



# ALBERTA'S PENSION PLAN

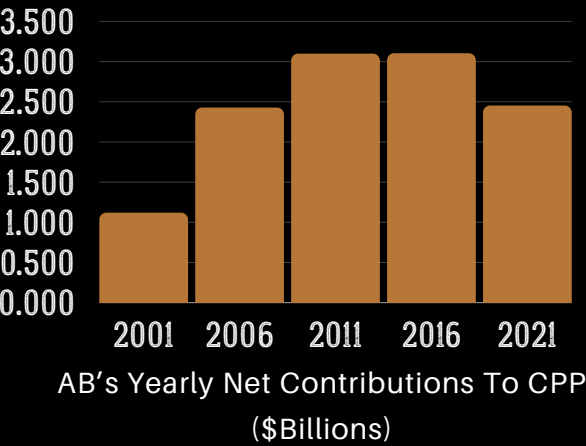
## APP VS. CPP

# CPP VS. APP: THE FACTS

IS THE CPP AS GOOD  
AS THEY SAY?

## \$60+ BILLION

In Total, Alberta Has Contributed  
60+ Billion Dollars **MORE** Into The  
CPP Than What We've Been Paid!  
And That's **BEFORE INFLATION!**



## 1. CONTRIBUTIONS ✓

Every Year, Alberta Sends  
**\$BILLIONS** Into The CPP, But  
We Don't Get All Of It Back!

## WHY IS THIS?! ✓

Look At The Alberta Advantage:



We're Younger  
Than Other  
Provinces



We Work More  
Than Other  
Provinces



We're  
Wealthier  
Than Other  
Provinces

That Means We Pay MORE Into CPP  
Than What We Get Back!

**BUT WHAT IF WE  
USED THE ALBERTA  
ADVANTAGE FOR  
AN APP, INSTEAD?!**

1

### More Money In Your Pocket

BECAUSE OF THE ALBERTA ADVANTAGE, AN APP LOWERS CONTRIBUTIONS AND  
MAINTAINS BENEFITS, OR MAINTAINS CONTRIBUTIONS AND INCREASES  
BENEFITS. EITHER WAY, ALBERTA WINS.

2

### Less Money In Ottawa's Pocket

AN APP MEANS NO MORE SENDING \$BILLIONS TO OTTAWA EVERY  
YEAR. INSTEAD, IT KEEPS MONEY IN ALBERTA, WITHOUT PASSING  
THROUGH FEDERAL BUREAUCRACY.

3

### The Same Money In Canada's Pocket

IF AB RECEIVES 20% OF CPP ASSETS, THE CPP CONTRIBUTION RATE DOESN'T  
CHANGE FOR CANADIANS. IF AB RECEIVES 53% OF ASSETS, CONTRIBUTION  
RATES INCREASE 1 PERCENTAGE POINT FOR CANADIANS.



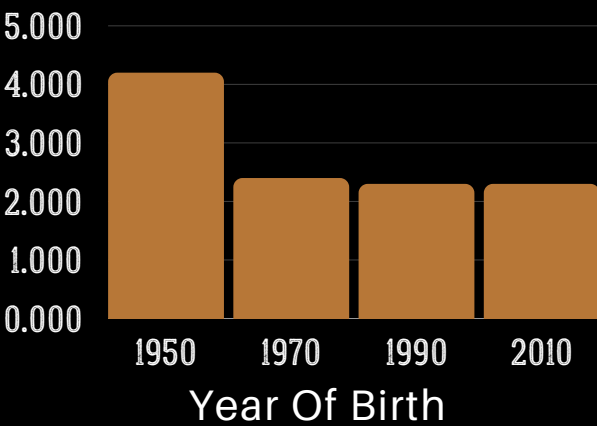
# CPP VS. APP: THE FACTS

IS THE CPP AS GOOD  
AS THEY SAY?

**2.3% - 4.0%**

Compared to other pension plans, investment funds, CPP returns for seniors are anemic (\$758.32/Month).

## % CPP RETURNS



**CAN OUR RETURNS  
INCREASE WITH AN  
ALBERTA PENSION  
PLAN? YES!**

## 2. RETURNS

Does The CPP Generate  
Impressive Returns For  
Seniors? Not At All!

## WHY IS THIS?!

Three Factors Determine Returns:



The Age You  
Start  
Collecting CPP



How Many  
Years You Paid  
Into CPP



How Much  
You Paid Into  
CPP While  
Working

That Means Our Returns *Aren't*  
Correlated To CPP Investment  
Performance!

1

### Lower Contributions

THE ALBERTA ADVANTAGE (YOUNG, WEALTHY, INDUSTRIOUS) LETS US DECREASE CONTRIBUTION RATES WITHOUT SACRIFICING PAYOUTS, OR, MAINTAIN CONTRIBUTION RATES WHILE INCREASING PAYOUTS (% TO BE DETERMINED).

