

Pension Life®

Your continued connection to your plan

The Municipal Pension Plan Newsletter for Retired Members

Winter 2019

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Don't throw away
that envelope!
Your T4A is inside

Tax time, page 2

Pension payments 2019

January	30	July	30
February	27	August	29
March	28	September	27
April	29	October	30
May	30	November	28
June	27	December	23

Sign in to My Account to view your payment history. 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 December 25.

If you are still receiving a cheque, and you have a Canadian or U.S. bank account, visit My Account and sign up for direct deposit.

Though we process direct deposit payments for plan members living in the United States, your deposit date may vary from the scheduled date depending on U.S. bank processing requirements.

• Sign up for direct deposit at myaccount.pensionsbc.ca

Your pension's security is our priority

A positive annual financial report, changes to cost-of-living funding and a group benefits review show the plan prioritizes pension security

As your board of trustees, we prioritize the security of your pension three ways. Read on to learn how we're doing.

Basic pensions

The board's first priority is to provide basic pension and survivor benefits.

The latest financial report, as at December 31, 2017, shows how secure your pension is. The market value of the plan's investments reached \$51.4 billion at the end of 2017. Ten years ago (at the end of 2008), the plan's market value was \$22.0 billion—less than half what we have today. The increase over the last decade is due not only to membership growth, but also to responsible governance and investment returns that have met or exceeded targets over time.

Investments are a major part of your pension income. For every dollar of your pension payment, about 75 cents comes from investment income.

Over a 10-year period, the investment portfolio earned an annualized 7.1 per cent. This exceeded our external benchmark of 6.6 per cent. We take a long-term look at investments because the plan needs to pay more than just the pensions of today's retired members. It also needs to prepare for the pensions of young members just joining the

plan. About a third of the plan's active members—64,338 people—are under age 40. Read highlights of the financial report on page 3.

Sustainable cost-of-living adjustments

The board's second priority is to provide cost-of-living adjustments (COLAs) that are sustainable over the long term. To bolster the inflation adjustment account (IAA), which funds COLAs, a larger percentage of member and employer contributions is going into the IAA effective January 1, 2019. That means the fund will be healthier for longer. See the article about your 2019 COLA on page 2.

Group benefits

The board's third priority is to provide access to group health coverage for retired members and their beneficiaries. We made changes to the group benefits program in 2017 to make it sustainable. We're now reviewing how the changes are working. Read the article below, "Health coverage review underway," for an update.

Keep up on the latest news

• Visit mpp.pensionsbc.ca to check out the plan's blog, Pension Percolator; presentations from past annual general meetings; and more

Health coverage review underway

Expert consultation in progress and member engagement in the works

Because many of you participate in the extended health care and dental plans, we know how important group benefits are to you. That's why we regularly review the entire group benefits program. A review is currently underway to help us assess how changes effective January 1, 2017, are working.

As part of the expert review, the board's benefit advisors, ZLC Financial (ZLC) and Cubic Health, are analyzing anonymous claims data to get a clear picture of how

members are using group benefits. ZLC is also helping the board evaluate group benefits costs (especially prescription drug costs) and risks, and analyze national and BC trends.

As a member, you'll have an opportunity to provide a personal perspective.

What's the timeline?

Last year, we started the expert consultation and planned for member engagement.

(continued on page 3)



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

Tax time

Don't throw away that envelope! Your T4A is inside

Important information for your taxes

Your T4A is included with the printed copy of this newsletter. You can also sign in to My Account to access your current and previous T4As. Your pension is taxable income. Make sure you report your pension income on your 2018 tax return.

Note

When filing your taxes, take special note of Box 135 on your T4A, which shows your premiums for health coverage, if you have extended health care and/or dental coverage under your pension. You cannot claim the premiums you paid for Medical Services Plan coverage on your tax return.

- Questions about completing your return? Visit canada.ca or call 1-800-959-8281

New improvements to My Account

We've improved My Account based on feedback from retired members like you. All the information you need is still available; it's simply easier to find.

When you first sign in, you will see a new dashboard with your most recent pension payment—including itemized deductions—and your most recent annual statement. You will also see notifications and updates about your plan in the sidebar.

