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Summer 2020

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Complete the survey and win

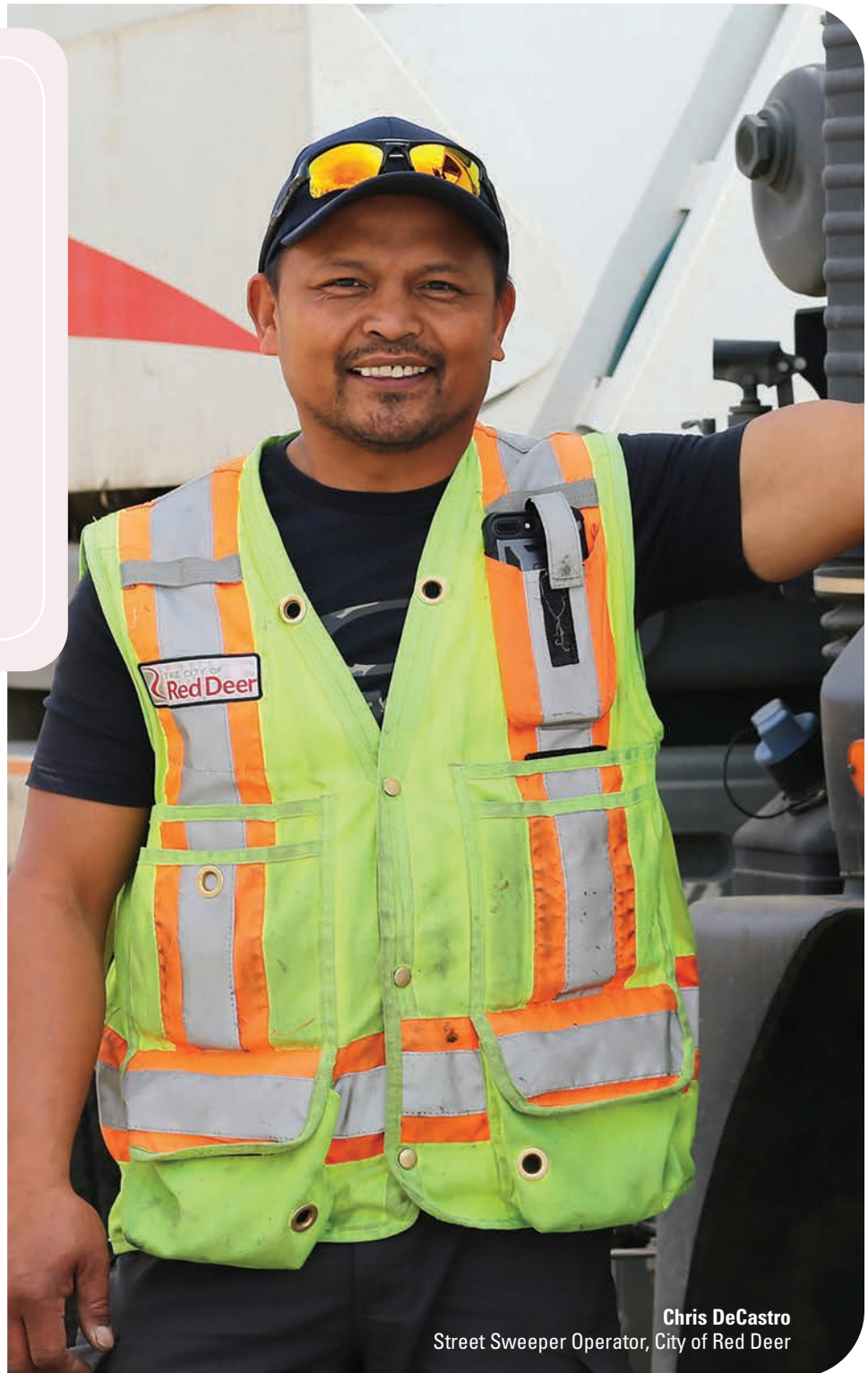
What's new on the website?

## LAPP FACTS

The way it was in 2019:

- Average age at retirement – **60.66**
- Average age of all active members – **45.16**
- Average age of all LAPP retirees – **71.16**
- Increase in membership over **2018 – 2.3%**
- Average monthly pension paid – **\$1,610**

Read more about LAPP's 2019 Annual Report numbers inside.



