



STAKEHOLDER GOVERNANCE SESSIONS

October 27, 2017

Agenda

Welcome and Introductions

Segment 1

- Overview of MEPP Governance Structure
- Overview of the Plan
- Current Plan Status
- Q&A

Segment 2

- 2017 MEPB Activities
- Issues and Trends
- MEPB Strategy
- MEPB Business Plan
- Q&A

Wrap Up



Our Team



SONYA JOHNSTON
Board Chair



DON SMALLWOOD
Board Vice-Chair



KIM FLYNN
Board Member



JAMES FLEMING
Investment Committee Chair



MICHAEL LUNDQUIST
Investment Committee Vice-Chair

Our Team



BRENDA CHISHOLM
Plan Board Director



MATEA MARIC
Senior Board Specialist



JULIA QIU
Board Research Analyst



CRYSTAL MOREAU
Plan Board Assistant



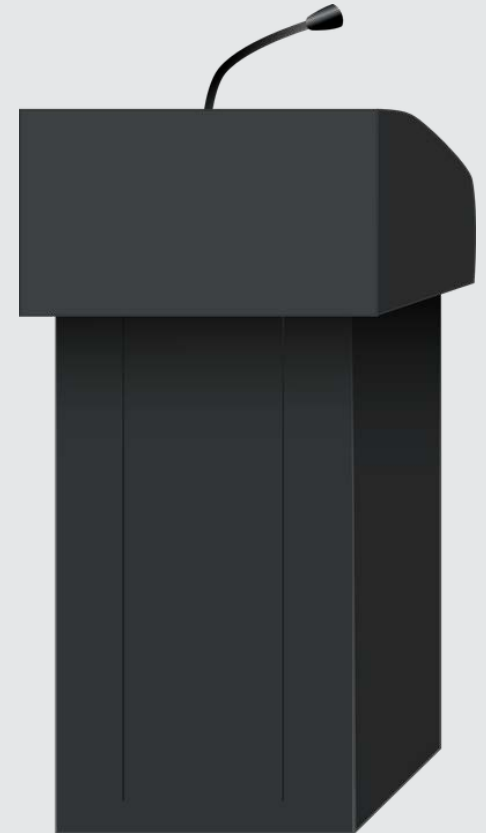
BRAD BONDY
External Investment Consultant,
Ellement Consulting



JOHN SLIPP
External Actuary, Consultant,
Aon Hewitt

Welcome and Introductions

- Sonya Johnston, Chair and Moderator
- John Slipp, Aon Hewitt – MEPP Actuary – Presenter
- Brad Bondy, Ellement Consulting Group, Board Investment Consultant - Presenter
- MEPP Board Members – Presenters
- Brenda Chisholm, Plan Board Director – Board Staff and Moderator
- Matea Maric, Senior Specialist – Board Staff
- Julia Qiu, Board Research Analyst – Board Staff



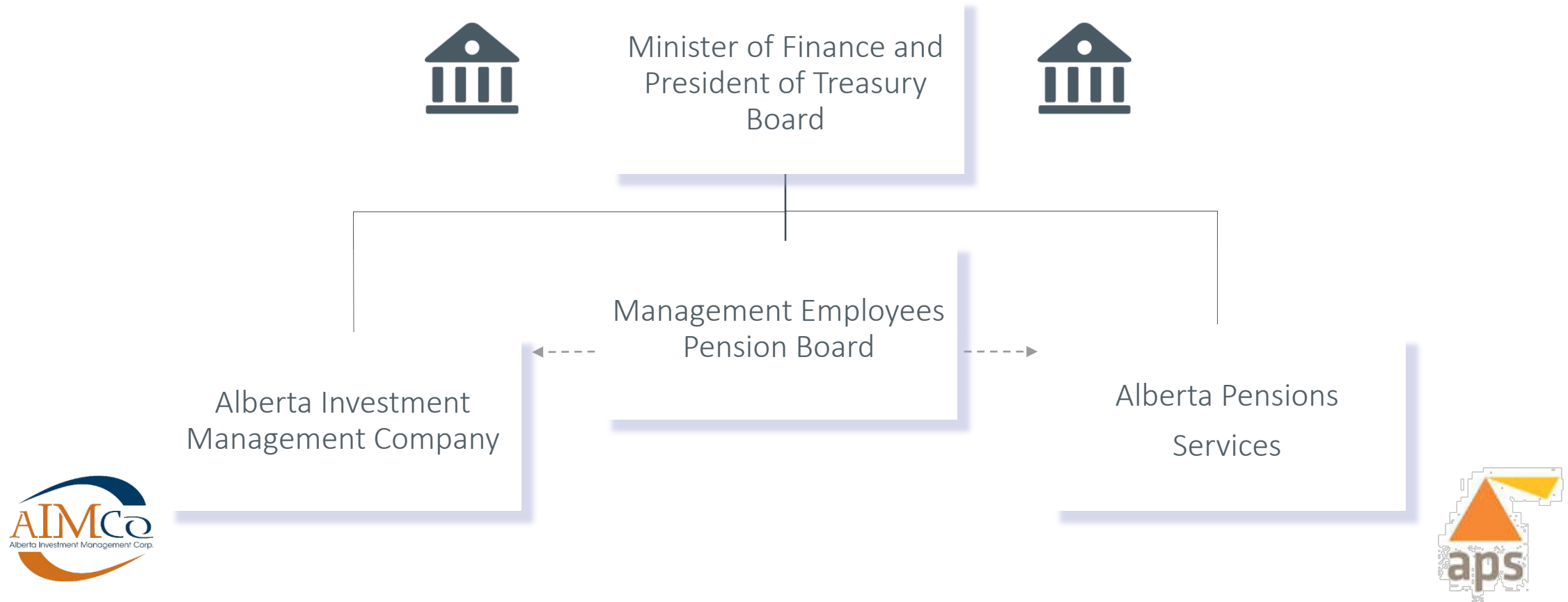


At the end of each segment we will have a Q&A session; if you have a question please queue at one of the microphones.

