

Challenges persist amid some signs of normalcy

As we approached the end of another challenging year, there were signs that certain aspects of our lives were returning to normal. Borders were reopening, large gatherings were being permitted and employees were gradually returning to their workplaces. However, with the emergence of the Omicron variant, we are reminded that we are not out of the woods yet. We owe a huge debt of gratitude to our front-line workers for keeping us safe throughout the pandemic so that we can carry on with our lives as best as possible.

The end of the year is a good time to review the past year and look ahead to the future. The MSPP's last filed actuarial valuation showed the Plan was 99.3% funded on a going-concern basis on January 1, 2020. The going-concern valuation is a key test of your Plan's financial health and assumes contributions will continue to come into the Plan and members will continue to receive their pensions for years to come.

You are likely aware that the MSPP is a multi-employer pension plan ("MEPP"), and since it is registered in Ontario, it is subject to Ontario's funding rules for MEPPs. The MSPP is also a SOMEPP, as described in the sidebar, and as such, it is funded only on a going-concern basis. Ontario's SOMEPP rules are temporary and are expected to be replaced with new funding rules for MEPPs. Several provinces have already passed new legislation which forces many MEPPs registered in those provinces to be more conservative by requiring them to set aside margins for a rainy day. Ontario may make similar changes to its funding rules for MEPPs within the next few years. Requiring these larger margins means these "rainy day" funds will not be available to pay pensions.

Another challenge for pension plans is the volatility of the financial markets. While the MSPP's year-to-date investment return to September 30, 2021 was 8.5%, there is concern about future returns due to rising interest rates, slowing economic growth, and the high price of stocks. We have undertaken an asset liability study of the Plan to assist us in determining the optimal asset mix and benefit level for the Plan.

We continue to remain vigilant and take what steps are necessary in order to ensure the Plan's sustainability for years to come.

We wish you and your loved ones a safe holiday season and a very happy new year!



A LOOK INSIDE ...

On page 2, we look at how your Plan's assets are invested and who manages your Plan's assets.

On page 3, we help you to understand the features of your Plan and tell you some things you should know when you turn 65.

On page 4, we remind you about the My InSite member portal and answer some frequently asked questions.

COVID-19 UPDATE

All visitors to the InBenefits office will be asked to show proof of full vaccination and to answer COVID-19 screening questions before entering the premises.

When in the office, visitors must comply with COVID-19 protocols which include social distancing and wearing a mask.

THE MSPP IS A SOMEPP

A Specified Ontario Multi-Employer Pension Plan (a "SOMEPP") is a special class of pension plans which have 15 or more contributing employers and therefore much less likely to terminate. The MSPP is a SOMEPP and currently has over 185 contributing employers.

As a SOMEPP, the Plan is funded only on a going concern basis and is exempted from the solvency funding requirements of Ontario's Pension Benefits Act. For certain jurisdictions, the Plan's solvency-funded level does have an impact if a former member transfers their pension benefits out of the Plan.

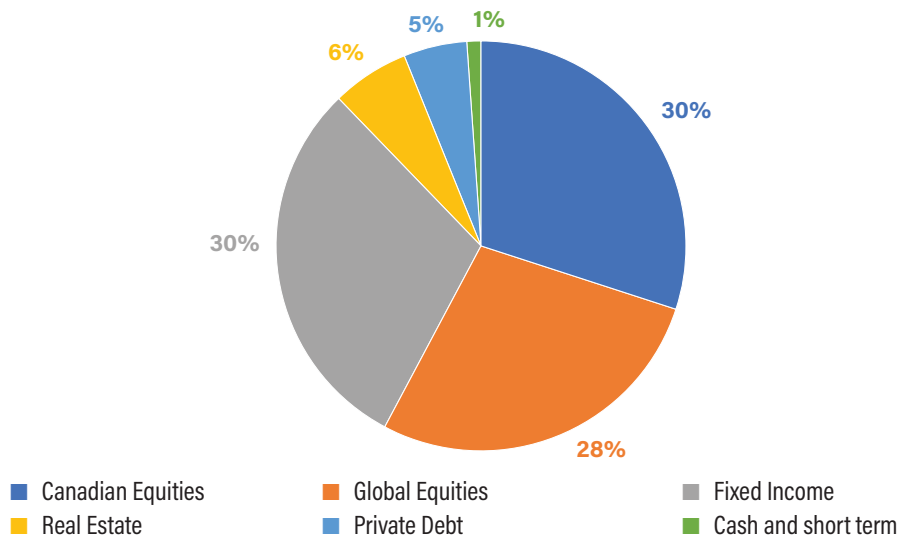
For more information on the Plan's SOMEPP designation please refer to the SOMEPP Notice in the "About the Plan" section in the Plan's website www.mspp.ca.

