

# **MUNICIPAL EMPLOYEES BENEFITS PROGRAM**

## **2013 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 continues to be diligent in their review and evaluation of the Pension Plan's long-term sustainability goals. Aging demographics, global economic events and excessive low interest rates (all factors beyond our control) have created unprecedented challenges for the pension industry. The Pension Fund experienced an annual investment return of 12.27% in 2013; however, the going-concern ratio, which measures whether the Plan is in a surplus or deficit dropped by 0.7% to 93.3%, meaning our deficit grew slightly.

At the end of 2013, the Pension Plan had a going-concern actuarial deficit of \$36 million and it is projected that the Plan may continue in a deficit position for some time to come. The solvency position has improved to 78.3% from 67.9% after 2012. Legislation prohibits the Trustees from making any pension improvements until the solvency deficit is at least 90% - this includes the granting of cost-of-living increases for pensioners.

In 2013 a Strategic Operations Plan was developed and implemented. The Plan includes the following provisions:

- Outlines actions that need to be taken by the Board to ensure the sustainability of all of the MEBP Plans
- Provides for the creation of a communication strategy with stakeholders,
- Deals with succession planning for MEBP staff
- Addresses advocacy and governance policies.

A valuation of the Group Insurance Plan indicated that this plan is in a healthy financial condition. The contribution rate for basic life insurance was decreased from 34¢ monthly per \$1,000 of coverage to 32¢ per \$1,000 of coverage effective January 1, 2014. We changed Insurance Carriers for the Basic Life, Family Life and Optional Life insurance coverage to Manitoba Blue Cross on June 1.

A valuation of the Disability Income Plan is currently in progress. Disability claims have increased substantially over the last few years and we anticipate that some changes will be required to keep this Plan sustainable. The current contribution rate of 1% of earnings is very low compared to other Plans. For example, another public sector Manitoba Disability & Rehabilitation Plan costs 2.3% of earnings.

As Chair of the Board, it is my privilege to work with an exceptional group of Trustees. The leadership and dedication of these representatives directly contribute to the success of the Plans. I would also like to thank the MEBP staff for their continued hard work and dedication to providing outstanding service to Plan members.

Bert Lagimodiere,  
Chair

## Investment Overview

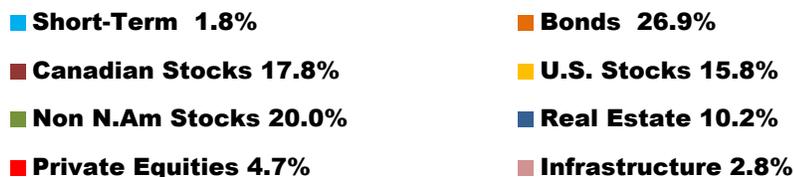
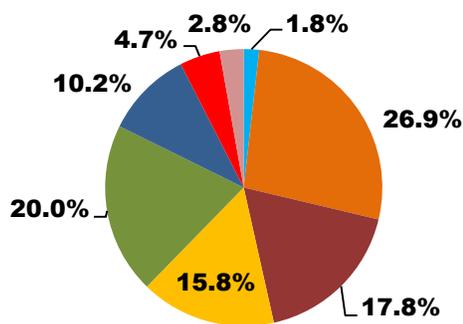
The Fund registered a return of 12.27% in 2013, compared to 9.36% in 2012. This return outperformed the benchmark by 0.56% and was more than the rate required by the valuation to fund benefits by 6.27%.

