



# MEPP MATTERS

MUNICIPAL EMPLOYEES' PENSION NEWSLETTER

## The Road to Retirement

**Plan your route.** Whether you are 20 or 60, by planning you can avoid some of the potholes in the road to retirement.

**Determine how much fuel you will need.** You can estimate your annual retirement expenses by listing your current expenses and adjusting them to what you think they will be when you retire. Be realistic. Experts say you will need about 70% of your pre-retirement income in retirement.

**Review your assets - they are the fuel you will need to reach your destination.** Assets include your sources of retirement income, other investments, personal savings and the value of the equity in your home.

**Identify liabilities - they are the potholes in the road.** Liabilities include debt, taxes, inflation and general living expenses such as food, clothing, housing, vehicle, entertainment, health care and personal items.

**Avoid one of the biggest potholes by reducing debt before you retire.** Pay off the highest interest balances first and keep them paid off. Credit cards usually have the highest interest rates. You can use the money you save on credit card interest to pay down other loans. Attack consumer loans first, RRSP loans next, then pay down your mortgage.

Debt costs you money in interest payments every month. It can reduce your standard of living and increase your risk in retirement.

- Interest payments are a drain on your income. If you are still paying off old debt after you retire, your standard of living in retirement could be reduced.
- If your income is used to make interest payments, you will find it harder to save enough money to reduce the principle of a loan. You might be stuck paying minimum payments over a longer period of time.
- If interest rates go up, you risk seeing more of your monthly income going to service debt.

**Enjoy the benefits of the trip.** Your retirement income will likely come from several sources. You could:

- receive regular, ongoing payments from the Municipal Employees' Pension Plan (MEPP);
- transfer the value of your pension to a prescribed Registered Retirement Income Fund (prescribed RRIF); or
- transfer a portion of the value of your pension to a prescribed RRIF and receive a temporary pension from MEPP (if eligible).

Most MEPP members will be eligible to receive income from federal government programs such as the Canada Pension Plan (CPP) and Old Age Security (OAS).

You might also receive income from other employer pension plans, your Registered Retirement Savings Plans (RRSPs), non-registered investments or business investments.

## MEPP on Retirement

### You know you've retired when...

You meet the usual crowd for morning coffee, and no one has to be back at work in 15 minutes.

You wake up earlier without an alarm than you did with an alarm while you were working - only now you *want* to get out of bed!

You wonder if yard work has become your new career.

### ***In This Issue:***

**MEPP Governance -**  
The Commission Managing Your Plan ..... 2

**MEPP Numbers -**  
Highlights from the MEPP Annual Report 2005 ..... 3

**Pensioner's Corner -**  
About Guarantee Periods ..... 4

**Dear MEPP**.....4

*The Road to Retirement* is one in a series of articles on planning for retirement. We will have more topical information in the Fall issue of *MEPP Matters*.

# MEPP Governance

## The Commission Managing Your Plan

### **Governance (or How your Plan is Managed):**

Governance is the process and structure for managing pension plans in accordance with legislative requirements and in the best interests of all Plan members.

The Municipal Employees' Pension Commission (the Commission) practices good governance in managing the Plan's administrative, communications and investment activities.

The Commission's accountability to Plan members is formalized in its mission:

*"Our mission is to oversee and direct the administration of the Plan and manage the assets in the best interests of the members."*

In fulfilling its mandate, the Commission has developed a multi-year strategic plan that identifies initiatives and activities for effective communications, plan governance, risk management, service delivery and plan design.

**MEPP Annual Report 2005:** Are you interested in the details of Plan governance activities? If so, you might want to take in the *MEPP Annual Report 2005*.

Find out about the Commission's strategic initiatives in the areas of effective communications, plan governance, risk management and plan design.

Learn about the Commission's investment objectives for the total fund and for individual investment managers - and see how well they performed.

See the Financial Statements for in-depth information about Plan finances.

The *MEPP Annual Report 2005* is available under MEPP Publications on the PEBA website at [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca).

**Member Presentations:** MEPP would be happy to make a presentation about the Plan in your area if you have 20 (or more) members who are interested in attending a presentation.

To arrange for a presentation, call MEPP at 1-877-506-6377.

**Annual Member's Statements:** MEPP issued Annual Member's Statements in March 2006 for the fiscal year ended December 31, 2005. We mailed statements to 11,031 active members and 1,342 members on leave of absence or layoff.

Some undeliverable statements were returned to us by Canada Post.

If you know of a MEPP member who might not have received his or her annual member's statement, please ask the member to contact us and provide us with his or her correct address.

**MEPP Communications:** In our last issue we told you that the Commission hired Mercer Human Resources Consulting to analyse and evaluate the Plan's communication methods and materials.

Mercer has completed its review. We will have more news about changes to our communications in the Fall 2006 issue of *MEPP Matters*.

**Commission Changes:** Richard Buettner has been appointed by the Saskatchewan School Boards Association (SSBA) to serve on the Commission.

He replaces Charles Baillargeon, Vice-Chair of the Commission and one of two representatives appointed to the Commission by the SSBA.

Bonnie Ozirny is the other SSBA representative appointed to the Commission.

# MEPP Numbers

## Highlights from the MEPP Annual Report 2005

**Retirements:** MEPP had 42% more retirements in 2005 than in 2004. Could this be because the early retirement window closed December 31, 2005? Here are MEPP's retirement numbers in 2005 and 2004.

