



Strategic Business Plan 2024

April 19, 2024

Table of Contents

Executive Summary.....	3
Background	4
Commission Values	5
Strategic Path Forward.....	5
Goals	6
A. Customer Service Excellence	6
B. Plan Integrity	8
C. Governance Leadership	10
D. Transparent Accountability.....	11
Timeline of Initiatives	13
Appendix A: PEBA Environmental Scan	14
Appendix B: Plan Stats	23
MEPP by the numbers.....	23



Executive Summary

The Municipal Employees' Pension Commission's (the Commission) Strategic Business Planning process includes the review of internal and external trends that might impact the Municipal Employees' Pension Plan (the Plan, MEPP), its members or Planera Pensions and Benefits (Planera), and the Plan administrator.

To support the Commission, Planera completed an Environmental Scan for 2024-2025, which provides insights on trends and developments in the areas of demographics, technology, economy, politics, and regulations, allowing organizations to plan appropriately.

Planera's 2024-2025 Environmental Scan analysis has identified three main areas of trends for consideration in the 2024 and 2025 planning cycles. The analysis identified trends coming from each area, as well as trends resulting from intersections between two or more areas, and can be found in Appendix 1 of this document.

In the 2024 to 2025 Strategic Business Plan, the Commission continues to implement the work related to existing initiatives to be included in the plan:

2024-2025 Goals and Initiatives:

Customer Service Excellence

- Engagement Strategy
- Modernization of Services

Plan Integrity

- Asset Liability Study
- Plan Design Review
- CEM Investment Benchmarking

Governance Leadership

- Planera Corporate Structure:
 - Governance;
 - Finance;
 - Legislation; and
 - Human Resources.

Transparent Accountability

- CEM Administration Benchmarking

The costs identified for each initiative fall within the budget approved by the Commission for the 2024-2025 fiscal year.

Background

MEPP is a defined benefit (DB) pension plan maintained for eligible employees of school divisions, cities, towns, villages, rural municipalities, regional colleges, regional libraries and other specified employers in Saskatchewan. The Plan provides pension, disability, death, and termination benefits for all eligible members. Pensions are calculated using a formula based on the highest average salary, pensionable service and the accrual rate in effect during the years of service.

Plan provisions are set out in legislation; legislation is the responsibility of the Minister of Finance. *The Municipal Employees' Pension Act* establishes the Commission as the Plan's trustee. The Commission has the fiduciary duty to administer the Plan and manage the investment fund in the best interests of plan members and their beneficiaries while recognizing that members' needs are diverse. The Commission must exercise appropriate care, skill and due diligence.

The Commission has adopted a comprehensive governance process that includes regular strategic planning and risk assessment. This strategic plan has been developed within the context of the Plan's purpose, mission and goals.

Purpose: MEPP's primary purpose is to provide retirement income and pension services to members.

Mission: Provide secure and predictable retirement income to plan members.

Vision: Sustain the value of the Plan and the retirement income it provides.

In 2023, legislation was passed allowing the Public Employees Benefits Agency (PEBA) to transition to a not-for-profit corporation (NPC), Plannera, separate from the Government of Saskatchewan. To allow the Commission to assess the impacts of the transition on its strategic priorities, the Strategic Business Plan from 2022 to 2024 will be carried out and executed until December 2024, when the transition will be completed, and the Board will be better equipped to assess its impacts.

At the 2025 Strategic Business Planning Session, the Commission will have the opportunity to do a comprehensive review of its Strategic Business Plan and establish a new plan for 2025 to 2027, taking into consideration Plannera's new structure.

Commission Values

There is a strong consensus among the Commission members with respect to the following values:

Accountability

We are accountable to the members and the stakeholders of the Municipal Employees' Pension Plan for our administration of the Plan. We operate in a transparent manner.

Professionalism

We strive for excellence in our administration of the Municipal Employees' Pension Plan by being diligent and making informed decisions.

