

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 29(1)(a) - information that is readily available to the public

Keely White

From: David Mulyk
Sent: Monday, July 06, 2020 7:29 AM
To: Lois Stewart; Haripaul Pannu; Tara Dahl; Vanessa Sands
Subject: All Party Committee / APP Next Steps

24(1)(a)
24(1)(b)

Good morning,

I'll be attending the All Party Committee meeting this morning from 8:30 to 12:00. (I might not need to be there the full time, but I'm planning on it just in case).

I think the initial desire is to see if there is an individual(s) that could be put onto retainer to help with this work, but I've also suggested the actuarial analysis almost certainly needs to come from an actuarial firm – but MAYBE there are some individual actuaries / independent actuaries that we can identify?

As with most things, lets start with a briefing note to the Minister on questions / options, as well as our recommendations on who could be engaged to perform this work.

Thanks

David Mulyk BSc, MBA

Executive Director, Pension and Insurance Policy

Alberta Treasury Board and Finance

Direct: (780) 415-0514

General: (780) 427-8322

Email: david.mulyk@gov.ab.ca

Keely White

From: David Mulyk
Sent: Friday, July 17, 2020 8:48 AM
To: Lois Stewart; Haripaul Pannu
Subject: FW: MDM update

FYI;

This isn't the full email but just the excerpts related to pensions.

Thanks.

David Mulyk BSc, MBA

Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

Classification: Protected A

From: Sherri Wilson <sherri.wilson@gov.ab.ca>
Sent: Friday, July 17, 2020 7:51 AM
To: David Mulyk <David.Mulyk@gov.ab.ca>
Subject: MDM update

APP

Minister supported proceeding with the RFP so we can get that moving. The concept of using it as a communications tool and reframing risks to highlight the things we know Albertans care about and we want answers to was also supported.

APS shareholder options

Minister thought it warranted further consideration and supported discussions in the short term internally with the controllers office and with APS. Agreed with holding off on any discussions about this with the Plan Corps until we are certain we want to go this route and until Agreements are finalized. We will need to dig into the risks with this (control and accountability potentially leading to unreasonable expectations on APS and increased costs). While Minister liked the RTR contribution he also indicated everything cannot be driven by RTR alone. Come back in the fall with more detailed analysis.

Sherri Wilson

Assistant Deputy Minister, Financial Sector Regulation and Policy and
Superintendent of Pensions, Insurance and Financial Institutions
Alberta Treasury Board and Finance | Terrace Building | 9515 107 St. NW
Edmonton AB T5K 2C3 | sherri.wilson@gov.ab.ca
780.422.2730

Classification: Protected A

**ADVICE TO HONOURABLE TRAVIS TOEWS
PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE
Comprehensive Plan to Develop an Alberta Pension Plan (Next Steps)
For Decision**

ISSUE

Premier has directed the department to undertake a study of creating and implementing an Alberta Pension Plan (APP).

PURPOSE

To provide information and seek direction on undertaking a study to support the creation and implementation of an APP, per the Fair Deal Panel recommendation.

RECOMMENDATION

- It is recommended the department develop and post a Request for Proposal (RFP) for an independent third-party consulting firm to conduct thorough analysis and a comprehensive plan to support the creation and implementation of an APP.
 - This plan will include actuarial analysis of the cost to fund benefits, as well as information on various topics associated with an APP.
 - It is anticipated that a pension-consulting firm will be able to provide all the services required.

OTHER OPTIONS

[Redacted content]

RATIONALE

- The resources needed to assess and validate information relevant to the creation of an APP (e.g., actuarial modelling software) does not reside internally within the department.
- A review by an independent third party will help to reduce any perceived bias on the quality of the assessment.
- The recommended scope of the review is expected to provide a comprehensive amount of detail that will help Albertans make an informed decision on their support for an APP.

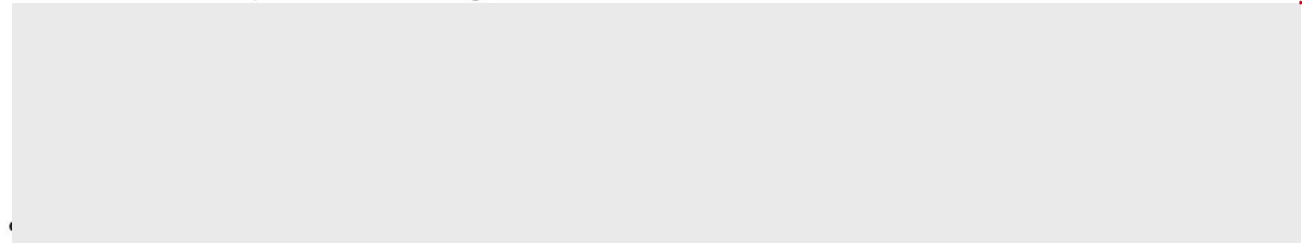
STAKEHOLDER REACTION

[Redacted content]

- The Fair Deal Panel Report indicates that 42 per cent of Albertans surveyed think an APP would improve the province's place in the federation.
 - 1,000 Albertans reflecting the composition of the general population were polled by telephone in March 2020 as part of Fair Deal Panel research.

BACKGROUND

- On June 17, 2020, the report of the Fair Deal Panel was publicly released.
- On the topic of an APP, the report recommended that the Government of Alberta:
 - develop a comprehensive plan to create an APP and withdraw from the CPP.
 - subsequently, provide Albertans the opportunity, via a referendum, to vote for or against withdrawing from the CPP and creating the APP.
- On the topic of a referendum, the Premier has indicated that a referendum on equalization payments and election of Senate representatives will be held in 2021. This may coincide with the next municipal general election to be held October 18, 2021.
 - Similarly, it may be advantageous to also pose the APP referendum question as part of the next municipal general election.
- Specialized expertise will be required to effectively provide analysis and design a comprehensive plan to create an APP. This will require the retention of an external third-party consulting firm and/or external advisors. It is anticipated the majority of the services required will be:
 - actuarial (e.g., determining initial assets and liabilities of an APP and the cost to Albertans and their employers to fund APP benefits);
 - legal (e.g., legal requirements associated with withdrawing from CPP);
 - economic analysis (e.g., modelling economic impacts); and
 - technical elements related to operations, such as:
 - administration (e.g., contribution remittance collection, benefit administration, audit and benefit decision appeal functions);
 - investment management (e.g., day-to-day investment management; decisions on investment policy / asset allocation); and
 - other topics (e.g., ensuring portability and reciprocity of benefits with CPP and the Quebec Pension Plan).
- In the broadest sense, the range of possible options for the creation and implementation of an APP encompass the following:



- The main / largest service providers for CPP include:
 - Actuarial: Office of the Chief Actuary, Canada;
 - Contribution Remittance: Canada Revenue Agency;
 - Benefit Administration: Employment and Social Development Canada;
 - Investment Management: Canada Pension Plan Investment Board;
 - Audit: Auditor General of Canada.

- [Redacted]
- The independent third-party analysis can assess the department's initial position and further refine and/or strengthen the analysis.
- The third-party analysis may also discover options or additional recommendations not initially identified by the department.

[Redacted]

FINANCIAL IMPLICATIONS

- The cost to government to retain a consulting firm and/or external advisors to develop the recommended analysis is unknown and is difficult to estimate at this time. More information will become available as bids are submitted.
 - It is possible the cost of the analysis could be hundreds of thousands of dollars.
 - Comparable work completed with consultants on pension plan analysis have ranged up to \$1,000/hr.
- It is unlikely that the amount allocated to the pension policy unit for contract services (\$12,000) will be sufficient to cover the cost of the recommended analysis.

ATTACHMENT:

- [Redacted]

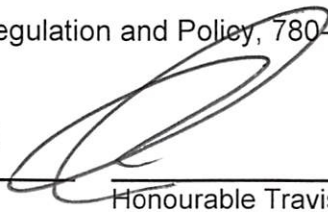
BRANCH SOURCE: David Mulyk, ED, Pension and Insurance Policy, 780-415-0514.

CONTACT: Sherri Wilson, ADM, Financial Sector Regulation and Policy, 780-422-2730.

Recommendations approved:

JUL 29 2020

Date



Honourable Travis Toews, Minister

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 18(1)(a) - threaten anyone else's safety or mental or physical health

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 27(1)(a) - legal privilege, including solicitor client privilege or parliamentary privilege

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

**ADVICE TO DEPUTY MINISTER
ALBERTA TREASURY BOARD AND FINANCE
Alberta Pension Plan Procurement Approval
For Decision**

ISSUE

Treasury Board and Finance has been directed to develop a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan (APP).

PURPOSE

To obtain Deputy Minister approval on a Procurement Approval Form (attached) in order to post a Request for Proposals (RFP) to support implementation of the department's next steps of the Fair Deal Panel recommendation's on the APP (AR 51471).

RECOMMENDATION

- It is recommended the Deputy Minister approve and sign the Procurement Approval Form.

OTHER OPTIONS

RATIONALE

- The resources needed to assess and validate information relevant to the creation of an APP (e.g., actuarial modelling software) does not reside internally within the department.
- Having the analysis done by an independent third party will help to reduce any perceived bias on the quality of the assessment.
- The recommended scope of the analysis is expected to provide a comprehensive amount of detail that will help Albertans make an informed decision on their support for an APP.
- A Business Case to support this procurement approval request is attached.
- A draft RFP has been developed (attached). Although this document is currently being finalized by Procurement Services, significant changes to this version of the document are not anticipated.
- This RFP includes more information on the proposed analysis, particularly sections:
 - 2.1 Project Background;
 - 2.2 Project Objectives;
 - 7.2 Schedule of Events;
 - Appendix B – Services; and
 - Attachment 1: Mandatory Requirements and Desirable Provisions – Corporation, Attachment 2: Mandatory Requirements and Desirable Provisions – Resources, and Attachment 3: Pricing Form.

STAKEHOLDER REACTION

24(1)(a)

BACKGROUND

- On June 17, 2020, the Fair Deal Panel report and recommendations were released, including recommendation 13 A and B:
 - Develop a comprehensive plan to create an Alberta Pension Plan and withdraw from the Canada Pension Plan.
 - Subsequently, provide Albertans the opportunity, via a referendum, to vote for or against withdrawing from the Canada Pension Plan and creating the Alberta Pension Plan.
- The Premier has indicated a referendum on equalization payments and election of Senate representatives will be held in 2021. This may coincide with the next municipal general election to be held October 18, 2021.
 - Similarly, it may also be advantageous to pose the APP referendum question as part of the next municipal general election.
- Specialized expertise is required to provide an effective analysis of a potential APP. This will require the retention of an external third-party consulting firm and/or external advisors. It is anticipated the majority of the services required will be:
 - actuarial (e.g., determining initial assets and liabilities of an APP and the cost to Albertans and their employers to fund APP benefits);
 - legal (e.g., legal requirements associated with withdrawing from CPP);
 - economic analysis (e.g., modelling economic impacts); and
 - technical elements related to operations, such as:
 - administration (e.g., contribution remittance collection, benefit administration, audit and benefit decision appeal functions);
 - investment management (e.g., day-to-day investment management; decisions on investment policy/asset allocation); and
 - other topics (e.g., ensuring portability and reciprocity of benefits with CPP and the Quebec Pension Plan).
- In the broadest sense, the options for the creation and implementation of an APP range from:
 - [Redacted]
- [Redacted]
- The main service providers for CPP include:
 - actuarial: Office of the Chief Actuary, Canada;
 - contribution remittance: Canada Revenue Agency;
 - benefit administration: Employment and Social Development Canada;
 - investment management: Canada Pension Plan Investment Board; and
 - audit: Auditor General of Canada.

- The department has compiled an initial analysis of risks associated with an APP (Appendix A: APP Risk and Mitigation Strategies – Initial Analysis, from AR 51471), along with potential mitigation strategies, as well as a procurement Risk Worksheet (each attached).
- The proposed timeline, which anticipates a Fall 2021 referendum, is as follows:
 - September 2020: RFP posted (guidelines require a minimum 30 day posting);
 - October 2020: vendor selected;
 - February 2021: draft analysis shared with department;
 - April 2021: final analysis submitted;
 - April – June 2021: planning (e.g., integrate analysis into comprehensive plan for an APP; communications plan development);
 - July – September 2021: informing Albertans of the comprehensive plan; and
 - October 2021: referendum.

24(1)(a)

NR

COMMUNICATIONS / KEY MESSAGES

- A key messages document to support the release of the RFP is currently being prepared in consultation with Communications.

FINANCIAL IMPLICATIONS

- Funding for this project will come from the ministry budget, though these funds have not yet been identified (i.e., are not available in the current branch budget (per AR 51471)).
- The cost to government to retain a consulting firm and/or external advisors to develop the recommended analysis is unknown and is difficult to estimate at this time. More information will become available as bids are submitted.
 - It is possible the cost of the analysis could be hundreds of thousands of dollars.
 - Comparable work completed with consultants on pension plan analysis have ranged up to \$1,000 per hour.

ATTACHMENTS:

- Procurement Approval Form (DM signature required)
- Business Case
- Request for Proposals: Alberta Pension Plan Analysis
- [Redacted]
- [Redacted]

BRANCH SOURCE: David Mulyk, ED, Pension and Insurance Policy, 780-415-0514

CONTACT: Sherri Wilson, Assistant Deputy Minister, Financial Sector Regulation and Policy, 780-422-2730

Recommendations approved: Sept 9, 20
Date

Athana Mentzelopoulos
Athana Mentzelopoulos, Deputy Minister



24(1)(a)

Form will be completed by the Contract Manager

24(1)(a)

Proposed Method of Procurement: <i>Request for Proposals</i> Project Name: <i>Alberta Pension Plan Analysis</i> Contract Manager: <i>Lois Stewart</i> Division: <i>Financial Sector Regulation and Policy</i> Date: <i>August 25, 2020</i> Procurement ID # (to be filled by Financial Services): <i>AB-2020-05166</i>	Coordinating Office <input checked="" type="checkbox"/> Financial Services <input type="checkbox"/> Service Alberta Purchasing Officer Rhonda Wood-Viscarra
--	---

Chart Field Coding for Project						
Dept. ID	Program Code	Project Code	Account Code	Fund Code	Amt. of time	Est. Amt.
2015	31000	APP	544480	01	6-8 months	
BU: 175					Total estimated amount:	CAD

Project's Purpose:

The purpose of this project is to support implementation of the Fair Deal Panel recommendation 13 A and B:

Develop a comprehensive plan to create an Alberta Pension Plan and withdraw from the Canada Pension Plan. Subsequently, provide Albertans the opportunity, via a referendum, to vote for or against withdrawing from the Canada Pension Plan and creating the Alberta Pension Plan.

The Government of Alberta identified the following action in response to Fair Deal Panel recommendation 13 A and B: Treasury Board and Finance will develop a detailed analysis of costs, benefits, and structure of a potential Alberta Pension Plan, to be completed and released in 2021. Alberta would only proceed with the creation of a provincial pension plan if approved by a referendum.

Description of Services and Deliverables:

The Province is seeking a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan. The analysis shall include actuarial, economic, legal, and technical information regarding the start-up and maintenance of an Alberta Pension Plan.

The vendor shall develop a report detailing this analysis. This report shall include identification and analysis of key decision points, options, and recommendations. The final report must be submitted to government in early 2021.

Analysis shall not be limited to base CPP, but must also include additional CPP that gradually began to be phased in, starting in 2019. Analysis must not be limited to retirement benefits but shall include ancillary benefits as well (e.g., disability, survivor, children, and death benefits).

The main service providers for CPP include:
 • actuarial: Office of the Chief Actuary, Canada;
 • contribution remittance: Canada Revenue Agency;
 • benefit administration: Employment and Social Development Canada;
 • investment management: Canada Pension Plan Investment Board; and
 • audit: Auditor General of Canada.

Service provider analysis including identification of options, costing of each, and development of recommendations must be included in the analysis.

In a broad sense, the possible options for the creation and implementation of an Alberta Pension Plan may range from:
 • retaining all existing service providers in their current capacity (e.g., Alberta could pursue agreements with those entities to deliver services for an Alberta Pension Plan);
 • to replacing all existing service providers with Alberta Pension Plan equivalents.

This range of options shall be included in the analysis. Other options not initially identified by the Department should also be included.

Various demographic and financial data must be identified and analyzed as part of this report, including, but not limited to: working age population, seniors population, employment rate, income, inter-provincial migration (working age and seniors) and how these factors interact. Financial data that must be analyzed include, but are not limited to: contributions, investment income, expenditures, cash flow, and the asset/liability ratio. Other data may be relevant to the analysis and should be identified by the vendor. Analysis shall include a spectrum of projections for each of these data (e.g., high, medium, low scenarios), possible outcomes and their interaction.

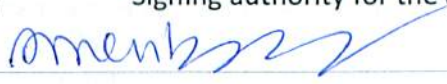
The report must also include an estimate of the liabilities and assets that would be transferred from the CPP into the Alberta Pension Plan and on what basis those amounts could be calculated. Cost analysis shall be provided for options pertaining to start-up, ongoing operations, plan administration, plan investment management, and contribution rates. The use of actuarial software shall be required in the management of these data. Again, a range of scenarios/options shall be provided with analysis of each.

Risk identification and treatment should also be included in the final report. An objective of this project is to identify, assess, and propose treatment for potential risks associated with the start-up and maintenance of an Alberta Pension Plan, including, but not limited to, those regarding: benefits, funding costs, portability, administration, and investment management.

Risks of not Proceeding with this procurement:

Without this procurement, the department will not be able to complete actions assigned to support implementation of the Fair Deal Panel recommendation 13 A and B. This is primarily because the resources needed to assess and validate information relevant to the creation of an APP (e.g., actuarial modelling software) do not reside internally within the department.

Do you have funds available in your existing budget?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the Contract span other fiscal years? If no, skip the next question.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Do you have funds available for the term of the Contract? (following fiscal years)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Have you considered other sources for this procurement? ie: internal resources	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Did you conduct benchmarking for this procurement? Market/Industry price is comparable	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does this require a Business Case? Sole-source contract over \$10,000 or an open tender contract over \$250,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the procurement comply with the Department's current Business Plan?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If it does not comply with the Department's current Business Plan, please provide an explanation:	
Was the Procurement Risk Worksheet completed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Did you answer yes to any of the risk questions? If yes, CRC approval is required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Est. Posting date: <i>September 10, 2020</i>	
Procurement Approvals will depend on the amount and the type of procurement. See Financial Management Framework for approval levels.	
<input checked="" type="checkbox"/> Contract Manager Approval: sign below	
Lois.Stewart	<i>Digitally signed by Lois.Stewart Date: 2020.08.25 09:31:17 -06'00'</i>
<input checked="" type="checkbox"/> Financial Services Approval: sign below	
Rhonda M Wood-Viscarra	<i>Digitally signed by Rhonda M Wood-Viscarra Date: 2020.08.25 12:00:08 -06'00'</i>
<input checked="" type="checkbox"/> Expenditure Officer Approval up to \$50,000: sign below	
David Mulyk	<i>Digitally signed by David Mulyk Date: 2020.08.25 10:05:28 -06'00'</i>
<input checked="" type="checkbox"/> Contract Review Committee Approval/SFO: sign below	
craig.k.johnson@gov.ab.ca	<i>Digitally signed by craig.k.johnson@gov.ab.ca DN: cn=craig.k.johnson@gov.ab.ca Date: 2020.08.27 08:56:21 -06'00'</i>
<input checked="" type="checkbox"/> Executive Committee Member Approval up to \$250,000: sign below	
Sherri Wilson	<i>Digitally signed by Sherri Wilson Date: 2020.09.09 13:20:40 -06'00'</i>
<input checked="" type="checkbox"/> Deputy Minister , Athana Mentzelopoulos Approval:	
Deputy Minister Athana Mentzelopoulos designates <i>Sherri Wilson</i> Signing authority for the awarded contract.	



****Please note** the following: That not all contracts/amendments will go the CRC for approval and the DM can waive a business case for sole source contracts over \$10,000 and contracts over \$250,000



Alberta Treasury Board and Finance
Financial Sector Regulation and Policy
429 Terrace Building, 9515-107 Street
Edmonton, Alberta T5K 2C3

REQUEST FOR PROPOSALS (“RFP”) NUMBER AB-2020-05166

Alberta Pension Plan Analysis

Treasury Board and Finance

Financial Sector Regulation and Policy

RFP Issue Date:	September 10, 2020
RFP Closing Date and Time:	October 19, 2020 no later than 14:01 Alberta Time
Purchasing Officer:	Rhonda Wood-Viscarra (rhonda.wood-viscarra@gov.ab.ca)
Telephone:	780-644-8054
Submission Email:	Tbffocon@gov.ab.ca

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1. INTRODUCTION

1.1 PREAMBLE

Proponents are invited to submit Proposals for the provision of Services in accordance with the specifications and terms and conditions set out in this RFP.

This competitive procurement will be conducted in accordance with one fundamental objective: to maximize the benefit to the Province while offering Proponents a fair and equitable opportunity to participate.

Proponents are advised to pay careful attention to the wording used throughout this RFP. Failure to satisfy any term, condition or mandatory requirement of this RFP may result in rejection of the Proposal.

1.2 RFP DEFINITIONS

Terminology used throughout this RFP is defined as follows and in the Contract (Appendix A):

“**Alberta Purchasing Connection**” or “**APC**” means the Government of Alberta’s electronic tendering system.

“**Alberta Time**” means Mountain Standard Time or Daylight Saving Time as provided for in the *Daylight Saving Time Act* (Alberta).

“**Business Day**” means 08:15 to 16:30, Alberta Time, Monday to Friday, excluding holidays observed by the Province.

“**Canada Pension Plan**” or “**CPP**” means the federal program with the *Canada Pension Plan Act* (R.S.C., 1985, c. C-8), as its legislative basis.

“**Contract**” means the written agreement between the successful Proponent and the Province to provide the Services and Materials contemplated by this RFP.

“**Contract Manager**” means an employee of Treasury Board and Finance who will be the main liaison between the Contractor and the Department once the Contract has been signed.

“**Contractor**” means the legal entity that will enter into the Contract with the Province.

“**Department**” means the Department of Treasury Board and Finance of the Government of Alberta.

“**Evaluation Team**” means the individuals who will evaluate the Proposals on behalf of the Province.

“**Facilities**” means adequate office space and equipment including desk and chair, personal computer, telephone and office supplies and access to printer and facsimile, as are determined to be necessary by the Province for the performance of the Services by the Contractor.

“**Fixed Hourly Rate**” means the definite and predetermined hourly rate charged for the performance of the Services by the successful Proponent’s resources.

“**Fixed Price**” means a definite and predetermined price charged for the performance of the Services by the successful Proponent’s resources.

“**Materials**” means any work, information, records or materials, regardless of form, which are made, generated, produced or acquired by the Contractor or its employees, subcontractors or agents in the course of performing the Services;

“**must**” or “**mandatory**” or “**shall**” means that the requirement so described must be met in a substantially unaltered form in order for the Proposal to be compliant.

“**Personal Information**” means “**personal information**” as defined in the *Freedom of Information and Protection of Privacy Act* (Alberta) (*FOIP*)

“**Prime Proponent**” means the Proponent in a Proponent Team that is responsible for the provision of all Services and Materials, and with whom the Province will enter into the Contract when a Proponent Team is to be awarded the Contract.

“**Project**” means the project outlined in section 2 of this RFP.

“**Proponent**” means an individual, business entity, organization or Proponent Team responding to this RFP with a Proposal.

“**Proponent Team**” means a consortium or other arrangement among two or more individuals, business entities, or organizations that respond to this RFP with one Proposal.

“**Proposal**” means the Proponent’s response to this RFP, and includes all the Proponent’s attachments and presentation materials.

“**Province**” means Her Majesty the Queen in right of Alberta as represented by the President of Treasury Board and Minister of Finance.

“**Purchasing Officer**” means the individual referenced on the cover page of this RFP.

“**Request for Proposals**” or “**RFP**” means this solicitation for the Services and Materials including attached appendices.

“**RFP Closing Date and Time**” means the date and time as stated on the cover page of this RFP.

“**Services**” means the work, duties, functions and deliverables to be provided by the Contractor as specified in Appendix B to this RFP.

“**Service Delivery Approach**” means the requirements and provisions set out in Attachment #4 to Appendix C to this RFP and a Proponent’s Proposal in relation to such requirements and provisions.

“**should**” or “**desirable**” means that a provision so described has a significant degree of importance to the Province and will be evaluated.

1.3 INTERPRETATION

a) Headings are used for convenience only, and they do not affect the meaning or interpretation of the clauses.

b) Words in the singular include the plural and vice versa.

2. PROJECT INFORMATION

2.1 PROJECT BACKGROUND

The Province is a joint steward of the Canada Pension Plan (CPP) along with the federal and other provincial governments.

On June 17, 2020, the Fair Deal Panel report and recommendations were released, including recommendation 13 A and B:

Develop a comprehensive plan to create an Alberta Pension Plan and withdraw from the Canada Pension Plan. Subsequently, provide Albertans the opportunity, via a referendum, to vote for or against withdrawing from the Canada Pension Plan and creating the Alberta Pension Plan.

The Province identified the following action in response to recommendation 13 A and B:

Treasury Board and Finance will develop a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan, to be completed and released in 2021. Alberta would only proceed with the creation of a provincial pension plan if supported by a majority of voters in a referendum.

The Services, as identified in this RFP, are in relation to recommendation 13 A above only; information regarding recommendation 13 B (proposed referendum) is provided for context. That is, the Services required are a detailed analysis of the costs, benefits, and structure of a potential Alberta Pension Plan, to be completed and released in 2021.

2.2 PROJECT OBJECTIVES

The Fair Deal Panel made recommendations reflective of Albertans' appetite for action in specific areas, including further exploring the merits of an Alberta Pension Plan. The Alberta Government is taking the Panel's recommendations and Albertans' questions seriously. It is important that Albertans have the information they need in order to make an informed decision about this matter.

The Province is seeking a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan. This analysis shall include actuarial, economic, legal, and technical information regarding the establishment and ongoing operation of an Alberta Pension Plan. This analysis will give all of us a clearer picture on what a future provincial pension plan may look like and help answer key questions that Albertans are asking about the costs and benefits of such a move.

Risk identification and mitigation strategies must be included in the final report. An objective of this project is to identify, assess, and propose treatment for potential risks associated with the establishment and maintenance of an Alberta Pension Plan, including, but not limited to, those regarding: benefits, funding costs, portability, administration, and investment management. It is important that all risks be assessed in order to provide assurance to Albertans.

This report must provide answers to Albertans' questions, including but not limited to:

- what would be the required contribution rate for an Alberta Pension Plan;
- how much would be transferred from CPP in terms of the assets and liabilities that presently exist and can already be attributed to Alberta beneficiaries;
- would an Alberta Pension Plan provide the same level of pension benefits as CPP and how easily might these benefits change in the future;
- how would portability between CPP (and retirement programs in other countries) and an Alberta Pension Plan work for those moving between provinces and/or countries during their work years and/or retirement;
- what role do other provinces and the federal government have in the establishment and ongoing provisions of an Alberta Pension Plan;
- how would the establishment of an Alberta Pension Plan affect other government programs (e.g., Alberta Seniors Benefit or Assured Income for the Severely Handicapped);
- how might future demographic and economic changes impact an Alberta Pension Plan;
- who would be the service providers for an Alberta Pension Plan; and
- how to ensure a smooth transition from CPP to an Alberta Pension Plan for pensioners and contributors, including businesses.

Other key questions about the costs, benefits, and structure of a potential Alberta Pension Plan shall be identified and answered, by the vendor.

Analysis shall not be limited to base CPP, but must also include additional CPP that gradually began to be phased in, starting in 2019. Analysis must not be limited to retirement benefits but shall include ancillary benefits as well, i.e., disability, survivor, children, and death benefits.

Key service providers for CPP functions include:

- actuarial: Office of the Chief Actuary, Canada;
- contribution remittance: Canada Revenue Agency;
- benefit administration: Employment and Social Development Canada;
- investment management: Canada Pension Plan Investment Board; and
- audit: Auditor General of Canada.

Service provider options for each of the above functions should be identified, analysed and costed in the final report. Analysis shall include identification and assessment of the competencies and technical capabilities required to provide each of these service provider functions. In a broad sense, the possible options for these service providers may range from:

- retaining all existing service providers in their current capacity (e.g., Alberta could pursue agreements with some or all of the service providers above to deliver services for an Alberta Pension Plan);
- to replacing all existing service providers with Alberta Pension Plan equivalents.

This range of options shall be included in the analysis, and shall be compared and contrasted. Other options not initially identified by the Department should also be included. Costing should include separate start up/implementation costs, as well as costs for ongoing operation, for each service provider approach.

Various Alberta demographic data must be identified and analyzed as part of this report, including, but not limited to: working age population, seniors population, employment rate, income, inter-provincial migration (working age and senior) and how these factors intersect with each other and financial data. At a minimum, analyses shall include a spectrum of projections for each of these data (e.g., high, medium, low scenarios), possible outcomes and their intersection. Economic and/or actuarial modelling will be required to fully analyse the potential impacts of changing demographic and economic circumstances.

Financial data that must be identified and analyzed include, but are not limited to: contributions, investment income, expenditures, cash flow, the asset/expenditure ratio, and how these factors intersect with each other and demographic data. Other data may be relevant to the analysis and should be identified by the Contractor. Scenarios, modeling, stress testing, and sensitivity analysis must be included (e.g., high, medium, low scenarios for each variable, their likelihood, and their expected impact).

The Contractor will provide actuarial, legal, and economic analysis to identify a number of critical components of a potential Alberta Pension Plan, including but not limited to:

- Alberta's existing share of CPP assets and liabilities to be transferred into an Alberta Pension Plan and on what basis those amounts could be calculated;
- the required contribution rate, initially and overtime; and
- legal requirements associated with withdrawing from CPP.

The Contractor shall, whenever possible, conduct their analysis on the basis of publicly available data and information and provide a range of options with analysis of each. Contractor assumptions should be made explicit.

The Contractor shall develop a report detailing their analysis on the basis of the above. This report shall include identification and analysis of key decision points and options. The final report must be submitted to government in early 2021, in accordance with the Services Timetable identified in the Contract.

2.3 PROJECT STRUCTURE/BUSINESS MODEL

The Executive Sponsor for this project is the Assistant Deputy Minister of the Financial Sector Regulation and Policy Division at Alberta Treasury Board and Finance.

The Project Director is the Executive Director of Pension and Insurance Policy within the Financial Sector Regulation and Policy Division at Alberta Treasury Board and Finance.

The Contract Manager is a Pension Policy Director within the Financial Sector Regulation and Policy Division at Alberta Treasury Board and Finance.

The Purchasing Officer is a Contract and Procurement Coordinator within the Strategic and Business Services Division at Alberta Treasury Board and Finance.

The Purchasing Officer will be the primary contact for potential Proponents until the Contract has been awarded. Thereafter the Contract Manager will be the primary contact for the Contractor.

The Contractor will provide biweekly updates to Alberta Treasury Board and Finance, and additional information as needed.

2.4 DURATION

The initial term of the Contract, to complete the Services of the Project, is anticipated to be for six (6) months. It is anticipated the Project will be completed early in the 2021/22 fiscal year (which commences April 1, 2021).

If required, the Province may, in its sole discretion, extend the Contract, under the same terms and conditions, for an additional term of up to six (6) months to complete the Services.

3 SERVICES, MANDATORY REQUIREMENTS, AND DESIRABLE PROVISIONS

3.1 SERVICES

The Province requires the Services as set out in Appendix B to this RFP. The anticipated duration of Services is from November 1, 2020 to April 30, 2021. The Province, in its discretion, will confirm actual start and end dates for the Services upon finalizing the Contract.

3.2 REPORTING

The Contractor will be required to submit written status reports to the Province, biweekly and/or upon request, outlining:

- overall summarization of the Project progress;
- services provided during the reporting period;
- remaining deliverables, progress, and expected delivery on each;
- issues and concerns affecting specific deliverables and the Project schedule or any other aspect of the Project; and
- any other information requested by the Province in relation to the completion of the Project.

The Contractor will make its resources available to participate in telephone and/or video conferences with the Contract Manager and/or other Department staff, as required. The Contractor and the Department will meet shortly after Contractor selection, to further discuss the elements of this proposal.

3.3 MANDATORY REQUIREMENTS - CORPORATE

The Proponent must demonstrate that it meets the mandatory requirements as set out in Attachment # 1 to Appendix C to this RFP.

3.4 DESIRABLE PROVISIONS - CORPORATE

The Proponent should demonstrate that it meets or exceeds the desirable provisions as set out in Attachment # 1 to Appendix C to this RFP.

3.5 MANDATORY REQUIREMENTS – PROPOSED RESOURCES

The Proponent must demonstrate that it meets the mandatory requirements as set out in Attachment # 2 to Appendix C to this RFP.

3.6 DESIRABLE PROVISIONS - PROPOSED RESOURCES

The Proponent should demonstrate how it meets or exceeds the desirable provisions as set out in Attachment # 2 to Appendix C to this RFP.

3.7 FACILITIES

The Contractor shall be responsible for providing all Facilities.

4. PRICING

4.1 FORM OF PRICING

The Proposal must provide the Fixed Price inclusive of all expenses to perform the Services as set out in this RFP.

4.2 CALCULATIONS

If the Proponent's "Total Fixed Price" as proposed in the Pricing Form, which is Attachment #3 to Appendix C, is miscalculated, then the Province will use the individual Fixed Price components comprising the Total Fixed Price to calculate the correct Total Fixed Price.

4.3 PROJECT BUDGET

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5. PROPOSAL

5.1 HOW TO ORGANIZE THE PROPOSAL

To assist evaluation by the Evaluation Team, Proposals should be organized in the following format using the section titles and sequence:

- a) Table of Contents;
- b) Proposal Submission Form;
- c) RFP Requirements (as set out in Attachments 1-4 to Appendix C to this RFP);
- d) Proponent Profile;
- e) Service Delivery Approach; and
- f) Appendices, if any.

5.2 WHAT TO PUT IN THE PROPOSAL

It is mandatory that Proposals include responses to requirements described with a "must", "mandatory" or "shall" in this RFP. Failure to provide a response to requirements described with a "must" "mandatory" or "shall" will result in rejection of the Proposal. It is highly desirable that Proposals also respond to "should" provisions. Proponent should ensure that all supporting information is included so that the Province can evaluate the Proponent's ability and suitability to perform the Services.

The Proposal response to all mandatory requirements will be screened to determine if the

mandatory requirements have been met. Only Proposals meeting the mandatory requirements will be evaluated. Proposal scoring will be based on the Proposal response to the desirable provisions. Scoring for exceeding mandatory requirements, if any, will be applied where indicated in this RFP. In addition, a Proponent should provide cross references to any parts of the Proposal that contain information that the Proponent wishes to be considered in the evaluation of any given requirement or provision.