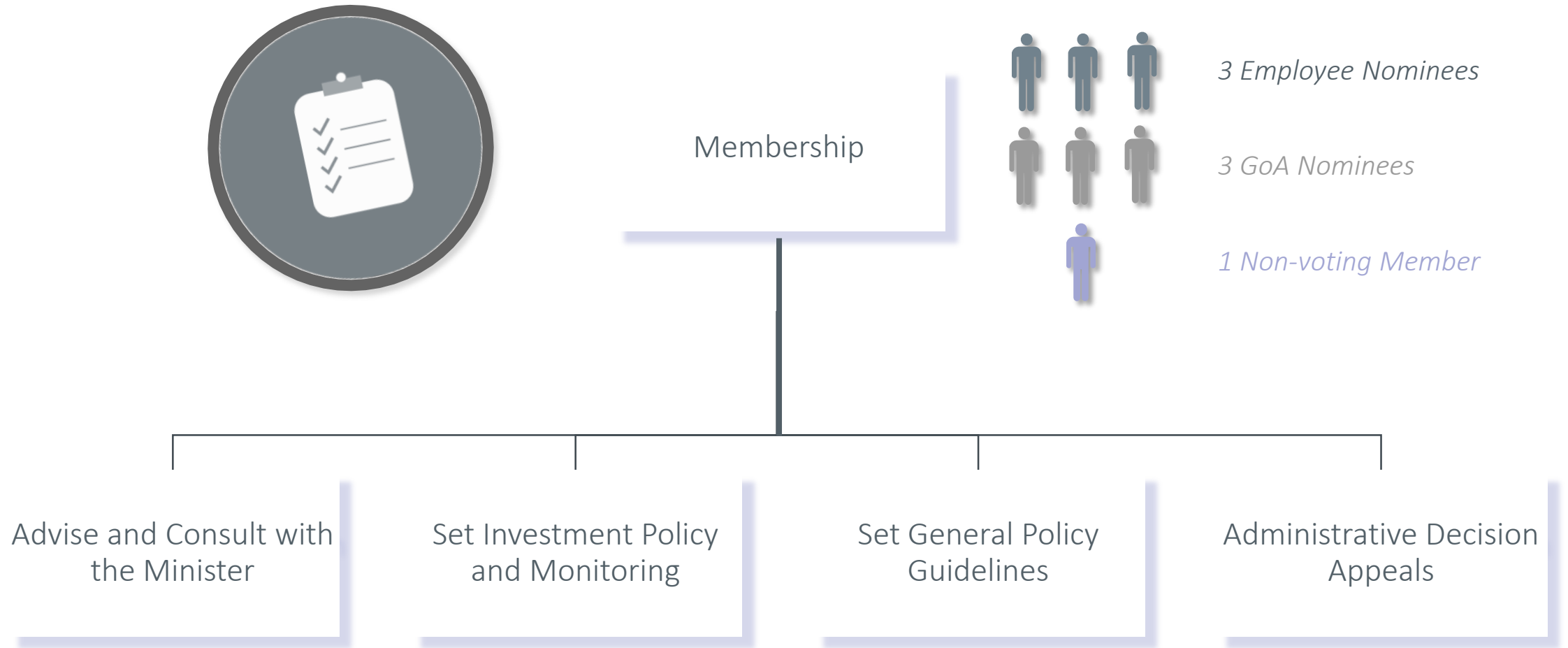


SEGMENT 1

Overview of MEPP Governance Structure



MEPB Membership and Role





Overview of the Plan



MEPP is a
defined benefit
pension plan



Benefits are paid
according to a
formula

MEPP has some of the highest levels of benefit permitted by tax legislation including

