15 December 2010

Local Authorities Pension Plan

Management Information Report as at December 31, 2009

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Contents

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Summary of Results ($000,000's)

Going-Concern Financial Position	**31.12.2009**	**31.12.2008**
Adjusted market value of assets	$15,379.4	$13,528.0
Smoothing reserve	$830.9	$1,863.4
Actuarial value of assets	$16,210.3	$15,391.4
Actuarial liability	$20,780.6	$19,499.1
Funding excess (unfunded liability)	($4,570.3)	($4,107.7)
Funded ratio – market value basis	74.0%	69.4%
Funded ratio – smoothed value basis	78.0%	78.9%

Solvency Financial Position	**31.12.2009**	**31.12.2008**
Adjusted market value of assets, less windup expenses	$15,314.4	$13,463.0
Solvency liability, less assumed windup expenses	$23,073.8	$20,148.1
Solvency excess (deficiency)	($7,759.4)	($6,685.1)
Solvency ratio	66.3%	66.8%

Total Contributions – As a % of Pensionable Salary

	2010		2011		2012	
	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE
Current Service Cost	13.44%	18.78%	13.44%	18.78%	13.44%	18.78%
Unfunded Liability	3.68%	5.28%	4.54%	6.48%	5.38%	7.70%
Total Contribution	17.12%	24.06%	17.98%	25.26%	18.82%	26.48%

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Introduction

Management Information Report as at December 31, 2009

To the Local Authorities Pension Plan Board of Trustees

At your request, we have conducted an actuarial assessment of the Local Authorities Pension Plan as at December 31, 2009. The purpose of this assessment was to measure the financial position of the plan at December 31, 2009 and monitor the appropriateness of scheduled contribution rates. We are pleased to present the results of the assessment.

The next actuarial valuation of the plan will be required as at a date not later than December 31, 2011 or as at the date of an earlier amendment to the plan.

Respectfully submitted,

Brenda Prysko

Brenda Prysko
FSA, FCIA

15 December 2010

Date

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Financial Position of the Plan

Going-Concern Assessment

The results of the assessment as at December 31, 2009, in comparison with those of the previous valuation as at December 31, 2008, are summarised as follows:

Financial Position – Going-Concern Basis ($000,000's)

	31.12.2009	31.12.2008
Actuarial value of assets		
Market value	$15,367.5	$13,517.2
Smoothing adjustment	$830.9	$1,863.4
Present value of prior service payments due	$11.9	$10.8
Total actuarial value of assets	$16,210.3	$15,391.4
Actuarial liability		
Present value of accrued benefits for:		
▪ Active members	$13,184.1	$12,356.5
▪ Pensioners and survivors	$6,915.0	$6,479.9
▪ Deferred pensioners and hold-on-deposits	$681.5	$662.7
Total liability	$20,780.6	$19,499.1
Funding excess (unfunded liability)	($4,570.3)	($4,107.7)
Funding ratio	78.0%	78.9%

Reconciliation of Financial Position

The plan's financial position, an unfunded liability of $4,570.3 million as at December 31, 2009, is reconciled with its previous position, an unfunded liability of $4,107.7 million as at December 31, 2008, as follows:

Reconciliation of Financial Position ($000,000's)

Funding excess (unfunded liability) as at 12.31.2008	($4,107.7)
Interest on funding excess (unfunded liability) at 6.10% per year to 12.31.2009	($250.6)
Net experience gains (losses) over 2009*	($546.7)
Special payments towards unfunded liability	$257.9
Contributions different than service accrual	($22.5)
Data, programming, and prior service record changes	$98.5
Net impact of other untraced elements of gains and losses	$0.8
Funding excess (unfunded liability) as at 12.31.2009	($4,570.3)

* Net experience gains (losses) are detailed on the following page.

