



MEP Board Vision and Mission

Our vision is that Plan members and employers have a pension plan that is affordable and sustainable.

Our mission is to provide prudent governance of the Plan's assets and liabilities as well as ensuring effective Plan administration.

MEP Board Information

Go to the MEPP website and click on the MEP Board and Plan Governance tab to review current and previous communications, policies, reports, and more.

Message from the Chair

In these unprecedented times, as we continue to navigate through the impacts of the COVID-19 global pandemic, I want to provide you with continued reassurance about your pension plan and information on how the Management Employees Pension Board (the Board) is working to ensure that the Plan is positioned to meet its commitments to members and pensioners now and into the future.

As a defined benefit pension plan, your MEPP pension reflects your salary and years of pensionable service, not the performance of financial markets at a moment in time. As an active member contributing to your pension, or as a deferred member, or as a pensioner receiving regular pension payments, you can feel secure about your MEPP pension.

The MEPP fund is invested in a broad, diversified portfolio with a focus on long-term performance. While the COVID-19 pandemic has resulted in turmoil in the financial markets and the global economy, the Plan went into this unprecedented situation well-funded, and in a strong financial position, due in part to the use of conservative assumptions to determine Plan funding.

The latest funding and investment information is included in this newsletter, as well as updates on current governance activities and Plan administration. Quarterly updates, posted on the MEPP website, also provide a snapshot of activities related to the governance of MEPP.

The Board is in regular contact with the MEPP service providers, Alberta Pensions Services Corporation (APS) and the Alberta Investment Management Corporation (AIMCo), and while both organizations continue to adjust to this evolving situation, operations continue to run as seamlessly as possible. Retirement applications are still being processed and paid, and

pension services and information remain available to all Plan members when they need it. Both APS and AIMCo have taken precautions to comply with public health directives to protect the health and safety of employees, Plan members, pensioners and stakeholders. On behalf of the Board, I extend my sincere gratitude to both organizations for their continued commitment to meeting the needs of the Plan and its members during this time.

The Board remains committed to keeping you informed in the months ahead. As MEPP-related news becomes available, we will continue to share updates on MEPP.ca, as well as through established communication channels including Go Green. Answers to many frequently asked questions can be found on MEPP.ca, and Plan members and pensioners remain able to access specific assistance either online or by phoning the Member Services Centre.

On behalf of the Board, as well as our client service partners, our thoughts are with you and your loved ones during this challenging time. Rest assured, we are working to do our part for MEPP members. We ask that you please strive to do your part, remain safe and healthy, to ensure the continued well-being of our communities.

Deborah Polny, MEPB Chair

Governance Update

MEPP is subject to the *Public Sector Pension Plans Act* (PSPPA) and its regulations. MEPP was not part of the changes introduced in early 2019 by the *Joint Governance of Public Sector Pension Plans Act* or the *Employment Pensions Plan Act*; however, regular reviews of the existing MEPP governance structure are a natural extension of the Board's commitment to good governance.

Service Level Agreements

Bill 22, the *Reform of Agencies, Boards and Commissions and Government Enterprises Act*, was passed on November 22, 2019. This legislation enacted changes for other Alberta public sector pension plans and will require a revision of service level agreements between the service providers, APS and AIMCo, and these pension plans.

Further to the Board's commitment to responsible oversight of MEPP, a review of MEPP's respective service level agreements with APS and AIMCo is also planned.

MEPP Amendment Regulation

By [Order in Council](#) the MEPP Amendment Regulation became effective April 1, 2020. The MEPP Amendment Regulation included the following:

Commuted Value:

- a) Change to the calculation of commuted values (CV) for MEPP, which will better align CV payouts to the basis at which MEPP is funded, and will result in the member's CV being equal to the amount the Plan has "set aside" to pay their future pension. Also, change to the member excess contribution test so that the test is based on the CV rather than half the CV, and replace the reference to CANSIM Series V122515.
 - o For more information, including answers to frequently asked questions, please see the [related article](#).

Grandfathering Reclassified MEPP Members:

- b) Provide for the grandfathering of certain Government of Alberta (GoA) employees whose management positions are, or may be, reclassified to non-management positions.
 - o Through the bargaining agreement between the GoA and the Alberta Union of Provincial Employees (AUPE), as well as organizational changes and restructuring within the GoA, changes to management position classifications have occurred. As such, the GoA sent a letter to the MEPP regarding a MEPP Amendment Regulation that would grandfather employees in MEPP whose positions are reclassified as non-management as a result of the organizational changes. The Board responded to the GoA's letter providing support to grandfather employees in MEPP who are involuntarily impacted by the reclassification situations.
 - o This amendment reflects the GoA's and the Board's commitment to fair treatment of impacted employees. The Board also recognizes that, although this solution is favourable in the short-term, it will continue to diligently monitor the long-term implications of organizational changes, particularly as they affect the maturity risk of the Plan.
 - o By [Order in Council](#) filed December 9, 2020, the timeframe for reclassification activities contemplated above was extended to January 1, 2023.