### PENSION PLAN HIGHLIGHTS

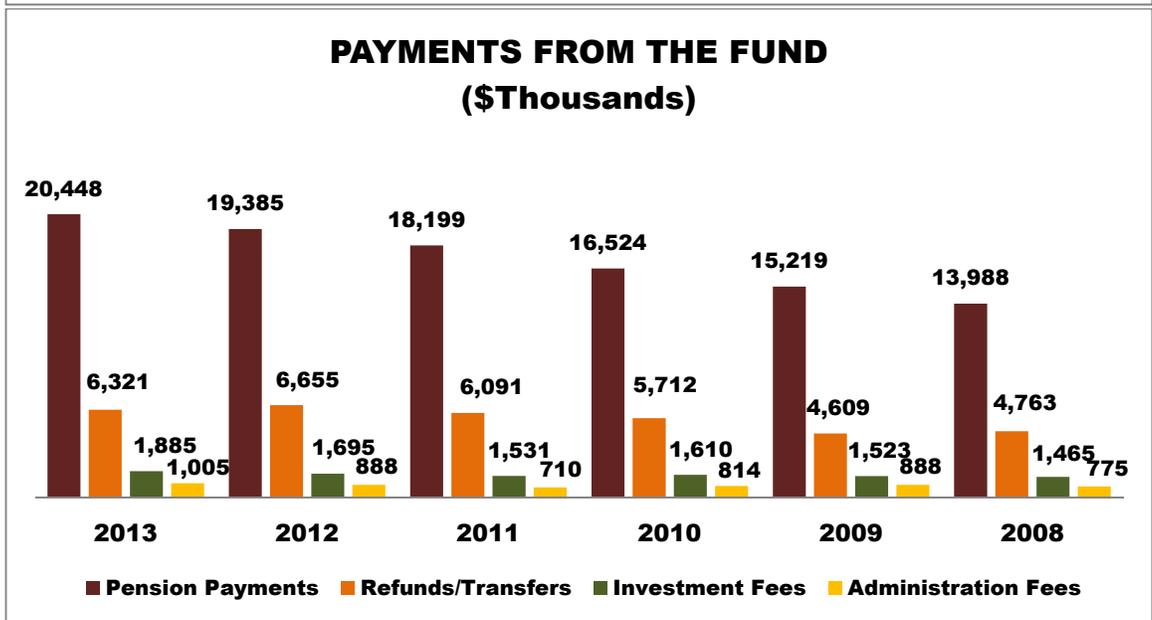