Plan Experience

The main assumptions are compared with actual experience since the previous valuation as at December 31, 2008:

Plan Experience ($000,000's)

	Assumption	Actual 2009	Impact Gain (loss) (Including Interest)
Net Investment return (actuarial value of assets)	6.10%	1.83%	($669.4)
Increases in pensionable salary	6.30%*	6.60%	$4.5
Increases in YMPE	2.75%	1.94%	
Interest on contributions	3.00%	1.70%	
Indexation of pensions in payment	1.50%	0.06%	$111.9
Retirements	4,198 members	2,114 members	($25.4)
Terminations of employment	6,656 members	7,361 members	$27.6
Pre-retirement mortality	219 members	371 members	
Disability	0 members	16 members	
Mortality of pensioners and beneficiaries	1,418 deaths	1,214 deaths	$5.6
Expenses	$22.7 million	$24.2 million	($1.5)
Net experience gains (losses)			($546.7)

* This value represents 5.50% plus the average of the assumed merit and promotion increase.

Commentary

- The investment return of 1.83% (net of investment management expenses) for 2009 on a smoothed asset value basis was less than the valuation assumption of 6.10% per year. This lower investment return produced a loss of approximately $669.4 million. Note that on a market value basis, the rate of return was substantially higher (9.56% for 2009). The smoothing method defers recognition of a portion of these gains over a three year period. As well, losses which were deferred from previous years came onto the balance sheet in 2010.

- While average salaries grew at a slightly higher rate than expected in 2009, on a liability-weighted basis, salaries grew at a slightly lower rate than expected in 2009 resulting in lower actuarial liabilities and therefore an actuarial gain. The YMPE grew by a lower rate than assumed in 2009 resulting in a loss to the plan. Interest on contributions in 2009 was lower than assumed resulting in an actuarial gain. All of these factors contributed to a net decrease in the actuarial liabilities (experience gain) of approximately $4.5 million.

- The valuation at December 31, 2008 assumed a cost-of-living increase of 1.50% effective January 1, 2010. The actual cost-of-living increase was 0.06%. The lower than expected cost-of-living increase produced a gain of approximately $111.9 million.

- Mortality, termination and retirement experience in aggregate were more favourable than assumed, producing an experience gain of approximately $7.8 million.

- Current service contributions changed January 1, 2009 to rates recommended in the December 31, 2007 report on the actuarial valuation for funding purposes. These rates provided an aggregate contribution in 2009 of 17.45% of payroll. The December 31, 2008 report on the actuarial valuation for funding purposes revealed a current service cost equal to 14.42% of payroll. The contributions actually paid that were in excess of the required current service cost have resulted in $257.9 million being paid towards the unfunded liability.

- In addition, with a plan of this size, it is inevitable that data and methodology will change between valuation periods. The combined total of the data and methodology adjustments amounted to $98.5 million.

The above commentary outlines the major components of the gain and loss. All other experience items such as timing of events are combined into the “Net impact of other elements of gains and losses” item.

Solvency Assessment

The Local Authorities Pension Plan is not subject to the solvency funding requirements outlined in Alberta’s *Employment Pension Plans Act*. The plan is required to disclose the solvency excess or deficiency, but no solvency special payments are required to fund any solvency deficiency that may arise.

When conducting a solvency assessment, we determine the relationship between the respective values of the plan’s assets and its liabilities on a solvency basis, determined in accordance with the Alberta *Employment Pension Plans Act*. The values of the plan’s assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date.

As at December 31, 2009, the solvency ratio of the plan, being the ratio of solvency assets to solvency liabilities[1], is 66.3%. The plan's solvency position as at December 31, 2009, in comparison with that of the previous valuation as at December 31, 2008, is determined as follows:

Financial Position – Solvency Basis ($000,000's)

	31.12.2009	31.12.2008
Market value of assets	$15,367.5	$13,517.2
Present value of prior service payments	$11.9	$10.8
Plan termination expenses	($65.0)	($65.0)
Market value of assets available to provide benefits	$15,314.4	$13,463.0
Actuarial liability		
Present value of accrued benefits for:		
▪ Active members	$14,166.4	$12,069.8
▪ Pensioners and survivors	$8,087.6	$7,340.3
▪ Deferred pensioners and hold-on-deposits	$819.8	$738.0
Total liability	$23,073.8	$20,148.1
Solvency excess (shortfall)	($7,759.4)	($6,685.1)
Solvency ratio	66.3%	66.8%

Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of the active members during 2010, in comparison with the corresponding value determined in the previous valuation as at December 31, 2008, is summarised below:

Current Service Cost ($000,000's)

	2010	2009
Actuarial present value of benefits to be earned for service in the next 12 months	$1,053.7	$925.1
Non-Investment related expenses	$31.2	$22.7
Total actuarial normal cost	$1,084.9	$947.8
Pensionable Salary	$7,492.1	$6,574.4
Current service cost expressed as a percentage of Pensionable Salary	14.48%	14.42%

[1] We have shown a pure solvency ratio, excluding the present value of unfunded liability payments, in order to illustrate the position of the plan on a wind-up basis.

Contributions

As the Board elected not to act on this assessment, contribution rates determined in the December 31, 2008 valuation remain in effect. Details on those contribution rates can be found in our October 13, 2009 “Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008”.

The schedule of contribution rates in effect at December 31, 2009 is shown below:

Employee Contributions – As a % of Pensionable Salary

	2010		2011		2012	
	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE
Current Service Cost	6.22%	8.89%	6.22%	8.89%	6.22%	8.89%
Unfunded Liability	1.84%	2.64%	2.27%	3.24%	2.69%	3.85%
Total Contribution	8.06%	11.53%	8.49%	12.13%	8.91%	12.74%

Employer Contributions – As a % of Pensionable Salary

	2010		2011		2012	
	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE
Current Service Cost	7.22%	9.89%	7.22%	9.89%	7.22%	9.89%
Unfunded Liability	1.84%	2.64%	2.27%	3.24%	2.69%	3.85%
Total Contribution	9.06%	12.53%	9.49%	13.13%	9.91%	13.74%

Total Contributions – As a % of Pensionable Salary

	2010		2011		2012	
	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE	Up to YMPE	Above YMPE
Current Service Cost	13.44%	18.78%	13.44%	18.78%	13.44%	18.78%
Unfunded Liability	3.68%	5.28%	4.54%	6.48%	5.38%	7.70%
Total Contribution	17.12%	24.06%	17.98%	25.26%	18.82%	26.48%

The current schedule of contribution rates contain a margin for adverse deviations. With a small adjustment in this margin, it is expected that the current schedule of contribution rates is sufficient to satisfy the funding requirements revealed in the assessment of the Plan as at December 31, 2009.

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund is held in trust by Alberta Investment Management Corporation on behalf of the Local Authorities Pension Plan Board and Alberta Finance and Enterprise and is invested in accordance with the Board's written statement of investment policies and goals.

We have relied upon the plan's financial statements prepared by the Alberta Auditor General, for the period ending December 31, 2009.

Reconciliation of Plan Assets

The pension fund transactions for the period from January 1, 2009 to December 31, 2009 are summarised as follows:

Reconciliation of Market Value of Assets ($000,000's)

	2009
January 1	$13,517.2
<u>PLUS:</u>	
Member contributions	$596.0
Employer contributions	$677.9
Reciprocal transfer in	$20.3
Prior service payments	$19.8
Interest, dividends, accrued income, realized and unrealized gains (losses), net of investment expenses	$1,317.9
	$2,631.9
<u>LESS:</u>	
Pensions paid	$569.0
Lump sum refunds on termination and death	$162.5
Fund administrative expenses	$24.2
Reciprocal transfer out	$25.9
	$781.6
December 31	$15,367.5

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The plan's assets are invested primarily in pooled funds, as shown below:

Investments	($000's)	
Consolidated Cash Investment Trust Fund	$475,477	3.1%
Fixed Income Securities		
Universal Fixed Income Pool	$540,106	3.5%
Canadian Long Term Government Pool	$3,165,555	20.7%
Real Rate of Return Bonds	$892,697	5.8%
Private Mortgage Pool	$708,957	4.6%
External Managers Currency Alpha Pool	$21,301	0.1%
Tactical Asset Allocation Pool	$20,838	0.1%
Fixed Income Overlay Strategy Pool	($157,394)	(1.0%)
Total Deposits and Fixed Income Securities	**$5,667,537**	**36.9%**
Canadian Equities		
Canadian Equities Transition Account Pool	$1,859,716	12.1%
Canadian Overlay Strategy Pool	$33,080	0.2%
Foreign Equities		
EAFE Equities Master Pool	$3,762,157	24.5%
EAFE Emerging Markets Equity Pool	$37,633	0.2%
Structured Transition Pool	$72,569	0.5%
EAFE Overlay Strategy Pool	$179,736	1.2%
Portable Alpha Pool (United States)	$299,843	2.0%
Alternative Equity Investments		
Absolute Return Strategy Pool	$590,835	3.8%
Private Equities Pool	$514,422	3.3%
Private Income Pool	$572,405	3.7%
Timberland Pool	$76,718	0.5%
Private Real Estate Pool	$1,827,730	11.9%
Total Equities and Real Estate	**$9,826,844**	**63.9%**
Accrued Interest, Accounts Receivable and Payable	($126,895)	(0.8%)
Total Market Value of Assets	**$15,367,486**	**100.0%**

Investment Policy

The Board has adopted a statement of investment policy and objectives. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix. The constraints on the asset mix in place at the valuation date are provided for information purposes:

Asset Mix Policy Table

		Long-term Policy	Policy Range (%)	
	Asset Class	**Weighting**	**Min**	**Max**
Fixed Income	Cash/Short-term	0.5	0.0	10.0
	Canadian Universe Bond	8.0	5.0	10.0
	Canadian Long-term Bond	20.0	15.0	25.0
	Real Return Bonds	5.0	4.0	7.5
Total Fixed Income		**33.5**	**30.0**	**40.0**
Canadian Equity	Canadian Large Cap	6.0	4.0	10.0
	Canadian Enhanced Index	5.0	4.0	7.5
	Canadian Small Cap	4.0	3.0	6.0
	CDN Equity Total	**15.0**	**10.0**	**20.0**
Foreign Equity	US Large Cap - PAUS	3.5	2.0	5.0
	US Small/Mid Cap	4.0	2.0	6.0
	US Index	0.0	0.0	2.5
	US Region Total	**7.5**	**6.0**	**12.5**
	EAFE Active	15.0	10.0	20.0
	EAFE Passive	2.0	0.0	4.0
	EAFE Regional Total	**17.0**	**12.0**	**22.0**
	Foreign Equity Total	**24.5**	**20.0**	**30.0**
Total Equity		**39.5**	**35.0**	**47.5**
	Real Estate	**10.0**	**7.5**	**12.5**
Alternatives	Private Equity	5.0	3.0	7.0
	Hedge Funds	5.0	3.0	7.0
	Private Income	5.0	3.0	7.0
	Timberland	2.0	1.0	3.0
	Alternatives Total	**17.0**	**10.0**	**20.0**
Total Equity, Real Estate and Alternatives		**66.5**	**60.0**	**70.0**
Total Fund (%)		**100.0**		

Appendix B

Summary of Assumptions

Actuarial Valuation Methods – Going-Concern Basis

Valuation of Assets

The same asset valuation method was used in this valuation as was used in the previous valuation at December 31, 2008. Under this method, actual equity returns in excess of fixed income returns are compared to the assumed equity risk premium and any difference recognized over a three year period. This smoothed value is adjusted for outstanding prior service payments to arrive at the actuarial value of assets. This methodology results in equity returns in excess of fixed income returns above or below the assumed equity risk premium of 4.6% in 2009 (4.4% in 2008) being amortized over a three year period.

The actuarial value of the assets, determined as at December 31, 2009 is $16,210.3 million. This value was derived as follows:

Actuarial Value of Assets as at December 31, 2009

	Dec. 31, 2009 ($000,000's)
Market Value at December 31, 2009	$15,367.5
(Less) Plus 1/3 of Excess 2008 Equity (Gains) Losses	$896.0
(Less) Plus 2/3 of Excess 2009 Equity (Gains) Losses	($65.1)
Present Value of Prior Service Payments	$11.9
Actuarial Value of Assets at December 31, 2009	$16,210.3

On an actuarial value basis, the rate of return (net of all investment management expenses) in 2009 was 1.83%. On a market value basis, the net rate of return for the fund in 2009 was 9.56%.

