



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

Members of Executive Council
Executive Branch
228 Legislature Building
10800-97 Avenue
Edmonton, AB T5K 2B6

From: Lorna McIlroy
President, Alberta Retired Teachers' Association (ARTA)

January 15, 2021

Re: Imposed agreement on pension investment management.

Dear Minister Toews,

On December 23, 2020, you signed a ministerial order imposing an investment management agreement (IMA) between the Alberta Teachers' Retirement Fund (ATRF) and the Alberta Investment Management Corporation (AIMCo). ATRF was informed of the imposed *agreement* on January 4, 2021.

According to a release posted January 12, 2021 on the ATRF website, the IMA includes a recognition that the ATRF board will establish the investment policy which directs how plan assets are managed, but the full discretion of the board in establishing and executing the investment policy is restricted. Effectively, the government has given AIMCo a veto.

“Specifically, AIMCo is not required to implement ATRF’s Investment Policy if, in the sole opinion of AIMCo, it would threaten to compromise AIMCo’s economies of scale or operational efficiencies,” says the ATRF release. “Such decisions by AIMCo are not subject to appeal or arbitration.”

The imposed terms contradict statements made by yourself in the legislature at the time Bill 22 was being passed.

This government is demonstrating another broken promise. As a government agency, AIMCo has demonstrated an inability to make wise decisions with the assets it controls. As such, the latest ministerial order to place ATRF assets under their management has caused teachers—both working and retired—a great deal of concern. The order’s contents also demonstrate your lack of integrity by totally negating your own promise that the ATRF board would retain control over the type of investments made with teachers’ funds.

These investments represent the future viability of the pension fund to which teachers contributed throughout their entire careers. These investments represent the security and promises the government made to teachers, ensuring that their deferred salaries would be taken care of in a responsible and ethical manner.

This is another example of disrespect for teachers on the part of this government. It is time to admit that this was a bad decision and leave teachers' pension money alone; ATRF was doing an admirable job managing teachers' pension assets. You decided to ignore the positive results they regularly achieved in order to further your government's own interests. At the very least, you must allow the ATRF to retain unfettered control over the types of investments made with teacher pensions. Now is not the time to deviate from the promise you made; you are making unwise decisions that affect every teacher's future.

Retired teachers are concerned, especially in light of AIMCo's poor track record, which includes losses that surpass \$1.2 billion dollars of their client's money. How can we feel confident that their strategies will have the results teachers deserve?

Following the recent behaviour of certain MLAs regarding their out-of-province travel, Minister Rick McIver, Minister Tyler Shandro, and Premier Jason Kenney acknowledged the concerns of Albertans, and Premier Kenney reversed his initial decision based on these concerns. Once again, concerns are rampant throughout the province, again with solid justifications. It is time to keep your word and do the right thing for all teachers.

We implore you to reconsider; this arbitrary ministerial order must not come to fruition.



Lorna McIlroy
President, ARTA

cc:

Jason Schilling, President ATA
Rod Matheson, CEO, ATRF
Daniel Mulloy, CEO, ARTA
Dennis Theobald, Executive Secretary, ATA
Honourable Jason Kenney, Alberta Premier
Ms. Rachel Notley, MLA for Edmonton-Strathcona