Permitting Certain Additional Streams of Work to Participate in MEPP:

- c) Provide for certain non-management GoA employees within the Alberta Public Service to participate in MEPP.
 - o This change supports GoA's examination of management positions ratios while, at the same time, attracting and retaining talented employees by permitting non-management employees in certain streams of work to participate in MEPP. In addition to increasing administrative flexibility, the change may potentially increase the number of active members in MEPP. The Board will continue to monitor membership data and possible impacts to MEPP.

Important Safety Measures for MEPP Members and Pensioners

The MEPP Administrator, Alberta Pensions Services (APS) supports provincial health directives to limit all personal risk of exposure to COVID-19.

As such, there is no public access to the APS building. However, APS is committed to ensuring that all Plan members can access information when they need it and pensioners continue to receive their monthly payments on time.

- Visit [MEPP.ca](#) and log in/register for Your Pension Profile to enjoy secure, mobile-friendly access to your pension information, self-serve options and tools to help you plan for retirement or manage your pension in pay.
- If you have documents that must be dropped off, please use the secure drop box outside the front door of the APS building.
- If you require other Plan-related assistance, visit [MEPP.ca](#) and log in to Your Pension Profile for access to secure messaging, or call the Member Services Centre during regular business hours.
- If you receive your pension cheque in the mail, consider **signing up for direct deposit by logging in to Your Pension Profile**. This will ensure secure, uninterrupted access to your pension payments while eliminating the need to go to the bank or rely on mail service.

Curious about Your Pension Profile? View the [related article](#) in this newsletter for exciting news about secure, electronic services available to MEPP members.

Note:

All in-person group and one-on-one information sessions around the province are cancelled until further notice.

Plan Funding and Investments

Market and investment information is included in this newsletter, and also via the [Board Quarterly Updates](#), which are posted to the MEPP website at regular intervals throughout the year.

Market values (unaudited) are as follows (\$ thousands):

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Beginning Market Value	\$5,407,750	\$5,440,196	\$5,648,064	\$4,864,756	\$5,162,834
Net Cash Flow	-\$12,433	-\$20,390	-\$24,031	-\$47,975	-\$23,901
Investment Income	\$44,879	\$227,812	-\$758,334	\$346,053	\$202,179
Ending Market Value*	\$5,440,196	\$5,648,064	\$4,864,756	\$5,162,834	\$5,341,112

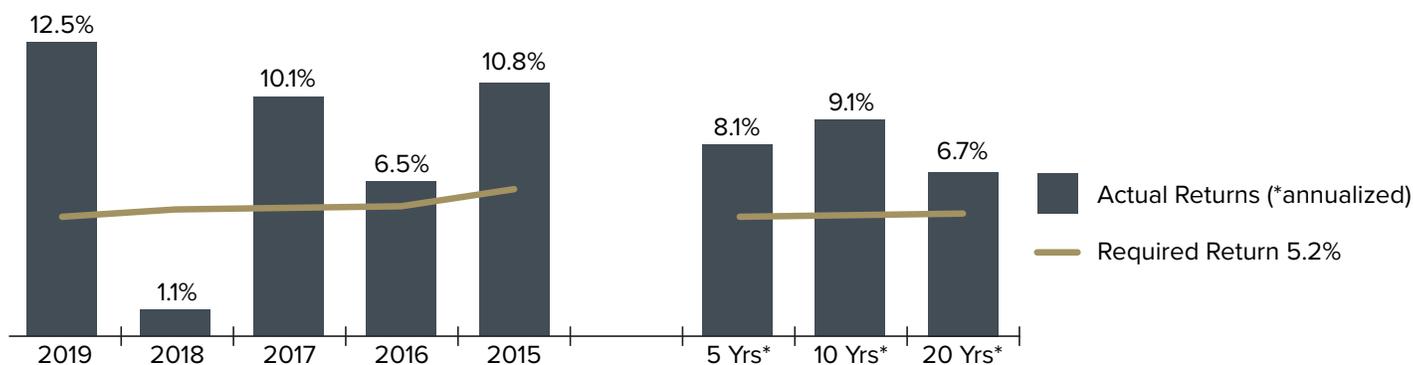
* Due to backdates and timing of information the quarterly cashflow values may not always add up to the ending market value

