

PENSION PLANS HAVE A LONG-TERM INVESTMENT HORIZON

In 2018, geo-political tensions, trade disputes, declining investment markets and lower long-term interest rates all provided a challenge to those who manage a pension plan. On a positive note, pension plans, such as the MSPP, are expected to operate for many years into the future. This long-term investment horizon allows the MSPP Trustees to make strategic adjustments as to how the Plan is managed to deal with such challenges, and provides the time needed for investment markets to recover.

Due to the issues above, the Plan experienced an investment return of -1.7% in 2018, and similar to many other pension plans did not meet its investment return target for the year. The good news is that due to several years of strong investment performance the MSPP has a 10-year average investment return of 8.2% a year which is well above the Plan's long-term target of 6.25% a year. The most recently filed valuation (January 1, 2018) showed that the MSPP is 97% funded on a going-concern basis, so it is well positioned to provide benefits long into the future.

Although the Plan had a negative investment return in 2018, the Trustees' decisions to diversify investments into real estate, private debt and corporate bonds helped. Without this diversification the MSPP would have had lower returns.

Your Trustees, working with their consultants, regularly monitor the Plan's investment strategy and its investment managers so that the MSPP's assets are managed prudently for the benefit of the Plan and its members.

A LOOK INSIDE ...

On page 2, we look at some of the of key decision factors before transferring pension benefits out of the MSPP to a locked-in retirement account when a member terminates.

On Page 3, we provide a snapshot of how the MSPP assets are invested and a list of the professional investment firms that manage the Plan's assets.

On page 4, *InBenefits*, the Plan administrator, provides a review of 2018 and discusses the progress of its 2019 initiatives with the goal of improving the "member experience".

GROWTH IN THE PLAN

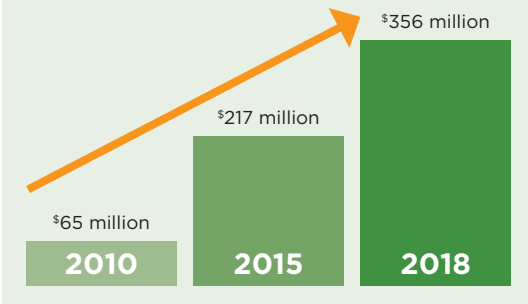
Number of Active Members

2010	8,300
2015	12,500
2018	15,000

Number of Employers

2010	120
2015	170
2018	185

Market Value of Plan Assets



YOUR TERMINATION OPTIONS

It's YOUR money – Make the right choice for YOU!

Pension legislation across Canada provides most terminating plan members with a one-time option of electing to transfer the value of their pension benefits out of the plan and into a locked-in retirement account, such as a locked-in RRSP. By law, such amounts must normally be “locked-in” so they can only be used to provide a pension after age 55. This transfer option is not available to terminating members who have already reached age 55.

Many terminating plan members choose this transfer option. Is that a bad thing? Not necessarily, but transferring your money without understanding the risks is a “bad” thing. You have to do your own homework because everybody has their own financial concerns and needs.

Let's look at it together. If a MSPP member was a plan participant for 18 years; earned an average of \$40,000 a year and had 8% total Plan contributions (employer and member contributions), under the current Plan rules, they would accrue a pension of \$10,713 a year payable for life from age 65. With an average life expectancy of 87, or 22 years after age 65, this would result in a lifetime pension payout of approximately **\$235,700** (\$10,713 x 22 years).

If you transfer the value of your benefits out of the Plan and into a locked-in retirement account, you have to be willing to take on the risks and rewards of the investment markets. Why take on such risk if you cannot be reasonably confident of generating a retirement income which is greater than what the Plan is offering? There is no crystal ball to help you make the right decision, it comes down to making a decision based on the information you have and the homework you did!

If the above member terminated Plan membership at age 40, they would have the option to either transfer approximately \$80,000 (the value of the accrued benefit payable in today's dollars based on current Plan rules and market conditions) to a locked-in retirement account or receive the above pension at age 65. (If the pension is started before age 65, it will be reduced because it will be paid over a longer period of time.)