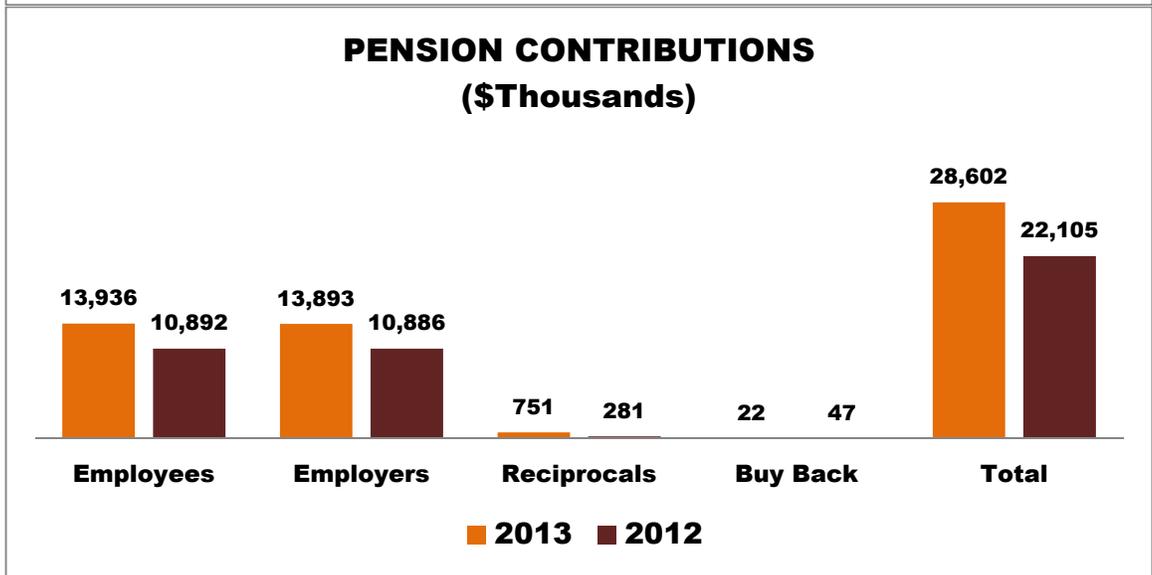
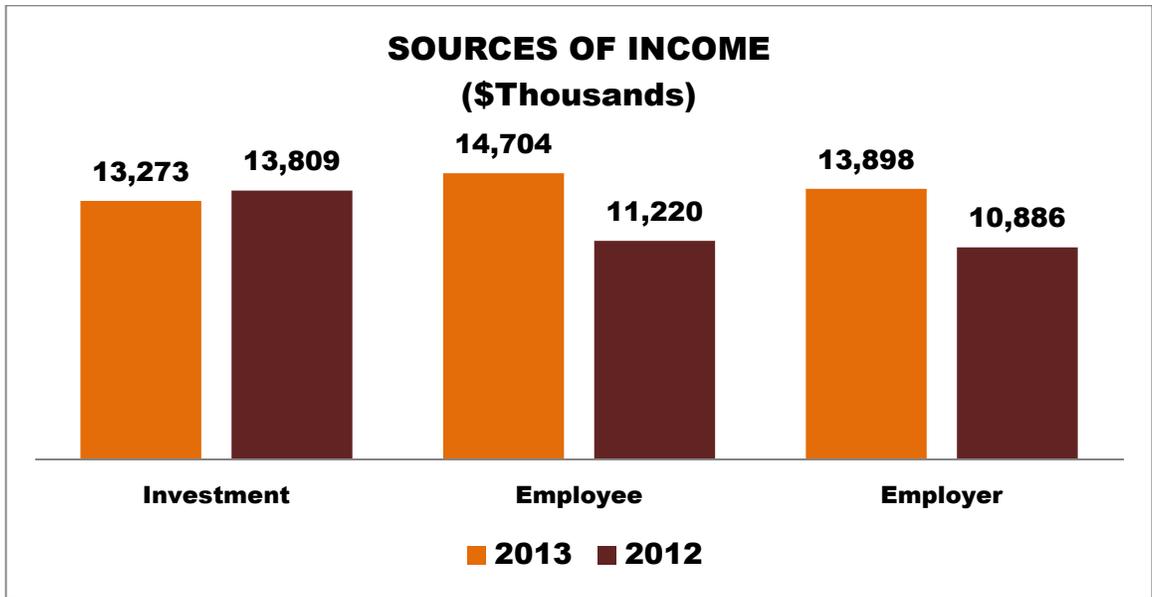
(\$ Thousands)

