

The City of Calgary Pension Governance Committee 2024 Workplan

1st Quarter

- 1) Follow-up action items from 2023 Q4
- 2) Annual Code of Conduct confirmation
- 3) PGC Annual Self-Assessment declaration
- 4) Investment manager annual update (SPP & EOPP)
- 5) 2024 Workplan finalization

2nd Quarter

- 1) Follow-up action items from 2024 Q1
- 2) Draft 2023 PGC Annual Report
- 3) 2023 Audited Financial Statements (SPP & EOPP)
- 4) 2023 Audit Results (SPP & EOPP)
- 5) Plan text amendments (EOPP, SPP, OCPP and/or PCDOPP) (draft) – if any
- 6) Update on semi-annual LAPP Stakeholder Governance Committee meeting

3rd Quarter

- 1) Follow-up action items from 2024 Q2
- 2) Annual review of
 - Governance Policies (SPP & EOPP)
 - Funding Policies (SPP & EOPP)
 - Code of Conduct
 - PGC Terms of Reference
 - PGC Self-Assessment Questionnaire
 - Internal Service Provider Agreement
- 3) Plan text amendments (EOPP, SPP, OCPP and/or PCDOPP) (final) – if any
- 4) Investment education or pension education corner
- 5) Update on annual PSPP trustee meeting

4th Quarter

- 1) Items tabled or brought forward from 2024 Q3
- 2) Audit Plan & Engagement (SPP & EOPP)
- 3) Annual Statement of Investment Policies & Procedures review (SPP & EOPP)
- 4) Annual Asset Class Benchmark Report (SPP & EOPP)
- 5) Annual Training - List of Conferences available in 2025
- 6) Update on annual FSPP plan sponsor meeting
- 7) Update on semi-annual LAPP Stakeholder Governance Committee meeting
- 8) 2025 PGC Workplan draft

Pension Plan Acronyms

- EOPP: Pension Plan for Elected Officials of The City of Calgary
- FSPP: Calgary Firefighters' Supplementary Pension Plan
- OCPP: City of Calgary Overcap Pension Plan
- PCDOPP: Police Chief and Deputies Overcap Pension Plan
- PSPP: Police Supplementary Pension Plan
- SPP: City of Calgary Supplementary Pension Plan

Glossary of Common Terms

Actuarial(ly) Equivalent

To be Actuarially Equivalent, the present value of the expected future pension payments for the different Forms of Pension are equal. The present value of all future pension payments is calculated with regard to life expectancy and is discounted to today using current interest rates.

Actuarial Valuation

An Actuarial Valuation is an analysis performed by an Actuary that compares the assets and liabilities of a Pension Plan using economic and demographic assumptions to determine the funded status. An Actuarial Valuation for registered defined benefit pension plans in Alberta is required to be performed at least every three years.

Actuary

An Actuary is a financial professional trained to calculate the value of pension payments using data about life expectancy, retirement ages, and interest rates and is a Fellow of the Canadian Institute of Actuaries.

Administrator and Third-Party Administrator

The sponsor of the Pension Plan is the Administrator. The Administrator will contract certain administrative functions to a third-party provider. This Third-Party Administrator takes care of the Pension Plans on a day-to-day basis and is reviewed at regular intervals by the Administrator.

Annuity

An Annuity is a series of specified monthly payments to a person purchased from a Canadian life insurance company. These payments are provided under a contract with the life insurance company in exchange for an up-front premium. The monthly amount paid differs based on the size of the original sum of money and the Form of Payment chosen.

Beneficiary - other than Pension Partner

A Beneficiary is the person(s) named to receive a benefit if the member dies before retirement or to receive the remaining payments under a guaranteed term if the member dies after retirement. If the member does not have a Pension Partner and does not name a Beneficiary, the estate is the Beneficiary.

Commutated Value

The Commuted Value is the amount of money paid in a lump sum that is equal to the Actuarially Equivalent value of future pension payments under the Normal Form of Pension, as determined by the plan Actuary. The Commuted Value is calculated using prescribed interest rates and probable life-span factors.

CRA (Canada Revenue Agency)

CRA is the federal government agency responsible for administering the Income Tax Act including the provisions for registered pension plans.

Custodian

The Custodian is an entity, usually a financial institution, that has the physical control to securely hold the Pension Plan assets in a separate trust for the beneficiaries of the plan. The Custodian accounts for the cash flows of the Pension Plan assets and does not make decisions regarding the assets.

Deferred Member

A Deferred Member is a Vested member who terminated from The City but who has left his or her entitlement in the Pension Plan.

Defined Benefit Pension Plan

A Defined Benefit Pension Plan pays a lifetime monthly pension defined by a formula that is used to calculate the benefit. The benefit is set at retirement and is independent of the Pension Plan fund's investment returns. All the Pension Plans in which the City of Calgary participates are Defined Benefit Pension Plans.

Defined Contribution Pension Plan

A Defined Contribution Pension Plan does not promise a specific benefit at retirement. It is a type of retirement plan in which the employer, employee or both make contributions to a trust fund on a regular basis. The employee draws income from the trust fund account balance to provide income in retirement. The future monthly pension fluctuates based on the investment earnings.

Early Retirement Date

Early Retirement Date refers to the earliest date at which a member may receive an immediate pension from the Pension Plan. Depending on the Pension Plan provisions, a reduction to the member's pension for early retirement may apply.

