ANNUAL **REPORT** 2025

Municipal Retiree Benefit Trust

www.pac.bluecross.ca/mrbt

Municipal Retiree Benefit Trust

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Municipal Retiree Benefit Trust

MESSAGE **FROM THE TRUSTEES**

At the Municipal Retiree Benefit Trust (MRBT), our priority is supporting your health and well-being in retirement.

We are pleased to present the MRBT Annual Report for the year ended December 31, 2025. This report explains how the Trust is managed, highlights key activities and progress over the past year, and outlines our priorities for the future.

The MRBT supports approximately 100,000 retired members of the Municipal Pension Plan (MPP) by providing access to optional group extended health and dental benefits that supplement provincial healthcare coverage.

THE VALUE OF YOUR MRBT COVERAGE

The MRBT plan is designed to provide meaningful and cost-effective coverage, that helps retired members access care and services in retirement.

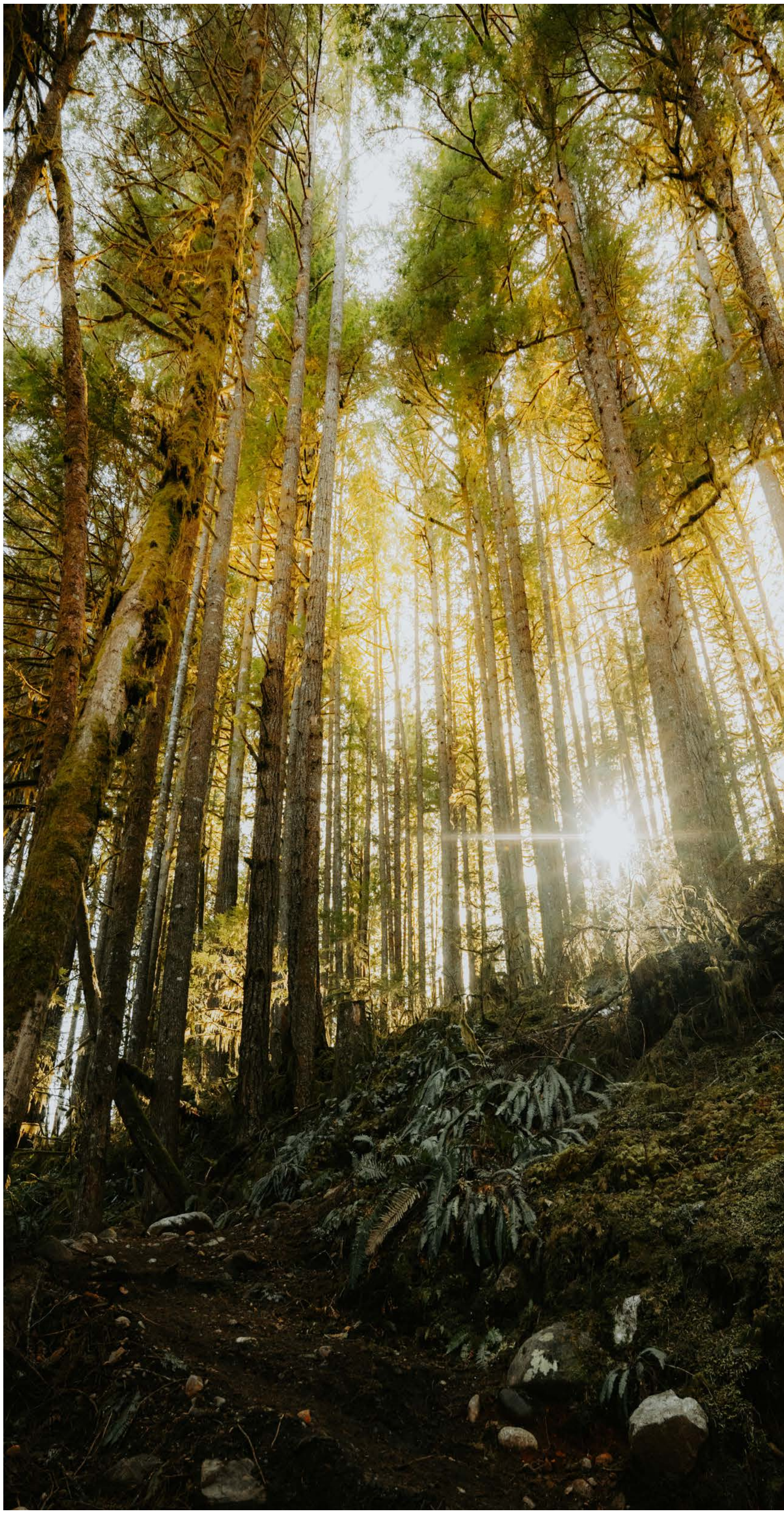
The MRBT plan offers:

