

Pension Life

Your continued connection to your plan

The Municipal Pension Plan Newsletter for Retired Members

Winter 2017

HIGHLIGHTS

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Your COLA for 2017
is 1.3 per cent

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Pension payments 2017

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|--------------|----|--------------|----|
| January..... | 30 | July..... | 28 |
| February.... | 27 | August..... | 30 |
| March..... | 30 | September... | 28 |
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| May..... | 30 | November.... | 29 |
| June..... | 29 | December.... | 21 |

Your pension payment is deposited directly to your bank account on the second-to-last business day each month—except in December, when we deposit your payment two business days before Christmas. First pension payments may be deposited on the last business day of the month. This is only for the first month in which you start collecting your pension. All future pension payments will be paid on the dates noted above.

If you do not already do direct deposit, consider having your pension payment deposited directly to your bank account—no need for a paper cheque. It's a safe, convenient and dependable way to receive your monthly pension payment.

• Sign up for direct deposit at mpp.pensionsbc.ca > My Account

We're pleased to process payments for those living outside of Canada. However, we cannot guarantee payment arrival dates.

Your pension is secure

The plan is fully funded and your basic pension benefit is healthy and sustainable

The Municipal Pension Board of Trustees' (board's) first pension security goal is guaranteeing basic pensions. This is the pension promise the Municipal Pension Plan (plan) makes to ensure the plan is beneficial to members and their families, communities and the province as a whole.

As the board reported at the annual general meeting in October, plan investments beat expectations in 2015. Plan assets grew to \$43.7 billion.

Doing it right

The latest actuarial valuation showed the plan was fully funded at 104.6 per cent.

The December 31, 2015, valuation demonstrated that the plan is well governed, healthy and sustainable. After reviewing the valuation report, the board increased the cost-of-living adjustment (COLA) cap to 2.1 per cent. Sustainable COLA helps protect pension benefits from rising inflation. Read more about COLA on page 2.

A valuation is required by law and the Municipal Pension Plan Joint Trust Agreement, and is an important way the board monitors the health of the plan. Every three years, an independent actuary



Municipal Pension Plan 2016 Annual General Meeting

(a specialist in financial modelling, the laws of probability and risk management) performs a valuation. It helps the board make sure there are enough funds available to meet plan members' basic pension promise.

The valuation showed a surplus of \$2.2 billion. Of that surplus, \$1.9 billion will be put in a dedicated joint member-employer rate stabilization account. The remaining \$300 million is needed to maintain the contribution rate as required by the *Pension Benefits Standards Act*. (continued on page 2)

Keeping access to group benefits

Many retirees have written to the board about changes to the group benefits program offered to retired members. Changing the program was not an easy decision; however, the board is committed to providing retired members access to group benefits and the best-value program for the money available.

The board is pleased that retired members have recognized the value of having access to the group benefits program. By the application deadline, more than 50,000 retired members had signed up for the new unsubsidized dental program, and ten per cent of those were signing up for the first time.

In making the changes that went into effect January 1, the board was faced with hard facts:

- The changes were required to meet the board priority of providing access to group benefits for retired members.
- The group benefits program for retired members was not sustainable.
- The board's decision to make changes was based on thorough analysis of members' usage conducted by group benefits experts.

Above all else, the board's first priority is guaranteeing basic pensions. Providing sustainable COLA is second. Providing access (continued on page 3)



Follow us on Twitter for timely tips, news and links. @MyBCMPP

Tax time

Important information for your taxes

Your pension is income; it's outlined in the T4A included with the printed copy of this newsletter. Make sure you report your pension income on your 2016 tax return.

- Access your T4A securely at mpp.pensionsbc.ca > My Account

When filing your taxes, take special note of two boxes on your T4A:

- Box 118 may have an amount for medical premium benefits paid on your behalf if you have Medical Services Plan (MSP) coverage under your pension. Please note this is a taxable benefit. You may not claim the premiums you paid for MSP coverage on your tax return.
- Box 135 contains the total amount of premiums you paid for extended health and/or dental coverage under your pension if applicable.
- Questions about completing your return? Visit cra-arc.gc.ca/contact or call 1-800-959-8281

Make Pension Life even better

What can we do to better communicate about your pension and its advantages? We regularly contract research companies to do research on our behalf. You may be contacted to complete a survey or participate in a focus group. Your participation in this research is voluntary and all responses are confidential. Thank you in advance for your participation.

- Questions about how research is conducted? Email research@pensionsbc.ca

Your pension is secure, continued from page 1

Investment outlook: lower for longer

In 2015, the plan paid out over \$1.4 billion to retired members and their beneficiaries. The number of retirees is growing every year, so it's vital the board focus on the plan's long-term health to keep the pension promise to future retirees.

