

2018 Report to Members

Doing it right

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Champa Maduranayagam
Transit planner
Doing it right since 2017



Want an in-person overview of how the plan works and how it's performing? Have questions you'd like to ask us? Join us for the annual general meeting October 17 in the ballroom at the Anvil Centre, New Westminster.

John Inoke
Firefighter
Doing it right since 2010

Doing right by you

Whether you're nearing retirement or beginning your career, you can count on the Municipal Pension Plan to be there for you. Good plan management and long-term investment strategies mean the plan is ready to do right by you, today and in years to come. We regularly review all aspects of the plan to ensure it stays healthy.

Doing it responsibly

The Municipal Pension Board of Trustees has a duty to act in the financial interests of the plan's current and future members. The board believes in responsible investing, and it believes companies that do a good job of managing environmental, social and governance (ESG) matters also have less risk and perform better financially over the longer term. We're part of the Principles for Responsible Investment, which keeps an eye on how ESG issues affect investments.

This year, we collaborated with British Columbia Investment Management Corporation (BCI) on a climate action plan to help us understand the implications of climate change on our investments. This plan addresses BCI's strategies for and commitments to managing climate-related risks and opportunities, and proactive compliance with the Task Force on Climate-related Financial Disclosures.

We also participated in Climate Action 100+, a five-year program calling on companies to curb emissions. The plan

and BCI are among more than 300 large institutional investors that have signed on to collaborate on engagement with the world's largest corporate greenhouse gas emitters. The goal? To improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

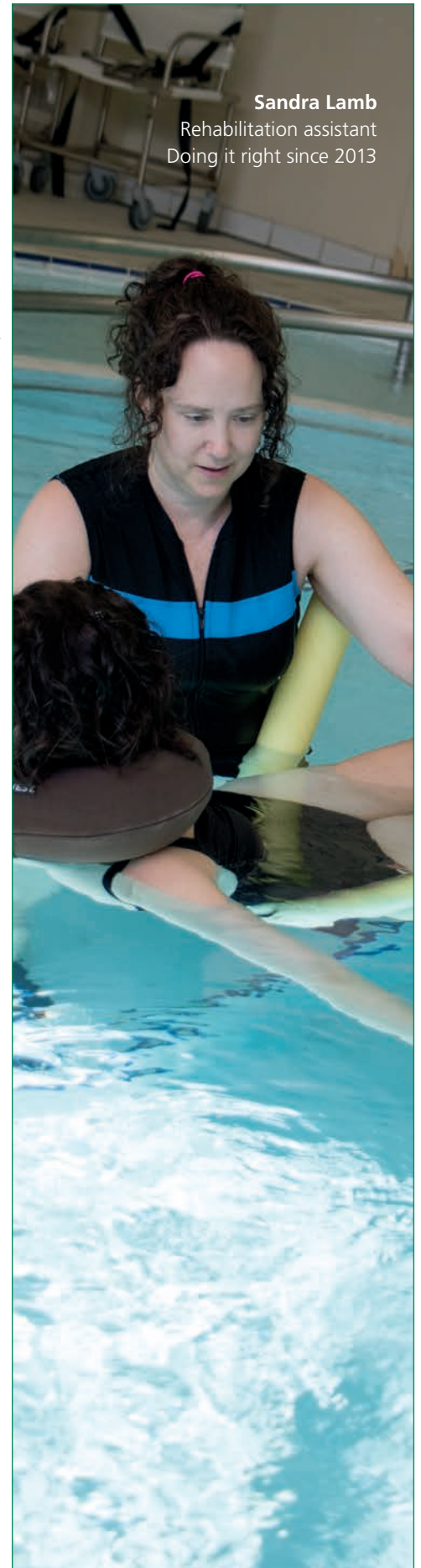
Doing it step-by-step

You may be aware of changes made to some of the other public sector plans, especially if you have family, friends or co-workers who are members of those plans. Plan design changes are part of managing a pension plan over the long term to maintain its health and sustainability for present and future members.

We are future ready, committed to preserving plan value, maintaining sustainability and helping you make the most of your retirement years.

Municipal Pension Board of Trustees

Sandra Lamb
Rehabilitation assistant
Doing it right since 2013



Your pension, your future

Q: When can I retire?

A: The earliest retirement age for most plan members is 55 (50 for police officers and firefighters). If you retire before age 60 (55) and do not meet minimum requirements for age plus contributory service, your pension will be reduced.

To calculate your potential future pension, sign in to My Account on the plan website and use the personalized pension estimator.

Q: How can I be sure the Municipal Pension Plan (plan) will be there when I'm ready to retire?

A: Your basic pension is yours for life. We ensure it will be there for you through regular check-ups: every three years, an independent actuary (a specialist in financial modelling, the laws of probability and risk management) assesses the health of the plan. If this valuation determines there is a shortfall, the trustees must raise contribution rates to put more money into the plan. The most recent valuation (2015) confirmed the plan is healthy and sustainable.