1

Pension formula is 2%
of average earnings

2

Enhanced early
retirement

3

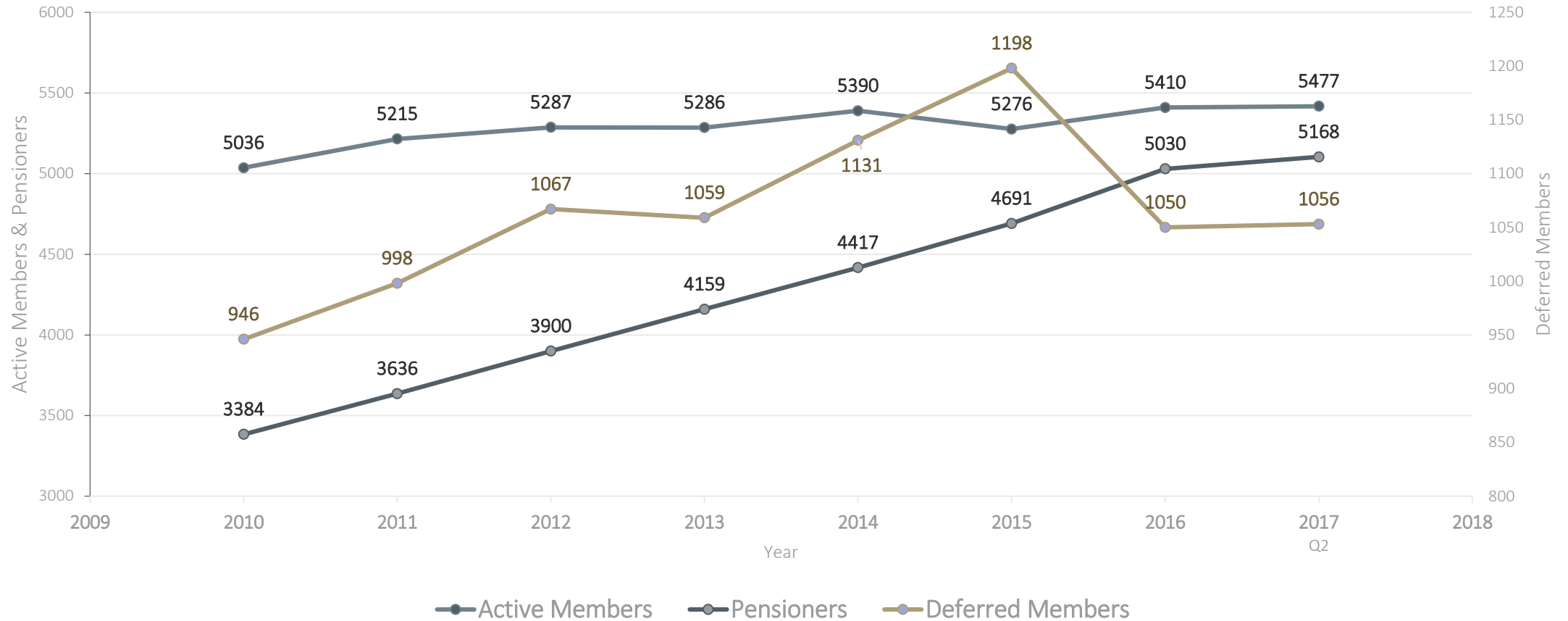
Subsidized survivor
benefit

4

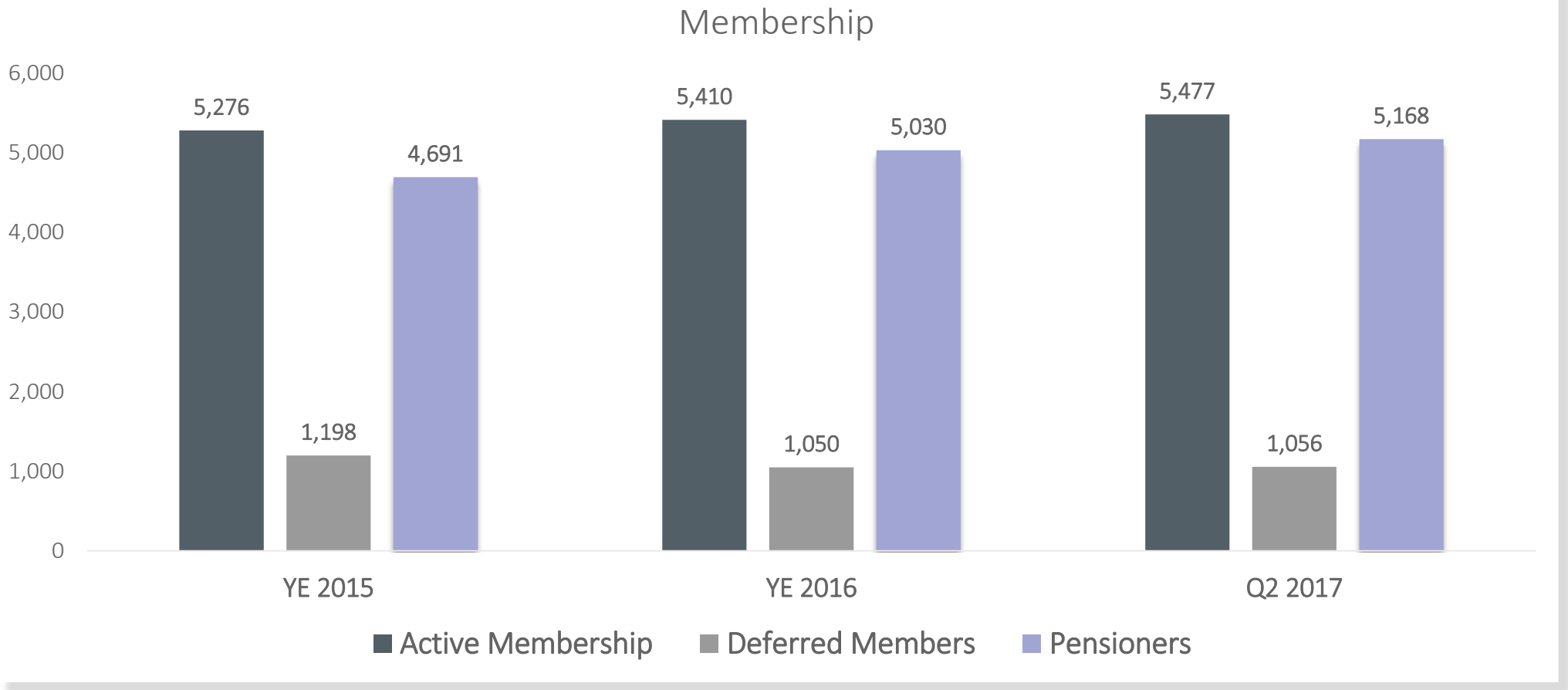
Cost-of-living
adjustment (COLA)

Current Plan Status

Membership Trends 2010 – Q2 2017



Current Plan Status – Recent Membership Trends



Current Plan Status – Funding Status

MEPP has two sources of income



CONTRIBUTIONS



INVESTMENTS

If investment return is insufficient, contributions may be adjusted; both past and future anticipated plan experience will also affect the contribution rate

2015 Actuarial Valuation was complete in 2016.

The next triennial valuation is 2018, to be completed in 2019.