5.2.1 Response to RFP Requirements

a) **Proposal Submission Form**

Submission of the Proposal shall be deemed agreement by the Proponent that if awarded the Contract, the Proponent will perform the Services in accordance with the Contract. The Proposal should include a cover letter in the form of a completed Proposal Submission Form found in Appendix C.

b) **Mandatory Requirements and Desirable Provisions - Corporate**

Proposals must provide a response to the mandatory requirements and should provide a response to the desirable provisions set out in the Mandatory Requirements - Corporate and Desirable Provisions - Corporate, Attachment # 1 to Appendix C.

c) **Mandatory Requirements and Desirable Provisions - Proposed Resources**

For each proposed resource, Proposals must provide a response to the mandatory requirements and should provide a response to the desirable provisions set out in Attachment # 2 to Appendix C to this RFP.

In addition, for each proposed resource, the Proposal should include the following information:

- A résumé detailing the proposed resource's education, work experience, including duration (month/year);
- The earliest date the proposed resource is available to perform the Services; and
- At least three business-related references.

If a résumé or references are not included with the Proposal, the Proponent must provide them within two Business Days of a request by the Province to do so.

d) **Price**

In their Proposals, Proponents must use the Pricing Form, which is Attachment #3 to Appendix C, or a similar representation of the same information, to submit their

pricing for the Services described in this RFP.

5.2.2 Proponent Profile

- a) The Proposal must include the following:
 - the legal name of the Proponent; and
 - details of any subcontracting arrangements proposed by the Proponent.
- b) The Proposals should include:
 - a brief corporate background, especially pertaining to experience on similar projects (including project references);
 - the location of the Proponent's head office and, if applicable, service centres.
 - the legal name and address of any proposed sub-contractors; and
 - a Proponent contact for all questions and clarifications arising from the Proposal. Include the person's title, address including email, telephone and facsimile number.
- c) In the case of Proponent Team Proposals, the Proposal must also:
 - identify the members of the Proponent Team and the Prime Proponent who will be the Proponent Team's contact with the GoA department;
 - provide the legal name of the Prime Proponent; and
 - describe the role of the Prime Proponent and each Proponent Team member.
- d) In the case of Proponent Team Proposals, the Proposal should:
 - provide the location of the head office and, if applicable, service centres for each Proponent Team member;
 - provide the legal name of each Proponent Team member; and
 - demonstrate a Proponent Team management approach that will ensure, for the duration of the Contract, clear lines of communication and delivery of Services.

Where the information requested of a Proponent in 5.2.2 b) or a Prime Proponent in 5.2.2 d) above is not included with the Proposal, the information must be provided within two Business Days of a request by the Province to do so.

5.2.3 Service Delivery Approach & Quality of Proposal

In their Proposals, Proponents must provide a response to the mandatory requirements and should provide a response to the desirable provisions set out in

Attachment #4 to Appendix C-Service Delivery Approach and Quality of Proposal to this RFP.

5.2.4 Appendices

If a Proponent wishes to include any other material not specifically requested by this RFP, it may do so by including additional appendices in the Proposal.

5.2.5 Contract Provisions

Proponents, by submitting a Proposal, are deemed to have accepted each of the provisions of the Contract in Appendix A exactly as drafted. Schedules A and B to the Contract and any blank items will be completed by the Province when preparing the Contract to be entered into with the successful Proponent.

6. EVALUATION

6.1 SCREENING

After receiving the Proposals, the Evaluation Team will screen each to determine if the Proponent met the mandatory requirements of this RFP. A Proponent must provide sufficient detail in its Proposal to demonstrate that it has met this RFP's mandatory requirements.

The Evaluation Team will then evaluate Proposals that have passed the initial screening.

6.2 SCORING

The Evaluation Team will use the following criteria to evaluate Proposals. Subject to the requirements of FOIP, the evaluations shall be confidential, and not released to any party.

6.3 PROPOSAL EVALUATION CRITERIA

The RFP evaluation categories and associated weighting will be as follows:

Evaluation Categories		Weight
1.	Corporate profile / qualifications experience	10%
2.	Resource Qualifications	20%
3.	Service delivery approach	30%
4.	Quality of Proposal (physical quality and understanding of Project)	10%
5.	Price	30%
	Total	100%

6.4 SHORT LISTING

The Province may establish a shortlist of Proponents who may be asked to make formal

presentations regarding their Proposal to the Evaluation Team. Key Proponent management and technical resources will be expected to participate in such presentations. These short-list presentations will be made at no cost to the Province. Proposal scoring may be adjusted based on the shortlist presentations.

6.5 REFERENCE CHECKS

The Province may conduct reference checks of Proponents or their proposed resources. The Province may contact references, including references other than those submitted by the Proponent. The Proposal may be rejected if, in the opinion of the Province, the Proponent or any proposed resource receives unsatisfactory references.

6.6 SELECTION

Proposals will be evaluated and scored based on the quality of response to the requirements and provisions of this RFP. The Evaluation Team will make the final selection, if any, based on the highest scoring compliant Proposal from the evaluation scoring, shortlist presentation (if applicable), and reference checks.

6.7 RESOURCE REPLACEMENT

Replacement of proposed resources is not encouraged, however, there could be circumstances following the RFP Closing Date and Time and prior to Contract execution that a Proponent may request in writing that a proposed resource be replaced. Any proposed resource replacement must have, in the opinion of the Province, equivalent or better qualifications than the resource originally proposed. Proponents will not receive additional credit in the evaluation process if the qualifications of the replacement resource exceed that of the originally proposed resource. The Province reserves the right to deny any request for replacement and reject any proposed resource replacement.

6.8 PROPOSAL CLARIFICATIONS

At any time during the evaluation process, the Province may ask the Proponent to clarify statements made in its Proposal.

7. RFP TERMS AND CONDITIONS

7.1 ACCESS TO RFP DOCUMENTS

The Province uses APC to post procurement opportunities. Obtaining the RFP directly from APC facilitates receipt of any RFP updates or amendments issued by the Province. The Province will reject Proposals that do not comply with the RFP requirements, including RFP requirements that have been updated or amended by the Province through APC.

7.2 RFP SCHEDULE OF EVENTS

RFP Issue Date: September 10, 2020

RFP Closing Date and Time: October 19, 2020 at 14:00:59 Alberta Time
Evaluation of Proposals: October 19 – 30, 2020
Selection of Preferred Proponent: October 31, 2020
The above dates are provided for information only and are subject to change at the sole discretion of the Province.

7.3 PROPONENT INFORMATION SESSION

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7.4 PROPOSAL SUBMISSION

Proposals must be delivered to the Province in digital format, i.e. PDF or Microsoft Word by e-mail only. Facsimile and hard copy Proposals submitted in whole or in part will not be accepted as the Proponent's Proposal.

Proposals must be delivered electronically only.

In responding to this RFP, the Proponent's attention is drawn to the following:

- a) Proposals received after the RFP's Closing Date and Time will be rejected.
- b) Ambiguous, unclear or unreadable Proposals may be rejected.
- c) Proposals should be delivered with the RFP's number in the subject line.
- d) Proposals must be delivered to the following email address:

tbffocon@gov.ab.ca

- e) Proposals must be received prior to the RFP's Closing Date and Time.
- f) Proposals must be submitted in PDF or Microsoft Word format only.

Any Proposal sent by e-mail shall be deemed received when actually delivered or received, if electronic transmission is on a Business Day, or if not on a Business Day, on the following Business Day. The onus shall be on a party asserting delivery of a Proposal or other communication to establish that it was delivered in accordance with the foregoing, provided that in the case of e-mail such onus shall be discharged by proof that an e-mail sent to the designated e-mail address was received and opened at that e-mail address.

7.5 PROPOSAL PUBLIC OPENING

Proposals will not be opened publicly.

7.6 MULTIPLE PROPOSALS

If a Proponent submits more than one Proposal, the Proponent must submit each Proposal

separately in the same format as outlined in this RFP. Each Proposal submitted by the same Proponent must meet the mandatory requirements of this RFP. The Evaluation Team will decide the acceptability of each Proposal separately.

7.7 PROPONENT TEAM PROPOSALS

In the case of a Proponent Team Proposal, the Province requires that the Prime Proponent has responsibility for all terms and conditions of the Contract. If a Proponent Team is selected as the successful Proponent, only the Prime Proponent will be identified as the Contractor in the Contract.

7.8 PRICE

Prices proposed shall be in **Canadian funds** and exclusive of the Goods and Services Tax and the Harmonized Sales Tax.

In the event of any inconsistency between words and numbers, words shall govern.

7.9 PROPONENT QUESTIONS

Unless otherwise advised by the Purchasing Officer, all questions and any form of communication between the Proponents and the Province in relation to this RFP must be submitted in writing to the Purchasing Officer. All questions and responses will be documented.

The Province intends to disseminate all questions and their corresponding responses to all Proponents. If a Proponent considers a question to be confidential, and requests that the question and the response not be disseminated to all Proponents, then the Proponents must provide an explanation as to why confidentiality is being requested. Questions and responses will be treated as confidential only in exceptional circumstances.

If the Province, in its sole discretion, considers that the question and its corresponding response ought to be kept confidential, it will direct the response only to the Proponent that has asked the confidential question, and not to the other Proponents. If the Province determines that the question and the response ought not to be kept confidential, it will advise the Proponent and the Proponent will have the opportunity to withdraw the question.

The Proponent has the responsibility to notify the Province, in writing, of any ambiguity, divergence, error, omission, oversight, contradiction, or item subject to more than one interpretation in this RFP, as it is discovered, and to request any instruction, decision, or direction necessary to prepare the Proposal.

Questions or concerns must be communicated in writing to the Purchasing Officer at least three Business Days prior to the RFP's Closing Date and Time. Questions received after this time will be answered if, in the opinion of the Province, time permits.

Verbal responses to enquiries are not binding on any party.

7.10 PROPOSAL ALTERATIONS AND IRREVOCABILITY

Proponents may only amend or rescind their Proposal before the RFP Closing Date and Time by submitting a clear and detailed written notice to the Province in accordance with section 7.4(c).

Subject to section 7.11 all Proposals become irrevocable after the RFP Closing Date and Time.

In either of the following circumstances:

- a) the Proponent has rescinded a Proposal before the RFP Closing Date and Time; or
- b) the Province has received the Proposal after the RFP Closing Date and Time;

such a Proposal will, at the Proponent's choice, either be returned to the Proponent at the Proponent's expense after the RFP Closing Date and Time, or destroyed by the Province after the RFP Closing Date and Time.

7.11 PERIOD OF COMMITMENT

Proposals shall be final and binding on the Proponent for ninety (90) days from the RFP's Closing Date and Time and may not be altered by subsequent offerings, discussions, or commitments unless the Proponent is asked to do so by the Province.

7.12 PROPOSAL IRREGULARITY OR NON-COMPLIANCE

The Province reserves the right to waive an irregularity or non-compliance with the requirements of this RFP where the irregularity or non-compliance is minor or inconsequential. The determination of what is or is not a minor or inconsequential irregularity or non-compliance, and the determination of whether to waive or not waive the irregularity or non-compliance, shall be at the Province's sole discretion.

7.13 PROPOSAL RETURN

Subject to section 7.10, Proposals and accompanying documentation, upon receipt by the Province, will become the property of and will be retained by the Province.

7.14 CONFIDENTIALITY AND SECURITY OF INFORMATION

The Proponent, the Proponent's employees, subcontractors, and agents shall:

- a) keep strictly confidential all information concerning the Province or third parties, or any of the business or activities of the Province or third parties acquired as a result of participation in the RFP; and
- b) only use, copy or disclose such information as necessary for the purpose of submitting

a Proposal or upon written authorization from the Province.

The Proponent shall maintain security standards, including control of access to data and other information, consistent with the highest standards of business practice in the industry.

No press release or other public announcement relating to this RFP shall be issued without the prior written consent of the Province.

7.15 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT (ALBERTA) (FOIP)

The Proponent acknowledges that:

- a) FOIP applies to all information and records relating to, or obtained, generated, created, collected or provided under, the RFP or the Contract and which are in the custody or under the control of the Province. FOIP allows any person a right of access to records in the Province's custody or control, subject to limited and specific exceptions as set out in FOIP; and
- b) The Proponent, if it considers portions of its Proposal to be confidential, shall identify those parts of its Proposal to the Province considered to be confidential and what harm could reasonably be expected from disclosure. The Province does not warrant that this identification will preclude disclosure under FOIP.

7.16 CONSENT TO THE USE OF PERSONAL INFORMATION

The purpose of collecting Personal Information for this RFP is to enable the Province to ensure the accuracy and reliability of the information, to evaluate the Proposal, and for other related program purposes of the Province. Authority for this collection is the *Government Organization Act* (Alberta), as amended from time to time and section 33 (c) of FOIP. The Proponent may contact the Purchasing Officer identified in the RFP regarding any questions about collection of Personal Information pursuant to this RFP.

The Proponent consents, and has obtained the written consent from any individuals identified in the Proposal, to the use of their Personal Information in the Proposal by the Province, the Province's employees, subcontractors and agents, to enable the Province to evaluate the Proposal and for other program purposes of the Province. The Proponent must provide those written consents within two Business Days of a request by the Province to do so.

7.17 CONFLICT OF INTEREST

On or before the Closing Date and Time of this RFP, Proponents must fully disclose to the Purchasing Officer, in writing, the circumstances of any actual, possible or perceived conflict of interest in relation to the Proponent, all Proponent Team members or any employee, sub-contractor or agent, if the Proponent were to become the Contractor pursuant to this RFP. The Province shall review any submissions by Proponents under this provision and may reject any Proposal where, in the opinion of the Province, the Proponent,

any Proponent Team member, employee, sub-contractor or agent is, could be, or could be perceived to be in a conflict of interest if the Proponent were to become the Contractor pursuant to this RFP.

7.18 *LOBBYISTS ACT*

The Proponent acknowledges that:

- a) the *Lobbyists Act* (Alberta), as amended from time to time, establishes certain obligations and prohibitions with respect to lobbying and contracts for paid advice, as those terms are defined in the *Lobbyists Act*; and
- b) it is responsible for complying with the *Lobbyists Act* (Alberta) during the RFP process, and if the successful Proponent, during the Contract.

7.19 TRADE AGREEMENTS

This RFP is covered by existing trade agreements as follows:

- a) Canadian Free Trade Agreement (Chapter 5 Government Procurement);
- b) New West Partnership Trade Agreement;
- c) Comprehensive and Economic Trade Agreement (Chapter 19); and
- d) World Trade Organization's Agreement on Government Procurement Agreement;
and
- e) Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

7.20 MODIFIED RFP PROCESS

If no compliant Proposals are submitted in response to this RFP, the Province reserves the right to undertake a modified RFP process in order to select a successful Proponent. The modified RFP process, if used, will be conducted as follows:

- All Proponents submitting non-compliant Proposals, other than those who submitted Proposals after the RFP Closing Date and Time, will be asked to prepare a "Modified Proposal". The necessity, scope and the timing of such a modified RFP process will be solely at the Province's discretion;
- Details regarding the manner and form of the modified RFP process and the expected deliverables to be included therein will be provided in advance to all Proponents who submitted a non-compliant Proposal;
- Modified Proposals and accompanying documentation, upon receipt by the Province, will become the property of and be retained by the Province;
- Proponents submitting Modified Proposals must meet the mandatory requirements identified in the modified RFP process; and
- At the conclusion of the modified RFP process, following the Proponents' submission of the Modified Proposals, the Evaluation Team will evaluate Modified Proposals in accordance with an evaluation plan developed for the modified RFP process.

7.21 RFP TERMS AND CONDITIONS

By submitting a Proposal, the “RFP Terms and Conditions” contained in this section 7 of this RFP are deemed to be accepted by the Proponent in their entirety and without any changes.

7.22 EXTENSION, AMENDMENT TO OR CANCELLATION OF RFP

The Province may extend the RFP Closing Date and Time, or the Province may amend, suspend, postpone or cancel this RFP.

7.23 COSTS OF THE PROPOSAL

The Proponent is responsible for all costs of preparing and presenting its Proposal and, if applicable, entering into the Contract.

7.24 CONTRACT AWARD

Following the final selection, if any, the Province and the successful Proponent will enter into the Contract containing the terms and conditions in Appendix A. If, in the opinion of the Province, it appears that a Contract will not be entered into with the successful Proponent within 30 days, the Province may contract with the Proponent that submitted the next highest scoring compliant Proposal.

7.25 REPRESENTATIONS AND WARRANTIES

Statements made in a Proposal may be incorporated into, attached to, or otherwise included in Schedule A to the Contract, and shall constitute representations and warranties of the successful Proponent and shall form part of the Contract.

7.26 RELEASE OF PROPOSAL INFORMATION

The Province reserves the right to disclose the names of responding Proponents and any summary cost information deemed appropriate by the Province.

7.27 PROPONENT DEBRIEFING

At the written request of an unsuccessful Proponent, the Province will conduct a debriefing to tell the Proponent why its Proposal was not selected. The unsuccessful Proponent’s written request for a debriefing must be received by the Province within 10 Business Days of notification to the Proponent that it was unsuccessful.

7.28 CLAIMS FOR DAMAGES OR COMPENSATION

Notwithstanding any other provision in this RFP, a Proponent who responds to this RFP agrees that any claim for damages or compensation of any kind related directly or indirectly

to a breach of contract or other cause of action arising from:

- the RFP process;
- the evaluation of Proposals;
- the awarding of the Contract; or
- a decision by the Province not to award the Contract

shall be limited to the Proponent's actual Proposal preparation costs. "Proposal preparation costs" are the actual costs borne by a Proponent to prepare and submit its Proposal. By submitting a Proposal a Proponent acknowledges and accepts this limitation.

7.29 PROPOSAL ACCEPTANCE/REJECTION

The Province is not required to accept the lowest cost Proposal, and may reject any or all Proposals.

APPENDIX A– Contract

CONTRACT NUMBER: _____
THIS CONTRACT MADE EFFECTIVE THE _____ DAY OF _____, 20 ____.
BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA,
as represented by the President of Treasury Board and Minister of Finance
(the “Province”)

- and -

NAME OF CONTRACTOR
(the “Contractor”)

BACKGROUND

Pursuant to a request for proposals issued by the Province and a proposal submitted by the Contractor, the Contractor has agreed to provide certain services and materials related to Alberta Pension Plan Analysis;

Therefore the parties agree as follows:

DEFINITIONS

1. In this Contract:
 - (a) “Business Day” means 8:15 am to 4:30 pm in Alberta from Monday through Friday excluding holidays observed by the Province;
 - (b) “Contract” means this document, Schedule A and Schedule B;
 - (c) “Effective Date” means the date first above written;
 - (d) “FOIP Act” means the *Freedom of Information and Protection of Privacy Act* (Alberta), as amended from time to time;
 - (e) “Materials” means any work, information, records or materials, regardless of form, which are made, generated, produced or acquired by the Contractor or its employees, subcontractors or agents in the course of performing the Services;
 - (f) “Personal Information” means personal information as defined in the *FOIP Act*;
 - (g) “Proposal” means the proposal submitted by the Contractor dated [insert date];

- (h) “RFP” means the Request for Proposal issued by the Province dated September 10, 2020;
- (i) “Services” means the work, duties, functions and deliverables described in Schedule A; and
- (j) “Term” means the contract period specified in clause 2.

TERM OF CONTRACT

- 2. This Contract shall be effective from the Effective Date until April 30, 2021 unless terminated in accordance with this Contract.

The Province may extend the Contract, under the same terms and conditions, for an additional term of up to six (6) months.

PERFORMANCE OF SERVICES

- 3. The Contractor agrees to perform the Services in accordance with the provisions of this Contract and follow any directions from the Province regarding the performance of the Services. The Contractor warrants that it has the qualifications and expertise to perform the Services, and statements regarding the performance of Services made by the Contractor in its Proposal that is incorporated into, attached to or otherwise included in Schedule A are representations and warranties of the Contractor and form part of this Contract.

PAYMENT

- 4.
 - (a) The Province agrees to pay the Contractor the fixed price sum of \$ **TBD** (Canadian funds), including all expenses incurred by the Contractor, to perform the Services. The Contractor shall be paid:
 - i. the amounts specified in Schedule B for completion of the Services in accordance with this Contract; and
 - ii. upon submitting an invoice and other supporting documentation required by the Province describing the Services for which payment is claimed.
 - (b) The Province shall pay the Contractor within 30 days of receipt of an invoice provided the requirements of clause 4(a) have been met.
 - (c) The Province represents and warrants that, as the purchaser of the Services provided under this Contract, no amount payable under this Contract is subject to the Goods and Services Tax (GST) or Harmonized Sales Tax (HST) under Part IX of the *Excise Tax Act* (Canada) as amended. The Government of Alberta’s GST Registration Number is 1240 72513 RT0001.

- (d) The Province may deduct from all payments to the Contractor such amounts as are required by the *Income Tax Act* (Canada) as amended, revised or substituted from time to time.
5. The Province may order the re-execution of any Services or Materials which are not performed in accordance with the provisions of this Contract, in which case the Contractor shall re-execute the Services or Materials at the Contractor's expense in accordance with this Contract.

RECORDS AND REPORTING

6. The Contractor shall:
- (a) keep and maintain in accordance with Canadian generally accepted accounting principles complete and accurate books, records and accounts relating to this Contract and, on demand, provide to the Province these documents to examine, audit and make copies and take extracts; and
 - (b) keep the documents referred to in clause 6(a) for three years following the completion or termination of this Contract.
7. The Contractor shall submit written status reports to the Province, biweekly and/or upon request, outlining:
- overall summarization of the Project progress;
 - services provided during the reporting period;
 - remaining deliverables, progress, and expected delivery on each;
 - issues and concerns affecting specific deliverables and the Project schedule or any other aspect of the Project; and
 - any other information requested by the Province in relation to the completion of the Project.

The Contractor will make its resources available to participate in telephone and/or video conferences with the Contract Manager and/or other Department staff, as required.

NON-ASSIGNABILITY AND SUBCONTRACTING

- 8.
- (a) The Contractor shall not:
 - i. assign or otherwise dispose of any of its rights, obligations or interests in this Contract; or
 - ii. subcontract the Services (other than as specified in Schedule A)

without the prior written consent of the Province, which shall not be unreasonably withheld.

- (b) When the Contractor retains any subcontractor(s) in connection with performance of the Services, the Contractor shall:
 - i. be responsible for remunerating the subcontractor(s);
 - ii. be responsible for the performance and activities of the subcontractor(s); and
 - iii. contractually obligate the subcontractor(s) to take action, or refrain from taking action, as necessary to enable the Contractor to fulfill its obligations under this Contract.

PERSONNEL REPLACEMENT

- 9.
 - (a) The Contractor shall not replace any employee, subcontractor or agent identified in Schedule A, or add any employee, subcontractor or agent, to perform the Services without the prior written approval of the Province, which approval shall not be unreasonably withheld.
 - (b) The Contractor shall:
 - i. remove any employee, subcontractor or agent of the Contractor engaged in providing the Services upon the written request of the Province within the time limit indicated in such request; and
 - ii. only replace such removed employee, subcontractor or agent of the Contractor upon getting the prior written approval of the Province, which approval shall not be unreasonably withheld.

COMPLIANCE

- 10. The Contractor shall:
 - (a) comply with the provisions of all laws, now in force or in force after the signing of this Contract, that expressly or by implication apply to the Contractor in performing the Services; and
 - (b) when the *Workers' Compensation Act* (Alberta), as amended from time to time, applies, and upon request from the Province, deliver to the Province a certificate from the Workers' Compensation Board showing that the Contractor is registered and in good standing with the Board.

MATERIAL OWNERSHIP

- 11.
 - (a) Ownership of all Materials including any associated copyright, patent, trade secret, industrial design or trade mark rights belongs to the Province as they are made, prepared, developed, generated, produced or acquired under this

Contract. The Materials shall be delivered to the Province upon completion or termination of this Contract, or upon request of the Province.

- (b) Ownership of any work, information, records or materials, regardless of form, including copyright, patent, industrial design or trademark which was owned by the Province, the Contractor or a third party prior to the Effective Date remain the property of each party respectively.
- (c) Where any work, information, records or materials, regardless of form, including copyright, patent, industrial design or trademark owned by the Contractor prior to the Effective Date (“Contractor Materials”) is reproduced or incorporated in the Materials, the Contractor grants to the Province a perpetual, irrevocable, non-exclusive, royalty-free license to use, reproduce or distribute those Contractor Materials, for any purpose.
- (d) The Contractor
 - i. irrevocably waives in whole all moral rights, and
 - ii. shall ensure that its employees, subcontractors and agents irrevocably waive in whole all moral rights,

in and to the Materials in favour of the Province and the Province’s assignees and licensees. Upon request of the Province, the Contractor shall deliver to the Province copies of the waivers obtained from its employees, subcontractors and agents engaged in providing the Services.

- (e) Prior to reproducing or incorporating any third party copyright materials into the Materials, the Contractor must obtain written permission from the copyright holder and provide the Province with copies of the written permissions that are satisfactory to the Province.
- (f) The Contractor shall cooperate with the Province in protecting the Province’s ownership or intellectual property rights in the Materials.

NON-DISCLOSURE OF INFORMATION

12.

- (a) Except as provided in clauses 12 and 13, all information, regardless of form, including Personal Information, that is obtained, generated, provided or collected by the Contractor in the performance of the Services (the “Province’s Information”), shall not be disclosed or published by the Contractor without the prior written consent of the Province. The Contractor may disclose the Province’s Information to employees, subcontractors or agents of the Contractor who have a need to know for the purpose of performing the Services, provided that the Contractor has a confidentiality agreement with the agent or permitted subcontractor containing confidentiality provisions substantially similar to this Contract.

- (b) Subject to clause 13(b), the Contractor's obligations in clause 12(a) do not apply to information or documents which:
 - i. are or become publicly available through no act or omission of the Contractor;
 - ii. are independently developed without benefit of the Province's Information; or
 - iii. are received by or from a third party without restriction and without a breach of an obligation of confidentiality.
- (c) The Contractor shall retain the Province's Information as confidential and shall make reasonable security arrangements against unauthorized access, use, disclosure, loss, destruction or alteration of the Province's Information. The Contractor shall immediately advise the Province of any unauthorized access, use, disclosure, loss or destruction of the Province's Information, and shall provide the Province any assistance reasonably required to rectify such a situation.
- (d) The Contractor shall return or deliver the Province's Information to the Province upon completion or termination of this Contract, or upon request of the Province. Notwithstanding the foregoing, the Contractor may retain a copy of some or all of the Province's Information if and only to the extent required for the Contractor to meet its professional standards obligations, provided that the rest of the Contractor's obligations under this clause 12 and clause 13 continue to apply in respect of any such Province's Information.
- (e) The Province's Information may be disclosed to the extent required by law or court order, provided that the Province is given reasonable notice and opportunity to seek to prevent or limit its disclosure.
- (f) No press release, public announcement or other public commentary relating to this Contract shall be made by the Contractor without the prior written approval of the Province.

FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

13.

- (a) The Contractor acknowledges that this Contract, including without limitation the name of the Contractor, fees payable, the Term, and details of the Services may be subject to disclosure under the *FOIP Act*. The Contractor further acknowledges that the *FOIP Act* applies to the Province's Information collected, used or disclosed in the performance of Services, and the Contractor shall adhere to the *FOIP Act* in its collection, use and disclosure of any Personal Information.

- (b) The Contractor shall not collect, use or disclose any Personal Information under this Contract except as reasonably required to fulfill its obligations under this Contract, or as otherwise expressly authorized in writing by the Province.
- (c) Upon request, the Contractor shall, at the Contractor's expense, and within five Business Days, provide to the Province any records that are requested under the access provisions of the *FOIP Act* that are in the custody or under the control of the Contractor. Should the Contractor receive an access request under the *FOIP Act*, the Contractor shall not respond to it, but shall immediately forward the access request to the Province for further handling.
- (d) In providing the Services the Contractor shall make every reasonable effort to ensure that Personal Information that is to be or is actually used to make a decision that directly affects an individual, is both complete and accurate. At the Province's request, the Contractor must correct, within five Business Days of the request, Personal Information that the Contractor may have either collected or compiled about an individual pursuant to this Contract.
- (e) The Contractor shall:
 - i. protect Personal Information against any unauthorized access, use, disclosure, loss, destruction or alteration;
 - ii. immediately advise the Province of any actual or potential unauthorized access, use, disclosure, destruction or alteration of Personal Information and provide all reasonable assistance to the Province to prevent or remedy the same; and
 - iii. provide the Province with any information regarding the Contractor's security measures that the Province may require to verify compliance with the *FOIP Act*.
- (f) The Contractor shall store only in Canada all records of Personal Information which are disclosed to the Contractor under this Contract, including records that are collected, used or stored on behalf of the Province.
- (g) The Contractor shall act on any direction that the Province may provide with regard to the use, collection, access, security, disclosure, alteration, loss or destruction of the Personal Information.

INDEMNITY AND LIABILITY

14.

- (a) Each party shall indemnify and hold harmless the other, its employees and agents against and from any and all third party claims, demands, actions, or costs (including legal costs on a solicitor-client basis) to the extent arising from
 - i. that party's breach of this Contract, or
 - ii. the negligence, other tortious act or wilful misconduct of that party, or those for whom it is legally responsible, in relation to the performance of its obligations under this Contract.

- (b) The Contractor shall indemnify and hold harmless the Province against and from any loss or damage to the real or personal property of the Province to the extent arising from the Contractor's breach of this Contract or from the negligence, other tortious act or wilful misconduct of the Contractor, or those for whom it is legally responsible.
- (c) Except in respect of losses or damages arising from its gross negligence or wilful misconduct, in no event shall the Contractor be liable to the Province for any losses or damages arising in connection with or resulting from the Services provided under this Contract in an amount exceeding \$5 million.
- (d) In no event shall either party be liable in connection with this Contract or the Services for any incidental, consequential, special, indirect, punitive or similar damages, including any loss of profit.

INSURANCE

15.

- (a) The Contractor shall, at its own expense, and without limiting its liabilities or obligations under this Contract, insure its operations under a contract of general liability insurance in an amount not less than \$2,000,000 inclusive per occurrence, insuring against bodily injury, personal injury, and property damage including loss of use thereof.
- (b) The Contractor shall, at its own expense, and without limiting its liability under this Contract, maintain throughout the Term and for a period of 12 months following the completion or termination of this Contract, errors and omissions insurance in an amount not less than \$5,000,000 per claim, insuring its liability resulting from errors or omissions in the performance of its professional services under this Contract.
- (c) The Contractor shall provide the Province with acceptable evidence of insurance, in the form of a detailed certificate of insurance, prior to commencing the Services and at any other time upon request of the Province.
- (d) The Contractor shall ensure that all its subcontractors obtain and maintain insurance sufficient to meet the requirements in this clause 15.
- (e) When requested by the Province, the Contractor shall provide evidence of endorsement to provide the Province with 30 days advance written notice of cancellation of insurance coverage.

RELATIONSHIP OF PARTIES

16. The relationship of the Contractor to the Province in performing the Services under this Contract is that of an independent contractor, and nothing in this Contract is to be

construed as creating an agency, partnership, joint venture or employment relationship between the Contractor and the Province.

NOTICES

17.

- (a) Any notice to be made under this Contract is to be made in writing, and is effective when delivered to the address or transmitted by fax to the fax number, as follows:

The Province: Treasury Board and Finance
Address: 4th floor Terrace Building
9515 107 Street
Edmonton, Alberta T5K 2C3
Attention: Director, Pension Policy
Email: Lois.stewart@gov.ab.ca

The Contractor: _____
Address: _____

Attention: _____
Email: _____

The parties respectively designate for the time being, the individuals identified in this clause as having the authority to give notice, and notice given by these individuals is binding on the party giving the notice.

- (b) Either party may change its information in clause 17(a) by giving notice to the other in the manner described in clause 17(a).
- (c) Any notice personally served or sent by email shall be deemed received when actually delivered or received, if delivery or fax transmission is on a Business Day, or if not on a Business Day, on the following Business Day. The onus shall be on a party asserting delivery of a notice or other communication to establish that it was delivered in accordance with the foregoing, provided that, in the case of e-mail, such onus shall be discharged by proof that an e-mail sent to the designated e-mail address was received and opened at that e-mail address.

TERMINATION

18.

- (a) The Province may at any time immediately terminate this Contract, without cause, upon written notice to the Contractor.
- (b) If this Contract is terminated:
 - i. all Materials made, prepared, developed, generated, produced or acquired by the Contractor, or its employees, subcontractors or agents under this Contract are the property of the Province; and
 - ii. the Province shall only have to pay the Contractor for the Services completed in accordance with this Contract up to the effective date of termination.

SAFE, SECURE AND RESPECTFUL WORKPLACE

19.

- (a) The Contractor, its employees, subcontractors and agents when using any of the Province's buildings, premises, equipment, hardware or software shall comply with all safety and security policies, regulations or directives relating to those buildings, premises, equipment, hardware or software.
- (b) When communicating or interacting with the Province's employees, the Contractor, its employees, subcontractors and agents shall comply with the Province's *Respectful Workplace Policy*, as amended from time to time. A copy of this policy is available from the Province's representative designated in clause 20(a).

PARTIES' REPRESENTATIVES

20.

- (a) The Province designates the Director, Pension Policy of the Department of Treasury Board and Finance as the Province's representative for communications and ongoing contact between the Province and the Contractor in matters relating to this Contract, other than giving notice pursuant to clause 17(a).
- (b) The Contractor designates _____ as the Contractor's representative for communications and ongoing contact between the Province and the Contractor in matters relating to this Contract, other than giving notice pursuant to clause 17(a).
- (c) Either party may change its designated representative above by sending written notice to the other party of such change.

CONFLICT OF INTEREST AND ETHICAL CONDUCT

21.

