Minute No. 396
Minutes– Council – July 17, 2025

Report – Executive Policy Committee – July 8, 2025

Item No. 4 The Winnipeg Civic Employees' Benefits Program – Amendments to the Pension Plan

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That amendments to the Pension Plan Trust Agreement governing the Winnipeg Civic Employees' Benefits Program ("Trust Agreement") as set forth in the draft amended Trust Agreement attached hereto as Amended and Restated Pension Trust Agreement (Attachment 1), subject to approval of such amendments by a double majority of the Signatory Unions, be approved.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – July 8, 2025

DECISION MAKING HISTORY:

Moved by His Worship Mayor Gillingham,
That the recommendation of the Executive Policy Committee be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 8, 2025, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: The Winnipeg Civic Employees' Benefits Program – Amendments to the Pension Plan

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Speidel	T. Graham	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

The Winnipeg Civic Employees' Benefits Program (WCEBP) operates under a jointly-trusteed governance structure established by the Pension and Disability Plan Trust Agreements entered into by the City of Winnipeg and Signatory Unions. The Program is independently governed by two Boards of Trustees with equal representation from the City and Program Members. WCEBP also administers the Police Pension Plan on behalf of the City of Winnipeg.

The proposed amendments to the Pension Trust Agreement represent a proactive step by the Board of Trustees to strengthen the long-term sustainability, governance, and financial health of the Winnipeg Civic Employees' Pension Plan only. By implementing measures such as the re-establishment of a Future Contribution Reserve, increasing the funding threshold, and reallocating existing reserves, the Board of Trustees has taken decisive action to protect the interests of plan members, participating employers, and other stakeholders.

These changes are designed to mitigate the risk of future deficits and maintain sustainable benefits for members. With Council's approval and subsequent endorsement from the Signatory Unions (as of the time of this report, nine out of 10 unions have endorsed the changes), these amendments will strengthen the Program's ability to meet its obligations while providing greater financial stability for years to come.

RECOMMENDATIONS

1. That amendments to the Pension Plan Trust Agreement governing the Winnipeg Civic Employees' Benefits Program ("Trust Agreement") as set forth in the draft amended Trust Agreement attached hereto as Amended and Restated Pension Trust Agreement (Attachment 1), subject to approval of such amendments by a double majority of the Signatory Unions, be approved.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to reflect changes in the Trust Agreements relating to adjustments to address concerns about future sustainability of the Winnipeg Civic Employees' Benefits Program, effective December 31, 2024.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no financial implications to the recommendations of this report.

The Winnipeg Civic Employees' Benefits Program (WCEBP) operates as a jointly-trusteed entity responsible for the administration of the Winnipeg Civic Employees' Pension Plan (the Plan), as governed by the Pension Trust Agreement. With the adoption of these recommendations, the WCEBP will be in a better position to financially protect the stakeholders of the Plan.

By not approving the recommendations, the existing Trust Agreement will remain in place and the additional protection the amendments are designed to provide will not be implemented.

HISTORY/DISCUSSION

The Winnipeg Civic Employees' Benefits Program provides pension and long-term disability benefits to employees of the City of Winnipeg and other participating employers. The Program is administered by a joint Board of Trustees, with an equal number of City and member representatives. The Board is responsible for overseeing the management of the Program, its financial health, and ensuring compliance with legal and fiduciary duties to its key stakeholders, which are the members, participating employers, and signatory Unions.

The Program, which includes the City's pension plan, is a negotiated cost plan. This means that, unlike traditional defined benefit pension plans, there is no requirement for the City to the fund the shortfall should a deficit arise. The Pension Trust Agreement prescribes the steps that are taken to address both funding deficiencies and distribution of surplus, which can include reductions to benefits. Contribution rate increases could only occur by mutual agreement of the City and Signatory Unions. To avoid future benefit reductions, it is imperative to have a robust set of rules including the accumulation of reserves to ensure the Program provides sustainable benefits to its membership.