As part of the valuation, the board reduced the expected investment return rate from 6.50 per cent to 6.25 per cent. The board took this action because the outlook for global growth and investment returns is expected to be lower than in recent years. This is one way the board continues its responsible management and fiscal oversight of the plan.

COLA 1.3% for 2017

As a retired member of the Municipal Pension Plan, you will receive a 1.3 per cent cost-of-living adjustment (COLA) effective January 1, 2017. COLA is a non-guaranteed adjustment to your monthly pension payment; however, once granted, it becomes part of your basic pension. The board must consider all relevant factors before granting COLA.

The Municipal Pension Plan Rules and the plan's funding policy give the board authority to grant COLA within three limits:

- The adjustment cannot exceed the increase in the Canadian consumer price index during the preceding 12 months (September to September).
- The adjustment cannot exceed the level of the COLA cap (currently 2.1 per cent).
- The cost of the adjustment cannot exceed the amount of money in the inflation adjustment account.

Any COLA granted is applied January of each year.

Annual General Meeting

The AGM took place on October 13 in New Westminster. Thank you to all members who attended. The board appreciates how important your pension is to you.

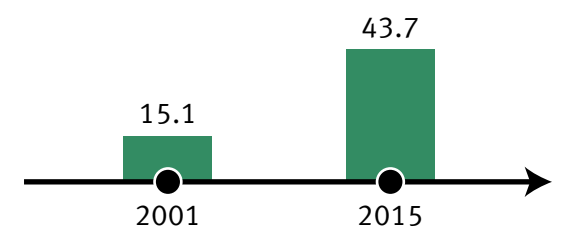
AGM presentations covered 2015 financial highlights and valuation results, group benefits for retired members, and the investing environment and outlook.

- Audio and presentations available at mpp.pensionsbc.ca/agm
- Get more data in the 2015 Annual Report at mpp.pensionsbc.ca

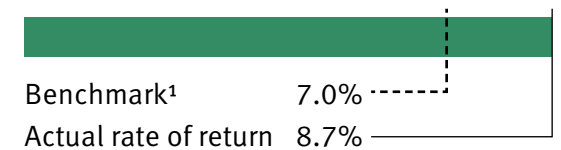
HIGHLIGHTS

All data as at December 31, 2015, unless otherwise stated

Assets (\$ billions)



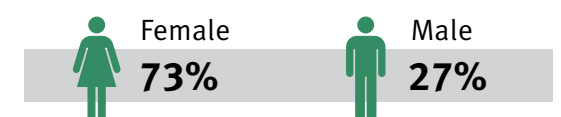
Return on investments



Membership (total 309,478)



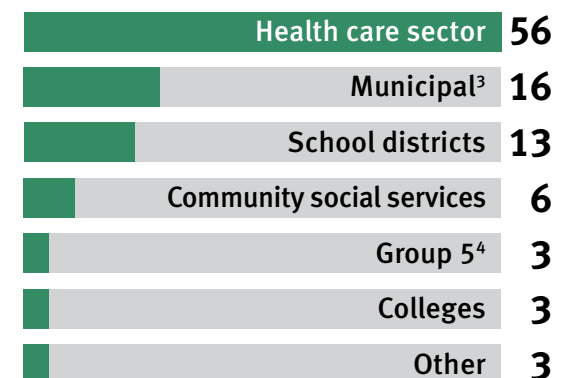
Active members



Membership ratio (active : retired)



Members by sector (%)



1 Benchmarks are standards to compare against actual investment returns
 2 Members no longer employed by a plan employer but with money in the plan
 3 Cities, districts, towns, villages and regional districts
 4 Participation is limited to police officers and firefighters

Group benefits changed

Changes to group extended health care (EHC) and dental coverage for retired members went into effect January 1, 2017

New EHC coverage per person

- Lifetime maximum of \$200,000
- Prescription drug coverage through Blue RX
- Annual deductible of \$100
- Co-insurance of 70 per cent on first \$1,000 in claims per calendar year

New dental coverage per person

- Access to unsubsidized dental plan
- Essential and Enhanced plan options
- Maximum claims amount: Essential—\$1,000; Enhanced—\$2,000

- For details, visit pac.bluecross.ca/mpp

YOU CAN HELP

The board is doing what it can within the governance framework to continue providing retired members access to group benefits. Retired members can help contain costs by asking for generic drugs, using the Pacific Blue Cross (PBC) Pharmacy Compass or Preferred Pharmacy Network, signing up for CARESnet and saving money on medical aids through the Blue Advantage Program.

- mpp.pensionsbc.ca/groupbenefits

Keeping access to group benefits, continued from page 1

to group benefits for retired members is third. The board will continue to monitor funding for group benefits and, if required, adapt the group benefits plan design to ensure long-term value and sustainability. The board has committed to a full review of the dental plan design and carrier. Members will receive more information closer to the review time.

