

The Management Employees Pension Board (the Board or MEPB) is pleased to present the summer edition of its member newsletter.



## In this Issue

We are pleased to present the following information for the interest of all MEPP members:

Governance Update .....	2
MEPP Financial Overview .....	3
MEPP Administration Activity.....	5
The Value of Annual Statements .....	7
Close to Retiring? Start with a Plan .....	7
Important Information for Plan Members.....	8
How a Leave of Absence Affects Your Pension .....	8
Understanding Combined Pensionable Service.....	9

## Message from the Chair

Recent past editions of the Member Newsletter have described the Board's perspective on risk and related impacts. For more information, view [the archives](#) on the MEPP website. For context on risk as it relates to the Board's priorities for business planning activity, please see the [Governance Update](#) in this newsletter.

The Board, in its capacity to oversee governance for the Plan on behalf of the Trustee, conducts business and strategic planning activities for the Management Employees Pension Plan (MEPP) which include the appropriate assessment of risk. Simply put, risk represents any factors of uncertainty that can impact the Plan. The Board regularly consults with pension and investment experts to actively monitor issues, both actual and potential, as well as the related impacts.

At times like this, when it seems little comes with a guarantee, MEPP members may feel secure in the pension promise that comes with belonging to a defined benefit plan and in knowing the pension amount they will receive someday is not tied to contribution amounts or investment activity. In other words, despite broad indications of risk across the pension landscape, some things may still be relied upon.

Analysts from across professional industries continue to monitor implications of the COVID-19 pandemic despite a marked decline in cases worldwide. Earlier this spring, with

the lifting of most health restrictions, Albertans returned to near-normal life after two long years; however, we know that some fallout will continue to leave its mark in other ways.

While the economy seeks a path to recovery, cost-of-living trends right now reflect rates not seen in decades. To counter these inflationary pressures, the Bank of Canada is imposing interest rate hikes but only time will tell when relief can be expected. Meanwhile, the price at the pumps and local grocery stores are just some of the ways we are visibly reminded that, while there is much to celebrate, there is still a long way to go before full recovery from COVID is realized.

Since February, further indeterminate uncertainty has followed the Russian invasion of Ukraine. This situation resonated across the globe for many reasons, not least of which is the resulting humanitarian crisis. Economic sanctions have further disrupted key supply chains across Europe and beyond, as well as the global commodities trade. In the short term, we know the resulting ripple effect has spanned the international markets; however, the full volatility of this situation, which has the potential to significantly alter foreign relationships and investment activity is yet unknown.

The Board is paying close attention to the Plan Investment Manager's perspectives on the global economy and geopolitical risk mitigation strategy. As part of the initial response to the Ukraine crisis, the Alberta Investment Management Corporation (AIMCo) released a statement on

[continued on next page]

March 1 to declare its divestment of all Russian holdings. The complete statement can be found [here](#).

Broadly, we are faced with a unique array of challenges that present heightened risk impacts to pension investments. Closer to home, Statistics Canada reported [in April](#) that the latest national census data indicates 21.8% of Canada's workforce is on the verge of retirement, which is an all-time high. This trend comes with significant considerations where mature pension plans, like MEPP, are concerned; however, it must be emphasized that the news is not all bad. AIMCo also [recently reported](#) its own record-breaking performance for investment activity in 2021, which bodes well for the health of the Plan Fund.

The Board will continue to proactively monitor these and other developments as they relate to the Plan and its investment portfolio. We are pleased to present this newsletter as a snapshot of recent major activity. As always, we welcome your comments, questions and feedback: [board@mepp.ca](mailto:board@mepp.ca)

**Jon Himmens, MEPB Chair**

*Jon Himmens*

## MEPB Governance Update

**The Board's business planning activities build upon strategic awareness, risk assessments and other foundational work.**

The Board seeks to identify and manage key risks that may threaten the achievement of the policy and business objectives of the Plan. In 2021, the Board performed awareness scanning activities to better understand risk in consideration of the current pension environment and future potential impacts. In 2022, given the number of unusual global crises and other issues that can directly affect the Plan, the Board will continue to broadly examine risks and impacts as part of its risk management priority.

Strategic priorities are aligned to the Board's overall vision and mission and help guide the direction of goals and deliverables in years to come.

