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Financial Security and the Future Self

As she nears retirement, LAPP member and 60th Anniversary contest winner Nicole Halcro (pictured above) can attest that “Planning for retirement is so important. You don’t realize at a younger age how vital it is to have a pension.” Nicole regrets not immediately enrolling in LAPP when first able to as she only realized much later in her career how much more it would have benefitted her retirement.

Not enrolling in the Plan after becoming eligible is still the biggest oversight made by part-time (14–30 hours per week, see lapp.ca/parttime) potential members, mostly due to being unaware that the opportunity could be available through their employer’s pension policy or not realizing the importance at the time — even though they might then have to work longer to receive the same amount of retirement income.

Research shows (see next page) that the youngest employees are expecting to retire early with nearly all expecting to retire before 65 and a third expecting to retire before 60. This is good news if they’re joining

or already a part of LAPP, where members are able to retire as early as 55 with an unreduced pension (lapp.ca/whentoretire).

With advances in healthcare extending the average person’s lifespan to two decades or more after retiring at 65, pensions will need to go farther and last longer. Combined with reduced expectations for individual investment returns, the risk of outliving a lump-sum payment, and requiring personal market knowledge and monitoring abilities, another issue with Defined Contribution (DC) and Registered Retirement Savings (RRSP) plans is their inability to guarantee payments throughout retirement.

For these reasons, Defined Benefit (DB) plans like LAPP that are secure and guaranteed become even more attractive. “You can’t provide real, solid retirement income security on an individual-account basis,” confirms Robert Brown, co-author of *Shifting Public Sector DB Plans to DC – The experience so far and implications for Canada* (cpplc.ca).



The Importance of DB Pensions for Young Employees

While available research on the importance of pension planning for the newest generation is scarce, surveys by Towers Watson (now [wtwco.com](http://www.wtwco.com)), Pew Charitable Trusts ([pewtrusts.org](http://www.pewtrusts.org)), and the Employee Benefits Research Institute ([ebri.org](http://www.ebri.org)) show that younger employees entering the workforce are generally more aware of the importance of a good retirement program when considering joining or staying with an employer.

A typically more diverse group, younger employees have often delayed the traditional, expected life and career events such as marriage and parenthood, have less accumulated or available generational wealth, and tend to carry larger debt (credit card and student loans) along with fewer savings (even when combined with partners or spouses).

For these reasons, the Towers Watson survey confirms that in the last decade the importance of a Defined Benefit (DB) plan such as LAPP for accepting a job has more than doubled (28% to 63%), with 72% of young employees citing a retirement plan as a reason to apply, 77% saying it gave them an important reason to stay, and 85% hoping to work with their current employer until retirement because of their pension plan. "Pension programs are critical for employers looking to attract and retain skilled employees to drive business success," agrees Laurie Bienstock, Practice Director, Talent & Rewards, Towers Watson.

The next top priority for younger workers tends to be the ability to take their pension investment with them when changing jobs so that it continues to grow. This is good news for LAPP employers attracting and keeping top new talent (lapp.ca/transfersintolapp),

as well as for members looking to move between one of LAPP's 435 employers while continuing to build their retirement fund, with seven out of every 100 working Albertans a part of LAPP (see lapp.ca/employerlist).

Their third priority is having a fixed, monthly benefit throughout retirement, with guaranteed returns that protect against losses in the market. This is most often because they are hyper aware of the risky nature of stocks combined with the need to time a retirement precisely when the markets are up, having personally witnessed examples of immediate and extended family (or their family friends) facing hardships when everything didn't line up perfectly.

They also realize that Defined Contribution (DC) and Registered Retirement Savings (RRSP) plans are often pushed by companies to both save money and to transfer the risk and onus onto the employee. This is because young employees have grown up learning to research on their own, getting information from official benefits websites, digital member handbooks, and human resources representatives over family and friends or coworkers and colleagues (and they know that clickbait sites are for entertainment purposes only).

