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Summer 2022

Win an iPad, an Apple Watch,
or a Gift Card of Your Choice

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Enter to win 1 of 10
Gift Cards, an iPad,
or an Apple
Watch!

Visit lapp.ca/contest
between August 16 and
September 30, 2022
to explore what's new
on the website and
complete our quick
survey. We look forward
to connecting with you.
Check out the winners of
the 2021 Annual Draw at
Contest Winners.



Lindsay O'Neil
Parks Operations, Airdrie



Greetings from the Outgoing Board Chair

As another year comes to a close and we all continue to navigate challenges brought on by COVID, I remain astounded by the dedication and resilience of the LAPP members who, as public sector workers, continue to serve us all through their jobs in health, education, and municipalities.

As we all seek to discover our new normal, Albertans continue to rely on our members to support their needs as we travel the path forward. On behalf of LAPP Corporation's Board of Directors, I extend our heartfelt gratitude to our members for their amazing work.

2021 was a busy year for the Board as we reviewed the policy asset mix for LAPP's fund, now totalling almost \$62 billion. We made some important changes to the Statement of Investment Policies and Procedures, also known as the SIPP. This document sets the Board's instructions for how the fund should be managed by Alberta Investment Management Corporation (AIMCo). The SIPP is reviewed by the Board on an annual basis and is key to ensuring we invest appropriately in a diversified portfolio that will cover the cost of the pension obligation to our members without assuming too much risk. Adjustments are made to the asset mix if an extensive analysis of the hundreds of different asset-liability scenarios indicate the mix can be better optimized.

Other important work in 2021 included the ongoing review and oversight of AIMCo and Alberta Pensions Services Corporation (APS), as we analyzed their performance and worked to measure their progress against a variety of benchmarks. Both Crown corporations do important work for LAPP Corporation, helping us to serve the needs of our members and their employers who make contributions to the Plan.

In co-operation with the Sponsor Board, the Corporation completes an actuarial valuation each year to set contribution rates for the following year. It was welcome news for many when, in September, the Sponsor Board recommended a decrease in contribution rates for 2022. The rate reduction is the Plan's third in five years and will help to ease the financial burden of members and employers who have faced financial challenges resulting from disruptions caused by the pandemic.

In closing, I would like to say thanks to all my fellow Board members for their support of me as Chair over the past few years since we began our successful journey to a jointly-sponsored pension plan under new legislation. I now pass the baton to our new Board Chair, Terry Agoto, who has returned to the LAPP Board. It is time to rotate the chairmanship to the member side of the table and I am honoured to continue serving as Vice Chair as we carry on with our important work.

On behalf of both LAPP boards, I would like to pass our thanks to CEO Chris Brown and his dedicated staff at LAPP Corporation. Without their insight and efforts, LAPP would not be in the envied sustainable position it holds in the pension industry today.

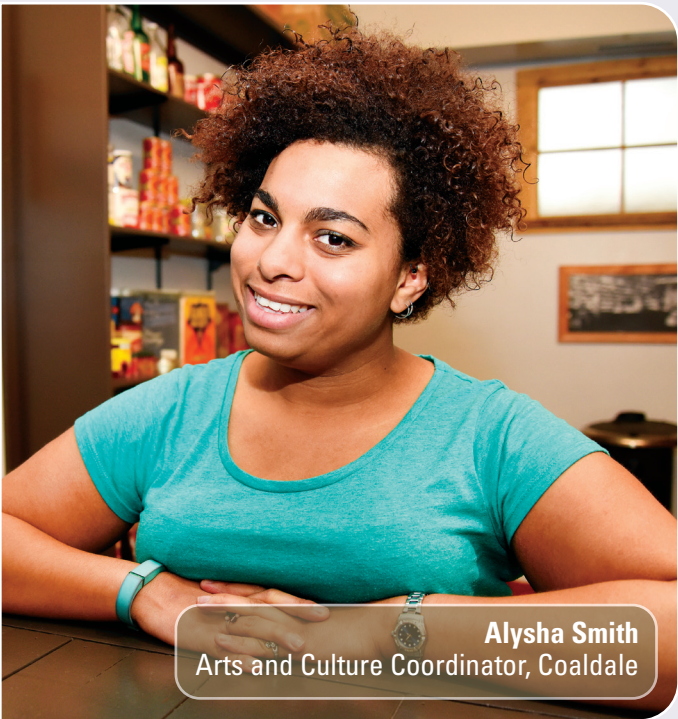
Darren Sander

Chair, Board of Directors
LAPP Corporation

Year at a Glance:

- Net assets (what we have after expenses): **\$61.7 billion**
- Pension obligations (current and future accrued pension benefits): **\$49.8 billion**
- Surplus: **\$11.9 billion** up from \$5 billion in 2020
- Funding status: **124% funded** up from 110% in 2020
- Total membership: **281,764** up from 275,863 in 2020
- Total participating number of employers: **435**