Integrity

As trustees of the Municipal Employees' Pension Fund, we hold ourselves to the highest standards of integrity. We strive to act always with honesty and in a manner worthy of the trust our members have placed in us.

Fairness

We administer the Municipal Employees' Pension Plan in the best interests of all members of the Plan. We strive to ensure that our decisions are equitable for all Plan members by adhering to decision-making that is fair and open-minded. Our actions are courteous, considerate and responsive.

Strategic Path Forward

- Due to the nature and scope of the initiatives included and the time that will be required by the Commission at its meetings to complete the initiatives, the 2024 to 2025 Strategic Business Plan details seven initiatives for the year.
- The Strategic Business Plan will inform the Commission's workplan, providing further detail on the work required to accomplish the goals and strategic initiatives. The Commission has budgeted 60 hours of meeting time for oversight and will also allocate meeting time to accomplish the education plan for the year.
- Details regarding the implementation of the initiatives and the time required in meetings will be monitored and reported in the monthly workplan updates.



Goals

A. Customer Service Excellence

The Commission is determined to identify, assess, and implement opportunities where appropriate that add value to the communication and service provided to both Plan members and employers. The Commission is aware that an effective communication strategy supports member's needs and the Plan's strategic objectives. Communicating information about pensions can be challenging, given the complexity of the information and the differing levels of financial literacy among Plan members and employers. Litigation within the pension industry highlights the potential risks associated with poor plan communications.

The Commission recognizes the delivery of pension services to Plan members as a priority of the Plan. The Commission is determined to identify, assess, and implement opportunities where appropriate that add value to the communication and service provided to Plan members and employers.

The Commission has made considerable progress towards this goal, including:

- Providing members and employers with access to Retirement Information Consultants and Employer Relations Coordinators to improve communications;
- Providing additional online forms and communications (e.g. social media, video clips) for employers and members; and
- Delivering accessible, online retirement information sessions, plan overview sessions and providing online retirement planning tools.

Objectives:

- Provide members with information about the Plan, including individual member benefits and responsibilities, that is easy to understand, relevant, accurate, and timely.
- Support participating employers in their responsibilities.
- Maintain an up-to-date suite of services that meet evolving member needs.

2024-2025 Initiatives:

Engagement Strategy

The focus of this initiative is to increase awareness and usage of member resources, improve the digital experience, and provide timely, appropriate information to Plan members. This initiative includes engagement with members after the transition to Plannera to ensure members understand the value and rationale for the change. The existing Engagement Strategy will remain in place until March 2025, with future strategies aligning with Plannera’s new corporate structure.

- Continue to target Plan members with information and workshops appropriate to their age and career stage. Plannera will strengthen the marketing of these workshops using various media and employer communication channels.
- Develop an engagement strategy targeting new and young members under age 35 by June 2024. Using survey results and online feedback, Plannera will create content that meets the information preferences of younger members.
- By September 2024, enhance the employer engagement strategy to effectively utilize communication channels for disseminating Plan information to members.
- Continue to update members on the transition to Plannera, ensuring they understand the rationale for the change.

2023	2024

Modernization of Services

The Commission is determined to develop strategies to digitalize member experiences, simplify online services, and reduce Plannera’s reliance on paper.

- Implement enhancements to the online member portal and Penfax system that will allow members, including pensioners and deferred members to update information, send and receive secure messages and upload documents. Named MEPP 2.0, this initiative is expected to be completed by March 2025 and has a budget of \$500,000.
- The implementation of the Multi-factor Authentication for the online member portal has been deferred until 2025-2026 due to the MEPP 2.0 initiative.

2023	2024



B. Plan Integrity

The Commission is committed to achieving the needs of Plan members and employers through affordable, sustainable Plan benefits and services. To meet the long-term needs of members and employers, sustainable pension products responsive to and valued by members, employers, unions and the sponsor must be maintained. This must be achieved in a way that considers the affordability and adequacy of the Plan's benefits and services. The decisions regarding Plan benefits and funding, combined with investment returns, are significant determinants of sustainability.

