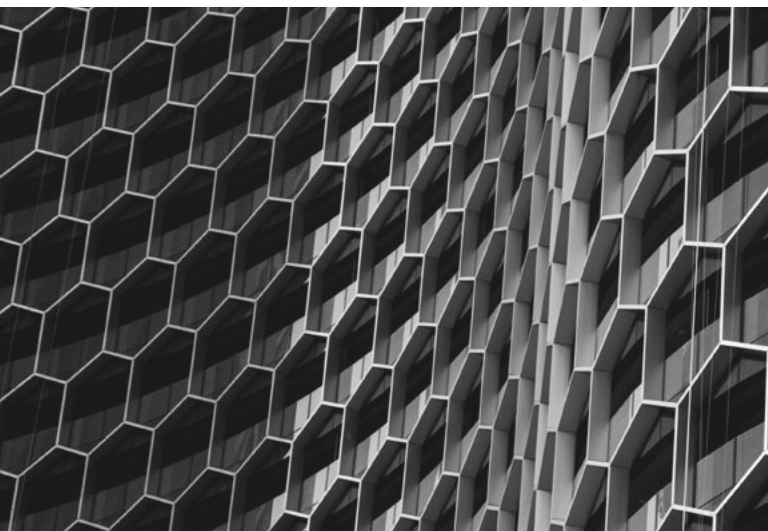


Member Newsletter

SPRING / SUMMER 2026

The Management Employees Pension Board (MEPB or the Board) is pleased to present the member newsletter. The Board welcomes feedback as it relates to Plan governance. Contact: board@mepp.ca



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Message from the Chair

As spring begins, the global economic landscape continues to evolve. The ongoing geopolitical tensions – particularly recent developments in the Middle East – have contributed to volatility in energy prices, leading to short term increases in oil and gas prices and added uncertainty around global growth forecasts. Against this backdrop, Canada's economic outlook remains relatively stable. Steady domestic demand and inflation easing closer to the Bank of Canada's target have helped anchor conditions, even as international markets experience periods of disruption.

Periods like these reinforce the importance of disciplined investment oversight and a long term perspective. MEPP's diversified investment strategy, set by the Board and executed by Alberta Investment Management Corporation (AIMCo), is designed to support the Plan's resilience even when markets experience short-term market disruptions. The Board will continue to closely monitor economic and market developments and maintain

a prudent governance approach focused on protecting the retirement security of all Plan members.

This edition of the newsletter provides updates on Plan performance, funding, and resources to help members better understand their pension. We encourage you to explore these materials and stay informed about the Plan's stability and long term outlook.

The Board also extends its sincere appreciation to Adam Battistessa, who resigned from the Board in February. Adam's contributions and dedication to effective Plan governance are greatly appreciated, and we thank him for his service.

As always, the Board remains committed to strong oversight, transparent communication, and the long-term sustainability of MEPP.

Les Stelmach, MEPB Chair

Les Stelmach

Avoiding Tax Surprises in Retirement

BY MEAGAN S. BALANESKI, CFP, R.F.P, CIM, TEP

The following does not constitute tax advice. Please contact your tax preparer, accountant, or financial advisor for information specific to your personal situation.

MEPB 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 and ensure effective Plan administration.

For a pensioner, filing your taxes in retirement can feel very different from your working years. With a bit of understanding and planning, you can avoid common pitfalls and feel more confident at tax time.

During your working years, your pension is deducted directly from your income through a *Pension Adjustment (PA)*. As a deduction, it reduces your income as if it has not yet been earned, and therefore, it is not yet taxable.

From a functional perspective, each year you contribute to your pension, a PA reduces the future RRSP contribution room that will be allotted to you. This is different from RRSPs, which use up the allotted room once it's been used.

Both RRSPs and pensions rely on a tax deduction at the time of contribution and tax deferral on the growth of the underlying investments. Both, however, are taxed on income when it is eventually received.

From a pensioner's perspective, taxation during contribution years is easy. There is generally a single source of income (employer), an appropriate amount of tax withheld, a few deductions, and a small or modest refund when taxes are filed.

For the pensioner, however, filing taxes during retirement can feel like a huge shift, wrought with new information and decisions. First, you can no longer rely on an appropriate amount of tax being withheld at source. Instead, each source of retirement income – your pension, RRIFs, Canadian Pension Plan (CPP), and Old Age Security (OAS) – operates in its own “silo” and issues its own T4 as if it were your only source of income.

