

## PENSION GOVERNANCE REPORT

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### 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 2015 is being provided to Priorities and Finance Committee for consideration.

### ADMINISTRATION RECOMMENDATION(S)

That PFC recommends that Council receive this report for information.

### 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 for oversight of governance, including compliance with Alberta Employment Pension Plans Act, Public Sector Pension Plans Act and the Canadian Income Tax Act of pension plans that City employees and Council participate.

### 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 2015 members were:

- Mark Lavallee, Chief Human Resources Officer (Chair)
- Rebecca Andersen, Barrister & Solicitor, City Law Department
- Beng Koay, City Treasurer
- Eric Sawyer, Chief Financial Officer
- Brad Stevens, Deputy City Manager
- Councillor Diane Colley-Urquhart (October to December)
- Councillor Peter Demong (January to September)
- Councillor Evan Woolley

In 2015 PGC and its delegates:

- Complied with the new Alberta Employment Pension Plan Act Regulations:
  - The City of Calgary Supplementary Pension Plan (SPP) and Pension Plan for the Elected Officials of the City of Calgary (EOPP) were amended to comply with the new regulations.
  - Governance Policies were adopted for both SPP and EOPP.
  - Funding Policies were adopted for both SPP and EOPP.
- Complied with all legislative requirements for all applicable pension plans including filing provincial and federal annual information returns.

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- Completed audited financial statements for all applicable plans in accordance with Canadian Accounting and Auditing standards for pension plans.
- Complied with all reporting requirements for the Local Authorities Pension Plan (LAPP) and Special Forces Pension Plan (SFPP).
- Remitted all required contributions for 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 2015.
- Completed the PGC Annual Assessment: recommendations were noted and actioned by year end.

Details of the administrative, legal, funding and financial activities for all City pension plans are contained in Attachments 1-4.

### **Stakeholder Engagement, Research and Communication**

This report was provided to the Pension Governance Committee at the June 2, 2016 meeting for review.

### **Strategic Alignment**

This annual report and the governance activities of the Committee support the Council Priority of a well run City, being as efficient and effective as possible and providing oversight and sound management of pension policies and plans.

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

N/A

### **Financial Capacity**

#### **Current and Future Operating Budget:**

The City includes its share of the pension contributions in the 2015-2018 budget plans, as part of the Employee Benefits Program.

#### **Current and Future Capital Budget:**

### **Risk Assessment**

LAPP and SFPP are multi-employer plans governed by provincial legislation and individual trustee boards. In 2012, The Alberta Finance Minister initiated a review of the sustainability of Alberta Public Sector Pension Plans. In 2014 Bill 9 was introduced into the Alberta legislature introducing pension reform, in September 2014 the legislature was prorogued and the bill cancelled. With the election of a new government in 2015, there has been no further discussion on pension reform.

<b>REASON(S) FOR RECOMMENDATION(S):</b>
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This report is for information only.
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**ATTACHMENT(S)**

1. 2015 Pension Plan Summary
2. Pension Plan Governance Update
3. 2015 Administration Report
4. 2015 Financial Positions of the Plans