



MESSAGE FROM THE CHAIR

2015 was a busy and productive year for the Management Employees Pension Board (MEPB or the Board). To date, 2016 has proven to be just as busy. We lost two senior and experienced Board members in 2015. The Government is currently reviewing agencies, boards and commissions; therefore, new appointments have not been made. The President of Treasury Board and Minister of Finance is aware of the critical need for Board appointments. These two positions are expected to be posted and filled in the near future.

We continue to make communication with Plan members and stakeholders a priority. In 2015, we implemented a new communication tool – MEPB Quarterly Reports, which are posted on the Board portion of the MEPP website.

We are pleased to announce that we will conduct our first Stakeholder Governance Meetings on May 3 and 4, 2016. Please see more information on page two of the newsletter. We want to hear from Plan members and employers and hope to see many of you at these meetings.

As part of prudent fiscal management, we are moving to electronic delivery of our newsletters. This will be the **last** printed newsletter from the MEPB. Newsletters will be posted under the MEP Board tab on the MEPP website and emailed to those members who have opted to “**Go Green**”. If you wish to receive a copy of the newsletter by email and haven’t signed up for “**Go Green**”, please visit mypensionplan or contact the APS Member Services Centre and ask about “**Go Green**” options for MEPP members.

The Board welcomes your feedback about MEPP. Please e-mail your comments to the Board at board@mepp.ca.

Sonya Johnston, Chair

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 and Fund.

MEP BOARD INFORMATION

Go to the MEPP website and click on the first tab – MEP Board – to review current and previous communication, policies, reports and more.

MARK YOUR CALENDAR

STAKEHOLDER GOVERNANCE MEETINGS

Please plan to join us at our 2016 Stakeholder Governance Meetings. It's your chance to:

1 | Meet Board members, Board staff and the Plan Actuary

2 | Learn more about the MEPB and the Plan

3 | Ask questions and provide feedback directly to the Board

May 3, 2016 – Calgary

Time: 12 to 2 p.m.*

Location: Downtown Calgary – location details available at [online pre-registration](#).

*Please arrive earlier in order to allow time for sign-in. Sessions will start on time.

May 4, 2016 – Edmonton (two sessions)

MORNING SESSION

Time: 9 to 11 a.m. *

Location: Downtown Edmonton – location details available at [online pre-registration](#).

AFTERNOON SESSION

Time: 12 to 2 p.m.*

Location: Downtown Edmonton – location details available at [online pre-registration](#).

IMPORTANT: The meetings are being held in secure government facilities. As such, pre-registration (with first and last names) is mandatory and **photo identification** or a **Government of Alberta employee badge** is required for sign-in and entry into the meetings.

The links to the event pre-registration are also listed on the MEPP website under MEP Board, Stakeholder Consultation. **Pre-registration is open until 11 p.m. on April 24.**

We look forward to seeing you there.

MEPP PLAN VALUE

MEPP members have told us that they appreciate and value their Plan. Nonetheless, it may surprise some to know that the MEPP provides some of the highest levels of benefits available under tax legislation, including the:

- Pension formula, which is two per cent of your highest average salary times your years of pension service;
- Early retirement formula, which is:
 - No reduction if you are age 55 and have 80 points (years of service plus your age equal 80 points or more), or
 - You are age 60 and have at least five years of service;
 - Currently, the reduction is three per cent for each year you retire early. This reduction is based on you your years short of age 60, or your years short of 80 points, whichever you would reach first.
- Subsidized post-retirement death benefit, which provides a pension to your partner in the event of your death equal to 66 ⅔ per cent of your pension; and
- Cost of living adjustment (COLA) – Pensions are increased annually at 60 per cent of Alberta inflation.