Recent initiatives that support this goal include:

- Investment review to examine sustainability;
- Review of sustainability risk dashboard annually to monitor investment and funding risks.
- An increase in the targets for infrastructure and private equity within the portfolio; and
- Commitment to regular reporting on the Commission's initiatives.

Objectives:

- Assess, manage, and monitor risk in the context of the interdependence that exists between the Plan's assets and liabilities.
- Preserve the accrued benefits for active and retired members and their beneficiaries.
- Provide sustainable benefits that are supported by the contributions required to meet the funding needs of the Plan.

2024-2025 Initiatives:

Asset-Liability Study

The Commission is committed to conducting an asset-liability study every three to six years to provide for the alignment of the plan's assets and investment risk with its' underlying liabilities.

- The Commission completed the Asset-Liability Study and began implementing the recommendations in 2023. Implementation continues in 2024 and has a budget of \$115,000.

2023	2024



Plan Design Review (Benefits Review)

The Commission reviews the benefits periodically to ensure they meet the needs of members and employers to ensure that benefits are sustainable and funded by contributions and associated investment earnings.

- In 2023, the Commission undertook a review of benefits including uptake of options, costs, and inter-member equity. In 2024, the Commission developed a Statement of Benefits Objectives and Beliefs, which is an internal document that will be used by the Commission in its governance practices to govern the Plan.

2023	2024

CEM Investment Benchmarking

The Commission is committed to completing an independent and objective review of the Plan’s investment performance, risk and costs compared to pension plans of similar size and type and the CEM’s universe of pension plans.

- In January 2024, the Commission received the completed analysis for the year ending December 31, 2022. The Commission can expect to receive CEM Investment Benchmarking analysis for 2023 data when it becomes available. The expected cost is \$45,000.

2023	2024

C. Governance Leadership

The Commission strives to demonstrate leading practices of pension plan governance.

The Commission recognizes that good governance is crucial to the long-term success of the Plan. Good governance requires appropriate control mechanisms that encourage good decision-making, proper and timely execution, and regular review and assessment. All parties, including members, employers and other stakeholders, should understand their roles and responsibilities. The Commission has invested considerable effort in developing its governance practices and policies and will continue to implement and maintain its governance program.

Proper governance also minimizes the risk of a successful lawsuit. Four key elements have been identified for the development of a high-performance pension Commission:

- The context in which the pension fund operates (especially “the pension deal”) must be clearly understood and supported by all stakeholders.
- The Commission must possess the necessary authority and collective competencies to understand their role, and to provide management with the encouragement and resources to become a high-performance organization.
- The Commission must delegate accountability for the development and implementation of a strategic plan to a high-performance chief executive. Proper resourcing of the organization in terms of both people and IT support are critical success factors.
- Risk must be defined, measured, and managed in an operationally relevant manner.

Several ongoing initiatives have been implemented in this area, including:

- The creation and maintenance of a Governance Manual;
- The enhancement of Commission education and orientation programs;
- The formal evaluation of all service providers;
- The establishment of service standards with the Plan’s administrator; and
- The development of the Key Performance Indicators report.

Objectives:

- The Plan’s administrative business model, including the roles and responsibilities of both the Commission and the contracted service providers, is consistent with the Plan’s strategy and operations.
- Continuous improvement in the Commission’s oversight of the Plan.
- Organizations that appoint people to the Commission understand the Commission’s needs when making their appointments.

2023-2024 Initiatives:

Administrative Structure

Good governance includes periodic review of current structures, which includes exploration of different ways that the Commission could operate.

- In 2023, The Public Pension and Benefits Administration Corporation Act was passed creating the framework for PEBA to become a not-for-profit corporation, Plannera. The implementation took place in four parts:
 - Governance – completed in 2023;
 - Finance- completed in March 2024;
 - Legislation; and
 - Human Resources.

