

## **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 2016 is being provided to Priorities and Finance Committee for information.

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

That PFC recommends that City Council receive this report for information, on urgent business for July 24, 2017.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

At the 2003 September 29 Special Meeting of City 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 City Council participate.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The Pension Governance Committee consists of five members appointed by the City Manager and two City Council members appointed by City Council. The 2016 members were:

- Mark Lavallee, Chief Human Resources Officer (Chair)
- Rebecca Andersen, Barrister & Solicitor, City Law Department
- Beng Koay, City Treasurer (January to September)
- Eric Sawyer, Chief Financial Officer
- Brad Stevens, Deputy City Manager (January to May)
- Malcolm Logan, General Manager Transportation (June to December)
- Jacqueline Deitch, Director, Fleet Services (June to December)
- Councillor Diane Colley-Urquhart
- Councillor Evan Woolley (January to October)
- Councillor Ray Jones (October to December)

In 2016 PGC and its delegates:

- Complied with all legislative requirements for all applicable pension plans including filing provincial and federal annual information returns. There were no changes to legislative requirements in 2016.
- Completed a triennial actuarial valuation for the Elected Officials Pension Plan (EOPP) and filed a report with provincial and federal pension regulators.

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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 2016. The Terms of Reference were updated in 2016.
- 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**

This report was provided to the Pension Governance Committee at the June 5, 2017 meeting for review.

### **Strategic Alignment**

This annual report and the governance activities of the Committee support the City 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.

### **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.

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

1. 2016 Pension Plan Summary
2. 2016 Pension Plan Governance Update
3. 2016 Pension Plan Administration Report
4. 2016 Financial Position of the Pension Plans