

MSPP NOW

BUILDING A HEALTHY AND SUSTAINABLE PLAN

When the Board of Trustees for the Multi-Sector Pension Plan (“MSPP”) evaluate the health and sustainability of the Plan, they need to focus on two key parts of the equation – simply put you have to have enough money to pay for the MSPP’s obligations, which include member benefits and Plan costs. So in the long term **ASSETS = LIABILITIES**.

A key part of managing Plan liabilities is having regular actuarial valuations performed for the Plan. These valuations look at the Plan’s long term expected benefit payments to members as well as Plan costs. The MSPP’s last valuation was performed effective December 31, 2016 and indicated that the Plan was 99% funded on a going concern basis (long term outlook). However, based primarily on the current low interest rates the MSPP is approximately 52% funded as of Dec 31, 2016 on a solvency basis (assumes Plan would have to be terminated on December 31, 2016). We will look into liability management in greater detail in the next newsletter.

In this newsletter we will focus on the Assets of the MSPP and more specifically the investment of those Assets.

Pension investing requires planning and patience.

They say slow and steady wins the race and that’s especially true with pension plans. As a target-benefit pension plan, the pension benefits you will receive at retirement depend on your Plan’s financial health. That’s why the Board of Trustees take a cautious, long-term approach to investing. Many current members, of the MSPP, will

still be collecting a pension several decades from now, and investment markets will have had many ups and downs by then. With that in mind, the Board of Trustees, with support from professional advisors, follow a strategy that focuses on building solid long-term investment returns in a way that doesn’t expose your Plan to more risk than necessary.

Who manages your Plan’s money

- Leith Wheeler
- Fidelity Investments
- Fiera Capital
- Bentall Kennedy
- Neuberger Berman
- Wellington Global Equity

How your Plan’s money is invested

As of June 30, 2017, the percentages are as follows:

Canadian Equities	30%
Global Equities	25%
Fixed Income	35%
Private Debt	0.5%
Real estate	5%
Cash and Short Term	4.5%

Investment income – The money earned by your Plan on its investments. In addition to contributions, this money is used to pay pensions and Plan expenses.

Investment fees – The money charged by investment managers for their services. Because of their size, plans like the MSPP pay much lower investment fees than you’d have to pay to a bank, mutual fund or other financial advisor.

The MSPP investment strategy is focused on three important things:

1 BALANCE

Generally, the investments that offer the biggest returns – like stocks – carry the most risk. You might earn more, but you might lose more, too. On the other hand, it's difficult to earn high enough investment returns if you only invest in lower-risk investments like bonds. The key is finding the right balance. Your Plan's money is invested in a mix of stocks, bonds and real estate that fit the Plan's tolerance for risk.

2 DIVERSIFICATION

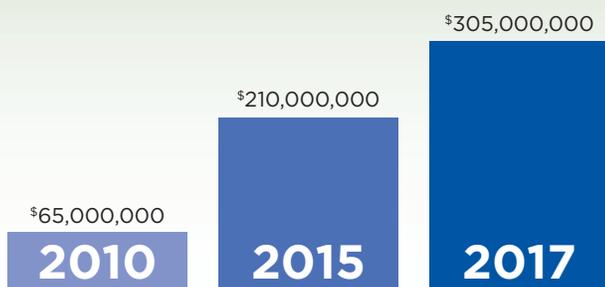
A carefully selected team of investment managers invests your Plan's money. This approach helps us avoid putting all our eggs in one basket by: limiting the amount of money that is managed by any one investment manager; taking advantage of each investment managers' unique investment style and knowledge of different types of investments and geographic areas; and reducing the impact on your Plan should any one manager or type of investment have a bad year.

3 OVERSIGHT

With the help of advisors, the Board of Trustees regularly reviews your Plan's investments, and makes any changes needed. The Trustees also closely monitor the performance of our investment managers and make changes if needed.

Your Plan's money is held for safekeeping by CIBC Mellon Global Securities Services Company. Pension assets are held in Trust, much like your bank holds your money in an account that would be set up in your name.

BY THE NUMBERS



MSPP assets have grown significantly from about \$65 million at the end of 2010 to \$210 million by the end of 2015 and currently **over** \$305 million

**That's a 45% increase
from 2015 to now!**

9.7%

MSPP's average return over 5 years
(12 months rolling September)

WHY PLAN FUNDING MATTERS

Changes are coming to Ontario's pension rules, but what do they mean for the MSPP?

Actuarial valuations may not be the most exciting topic to read about – but they are a critical tool to measure our Plan's sustainability and help guide future decisions.

Large multi-employer plans like ours, to which hundreds of employers contribute, are extremely unlikely to have to shut down. Ontario recognized this 10 years ago when it introduced temporary relief from solvency funding (which assumes the Plan closed on the valuation date) for multi-employer plans, which have been designated as Specified Ontario Multi-Employer Pension Plans (SOMEPPs). Your Plan is a SOMEPP. Ontario has announced that this temporary solvency funding relief will be made permanent, and it will introduce related legislation early next year.

What does all this mean for the MSPP and its members? The government has indicated it will strengthen the going concern funding rules, but the details haven't yet been released. Once we have more information, we will review the impact on the Plan's sustainability and determine whether the new rules will require any changes to the Plan.

It's our priority to ensure the MSPP is carefully managed and governed – today and moving forward. We'll keep you posted on new developments as they occur.

WHAT'S A SOMEPP, EXACTLY?

A Specified Ontario Multi-Employer Pension Plan (SOMEPP) – like the MSPP – is a type of multi-employer pension plan with certain characteristics. In particular, a SOMEPP must have:

- no more than 95% of members employed by one employer;
- at least 15 employers making contributions, or at least 10% of members employed by two or more employers; and
- all participating employers making fixed contributions based on one or more collective agreements.

