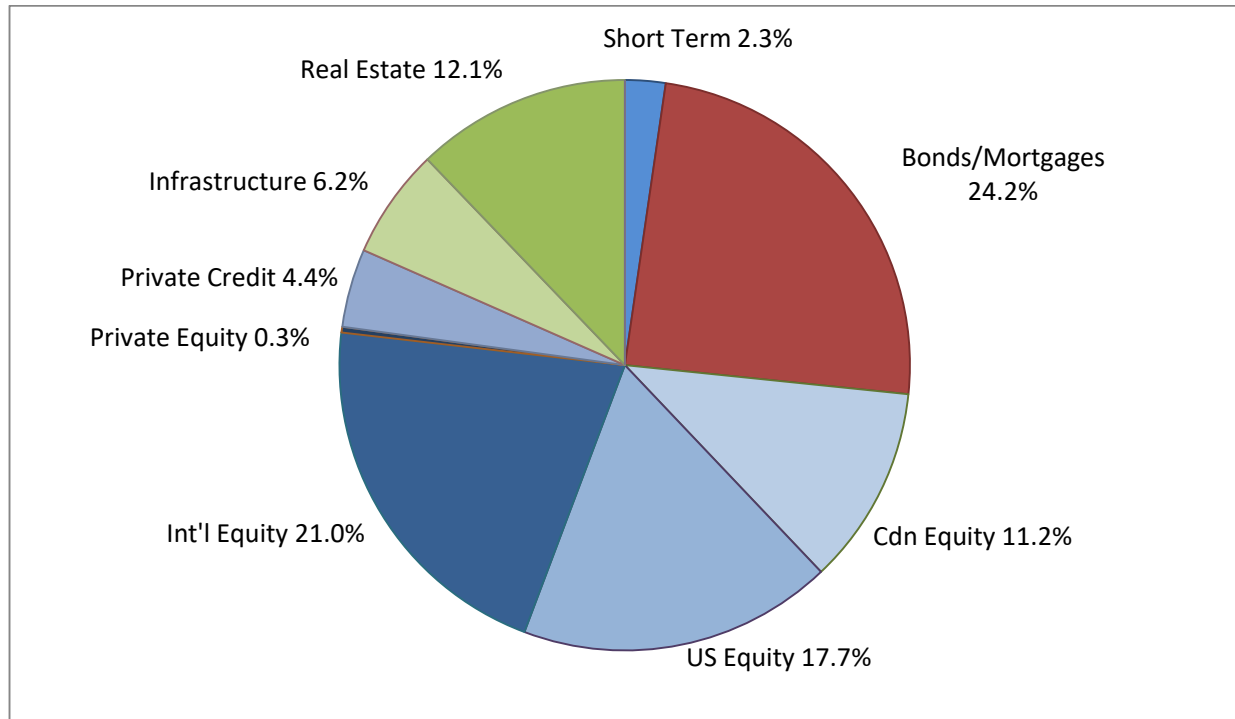
Investment Overview

The Fund registered a strong return of 8.52% in 2020, compared to 13.39% in 2019. This return slightly underperformed the Plan benchmark of 8.70%.

