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## LAPP membership tops 200,000 in 2010

Your pension plan reached an important milestone this year with the number of Local Authorities Pension Plan (LAPP) members topping 200,000. Already the largest public sector pension plan in Alberta, LAPP continues to grow and welcome new employees and employers with each passing year.

With 418 employers, LAPP represents workers from the health care sector, urban and rural municipalities, colleges, schools districts, libraries, museums and other public sector organizations around the province. Our 200,000 members are united by their service to Albertans and LAPP is proud to represent those who serve us all so well.

At a time when the economy is still fragile and newspapers are full of headlines about the need for pension reform in Canada, LAPP members are in a preferred position knowing they have a good foundation on which to build retirement income security for their future. As contributors to a defined benefit pension plan, LAPP members know that when they

retire the amount of pension they receive will be based on a benefit formula respecting age, years of service and average earnings and not based on the fluctuations of a volatile stock market in an uncertain global economy.

"LAPP members are in an enviable position when it comes to retirement income because their benefits are already defined and will supplement personal savings and government pension programs," says Board chair Larry Murray.

"That's what it means to provide for a secure future, taking a balanced approach to retirement planning," says Mr. Murray.

"There are many Canadians approaching retirement who never had the benefit of an employment pension and have only their personal savings to rely on. Time and time again we hear from retirees who are grateful they had a multi-employer plan to contribute to while working."

See inside for more information.

## Responsible investing for LAPP plan members

LAPP's investment manager, Alberta Investment Management Corporation (also known as AIMCo), is now a signatory to the United Nations-backed Principles for Responsible Investment (PRI).

Those principles, supported by a total of 844 signatories around the world, call on asset owners, investment managers and professional services partners everywhere to demonstrate social responsibility and effect change toward issues of environment, social and corporate governance. About 34 of the 844 signatories are Canadian.

LAPP Board Member Doug Fischer, who has long been an ardent advocate of socially responsible investing, believes AIMCo's adoption of the Principles is something Plan members can feel good about.

"From my perspective, AIMCo signing on to the UN PRI is a very positive step. As both the numbers and quality of signatories from around the world attest, the UN PRI is at the forefront of good governance," says Mr. Fischer.

For LAPP members, this adoption means that AIMCo will follow an investment strategy that seeks to maximize both financial return and social good, says Chief Operating Officer Jagdeep Singh Bachher.

Earning the best risk-adjusted rate of return for AIMCo clients is still the investor's mandate and top priority.

"AIMCo will develop a policy that best balances the aims of both goals without sacrificing on the return we can earn for our clients," says Mr. Bachher.

The best way to do this is to capitalize on the due diligence AIMCo already undertakes in every investment decision it makes. Responsible investment is 80 per cent common sense and 20 per cent further research and analysis, Mr. Bachher explains.



Doug Fischer



Elaine Noel-Bentley

LAPP Board Member Elaine Noel-Bentley says how AIMCo invests the plan's money is important to pension members.

"I am pleased that AIMCo has undertaken this initiative because I believe that appropriate analysis of ESG factors (Environmental Social and Governance)

produces a positive impact on investment returns, especially for pension plans, as they have a long term investment perspective."

With this move, AIMCo is now part of a network of international investors working together to put the six UN Principles for Responsible Investment into practice.

### UN Principles for Responsible Investors

1. We will incorporate ESG issues (Environmental, Social and corporate Governance issues) into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

## LAPP membership tops 200,000 in 2010

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Recent numbers provided by Statistics Canada show that in 2008, fewer than 35 per cent of Albertans had an employment pension plan and only 11 per cent of them were protected by a defined



benefit plan. LAPP's 200,000 members make up a considerable portion of that 11-per-cent participation.

While the economy is still recovering from losses many people with RRSPs or RRIFs experienced in 2008 and 2009, LAPP members can take comfort in knowing that LAPP pensioners were unaffected by market changes and continue to receive their income as calculated based on a benefit formula.

## Contribution rates increase for 2011

As a new year is upon us, LAPP wishes to remind you about the contribution rate increases still planned for Jan. 1, 2011. As you will remember from earlier communications and newsletters, in 2009, the LAPP Board approved a three-year-plan to phase in contribution rate increases for employees and employers for the years 2010, 2011 and 2012.

In this second year of the plan, the contribution rate for employees on pensionable salary **up to** the current Year's Maximum Pensionable Earnings (YMPE) will increase to 8.49% of pensionable salary from 8.06%. The contribution rate on pensionable salary **over** the current YMPE will increase to 12.13% from 11.53%.

For employers, the contribution rate on pensionable salary **up to** the YMPE will increase to 9.49% from 9.06%. While the contribution rate on pensionable salary **over** the current YMPE will increase to 13.13% from 12.53%.

The Year's Maximum Pensionable Earnings (YMPE) has been set at \$48,300 for 2011.

