



# Municipal Pension Plan: value for employers

Municipal Pension Plan (plan) is the largest pension plan in British Columbia, and one of the largest in Canada. With a proven track record of good governance and a focus on prudent, sustainable management, the plan is the ideal choice for employers that want to attract and retain great employees.

## How the plan can help your organization

### Retirement income security: a powerful incentive for job seekers

By contributing to the future retirement income of your employees, you demonstrate you not only care for your people but want them to stay on with you for the long term. Your organization's participation in the plan can help you stand out with job seekers.

Key findings from Willis Towers Watson's 2015/16 Global Benefit Attitudes Survey indicate that pension plans like Municipal have "stronger attraction and retention effects," and that employees with this kind of pension plan are "nearly twice as likely as those with only a defined contribution (DC) plan to cite their retirement plan as an important reason for joining their company."<sup>1</sup>

### Employer costs are stable and predictable

The plan's large scale and professional management enable it to operate efficiently and maintain stable, predictable contribution rates. Over 2017-2019, the plan is working to simplify employer contribution rates. When fully implemented, the new rate structure will reduce volatility from year to year, providing employers with more budget planning certainty.

*The plan's website provides learning tools and secure access to your pension information through My Account.*

<sup>1</sup> Jonathan Gardner and Steve Nyce, "Attracting and Keeping Employees: The Strategic Value of Employee Benefits," Towers Watson *Insider* 24, no. 5 (2014): 1-8.



### **Administration made easy**

No need to hire specialized pension administrators or investment managers to oversee your retirement income program—the plan does the work for you.

The plan is expertly administered by BC Pension Corporation with the oversight and guidance of the Municipal Pension Board of Trustees. Pension Corporation provides you with administrative support, training and a monthly newsletter, and guides your employees along every step of their pension journey with online tools and information, telephone counselling, workshops and more.

### **Resources available to you**

You're never alone when you're working with us. Training, support and information are just a click or phone call away:

- Secure portal on the plan website for transactions and e-remittances
- Comprehensive training workshops and instructions
- Monthly newsletter featuring a to-do checklist, course offerings and the latest tips and information
- Ongoing support from the Employer Operations team at Pension Corporation

### **The most bang for your buck: meet BCI**

British Columbia Investment Management Corporation (BCI) provides investment management services to the plan. One of Canada's largest investment managers, BCI manages more than \$120 billion in assets on behalf of public sector pension plans, the Province of British Columbia, publicly administered trust funds and public bodies.

Based in Victoria, BC, and supported by industry-leading expertise, BCI offers its public sector clients responsible investment options across a range of asset classes, including fixed income, mortgages, public and private equity, real estate, infrastructure and renewable resources.

BCI's investments provide the returns that secure the plan's future payments and obligations to members. Learn more at [bci.ca](https://bci.ca).

# How to answer common questions from your employees

You'll likely be the first person your employees come to for information about their pension plan. To help them understand the value of plan membership, here's some information you can share.



## First, some basic facts

- With the plan, employers and employees work together to build an employee's future pension. Both contribute to the plan every paycheque.
- The plan is pre-funded—each generation pays in advance for their own basic pensions.
- Your pension income is based on your service and salary while you're a plan member; changes in the financial markets won't affect your basic pension income. This makes retirement planning easier and income more predictable.
- The plan is healthy, secure and sustainable. The latest valuation (2015) determined the plan is fully funded, with a funded ratio of 104.6 per cent.
- Pension contributions are pooled and invested. Approximately 75 per cent of your pension is funded by investment returns.
- The plan's website is a wonderful resource. It provides secure access to your pension information through My Account, as well as learning tools and workshops to help you find out more about your pension.

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## Q: Why do I need to start contributing right away? I'm young and have other financial priorities right now.

Starting early in life will make a big difference down the road. We doubt you'll ever hear a retired member say they wished they had waited longer to start saving for retirement; if anything, they wish they'd started sooner.

- Automatic saving over the long term is proven to work. On average, people in pension plans like Municipal save over \$100,000 more towards retirement than the typical RRSP saver.<sup>2</sup>
- For every dollar you contribute, your employer contributes as well. No retirement savings plan available through a bank or financial adviser offers that.
- With the plan, the pension contributions you and your employer make are pooled and invested by BCI. With personal investing, you take on all the risk—your funds are exposed to all the ups and downs in the financial markets. In contrast

<sup>2</sup> Michael Grant, Matthew Stewart and Erin Butler, "Economic Impact of British Columbia's Public Sector Pension Plans" (Ottawa, ON: Conference Board of Canada, 2013), i.

*Automatic saving over the long term is proven to work. On average, people in pension plans like Municipal save over \$100,000 more towards retirement than the typical RRSP saver.*

the large scale of plan funds offers stability, better investment opportunities and lower administrative fees than you typically get with personal financial advisers and banks.

- If you leave your job, you can take your service with you to over 900 other BC employers that participate in the plan. You can also potentially transfer your service to another pension plan, leave your contributions with the plan for a deferred pension or take a commuted value payment. Whatever happens, you will never lose your contributions.

### **Q: I'm only a few years away from retirement. Is it too late to build a pension?**

The plan helps workers at every stage of their career—even if you start your pension contributions later in life.

- The basic pension you receive in retirement will be there for the rest of your lifetime, ensuring a reliable monthly source of income.
- If you have a spouse, they may be eligible to receive a pension from the plan when you die.
- The plan offers options for beneficiaries so you can protect your loved ones.
- When you retire, the plan may offer access to group health and dental coverage and cost-of-living adjustments.

### **Q: I work part time. What does contributing to the plan really do for me?**

As a part-time employee, you will receive a pension in retirement based on your salary and service, just like a full-time employee. If you work more hours in the future, those will count toward your pension.

- The basic pension you receive in retirement will be there for the rest of your life, ensuring a reliable monthly source of income.
- If you have a spouse, they may be eligible to receive a pension from the plan when you die.
- The plan offers options for beneficiaries so you can protect your loved ones.
- When you retire, the plan may offer access to group health and dental coverage and cost-of-living adjustments.

### **Q: Why should I sign up for the plan? I'll only be working here a few years.**

The plan offers flexibility and portability. You can start earning a pension now and decide what to do later if you leave your position.

- Transfer your service to your new employer if they participate in the plan (there are over 900 plan employers in BC). Your pension can move with you.
- Transfer your service to another pension plan. Municipal Pension Plan has transfer agreements with many other plans across Canada.
- Leave your contributions in the plan for a future pension or take a commuted value payment.



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