

2013 PENSION GOVERNANCE ACTIVITIES - MANAGEMENT UPDATE

EXECUTIVE SUMMARY

In accordance with the Terms of Reference for the Pension Governance Committee (PGC), this report on pension governance activities at The City of Calgary in 2013 is provided to the City Manager.

ADMINISTRATION RECOMMENDATION(S)

That PFC recommends that Council receive this report for information.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2014 SEPTEMBER 30:

That the Administration Recommendation contained in Report PFC2014-0626 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2003 September 29 Special Meeting of Council regarding Personnel Matters, Mayor Bronconnier directed "The Corporate Pension Governance Committee to bring forward an annual report, through the Accountability, Priorities and Agenda Committee to City Council on the state of Corporate Pensions based upon the reporting fundamentals of clarity, transparency and full disclosure, and further that this annual report be publicly available following acceptance by City Council."

BACKGROUND

The Pension Governance Committee was established in 2002 to ensure proper governance, including compliance with the Alberta Employment Pension Plans Act and the Canadian Income Tax Act and reporting the state of all City pension plans annually to the City Manager.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Pension Governance Committee consists of five members appointed by the City Manager and two Council members appointed by Council. The 2013 members were:

- George McLauchlan (Chair), Director of Human Resources (January to April)
- Allyson Austin (Chair), Acting Director of Human Resources - appointed Q2
- Beng Koay, City Treasurer
- Rebecca Pitts, Labour Relations Lawyer
- Eric Sawyer, Chief Financial Officer
- Brad Stevens, GM Corporate Services
- Alderman Dale Hodges Q1 to Q3
- Alderman Gordon Lowe Q1 to Q3
- Councillor Peter Demong - appointed Q4
- Councillor Evan Woolley - appointed Q4

In 2013 PGC and its delegates:

2013 PENSION GOVERNANCE ACTIVITIES - MANAGEMENT UPDATE

- Complied with all legislative (Income Tax Act and Alberta Employment Pensions Plan Act) requirements for all applicable pension plans including filing provincial and federal annual information returns and reports.
- Completed financial statements for all applicable plans. These statements were audited by the external auditors, Deloitte LLP.
- Completed accounting valuations of all registered and non-registered pension liabilities as at 2013 December 31 in accordance with Canadian Institute of Chartered Accountant (CICA) guidelines.
- Complied with all reporting requirements for the Local Authorities Pension Plan (LAPP) and Special Forces Pension Plan (SFPP).
- Remitted all required contributions to all pension plans in accordance with all legislative requirements.
- Administered plan enrolments, retirements, terminations, and pensioner payments in accordance with the applicable plan provisions.
- Complied with the PGC Terms of Reference and conducted four meetings in 2013.
- Completed the PGC Annual Assessment; no gaps were found.

Details of the administrative, legal, funding and financial activities for all City pension plans are contained in Attachments 1-5.

Stakeholder Engagement, Research and Communication

N/A

Strategic Alignment

N/A

Social, Environmental, Economic (External)

N/A

Financial Capacity

Current and Future Operating Budget:

N/A

Current and Future Capital Budget:

The City's required pension contributions have been incorporated into the budgets for 2012, 2013 and 2014 as part of the Employee Benefits Program.

Risk Assessment

As outlined in the 2013 Pension Plan Summary (Attachment 1) of this report, the Pension Governance Committee has specific responsibilities for each of the pension plans and non-registered pension arrangements in which The City participates or sponsors.

With respect to LAPP and SFPP, which are multi-employer plans governed by provincial legislation and individual trustee boards; the Pension Governance Committee has no direct fiduciary responsibility. The primary responsibility of the Pension Governance Committee is to ensure The City complies with the reporting, remitting, and administrative requirements of the

Approval(s): Jeff Fielding concurs with this report. Author: Erin Walker
City Clerk's: J. Dubetz

2013 PENSION GOVERNANCE ACTIVITIES - MANAGEMENT UPDATE

administrator, Alberta Pensions Services Corporation (APS). In addition, the Pension Governance Committee is also responsible for monitoring and reporting LAPP and SFPP issues to the City Manager.

The Alberta Finance Minister has been reviewing the sustainability of Alberta Public Sector Pension Plans, including LAPP and SFPP, since 2012. As a way to discuss and analyze plan sustainability options, the LAPP and SFPP boards formed stakeholder committees; The City has representatives on both of these committees. The boards considered the input from stakeholders in response to the Minister's request for recommendations on sustainability and reported back to the Minister in March of 2013. After reviewing the board's reports, the Minister provided pension reform proposals in the fall of 2013 and requested feedback from stakeholders by the end of 2013. The City assembled a project team and responded to those proposals in December of 2013.

REASON(S) FOR RECOMMENDATION(S):

This report is for information only.

ATTACHMENT(S)

1. 2013 Pension Plan Summary
2. Pension Governance & Design Update – 2013
3. 2013 Administration Report
4. 2013 Financial Position of the Plans
5. Performance vs. Benchmark Report