

Pension Plan Year in Review 2013



The Pension Plan for Participating Employers of the Newfoundland and Labrador Municipal Employee Benefits Inc. ("Plan") is administered and operated for the benefit of participating employers and their eligible employees by NLMEB Inc., operating as TRIO.

The TRIO Board of Directors is responsible for the overall management of the Plan. With the support of expert advisors, the Board determines appropriate investment and management policies, and acts to ensure the long-term sustainability and viability of the fund.

This *Year in Review* has been prepared for plan members and participating employers to provide information on the operation of the Plan in 2013.

Pension Plan at a Glance

Some important highlights of the TRIO Plan are as follows:

- Inception Date: October 1, 1978
- Participation: 38 municipalities
- Active members: 639
- Pensioners: 187
- Participation Options: 8 defined benefit
1 defined contribution

TRIO Board	
Dennis Kelly	President
John Dawson	Vice-President
Rodney Cumby	Director
Gerry Gros	Director
Neil Shute	Director
Carol Ann Smith	Director

Actuarial Valuation* and Pension Fund Reconciliation**

Going Concern Valuation as at 31-Dec-2012

Assets	\$64,216,000
Liabilities	<u>\$72,381,000</u>
Excess / (Deficit)	(\$8,165,000)
Funded Ratio	88.7%
Employee Contributions	\$ 2,657,000
Employer match	\$ 2,657,000
Employer Special Payments	<u>\$ 771,000</u>
Total Annual Contribution	\$ 6,085,000

Fund Reconciliation 2013

January 1 (market value)	\$64,409,000
Employee Contributions	\$ 2,841,000
Employer Contributions	\$ 3,456,000
Investment Income	<u>\$ 6,877,000</u>
Sub-total	\$13,174,000
Pensions Paid	(\$2,340,000)
Lump Sum Payments	(\$468,000)
Fees and Expenses	(\$729,000)
Transfer of Assets	<u>458,000</u>
Sub-total	(\$3,079,000)
December 31 (market value)	\$74,504,000

*Last actuarial valuation was at 31 December 2012.

** Fund reconciliation shows opening and closing balances for 2013, as well as amounts received by and paid out of fund over 2013. The fund increased by \$10,095,000 over the year.

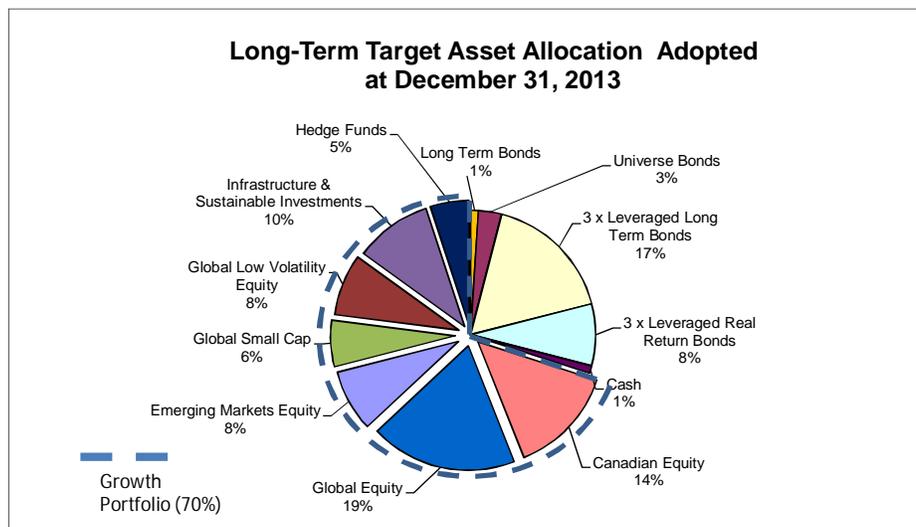
Plan Changes

When the TRIO Board announced in 2012 that it was amending the pension benefit calculation from “Best 5” to “career average” for those people in Options 1,2,3,4,5 & 8, effective January 1, 2013, the Board also announced that, when economic conditions were favourable, the Board would authorize an upgrade to accrued pension benefits.

At its April 2014 meeting, the Board reviewed the overall investment returns of the pension fund for 2012 and 2013 (9.1% and 10.4%, respectively, before expenses), and concluded that an upgrade could be provided. Our actual investment results have exceeded both our **benchmark** (the measure against which our actual returns are compared – basically, what indexed funds could have earned over the same period if they had invested in the same asset classes as us), and our **discount rate** (the level of investment return our actuaries assumed we would earn over the years following our last actuarial valuation report – currently 6.5%). These positive differences give us enough financial room to make a benefit improvement.

All active participants as of April 1, 2014 who had accrued benefits in Options 1,2,3,4,5 a/o 8 saw an additional 0.65% added to their accrued benefits (other than current year benefits), effective December 31, 2013. This benefit improvement also applied to active participants as of December 31, 2013 who have retired and commenced their pension on or before April 1, 2014.

0.65% is the Consumer Price Index adjustment for the 12 months ending October 31, 2013, and is the cost of living increase that was applied to TRIO pensioners whose pensions are subject to inflation indexing, effective January 1, 2014.



Investment Returns (before expenses)			
Year	TRIO Fund	TRIO Benchmark	Value Added
2009	17.6%	15.9%	1.7%
2010	9.8%	10.6%	-0.8%
2011	3.4%	4.0%	-0.6%
2012	9.1%	8.9%	0.2%
2013	10.4%	8.3%	2.1%

Contact TRIO (TRIO is operated by NL Municipal Employee Benefits, Inc.)

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