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LAPP turns 50 – surveys members about pension plan



Larry Murray, Board Chair

Our pension plan turns 50 years old April 1, 2012.

To help mark this significant milestone, the LAPP Board wants to hear from its many stakeholders about the plan. We have launched a broad consultation aimed at a wide variety of stakeholders that will include online surveys, meetings, 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

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Want to win an iPad?

Tell us what you think and have your name entered for a prize.

LAPP will be surveying active (contributing) members of the pension plan in two ways:

- 1) A statistically relevant random sample of 800 members, who will be contacted by Trend Research Inc. on behalf of LAPP and given a PIN number to complete an online survey.
- 2) An open invitation to any LAPP members, not already chosen as part of the random sample survey, to go online in January and complete the same active member survey.

Participants of each group will have an opportunity to enter a draw for an iPad. Two iPads will be given away, one for each group.

The surveys will be conducted in December and January. Please watch the website for information on how to go online and complete the member survey.

In addition, other components of the 50th Anniversary Consultation include two Board town-hall meetings, one in Edmonton, Feb. 15 and one in Calgary, Feb. 24. If you are interested in making a short presentation to the Board, watch the LAPP website for details on how to register for one of these sessions. LAPP will also be welcoming any written submissions/suggestions from LAPP stakeholders. Those submissions can be mailed or emailed to us at the contact information provided below.

Please direct written submissions to:

Sheri Wright

Vice President, Stakeholder Relations
Local Authorities Pension Plan
PO Box 1315
Edmonton, AB
T5J 2M8

Or e-mail sheri.wright@lapp.ca

Help shape your pension plan

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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 participate in the consultation.

Happy Anniversary!

Time to Go Green with pension information



Last year, many members took advantage of the “Go Green” option to receive their Member Annual Statements electronically. This year, Alberta Pensions Services (APS) has expanded the “Go Green” option to include LAPP’s member newsletters.

If you are interested in cutting down on the amount of paper being mailed to you, you can read your LAPP newsletter online and/or download it through mypensionplan, a secure site for members, developed and managed by APS, LAPP’s plan administrator.

Here’s how to register and go paperless:

1. Login to **mypensionplan** via www.lapp.ca.
Not a member? Register for **mypensionplan** by visiting the LAPP website and clicking on **mypensionplan** and “Register Now”.
2. On the home page, click on “myLogin Profile”.
3. Select “Email Information”.

4. Under “Go Green Email Notifications”, select “Yes, I would like to receive email notifications when my member statements, newsletters and other publications are available to view online.”

5. Click the “Update Email Information” button to save changes.

Remember, **mypensionplan** provides you instant access to personal pension information. Just login and you can:

- Register for one-on-one member information sessions
- Update your contact and beneficiary information
- View your most recent member annual statement
- View your salary, service and contributions
- Prepare for retirement by calculating your pension estimate

Contribution rates increase in 2012

Effective January 1, 2012, contributions rates will increase slightly for LAPP employees and employers, as announced by the Board in 2009, as part of a three-year plan to increase rates incrementally.

In this third year of the plan, the contribution rate for employees up to the Year’s Maximum Pensionable Earnings (YMPE) will increase to 8.91% of pensionable salary from 8.49%. The contribution rate on pensionable salary over the current YMPE will increase to 12.74% from 12.13%. The YMPE has been set by the federal government at \$50,100 for 2012.

Contribution rates for your pension are divided between you and your employer, with your employer paying one per cent more than you. Contribution rates will experience a similar increase again in 2013, as announced by the LAPP Board in July, 2011.

Employers Rate Jan.1, 2012

9.91% up to YMPE

13.74% over YMPE

Members’ Rate Jan.1, 2012

8.91% up to YMPE

12.74% over YMPE

Contribution rate increases are necessary to fund future pension liabilities, which have increased considerably of late as a result of low investment returns and low long-term interest rates. When the economy improves and investment returns contribute more to the unfunded liability there will be less pressure to fund the plan with increased contributions from members and employers. If you have any questions about contribution rates increases please visit our website at www.lapp.ca and follow the links for members.

Governance of LAPP

There has been a lot of discussion by LAPP's Board over the past several months about the current governance structure for the pension plan and the lack of a defined role for plan sponsors in plan decision making. Sponsors are those who represent the employers and employees who help fund the plan with regular contributions. LAPP's Board continues to discuss these governance issues with stakeholders trying to find the best way to make sure sponsors can be properly represented.