- (a) The Contractor shall ensure that there is not a conflict of interest or an apparent conflict of interest on the part of the Contractor or its employees, subcontractors or agents in relation to the Services, and all Services shall be performed in accordance with high ethical standards, including without limitation the following:
- i. the Contractor and its employees, subcontractors and agents shall not influence, or seek to influence, or otherwise take part in a decision of the Province knowing that the decision might further their private interests;
 - ii. where the Services involve providing advice, making recommendations to the Province or exercising discretionary authority regarding a right, permission, privilege, status, contract or benefit, then such advice, recommendations or discretion must be provided, made or carried out impartially and without bias;
 - iii. except for payment as set out in this Contract, the Contractor and its employees subcontractors or agents shall not accept any collateral gift, payment, commission or other direct benefit arising from or connected to the performance of the Services;
 - iv. the Contractor and its employees, subcontractors and agents shall not have any financial interest in the business of a third party that causes, or would appear to cause, a conflict of interest in connection with the performance of the Services;
 - v. the Contractor, upon request by the Province, shall deliver copies of all written ethical standards, conflict of interest policies and codes of conduct established or observed by the Contractor in its business practices or in relation to its employees, subcontractors or agents; and
 - vi. the Contractor shall comply with, and ensure that, its employees, subcontractors and agents comply with, the *Lobbyists Act* (Alberta), as amended from time to time.
- (b) In the event the Contractor becomes aware of any matter that causes or is likely to cause a conflict of interest in relation to the performance of the Services, the Contractor shall immediately disclose such matter to the Province in writing. Upon such disclosure, the Contractor shall not commence or continue performance of the Services without the prior written consent of the Province. If the Province is of the opinion the Contractor or its employees, subcontractors or agents are in a conflict of interest, the Province may terminate this Contract.

SURVIVAL OF TERMS

22. Notwithstanding any other provision of this Contract, those clauses which by their nature continue after the conclusion or termination of this Contract shall continue after such completion or termination, including without limitation the following:

- (a) clause 6 Records and Reporting;
- (b) clause 11 Material Ownership;
- (c) clause 12 Non-Disclosure of Information;
- (d) clause 13 Freedom of Information and Protection of Privacy; and
- (e) clause 14 Indemnity and Liability.

GENERAL

23. In the case of conflicts or discrepancies among this document and the Schedules and any Schedules attached to this document, the documents shall take precedence and govern in the following order:
 - (a) The body of this document, and
 - (b) The Schedules to this document.
24. Time is of the essence of this Contract.
25. This Contract contains the entire agreement of the parties concerning the subject matter of this Contract and except as expressed in this Contract, there are no other understandings or agreements, verbal or otherwise, that exist between the parties.
26. Any waiver by either party of the performance by the other of an obligation under this Contract must be in writing, and such waiver does not constitute a continuing waiver of the performance of that obligation unless a contrary intention is expressed in writing.
27. The rights and remedies of the Province under this Contract are cumulative and any one or more may be exercised.
28. The Parties may amend this Contract only by mutual written agreement signed by the parties.
29. This Contract shall be governed by and interpreted in accordance with the laws in force in Alberta, and the parties irrevocably attorn to the exclusive jurisdiction of courts in Alberta.
30. This Contract shall be for the benefit of and binds the successors and assigns of the parties.
31. The headings in this Contract are inserted for convenience of reference only and shall not affect the meaning or construction of this Contract.
32. In this Contract words in the singular include the plural and words in the plural include the singular.

33. This Contract may be executed in counterparts, in which case (i) the counterparts together shall constitute one agreement, and (ii) communication of execution by e-mail in PDF shall constitute good delivery.

The Parties' authorized representatives make this Contract.

HER MAJESTY THE QUEEN IN RIGHT
OF ALBERTA, as represented by the
President of Treasury Board and Minister of
Finance.

(Name of Contractor)

Per:

Per:

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date

Schedule A
(Services)

1. Services

The Contractor shall perform the Services as they are described in the RFP and the Proposal which are incorporated into and form part of this Schedule.

2. Order of Precedence

In the case of conflicts, discrepancies, errors or omissions among the RFP and the Proposal; the documents and amendments to them shall take precedence and govern in the following order:

- (a) the RFP; and
- (b) the Proposal.

3. Services Timetable

The Contractor will perform the Services no later than the completion dates specified as follows:

Service/Deliverable	Completion Date
<i>(a) Report Outline</i>	<i>December 1, 2020</i>
<i>(b) Draft Report</i>	<i>February 1, 2021</i>
<i>(c) Final Report</i>	<i>April 1, 2021</i>

In the event of an extension of the term of the Contract, the Province may, in its sole discretion, adjust the above completion dates within the extended term.

4. Contractor Personnel

Subject to clause 9 of the Contract, the Contractor’s resources, as specified below, will perform the Services:

Individual	Service/Project Role
<i>(Name)</i>	<i>(Role)</i>
<i>(Name)</i>	<i>(Role)</i>
<i>(Name)</i>	<i>(Role)</i>

5. Service Delivery Approach

Schedule B
(Payment)

1. Pricing

Payments under the Contract will be as follows:

Service or Deliverable	Fixed Price
<i>Identify deliverable/service item</i>	\$
<i>Identify deliverable/service item</i>	\$
<i>Identify deliverable/service item</i>	\$
Total Fixed Price	\$

2. Expenses

The Contractor's pricing as specified above is inclusive of all expenses incurred by the Contractor in the performance of the Services.

APPENDIX B – Services

In accordance with any service requirements specified below, the Province requires the Contractor to perform the following:

1. Services

The Contractor shall provide a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan. This analysis shall include actuarial, economic, legal, and technical information regarding the establishment and ongoing operation of an Alberta Pension Plan.

Risk identification and mitigation strategies must be included in the final report. An objective of this project is to identify, assess, and propose treatment for potential risks associated with the establishment and maintenance of an Alberta Pension Plan, including, but not limited to, those regarding: benefits, funding costs, portability, administration, and investment management. It is important that all risks be assessed in order to provide assurance to Albertans.

The Contractor shall provide answers to Albertans' questions, including but not limited to:

- what would be the required contribution rate for an Alberta Pension Plan;
- how much would be transferred from CPP in terms of assets and liabilities that presently exist and can already be attributed to Alberta beneficiaries;
- would an Alberta Pension Plan provide the same level of pension benefits as CPP and how easily might these benefits change in the future;
- how would portability between CPP (and retirement programs in other countries) and an Alberta Pension Plan work for those moving between provinces and/or countries during their work years and/or retirement;
- what role do other provinces and the federal government have in the establishment of an Alberta Pension Plan;
- how would the establishment of an Alberta Pension Plan affect other provincial programs (e.g., Alberta Seniors Benefit or Assured Income for the Severely Handicapped);
- how might future demographic and economic changes impact an APP;
- who would be the service providers for an APP; and
- how to ensure a smooth transition from CPP to an Alberta Pension Plan for pensioners, and contributors including businesses.

Other key questions about the costs, benefits, and structure of a potential Alberta Pension Plan shall be identified and answered, by the vendor.

Analysis shall not be limited to base CPP, but must also include additional CPP that gradually began to be phased in, starting in 2019. Analysis must not be limited to retirement benefits but shall include ancillary benefits as well, i.e., disability, survivor, children, and death benefits.

Key service providers for CPP functions include:

- actuarial: Office of the Chief Actuary, Canada;
- contribution remittance: Canada Revenue Agency;
- benefit administration: Employment and Social Development Canada;
- investment management: Canada Pension Plan Investment Board; and
- audit: Auditor General of Canada.

Service provider options for each of the above functions should be identified, analysed, and costed in the final report. Analysis shall include identification and assessment of the competencies and technical capabilities required to provide each of these service provider functions. In a broad sense, the possible options for these service providers may range from:

- retaining all existing service providers in their current capacity (e.g., Alberta could pursue agreements with some or all of the service providers above to deliver services for an Alberta Pension Plan);
- to replacing all existing service providers with Alberta Pension Plan equivalents.

This range of options shall be included in the analysis, and shall be compared and contrasted. Other options not initially identified by the Department should also be included. Costing should include separate start up/implementation costs, as well as costs for ongoing operation, for each service provider approach.

Various Alberta demographic data must be identified and analyzed as part of this report, including, but not limited to: working age population, seniors population, employment rate, income, inter-provincial migration (working age and senior) and how these factors intersect with each other and financial data. At a minimum, analyses shall include a spectrum of projections for each of these data (e.g., high, medium, low scenarios), possible outcomes and their intersection. Economic and/or actuarial modelling will be required to fully analyse the potential impacts of changing demographic and economic circumstances.

Financial data that must be identified and analyzed include, but are not limited to: contributions, investment income, expenditures, cash flow, the asset/expenditure ratio, and how these factors intersect with each other and demographic data. Other data may be relevant to the analysis and should be identified by the Contractor. Scenarios, modeling, stress testing, and sensitivity analysis must be included (e.g., high, medium, low scenarios for each variable, their likelihood, and their expected impact).

The Contractor will provide actuarial, legal, and economic analysis to identify a number of critical components of a potential Alberta Pension Plan, including but not limited to:

- Alberta's existing share of CPP assets and liabilities to be ported into an Alberta Pension Plan and on what basis those amounts could be calculated;
- the required contribution rate, initially and overtime; and
- legal requirements associated with withdrawing from CPP.

The Contractor shall, whenever possible, conduct their analysis on the basis of publicly available data and information and provide a range of options with analysis of each. Contractor assumptions should be made explicit.

The Contractor shall develop a report detailing their analysis on the basis of the above. This report shall include identification and analysis of key decision points and options. The final report must be submitted to government in early 2021, in accordance with the Services Timetable identified in the Contract.

2. Services Timetable

The Contractor shall perform the Services no later than the completion dates specified as follows:

Service/Deliverable	Completion Date
<i>(a) Report Outline</i>	<i>December 1, 2020</i>
<i>(b) Draft Report</i>	<i>February 1, 2021</i>
<i>(c) Final Report</i>	<i>April 1, 2021</i>

In the event of an extension of the term of the Contract, the Province may, in its sole discretion, adjust the above completion dates within the extended term.

3. Facilities

- The Contractor shall be responsible for providing all Facilities

4. Standards of Care

The Contractor shall perform the Services with reasonable skill, care and diligence and in accordance with any applicable industry standards of suppliers of services similar to, or the same as, the Services described in this RFP.

APPENDIX C - Proposal Submission Form

(Date , 20##)

Attention: Rhonda Wood-Viscarra
Alberta Treasury Board and Finance
455 Terrace Building, 9515-107 Street
Edmonton, Alberta T5K 2C3

RE: Request for Proposals (RFP) Number AB-2020-05166

Proponent's Legal Name: _____

Mailing Address: _____

Contact Name: _____

Telephone: _____

E-mail Address: _____

**ATTACHMENT #1 MANDATORY REQUIREMENTS - CORPORATE
 AND DESIRABLE PROVISIONS - CORPORATE**

Mandatory Requirements

MANDATORY REQUIREMENT(S)		MINIMUM EXPERIENCE REQUIRED
1.	Demonstrated experience in the pension sector, through prior engagements, which included senior advisory or management consultation on pension sector projects similar to the nature, size, and complexity of this Project.	1 project of similar complexity. Proponents should provide up to a 1 page description of the project.
2.	Proponents must disclose any current or potential consulting contracts with other stewards of the Canada Pension Plan and/or with the Canada Pension Plan Investment Board, to ensure that any real or perceived conflicts of interest with respect to such consulting contracts are avoided or managed. Proponents must be available to clarify and discuss disclosures made about any current or potential consulting contracts and/or proposed procedures to avoid or manage real or potential conflicts of interest. For clarity, this requirement is in addition to the requirements set out in section 7.17 of the RFP. Notwithstanding any proposed procedures for managing conflicts of interest, the Province may reject any Proposals where, in the opinion of the Province, the Proponent, any Proponent Team member, employee, subcontractor or agent is, could be, or could be perceived to be in a conflict of interest with respect to any consulting contracts with Canada Pension Plan stewards and/or the Canada Pension Plan Investment Board if the Proponent were to become the Contractor pursuant to this RFP.	Proponents must provide a statement, as applicable, disclosing any current or potential consulting contracts and describing how any real or potential conflicts of interest will be managed or avoided, or a statement that there are no current or potential consulting contracts.

Desirable Provisions

DESIRABLE PROVISION(S)		DESIRED EXPERIENCE
1.	Demonstrated experience in supporting the development of a new, large, multi-employer, defined benefit pension plan.	1 project developing a new, large, multi-employer defined benefit pension plan. Please provide up to a 1 page description of the project.
2.	Demonstrated experience analysing demographic and financial data on a national scale, for a project that is similar in size and nature to this Project.	1 project analysing data of this type. Please provide up to a 1page description of the project.
3.	Demonstrated experience providing risk assessment for a large, multi-employer, defined benefit pension plan.	1 pension plan risk assessment project. Please provide up to a 1 page description of the project.

ATTACHMENT #2 MANDATORY REQUIREMENTS AND DESIRABLE PROVISIONS - PROPOSED RESOURCES

Proponents are responsible for proposing a resource or a team of resources capable of successfully performing the Services described in this RFP, however, it is required that the Proponent resource team, at a minimum, consist of the following categories:

- a project leader to lead and direct the team of resources; and
- two or more resources, including an actuary and a lawyer, who will support the project leader to complete the Services.

For the project leader and each proposed resource, the Proposal should include the following information:

- a résumé detailing the proposed resource’s education, work experience, including duration (month/year);
- the earliest date the proposed resource is available to perform the Services;
- at least three business-related references; and
- a completed version of the following chart.

Proponents must complete the tables below with specific named resources and the role/responsibility that each resource will have on all phases and deliverables.

Mandatory Requirement(s)		Minimum Experience	Name of Proposed Resource	Experience Claimed	Résumé Cross Reference	Employee of Proponent, Subcontractor, or Employee of Subcontractor
1.	At least 1 resource who is a fellow of the Canadian Institute of Actuaries, in good standing.	Proponent must provide a statement of resource’s Canadian Institute of Actuaries fellowship status. (See below for related desirable minimum experience.)				
2.	At least 1 resource who has been granted a law degree.	Proponent must provide a statement confirming the resource’s law degree including the institution from which it was awarded, as well as the year. (See below for related desirable minimum experience.)				

Desirable Provision(s)	Minimum Experience	Name of Proposed Resource	Experience Claimed	Résumé Cross Reference	Employee of Proponent, Subcontractor, or Employee of Subcontractor
1. At least 1 resource with project management training and at least 5 years of experience using this training, preferably in the field of pensions and with a demonstrated understanding of pension legislation and practices.	2 projects, preferably in the pension sector and similar to the nature, size, and complexity of this Project, for whom the resource was the project manager. Please provide up to a 1 page description of each project.				
2. At least 1 resource with actuarial training who has at least 5 years of experience in the field of pensions as an actuary (this person must be a Canadian Institute of Actuaries fellow, see mandatory above).	2 projects, preferably in the pension sector and similar to the nature, size, and complexity of this Project, for whom the resource provided actuarial analysis. Please provide up to a 1 page description of each project.				
3. At least 1 resource with a law degree and who has at least 5 years of experience in the pension field using their law degree.	2 projects, preferably in the pension sector and similar to the nature, size, and complexity of this Project, for whom the resource provided legal analysis. Please provide up to a 1 page description of each project.				

4.	At least 1 resource with risk identification and mitigation training and who has at least 3 years of experience using such training in the pension field.	1 project, preferably in the pension sector and similar to the nature, size, and complexity of this Project, for whom the resource provided risk analysis. Please provide up to a 1 page description of the project.				
5.	At least 1 resource with economics training and who has at least 3 years of experience using such training in the pension field.	1 project, preferably in the pension sector and similar to the nature, size, and complexity of this Project, for whom the resource provided economic analysis. Please provide up to a 1 page description of the project.				
6.	At least 1 resource with a degree or diploma in communications and who has at least 3 years of experience using such training in the pension field and/or in technical writing generally.	1 project, preferably in the pension sector and similar to the nature, size, and complexity of this Project, for whom the resource provided technical writing. Please provide up to a 1 page description of the project.				

ATTACHMENT #3 PRICING FORM

The pricing for the performance of the Services described in this RFP are on a Fixed Price basis, including all expenses.

Anticipated Start Date: November 1, 2020

Anticipated End Date: April 30, 2021

1. Fixed Price Services

The Proponent proposes the following Fixed Prices for completing the Services identified below:

Service or Deliverable	Fixed Price
Report Outline	\$
Draft Report	\$
Final Report	\$
Total Fixed Price	\$

2. Expenses

The Proponent’s pricing as specified above is inclusive of all expenses and as such the Province will not be obliged to pay any expenses incurred by the Contractor in the performance of the Services.

Costs incurred for any Proponent resource to travel to and from Edmonton to perform the Services, and living and accommodations costs incurred while the Proponent’s resource is in Edmonton, are included in the Fixed Price proposed in the Pricing Form above.

3. Facilities

Whether or not the Proponent is required to provide Facilities for the proposed resource to perform the Services, the Fixed Price quoted must be inclusive of all overhead; office space and equipment including supplies, administrative burden, mark-up and all other costs to perform the Services for the duration of the performance of the Services.

Attachment #4 - Service Delivery Approach & Quality of Proposal

It is mandatory that the Proposal provide an approach to the Project, which should include the following desirable provisions:

- a work plan including major tasks, resource allocations, milestones, deliverables, dependencies, and start and end dates;
- strategies that the Proponent will apply to resource the Project and to manage performance and quality assurance during the Project;
- an explanation of how the proposed approach has been successfully utilized to refine and achieve the vision of the client in a reference project;
- a narrative of the rationale behind the Proponent’s proposed methodology to providing the Services and deliverables;
- a description of proposed deliverables, including recommended tables of content;
- a resource work effort matrix; including the total number of hours per resource on the Project, and a detailed description of which resource will work on the development of each deliverable and work product;
- any assumptions as to the scope or nature of the work, which the Proponent has made in completing the Proposal, or any other significant factors upon which changes in resource effort may result;
- an identification of risks applicable to the Project, and proposed strategies to mitigate such risks;
- an indication why the Proponent considers itself, its Proposal and its resources to be the “right” ones and what key strengths it will bring to the Project; and
- what the Proponent sees as the critical success factors for the Project.

Quality of Proposal:

The Province will review the proposal provided by the Proponent in its entirety for the following Quality items:

- physical quality of proposal (spelling, grammar, layout, attention to detail); and
- a narrative of the proposed approach, reflecting the Proponent’s understanding of the scope, objectives, priorities and requirements presented in this RFP.

Memorandum

52076

Date:

From: Athana Mentzelopoulos
Deputy Minister

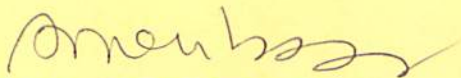
To: Honourable Travis Toews
President of Treasury Board and
Minister of Finance

Subject: **Alberta Pension Plan Analysis Contract**

Minister Toews, I am pleased to share that Morneau Shepell has been selected to analyze the costs, benefits, and structure of a potential Alberta Pension Plan per RFP Number AB-2020-05166, which was posted on the Alberta Purchasing Connection website from September 10 to October 19, 2020.

Morneau Shepell is a leading provider of technology-enabled HR services that delivers an integrated approach to employee wellbeing. Their approach spans services in employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, actuarial and investment services. They employ about 6,000 employees who work with some 24,000 client organizations that use their services in 162 countries.

The Services, as identified in the RFP and contract, support the Province's action in response to the Fair Deal Panel report and recommendations regarding an Alberta Pension Plan.



Athana Mentzelopoulos

Keely White

From: Chris McLeod
Sent: Monday, January 11, 2021 3:50 PM
To: David Mulyk
Cc:
Subject: [REDACTED]
Attachments: [REDACTED]

Hi David,

Please see our comments in the attached on both the demographic and economic projections.

Let us know if you have any questions.

Chris

Classification: Protected A

From: David Mulyk <David.Mulyk@gov.ab.ca>
Sent: Friday, December 18, 2020 8:16 AM
To: Catherine Rothrock <catherine.rothrock@gov.ab.ca>; Chris McLeod <chris.mcleod@gov.ab.ca>
Cc: Mark Brisson <mark.brisson@gov.ab.ca>; Mark Parsons <mark.parsons@gov.ab.ca>; Haripaul Pannu <Haripaul.Pannu@gov.ab.ca>; Lois Stewart <Lois.Stewart@gov.ab.ca>
Subject: Alberta Pension Plan - model assumptions (Seeking EFP input)

Catherine, (Chris)

[REDACTED]

18(1)(a)

24(1)(a)

24(1)(a)

24(1)(b)

We've told Morneau the Government offices will soon be closed for Christmas shutdown. The sooner we can provide our input into the assumption set, the sooner they can crank out their numbers.

20(1)(m)
25(1)(b)

Thanks.

David Mulyk BSc, MBA

Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

18(1)(a)
18(1)(a)
18(1)(a)

Classification: Protected A

24(1)(a)
24(1)(b)

From [Redacted]
Sent: Wednesday, December 16, 2020 5:12 PM

Subject: RE: Working session - model inputs discussion

CAUTION: This email has been sent from an external source. Treat hyperlinks and attachments in this email with care.

Hi Lois and Haripaul,

Please see attached a document to aid our discussion tomorrow morning. Please note that the document is prepared to accompany the discussion tomorrow and is not suitable for distribution to others outside of the attendees of the call for the working session tomorrow.

We look forward to speaking with you tomorrow.

Regards,

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 17(1) - third party's personal information

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- 24(1)(b) - consultations or deliberations involving officials

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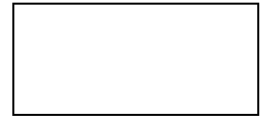
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**ADVICE TO HONOURABLE TRAVIS TOEWS
PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE
Alberta Pension Plan Analysis Status Update
For Information**

ISSUE

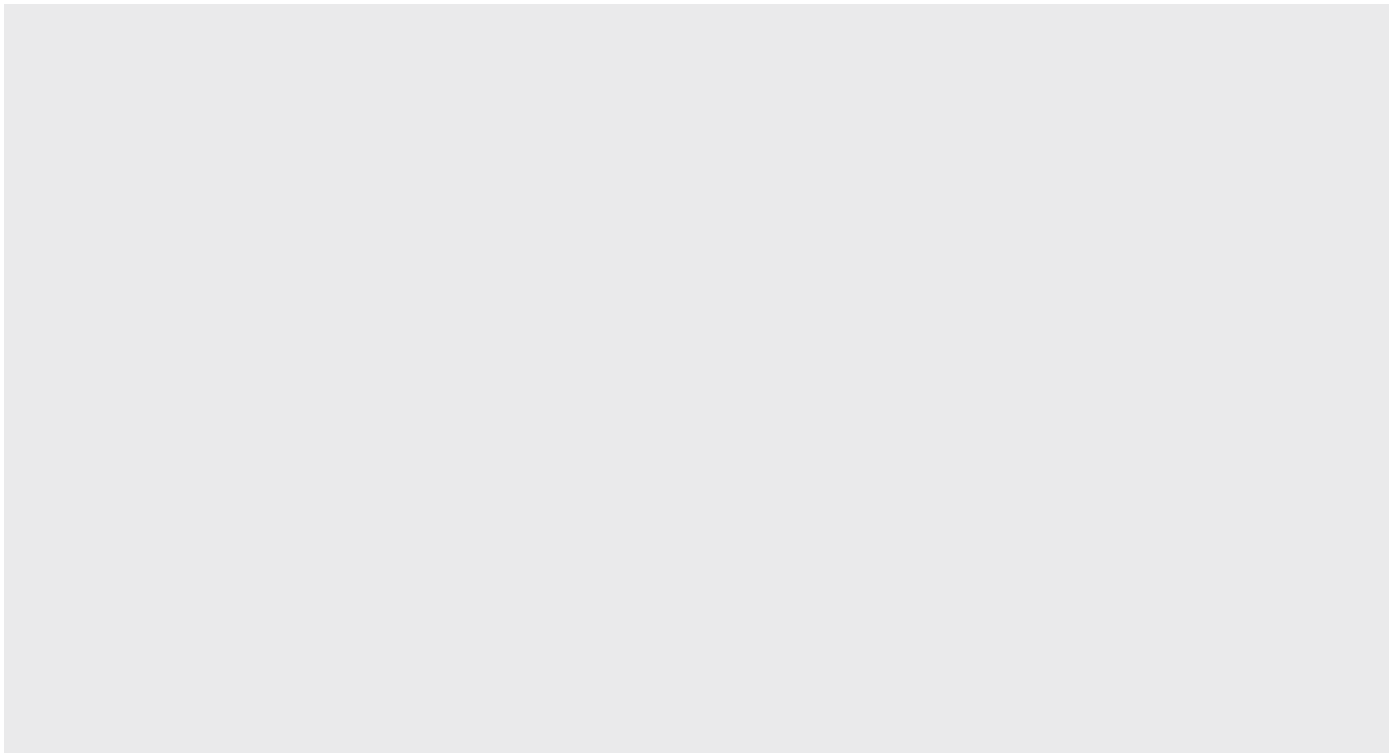
Treasury Board and Finance is developing a detailed analysis on the costs, benefits and structure of a potential Alberta Pension Plan (APP).

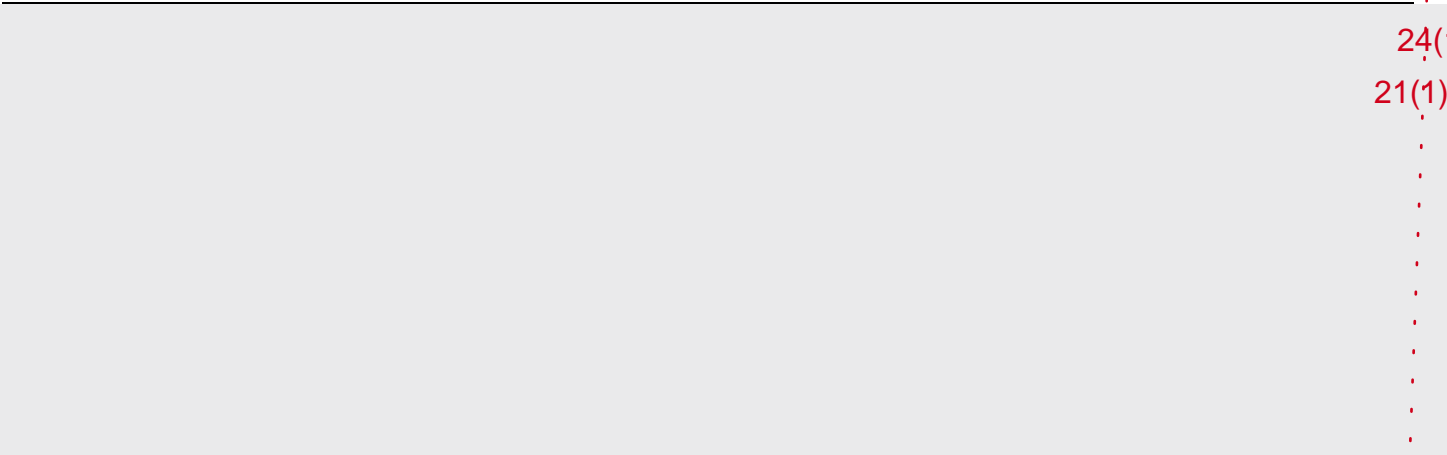
PURPOSE

The purpose of this briefing is to inform the Minister of the status of the APP analysis.

BACKGROUND

- In its report, the Fair Deal Panel's recommendations 13 A and B included that government:
 - develop a comprehensive plan to create an APP and withdraw from the Canada Pension Plan (CPP); and
 - provide Albertans the opportunity, via a referendum, to vote for or against withdrawing from the CPP and creating the APP.
- In response to the recommendations, Treasury Board and Finance is developing a detailed analysis of the costs, benefits and structure of a potential APP, to be completed and released in 2021. Alberta would only proceed with the creation of a provincial pension plan if supported by a majority of voters in a referendum.
- Government entered into a contract with Morneau Shepell, as the successful vendor in an open competition for a Request for Proposals (RFP) of analysis on an APP, to undertake the services identified (AR 52075). The final report from Morneau Shepell is due April 6, 2021.





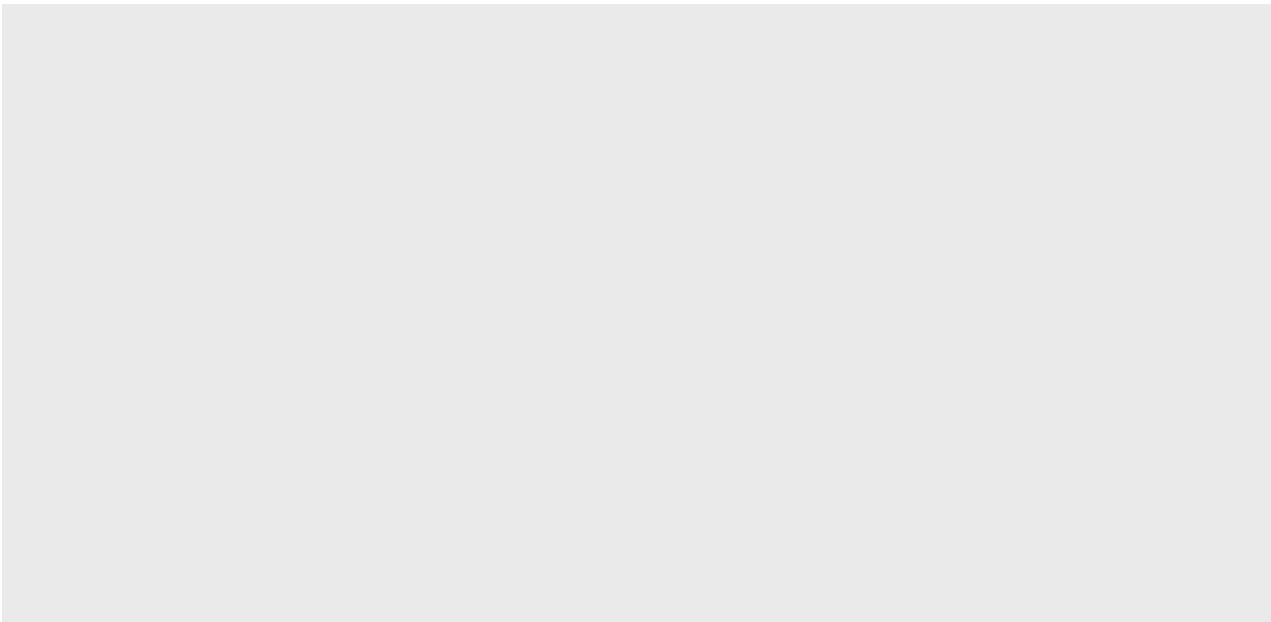
24(1)(a)
21(1)(a)(i)

Next Steps – Report

- On March 15, 2021, Morneau Shepell proposed the following process for the final report:
 - March 18: Working draft being reviewed
 - March 23: Review comments on working draft
 - March 25: Working draft shared with the department for comments / review
 - March 30: Review comments from Alberta returned
 - April 6: Final report submitted
- Should Minister office wish to meet with Morneau Shepell themselves to present their findings, department staff can assist facilitating this meeting.

Next Steps – Decision Making Process

- Ideally, the department seeks direction in regards to the following items:
 - Whether the full Morneau Shepell report will be publicly released;
 - Confirmation that a referendum question on establishing an APP will proceed with the



STAKEHOLDER REACTION

- Public reaction to this topic has been mixed.
- The Fair Deal Panel Report indicates that 42 per cent of 1,000 Albertans polled by

[Redacted]

- [Redacted]
- [Redacted]

FINANCIAL IMPLICATIONS

- The funding for this contract (\$875,000) will come from the ministry budget, though these funds have not yet been identified (i.e., are not available in the current branch budget).
 - In the 2020-21 fiscal, \$605,000 will be due to be paid. The remaining \$270,000 is due to be paid in the 2021-22 fiscal year when the final report is due.

CONTACT: Mark Brisson, ADM, Financial Sector Regulation and Policy, 780-644-4529

Keely White

From: David Mulyk
Sent: Tuesday, June 01, 2021 3:56 PM
To: Tara Dahl
Subject: [REDACTED]
Attachments: [REDACTED]

22(1)
24(1)(a)
22(1)
24(1)(a)

FYI, for interest

David Mulyk BSc, MBA
Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

22(1)
24(1)(a)
24(1)(a)
24(1)(b)
24(1)(a)
24(1)(b)

Classification: Protected A

From: David Mulyk
Sent: Tuesday, June 01, 2021 3:55 PM
To: Mark Brisson <mark.brisson@gov.ab.ca>
Cc: Loi [REDACTED]; Timothy Jobs <Timothy.Jobs@gov.ab.ca>
Subject: [REDACTED]

Mark,

[REDACTED]

David Mulyk BSc, MBA
Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

Classification: Protected A

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Keely White

From: David Mulyk
Sent: Monday, June 14, 2021 4:55 PM
To:
Subject: [REDACTED]
Attachments: [REDACTED]

-22(1)
24(1)(a)
24(1)(a)
24(1)(b)

Wow

Pure luck I spotted this. Catherine asked me a random question on Teams that forced me to look at the updated document. Glad I caught this! 😊

-22(1)
24(1)(a)
-22(1)
24(1)(a)

David Mulyk BSc, MBA

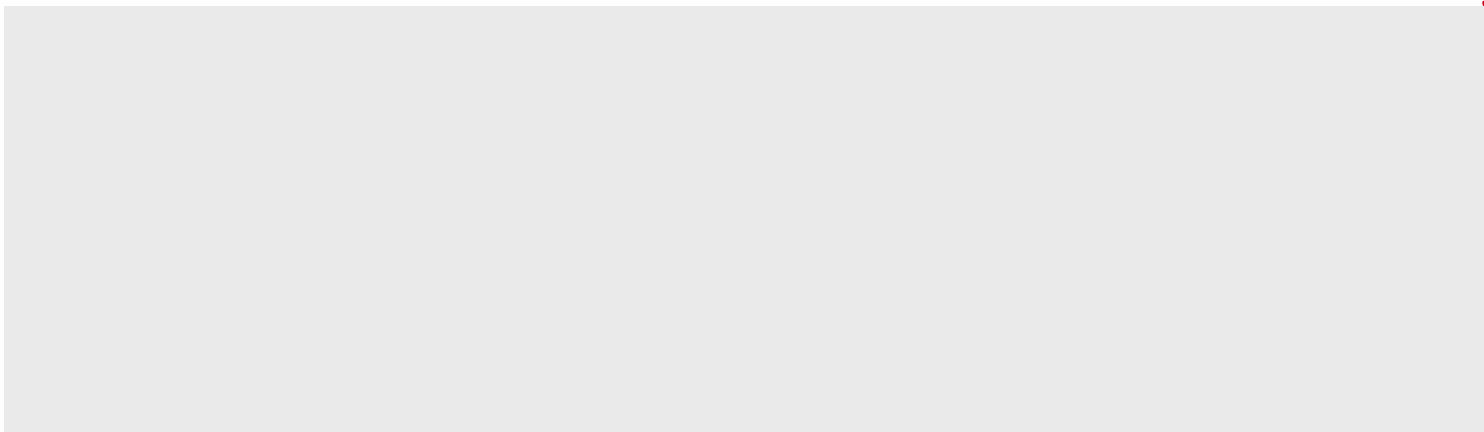
Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

Classification: Protected A

From: David Mulyk
Sent: Monday, June 14, 2021 4:54 PM
To: Sha [REDACTED]
Subject: [REDACTED]

Mark Brisson <mark.brisson@gov.ab.ca>

Sharon,



Attached are updated versions.

