

BRIEFING

Page 1 of 3

Item # 11.2

People, Innovation and Collaboration Services Briefing to
Executive Committee
2023 July 18

ISC: UNRESTRICTED
EC2023-0651

Pension Governance Committee Annual Report

PURPOSE OF BRIEFING

This report is for information only and is intended to provide Executive Committee with assurances and information on all of The City's pension plans and activities.

- *What does this mean to Calgarians?* The City is providing oversight and sound management of The City's pension policies and plans. The City's responsibilities are detailed in Attachment 4.
- *Why does this matter?* Calgarians can be assured that The City is committed to managing The City's pension plans and retirement arrangements with transparency and full disclosure. The list of The City's pension plans and retirement arrangements is included as Attachment 3.
- The Pension Governance Committee (PGC) complied with the PGC Terms of Reference and conducted four meetings in 2022. The Terms of Reference document was updated in August 2022 to change the Finance representative from the Chief Financial Officer to the Director, Finance and is included as Attachment 2. The 2023 workplan is included as Attachment 7.
- In 2022, the PGC continued to adhere to the PGC Code of Conduct, and also completed the required PGC Self-Assessment questionnaire.
- The PGC complied with all legislative and reporting requirements for all applicable pension plans (including the Local Authorities Pension Plan (LAPP) and the Special Forces Pension Plan (SFPP)).
- The City administered plan enrolments, retirements, terminations, and pensioner payments in accordance with the applicable plan provisions. Details on plan administration are included in Attachment 5. The financial report on the plans is included as Attachment 6.
- Council has received this report annually for information since 2004, and a briefing was provided to Executive Committee last year.
- Background and Previous Council Direction is included as Attachment 1.

SUPPORTING INFORMATION

The City has responsibilities, of varying degrees, to the twelve pension plans and retirement arrangements (the "plans") in which City employees and former City employees participate. The responsibilities vary due to:

- Whether the plan is City-sponsored or whether The City is merely a participant or joint sponsor;
- Whether or not the plan is registered with Alberta Treasury Board & Finance and Canada Revenue Agency;
- Whether or not the plan is open to new entrants.

Attachment 3 separates the plans into these categories and provides more detail about each one. Attachments 2 and 4 list who bears which responsibilities with respect to each of the twelve plans.

BRIEFING

The internal service providers (Human Resources and Finance) and the external service providers (administrator, actuary, investment manager, custodian and auditor) have been delegated the day-to-day duties of administering the plans, except for the Local Authorities Pension Plan (LAPP), the Special Forces Pension Plan (SFPP) and the Calgary Firefighters' Supplementary Pension Plan (FSPP). These service providers report regularly to the Pension Governance Committee (PCG) to provide updates on activities taken on The City's behalf.

In order to ensure that all PGC members are acting with integrity and are mindful of conflicts of interest, the PGC has a Code of Conduct, which every PGC member must read and sign annually, attesting that they have complied with the PGC Code of Conduct. PGC members must also fill out a questionnaire annually which obliges PGC members to review how the plans were administered, service providers were monitored, and to assess their own level of knowledge and engagement. This document was last updated in 2021.

The City has summarized the pension plan risks and mitigating strategies which have not been identified in previous reports to Council, or which have changed since previous reports. For LAPP and SFPP, The City utilized information and data from LAPP and SFPP Corporations, as the applicable governing bodies, to develop the assessment below.

Local Authorities Pension Plan (LAPP)

Regulatory: The investment management agreement between LAPP Corporation and AIMCo has not yet been signed, but the process is underway. The [Government of Alberta ministerial order](#) enacted 2021 January 1 continues to be in effect.

Governance: LAPP Corporation continues to work with AIMCo and Alberta Pensions Services to improve relations and service.

Funding: LAPP is 111.6 per cent funded as of the 2021 December 31 actuarial valuation. As of that date, the solvency ratio is 78.7 per cent. Both the funded ratio and the solvency ratio increased over the year prior. The funded status allowed LAPP to decrease both the employer and employee contribution rates.

Special Forces Pension Plan (SFPP)

Regulatory: The investment management agreement between SFPP Corporation and AIMCo has not yet been signed, but the process is underway. The Government of Alberta ministerial order enacted 2021 January 1 continues to be in effect.

Pension Plan for Elected Officials of The City of Calgary (EOPP)

Funding: In accordance with the valuation as at 2021 December 31, there will be no employer contributions to the plan until 2024 December 31, at which time the employer contribution status will be re-evaluated.

BRIEFING

Page 3 of 3

Item # 11.2

ATTACHMENTS

1. Background and Previous Council Direction
2. Terms of Reference for the Pension Governance Committee of the City of Calgary (August 2022)
3. 2022 Pension Plan Inventory
4. 2022 Pension Plan Governance and Administrative Update
5. 2022 Pension Plan Administration Report
6. 2022 Financial Report on the Position of the Pension Plans
7. The City of Calgary Pension Governance Committee 2023 Workplan