By law, required contribution rates are determined by the results of the Actuarial Valuation



Summary of Valuation and Accounting Results

December 31, 2015	Valuation Results – Going Concern (millions)	Accounting (millions)
Assets	\$3,939	\$4,324
Liabilities	\$4,249	\$4,025
Actuarial Excess/(Deficit)	(\$310)	\$ 299

December 31, 2012	Valuation Results – Going Concern	Accounting
Assets	\$2,861	\$2,986
Liabilities	\$3,249	\$3,289
Actuarial Excess/(Deficit)	(\$388)	(\$303)

Legislative Ratio	December 31, 2015 Valuation
Funded Ratio	0.9271

December 31, 2012
0.8805



Contribution Rates

	Employees	Employers	Total
2017	12.80%	17.20%	30.00%
2016	12.80%	21.85%	34.65%

	Normal Cost	Unfunded Liability	Total
2017	25.04%	4.96%	30.00%
2016	24.45%	10.20%	34.65%

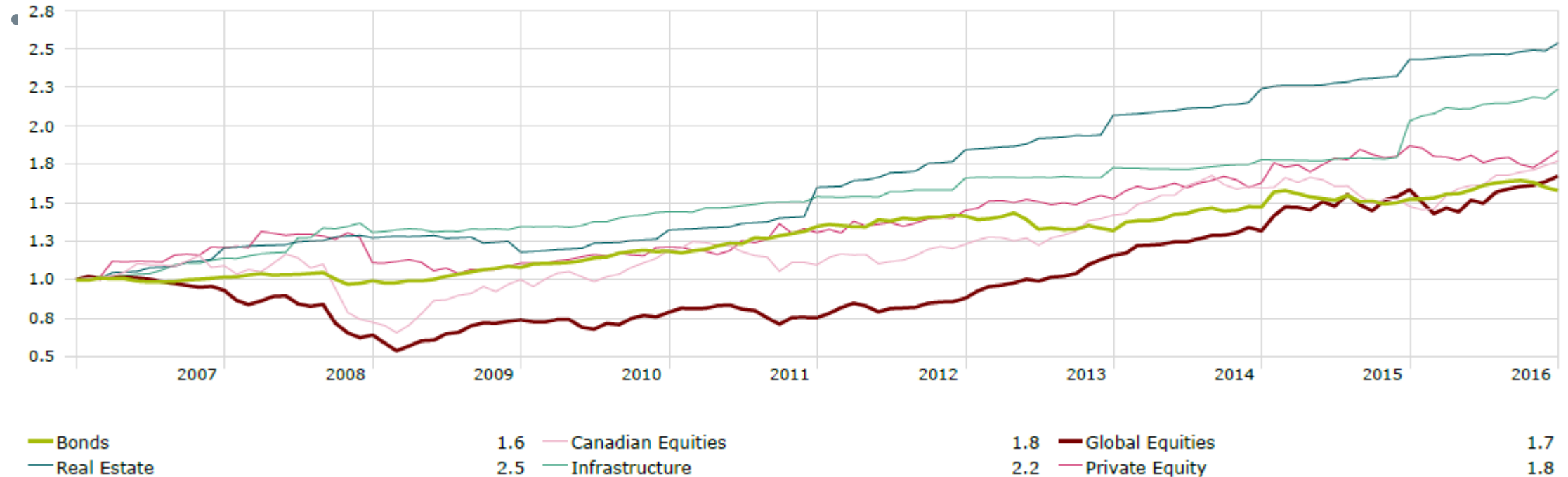
Current Plan Status – Investments

	Q4 2016 (millions)	Q1 2017 (millions)	Q2 2017 (millions)
Beginning Market Value	\$4,523	\$4,606	\$4,756
Net Cash Flow	(\$3)	(\$4)	(\$12)
Investment Income	\$86	\$154	\$47
Ending Market Value	\$4,606	\$4,756	\$4,791

MEPP Investment Performance

Growth of a Dollar – Major Asset Classes

Time Period: 1/1/2007 to 12/31/2016

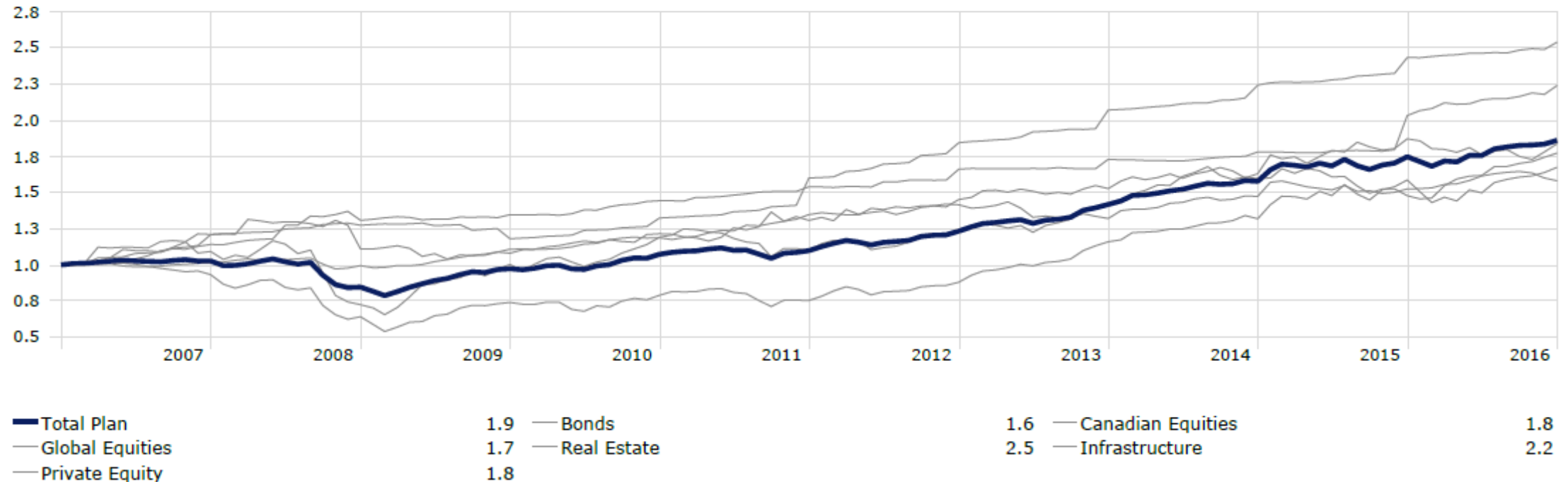


- Growth of a dollar, shown for major asset classes the Plan is invested in
- Results vary widely by asset class – impossible to know in advance which asset classes will perform best

