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Lethbridge  
Firefighter Paramedic



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December 2017

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## Did you know?

Your secure LAPP pension is backed by a healthy pension fund that recently surpassed 40 billion dollars. LAPP is the largest Plan in Alberta and the 7th largest in Canada.

## Message from the Chair



As 2017 draws to a close, it is gratifying to be able to pass on a little good news for the year ahead, on behalf of the LAPP Board of Trustees.

Beginning January 1, 2018, LAPP members and employers will have contribution rates reduced by 1%. For an employee earning about \$60,000 a year, the reduction

translates into \$600 savings, before taxes. At a time when Alberta is still in economic-recovery mode, a little more take-home pay is good news.

While not a huge saving, this rate reduction is very significant. It is the first time in 20 years members will start paying less for the same great pension benefits. Also, at the same time contribution rates are going down, benefit security is increasing. By improving the financial security of your pension benefit, the Board is reducing the chance that another downturn in the economy would lead to increased funding pressures.

This was an important consideration for the Board when deciding whether to have a rate reduction, because no one is in favour of reducing rates without a plan for keeping

future rate increases at bay. In the 10 years since the global recession, LAPP has grown financially stronger each year. While steadily improving the funded position of the Plan, the Board has been carefully building capacity for a financial cushion that will protect the Plan against future market volatility and sudden downturns in the economy. To do this, and at the same time be able to reduce contribution rates, shows just how improved our financial position has become.

The Board continues to follow this same prudent financial strategy with the hope that it will be able to reduce contribution rates again in the future. Although we can offer no certainty as to how soon that might be, we can assure you it will be at the same time we are ensuring the financial strength of the Plan and the continued security of pension benefits for all our members.

On behalf of my fellow trustees, I would like to wish all our members a wonderful holiday season and quality time well-spent with family and friends. My term as Board chair comes to an end this December and I would like to thank my fellow trustees and the management staff of ALAPP Corp. for all the help and support they have given to me over the past two years.

**Darren Sander**  
LAPP Board Chair

## Contribution rates for 2018

Contributions are collected from members and employers, with employers paying 1% more.

**\*\*Annualized Salary:** Contributions are calculated based on your salary if you work full-time. If you work part time, contributions are calculated based on your annualized salary, which is the amount you would have earned if you worked full-time over the same period. The annualized salary can be calculated by dividing the annual part-time earnings by the full-time equivalency (FTE).

**9.39%**

Member rate on  
annualized salary\*\*  
up to \$55,900

**13.84%**

Member rate on  
annualized salary\*\*  
over \$55,900

**10.39%**

Employer rate on  
annualized salary\*\*  
up to \$55,900

**14.84%**

Employer rate on  
annualized salary\*\*  
over \$55,900

Your Plan Has Value



**Joni Petitslerc**  
Calgary  
Emergency Communications Officer

## How do contributions work in a LAPP pension?

It is important to understand the amount of pension you get when you retire is not based on how much you pay in contributions. Your pension is set in advance, based on a formula that takes into account salary and years of pensionable service and does not vary with contribution rates.

You will not get your contributions and employer contributions back with interest when you retire. That is not how a LAPP pension works.

Contributions are payments collected from you and your employer, throughout your career, to help pay for LAPP pension benefits. The rates are set by the Board based on the estimated cost of current and future pensions. Your employer matches contributions made by you and pays an extra 1% of salary on top of that.

Your contributions are added to everyone else's in the Plan and are placed in an investment fund to earn more money. Over time, the fund grows and is used to pay pensions to members. The fund is currently at about \$40 billion. Currently, for every dollar paid out in pensions, about 80 cents comes from investment revenues.

When you retire with a LAPP pension, you are paid a monthly pension for the rest of your life, and your pension is adjusted each year to help with inflation. The amount you get paid is based on a formula that calculates your years of pensionable service and your highest average salary (over five-consecutive years) at the time of retirement. You can read more about how pensions are funded under the heading Your Pension is Secure on [www.lapp.ca](http://www.lapp.ca).

You can calculate an estimate of your pension at any time by going to [www.lapp.ca](http://www.lapp.ca). There you can run some estimates based on the age at which you want to retire and the highest average salary you think you will earn before retiring. If you want to run an estimate based on actual information we already have on file for you (years of services and salary etc.) you can log on to the secure, password-protected portal at [mypensionplan.ca](http://mypensionplan.ca), using your personal login information. You can learn everything you need to know about your pension by going to LAPP's award-winning website at [www.lapp.ca](http://www.lapp.ca).