New plan website this spring



Municipal Plan Pension is pleased to announce a new website is coming to make your pension experience easier than ever.

- Watch the plan website for details at mpp.pensionsbc.ca

Your monthly deductions

Your pension is taxable income. We are required to deduct the minimum amount of tax allowable by Canada Revenue Agency (CRA). Are we taking off too much or too little tax? You can send us a TD1 or a TD1BC *Personal Tax Credits Return* form or advise us in writing if you would like to change the amount of tax we deduct from your pension. Note that if you have additional forms of income, including old age security and Canada Pension Plan, this could put you into a higher tax bracket and result in more taxes owed to CRA.

If you move out of BC to another province or territory, your tax will be withheld at the rate for the province you live in. You may see a change in your pension payments. If you live outside Canada, we use tax rates given to us by CRA for the appropriate country.

- Download TD1 forms or get more information at cra-arc.gc.ca/forms or call 1-800-959-8281

Have you retired in the last year?

In the first year you start receiving your pension, your COLA is pro-rated according to the number of months you've been retired. For example, if the COLA granted in your first year of retirement is 1.0 per cent and you retire on June 30, then you would be granted a 0.5 per cent COLA increase on January 1 of the following year.

- Find answers at mpp.pensionsbc.ca

2017 Medical Services Plan rates

New Medical Services Plan (MSP) premiums set by the provincial government are effective January 1, 2017. Starting December 2016, your pension payment will reflect this change.

Monthly plan rates (\$)¹

These rates are in effect as of January 1, 2017, and may change at any time.

| Pensionable service | Number of adults | |
|---------------------|------------------|--------|
| | One | Two |
| < 2 years² | 75.00 | 150.00 |
| 2 < 5 years³ | 56.25 | 112.50 |
| 5+ years³ | 37.50 | 75.00 |

- 1 Premium rates are set by the BC provincial government
- 2 Full premium
- 3 Includes subsidies provided by the Municipal Pension Plan

With MSP premium assistance income levels changing, more British Columbians will be eligible for MSP premium assistance. MSP's regular assistance programs offer premium subsidies to BC residents with financial need. Subsidies are based on net income (or a couple's combined net income) for the preceding tax year as reported on line 236 of your Notice of Assessment. Deductions can be claimed for age, family size, disability and any reported registered disability savings plan income.

Premium assistance questions?

Call Health Insurance BC:

- 604-683-7151 (Lower Mainland)
- 1-800-663-7100 (elsewhere in BC)

Premium payments questions?

Call Revenue Services of BC: 1-877-405-4909

- Find more information at gov.bc.ca/msp

Earn points for wellness

Carrot Rewards, an app-based wellness rewards program, is live. BC residents can now earn brand-name loyalty points (including Aeroplan, Petro-Points, SCENE and More Rewards) by completing activities about healthier choices. Earn points by filling out a health profile and participating in learning activities and quizzes. In the future, going to the gym, visiting a flu clinic or buying produce from the grocery store will also generate points. The app links to wearable devices to help track and reward healthy behaviour.

This program is a partnership between the Public Health Agency of Canada, BC Ministry of Health, Heart and Stroke Foundation, Canadian Diabetes Association, YMCA Canada and Social Change Rewards.

- healthyfamiliesbc.ca

When to contact us

Call, email or fax if you have changes or questions about:

Beneficiaries and marital status

- If you have married, become common law or are going through a separation or divorce
- If you have changed your name
- If your spouse or beneficiary has died
- If your beneficiary has a new address
- If you want to change your beneficiary: mpp.pensionsbc.ca/retiredforms > Change of Beneficiary

Health care and dental coverage

- If you need to change information about yourself, your spouse or a dependant with extended health care or dental coverage
- If you have questions about your eligibility, enrolment or premiums
- If you are leaving the province or country for an extended period (six months or more) and need to find out if you can maintain your coverage while away

Pension benefit payments, deductions and tax slips

- If you have questions
- If you want to change the amount of tax taken off your pension payment
- If you have changed your direct deposit information

NEW MAILING ADDRESS

If you or your power of attorney move and do not give us your new mailing address, **you risk having your pension suspended until we receive your current details.** For your security, we will stop your payments if Canada Post returns your mail to us three times.

- mpp.pensionsbc.ca/retiredforms > Change of Address



Municipal Pension Retirees' Association (MPRA) > mpraca

MPRA represents retirees of the Municipal Pension Plan.

Join for the opportunity to talk to other retirees and their spouses about pension issues, meet former co-workers, make new friends and have a voice about your MPP pension. To join, please send 2017 dues of \$20 (single) or \$35 (couple). Please make cheques payable to the Municipal Pension Retirees' Association. A form is also available on our website.