	<u>2013</u>	<u>2012</u>
Market Value of Investments	\$530,677	\$472,638
Investment Income	\$13,273	\$13,809
Employee Contributions	\$14,704	\$11,220
Employer Contributions	\$13,898	\$10,886
Pension Payments	\$20,448	\$19,385
Refunds and Transfers	\$6,320	\$6,655
Investment Rate of Return	12.27%	9.36%
Investment Benchmark	11.71%	8.93%
Employees and Former Employees	3,862	3,809
Pensioners and Beneficiaries	<u>1,882</u>	<u>1,789</u>
Total Members	<u>5,744</u>	<u>5,598</u>

### Pension Plan Asset Mix

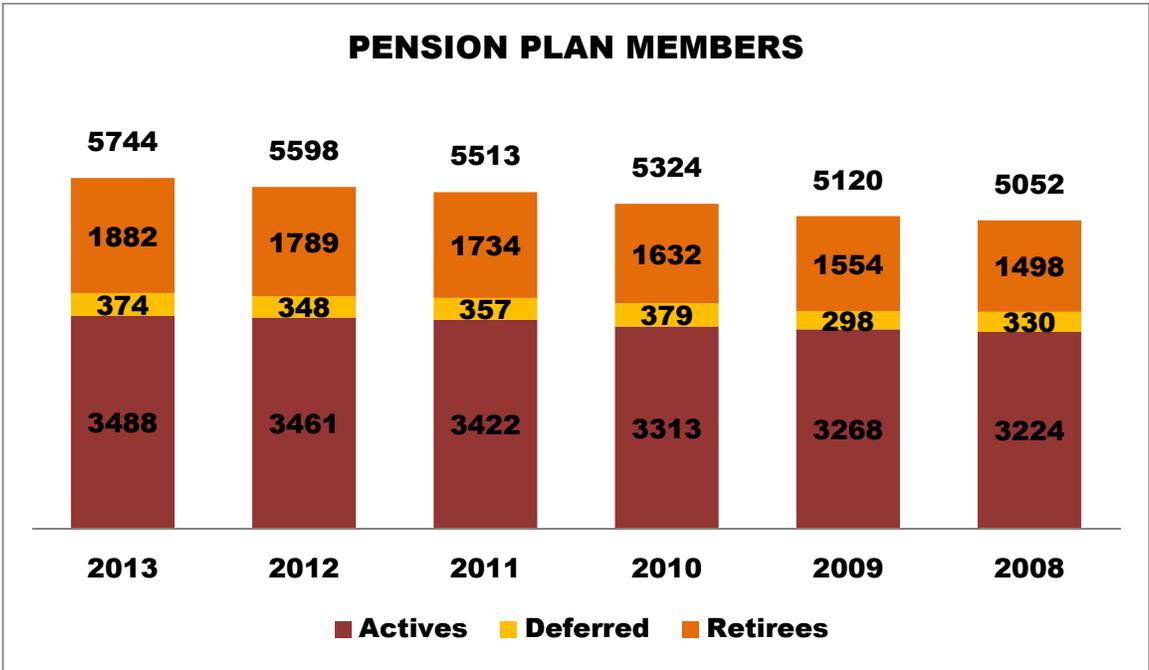
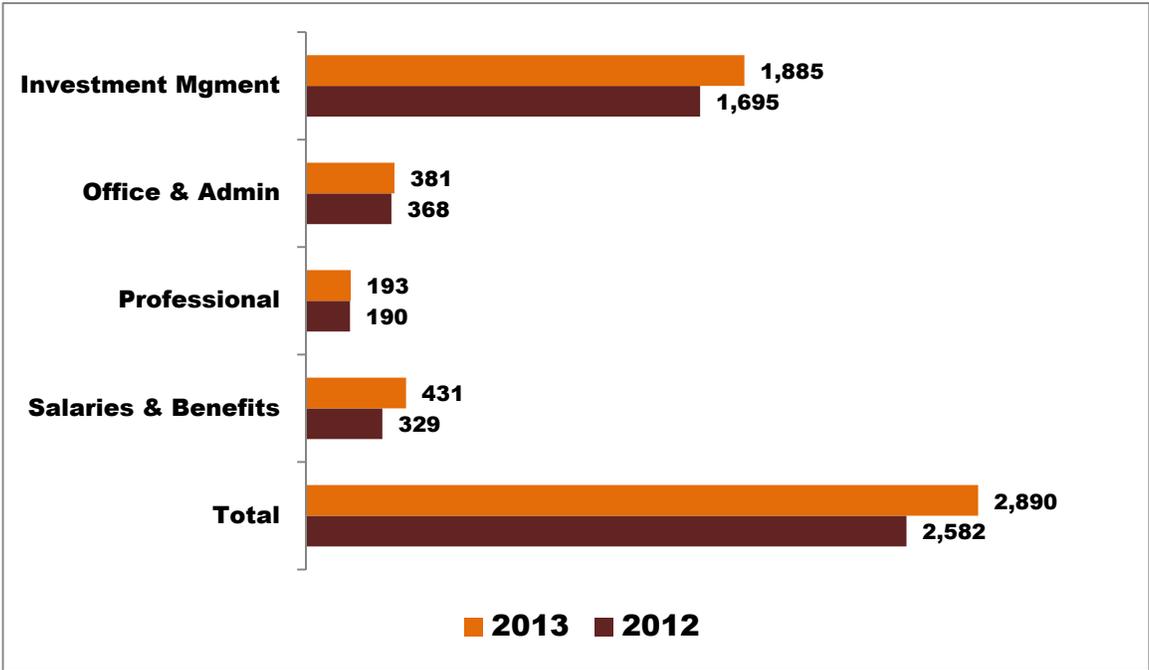


