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# Message from the trustees

As we look to the future, we remain committed to a simple goal: continue to provide affordable group health benefits to current and future retired members.



Emily MacDonald, retired member

The Municipal Retiree Benefit Board of Trustees is pleased to present our second *Annual Report*, covering the year ended December 31, 2023. The *Annual Report* is an opportunity for us to reflect on our past year of work while we plan for our future.

It was an exciting year for the board. We shared the results of the first valuation of the Municipal Retiree Benefit Trust (MRBT), which showed the MRBT has enough funding for 31.3 years of benefits at current benefit and subsidy levels. We were also proud to expand mental health coverage to include clinical counsellors, which took effect January 1, 2024.

# **Our work continues**

While the valuation results are good news, we continue to face some challenges. The cost of providing group benefits is increasing. Our goal is to manage the MRBT prudently so it can continue to give members access to group benefits despite increasing costs.

As a board, we work to ensure affordable coverage, while balancing costs with the needs of the majority of members and beneficiaries. This means making careful decisions about what the extended health care and dental plans cover. It also includes regular review of our premiums and plan participation levels.

We are proud to have added expanded mental health coverage that includes clinical counsellors.

# Responding to the Canadian Dental Care Plan

In December 2023, the Government of Canada announced the launch of the Canadian Dental Care Plan (CDCP). As the government released more information about eligibility rules, we realized that certain rules could have a negative impact on retired members of the Municipal Pension Plan (MPP). We wrote to the government asking it to reconsider the eligibility criteria for the CDCP.

We continue to monitor the situation as the government releases more information about the CDCP.

# Resources for retired members

Retirement health coverage is a complex topic. Thankfully, we have resources available to help. We encourage members to read the extended health care and dental plan booklet to learn more about coverage available through the MRBT. This information can be found on the Pacific Blue Cross MRBT microsite at pac.bluecross.ca/mrbt.

# **Looking forward**

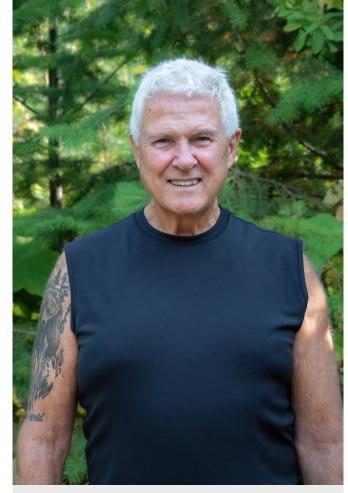
As we look to the future, we will continue to manage the sustainability of the plan and the value the MRBT can provide for our retiree members and their beneficiaries. We remain committed to keeping affordable group health benefits available to current and future retired members, which includes regular reviews of premium rates and coverage.

Our goal is to manage the MRBT prudently so members continue to have access to group benefits despite increasing costs.

For updates on our work, visit mpp.pensionsbc.ca/municipal-retiree-benefit-trust.

# Financial summary

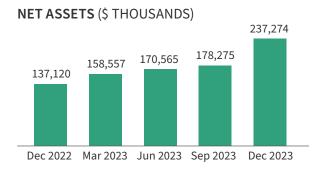
As at December 31, 2023, the MRBT's net assets available for benefits were \$237.3 million.



Larry McHale, retired member

# **Assets and liabilities**

As at December 31, 2023, the MRBT's total assets were \$284.3 million and total liabilities were \$47.0 million. This means the net assets available for benefits were \$237.3 million. This money will be used over the long term to provide sustainable access to group benefits.



Total assets are made up primarily of:

- Investments (\$260.8 million)1
- Contribution receivables (\$13.7 million)
- Prepaid expenses to the group benefit carrier (\$9.4 million)

# Liabilities are made up primarily of:

- Accounts payable to the group benefit carrier (\$5.1 million)
- Payables for purchase of investment (\$25.0 million)
- Retired member group benefit obligation (\$11.2 million)
- Benefits incurred but not reported (\$5.6 million)

# FINANCIAL SUMMARY (\$ THOUSANDS)

for the year ended December 31

	2022	2023
Increase in assets		
Investment income (loss)	\$ (10,404)	\$ 18,465
Contributions	201,642	136,028
Total increase in assets	191,238	154,493
Decrease in assets		
Retired member group benefits	52,136	51,823
Investment and administration costs	1,982	2,516
Total decrease in assets	54,118	54,339
Increase (decrease) in net assets	137,120	100,154
Net assets at beginning of year	_	137,120
Net assets at end of year	\$137,120	\$237,274

Net assets will be used over the long term to provide sustainable access to group benefits.

ASSETS AND LIABILITIES

(\$ MILLIONS)

284.3

**Total assets** 

47.0

**Total liabilities** 

237.3

**Net assets** 

FINANCIAL SUMMARY 2023 ANNUAL REPORT

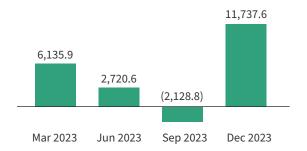
# Investment income

During 2023, the MRBT gained \$18 million on its investments with a return of 11.2 per cent.