2

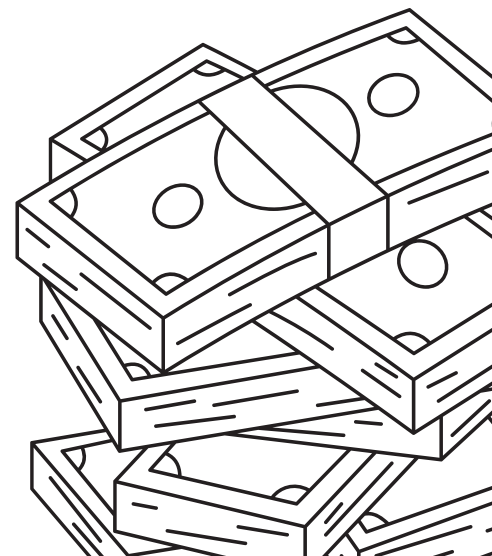
### Opportunity Cost

IF ALBERTA DECREASES CONTRIBUTION RATES, ALBERTANS CAN INVEST THE SAVED MONEY AND EARN \$100,000'S OVER THE COURSE OF THEIR WORKING LIVES!

3

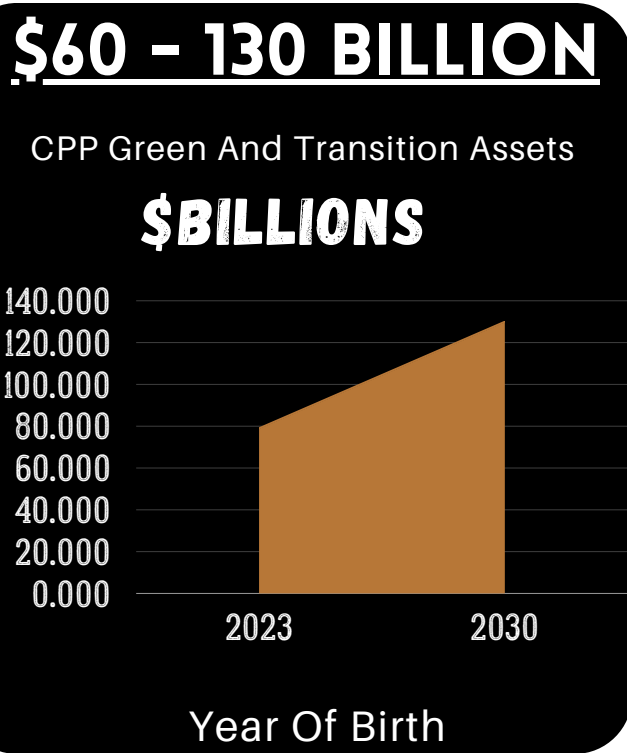
### Total Security

NO MATTER WHAT, ALBERTANS WON'T BE WORSE OFF. THE CPP ACT DOESN'T ALLOW FOR A PROVINCE TO LEAVE THE CPP IF ITS RESIDENTS ARE ECONOMICALLY HARMED.



# CPP VS. APP: THE FACTS

IS THE CPP AS GOOD AS THEY SAY?



## 3. INVESTMENT

How Does The CPP Invest? Does It "Maximize Returns Without Undue Risk"? Not At All!

## WHY IS THIS?!

Three Factors Of Board Operation:



Gov't Appointments To Board



Net Zero Agenda



CPP Cost of Operation

IS THIS POSSIBLE WITH AN ALBERTA PENSION PLAN?

**YES!**

We Need A Pension Plan That's Totally Independent From Government!

**1** NO Gov't Appointments To APPIB  
GOVERNMENT SHALL NOT HAVE THE POWER TO APPOINT OR REMOVE ALBERTA PENSION PLAN BOARD MEMBERS.

**2** NO Net Zero Agenda  
GOVERNMENT SHALL NOT FORCE THE ALBERTA PENSION PLAN TO PURSUE SOCIAL AGENDAS, DOMESTIC INVESTMENT, OR ANY OTHER POLITICAL OBJECTIVES.