**Chris DeCastro**  
Street Sweeper Operator, City of Red Deer

## Message from the outgoing 2019 Board Chair



LAPP members are Alberta's COVID-19 heroes and we salute all of them for their courage and dedication to serving their fellow Albertans during this pandemic.

I would like to say on behalf of all board members, we are awed by the courage and resilience of LAPP members as they manage through these challenging times. We pass

on our thanks to everyone, which seems like a paltry response to the herculean efforts we are witnessing every day.

As you will read in this Annual Report, LAPP now has two boards under its new governance structure and all the members of both those boards are there to serve workers and employers (our sponsors) in one of three public sectors: health, education and municipal services. These employers and employees are providing critical services to all.

Throughout 2019 and moving ahead, we continue to keep our sponsors' best interests in mind as we perform our legislated responsibilities to administer the Plan and manage the Plan's assets. We do this on behalf of 420 employers, 275,000 members and retirees of LAPP and the unions and associations that represent them. Everything is focused on our key goal of providing every LAPP member with a secure pension for life on retirement.

LAPP had a very successful year in 2019, financially and in many other ways. The financial statements show that we ended the year in an excellent position. At almost 119% funded, we have some good flexibility for responding to the volatile markets resulting from the economic upheaval caused by COVID-19. We acknowledge there will be some tough days ahead as we wait for the economy to rebound, but we feel positive that we will be able to respond proactively from a position of strength.

Our preparedness is, in large part, due to the thoughtful and prudent risk management of LAPP by our CEO and his management team. As it says on our website at [LAPP.ca](http://LAPP.ca), *Your Plan is in Good Hands*.

In the last quarter of 2019, before any of us knew we had a pandemic coming that would change everything, the LAPP management team came up with an innovative approach to prepare for what we knew would likely be another year of transition for the Board. Plans were set to conduct a thorough review of investment and funding strategies in 2020 and the Corporation Board supported a decision to provide some downside protection for the fund during those deliberations, in the event markets turned harshly away from their 10-year-bull run.

The timely decision to implement that strategy may well save LAPP hundreds of millions of dollars in the coming year. Only time will tell and we will report more on that in future communications, but we believe we are at least starting in a good place to respond to the challenges ahead.

As identified by one of our strategic goals, LAPP really is an industry leader in enterprise risk management.

Other noteworthy accomplishments in 2019 are tied to LAPP's successful transition to a jointly-sponsored pension plan as we gained independence from government and set up a new governance model. This meant developing new bylaws and operating policies, setting up new reporting structures and transitioning pieces of important work between two new boards.

The Corporation Board and Sponsor Board each have different responsibilities but there are many areas where the work of one board will impact the work of the other. There are also subjects where we will need to work together to make sure we are all on the same path and moving the Plan in the same direction.

I'm happy to report that the transition has been quite smooth and both boards are working very well together. We share the responsibility of caring for the Plan and we take our roles very seriously. We all remain focused on the pension promise.

On behalf of everyone at LAPP, we wish you good health and the strength to meet the challenges ahead. We are here for you.

**Darren Sander**

Chair, LAPP Corporation Board of Directors

## Year at a Glance

- Net assets (what we have after expenses): **\$50.5 billion**
- Pension obligations (current and future accrued pension benefits): **\$42.6 billion**
- Surplus: **\$7.9 billion**
- Funding status: **119% funded**, up from 108% in 2018
- Total membership: **274,151** up from 265,813 in 2018
- Total participating number of employers: **420**



**Mary Davies**  
Accounting, Cypress County

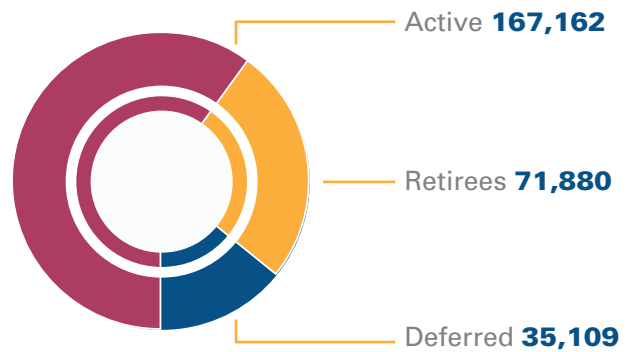
## Summary of Financial Position

(As at Dec. 31, 2019)