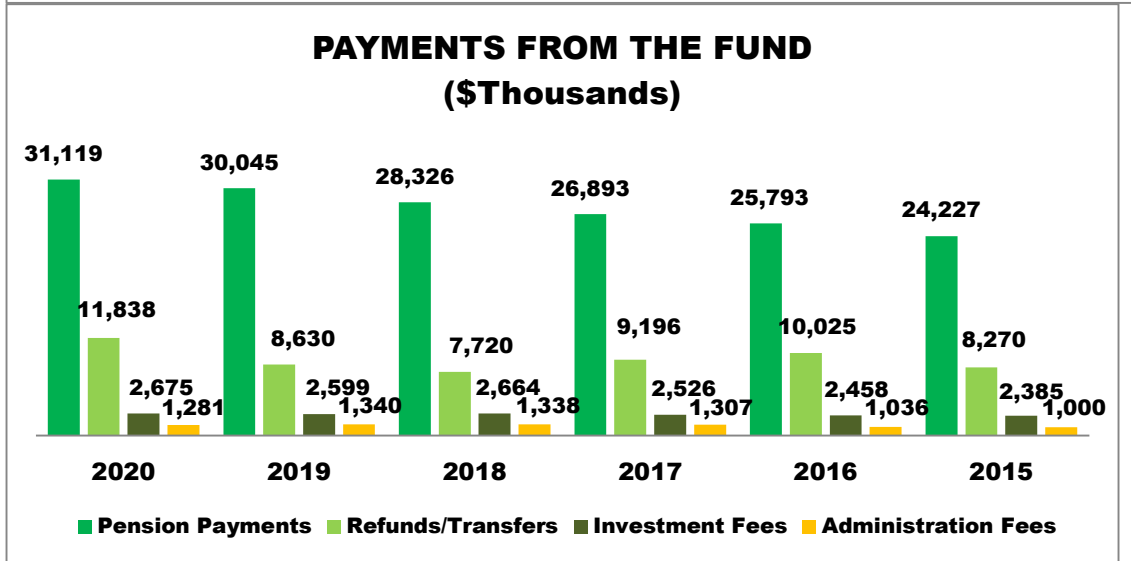
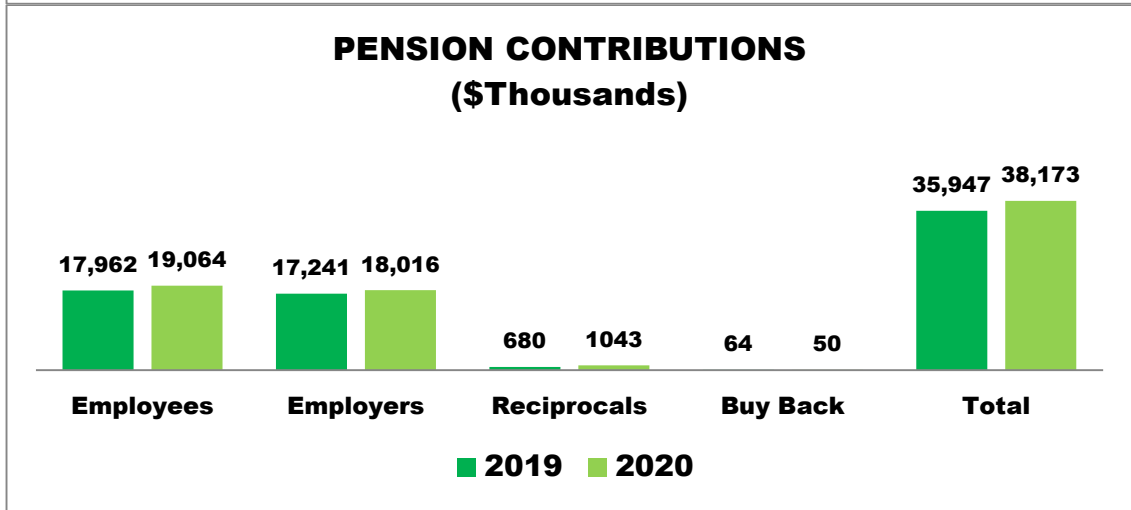
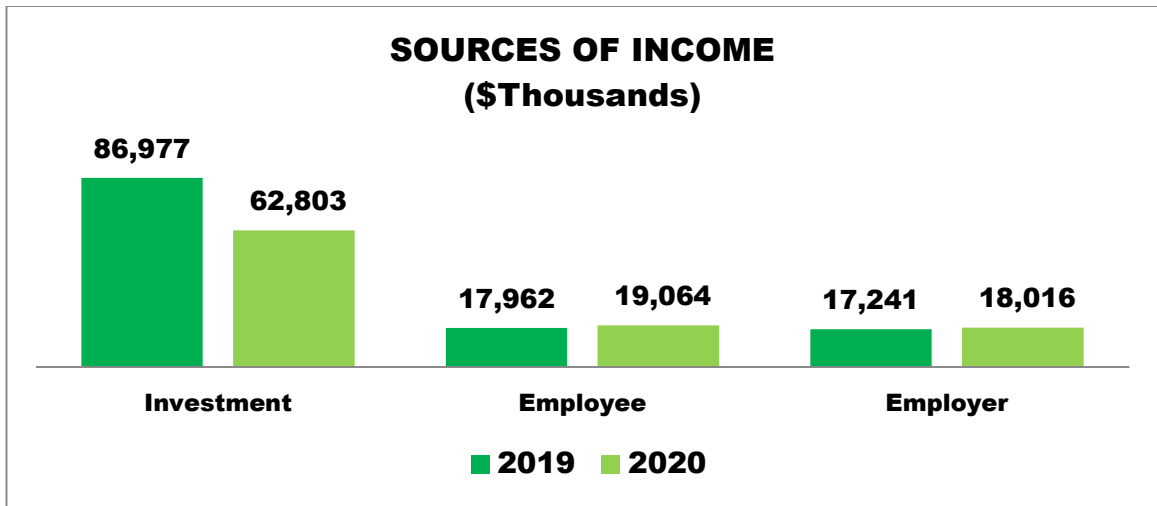
PENSION PLAN HIGHLIGHTS
(\$ Thousands)