MEPP Investment Performance

Growth of a Dollar – Overall Plan

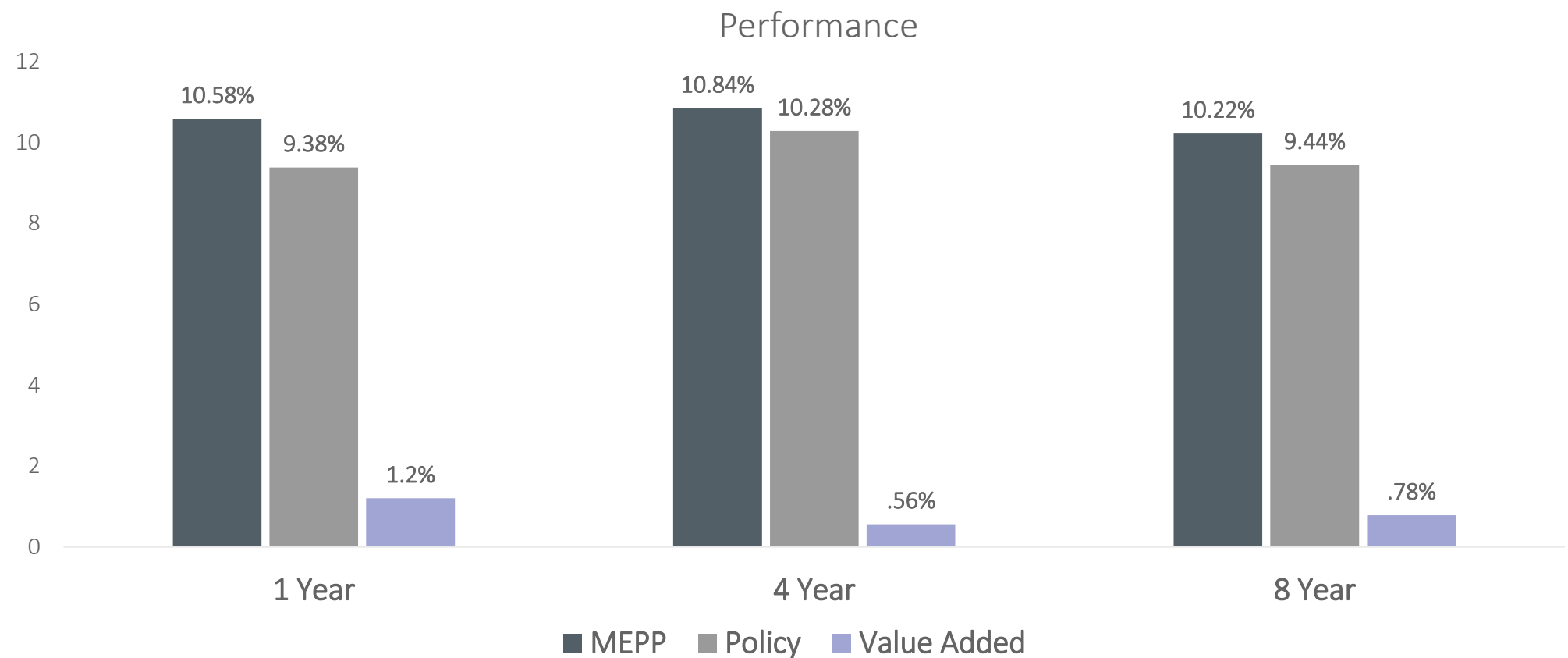
Time Period: 1/1/2007 to 12/31/2016



- Actual plan growth over the last ten years ending calendar 2016 shown as the dark blue line
- A well-diversified blend of asset classes provides a smoother path