Valuation of Actuarial Liabilities

Over time, the real cost of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *projected unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits, based on projected final average salary. This is referred to as the *actuarial liability*. For each individual plan member, accumulated contributions with interest are established as a minimum actuarial liability and each member's current service benefit is tested to ensure that no more than 50% of the value is funded by member contributions. Any member contributions in excess of 50% are included in the actuarial liability.

The *funding excess or unfunded liability*, as the case may be, is the difference between the actuarial value of assets and the actuarial liability.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date. The current service cost has been expressed as a percentage of the members' Pensionable Salary to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable salary.

Actuarial Assumptions – Going-Concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation, we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them if necessary. In this valuation, we have used the same assumptions as in the previous valuation as at December 31, 2008. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions:

Actuarial Assumptions – Going-Concern Basis

Description	As At December 31, 2009
Investment Return	6.10%
Price Inflation - Alberta	2.50%
Salary Escalation	4.50% for one year, 3.25% thereafter plus Age-Based Merit and Promotion Scale
YMPE Escalation	2.75%
Increase in *Income Tax Act* Salary Limits	2.75%
Non-Investment Expenses	$31.2 million in 2010
Retirement Rates	Points (age and service) based derived from plan experience from 1994-2002
Mortality	1994 Uninsured Pensioner (UP94) with projection for mortality improvements on a generational basis
Termination Rates	Derived from 1994-2002 LAPP experience, adjusted at ages 50-55
Disability Rates	None
Merit and Promotion	Aggregate rates from 1989-1993 experience
Spousal Age Difference	Male 3 years older
Proportion Married at Retirement or Death Before Retirement	80%
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Three year straight-line amortization of equity returns in excess of fixed income returns plus an equity risk premium, plus the present value of prior service payments owing
Percent Electing Deferred Pension	25%

Other Methodologies

We have prepared a list of additional assumptions and methods used in the valuation of the plan. This list is intended to assist users of this report in understanding the specific benefits valued. Small differences in methods and assumptions in a plan of this size can sometimes have effects in the millions of dollars. Other sections of the report have dealt with data omissions so they will not be repeated here.

- it is assumed that indexation of deferred and immediate pensions commences 1 year after termination or retirement;

- coordinated options for retired members have the entire pension indexed if retired prior to January 1, 1985 and the base indexed for all others;

- spousal benefits payable on a member's death are based on the member's base pension if the member retired after December 31, 2003, and are based on the member's coordinated pension for all others;
- current service contributions are based on pensionable salary, not unlimited salary;
- the pensionable salary for calculating the normal cost percentage is nil for employees over age 65 and nil for employees with more than 35 years of service;
- advance pensioners were valued as J&S 100% for members with a spouse and G15 for single members, and the administrative 90% adjustment has been removed; and
- for deferred benefits on termination or death, the pensions were deferred to age 55 with the early reduction factor calculated from the earlier of age 65 and the attainment of 85 points.

Actuarial Valuation Methods and Assumptions – Solvency Basis

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, with all members fully vested in their accrued benefits

We have considered that members under 55 years of age on that date would be entitled to a deferred pension payable from age 55, reduced in accordance with the plan's early retirement provisions. Members aged 55 and over are entitled to an immediate pension, reduced in accordance with the plan's early retirement provisions. For each individual plan member, accumulated contributions with interest plus 50% of the present value of the accrued pension are established as a minimum actuarial liability.