In the first to third quarters of the fiscal year, investment income continued a downward trajectory. Rising interest rates triggered rising yields, which devalued bond holdings, causing a decrease in bond income.

The last quarter of the fiscal year had an increase, due to interest rates stabilizing and solid economic activity. This caused a positive return in equities, the largest contributor to the increase.

### **INVESTMENT INCOME (LOSS) (\$ THOUSANDS)**

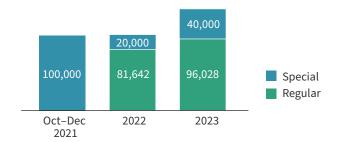


# **Contributions**

In December 2021, \$100 million of seed money was transferred from MPP employer Inflation Adjustment Account (IAA) contributions to establish the MRBT. Another \$20 million was transferred in December 2022, and \$40 million in 2023. An additional \$10 million will be transferred by December 31, 2024.

In 2023, \$96 million of regular MPP employer IAA contributions were transferred to the MRBT. This is equivalent to 0.6 per cent of active member salaries. This funding arrangement is set out in the *Municipal Retiree Benefit Trust Agreement*.

#### **CONTRIBUTIONS** (\$ THOUSANDS)



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Pat Bourget, retired member

# **Extended health benefits**

**EXTENDED HEALTH BENEFITS (\$ THOUSANDS)** 

	2022	2023
Extended health care claims	\$103,395	\$106,907
Premiums paid by retirees	(54,596)	(58,278)
Claims adjudication costs	3,337	3,194
Total group benefits cost	\$ 52,136	\$ 51,823

# **Accrued benefit obligations**

The accrued benefit obligation is the amount the MRBT would be required to pay out if it were closed. Because benefits are not guaranteed, the MRBT's accrued benefit obligation is set equal to the net assets available to pay the obligations.

In 2023, \$96 million of regular MPP employer IAA contributions were transferred to the MRBT.

As a result, the MRBT's financial statements will always show a nil surplus or deficit.

# Investments

# **Investment overview**

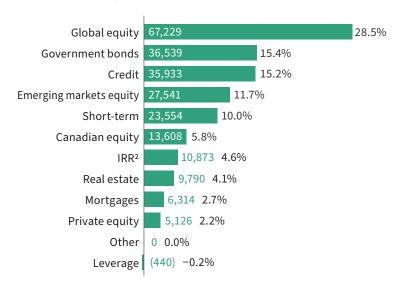
The board is responsible for overseeing an investment portfolio of \$235.8 million, as at December 31, 2023. The board's priority is to ensure the MRBT is secure and stable over the long term so current and future retired members have access to post-retirement group benefits.

The board oversees and monitors the performance of its investment management agent, BCI. The board sets the investment beliefs and financial goals of the trust through the Statement of Investment Policies and Procedures, and BCI puts them into action.

In the year ended December 31, 2023, the MRBT's investment portfolio grew by \$99.7 million due to investment returns and contributions from the Municipal Pension Plan.

#### **INVESTMENT HOLDINGS**¹ (\$ THOUSANDS)

as at December 31, 2023



<sup>1</sup> Asset classifications vary from the financial statements for performance reporting

<sup>2</sup> Infrastructure and renewable resources

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# Responsible investing

Responsible investing is a key part of the board's investment approach and beliefs. Responsible investing means considering environmental, social and governance (ESG) factors when making investment decisions. These factors can be company-specific, like board compensation or employee safety. They can also be widespread and systemic, like climate change, water management and data security. Both the board and BCI believe responsible investing is essential to understanding and managing the risks and opportunities associated with long-term investments. It is also a part of the duty of growing the MRBT in a sustainable way.

Climate change is one of the most significant social and economic risks the world faces today. BCI's Climate Action Plan outlines the steps BCI is taking to manage climate change risk, integrate climate change information into decision making and seek investment opportunities from the long-term transition to a lower-carbon economy. The report also affirms BCI's commitment to taking actions that support the global goal of achieving net-zero emissions by 2050.

To learn more about BCI's ESG and Climate Action Plan activities, visit bci.ca/ESG.

# Health coverage for retirees

The MRBT provides retired members of MPP with access to optional group benefits offering extended health and dental care coverage.



Retired members and beneficiaries who receive a pension from MPP have access to group coverage for extended health care and dental care provided by the MRBT.

# Subsidized extended health coverage

The extended health care plan is a supplemental plan that extends beyond what is covered by the Medical Services Plan. It includes coverage for prescription drugs and other expenses, such as medical aids and supplies, as well as the cost of other medical and health services. Extended health coverage is subsidized for members based on their years of pensionable service in MPP. The plan premiums paid by members and the subsidies members receive for 2023 are set out on page 12.

# Optional dental care coverage at a group rate

The MRBT also provides access to two non-subsidized group dental plans referred to as the essential plan and the enhanced plan. Enrolment is optional and provides members with premiums that reflect the MRBT's group rate and may provide better than coverage than an individual plan.



