

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0160**

Response to AC2019-1329 – City Pensions

EXECUTIVE SUMMARY

At the Combined Meeting of Council held on 2019 November 18 Council approved Audit Committee report AC2019-1329 Comprehensive Public Sector Pension Review Referral to Audit Committee – Final Report, directing 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.”

Administration has responded to these questions using a cross-functional lens including: Human Resources, Finance and Communications. The number and unique features of the 12 pension plans at The City could make the goal of widespread understanding somewhat challenging.

Attachment 1 to this report starts first by illustrating the current landscape of retirement savings in Canada. This is followed by a description of the plans at The City. Finally, responses are provided to each of the questions that Administration was requested to answer.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

1. Receive this report and attachment for the Corporate Record and discussion; and
2. Forward this report and attachment to Council for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

At the Combined Meeting of Council on 2019 April 29, the following motion with respect to Notice of Motion C2019-0568 (Compensation Public Sector Review) was carried:

“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 Audit Committee meeting on 2019 June 27, a motion carried that the Audit Committee:

“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.”

The Audit Committee struck a Working Group comprised of citizen members of Audit Committee L. Caltagirone, M. Dalton and M. Lambert, as well as Councillor Gondek, with support from Human Resources and the Executive Assistant to the Audit Committee.

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BACKGROUND

The Working Group of the Audit Committee established as their primary goal: “to ensure that Calgarians receive answers to their questions about pensions at the City of Calgary.” They laid out for Administration, a series of questions grouped under three broad categories:

1. Are our pensions designed fairly?
2. Are our pensions administered properly?
3. Context (e.g. trends)

The Working Group identified the need for Administration to create more clarity around the pension plans in order to give assurance to citizens. Recognizing the technical jargon and complexity associated with pension plans, they more specifically directed Administration to work with Communications to create “plain language” responses to the questions.

Members of Administration from Human Resources, Finance and Communications worked together to develop this report.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration determined that prior to addressing the questions it would be important to create context around retirement savings. For example: What are the ways in which people save for retirement and what are the typical sources of retirement income for Canadians? Further, Administration wanted to create foundational knowledge of common pension plans and other retirement savings vehicles found in Canadian public and private sector workplaces.

Second, Administration determined that it would also be important to provide basic information on the plans in which City employees and Council members participate: What are the plans? How do they work? How do some of them work together? How are they monitored? What is their financial picture?

Once the above-mentioned ground-work was laid, Administration proceeded to answer the questions. The content was put through various lenses, including: Human Resources, Finance and Communications to create a picture that was accurate and understandable.

Administration’s response, including the above-mentioned sections which help create context, can be found in Attachment 1.

Stakeholder Engagement, Research and Communication

Human Resources, Customer Service & Communications, and Finance worked together to develop this response. There were additional reviews of the content with several employees to assess the report from a plain language lens.

Strategic Alignment

This report is aligned with Council’s priority of having a Well-Run City.

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Social, Environmental, Economic (External)

Financial Capacity

Current and Future Operating Budget:

This report, while discussing financial matters, does not impact the current or future operating budgets.

Current and Future Capital Budget:

None.

Risk Assessment

There is a reputational risk if citizens do not know whether The City's pension plans are well designed, well governed, justified and sustainable. There is also a risk of inaccurate information being disseminated and incorrect conclusions being drawn if there is insufficient access to accurate, reliable, timely and understandable information.

REASON(S) FOR RECOMMENDATION(S):

Administration was directed to respond to the questions put forward by the Audit Committee's Working Group in report AC2019-1329.

ATTACHMENT(S)

1. Attachment 1 – Pension Information Package