Continued on next page

For example, a pensioner receiving \$50,000 per year from MEPP would have approximately \$6,105 in tax automatically withheld from their pension payments over the year. By contrast, other retirement income sources, such as CPP benefits (up to \$18,092 annually), OAS benefits (up to \$8,908 annually), and minimum RRIF withdrawals, do not have any tax withheld by default unless the pensioner specifically requests it. As a result, if one's total gross annual income from all sources is \$80,000, their total income tax payable for the year would be approximately \$14,112**. With only \$6,105 withheld at source from the MEPP pension, the pensioner could still owe more than \$8,000 in taxes when they file their tax return.

“The good news is that, once you understand how pension income is taxed, there are steps you can take to manage it.”

A second issue arises if a pensioner owes more than \$3,000 in taxes for two consecutive years. In that situation, the Canada Revenue Agency (CRA) may require the pensioner to make quarterly instalment payments going forward. This can feel like a “double-tax” year. The pensioner must first pay the \$8,000 owing from the previous year, and may then be required to pay two quarterly instalment payments (approx. \$2,000 each) for the income earned during the current year, based on the expectation of similar

income and tax owing. While these instalments are simply prepayments of tax and not extra tax, the combined cash outflow in a single year can be significant.

The good news is that, once you understand how pension income is taxed, there are steps you can take to manage it. As you prepare for retirement, ask your financial planner to help you estimate your taxable income for the next few years. With a clearer picture of your expected income, you can request additional tax to be withheld from your pension payments by completing a TD1 form. You can also ask for tax to be withheld from other income sources, such as CPP, OAS, and your RRIF, to help avoid an unexpected tax bill at filing time.

Tax time doesn't have to be stressful. Understanding how your income is taxed and making a few small adjustments can go a long way toward helping you avoid surprises and stay in control.

**Assumes pensioner is a resident of Alberta, has no significant deductions or credits, and is not income splitting.*

Meagan S. Balaneski, CFP, R.F.P., CIM, TEP

Senior Financial Planner,
Agile Wealth Management

Buying Back Service for 2025 Leaves

Members who had an unpaid leave in 2025 are reminded to watch for a buyback proposal arriving by mail in the coming months.

A buyback may allow eligible members to restore pensionable service for a period of leave and increase future pension benefits.

Members seeking more information are encouraged to attend the MEPP Buyback

webinar on June 24. Session details and registration are available on [MEPP.ca](https://www.mepp.ca) under [Webinar Series](#).

Members do not need to take action until a proposal arrives, but may wish to confirm leave dates and update contact information through [Your Pension Profile](#).

The [Buyback Estimator](#) on [MEPP.ca](https://www.mepp.ca) can also help eligible members better understand potential costs in advance.

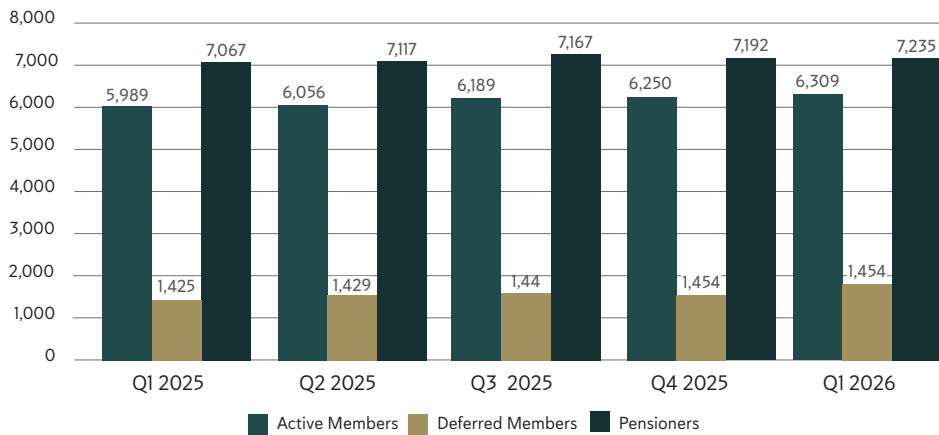
Member Administrative Activity

MEPB continuously works in its governance role to monitor, predict, and respond to important factors that can impact the health of the Plan. One of these factors is membership activity.