(thousands)	2019	2018
<b>Net assets available for benefits</b>	\$50,520,461	\$44,468,547
<b>Pension obligation</b>	\$ 42,607,200	\$40,999,200
Surplus/(Deficit)	\$7,913,261	\$3,469,347

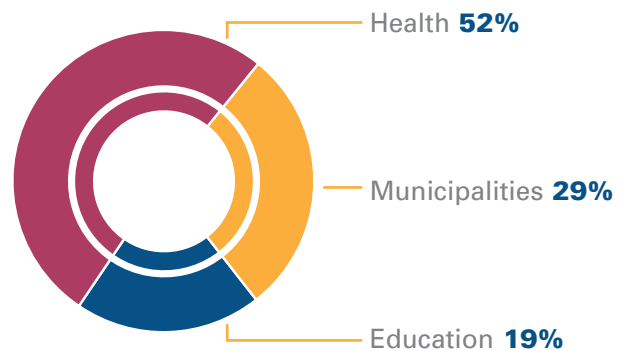
## Membership

Dec 31, 2019



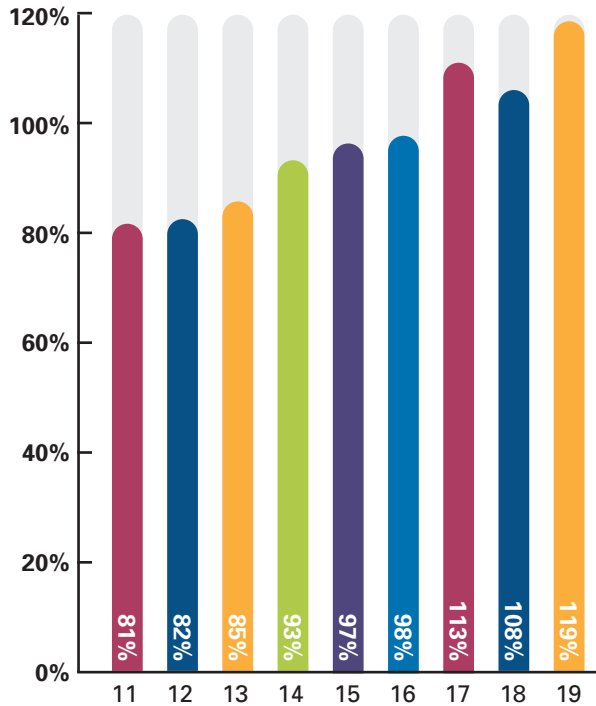
Total: **274,151** members

## Membership by Sector



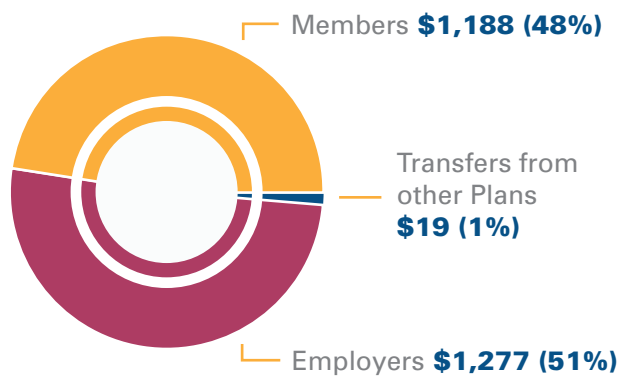
## Funding Status

(% funded by year)



## Pension Contribution and Transfers

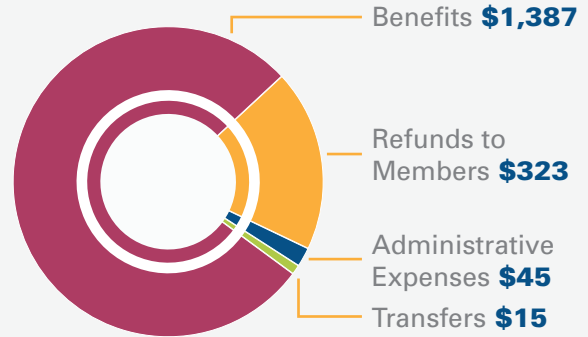
(\$ millions)