Benefits are assumed to be settled through a lump sum transfer for active and deferred members under the age of 55. The value of the benefits accrued on December 31, 2009 for such members is based on the assumptions described in the Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for December 31, 2009 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for active and deferred members over the age of 55 and all pensioners and beneficiaries. The value of the benefits accrued on December 31, 2009, for such members is based on an estimate of the cost of settlement through purchase of annuities. Assumptions are as follows:

Actuarial Assumptions

Mortality rates for benefits to be settled through lump sum transfer:	UP94 projected to 2020
Mortality rates for benefits to be settled through annuity purchase:	UP94 projected to 2020
Interest rates for benefits to be settled through lump sum transfer:	3.90% for 10 years, 5.40% thereafter
Interest rates for benefits to be settled through annuity purchase:	4.49% per year
Cost of living increases for benefits to be settled through lump sum transfer:	1.04% for 10 years, 1.55% thereafter
Cost of living increases for benefits to be settled through annuity purchase:	1.51% per year
Family composition:	Same as for going-concern valuation
Termination expenses:	$65 million

Appendix C

Membership Data

Analysis of Membership Data

The actuarial assessment is based on membership data as at December 31, 2009 provided by Alberta Pensions Services Corporation (APS). This data included dates of birth, gender, full/part-time status, pensionable current service, prior bought service, prior service being bought and reciprocal service. Service fields were split for pre 1992 and post 1991 service. Pensionable salary and in-year service were also provided. Contribution information was also provided, split by employee/employer and pre 1992 / post 1991 service.

Despite these numerous tests, where data was still unreliable or unavailable, assumptions were required to complete the data. These assumptions are summarised below:

Description	Assumption
Annualization of Pensionable Salary	Data provided by APS included actual salary and service in 2009, as well as annualized salary. For those members with small service (less than 0.1 years in 2009), annualized salary was set to last year's annualized salary increased by 4.50% plus merit and promotion. For those with small service and no prior salary information, annualized salary was set to $62,695.
Missing Salary	For those members missing salary information in 2009, annualized salary was set to last year's annualized salary increased by 4.50% plus merit and promotion. For members with no prior salary information, annualized salary was set to $62,695.
Missing Service	For those members missing all service information in the data, service was set to last year's plus the service ratio set out last year.
Service Ratios for Part-Timers	Service ratios are not provided by APS. Since the service ratio has a significant impact on the valuation results, service ratios were set equal to 2009 in-year service, subject to a minimum of 0.4, for all members who were active as at January 1, 2009. Service ratios were set to a minimum of 90% for new entrants.
2010 Pensionable Salary	We have assumed that the 2010 pensionable salary to be used as a divisor for the normal cost percentage will equal the expected pay at the middle of 2010 (2009 pay increased by 4.50% plus merit and promotion plus ½ year interest at 6.10% per year).

Plan membership data are summarised below. For comparison, we have also summarised corresponding data from the previous valuation.

Membership Data

	31.12.2009	31.12.2008
Active Members		
▪ Number	138,910	130,172
▪ Expected average annualized pay for following year	$65,572	$62,695
▪ Average years of pensionable service	8.4 years	8.7 years
▪ Average age	44.9 years	44.9 years
▪ Average employee contributions	$30,430	$29,026
Deferred Pensioners		
▪ Number	10,947	10,822
▪ Average annual deferred pension at normal retirement, with COLA to January 1 of following year	$6,214	$6,167
▪ Average age	48.7 years	48.2 years
Hold-on-Deposits		
▪ Number	7,488	7,372
▪ Average contributions with interest	$2,052	$1,921
▪ Average age	46.0 years	45.8 years
Pensioners and Survivors		
▪ Number	41,458	39,762
▪ Average annual pension at January 1 of following year	$13,490	$13,228
▪ Average age	70.5 years	70.3 years

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

Actives		
Actives @ 31.12.2008		130,172
Adjustments		(37)
Plus:	New & transfers in	17,908
	Transfers from inactive	713
Less:	Retirements & disabilities	(2,114)
	Terminations - deferreds & hold-on deposits	(1,812)
	Terminations – paid out	(5,549)
	Deaths	(371)
Actives @ 31.12.2009		138,910
Deferreds & Hold-on Deposits		
Deferreds & hold-on deposits @ 31.12.2008		18,194
Adjustments		21
Plus:	Transfers from actives	1,812
Less:	Retirements	(264)
	Deaths	(29)
	Paid out	(586)
	Transfers to actives	(713)
Deferreds and hold-on deposits @ 31.12.2009		18,435
Pensioners and Survivors		
Pensioners and survivors @ 31.12.2008		39,762
Adjustments		(1)
Plus:	New pensioners from active	2,114
	New pensioners from deferred and hold-on-deposits	264
	New beneficiaries	388
Less:	Deaths or expiry of guarantee	(1,069)
	Return to active and deferred	0
Pensioners and survivors @ 31.12.2009		41,458