	2005	2004
Normal Retirement	81	60
Early Retirement	210	138
Postponed Retirement	10	14
<b>Total Retirements</b>	<b>301</b>	<b>212</b>

**Plan Membership:** MEPP's membership consists of Active, Transitional Deferred, Deferred Members and Pensioners. Here is plan membership for 2005 compared with membership for 2004.

	2005	2004
Active	11,656	11,143
Transitional Deferred	1,835	1,849
Deferred	1,968	1,730
<b>Pensioners</b>	<b>3,803</b>	<b>3,498</b>

**Pensions:** In 2005 about 3,800 pensioners received monthly payments from MEPP.

During the year the Plan paid out about \$35 million in pensions.

### Supplemental Increases:

MEPP applied indexing of 2% to pensions earned on service before 1999. This indexing was effective January 1, 2005.

### Fund Performance:

MEPP's investment managers performed well. All met or exceeded their benchmarks.

The Commission reviews the performance of the MEPP Fund in terms of the performance of a benchmark portfolio over rolling four-year periods. The performance of individual investment managers is measured against the objectives set for their individual portfolios.

The Fund had a return of 12.1% for the year ended December 31, 2005. In 2005 the Fund outperformed the benchmark by 1.5%. Over the past four years, the Fund had an annualized return of 8.9%, exceeding the benchmark by 2.0%.

**Active Members and Active Employers:** These tables show the numbers and percentages of each employer type, and the number and percentage of active members employed by each type of employer.

### MEPP Active Employers

Cities	7	0.9%
Other	31	4.0%
Regional Colleges	8	1.0%
Regional Libraries	8	1.0%
Rural Municipalities	296	38.3%
School Divisions & Boards	78	10.1%
Towns	144	18.7%
Villages	201	26.0%
<b>Total Participants</b>	<b>773</b>	<b>100.0%</b>

### MEPP Active Members

Cities	975	8.4%
Other	38	0.3%
Regional Colleges	379	3.3%
Regional Libraries	336	2.9%
Rural Municipalities	1,027	8.8%
School Divisions & Boards	7,416	63.6%
Towns	1,060	9.1%
Villages	425	3.6%
<b>Total Participants</b>	<b>11,656</b>	<b>100.0%</b>

# Pensioners' Corner

## About Guarantee Periods

The guarantee period is the length of time after your retirement that MEPP pays your full pension benefit to your spouse, dependents or designated beneficiaries. The length of your guarantee period can vary, depending on whether or not you had a spouse when you retired.

- If you were single when you retired, your only option was a 15-year guarantee period.
- If you had a spouse when you retired, you had the option of a 5, 10 or 15-year guarantee period.

The guarantee period will come into play only if you die before it ends.

**If you die before the end of the guarantee period**, your spouse, dependents or designated beneficiaries will receive your *full*

*monthly pension* until the end of the guarantee period.

**If you die after the guarantee period ends**, the spouse you had when you retired is the only person who will continue receiving payments from the Plan. He or she will receive a survivor benefit of 60%, 75% or 100% of your full monthly pension, depending on the option you chose when you retired.

When you retired, MEPP sent you a Pension Certificate letter. That letter stated your pension options, including:

- your pension amount;
- the name of your spouse or other beneficiaries;
- if you had a spouse, the amount of your survivor benefit; and
- your guarantee period.

If you enter into a spousal relationship after you retire, and if the guarantee period has not expired, you may name this spouse as a *beneficiary* - but, for the remaining guarantee period only.

## Dear MEPP

*MEPP Matters* is looking for questions from members. If there is anything that you want to know about MEPP, please send your questions to *Dear MEPP*. Here is a question MEPP received recently:

**Dear MEPP:** I want to retire and my employer has asked me if I will come back afterward on a casual basis. Can I return to work after I retire?

**Dear MEPP Member:** With many members taking early retirement in recent years, you are not the only one asking this question.

Some types of employment after retirement are permitted by the Plan. You could:

- train a successor for your former position;
- engage in casual employment with any MEPP employer; or
- become employed with another MEPP employer if you apply for the position *after* you retire.

The Plan does not permit you to make arrangements for continued employment that would otherwise require you to contribute to the Plan.

You may not retire and then go back to essentially the same employment as you had with your former MEPP employer. This type of re-employment after retirement is an expense to the Plan and to all (members and employers alike) who fund the Plan.

You may address any inquiry or complaint regarding the administration of the Municipal Employees' Pension Plan to the Public Employees Benefits Agency (PEBA) at:

1000 - 1801 Hamilton Street  
REGINA SK S4P 4W3

Hours: Monday to Friday 8:00 a.m. to 5:00 p.m.

Phone: Toll-free 1-877-506-6377 - In Regina 787-2684

E-mail: [mepp@peba.gov.sk.ca](mailto:mepp@peba.gov.sk.ca)

Fax: 1-306-787-8822

PEBA will respond to all pension-related inquiries or complaints. If a complaint cannot be resolved, PEBA will provide you with details of the procedure for having your complaint heard by the Municipal Employees' Pension Plan Commission.

*MEPP Matters is published as a service to the members of the Municipal Employees' Pension Plan (MEPP).* This newsletter provides general information about MEPP and its operation. It does not replace or supersede the legislation governing the Plan. The articles contained in this newsletter have been carefully compiled from sources believed to be reliable, but their accuracy cannot be guaranteed. Suggestions are welcome.