	<u>2020</u>	<u>2019</u>
Market Value of Investments	\$825,566	\$769,445
Investment Income	\$62,803	\$86,977
Employee Contributions	\$19,064	\$17,962
Employer Contributions	\$18,016	\$17,241
Pension Payments	\$31,119	\$30,045
Refunds and Transfers	\$11,838	\$8,630
Investment Rate of Return	8.52%	13.39%
Investment Benchmark	8.70%	13.91%
Employees and Former Employees Pensioners and Beneficiaries	4,378	4,254
Total Members	<u>2,443</u>	<u>2,386</u>
	6,821	6,640

ASSET MIX

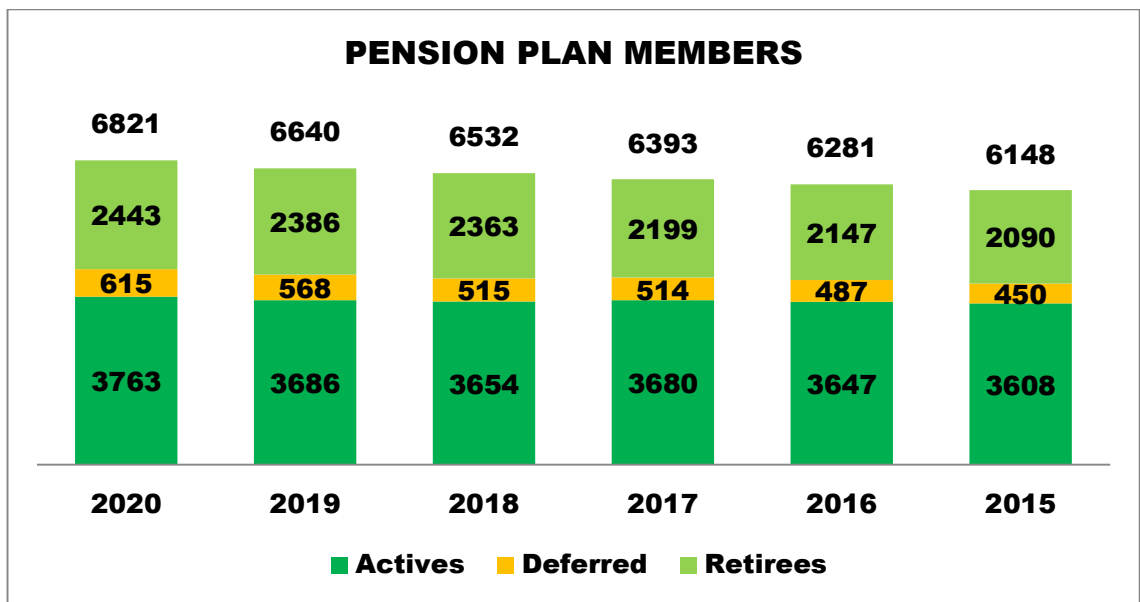
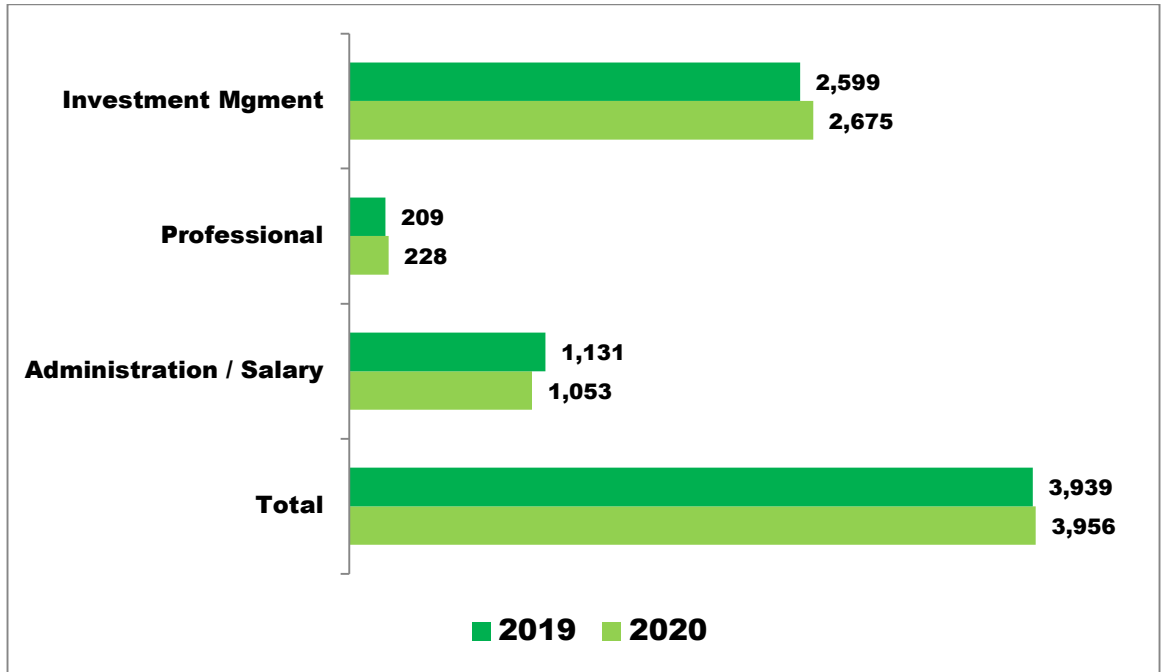