Sign in to My Account to update your information

- Personal details
 - Address and phone number
 - Banking information
 - Account settings
- Sign in to myaccount.pensionsbc.ca to see the new dashboard

Let us serve you better

We regularly contract companies to do research on our behalf. Why? To help us improve the services we provide you as a plan member. You may be contacted to complete a survey or participate in a focus group or personal interview. Your involvement in this research is voluntary, and all responses are confidential. Thank you for your participation.

- Questions about how research works? Email research@pensionsbc.ca

Your 2019 COLA is 2.1 per cent

The cost-of-living adjustment matches the sustainable COLA cap

As a retired member of the Municipal Pension Plan (plan), effective January 1, 2019, you received a 2.1 per cent cost-of-living adjustment (COLA) to your pension. This matches the COLA cap in effect since 2017 and is the maximum amount the Municipal Pension Board of Trustees (board) can grant according to the board's funding policy.

This COLA provides you with some inflation protection while maintaining the long-term sustainability of the inflation adjustment account (IAA), which funds these adjustments. COLAs are not guaranteed; however, once a COLA is granted, it is applied to your lifetime pension, as well as your bridge benefit and temporary annuity, if applicable.

Each year, the board carefully reviews several factors to decide whether to grant a COLA and, if so, its value. The board's funding policy states a COLA's

- cost cannot exceed the funds in the IAA,
- amount cannot be higher than the increase in the Canadian consumer price index (CPI), and
- maximum amount cannot be greater than the COLA cap.

What is the COLA cap?

Capping the COLA amount helps to preserve the long-term sustainability of funds in the IAA so they are not used up faster than they can be replaced. Every three years, the plan's independent actuary assesses the cap and recommends a new cap to the board. For 2017–2019, the COLA cap is 2.1 per cent.

Where does the money for COLAs come from?

When you were working, both you and your employer contributed toward your pension. Most of those contributions went into the basic account, which funds your lifetime pension; however, some went into the IAA,

which is made up of your contributions, employer contributions and returns on investment. Money in the IAA is used for funding COLAs. When the board grants a COLA in a particular year, funds from the IAA are transferred to the basic account so that they can be applied to your lifetime pension, as well as your bridge benefit and temporary annuity, if applicable.

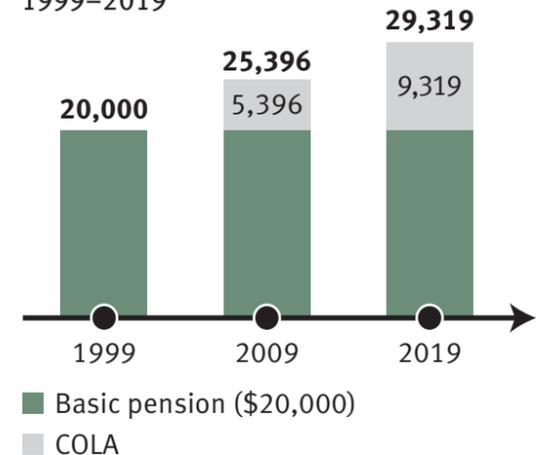
What is the CPI?

The CPI is an indicator of changes in consumer prices experienced by Canadians. The CPI is generated by Statistics Canada, which measures about 600 goods and services on a monthly basis. The average price difference, weighted proportionally based on how much Canadians spend on each good or service, determines the CPI change.

In the 12 months ending September 2018, Statistics Canada determined the average price of those 600 goods and services increased 2.2 per cent.

Effect of COLAs (\$)

1999–2019



A member who retired in 1999 with an annual pension of \$20,000 would now have a pension of \$29,319 thanks to COLAs. This represents an increase of almost 47 per cent.



Municipal Pension Retirees' Association (MPRA) › mpr.ca

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 2019 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 › mpr.ca

Extended health care and dental premiums for 2019

Extended health rates¹ (monthly) (\$)

Pensionable service of retired member	Single	Couple	Family
< 2 years (full premium)	70.00	140.00	274.00
2 < 4 years	59.50	129.50	263.50
4 < 6 years	49.00	119.00	253.00
6 < 8 years	38.50	108.50	242.50
8 < 10 years	28.00	98.00	232.00
10+ years	17.50	87.50	221.50
Survivor pension	70.00	140.00	274.00
Previous rates	Single	Couple	Family
Full premium	78.00	156.00	304.00

