

# 2013 SUMMARY ANNUAL REPORT



**WCEBP**

WINNIPEG CIVIC EMPLOYEES'  
BENEFITS PROGRAM

This summary annual report highlights the activity of the *Board of Trustees* as well as key operational activities of *The Winnipeg Civic Employees' Benefits Program* for the year ended December 31, 2013. A full version of the 2013 Annual Report, which contains audited financial statements for the *Pension Plan* and the *Disability Plan*, is available online at [WCEBP.ca](http://WCEBP.ca).

## 2013 AT A GLANCE

*The Winnipeg Civic Employees' Benefits Program* (the "Program") currently serves close to 17,000 members with assets under management of over \$4 billion.

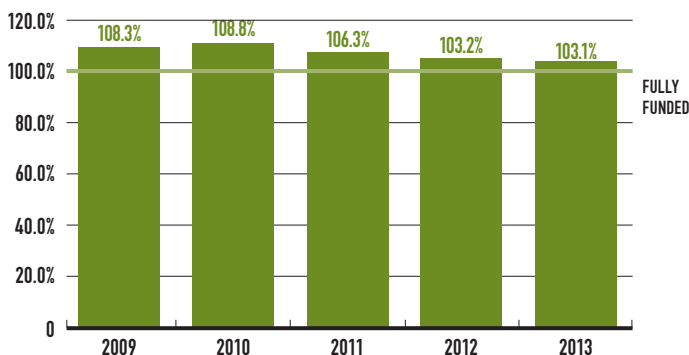
### FUNDED STATUS

The most recent actuarial valuation of the *Program* as at December 31, 2013 (on a going concern basis), disclosed that it was fully funded and had an excess of smoothed value of assets over actuarial liabilities of \$116,439,000—a funded ratio of 103.1% on the basis of actuarial values.

### HIGHLIGHTS

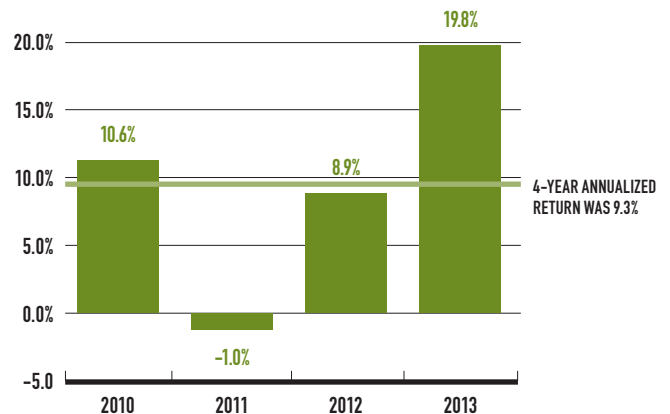
- "Excess" investment returns (those that exceeded the assumed 6.0% rate of investment return) served to eliminate remaining investment losses carried forward from 2011, and generated almost \$80 million to be recognized in 2013, and an additional \$318 million to be recognized for actuarial valuation purposes in future years (through 2017), under the asset smoothing technique used by the Actuary.
- The *Program's* positive funded status enabled cost-of-living adjustments (COLA) paid to pensioners in July 2013 to be maintained at 80%, although future COLA is expected to decline over time from 80% to 50%.

### FUNDED RATIO BASED ON ACTUARIAL VALUE OF ASSETS



### INVESTMENTS

#### ANNUAL INVESTMENT RETURN



The *Program's* rate of investment return for 2013 was 19.8%, significantly exceeding the assumed rate of investment return for 2013 of 6.0%.

