RECENT PLAN CHANGES

Changes to the Commuted Value Calculation

A commuted value (CV) is the present lump sum value of an accrued pension calculated at a point in time using assumptions in accordance with applicable pension laws which require that CVs be calculated using standards prescribed by the Canadian Institute of Actuaries ("CIA").

The CIA standards for CV calculations changed effective December 1, 2020 for pension plans like the MSPP. The MSPP exercised early adoption of these standards effective September 1, 2020. These changes provide for CVs to be calculated on a going concern basis where permitted by applicable pension laws. This means that CVs will be calculated using going concern assumptions which are the same assumptions used to determine the funding requirements of the Plan. These changes also allow the CV to reflect the going concern funded level of a pension plan, which may be capped at 100%, where permitted by applicable pension law.

All provinces except Ontario, British Columbia, and New Brunswick permit the MSPP to use the going concern basis for CV calculations. Effective March 1, 2021, the CV calculated under the MSPP on the going concern basis will also reflect the going concern funded status of the MSPP at the relevant time, subject to a maximum of 100%. Ontario, British Columbia, and New Brunswick continue to require that the MSPP calculate the CV using solvency assumptions; that is, as if the MSPP is to be terminated on the date of calculation.

Termination of Employer Participation

Previously, if an employer stopped participating in the Plan any pension benefits of those employed, or formerly employed, by that employer were adjusted in accordance with the Plan's rules for employer terminations.

These rules for employer terminations will not apply to employer terminations after January 1, 2018 as the Plan was recently amended retro-active to January 1, 2018. Any pension benefit transferred out of the MSPP at membership termination will be calculated in the normal manner and in accordance with the rules for calculating commuted values.