YOUR QUESTIONS, OUR ANSWERS

Getting to know your Plan

How well do you understand the MSPP and how it works? Here are four key questions and answers to build up your pension knowledge:

1 When can I retire?

The normal retirement age is 65 – meaning if you wait until age 65, you’ll be eligible for your full pension. You can retire earlier but your pension will be reduced, since the pension benefits will be paid out over a longer period. By law, you must start receiving your pension no later than December 1st of the year in which you reach age 71.

2 How much will I get at retirement?

The amount of pension you’ll receive depends on the benefits you’ve earned – with contributions from you and your employer, based on your pay and your collective agreement – as well as how old you and your spouse are, if you have one, at retirement. There is a possibility of changes to your pension amount, depending on the Plan’s financial health.

3 What happens if I die?

If you die before retirement, your spouse, beneficiary or estate will receive a death benefit equal to the total current value of the pension earned. If you die after retirement and you have a spouse, pension law says you must provide a continuing pension to him or her in the event of your death – equal to at least 60% of your pension – unless your spouse waives this right. If you don’t have a spouse (or if a completed waiver was provided to the Fund Office before your pension began to be paid), the benefit depends on what form of pension you chose. Some pensions end with your death; others continue to be paid to a surviving beneficiary after your death.

4 What happens if I experience a marriage breakdown?

Your pension is considered a family asset. This means any pension you earn while you and your spouse are married or living as a common-law couple may have to be

divided based on any separation or divorce agreement, even if you are no longer married. The actual amount your former spouse receives will depend on your separation or divorce agreement, or court order. Keep in mind, it’s not the contributions that are split, but the pension earned based on those contributions. The Trustees strongly recommend you get independent legal advice on how your separation or divorce may affect your pension benefits. You can call the Fund Office to get more information on how to request a family law value of your pension benefits.

TAX TIME



Early in 2018, you’ll receive one or more pension-related documents containing information you’ll need to report on your income tax return. Here’s a look at what each is for.

Tax Slip	What it’s for
T4	Your employer prepares a T4 to show how much you were paid in 2017. Contributions made to the plan in 2017 by you and your employer are shown in the “pension adjustment” box. Contributions are not taxed, but do reduce how much you can contribute to an RRSP in 2018. Contributions shown on your T4 may differ from those reported on your annual pension statement, depending on the timing of your final pay period for the year.
T4A	You’ll get a T4A if you’ve made self-payments to the Plan or the Plan made contributions for you while you were receiving WSIB benefits. Anyone who has received payments from the Plan, including termination or death benefits and pension payments, will also get a T4A.
NR4	An NR4 is sent to Plan retirees who live outside of Canada for all or part of the year.



A WORD FROM THE CEO

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I just wanted to take a moment and update you on some exciting changes that we are currently going through with an aim at serving you better. It has been just a little over 2 and a half years since I joined the Fund Office and we are looking to continuously get better – if you have any suggestions or concerns please email us at info@mspp.ca.

- 1) The Fund Office, known as the Multi-Sector Non Profit Benefit Plan Administrators is getting a new name and logo. As of January 1, 2018 we will be called **InBenefits**.
- 2) We have put in place a permanent call center so that we can respond to your questions faster and more efficiently.
- 3) We have also grown – hiring additional staff and taking on more office space; and
- 4) We are currently in the process of updating our pension administration tools and we will be investing in online tools to help members and employers access more information online for quicker and more efficient service.

We will keep you up to date on the changes as they are rolled out and look forward to helping you as you prepare for your retirement.

Along with the Board of Trustees and Staff of InBenefits I would like to wish you and your families a Happy Holiday and a Great 2018.

BOARD OF TRUSTEES

Your Plan’s Trustees and Alternate Trustees are all appointed by unions that represent MSPP members – Canadian Union of Public Employees (CUPE) and the Service Employees International Union (SEIU).

Trustees

- | | |
|-----------------------------------|-----------------------------------|
| Susan Arab, Co-Chair- <i>CUPE</i> | John Klein, Co-Chair- <i>SEIU</i> |
| Dave Benton, <i>CUPE</i> | Jean Charles Lavigne, <i>CUPE</i> |
| Laura Delhenty, <i>CUPE</i> | Kumar Ramchurran, <i>SEIU</i> |
| Jackie Dwyer, <i>CUPE</i> | Julie Roberts, <i>CUPE</i> |
| Heather Grassick, <i>CUPE</i> | |

Alternate Trustees

- | | |
|----------------------------|-----------------------|
| Matt Cathmoir, <i>SEIU</i> | Gary Yee, <i>CUPE</i> |
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NEW ADDRESS?

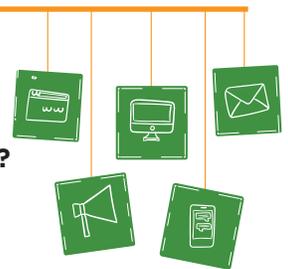
Don’t forget to inform the Fund Office whenever you have a change of address. Inaccurate or outdated contact information on file inhibits the Fund Office from sending important correspondence. This can affect your benefit payments, cause delays in your retirement start date, and a variety of other issues that can easily be avoided by keeping us informed, of any change in contact information.

KEEP IN TOUCH

**Have a question about your Plan?
We’re here to help!**

- Email:** info@mspp.ca
Phone: 905-889-6200
Toll Free: 1-800-287-4816
Fax: 905-889-7313

Don’t forget... you can also visit us online anytime at www.mspp.ca



Final Word

This newsletter serves only as a summary of information about the Multi-Sector Pension Plan in simple terms. It is not intended to be comprehensive or to provide advice. If there are any differences between the information provided in this newsletter and the legal documents that govern the Plan, the legal documents will apply.