### HIGHLIGHTS

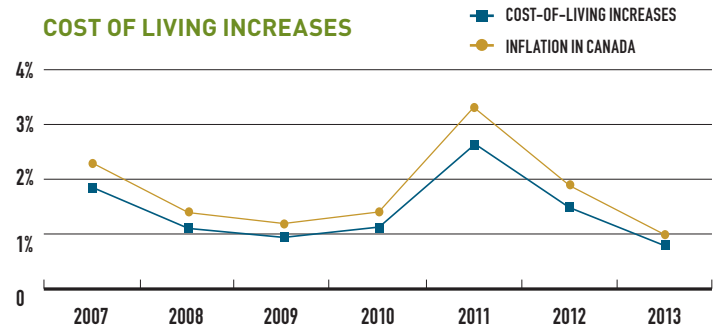
- The *Program's* portfolio placed well above the median Canadian pension fund rate of return of 13.8%, ranking the *Program* in the top 10% of large pension plans in the country for 2013.
- Additional allocations to real estate along with an initial allocation to global infrastructure occurred in 2013, while the *Program's* allocation to fixed income declined during the period. Overall, the *Program* benefitted from very strong performance in all equity markets during the year.

*Reference to rate of return or investment return (used interchangeably) includes interest, dividends, and realized and unrealized capital gains and losses.*

## COST-OF-LIVING ADJUSTMENTS

The *Winnipeg Civic Employees' Pension Plan* provides for annual cost-of-living-adjustments (COLA) to both pensions in payment and deferred pensions. The level of COLA granted in a particular year is tied to the funded status of *The Winnipeg Civic Employees' Benefits Program*.

In 2013, COLA was granted at a rate of 80% of the annual increase in Canada's Consumer Price Index at March 31.



## CONTRIBUTIONS

As approved by the City of Winnipeg and the Signatory Unions, the rate of contribution to the *Program* increased an average of 0.5% of pensionable earnings for both employees and employers effective the first pay period in January 2013.

For the *Program* as a whole, this resulted in an average contribution rate of 9.5% of pensionable earnings for both employees and employers.

Employees are required to make regular contributions to the *Pension Plan* each pay period. Employers contribute to the *Pension Plan* as well—and also to cover the costs of the *Disability Plan* and *Early Retirement Benefits Arrangement*. Employers match employee contributions either in cash or cash in combination with a transfer from the City Account.

Contributions are lower on earnings up to the Yearly Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP), and higher on earnings above the YMPE. The breakdown for 2013 was as follows:

### Member Contribution Rate in 2013

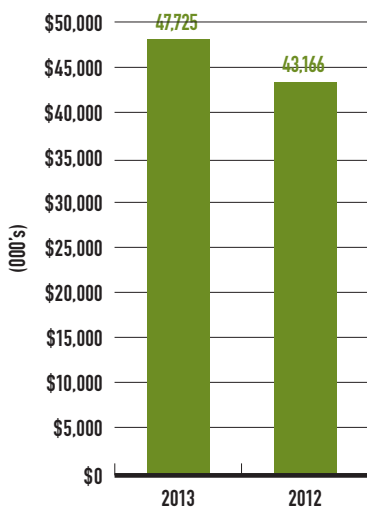
Earnings up to the 2013 CPP earnings ceiling <sup>1</sup> of \$51,100	9.0%
Earnings over the 2013 CPP earnings ceiling <sup>2</sup> up to \$157,563	11.2%

1. The Yearly Maximum Pensionable Earnings (YMPE) is the maximum pensionable earnings under the Canada Pension Plan, which was \$51,100 for 2013.

2. Contributions are only required on salary up to the maximum salary for which a benefit can be accrued under the *Income Tax Act*, which was \$157,563 for 2013.

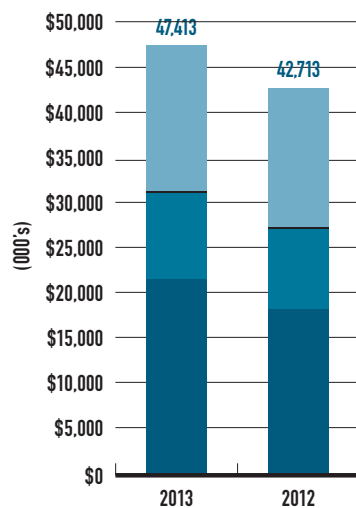
Effective January 1, 2014, the average contribution rate increased to 10% of pensionable earnings for both employees and employers.