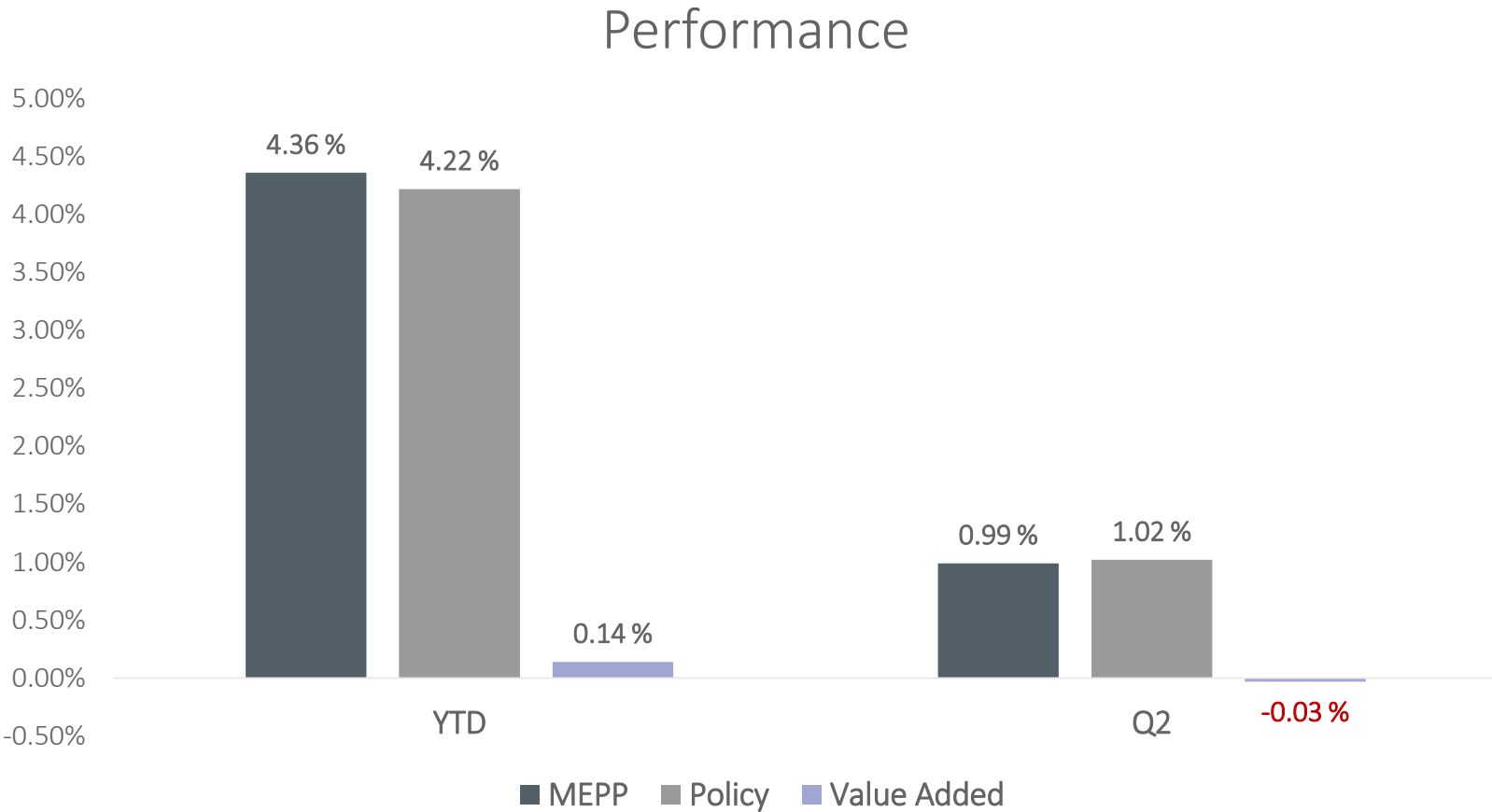


MEPP Long Term Investment Performance



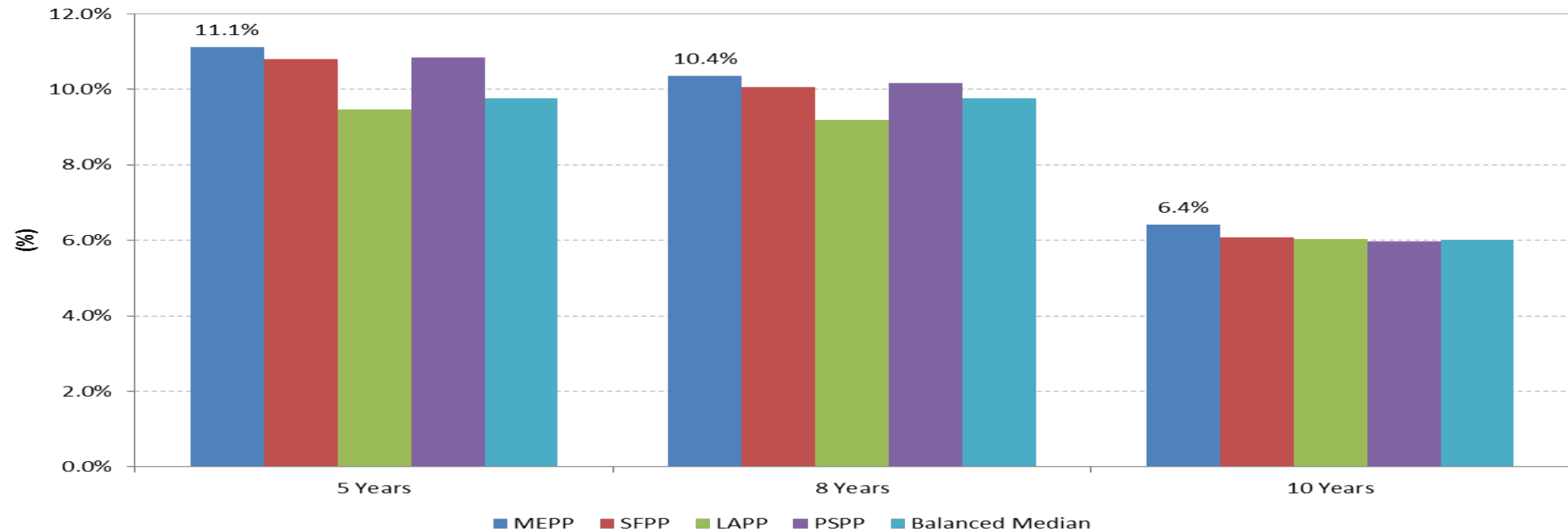


MEPP YTD Investment Performance



Investment Performance Comparison

Pension Plan Performance Comparison
Annualized Return as at December 31st, 2016



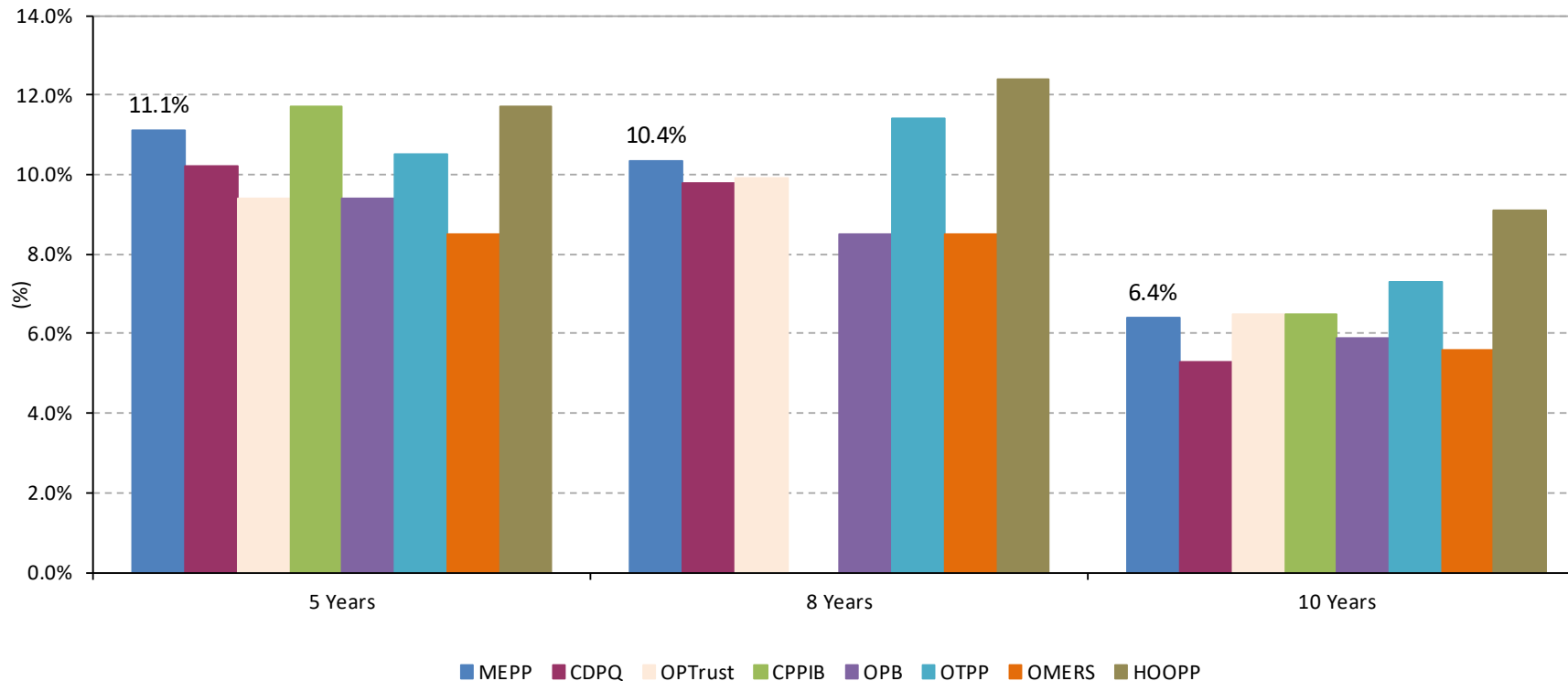
Five, eight, and ten year annualized returns shown for pension plans managed by AIMCo. A Balanced Median, from a universe of Balanced funds, is also shown

MEPP performance is represented by the dark blue bar

Each pension plan has unique liabilities and risk tolerance, so asset mixes vary by plan, but MEPP ranks favourably for the measured periods

Investment Performance Comparison