The distribution of the active members by age and pensionable service as at December 31, 2009, is summarised as follows:

Distribution of Active Members as of 31.12.2009

Age Group	Service Group									
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 20	58									58
	42,436									42,436
20 - 24	3,421	9								3,430
	53,864	61,470								53,884
25 - 29	11,321	860	2							12,183
	61,327	67,304	*							*
30 - 34	10,385	3,391	286	1						14,063
	63,372	73,317	72,569	*						*
35 - 39	9,323	4,482	1,359	143	6					15,313
	62,436	74,809	77,384	71,858	69,216					67,475
40 - 44	8,601	4,569	2,375	1,323	485	12				17,365
	59,670	70,240	76,986	77,857	73,701	69,731				66,604
45 - 49	8,754	5,454	3,055	2,350	2,047	989	60			22,709
	57,577	63,990	69,912	76,978	78,853	71,248	72,354			65,337
50 - 54	6,870	5,082	3,359	2,340	2,501	2,337	1,209	36		23,734
	58,305	61,245	65,710	70,974	76,342	79,539	78,159	81,999		66,270
55 - 59	4,425	3,387	2,790	2,118	2,258	1,833	1,281	279	6	18,377
	56,243	61,486	64,321	67,517	72,424	78,155	81,265	82,312	70,410	66,053
60 - 64	2,126	1,651	1,377	1,226	1,396	963	598	216	71	9,624
	50,884	59,844	61,947	63,208	68,014	70,733	77,936	76,444	75,116	62,478
65+	591	313	268	228	241	214	117	59	23	2,054
	37,256	56,785	59,912	56,519	66,229	66,468	72,554	79,485	73,858	55,403
Total	65,875	29,198	14,871	9,729	8,934	6,348	3,265	590	100	138,910
	59,478	66,729	*	*	74,205	76,053	79,029	79,862	74,544	65,572

* *Certain calls have been suppressed in order to preserve confidentiality.*

Appendix D

Summary of Plan Provisions

Introduction

This valuation is based on the plan provisions in effect on December 31, 2009. The following is a summary of the plan's main provisions in effect on December 31, 2009. It is not intended as a complete description of the plan.

Eligibility for Membership

Eligible participants include full-time and part-time employees who meet criteria specified in the plan.

Pensionable Service

Pensionable service, as defined under the provisions of the plan, shall not exceed 35 years.

Contributions

Members and employers are required to make current service contributions as regulated under Schedule 1(4) and (5) of the *Public Sector Pension Plans Act*. These rates are reviewed by the Board of Trustees at each valuation and, if necessary, modified to meet the funding and solvency requirements of the plan.

In addition, in accordance with the financing arrangement created January 1, 1992, until December 31, 1997 participants, employers and the Government had been making additional contributions in order to ensure elimination of the unfunded liability for pre-1992 service on or before December 31, 2036. At December 31, 1997, the valuation revealed a funding excess for pre-1992 service. As a result, the additional contributions for members, employers and the government were eliminated in accordance with the provisions of the *Public Sector Pension Plans Act*.

Credited Interest

Prior to January 1, 1994, members' contributions were accumulated at the rate of 4% per annum, compounded semi-annually. Effective January 1, 1994, the rate of interest credited to members' contributions will be the average yield of five year personal fixed term chartered bank deposits (CANSIM series B14045) over the most recent 12 month period.

Retirement Dates

Normal Retirement Date

The normal retirement age is age 65.

Early Retirement Date

If a member has been in the plan for at least two years, the member may choose to retire as early as age 55.