- Group buying power that helps keep premiums lower than individual plans with comparable coverage.
- Potential premium reductions based on years of pensionable service.
- Coverage that complements provincial healthcare.
- Access to pharmacy tools and resources that help retired members compare medication costs, dispensing fees, and pharmacy options.

The Trustees work with service providers to manage plan costs and support affordability through initiatives such as provider fee negotiations and pharmacy pricing strategies.

Health benefits in retirement are different from the coverage provided during active employment. We encourage all retired members to review their benefits annually, understand their coverage, and visit the MRBT Portal for current information and resources.

HELPING YOU NAVIGATE YOUR COVERAGE



We recognize that group benefits can sometimes feel complex. That is why the Trustees are committed to investing in member education and resources to help you understand and use your coverage with confidence.

The MRBT offers a range of tools and educational resources through the MRBT Portal hosted by Pacific Blue Cross (PBC), our service provider partner.

Resources available to retired members include:

- Educational videos introduced in 2025:
  - What is MRBT?
  - How MRBT is Funded
- A third educational video on MRBT Cost Drivers, is planned for release in 2026.
- The MRBT Retiree Guide with frequently asked questions and general information. This is updated annually.
- Coverage resources such as the Benefits Brochure, Benefits Booklet, and Benefits-at-a-Glance.

The MRBT contracts with PBC to process benefit claims and reimburse retired members.

ENSURING THE LONG-TERM SUSTAINABILITY OF THE TRUST

As Trustees, we take our responsibility seriously. We monitor the financial health and performance of the Trust to help ensure benefits remain available, affordable, and sustainable.

The MRBT remains financially strong and well-positioned to support current benefit and subsidy levels.

Based on current coverage and subsidy levels, the Trust is projected to support the existing benefit and subsidy structure for approximately 41.2 years, reflecting prudent financial management and long-term planning.

As part of our governance responsibilities, we regularly review:

1. Premium levels and plan participation.
2. Coverage and plan design.
3. Emerging healthcare and market trends.

While the Trustees oversee how Trust funds are managed and allocated, external factors such as healthcare inflation, prescription drug costs, member utilization, and broader market conditions can influence future costs and funding requirements.

As costs continue to rise, the Trustees remain focused on prudent investment management, balanced plan design, regular monitoring, and member education.

Retired members can also support the plan by making informed healthcare choices, such as using generic medications when appropriate, comparing pharmacy dispensing fees and focusing on preventive care whenever possible.

LOOKING AHEAD

In 2025, the MRBT Board of Trustees began a formal review of the benefit plan design. This is a standard governance process intended to ensure the plan endeavours to meet member needs over time. The review is expected to continue through 2027.

This work will help the Trustees consider how the plan can continue providing meaningful value to retired members while supporting the long-term sustainability of the Trust.

As we look ahead, our focus remains clear: protecting and sustaining the plan for current and future retirees.

We understand that affordability matters. So does access to the healthcare services and supports that retired members rely on. The Trustees remain committed to balancing these priorities with care, transparency, and a continued commitment to member well-being.

The Municipal Retiree Benefit Trust Board of Trustees

Municipal Retiree
Benefit Trust

HEALTH COVERAGE UTILIZATION, **COSTS, ENROLMENT & FUNDING**

The cost of providing retiree health benefits is influenced by prescription drug use, healthcare inflation, demographic trends, and how retired members use the plan.

As part of our stewardship responsibilities, the Trustees monitor these factors closely.