Investment performance net of fees in Q4 2019 was 3.90% which exceeded the policy benchmark return of 3.35%, for a value add of 0.55%. In Q1 2020, following health directives and government lock down orders issued to mitigate the spread of COVID-19, MEPP's investment manager, the Alberta Investment Management Corporation (AIMCo), reported investment losses for all its pension clients. Investment performance in Q1 2020 was -13.71% which was below the policy benchmark return of -7.43%, for a value add of -6.28%. In Q2 2020, investment performance was 7.72%, below the policy benchmark of 8.45%, for a value add of -0.74%. In Q3 2020, investment performance was 3.92%, exceeding the policy benchmark of 3.36%, for a value add of 0.56%.

The Board acknowledges the losses incurred with respect to MEPP in Q1 2020 and has been collaborating with AIMCo regarding current and future risk mitigation strategies. The Board remains committed to the Plan's long-term performance and the Plan is positioned to endure the impact of short-term underperformance.

The chart below provides an overview of MEPP's investment performance and future projected return expectations. It compares actual returns for calendar years 2015 to 2019 as well as the five, ten and twenty-year annualized time periods against the required long-term investment return for funding purposes of 5.2% (the discount rate). This rate plays a key role in assessing the Plan's ability to meet its future pension obligations. The discount rate reflects what the Plan's assets can reasonably be expected to earn over the long term, after costs of running the Plan and provisions for plan maturity and major adverse events are factored in. The current rate of 5.2% is based on the last actuarial valuation, as at December 31, 2018. Over the past twenty years, the actual investment return was 6.7% per annum.

Summary of MEPP Investment Returns



The President of Treasury Board and Minister of Finance is responsible for investing the MEPP fund and takes into consideration the advice of the Board with respect to the investment of the fund. As such, the Board's Investment Committee (IC) regularly reviews the investment results with AIMCo, and with the assistance of the Board's Investment Consultant.

2019 MEPP Financial Position

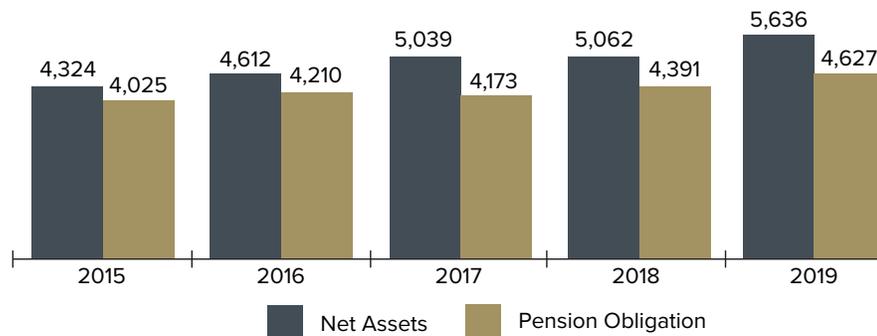
At December 31, 2019, the fair value of the Plan's net assets totaling \$5.636 billion exceeded the estimated pension obligation of \$4.627 billion resulting in an accounting surplus of \$1.008 billion.

Statement of Financial Position – MEPP Financial Statements as at December 31, 2019

2019 (\$ thousands)

Net assets available for benefits	
Assets	
Investments	\$5,628,777
Contributions receivable	
Employers	\$3,705
Employees	\$2,678
Accounts receivable	\$1,837
Total Assets	\$5,636,997
Liabilities	
Accounts payable	\$1,429
Total Liabilities	\$1,429
Net assets available for benefits	\$5,635,568
Pension obligation and surplus	
Pension obligation	\$4,627,433
Surplus	\$1,008,135
Pension obligation and surplus	\$5,635,568

Net Assets Compared to Total Pension Obligation (in millions) (per audited financial statements)



Source: MEPP financial statements as at December 31, 2019. These statements are prepared by Alberta Treasury Board and Finance according to Canadian accounting standards for pension plans.

Planning to Retire?

To avoid unexpected delays or a gap in your monthly income, MEPP members must submit their retirement application at least three months ahead of the date they plan to retire to ensure all components are received and verified by APS, including supporting documents.

We encourage you to work with your employer to ensure your pension application is as complete as possible prior to its submission.

NOTE: The PensionEase tool allows you to complete and manage your retirement application online. Log on to Your Pension Profile for more details.

Will My Pension Amount Change?