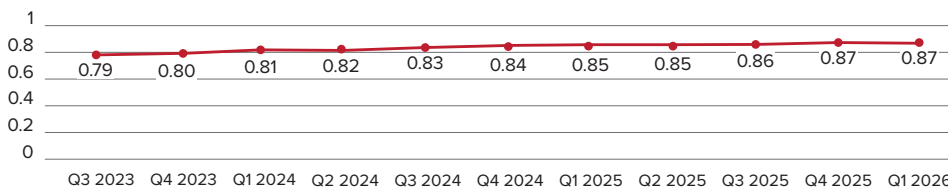
Alberta Pensions Services, as the Plan Administrator, analyzes Plan membership data for trends that may affect the health of MEPP and presents these results in its Quarterly Services Reports. The Board regularly monitors this data for trends that may affect the health of the Plan and reports the information to members in its [quarterly updates](#). The latest results are posted in this section.

Membership Trends

The MEPP membership highlights from Q1 2026 follow:



The ratio of the working-to-retired membership over time is depicted here:



The Board regularly monitors membership trends to assess the Plan's financial position: specifically, the inflow of contributions from active members (assets) versus the outflow of pension payments to retired members (liabilities). This awareness helps the Board ensure appropriate levels of conservatism are built into the valuations and funding policy.

In-person Retirement Planning Sessions Now Available in Calgary

MEPP members now have the option to book in-person retirement planning sessions at a new downtown Calgary office. Available as of March 16, 2026, this location complements the in-person sessions currently offered at the Edmonton office.

Members can schedule planning sessions at the Calgary office through Your Pension Profile or by calling the Member Services Centre at 1-877-889-MEPP (6377).

Retirement planning sessions are also offered online and by phone. Members can connect with MEPP through Secure Online Messaging in Your Pension Profile or by calling the Member Services Centre.



Your Pension Questions Answered

When you have questions about your pension, you deserve clear and reliable answers. Helpful information is always available at [MEPP.ca](https://mepp.ca) and our Member Services Centre is here to support you. You can contact us toll free at 1 877 889 MEPP (6377) or send us a secure message through Your Pension Profile.

Below are answers to some of the most common questions. We hope they help you feel informed and confident about your pension.

Q: What is Pensionable Salary?

A: Pensionable salary is defined as basic pay for the performance of your regular duties. Your pensionable salary, up to the annual maximum, determines your pension contribution amount. Pensionable salary includes your gross pay.

In MEPP, pensionable salary might also include the additional pay you receive while covering another position (sometimes called "acting pay").

Some types of pay are not pensionable: overtime pay, expense allowances, and variable pay or bonuses.

If you have questions about whether a type of pay is pensionable, speak with your employer.

Q: What is Coordination?

A: Coordination is a pension option that allows eligible MEPP members who retire before age 65 to receive a temporary increase to their pension payments. Upon turning 65, when other kinds of retirement income often start to be paid, such as Canada Pension Plan and Old Age Security, this temporary increase is removed and a permanent coordination reduction begins, resulting in permanently reduced pension payments.

If the member selects the Coordination option, it is critical for them to ensure their other retirement income from all sources is enough to compensate for the permanent reduction to their MEPP pension that will occur when they turn 65. For more information about Coordination, visit mepp.ca/page/coordination.

Q: What is CPS?

A: MEPP has a relationship with the Public Service Pension Plan (PSPP), called Combined Pensionable Service (CPS). Members are eligible for CPS if they move from PSPP to MEPP, or vice versa, with no break in service and with the same employer. This often happens when someone is promoted to a management position with their employer.

Under CPS, the member will receive two separately calculated pensions using the pensionable service earned in the respective Plan. However, once CPS has been established, service and salary information under both plans will be used in key elements of the calculation of both pensions.

For example, the pensionable salaries from **both plans** will be considered when determining the highest average salary for both pensions; this means a member's PSPP pension could be calculated using the salaries they earned in MEPP.

Q: How is my tax amount calculated?

A: Taxes are deducted from your monthly pension payment, similar to those deductions made from earnings when you were working.

Income tax deductions are based on the personal tax information you have reported to MEPP.

You can review the amount of tax deducted from your pension when you log in to Your Pension Profile.

If you have any questions, we recommend you speak to an accountant, tax preparer, or the CRA.



Q: Will receiving OAS change the pension I receive?

A: The pension you are receiving from MEPP is not affected by OAS, CPP, or any other pension benefit you may be receiving, unless you retire before age 65 and choose a pension option with Coordination.

