



MEBP

MUNICIPAL EMPLOYEES
BENEFITS PROGRAM

2015
ANNUAL REPORT TO
MEMBERS

www.mebp.mb.ca

Toll-Free – 1-800-432-1908

MESSAGE FROM THE CHAIR

On behalf of the Board of Trustees for the Manitoba Municipal Benefits Plan, I am pleased to provide the Annual Report as at December 31, 2015. We continue to be in a period of uncertainty for the fund and its members. When the Fund began some 40 years ago, I would dare to say the issues were probably much different than they are today.

Investments returns for the year were reasonable without being spectacular, with most asset classes and fund managers producing positive returns for the year. The 2015 investment returns were not as high as hoped, generating a return of 7.16%. The plan needs 6% to sustain itself, but this does not include the current accrued deficit. While the 7.16% return did help the bottom line, the pension valuation as at December 31, 2015 disclosed a going concern funded ratio of 96.1% (95.2% in 2014) and a solvency ratio of 69.9% (69.7% in 2014). Challenges to deal with the solvency deficit are difficult, as there continues to be high volatility in the investment market, increases in our liability profile and changes in pension legislation. And while we all want to improve plan members' chances of financial security, the Board must balance risk management with revenue generation.

In 2013 the Board undertook a Plan Sustainability Study prepared by Towers Watson. The conclusion of the study illustrated that some decisions needed to be made to ensure the pension benefits for all members are protected. This led to a decision by the Board to introduce the minimum retirement age of 55 effective January 1, 2018. The actuary did express concern that the decision to move to 2018 as the implementation date could lead to potential changes in the future. Obviously that will depend on investment returns.

MEBP has had a customised benchmark and MEBP conducted an Asset Mix Study in 2014 and made some changes to our target Asset Mix to maximize returns. While we measure the fund against our own benchmark, we also review how other funds perform.

I would like to express my appreciation to all the members of the Board and to the talented MEBP staff for contributing their time and expertise on behalf of all members. Their dedicated work and tremendous input is appreciated. From a staff perspective, the amalgamation effort in 2014 and transitioning into 2015 was a large task, which resulted in considerable consultation and correspondence regarding the whole handling of employee benefits. I also thank the members for all their patience in this matter, as this was a new experience for everyone.

All of us at MEBP are committed to the future as we continue to find innovative and forward thinking ways to deliver on the MEBP pension promise. And having MEBP remain financially stable remains the Boards highest priority. This is central to our main goal of achieving a position of being favourably funded.

Thank you

Jack Kehler, Chair

Investment Overview

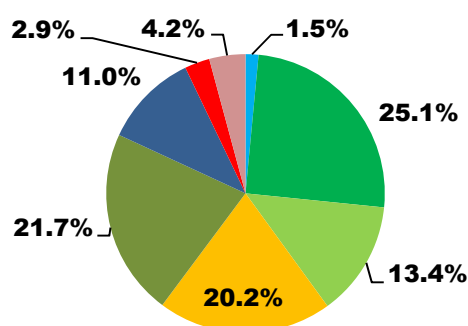
The Fund registered a return of 7.16% in 2015, compared to 9.22% in 2014. This return outperformed the benchmark by 0.46% and was more than the rate required by the valuation to fund benefits by 1.16%.

PENSION PLAN HIGHLIGHTS

(\$ Thousands)

	<u>2015</u>	<u>2014</u>
Market Value of Investments	\$613,815	\$577,987
Investment Income	\$15,947	\$14,072
Employee Contributions	\$15,364	\$15,453
Employer Contributions	\$15,031	\$14,497
Pension Payments	\$24,227	\$22,365
Refunds and Transfers	\$8,270	\$5,353
Investment Rate of Return	7.16%	9.22%
Investment Benchmark	6.70%	11.36%
Employees and Former Employees	4,058	3,941
Pensioners and Beneficiaries	<u>2,090</u>	<u>2,010</u>
Total Members	6,148	5,951