Kelly-Dawn Keitel
Human resources advisor
Doing it right since 2005



Ram Sandhu
Arena supervisor
Doing it right since 2008

Your life.

Changing jobs?

Did you know that more than 930 employers participate in the plan? If you move to another plan employer, your pension moves with you. Other employers across Canada may also allow you to transfer the value of your pension to their pension plans. For more information, visit the plan website.

Ask questions, keep
up to date and
engage with us
 @MyBCMPP

Q: What will my extended health benefits be in retirement?

A: While you're working as an employee, your extended health care (EHC) and dental coverage is likely paid for in full or in part by your employer. However, when you retire and apply for your pension, that coverage ends. The Municipal Pension Plan offers optional access to a supplemental plan that pays for prescription drugs, health care services and equipment beyond what Medical Services Plan of BC or other provincial health plans cover. If you decide to enrol in the EHC plan, you are responsible for paying monthly premiums.

Premium subsidies are based on your years of pensionable service. These premiums are deducted from your monthly pension payments and are reviewed each year. The EHC offered by the Municipal Pension Plan is not guaranteed—the board may change coverage, premiums and deductibles at any time.

There are also two optional dental plans for retired members and their spouses and/or eligible dependant(s). You are responsible for paying the full cost of the monthly premiums. Read the Pacific Blue Cross Extended Health Care & Dental Plans brochure or contact Pacific Blue Cross to learn more.

Your pension.

Thinking of taking a leave of absence?

You may have the opportunity to buy back the service you would have accumulated if you'd been working. Use the personalized purchase cost estimator in My Account to calculate how much it would cost to purchase your leave.



Peter Smith
Public works clerk-buyer
Doing it right since 1988



Ashly Scanlon
Parks worker
Doing it right since 2017

Plan updates

Plan rule amendments and policy changes.

Following the report from the 2015 actuarial valuation, the Municipal Pension Board of Trustees reviewed and decided to change the actuarial assumptions to keep pension factors and option tables current with actual pension costs. These factors affect members who choose an optional form of pension, purchase a temporary annuity or convert special agreement balances to additional pension. For details, visit the plan website to read Board Communiqué: July 6, 2017.

The plan is online!
Explore the helpful
information on your
plan website, review
your pension options
through My Account or
register for a pension
workshop near you.

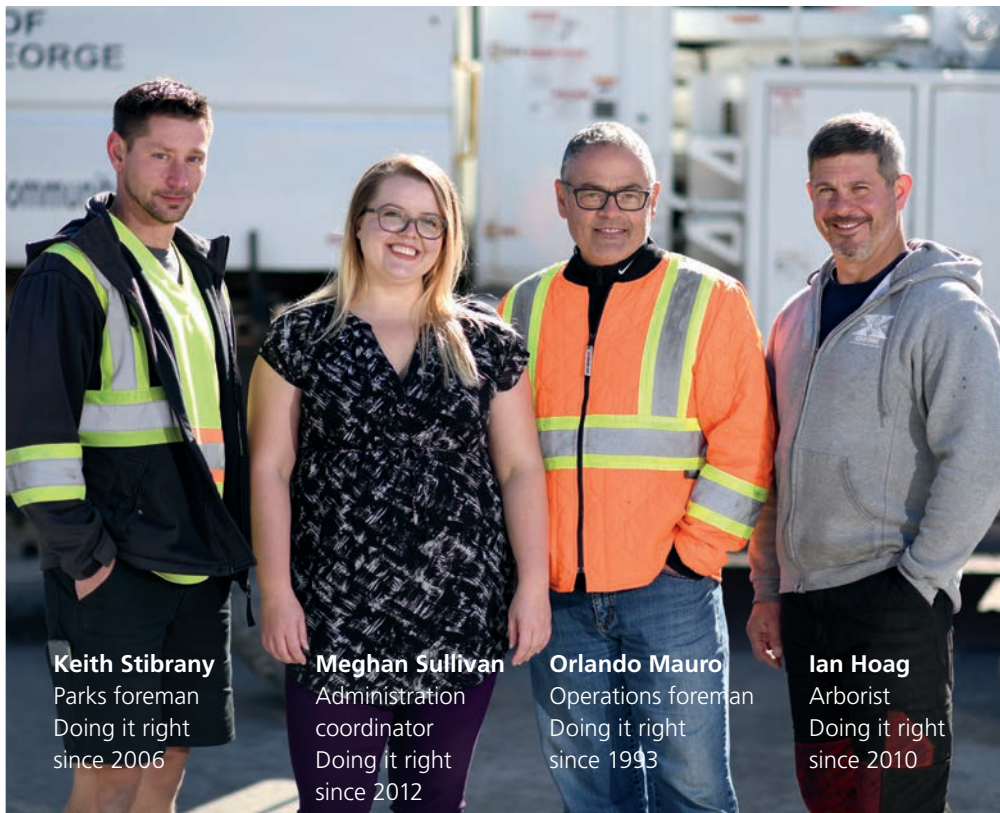


Linda Leeson
Licensed practical
nurse
Doing it right
since 1997

Both personal planning and financial planning are crucial for establishing your retirement lifestyle, budget and options.

