

November 22, 2011

LAPP 50th Anniversary Consultation

The Local Authorities Pension Plan (LAPP) will turn 50 years old April 1, 2012. To help mark this significant milestone, the LAPP Board is undertaking a broad consultation with its many stakeholders about the plan. One of those consultations will be an online survey of members. Others will include meetings with various participants, written submissions, group discussions and other opportunities to collect feedback and viewpoints.

The LAPP Board wants to know what you think about your pension, what it has to offer you and whether it still suits your needs. Not much has changed about the plan since it was created in 1962, yet the world has changed a great deal in that time. People are changing jobs more often and living longer lives. How should LAPP adapt to keep abreast of these changes?

The occasion of our 50th Anniversary, and not the midst of some crisis, seems like the ideal time to build on the strength of the last half century and do what we can to keep the plan secure and sustainable into the future. To do that properly we would like your input. We would like to hear what you think about your plan benefits and how you feel about the contributions you pay.

LAPP represents more than 206,000 members, employed by 421 different organizations and represented by more than 50 unions and associations. We are a big family and the largest pension plan in Alberta. We have a great track record and want to keep it that way going forward.

LAPP is a defined benefit (DB) pension plan, which means the amount you receive when you retire is based on a formula that takes into account age, salary and years of service. Unlike other types of pensions or RRSPs, the amount you get when you retire does not depend on how well your investments are doing or what shape the economy is in. This provides a significant benefit for LAPP members because it makes it easier to plan for retirement, knowing what income to expect and how much you will need from other sources.

Investment returns may have no impact on how your pension is calculated, but they do have a significant impact on the pension plan overall. When interest rates are down and investment returns are too low to produce what is needed to fully fund future pensions, the plan faces an unfunded liability and must increase contributions from employees and employers to help bridge the gap.

Increased contributions impact employees and employers directly. Eventually, if investment returns remain low, there may be a limit to what people can afford to contribute to the plan and plan costs and benefits will have to be looked at to keep current assets and future liabilities in balance.

Preferring that that day never comes is no reason not to prepare for it. We want to take this occasion to find out what you think and how you value your benefits. Your input will help keep our plan suitable and sustainable going forward.

Thank you in advance for your participation in this important consultation. Keep watching the website for further updates and information on how to contribute to the consultation.

Happy Anniversary!

Larry Murray
Chair LAPP Board of Trustees