	2023	2024
Governance	█	
Finance	█	█
Legislation	█	█
Human Resources	█	█

- The transition to Plannera was successfully completed in 2023-2024.

D. Transparent Accountability

The Commission informs the Plan’s members and stakeholders about its strategy, operations and values, as well as how the performance of the Plan and the Commission’s service providers is managed, measured, and reported.

Effective Plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives, the monitoring of progress against these objectives, and the communication of the results to Plan stakeholders. The Plan and Commission operate with a high degree of openness and transparency to allow appropriate external scrutiny. The Commission has made considerable progress toward this goal, including:

- Annual self-assessments completed by the Commission;
- Activity reports to Stakeholders are made available on the Plan website; and
- The development and implementation of a strategic plan.

Objectives:

- Members, employees and other stakeholders receive relevant and timely reporting on the performance of the Plan, the Commission and service providers.
- The membership, employers and other stakeholders are informed about how the Commission’s strategy, operations and values impact the operation of the Plan.

2023-2024 Initiatives -Transparent Accountability:

CEM Administration Benchmarking

An independent and objective review of the Plan’s administration costs, and quality of service compared to pension plans of similar size and type and CEM’s universe of pension plans to improve cost-effectiveness and service standards.

- The next CEM Administration Benchmarking cycle is expected to commence in 2024. The Commission can expect to receive CEM Administration Benchmarking analysis for the 2023 data when it becomes available.

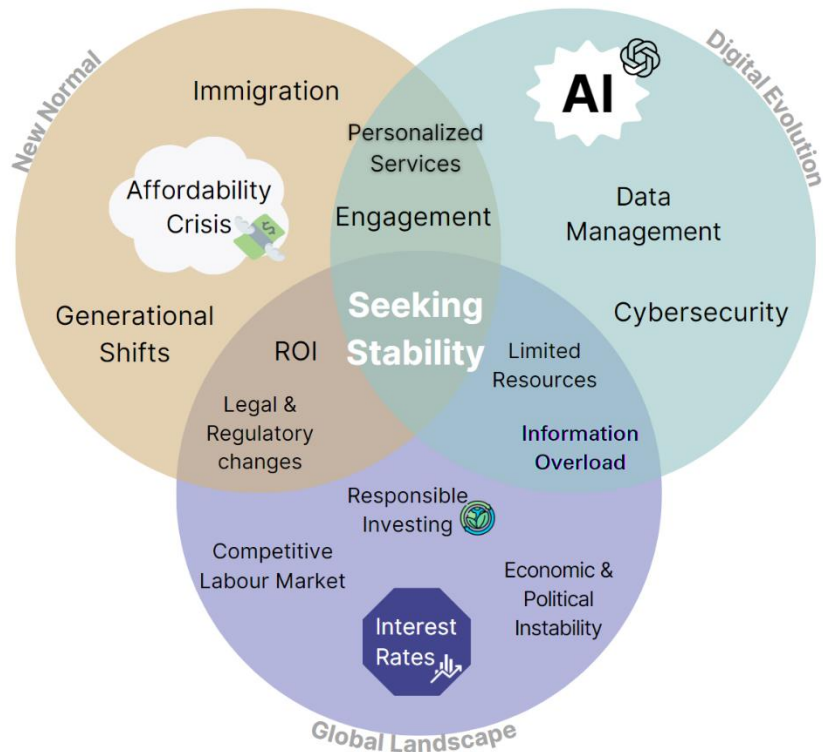
2023	2024

Timeline of Initiatives

Goal	2023				2024			
Initiative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Customer Service Excellence</i>								
Engagement Strategy								
Modernization of Services								
<i>Plan Integrity</i>								
Asset Liability Study								
Plan Design Review (Benefit Review)								
CEM Investment Benchmarking								
<i>Governance Leadership</i>								
Plannera Corporate Structure:								
Governance								
Finance								
Legislation								
Human Resources								
<i>Transparent Accountability</i>								
CEM Administration Benchmarking								

Appendix A: Planner's Environmental Scan Summary

Planner has identified three different lenses through which to view the current environment and be considered for the 2024-2025 planning cycle. Presented in the form of a Venn diagram, this scanning model adopts a comprehensive approach and recognizes that the impacts are interconnected.