The \$80,000 is tempting, but before deciding to make such a transfer you should contact a financial advisor to see how they would invest your money and what you may receive from having them do so. You should also keep in mind that financial advisors do not guarantee their returns.

It's important to ask a number of questions at this point:

- 1) What experience does the financial advisor have;
- 2) What fees will you have to pay the advisor and the funds they have you invest in;
- 3) What level of risk will your retirement funds be exposed to;
- 4) How will your money be managed once you retire;
- 5) How often will your portfolio be re-balanced - the closer you are to retirement the less risk you should have in your investments; and
- 6) How often will you meet with your advisor to receive updates and ensure you are on track to meet your retirement goals?

Bear in mind that most financial advisors are paid based on the value of the assets they manage. That means they have an interest in recommending that you transfer your benefits out of the Plan. You may want to consider using a financial advisor that is paid only on a fee for service basis, and not by commissions on your investments.

The MSPP is a target benefit plan and subject to regulatory changes and market conditions which, although unlikely, may require pension benefits to be adjusted up or down. By transferring your benefits from the MSPP to a locked-in retirement account, it may be possible to earn a higher rate of return, but you should know the risks and challenges of doing so before you decide.

SOME ADVANTAGES OF STAYING IN THE MSPP

- The MSPP is designed to pay you a pension for your lifetime whereas in a locked-in retirement account you may outlive your savings;
- The MSPP is expected to operate for many years into the future and with over 185 participating employers and approximately 15,000 active members, has the size and long-term investment horizon to withstand market volatility;
- The MSPP has over \$350 million in assets so it can negotiate lower investment management fees. This leaves more of its investment returns working for MSPP members instead of going to money managers. As of December 2018, the MSPP pays investment fees of 0.44%. Personal investment accounts typically pay 1.25% to 2.5% in fees, which directly impacts your investment returns (see illustration on page 3).

YOUR QUESTIONS, OUR ANSWERS

Terminating from employment

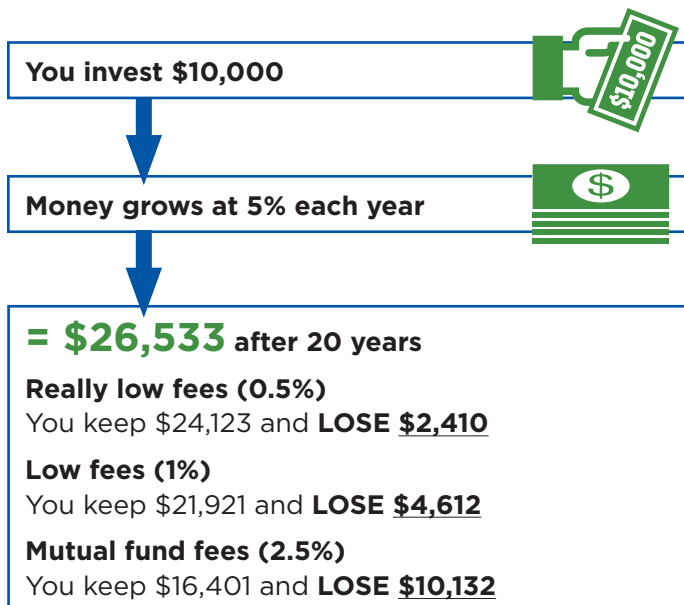
Q What is a Break in Service (“BIS”)?

A Under current Plan rules, if no contributions or self payments are received on your behalf for 24 months, you can elect to incur a Break in Service and terminate from the Plan. If you are an Ontario member, you may remain a member of the Plan until you make such an election (different rules may apply for members subject to other provincial or to federal laws). The BIS period provides members the opportunity to find employment with another contributing employer and make self payments to continue to grow their pension benefit until their new employer is required to contribute on their behalf.

Q Do I have a deadline to respond to my termination benefit package?

A Once no contributions have been received on your behalf for 24 months, you will receive a termination statement which will allow you to elect a BIS and to transfer the value of your benefits out of the Plan. If you do not make such an election within 60 or 90 days (depending on province or federal) from the date of the termination statement, your benefits will be deferred until you apply for your pension.

