



# WORKING TOGETHER



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# Doing it right: 2016

As we look over the past year, we are pleased to report the Municipal Pension Plan is fully funded and your contribution rates remain unchanged. This is especially good news in today's challenging environment of low interest rates and muted economic growth. These days we must also plan for the growing ratio of retired to active members, longer lifespans (and retirements) of today's seniors, and increasing cost of extended health and dental care. During 2016, this meant making some adjustments.

To keep your plan healthy and sustainable, we lowered the assumed rate of return on our investments, and moved the majority of the valuation surplus to a new rate stabilization account. We did this to help stabilize contribution rates in the event of a less positive valuation. We adjusted the group benefit program for retired members to help retirees maintain access to valuable coverage while operating within allowable funding limits.

To help you manage your pension at each stage of your career, we developed new workshops (both web based and in person), and laid the groundwork for an exciting new website launched this spring. The fresh new site is easier to use from your desktop or smartphone, and provides better access to the services you need most often. Perhaps most importantly, it gives you even more control over your My Account profile—now you can even register to retire online. Check out the new plan website at [mpp.pensionsbc.ca](http://mpp.pensionsbc.ca), and follow the latest news and events [@MyBCMPP](https://twitter.com/MyBCMPP) on Twitter.

As we look to 2017 and beyond, we are, as always, committed to preserving plan value, maintaining sustainability, and helping you make the most of your retirement years.

We look forward to joining you at the annual general meeting October 12 in New Westminster. See you there!

**Municipal Pension Board of Trustees**

# Preliminary plan numbers

## PLAN PERFORMANCE IN 2016<sup>1</sup>

The Statement of Investment Policies and Procedures (SIPP) sets the investment guidelines and direction for bclMC, the plan's investment manager. SIPP also provides objectives, policies and principles for plan asset management. Read it on the plan website.

### YOUR PLAN IS COST EFFICIENT

Investment management and benefits administration cost

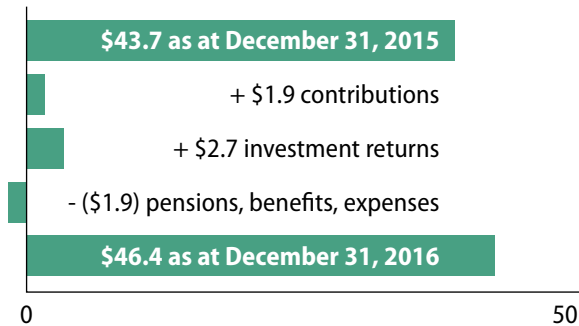
**0.38%** of the plan's total assets.

### RETURN ON INVESTMENTS

for the year ended December 31, 2016

**5.9%** 5-year annualized **10.2%**  
**6.6%** 2016 benchmark

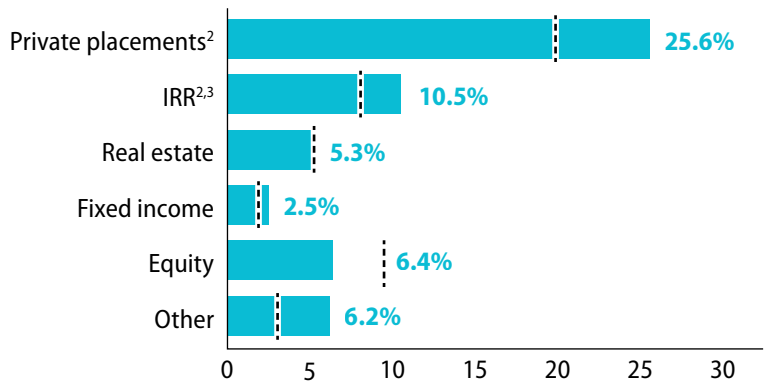
### NET ASSETS (\$ BILLIONS)



