

Welcome to Your Alberta Pension Plan (APP)



Alberta Treasury Board and Finance engaged LifeWorks (formerly Morneau Shepell) to prepare a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan (APP). The analysis includes actuarial, economic, legal, and technical information regarding the establishment and ongoing operation(s) of an APP. This analysis was intended to give a clearer picture on what a potential provincial pension plan might look like and help to answer questions that Albertans are asking about the costs and benefits of such a decision.

DID YOU KNOW:

An APP could provide greater long term financial security and reduce risks to all Albertan's.

- The Lifeworks Report suggests that an Alberta Pension Plan **could lower the Contribution rate from 9.9% to 5.91%**, resulting in substantial savings of up to \$2,850 per Albertan in 2027 while maintaining equivalent retirement benefits.
- The Lifeworks Report (formerly Morneau Shepell) was released in September 2023 and is the **only** Actuarial Report completed to date. Bill Morneau was the former Liberal Minister of Finance.
- Alberta, should it decide to pursue its own Alberta Pension Plan, could **reduce the biggest risks as identified in the 31st Chief Actuarial Report to the CPP.**

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Document prepared by Nadine Wellwood

- **Demographics, Economy, and Immigration.**
 - **Alberta for the foreseeable future (at least 2-3 decades) outperforms the rest of Canada on all these risk factors.**
- The CPP as of 31 Dec 2021 had **\$1.14T in unfunded liabilities**. This number was \$884B in 2019 and continues to worsen.
 - **The CPP is expensive** when compared to other global pension funds with a 1000 plus employees and 8 offices around the world. The CPP's **costs have surged from \$4 million in 2000 to \$4.4 billion in 2023 annually**.
 - Former chief analyst Philip Cross, who spent 36 years at Statistics Canada, the last few years as its Chief Economic Analyst, found that **the CPP's cost at 1.07% of assets was higher than others, whose costs were from 0.34% to 1.02%**.
 - **The CPP today is greatly influenced directly and indirectly by government policy** through both legislation and other government agencies such as Office of the Superintendent of Financial Institutions (OSFI).
 - **An APP is not dependent on ANY transfer of assets from the CPP.** Albertans have contributed \$60B more in premiums than they have taken in benefits. **In recent years, this has averaged \$3B/year - more than any other province.**
 - Alberta's pension contributions far exceed its expenditures (benefits). Only 64% of Alberta's contributions are needed to fund an APP, allowing the remainder to be invested (\$3-5B/annually). **In contrast, the CPP by 2026, will see expenditures exceed contributions.**

Concluding Statements

There are numerous economic, financial, social, and political reasons to support an Alberta Pension Plan. The potential for better benefits, lower contributions, more economic control (investment in our own natural resources, infrastructure), better leverage with Ottawa, and **greater financial security for future generations**.

The short- and long-term outlook for Alberta's economy, demographics and population growth far exceeds that of the rest of Canada. Establishing an APP could **mitigate substantial risk for younger Albertans**. An APP could ensure greater security for Albertans that a pension will be there for them and their children when they retire.

Alberta with a growing population, the youngest workforce in Canada, a strong economic outlook, and higher overall incomes all bode well for an Alberta Pension Plan.