### EMPLOYEE CONTRIBUTIONS\*



\* Employee contributions also include such items as voluntary Employee Additional Contributions and past service contributions for which there are no required Employer contributions.

### EMPLOYER CONTRIBUTIONS AND TRANSFERS\*



\* Includes amounts transferred from City Account within the *Program*.

■ TRANSFERS FROM CITY ACCOUNT  
 ■ EARLY RETIREMENT BENEFITS ARRANGEMENT  
 ■ LONG TERM DISABILITY PLAN  
 ■ PENSION PLAN

### COST OF BENEFITS FOR SERVICES IN 2013

	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS*	ALLOCATION FROM SURPLUS	TOTAL COST
As a percentage of contributory earnings September 1, 2011 benefits level	9.45%	9.45%	2.40%	21.30%

\* Includes amounts transferred from City Account within the *Program*.

### Participating Employers

- City of Winnipeg
- Riverview Health Centre
- Manitoba Hydro (former Winnipeg Hydro employees)
- Assiniboine Park Conservancy
- Winnipeg Convention Centre
- St. Boniface Museum
- Transcona Historical Museum
- Canlan Ice Sports Corp. (former Highlander employees; excluding Disability Plan)
- The Board of Trustees of The Winnipeg Civic Employees' Benefits Program

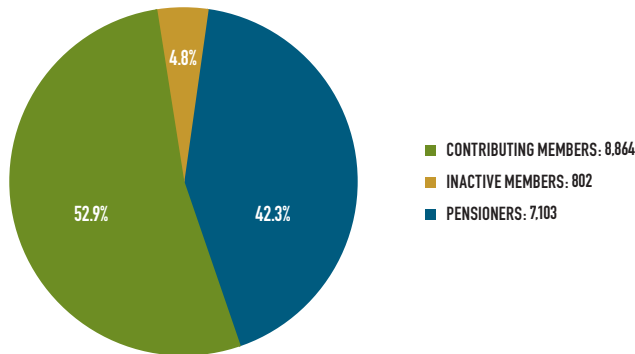
## MEMBER SERVICES

The demographics of retiring members remains unchanged with the majority of members retiring between the ages of 55 and 59. The average service of members who retired in 2013 was 24.9 years.

### MEMBERSHIP PROFILE

AS AT DECEMBER 31, 2013

TOTAL MEMBERS: 16,769



The *Program* processes approximately 800 retirement estimates annually, and meets face-to-face with over 50 members each month. The *Program* is also responsible

## LONG TERM DISABILITY PLAN EXPERIENCE

Orthopaedic and psychological related illnesses continue to make up the majority of claims being processed. In 2013, there was a decrease in volume of open claims for these conditions and an increase in claims for cancer and internal disease conditions.

The *Program's* case management team and administrative staff continue to assist members to identify and apply for other income they may be entitled to, such as Canada Pension Plan Disability benefits. This can provide additional important benefits to members and also positively affect *Plan* experience.

### THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN ACTIVITY SUMMARY

FOR THE YEARS ENDED DECEMBER 31	2013	2012
Employees receiving disability benefits	364	382
Employees returning to pre-disability duties	35	35
Employees working in alternate duties	71	88

### REVISED CLAIMS ADJUDICATION AND APPEAL PROCESS

The *Program* has implemented a revised Disability Claims Adjudication and Appeal Process. Effective January 2014, as approved by the *Program's* Board of Trustees (Disability Fund), the Case Manager makes all claim decisions, including approving or denying claims, and partially rating or terminating benefits. If a claimant disagrees with the final decision of the

for an in-house biweekly payroll for approximately 7,500 pensioners and survivors.