### RATE OF RETURN VS. BENCHMARK

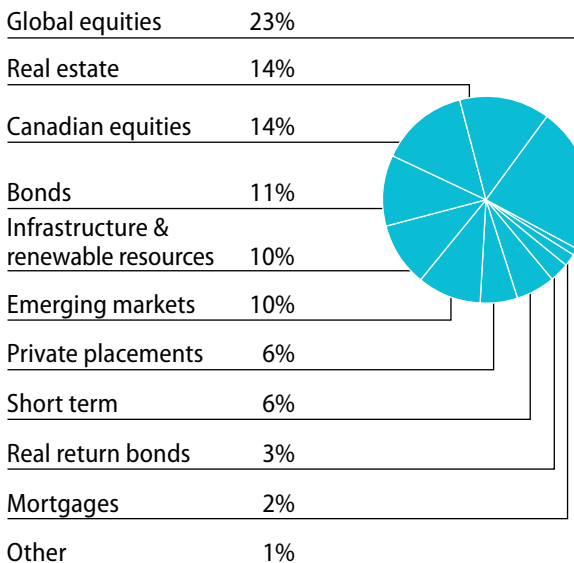
for the year ended December 31, 2016

■ Actual    ▤ Benchmark



### INVESTMENT HOLDINGS (TOTAL \$46.2 BILLION)

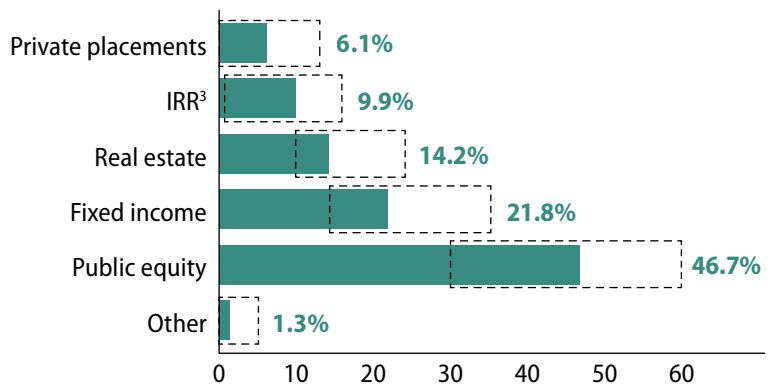
as at December 31, 2016



### ASSET ALLOCATION

as at December 31, 2016

■ Actual    ▤ Policy range



<sup>1</sup> These highlights are unaudited. For audited financial statements, see the 2016 Annual Report, which will be posted on the plan website in August 2017.

<sup>2</sup> Final as at December 31, 2015

<sup>3</sup> Infrastructure and renewable resources



# Managing your pension; building your future

Whether you're just starting out, building your career or preparing for retirement, the Municipal Pension Plan is at your service. Keeping life events in mind, we've selected some common questions to help you make the most of your pension. To find the resources and tools described below, visit our new website at [mpp.pensionsbc.ca](http://mpp.pensionsbc.ca).

## Q Why invest in a pension if I can invest in RRSPs?

Your pension offers several advantages over a registered retirement savings plan (RRSP). Unlike most RRSPs, your pension consists of contributions made by you *and* your employer. Member and employer contributions are then invested together. Thanks to the scale of the plan and expertise of its investment management team, the plan can typically achieve better returns for you than you could achieve on your own. This is important because about 75 per cent of your pension is funded by investment returns. And unlike some private savings plans, whose value fluctuates with market conditions, your pension is designed to secure a dependable source of income for your retirement. Best of all, it's easy—your contributions are deducted automatically, the plan is professionally managed on your behalf and, once a year, you receive a *Member's Benefit Statement* which shows a snapshot of your pension.

You can invest in an RRSP outside the plan; however, since you are already contributing to a pension plan (a tax-deferred retirement plan), your RRSP contribution limit will be lower.

## Q Will my pension be there for me when I retire?

Your basic pension is yours for life. How do we ensure it will be there for you? Every three years, an independent actuary (a specialist in financial modelling, the laws of probability and risk management) assesses the health of the plan. If this valuation determines there is a shortfall, the trustees must raise contribution rates to put more money into the plan. The most recent valuation (2015) confirmed the plan is healthy and sustainable. Because there was a surplus, funds were set aside to help stabilize member and employer contribution rates in case a less positive valuation occurs in the future.



### Q What happens to my pension if I switch jobs?

More than 900 employers participate in the plan; if you move to another plan employer, your pension moves with you. In addition, other employers across Canada may allow you to transfer the value of your pension to their pension plans. For more information about transfers, visit the plan website.