Municipal Pension Retirees' Association
2475 Dobbin Road, Unit 22 Suite 525, West Kelowna BC V4T 2E9

Learn more, find out about exclusive events, meetings and special offers > mpraca

Helpful contacts

Canada Benefits › canadabenefits.gc.ca Phone: 1-800-622-6232 TTY: 1-800-926-9105

An overview of all government benefit programs and services for individuals.

Canada Pension Plan, Old Age Security, Guaranteed Income Supplement › servicecanada.gc.ca

Phone: 1-800-277-9914 TTY: 1-800-255-4786

Canada Revenue Agency › cra-arc.gc.ca Phone: 1-800-959-8281

Medical Services Plan (MSP) › hibc.gov.bc.ca Phone: 1-800-663-7100

SeniorsBC › seniorsbc.ca

Provides resources and tips for planning and living a healthy life.

Ageing Well › healthyfamiliesbc.ca/aging-well Email: healthyfamiliesbc@gov.bc.ca

Provides resources to help you think about and plan for a healthy and independent future. Information, tools and videos about health and wellness, finance, transportation, housing and social connection.



Municipal Pension Plan works with Pacific Blue Cross (PBC) to administer group health benefits at a reduced rate to members.

Please contact PBC directly with specific questions about your coverage.

Phone: 604-419-2000
1-877-722-2583 for members
living outside BC

Web: pac.bluecross.ca

Confirm enrolment in your new dental plan

Coverage under the new unsubsidized dental plan became effective on January 1, 2017. You can confirm your enrolment and coverage by

- Logging on to pac.bluecross.ca (plan members residing in BC) or bluecross.ca/memberweb (plan members residing outside BC)
- Checking with your dental provider
- Contacting Pacific Blue Cross at 1-877-722-2583

Preauthorize dental services

We recommend pre-authorizing services under your new plan before starting any dental services to ensure the level of coverage.

Any treatment pre-authorized under the previous dental coverage but not completed by December 31, 2016, must be resubmitted for pre-authorization by your dental provider under the new dental plan.

Learn about your new Blue RX drug plan

Effective January 1, 2017, your extended health care (EHC) drug plan changed to the Blue RX formulary (for members residing in BC) and National Drug Special Authorization Program (for members residing outside BC).

Blue RX/National Drug Special Authorization Program is a managed formulary, meaning that drugs on the list are reviewed by pharmacists to ensure they are both clinically and cost-effective. A formulary is a list of

drugs covered by your plan. Blue RX/National Drug Special Authorization Program provides safe, high quality prescription drugs at an affordable price.

- Learn more at pac.bluecross.ca/mpp

Things to consider when choosing personal travel insurance



- As out-of-country coverage is **not** a benefit under your MPP EHC plan, the purchase of individual travel coverage is recommended.
- Government health plans may not cover all emergency medical expenses once you leave your home province and typically cover only a very limited portion once you leave the country.
- Where are you going? Travel to some countries includes a heightened risk that something unfortunate might occur. This is due to sanitation issues, political issues, weather, etc. If the government has issued a travel advisory, your travel insurance may not provide coverage. Always check travel advisories and your policy before you go.
- Your health—most travel policies do not cover health issues related to pre-existing health conditions. Always check your policy and ensure you understand your coverage.
- For members residing in BC who have a PBC EHC plan and purchase individual PBC travel plans, the PBC Travel Plan is the first payer. This means, in the event of a medical emergency outside BC (within Canada), your claim will be reimbursed under your PBC Travel Plan first. This helps protect your EHC lifetime maximum.
- Members residing in BC with a PBC EHC plan who purchase a PBC Travel Plan are eligible for a 10 per cent discount.

Ready when you are.

your pension online.
anytime.

Get tax slips, see pension payments and more. Log on to My Account today.

mpp.pensionsbc.ca › my account



FREQUENTLY ASKED QUESTIONS

Do you wonder what happens if you go back to work? Have questions about who to contact if you move outside the province? Need to know about health and dental coverage?

Find answers to these important questions by visiting Retired Member Frequently Asked Questions (FAQs).

The FAQs are available 24/7 and cover topics such as estate planning and moving. You might even find something you hadn't thought about.

- mpp.pensionsbc.ca/retiredfaq



Municipal
Pension Plan

Pension Life

CONTACT INFORMATION

Include your Person ID number (see your pension statement) in all correspondence.

Mail: Municipal Pension Plan
PO Box 9460
Victoria BC V8W 9V8

Phone: 250-356-9657

Toll-free: 1-866-876-6677 (Canada & U.S.)

Hours: 8:00 a.m. to 4:30 p.m. weekdays

Fax: 250-953-0431

Email: retired@pensionsbc.ca

Pension Life is published twice a year. You may receive more than one copy of *Pension Life* if you receive a pension from more than one pension plan. Read your statement letter to determine which plan provides your group benefits.

Any person entitled to a benefit, or their agent, has the right to examine plan documents, data and public information about the plan.