Retirement Benefits

Normal Retirement

If a member retires on the normal retirement date, the member will be entitled to the following benefits:

1. 2.0% of pensionable salary, multiplied by years of pensionable service prior to January 1, 1966,

plus

2. 1.4% of pensionable salary up to the average YMPE, multiplied by pensionable service after December 31, 1965,

plus

3. 2.0% of pensionable salary in excess of the average YMPE, multiplied by pensionable service after December 31, 1965.

Pensionable salary is the member's average annual salary in the five consecutive years of pensionable service in which such average is the highest. Average YMPE is the average of the Year's Maximum Pensionable Earnings over the same period used to determine the highest average pensionable salary.

Pensionable salary for service on and after January 1, 1992 will be limited to $124,722 plus 30% of the YMPE in 2010. After 2010, this maximum pensionable salary is expected to increase with average industrial wage base increases.

Early Retirement Pension

Members retiring early are entitled to a reduced normal retirement pension commencing immediately. If the member has accrued 85 points (i.e., age + pensionable service totals at least 85), no reduction is applied. If the member has not accrued 85 points, the normal retirement pension is reduced by 3% for each year that the member's early retirement age precedes the earlier of age 65 and the age at which 85 points would be reached (based on pensionable service accrued to the member's date of termination).

Benefits on Disability

If the member is not receiving benefits from an LTD plan and the member is permanently and totally disabled, the member is entitled to an immediate unreduced pension based on pensionable service and salary to the date of disability. If the member is partially disabled, the pension is reduced in the same manner as an early retirement pension.

If the member is receiving benefits from an LTD plan, participation in this plan depends on whether or not the LTD plan is an approved plan. If the LTD plan is an approved plan, participation in this plan continues, but no pension is payable concurrently with the LTD benefit. For the purpose of determining contributions and benefits, pensionable salary will be the pensionable salary immediately preceding disability, increased by subsequent general wage increases applicable for that member's class.

If the LTD plan is not approved, the member is considered to be on a disability leave. The member is eligible to "buy back" this period of leave, as outlined in the plan, upon return to active employment.

Survivor Benefits

Death After Retirement

The normal form of pension is a pension guaranteed for five years. If the member dies before 60 monthly payments are made, the balance of the 60 payments are payable to the member's spouse or beneficiary. Optional forms of pension are available on an actuarially equivalent basis.

Death Before Retirement

If a member dies before retirement, benefits payable from the plan will depend on the member's length of plan membership, as follows:

Death Before Retirement

Pre-1992 Service	Benefit
No Spouse	
▪ < 2 years of pensionable service	Refund of 1 x member contributions
▪ > 2 years of pensionable service	100% of commuted value plus excess contributions
Spouse	
▪ < 2 years of pensionable service	Refund of 1 x member contributions
▪ > 2 years of pensionable service	Either 100% of commuted value or pension for life determined as though the member had retired on the day before death and elected a J&S 100% optional form pension, plus excess contributions.

Post-1991 Service	Benefit
No Spouse	
▪ < 2 years of pensionable service	Refund of 1 x member contributions
▪ > 2 years of pensionable service	100% of commuted value plus excess contributions
Spouse	
▪ < 2 years of pensionable service	Refund of 1 x member contributions
▪ > 2 years of pensionable service	Either 100% of commuted value or pension for life determined as though the member had retired on the day before death and elected a J&S 100% optional form pension, plus excess contributions.

Termination Benefits

If a member's employment terminates for reasons other than death or retirement, the benefits payable from the plan will depend on the member's length of plan membership, as follows:

Benefits in the Event of Termination of Employment

If member has:	The plan will pay:
Less than two years of pensionable service	▪ Refund of member contributions
At least two years of pensionable service	▪ Deferred pension (deferred to the earlier of age 65 or attainment of 85 points, based on pensionable service to date of termination). ▪ For all service, excess contributions, if any, will be paid. ▪ For all service, in lieu of the deferred pension, the pension may elect to transfer out 100% of the commuted value plus excess contributions. ▪ Reciprocal transfers are available for both pre-1992 and post-1991 service.

Cost-of-Living Increases

Cost-of-living increases based on 60% of the Alberta CPI apply to both deferred pensions and pensions in payment, both before and after retirement.

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