David Mulyk BSc, MBA

Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

Classification: Protected A

From: Sharon Lopatka <sharon.lopatka@gov.ab.ca>

Sent: Monday, June 14, 2021 3:30 PM

To: Dav ulyk@gov.ab.ca; Mark Brisson <mark.brisson@gov.ab.ca>

Subject [REDACTED]

20(1)(m)

25(1)(b)

22(1)

Hi folks,

24(1)(a)

22(1)

24(1)(a)

24(1)(a)

24(1)(b)

I will have these versions added into the AR.

Sharon

Sharon Lopatka
Chief of Staff
Deputy Minister's Office
and Finance
[REDACTED]



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Exemptions:

- 4(1)(q)(i) - a record created by or for a member of the Executive Council
- 4(1)(q)(ii) - a record created by or for a Member of the Legislated Assembly

Keely White

From: Mark Parsons
Sent: Thursday, July 15, 2021 12:40 PM
To: Athana Mentzelopoulos
Cc: Kathleen Macaspac; Catherine Rothrock; David Mulyk; Mark Brisson; Sharon Lopatka
Subject: Economic Impacts
Attachments: 2580697_Minister BN - Information.doc; 4815346_2021-07-07 - Presentation_v02.pptx

Hi Athana,

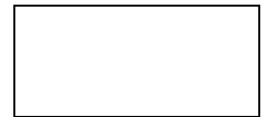
Here are the latest impacts prepared by the TBF economics team, with a comparison to the Conference Board of Canada (CBOC) analysis. The Conference Board has refined their initial estimates following ongoing discussions between the two teams.

Conference Board is finalizing its report next week, which we'll include in the ARTS package going to MO. In the meantime, I thought you may be interested in an advance version of the preliminary results.

Let me know if you have any questions or comments. Thanks to Catherine, Kathleen and the rest of the economics team for undertaking this work and for their collaboration with the CBOC. And to David M. for helping with the inputs for the analysis.

-Mark

Classification: Protected A



**ADVICE TO HONOURABLE TRAVIS TOEWS
 PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE
 Impact of Pension Premium Reduction
 For Information**

PURPOSE

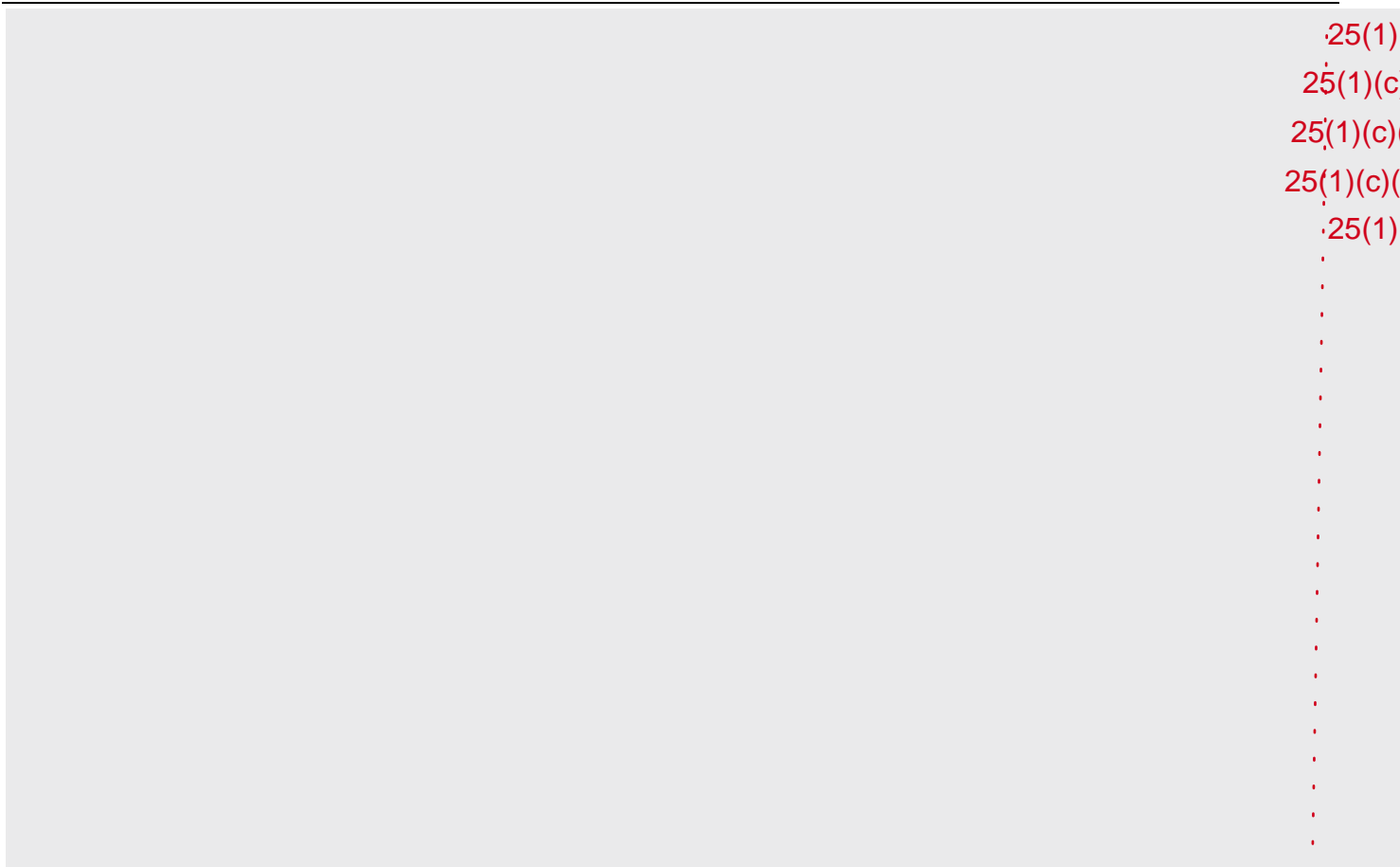
To provide economic impacts of a reduction in pension contribution rate in Alberta.

BACKGROUND

- Building upon the recommendation of the Fair Deal Panel report, the province has conducted a feasibility study on Alberta’s withdrawal from the Canada Pension Plan and establishment of a separate Alberta Pension Plan (APP).
- To this end, Alberta Treasury Board and Finance (TBF) has engaged Morneau Shepell to prepare a detailed analysis of the costs, benefits and structure of a potential Alberta Pension Plan. This analysis includes actuarial, economic, legal, and technical information regarding the establishment and ongoing operation of an Alberta Pension Plan.
 - Based on “best estimate” assumptions and an APP providing identical benefits to CPP, the Morneau Shepell report estimates a 3.7 percentage point reduction in the minimum contribution rate under an APP. Table 1 compares the Base and Additional APP contribution rates, the minimum required sustainable CPP contribution rates from the latest actuarial valuation report (the CPP 30 Report), and the legislated Base and Additional CPP contribution rates.

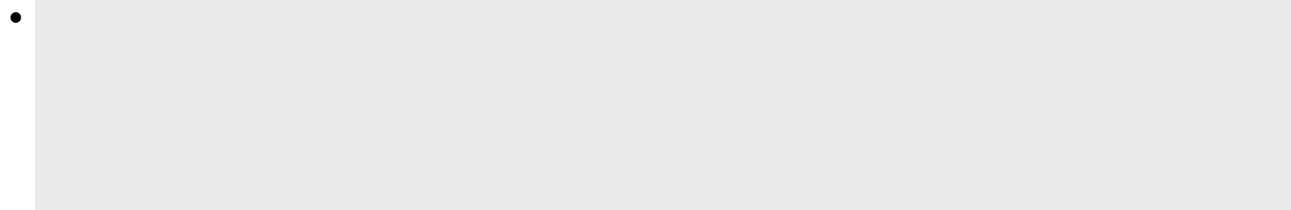
Minimum Contrib			
Base Benefit			
First Additional Benefit	1.82%	1.92%	2.00%
Second Additional Benefit			

- The report also estimates that the reduction in contribution rates would translate into an estimated aggregate contribution savings of about \$4.5 billion in the first year of an APP (2026), with the savings split evenly between employees and employers. The report also estimates these savings to reach around \$6.3 billion in 2031 (see Tables C.1.1 and C.1.2 of the report).
- Economics and Fiscal Policy (EFP) in TBF has been asked to conduct an analysis on the economic impact of the estimated savings from the reduction in the pension contribution rate. Additionally, TBF has engaged the Conference Board of Canada (CBOC) to conduct a parallel analysis to validate the results.
 - TBF economic impact was produced over the 2026 to 2031 period, while CBOC’s results extend until 2040.



25(1)(b)
25(1)(c)(i)
25(1)(c)(ii)
25(1)(c)(iii)
25(1)(a)

TBF Assumptions and Methodology



- comparing the results to the Budget 2021 forecast without the payroll tax cut (i.e. the control).
 - In the model, changes to the effective pension contribution rate that employers pay impact the amount of payroll taxes, which are a component of labour costs. A reduction in the pension contribution rate translates to a decline in payroll taxes paid by employers, which in turn lowers the relative cost of labour.
 - The reduction in payroll taxes immediately results in higher corporate profits, with much of the benefits eventually passed onto workers in the form of higher after-tax wages. Additionally, a reduction in the pension contribution rate paid by workers immediately translates to higher personal disposable income, which feeds into consumer spending, savings and residential investment.
- Labour supply in the model is determined by the labour force participation rate and the working-age population.

- Growth in the working-age population is driven by demographic projections, which are currently determined outside the TBF model. The labour force participation rate also

[Redacted]

[Redacted]

ATTACHMENT(S) [Redacted]

CONTACT: Mark Parsons, ADM, Economics and Fiscal Policy, 780-427-8790

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Economic Impact of a Reduction in Pension Contribution Rate in Alberta

July, 2021

Advice to Minister

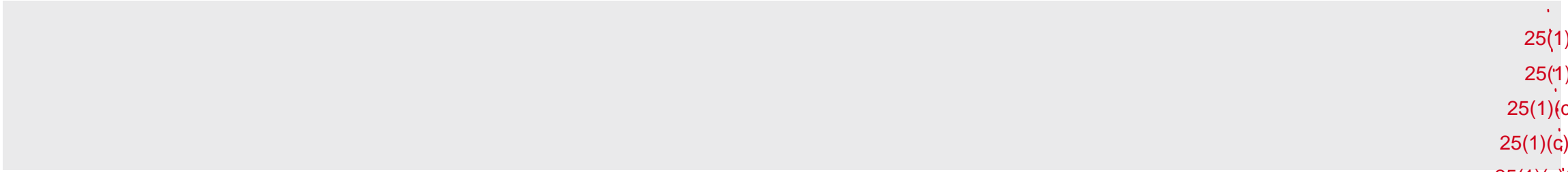
Confidential – Not for Distribution

Background

- Treasury Board and Finance (TBF) has been asked to conduct an analysis on the economic impact of the estimated savings from the reduction in the pension contribution rate.
- Additionally, TBF has engaged the Conference Board of Canada (CBOC) to conduct a parallel analysis in order to validate the results.
- CBOC and TBF impacts are based on Morneau Shepell estimates that the reduction in contribution rates would translate into an estimated aggregate contribution savings of about \$4.5 billion in the first year of an APP (2026), with the savings split evenly between employees and employers. The report also estimates the savings to reach around \$5.2 billion in 2030 (see Tables C.1.1 and C.1.2 of the report).

Background

-



22(1)
24(1)(a)

25(1)(a)
25(1)(b)
25(1)(c)(i)
25(1)(c)(ii)
25(1)(c)(iii)

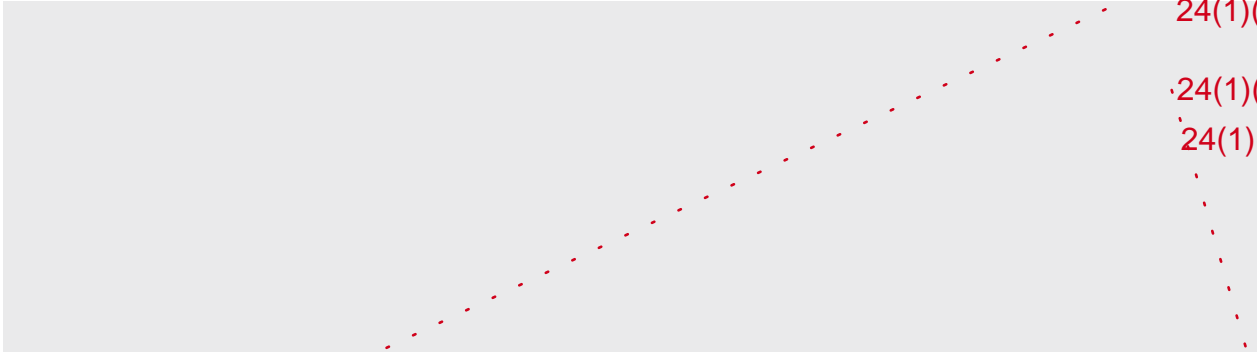
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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 22(1) - reveal the substance of deliberations of the Exec. Council or any of its committees/the Treasury Board/any of its committees

Keely White

From: David Mulyk
Sent: Wednesday, August 11, 2021 11:44 AM
To: Mark Brisson
Cc: Timothy Jobs; Lois Stewart; Tara Dahl
Subject:
Attachments:



22(1)
24(1)(a)
22(1)
24(1)(a)
24(1)(a)
24(1)(b)

David Mulyk BSc, MBA
Executive Director, Pension and Insurance Policy
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Classification: Protected A

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Keely White

From: David Mulyk
Sent: Wednesday, August 11, 2021 11:52 AM
To: Margaret Mansell; Scott Chen
Cc: Lois Stewart; Tara Dahl
Subject: [REDACTED]
Attachments: [REDACTED]

NR

22(1)

24(1)(a)

22(1)

24(1)(a)

David Mulyk BSc, MBA

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Classification: Protected A

From: David Mulyk
Sent: Wednesday, August 11, 2021 11:52 AM
To: Mark Brisson <mark.brisson@gov.ab.ca>
Cc: Timothy Jobs <Timothy.Jobs@gov.ab.ca>; Lois Stewart <Lois.Stewart@gov.ab.ca>; Tara Dahl <Tara.Dahl@gov.ab.ca>
Subject: [REDACTED]

Mark

There must be a limit on the # of files that can be attached. I included all 11 but only 10 were sent.

Here is the missing BN

David Mulyk BSc, MBA

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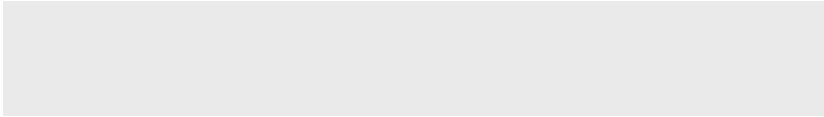
Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 22(1) - reveal the substance of deliberations of the Exec. Council or any of its committees/the Treasury Board/any of its committees

Keely White

24(1)(a)

From: David Mulyk
Sent: Friday, August 13, 2021 2:35 PM
To: Mark Brisson
Cc:
Subject:
Attachments:



Mark,

Attached for your review is a slide deck to support Tuesday's MDM. Although there are many slides, recall that we have a full hour with Minister and we did send up 10 BNs.

This deck ONLY focuses on the recommendations in the BNs.

Of all the topics, the information on financial considerations are likely the least important for Tuesday's MDM purposes and could be removed.

Thanks.

David Mulyk BSc, MBA

Executive Director, Pension and Insurance Policy

Alberta Treasury Board and Finance

Direct: (780) 415-0514

General: (780) 427-8322

Email: david.mulyk@gov.ab.ca

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 24(1)(g) - proposed plans, policies or projects of a pending policy or budgetary decision

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 29(1)(a) - information that is readily available to the public

Keely White

From: David Mulyk
Sent: Tuesday, November 15, 2022 4:59 PM
To: Jason Waywood
Cc: Kerstin Bzdel; Lois Stewart
Subject: RE: APP FMM BN
Attachments: APP Info BN (as of 15-Nov-2022).doc

Grrrr.

Noticed a slight typo. Use this one instead.

David Mulyk^{BSc, MBA}

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Classification: Protected A

From: David Mulyk
Sent: Tuesday, November 15, 2022 4:51 PM
To: Jason Waywood <Jason.Waywood@gov.ab.ca>
Cc: Kerstin Bzdel <Kerstin.Bzdel@gov.ab.ca>; Lois Stewart <Lois.Stewart@gov.ab.ca>
Subject: APP FMM BN

Jason,

Further to our teams chat today, please find attached a short BN on the APP.

This has been approved by my ADMO. In the event you find yourself needing last minute updates on the APP file and I'm not around, Lois (copied) will be a great resource for you.

Thanks.

David Mulyk^{BSc, MBA}

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Classification: Protected A

STAKEHOLDER REACTION

- Within the context of a P/T FMM and/or an F/P/T FMM, other Finance Ministers are likely to b

- [Redacted]

- T ns

- [Redacted]

COMMUNICATIONS / KEY MESSAGES

- This information is prepared for information purposes only.
- A comprehensive communications plan is required to support the eventual release of the APP report(s).

F

- [Redacted]
- [Redacted]

CONTACT: Mark Brisson, ADM, Financial Sector Regulation and Polic [Redacted]

Keely White

From: David Mulyk
Sent: Friday, November 25, 2022 12:00 PM
To: John Karagoulis; Vanessa Sands
Cc: Tara Dahl; Lois Stewart
Subject: Draft Technical Briefing PPT
Attachments: Tech_Deck_(2023_01_XX).pptx

John, Vanessa

We previously gave you a verbal briefing on the potential Alberta Pension Plan.

As is common with most government initiatives, when the report(s) are finally released, the media will get a chance to hear a presentation from the department – called a “technical briefing” (or something similar). We’re still working to get confirmation, my current “best-guess” is that will happen in early January.

Here is my current draft of the tech. briefing deck. Sending to you at this juncture to review with “fresh eyes”. It’s already been reviewed by Lois and Tara. After your comments, I’ll send to Mark for review / approval.

I don’t need you to verify the information or anything like that – instead, try to place yourself in the shoes of a reporter who’s learning about the file for the very first time. Does this cover off the things you’d expect? Does it answer a bunch of the questions you might have? Etc.

NOTE: Even if the report isn’t released until January, there is a LOT of comms work needed prior to that. It may be the case that this deck can help acclimatize CPE staff and/or an external comms firm to the content.

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Classification: Protected A

Alberta Pension Plan

Financial Sector Regulation & Policy,
Treasury Board and Finance

Department Technical Briefing for Media
January XX, 2023



Agenda

- CPP 101
- Background and External Analysis
- Questions

Canada Pension Plan (CPP) 101

CPP 101

- The Canadian retirement income system is often described as being comprised of three pillars:
 - Canada Pension Plan,
 - Old Age Security / Guaranteed Income Supplement, and
 - Voluntary Savings (RRSPs, TFSAs, workplace pensions, other savings).
- Pillar One: Canada Pension Plan
 - Started Jan. 1, 1966; *Canada Pension Plan (RSC, 1985, c. C-8)*
 - Contributory, earnings-based, social insurance program.
 - Post-retirement pension, disability benefit, survivor's pension, children's benefit, and a death benefit.

CPP 101

CPP Funding Terminology

- Pay-as-you-go
 - Today’s contributions pay today’s pensions.
 - The rate needed to balance total incoming contributions each year with the outgoing benefit payments and expenses in that year.
- Modified pay-as-you-go (aka “minimum contribution rate” or MCR).
 - Most of today’s contributions pay today’s pensions.
 - The rate needed to balance incoming contributions plus the investment income on assets with outgoing benefits and expenses, without a shortfall in any year, over the CPP’s projection period (75 years).

CPP 101

CPP Funding Terminology

- Fully pre-funded
 - Today's contributions pay tomorrow's pensions.
 - The rate needed to ensure that a plan's assets are sufficient to fully fund that plan's liabilities at a given calculation date.

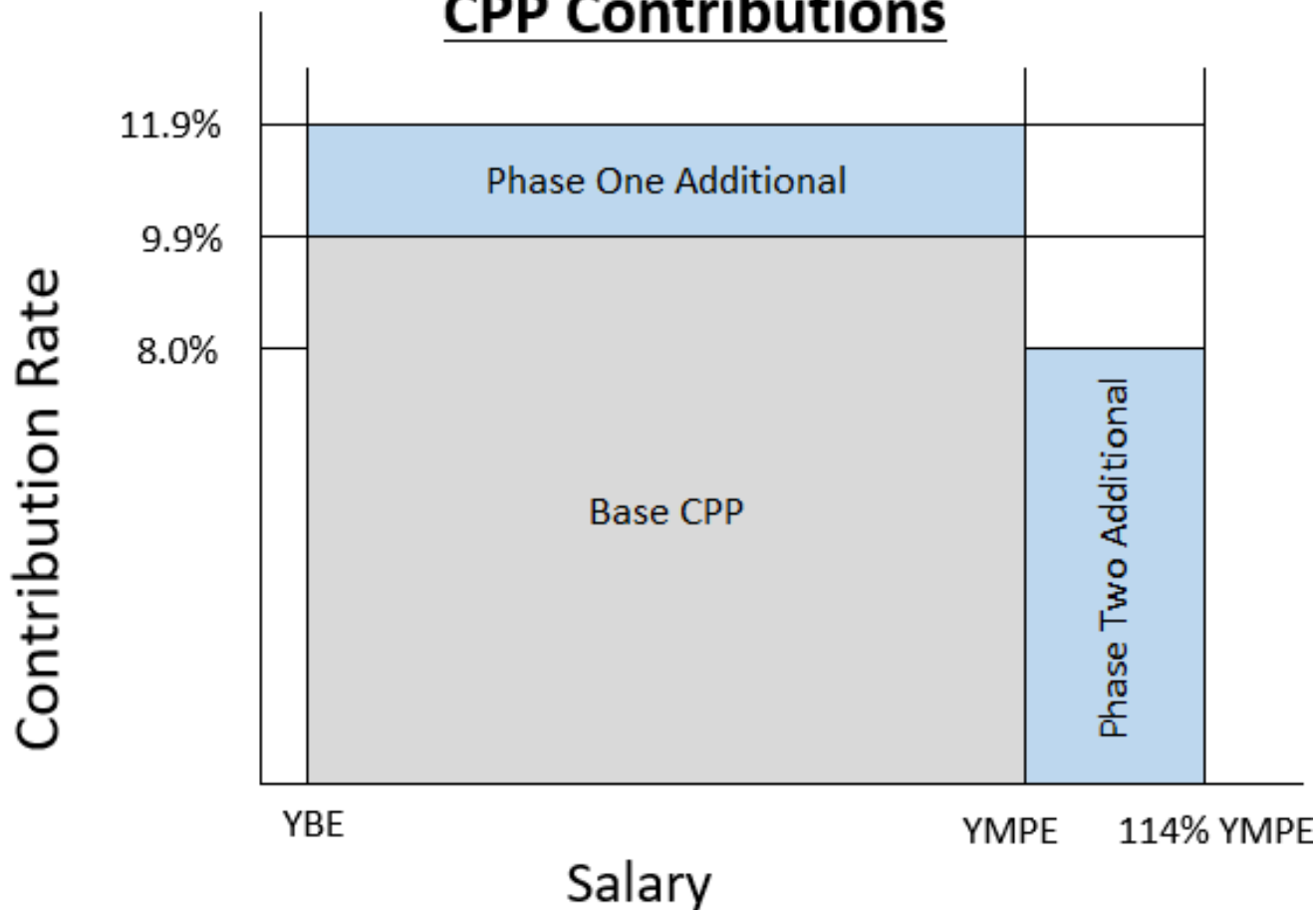
Funding

- 1966 to 1996: Pay-as-you-go.
- 1997 to current (Base CPP): Modified pay-as-you-go.
- 2019+ (Additional CPP): Fully pre-funded.

CPP 101 – Contributions

- Contributions are shared equally between employer and employee.
 - Self-employed Canadians pay both portions.
- Base CPP:
 - 9.9% of earnings between the “Years Basic Exemption” (\$3,500) and the “Year’s Maximum Pensionable Earnings” (\$66,600 in 2023).
- Additional CPP:
 - Phase One (2019-2023): 2.0% of earnings at full implementation between the YBE and the YMPE.
 - Phase Two (2024-2025): 8.0% of earnings at full implementation between YMPE and 114% of YMPE.

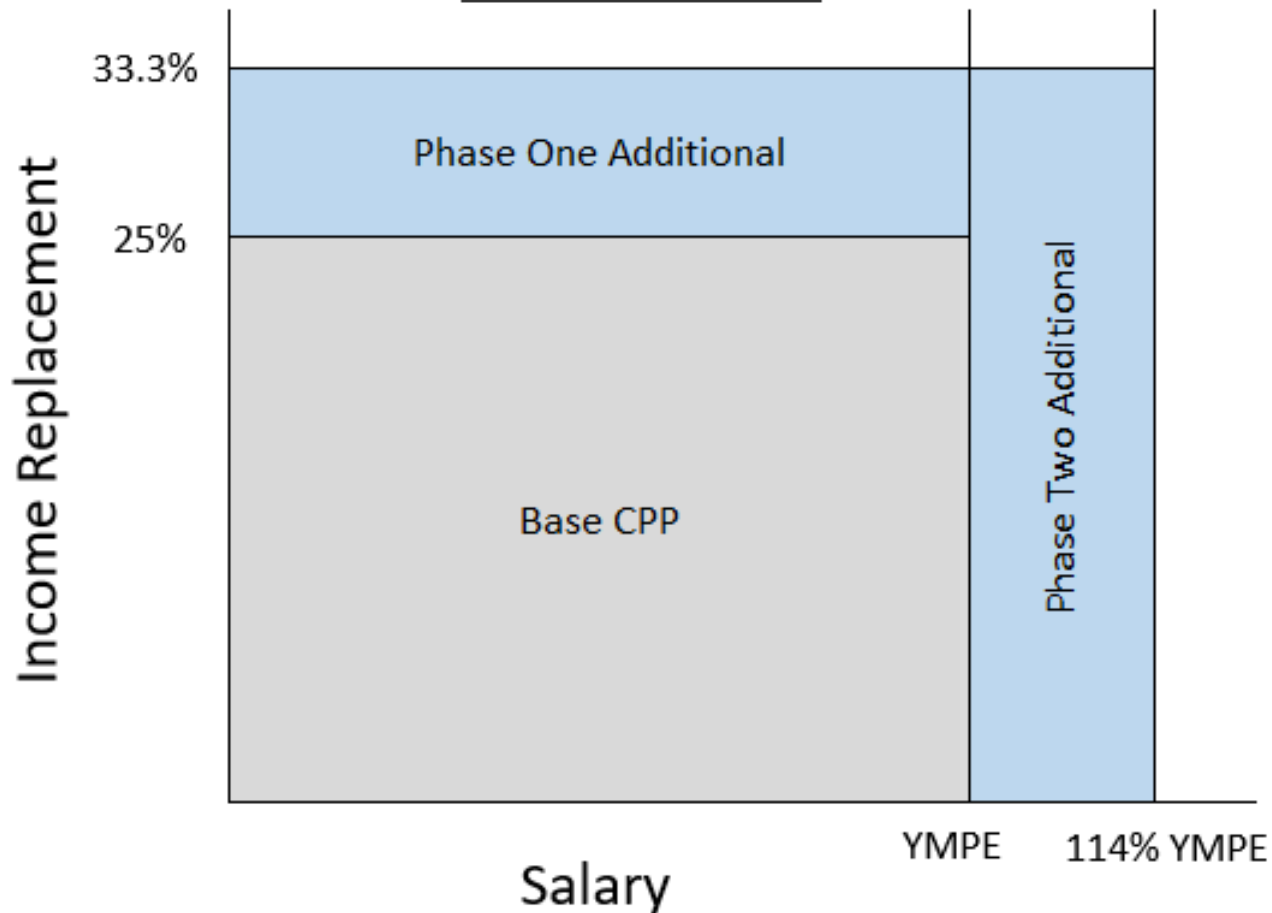
CPP Contributions



CPP 101 – Benefits

- CPP was originally designed to replace 25% of average earnings over the working life of a contributor between ages 18 to 65.
 - Often referred to as “Base” benefits.
 - Automatically excludes up to 8 years of your lowest earnings history.
 - Normal retirement age of 65 (or as early as 60 or late as 70). Pension payment amounts are adjusted for early or late retirement.
- Starting in 2019, benefits started to expand (“Additional” benefits).
 - 2019 to 2023: increase the income replacement rate from 1/4 to 1/3.
 - 2024 to 2025: increase the maximum eligible earnings.
 - Calculated on a contributors best 40 years of earnings.

CPP Benefits



Background and External Analysis

Fair Deal Panel

- Fair Deal Panel recommendations (June 2020):
 - Develop a comprehensive plan to create an Alberta Pension Plan (APP) and withdraw from the Canada Pension Plan (CPP).
 - Give Albertans the opportunity to vote for or against an APP.
- Treasury Board and Finance commissioned an analysis of the costs, benefits, and structure of a potential APP.
 - LifeWorks (formerly Morneau Shepell) was selected as the successful vendor through an independent and open recruitment process.

Can Alberta Withdraw?

- The rules of the *Canada Pension Plan Act* already give Alberta the ability to withdraw from the CPP.
 - Written notice of withdrawal is required.
 - Requires that Alberta adopt a “comparable plan”.
- Importantly, the legislation also contains a formula to calculate the share of CPP assets to which Alberta would be entitled.
- The APP would need to be in place at the start of the third year after notifying the federal government.
- Enabling legislation for an APP would need to be passed by Alberta at least one year before the effective date.

APP Analysis

Benefits

- “Apples to Apples” comparison: The benefits provided by an APP exactly replicate CPP benefits, with a start date of Jan 1, 2026.

Contributions

- Base APP: uses the same long-term economic and population growth assumptions as the rest-of-Canada (Dec 31, 2018 CPP valuation).

Minimum Contribution Rate	APP Funding Cost, projected*	CPP Funding Cost (2018)	CPP Legislated Rate
Base Benefit	6.02%	9.72%	9.90%

* Actual contribution rates may exceed 6.02% as a buffer against adverse experience.

APP Analysis

- The analysis also estimated the costs of Additional APP benefits:

Minimum Contribution Rate	APP Funding Cost, projected*	CPP Funding Cost (2018)	CPP Legislated Rate
First Additional Benefit	1.82%	1.92%	2.00%
Second Additional Benefit	7.28%	7.92%	8.00%

* Actual contribution rates may exceed these amounts as a buffer against adverse experience

- Investment returns do most of the heavy lifting for additional benefits.
- The rest of this presentation focuses on base benefits.

Asset Share

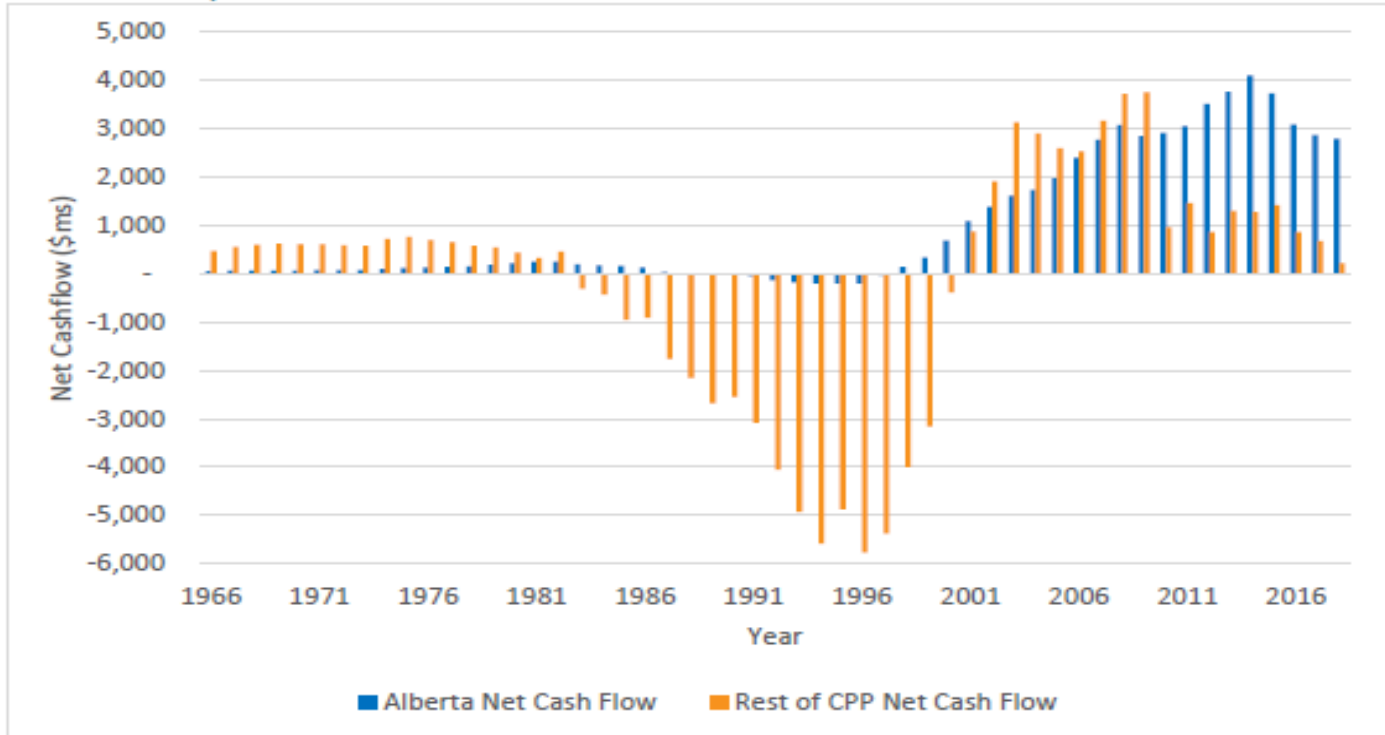
- The *literal* interpretation of the asset transfer formula in the CPP Act implies that investment returns are applied to contributions, before deducting benefit payments and administration costs.
 - Under this approach, Alberta would be entitled to 112% of all CPP assets.
- Instead, the analysis takes a more realistic approach to calculating the asset transfer, in that investment returns are applied to net cash flow.
- Described another way, Alberta's asset share reflects the contributions Albertans have paid, less the benefits they received, as if an APP had always existed from Day One.