## The Pension Plan

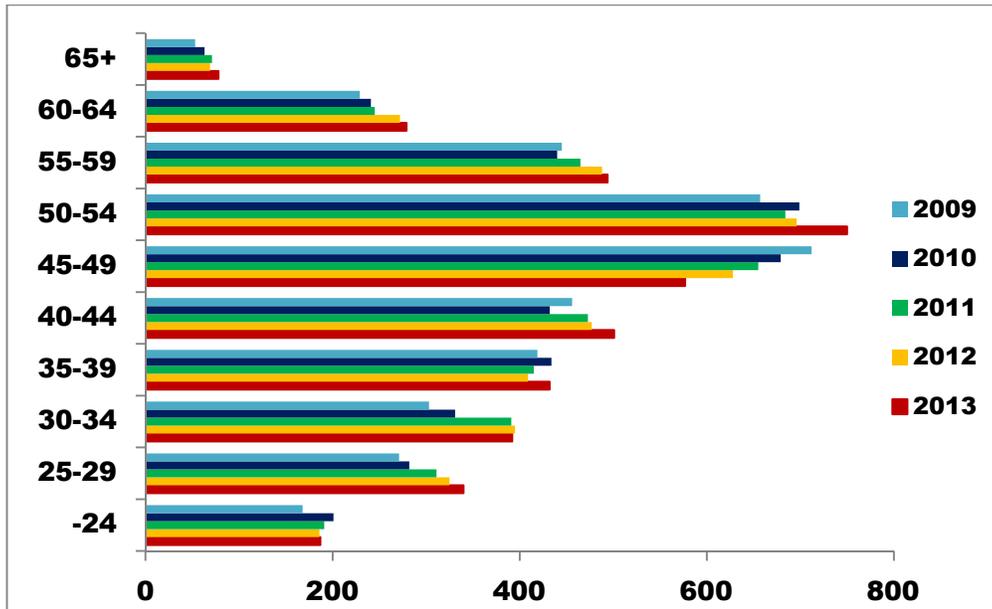


# Pension Administration

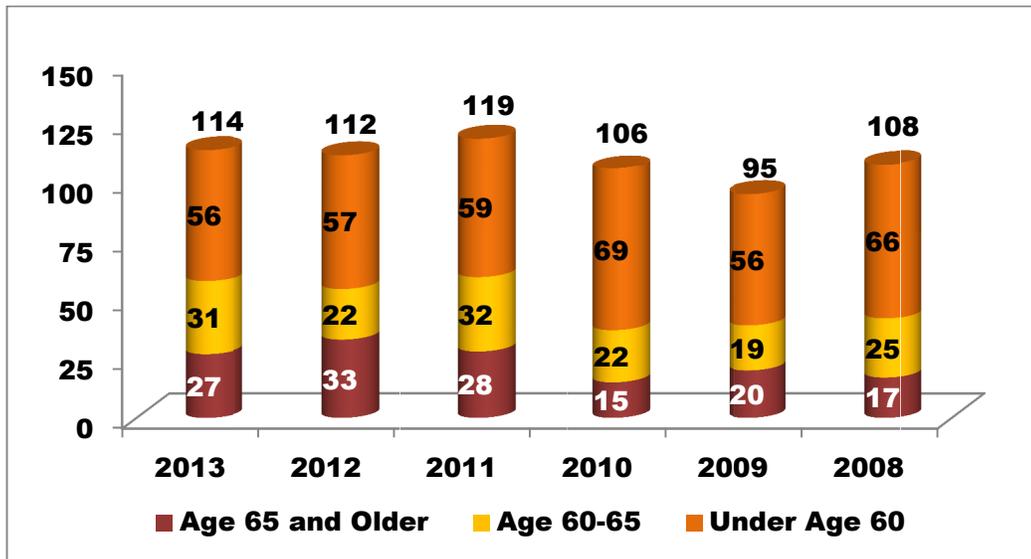
Total administration costs, including investment expenses, amounted to \$2.9 million. This translates into an annual cost of \$503 per member.



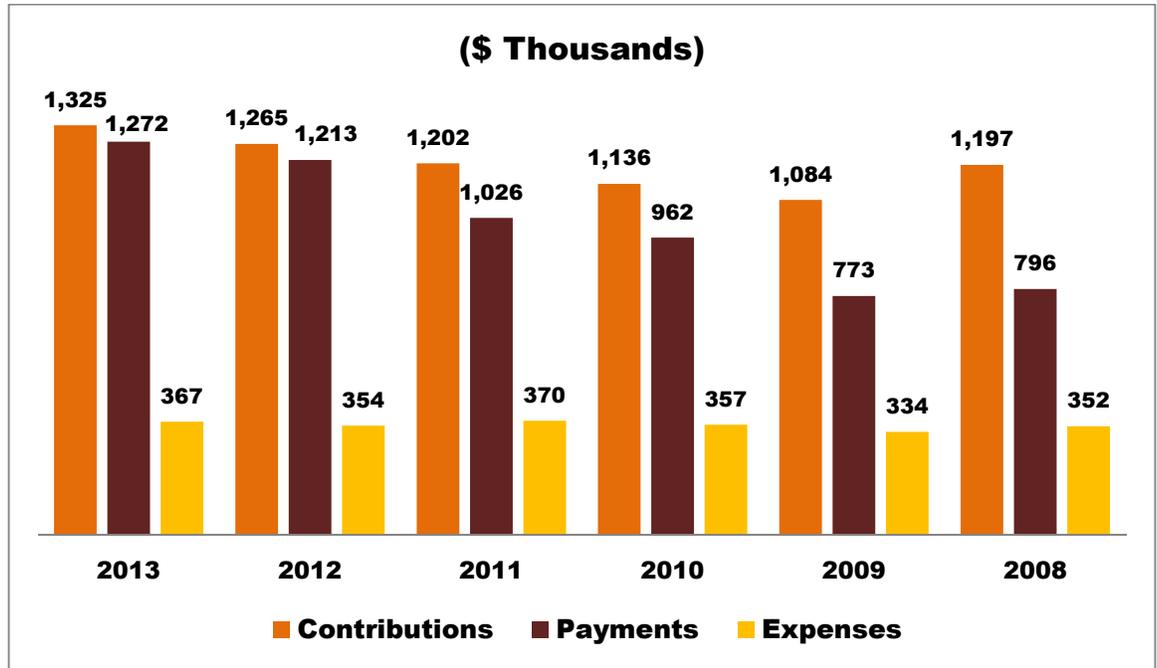
### ACTIVE MEMBER PROFILE BY AGE



### RETIREMENTS



## The Disability Income Plan



## The Group Insurance Plan