Q: How do I “Go Green?”

A: You can manage your Go Green options in Your Pension Profile under Personal Information. Choose whether MEPP contacts you by email or regular mail for statements and publications. If you select email, you will be notified when documents are available in the Document Centre. If you choose mail, paper copies will be sent, and documents will still be available online.

Online Resources for Retirement Planning

It is never too early to start planning for retirement. MEPP offers a variety of resources to help members learn more about their pension and the steps involved prior to retiring.

Upcoming MEPP Webinars

MEPP’s webinar series covers a range of topics. Register for a session on the [MEPP website](#).

Retirement Options

Learn about several pension topics, including lifetime pension payments, combined pensionable service, and pension estimates.

April 7, 2026 - 9:00 a.m. - 10:30 a.m.

Oct. 6, 2026 - 9:00 a.m. - 10:30 a.m.

Buybacks

Get guidance on the process of buying back service to enhance future retirement benefits.

June 24, 2026 - 1:00 p.m. - 2:00 p.m.

Terminations, Death, and Disability

Gain important knowledge about pension options in the event of Plan termination, early passing, or disability.

Nov. 25, 2026 - 1:00 p.m. - 1:45 p.m.

Updating Information

One of the most important steps for any MEPP member, regardless of age or career stage, is to ensure their pension file information is up to date.

[Register for Your Pension Profile at MEPP.ca](#) to easily update personal information and notify MEPP of any changes, such as name, address, pension partner, or beneficiary details.

Retirement Checklist

The MEPP Retirement Checklist is a step-by-step guide designed to help members prepare for a smooth and informed transition into retirement. The checklist outlines key actions members need to take and timelines for document submission.

[Access the Retirement Checklist at MEPP.ca.](#)

Pension Myths vs. Facts

Pensions can feel complicated, and myths can spread quickly. Here are a few common misconceptions and the facts that can help members plan with more confidence.

Myth: MEPP contributions go into a personal account.

Fact: MEPP is a defined benefit pension plan. **Member and employer contributions** go into a pooled fund that is professionally invested to support the Plan's long-term obligations. A member's pension is based on the Plan formula (**including pensionable service and salary**), not on the balance of an individual investment account.

Myth: A member loses a pension if they change employers.

Fact: Changing jobs does not automatically erase earned pensionable service. Depending on a member's situation, **options may include** leaving the pension in MEPP as a deferred member, transferring the pension value, or starting a pension when eligible. Before choosing an option, members should review timelines and get advice that fits their circumstances.

Myth: The pension stops when a member dies.

Fact: MEPP provides **survivor protection**. If a member has a pension partner at retirement, and depending on the pension option chosen, a survivor pension may continue to the pension partner after the member's death. In other situations, a beneficiary or estate may be entitled to a benefit. Keeping pension partner and beneficiary information up to date is an important part of pension planning.

For more information on how MEPP works—including tools to help with retirement planning—members can visit [MEPP.ca](https://www.mepp.ca) or log in to **Your Pension Profile**.

The Importance of Using Proper Calculation Tools

Plan members can use MEPP's online pension calculators to help estimate future retirement income and explore different planning scenarios.

The **Pension Estimator** allows members to model potential pension outcomes by entering estimated salary, pensionable service, and retirement age.

Members who are registered for Your Pension Profile can access the **Pension Projection Calculator**, which uses a member's actual salary and service information to provide a more personalized pension estimate.

Using other artificial intelligence platforms or websites that are not specific to MEPP can result in members getting inaccurate information about their pensions and future benefits.

Visit the **MEPP website** to access pension calculation tools.

A Message from AIMCo's CEO

AIMCo's Board of Directors appointed me permanent CEO in December of 2025, after more than a year in the position on an interim basis.

Since my first day at AIMCo, I have been focused on strengthening the organization and ensuring we are fulfilling our mandate to provide cost-effective, highly capable investment management in the best interests of our clients.

Plan members rely on us to be disciplined, responsible stewards of the funds entrusted to us. That responsibility requires long-term orientation, prudent risk management, and careful decision-making to support the long-term strength of your plan through changing market conditions.

Over the past year, we have taken clear steps to improve discipline around costs and to ensure our investment strategies align with MEPP's objectives and risk appetite. We are in the final stages of strengthening the technology, data and processes that support our work for clients. These efforts are focused on building a more resilient organization that can continue to deliver high-quality investment management over the long term.