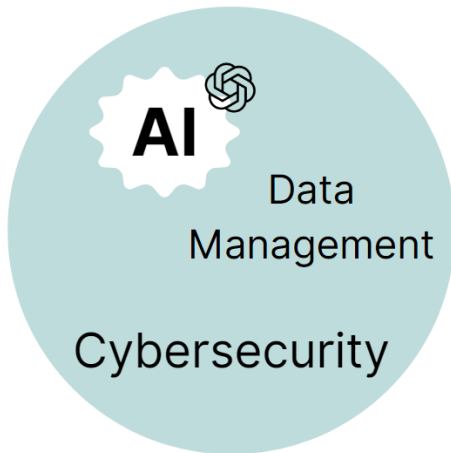
The lenses:

1. The Digital Evolution, which delves into technology particularly the advancements in artificial intelligence (AI).
2. The New Normal, which focuses on societal shifts, demographic changes, and cultural norms.
3. The Global Landscape, which examines the broader political and economic context, considering geopolitical events, and macro-economic trends.

The intersections highlight the interconnectedness of societal, technological, and global factors and how they collectively influence and impact the corporate environment.

In the center, the quest for stability emerges. As individuals navigate the evolving landscape, distinguished by an affordability crisis, changing demographics, and rapid technological innovation, the pursuit of stability becomes a central focus.

The Digital Evolution



- In the past year, the explosion in AI and large language models like ChatGPT have redefined the realm of possibilities, signalling the potential for AI to surpass human intelligence.
 - As digital services have grown, corporations face escalating risks related to data mismanagement. From data breaches to cyber threats, the expansion of technology has brought new challenges.
 - Bad actors are also leveraging advancing technologies but for malicious purposes, bolstered by increasingly sophisticated phishing schemes leading to a surge in ransomware attacks in 2023.
- Compounding these challenges is the lag in regulatory frameworks, with regulators struggling to adapt swiftly to the evolving technological landscape.

Implications

For the Plans...

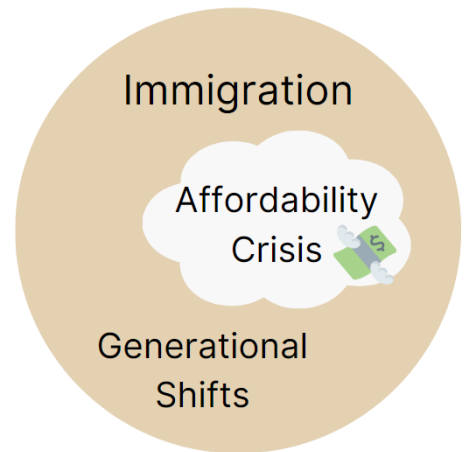
- Ensuring that member's data is secure. For example, integrating multi-factor authentication for all member accounts.
- The opportunity to use technological advancements and AI to improve member services and reduce risks. For example, mail fraud.

For the members...

- Knowledge of how Plannera is protecting their data and privacy.

The New Normal

- An affordability crisis is looming, driven by the combination of high inflation and high-interest rates, impacting spending for some and pushing others to the brink of bankruptcy.
- Major concerns include housing and prescription drug affordability, coupled with constrained credit availability. The rising trend towards subscription-based consumption reflects evolving budgetary pressures.
- The ongoing generational shift in the workforce continues as baby boomers exit (née 1946-1965), and Gen Z (née 1997-2012) take the stage. Currently in the narrow window where Gen X (née 1965-1980) holds senior positions.
- Despite an aging population, there has been a decline in life expectancy in Canada, from 82.3 years in 2019 to 81.3 in 2022. As the oldest baby boomers reach 80 in 2025, a transfer of generational wealth could occur, with inheritances becoming income sources for millennials (née 1981-1996).
- In 2023, a record-breaking number of newcomers arrived in Canada as part of the federal government's population plan, straining services and contributing to the housing crisis.