A list of the Signatory Unions are;

- Amalgamated Transit Union, Local 1505
- Canadian Union of Public Employees, Local 500
- International Union of Operating Engineers, Local 987
- Manitoba Nurses' Union, Local 1A
- Manitoba Government Employees' Union, Local 911
- United Fire Fighters of Winnipeg, Local 867 of International Association of Fire Fighters
- Winnipeg Association of Public Service Officers
- Winnipeg Fire Paramedic Senior Officers' Association
- Winnipeg Police Association
- Winnipeg Police Senior Officers' Association

As interest rates declined over the past 15 years, the cost of benefits has grown to a level exceeding the contributions being made to the plan, thereby putting pressure on the financial stability of the Program and increasing the likelihood of a deficit arising at some point in the future. To address this concern, the Board performed a comprehensive review of the sustainability of the Program and adopted five recommended changes to the Pension Trust Agreement. The updated Pension Trust Agreement has been drafted and adopted by the Board of Trustees.

The Pension Trust Agreement for the Program is a binding agreement between the City and Signatory Unions. The proposed changes to the Pension Trust Agreement have been drafted and now require approval from the City and a double majority of the Signatory Unions.

As of the date of this report, nine of the 10 Signatory Unions have submitted formal approval of the proposed amendments to the Pension Trust Agreement. These nine unions represent approximately 99 percent of active Plan membership. Engagement continues with the remaining Signatory Union. The high level of early support reflects strong alignment among the majority of member groups with the recommended changes and the Program's long-term sustainability objectives.

The recommended changes include:

1. Re-establishing a Future Contribution Reserve to finance the expected shortfall in contributions relative to the cost of benefits over the expected future service of the existing employee members.

2. Increasing the required funding level from 105 percent to 110 percent before actuarial surplus is allocated 50 percent to each of the City Account and Plan Members' Account.

3. Specify that actuarial surpluses continue to be distributed 50 percent/50 percent, but be used to decrease employee and employer contribution rates equally. For this purpose, any actuarial surplus would be amortized over the expected future service of the existing employee members of the Program. The amortization period would be approximately 12 years based on current demographics.

4. Allocate the existing balance of the Plan Members' Account to the Future Contribution Reserve, approximately $34 million at the present time.

5. Eliminate the priority given to pension indexing of 50 percent of future CPI increases on Program termination. This change does not impact the benefits or operation of the pension plan while the Program is ongoing. It eliminates the need to include an allowance for indexing in the solvency valuation performed by the Actuary, thereby reducing solvency liabilities and increasing the solvency ratio of the Program.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 4, 2025

Project Name:
The Winnipeg Civic Employees' Benefits Program – Amendments to the Pension Plan

COMMENTS:

There are no financial impliacations associated with the recommendations of this report.

Jason Duke for R. Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- Corporate Finance
- Signatory Unions
- WCEBP (Winnipeg Civic Employees Benefit Program)

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance

1.1 Organizational Alignment All City policy implementation and enforcement tools must be aligned with the localized United Nations Sustainable Development Goals framework, consisting of Leadership and Good Governance; Environmental Resilience; Economic Prosperity, Good Health and Well-Being; Social Equity; and City Building contained in this Plan.

1.5 Evidence-Informed Decisions
Invest in data and technology in order to support objective, evidence-informed decision-making; support open government and open data principles for collection and sharing; help coordinate records and information management; and improve process efficiency, results-based service delivery and accountability.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CLA) and its Goals and Objectives, and it was determined that the CLA is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller
Prepared by: John Speidel
Date: June 4, 2025
File No: N/A

Attachments:

Attachment 1: Amended and Restated Trust Agreement

Attachment 2: The Winnipeg Civic Employees Benefit Program – By-law No. 57/2012

Attachment 3: WCEBP Board Motion

Attachment 4: Eckler Report on Trust Agreement

Attachment 5: Eckler Presentation on Trust Agreement