Asset Share

- Under this approach, the amount that Alberta would receive as it's share of CPP assets is as follows:
 - As of Dec 31, 2018: \$167 Billion (~50% of all CPP assets).
 - Projected to Jan 1, 2026: \$293 Billion (~55% of all CPP assets).
- Two alternative asset transfer amounts were calculated by modifying contributions and expenditures ($\pm 5\%$):
 - Dec 31, 2018 low estimate: \$146 Billion
 - Dec 31, 2018 high estimate: \$204 Billion

Asset Share

Chart B.1 – Comparison of Alberta and rest of Canada historical CPP net cash flow



How secure are APP benefits?

- Workplace pensions are pre-funded. At least once every three years, an actuary calculates assets and liabilities and compares the values.
 - Assets > Liabilities = surplus
 - Assets < Liabilities = unfunded liability
- CPP is not (and has never been) funded in the same way.
 - The Chief Actuary of Canada assesses if the legislated CPP contribution rates are sustainable over the 75-year projection period.
 - The MCR is the rate that results in the projected asset to expenditure ratio (A/E ratio) of the CPP being the same in the 10th and 60th years following the end of the review period.

How secure are APP benefits?

- APP and CPP funding methodology was kept exactly the same.
- From the perspective of all Albertans, but particularly seniors, benefit security under an APP is dramatically improved.

	CPP	APP
Assets as of Dec 31, 2018	\$372B	\$187B
Projected Assets to Jan 1, 2026	\$541B	\$293B
Minimum Contribution Rate	9.72%	6.02%
A/E Ratio	7.5	27.8

Impact on CPP

- Our analysis was extended to further estimate the impact on the rest-of-Canada if an APP was established.

	APP	CPP (Post APP)
Assets as of Dec 31, 2018	\$187B	\$185B
Projected Assets to Jan 1, 2026	\$293B	\$248B
Minimum Contribution Rate	6.02%	10.54%
A/E Ratio	27.8	4.6

Economic

- The reduced funding cost of APP benefits results in about \$4 billion savings, per year, starting in 2026.
 - This translates to savings of up to \$1,250 per person (same amount for their employer), or \$2,500 per year for self-employed individuals.
- The Conference Board of Canada estimates that by 2031, savings from the lower contribution rate will increase business investment and raise personal incomes, leading to higher real GDP, while additional investment and economic activity will boost employment.
 - Real GDP: +1.0%
 - Employment: +29,331
 - Household disposable income: +2.4%

Can an APP be sustained?

- The APP MCR (6.02%) ensures that the plan is sustainable over the whole of the 75-year projection period.
 - Future valuations are needed to confirm if that MCR is still appropriate.
- A sensitivity analysis for individual actuarial assumptions used in the calculation is included in the report.
 - Except for investment returns, there was no scenario under which the cost to fund an APP would revert to the cost of funding the CPP.
- Factors impacting funding cost in an APP will be relative to the same impact in CPP, over the entirety of the projection period.

Can an APP be sustained?

- Another way to examine the CPP and an APP is to compare the pay-as-you-go rates for each plan.
 - This is **hypothetical**, as it ignores the impact of investment income from an existing fund of assets.
- Due to Alberta’s younger population, higher pensionable earnings, and higher employment rates, a set of “best estimate” assumptions was selected for the purpose of calculating a pay-as-you-go rate.
 - An APP is less expensive compared to CPP on a pay-as-you-go basis.
 - However, over time, an APP eventually reverts to the CPP average.
- “Higher growth” and “lower growth” scenarios were also calculated.

Chart 1 – Evolution of pay-as-you-go rates for CPP and APP throughout the projection period

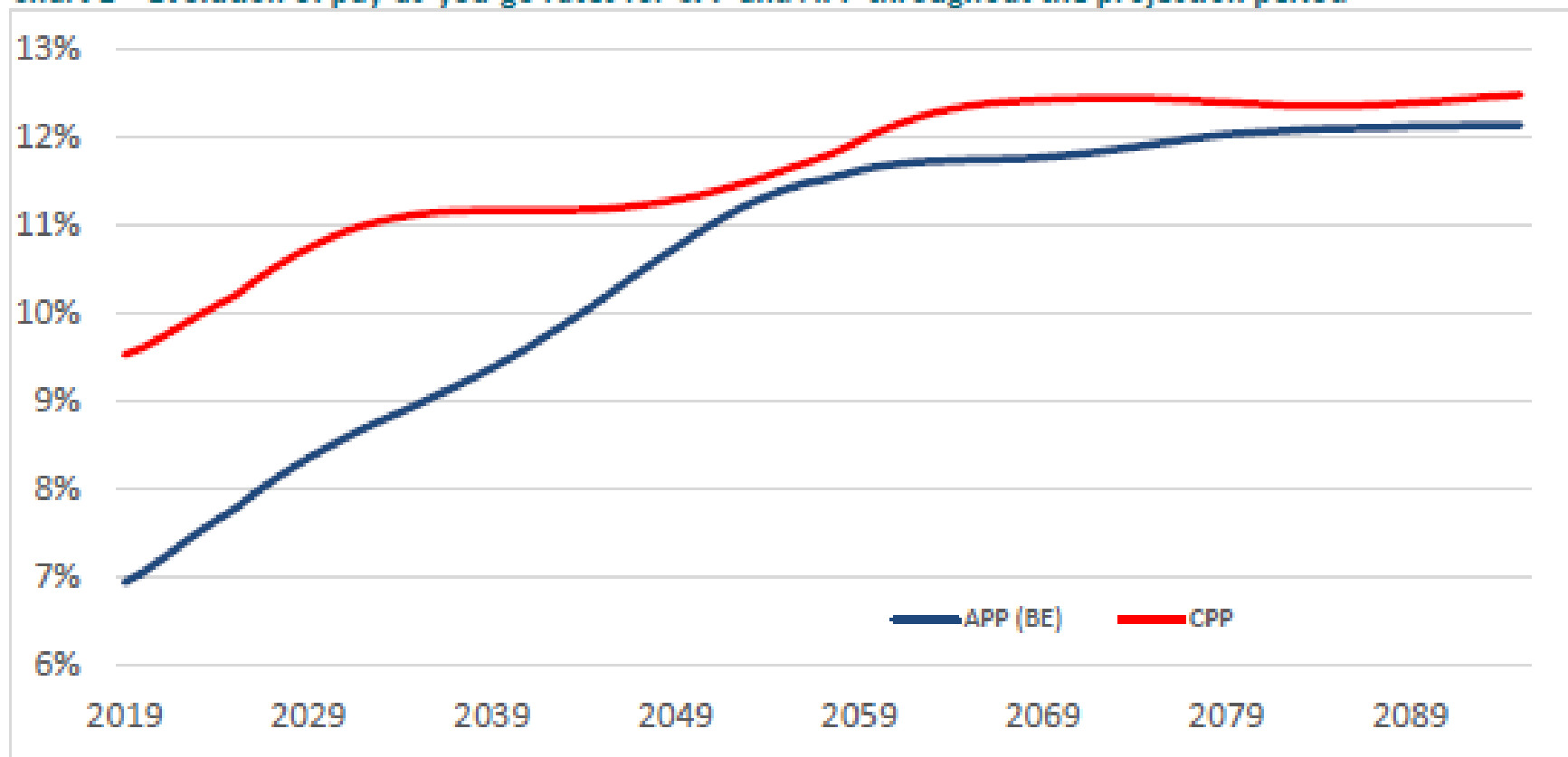
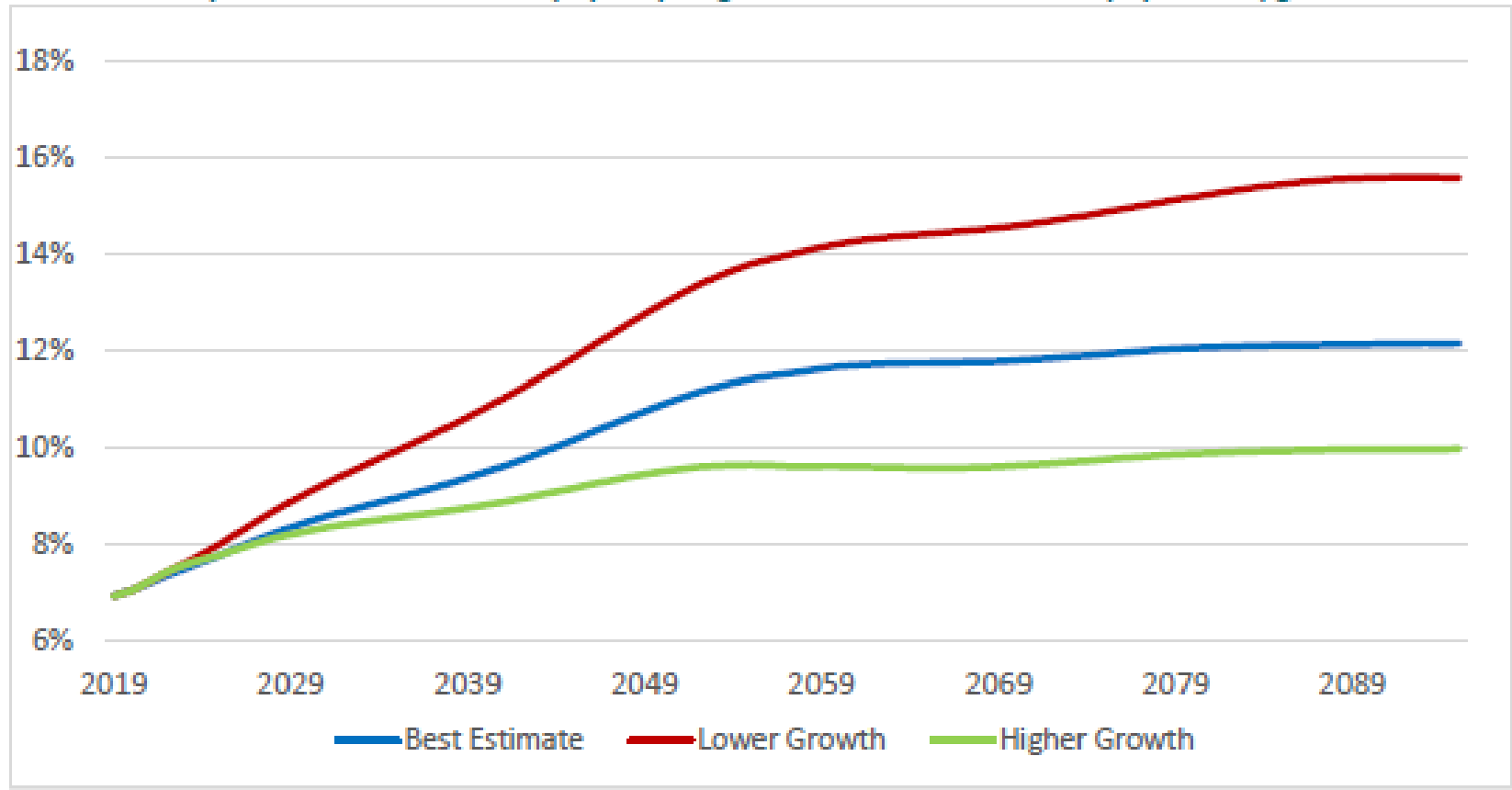


Chart 2 – Comparison of the Base APP pay-as-you-go rates based on different population/growth scenarios



CPP Valuation: December 31, 2021

- A new valuation report (called “CPP31”) on the CPP was released in December 2022.
- The results of this valuation will not change the overall conclusion of the APP analysis; however, some figures will need to be updated.
 - That work is underway now.
- In particular, the actual growth of the assets in the CPP fund far exceeded the assumed asset growth contained within CPP30.
 - Alberta’s estimated share of CPP assets is expected to be larger than \$293 billion (when projected to January 1, 2026).
 - Too early to estimate the impact on the APP minimum contribution rate.

Service Provider Considerations

- The analysis does not make any recommendations for APP service providers; however, it does highlight broad options:
 - Existing federal service provider,
 - Existing Alberta service provider,
 - New Alberta service provider, and/or
 - Existing private sector service provider.
- Factors that may influence these decisions include whether Alberta is able to unilaterally appoint the service provider.
 - Example: to use CPPIB requires amendments to the federal CPPIB Act.
- **No decisions on APP service providers have been made.**

Implementation Costs

- An APP will require and incur one-time transition costs.
 - Smaller transition costs are anticipated in situations where the desired service provider already exists and is operating.
- **Investment Management**
 - Service provider presently exists: \$75M to \$150M
 - New service provider required: \$1.2B
- **Benefit Administration**
 - Service provider presently exists: \$100M
 - New service provider required: \$1B

Operating Costs

- The analysis also estimates operational costs. These costs are typically expressed as “basis points” (0.01% increments) and are applied to total plan assets.
 - APP operating costs are generally expected to be proportional to existing CPP operating costs.
- **Investment Management**
 - CPP: ~87 bps;
 - Average large pension plan: ~50 bps
- **Benefit Administration**
 - CPP: ~16 bps
 - QPP: ~7 bps

Questions?



Alberta Pension Plan – Report Release

Financial Sector Regulation & Policy,
Treasury Board and Finance

Department Technical Briefing



Canada Pension Plan (CPP) Background

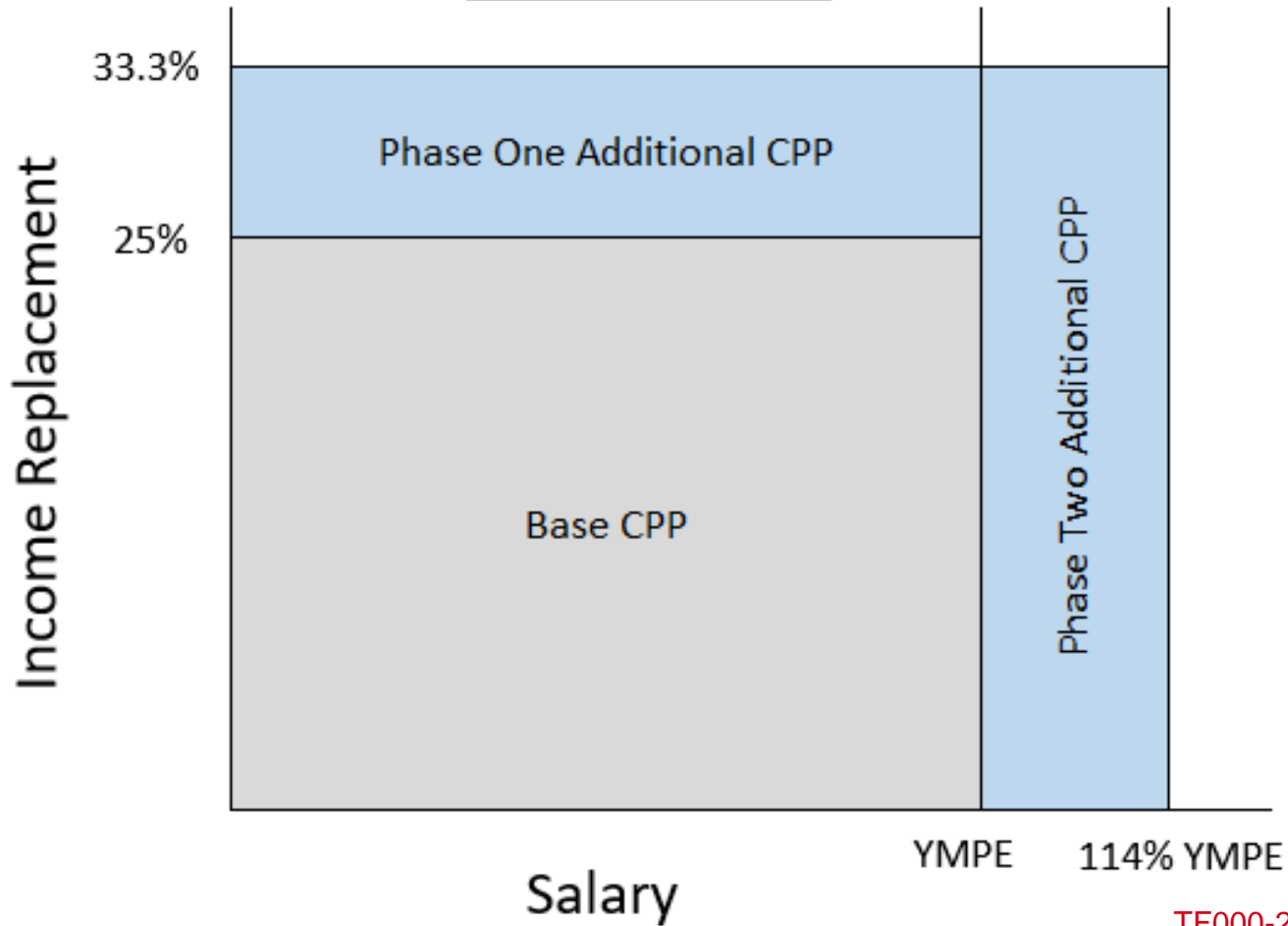
CPP Backgrounder

- The Canadian retirement income system is often described as being comprised of three pillars:
 - Canada Pension Plan,
 - Old Age Security / Guaranteed Income Supplement, and
 - Voluntary Savings (RRSPs, TFSAs, workplace pensions, other savings).
- Pillar One: Canada Pension Plan
 - Started Jan. 1, 1966; *Canada Pension Plan (RSC, 1985, c. C-8)*
 - Contributory, earnings-based, social insurance program.
 - Retirement pensions, disability benefits, survivor's pension, children's benefit, and a death benefit.

CPP Backgrounder: Benefits

- CPP was originally designed to replace 25% of average earnings over the working life of a contributor between ages 18 to 65.
 - Often referred to as “Base” CPP.
 - Automatically excludes up to 8 years of your lowest earnings history.
 - Normal retirement age of 65 (or as early as 60 or late as 70). Pension payment amounts are adjusted for early or late retirement.
- Starting in 2019, benefits started to expand (“Additional” CPP).
 - Phase One (2019 - 2023): income replacement rate ↑ to 33% from 25%.
 - Phase Two (2024 - 2025): increase the maximum eligible earnings.
 - Calculated on a contributor’s best 40 years of earnings.

CPP Benefits



CPP Backgrounder: Funding

CPP Funding Terminology

- Pay-as-you-go.
 - Today’s contributions pay today’s pensions.
 - The rate needed so that the contributions each year are sufficient to pay for the pensions and administrative expenses in that year.
- Modified pay-as-you-go (MCR or “minimum contribution rate”).
 - A portion of today’s contributions pay today’s pensions. (Extra dollars not needed today are invested to help pay for pensions in the future).
 - The rate needed to balance incoming contributions plus the investment income on assets with outgoing benefits and expenses, without a shortfall in any year, over the CPP’s projection period (75 years).

CPP Backgrounder: Funding

CPP Funding Terminology

- Fully pre-funded
 - Today's contributions pay tomorrow's pensions.
 - The rate needed to ensure that a plan's assets are sufficient to fully fund that plan's liabilities at a given calculation date.

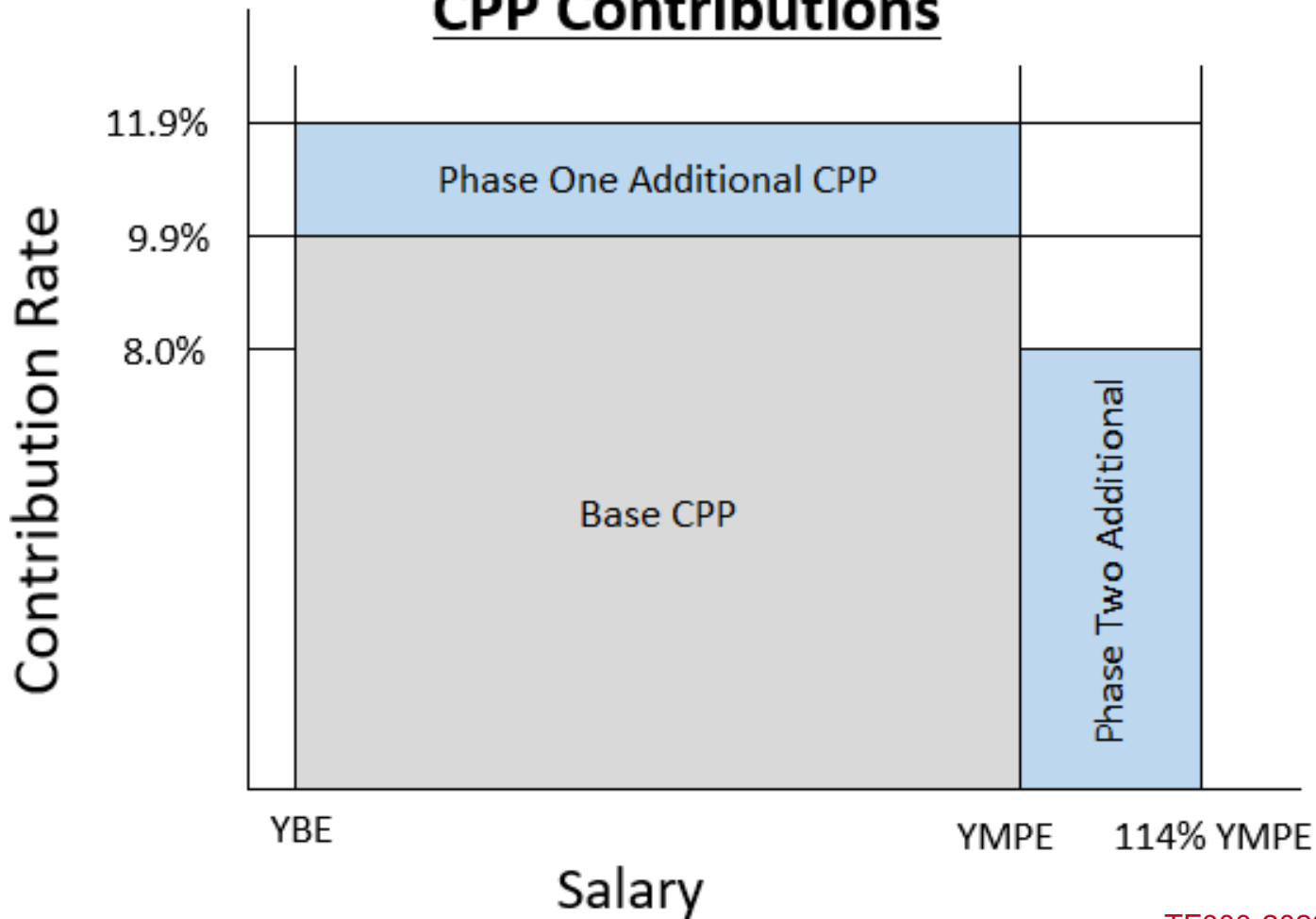
How CPP Benefits are Funded:

- 1966 to 1996: Pay-as-you-go.
- 1997 to current (Base CPP): Modified pay-as-you-go (i.e., MCR).
- 2019+ (Additional CPP): Fully pre-funded.

CPP Backgrounder: Contributions

- Contributions are shared equally between employee and employer.
 - Self-employed pay both portions.
- Base CPP:
 - 9.9% of earnings between the Year's Basic Exemption (YBE) (\$3,500) and the Year's Maximum Pensionable Earnings (YMPE) (\$66,600 in 2023).
- Additional CPP:
 - Phase One (2019-2023): 2.0% of earnings at full implementation between the YBE and the YMPE.
 - Phase Two (2024-2025): 8.0% of earnings at full implementation between YMPE and 114% of YMPE.

CPP Contributions



Report Analysis

Fair Deal Panel

- Fair Deal Panel recommendations (June 2020):
 - Develop a comprehensive plan to create an Alberta Pension Plan (APP) and withdraw from the Canada Pension Plan (CPP).
 - Give Albertans the opportunity to vote for or against an APP.
- Treasury Board and Finance commissioned an analysis of the costs, benefits, and structure of a potential APP.
 - LifeWorks was selected as the successful vendor via an independent and open recruitment process.
 - An original 2021 version of their report was updated in 2023 to reflect new CPP actuarial valuation data (as of Dec 31, 2021).

Can Alberta Withdraw?

- The rules of the *Canada Pension Plan Act* already give Alberta the ability to withdraw from the CPP.
 - Written notice of withdrawal is required.
 - Must pass enabling legislation at least one year before the effective date.
 - Must provide comparable benefits to the CPP.
 - Must start at the beginning of the third year (i.e., Jan. 1) after the federal government is notified.
- Importantly, the CPP Act also contains an asset transfer formula to calculate Alberta's share of CPP assets.

APP Report

Benefits

- “Apples to Apples” comparison: The benefits under an APP exactly replicate CPP benefits, with a hypothetical start date of Jan 1, 2027.

Contributions

- Base APP: uses the same long-term economic and population growth assumptions as the rest-of-Canada (Dec 31, 2021, CPP valuation).

Minimum Contribution Rate	APP Funding Cost, projected*	CPP Funding Cost (2021)	CPP Legislated Rate
Base Benefit	5.91%	9.54%	9.90%

* Actual contribution rates may exceed 5.91% as a buffer against adverse experience.

APP Report

- The report also estimated the costs of Additional APP benefits:

Minimum Contribution Rate	APP Funding Cost, projected*	CPP Funding Cost (2021)	CPP Legislated Rate
First Additional Benefit	1.98%	1.97%	2.00%
Second Additional Benefit	7.92%	7.88%	8.00%

* Actual contribution rates may exceed these amounts as a buffer against adverse experience

- Most of the cost to fund the Additional benefits would come from the investment returns.
- The rest of this presentation focuses on Base benefits.

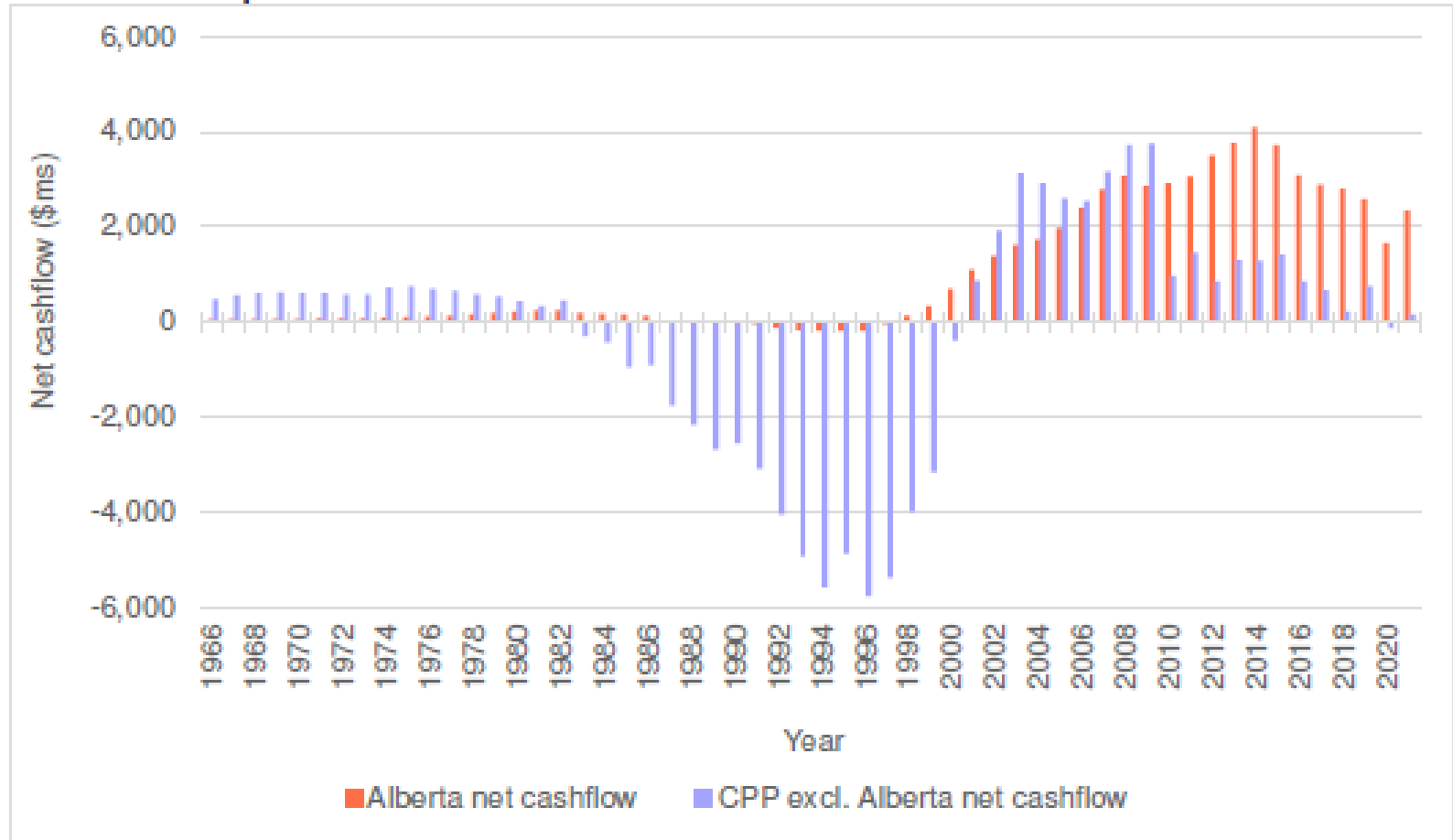
Asset Share

- As described in the CPP Act, the asset transfer is obtained by:
 - adding a) all contributions made by a province and b) net investment returns of the CPP Investment Board (i.e., after expenses) and then
 - subtracting c) benefits paid and d) administration expenses.
- The report's more realistic approach applies investment returns to net cash flow (contributions remitted less benefits and expenses paid).
- The asset share reflects the contributions Albertans have paid, less the benefits received (and share of costs), plus investment income on that net amount, as if an APP had always existed since 1966.

Asset Share

- Under this approach, the amount that Alberta would receive as its share of CPP assets is as follows:
 - As of Dec 31, 2021: \$277 Billion (~51% of all CPP assets).
 - Projected to Jan 1, 2027: \$334 Billion (~53% of all CPP assets).
- Two alternative asset transfer amounts were calculated by modifying contributions and expenditures ($\pm 5\%$):
 - Low estimate as of Jan 1, 2027: \$262 Billion.
 - High estimate as of Jan 1, 2027: \$362 Billion.

Chart B.1 – Comparison of Alberta and rest of Canada historical Base CPP net cash flow



Will APP benefits be secure?

- Workplace pensions are pre-funded. At least once every three years, an actuary calculates assets and liabilities and compares the values.
 - Assets > Liabilities = surplus.
 - Assets < Liabilities = unfunded liability.
- Base CPP is not (and has never been) funded in the same way.
 - The Chief Actuary of Canada assesses if the legislated CPP contribution rates are sustainable over the 75-year projection period.
 - The minimum contribution rate is the rate that results in the projected asset to expenditure ratio (A/E ratio) of the CPP being the same in the 10th and 60th years following the end of the review period.

Will APP benefits be secure?

- The APP report maintained the same funding method as base CPP.
- Since CPP (and APP) aren't funded like a workplace pension plan, the A/E ratio serves as a proxy for benefit security.
 - Thus, the larger the A/E ratio, the greater benefit security.
- The analysis was extended to further estimate the impact on the rest-of-Canada if an APP was established.

	CPP (pre-APP)	APP	CPP (post APP)
Minimum Contribution Rate	9.54%	5.91%	10.36%
Projected A/E Ratio	8.4	28.9	5.1

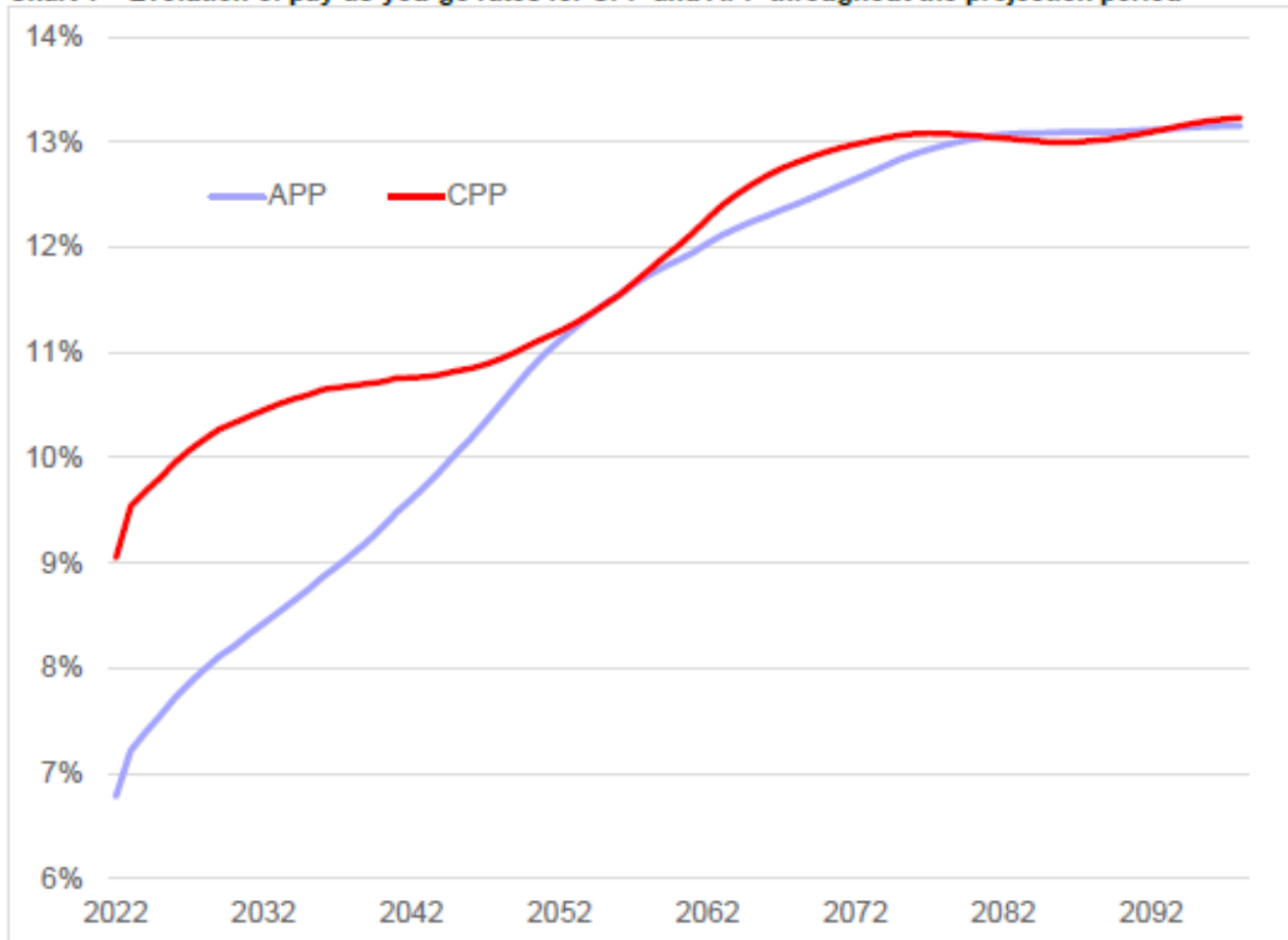
Can an APP be sustained?

