

Alberta Teachers' Retirement Fund Investments

To be managed by the Alberta Investment Management Corporation

As part of Budget 2019:

The Government of Alberta is proposing to amend legislation to make the Alberta Investment Management Corporation (AIMCo) the exclusive investment manager of the Alberta Teachers' Retirement Fund (ATRF).

Reduces cost and duplication

The broader use of AIMCo is a reflection of our commitment to make government more efficient and ensure the best use of taxpayer dollars.

- We have proposed moving the ATRF assets under AIMCo to **reduce** redundant investment management costs and yield **higher** investment returns.
- AIMCo currently manages a number of public sector pension plans, such as the Local Authorities Pension Plan, with strong results.
- AIMCo has comparable investment returns to ATRF. However, AIMCo has substantially more assets under management than ATRF which provides it with economies of scale that will lower the administrative cost of investing.
 - AIMCo estimates that ATRF's administrative fees will decrease by 0.25% when the change is fully implemented, bringing investment costs in line with other pensions managed by AIMCo.
 - This will result in estimated annual savings of \$41 million.
 - This works out to almost \$500 annually for each teacher that contributes to the Fund, directing funds to the health of the plan, rather than administration.

There will be no changes to pension benefits.

The Alberta Teachers' Retirement Fund board will keep the same strategic control they always had.

The ATRF board will remain in place to oversee the pension.

- The ATRF board retains control of determining how the pension fund is invested at a strategic level, as well as retaining ownership of the plan's assets.
- The board will develop and approve the investment policy for the fund, including the mix of different types of investments such as bonds, equities and real estate among others. AIMCo will invest according to policies set by the ATRF board.

Continued support of ATRF

- Teachers continue to benefit from a 2007 agreement that saw government assume the teachers' portion of an unfunded liability which was valued at \$2.2 billion at the time.
- By government's assuming all funding of this liability, the ATRF has grown and members' contributions were permanently reduced.
- In 2018-19, government made payments totaling \$479 million related to the ATRF pension liability.

For more information, please visit alberta.ca/budget