(Numbers are rounded)



Alysha Smith
Arts and Culture Coordinator, Coaldale

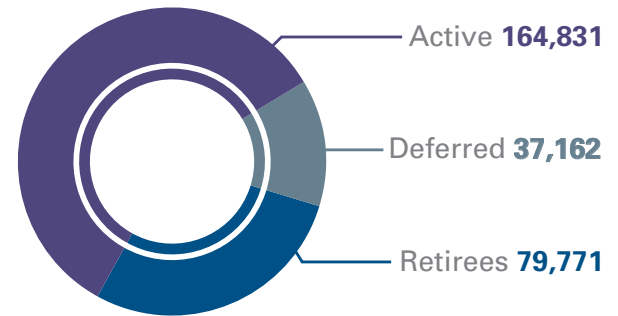
Summary of Financial Position

(As at Dec. 31 of each year)

(\$ millions)	2021	2020	2019
Net assets available for benefits	\$61,715	\$53,599	\$50,520
Pension obligation	\$49,793	\$48,638	\$42,607
Surplus	\$11,922	\$4,961	\$7,913

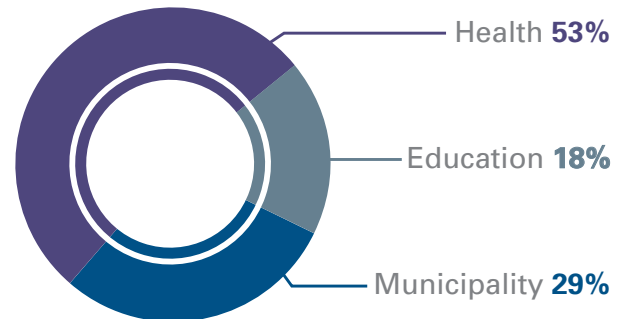
Membership

Dec 31, 2021



Total: **281,764** members

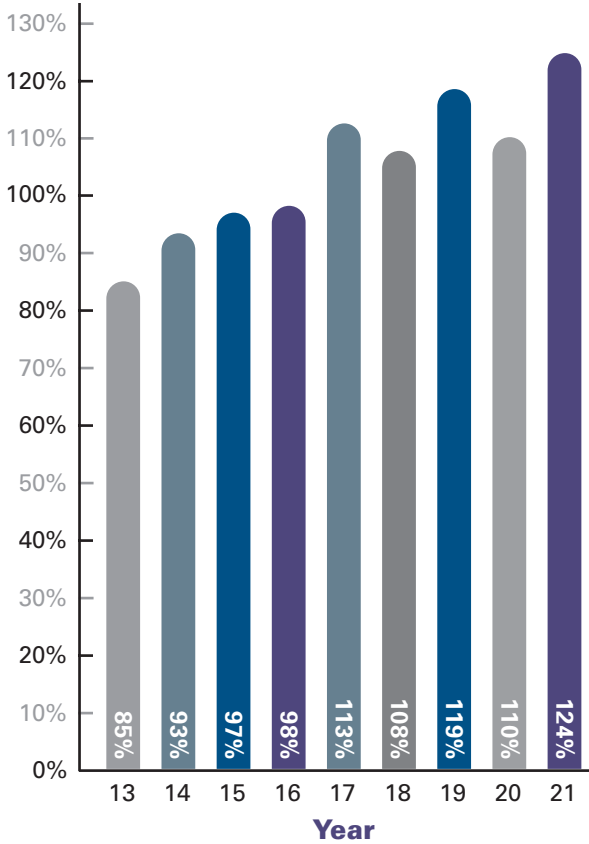
Membership by Sector



As numbers are rounded, some charts may not add up to 100%

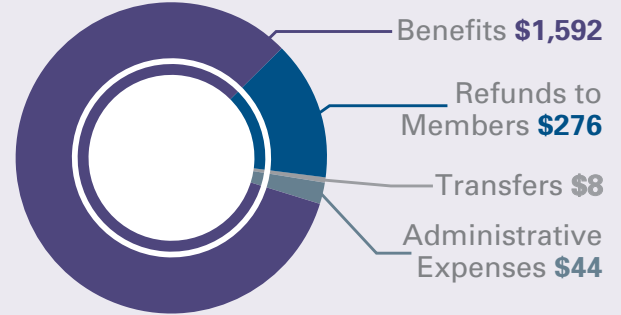
Funding Status

(% funded by year)