Total: **\$2,483** million

## Pension Payments

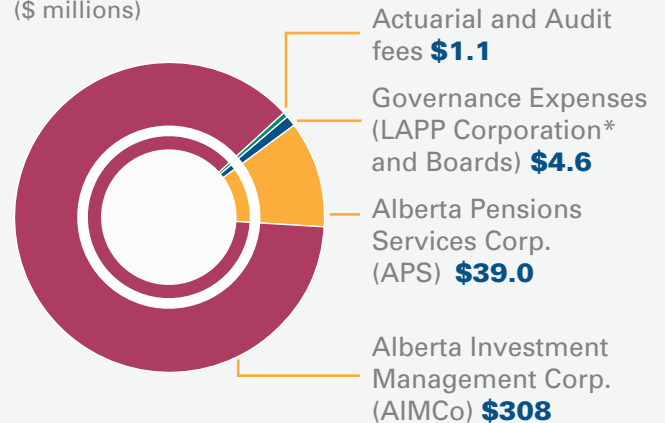
(\$ millions)



Total: **\$1,770** million

## Plan Expenses

(\$ millions)



Total: **\$352.7** million

\*Includes the costs of Alberta Local Authorities Pension Plan Corporation which was amalgamated into LAPP Corporation on March 1, 2019

**Administration and governance costs: \$163 per member, up from \$151 per member in 2018**

- APS costs to administer pension benefits: \$39.0 million
- Governance expenses for overseeing the Plan: \$4.6 million
- Actuarial and Audit fees \$1.1 million

**Investment Costs: per member \$1,123 up from \$1,022 in 2018**

- AIMCo costs to manage plan's funds, including external managers: \$308 million

## Message from the CEO



As we sign off the books for another year and look back over 2019, it seems the historic changes LAPP has experienced will pale in significance and memory to the huge upheaval the world is facing today, in 2020, with COVID-19.

There is little solace for LAPP members who have lost loved ones during this horrific time. At LAPP, our hearts are with you and we share in your grief.

We continue to be focused on the future, on ensuring that LAPP remains strong and sustainable, even in the tough economic times ahead. Our goal is unwavering: to provide all LAPP members with a secure and stable pension for life.

The good news is that LAPP has been preparing for a financial crisis like this since the last one took us by surprise. We learned many lessons from the global recession of 2008 when the plan went from 93% funded to 75% funded almost overnight.

We vowed to become industry leaders in risk management, and we developed a plan that would return us to full funding while also providing enough of a cushion to help us weather the next financial storm.

While it is too early to sum up market losses ahead or to predict how long it will take economies around the world to recover from COVID-19, we can say with certainty that we ended 2019 at almost 119% funded and we are in a much better starting position than we were in 2008.

LAPP is strong and healthy. Our assets were \$50.4 billion at the end of 2019, up from \$44.4 billion the year before. In fact, our assets are growing at more than three times the rate of our liabilities (pension obligations) and we even managed to reduce the contributions members and employers had to pay into the Plan over the past two years.

A cost reduction of 1% each for employers and members, for two consecutive years, means we cut contribution rates by an aggregate 4% at a time when Alberta's economy was suffering from volatile gas and oil prices and public sector budgets were under continuous scrutiny. That was a welcome relief for many.

Our strategic plan is working, and it will continue to serve us well in the uncertain days ahead.

You will read in this Annual Report about the many changes LAPP went through in 2019. They are significant because they are the culmination of a 25-year effort on the part of LAPP board representatives and sponsor organizations who never gave up on the dream of a jointly-sponsored pension plan that would give members and employers decision-making authority over the Plan.

The most fundamental change took place on March 1, establishing LAPP Corporation as administrator and trustee of the Plan, roles formerly held by the Alberta Minister of Finance. A new jointly-sponsored governance structure was set out in legislation, establishing LAPP's independence from the government.

Seven months after the provincial election, the new government introduced Bill 22, rolling back some of those advancements. Though LAPP Corporation remains administrator and trustee of the Plan, the bill did place limits on LAPP's independence, as you will read in the pages ahead.

What is important for LAPP members at this point is everyone can take comfort in knowing LAPP pensions are safe and the Plan is well managed. LAPP Corporation is truly looking out for the future, ensuring our members and sponsors are "Always a LAPP Ahead!"

Stay well and stay informed at [LAPP.ca](https://www.lapp.ca).

### Christopher Brown

President and CEO, LAPP Corporation



**Grant Bergquist**  
Operator, City of Red Deer Water Treatment Plant

# Win an iPad or Apple Watch!

Visit [LAPP.ca/contest](https://lapp.ca/contest) to complete our short survey to be entered to win.