Implications

For the Plans...

- Pensions and benefits demand may shift due to population growth, diversity and generational needs. For example, increased prescription drug claims.
- Considerations for members in financial need. For example, reduced contributions or access to savings.

For the members...

- Comprehensive financial support, better information, and better benefits

The Global Landscape



- As inflation slowly stabilizes, the timing of the Bank of Canada interest rate changes and their impact will be key considerations for the national economy.
- Global economic and political instability persists, marked by elections in major democracies, conflicts in Europe and the Middle East, and ongoing economic recovery in China.
- Canada’s unemployment rates have risen slightly but the labour market remains competitive.

• As the effects of climate change and global instability become increasingly prevalent, Responsible Investing and Environmental, Social, and governance (ESG) practices seem here to stay.

Implications

For the Plans...

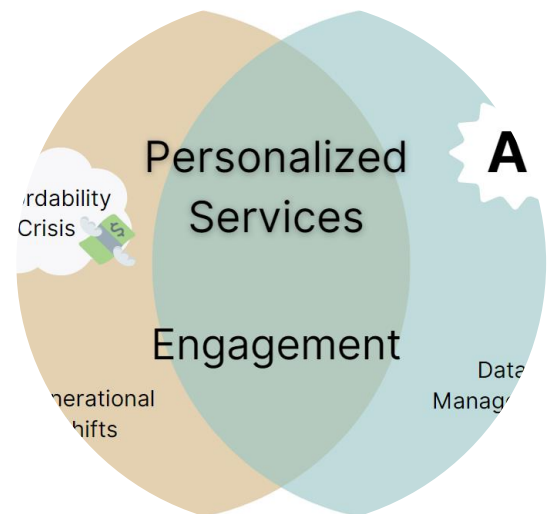
- Investments impacted by market volatility and shifting interest rates.
- A continuing emphasis on Responsible Investing and ESG.

For the members...

- Increased cost of living and decreased disposable income.
- Concerns that market volatility will affect pension payouts and retirement savings, causing a re-evaluation of contribution or investment strategies.
- Members may wish to be informed about how their investments fit into global economic trends to ensure alignment with their values and risk tolerance.

The New Normal + Digital Evolution

- In the face of an affordability crisis, the search for value intensifies. AI advancements are contributing to a growing expectation for personalized services.
- At the same time, the way information is being received has quickly evolved creating diverse engagement expectations — some seek efficient digital algorithms, while others prefer face-to-face advising.



Implications

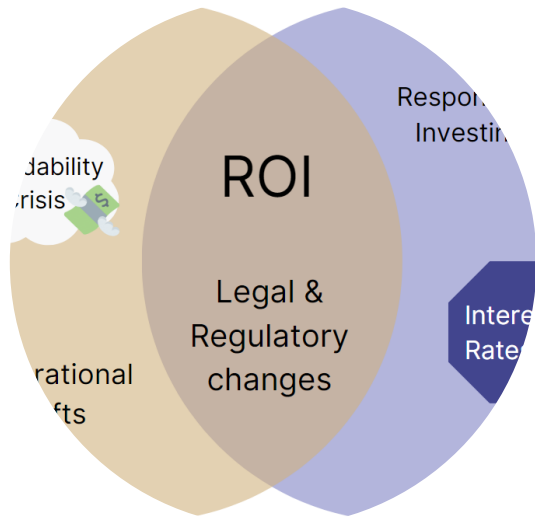
For the Plans...