**3** NO Other Mandate Except Profit  
MAXIMIZE PROFIT; MITIGATE RISK.



# Page 1 Bibliography

## \$60-80 Billion Net Contribution:

- <https://www.youtube.com/watch?v=VhMjmfDlZI> 33:20

## Contribution Graph:

- <https://open.alberta.ca/dataset/8453eb60-1ff8-4c87-9735-b253d4f28824/resource/ab628f2e-c365-4037-9070-ab65d8223d92/download/tbf-lifeworks-app-analysis-of-costs-benefits-risks-and-considerations-2023-08.pdf> (pg. 48)

## ContribDerivations:

- <https://www.albertapensionplan.ca/#:~:text=For%20decades%2C%20Alberta's%20young%20working,during%20that%20same%20time%20period.>

## Point 3 (Asset Calculation):

- <https://www.youtube.com/watch?v=VhMjmfDlZI> 42:25

## Page 2 Bibliography

### CPP Percentage Returns [Subsidy]:

- <https://www.youtube.com/watch?v=VhMjmfDlZI> 35:54

### CPP Average Payout:

- <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

### Subsidy Derivations:

- <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

### CPP Rules (Bottom Points):

- <https://laws-lois.justice.gc.ca/eng/acts/c-8/page-2.html#h-167699> (Section 3)

# Page 3 Bibliography

## CPP Mandate:

- <https://www.cppinvestments.com/the-fund/how-we-invest/our-investment-strategy/>

## CPPIB Operation:

- <https://www.cppinvestments.com/about-us/governance/about-the-board/#:~:text=Directors%20are%20appointed%20by%20the,are%20appointed%20to%20the%20Board.>
- <https://www.cppinvestments.com/insight-institute/decarbonization-investment-approach/>
- <https://www.cppinvestments.com/newsroom/cpp-investments-net-assets-total-570-billion-at-2023-fiscal-year-end/>

## Green Transition Asset Portfolio:

- <https://www.cppinvestments.com/the-fund/sustainable-investing/investing-in-the-path-to-net-zero/>



# ALBERTA'S PENSION PLAN

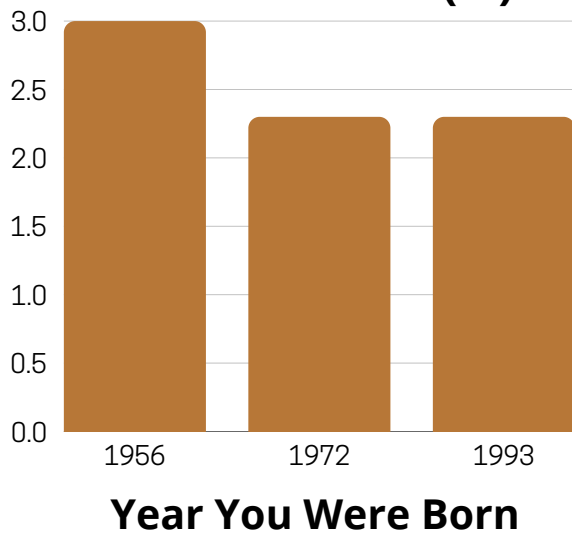
## COMMON MYTHS



# 1. RETURNS >>>

# “THE CPP EARNS 10% RATES OF RETURN!”

Rate Of Return On Contributions (%)



TRUE, CANADIAN PENSION PLAN INVESTMENTS EARN AN AVERAGE RETURN OF 9.6% OVER 10 YEARS, BUT REMEMBER...

## CPP FORMULA! ✓

Individual Earnings Are Calculated Based On:



Age You Start Collecting CPP.



How Much You Paid Into CPP.

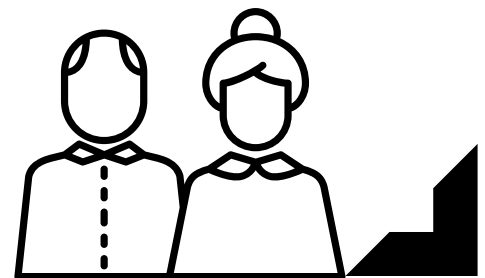


How Many Years You Paid Into CPP.

.....  
**CPPIB Performance (10% Or Not), Isn't Correlated To A Senior's Pension Earnings!**  
.....

# CPPIB Earns 10,000% ROR?

**IT DOESN'T MATTER!  
PENSION PAYOUTS  
STAY AT 2.5% - 4%!**



1

### CPP = Insurance

The CPP More Closely Resembles An Insurance Plan Than It Does A Pension Plan.

2

### CPP Is Not The CPPIB

The CPPIB Invests The Leftover CPP Contributions, But Pension Payouts Don't Come From The CPPIB.

