

Communicating the Benefits of Good Pensions with Members, the Public and Policy Makers

National Union Pension Conference

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Feb 3, 2017

Today's presentation

- ◆ A little about LAPP
- ◆ Communications and Pensions
- ◆ Identifying risks
- ◆ Know your audience
- ◆ Be strategic
- ◆ Working together
- ◆ CPPLC



A Little About LAPP

- ◆ Largest plan in Alberta, 7th in Canada
- ◆ 250,000 public sector workers in health, municipalities and education
- ◆ Defined Benefit Plan
 - ❖ Guaranteed COLA at 60% ACPI
 - ❖ Early retirement provisions – 85 factor

“A leading pension plan helping members achieve their retirement dreams”

Communications and Pensions

- ◆ Engage and educate members/stakeholders
 - ❖ Your Pension has Value
 - ❖ Your Pension is Secure
 - ❖ Your future is important
 - ❖ Your Pension is in Good Hands



Identifying Risks



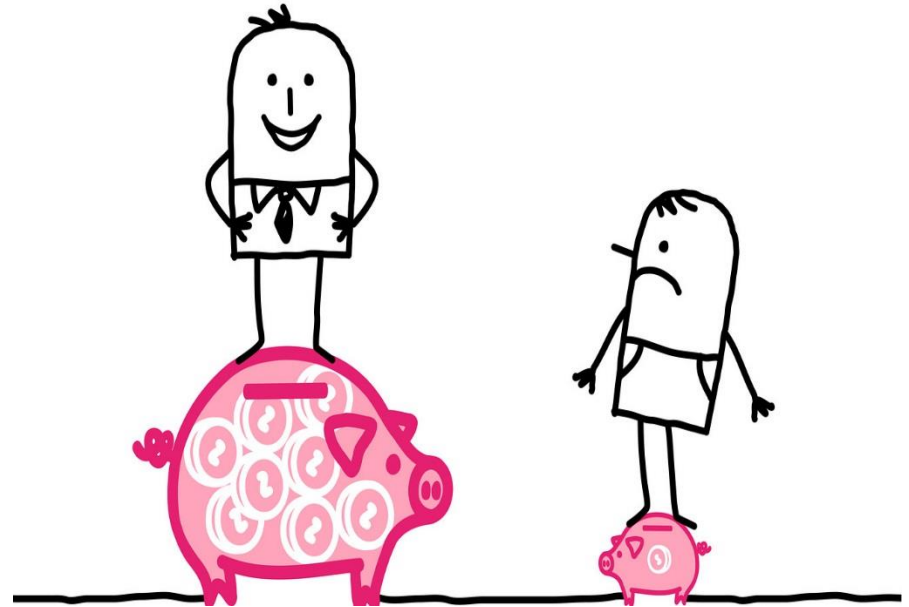
- ◆ Political Risk
- ◆ Regulatory Risk
- ◆ Myths & Misconceptions
- ◆ Pension Envy
- ◆ Apathy



- ◆ Myths & Misconceptions
 - ❖ Changing Perspectives
 - ❖ Changing policy/legislation

- ◆ Pension Envy
 - ❖ Workplace pensions
 - ❖ DB vs DC pensions

- ◆ Apathy
 - ❖ Retirement income inadequate



Know your audience

- ◆ Real support is based in knowledge
- ◆ Identify your audiences:
 - ❖ Members
 - ❖ Public
 - ❖ Policy makers
- ◆ Challenges
 - ❖ Pensions - complex & boring
 - ❖ Busy lives, procrastination
 - ❖ Apathy



- ◆ Communications as a risk mitigation strategy
 - ❖ Be proactive and solution based
 - ❖ Be innovative
 - ❖ Engage and educate
 - ❖ Research and communicate results
 - ❖ Promote evidenced based discussion

- ◆ Work together always
 - ❖ Engage and educate all audiences
 - ❖ Lobby government
 - ❖ Meet policy makers
 - ❖ Do presentations
 - ❖ Share knowledge
 - ❖ Enlist support
 - ❖ Engage with youth
 - ❖ Influence decisions





The **Canadian Public Pension Leadership Council (CPPLC)** is a non-partisan group of public sector pension plan senior administrators from across the country.



Shared research and advocacy by individual plans

- Formed in November 2013, members of the CPPLC are working to help inform the debate about retirement income security using evidence-based research.
- Sharing the cost of relevant research
- Advocacy with policy makers by individual participating plans, as they deem necessary

Strength in Numbers

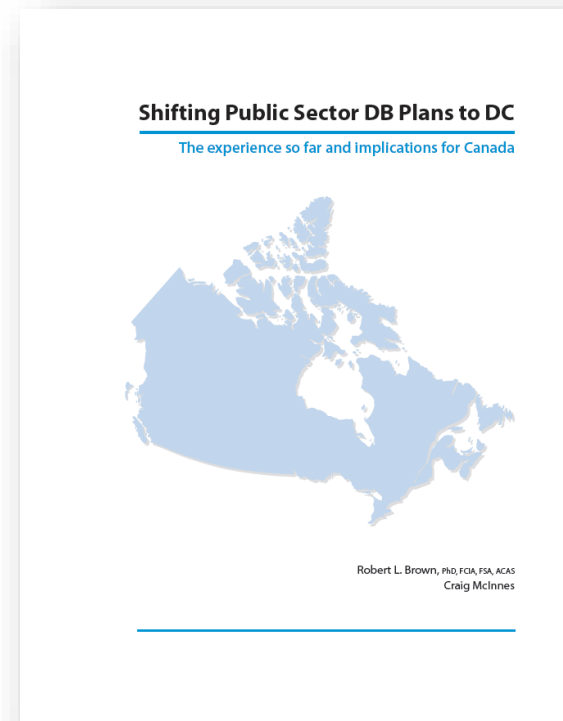


- Work with other plans to educate
- Speak out, correct inaccuracies
- Enlist support from members
- Enlist stakeholders to advocate
- Support research and educate
- Advocacy important, plan-based

CPPLC Research



- Authors: Robert Brown, PhD, FCIA, FSA, ACAS and Craig McInnes, journalist
- Funded by the Canadian Public Pension Leadership Council:
 - LAPP
 - Pensions BC
 - Nova Scotia Pensions
 - CAAT Pension Plan (Ontario)
 - OPTrust (Ontario)



Summary of Brown/McInnes study

1. The perceived advantages to closing DB pension plans in the private sector do not translate directly into the public sector. (e.g. offloaded costs)
2. Large, well-run DB plans are more efficient at producing retirement income than are DC plans.
3. Modeling shows that for an efficient \$10 billion DB plan, converting to individual-account DC arrangements to provide the same value of pension benefit would increase costs (26%-77%).
4. The post-transition plan sponsor (often government) would face an increase in financial risk coming from the closed DB plan that would run parallel to the new DC plan for many decades.
5. Shifting to DC increases the cost of delivering a comparable pension benefit.
6. There are other plan design options available for reducing or transferring risk that do not require sacrificing the plan's investment efficiency.
7. Converting to DC does nothing to the past-service unfunded liability a plan may have accumulated. Converting to DC makes the management of a legacy unfunded liability more risky and difficult.



New research currently underway

- Central focus on Canadians' retirement income objectives and the type of retirement savings plans they prefer
- Study report expected in April, 2017



Current participating pension plans

