



ALBERTA
TREASURY BOARD AND FINANCE

*Office of the Minister
MLA, Grande Prairie-Wapiti*

49801

DEC 18 2019

Ms. Lorna McIlroy
President
Alberta Retired Teachers' Association (ARTA)
11835 149 St NW
Edmonton AB T5L 2J1

Dear Ms. McIlroy:

Thank you for your November 8, 2019, letter regarding the Alberta Investment Management Corporation (AIMCo) becoming the investment fund manager of the Alberta Teachers' Retirement Fund (ATRF). I appreciate your concerns, and I am pleased to respond.

One of the recommendations of the MacKinnon Panel on Alberta's Finances was to undertake a comprehensive approach to a program review that included all agencies, boards and commissions, and the wider public sector. As part of the Budget 2019 planning process, government conducted a review of all public sector plans, including ATRF, with a view to make government more efficient and ensure the best use of taxpayer dollars. AIMCo was asked to develop a business case to support this review.

The Alberta government has made AIMCo the investment fund manager of ATRF to match the other public sector pension plans. AIMCo has extensive experience in managing Alberta's public sector pension plans. AIMCo operates independently and at arm's length from the government. Control remains firmly in the hands of the ATRF board. ATRF will continue to be jointly governed and will retain ownership of their plans' assets and set investment policies. Most importantly, there will be no changes to pension benefits.

AIMCo and ATRF will enter into an investment management agreement. This agreement sets out the terms and conditions under which AIMCo will provide investment management services to ATRF, including the allocation of funds to different investment classes.

Increasing the size of investment assets managed by AIMCo enhances existing economies of scale and will streamline investment management and ultimately yield higher investment returns to benefit AIMCo's clients. As ATRF is expected to benefit from this change, transition costs will not be reimbursed by government. The legislation allows for a two-year transition period which is expected to significantly reduce transition costs.

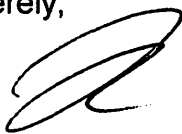
I want to reiterate that AIMCo's investment decisions are made without consultation with, or advice from, government. The *Alberta Investment Management Corporation Act* requires AIMCo to act in the best interest of its clients, and that AIMCo comply with the terms and conditions of an investment management agreement it has with a client. AIMCo will work diligently on an ongoing basis with ATRF to understand ATRF's needs and to collect feedback from ATRF. This process ensures that ATRF's concerns are properly addressed.

Further, government has appointed and will continue to appoint highly qualified individuals as ATRF directors. This includes the recent appointment of Paul Haggis. Mr. Haggis serves as a member of Board of Directors of the Bank Canada, and has previously served as the Chief Executive Officer of both ATB Financial and the Ontario Municipal Employees Retirement System. Appointing highly qualified ATRF directors is another important factor in making sure that ATRF is able to pay the pension benefits that are owed to teachers.

Finally, government is responsible for half of the contributions that go to pay for teachers' pensions and is also responsible for half of any unfunded liability that the plan has or might have in the future. As such, government's goals are very much aligned with ensuring the plan has a strong financial foundation going forward.

Thank you again for taking the time to write.

Sincerely,



Travis Toews
President of Treasury Board and
Minister of Finance

cc: Honourable Jason Kenney, Alberta Premier
Honourable Josephine Pon, Minister of Seniors and Housing
Jason Schilling, President ATA
Rod Matheson, CEO, ATRF
Daniel Mulloy, CEO, ARTA