

Labour Coalition on Pensions

More than 300,000 The Local Authorities Pension Plan (LAPP) and the Public Service Pension Plan (PSPP) cover 223,643 and 76,577 members respectively.¹

The current average annual pension for the PSPP is \$12,414 a year, or \$1,035 a month. The current average annual pension for the LAPP is \$14,958, or \$1,247 a month.

More than 71,000 Albertans currently enjoy decent retirement benefits with these plans.

These plans are defined-benefit plans (DB). They provide retired workers a secure monthly pension based on a formula, allowing them to plan ahead for their retirement with a secure monthly benefit amount.

Sustainability

Alberta's public-sector pension plans are in good shape. The Board of the LAPP has reported to Minister Horner that the pension is sustainable as a defined-benefit plan.

The LAPP and PSPP are 82 per cent funded. The plans were 100 per cent funded, or even in surplus positions, in the 1990s. Plans are currently in place to ensure their continuing viability. One in three contribution dollars go to a special temporary payment to fill the funding gap.

Workers pay almost half of the costs of the pension plans and pay half of the unfunded liability.

These pensions are performing very well: assets of the PSPP grew by 12.6 per cent in 2012 and the LAPP's assets grew by 16.3 per cent.

Governance

Governance is an integral part of pension-plan sustainability. Employees contribute half of the funds that go into the pensions, but the final decision rests with the Government of Alberta. Most public-sector pension plans include employees in the governance.

Retirement Security

Retirement security is a looming crisis. One in four Alberta seniors receives the Guaranteed Income Supplement (GIS) because they do not have enough income. Two out of every three working Albertans do not make RRSP contributions.

The solution to the looming retirement security crisis is to find ways to increase the number of Canadians with pensions, not to undermine the security of those who have them.

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¹ Source: LAPP and PSPP 2012 Annual Reports and the PSPP Actuarial Report