Contest runs August 15 to September 30



## Your pension information at your fingertips

### New section on [LAPP.ca](https://lapp.ca) features secure online portal

LAPP members tell us they love the redesigned [LAPP.ca](https://lapp.ca), with an easy to navigate, simple design. We are pleased to announce that you will soon be able to access your personal account and learn all about your pension **in one place**.

The features of LAPP's secure portal (formerly called **mypensionplan**) have been redesigned and will be integrated directly with [LAPP.ca](https://lapp.ca) for a mid-August 2020 launch. You will be able to log in and enjoy quick, mobile-friendly access to your pension information and a number of handy tools to help you update your information, plan for retirement, or manage your pension in pay.

The new section called **Your Pension Profile** includes key pension information that members like you want at your fingertips, and the new notification feature will display plan notifications when new online documents are available or information is required by LAPP, ensuring you are Always a LAPP Ahead on your road to retirement and beyond.

Whether you are wanting to learn about the Plan, run a **Pension Projection Calculation** using your own details on file or send LAPP Member Services **Secure Messages**, you can do this securely and easily without having to leave the LAPP website and finding your way back again.

## Check out *Your Pension Profile* when it launches in mid-August 2020

All LAPP members, retirees and survivors, whether you are receiving benefits, whether you are actively contributing to the plan or not, you can access your pension profile. Visit [LAPP.ca](https://lapp.ca) and click "Login" in the blue bar in the top right corner. After that you can:



**LOGIN**

using your existing mypensionplan Login Name and Password, or



**REGISTER**

by verifying your identity or using your LAPP Member ID, which you can find on your annual statement or any pension correspondence from LAPP.

Once you are logged in, a customized menu will show up in the blue bar in the top right corner with tailored actions and access based on your status in LAPP.

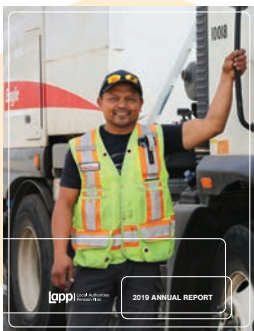
# Have you seen what's new on LAPP.ca?

Ben E. Fit (Benny, for short) reminds members that preparing for retirement and life beyond is a marathon, not a sprint. [LAPP.ca](http://LAPP.ca) is a great resource to help guide your journey, no matter where you are in your pension journey.



## LAPP Myth Busters

LAPP's [Myth Busters](#) page includes helpful Q&As and a growing collection of videos on how LAPP works, aimed at helping clear up common misconceptions. While you're there, be sure to watch the newest full-production animated video, "Neighbours", where LAPP retiree, Bob, helps clear up misinformation about his pension.



## LAPP Newsroom

Visit the [LAPP Newsroom](#) on a regular basis to stay on top of the latest with your plan. From the Newsroom, you can read the [2019 LAPP Annual Report](#), check out engaging articles to help you manage your pension, or read all about recent changes to the governance of LAPP.

# LAPP Onboarding & Retirement Toolkits

LAPP helps supports members in their pension journey by providing information and tools on the plan and its benefits in engaging, easy-to-access ways.

Look for the first two [LAPP Toolkits](#) to help guide you in your pension journey if you've newly joined LAPP or are getting ready to retire:

**Member Onboarding Kit:** a collection of resources for brand new members or members who have recently re-joined LAPP.



## Welcome to LAPP Video

introduces the important details members should know when first joining the Plan.

The [Welcome Checklist](#) helps new members stay Always a LAPP Ahead by listing the time-sensitive things they can do to maximize their LAPP pension.



The **Member Retirement Kit** provides helpful videos, a checklist, and links for members who are preparing to retire.



The [Retirement Checklist](#) has been redesigned and members can use it to keep track of the timelines and steps to retirement.



## Important info about your pension plan inside!

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



## Win an iPad or Apple Watch!

Visit [LAPP.ca/contest](https://www.lapp.ca/contest) by September 30, 2020 to complete the survey and let us know what you think of the site.

## Looking for more information?

Check out the LAPP website at [www.lapp.ca](https://www.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](mailto:news@lapp.ca).

## Contact Us

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

1-877-649-5277

[www.lapp.ca](https://www.lapp.ca)