When you retire, your pension amount is paid as a monthly, regular sum for your lifetime. As an added bonus, MEPP pensions may be subject to annual increases (see COLA below).

When you apply for your MEPP pension, you will be informed about some options you may choose from which may impact your monthly payment amount going forward.

These are:

- Pension options, such as Single or Joint-Lifetime Options;
- Coordination;
- Marital Breakdown;
- Retroactive Pay Adjustments.

For more information, please view this section of the [MEPP website](#) and visit Your Pension Profile to run estimates based on your personal information and various retirement scenarios.

COLA – MEPP Pensions are Protected Against Inflation

Cost of Living Adjustment (or COLA) means that, when you retire, your MEPP benefit amount is measured annually against the Alberta Consumer Price Index (ACPI) and adjusted to reflect the rising cost of goods and services.

COLA is currently granted to MEPP pensions at 60% of the increase in ACPI. In 2020, this value is equivalent to 1.02%.

Investing Beyond the Pandemic - AIMCo

There is no shortage of dire news about the impact the coronavirus pandemic and oil price drop have had on world markets and economies. We witnessed the fastest descent into an equity bear market ever, and whether you are a large-scale institutional investor like MEPP's investment manager, Alberta Investment Management Corporation (AIMCo), or a concerned Albertan looking at your personal investment statements, the impact has been significant.

While the circumstances of 2020 have been challenging, to say the least, the fast-changing market conditions call for investors to be nimble and opportunistic. At AIMCo, many team members are drawing on the experience they gained in the wake of the 2008 Global Financial Crisis. While the circumstances are not entirely similar, there were lessons learned that are being applied today.

One of the unique elements about the current circumstances is that regions around the world are at different stages of the pandemic. AIMCo is monitoring carefully as economies ramp back up using a variety of economic indicators and data to understand better what might happen as life returns to 'the new normal' around the globe.

As people began spending more time at home, certain themes emerged—bandwidth consumption, telecommuting, video communication and online shopping (grocery delivery, in particular) were on the rise. New consumer habits have been formed as a function of the recent crisis, and these are likely to persist to various degrees in the future. Watching those trends and habits influences some of the investment themes AIMCo is considering.

On the real estate front, AIMCo is taking a similar approach, thinking about how people's needs and wants could shift. "We are contemplating the pandemic's long-term impact on the psyches of our tenants and customers," said Micheal Dal Bello, AIMCo's Senior Vice President of Real Estate. "We are considering how their behaviour might change, the required layout or location of office space that will be desired and the logistic supply chains that will be needed to support industry." In addition, market disruption could present favourable conditions to add new properties to the portfolio.

AIMCo is watching for similar opportunities to add to the infrastructure portfolio. One hypothesis is that budgetary pressures on government agencies and municipalities around the world could result in a greater interest in privatizing previously public infrastructure. "We believe there will be attractive deals as motivated sellers liquidate high-quality infrastructure assets to generate cash," said Ben Hawkins, AIMCo's Senior Vice President of Infrastructure & Renewable Resources. "We need to be ready to respond, given the window may be relatively brief."

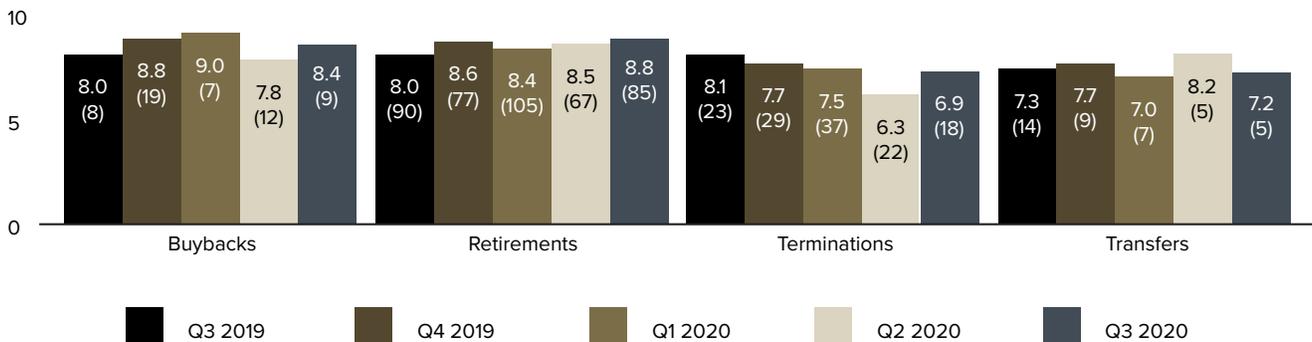
While some of the opportunities created by market circumstances may sound compelling, AIMCo's Chief Investment Officer Dale MacMaster is urging caution. "While markets have been extremely volatile, history has shown that deviating significantly from well-crafted long-term policies can be dangerous," he said. While looking carefully at future trends, AIMCo will continue the strategy of building a broadly-diversified portfolio with an eye on long-term performance for clients.