Here are some great ways you can plan for your future:

- Visit the website to learn more about the plan
- Use the personalized pension estimator to calculate a pension estimate
- Sign in to My Account to view your service and salary information
- Take online learning or attend an in-person workshop to make the most of your pension



Keith Stibrany
Parks foreman
Doing it right
since 2006

Meghan Sullivan
Administration
coordinator
Doing it right
since 2012

Orlando Mauro
Operations foreman
Doing it right
since 1993

Ian Hoag
Arborist
Doing it right
since 2010

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for a day! Contact us at
memberphotos@pensionsbc.ca

By the numbers¹

The Statement of Investment Policies and Procedures (SIPP) sets the investment guidelines and direction for BCI, the plan's investment manager. The SIPP also provides objectives, policies and principles for plan asset management.

INVESTMENT AND ADMINISTRATION COSTS

Investment management and benefit administration costs as a percentage of the plan's total assets²

0.44%

RETURN ON INVESTMENTS for the year ended December 31, 2018

2.1%

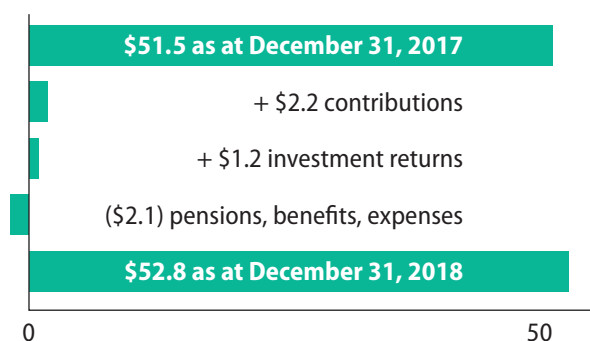
5-year annualized **7.8%**

0.2%

2018 benchmark

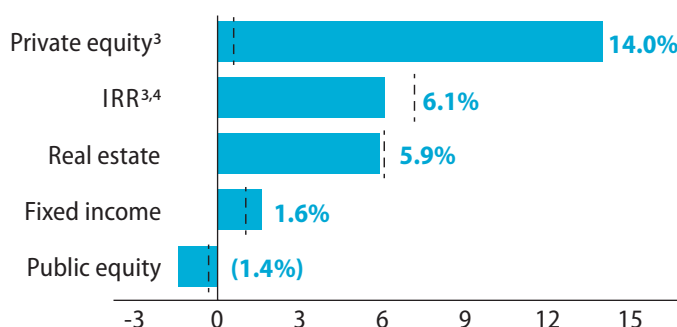
5-year annualized **6.6%**

NET ASSETS (\$ billions)



RATE OF RETURN VS. BENCHMARK

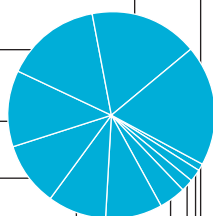
for the year ended December 31, 2018 ■ Actual ■ Benchmark



INVESTMENT HOLDINGS

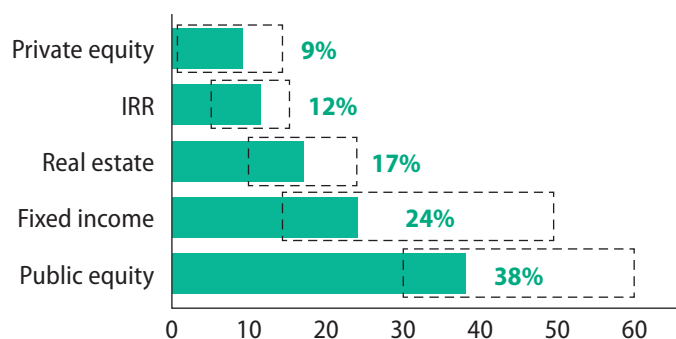
as at December 31, 2018

Global equities	19%
Real estate	17%
Bonds	15%
Infrastructure and renewable resources	12%
Emerging market equities	10%
Canadian equities	9%
Private equity	9%
Mortgages	4%
Short term	2%
Real return bonds	2%
Other	1%



ASSET ALLOCATION

as at December 31, 2018 ■ Actual ■ Policy range



- 1 These highlights are preliminary and unaudited; for audited financial statements, see the 2018 Annual Report, which will be posted on the plan website in August 2019.
- 2 Certain external management costs totaling \$61.8 million (2017—\$52.4 million) are netted against investment income; they are not included in investment and administration costs.
- 3 The rates of return for private equity and IRR reflect the December 31, 2017 rates of return.
- 4 Infrastructure and renewable resources.



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My Account gives you easy access to your pension information. You can update your personal information, access the personalized pension and purchase cost estimators, save up to 10 pension estimates at a time, view your benefit statements or change a beneficiary.

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Aaron Lao
Municipal plan member

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**Municipal
Pension Plan**

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