- Employers may prioritize plans that offer clear value, including tailored features.
- Personalized financial planning and customizable retirement planners. Competitive financial firms and products are leveraging AI to customize investment portfolios based on individual circumstances.
- Catering to diverse preferences, providing members with a choice between efficient digital solutions and personalized, human-centric interactions.

For the members...

- A healthcare benefit plan that can be tailored to individual health needs.
- A pension plan that provides personalized retirement projections based on individual financial goals

The New Normal + Global Landscape



- In the intersection of the New Normal and the Global Landscape, there are high expectations for returns on investments (ROI). Equity markets have rebounded, interest rates are high, and although risks are present, people are anticipating rewards.
- As governments adapt to changing times, expect legal and regulatory shifts. Legislation, regulation, or policy changes are anticipated in the areas of privacy, AI and cyber risks, disclosure and transparency, and pensions.

Implications

For the Plans...

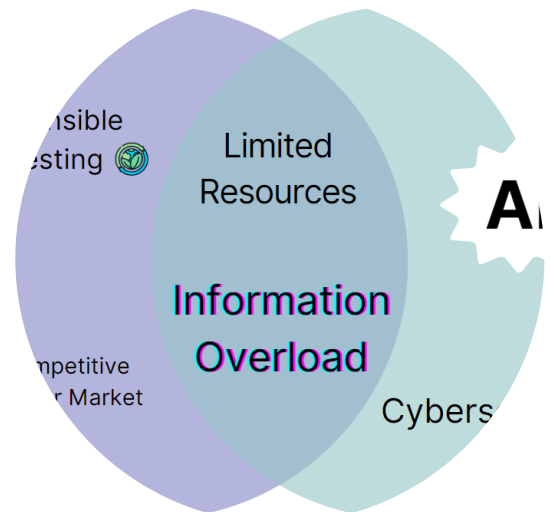
- Members want positive returns and an improvement in their overall financial well-being. For example, benefits aligned with the cost of living.
- Requests for phased or part-time retirement products. This will impact defined contribution plans differently than defined benefit plans.
- Privacy and data use legislation could restrict the use of member data.
- Investment strategies and disclosure that align with members' values.
- Robust risk management to balance returns with potential risks.

For the members...

- Concerns about privacy and safeguarding personal financial information from bad actors.
- Increased insight into the management and performance of their pension and benefit plans. For example, detailed investment disclosures.
- The potential for new products that offer additional benefits or eligibility.
- Maintaining lifestyle.

The Global Landscape + Digital Evolution

- Currently, technology drives innovation, but its potential is limited by the availability of resources and the intense competition for value.
- The surge of information brings challenges such as overwhelming choice and misinformation fueled by algorithms. These challenges are reinforcing information silos and societal divisions.



Implications

For the Plans...

- Navigate information challenges by maintaining a positive public image and encouraging informed decision-making. For example, foster long-term financial partnerships with members.
- Support members in discerning reliable information about financial planning and benefits.