The Pension Plan

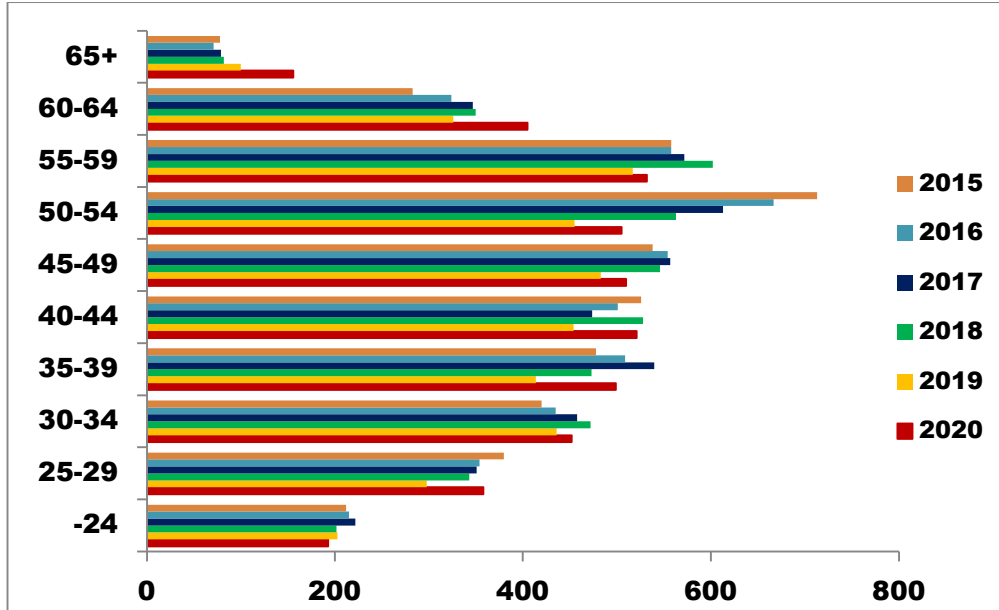


Pension Administration

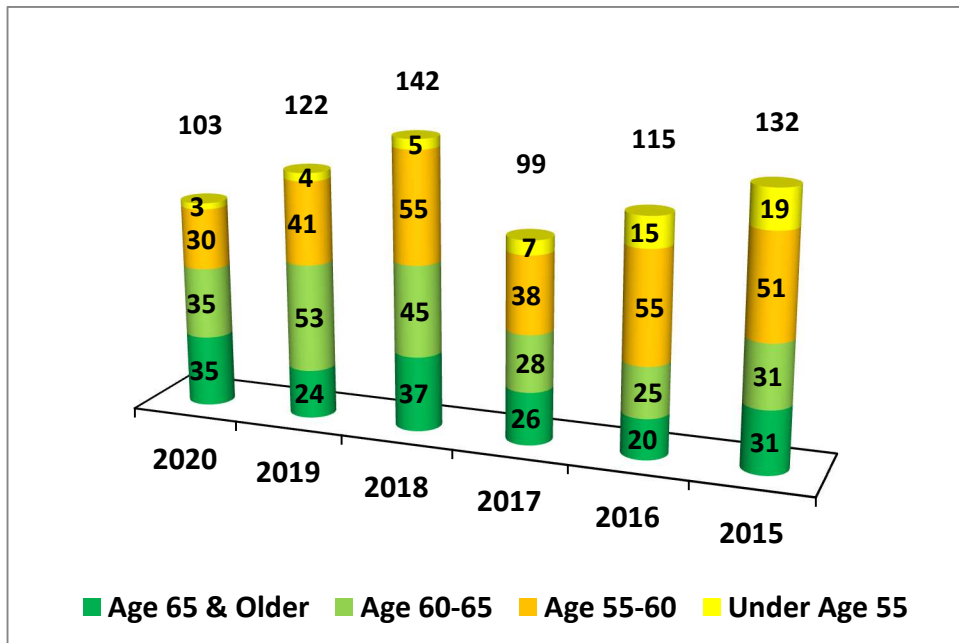
Total administration costs, including investment expenses, amounted to \$3.96 million. This