Multi-Sector Pension Plan
310-105 Commerce Valley Drive West
Markham, ON L3T 7W3



YOUR PLAN'S ASSETS

How your Plan's assets are invested



Who manages your Plan's assets

- BentallGreenOak
- CBRE Global Investment Partners
- Fidelity Investments Canada
- Fiera Capital Corporation
- Golub Capital LLC
- Leith Wheeler Investment Counsel Ltd.
- Neuberger Berman LLC
- Northleaf Capital Partners
- Wellington Management Company

Investing responsibly

Environmental, social and governance (ESG) factors can impact a pension plan's financial performance. Environmental concerns include pollution, climate change and deforestation. Social concerns include human and labour rights as well as health and safety. Governance factors include corporate governance, business ethics, shareholder rights and executive compensation. The Trustees believe that consideration of ESG factors contributes to the prudent investment of the Plan's assets.

The MSPP's assets are all invested by external investment managers ("IMs"). They invest assets for the MSPP in accordance with investment mandates that describe the investments they may make for the Plan, and the securities they may purchase on the MSPP's account.

In their selection of securities for the MSPP's account, the Trustees expect their IMs to consider all factors that may materially affect the return and risk of the security. Such factors include financial factors, as disclosed in companies' financial statements and as analyzed by the IM, product and technology factors, firm leadership and management factors and ESG factors. While the significance of ESG factors may vary from security to security, the Board does expect its IMs to properly consider relevant ESG factors in each case. IMs may engage investee corporations in regard to the adoption of ESG principles and may encourage them to consider subscribing to UN and other internationally recognized ESG principled documents.

The Board has received IM reports for some time in relation to ESG factors, generally in relation to decisions concerning proxy voting. The Board will continue to expect, and to rely upon, IM ESG reports in regard to its current and prospective holdings.

RECENT PLAN CHANGES

Change to the Commuted Value Calculation in respect of New Brunswick Members

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. Applicable pension laws require that CVs be calculated in accordance with their requirements and using standards prescribed by the Canadian Institute of Actuaries (CIA).

Effective September 30, 2021, as permitted by applicable pension laws and in accordance with the CIA's standards, the CVs in respect of New Brunswick members are calculated on a going concern basis and also reflect the going concern funded status of the MSPP at the relevant time, subject to a maximum of 100%. This is how the Plan calculates CVs for all participants except those in Ontario and British Columbia given different requirements for those provinces. If you have any comments on this change, please submit them to the Trustees c/o InBenefits and the Financial Services Regulatory Authority of Ontario.

WORKING AFTER RETIREMENT

Did you know the Income Tax Act does not permit you to receive a pension and accrue pension benefits in the same pension plan at the same time?

If you have started your MSPP pension, have not reached age 71, and return to work with a contributing employer, there are implications regarding your MSPP pension. Once you complete the hours of service required by your collective agreement, you must stop collecting your MSPP pension and you and your employer must start making contributions to the Plan on your behalf.

When you start your MSPP pension again, it will be recalculated to include these additional contributions if you have accumulated at least \$100 in additional employee and employer contributions.

THE MSPP IS A TARGET-BENEFIT PENSION PLAN

Do you understand the features of your Plan?