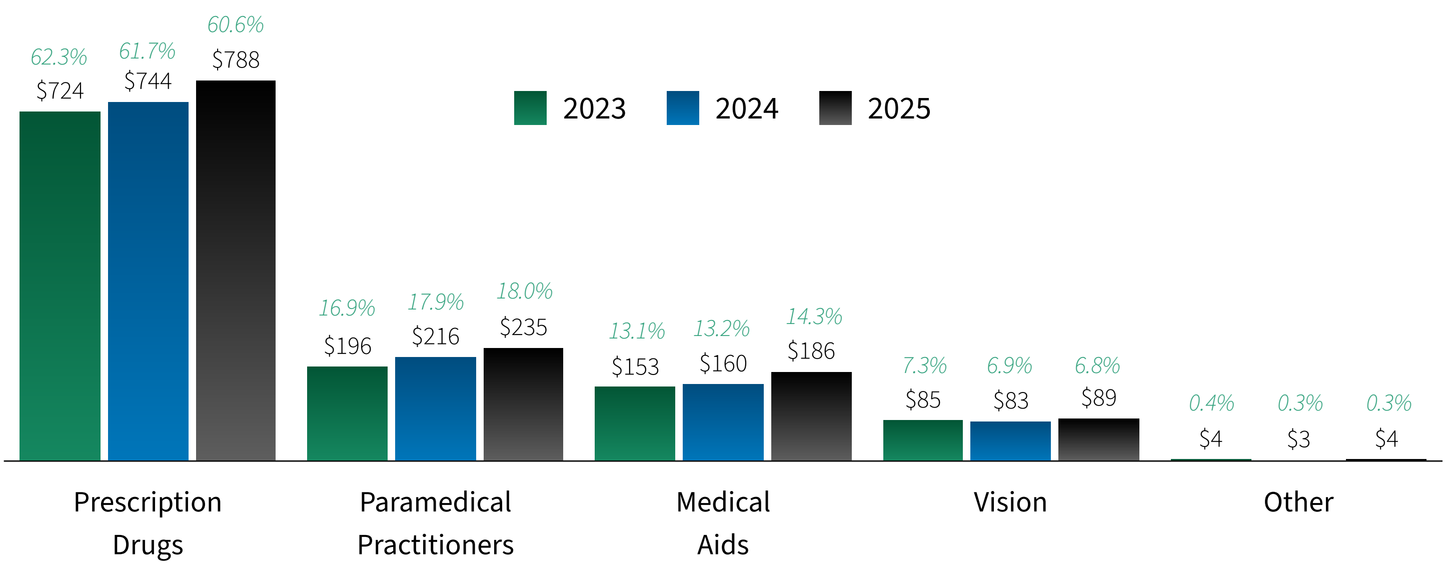
The following charts and tables provide an overview of benefit utilization, plan costs, enrolment, premiums, and subsidy levels. Together, they help show how the plan is used and funded.

MRBT BENEFITS UTILIZATION AND COSTS

This chart shows per retiree utilization of extended health benefits across major benefit categories.

Prescription drugs continue to represent more than 60% of total MRBT plan costs.

EXTENDED HEALTH UTILIZATION ($ PER RETIREE)



MRBT PREMIUMS AND SUBSIDIES

ENROLMENT IN EXTENDED HEALTH CARE AND DENTAL COVERAGE

for the year ended December 31

	2025
Dental Only	4,178
Extended health care only	17,301
Both	80,176
Total	101,655

PREMIUM RATES & SUBSIDIES - EXTENDED HEALTH CARE

monthly rates effective February 1, 2025

Pensionable service of retired member	Single	Couple	Family
Under 2 years (full premium)	$79.00	$158.00	$308.10
2 years to under 4 years	67.15	146.15	296.25
4 years to under 6 years	55.30	134.30	284.40
6 years to under 8 years	43.45	122.45	272.55
8 years to under 10 years	31.60	110.60	260.70
10 years or more	19.75	98.75	248.85
Beneficiary/surviving spouse receiving a pension	79.00	158.00	308.10

PREMIUM RATES - DENTAL

monthly rates effective February 1, 2025

	Single	Couple	Family
Essential Dental	$34.85	$66.42	$111.72
Enhanced Dental	59.48	112.70	159.46

Municipal Retiree
Benefit Trust

VALUATION RESULTS & **FUNDING POSITION**

An independent actuarial valuation of the MRBT was completed as at December 31, 2025.

The valuation confirmed that, based on current assumptions, the Trust is projected to have sufficient funding to support the existing benefit and subsidy structure for approximately 41.2 years.

The MRBT Board of Trustees has established a long-term funding target of 35 years at current benefit and subsidy levels which aims to strike a balance between providing valuable benefits for current and future retirees.

The 2025 valuation result is above this target and within a positive range as set out in the MRBT Funding Policy. The valuation results are a key input to considering any potential plan changes during a plan review.

