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New pension option coming

For members retiring on or after January 1, 2024, a new pension option will be available if you're married or in a spouse-like relationship.

Proposed by a LAPP member through our **Plan Rule Amendment Process** page, the new option is called the "Joint Lifetime Reduced by 1/3 on Member's Death Only and Guaranteed 5 Years."

To learn more about this new option and how it compares with the existing joint lifetime options, visit the **news** section of the site or find all the details at the **pension options** page.



Laura Kozeleuko
Customer Service Leader, Red Deer

LAPP Corporation's new President and CEO



With over two decades of pension industry experience, Troy Mann's appointment as LAPP's President and CEO marks another milestone in the Plan's sixty-year journey as Alberta's largest pension.

"I am excited to join LAPP Corporation and its continued

growth and dedication to delivering exceptional value to its members and employers," says Troy. "LAPP has a long history of providing retirement peace of mind to hundreds of thousands of current and future retirees."

Troy has an extensive background leading pension and benefits plan design, governance, and organizational change. Prior to joining LAPP Corporation, he was the Vice President, Pensions Services, at Alberta Pensions Services Corporation (APS) where he provided strategic and operational direction to teams focused on client

services, client operations, communications, actuarial services, and pension policy.

"The Board of Directors looks forward to working with Troy and the track record of diverse experience, skills, and accomplishments he brings to LAPP," says Terry Agoto, Chair of the Board of Directors. "On behalf of the Board, I also want to thank Darcy Atkinson for his leadership and commitment as the Interim President and CEO since October 2022."

Before moving to Alberta, Troy was the Chief Pensions and Benefits Operations Officer for Vestcor. He also served in progressively responsible positions with the Government of New Brunswick, including Assistant Deputy Minister in the Department of Treasury Board.

A Chartered Professional Accountant, Troy holds a Bachelor of Commerce from Saint Mary's University and has completed Executive Leadership courses through the Ivey School of Business, Queen's School of Business, and the Rotman School of Management.

LAPP continues to invest in Canadian companies



In 2022, Alberta Investment Management Corporation (AIMCo), on behalf of pension plan clients including LAPP (its largest), acquired a majority equity stake in Cando

Rail & Terminals, North America's primary owner-operator of 'first and last mile' infrastructure. AIMCo's investments for LAPP are directed by LAPP Corporation's *Statement of Investment Policies and Procedures* (SIPP) as set out by our Board of Directors.

Founded in 1978, and growing to over 900 employees and more than 100 locomotives, Cando serves as a critical integrated link within the rail shipping chain. Continually investing in line infrastructure and terminal and railyard

expansion, Cando's interconnected operation works closely and seamlessly with the Class I railroads including Canadian Pacific (now CPKC) and Canadian National (CN).

During a recent investment tour, the LAPP Corporation team including Nicole Martel, our new VP Stakeholder Relations and Communications (pictured), were reminded of how Cando Rail & Terminals is a leading example of employee ownership, with worker shareholders proudly owning part of the company.

"With this investment, our clients add one of Canada's most successful rail platforms to their infrastructure portfolios," says Ben Hawkins, Head of Infrastructure, Renewables and Sustainable Investing at AIMCo.



Complete a short survey for your chance to win

Visit lapp.ca/contest for the details — and then check out new research supporting the many benefits of your LAPP Plan on the **Advocacy and Research** page to enter the draw for an iPad and/or log in to **Your Pension Profile** to find quick answers for a chance to win an Apple Watch.



The pensions Canadians want

A new study, *The Pensions Canadians Want: Perceptions of Retirement (2016–2022)*, sheds light on how the global events of the past six years, including the pandemic, climate change, inflation, economic challenges, and shifting labour demands, have influenced employees' views about retirement.

The research conducted by the Canadian Public Pension Leadership Council (CPPLC) reveals that employees still prioritize a predictable, lifetime guaranteed retirement income that adjusts for inflation.

However, financial stress related to retirement planning has negatively impacted respondents' overall wellbeing, leading to concerns about running out of money during and maintaining living standards throughout retirement — which now take precedence over non-essential goals such as travel or supporting family members.