The Board continues to prioritize effective monitoring of MEPP funding to maintain the current level of promised benefits while ensuring the financial sustainability of the Plan and managing the Plan's funded position from any adverse risks.

Appropriate investment of Plan assets, to ensure investment returns are maximized to meet the long-term objectives of the Plan and diligent fiscal management, will also continue to be Board priorities.

## 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 as well as ensuring effective Plan administration.

## MEPB Publications

View the *MEPB and Plan Governance* tab on the [MEPP website](#) for communications, policies, reports, and more.





## MEPP Financial Overview

The Board regularly reviews actuarial valuations, annual financial statements, quarterly investment performance reports and other key reporting to stay informed of the funding status of the Plan.

### Funded Status

Actuarial valuations are a point-in-time snapshot of the financial health of a pension plan. They determine the current financial position as well as future contribution rates needed to fund a plan.

As established in legislation, the MEPP Actuary is required to complete and file a valuation at least every three years on behalf of the Plan's Trustee, the President of Treasury Board and Minister of Finance, to determine the Plan's funded status and required contribution rates. Additionally, the Board collaborates with the Actuary and the Trustee to conduct interim valuations every two years, or at any other interval that may be determined as necessary, in order to actively monitor the financial health of the Plan.

The next triennial valuation for funding purposes is currently being performed for the year ending December 31, 2021, and will be concluded in 2022.

The Plan Actuary also completes an extrapolation of the MEPP Fund annually. The following table provides the current MEPP extrapolation results:

### MEPP's Extrapolated Funding Position \*

\$ (thousands)	2021	2020
<b>Actuarial Value of Assets</b>	\$5,944,565	\$5,583,883
<b>Actuarial Liabilities</b>	\$5,584,443	\$5,236,136
<b>Surplus (Deficit)</b>	\$360,122	\$347,747
<b>Funded Ratio</b>	1.0645	1.0664

\*Extrapolated liabilities for 2021 are based on the assumptions and data described in the December 2020 funding valuation summary report. Extrapolated liabilities for 2020 are based on the assumptions and data described in the December 2018 funding valuation report. The respective asset fluctuation adjustments are determined using the method set out in the December 2018 funding valuation report.

It is important to note that, while the extrapolated values are used to determine the actuarial information for annual financial statement reporting, the numbers found in each of these reports may differ because they have different objectives, are conducted according to different standards, and use different cost methods and assumptions.

The 2021 MEPP Annual Report and Financial Statements will be published later this summer. The 2020 report can be found [here](#).

## Investments

The Board's Investment Committee regularly reviews MEPP's investment results with AIMCo and with the assistance of the Board's Investment Consultant. Throughout the year, the Board publishes [quarterly updates](#) for Plan members, which include the latest market, investment and membership information. Results from the latest report are provided as follows.

