



Stakeholders Consultation Group (SCG) – Action Items Questions arising from the Nov. 2, 2012 meeting

Please note: The items written in italics below are questions submitted by stakeholders at the close of the Nov. 2, 2012 SCG meeting. The LAPP Board response, which follows each question was developed and approved by the Board at a subsequent meeting. The questions may have been paraphrased for clarity and, if there were multiple questions submitted on the same topic, may have been combined for efficiency.

Stakeholder Question: *Who would you communicate potential changes to if you were making changes to the plan and what kind of input would they have regarding options e.g. Plan members.*

Board response: Any potential changes to Plan benefits being considered as a result of sustainability planning by the Board will be communicated to all plan stakeholders in advance of any decisions being made. The Board intends to do a very broad-based consultation with all stakeholders, including members, which will educate them on the options the Board and its sponsors are considering for sustainability. They will also be informed about the implications of doing nothing and the best choices for sharing risk between members, while optimizing affordable pension benefits. Once the options have been narrowed down and identified as acceptable for consideration by the Board, the Minister and the sponsor groups (SCG and SCG Ad Hoc Advisory Committee) the Board is working with, stakeholders will be advised and consulted on preferred choices from a list of options. The responses, feedback and input received will inform the final decisions of the Board and will be included in a report to the Minister, when the Board is ready to make final recommendations for Plan sustainability. A variety of methods of consultation will be considered, depending on the usefulness at the time of consultation, including: surveys, focus groups, written submissions/comments, meetings and where appropriate individual conversations with appropriate stakeholders.

Stakeholder Question: *Will you consider specific representation form younger members?*

Board response: Younger members will be encouraged to provide feedback and take part in all options for consultation that will be pursued by the Board. Surveys, if that is a consultation method

chosen, will include questions to identify the age and other demographics of respondents. Information provided to participants to educate them on the implications of plan design changes and other sustainability options will show the impact/benefits to different members of the plan according to their age group and/or years of service. Education communications will also identify the implications and risk for members of different age groups if nothing is done to address demographic, financial and maturity risks to the plan over the long term. Young members will be solicited to participate in focus group testing (if that sampling method is chosen) along with others, representing a cross-section of members by age and sector of employment. In addition, the Board has ready access to the results of polling, based on age of respondents, to a variety of questions posed during the 50th Anniversary Consultation on specific plan benefits, contribution rate tolerances and perceived value of the plan. These results and new survey/consultation results will be used to inform Board decisions related to sustainability options for LAPP.

Stakeholder Question: *More work needs to be done on the scenarios. What are the next steps planned by the Board.*

Board response: The information provided to the SCG was an introductory look at a wide set of possibilities on plan design options that could be looked at to meet the Board's intention to address longevity risk, equity risk/cost sharing and creating incentives to join/stay in the plan. The information was provided to give a basis for understanding the future potential risks and the future cost savings of potential plan design options, including a look at how those options will impact the Plan and Plan members. The Board and Ad Hoc Advisory Committee will be reviewing suites of potential plan design changes as a next step in the process. Costings will be refined as potential design options are tested together for their impact. The SCG will be updated on next steps once more review and testing is completed.

Stakeholder Question: *Could focus groups regarding plan changes assist in predicting the potential reaction of plan members?*

Board response: LAPP will likely do focus-group testing of Plan design options as part of the consultation with stakeholders, and will use the feedback received in helping to frame further questions to be asked and the information/education materials needed to support the consultation. It is important that stakeholders understand the implications of different sustainability options, before providing input on preferred choices. In addition, the Board has data from its 50th Anniversary Consultation that provides detailed information on the value members and sponsors place on different plan design elements and specific plan benefits. Questions were also asked regarding CV

calculations for terminating members, early retirement subsidies and other options being looked at by the Board. There is no need to repeat those questions. In the next stage of plan design scenarios, these 50th Anniversary results will be reviewed by the Board again, in the context of reviewing different suites of options.

Stakeholder Question: *What should be short term vs. mid-long term strategies here?*

Board response: Part of what the Board has been asked to consider and report back to the Minister include how to address short term vs. mid-long term strategies. The Board is not yet at the stage of considering the implementation and transitional arrangements that would accompany sustainability solutions but will be addressing those issues in due course. Other aspects of a sustainable LAPP include the Plan's funding and investment strategies (short and mid—long term) which also have to be considered. Design is only one leg of the sustainability stool.

Stakeholder Question: *What is the plan to communicate these possible changes to the Plan?*

Board response: Some of the communication methods being considered for use during the consultation stage have been outlined above and will be discussed with the Ad Hoc Advisory Committee and the SCG on a more detailed basis once we get to the point of determining what the options are, how they impact each other, how they impact the members and how much of a change they represent from the status quo. Once stakeholders have been consulted and Board decisions have been made on proposed changes, a communication strategy will be devised to cover implementation processes and the transitional details for all stakeholders, including notice periods before transition dates etc. The SCG and the Ad Hoc Committee on Sustainability will be kept informed of these plans once we get there and appropriate decisions can be made.

If you have any questions, please contact Sheri Wright, VP Stakeholder Relations, LAPP at: sheri.wright@lapp.ca