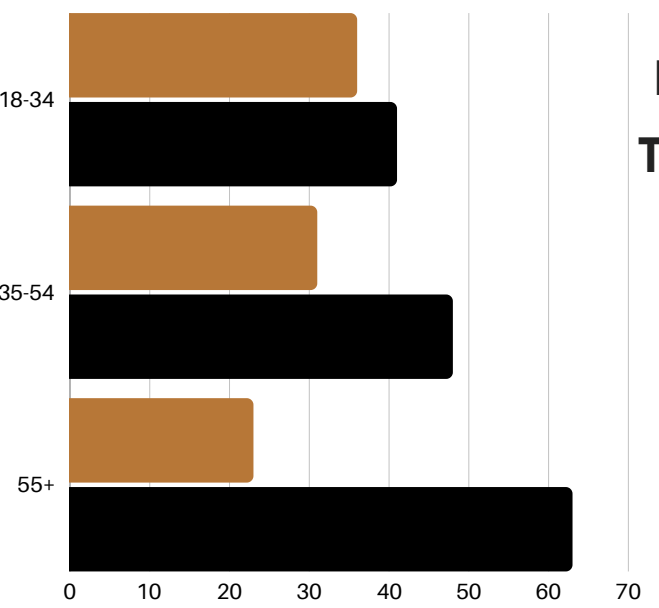
3

### Assets Vs. Payouts

The CPPIB ROR Deals With CPP Assets, Which Aren't Even Used To Pay Out Seniors Yet!

# 2. CONTROL >>> "THE UCP WILL STEAL OUR PENSIONS!"

Agree/Disagree With APP (%)



FALSE. REMEMBER SECTION 3(1) OF THE CANADIAN PENSION PLAN ACT. IT LAYS THE FRAMEWORK FOR A PROVINCE LEAVING THE CPP.

## 3 RULES FOR AB ✓

If We Want To Leave The CPP, We Need:



A Comparable Pension Plan



Guaranteed Benefits For Pensioners



A Payout From The CPP

**Seniors And AB Pensioners Are Totally Secure! Transition Must Be Smooth!**

# UCP Wants To Use CPP Pension?

**WE COULDN'T LEAVE!  
APP MUST BE SIMILAR  
TO CPP, OTHERWISE, NO DEAL!**



**GUARANTEE**

1

### Guaranteed Plan

If Alberta Wants To Leave The CPP, It *Must* Have A "Comparable" Pension Plan In Place.

2

### No Risk For Seniors

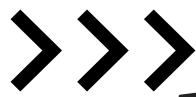
If There's A Possibility Seniors Will Be *Worse Off* With An APP, Alberta Can't Leave The CPP.

3

### Gov't Separation

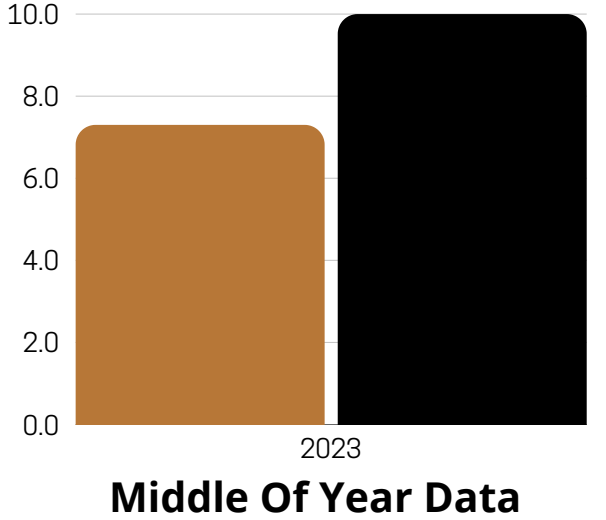
If The AB Gov't Tries To Confiscate Pension Funds For Themselves, No APP Will Be Allowed.

### 3. AIMCO



# “AIMCO EARNS LOWER RETURNS THAN CPPIB!”

AIMCO 10-Year Returns  
Vs. CPPIB 10-Year Returns



TRUE, BUT WHY IS THAT THE CASE? WHY DOES AIMCO EARN LOWER RETURNS THAN THE CPPIB, AND CAN IT BE CHANGED?

## AIMCO MANDATE ✓

AIMCO's Structure Needs To Change To A Manager That:



Maximizes Profit And Mitigates Risk



Has No Gov't Interference



Doesn't Pursue Social Activism

.....  
**CPPIB (Officially) Maximizes Profit; AIMCO Doesn't Have Same Mandate!**  
.....

## AIMCO Earns Lower Returns (7.3%)

# **B/C OF ACTIVISM! RESTRUCTURE AIMCO LIKE A PRIVATE INVESTMENT FUND!**



1

### Pension Plan Power

Unions/Pension Funds AIMCO Manages Dictate How AIMCO Invests. This Should Be Changed.

2

### Gov't Appointments

Cabinet Can Appoint Or Rescind AIMCO Board Members At Will. This Should Be Changed

3

### Mandate

AIMCO Does Not Have The Mandate To "Maximize Profit And Mitigate Risk." This Should Be Changed.

## Part 2 Bibliography

### The Author:



Tanner Hnidey Is An Economist And Political Commentator. After Graduating From The University Of Calgary With A Degree In Economics, He Started TannerHnidey.Com, And Generates Millions Of Views On His Online Content, Every Year. He Is The Former Vice President Of Economics For The *Alberta Prosperity Project*, And Is The Current President Of *Tanner Hnidey INC.*