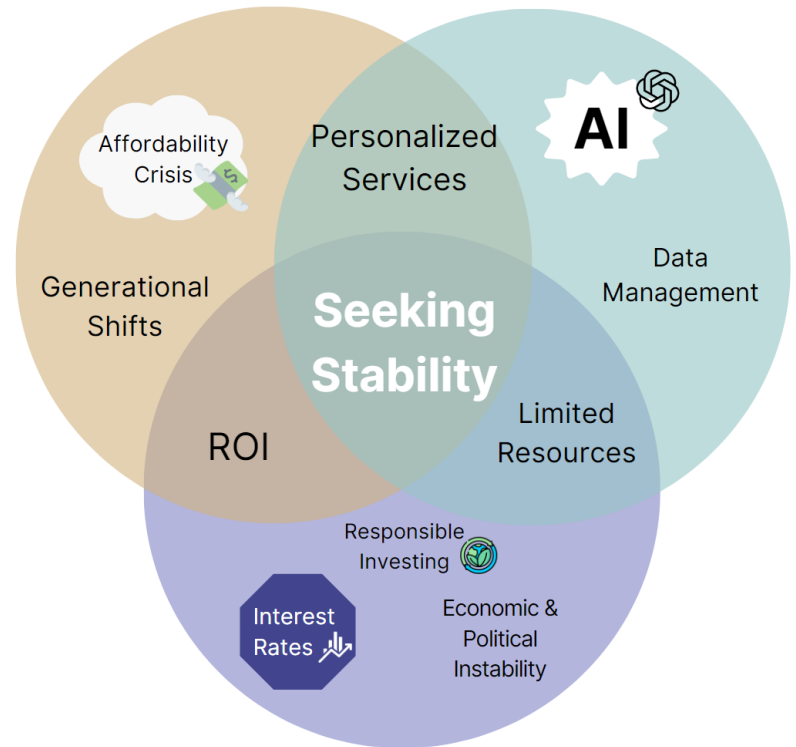
For the members...

- Streamlined services should result in better-managed pensions and benefits. For example, implementing mobile apps to manage benefits.
- Members need to be cautious about the information they receive, as misinformation can negatively impact their financial decisions.

The Center

Viewing the current environment through the intersection of all three lenses reveals the collective strategies and considerations woven into the search for stability. For example:

- Foster resiliency. Amid the uncertainty, individuals and organizations are working hard to maintain financial stability. The push for personalized services is driven by the hunt for value and the need to smooth out financial rough spots.
- Develop strategies that can be readily adapted. Maintaining stability through a demographic shift may require customizing strategies in financial planning and workforce management.
- Take a comprehensive approach to financial well-being. The trend to tailored wealth management services is partially driven by the diversity of financial needs. Organizations can highlight inclusivity to address unique challenges and reliability to promote stability.
- Use technological safeguards for assurance. Harnessing technology in this AI-driven era will require both robust cybersecurity measures and leveraging innovative technologies as new solutions.
- Individuals in financial hardship may be more susceptible to exploitation by malicious actors. This vulnerability underscores the need for education and trusted support systems.
- Balance in the global dynamics will require international collaboration and diplomacy, Responsible Investing encourages that effort. Appropriate metrics and targets will emerge as the results are compared to the expectations.
- These examples illustrate the nuanced strategies required to navigate the complexities of the current environment and contribute to the overarching goal of stability across various facets of life and society.



Implications

For the Plans...

- Offering flexible retirement options that align with the preferences of the growing population of people who want to phase into retirement.
- Focus on financial literacy including educating members to mitigate risks for those who may be less tech-savvy.
- Responsible investing should align with investors' values and deliver tangible outcomes. Incorporate transparent ESG practices as members demand it.

For the members...

- Increased understanding of the importance of savings-oriented financial products and services.
- Firsthand experience with economic shocks and the importance of diversified income and emergency funds.
- Some members may be at an increased risk of failing to recognize deceptive tactics, because of the combined effect of financial hardship and information and technology overload.

Appendix B: Plan Stats

MEPP by the numbers

10-year comparisons

	<u>December 2013</u>	<u>December 2023</u>
Total assets	\$1.68 billion	\$3.6 billion
Investment and custodial fees*	\$9.2 million	\$40.1 million
Membership		
Active members	14,858	16,825
Inactive members	3,783	4,038
Pensioners	4,814	7,409
Total	23,455	28,272
Other figures		
Current Service Cost (% of salary, all members)	18.3	14.1
Contribution rates % (general/designated)	8.15 / 11.35	9.0 / 12.5
Average age of active members	47	47
Ratio		
Active and inactive to retired members	3.87 to 1	2.81 to 1

**Note: Investment and custodial fees have increased corresponding to the increase in fund size as well as the inclusion of infrastructure and private markets in the asset mix, which are associated with higher investment fees than public markets.*