

CONTINUING COMMUNICATION

The Municipal Employees' Pension Commission (the Commission) has communicated with members and employers about maintaining a healthy Plan.

In November 2008, members and employers were surveyed on whether they preferred a contribution rate increase or a benefit decrease. This was necessary as contributions to the Plan were no longer covering the cost of pension benefits earned by contributing members. The survey concluded that members and employers favored a contribution rate increase.

The Commission recommended to the Minister of Finance that it was appropriate to increase contribution rates and that the increase be phased in over a two-year period.

JANUARY 1, 2010 AND JANUARY 1, 2011 INCREASES

In August, the *Municipal Employees' Pension Regulations* were amended to reflect the first rate increase, which is set to occur January 1, 2010. This will put contribution rates at 6.40 per cent for general members and 8.75 per cent for designated members.

A 2008 actuarial valuation of the Plan was reported to the Commission and the scope of the second increase has now been determined. The actuary recommended that, effective January 1, 2011, contribution rates be set at 7.40 per cent for general members and 10.20 per cent for designated members.

Both the January 1, 2010 and the January 1, 2011 increases will be matched by employers.

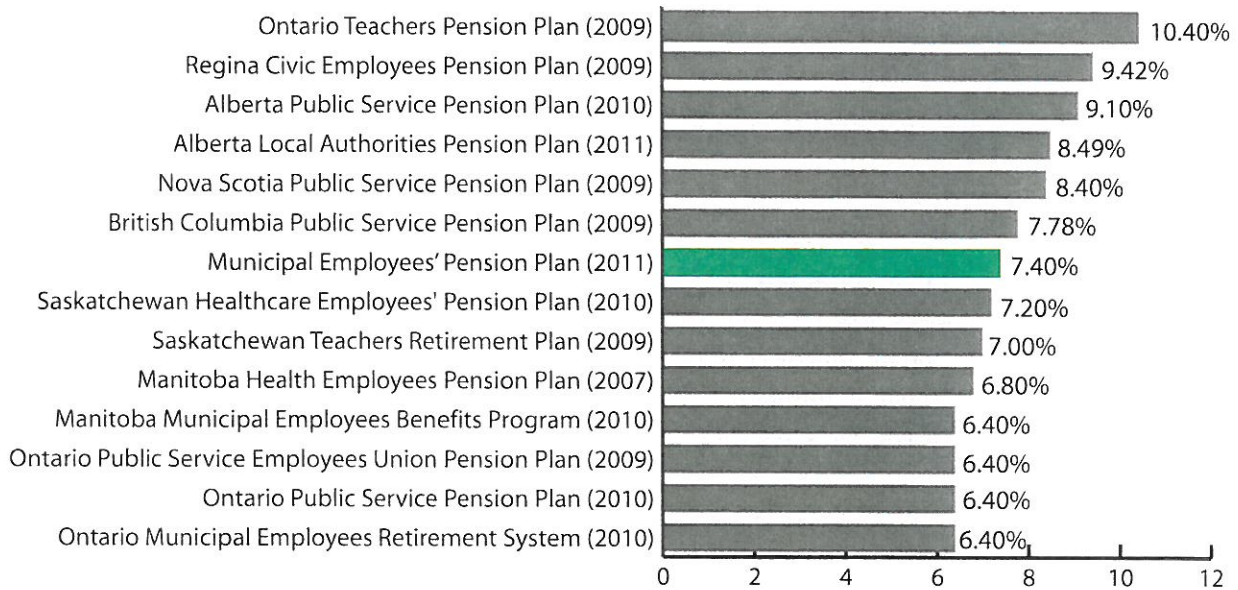
Employers and members contribute equally and have since the Plan's inception in 1973. Contribution rates have remained at 5.40 per cent for general members at January 1, 1993 and at 7.30 per cent for designated members since January 1, 1994. For approximately 17 years, surpluses have been used to subsidize contributions for both members and employers.

HOW WILL MEPP COMPARE?

The following chart outlines how MEPP's contribution rates will compare to those of other plans.

Brackets "(year)" indicate the as-of-year for the contribution rates. The 2011 contribution rates have not been announced by the majority of comparable pension plans.

The contribution rate for the Municipal Employees' Pension Plan is applicable to all salary levels both above the Yearly Maximum Pensionable Earnings (YMPE) and below. All other pension plans listed have higher contribution rates for salaries above the YMPE. The Canada Revenue Agency announces the annual YMPE at the beginning of each calendar year. The YMPE for 2009 is \$46,300.



CONTRIBUTION RATE INCREASE SCHEDULE

The following chart outlines MEPP's current and future contribution rates.

	General		Designated	
	Member	Employer	Member	Employer
Current Rates	5.40%	5.40%	7.30%	7.30%
January 1, 2010	6.40%	6.40%	8.75%	8.75%
January 1, 2011	7.40%	7.40%	10.20%	10.20%

MORE INFORMATION

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