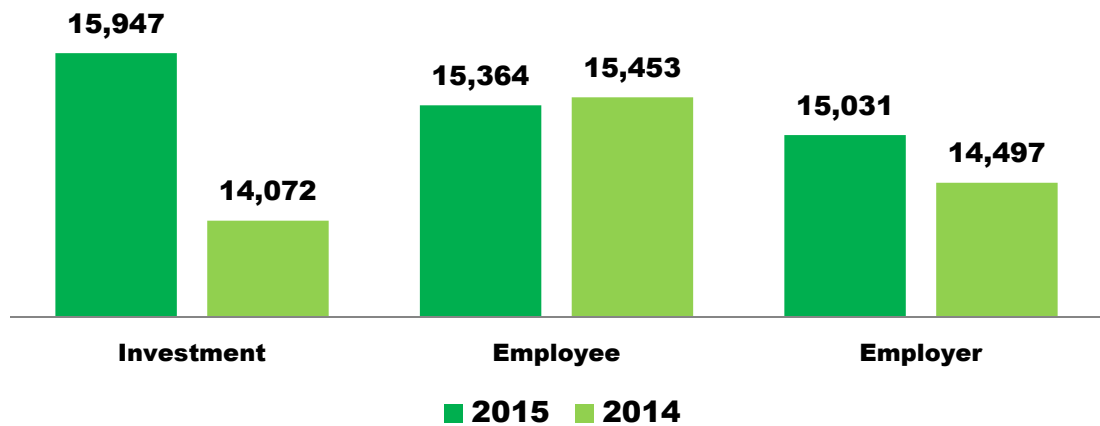
Pension Plan Asset Mix



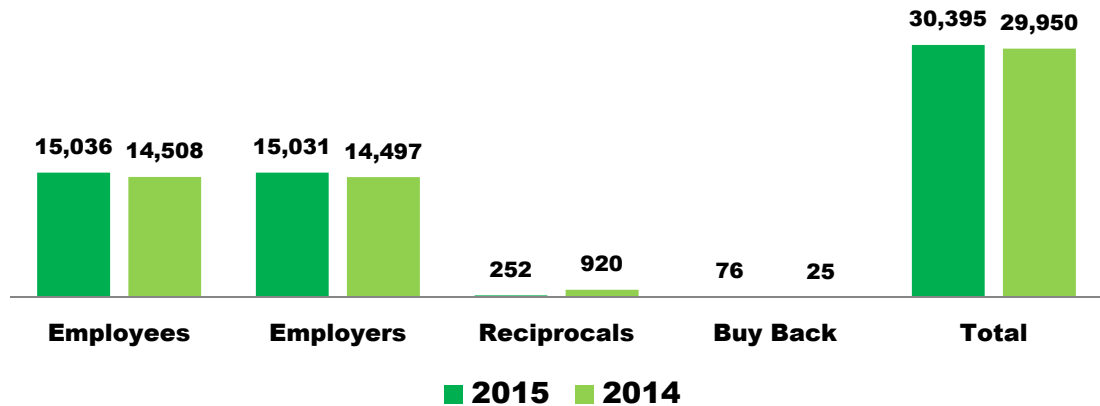
■ Short-Term 1.5%	■ Bonds 25.1%
■ Canadian Stocks 13.4%	■ U.S. Stocks 20.2%
■ Non N.Am Stocks 21.7%	■ Real Estate 11.0%
■ Private Equities 2.9%	■ Infrastructure 4.2%

The Pension Plan

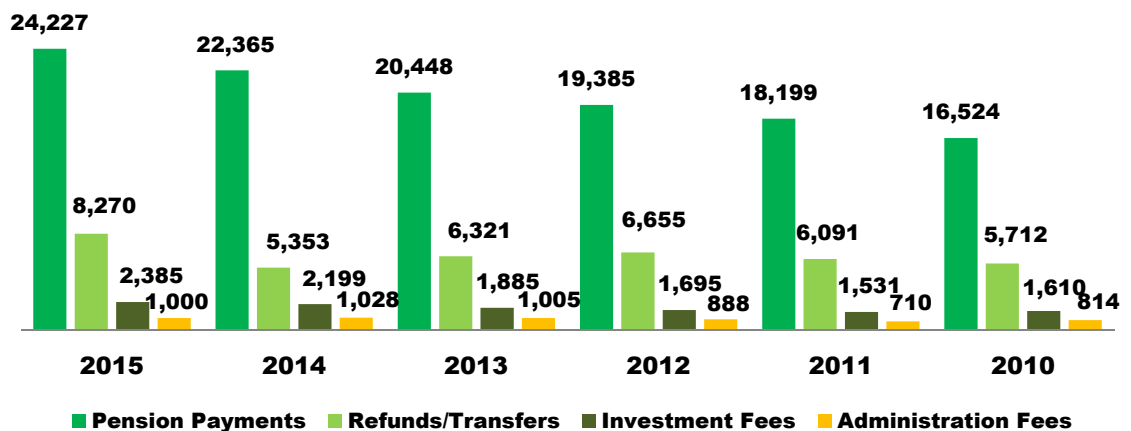
SOURCES OF INCOME (\$Thousands)



