

Local Authorities Pension Plan - Joint Governance

Introduction

The Local Authorities Pension Plan (LAPP) is a defined benefit pension plan set up to ensure pension benefits to Alberta public employees upon their retirement. The plan has a joint board of trustees from employees and employers, but final say on major changes to the plan is still held by the Minister of Finance and the provincial cabinet.

As these funds represent deferred wages of our members (as well as contributions from our paycheques), CUPE feels it's time for Alberta to catch up with other provinces and institute full joint governance of its public-sector pension plans. This will ensure that changes to the pensions of our members cannot be made without full participation by the people involved.

The problem

- LAPP currently has a Board of Trustees which has union representation, but the Board's power is limited for both Employee and Employer representatives.
- Decisions about major plan changes to the LAPP are ultimately controlled by the provincial Minister of Finance – the sole legal trustee of the LAPP.

The LAPP is an exception in comparison to most large public-sector plans

- Most large public-sector pension plans in Canada are not unilaterally controlled by Governments in this way.
- It's far more common to see *unions* and *employers* exercise **joint** control of these large plans in a structure called a "Jointly Sponsored Pension Plan" (JSPP). This is how large public pension plans work in most Canadian provinces.

Points

- Workers and employers share in the costs and risks of funding the LAPP, but the plan is controlled by a third party: the provincial government. This does not make sense. The parties that bear the costs and risks of the plan should have control of the plan.
- Workers should have a clearly defined voice in determining the costs and structure of what is likely their most important asset: their pension.
- Jointly governed plans across Canada have a demonstrated and world-renowned track record of delivering decent and secure defined benefit pensions in a cost-effective and sustainable way.
- In a jointly sponsored and governed plan, employees take joint responsibility for the management of the plan and its financial health.
- Public sector workers are not opposed to considering changes to our pension plans, when they are warranted. However, we want those changes to be fully negotiated between parties. Not imposed upon us, as the previous Conservative government tried to do.
- Joint governance gives employees and employers equal voice in deciding how to deal with surpluses or shortfalls in the plan as they may occur.

- A jointly-governed plan provides for greater local government control. Currently the pension board is advisory only and therefore local government has no control. LAPP is the pension for all municipal, school board, and other agencies including Alberta Health Services. These are the boards that have to manage rate increases or decreases, so, like workers, they also deserve a greater say.