The immediate desire for job security and stable employment (especially as they're more often employed in the freelance or gig economy), being able to work in their chosen field or profession, life-work balance, and salary is rated highest as always. Now though, with confidence in future federal and/or provincial social security nets being at an all-time low, having a predictable pension plan is rated more important than ever for our youngest employees.

LAPP Website Facts at a Glance



34,446

Average number of **NEW LAPP WEBSITE USERS** per month



241,232

Average number of **LAPP WEBSITE PAGE VIEWS** per month

What if Your Pension Could Help Change the World?

Recent studies (see sources in our article to the left) have shown that the youngest employees entering the workforce are as concerned with the future of the planet as they are with their personal pensions, knowing that the two are mutually reinforcing needs in their lives and for future generations.

Considering their general lack of trust with traditional institutions, they'll be happy to know that LAPP's organizational values agree with them, and the proof can be found as early as the December 2011 issue of this very newsletter. Far from jumping on the bandwagon, for over a decade LAPP has been mindful of Responsible Investing (RI) in its investment policy and has encouraged its investment manager to consider Environmental, Social, and Governance (ESG) factors when investing.

To protect the funds of the Plan, LAPP's fiduciary duty is to maximize returns without undue risk of loss. Recognizing that companies with positive practices can be expected to enhance shareholder value, LAPP holds considerable clout to encourage responsible behaviour on the part of its investee companies due to its influence, access, and collective scale.

This, while always offering members the comfort of a secure lifetime pension and superior risk-sharing characteristics, especially when compared to Direct Contribution (DC) and Registered Retirement Saving (RRSP) plans that are often focused on higher risks for potentially higher returns (despite the much greater likelihood of much lower returns).

By being part of LAPP, with its tens of billions of dollars of influence on the market to invest responsibly, you are supporting a better future for the world and for yourself (lapp.ca/responsibleinvesting). Your pension with LAPP is a passive, safe investment where your retirement goals can align with your personal values.

Research has also shown that contributing to a greener pension can be over twenty times (21x) more effective at cutting carbon than not flying, going vegetarian, and switching to a better energy supplier combined. "In fact, our pensions are the most powerful weapon we have to help protect the planet," affirms Make My Money Matter co-founder Richard Curtis. Your pension can be a catalyst for change.

#pensionswithintention #makemymoneymatter

The Survey Contest Provided Valuable Website Feedback



31,909

TOTAL SURVEY RESPONSES



96%

WILL RETURN TO THE WEBSITE

Top liked website features:

- Accessing my personal pension information
- Pension calculators
- Information on the site

Top suggested website improvements:

- Add live chat
- Log-in process
- Add webinars

Congratulations to Our 60th Anniversary Contest Winners

In addition to an iPad and an Apple Watch, as part of celebrating 60 years of LAPP we added ten \$60 Gift Cards to our Website Survey Contest, which were won by choosing between six new slogans describing the many benefits of the Plan, finding answers in our 60th Anniversary Video, and discovering new research verifying the many Economic Contributions and Social Value Benefits of your Plan.

The main prizes were won by completing a short survey section about how the [lapp.ca](https://www.lapp.ca) website and *Your Pension Profile* is meeting or can better meet your needs.



Tara Heggie, of Spruce Grove, Alberta, is the winner of the Apple iPad Air. Her name was drawn from 31,909 responses to our survey, which was over 12,000 more responses than we received last year.

Tara works in the healthcare sector as a Practice Consultant and has been a proud member of LAPP for 22 years. She regularly goes to the LAPP website and *Your Pension Profile* to use the pension tools. "I like to do my calculations. It's good for me to see the accurate numbers and real-time projections." Tara will now use her new iPad to do her pension calculations.

Nicole Halcro, from Leslieville, Alberta, is the winner of the Apple Watch. Her name was drawn from 17,275 responses correctly identifying Ben E. Fit as the full name of our mascot, Benny, picking a favourite new



slogan (LAPP: Serving You 60 Years), and optionally answering questions about two recent reports on the many additional values of the Plan.