PENSION CONTRIBUTIONS (\$Thousands)

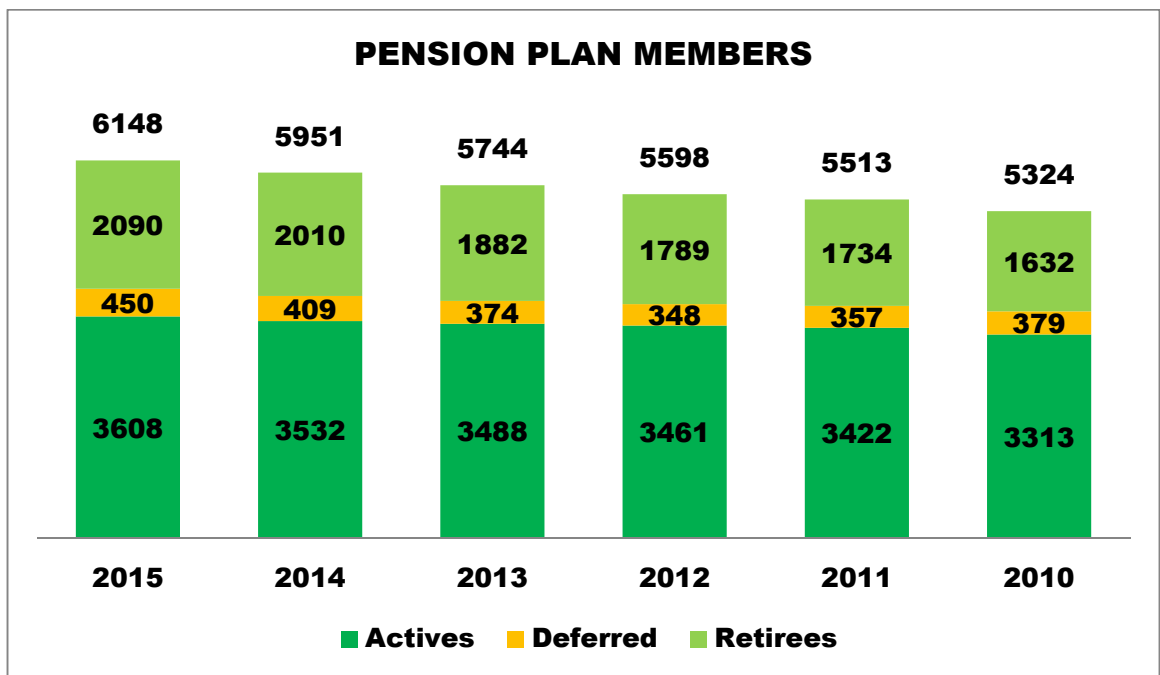
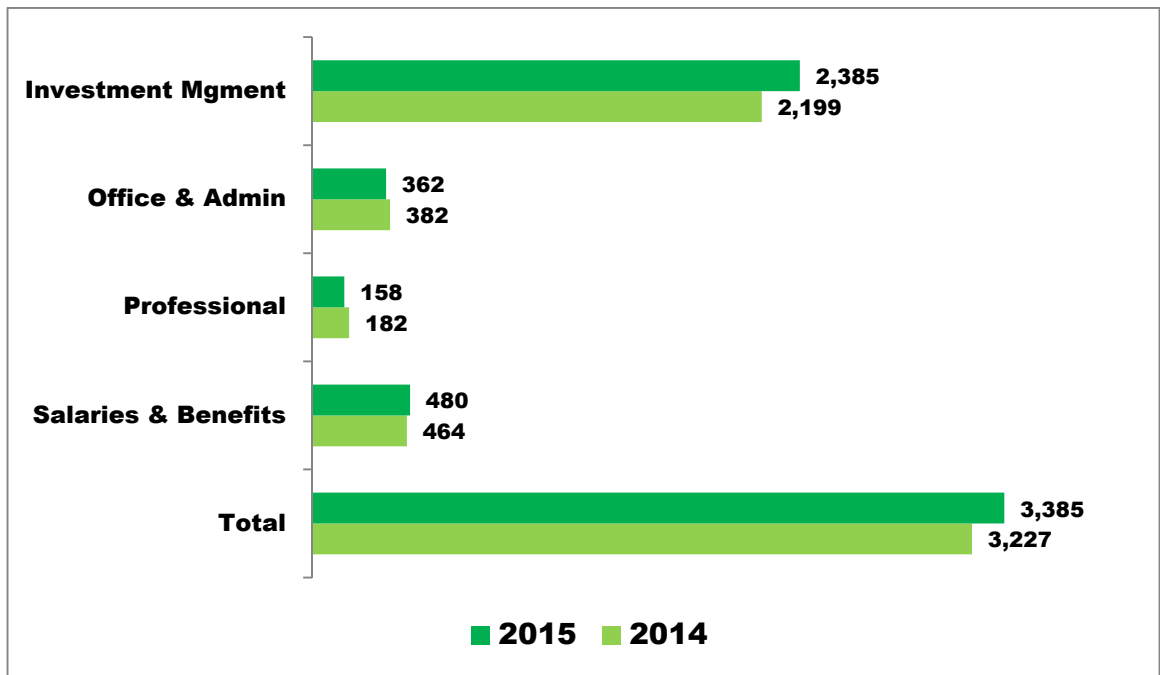