Just as importantly, we remain firmly committed to clear and transparent communication with the boards and administrators who represent you, particularly in uncertain markets, where timely and candid

dialogue matter most. Our aim is to provide straightforward reporting on performance, costs, and how portfolios are positioned to meet long term objectives.

“Our aim is to provide straightforward reporting on performance, costs, and how portfolios are positioned to meet long term objectives.”

I'm proud of the work our team does on behalf of MEPP members, and I'm committed to leading AIMCo with a steady hand, focused on disciplined execution, thoughtful risk management, and positive long-term outcomes. We take this responsibility seriously, and it defines our purpose.

Ray Gilmour

Chief Executive Officer
Alberta Investment Management Corporation
(AIMCo)

AIMCO ARTICLE

A Supply-Driven Oil Shock

The conflict with Iran has reminded investors of an old truth: geopolitics becomes an economic story when it disrupts energy markets. We've seen consequences rippling through gas stations, grocery stores, and the offices of central bankers on both sides of the 49th parallel.

A Strike to the World's Energy Jugular

The Strait of Hormuz – a narrow shipping route between Iran and Oman – carries about a fifth of the world's traded oil. Since the United States and Iran entered open conflict earlier this year, that route has been effectively blocked. In response, oil prices rose above US\$110 per barrel, prompting the International Energy Agency to describe this as the greatest global energy-security threat in recorded history.

This is different from what we often see. Prices rose because less oil is available, not because demand was higher. The distinction is important.



When demand causes inflation, central banks can slow it down by raising interest rates. When supply is the issue, rate hikes cannot produce more oil. This raises the risk of stagflation: a mix of slower growth and higher prices at the same time. Beyond oil, disruptions in the Gulf affect fertilizers, plastics feedstocks, and helium – essential for semiconductor manufacturing. This impacts food prices, manufacturing costs, and technology supply chains.

“When demand causes inflation, central banks can slow it down by raising interest rates. When supply is the issue, rate hikes cannot produce more oil.”

The Inflation Arithmetic

Standard economic models estimate that a 10% increase in oil prices reduces global GDP growth by 0.2 to 0.3%, while increasing headline inflation by a similar margin. In the first four weeks of conflict, the price of oil increased roughly 60%, raising the risk of a global economic recession. Canada is better shielded than most. By producing more oil than it consumes, our country benefits from higher energy prices, which also boost national income. However, Canadian households still feel the impact of higher gasoline costs, and with unemployment at 6.7% in February and wage growth slowing, the economy has limited capacity to withstand a prolonged shock.

Central Banks: Patience Under Pressure

The U.S. Federal Reserve kept interest rates steady in March, demonstrating that the conflict's effects remain highly uncertain. That caution makes sense given that higher rates cannot increase crude oil output and easing too quickly risks allowing inflation expectations to rise. A patient approach, focusing on data rather than a rapid response, is likely the most suitable stance in the near term.

The Bank of Canada encounters a similar challenge amid a softer economic environment. It kept the policy rate steady at 2.25% in March, recognizing weaker growth outlooks alongside persistent inflation risks stemming from energy prices and the impact of tariffs flowing through to consumer prices. While headline CPI decreased to approximately 1.8% in February, core inflation stays somewhat above

the 2% target. We anticipate a rate cut later in 2026, assuming the conflict does not escalate further.