The report examines how factors like geographic location, gender, and access to workplace plans have influenced perspectives, while highlighting a decline in confidence about retiring at a chosen age, maintaining a desired standard of living, and being debt-free in retirement compared to 2016.

With over 60% of Canadians lacking coverage under a plan, there is an immediate need to expand workplace pensions, which would improve worker wellbeing and

morale, and enhance business performance through increased recruitment, retention, and productivity.

The first action the report recommends is dramatically expanding retirement income coverage throughout Canada, which could be achieved by introducing innovative products that provide predictable retirement income streams, increasing access to collective plans, leveraging the expertise of successful public sector pensions, and promoting participation in workplace plans through lessons learned from other countries.

Second, the findings call for concerted efforts from stakeholders (employers, plan administrators, and policymakers) to invest in unbiased financial literacy and education programs. Tailoring these to specific demographics, addressing knowledge gaps, focusing on the impacts of inflation, as well as promoting debt management to ensure a holistic approach to financial preparedness, is critical for empowering employees towards making informed decisions and navigating the complexities of retirement planning.

By collectively addressing these recommendations, Canadians can be better equipped to achieve their retirement goals and enjoy a secure and fulfilling post-work life.

The study is available on lapp.ca/advocacy.



Greetings from the Board Chair

Now in my eighth year serving LAPP and fourth as a Chair, I've grown

accustomed to the unpredictable global events and their significant impacts on financial markets and pension funds. The 2022 investment environment tested the stability of many portfolios with numerous challenges, including fluctuating inflation rates, supply chain disruptions, rising commodity prices, and geopolitical pressures.

The year saw further challenges with the world population passing eight billion, Russia's invasion of Ukraine, the European energy crisis, post-pandemic life amid the rise of Omicron variants, and inflation peaking at 9.1% — its highest since the 1980s.

Despite the tumultuous obstacles we faced, I'm pleased to report that LAPP continues to manage the uncertain environment and volatile markets, ensuring the Plan continues to remain financially safe and secure. The Fund outperformed the investment policy benchmarks by 1.71%, while increasing the ratio of assets to liabilities on an accounting basis to 128% (up from 124% in 2021), and LAPP was able to reduce contribution rates for a record fourth time in six years.

With a steady and focused approach, LAPP remains unwaveringly dedicated to protecting the benefits and interests of our members. Based on the *Asset Liability Management* (ALM) study from 2021, the Corporate Board further increased asset allocation to the Inflation Sensitive and Alternative class, which helped alleviate the negative effect of depressed bond and stock prices in 2022.

2022 also marked LAPP's 60th Anniversary, the inaugural Vantage conference in Banff celebrating the strength of the Canadian Pension Model, new Canadian Centre for Economic Analysis (CANCEA) research verifying the Social Value and Economic Benefits of the Plan, as well as LAPP's first virtual/in-person hybrid Stakeholder Consultation Group (SCG) meeting.

As volatility in the markets has continued, the Board of Directors will continue to approach the financial markets with diligence and prudence, prioritizing the safety and security of your retirement income while incorporating and integrating responsible investing factors into our investment processes. By carefully managing the Plan's investments through prudent risk reduction strategies, LAPP is well-equipped to handle future financial challenges and maintain stability amidst ongoing market fluctuations.

On behalf of LAPP Corporation, I would like to thank Darren Sander, whose term as Chair ended in 2021 but continues as Vice-Chair, for his ongoing hard work, as well as outgoing President and CEO Chris Brown for eight years of dedicated service and leadership. Darcy Atkinson, LAPP's Vice President of Finance and Risk, was appointed Interim President and CEO while the Board of Directors completes their succession planning and recruits a permanent replacement.

Thank you for your continued trust in LAPP, and we look forward to our ongoing journey with you towards and throughout a safe and secure retirement.