The Trust began accumulating assets on January 1, 2022, as part of a long-term funding strategy designed to strengthen the sustainability of retiree benefits.

WHAT IS A VALUATION?

At least every three years, the MRBT undergoes an independent actuarial valuation. An actuary is a specialist in financial modelling, statistics, and risk management.

The valuation reviews the Trust's:

- Current assets
- Expected future contributions
- Member premiums
- Investment returns
- Projected future benefit costs

The valuation uses a measure called Last Year of Funding Sufficiency, or LYFS, to estimate how long the Trust is expected to be able to support current benefit and subsidy levels.

The next valuation will be conducted no later than December 31, 2028.

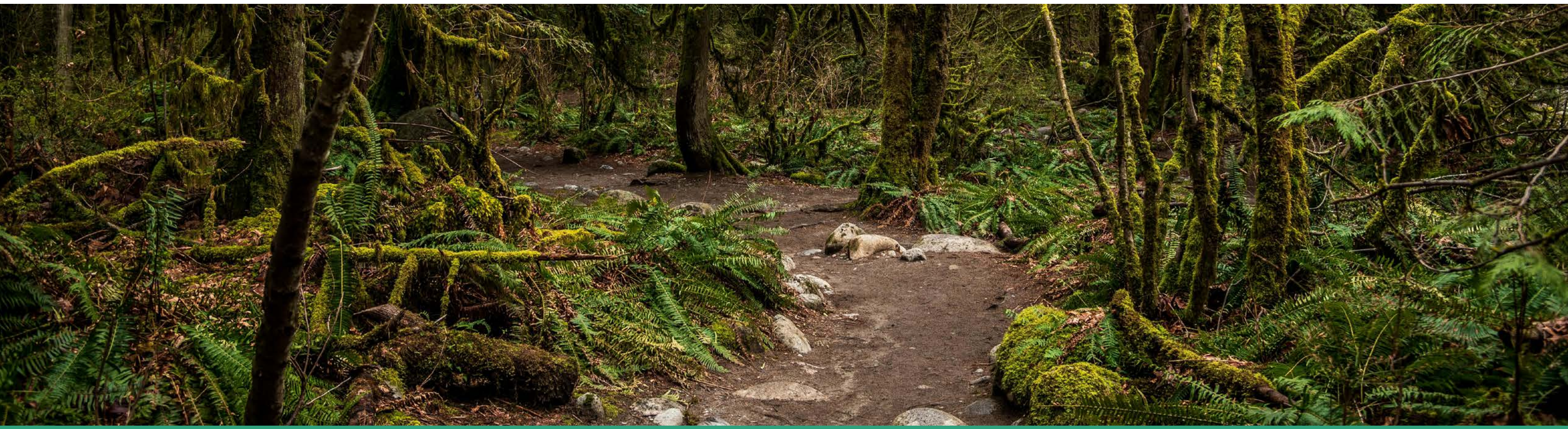
WHAT IS THE MRBT FUNDING POLICY?

The MRBT Funding Policy helps guide Trustee decision-making based on the calculated LYFS.

For example, the Funding Policy is referenced during a plan review and includes the following thresholds:

- If the LYFS is less than 25 years, subsidy and/or coverage levels would be required to be reduced to return the LYFS to at least 35 years within two years.
- If the LYFS is greater than 35 years, subsidy and/or coverage levels could be increased, provided the LYFS remained at least 35 years after any enhancements.

The goal of the policy is to support stable benefits, manage financial risk responsibly, reduce the likelihood of significant short-term changes, and balance the needs of current and future retirees.



WHAT IS LYFS?

LYFS stands for Last Year of Funding Sufficiency.

It is a long-term financial projection used by actuaries to estimate how long the Trust is expected to be able to support current benefit and subsidy levels based on current assumptions.

The Board's target LYFS is 35 years.

LYFS considers factors such as contributions, investment returns, healthcare costs, retiree demographics, and expected future claims. Post-retirement group benefits are not guaranteed and may change over time based on Board policy, available funding, and plan costs. LYFS helps the Trustees monitor whether current coverage levels and subsidy rates remain financially sustainable.

ONGOING FINANCIAL OVERSIGHT

The Trustees will continue to monitor the financial health of the Trust through regular actuarial valuations, annual financial reviews, and ongoing oversight of plan experience and healthcare trends.