translates into an annual cost of \$600 per member (\$609 in 2019).



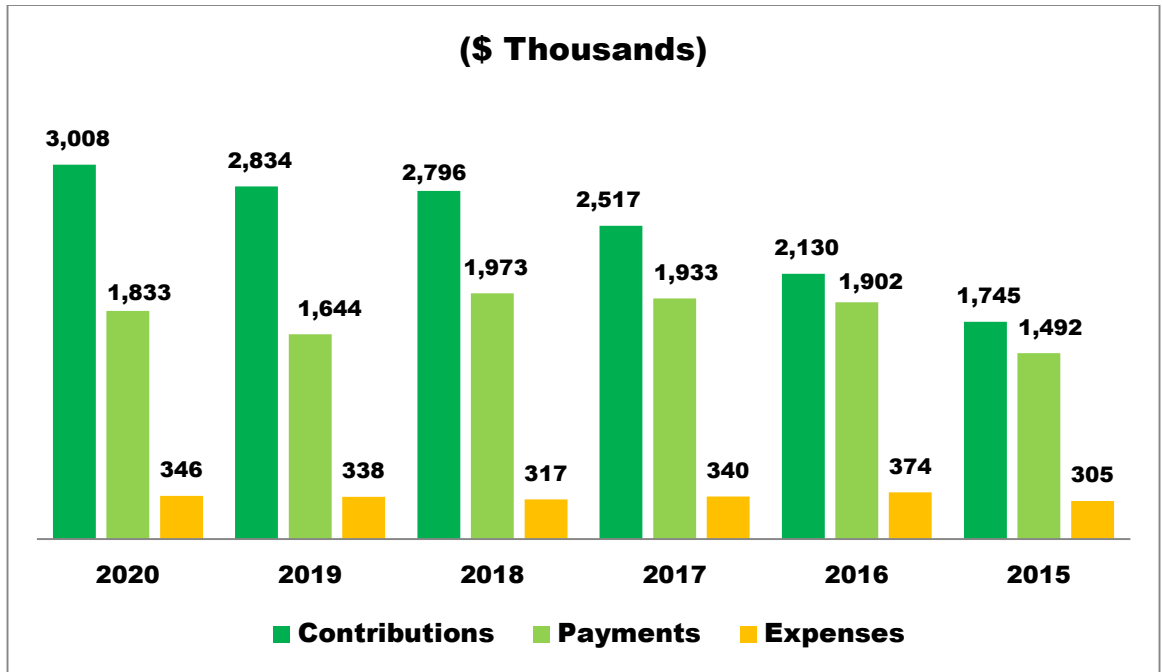
ACTIVE MEMBER PROFILE BY AGE



RETIREMENTS



The Disability Income Plan



The Group Insurance Plan