- The MCR (5.91%) is the rate needed to ensure that the APP is sustainable over the whole of the 75-year projection period.
 - Future valuations would be needed to confirm whether the MCR continued to be appropriate.
- A sensitivity analysis for individual actuarial assumptions used in the calculation is included in the report.
 - Except for sustained poor investment returns over each year of the 75-year projection period, there was no scenario for which the cost to fund an APP reverts to the cost to fund the CPP.
 - Factors that impact the funding cost of an APP would also impact CPP. How an APP fares would be relative to how the CPP would fare.

Can an APP be sustained?

- Another way to examine the CPP and an APP is to compare the pay-as-you-go rates for each plan.
 - This is **hypothetical**, as it ignores the impact of investment income from an existing fund of assets.
- Due to Alberta's younger population, higher pensionable earnings, and higher employment rates, a set of "best estimate" assumptions was selected for the purpose of calculating a pay-as-you-go rate.
 - An APP would be less expensive than CPP on a pay-as-you-go basis.
 - But over time, an APP would eventually revert to the CPP average.

Chart 1 – Evolution of pay-as-you-go rates for CPP and APP throughout the projection period



Service Provider Considerations

- The analysis makes no recommendations for APP service providers, but highlights broad options:
 - Existing federal service provider,
 - Existing Alberta service provider,
 - New Alberta service provider, and/or
 - Existing private sector service provider.
- Decisions could depend on whether Alberta is able to unilaterally appoint the service provider.
 - The ability to utilize the CPP Investment Board as the APP investment manager would require an amendment to the federal CPPIB Act and the agreement of the provinces/federal government.

Establishment Costs

- **One-time establishment costs:**
 - Lower transition costs are anticipated if existing service providers are selected to operate an APP.
- **Investment Management**
 - Service provider presently exists: \$75M to \$150M.
 - New service provider required: \$750M to \$1.2B.
- **Benefit Administration**
 - Service provider presently exists: \$100M.
 - New service provider required: \$1B.

Operating Costs

- The report estimates operating costs and these are expressed as “basis points” (0.01% increments). They apply to total plan assets.
- The expense assumptions to operate an APP are identical to the expense assumptions used for CPP.

Investment Management	Benefit Administration
87 bps	12 bps

Questions?



Alberta Pension Plan Engagement Panel

Terms of Reference

1. Purpose

- 1.1. The Government of Alberta has undertaken considerable analysis of the potential for an Alberta Pension Plan (APP). This has included actuarial and legal analysis by non-government entities, in some cases accompanied by further, third-party verification. Alberta's government has committed to transparency on this important initiative, so engagement with Albertans is required before further steps are taken.
- 1.2. The President of Treasury Board and Minister of Finance (Minister) has established an Alberta Pension Plan Engagement Panel (Panel) to consult with Albertans on a potential APP over the next several months. The purpose of the engagement is to provide Albertans with information, ensure all Albertans have an opportunity to feed into the Panel's work, and ensure their voices are heard in discussions about the possibility of establishing an APP.
- 1.3. The objectives of the Panel are the following:
 - 1.3.1. Review the expert analyses and advice prepared to date regarding a potential APP.
 - 1.3.2. Based on its review of the foregoing, consult with the public on the findings of a potential APP, as well as the short and long-term implications for an APP for Albertans and Alberta businesses.
 - 1.3.3. Provide all Albertans an opportunity to provide input and encourage Albertans to participate in the engagement.
 - 1.3.4. Hear Albertans' thoughts, concerns, suggestions, and questions regarding a potential APP; and
 - 1.3.5. Informed by its engagement with the public, make recommendations for Government's consideration on topics of importance to Albertans related to the possible establishment of an APP, including, but not limited to:
 - 1.3.5.1. Issues, benefits (increased or comparable to CPP), and contribution rates (reduced or compared to CPP) in a possible APP;
 - 1.3.5.2. Operational elements (e.g., investment management of the APP fund, day to day plan administration, contribution remittance collection, benefit portability, spousal and survivor benefits, and other relevant topics); and/or
 - 1.3.5.3. Other risks and benefits.

2. Scope of Engagement

- 2.1. The engagement will be led by the Panel (in consultation with the government) and will ensure that all Albertans are given an opportunity to provide input and are encouraged to participate in the engagement.

The Panel may consider the engagement needs of specific targeted audiences like seniors or others as needed. The Panel may also consider a formal process for stakeholder submissions.

- 2.2. The Panel will invite submissions from Albertans and encourage discussion on a broad range of Albertans' views to help assess the implications, opportunities, challenges, and considerations associated with implementing an APP.

- 2.2.1. The Panel should ensure that all Albertans are given an opportunity to provide input.

- 2.2.2. The Panel will encourage Albertans' participation in the engagement.

- 2.3. Consideration of inter-provincial and federal-provincial issues are to be limited only to technical details, such as portability of benefits and labour mobility. Albertans may, however, provide input about the potential implications on relationships with other provinces and/or with the federal government.

3. Panel Deliverables

- 3.1. The Panel will summarise their findings in a "What we Heard" report to be provided to Government by May 31, 2024.
- 3.2. The Panel will provide an interim copy of the "What we Heard" report to the Minister at least 90 days prior to the final report submission.

4. Decision-making

- 4.1. The Panel may seek advice and support from the Department of Treasury Board and Finance (Department) but has authority and responsibility for recommendations provided to the Minister.
- 4.2. Periodic updates will be provided to the Minister as necessary to bring issues forward and to seek guidance.
- 4.3. Final decisions respecting policy recommendations will be made by the Minister and Executive Council. The Minister may receive recommendations from the Panel on any aspect of the project.

5. Secretariat support

- 5.1. The Department will provide support to the Panel, through resources contracted by the Department or provided by Department staff. The Department's support may include, but is not limited to:

- 5.1.1. engagement logistics and related meeting management;
 - 5.1.2. provide support to plan, initiate and conduct research and analysis;
 - 5.1.3. support the Panel in accessing and compiling relevant data and research;
 - 5.1.4. as directed by the Panel, assist in the development of advice and recommendations to Minister;
 - 5.1.5. process expense claims;
 - 5.1.6. manage procurement and supporting contracts, as needed;
 - 5.1.7. as directed by the Panel, issue documents relevant to the engagement process; and
 - 5.1.8. provide any other support reasonably requested by the Panel.
- 5.2. In consultation with the Panel, the Department will set up a central repository for storing and accessing records electronically and will ensure the Panel has access to the records for purposes of fulfilling its mandate.
 - 5.3. The Panel's primary contact is the Assistant Deputy Minister of Financial Sector Regulation and Policy at Treasury Board and Finance.

6. Conflicts of Interest

- 6.1. Members of the Panel must be aware of and, to the extent possible, avoid conflicts of interest and apparent conflicts of interest. Further, members must, to the extent possible, not participate in outside activities that create actual or apparent conflicts of interest during their term of engagement on the Panel. For example:
 - 6.1.1. *Business Interests and Financial Interests:* Panel members should not hold business interests or financial interests, directly or indirectly through a closely associated person, which could benefit from or influence the work of the Panel.
 - 6.1.2. *Employment and Appointments:* Panel members should not have or take new employment or appointments that affect their performance or impartiality in their work on the Panel. They must be aware of and manage any potential conflicts of interest, actual or apparent, between their current position and their future circumstance and should remove themselves from any review of decisions affecting their new appointment or employment.
 - 6.1.3. *Volunteer Activity:* If a Panel member is involved in volunteer work, the activity must not influence or conflict with the work of the Panel.
- 6.2. Panel members must, on a continuing basis, promptly and fully disclose existing and new conflicts of interest in writing to the Minister. A disclosure alone does not remove a conflict of interest.

- 6.3. The Minister will endeavour to address and assist in managing actual and apparent conflicts of interest. If a conflict of interest has been identified, depending on the nature of the conflict of interest, a mechanism or system must be established to deal with the conflict.
- 6.4. Where a conflict of interest cannot be avoided, Panel members must take the appropriate steps to manage the conflict in consultation with the Minister, which may include one or more of the following:
- Declaring interests;
 - Withdrawing from discussions;
 - Not receiving relevant information;
 - Removing themselves from matters in respect of the conflict of interest;
 - Avoiding the particular interest or activity causing the conflict of interest;
 - Divesting conflicting business interests;
 - Severing connections that may create a conflict of interest;
 - Entering into confidentiality agreements; or
 - Resigning from the position on the Panel.
- 6.5. If, in the Minister's opinion, a conflict of interest is not being appropriately managed by the Panel member, the Minister may remove the member from the Panel.

7. Confidentiality, Documents, and Records

- 7.1. The Department shall have custody and control of the records received and created throughout the engagement. Any records transferred to the Panel or in the custody of the Panel pursuant to the engagement process remain under the control of the Department and are subject to the *Freedom of Information and Protection of Privacy Act* and governed by the Government of Alberta's Records Retention Policy.
- 7.2. Panel members must comply with all applicable privacy laws that govern the collection, use, disclosure and safeguarding of information.
- 7.3. Subject to applicable laws and this section 7, all information collected, received or produced throughout the engagement is confidential unless otherwise directed in writing by the Minister (Confidential Information). For greater certainty, Confidential Information includes any information, submission, document, record, report, recommendation or advice collected, received or produced through the engagement, including by the Panel or any of its members, regardless of format.
- 7.4. Panel members must provide a written undertaking of confidentiality.
- 7.5. Panel members must maintain the confidentiality of, and must not discuss or otherwise disclose outside of the Department, any Confidential Information: (i) until such time as the information has been authorized for release by the Department or has been released to stakeholders (including the public) without any breach of confidentiality, or (ii) unless a Panel member or the Panel is obligated to disclose the information by legislation, by an order of a court or tribunal, or pursuant to a

legal proceeding.

- 7.6. Information that was in the public domain at the time of its receipt or collection is not Confidential Information.
- 7.7. Subject to applicable laws, Panel members must use Confidential Information solely for the purpose of fulfilling their functions and not for any other purpose.
- 7.8. The confidentiality obligations in this section shall continue beyond the dissolution of the Panel or the termination or expiry of the appointment of a Panel member.
- 7.9. Any records transferred to the Panel or collected, maintained or stored by the Panel in the performance of the Panel's duties under the engagement must be delivered to the Department at the Department's request or upon the completion of the engagement process, whichever occurs first.

8. Public and Media Communications

- 8.1. Panel members shall direct any proposed public communications or media inquiries regarding the Panel and its work to the Minister.
- 8.2. Panel members will discuss and obtain approval for any proposed public communications or media inquiries regarding the review and its work to the Minister.

Keely White

From: Lois Stewart
Sent: Thursday, January 19, 2023 6:26 PM
To: Catherine Rothrock; Jennifer Hansen
Cc: David Mulyk; Tara Dahl

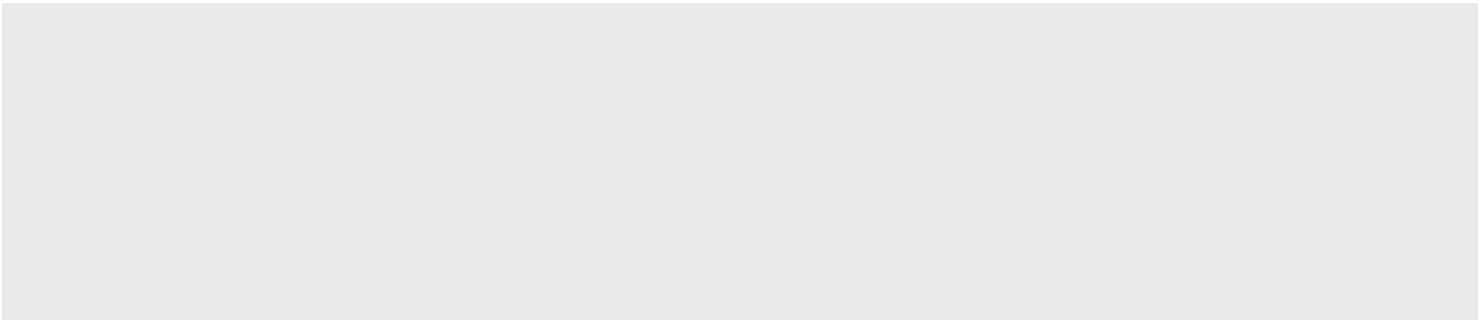
Subject: assumptions (Seeking EFP input)
Attachments: [Redacted]

24(1)(a)
24(1)(a)
NR
NR
24(1)(a)

Good evening, Catherine and Jennifer,

Thank you again for EFP's assistance in developing the model assumptions for the LifeWorks (previously Morneau Shepell) analysis of a potential Alberta Pension Plan, in January 2021 – and again this time around, as LifeWorks is currently updating the 2021 report per the latest CPP Actuarial Valuation, released last month.

At the meeting we have scheduled for tomorrow afternoon LifeWorks will be presenting the attached slides regarding APP model considerations. After the meeting tomorrow, we will then have a few days to contemplate and discuss internally, prior to sharing our feedback with LifeWorks sometime next week.



For reference, I've also attached the assumption slide deck and EFP's feedback, as provided last time (attached and below).

Please let me know if further information would be helpful.

Thank you again for your help with this work.

Best regards,
Lois

[Lois Stewart \(she/her\)](#) | Director, Pension Policy | Pension Policy Branch | Financial Sector Regulation and Policy Division | Alberta Treasury Board and Finance | Edmonton, AB T5K 2C3 | 780.415.4777

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 17(1) - third party's personal information

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Exemptions:

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 17(1) - third party's personal information

Keely White

From: David Mulyk
Sent: Monday, June 12, 2023 3:14 PM
To:
Subject: [Redacted]
Attachments: [Redacted]

20(1)(m)
25(1)(b)

24(1)(a)
24(1)(a)

24(1)(a)
24(1)(a)

David Mulyk BSc, MBA
Executive Director, Pension and Insurance Policy
Alberta Treasury Board and Finance
Direct: (780) 415-0514
General: (780) 427-8322
Email: david.mulyk@gov.ab.ca

24(1)(b)
24(1)(a)
24(1)(b)

Classification: Protected A

From: David Mulyk
Sent: Monday, June 12, 2023 3:12 PM
To: Mark Brisson <mark.brisson@gov.ab.ca>
Cc: Tim [Redacted] <y.Jobs@gov.ab.ca>
Subject: [Redacted]

Mark,

[Redacted] n Wednesday.

Few notes:

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Keely White

From: David Mulyk
Sent: Tuesday, June 27, 2023 3:31 PM
To: Timothy Jobs; Lois Stewart; Tara Dahl
Subject:
Attachments: [Redacted]

-24(1)(a)

FYI [Redacted]

20(1)(m)

25(1)(b)

Saved on the M: drive.

-24(1)(a)

David Mulyk BSc, MBA

24(1)(b)

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24(1)(a)

24(1)(b)

Classification: Protected A

From: Sharon Lopatka <sharon.lopatka@gov.ab.ca>
Sent: Tuesday, June 27, 2023 3:27 PM
To: Mark Brisson <mark.brisson@gov.ab.ca>; David Mulyk <David.Mulyk@gov.ab.ca>
Cc: Dodi Zuczek <dodi.zuczek@gov.ab.ca>
Subject: FW: APP Deck

[Redacted]

Dodi, I will get James a hard copy to take to Kate tomorrow.

Sharon

Classification: Protected A

From: Bryce Selzler <Bryce.Selzler@gov.ab.ca>
Sent: Tuesday, June 27, 2023 2:44 PM
To: Sharon Lopatka <sharon.lopatka@gov.ab.ca>
Subject: APP Deck

Bryce Selzler

Senior Policy Advisor
Office of the President of Treasury Board & Minister of Finance

[Redacted]
bryce.selzler@gov.ab.ca

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Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 29(1)(a) - information that is readily available to the public

Speaking Points

David Mulyk
Executive Director, Pension and Insurance Policy

Alberta Pension Plan Report

Technical Presentation

September 2023

Slide 1: Title Page

- Good morning. My name is Dave Mulyk and as Kathy mentioned, I'm the executive director for pension and insurance policy at Treasury Board and Finance.
- On behalf of the whole team who've worked hard on this file, I'm happy to deliver this technical briefing. Please follow along in the slide deck provided in your embargo package this morning.
- Let's move to Slide 2.

Slide 2: CPP Backgrounder

- In order to explain and understand parts of the report's findings, it's important that I start with a brief overview of the Canada Pension Plan on three key topics:
 - The benefits CPP provides,
 - How the CPP is funded, and
 - How CPP contributions work.
- Please move to slide 3.

Slide 3: CPP Backgrounder

- If you're familiar with Canadian retirement savings system, you likely heard it described as a three-legged stool or a three-pillared system.
- Each pillar, including the Canada Pension Plan, plays a part to support a Canadian's income in retirement.
- What's less known is that the CPP is actually described by a federal piece of legislation, the CPP Act.
- We often think of the CPP as purely offering a retirement pension, but it actually offers a number of different benefit types. These include disability benefits, pensions for survivors and dependent children, as well as a death benefit.
- Please move to slide 4.

Slide 4: CPP Backgrounder: Benefits

- When CPP first started, it was designed to replace about 25% of a contributor's earnings, averaged over the whole of their working career.
- For the purposes of this presentation, I'll refer to this as "Base CPP" or as "base benefits".
- Relatively speaking, a 25% income replacement rate over the average income of an entire career isn't necessarily a lot of money. So, to boost

this average, Base CPP will drop out as many as 8 years of the lowest period of earnings.

- The so-called “normal” retirement age for CPP is 65, but you can start collecting CPP as early as 60 or as late as 70. The pension amount you’ll receive will vary, depending on whether you start early or late.
- Much more recently, in 2016, Canada’s Finance Ministers reached an agreement to gradually phase-in an increase to CPP benefits. I’ll refer to these as “Additional CPP” or “additional benefits”.
- There were two phases to the benefit improvement.
- The first phase, which started in 2019 and concludes this year, increased the targeted income replacement rates, up from the one-quarter previously mentioned to one-third, or 33%.
- The second phase, to be phased-in over 2024 and 2025, increases the maximum income which qualifies for benefits.
- Please move to slide 5.

Slide 5: CPP Benefits Graphic

- This slide shows a highly simplified graphic which illustrates the benefits that are provided by the CPP.
- The grey block, representing Base CPP, demonstrates the initial 25% income replacement.
- The horizontal blue bar shows the first phase of the increase in benefits.
- The vertical blue bar represents the second phase increase. The maximum earnings will be phased-in, with an increase of 7 percentage points each year.
- You'll note there are a couple of terms of the salary axis which I haven't yet covered, but don't worry – I'll explain those in a bit.
- Next, I'll talk about how CPP is funded on Slide 6.

Slide 6: CPP Background: Funding

- So, we know the benefits CPP provides, but how are they funded?
- Like many (if not all) social security retirement schemes, CPP was originally designed as a pay-as-you-go plan.
- In plain English, this meant that today's contributions paid for today's pensions. There was a small buffer in the calculation, but not much.

- CPP operated this way for a number of years, but actuarial calculations began to show this approach would not be sustainable.
- Thus, starting in 1997, CPP funding was switched to a modified pay-as-you-go scheme.
- Essentially, under this approach, contribution rates were increased. The changes still meant that a portion of today's contributions would pay for today's pensions, but the rest of the contributions not needed for benefit payments were saved and invested. The investment income is used to help offset the contributions needed in the future.
- This funding approach calculates what's called a "minimum contribution rate", or MCR. The MCR is the rate needed to ensure CPP is sustainable over a 75-year projection period.

Slide 7: CPP Backgrounder: Funding

- Turning to slide 7, the final piece of CPP funding is what is called pre-funding. This is where today's contributions are saved and invested to pay for tomorrow's pensions.
- In summary, what this means in 2023 is that Base CPP is funded on the modified pay-as-you-go basis, but Additional CPP is fully pre-funded.
- Moving to Slide 8, we'll talk about CPP contributions.

Slide 8: CPP Backgrounder: Contributions

- The contributions which are needed to pay for CPP benefits are funded on a 50/50 basis between you and your employer. However, if you're self-employed, both portions are your responsibility.
- For Base CPP, the contribution rate to pay for benefits is 9.9% of salary.
- In 2023, contributions are required on earnings that range between \$3,500 and \$66,600.
- This lower figure is called the Year's Basic Exemption, or YBE. The upper amount is what's called the Year's Maximum Pensionable Earnings, or YMPE.
- The upper boundary changes on a year-by-year basis; however, the lower amount has not changed since 1996.
- For Additional CPP, the contribution rate for the first phase is 2.0% of salary between YBE and YMPE.
- The second phase for Additional CPP requires 8.0% of salary, but it is only charged on the increased eligible salary.

Slide 9: CPP Contributions Graphic

- I realize that was a mouthful, but Slide 9 illustrates what I just tried to explain in words.

- When looking at this chart, it's important to remember that the targeted benefit level is 33% of your average earnings over your career.
- But as you can see, the cost to fund the Phase Two Additional APP is lower. This is due to the impact of compounded investment returns, which occurs when you pre-fund the Additional benefits.

Slide 10: Report Analysis

- With that history lesson concluded, let's turn to Slide 11 and delve into the findings of the report.

Slide 11: Fair Deal Panel

- The story starts with the Fair Deal Panel report, released in June 2020. The Panel recommended that the Government of Alberta should explore the possibility of an APP and that recommendation was accepted.
- Following government's response, Treasury Board and Finance was tasked to work on a report to analyze a potential APP.
- We knew we needed external independent and expert actuarial analysis for the report. So, following an open competitive bid process, LifeWorks was selected as the winning proponent to prepare what I'll call the APP Report.
- Their report, which I'll summarize, reflects the most recent CPP data set, current to December 31, 2021 (but was released in December 2022).

- Let's move to Slide 12.

Slide 12: Can Alberta withdraw?

- Before I share the numbers from the report, it's important that I address the central issue, which is this: "*Can Alberta withdraw from CPP*"?
- I talked earlier that the CPP is governed by federal legislation, and the CPP Act already includes a path to enable Alberta to withdraw.
- Summarizing the CPP Act requirements at a high level, Alberta can withdraw if the province:
 - issues a formal withdrawal notice,
 - passes legislation to establish an Alberta Pension Plan at least one year before the effective date of the plan, and
 - provides comparable benefits to the CPP.
- All told, the APP must be up-and-running by the start of the third year following the year in which the federal government is notified.
- The other provinces and federal government do not have formal role in the withdrawal process, nor can they vote against the withdrawal.
- Importantly, the CPP Act also includes a formula to calculate the assets to which Alberta would be entitled if it withdrew.

Slide 13: APP Report

- From the department's perspective, it important that the report be completed independently.
- Equally important was for the analysis to preserve an apples-to-apples comparison with the current CPP.
- This means that for the purposes of the report, the benefits of a potential APP are identical to the existing benefits under the CPP.
- And similarly, the actuarial assumptions used for the APP calculations are same as assumptions which are used for Canada as a whole, in the most current CPP valuation report.
- The report needed to include a start-date, and so, this report assumes an APP starts on January 1, 2027. This date is nothing more than a hypothetical date which serves as an anchor for the calculations.
- If I was to summarize the findings in one sentence, it's that the report demonstrate an APP could deliver the same benefits as the CPP, at a lower cost than the CPP, and sustain those benefits over the long run.
- The report estimates that the minimum contribution rate for an APP is 5.91%. This compares to the CPP's minimum contribution rate of 9.54%.

- Actual contribution rates for an APP would still need to be set. It's likely the rates would be slightly higher than 5.91% to provide a cushion against adverse economic and demographic experience.
- There is no rule that dictates how large the buffer must be.
- Since 2003, the base CPP contribution rate has been 9.9%. In the most current review of CPP, the minimum cost is 9.54%. In the prior valuation, the MCR was 9.72%. And it was 9.79% in the valuation before that.
- Based on this lower funding cost, and in dollar terms, this means that Albertans would save about \$5 billion, per year, starting in 2027.
- At the individual level, this could mean annual savings of up to \$1,425 each year, for each Alberta employee (and the same for their employer), or up to \$2,850 each year for self-employed Albertans.

Slide 14: APP Report

- Slide 14 shows the report's estimate of the costs to fund the Additional APP. But here, the story is less interesting. As you can see from this slide, the costs of the Additional benefits under an APP are virtually the same as the CPP.
- The main reason is that the heavy lifting to fund the Additional benefits comes from the assumed investment rates of return, which were kept identical to the CPP for the purposes of this report.

- As there's not much variation in the Additional benefits, the rest of this presentation will only focus only on Base benefits.
- Moving on to slide 15 and Alberta's estimated asset share in the CPP.

Slide 15: Asset Share

- As I previously discussed, the CPP Act includes a formula to calculate the asset transfer amount, and it's paraphrased on this slide.
- The language used in the Act for the transfer formula has changed since the original version. It was updated in early 2000 to reflect the change in funding approach when funding of CPP moved to the minimum contribution rate. It was further updated in 2017 to reflect the Additional CPP expansion.
- However, the literal read of the CPP Act would result in an asset share that's about 117% of existing CPP assets.
- Instead, the report adopts a more measured approach to calculate Alberta's asset share because it applies investment returns to the net cash-flow.
- It determines how much in contributions Albertans have made to the CPP, less the benefits paid (and expenses). Only then are net investment returns applied to this lower amount.

- In plain English, the asset transfer represents the amount that would be in an APP if it had been established and operated in exactly the same way as CPP, right from 1966.
- Let's move to slide 16.

Slide 16: Asset Share

- Under this more realistic approach, an APP is projected to be entitled to an estimated \$334 billion dollars as of January 1, 2027.
- I must point out that the report necessarily relied on publicly available information. So, in recognition of the potential for variability in the data, two alternative asset transfer amounts are included.
- One scenario assumes that contributions were five per cent lower, and expenditures were five per cent higher in every single year of the analysis. This results in an estimated asset transfer of \$262 billion.
- The other scenario assumed expenditures were five per cent lower, resulting in an estimated asset transfer of \$362 billion.

Slide 17: Asset Transfer Graphic

- The graphic on Slide 17, which is found in the report, paints the picture for why the asset transfer amount is estimated to be so significant.

- The orange or red bars show the net-cash flow from Alberta, while the blue bars represent the net cash-flow for the rest-of-Canada. The impact of investment income is not shown in this graphic.
- As you can see, increasingly negative cash-flows were the impetus for contribution rate reforms in the mid-90's.
- But as the slide illustrates, Alberta's cash flow during this period was different from the rest of Canada.
- Following the implementation of the reforms, net cash-flow from Alberta increased considerably.
- When you accumulate these results over decades and add in the impact of investment returns, and you can begin to see how such a large asset transfer amount is possible.
- Let's move to Slide 18.

Slide 18: Would APP benefits be secure?

- One major question Albertans may have about an APP is whether the plan would be secure.
- When we typically think about pension security, this often involves a comparison of assets and liabilities.

- In a workplace defined benefit pension plan, once every three years, an actuary looks at the plan's assets and calculates its estimated liabilities.
- If assets exceed liabilities, the plan has a surplus. If it's the reverse, it's an unfunded liability.
- Thus, in a relative sense, you can assume that a plan that's more than fully funded is more sustainable than a plan with an unfunded liability.
- However, Base CPP is not, and has never been, funded this way. There is no reliance on a single point-in-time comparison of current assets to current liabilities.
- Instead, when the Office of the Chief Actuary of Canada prepares a review of the CPP, they are looking at the estimated cashflows of the CPP over the projection period, which is typically 75 years.
- The OCA analyzes whether the expected contributions from Canadians plus investment earnings are sufficient to cover the expected benefit payments and expenses over the projection period.
- If the analysis concludes this to be the case, and it has been this way for decades, then the benefits provided under the CPP are considered to be sustainable.
- As part of their review, the OCA calculates the minimum contribution rate based on an established funding methodology which is meant to

equalize the projected asset to expenditure ratio of the CPP in years 10 and 60 following the end of the review period.

- Let's move to slide 19.

Slide 19: Would APP benefits be secure?

- In the same way the benefits of an APP and the actuarial assumptions were kept the same for the APP report, the funding methodology was also preserved for the purposes of the analysis.
- Therefore, the asset to expenditure ratio can be used to measure the approximate benefit security. The higher the ratio, the more secure the benefit.
- As of January 1, 2027, the A/E ratio for the APP is estimated at 28.9, which is more than three times larger than the 8.4 ratio for base CPP.
- The report does acknowledge that Alberta's withdrawal would impact the rest of CPP. Minimum funding costs are estimated to increase from 9.54% to 10.36%, while the benefit security for rest-of-Canada CPP would decrease.
- In 2027, the increase in cost between what Canadians pay today and the estimated minimum cost, post-APP is less than \$350. Half paid by an employee and the other half by their employer.
- Related to benefit security, slide 20 will speak to benefit sustainability.

Slide 20: Can an APP be sustained?

- Another question which could be asked about an APP is whether the contribution rates would be sustainable.
- The estimated 5.91% minimum contribution rate for the APP is the rate which must be collected, every single year over the next 75 years, to sustain the APP.
- And while the actual contribution rate for an APP must still be set, we expect this rate would be stable. (For context, the current contribution rate for base CPP has not changed since 2003).
- Of course, just like any other pension plan, an actuary would need to perform a valuation at regular intervals to confirm if the contribution rate continues to be appropriate for the future.
- Despite the math telling us that the rates are expected to be stable, the report also includes scenarios, (the technical term is a “sensitivity analysis”) on the individual actuarial assumptions used in the analysis.
- Due to the large asset transfer amount, there was no scenario in which the cost to fund the APP would revert to that for CPP, except for poor investment returns over each of the 75 years in the projection period.
- To be clear, it is at least theoretically possible to select a set of worst-case actuarial assumptions in order to produce a funding cost for an APP that would exceed CPP.

- However, that approach would be a cherry-picking exercise to drive to a specific outcome. It could not be endorsed from an actuarial perspective.
- But by similar logic, it's also the case that the report does NOT select assumptions which only reflect a best-case scenario for Alberta and make an APP look even more advantageous.
- If an APP is established, the plans' actuary would need to select the actuarial assumptions used in the analysis.
- It is reasonable to ask if the actuarial assumptions of an APP should continue to use the same rest-of-Canada assumptions, or if variations to reflect an Alberta specific context are warranted.
- But for this report, I go back to the desired goal of an apples-to-apples comparison. And from an actuarial standpoint, we firmly believe the methodology used in this report is sound.
- Please move to slide 21.

Slide 21: Can an APP be sustained?

- Some may question if the advantages of an APP could be sustained over the long-term.
- This question is relevant when you look purely at the pay-as-you-go rates for CPP compared to APP.

- Its critically important to recognize that pay-as-you-go is *theoretical*, because it deliberately ignores the large asset transfer behind the APP.
- The analysis in the report shows that on this basis, an APP eventually “reverts to the average” of the CPP.

Slide 22: PAYGO Graphic

- This graphic on slide 22 illustrates this point.
- In the early years, and as you might expect, even without an asset transfer, an APP is cheaper to CPP.
- But in the out-years, an APP and CPP could be expected to cost roughly the same under a PAYGO approach.
- To stress, neither CPP nor APP are (or would be) funded on a pay as you go basis. This is purely a theoretical exercise.
- The point of this graphic is to acknowledge and address the questions that same may have about the longer-term viability of an APP.
- In the absence of the large and anticipated asset transfer, then over the very long term, the APP would cost about the same as the CPP.
- Let’s move to slide 23.

Slide 23: Service Providers

- A source of considerable discussion on an APP has been on the service providers, particularly from the investment management perspective.
- The report does not make any recommendations in this regard. And it's important to stress that no decisions have been made.
- However, the report does highlight broad options:
 - Existing federal service provider,
 - Existing Alberta service provider,
 - New Alberta service provider, and/or
 - Existing private sector service provider.
- Factors that may influence a decision is whether Alberta can unilaterally appoint the service provider.
- For example, an option is to keep the Canada Pension Plan Investment Board as the investment manager for an APP.
- However, the mandate of the CPP Investment Board is described by the federal CPPIB Act and an amendment to that Act would be needed if the CPP Investment Board was going to invest the assets of an APP.

- But this decision would require the federal government to agree to amend the CPP Investment Board Act. Furthermore, at least two-thirds of the provinces, with two-thirds of Canada's population, would also need to agree to it.

Slide 24: Establishment Costs

- Moving to slide 24, and to state the obvious, establishing an APP would be a significant undertaking. And as such, it would necessarily involve one-time costs.
- The amount of these costs would depend (at least in part) on the service providers for an APP.
- Generally, if the service provider exists, implementation costs are expected to be lower when compared to the costs of using a new service provider.
- I should stress that these costs are estimates only and the value of this information is around the magnitude of these figures, rather than the absolute numbers in the report.
- I would also point out that these costs must also be considered against the context of the anticipated asset transfer amount of \$334 billion.
- Let's flip to slide 25 to talk about potential operating costs.

Slide 25: Operating Costs

- If an APP gets up-and-running, there would be costs to operate the plan.
- Cost estimates for investment management and benefit administration are included in the report and the assumptions used for the report are the same assumed costs to operate CPP.
- These assumptions are represented as basis points, rather than fixed dollars. This is because as the fund size increases, the overall cost to run the plan would also increase.
- Translated into dollar, investment management costs is around \$3 billion while benefit administration costs would be about \$413 million in 2027.

