

CUPE BC 2022 CONVENTION MPP TRUSTEE REPORT

Over the past year, there have been a few changes to the Municipal Pension Plan and related governance. Primarily, a new general leave of absence provision and Municipal Retiree Benefit Trust. Additionally, as Investment Committee Chair, there have been some notable improvements in investment returns outlined below.

General Leave of Absence

The Municipal Pension Board of Trustees decided in June 2021 to categorize a period of layoff as a general leave of absence.

Members now have the option to buy a period of layoff that began on or after January 1, 2020. If eligible, you can buy service for time you were laid off for any reason, including the COVID-19 pandemic. Buying service may increase your pension when you retire or get you closer to an unreduced pension. When you buy service, you increase your pensionable and contributory service. Pensionable service is used to calculate your pension at retirement. Contributory service determines if your pension will be reduced and by how much. Members may be eligible to buy this service if the layoff started on or after January 1, 2020, and if you meet both of the following criteria:

- The period of layoff is temporary (i.e., you are expected to or did return to your regular work schedule)
- You remained in an employment relationship with your employer during all or a portion of the period of layoff

Members must apply to buy the leave period within five years of returning to work or within 30 days after ending employment with the employer with whom the layoff occurred, whichever comes first.

The cost for general leaves is based on your salary and member and employer contribution rates at the time you buy the service. Since your payment cost is based on current salary and contribution rates, buying your service earlier may be less expensive than waiting, when your salary may increase. Members are responsible for paying the full cost; your employer does not

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contribute. To find out how much it may cost to purchase your leave as a lump sum, sign into “My Account” on the plan website and use the personalized purchase cost estimator.

Municipal Retiree Benefit Trust

As part of the redesign of the Municipal Pension Plan, the plan partners have created a new way to fund and manage group benefits (extended health care and dental plans) for retired members. Starting January 1, 2022, these benefits will be available through the Municipal Retiree Benefit Trust (MRBT) overseen by a new trust board.

Keep in mind that you do not need to take any action because of this change.

The Retiree Benefit Trust will provide more flexibility in funding retiree group benefits, which will make the program more sustainable. Seed funding was provided by a \$100 million one-time transfer from employer contributions as part of plan design changes. Ongoing employer contributions of 0.6 per cent of salary will go into the trust. These contributions will accumulate and earn investment income over time. Retired member premiums will also continue to fund the trust. While the trust will help make the group benefits program more sustainable, these benefits are not part of the lifetime pension and are not guaranteed.

We, as the Municipal Pension Board of Trustees, prioritize making group benefits accessible to retired members. The two boards will work together to continue to provide retired members of the plan with access to group benefit coverage through the new trust.

Investment Committee Chair

As the investment committee chair, the primary role is to ensure a well functioning group that follows a set of outlined processes. The board’s investment decisions are guided by investment beliefs, supported by investment policies, and validated through measurement.

Investment Beliefs: These statements define how the board seeks to create investment value. They also help the board make practical decisions about diversification, asset allocation, performance objectives and investment activities. They cover a variety of topics, including responsible investing and climate change.

Investment Policy: These policies outline the board’s investment strategy and overall framework for managing assets. They are documented in policies such as the Statement of Investment Policies and Procedures, and the funding policy.

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Measurement: The board measures the effectiveness of its investments using benchmarks, return targets, and independent assessments by an actuary.

Increasingly, the analysis of responsible investment practices plays a significant role in ensuring plan financial assets are safe and well-managed. Assessing and managing environmental, social, and governance-related risks over the long term is a fundamental way to meet the mandate of protecting and growing the value of the plan's fund. Based on ongoing research and experience, we continue to evolve our approach to responsible investing and stewardship generally and climate change specifically.

Respectfully submitted:

Harpinder Sandhu, Trustee

Shireen Clark, Trustee

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