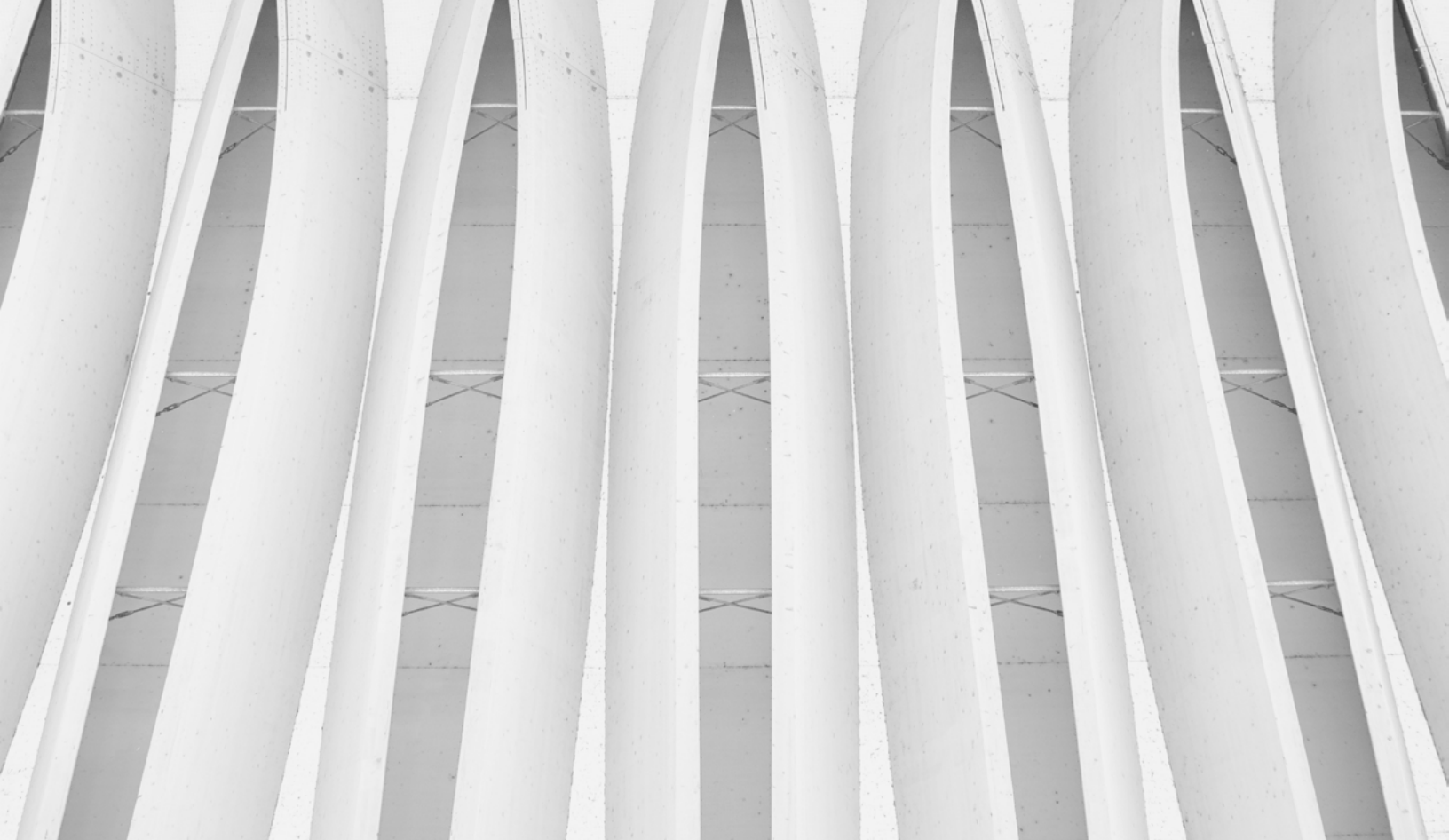
Markets: Two Big Stories, One Collision

Markets are reacting to two forces at once. The first is geopolitical risk, which has boosted energy stocks and led to interest in more defensive assets. The second involves artificial intelligence, where excitement for data centres and digital infrastructure drove remarkable valuations earlier this year. The issue is that these stories now clash. AI demands a lot of energy, requires significant capital, and is very sensitive to rising bond yields. The sectors most eager to adopt AI, including financials, manufacturing, and media, are also the ones most vulnerable to an economic slowdown. If their revenues decline, demand for costly AI services might fall, putting high-technology valuations to a tough test.

Shocks Fade, Discipline Lasts

History offers some comfort. During the 1990 Gulf War, global equities fell 10% in the first month before recovering fully and gaining the same amount over the following year. Underlying economic trends ultimately mattered more than the initial shock, and pension funds, built for precisely this kind of moment, are designed to withstand volatility without panic.

In a world with increased geopolitical tensions, inflation could become more unpredictable, central banks are likely to act more cautiously, and markets may experience greater volatility compared to just a few months ago. For long-term investors, maintaining discipline remains the most prudent approach.



Contact Us

The Board is committed to good governance and welcomes your feedback. Please reach out to us with any questions related to Plan governance.

MEPP Member Services Centre

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(toll-free)

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Board Chair



Dale Beesley
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Shannon Patershuk
Board Member



Jonathan MacLeod
Board Member



Shaun Peddie
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Nathaniel Smith
Board Member