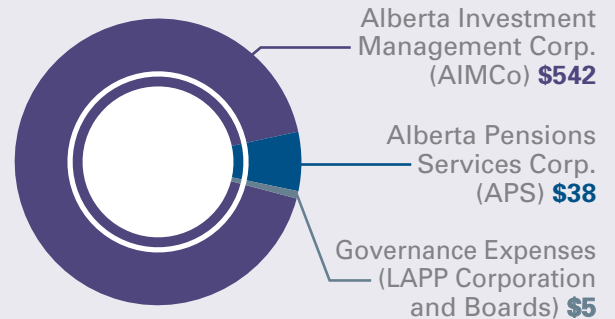
Pension Payments

(\$ millions)



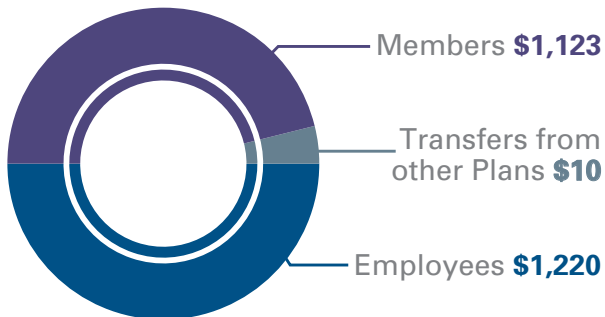
Plan Expenses

(\$ millions)



Pension Contribution and Transfers

(\$ millions)



Administration and governance costs: \$158 per member, up from \$148 per member in 2020.

- APS costs to administer pension benefits: \$38 million.
- Governance expenses for overseeing the Plan: \$5 million.

Investment costs: \$1,923 per member, up from \$1,018 in 2020.

- AIMCo costs to manage the Plan's funds, including external managers: \$542 million, up from \$281 million in 2020.

This year, administration and governance costs now include GST.



Message from the CEO

In 2021, as the world adjusted to new waves and variants of the global pandemic, we saw tens-of-thousands of LAPP members continuing to

support Albertans as frontline workers in hospitals, health centres, community facilities, and classrooms throughout the province.

At LAPP Corporation, we are grateful for the fortitude of our members and the outstanding work they do every day. We remain committed to ensuring their pension plan is strong and secure, and providing the support they can depend on when they are ready to retire.

At the beginning of 2021, I am not sure anyone could have predicted that it would be a banner year for the Local Authorities Pension Plan. We started the year at 110% funded on an accounting basis, with a surplus of \$4.9 billion. With investment returns at 15%, and a year-end surplus of \$11.9 billion, LAPP ended the year 124% funded on an accounting basis.

In 2022, LAPP will conduct an actuarial valuation of the Plan, which is based on forward-looking assumptions for calculating pension obligations. We expect this will yield a different funded ratio, as it usually does, but the accounting assumptions certainly indicate LAPP is in the best financial position it has been in the Plan's history.

This is encouraging news as we enter 2022, which is the 60th Anniversary of LAPP. We will have much to celebrate as one of Canada's strongest and most successful defined benefit pension plans. We provide many opportunities for our members who will retire

with a lifetime pension secured by \$61.7 billion in diversified assets. We benefit from substantial economies of scale that allow us to smooth many risks between our 281,764 members and retirees and the investments made on their behalf.

We have a positive outlook for a promising future as we provide value not just to our members and sponsoring employers but to the economy of Alberta as a whole, and to the wellbeing of urban and rural communities where our LAPP members work and retire. In addition, we are doing more with less as we grow, allowing us to reduce contribution rates for members and employers by an aggregate 2% in 2022. It is the third contribution decrease in recent years, freeing up more money for our employers and members.

It is prudent to add a few words of caution as not every year can be a banner year and a 15% return is not repeated very often. Changes in asset allocation made by the Corporation in March 2021, as well as the strong day-to-day performance of our investment manager, AIMCo, resulted in exceptional returns in areas where the market was strongest.

However, 2022 has already given way to more volatility. The persistence of COVID, geopolitical events including the war in Ukraine, natural disasters, rising inflation, and supply shortages are all early indicators of significant economic uncertainty around the globe. 2022 promises to be its own year and we at LAPP Corporation commit to monitor all those risks to the Plan and make adjustments where needed.

I want to thank members of both LAPP boards for their important work over 2021 and I continue to be grateful to LAPP staff for the passion and invaluable expertise they bring to their work every day.

Chris Brown

President and Chief Executive Officer
LAPP Corporation

Be one of this year's 60th Anniversary winners!

To help celebrate LAPP's 60th Anniversary, we have sweetened the pot in our annual website contest by adding ten \$60 gift cards to be won (your choice of gift card!) along with the two Grand Prize draws for an iPad and an Apple Watch.



To enter the contest visit lapp.ca/contest and be sure to check out our 60th Anniversary Video where LAPP's mascot, Benny, reviews 60 years with LAPP in the blink of an eye. While visiting the site, you can also help us pick a favourite LAPP 60th logo by choosing from six different options that describe the many benefits of the Plan. Have some fun, log in to your pension profile, and win some great prizes. The contest runs from August 16 to September 30, 2022.