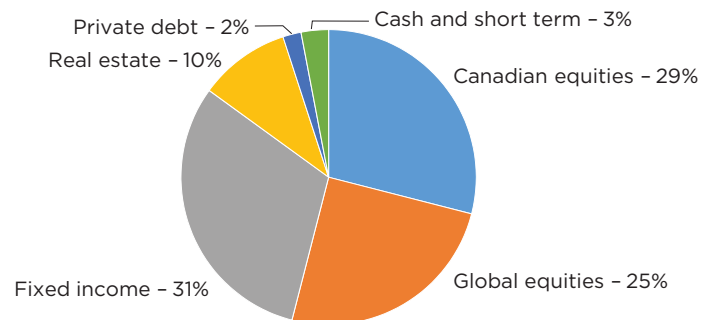
THE IMPACT OF FEES



WHO MANAGES YOUR PLAN’S MONEY . . .

- Bentall Kennedy
- CBRE
- Fidelity Investments
- Fiera Capital
- Leith Wheeler
- Neuberger Berman
- Northleaf Capital Partners
- Wellington Management

How your Plan’s money is invested . . .



NOTEWORTHY

Changes to the Canada Pension Plan

On January 1, 2019 changes to the Canada Pension Plan (CPP) came into effect. Income replacement under the CPP will gradually increase from 25% to 33% of pensionable earnings to a defined maximum. Employee and employer contributions will increase with the increase being phased in over seven years in two phases starting in 2019.

For more information visit - www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-enhancement

Similar changes have been made to the Quebec Pension Plan which took effect on January 1, 2019.

For more information visit - www.rrq.gouv.qc.ca/en/programmes/regime_rentes/bonification/Pages/bonification-du-rrq.aspx



A WORD FROM INBENEFITS Alain Malaket, CEO

2018 was a transformational year for the Fund Office starting with the official launch of our new name, **InBenefits**. Along with the name change came a commitment to create a culture dedicated to our four pillars of service: *Integrity, Innovation, Commitment and Excellence*.

Other significant initiatives during the year:

- established a Call Centre, open from 8 am to 5 pm ET Monday to Friday, to assist members with their Plan needs
- increased staffing to enhance services
- resumed regional information sessions for members
- qualified as a Great Place to Work® employer
- developed community ties with 360 kids and Habitat for Humanity while continuing to sponsor a child in Haiti

and most notably

- successfully implemented a new pension administration system to improve service to members and respond to their requests more promptly

Much like other progressive organizations, *InBenefits* will keep striving to improve its services, and for 2019 we have set an ambitious agenda which includes:

- establishing a member on-line portal to offer “on demand” 24/7 access to on-line tools, including an interactive pension calculator which will allow members to calculate their pensions using different retirement dates;
- establishing an employer on-line portal that will allow employers to provide information and communicate directly with *InBenefits* electronically; and
- rebranding and relaunching MSPP’s website

We’re proud of our achievements in 2018 and look forward to our exciting initiatives in 2019.

Have a safe spring and summer!



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.

REMINDER

Pension statements will be mailed by the end of June 2019.

MSPP 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>	Nathalie Stringer, <i>CUPE</i>
Jackie Dwyer, <i>CUPE</i>	Kumar Ramchurran, <i>SEIU</i>
Heather Grassick, <i>CUPE</i>	Julie Roberts, <i>CUPE</i>
Frederick Ho, <i>CUPE</i>	

Alternate Trustees

Matt Cathmoir, <i>SEIU</i>	Gary Yee, <i>CUPE</i>
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KEEP IN TOUCH

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

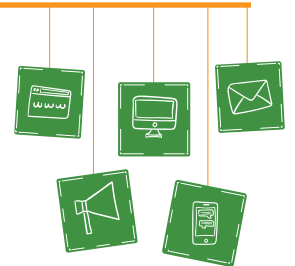
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Fax: 905-889-7313

Mailing address: 105 Commerce Valley Drive West
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**Don’t forget... you can also access Plan Information
anytime at www.mspp.ca**