Nicole is a registered nurse and has been with the same employer since starting as a healthcare aide at 15. She didn't enroll in LAPP as soon

as it became available at the start of her career and wishes she had been because she now knows how much more it would have benefitted her as she gets closer to retirement age. "Planning for retirement is so important. You don't realize at a younger age how vital it is to have a pension. It's super beneficial for me to have LAPP in place now." Nicole is an avid horseback rider and looks forward to tracking her activity on her new Apple Watch.

The ten \$60 Gift Card winners were:

- Carla Hett Smith;
- Cristian Ivanescu;
- Terry Keys;
- Kevin Macabinquel;
- Michael McKinney;
- Blake Mitchell;
- Christal Myner;
- Lindsey O'Donnell;
- Coralee Peterson; and
- Trisha Sarker

Our thanks to all those who participated. Best of luck again in 2023.

Congratulations to all of our winners and thank you to everyone who participated in the survey held between August 16 and September 30, 2022. Your valuable feedback and survey responses will help shape the ongoing work and updates we do to ensure our members are Always a LAPP Ahead. Be sure to check out the website often and get in on future contests.

LAPP Corporation Leadership Transition



Friday, October 21, 2022, marked the last official day as President and CEO of LAPP Corporation for Chris Brown, who served its members, employers, stakeholders, and boards for the past eight years.

In that time, LAPP has grown from 237,000

members to over 280,000. The assets supporting the pensions of those members have doubled from \$30 billion to over \$60 billion, and the Plan's funded position has improved from 88.5% to a solid and comfortable 111.6% today. The total contribution rate paid by members and employers to fund the benefits has been reduced by approximately 25% since 2017.

In 2019, Chris helped establish a true jointly sponsored governance structure for the Plan, achieving the longstanding goal of LAPP's many stakeholders to have a direct voice in decision-making. This allowed LAPP to focus its priorities where they should be: on risk management, sustainability, and establishing LAPP's identity as an independent plan, all to provide benefit security, affordability, and confidence to the members and employers. To support these goals, LAPP Corporation has grown to become a strong and mature organization staffed by a team of highly capable people who live their passion for pensions and for LAPP every day.

"While moving on is bittersweet, new opportunities await me, both personally and professionally. It's been an honour and a privilege to serve LAPP, and truly the highlight of my career to date," said Chris. "For now, I leave secure in the knowledge that the Plan and its members remain Always a LAPP Ahead."



The LAPP Corporate Board appointed Darcy Atkinson as Interim President and CEO for six months, effective October 24, 2022, while continuing with succession planning and recruiting a permanent replacement.

Darcy joined LAPP in 2020 in his concurrent position as Vice President, Finance and Risk. In that role, he is responsible for leading LAPP Corporation's financial management, internal controls, and enterprise risk management program. He's also a member of the senior management executive team providing advice and support to both LAPP boards.

Darcy has more than 15 years of leadership experience in operations, investments, finance, accounting, project management, business continuity, preparation of financial statements, internal audit and controls, and enterprise risk management.

Before joining LAPP Corporation, Darcy served as Chief Financial Officer and Chief Risk Officer for ASEBP, a large Alberta-based employee benefit plan. He led the design, development, and implementation of the organization's Enterprise Risk Management program and Project Management department. Before that, Darcy was the CFO of a publicly traded oil-and-gas company in Nisku, Alberta.

Darcy is a Chartered Professional Accountant (CPA). He served as the Chair of the Thought Leadership Committee of the Institute of Internal Auditors Canada and is the co-founder of the Virtual Risk Community. Darcy also holds a Business Administration Degree from NAIT.



Keeping up to date

LAPP is able to provide you with the timeliest information about your pension when your contact information, pension beneficiaries, and pension partner status are accurate.

To review and change your personal information, all you need to do is register/log in to *Your Pension Profile*, the secure area of lapp.ca, by clicking 'Login' in the top right corner of the site.

Contact Us

For information about your pension, please contact the Member Services Centre directly at:

Phone: 1-877-649-LAPP (5277)

Secure Messages:

Accessible from *Your Pension Profile*—just click 'Login' in the top right corner at lapp.ca

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're **Always a LAPP Ahead**.

LAPP 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.