Terry Agoto

Chair, Board of Directors
LAPP Corporation

Year at a glance:

- **Net assets** (what we have after expenses): **\$58.7 billion**
- **Pension obligations** (current and future accrued pension benefits): **\$46 billion**
- **Surplus: \$12.7 billion**
up from \$11.9 billion in 2021
- **Funding status: 128% funded**
up from 124% in 2021
- **Total membership: 291,259**
up from 281,764 in 2021
- **Total participating number of employers: 437**

(Numbers are rounded)



Mollie Habke
Human Resources Manager, Coaldale

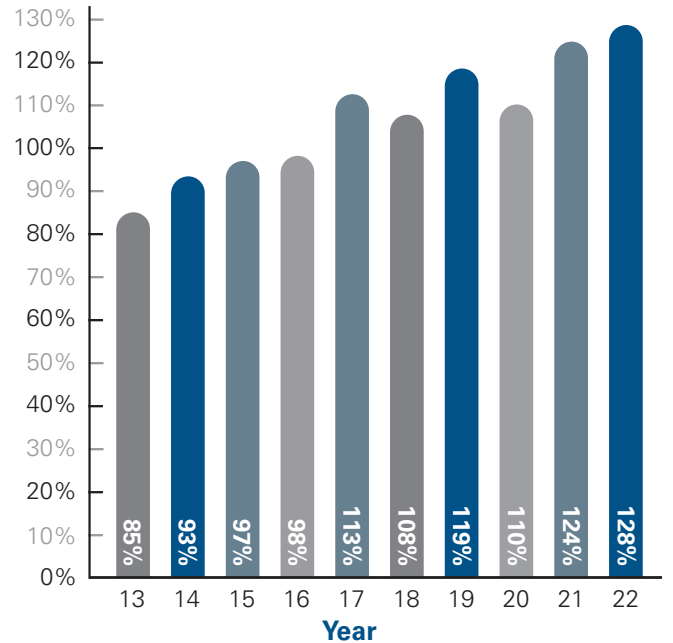
Summary of financial position

(As at Dec 31 of each year)

(\$ millions)	2022	2021	2020
Net assets	\$58,747	\$61,715	\$53,599
Pension obligation	\$46,076	\$49,793	\$48,638
Surplus	\$12,671	\$11,922	\$4,961

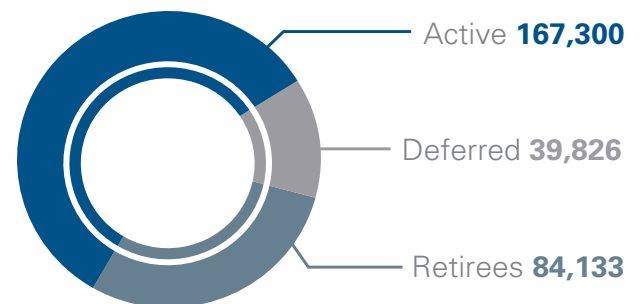
Funding Status

(% funded by year)



Membership

(As at Dec 31, 2022)

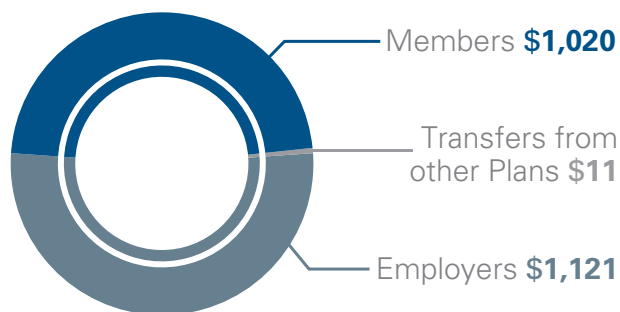


Employers by sector



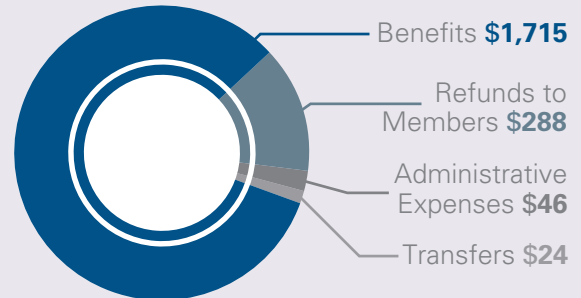
Pension contributions and transfers

(\$ millions)



