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Message from LAPP Corporation CEO

On behalf of LAPP Corporation, it is my pleasure to bring season's greetings to you and your family and wish you good health and prosperity in 2020. As we start a new year and a new decade it is meaningful to

take stock of where we are and consider our prospects for the future.

We are very fortunate that LAPP is a strong, healthy pension plan with a great outlook for the future. It is my pleasure to report to our many members that even after reducing contribution rates for two years running, the Plan remains fully funded and continues to offer the same great retirement benefits as always.

The past year has brought a lot of changes for LAPP, some expected and some unexpected and I wanted to bring you up to date on what has been happening. Our membership grew by 2.7% over the previous year and we paid pensions to 68,741 retirees.

We began 2019 with great expectations because legislation was passed in 2018 to recognize LAPP as a jointly-sponsored pension plan, beginning March 1, 2019. This development finally put LAPP on the same footing as other large public sector plans across Canada, allowing LAPP to gain independence from government and shifting decision-making authority to the members and employers who pay into the Plan.

In a matter of a few quick months, much work was done by Plan sponsors, board members and corporation staff to pave the way for the many important changes scheduled for LAPP's Independence Day. A new corporation was formed with a board of directors to govern it. A sponsor board was appointed by the sponsor organizations named in legislation to officially represent the members and employers of the Plan.

The unexpected changes came toward the end of this year when the new provincial government introduced reforms to the newly determined governance structure. The reforms do not include any changes to retirement benefits, as we communicated to you on our website throughout the legislative process.

A significant change is the government's decision to take away LAPP's ability to choose its own investment manager and pension benefit administrator. LAPP has now been legislated to use Alberta Investment Management Corporation (AIMCo) and Alberta Pensions Services Corporation (APS) permanently, with no ability to replace them if circumstances warrant.

LAPP has always used AIMCo and APS, and our expectation had been that we would work with them over the next five years towards the goal of ensuring they would be our provider of choice. However, under the new rules our role is limited to monitoring whether their results are in line with our needs and expectations.

Despite the changes in governance, what matters most for members and retirees is that retirement benefits are still the same and LAPP remains strong and well-situated to be sustainable for many, many years to come. With a robust risk management strategy and professionals managing all facets of the operation, LAPP will continue to provide for the needs of members and retirees well into the future.

We look forward to the beginning of a new decade and wish the very best to all of our members. We continue to work diligently on your behalf and I can proudly say, we are Always a LAPP Ahead!

Chris Brown
President and CEO
LAPP Corporation

Cost-of-living adjustment increases LAPP pension

In 2020, a Cost of Living Adjustment (also known as COLA) will increase your pension by 1.02%. The increase will automatically be applied, beginning with your January payment. All retirees with a retirement date in December 2018 or earlier will receive a full cost of living adjustment. Those with a retirement date between January 1 and December 1, 2019, will receive a prorated adjustment.

As set out in Plan legislation, COLA is paid to retirees each year based on 60 per cent of the increase in the Alberta Consumer Price Index (ACPI), as reported by Statistics Canada. The ACPI measures the change in the price of a fixed basket of goods and services purchased by Albertans. To read more about COLA and how it is calculated, please go to www.lapp.ca.



2020 pension payment dates for retirees

Your pension is payable on the second-last banking day of each month, except in December. In December, pension payments are made before December 25.

Your pension will be paid as follows in 2020:

January 30	July 30
February 27	August 28
March 30	September 29
April 29	October 29
May 28	November 27
June 29	December 23

If you do not receive your pension, please contact us at **1-877-649-5277**. Tax slips are issued for each calendar year and will be mailed by the end of February for the previous year.

What happens with your pension after you pass away?

LAPP pensions are always paid for the lifetime of the retiree and, if applicable, the lifetime of their spouse/partner at retirement (who we call a “pension partner”).

While it can be a difficult topic to consider, we are often asked by retirees and pension partners what happens with the pension if they pass away. This article will guide you through this topic and provide references to relevant sections in the LAPP annual pension statement, sent out by the end of February every year.

The pension option chosen at retirement will determine any benefits payable upon your death.

If you are receiving a Joint Lifetime pension option, a pension is payable for as long as the retiree or their pension partner is alive.

- **If the pension option has a guaranteed term**, this means that if both the retiree and their pension partner pass away within five years of the start of the pension, a monthly pension will be paid to the beneficiary(ies) until the end of the 5-year guaranteed term.
 - If you see this text on your annual pension statement, this means a survivor benefit is no longer payable to the beneficiary(ies) upon the death of the retiree and their pension partner.
 - **An expired guaranteed term does not impact the lifetime pension paid to the retiree or their pension partner.**
- If the pension option has “Reduced by 1/2” or “Reduced by 1/3” in the title, **the monthly pension will be reduced on the death of the member or their pension partner**, no matter which death occurs first.
 - Any pension overpayments resulting from a death not being promptly reported to LAPP are recoverable by the Plan.

Need a refresher on what pension option was chosen? You can find it on mypensionplan.ca (log in and navigate to *Pension >> Elected Pension Option*).

Take steps to help protect yourself and your loved ones

- **LAPP should be contacted as soon as possible** if the retiree, their pension partner, or a beneficiary in receipt of a pension passes away.
- **Review and update the beneficiary(ies)** on file with LAPP at mypensionplan.ca (log in and navigate to *Personal >> Beneficiary Information*).
- **Sign and return all Pension Payment Confirmation letters that you receive.** These letters are sent periodically to confirm that the pension is being paid in the right amount to the intended individual.

Your personal information

Our records indicate that your pension partner and beneficiary(ies) are:

Pension partner	<i>Pension Partner Name</i>
Beneficiary(ies)	The Guaranteed Term has expired – no death benefit remains for a beneficiary.

If you are receiving a Single Lifetime pension, a pension is payable for as long as the retiree is alive.

- **If the pension option has a guaranteed term**, this means that if the retiree passes away before the end of the (5, 10, 15, or 20-year) guaranteed term, a monthly pension will be paid to the beneficiary(ies) until the end of the guaranteed term.
 - If you see this text on your annual pension statement, this means a survivor benefit is no longer payable to the beneficiary(ies) upon the retiree’s death.
 - **An expired guaranteed term does not impact the lifetime pension paid to the retiree.**



It's all on our website

Whether you want learn more about how your COLA is calculated or just catch up on the financial status of the Plan, you will find it all on the LAPP website at www.lapp.ca. You can read reports online, study the actuarial valuations and look at our news updates.

Looking for personal information?

Pension payroll services for LAPP are provided by Alberta Pensions Services. For more information or if you have questions about your pension, please call APS at 1-877-649-5277.

Contact Us

For information about your pension, please contact the Plan benefit administrator, Alberta Pensions Services at:

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

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