The Stats Canada website indicates that in 2019 approximately 80% of employees who work in the private sector did not have a workplace pension plan. This means that you, as a member of the MSPP, are one of the fortunate one out of five workers in Canada's private sector who has a workplace pension plan.

There are several types of pension plans offered at workplaces. Your pension plan, the MSPP, is a target-benefit pension plan. To help you understand your Plan, here are some features of the MSPP.

Target lifetime pension - The MSPP is designed to pay you a pension for your lifetime starting at age 65. In a target-benefit pension plan, the target pension amount may be adjusted (up or down) depending on the Plan's financial position.

Shared contributions - Members and employers contribute to the Plan. Your employer's contribution rate can never be lower than yours.

Easy to understand formula - Your MSPP pension is competitive within the industry and is based on a target-pension formula which uses the total contributions made to the Plan on your behalf. A formula-based pension is much more predictable than savings in an RRSP or a defined contribution plan, so members can easily estimate their target monthly pension long before retirement.

The Pension Estimate Calculator in the My InSite member portal is an excellent tool to help you see what your estimated monthly pension would be at different retirement dates.

Flexibility - The MSPP has many contributing employers from some common industries so you can move from one contributing employer to another and continue to grow your pension.

When you retire is up to you - Once you are no longer working at a job which requires contributions to the Plan, you can start collecting a reduced pension as early as age 55 or wait until the normal retirement age of 65 to collect an unreduced pension.

Once you are 65, you can start your unreduced pension as soon as you are no longer working at a job which requires contributions to the Plan. By December 1st of the year in which you turn 71, you must start receiving your pension even if you continue working with a contributing employer. In addition, the Plan cannot accept employee or employer contributions for your work with a contributing employer and you cannot accrue additional pension benefits.

Death benefit - The MSPP will pay a death benefit to your eligible spouse or beneficiary (if you do not have an eligible spouse or they have waived the benefit) if you die before you start to receive your pension. This death benefit is equal to the value of your pension benefits at the date of your death. An eligible spouse can elect to receive the death benefit as a monthly pension or a lump sum. The Plan also provides a survivor pension payable to your eligible spouse at retirement if you predecease your eligible spouse while in receipt of a joint and survivor pension.

We trust the above helps you to better understand your Plan.

THE BRIGHT SIDE OF TURNING 65

Some things you should know

In addition to being able to collect your unreduced pension from the MSPP, there are government sources of income that may apply to individuals who are 65 or older. Here are some of these items.

Canada Pension Plan (CPP) - If you are eligible for a CPP pension, you can start to receive your unreduced CPP pension at age 65. You can apply for a reduced CPP pension at any time during ages 60 to 64 and an increased CPP pension from age 66 to 70. You won't automatically start receiving CPP benefits. You must apply online or mail a completed application to Service Canada, along with all the required information.

Old Age Security (OAS) - If you are eligible, you may start to receive your OAS pension at age 65. Similar to CPP, you can defer taking your OAS pension for up to five years to receive a higher monthly benefit. If you are eligible for OAS, you should receive a letter from Service Canada, in the month after your 64th birthday, letting you know that you'll be automatically enrolled in the OAS program. If you don't receive this letter or if you want to defer the start of your OAS pension, you'll must contact Service Canada.

Guaranteed Income Supplement (GIS) - This government program provides additional support to low-income Canadians who are collecting

OAS with an annual income of less than \$19,248 for singles, or with a combined annual income of less than \$25,440 for couples, in 2021. You must apply for the GIS benefit through Service Canada. You do not need to reapply as long as you file an income tax return each year.

Visit the Government of Canada website at www.canada.ca/en/services/benefits/publicpensions for more details on the above programs.

You should also be aware of the following tax credits and benefits designed for seniors.

- Age amount
- Pension income amount
- Pension income splitting
- Disability amount
- Medical expenses
- Goods and services tax/Harmonized sales tax (GST/HST) credit
- Family caregiver amount (FCA)

For more information on the above, visit the Canada Revenue Agency website at www.canada.ca/en/revenue-agency.