If you move to an employer that has no compatible pension plan, you can leave your contributions in the Municipal plan as a deferred pension (and receive a benefit in the future), take an immediate pension (if you've reached earliest retirement age) or receive a lump-sum commuted value payment. As long as you have registered for My Account, you can always access your pension information, and notify us of any moves or changes.

### Q How much will my pension be?

To calculate your future pension, sign in to My Account on the plan website and use the online Personalized Pension Estimator. The estimator uses your service and salary information to create an estimate. You can also change details (such as retirement date, percentage worked and salary) to see how changes in your working life can affect your pension payments.

### Q How would a leave of absence affect my pension?

When you are on an employer-approved leave of absence (such as maternity, parental or compassionate care), you are not making contributions or accruing service in the plan. However, you may have the opportunity to buy back the service you would have accrued if you'd been working. (Be sure to review the deadlines for buying back service.)

For pension purposes, any leave with pay is treated as if you were still working. During a leave of absence without pay, you can buy the service for the time you were not contributing to the plan. You can use the online Purchase Cost Estimator to calculate how much it would cost to purchase your leave. For more information on purchasing leave, visit the plan website.

### Q How would separation or divorce affect my pension?

Your pension is considered a family asset, like a house or a car, so a former spouse may be entitled to a share of the pension you earned while living together. Though the plan cannot provide legal advice, lawyers and actuaries can help ensure pension divisions are accurately handled in separation agreements, court orders and divorce orders. For more information, visit the plan website.



## NEARING RETIREMENT

### Q When can I retire?

The earliest retirement age for most plan members is 55 (50 for police officers and firefighters). If you retire before age 60 (55) and do not meet minimum age plus contributory service requirements, your pension will be reduced. To calculate your future pension benefit, sign in to My Account on the plan website and use the online Personalized Pension Estimator.

### Q What if I go back to work after retiring?

If you are receiving your pension and return to work for a Municipal plan employer, your pension payments will continue. You may not restart contributing to the plan. Be sure to confirm with your employer that you are a retired member so contributions are not deducted from your pay.

### Q When should I start preparing for my retirement?

As you approach retirement, you will have several pension options to consider. To help answer your questions, the plan offers pension workshops around the province, including *Approaching Retirement*, designed for members within five years of retirement. The plan website also provides learning guides to help you prepare, and answers the most commonly asked questions. You may even be able to retire online. Sign in to My Account to get started.

Have questions or just want to learn more?

Visit the new plan website today at [mpp.pensionsbc.ca](http://mpp.pensionsbc.ca).





Join us in  
New Westminster  
for the 2017 Annual  
General Meeting  
(October 12)

# Changes to plan rules

## **Employer contribution rate simplification (amendment no. 43)** —effective January 1, 2017

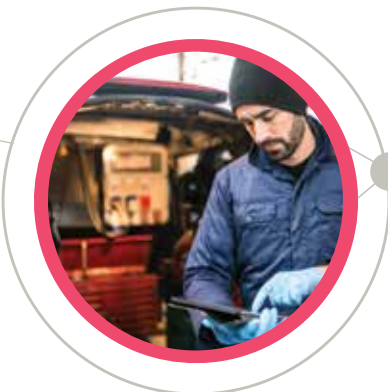
Approved September 22, 2016, this is the first phase of an initiative to simplify employer contribution rates, which, when fully implemented, will eliminate gender and age differences in employer contribution rates. This will simplify things for your employer, without affecting you as a member.


## **Post-retirement group benefit rules (amendment no. 5)** —effective January 1, 2017

The subsidized dental plan for retired members ended on December 31, 2016, and was replaced with a voluntary unsubsidized dental plan effective January 1, 2017.

## **Sustainable cost-of-living methodology** —effective January 1, 2016

This methodology places a cap on cost-of-living adjustments (COLAs) for retired members. It is intended to help maintain the long-term sustainability of funds in the inflation adjustment account, ensuring they are not used up faster than they can be replaced.





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2004-049 2016 MPP R2M 2017.04.28 QPR104656

 **Municipal  
Pension Plan**  
*Contributing today for a secure tomorrow*

Reg. T.M. Municipal Pension Board of Trustees