The December 31, 2025, valuation results indicate that the current funding model is expected to support the existing benefit and subsidy structure within the Board's target funding range.

The Trustees remain committed to balancing long-term sustainability with continued access to meaningful retiree benefits for current and future members.

Municipal Retiree Benefit Trust

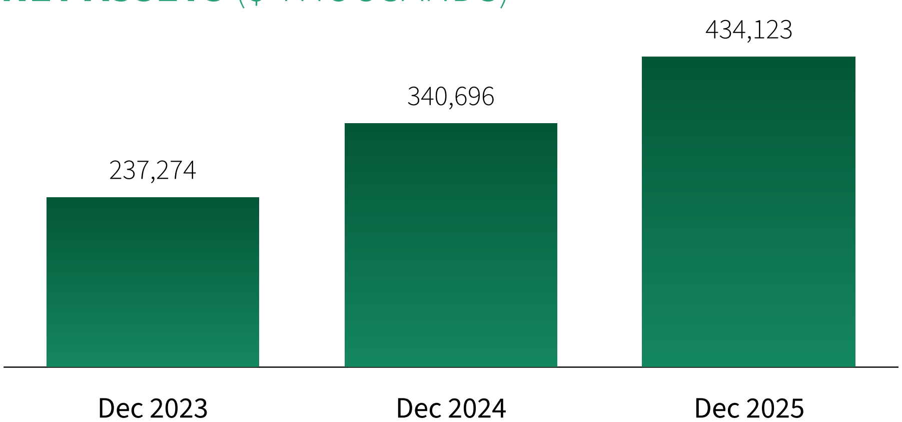
FINANCIAL **SUMMARY**

As at December 31, 2025, the MRBT's net assets available for benefits were $434.1 million.

ASSETS & LIABILITIES

As at December 31, 2025, the MRBT's total assets were $456.0 million and total liabilities were $21.9 million. This means the net assets available for benefits were $434.1 million. This money will be used over the long term to provide sustainable access to group benefits.

NET ASSETS ($ THOUSANDS)



Total assets are made up primarily of:

- Investments ($427.8 million)
- Contribution receivables ($15.8 million)
- Prepaid expenses to the group benefit carrier ($12.1 million)
- Other ($0.3 million)

Liabilities are made up primarily of:

- Accounts payable to the group benefit carrier ($5.5 million)
- Retired member group benefit obligation ($10.2 million)
- Benefits incurred but not reported ($5.9 million)
- Other ($0.3 million)

FINANCIAL **SUMMARY**

FINANCIAL SUMMARY ($ THOUSANDS)

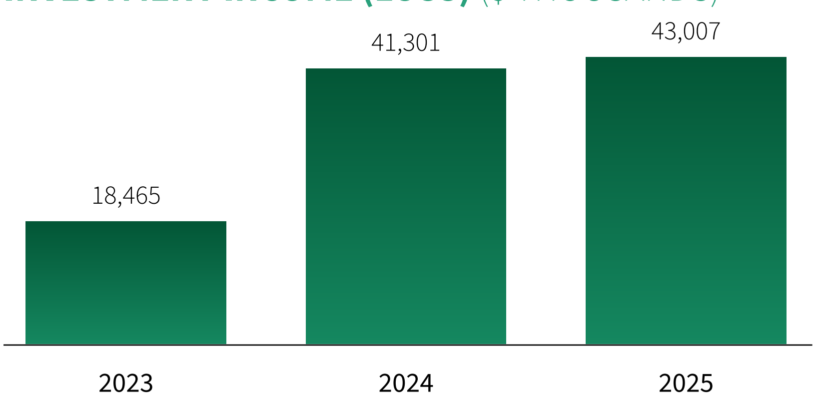
for the year ended December 31

	2023	2024	2025
Increase in assets			
Contributions	$ 136,028	$ 118,060	$115,961
Investment income (loss)	18,465	41,301	43,007
Total increase in assets	154,493	159,361	**158,968**
Decrease in assets			
Retired member group benefits	51,823	53,450	63,329
Investment and administration costs	2,516	2,489	2,212
Total decrease in assets	54,339	55,939	**65,541**
Increase (decrease) in net assets	100,154	103,422	**93,427**
Net assets at beginning of year	137,120	237,274	**340,696**
Net assets at end of year	$237,274	$340,696	**$434,123**

INVESTMENT INCOME

During 2025, the MRBT gained $43.0 million on its investments with a return of 11.0 per cent.

