

## **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 2014 is being provided to Priorities and Finance Committee for consideration.

### **ADMINISTRATION RECOMMENDATION(S)**

That the Priorities and Finance Committee recommends that Council receive this report for information.

### **RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2015 JULY 14:**

That the Administration Recommendation contained in Report PFC2015-0487 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 for oversight of proper governance, including compliance with the Alberta Employment Pension Plans Act and the Canadian Income Tax Act of all City pension plans.

### **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 2014 members were:

- Mark Lavallee (Chair), Director of Human Resources
- Beng Koay, City Treasurer
- Rebecca Pitts, Labour Relations Lawyer
- Eric Sawyer, Chief Financial Officer
- Brad Stevens, GM Corporate Services
- Councillor Peter Demong
- Councillor Evan Woolley

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In 2014 PGC and its delegates:

- 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 audited financial statements for all applicable plans in accordance with Canadian Accounting and audited standard.
- Completed actuarial valuations for the registered and non-registered pension plans as at 2014 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 2014.
- 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 1-4.

### **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 for 2014 have been incorporated into its budgets for 2012-2014 budgets, as part of the Employee Benefits Program.

### **Risk Assessment**

As outlined in the 2014 Pension Plan Summary (Attachment 1) of this report, the PGC 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 PGC has no direct fiduciary responsibility. The

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primary responsibility of the PGC is to ensure The City complies with the reporting, remitting, and administrative requirements of the administrator, Alberta Pensions Services Corporation (APS). In addition, the PGC 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. The Minister provided pension reform proposals in the fall of 2013 and The City assembled a project team to respond to those proposals in December of 2013. In February 2014, the Minister modified his proposals based on feedback he had received from stakeholders. These new proposals formed the basis for Bill 9 which was introduced into the Alberta legislature in March 2014. Bill 9 passed second reading in May and was referred to the Standing Committee on Alberta's Economic Future for further feedback. Stakeholders were invited to make presentations to this committee and The City presented in June. In September, the legislature was prorogued with the appointment of a new premier which cancelled all business, including Bill 9. A new Finance Minister was appointed in September 2014 and was given the mandate to "address the competitiveness of the public sector pension plans and ensure they are sustainable." Stakeholders were advised that a new direction for pension reform would commence in 2015. In May 2015 a new government was elected under the leadership of the NDP. At issue of this report there was no further direction 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. 2014 Pension Plan Summary
2. Pension Governance & Design Update – 2014
3. 2014 Administration Report
4. 2014 Financial Position of the Plans