PAYMENTS FROM THE FUND (\$Thousands)

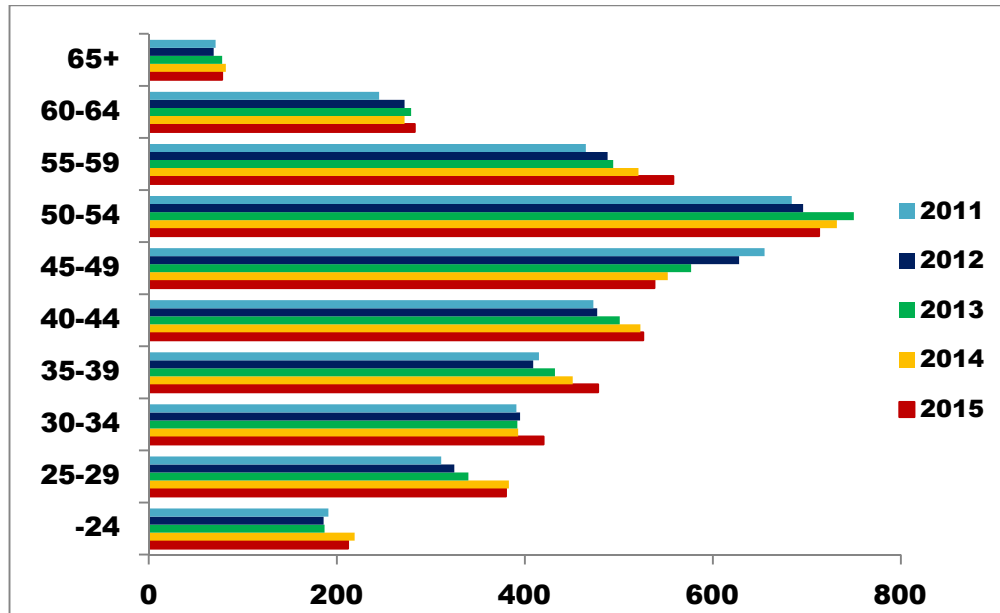


Pension Administration

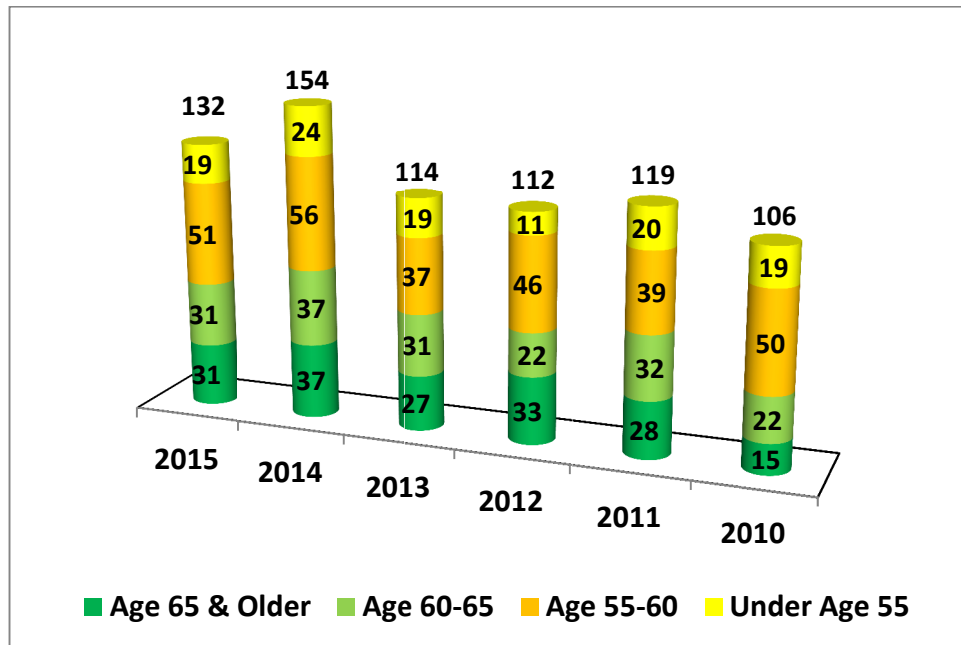
Total administration costs, including investment expenses, amounted to \$3. million. This translates into an annual cost of \$550 per member.



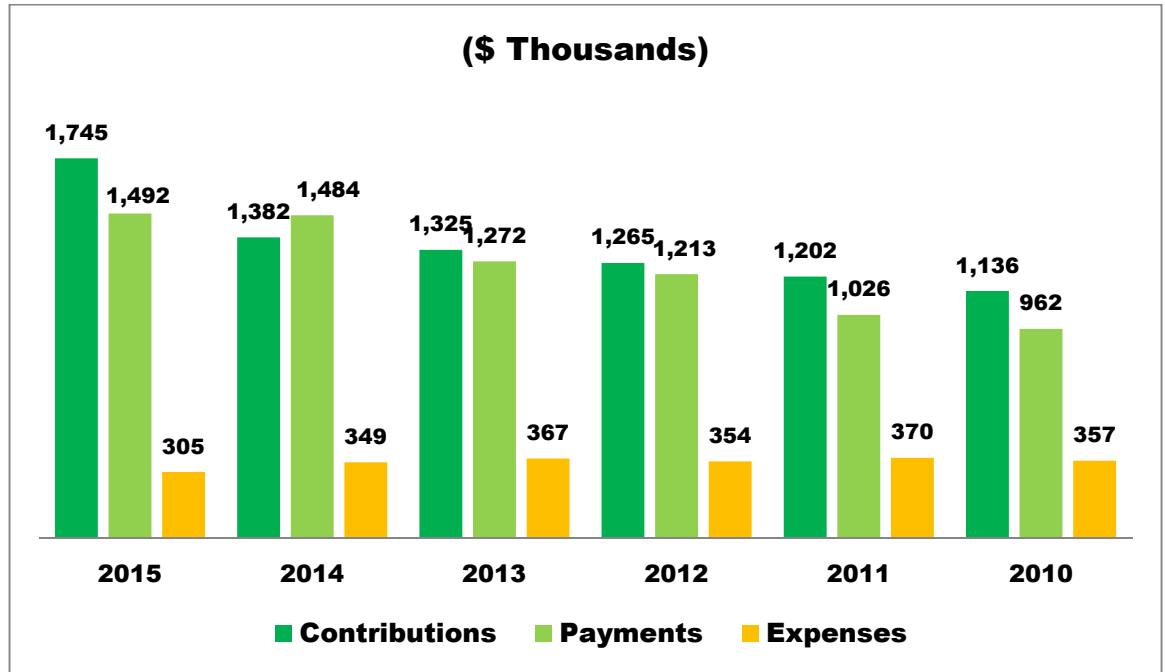
ACTIVE MEMBER PROFILE BY AGE



RETIREMENTS



The Disability Income Plan



The Group Insurance Plan