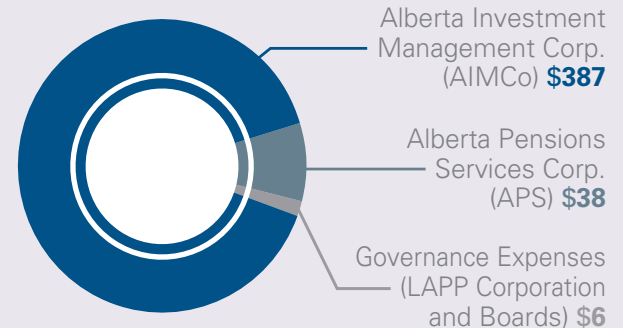
Pension payments

(\$ millions)



Plan expenses

(\$ millions)



Administration and governance costs:

\$158 per member in 2022, unchanged from \$158 per member in 2021.

- APS benefits administration costs: **\$38 million**
- LAPP Corporation governance costs: **\$6 million**
- Goods and Services Tax (GST): **\$2 million**

Investment management costs:

\$1,329 per member in 2022, down from \$1,923 per member in 2021.¹

- AIMCo management costs: **\$271 million**, up from \$231 million in 2021
- AIMCo performance-based fees: **\$105 million**, down from \$292 million in 2021²
- Goods and Services Tax (GST): **\$11 million**, down from \$19 million in 2021³

^{1,2,3}The rate of return on Plan assets was -4.95% in 2022, down from 14.96% in 2021, which is reflected through lower performance fees and member costs.



Message from the Interim CEO

This year we celebrated our 60th anniversary as one of Canada's

strongest defined benefit pension funds with a remarkable trifecta: LAPP was established in the '60s; the Plan continues to be stable and secure after 60 years; and Fund stability remains secured by nearly \$60 billion (\$58.7) in diversified assets.

In 2022, the number of LAPP employers increased to 437, and our membership grew to 291,259. Although market volatility led to a -4.95% return on assets, the overall financial position improved due to a significant decrease in Plan liabilities.

LAPP Corporation's continuous diligence around the Risk and Responsible Investment sections of the Plan's *Statement of Investment Policies and Procedures* (SIPP) — directly addressing risk expectations arising from active management, total fund volatility, and climate change — had already increased the weight allocations of Infrastructure and Renewable Resources, where most of this year's excess returns originated.

While many investors saw their portfolios decline, LAPP Corporation's balanced approach to preserving previous gains by focusing on de-risking strategies and other buffering safeguards provided a stable foundation to cushion the impact of inflationary and investment shifts.

Our Annual Reports webpage (lapp.ca) contains the Management Discussion and Analysis, where you can discover how LAPP has further stabilized and secured both the Fund and the Plan, including an

amendment for certain former pension partners. Important CANCEA research confirming the social and economic benefits of the Plan was released in 2022, and we've been strengthening the relationship with our legislated service providers by redeveloping scorecards and business intelligence initiatives.

I would also like to announce the long-awaited integration of the Employer Hub, to consolidate and further ease Plan administration, along with a third member toolkit, *Changes in Employment* — which includes videos and forms to help with career transitions — to our award-winning website.

As part of our interim strategy heading into 2023, we've been identifying, assessing, and managing any uncertainty that might impact LAPP Corporation's ability to continue accomplishing its vision, mission, and strategic objectives. By maturing our enterprise risk management and integrating strong techniques into our strategic decision-making and risk-focused culture, we're securing the organization and the Plan against negative uncertainties while capitalizing on future opportunities.

A personal thanks goes out to both Boards and to LAPP Corporation staff for adapting to the continually changing environments, as well as for their strong focus on our members and employers who sponsor the Plan and appreciate the value it provides.

Together, we're dedicated to helping all our members retire with dignity.

Darcy Atkinson

Interim President and CEO
VP Finance and Risk
LAPP Corporation



Rudy Galang
Pothole Crew, Red Deer

Enter for your chance to win an iPad or an Apple Watch

Visit lapp.ca/contest between August 1 and September 30 to explore what's new on the website and complete the brief survey to enter for chance to win an iPad or an Apple Watch. You can also check out the winners of the 2022 Annual Draw at [Contest Winners](#).



Looking for more information?

Check out the LAPP website at lapp.ca for everything you need to know about your LAPP pension. 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 details, please contact us at:

1-877-649-5277

lapp.ca