INVESTMENT INCOME (LOSS) ($ THOUSANDS)

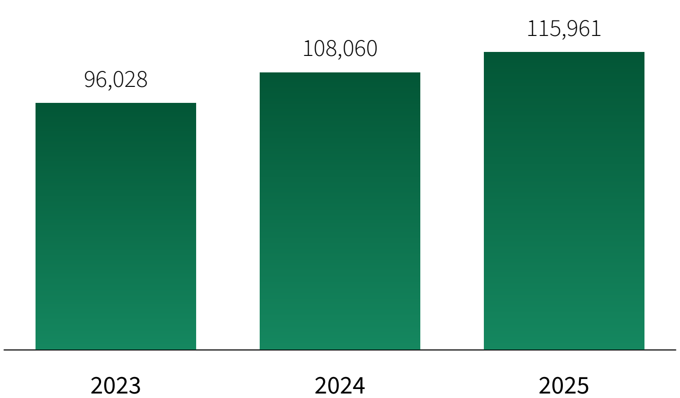


CONTRIBUTIONS

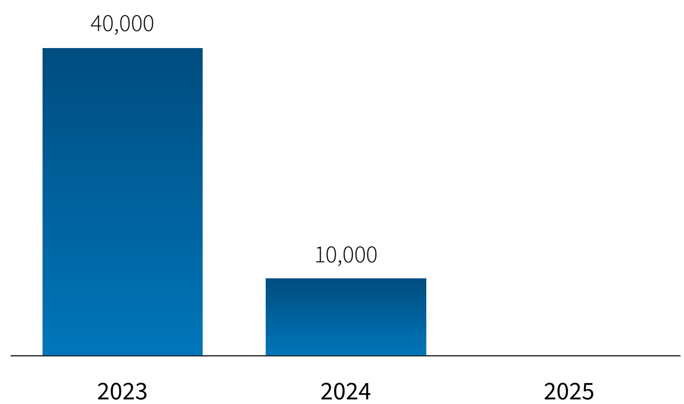
Funding comes from three sources:

- An ongoing contribution of 0.6 per cent of active employee's salaries from employer contributions to MPP.
- Retired members who choose to enroll in the MRBT health and dental plan contribute through monthly premiums.
- The Trust's funds are invested by BC Investment Management Corporation (BCI), with oversight from the MRBT Trustees.

REGULAR CONTRIBUTIONS ($ THOUSANDS)



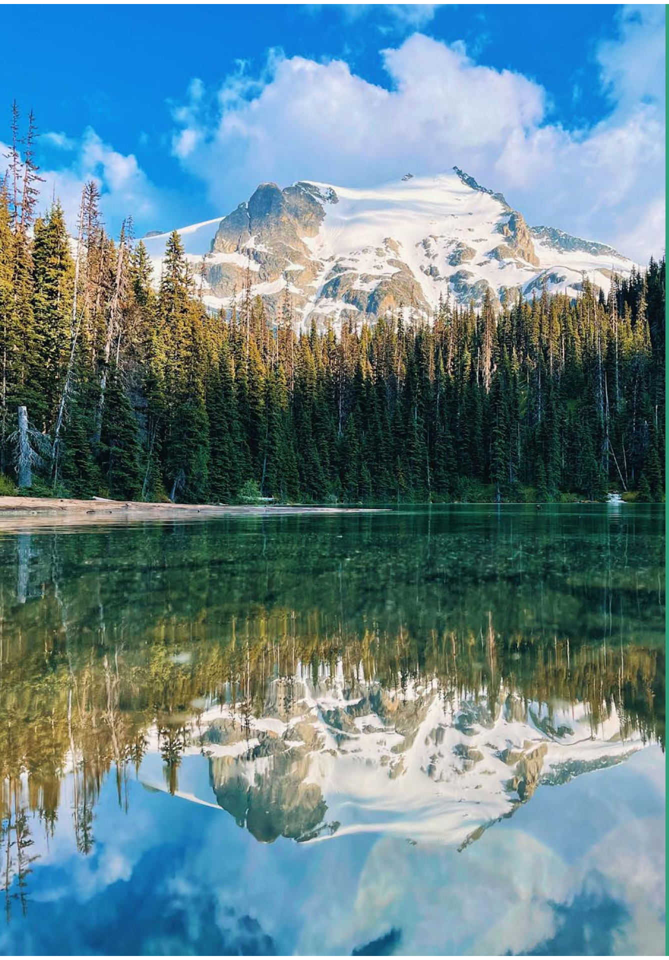
SPECIAL CONTRIBUTIONS ($ THOUSANDS)