### Market Value (Unaudited)

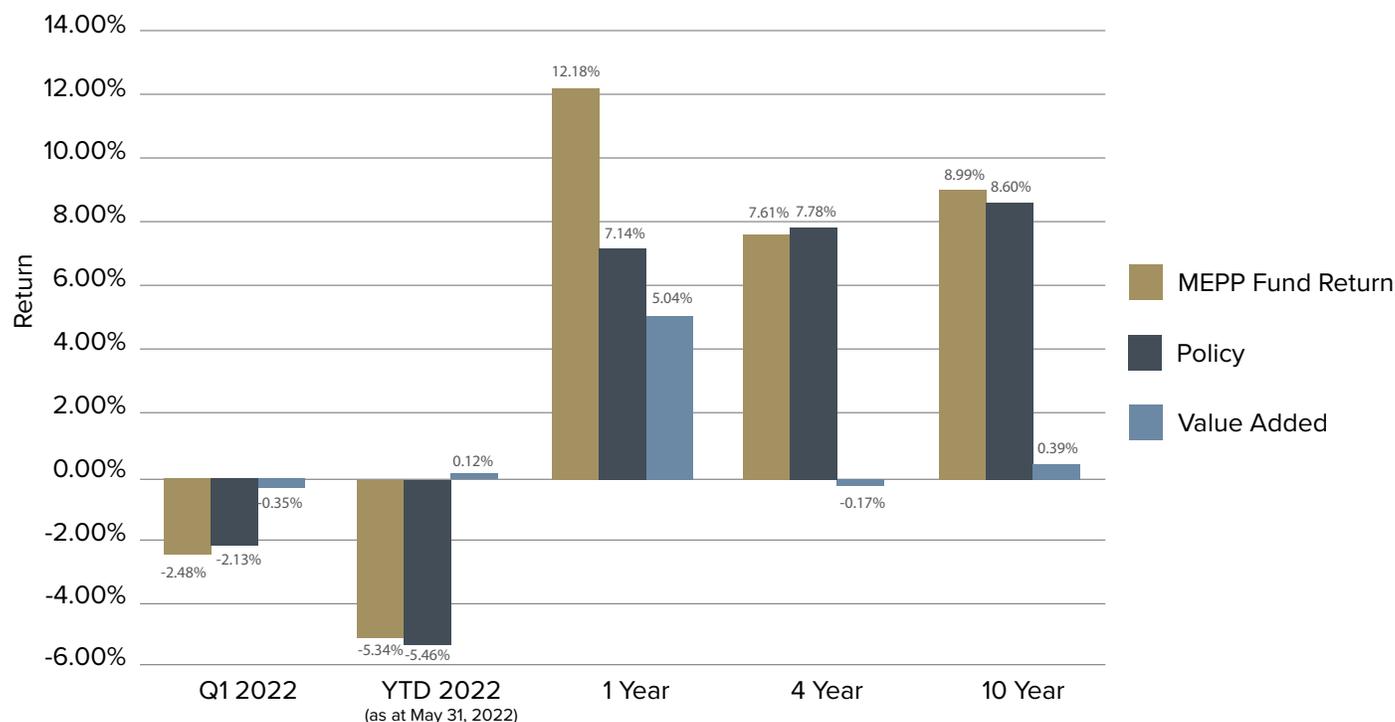
Market values for Q1 2022, as well as the four previous quarters are:

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Beginning Market Value</b>	<b>\$5,621,868,816</b>	<b>\$5,789,656,861</b>	<b>\$6,091,609,138</b>	<b>\$6,208,865,575</b>	<b>\$6,563,074,415</b>
<b>Net Cash Flow*</b>	\$(27,584,869)	\$(36,053,145)	\$(32,501,649)	\$(21,730,785)	\$(38,321,876)
<b>Investment Income</b>	\$195,372,915	\$338,005,390	\$149,758,086	\$375,939,628	\$(162,773,354)
<b>Ending Market Value</b>	<b>\$5,789,656,861</b>	<b>\$6,091,609,138</b>	<b>\$6,208,865,575</b>	<b>\$6,563,074,415</b>	<b>\$6,361,979,186</b>

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

### Investment Performance (Unaudited)

The investment performance in Q1 2022 was -2.48%, which was below the policy requirement of -2.13% for a value add of -0.35%. The long-term investment performance return for the MEPP Fund is depicted here:



- 'MEPP Fund Return' is the actual investment return for the period
- 'Policy' is the return required by MEPP's [Investment Policy](#)
- 'Value Added' is the investment return over or under policy