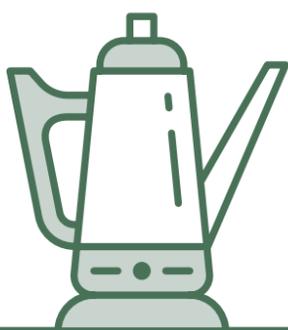
¹ In effect as of February 1, 2019; may change at any time

Dental rates¹ (monthly) (\$)

Plan option	Single	Couple	Family
Essential	27.41	52.24	87.86
Enhanced	49.66	94.09	133.15
Previous rates	Single	Couple	Family
February 1, 2018			
Essential	29.29	55.81	93.87
Enhanced	54.11	102.52	145.08
August 1, 2018			
Essential	27.36	52.14	87.69
Enhanced	45.08	85.41	120.87

¹ In effect as of February 1, 2019; may change at any time

Pension Percolator



What's brewing for BC and the Canadian retirement landscape.

mpp.pensionsbc.ca/pension-percolator

Health coverage review underway, continued from page 1

This year, we'll be creating opportunities to hear from you. Watch for more information about how to participate.

We expect to report on the results of the review in 2020.

► *For more details, see the presentation "Post-retirement group benefits review," from the 2018 annual general meeting, at mpp.pensionsbc.ca/annual-general-meeting*

Your monthly deductions



We deduct income tax from your monthly pension payment according to Canada Revenue Agency (CRA) requirements.

Send us a completed TD1 or TD1BC *Personal Tax Credits Return* form (available online) if you would like to decrease the amount of tax deducted from your pension payment. Advise us in writing if you would like to increase the amount of tax we deduct from your pension. Note that if you have additional forms of income, including old age security or Canada Pension Plan payments, you might be in a higher tax bracket and owe more tax to CRA. We recommend you seek professional advice from an independent financial advisor before making any decisions about tax deductions.

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

► *Download forms or get more information at canada.ca or call 1-800-959-8281*

Check your annual statement

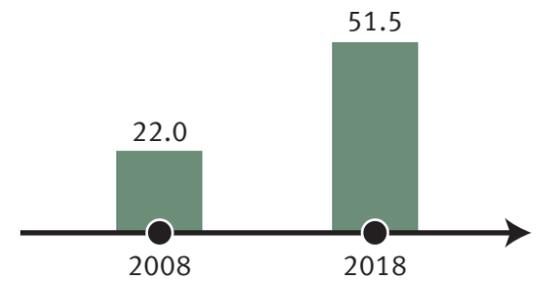
You now only receive one pension statement per year instead of two. Please review your statement carefully.

If there is important information we need to tell you during the year, we'll get in touch with you. Also, you can find all your pension information in My Account anytime.

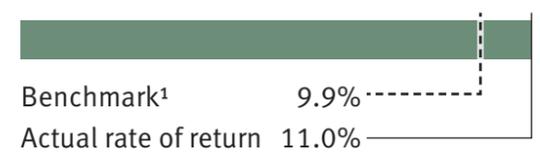
Financial highlights

All data as at December 31, 2017, unless otherwise stated

Assets (\$ billions)



Return on investments



Membership (total 332,979)



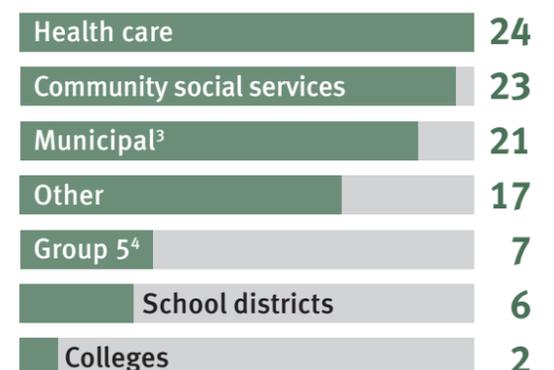
Active members



Membership ratio



Employers by sector (%)



¹ Benchmarks are standards to compare against actual investment returns

² Members no longer employed by a plan employer but with contributions in the plan

³ Cities, districts, towns, villages and regional districts

⁴ Participation is limited to police officers and firefighters

Helpful resources

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

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

Canada Revenue Agency › canada.ca Phone: 1-800-959-8281

Medical Services Plan › hibc.gov.bc.ca Phone: 1-800-663-7100 Lower Mainland: 604-683-7151

SeniorsBC › seniorsbc.ca Phone: 1-877-952-3181

Resources and tips for planning and living a healthy life

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

Free access to health professionals, and community health and fitness programs

Medical Services Plan

Premium assistance

If you are a BC resident, you may be eligible for MSP premium assistance.

