



MESSAGE FROM THE BOARD

2013 was an eventful year for MEPP members and a busy year for your Board. In addition to our regular responsibilities we completed a pension sustainability and plan governance review. Please see *Looking Back at 2013* in this newsletter for more information.

On February 24, 2014, the President of Treasury Board and Minister of Finance (the Minister) announced the final decisions on the changes to MEPP. If you have not already reviewed the information please refer to the information that the government posted on the MEPP website. We also encourage you to regularly check the pension sustainability site on the Alberta Treasury Board and Finance website for new information.

The Board is committed to working with members, employers and the Government of Alberta for a

smooth transition to January 1, 2016 at which time MEPP will be closed to new members.

On behalf of your Board, I would like to thank Mr. Rod McDermand whose service on the MEPP Board ended on December 31, 2013. Rod served on the MEPP Board for 12 years during which time he held positions as both Vice-Chair and Chair. Rod took his role as a steward of the pensions of MEPP members very seriously and worked hard on your behalf. We wish Rod all the best in his future endeavors.

As the new Board Chair, I would like to assure you that I and the whole Board welcome your feedback about MEPP. You can reach us by e-mail at board@mepp.ca.

Scott Kashuba, Chair

LOOKING BACK AT 2013

Activities in 2013 included:

- Preparation for and the delivery of 10 MEPP member focus group sessions
- Completion of our pension sustainability and plan governance review. The Board provided a preliminary report to the Minister on March 22, 2013, a recommendation on Plan governance on June 21, 2013 and a recommendation on Plan design changes and cost analysis on July 24, 2013. (These items can be found on the MEPP website under Board Review)
- Preparation for and the delivery of 14 member information sessions across the province in October, to explain and provide an opportunity for member feedback on the Government's Vision for pension reform released in September 2013
- Provision of Plan member feedback from the information sessions and additional recommendations to the Minister in November and December 2013
- Completion of an actuarial valuation of the MEPP plan as of December 31, 2012
- Provision of recommendations on contribution rates for 2014 to the Minister
- Completion of an Asset Liability Study (see the article Asset Liability Study and Investment Policy in this newsletter)
- Monitoring of investment performance and continuing work with Treasury Board and Finance and AIMCo on investment management issues
- Finalization of the MEPB Mandate and Roles Document
- Continuing work with APS on Board services
- Communication with members in newsletters and on our web site including a new microsite on pension sustainability

LOOKING AHEAD

As a Board, our role over the next two years has two important focuses:

1. Continuing to fulfill our mandate for the existing Plan which includes but is not limited to:

- Arranging for actuarial valuations, as required, and regularly reviewing long-term actuarial assumptions for funding purposes
- Establishing general policy guidelines for the investment and management of the Plan's assets (please refer to the current Investment Policy on our website)
- Monitoring investment performance
- Recommending general policy guidelines on the administration of the Plan
- Reviewing administrative decisions as delegated by the Minister

For more details on our mandate and roles, please refer to the Mandate and Roles Document found on our website.

2. Working with the government on transition issues as we move toward January 1, 2016 which include but are not limited to:

- Governance structure for MEPP after it closes to new members as of January 1, 2016
- Funding and investment implications flowing from closing MEPP – funding and investment requirements for a closed pension plan are significantly different than those for an open plan
- Establishing a Funding Policy for MEPP
- Assisting with such things as the determination of contributions and COLA on pension service after 2015

The Board is committed to ensuring members are kept informed as the transition unfolds.

ASSET LIABILITY STUDY AND INVESTMENT POLICY

In 2013, the MEPP Investment Committee (IC) continued its Asset Liability (AL) Study in conjunction with the Plan's external investment consultant, the Plan's actuary Aon Hewitt and the Plan's investment manager AIMCo. The purpose of an AL Study is to determine the optimal investments for a pension plan. The Board amended the investment policy in 2013 as a result of this study (please refer to the current Investment Policy on our website). However changes to the Plan's asset mix were put on hold pending the final decision concerning closing the Plan. Now that this decision has been made, we will complete another AL Study in 2014 and we will be better able to match assets to liabilities, which will be incorporated in the Investment Policy.

2013 INVESTMENT PERFORMANCE

ASSETS UNDER MANAGEMENT

As at December 31, 2013, the unaudited MEPP assets under management (\$millions) were:

	Q4 2013	Q3 2013	Q2 2013	Q1 2013
<i>Beginning Market Value</i>	3,237.9	3,134.8	3,139.5	2,993.3
<i>Net Cash Flow</i>	5.4	(0.2)	10.0	2.6
<i>Investment Income</i>	217.3	103.3	(14.7)	143.6
<i>Ending Market Value</i>	3,460.6	3,237.9	3,134.8	3,139.5

INVESTMENT UPDATE

The following sets out the Plan's unaudited investment performance (%) for the year ending December 31, 2013 compared to the three previous years:

	2013		Previous Calendar Years		
	QTD	YTD	2012	2011	2010
<i>Total Fund</i>	6.7%	14.9%	12.3%	2.4%	10.2%
<i>Policy Return</i>	6.7%	15.1%	9.8%	1.5%	10.7%
<i>Value Added</i>	0.0	(0.2%)	2.5%	0.9%	(0.5%)

Web links for more information

Pension sustainability: <http://www.finance.alberta.ca/publications/pensions/sustainability/>

Investment Policy: http://www.mepp.ca/about/publications/MEPP_Investment_Policy.pdf

Board Mandate & Roles: http://www.mepp.ca/about/publications/MEP_Board_Mandate_and_Roles_Document.pdf

2014 Management Employees Pension Board



Back row (left to right): Natalie Frederick[◇], Julia Qiu[◇], James Fleming, Sonya Johnston, Brenda Chisholm[◇] (Plan Board Manager) and Don Smallwood (Vice Chair).

Front row (left to right): Kim Flynn, Dave Lawson, Scott Kashuba (Chair) and Darlene Halwas.

[◇]Denotes Plan Board Staff

CONTACT

The Board and APS (MEPP's Administrator) can be contacted at:

Management Employees Pension Plan c/o

Alberta Pensions Services Corporation (APS)
5103 Windermere Blvd. SW
Edmonton, AB T6W 0S9

Members – Member Services Centre

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

Telephone: 1-877-889-MEPP (6377) (toll-free)
Fax: 780-421-1652
E-mail: memberservices@mepp.ca

Pensioners – MEPP Pension Payroll

For information and questions about payment of benefits and to request forms, please contact:

Telephone: 1-877-422-4748 (toll-free)
Fax: 780-415-8792
E-mail: pay@mepp.ca

For more information, please visit our website at: www.mepp.ca

YOUR 2014 BOARD

Scott Kashuba, Chair (Employee nominee)

Don Smallwood, Vice-Chair (Government nominee)

James Fleming (Government nominee)

Kim Flynn (Public Service Commissioner Nominee)

Darlene Halwas (Government nominee)

Sonya Johnston (Employee nominee)

Dave Lawson, (Employee nominee)

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 acts in an advisory capacity to the Minister.

Board Contact

To contact the Board or for information regarding the governance of the Plan:

E-mail: board@mepp.ca