# MEPP Administration Activity

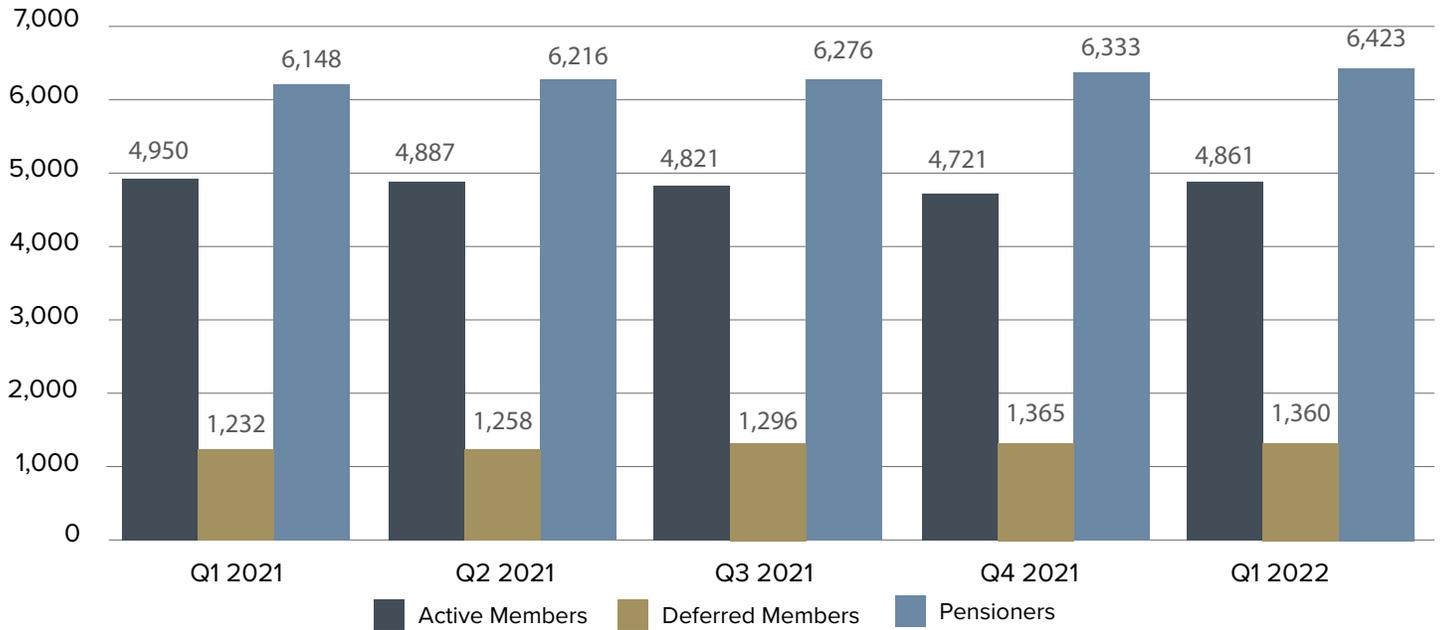
Another key to understanding Plan risk is to maintain ongoing awareness of the membership activity.

Alberta Pensions Services Corporation (APS), as the Plan Administrator, provides important membership data in its quarterly services reports. As part of its ongoing work, the Board regularly monitors this data for trends that may affect the health of the Plan.

## Membership Trends

As any pension plan matures, the ratio of its active members (those contributing to the pension fund) versus pensioners (those drawing funds via pension payments) changes and moves towards more pensioners than active members.

The MEPP membership highlights from the Q1 2022 Quarterly Services Report follow.



Since Q4 2021:

**Active Members**



**up 3.0%**

**Deferred Members**



**down 0.4%**

**Pensioners**

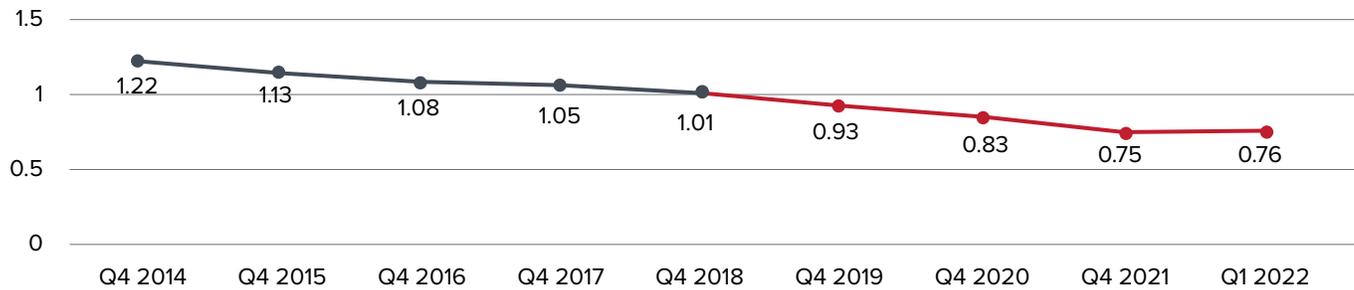


**up 1.4%**

The number of active members increased 3.0% from Q4 2021 and decreased 1.8% from Q1 2021. The number of deferred members decreased 0.4% from Q4 2021 and increased 10.4% from Q1 2021. The number of pensioners increased 1.4% from Q4 2021 and increased 4.5% from Q1 2021.

There is an increase in active membership in Q1 due to a pension system matter. Due to resolution of the matter, the number of active membership will be revised later this year.