EXTENDED HEALTH BENEFITS

EXTENDED HEALTH BENEFITS ($ THOUSANDS)

	2023	2024	2025
Extended health care claims	$106,907	$113,850	$127,257
Premiums paid by retirees	(58,278)	(63,755)	(67,342)
Claims adjudication costs	3,194	3,355	3,414
Total group benefits cost	**$ 51,823**	**$ 53,450**	**$63,329**



ACCRUED BENEFIT OBLIGATIONS

The accrued benefit obligation is the amount the MRBT would be required to pay out if it were closed. Because benefits are not guaranteed, the MRBT's accrued benefit obligation is set equal to the net assets available to pay the obligations.

As a result, the MRBT's financial statements will always show a nil surplus or deficit.

Municipal Retiree
Benefit Trust

INVESTMENTS

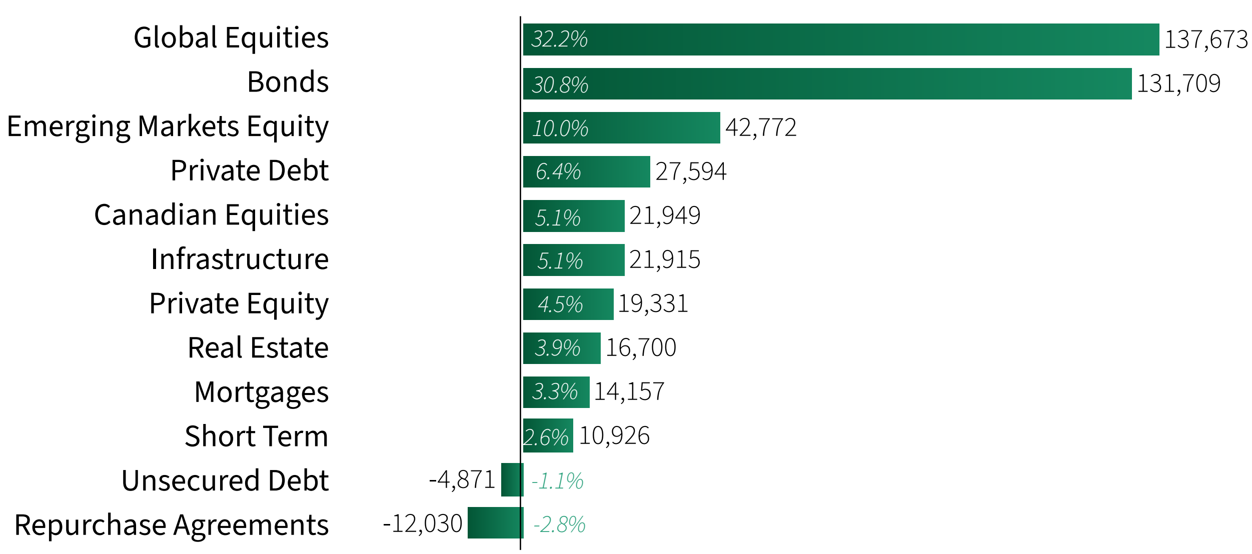
INVESTMENT OVERVIEW

The MRBT Board of Trustees is responsible for overseeing an investment portfolio of $427.8 million, as at December 31, 2025. The board's priority is to ensure the Trust is secure and stable over the long term so that current and future retired members have access to post-retirement group benefits.

The board oversees and monitors the performance of its investment management agent, the British Columbia Investment Management Corporation (BCI). The board sets the investment beliefs and financial strategies of the Trust through the Statement of Investment Policies and Procedures, and BCI puts them into action.

Despite a year marked by economic and geopolitical uncertainty, the Trust's investment portfolio grew by $90.8 million for the year ended December 31, 2025, due to investment returns and employer contributions from MPP.

INVESTMENT HOLDINGS ($ THOUSANDS)



RESPONSIBLE INVESTING

Responsible investing is a key component of the plan's investment approach. BCI applies the plan's responsible investing practices as the investment agent, which involves integrating environmental, social and governance (ESG) factors into investment decisions.

