

ANNUAL REPORT

UPDATE ON 2016

2016 was a year of challenging economic conditions. Volatility continued to be the consistent trend globally in Politics and Markets. Despite the market conditions the Multi-Sector Pension Plan (the “Plan” or “MSPP”) improved its funding position based on good investment returns and reduced pension liabilities (resulting primarily from increasing interest rates). The Plan had a Total Fund rate of return of approximately 8.9% and the Going Concern Funded Ratio increased to 95%. The Plan has earned a return of over 7.6% since inception in 2003.

This past year proved to be another year of continuing growth for the Multi-Sector Pension Plan. The market value of the Plan increased by over 19% and assets grew to over \$270 million by the end of the year. The Growth of assets is based on the contributions received, both employer and member, the investment returns and reduced by all disbursements or payouts; like monthly pensions or fees.

The Board of Trustees are committed to protecting the financial health of the Plan and regularly assess the risks and opportunities for the Multi-Sector Pension Plan. They work closely with the Plan’s consultants and investment managers to help develop the investment framework for the MSPP. This framework is referred to as the Statement of Investment Policies and Procedures (“SIP&P”), and is reviewed at least annually. The SIP&P establishes investment targets to position the Plan in such a way that will enable it to better meet its long-term goals. The SIP&P outlines the types of investments the Plan will have and provides ranges for each investment sector, such as Canadian Equities, Bonds, Global Equities and Real Estate.

In 2016, the Plan introduced a number of new investment managers in an effort to re-position the investment portfolio of the Plan, to respond to the continued market volatility and the expected increase in interest rates. As a result, real estate was introduced to the portfolio by investing with Bentall Kennedy and CBRE, large global real estate investment managers. In addition Wellington Management and Neuberger Berman were also added to provide global equity exposure and private debt.

The changes to the SIP&P provided additional diversification to the portfolio and better protection for the Plan assets in these volatile times. More information on the Plan investment will be provided in the next Newsletter.



PLAN GROWTH

ASSET VALUE OF
PENSION FUND AT END
OF DECEMBER 2015:

\$216,197,466

+

INVESTMENT RETURNS

\$19,711,355

+

CONTRIBUTIONS
(EMPLOYEE + EMPLOYER)

\$38,041,000

-

BENEFIT PAYMENTS

\$3,500,000

=

ASSET VALUE OF PENSION
FUND AT END OF 2016:

\$270,449,821

APPROXIMATE VALUES

IT'S ALL IN THE NUMBERS

2,275

active members
in 2005



7,712

active members
in 2010



14,356

active members
in 2016



over
600%
growth in 11 years

Number of Retired members:



The Plan provides a pension for your normal retirement date at age 65. But if you want to retire as early as age 55 you can, with a pension adjustment.



FOR YOUR INFORMATION

You should receive your annual statement in the mail before the end of June 2017.

This important piece of information is personalized and shows how much pension you earned as of the end of 2016.

Please take a few minutes to review your statement. If you have any questions, or haven't received your statement by the end of June, contact the Fund Office.

YOUR BENEFICIARY

A Beneficiary is the person you have designated to receive, in the event of your death, any pension benefits that may be owing to you from the Plan. It is important for you to inform the Fund Office of your Beneficiary, and any change of your intended Beneficiary, using the form available from the Fund Office or the Plan's website www.mspp.ca.

Naming a Beneficiary

Pension Benefit Acts of the jurisdictions in which our plan has members generally stipulate that where you have a spouse, that spouse is your beneficiary.

Your beneficiary is entitled to either a death benefit if you die prior to your retirement, or to a survivor's pension if you pass away after you have started to collect your pension, unless he or she has signed a Spousal Waiver giving up that entitlement.

Your original enrolment package from the pension plan included an area on the enrolment form for you to name your spouse and/or a beneficiary.

When you retire, or leave the pension plan before retiring, we again ask you to name a beneficiary. If you don't have an eligible spouse and you haven't named a beneficiary, we will pay any entitlement to a death/survivor benefit, which you may have, to your estate.

The funds will then be distributed according to your will once it is probated, if you left one. If you didn't leave a will, the funds will be distributed on the basis of applicable legislation. This is far more complicated and time consuming than having a named beneficiary benefit from your entitlement.

Naming a beneficiary ensures that the payment is made to the individual or individuals that you want to receive the funds. Payment is made directly to the beneficiary as soon as we receive all the required documents.

Please keep in mind that as your circumstances change you may want to change the beneficiary or beneficiaries you have designated. Where you have a spouse, you may also consider naming another beneficiary in the event that you and your spouse are victims of catastrophic injury.