Overall, the current ratio of working-to-retired members increased from 0.75:1 in Q4 to 0.76:1 in Q1 2022. The broader trend over time can be seen here:



As MEPP is a mature pension plan, the Board is aware of the active membership and continues to monitor Plan maturity as part of its risk analysis.

## Client Service Statistics

### Alberta Pensions Services continues to enhance its service features to help improve the pension experience for Plan members.

In addition to the benefits of the automated pension administration system, which centralizes member data management, reduces calculation complexity and risk of errors, and improves overall speed for pension processing and finalization, Plan members are also benefitting from improved access to self-service tools.

As the Plan Administrator, Alberta Pensions Services values member feedback. Information about service interactions, both in terms of quality and efficiency, are regularly recorded and reported to the Board. The Voice of the Customer (VOC) score is one such measure used to assess ongoing satisfaction with the member service experience.

As measured quarterly, the Voice of the Customer scores reflect some of the direct value that members are realizing from enhanced system upgrades. Here, results for the past year are shown by quarter and according to reason for the call. Mild fluctuation between quarterly results in mid-to-late 2021 depicts real-time trouble shooting and support solutions as automation features were introduced or improved throughout the year.

The Voice of the Customer target is 8.2/10. The score in Q1 2022 was 8.5/10:

	Q1 2021		Q2 2021		Q3 2021		Q4 2021		Q1 2022	
	Score	Response								
<b>Buybacks</b>	8.0	1	7.8	6	8.0	9	N/A	N/A	8.7	6
<b>Retirements</b>	7.7	75	8.2	67	7.9	61	8.0	61	7.9	69
<b>Terminations</b>	7.9	18	7.2	10	8.2	12	7.6	12	7.8	19
<b>Transfers</b>	4.9	7	7.4	12	4.1	7	9.0	4	6.1	9
<b>Overall</b>	8.4	387	8.3	231	8.0	196	8.2	148	8.5	355

In 2022, Alberta Pensions Services continues to look for opportunities to transition more of its manual processes into the pension administration system which will further increase automation capabilities, reduce risk, and continue to improve the customer experience overall.

# The Value of Annual Statements

**Annual statements are a convenient summary of your personal pension details.**

When employers report their employees' service, salary and other information for the year, those details are directly used to produce annual statements for members and pensioners.

Annual statements can be a valuable tool when it comes to financial and retirement planning, as well as when talking to employers about long-term absence or leave planning. In addition to up-to-date salary and service information, annual statements contain the amount of pension contributions made that year, the accumulated total value and the interest earned over time. They also contain current information, like beneficiary details.

**When will my annual statement be sent to me?**

- **Active MEPP members - sent by June 30, or within 30 days of the employer submitting information.**
- **Deferred members - sent by September 30.**

While annual statements are normally sent by mail, using the Go Green program allows MEPP members and pensioners to opt to receive them electronically via Your Pension Profile. Beyond the merits of an eco-friendlier format, members will receive an email notification as soon as their annual statement is uploaded, which may be faster than the timings indicated above.

## Close to Retiring? Start with a Plan

**It is never too soon to start planning for retirement.**

If you are within two years of the date you plan to retire, MEPP offers a variety of information to help you understand the retirement process to ensure a smooth transition into the next chapter of your life.

Consult the [MEPP website](#) for information and resources specific to retirement. To save valuable time, most steps can be completed online.

The [retirement checklist](#) is one of the convenient tools that can guide you through each step, including:

- Completing an online pension estimate or other calculation.
- Updating your personal information and documentation, including your contact information, pension partner status, beneficiaries, and proof of age.
- Determining a retirement date. Work with your employer to ensure your vacation time and health benefits are considered.
- Choosing a pension option and filling out the proper forms.
- Submitting the application. This should be done **three months** before your preferred retirement date.
- Receiving your pension payment.

If you still have questions about retirement, use the online booking tool found in [Your Pension Profile](#) to schedule a one-on-one session with a pension specialist. They can walk you through the more complicated aspects of retirement, such as scenarios involving relationship breakdowns or coordination.

**Start planning now.** Even if you are not retiring, any Plan member at any stage of their career can use the online resources to review information and ensure details, like beneficiaries, are up to date.