ERF (Early Retirement Factor)

The ERF is the level of reduction applied to the benefit when a member retires before the Unreduced Retirement Date, which is different for each Pension Plan. The Income Tax Act also has a level of reduction, the ITA ERF, which is the earliest of 30 years of pensionable service, age 60 and 80 points (these levels are 25 / 55 / 75 for public safety occupations).

Form of Pension and Optional Form of Pension

Form of Pension refers to the type of benefit provided to a member's Pension Partner and/or Beneficiary on death. When a member retires, the member will generally have a number of different Forms of Pension, called Optional Forms of Pension, to choose from.

Investment Manager

The Investment Manager is a professional investment firm which invests the Pension Plan funds.

Joint and Survivor Pension

A Form of Pension in which the member receives payments for the member's lifetime and the surviving Pension Partner receives a percentage of the payments for the remainder of his or her lifetime. The percentage of payments is chosen at time of retirement.

Life Guaranteed Pension

A Form of Pension in which the member receives payments for the member's lifetime, with a stated number of payments guaranteed in any event. Should the retired member pass away before the end of the guarantee period, surviving Beneficiary or Pension Partner would receive the value of the remaining payment to the end of the guarantee period. Common guarantees are 5, 10, and 15 years, or no guarantee.

LIRA (Locked-In Retirement Account)

A LIRA is a type of RRSP which does not allow the owner to withdraw the funds prior to Early Retirement Date. The LIRA must be converted into another type of account in order to provide income in retirement. LIRAs must be collapsed by the end of the year in which a person turns age 71.

LTDI (Long-Term Disability Income)

LTDI is a type of disability insurance offered by The City for employees who become unable to perform their normal work because of a physical or mental disability. If a member becomes disabled and receives an income from the LTDI plan, the member will continue to earn pensionable service. The required pension contributions will be deducted from the member's LTDI payments.

Non-Registered Pension Plans and Non-Registered Retirement Arrangements

A Non-Registered Pension Plan or Non-Registered Retirement Arrangement is a plan which has not been, and cannot be, registered with the Alberta pension regulator or CRA. There are no regulations which oversee these plans, other than general income provisions of the Income Tax Act.

Normal Form of Pension

Normal Form of Pension refers to the Form of Pension specified as the default in the Pension Plan provisions.

Normal Retirement Date

Normal Retirement Date refers to the date specified in the Pension Plan text whereby a member has the unconditional right to receive an immediate pension from the Pension Plan without reduction.

PGC (Pension Governance Committee)

The City has an obligation to look after the interests of employees in all the Pension Plans in which City employees participate. The PGC has been delegated this responsibility.

Pending Member

A Pending Member is a member who terminated from The City before becoming Vested and who has left his or her contributions in the Pension Plan, or a member who terminated from The City but whose benefit was still in process at the date of enumeration.

Pension Partner

In order to qualify as a Pension Partner, a person must meet the description under Alberta pension legislation, as follows: "A Pension Partner is a person to whom a member is married and has not been separated from for more than 3 years. If no such person exists, a Pension Partner is a person who has lived with the member in a marriage-like relationship for 3 years before the pension starts, or a person in a relationship with the member of some permanence where there is a child from the relationship by birth or adoption." If the member has a Pension Partner, Alberta pension legislation requires that the Pension Partner is the Beneficiary unless the Pension Partner has waived this right.

Pension Plan

In this context, "Pension Plan" is a generic term designed to encompass the Registered Pension Plans, Non-Registered Pension Plans, and Non-Registered Retirement Arrangements in which employees of The City participate.

Pensionable Earnings

Pensionable Earnings are the earnings used to calculate contributions and pension entitlement. The definition of Pensionable Earnings varies from Pension Plan to Pension Plan.

Pensionable Service

Pensionable Service is the years of service used to calculate the pension benefit. Pensionable Service may be limited to a maximum number of years in some Pension Plans.

Registered Pension Plan

A Pension Plan is "registered" when its defining documents have been submitted to, and accepted by, the Alberta pension regulator and CRA. A Registered Pension Plan must comply with the regulations of the two bodies.

RRSP (Registered Retirement Savings Plan)

An RRSP is a type of tax-sheltered investment account that is registered with the CRA. Retirement savings within the plan are allowed to grow tax free and are taxed when withdrawn. RRSPs must be collapsed by the end of the year in which a person turns age 71.

SIPP (Statement of Investment Policy and Procedures)

The SIPP is required by Alberta regulation for registered pension plans. The SIPP establishes the guidelines for the investment of the Pension Plan fund, the objectives and risk tolerance of the parties involved, the risk characteristics of asset classes and; the actual selection of securities within the guidelines set out in the SIPP. The SIPP helps ensure the pension assets are invested in ways that protect the interests of the Pension Plan members.

Suspended Member

A Suspended Member is a member who is not currently accruing benefits nor is required to make contributions to the Pension Plan, but whose continuous service has not been broken.

Unreduced Retirement Date

Unreduced Retirement Date refers to the date at which a member may receive an immediate pension from the Pension Plan with no reduction to the member's pension for early retirement. This date differs from Pension Plan to Pension Plan depending on the provisions in the Pension Plan text.

Vested

A member is Vested in a Pension Plan when the member has the right to receive both the member's and the employer's portion of the pension benefit upon termination, retirement or death.

YMPE (Yearly Maximum Pensionable Earnings)

The YMPE is the year's maximum pensionable earnings for the Canada Pension Plan set by CRA. The YMPE changes every year.