ISSUES AND TRENDS

The Board continues to actively monitor the funding status, stability and financial health of the Plan. MEPP is a valuable plan with excellent benefits, as noted in the article MEPP Plan Value. Some of the issues and trends we continue to monitor include:

- Reduced expectations for future investment earnings;
- Volatile and uncertain financial markets;
- Maturity of MEPP;
- A noticeable increase in the number and size of commuted value payouts to members leaving the Plan; and
- The impact of the revised mortality table on MEPP funding.

“MEPP is a valuable plan with excellent benefits”

PLAN FUNDING STATUS

The Plan Actuary conducts a full actuarial valuation every three years and an interim valuation every two years. An actuarial valuation is essentially a financial checkup for the Plan. In between triennial valuations, the Board reviews projections/estimates prepared by the Plan Actuary to monitor the financial health of the Plan.

In an actuarial valuation, the Plan Actuary estimates the cost of future MEPP benefits by making assumptions about future conditions. The Plan Actuary compares these estimated costs with the estimated funding – the Plan’s assets and expected contributions (money going out versus money coming in). Contribution rates may be adjusted up or down depending on the results.



The actuarial valuation for the year ending December 31, 2015 is underway. We expect a final report in late summer. The 2015 actuarial valuation is the Plan’s triennial valuation, which will be filed with the Canada Revenue Agency.

We will provide details about the results of the 2015 actuarial valuation in the fall newsletter.

CONTRIBUTION RATES

The Board will provide the Minister of Finance with its recommendations for contribution rates after the actuarial valuation is completed. The Minister will determine if contribution rates will

be adjusted and if so, by how much. We expect that contribution rates will be adjusted no earlier than January 2017.

2015 ANNUAL FINANCIAL REPORT

In May or early June, Alberta Treasury Board and Finance (ATBF) will release the 2015 Annual Financial Report.

It’s timely to remind Plan members that the numbers in the Annual Financial Report and the Plan’s actuarial valuation can differ. This is because the reports have different objectives, are conducted according to different standards and use different cost methods and assumptions.

The Annual Financial Statements are prepared by ATBF according to Canadian accounting standards for pension plans. In general,

assumptions and discount rates in the financial statements are less conservative than those required to be used for actuarial valuations. The actuarial valuation is prepared by the Plan’s Actuary and uses actuarial standards. The actuarial valuation takes a conservative approach to assumptions in order to ensure the long-term viability of the Plan. The different assumptions and discount rates (expected rate of return) as well as reporting standards (actuarial vs. accounting) provide different results. By law, it is the actuarial valuation that determines the Plan’s funding needs and required contributions to the Plan.

2015 INVESTMENT RETURN

The market value amounts (unaudited) for each quarter in 2015 are:

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Beginning Market Value	\$4,094,908,877.13	\$4,153,353,388.60	\$4,157,843,180.00	\$3,881,903,020.08
Net Cash Flow	\$465,215.06	\$2,644,230.05	\$6,336,406.13	\$2,726,314.21
Investment Income	\$218,905,584.23	\$(61,088,741.52)	\$(10,826,197.53)	\$273,213,845.71
Ending Market Value	\$4,314,279,676.42	\$4,094,908,877.13	\$4,153,353,388.60	\$4,157,843,180.00

YOUR 2016 BOARD



Sonya Johnston,
Board Chair



Don Smallwood,
Board Vice-Chair



Kim Flynn,
Board Member



James Fleming, Investment
Committee Chair



Michael Lundquist, Investment
Committee Vice-Chair

CONTACTS

MEP Board

Mail: The Management Employees
Pension Board
c/o Alberta Pensions Services
Corporation (APS)
5103 Windermere Blvd. SW
Edmonton, AB T6W 0S9

Telephone: 780-391-3693

Email: board@mepp.ca

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 **Email:** 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

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

BOARD STAFF

Brenda Chisholm,
Plan Board Manager

Alyssa Sewlal,
Plan Board Specialist

Julia Qiu,
Plan Board Specialist

Crystal Moreau,
Plan Board Assistant

Aon Hewitt,
Plan Actuary

Ellement Consulting Group,
Investment Consultant

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.