Slide 26: Questions/ Conclusion

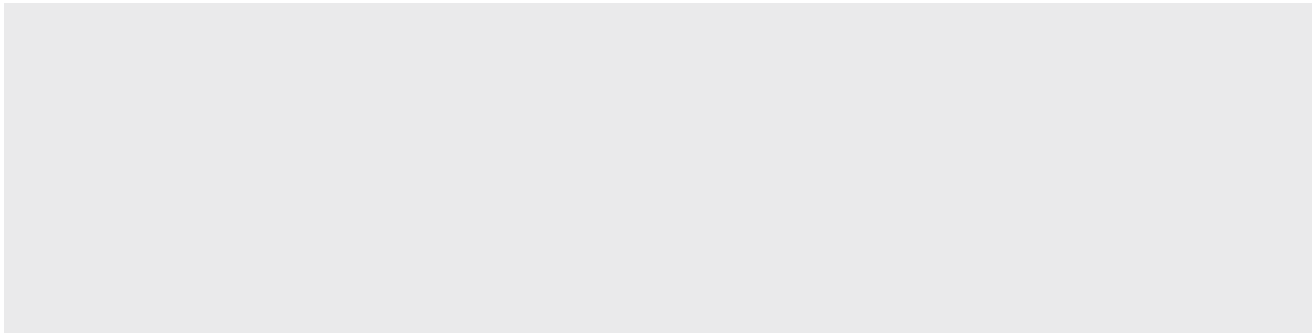
- In conclusion, the report shows the benefits provided under a potential APP would be at least equal to CPP.
- By retaining CPP's funding model and supported by an estimated asset transfer of about \$334 billion, an APP would be secure and stable.
- And, finally, an APP could deliver considerable saving for Albertans, about \$1,425 per year or \$2,850 for those who are self-employed.
- That concludes my presentation. I'd be happy to address any questions you may have about the report. Thank you.

Media Questions and Answers

.24(1)(a)

1. What is the likelihood that Alberta would get this estimated asset transfer?
 - a. I am very confident in the methodology used in this report to determine Alberta's share of CPP assets. This is because the asset share to December 31, 2021, is based on actual data published by the federal Government.

2. What is Alberta's representative population in the CPP?
 - a. Answer: About 15 per cent.



4. The Asset Share slide including a "low estimate" and a "high estimate"
What is the assumed APP MCR under those scenarios?
 - a. Answer: The minimum funding cost based on the alternative asset transfer scenarios is 5.53% or 6.90% of salary, respectively.

5. How many Albertans would be impacted by an APP?

a. Answer: About 2.2 million Albertans contribute to the CPP. Just over 967,000 Albertans are collecting some type of retirement benefits or survivor's pension.

6. Most recent data on Alberta contributions and benefits?

a. Answer: Based on 2021 data found in the report (which reflects the current data that is available), Alberta contributions to base CPP was about \$9.1 billion while about \$6.7 was paid as benefits.

7. How much do Albertans collect from CPP?

a. The answer depends on the benefit type:

Benefit type	Number of Albertans Receiving the Benefit	Average Benefit received by Albertans	Average Benefit received by all CPP recipients
Retirement	711,031	\$718 per month	\$672 per month
Survivor	143,032	\$368 per month	\$366 per month
Disability	41,019	\$1,050 per month	\$1063 per month
Children	19,897	\$282 per month	\$282 per month
Survivor & Retirement	113,177	\$980 per month	\$956 per month
Survivor & Disability	1,500	\$1,225 per month	\$1,204 per month
Post-retirement benefit	825,563	\$18 per month	\$17 per month
Death		\$2,500 (one-time)	\$2,499 (one-time)

8. What is the maximum CPP retirement pension?

a. Answer: \$1,307 per month

9. Doesn't Alberta face the same risks as the QPP, which requires a higher contribution rate to fund the same level of benefits?
- a. Answer: The difference is explained by the large asset transfer that Alberta is anticipating. Additionally, QPP contribution rates were the same as CPP from 1966 until 2011 and only started to increase in 2012. In 2023, the contribution rate for Base QPP is 10.8% (compared to 9.9% for Base CPP).
10. An amendment to the following requires the consent of two thirds of provinces having two thirds of the population:
- a. The general level of benefits provided by the CPP Act.
- b. The classes of benefits provided by the CPP Act.
- c. The contribution rates for Base and Additional CPP.
- d. The formulae for calculating the contributions and benefits payable under the CPP Act.
- e. The management or operation of the CPP Account or Additional CPP Account.
- f. The Canada Pension Plan Investment Board Act.

11. How realistic is the asset transfer methodology? You acknowledge that LifeWorks had to use an alternative interpretation. What do you say to people who say the methodology is old and outdated.
- a. Out of all of the findings in the report, the part that I can most firmly support is the methodology used by LifeWorks.
 - b. The LifeWorks' approach reflects a comprehensive and logical application of the asset transfer formula in the CPP Act.
 - c. It is consistent with the words of the section and the context of the withdrawal provisions in the CPP Act.
 - d. Further, from an actuarial perspective, the approach is exactly the process that applies in the private sector, if a plan with more than one employer was split into individual components.



ALBERTA

MINISTERIAL ORDER No. 34/2023

**DEPARTMENT OF TREASURY BOARD AND FINANCE
PROVINCE OF ALBERTA**

Government Organization Act (s. 7)

ALBERTA PENSION PLAN PUBLIC ENGAGEMENT PANEL

I, Nate Horner, President of Treasury Board and Minister of Finance, make the following Order:

Establishment and Appointments

1. The Alberta Pension Plan Public Engagement Panel (the "Panel") is established, effective as of September 21, 2023.
2. The following individuals are appointed as members of the Panel:
 - Jim Dinning
 - Mary Ritchie
 - Moin Yahya
3. Jim Dinning is designated as the Chair of the Panel.
4. The President of Treasury Board and Minister of Finance is designated as the head of the Panel for purposes of the *Freedom of Information and Protection of Privacy Act*.

Mandate and Authorities

5. The context, mandate, and deliverables of the Panel are as set out in the Terms of Reference included as Appendix A in this Order. If there is any conflict between the Terms of Reference and the main body of this Order, the main body of this Order will govern.
6. Subject to the terms of this Order, including the Terms of Reference, the Panel is authorized to make rules governing the calling of its meetings, the procedure to be used at its meetings, and the conduct of business at its meetings.

Additional Support

7. The work of the Panel will be supported by the Department of Treasury Board and Finance, through resources contracted by the Department or by personnel of the Department assigned for that purpose, or a combination thereof.
8. Resources contracted by the Department of Treasury Board and Finance at the request of or in support of the Panel will be limited to a maximum budget established for that purpose by the Deputy Minister of Treasury Board and Finance.


Remuneration and Expenses

9. Members serving on the Panel will be entitled to remuneration for their work and time spent in relation to the business of the Panel in accordance with Part A of Schedule 1 of Appendix 3 of the Committee Remuneration Order, being OC 466/2007, including any amendment thereto.
10. Members serving on the Panel will be entitled to reimbursement of their reasonable expenses, on the same basis as if they were employees of the Government of Alberta and subject to the Travel, Meal and Hospitality Expenses Directive, being Treasury Board Directive 1/2015, including any amendment thereto.

Disestablishment

11. The Panel is disestablished on May 31, 2024.

DATED this 14 day of September, 2023.



Nate Horner
President of Treasury Board and Minister of Finance

Attached: Terms of Reference

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options
- 22(1) - reveal the substance of deliberations of the Exec. Council or any of its committees/the Treasury Board/any of its committees
- 24(1)(b) - consultations or deliberations involving officials

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- 22(1) - reveal the substance of deliberations of the Exec. Council or any of its committees/the Treasury Board/any of its committees
- 18(1)(a) - threaten anyone else's safety or mental or physical health

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- 22(1) - reveal the substance of deliberations of the Exec. Council or any of its committees/the Treasury Board/any of its committees

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 4(1)(q)(i) - a record created by or for a member of the Executive Council
- 4(1)(q)(ii) - a record created by or for a Member of the Legislated Assembly

Keely White

From: Sharon Lopatka
Sent: Wednesday, October 18, 2023 2:09 PM
To: Christopher Ewert; Taryn Cronk
Cc: Samson Swan
Subject: FW: Letter from PMO
Attachments: Premier Smith letter to Prime Minister Trudeau Oct 18 2023.pdf; PMO.pdf

FYI. You may already be aware of both of these letters.

Sharon

Classification: Protected A

From: Sharon Lopatka
Sent: Wednesday, October 18, 2023 2:08 PM
To: Jesse Robertson <jesse.robertson@gov.ab.ca>
Cc: Mark Brisson <mark.brisson@gov.ab.ca>; Kathy M Morin <Kathy.M.Morin@gov.ab.ca>; Kate White <Kate.White@gov.ab.ca>
Subject: RE: Letter from PMO

Hi Jesse,

I presume you have seen this one as well. Premier's response to PM.

Sharon

From: Mark Brisson <mark.brisson@gov.ab.ca>
Sent: Wednesday, October 18, 2023 10:20 AM
To: Sharon Lopatka <sharon.lopatka@gov.ab.ca>; Kathy M Morin <Kathy.M.Morin@gov.ab.ca>; Jesse Robertson <jesse.robertson@gov.ab.ca>
Subject: FW: Letter from PMO

Sharon, Jesse, and Kathy, I am assuming you have seen this letter, but if not here it is. From PMO.

Mark

Classification: Protected A

From: Timothy Jobs <Timothy.Jobs@gov.ab.ca>
Sent: Wednesday, October 18, 2023 10:17 AM
To: Mark Brisson <mark.brisson@gov.ab.ca>
Cc: David Mulyk <David.Mulyk@gov.ab.ca>
Subject: Letter from PMO

See attached.

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 29(1)(a) - information that is readily available to the public

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 21(1)(a)(i) - harm relations between the GoA or its agencies and the GoC or a province or territory of Canada

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 21(1)(a)(i) - harm relations between the GoA or its agencies and the GoC or a province or territory of Canada
- 29(1)(a) - information that is readily available to the public
- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 21(1)(a)(i) - harm relations between the GoA or its agencies and the GoC or a province or territory of Canada
- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

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Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 29(1)(a) - information that is readily available to the public

Keely White

From: Mark Brisson
Sent: Tuesday, October 31, 2023 12:47 PM
To: Kate White; Paul Lebane
Cc: Sharon Lopatka; David Mulyk; Jason Waywood; Timothy Jobs
Subject: Fwd: APP Meeting
Attachments: [REDACTED]

Follow Up Flag: Follow up
Flag Status: Completed

Kate and Paul, some 'in the background' information on APP for Friday for your consideration.

Thank you.

Mark

Classification: Protected A

From: Kate White <Kate.White@gov.ab.ca>
Sent: Monday, October 30, 2023 4:34 PM
To: Paul Lebane <Paul.Lebane@gov.ab.ca>; Mark Brisson <mark.brisson@gov.ab.ca>
Subject: RE: APP Meeting

Hi guys,

[REDACTED]

Thanks,
Kate

Classification: Protected A

From: Paul Lebane <Paul.Lebane@gov.ab.ca>
Sent: October 30, 2023 4:22 PM
To: Kate White <Kate.White@gov.ab.ca>; Mark Brisson <mark.brisson@gov.ab.ca>
Subject: FW: APP Meeting

Hi Kate, Mark,

Paul

20(1)(m)

25(1)(b)

Classification: Protected A

24(1)(a)

24(1)(b)

From: Jason Waywood <Jason.Waywood@gov.ab.ca>

24(1)(a)

Sent: October 30, 2023 4:14 PM

24(1)(b)

To: Paul Lebane <Paul.Lebane@gov.ab.ca>

Subject: APP Meeting

Hi Paul,

I have spoke with David and he would also value some additional clarity.

Jason Waywood
Executive Director, Policy, Statistics and Analytics
Treasury Board and Finance

Classification: Protected A

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Keely White

From: Jesse Robertson
Sent: Wednesday, November 01, 2023 8:41 AM
To: Kate White
Cc: patka
Subject: [REDACTED]
Attachments: [REDACTED]

29(1)(a)
29(1)(a)
29(1)(a)

FYI

Classification: Protected A

From: Minister of Treasury Board and Finance <tbf.minister@gov.ab.ca>
Sent: November 1, 2023 8:39 AM
To: Chr
Subject: [REDACTED]

Good morning,

Please see th [REDACTED]

No hard copy to follow.

Thank you,

Minister's Office
Treasury Board and Finance
Government of Alberta

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 29(1)(a) - information that is readily available to the public

Keely White

From: Lauren Welsh
Sent: Wednesday, November 01, 2023 3:59 PM
To: Kate White; Sharon Lopatka
Cc: Kathy M Morin
Subject: Bill 2 docs
Attachments: [Redacted]

20(1)(m)
25(1)(b)
24(1)(a)
24(1)(a)
24(1)(b)

Hello,
Here are the KMs, QAs and speaking notes we sent forward. The speaking notes will likely change, but we may not get Minister's revised versions.

[Redacted]

Lauren Welsh
Assistant Communications Director, Treasury Board and Finance
Communications and Public Engagement
Government of Alberta

[Redacted]
[b.ca](#)



Classification: Protected A

Following pages have been withheld under Alberta's Freedom of Information and Protection of Privacy Act as per the applied exemptions/exclusions.

Exemptions:

- 24(1)(a) - advice, proposals, recommendations, analyses or policy options

Keely White

20(1)(m)
25(1)(b)

From: Stuart Fullarton
Sent: Thursday, November 02, 2023 6:27 AM
To: David Mulyk; Mark Brisson; Timothy Jobs; Kate White; Samson Swan; Sharon Lopatka; Aimee Charest; Lauren Welsh; Kathy M Morin
Subject: Embargoed documents for Bill 2
Attachments: Embargoed news release_Alberta Pension Protection Act.pdf; Embargoed fact sheet_Alberta Pension Protection Act.pdf

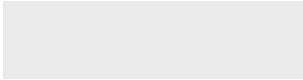
Follow Up Flag: Follow up
Flag Status: Completed

Good morning,

Please find attached embargoed documents for Bill 2. These will be sent to media around 7 a.m. this morning.

Thanks,

Stuart Fullarton
Communications Advisor, Treasury Board and Finance
Communications and Public Engagement
Government of Alberta



[.ca](#)



Classification: Protected A

Embargoed: Protecting Albertans' pensions

November 2, 2023

Proposed legislation would protect the pensions and benefits of Albertans and guarantee that the decision to pursue a provincial pension plan is theirs.

The *Alberta Pension Protection Act* would, if passed, guarantee the government won't launch an Alberta Pension Plan unless Albertans vote in favour of it in a referendum.

The *Alberta Pension Protection Act* would provide Albertans four guarantees to protect the pensions they have built up during their working careers under the Canada Pension Plan (CPP). The legislation guarantees:

- Albertans must vote in favour of an Alberta Pension Plan during a public referendum before the government withdraws assets from the CPP.
- Contribution rates under an Alberta Pension Plan would be the same or lower than the rates for the CPP.
- An APP must provide the same or better benefits to Albertans.
- The entire asset transferred from the CPP would be used solely to set up and operate an Alberta Pension Plan.

Alberta's government has repeatedly promised the decision would always be made by Albertans in a referendum. The *Alberta Pension Protection Act* would lock that promise in place.

"This legislation protects the interests of Albertans and provides them assurance that if they move forward with an Alberta Pension Plan, their pensions and their benefits will always be there for them. This is their money, built up over years of hard work. We promise we would keep it safe and make sure it grows to provide retirement security for generations."

Nate Horner, Minister of Finance and President of Treasury Board

The new legislation would also guarantee that Albertans would pay the same or lower contribution rates than under the CPP. The independent report by LifeWorks estimates an Alberta Pension Plan could be supported with lower contribution rates than the CPP, saving Alberta employees and employers up to \$1,425 every year for each employee.

The legislation would also provide certainty to Albertans that an Alberta Pension Plan would provide the same or even better benefits than under the CPP. The *Canada Pension Plan Act* already requires a provincial pension plan to provide benefits comparable to the CPP to qualify for withdrawal. Alberta could use some of the estimated \$5 billion in annual savings to further improve APP benefits.

The *Alberta Pension Protection Act* would also ensure the assets transferred to Alberta from the CPP could only be used to set up a pension plan and operate it in the best interests of Albertans. Because Albertans have paid billions more into the CPP than they have received in benefits, the LifeWorks report estimates that Alberta is owed \$334 billion from the CPP, which includes compounded investment returns on the net contribution. The legislation provides Albertans assurance that the government would only use that large asset transfer amount to support a provincial pension plan that would be sustainable for generations to come.

Alberta's government wants to provide assurance to every Albertan that their hard-earned pension money will be safe and protected under this important and necessary piece of legislation.

Quick facts

- Albertans are encouraged to review the LifeWorks report on an Alberta Pension Plan and provide their feedback.
- The Alberta Pension Plan Engagement Panel is currently hosting regional telephone town halls, including three in November, to hear from Albertans.
- The public survey is open until Dec. 10.

Related information

- [Alberta Pension Plan](#)

Multimedia

- Watch the news conference (available after the embargo ends)

Media inquiries

Savannah Johannsen

Savannah.johannsen@gov.ab.ca

780-686-3521

Press Secretary, Treasury Board and Finance

Embargoed:

Alberta Pension Protection Act

Bill 2, Fall 2023 legislative session

Legislation summary

The government will not decide to go to a referendum on an Alberta Pension Plan until Albertans have had their say in the public engagement, running until spring 2024. If Albertans support establishing a provincial pension plan, legislation is needed to guarantee the protection of Albertans' pensions and benefits.

The *Alberta Pension Protection Act* would provide four guarantees to Albertans.

- Referendum:** Before Alberta can assume the assets, obligations, and liabilities of the Canada pension Plan (CPP), it must hold a referendum with respect to establishing and operating an Alberta Pension Plan (APP).
- Benefit amounts:** An APP must provide benefits that are the same or greater than the benefits provided under the CPP.
- Contribution rates:** Contribution rates for employees and employers into an APP must be the same or lower than the rates under the CPP.
- Asset use:** The entire amount paid to Alberta from the CPP (the asset transfer) can only be used to establish and operate a provincial pension plan.

Referendum details

Alberta's government has repeatedly promised the decision would always be made by Albertans in a referendum. The proposed legislation would guarantee that the Alberta government will not launch an APP unless Albertans vote in favour of it in a referendum. The act would guarantee that Albertans will choose what happens with their pensions and benefits.

Alberta based the referendum details in the *Alberta Pension Protection Act* off the existing *Referendum Act*.

Should Alberta decide to move forward with a referendum vote, the Lieutenant Governor of Alberta would be required to order a referendum. That order would:

- Set the question or questions to be put before Albertans.

- Determine if the referendum would be a stand-alone event or part of another election ballot.
- Specify whether the results of the referendum would be binding.
- Specify whether the referendum is to be conducted by mail-in ballot.

The threshold for referendums in Alberta is 50 per cent plus one vote.

Equivalent or improved benefits

Under rules outlined in the *Canada Pension Plan Act*, a province can only withdraw from the CPP if the new provincial pension plan provides at least the same level of benefits to its citizens as the CPP.

The *Alberta Pension Protection Act* would go further by guaranteeing an APP would provide the same or better benefits to Albertans and seniors. Currently, the CPP pays a maximum monthly retirement benefit of \$1,306, which results in an annual income of about \$15,700.

COMPARISON: PENSION PLAN BENEFIT AMOUNTS

Benefit type	Avg/month Albertans receive	APP amount	# of Albertans receiving (July 2023)
Retirement	\$718	equal or greater	711,031
Survivor	\$368	equal or greater	143,032
Disability	\$1,050	equal or greater	41,019
Children	\$282	equal or greater	19,897
Death (one-time payment)	\$2,500	equal or greater	2,344

Contribution rates at lower cost

The new pension protection legislation would also safeguard Albertans from higher costs by legislating that an Alberta Pension Plan would need to provide Albertans and

businesses contribution rates that are the same or lower than rates under the CPP.

For more information on anticipated contribution rates of a potential APP, visit albertapensionplan.ca.

All workers and employers are required to pay legislated contribution rates to keep the CPP sustainable. The set rate is slightly more than the minimum contribution rate – which is the minimum amount needed to pay for the base benefits under CPP – since a buffer is added to account for unforeseen circumstances.

**COMPARISON:
PENSION PLAN CONTRIBUTION RATES**

	CPP	APP
Minimum contribution rate (MCR), Base benefits	9.54%	5.91%
Legislated contribution rate, Base benefits	9.9%	To be determined

Asset transfer

The new legislation states that the asset transfer amount received from the CPP would only be used to establish and operate an APP. This provides certainty to Albertans that any money coming from the CPP would be used solely to create and operate a secure pension plan that provides Albertans the retirement and financial security they need, now and for the next generations.

Next steps

The *Alberta Pension Protection Act* will be debated in the Alberta legislature and, if passed, would come into force upon passing.

However, the Alberta government has not and will not withdraw from the CPP without the explicit go-ahead from Albertans.

The Alberta Pension Plan Engagement Panel continues to gather feedback from Albertans.

A public survey at albertapensionplan.ca remains open until Dec. 10.

If a referendum were to be held, it would likely occur about one year after a decision to hold a referendum is made and announced.

Keely White

From: David Mulyk
Sent: Thursday, November 02, 2023 4:37 PM
To: Lois Stewart; Tara Dahl
Subject: FSRP APP PPT
Attachments: Tech_Deck_(APP Report)_FSRP_Final.pptx

Importance: Low

Took some stuff out (to manage the length) and to add in more pictures!

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Classification: Protected A

Alberta Pension Plan Report - Overview for FSRP

Financial Sector Regulation & Policy,
Treasury Board and Finance

David Mulyk
ED, Pension and Insurance Policy



Canada Pension Plan (CPP) Background

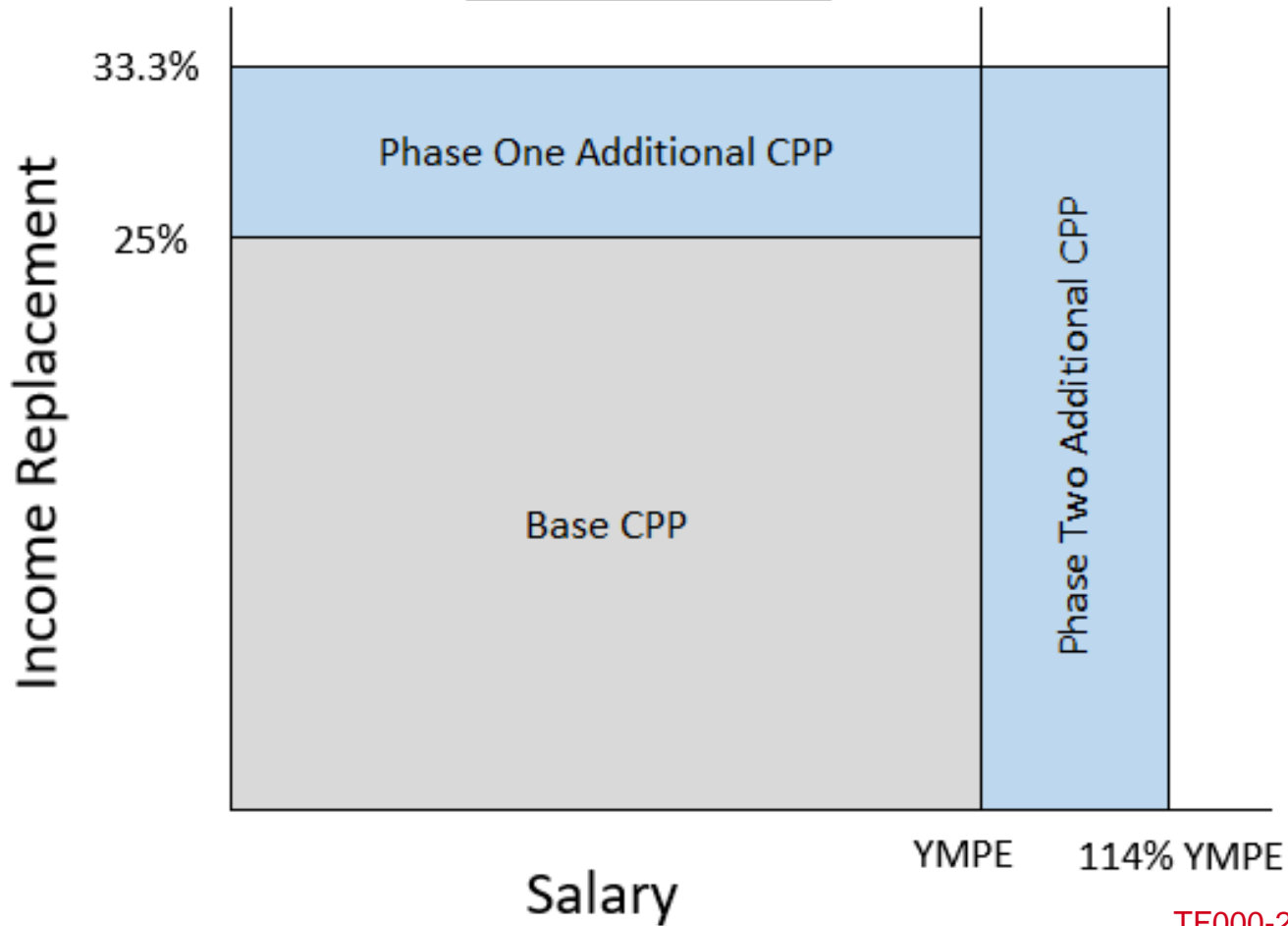
CPP Backgrounder

- The Canadian retirement income system is often described as being comprised of three pillars:
 - Canada Pension Plan,
 - Old Age Security / Guaranteed Income Supplement, and
 - Voluntary Savings (RRSPs, TFSAs, workplace pensions, other savings).
- Pillar One: Canada Pension Plan
 - Started Jan. 1, 1966; *Canada Pension Plan (RSC, 1985, c. C-8)*
 - Contributory, earnings-based, social insurance program.
 - Retirement pensions, disability benefits, survivor's pension, children's benefit, and a death benefit.

CPP Backgrounder: Benefits

- CPP was originally designed to replace 25% of average earnings over the working life of a contributor between ages 18 to 65.
 - Often referred to as “Base” CPP.
 - Automatically excludes up to 8 years of your lowest earnings history.
 - Normal retirement age of 65 (or as early as 60 or late as 70). Pension payment amounts are adjusted for early or late retirement.
- Starting in 2019, benefits started to expand (“Additional” CPP).
 - Phase One (2019 - 2023): income replacement rate ↑ to 33% from 25%.
 - Phase Two (2024 - 2025): increase the maximum eligible earnings.
 - Calculated on a contributor’s best 40 years of earnings.

CPP Benefits



CPP Backgrounder: Funding Methodology

- **Pay-as-you-go.**
 - Today’s contributions pay today’s pensions.
 - The rate needed so that the contributions each year are sufficient to pay for the pensions and administrative expenses in that year.
- **Modified pay-as-you-go (MCR or “minimum contribution rate”).**
 - Most of today’s contributions pay today’s pensions. (Dollars not needed now are invested to help pay for pensions in the future).
 - Eventually, Canada-wide cash-flow will become negative and investment income will be needed to supplement the benefit payments.

CPP Backgrounder: Funding Methodology

- **Fully pre-funded**

- Today's contributions pay tomorrow's pensions.
- The rate needed to ensure that a plan's assets are sufficient to fully fund that plan's liabilities at a given calculation date.

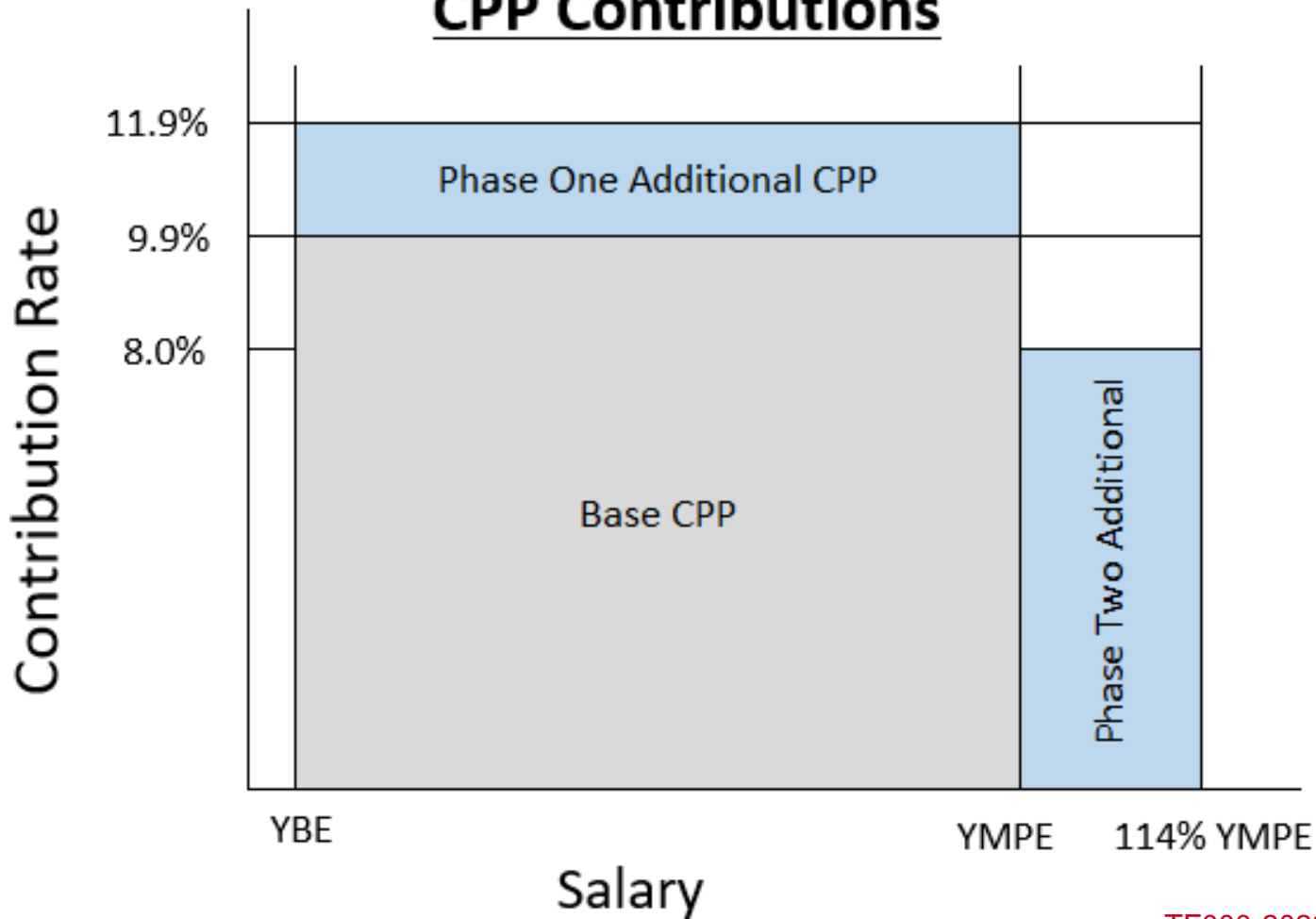
How CPP Benefits are Funded:

- 1966 to 1996: Pay-as-you-go.
- 1997 to current (Base CPP): Modified pay-as-you-go (i.e., MCR).
- 2019+ (Additional CPP): Fully pre-funded.

CPP Backgrounder: Contributions

- Contributions are shared equally between employee and employer.
 - Self-employed pay both portions.
- Base CPP:
 - 9.9% of earnings between the Year's Basic Exemption (YBE) (\$3,500) and the Year's Maximum Pensionable Earnings (YMPE) (\$66,600 in 2023).
- Additional CPP:
 - Phase One (2019-2023): 2.0% of earnings at full implementation between the YBE and the YMPE.
 - Phase Two (2024-2025): 8.0% of earnings at full implementation between YMPE and 114% of YMPE.

CPP Contributions



Report Analysis

Fair Deal Panel

- Fair Deal Panel recommendations (June 2020):
 - Develop a comprehensive plan to create an Alberta Pension Plan (APP) and withdraw from the Canada Pension Plan (CPP).
 - Give Albertans the opportunity to vote for or against an APP.
- Treasury Board and Finance commissioned an analysis of the costs, benefits, and structure of a potential APP.
 - LifeWorks was selected as the successful vendor via an independent and open recruitment process.
 - An original 2021 version of their report was updated in 2023 to reflect new CPP actuarial valuation data (as of Dec 31, 2021).

Can Alberta Withdraw?

- The rules of the *Canada Pension Plan Act* already give Alberta the ability to withdraw from the CPP.
 - Written notice of withdrawal is required.
 - Must pass enabling legislation at least one year before the effective date.
 - Must provide comparable benefits to the CPP.
 - Must start at the beginning of the third year (i.e., Jan. 1) after the federal government is notified.
- Importantly, the CPP Act also contains an asset transfer formula to calculate Alberta's share of CPP assets.

APP Report

Benefits

- “Apples to Apples” comparison: The benefits under an APP exactly replicate CPP benefits, with a hypothetical start date of Jan 1, 2027.

Contributions

- Base APP: uses the same long-term economic and population growth assumptions as the rest-of-Canada (Dec 31, 2021, CPP valuation).

Minimum Contribution Rate	APP Funding Cost, projected*	CPP Funding Cost (2021)	CPP Legislated Rate
Base Benefit	5.91%	9.54%	9.90%

* Actual contribution rates may exceed 5.91% as a buffer against adverse experience.

APP Report

- The report also estimated the costs of Additional APP benefits:

Minimum Contribution Rate	APP Funding Cost, projected*	CPP Funding Cost (2021)	CPP Legislated Rate
First Additional Benefit	1.98%	1.97%	2.00%
Second Additional Benefit	7.92%	7.88%	8.00%

* Actual contribution rates may exceed these amounts as a buffer against adverse experience

- Most of the cost to fund the Additional benefits would come from the investment returns.
- The rest of this presentation focuses on Base benefits.

Asset Share

- As described in the CPP Act, the asset transfer is obtained by:
 - adding a) all contributions made by a province and b) net investment returns of the CPP Investment Board (i.e., after expenses) and then
 - subtracting c) benefits paid and d) administration expenses.
- The report's more realistic approach applies investment returns to net cash flow (contributions remitted less benefits and expenses paid).
- The asset share reflects the contributions Albertans have paid, less the benefits received (and share of costs), plus investment income on that net amount, as if an APP had always existed since 1966.
 - Most of the asset transfer amount is based on historical cashflows.

Asset Share

- Under this approach, the amount that Alberta would receive as its share of CPP assets is as follows:
 - As of Dec 31, 2021: \$277 Billion (~51% of all CPP assets).
 - Projected to Jan 1, 2027: \$334 Billion (~53% of all CPP assets).
- Two alternative asset transfer amounts were calculated by modifying contributions and expenditures ($\pm 5\%$):
 - Low estimate as of Jan 1, 2027: \$262 Billion.
 - High estimate as of Jan 1, 2027: \$362 Billion.