Top Canadian Pension Fund Performance Comparison
Annualized Returns as at December 31st, 2016



- Five, eight, and ten year annualized returns shown for the largest public pension funds in Canada
- MEPP performance is represented by the dark blue bar
- Results vary between pension funds as each fund has a different asset mix
- Returns for MEPP have generally been in the upper half of this peer group

* bcIMC and PSP do not have December 31 as fiscal year end and therefore results are not comparable

???



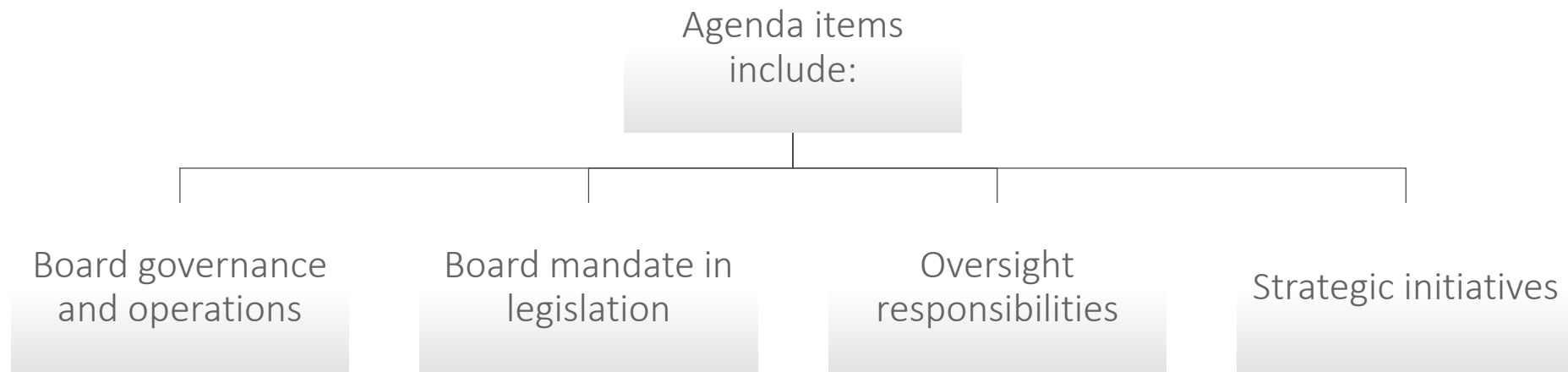


SEGMENT 2



MEPB Activities

(Board and Investment Committee meet a minimum of
4 times per year – one day each for IC and Board)



