

# **STRATEGIC PLAN: 2017 – 2019**

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Approved by the  
Alberta Local  
Authorities Pension  
Plan Corp.  
Board of Directors

October 21, 2016

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## INTRODUCTION

The last Strategic Plan for the Local Authorities Pension Plan (LAPP or Plan) was adopted by the Board of Directors (Board) of Alberta Local Authorities Pension Plan Corp. (ALAPP Corp.) in late 2011 after a comprehensive Board planning process. At that time, the Board endorsed a 5-year planning cycle.

The resulting *2012-2016 LAPP Strategic Plan* was subsequently revised in March 2014 in response to initiatives undertaken by the Alberta government.

Much has changed since that time, while much has also remained the same. Significant changes have occurred in the political landscape. Those changes have resulted in further delays in advancing renewal of the governance structure of LAPP and the relationships among key stakeholders.

In recognition of the statutory and fiduciary obligations of the LAPP Board of Trustees, and the delegated responsibilities of ALAPP Corp., the Board again undertook an in-depth planning process in 2016. This new *LAPP Strategic Plan: 2017 – 2019* is the result of those efforts.

This new Strategic Plan refreshes and modernizes the Board's commitment to good governance and the roles of the Board of Trustees, the Board and ALAPP Corp. in administration of the Plan. In recognition of the dynamic and complex external environment within which LAPP exists, this *LAPP Strategic Plan: 2017 – 2019* adopts a more flexible and adaptable rolling 3-year planning cycle.

## STATEMENTS OF INTENT

### VISION

The Board embraces in the following Vision for the Plan and aspires to its success:

***A leading pension plan helping members achieve their retirement dreams***

### MISSION

The Board believes its purpose in pursuit of the Vision is to:

***Manage the Plan for members and engage stakeholders to deliver the best possible pensions at the best possible cost***

### GUIDING PRINCIPLES

The Board believes in the following principles as the basis for its decision making in support of an effective and sustainable LAPP:

***Good Governance***

Excellence in governance and Plan management, acting with prudence and striving for best practices

***Transparency & Accountability***

Acting openly and with clarity of purpose, while being responsible to our stakeholders for the results of those actions

***Stakeholder Focus***

Balanced consideration of members', employers' and other stakeholders' views, needs and interests

***Benefit Security***

Ensure the Plan provides secure retirement incomes to members

***Affordability***

Minimizing volatility of contribution rates and managing the total cost of the Plan at levels affordable to members and employers

***Efficiency & Cost-Effectiveness***

Components of LAPP's overall governance structure should operate together in an efficient and cost-effective manner to support the objectives of the Plan

***Prudent Risk Management***

Understanding the risks facing LAPP and appropriate responses to address them

***LAPP Has Value***

Enhancing appreciation of value received for contributions paid to LAPP as a defined benefit pension plan

**ORGANIZATIONAL VALUES**

The Board and ALAPP Corp. will adhere to the following values in carrying out their responsibilities in respect of the Plan:

***Integrity***

Promoting trust in the Plan and its governance through our words and actions

***Fairness***

Employing a balanced and equitable approach to competing interests

***Respect***

Understanding and appreciation for the views of broad-ranging stakeholders

***Diversity***

Acknowledging the benefit of bringing together many perspectives

***Collaboration***

Working together and with our stakeholders and service providers to produce optimum results

***Leadership***

Inspiring stakeholders in the achievement of a common purpose for LAPP

***Innovation***

Embracing change for the betterment of LAPP

## ACTION STATEMENTS

### STRATEGIC GOALS

Based on the Board's assessment of the current state of the Plan, the following five Strategic Goals were identified as priorities for the next three years to achieve the Board's Vision for LAPP:

- 1. Stakeholders are directly engaged within LAPP's current governance framework**
- 2. Joint sponsorship and self-governance of the Plan are achieved**
- 3. LAPP is an industry leader in enterprise risk management**
- 4. Appreciation and understanding of LAPP are increased**
- 5. An effective organization exists to manage the challenges facing LAPP**

### PLAN OBJECTIVES AND STRATEGIES FOR SUCCESS

To advance the Strategic Goals and the Mission of the Plan over the 3-year planning cycle, the Board has set the following Plan Objectives and associated Strategies for Success to bridge identified gaps in relation to each Strategic Goal:

#### **Goal 1: Stakeholders are directly engaged within LAPP's current governance framework**

*Gap addressed: Integrated funding and benefits management of LAPP*

#### **Plan Objectives:**

##### **1.1 Sponsors have a direct role and voice in decision-making by the Board in respect of the Plan**

#### **Strategies for Success:**

- 1.1.1 Enhance existing stakeholder consultation group structure by incorporating a more formal role for sponsors in the Board decision-making process
- 1.1.2 Consult with stakeholders to establish sponsor group meeting their needs and those of the Board, and define the scope and extent of the role
- 1.1.3 Develop Board procedures to engage sponsor group in decision making