YOUR MEMBER PORTAL

Did you know you can have instant access to your personal pension information and manage certain requests?

The My InSite member portal provides "24/7" secure access that allows members to:

- view and update their personal data and beneficiaries;
- use the pension estimate calculator to estimate their target monthly pension at different retirement dates;
- request a pension application;
- view the contributions received on their behalf; and
- download and upload select documents.

For first-time users, it's as easy as 1, 2, 3.

1. Visit the Plan's website at www.mspp.ca and click on the Member Sign In button at the top of the home page.
2. On the Sign In to My InSite page click on Set Up Account in the Login box. You will need your email address, your member id number, the last five digits of your SIN and your date of birth.
3. Enter the required information and click on the Submit button. You will receive a temporary password at your email address which you can use to sign in for the first time.

Now you're in control.

*Your member id number can be found at the top of most communication received from the Plan or InBenefits.

If you need help obtaining your member id number, setting up your account or using the portal, you can contact InBenefits during regular business hours and someone will guide you through the process.

YOU ASKED, WE ANSWERED

Q. In my Annual Pension Statement why is "interest on contributions" shown?

A. Pension law requires "interest on employee contributions", to be included on annual statements. Interest on employee contributions is used only for the purposes of the "50% rule". This rule ensures members don't fund more than 50% of the value of their pension. If your employee contributions plus interest equal more than 50% of the value of your pension, this difference or "excess" will be, subject to applicable law, used to provide an additional amount of pension, refunded to you as a taxable lump sum or transferred on a tax-free basis to your RRSP, another registered account, or another pension plan. In the case of a pre-retirement death benefit, any excess contributions will be paid to your spouse, designated beneficiary or estate.

Q. What's the Plan's normal retirement date?

A. Your normal retirement date in the Plan is the first of the month coinciding with or immediately following your 65th birthday. You will be eligible for your unreduced pension on this date.

Q. When will the first pension payment be made?

A. Your pension is first payable on the latest of (i) the first day of the month following the month in which your application is received by the Plan; (ii) the first day of the month following the month you last worked in a job that required contributions to the Plan; and (iii) the first day of the month for which you elect to begin receiving your pension. Pension payments must commence no later than December 1st of the year in which you turn 71.

Pension payments are made on the first business day of the month via direct deposit or cheque and will be paid for your lifetime and possibly the lifetime of your eligible spouse at retirement, depending on the pension payment option you select.

MSPB BOARD OF TRUSTEES

Your Plan's Trustees and Alternate Trustees are all appointed by unions that represent MSPB members - Canadian Union of Public Employees (CUPE) and the Service Employees International Union (SEIU).

Trustees

Susan Arab, Co-Chair, *CUPE*
John Klein, Co-Chair, *SEIU*
Jackie Dwyer, *CUPE*
Heather Grassick, *CUPE*
Frederick Ho, *CUPE*
Kim Mantulak, *CUPE*
Kumar Ramchurran, *SEIU*
Julie Roberts, *CUPE*
Nathalie Stringer, *CUPE*
Colette Warnock, *CUPE*
Gary Yee, *CUPE*

Alternate Trustees

Tali Zrehen, *SEIU*

KEEP IN TOUCH

Have you recently changed your address or have a question about your Plan? Contact us!

Email: info@mspp.ca

In Toronto:

905-889-6200 (Option 1)

Outside Toronto:

1-800-287-4816

Fax: 905-889-7313

Address:

Multi-Sector Pension Plan
c/o InBenefits
310-105 Commerce Valley Drive West
Markham, Ontario L3T 7W3

You can also access Plan information online anytime at www.mspp.ca



Final word

This newsletter serves only as a summary of information about the Multi-Sector Pension Plan in simple terms. It is not intended to be comprehensive or to provide advice. If there are any differences between the information provided in this newsletter and the legal documents that govern the Plan, the legal documents will apply.