

## People, Innovation and Collaboration Services Briefing to

Executive Committee

2024 July 23

ISC: UNRESTRICTED

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## Pension Governance Committee Annual Report

### PURPOSE OF BRIEFING

This report is intended to provide Executive Committee with assurances of responsible stewardship, information on all of The City's pension plans and activities, and to satisfy the Pension Governance Committee's reporting requirements.

- *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 2023. The Terms of Reference document was updated in 2023 September to change references from Councillor to Elected Official and to remove pronouns, and is included as Attachment 2. The 2024 workplan is included as Attachment 7.
- In 2023, 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 report in the form of a briefing has been provided to Executive Committee since 2022.
- 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; and
- 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.

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 (PGC) 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 is reviewed annually and updated as needed.

Administration has highlighted below some additional information on the pension plans that is not referenced in the attachments:

Local Authorities Pension Plan (LAPP)

*Regulatory:* Discussions between LAPP Corporation and AIMCo (the provincial government-appointed pension investment manager) on an investment management agreement are ongoing. 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 111.7 per cent funded as of the 2022 December 31 actuarial valuation. The funded ratio increased (marginally) over the year prior. The funded status allowed LAPP to decrease both the employer and employee contribution rates and to grant a cost-of-living increase (COLA) for 2024 of 100 per cent of the Consumer Price Index (CPI) (instead of 60 per cent). This increase applies only for 2024.

Special Forces Pension Plan (SFPP)

*Regulatory:* Discussions between SFPP Corporation and AIMCo (the provincial government-appointed pension investment manager) on an investment management agreement are ongoing. The [Government of Alberta ministerial order](#) enacted 2021 January 1 continues to be in effect.

*Funding:* Due to the positive funded status of the SFPP, COLA for post-2000 service was granted at 80 per cent of CPI for 2024 (instead of the targeted 30 per cent). This increase applies only for 2024.

Calgary Firefighters' Supplementary Pension Plan (FSPP)

*Funding:* In accordance with the FSPP plan text, the percentage of COLA granted to LAPP members also applies to FSPP members. Therefore, FSPP granted a COLA for 2024 of 100 per cent of the CPI (instead of 60 per cent). This increase applies only for 2024.

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.

## ATTACHMENTS

1. Background and previous Council Direction
2. Terms of Reference for the Pension Governance Committee of The City of Calgary (2023 September)
3. 2023 Pension Plan Inventory
4. 2023 Pension Plan Governance and Administrative Update
5. 2023 Pension Plan Administration Report
6. 2023 Financial Report on the Position of the Pension Plans
7. 2024 Workplan The City of Calgary Pension Governance Committee

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General Manager Christine Arthurs concurs with the information in this Briefing.