Should you have any questions or require a designation of beneficiary form, please call or email the Fund Office.

Eligible spouse: Under Ontario pension law, your spouse is the person living with you and is:

- married to you, or
- not married to you but is:
 - in a conjugal relationship with you continuously for at least three years, or
 - in a relationship of some permanence with you if you are the parents of your own or adopted child, as defined in the Family Law Act (Ontario).

Spouse' may be defined differently in different provinces and in federally regulated employment.

NOTEWORTHY

The Ontario Government announced in 2016 that there was no need to proceed with the Ontario Registered Pension Plan (ORPP).

The announcement was a result of the proposed changes to the Canada Pension Plan (CPP).

CPP – What’s changing and how it will affect you

The driving force behind the changes to the CPP has been the need to address the shortfall in retirement income for many workers, who have limited or no additional retirement savings. The percentage of employees with a registered pension plan through their employment has been decreasing steadily since the 1990’s. The result may be that more and more Canadians will be relying on government-sponsored programs.

The proposed changes excluding Quebec will expand the Canada Pension Plan in two ways:

- the current maximum amount of income covered by the CPP is \$54,900. By 2025 that amount will be \$82,700.
- the annual payout target will increase from 25 percent of pre-retirement earnings to 33 percent.

These changes will be **phased in between 2019 and 2024** and the greatest impact will be seen by younger Canadian, who will have the benefit of higher contributions.

As a member of the MSPP you have the added advantage of having additional pension benefits for your retirement years.

TAX SLIPS ARE COMING



Tax slips are prepared by your employer. You should receive them by the end of February.

Understanding your tax slips

- You pay no income tax on pension contributions made by you and your employer.
- Your employer prepares a T4 to show how much you were paid in 2016. Contributions you made to the Plan in 2016 are in box 20 and the combined contribution by you and your employer is shown in the “pension adjustment” box 50.
- You will get a T4A if you’ve made self-payments to the Plan, or if the Plan made contributions for you while you were receiving WSIB benefits.
- Contributions are not taxed, but do reduce how much you can contribute to an RRSP in 2017.
- An NR4 is prepared by the Fund Office for retirees who live outside of the country at any time during the year.

DID YOU KNOW?

...in the year you turn age 71 you **must** retire as per the Income Tax Act.

...you should contact the Fund Office three months prior to the date you wish to retire, in order to facilitate an easy transition.

...as a member, you have the right to make self-payment while you are on an approved unpaid leave of absence to keep your pension growing.

...you will NOT have a break in service if you are still on a contributing employer’s payroll and you are on:

- sick leave;
- maternity / parental leave;
- workers’ compensation leave (WSIB);
- an approved leave of absence; or
- a layoff and subject to recall for up to 24 months under your collective agreement.

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, *CUPE* John Klein, *SEIU*
Dave Benton, *CUPE* Laura Delhenty, *CUPE*
Jackie Dwyer, *CUPE* Heather Grassick, *CUPE*
Mary Hart, *SEIU* Jean Charles Lavigne, *CUPE*
Julie Roberts, *CUPE*

Alternate Trustees

Matt Cathmoir, *SEIU* Gary Yee, *CUPE*

BEST WISHES

2016 saw the departure of three valued members of the Board of Trustees. Co-Chairs, **Andrew Mele** and **John Van Beek**, as well as Trustee **Mike McDonald**, all retired during the year.

The Board would like to extend its gratitude to these long-serving Co-Chairs and Trustee for their service to the Plan, and congratulates them on their retirement.

MEET THE NEW CO-CHAIRS

Susan Arab is a National Representative for CUPE and has been a Trustee with the Plan since May 2013.

John Klein is a Director with SEIU Healthcare and has experience with multi-employer pension plan Boards.

TRUSTEE SPOTLIGHT



Jean Charles Lavigne

- CUPE, Representative
- Appointed as MSPP Trustee in March 2007

What inspired you to become an MSPP Trustee?

I guess few people get inspired to talk pension benefits, but in my case I can't remember a day of my adult life when it was not in the back of my mind. It led me to get involved in my local Union's pension committee and eventually, when our Union joined the MSPP, I was asked to represent workers on the Board.

What is the most rewarding part of being an MSPP Trustee?

There are several parts that I find rewarding being an MSPP Trustee, but if I were to identify some of the most important ones, it would be the process of presenting to potential new groups, workers without a pension Plan, and eventually welcoming them.

But the ultimate reward is when, as a Trustee during a Board meeting, I help approve the payments to new pensioners.



CONTACT US

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 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.