Online experience continues to grow

Members see benefits of self-serve options

Are you one of the tens of thousands of members who have already logged into the secure portion of the lapp.ca website called Your Secure Pension Profile? If so, you're already enjoying the ability to keep your information up-to-date online, run pension estimates, and use other self-help tools.

For those who are not registered, the secure profile section offers a seamless pension planning experience that also works great on mobile devices. Once you are a registered user, you can access your private pension information, run calculations, and update your records all without ever leaving lapp.ca.

Adding to the successful launch of two previous toolkits last year, the *Member Onboarding Kit* and the *Member Retirement Kit*, we have posted a new toolkit, *Changes in Employment*. If your job ends before retirement, it offers options for when employment changes and how to grow the value of your pension.

The toolkits include videos, checklists, written instructions, and the appropriate forms. These and other helpful materials can be found online at our award-winning site. We would love suggestions for ongoing improvements, as it is your feedback that has made the member website what it is today!



DB members report 34% greater life satisfaction

Wellbeing metrics increase DB Plans' value by \$1.2 billion

New social impact research shows that the Defined Benefit (DB) pensions enjoyed by active and retired LAPP members not only dramatically reduce financial pressures, stress, and uncertainty, but also directly increase quality of life, career satisfaction, physical and mental health, community engagement, volunteerism, and charitable donations — confirming that LAPP members' lives are enriched by their DB plan.

Using the Wellbeing Valuation approach, which converts subjective satisfaction into financial terms for each unique individual, the financial value of increased life satisfaction was \$1.2 billion. Combined with pension payments of \$2.1 billion, the total financial, personal, and societal benefits for retired members of LAPP and the two other public sector plans studied amounted to \$3.3 billion in 2021 alone.

Primarily due to financial security, nearly two thirds (64%) of DB plan retirees report meeting their financial needs very or extremely well, and that they are much better (203%) prepared for unexpected expenses. This directly translates to higher life satisfaction across all regions, genders, incomes, and ages, which only increases with age as members recognize the growing importance of their plan closer to retirement.

The *2021 Social Value Benefits of Public Pension Plans in Alberta* report is available to members for review on the site at lapp.ca/advocacy.

APS building reopens soon

Service Centre continues to take members' calls

The APS building will reopen to the public on August 3, 2022, under regular business hours, and in-person one-on-one pension counselling sessions will be offered starting on September 1, 2022. Our Member Services Centre remains open for telephone calls and a secure drop box for pension documents is located outside of the APS building. You can also log in to Your Secure Pension Profile to submit documents electronically, book a virtual one-on-one session, or send messages through Secure Messages.



Public Sector Plans contribute \$4.8 billion to Alberta

New research conducted by The Canadian Centre for Economic Analysis (CANCEA) reports that LAPP and other public pension plans and their 401,500 active, retired, and deferred members living in Alberta contributed more than \$4.8 billion to the economy last year.

The plans supported over 43,700 local jobs and over \$2.2 billion in local wages across the province, covering the full range of industry sectors such as healthcare, manufacturing, finance, retail, accommodations, and the food supply chain.

Over 504,000 Albertans benefitted in total, with the plans also directly supporting nearly 40,000 households, including 2,900 lone-parents and over 19,400 households with children.

The plans have local investments worth over \$2.5 billion in nearly 100 communities across Alberta, including office space, apartment buildings, industrial buildings, shopping malls, and utilities such as natural gas supplying over 82,000 households in 90 communities.

With pension payments of \$3.1 billion in 2021, representing 27% of all provincial retirement income, Defined Benefit (DB) plan retirees contributed \$1 billion towards corporate, income, and consumption government tax revenue. One-fifth (20%) of all created employment and pension spending in Alberta was outside the main urban centres.

The *2021 Economic Contribution of Public Pension Plans in Alberta* research is available on the website at lapp.ca/advocacy.



Important info about your pension plan inside!

Even though pensions may not seem exciting, it's important to learn about LAPP and how your plan works, no matter where you are in your career.

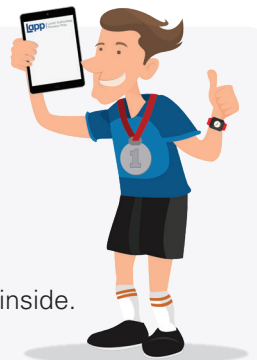
Looking for more information?

Check out the LAPP website at lapp.ca. Everything you need to know, and more, is there! Your LAPP pension is a valuable asset and you owe it to yourself to ensure you are **Always a LAPP Ahead!**

LAPP Corporation 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.

If you don't enter you can't win!

Check out contest details inside.



Contact Us

For information about your personal pension details, please contact us at:

1-877-649-5277

lapp.ca