BCI's annual **Stewardship Report** outlines key engagement activities, priorities, and outcomes.

POLICY ADVOCACY

BCI engages at the policy and market levels to strengthen the investment landscape. By advocating for policy changes that incorporate ESG principles into regulatory frameworks, they contribute to greater policy certainty within global capital markets.

PROXY VOTING

BCI uses proxy voting as a tool to encourage ESG improvements through board and management accountability. A full record of BCI's votes and rationale can be found through a searchable database on their website.

DIRECT AND COLLABORATIVE ENGAGEMENT

BCI engages with public and private companies on a broad range of ESG topics. Some interactions consist of targeted outreach on a specific, material ESG issue, while others involve multiple topics and milestones.

WHO WE **ARE**

DEAN **LEVANGIE** CHAIR

Appointed by Provincial government and Union of BC Municipalities
Board term January 2022 to present

TOM **STAMATAKIS** VICE-CHAIR

Appointed by Municipal Employees' Pension Committee
Board term January 2022 to present

LORNE **BURKART**

Appointed by Municipal Employees' Pension Committee
Board term January 2022 to present

JOHN **BURROWS**

Appointed by Municipal Employees' Pension Committee
Board term November 2022 to January 2025

WHO WE **ARE**

GORD **DITCHBURN**

Appointed by Municipal Employees' Pension Committee
Board term April 2025 to present

LYN **KOCHER**

Appointed by Provincial government and Union of BC Municipalities
Board term January 2022 to December 2025

DIANA **LOKKEN**

Appointed by Provincial government and Union of BC Municipalities
Board term January 2022 to present

BONNIE **PEARSON**

Appointed by Municipal Employees' Pension Committee
Board term January 2022 to present

PETER **URBANC**

Appointed by Provincial government and Union of BC Municipalities
Board term January 2023 to present

Municipal Retiree Benefit Trust

WHO WE **ARE**

TRUSTEE REMUNERATION

for the year ended December 31, 2025

Trustee	Payment	Paid to
Dean Levangie, chair	$ 11,988.06	Health Employers Association of BC
Tom Stamatakis, vice chair	9,679.80	Canadian Police Association
Diana Lokken	3,149.22	Board Member
Peter Urbanc	2,592.96	Board Member
Bonnie Pearson	2,400.24	Board Member
Lorne Burkart	2,816.34	BC Nurses' Union
Gord Ditchburn[1]	4,844.28	Board Member
Kelvin Stretch[2]	289.08	Board Member
Lyn Kocher[3]	2,207.52	Board Member
Total	**$39,967.50**	

[1] *Term began April 9, 2025.*
[2] *The Trustees welcomed a new Trustee late in the year. Term began January 1, 2026.*
[3] *Term ended on December 31, 2025.*

AGENTS AND **SERVICE PROVIDERS**

BCI

BCI provides investment management services to the board.

BC PENSION CORPORATION

BC Pension Corporation provides benefit administration and financial services to the board and supports MRBT communications activities.

CUBIC HEALTH INC.

Cubic Health Inc. provides quarterly and annual analysis on usage and population health to the board to assist in benefit plan design and ongoing management.

CONVYTA PARTNERS LP

Convyta Partners LP provides benefit consultation and actuarial services to the board.

HATCH LAW

Hatch Law provides legal advice and services to the board.

HEALTHCARE BENEFIT TRUST

Healthcare Benefit Trust provides secretariat and communication services to the board.

KPMG LLP

KPMG LLP provides external audit services for the MRBT.

PACIFIC BLUE CROSS

Pacific Blue Cross administers the group extended health and dental coverage for the MRBT.

Municipal Retiree Benefit Trust

THANK **YOU**

It is our privilege to support your health and well-being in retirement.

We invite you to watch for announcements from the Municipal Pension Plan about the MRBT Information Session on October 15, 2026, as part of the MPP annual Year in Review.

This session will provide an opportunity to learn more about your benefits, hear updates from the Trustees, and submit questions in advance for the Trustees to address.

In the meantime, we encourage you to visit the MRBT Portal for helpful resources and up-to-date plan information.

With appreciation,

The Municipal Retiree Benefit Trust Board of Trustees

Email: contact@bcmrbt.ca
Mail: Municipal Retiree Benefit Trust Secretariat
c/o Healthcare Benefit Trust
Attention: Board Secretary
350–2889 East 12th Avenue, Vancouver, BC V5M 4T5