Karen Budd and Rick Reubart, retired members

# Affordable and sustainable benefits for retirees

Group benefits are not funded by member contributions so are not guaranteed in the future. The funding for the MRBT comes from 0.6 per cent of MPP employer contributions, member premiums and investment returns. This is why the MRBT trustees are focused on the sustainability of the plan. This involves cost management of benefits paid while still ensuring members receive valuable supplemental health benefits. More information on the funding for the MRBT is available at mpp.pensionsbc.ca/municipal-retiree-benefit-trust.

# MRBT benefits coverage

Retired MPP members can participate in the MRBT group plan, which offers supplemental extended health care and dental care coverage. The MRBT contracts with Pacific Blue Cross to process benefit claims and reimburse retired members. We encourage all members, especially new retirees, to carefully review the MRBT benefits plan. Plan coverage may not be the same as when a member was working. More information is available at pac.bluecross.ca/mrbt.

# The MRBT extended health benefits plan supplements MSP coverage.



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# MRBT premiums and subsidies

Extended health coverage is subsidized for members based on their years of pensionable service in MPP. For dental coverage, the MRBT offers two plan options. Participation in the dental plan is optional, and members pay the premiums. The 2023 premiums are set out below.

#### **ENROLMENT IN EXTENDED HEALTH CARE AND DENTAL COVERAGE**

for the year ended December 31

	2023
Dental only	2,267
Extended health care only	14,900
Both	77,335
Total participants	94,502

#### PREMIUM RATES AND SUBSIDIES—EXTENDED HEALTH CARE

monthly rates effective February 1, 2023

Pensionable service of retired member	Single	Couple	Family
Under 2 years (full premium)	\$73.00	\$146.00	\$284.70
2 years to under 4 years	62.05	135.05	273.75
4 years to under 6 years	51.10	124.10	262.80
6 years to under 8 years	40.15	113.15	251.85
8 years to under 10 years	29.20	102.20	240.90
10 years or more	18.25	91.25	229.95
Beneficiary/surviving spouse receiving a pension	73.00	146.00	284.70

#### PREMIUM RATES AND SUBSIDIES—DENTAL

monthly rates effective February 1, 2023

	Single	Couple	Family
Essential dental	\$29.23	\$55.72	\$ 93.72
Enhanced dental	51.47	97.52	137.99

# Who we are

# Your 2023 trustees

The board members listed below served during 2023. Learn more about the trustees and their backgrounds at mpp.pensionsbc.ca.



# **BONNIE PEARSON** | CHAIR

**Appointed by** Municipal Employees' Pension Committee **Board term** January 2022 to present



# LYN KOCHER | VICE-CHAIR

Provincial government and Union of Appointed by

**BC** Municipalities

**Board term** January 2022 to present



# **LORNE BURKART**

**Appointed by** Municipal Employees' Pension Committee **Board term** January 2022 to present



## **JOHN BURROWS**

Appointed by Municipal Employees' Pension Committee **Board term** 

November 2022 to present



**DEAN LEVANGIE** 

**Appointed by** Provincial government and Union of

**BC** Municipalities

**Board term** January 2022 to present



## **DIANA LOKKEN**

Appointed by Provincial government and Union of

**BC** Municipalities

**Board term** January 2022 to present



# **TOM STAMATAKIS**

**Appointed by** Municipal Employees' Pension Committee

**Board term** January 2022 to present



# **PETER URBANC**

**Appointed by** Provincial government and Union of

**BC** Municipalities

**Board term** January 2023 to present

# TRUSTEE REMUNERATION

for the year ended December 31, 2023

	Meetings	Remuneration	
Trustee	attended/scheduled	by payee	Paid to
Bonnie Pearson, chair	5/5	\$ 15,815.65	Board member
Lyn Kocher, vice-chair	5/5	11,205.00	Board member
Lorne Burkart	5/5	2,357.20	BC Nurses' Union
		489.70	Board member
John Burrows	5/5	3,735.00	Board member
Dean Levangie	5/5	2,282.50	Health Employers Association of BC
Diana Lokken	5/5	3,660.30	Board member
Tom Stamatakis	5/5	2,593.75	Canadian Police Association
Peter Urbanc	5/5	3,008.75	Board member
Total		\$45,147.85	

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# Agents and service providers

# **BCI**

BCI provides investment management services to the board.

# **BC Pension Corporation**

BC Pension Corporation provides benefit administration and financial and communication services to the board.

# Cubic Health Inc.

Cubic Health Inc. provides quarterly and annual analysis on usage and population health to the board to assist in benefit plan design and ongoing management.

# **George & Bell Consulting**

George & Bell Consulting provides benefit consultation and actuarial services to the board.

# **Hatch Law**

Hatch Law provides legal advice and services to the board.

# **Healthcare Benefit Trust**

Healthcare Benefit Trust provides secretariat services to the board.

# **KPMG LLP**

KPMG LLP provides external audit services for the MRBT.

# **Pacific Blue Cross**

Pacific Blue Cross administers the group extended health coverage and insured dental plan coverage for the MRBT.

Email: contact@bcmrbt.ca
Mail: Municipal Retiree Benefit Trust Secretariat
c/o Healthcare Benefit Trust
Attention: Terri Thompson, Board Secretary
350–2889 East 12th Avenue, Vancouver, BC V5M 4T5

Cover photo: Nancy Wong, retired member

