



Municipal
Pension Plan

Report to Members



2019

An important update on your plan

Having confidence in your pension

MESSAGE FROM THE TRUSTEES

HOW CAN YOU BE SURE YOUR LIFETIME PENSION
WILL BE THERE FOR YOU WHEN YOU RETIRE?

Eighty years of maintaining a healthy plan is one way. On April 1, 1939, BC's *Municipal Superannuation Act* created BC's Municipal Pension Plan. Ever since, the plan has been collecting contributions and paying pensions.

You can rely on a lifetime pension because it is part of a defined benefit plan. Even as the coronavirus continues to affect the world and financial markets, your pension is secure. The plan partners have designed the plan so each generation contributes for its own basic pensions. The contributions you and your employer make with each paycheque are pooled and invested, and about three-quarters of your future pension comes from these investments.

Another way you can be sure your plan is secure is through regular valuations. Valuation reports examine the plan's assets and liabilities, as well as demographic, investment and economic factors that affect the plan, so the Municipal Pension Board of Trustees (board) can make necessary adjustments. The valuation is an important tool for the board to fulfil its primary goal to secure the pension for all members—that is, set aside enough funds to meet the cost of pensions and expenses.

The most recent valuation found the plan is funded at 105.1 per cent on the basis that current contributions continue. The surplus of \$2.87 billion will remain in the basic account. Together with the balance of about \$2.5 billion in the rate stabilization account, it will help protect active members and employers from contribution rate fluctuations in the future.

British Columbia Investment Management Corporation (BCI) manages the investments, and the board monitors progress. BCI has investment opportunities available to large funds that aren't open to individual investors, and it ensures the plan's investments are well diversified to cushion against lower returns in any one asset category.

The board believes in responsible investing. As signatories to the Principles for Responsible Investment and Climate Action 100+, we consider how environmental, social and governance factors can affect investments, and how our activities can help improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Last year, the board encouraged BCI to develop a climate action plan to help us understand the implications of climate change on our investments.

Year at a glance (\$ millions)

52,784 + 6,693 + 2,238 - 2,131 - 143 = 59,441

Net assets
January 1, 2019

Investment income

Contributions

Benefits
payments

Investment and
administration costs

Net assets
December 31, 2019

Increasing contributions to inflation adjustment account

EFFECTIVE JANUARY 1, 2019

Plan rule amendment no. 44 increased the percentage of contributions going into the inflation adjustment account (IAA). The amount of member and employer contributions going into the basic account decreased by 0.53 per cent, and the amount going into the IAA increased by the same percentage. This amendment also implemented phase three of employer contribution rate simplification.

Repealing a provision regarding transfers

APPROVED JUNE 26, 2019

Plan rule amendment no. 47 repeals an impractical provision regarding transfers made to another pension plan. The provision required that MPP provisions continue to apply to pension credits transferred to another pension plan. The amendment was approved in June 2019 and applied to the plan rules retroactively to April 5, 2001.

Updating leave entitlements

EFFECTIVE MAY 30, 2019

Plan rule amendment no. 48 aligned the plan rules with changes to the BC's *Employment Standards Act* regarding

unpaid leave entitlements. The leaves are for critical illness or injury of a family member and domestic or sexual violence.

Post-Retirement Group Benefits plan rule amendment no. 6

EFFECTIVE JANUARY 1, 2020

Post-Retirement Group Benefits plan rule amendment no.6 removes all references to Medical Services Plan premiums, as these ceased January 1, 2020.

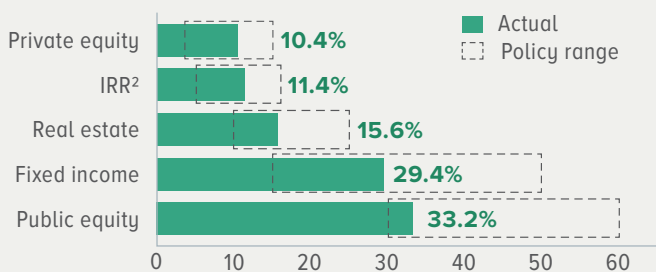


PLAN PERFORMANCE¹

The information here is an overview of the plan's financial status. For audited financial information, read the 2019 Annual Report, available on the plan website in August 2020.

Asset allocation

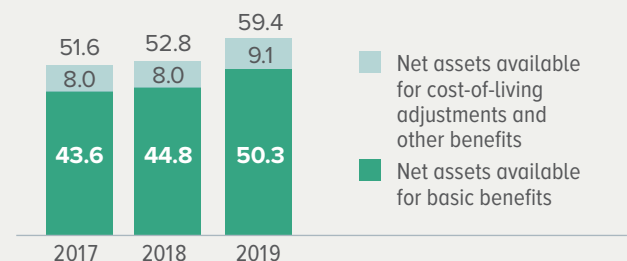
as at December 31, 2019



For the plan's full investment strategy, see the Statement of Investment Policies and Procedures (SIPP), on the plan website. The SIPP provides objectives, policies and principles for plan asset management.

Net assets available for benefits

(\$ billions)



¹ These highlights are preliminary and unaudited; for audited financial statements, see the 2020 Annual Report, which will be posted on the plan website in August 2020.

² Infrastructure and renewable resources.