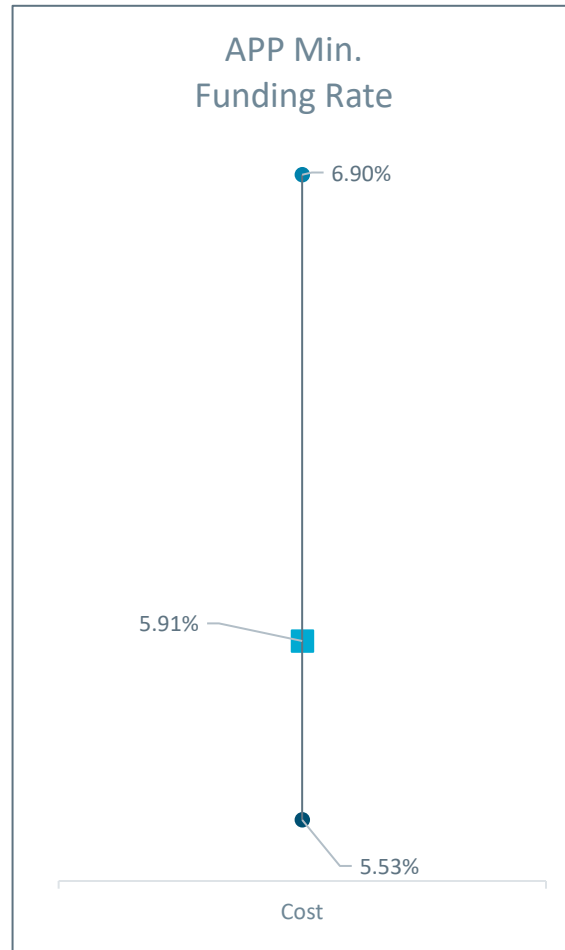
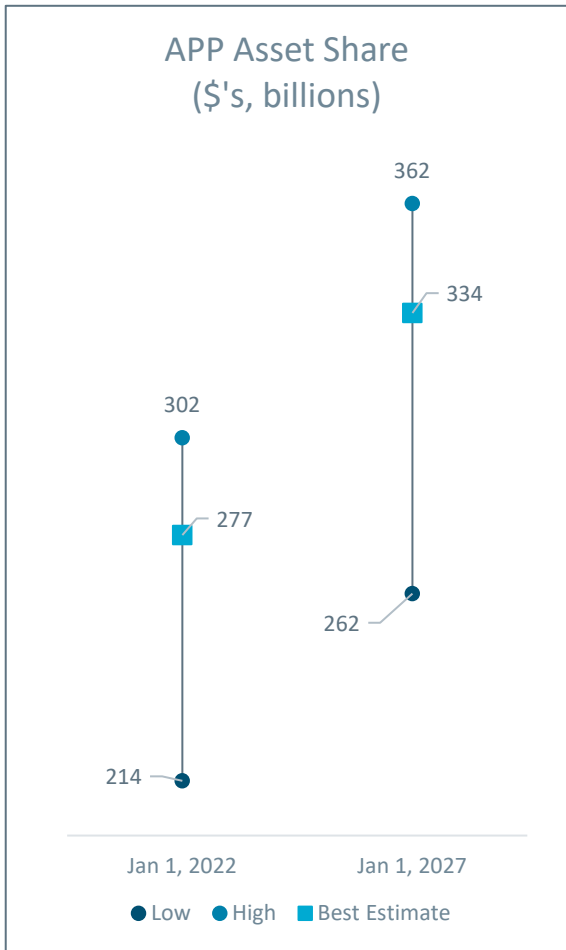
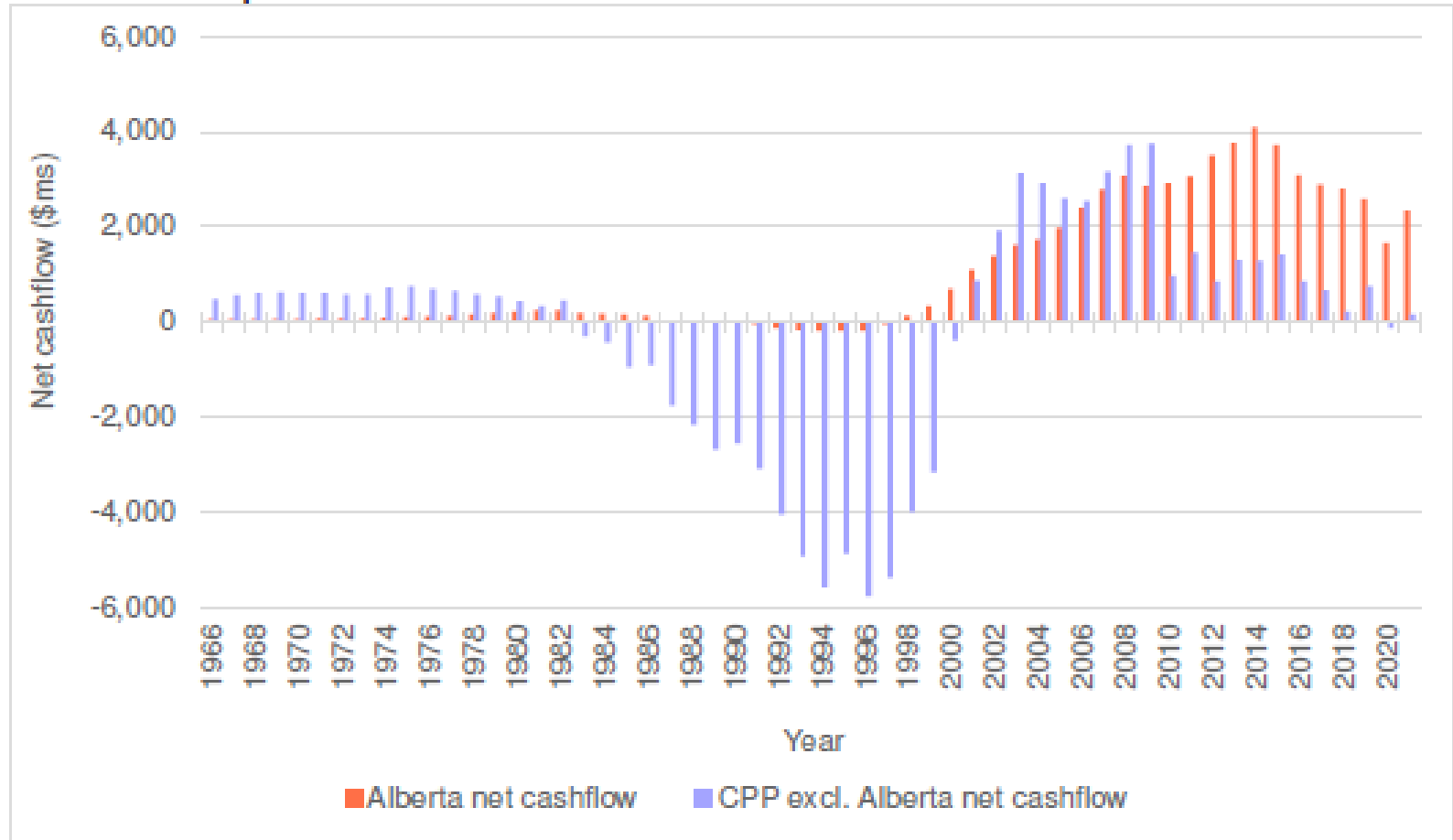
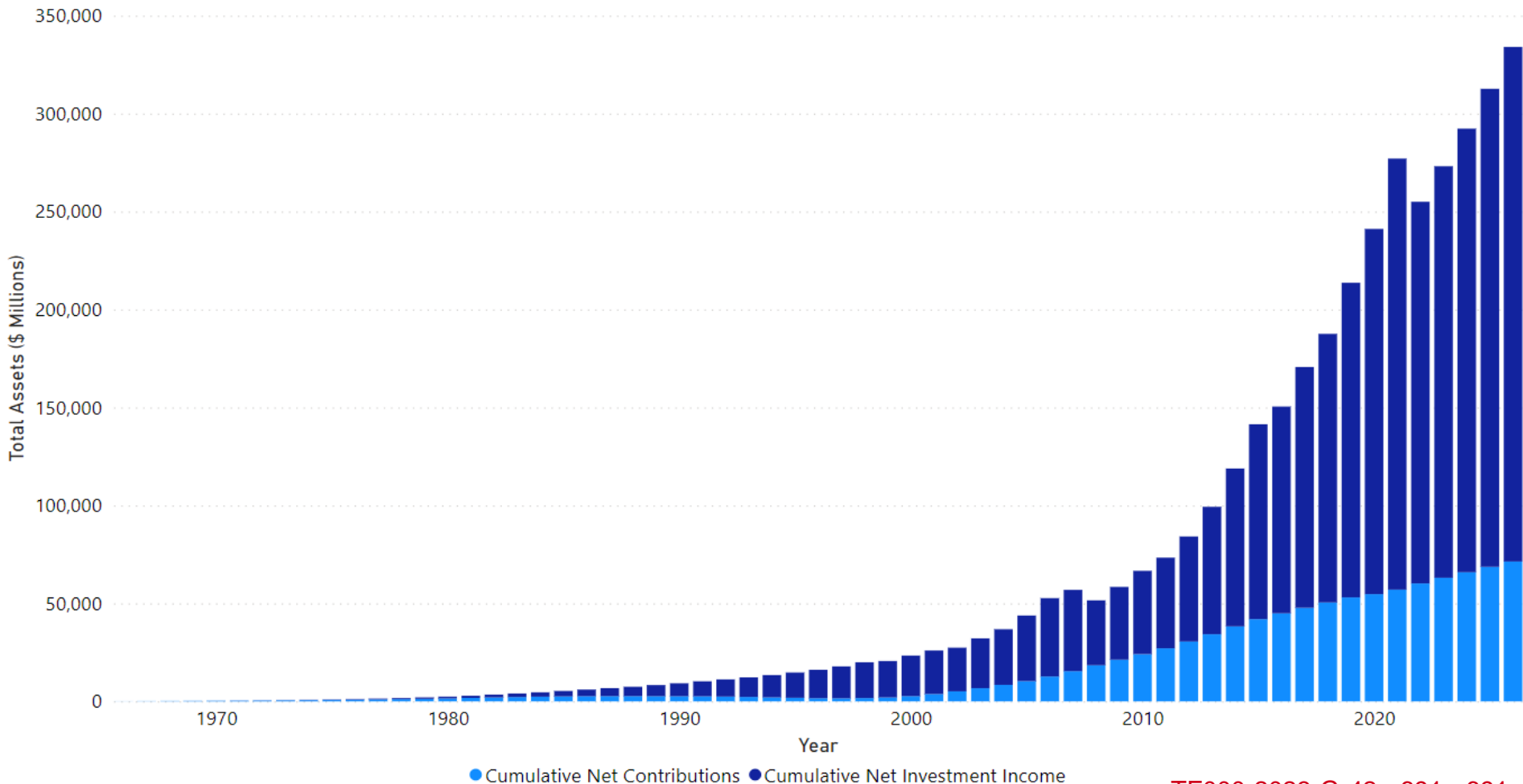


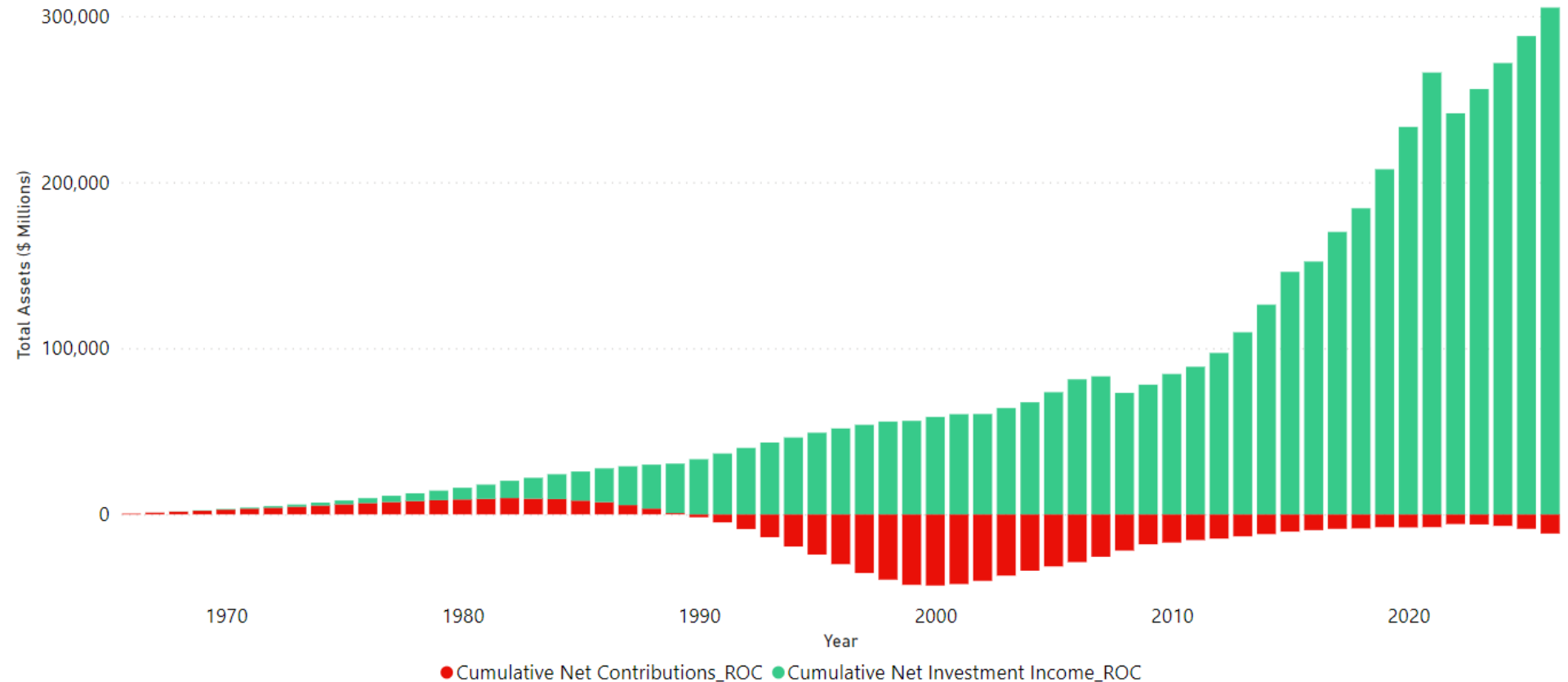
Chart B.1 – Comparison of Alberta and rest of Canada historical Base CPP net cash flow



Breakdown of APP Asset Transfer Balance Since Inception



Breakdown of Rest of Canada (ROC) CPP Asset Balance Since Inception



Will APP benefits be secure?

- Workplace pensions are pre-funded. At least once every three years, an actuary calculates assets and liabilities and compares the values.
 - Assets > Liabilities = surplus.
 - Assets < Liabilities = unfunded liability.
- Base CPP is not (and has never been) funded in the same way.
 - The Chief Actuary of Canada assesses if the legislated CPP contribution rates are sustainable over the 75-year projection period.
 - The minimum contribution rate is the rate that results in the projected asset to expenditure ratio (A/E ratio) of the CPP being the same in the 10th and 60th years following the end of the review period.

Will APP benefits be secure?

- The APP report maintained the same funding method as base CPP.
- Since CPP (and APP) aren't funded like a workplace pension plan, the A/E ratio serves as a proxy for benefit security.
 - Thus, the larger the A/E ratio, the greater benefit security.
- The analysis was extended to further estimate the impact on the rest-of-Canada if an APP was established.

	CPP (pre-APP)	APP	CPP (post APP)
Minimum Contribution Rate	9.54%	5.91%	10.36%
Projected A/E Ratio	8.4	28.9	5.1

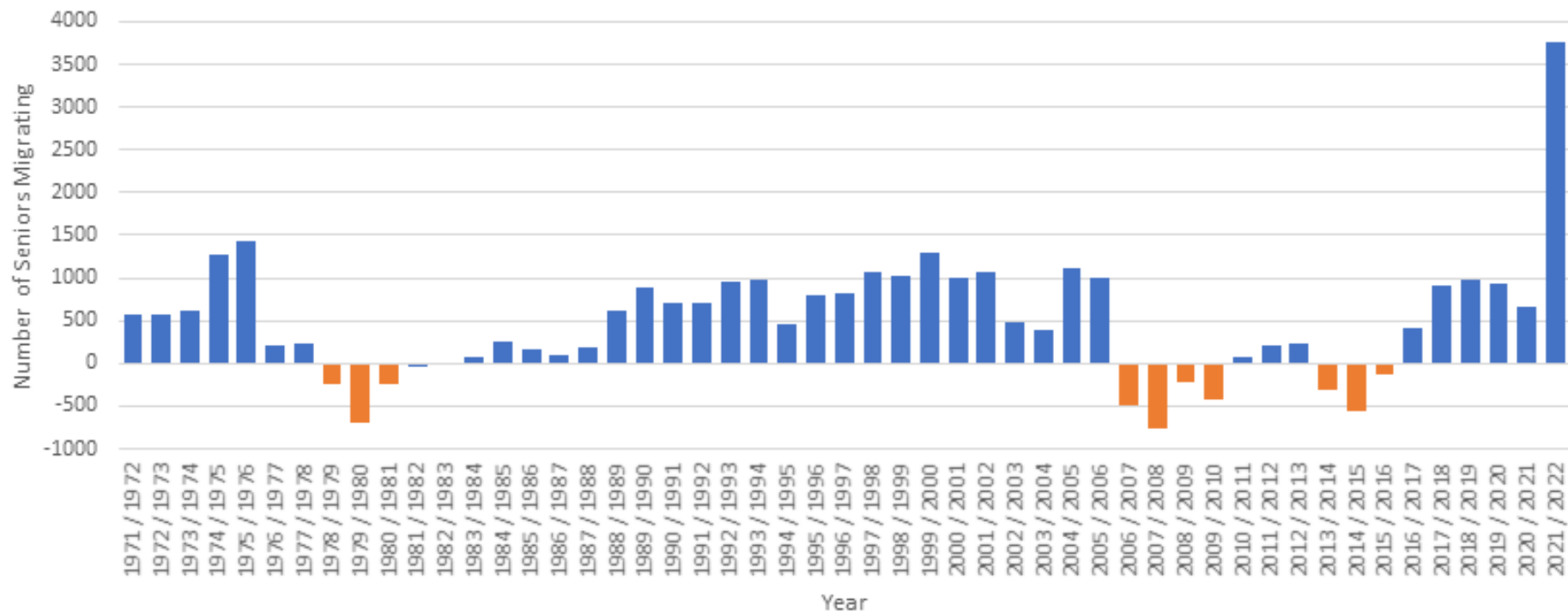
Can an APP be sustained in the long term?

- The MCR (5.91%) is the rate needed to ensure that the APP is sustainable over the whole of the 75-year projection period.
 - Future valuations would be needed to confirm whether the MCR continued to be appropriate.
- A sensitivity analysis for individual actuarial assumptions used in the calculation is included in the report.
 - Except for sustained poor investment returns over each year of the 75-year projection period, there was no scenario for which the cost to fund an APP reverts to the cost to fund the CPP.
 - Factors that impact the funding cost of an APP would also impact CPP. How an APP fares would be relative to how the CPP would fare.

What about migration?

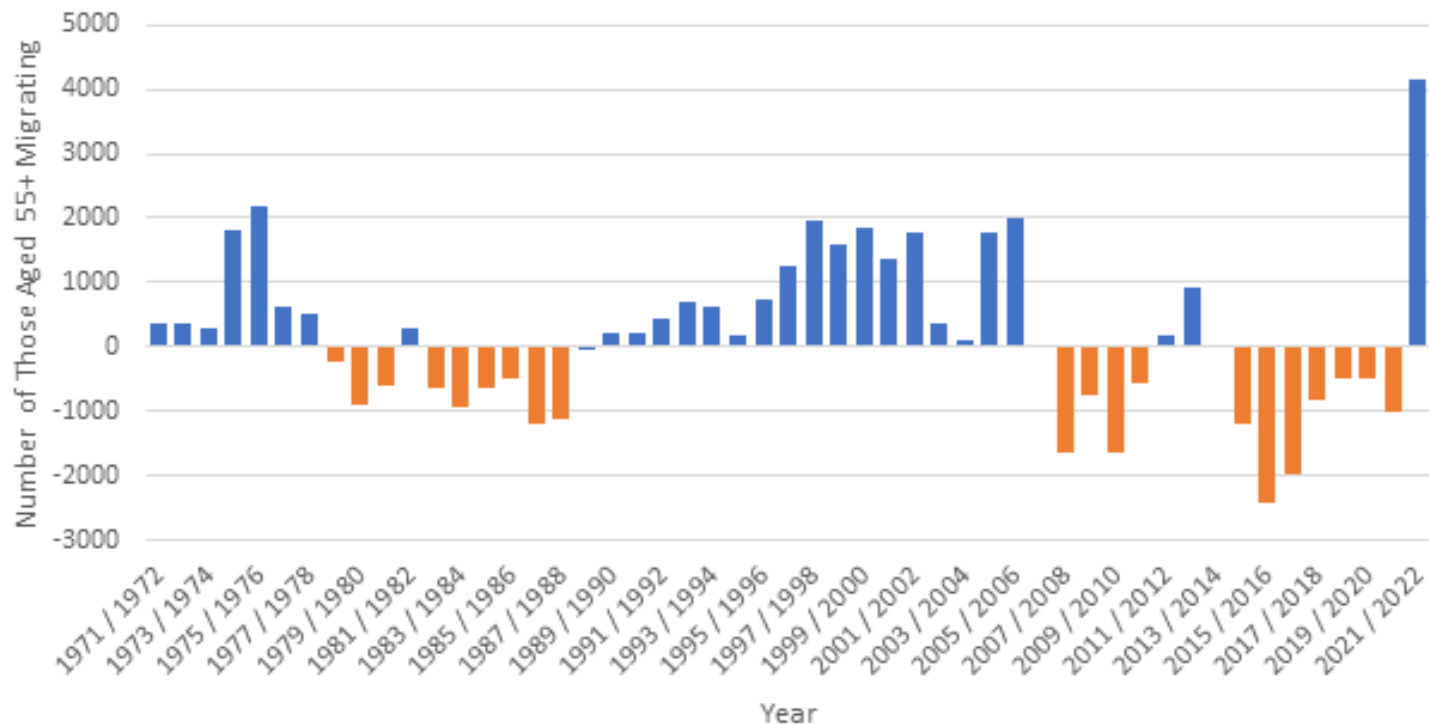
- One criticism we've heard is the report does not properly reflect the impact of people who worked in Alberta but retired elsewhere.
 - Thus, some feel the report over-inflates Alberta's net cashflow position because benefit amounts are undercounted.
- However, net migration into Alberta has been positive in most years since 1971 (*limit of the public data*).
 - If the cashflow position for Alberta ought to reflect the payments of people who retired to other provinces, then by the same logic, the benefit payments of people who moved here should be backed out.

Alberta Net Interprovincial Migration, People 65 Years and Over (1971-2021)



Source: Statistics Canada, CANSIM Table 17-10-0015-01

Alberta Net Interprovincial Migration, People 55 Years and Over (1971-2021)



Source: Statistics Canada, CANSIM Table 17-10-0015-01

Service Provider Considerations

- The analysis makes no recommendations for APP service providers, but highlights broad options:
 - Existing federal service provider,
 - Existing Alberta service provider,
 - New Alberta service provider, and/or
 - Existing private sector service provider.
- Decisions could depend on whether Alberta is able to unilaterally appoint the service provider.
 - The ability to utilize the CPP Investment Board as the APP investment manager would require an amendment to the federal CPPIB Act and the agreement of the provinces/federal government.

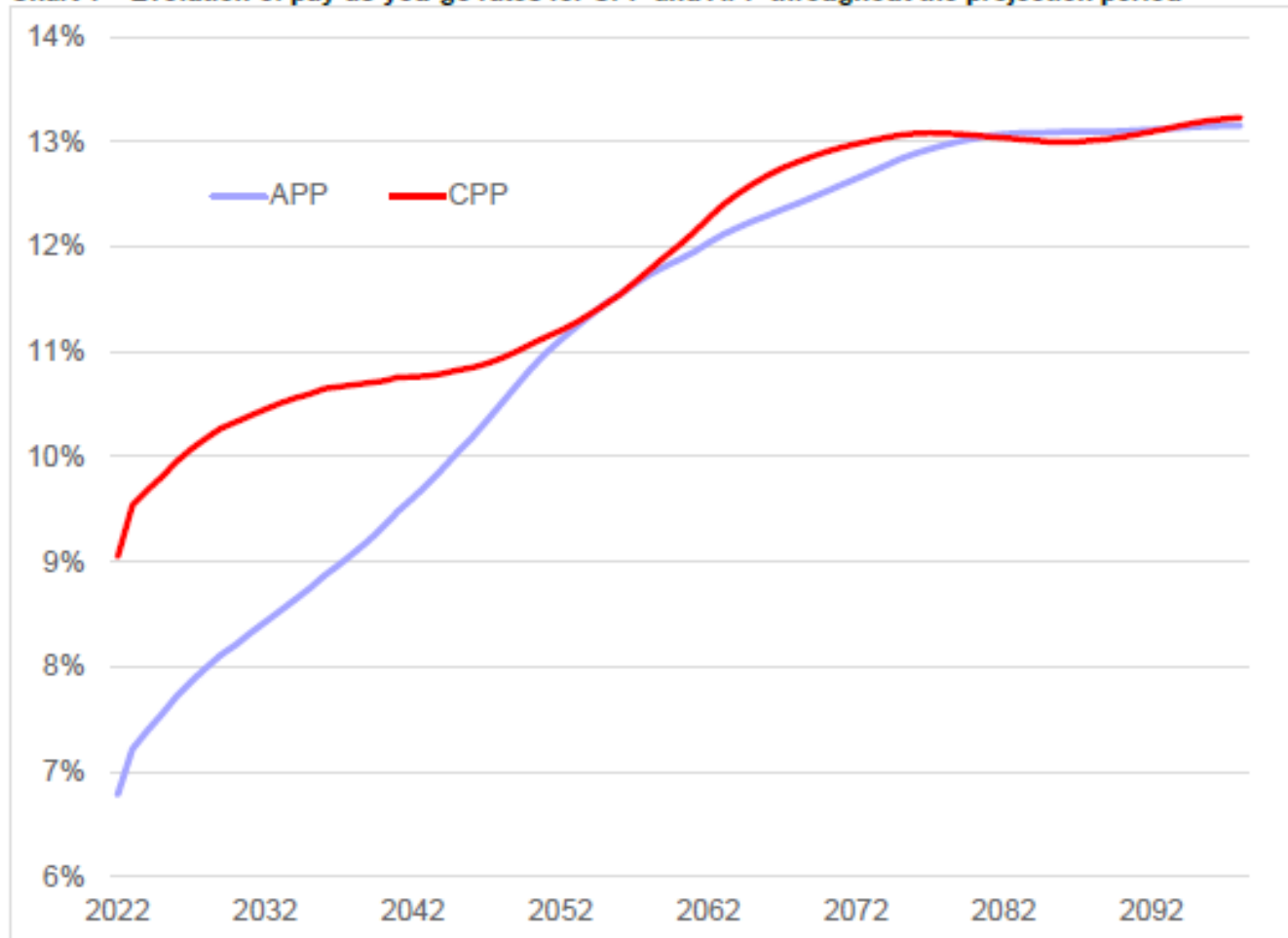
Questions?



Can an APP be sustained in the long term?

- Another way to examine the CPP and an APP is to compare the pay-as-you-go rates for each plan.
 - This is **hypothetical**, as it ignores the impact of investment income from an existing fund of assets.
- Due to Alberta's younger population, higher pensionable earnings, and higher employment rates, a set of "best estimate" assumptions was selected for the purpose of calculating a pay-as-you-go rate.
 - An APP would be less expensive than CPP on a pay-as-you-go basis.
 - But over time, an APP would eventually revert to the CPP average.

Chart 1 – Evolution of pay-as-you-go rates for CPP and APP throughout the projection period



Establishment Costs

- **One-time establishment costs:**
 - Lower transition costs are anticipated if existing service providers are selected to operate an APP.
- **Investment Management**
 - Service provider presently exists: \$75M to \$150M.
 - New service provider required: \$750M to \$1.2B.
- **Benefit Administration**
 - Service provider presently exists: \$100M.
 - New service provider required: \$1B.

Operating Costs

- The report estimates operating costs and these are expressed as “basis points” (0.01% increments). They apply to total plan assets.
- The expense assumptions to operate an APP are identical to the expense assumptions used for CPP.

Investment Management	Benefit Administration
87 bps	12 bps

Please action and return completed Request for Input to MCU.

Requesting Ministry: Economic and Fiscal Planning, Treasury Board and Finance

Description: Rush AR: Please action RFI on speaking points for APP portion.

Date Requested: November 8, 2023

Return to (Name/Email):

Division: Financial Sector Regulation and Policy

Due to MCU: November 9, 2023

Input Requested/Information Required/Issue:

New RUSH AR from MO assigned to PP. Rush AR: Please action RFI on speaking points for APP portion re: RFI- RUSH - Speaking Points on APP for Minister speaking at Calgary Chamber of Commerce November 17. Branch due date November 9, 2023.

Suggested Input, Key Messages, Draft Response:

- I was pleased to recently share with Albertans a report the government received from an independent actuarial firm on the potential benefits and risks of an Alberta Pension Plan.
- We shared this report in the interests of transparency and to kick-start the conversation on whether Alberta should consider starting its own pension plan.
- “Kick-start” is probably an accurate way to describe the impact of the report on public conversation.
- And that’s a good thing.
- Starting an Alberta Pension Plan would be a major move for the province and everyone who lives and works here.
- Albertans deserve to have all the facts on every side of this issue.
- We want to have a comprehensive discussion on both the benefits – and the potential benefits outlined in the report are compelling – and

the potential drawbacks and risks.

- Our priority right now is making sure Albertans have the clear, accurate information they need to consider all the options on the table.
- In the coming weeks and months, this discussion will take place at public engagement sessions reaching Albertans in all corners of the province.
- They will take their questions about the report, and likely what they have read in the media, to the engagement panel.
- The panel will do their best to answer those questions, but mostly are there to collect input and report back to the government.
- Once those engagement sessions are up and running, we will leave it to the panel to talk with Albertans on this subject.
- In the meantime, I want to talk through some of the major topics of conversation we're hearing right now, particularly from members of the business community like yourselves.

Investor confidence

- One thing I want to reiterate – and that I will keep reiterating – is that we have not made any decisions yet.
- Of course, there is speculation on the impacts an APP would have on Albertans, Canadians and our economy.
- That's one of the things I want Albertans to consider and discuss with the engagement panel.
- And we will take the time necessary to allow the panel to have productive discussions, and to consider the feedback and recommendations they provide when those discussions are done.

- One thing we've heard so far is speculation about investment confidence – that businesses and investors across Canada may be wary about investing in Alberta if we were to move forward with a provincial pension plan.
- At this early stage, it's important to focus on what expert actuarial analysts are saying.
- LifeWorks, the independent contractor that developed the APP report, is a recognized expert in actuarial analysis.
- And their report suggests an APP could strengthen our economy, which in turn could actually increase investor confidence.
- It shows that Albertans have been paying billions more into the Canada Pension Plan than they have received back in pensions and benefits.
- Alberta's consistently positive cashflow, along with actual investment returns since the CPP's inception, forms the basis of the report's analysis and conclusions.
- Within the audience here today, each of you are uniquely positioned to understand what the impact of compounded investment returns over multiple decades can achieve.
- The report shows that Albertans and employers could save five billion dollars in the first year of an APP alone.
- While some of that could be used to boost benefits and pensions for Alberta seniors, lower contribution rates could put up to \$1,425 dollars back in the pockets of Alberta employees each year.
- Businesses would also save up to \$1,425 dollars for each employee, allowing them to re-invest, create more jobs, build their companies and compete for top global talent, who would also share in the lower costs.

Labour mobility

- Another topic of discussion is labour mobility between a province with its own pension plan and other provinces that are part of the CPP.
- People want to know how portable an Alberta Pension Plan would be, a key consideration given the record number of people choosing to move to Alberta to take advantage of our economy, our jobs, affordable housing and low-tax environment.
- If Albertans made the decision to move forward with an APP, we would establish agreements to coordinate benefits and make sure that no matter where someone works or lives, they would contribute to, and receive benefits from, the right pension plan.
- We would work on international social security agreements so workers from outside Canada would receive credit for their pension contributions.
- We know this is possible, because this already works today under the Quebec Pension Plan.
- An Alberta Pension Plan could create between 1,500 and 2,000 permanent jobs – depending on what service providers are put in place – not including the temporary jobs for setting up the pension plan.
- And we could expect to see even more jobs in the future, as the lower premiums would attract new business startups and entrepreneurs to move to Alberta from abroad – attracting even more talent with employees also benefiting from the lower costs.

Reaction From Outside Alberta

- I understand other provinces may be concerned with the idea of an APP, but this conversation does not mean we aren't committed to Canada and the economic success of our nation.

- We will continue to be a strong partner with Canada and our provincial and territorial counterparts, no matter what happens with an Alberta Pension Plan.
- I'm committed to having open conversations with colleagues and stakeholders across the country, including all of you.
- But Alberta is the economic engine of Canada and Albertans deserve to see their contributions to the Canadian economy recognized and preserved for their families.
- When the *Canada Pension Plan Act* was drafted, it was acknowledged that some provinces may not want to participate in a CPP or may want to opt-out later.
- The legislation includes not only a process to withdraw from the CPP, but also a formula to calculate the share of assets to which a withdrawing province would be entitled.
- Alberta is exercising its right to explore withdrawing from the CPP to create its own plan – as is the right of every province.
- And it's our responsibility to always put the interests and needs of Albertans first.
- So, if a provincial pension plan could lower costs and improve benefits, we owe it to Albertans to explore and discuss the issue together.

First Step

- As I said before: no decisions have been made on an APP.
- The release of this report is just the first step in our commitment to engage with Albertans, discuss their questions and spark a conversation, like the conversations you are having at this conference.

- We won't move forward with an Alberta Pension Plan unless it benefits all Albertans and brings them the long-term security they expect and deserve.
- New pension protection legislation was introduced earlier this month, that, if passed, would guarantee an APP would provide the same or better benefits to Albertans with the same or lower contribution rates.
- It would ensure that any assets transferred from the CPP will only be used to establish and operate an APP.
- And it would guarantee the government won't launch an Alberta Pension Plan unless Albertans vote in favour of it in a referendum.

Conclusion

- I encourage all Albertans, businesses and groups to read the full pension report posted online at AlbertaPensionPlan.ca.
- Get informed and get involved.
- Every voice is important, and we are committed to listening.
- Thank you.

Action Taken by: Lois Stewart, Director Pension Policy
Division: Financial Sector Regulation and Policy
ADM Contact: Mark Brisson, ADM FSRP
Date: November 8, 2023