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REPORT TO THE FINANCE COMMITTEE MEETING OF WEDNESDAY, FEBRUARY 7, 2018

SUBJECT Municipal Investment Plan for Staff and Elected Officials

ISSUE

The Government of Canada discontinued the sale of Canada Savings Bonds (CSB) in November of 2017. The Municipal Finance Authority of BC offers an alternative savings method for staff and elected officials called the Municipal Investment Plan (MIP). This option can be made available to staff and elected officials in early 2018.

BACKGROUND

The elimination of the CSB program effective November 1, 2017 by the Government of Canada, removed the option for employees and elected officials to save money directly from their pay through the employer.

As an alternative to the discontinued CSB program, the Municipal Finance Authority has negotiated a Municipal Investment Plan (MIP) through Sun Life Financial. This plan is available to all municipal employees and elected officials. It offers a selection of funds in the RRSP, non-registered, and tax free savings account categories. Contributions are made through a payroll deduction and include the benefit of a tax deduction at source for the RRSP funds. Participation in this program is not a requirement of employment or appointment, and there is no cost to the employers for the program, similar to the past CSB program.

IMPLICATIONS

The Government of Canada has advised that all existing funds in the Canada Savings Bond Plan are safe and guaranteed. As bonds mature, the funds for the matured series will automatically be paid out by cheque or direct deposit, according to the account information on file. Employees and elected officials should ensure that their mailing address and/or banking information is up-to-date to ensure they receive their maturity payments.

As with the CSB, the CRD would implement and manage the new program giving employees and elected officials the option to invest directly into the MIP through payroll deductions. The program would be managed in a similar fashion to the Canada Savings Bond program in that communication and administration of the program would be sourced with the Payroll team in the Finance and Technology Department.

CONCLUSION

Providing the option of enrollment in the MIP directly through the employer allows employees to save directly, from pay, with the benefit of a tax deduction at source for amounts invested into the MIP. This replaces the previous Canada Savings Bond program and can be implemented early in 2018. The MIP program offers another alternative for staff and elected officials to reach their retirement and savings goals.

RECOMMENDATION

That the Finance Committee recommend to the Capital Regional District Board:

That this report be received for information.

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