

**COMPREHENSIVE PUBLIC SECTOR PENSION REVIEW REFERRAL TO AUDIT  
COMMITTEE – FINAL REPORT**

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**EXECUTIVE SUMMARY**

This is the final report to Audit Committee from the Working Group on the Comprehensive Public Sector Pension Review (Working Group). The recommendations provided are the Working Group's determination of how best to achieve the intent of Notice of Motion C2019-0568, Comprehensive Public Sector Pension Review.

**ADMINISTRATION RECOMMENDATION(S)**

That Audit Committee recommends that Council direct Administration to bring a report to the Priorities and Finance Committee no later than Q1 2020 responding to the questions from the Working Group addressing citizen perceptions of the pension plans within The City.

**PREVIOUS COUNCIL DIRECTION / POLICY**

At their 2019 April 29 meeting Council made the following motion with respect to Notice of Motion C2019-0568, Comprehensive Public Sector Pension Review:

"That Council refer Notice of Motion C2019-0568 to Audit Committee and request that they provide a recommendation to a September 2019 Council meeting on how to best achieve the intent based on their experience with annual audits of the City's pension plans, as internal and external experts in matters of financial and organizational effectiveness."

At the 2019 June 27 meeting Audit Committee approved the following motion with respect to Report AC2019-0882, Pension Discussion (Verbal):

"That the Audit Committee:

1. Directs that a Working Group be established to provide a recommendation to Audit Committee no later than their 2019 September 6 meeting, on how best to achieve the intent of Notice of Motion C2019-0568, Comprehensive Pension Review and that the recommendation be forwarded to a Meeting of Council no later than 2019 September;"

At their 2016 September 6 meeting Audit Committee approved the Working Group's recommendation that Council defer the final report from Audit Committee to their 2019 November 18 Combined Meeting.

**BACKGROUND**

The Audit Committee Working Group met on 2019 August 26 and 2019 September 20 to discuss and make recommendations on Notice of Motion C2019-0568. Membership of the Working Group consisted of Councillor J. Gondek, Citizen Members L. Caltagirone, M. Dalton and M. Lambert with a representative from Human Resources and the Executive Assistant to Audit Committee providing support.

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**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The Working Group determined their purpose was:

1. To provide perspectives on how the City of Calgary is offering and managing pensions to different groups, compared to working group members' experiences with other organizations; and
2. Not to act as pension experts who will advise on how City of Calgary pensions should be structured; rather, to offer insights based on professional experience.

The Working Group's primary goal is to ensure that Calgarians receive answers to their questions about pensions at the City of Calgary. They determined that to address citizens perceptions of the various pension plans Administration should provide a response to the following questions:

1. Are our pensions designed fairly?
  - What is the benchmarking process for City of Calgary pensions, and where does the City believe it should "rank" itself?
  - What is the cost to the corporation relative to the benchmark?
  - What is the context of the City's total compensation model (of which pensions are one part) in today's economic environment?
  - Can the City of Calgary provide examples of what a pension payout looks like within the corporation? (i.e. if this person retired on a set date, what will s/he earn in pension benefits? Provide 12 tangible examples reflecting a diverse selection of positions at The City, of which one example would include a Councillor.)
2. Are our pensions administered properly?
  - Are the City of Calgary's pensions monitored?
  - How does the City of Calgary address both the tangible (e.g. financial health of plan) and non-tangible (e.g. cost of turnover, lost knowledge base) variables involved in pensions?
  - How does the City of Calgary stay focused on the future of its pension plans and anticipate liabilities?
  - How will the City of Calgary demonstrate not only the absolute values of its pension plans, but also trending over time (as part or percentage of total cost)?
3. Context
  - What are the current trends for public and private sector pensions, and how much sense do they make for the City of Calgary?
  - With the retirement crisis in Canada, is the City of Calgary doing its best to address the financial wellbeing of its employees?

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The Working Group agreed that more clarity on the various pension plans would give citizens assurance the plans are designed and administered appropriately and are in line with current pension trends. It is recommended that Human Resources work with Corporate Communications to create plain language responses to the questions outlined in this report, further promoting transparency between the City of Calgary and its citizens.

**Stakeholder Engagement, Research and Communication**

The Audit Committee established a Working Group consisting of one Councillor and three Citizen Members of Audit Committee. Additional pension expertise was provided to the working group by representatives from The City's Human Resources.

**Strategic Alignment**

Not applicable.

**Social, Environmental, Economic (External)**

Not applicable

**Financial Capacity**

**Current and Future Operating Budget:**

There are no budget implications for this report.

**Current and Future Capital Budget:**

There are no budget implications for this report.

**Risk Assessment**

There is no risk associated with this update report.

**REASON(S) FOR RECOMMENDATION(S):**

The Working Group was directed by Audit Committee to provide recommendations on how to best achieve the intent of Notice of Motion C2019-0568, Comprehensive Public Sector Pension Review.

**ATTACHMENT(S)**

Notice of Motion, C2019-0568, Comprehensive Public Sector Pension Review