- Apply at gov.bc.ca/msp/applyforpremiumassistance

Rates

- Learn more about premiums at hibc.gov.bc.ca

For more information, contact Health Insurance BC

- hibc.gov.bc.ca
- 604-683-7151 (Lower Mainland) or 1-800-663-7100 (toll-free in BC)

Fair PharmaCare

Have you registered for Fair PharmaCare?

Looking for financial assistance for eligible prescription drugs and certain medical supplies? If you are a BC resident, register for Fair PharmaCare as you may be eligible to receive reimbursement for prescription drug expenses under your extended health care (EHC) plan.

- Register at pharmacare.moh.hnet.bc.ca or call 1-800-663-7100

If you have questions about how this government program integrates with the coverage under your EHC plan, please contact Pacific Blue Cross.



Updating your information

New mailing address

If you (or your power of attorney) do not give us your new mailing address, **you risk having your pension suspended** until we receive your current address. For your security, we may stop your payments if your mail is returned to us three times.

If you're staying in your current province or country for an extended period of time, update your address in My Account—otherwise, notify the plan in writing.

New phone number

Update your phone number in My Account.

Beneficiaries and marital status

- Name a beneficiary
- Your spouse or beneficiary has died
- Your beneficiary has a new address

Health coverage

- You need to change information about yourself, your spouse and/or a dependant with Medical Services Plan (MSP), extended health care (EHC) or dental coverage
- You have questions about your eligibility, enrolment or premiums

Note: for questions about your EHC and dental coverage, contact Pacific Blue Cross; for MSP, contact Health Insurance BC

Pension payments, deductions and tax slips

- To change the amount of tax taken off your pension payment

Sign in to My Account to register for or update your direct deposit information.

Municipal Pension Plan

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

Web: mpp.pensionsbc.ca

Email: retired@pensionsbc.ca

Phone: 1-866-876-6677
(toll-free in Canada & U.S.)
8:00 a.m. to 4:30 p.m. weekdays

Mail: PO Box 9460
Victoria BC V8W 9V8



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 (toll-free) or 1-888-873-9200 (toll-free outside BC)

Web: pac.bluecross.ca

Fast facts about your drug plan

- MPP extended health plan members recently saved more than \$1 million dollars in drug mark-up costs! The lower costs are a part of PBC's new, enhanced pharmacy agreement, which provided an estimated \$1.2 million in member savings in the first half of 2018.
- 97% of MPP member prior authorizations were approved on the BlueRX plan last year. The BlueRX plan provides you with safe, high-quality prescription medication while we work with you and your plan sponsor to manage the rising cost of drug expenses.
- For more information on BlueRx, visit pac.bluecross.ca/advicecentre/story/bluerx-drug-formulary

How much do you know about diabetes?

- In 2017, almost half a million British Columbians had diabetes.
- If you have an immediate family member with diabetes, you are at risk.
- It's estimated that more than 50% of type 2 diabetes could be prevented or delayed by a healthy lifestyle.
- By losing weight, you may be able to come off your diabetes and blood pressure pills in consultation with your physician.

Want to save money at the pharmacy?

- To get more savings, advice and education with your prescription, visit a PBC Preferred Pharmacy Network location.
- Did you know the Preferred Pharmacy Network includes some of BC's largest pharmacies, such as London Drugs, Safeway, Save-On-Foods and Costco?
- Our Pharmacy Compass can help you compare prices and understand the value of the Preferred Pharmacy Network.

- Learn more at pac.bluecross.ca

A healthy dose of service

We're working to make our customer service process better than ever. Whether you're calling, emailing or visiting us in person, we're working hard every day to get you the answers you need, when you need them. In October 2018, we launched a new website focused on you, the member. And remember, our mobile app is available 24/7 so you can submit claims as easily as taking a photo of your receipt. With over 700 local experts in BC, we're here to serve you.



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.