

# Pension Plan Year in Review 2015



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 2015.

## Pension Plan at a Glance

Some important highlights of the TRIO Plan are as follows:

- Inception Date: October 1, 1978
- Participation: 45 municipalities
- Active members: 673
- Pensioners: 219
- Participation Options: 11 defined benefit  
1 defined contribution

| TRIO Board      |                |
|-----------------|----------------|
| Dennis Kelly    | President      |
| John Dawson     | Vice-President |
| Rodney Cumby    | Director       |
| Brian Peckford  | Director       |
| Carol Ann Smith | Director       |
| Claude Elliott  | Director       |

## Actuarial Valuation\* and Pension Fund Reconciliation\*\*

| Going Concern Valuation as at 31-Dec-2014 |               |
|---|---------------|
| Assets                                    | \$ 90,443,000 |
| Liabilities                               | \$ 96,423,000 |
| Excess / (Deficit)                        | (\$5,980,000) |
| <br>                                      |               |
| Funded Ratio                              | 93.8%         |
| <br>                                      |               |
| Employee Contributions                    | \$ 3,340,000  |
| Employer match                            | \$ 3,340,000  |
| Employer Special Payments                 | \$ 1,090,000  |
| Total Annual Contribution                 | \$ 7,770,000  |

| Fund Reconciliation 2015   |                |
|----------------------------|----------------|
| January 1 (market value)   | \$ 89,658,000  |
| <br>                       |                |
| Employee Contributions     | \$ 4,019,000   |
| Employer Contributions     | \$ 4,927,000   |
| Investment Income          | \$ 7,518,000   |
| Sub-total                  | \$ 16,464,000  |
| <br>                       |                |
| Pensions Paid              | (\$2,895,000)  |
| Lump Sum Payments          | (\$1,250,000)  |
| Fees and Expenses          | (\$889,000)    |
| Sub-total                  | (\$5,034,000)  |
| <br>                       |                |
| December 31 (market value) | \$ 101,088,000 |

\*Last actuarial valuation was at 31 December 2014.

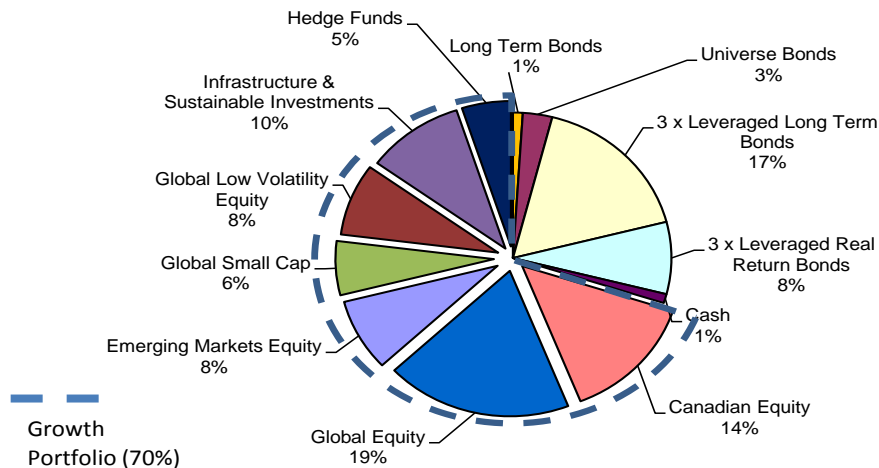
\*\* Fund reconciliation shows opening and closing balances for 2015, as well as amounts received by and paid out of fund over 2015. The fund increased by \$11,430,000 over the year.

## TRIO Pension Fund Investments

The Fund is invested by professional investment managers in a diversified portfolio of investments including stocks and bonds. The Plan has about 55% of its assets in equities (stocks), including allocations to Canadian and global equities (large and small capitalization companies), emerging markets and global low volatility. In addition, the Plan has a 15% allocation to hedge funds, infrastructure and sustainable investments. The remainder is in fixed income investments (bonds) that match the plan's liability profile -- mainly long term bonds and real return bonds.

The growth portfolio is designed to provide a variety of sources of investment return with reasonable expected returns and reduced volatility. Foreign investments are not currency hedged, which has been a source of positive returns as the Canadian dollar has declined in 2015. The fixed income investments are designed to provide enhanced returns as interest rates go down, which has helped the Plan maintain its funded status in spite of recent interest rate declines.

### Long-Term Target Asset Allocation



| Investment Returns |           |                 |
|--------------------|-----------|-----------------|
| Year               | TRIO Fund | Mercer Median * |
| 2009               | 17.6%     | 16.4%           |
| 2010               | 9.8%      | 10.0%           |
| 2011               | 3.4%      | -1.0%           |
| 2012               | 9.1%      | 9.1%            |
| 2013               | 10.4%     | 16.2%           |
| 2014               | 14.9%     | 11.1%           |
| 2015               | 8.9%      | 5.7%            |

\* Returns of the median Balanced Fund manager in Mercer Survey of Canadian Investment Managers

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

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