**1.2 An integrated funding and benefits strategy for the Plan is created****Strategies for Success:**

- 1.2.1 Use research to inform approaches to best practices strategy development
- 1.2.2 Develop a process to engage sponsor group in analysis
- 1.2.3 Develop approaches to optimize the balance among funding, investment and plan design in managing the Plan

**Goal 2: Joint sponsorship and self-governance of the Plan are achieved**

*Gap addressed: Governance*

**Plan Objectives:****2.1. Government has confidence to move forward and enact self-governance changes****Strategies for Success:**

- 2.1.1. Focus on political education for government and other stakeholders to demonstrate the merits of self-governance for the Plan
- 2.1.2. Develop governance process with achievable targets and associated timeline

**2.2. Sponsors are prepared to participate in governance discussions and understand implications of self-governance****Strategies for Success:**

- 2.2.1. Develop strategic alliances with leading stakeholders to advance discussions on self-governance within and across all stakeholder communities
- 2.2.2. Develop governance structuring options
- 2.2.3. Provide information and education on LAPP to enable discussion of options

**Goal 3: LAPP is an industry leader in enterprise risk management**

*Gap addressed: Managing risk*

**Plan Objectives:****3.1. The Board's management of Plan funding, investment and benefits is informed by risk management best practices****Strategies for Success:**

- 3.1.1. Develop the Board's risk appetite statement and quantification of risks faced by LAPP to integrate Board policies and strategies

- 3.1.2. Evolve the LAPP enterprise risk management framework to clearly identify key risks facing the Plan, risk ownership and actionable risk responses, in a form enabling communication to and engagement of stakeholders

**3.2. Agency risk is managed with all key service providers to the Plan**

**Strategies for Success:**

- 3.2.1. Develop clear policy guidance and evaluation metrics for all key service providers to the Plan
- 3.2.2. Participate in revision and rationalization of relationship documents with key service providers to the Plan

**Goal 4: Appreciation and understanding of LAPP are increased**

*Gap addressed: Communication and education*

**Plan Objectives:**

**4.1. LAPP is seen as a leader in demonstrating the value of the Plan and the merits of defined benefit pension plans**

**Strategies for Success:**

- 4.1.1. Develop integrated approaches for communications, stakeholder relations and government relations
- 4.1.2. Partner with other leading Canadian public sector pension plans to advocate for the merits of such programs

**4.2. LAPP members and other stakeholders are well informed**

**Strategies for Success:**

- 4.2.1. Develop a process to address multiple stakeholder needs for information about the Plan, its governance and management
- 4.2.2. Use the LAPP website and social media to connect to a broader audience

**Goal 5: An effective organization exists to manage the challenges facing LAPP**

*Gap addressed: Organizational capacity*

**Plan Objectives:**

**5.1. The Boards' fiduciary obligations are satisfied**

**Strategies for Success:**

- 5.1.1. Conduct the annual investment fiduciary cycle, annual administration monitoring plan, audit cycle and other annually required activities



5.1.2. Conduct the in-year requirements of the Board's 10-year master planning calendar

**5.2. *The LAPP management structure is capable of adapting as part of any changes to self-governance***

**Strategies for Success:**

5.2.1. Create organizational development and succession plans

5.2.2. Expand organizational capacity and capability to support implementation of business objectives

## **LAPP PLANNING CYCLE AND PLAN MONITORING RESPONSIBILITY**

**Moving forward, the Board adopts a three-year planning cycle with these key elements:**

- The long-term vision and mission for LAPP's future will guide the Strategic Plan.
- LAPP will engage in a rolling strategic planning process, so that its strategic initiatives and goals remain as current as possible, but are adaptable to changing conditions.
- The Strategic Plan will provide the necessary direction for the CEO and drive the creation of ALAPP Corp.'s annual Business Plan, including in-year tactics and measurements of success together with associated budgets
- The Strategic Plan is to be reviewed annually and adjusted as necessary.
- The Strategic Plan will be comprehensively updated every three years based on a fulsome assessment of LAPP's current state and the results of the Strategic Plan.
- The Board is accountable for the strategic direction provided in the Strategic Plan. All elements of the Strategic Plan are to be approved by the Board.
- The CEO will facilitate the development and implementation of the Strategic Plan.
- Senior management is responsible for continuously monitoring changes in the circumstances of LAPP and the assumptions underpinning the Strategic Plan, along with actual performance in achieving the Strategic Goals and Plan Objectives.
- Senior management is also responsible for communicating the strategic plan to key stakeholders and engaging them in achieving the Strategic Goals and Plan Objectives.