Under the current structure, many parties play a role in governing LAPP. Unlike many other pension plans in Canada, the LAPP Board does not oversee investment management or benefit administration. Please take a moment and read the short explanation below to get a better understanding of exactly how LAPP is structured.

The Minister of Alberta Finance is the legal trustee and administrator of LAPP. As legal trustee, the Minister delegates different functions of the plan as follows:

- Alberta Local Authorities Pension Plan Corporation (LAPP Corp) is responsible for strategic guidance and support of the Board of Trustees
- Alberta Investment Management Corporation (AIMCo) is responsible for investment management;
- Alberta Pensions Services (APS) is responsible for benefit administration; and
- The Deputy Minister of Alberta Finance is responsible for LAPP's financial statements.

The LAPP Board of Trustees has only a few specific statutory duties including:

- Making recommendations to the Minister and Cabinet for plan rule amendments;
- Conducting actuarial valuations and setting contribution rates;
- Establishing general policy guidelines for investment management and benefit administration (which does not include overseeing APS or AIMCo); and
- Hearing appeals from members.

Did You Know?



Chris Good

LAPP has an equal distribution of employer (6) and employee (6) representatives on the LAPP Board, helping to ensure a balanced representation of interests. In addition to those members, there is one person appointed to represent retirees and one person appointed to represent the government of Alberta, for a total of 14 members.

LAPP's Board is one of the few multi-employer, public sector pension plans in Canada to have a Board member appointed to represent all management and out of scope employees in the plan. Chris Good, formerly Chief Financial Officer with the City of Calgary, was appointed to this role in January 2010. She is one of the six employee representatives on the Board.

Chris Good can be reached at: news@lapp.ca

Other Employee representatives

Larry Murray, Board Chair,
Jodi Edmunds
Doug Fischer
Neil Ketler
Tony Krivoblocki

Employer representatives

Grant Howell, Vice Chair,
Chris Mazurkewich
Elaine Noel-Bentley
Helen Rice
George Walker
John Whaley

Other representatives

Ken Balkwill, Retirees
Rod Matheson, Government of Alberta

Message from the CEO



Meryl Whittaker, CEO

It is so much easier to report to LAPP members when investment returns are doing well, interest rates are higher and the global economy is strong.

When all of those factors line up at once, it is good news for pension plans because we have more money to fund the plan, we have higher interest

rates to reduce the cost of future liabilities and we have a strong economy that signals better investment yields ahead.

Unfortunately, those are not the realities we face today.

A faltering global economy fuels uncertainty for business, increasing the volatility of public equity markets and reducing the potential for improved investment returns. Federal fiscal policy aimed at prolonged low interest rates adds millions of dollars every month to the plan's unfunded liability, making the prospects for an improved funded position over the last year as about as unlikely as winning a national lottery.

But while these are not the best of times for LAPP, we expect our decision to stick with a diversified portfolio and depend less on public equity will help sustain us while we wait for markets to settle a little. Shifting to less volatile

asset classes like real estate and infrastructure should result in more stable returns for the short term and net some positive growth in the long term.

As a disciplined investor, LAPP continues to focus on long-term growth prospects.

Despite today's harsh realities and the considerable challenges faced by pension plans around the globe, the Board remains committed to its priority of financial sustainability. It takes time, planning and patience to maintain sustainability and it is never out of sight.

We ended 2010 with the plan's funded status at 78.6 per cent. Based on 3rd quarter investment yields in 2011 and the rising cost of future pension promises due to low interest rates, LAPP's funded status is not likely to improve when year-end results are tabulated.

In fact, it may be prudent to expect we will be in this slow growth, low interest rate period for some time to come, resulting in the need for continued contribution rate increases like the incremental ones already planned for 2012 and 2013.

While markets may be volatile day-to-day and month-to-month, it is prudent that we continue to operate under this guarded forecast.

Meryl Whittaker
CEO, LAPP Corp.



It's all on our website

Whether you want to be part of the 50th Anniversary Consultation, learn more about the financial status of the plan or read about your pension benefits, you will find it all on the LAPP website at www.lapp.ca. You can read reports online, study the actuarial valuations and calculate your monthly pension at retirement. Bookmark LAPP as one of your favorite sites and sign up for LAPP e-News while you are there. For most of us, LAPP is the most valuable asset we will own in our lifetime. You owe it to yourself to learn more about how your plan is doing.

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 or other communications can be improved, please send an email to news@lapp.ca.

Contact Us

For information about your personal pension, please contact the plan administrator, Alberta Pensions Services at:

1-877-649-5277
5103-Windermere Boulevard SW
Edmonton, AB, T6W 0S9

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