Issues and Trends

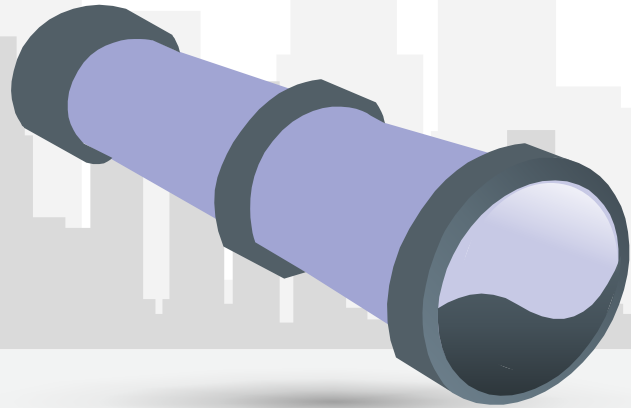
The Board continually monitors issues and trends that may affect MEPP



Currently monitoring:

- MEPP financial health
- Investment returns and reduced expectations for future investment earnings
- Uncertainty in financial markets
- Maturity of MEPP
- Ratio of contributing members to non-contributing members continuing to increase
- Impact of revised mortality table on MEPP funding
- Increasing commuted value payouts

MEPB Strategy and Business Plan 2017 – 2019



Vision

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



Mission

To provide prudent
governance of the
Plan and Fund



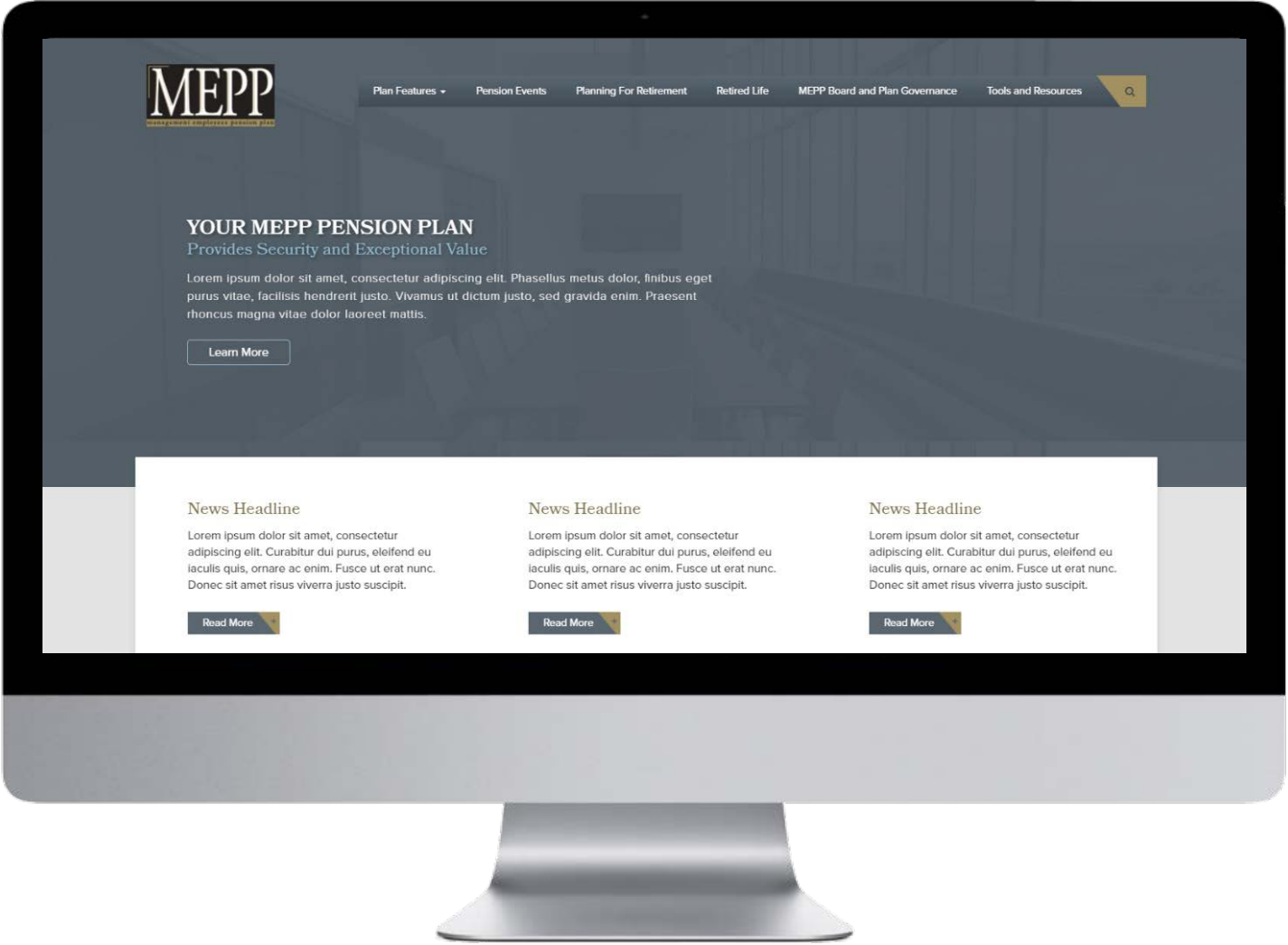
Strategic Priorities

MEPB Strategy and
Business Plan
2017 – 2019

- ☐ Funding and Sustainability
- ☐ Investment
- ☐ Fiscal Management
- ☐ Communication
- ☐ Governance
- ☐ Enterprise Risk Management



WATCH FOR THE NEW MEPP WEBSITE



???





www.mepp.ca

MEPP BOARD



780-391-3693



board@mepp.ca

MEMBERS – MEMBER SERVICES CENTRE



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



780-421-1652



memberservices@mepp.ca

THANK YOU