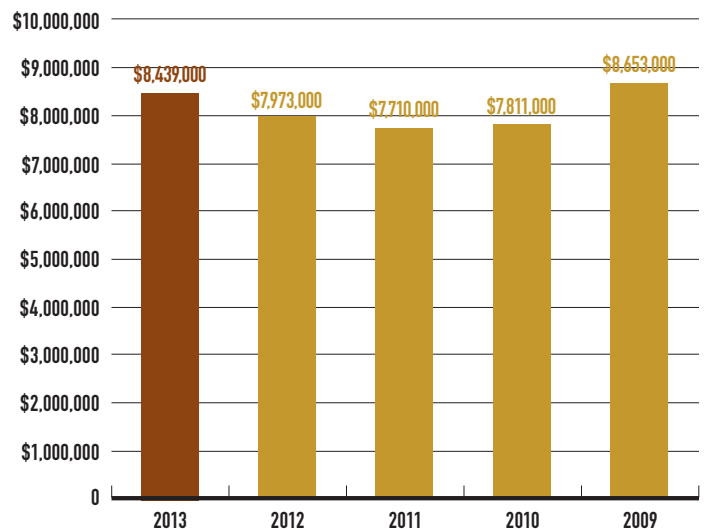
### MEMBERSHIP ACTIVITY DURING THE YEAR

	2013	2012	2011	2010	2009
Retirements	309	332	345	314	345
Deaths in service	14	20	16	18	15
Pensioner deaths	236	249	241	249	218
New disabilities	76	71	66	64	63
New members	822	799	778	723	826
Terminations	444	477	401	350	420

New initiatives undertaken in 2013 included incorporating an analysis and overview of the members' Annual Statement of Benefits into the Pre-Retirement Seminars, and the redevelopment of the *Program's* website. The new website's structure makes it easier for members to access information: Plan summary information is more reader-friendly and comprehensive, popular content is featured on a *Quick Links* menu, and the entire site is searchable. Development of an online pension estimator tool also began in 2013, with completion anticipated for late-2014.

Case Manager, the claimant may appeal the decision — first to the Manager of Disability Benefits (or designate) and finally to an independent Appeal Panel. An overview of this new process has been posted to the *Program's* website: WCEBP.ca.

### DISABILITY BENEFITS PAID



## PROGRAM GOVERNANCE

The *Program* operates under a jointly-trusted governance structure according to the terms and conditions of the *Pension Trust Agreement* and the *Disability Plan Trust Agreement* entered into by the City of Winnipeg and ten Signatory Unions.

The *Pension Plan* is administered by *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund)*. The City of Winnipeg and the *Program* members have equal representation on this joint *Board*, with the Trustees being appointed equally by the City of Winnipeg and the ten Signatory Unions.

The same individuals sit on *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund)* (responsible for the administration of the *Disability Plan*), with the exception of one Employer Trustee and the Member Trustee on behalf of pensioners and deferred members.

Participating Employers and members share in the surpluses and the risks associated with the *Program*. Benefits are financed entirely by the assets (including investment earnings) of the *Program* and the contributions of the Participating Employers and the active members. *Program* benefits are not guaranteed by the City of Winnipeg or the other Participating Employers.

## THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

### VISION:

To be considered by *Plan* members and industry peers as one of the best-managed pension plan organizations in Canada.

### MISSION:

- To deliver the promised benefits (subject to the terms of the *Pension Trust Agreement* and the *Plan* text) to the *Plan's* members and beneficiaries. In doing so, the *Board*:
- Maintains an effective and transparent governance structure and process encouraging a culture of excellence
  - Preserves the level of benefits agreed to by all parties to the extent possible given financial and any other constraints and subject to the requirements of the *Pension Trust Agreement* and applicable law
  - Promotes financial management responsibility by weighing risks and returns for each decision
  - Provides high quality administration services with a focus on members, beneficiaries and employers
  - Complies with all laws, rules, regulations, *Plan* provisions and applicable policies and guidelines
  - Provides leadership and communication to *Plan* members and other stakeholders on behalf of the *Plan*
  - Recognizes that the *Plan* is jointly governed between participating employers and members and that this joint governance arrangement entails sharing responsibility for costs and unfunded liabilities and sharing the benefit of any actuarial surpluses

### VALUES:

Trust • Integrity • Equity • Respect • Service

## NEW ONLINE SERVICES!

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