

Pension Plan Year in Review 2014



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 2014.

Pension Plan at a Glance

Some important highlights of the TRIO Plan are as follows:

- Inception Date: October 1, 1978
- Participation: 39 municipalities
- Active members: 655
- Pensioners: 207
- Participation Options: 11 defined benefit
1 defined contribution

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

Actuarial Valuation* and Pension Fund Reconciliation**

Going Concern Valuation as at 31-Dec-2013

Assets	\$ 73,687,000
Liabilities	<u>\$ 80,636,000</u>
Excess / (Deficit)	(\$6,949,000)

Funded Ratio 91.4%

Employee Contributions	\$ 2,947,000
Employer match	\$ 2,947,000
Employer Special Payments	<u>\$ 771,000</u>
Total Annual Contribution	\$ 6,665,000

Fund Reconciliation 2014

January 1 (market value)	\$ 74,504,000
Employee Contributions	\$ 3,106,000
Employer Contributions	\$ 3,960,000
Investment Income	<u>\$ 11,827,000</u>
Sub-total	\$ 18,893,000
Pensions Paid	(\$2,587,000)
Lump Sum Payments	(\$473,000)
Fees and Expenses	<u>(\$679,000)</u>
Sub-total	(\$3,739,000)
December 31 (market value)	\$ 89,658,000

*Last actuarial valuation was at 31 December 2013.

** Fund reconciliation shows opening and closing balances for 2014, as well as amounts received by and paid out of fund over 2014. The fund increased by \$15,154,000 over the year.

Plan Changes

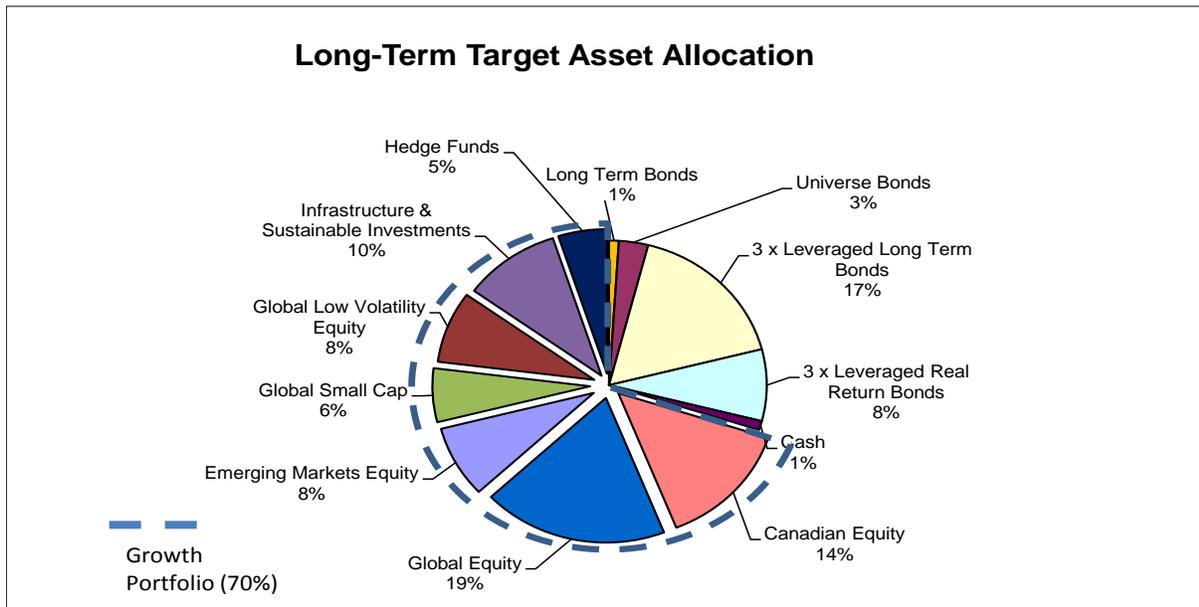
In 2014, the TRIO Board authorized the creation of Options 10, 11 and 12 which re-introduced the “best 5 years” benefit calculation.

Options 10 and 11 are primarily aimed at those employers and employees who are in Option 3:

- Option 10 provides for a 2% Best 5 year average benefit for future service, post-retirement indexing at 85% of CPI (maximum annual increase of 5.1%) with employee contributions of 9.75% of pay; and
- Option 11 provides for a 2% Best 5 year average benefit for both past and future service, post-retirement indexing at 100% of CPI (maximum annual increase of 6.0%) with employee contributions of 11.75% of pay.

Option 12 is primarily aimed at those employers and employees who are in Option 1. Option 12 provides for a 2% Best 5 year average benefit for future service, with no post-retirement indexing but with employee contributions of 6.50% of pay.

Employers can choose to migrate designated groups to a new option and retroactive application to January 1, 2013 is encouraged but not required.



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%

* 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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