## Important Information for Plan Members

**MEPP members have access to an important online tool that helps them stay current and plan for retirement.**

Active and retired Plan members can use [Your Pension Profile](#) to access, manage and edit personal pension information any time, from anywhere.

Some of the features of this convenient online tool include:

- A secure direct electronic channel to send and receive sensitive personal pension information, including direct messaging to connect with the Member Services Centre.
- Access to printable documents such as annual statements or tax slips.
- Quick-view dashboards to see and manage critical member profile data, such as a mailing address, direct deposit information or beneficiary details.
- At-a-glance service and salary history, as well as calculators and estimators, to see the value of your future pension.

As an added bonus, members can opt to Go Green which means timely access to annual statements, tax slips, newsletters and other Plan news all delivered in an eco-friendly, electronic format.

To access Your Pension Profile, visit the [MEPP website](#) and click “Login” in the upper right corner.

## How a Leave of Absence Affects Your Pension

**Purchasing service is another important Plan feature for MEPP members.**

A leave of absence is any period of leave from work without salary, such as parental leave, sick leave or unpaid vacation. This leave creates a gap in your pensionable service, which in turn affects your future pension amount. Even small breaks in service will affect your future pension.

The good news is that MEPP members can choose to buy back these periods of leave, which will fill in that gap. The great news is that up to three years of parental leave and five years of any other kind of leave can be purchased. Best of all, the first full year of any service buyback is cost-shared with your employer.

The process is simple. When an employee takes a period of unpaid leave, their employer reports this information to MEPP and a Buyback Proposal is sent. The member will receive a comprehensive package that outlines the amount of leave available to purchase as well as the cost. It also explains other important details, such as different ways to pay for the leave and any relevant deadlines. You can even choose to mail back the paperwork or submit it online.

Still considering whether to buy back your service?

Visit the homepage of the [MEPP website](#) to log in to [Your Pension Profile](#). Here, you will find helpful information and tools related to buybacks, such as the Pension Projection Tool, that can help you understand the cost of a leave period and the effect it could have on your future pension.

# Understanding Combined Pensionable Service

## MEPP has a relationship with the Public Service Pension Plan.

Many MEPP members have combined pensionable service (CPS) because they moved between the Public Service Pension Plan (PSPP) and MEPP while keeping the same employer and without a break in service. This most often happens as the result of an employee promotion into a management position.

When you have CPS and you retire, you will receive two separate pensions: one from MEPP and one from PSPP. Plan members with CPS can use the pension projection tool found in [Your Pension Profile](#) to view important information and run estimates.

Visit the [MEPP website](#) to learn more about the advantages of CPS and how it relates to vesting, unreduced early retirement, highest average salary, transferring, buybacks, the 35 year service limit and more.

## Your 2022 Board



**Jon Himmens**  
MEPB Chair  
and Investment  
Committee member  
(employer nominee)



**Dale Beesley**  
MEPB Vice-Chair  
and Investment  
Committee member  
(employee nominee)



**Shannon Patershuk**  
MEPB Investment  
Committee Chair  
and MEPB member  
(employer nominee)



**Deborah Polny**  
MEPB Investment  
Committee Vice-Chair and  
MEPB member  
(employer nominee)



**Brittany Jones**  
MEPB and Investment  
Committee member  
(employee nominee)



**Sherri Wilson**  
MEPB and Investment  
Committee member  
(employee nominee)

## Contact

The Board welcomes your feedback. Please reach out to us with any questions related to Plan governance. You can also submit suggestions for topics you would like to see covered in future editions of the *Member Newsletter*.

Management Employees Pension Board  
Telephone: 780-391-3584  
Email: [board@mepp.ca](mailto:board@mepp.ca)

### **For Plan-specific inquiries or to discuss your personal pension information, please contact:**

MEPP Member Services Centre  
Telephone: 1-877-889-MEPP (6377) (toll-free)  
Fax: 780-421-1652  
Email: [memberservices@mepp.ca](mailto:memberservices@mepp.ca)

*Information contained within this newsletter is provided solely for information purposes. The Management Employees Pension Board, in its advisory capacity, does not speak on behalf of the Trustee (the President of Treasury Board and Minister of Finance). To review to the complete mandate of the Board and the Minister, members should refer to the [Public Sector Pension Plans Act and Alberta Regulation](#).*