### Members' Rate Jan.1, 2011

8.49% up to YMPE

12.13% over YMPE

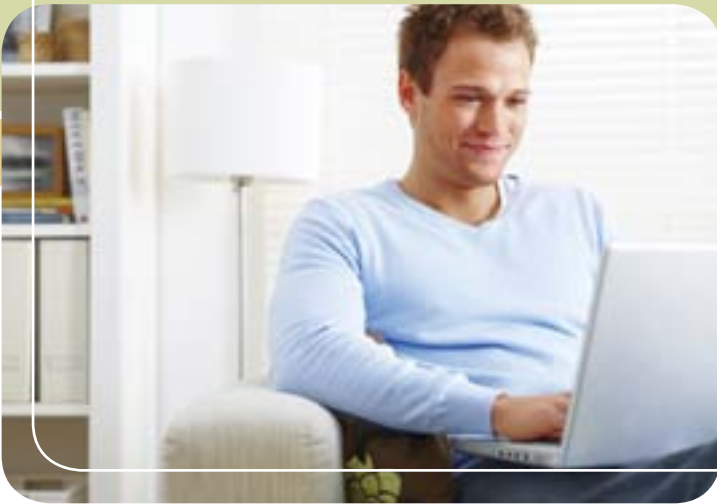
### Employers Rate Jan.1, 2011

9.49% up to YMPE

13.13% over YMPE

Contribution rates will experience a similar increase again in 2012, the third year of the phased-in plan. Contribution rates for your pension are divided between you and your employer, with your employer paying one per cent more than you.

If you have any questions about contributions rate increases please visit our website at [www.lapp.ca](http://www.lapp.ca) and follow the links for members.



## New website, fresh and informative

If you haven't checked out our webpage on the internet lately, you are in for a most pleasant surprise. We have recently redesigned and we've done it with you in mind.

On your next visit to **www.lapp.ca** you will be greeted instantly by a smiling face and an offer of help. That's Michelle, our virtual guide. She is there to direct you to the pension information you need and improve your online experience while visiting the site.

We think our site is visually appealing, easy to navigate and interesting to read. We would love to hear what you think and would be pleased to build on your ideas of how to make the site better.

Some of the new features include:

- Access to personalized pension information
- Instructional video clips
- Top 5 frequently asked questions
- Enhanced web services
- Advanced search function



What the website is all about is: improving access, improving services and improving your online experience with us. While visiting the site, fill in the online survey under the News link called: *New LAPP Website, Give us Your Feedback*.

You can also drop us a line at **news@lapp.ca**. We look forward to hearing from you.

## DID YOU KNOW?

You might be able to increase your LAPP benefit by increasing your length of pensionable service. This is possible if you are able to:

**1) Transfer service from another pension plan to LAPP.** (Check online if a reciprocal transfer agreement exists that will allow you to do so.)

**2) Contribute to the Plan** if you are on a leave from work without pay.

**3) Buy optional service.**

Examples of this may include:

- Previous employment with your current employer;
- Previous employment with another employer who participates in LAPP;
- Contributory service under another pension plan, (in certain cases)

Check out all your options online at: **www.lapp.ca**



A LAPP pension has value.

## Message from the CEO



### Market commentary

After a weak start, equity markets are finishing 2010 with a flourish. The S&P/TSX price index (the Canadian measure of the stock market) was up 10 per cent from the beginning of the year to the end of November. While this is positive for the asset side of the LAPP balance sheet, the resulting improvement in overall funding of the pension plan will be muted by continued low interest rates. Lower interest rates generally mean that the pension plan's liability (what is owed to plan members) will be higher than originally estimated.

In addition, we view dramatic market gains with caution as market sentiment can turn quickly. This is especially the case right now because of the fragile nature of the current economic recovery. A disciplined and diversified portfolio will remain our first defence against the unexpected.

### New funding policy on the horizon

LAPP's Board members are currently working with their actuary to develop a new long-term funding strategy that will guide the board's future action with respect to decisions about your pension plan. The current funding policy has been in place since 2001.

The Board is responsible for ensuring the Local Authorities Pension Plan is properly funded so promised benefits can be paid to retirees. In a world shaped by volatile markets and changing demographics, the Board must be ever vigilant in preparing for any number of different scenarios that might arise.

Looking at possibilities over a 30-year time period, the funding policy project considers the impact of baby boomer retirements, employment trends, changes in membership levels and a variety of other variables that might affect plan maturity levels. In addition, the Board is looking at a number of funding objectives such as: benefit security; contribution stability; minimizing contribution rates; and inter-generational equity. Each objective will be carefully weighed and the Board will be consulting with stakeholders about the funding strategy as it is being developed.



## Talk to us

We are always interested in hearing your thoughts on LAPP. Here are a few questions we hope you will answer to allow us to serve you better. Why not drop us a line or send an email and let us know your thoughts.

- What kind of information are you interested in from your pension plan?
- What would you like to see more of/ less of in the newsletter?
- What changes would you like to see in your LAPP Pension?
- When you think of your pension, what word immediately comes to mind?

LAPP is always interested in your comments and questions. Send an email to [news@lapp.ca](mailto:news@lapp.ca) or send a letter to our Executive Offices.

## Looking for more information?

The LAPP Board of Trustees is committed to providing members with easy-to-understand pension information on a regular basis. If you have thoughts on how this newsletter can be improved, send an email to [news@lapp.ca](mailto:news@lapp.ca).

## Contact Us

**For information about your personal pension, call LAPP's Administrator, Alberta Pension Services Corporation (APS)**

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Edmonton, AB, T6W 0S9

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