Client Service Statistics

The Plan administrator, APS, remains committed to service excellence even as the majority of its staff rapidly transitioned to working from home. Plan members frequently report high satisfaction with pension-related services and expertise received over the phone.

The APS Voice of the Customer (VOC) score is the real-time measure of member and pensioner satisfaction with the Member Services Centre, and is one of the measures that ensures the Service Level Agreements between MEPP and APS are met.

The following table shows the latest VOC scores according to call reasons.



Note: The number in brackets in each bar represents the number of each type of call received.

For Q3 2020, the overall VOC score was 85.2%, 3.2 percentage points above the target. The year-to-date score at the close of Q3 was 84.2%, 2.2 percentage points above the target.

Introducing Your Pension Profile

MEPP is happy to announce a big improvement to the MEPP website called **Your Pension Profile**, launched in November 2020. **Your Pension Profile is a secure section of MEPP.ca** where you can access, manage and edit your personal pension information. There is a quick-view dashboard, the ability to easily edit and manage your information, and a drop-down menu at the top right where you can access even more pension tools.

Features of Your Pension Profile

Enjoy secure, mobile-friendly access to your pension information, self-serve options and tools to help you plan for retirement or manage your pension in pay.

- Request information or send your pension documents to the Member Services Centre electronically, at any time of day, using Secure Messages.
- View and save important pension documents (such as your annual statements and tax slips).
- Receive notifications when new pension documents are available or when information is required.
- Prepare for retirement by reviewing available buyback proposals and accessing PensionEase, the retirement application tool.
- Use online self-service options to update your address/contact information, communications preference, beneficiary(ies), banking information, and more.

To access Your Pension Profile, click the “login” button at the top right of [MEPP.ca](https://www.mepp.ca).

Changes to Go Green

Did you know you can opt to receive some of your personal pension documents and Plan news electronically? APS, the Plan administrator, has recently made improvements to the way they deliver electronic documents so that it is more convenient for you to access your information. This change also results in cost savings on print and mail and supports the environment.

All MEPP members—active, deferred and retired—can sign up for Go Green by logging into Your Pension Profile, accessed directly from the [MEPP website](https://www.mepp.ca). This service will deliver your annual statement, tax slips, MEPP newsletter and Plan news all through email.

If you have already signed up for Go Green, please note that you will no longer receive printed annual statements or tax slips. Instead, an email notification will let you know when documents are ready for you to view in Your Pension Profile.

For more information on how to register for Your Pension Profile, or how to update your existing communication preferences to Go Green, see the [News section](#) on the MEPP website.

Changing Your Residence in 2021?

Remember to update your contact information whenever, and wherever, life may lead.

To change your address on file, log onto Your Pension Profile or contact the [MEPP Member Services Centre](#).

The Board



Ms. Deborah Polny
Board Chair,
Employer Nominee



Ms. Sonya Johnston
Board Vice-Chair,
Employee Nominee



Ms. Shannon Patershuk,
Investment Committee
Vice-Chair,
Employer Nominee



Mr. Dale Beesley,
Board Member,
Employee Nominee



Mr. Jon Himmens,
Board Member,
Employer Nominee

More information about the Board and its members can be found on the [MEPP website](#).

The Board would like to recognize and thank the following individuals who have recently completed their service to the Board:

Mr. Andrew Tambone

Ms. Kim Flynn

Ms. Noelle Devlin

Governance Statement

The President of Treasury Board and Minister of Finance is the statutory Administrator of MEPP and holds all assets of the Plan in trust to provide benefits pursuant to MEPP rules and to meet plan costs. The *Public Sector Pension Plans Act* sets out the main objectives of the Board with respect to funding, administration, investments and amending the Plan. The Board monitors the management of the Plan and advises the Minister.

Contacts

For general information about MEPP, please visit the [MEPP website](#).

For information and questions about your retirement options, calculating pension benefits, annual statements, forms, or changing personal information, please contact:

Members – Member Services Centre

Telephone: 1-877-889-MEPP (6377) (toll-free)

Fax: 780-421-1652

Email: memberservices@mepp.ca

For specific Board-related questions or information related to Plan governance, contact:

MEPB

Telephone: 780-391-3584

Email: board@mepp.ca