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## Your annual Pension Highlights statement

Each year, information is collected from your employer on your participation in LAPP and shared with Alberta Pensions Services Corporation (APS), who is the benefit administrator for LAPP. The result of this data reconciliation is an annual member statement called Pension Highlights which gives members valuable data about their pension benefit.

Typically these annual statements are distributed within the first two quarters of the year. Due to the implementation of a new technology platform by APS, it has taken longer to reconcile the data. The result is a significant delay in you receiving your annual 2016 statement. We sincerely apologize for any inconvenience this may have caused you and want you to know we are working on getting the 2017 annual statements sent out to you in a more timely fashion.

We thank you for your patience, as we wrap up the distribution of the 2016 annual statements. If you have not received your 2016 statement by January 31, 2018 please feel free to contact us at **1-877-649-5277**.

On the Pension Highlights statement you will find:

- Your total accumulated annual pension
- Pension Partner and Beneficiary information
- Buyback Balances (If applicable)
- Other personal pension information

Along with your new statement, you will receive an information sheet to help guide you through a new layout.

For additional information and to find out more about your plan benefits, visit [www.lapp.ca](http://www.lapp.ca) where you will find direct links to our secure, password-protected portal at [mypensionplan.ca](http://mypensionplan.ca).

With 2018 just around corner, we will be actively working with your employer to reconcile and prepare your 2017 Pension Highlights statement.



**Riley Nishikawa**  
Lethbridge  
Machine Operator Cemetery Operator

## Message from the President and CEO



Recent economic recovery in Alberta has fueled predictions of steady growth for the province next year, but we all know 2018 will continue to present challenges for many Albertans. For members of the Local Authorities Pension Plan, many of whom are facing wage freezes, a 1% reduction in monthly contribution rates is a welcome relief for 2018.

While the cost saving is relatively small, it signals the potential of a brighter future. LAPP is in excellent financial health and is getting stronger every year. The results show that our long-term financial plan for LAPP is working.

It has taken patience and perseverance to meet the funding challenges of the last decade, but much has been accomplished since the global recession of 2008. Despite unfounded claims that defined benefit plans like LAPP were unsustainable, the Board remained committed to delivering the same pension benefit it has promised from the outset. Benefit security has always been the first priority at LAPP and it continues to be today.

In 2017, the LAPP fund grew to more than \$40 billion, holding its place as one of the largest and most successful pension plans in Canada. With more than 253,000 members, LAPP is helping to ensure that a large number of Albertan families will have a stable and predictable retirement income, which in turn will help reduce the burden on our social safety net.

As a LAPP member you will invest a lot of money in your retirement over your working career and we take that investment seriously. Through solid planning and strategic risk management, we are working to provide the best pension at the best possible cost with the highest level of benefit security possible. It is a pension model of excellence

and one worth copying in other parts of the world, according to a recent study by the World Bank Group.

Authors of the World Bank study focused on our pension fund's investment manager, AIMCo, and on three other plans in Canada and concluded that the lessons from the "Canadian pension model" can be used to help strengthen retirement security in emerging markets around the globe. The 104-page report identifies the factors that make our pension plans a success, such as independence from government in the management of these funds and the need for collaboration between important stakeholders. You can find a copy of the study on our website at [www.lapp.ca](http://www.lapp.ca).

We look forward to continued success for LAPP in 2018 and the years ahead. On behalf of the staff at ALAPP Corp., I wish you and your family good health and prosperity in 2018.

**Chris Brown**  
President & CEO  
ALAPP Corp.

## LAPP focus groups

Have you visited the new LAPP website recently? We are looking for members to help us continually improve the site by participating in paid focus groups in late January 2018 in both Edmonton and Calgary.

If you are interested, visit [www.lapp.ca](http://www.lapp.ca) by January 8th and look for the announcement on the homepage to sign up.



## It's all on our website

Whether you want to read more about Plan funding or learn more about your own personal pension and what you can expect at retirement, all the information you need is on LAPP's website at [www.lapp.ca](http://www.lapp.ca). Visit our new website soon. LAPP is one of the most valuable assets you are investing in and you owe to yourself to learn more about how your plan is doing.

## Looking for more information?

The LAPP Board of Trustees 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, please contact our Plan benefit administrator, Alberta Pensions Services at:**

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

**Local Authorities Pension Plan  
Executive Offices**

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Edmonton, AB T5J 2M8

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