



# TOGETHER THROUGH CHANGE

2021 ANNUAL REPORT HIGHLIGHTS

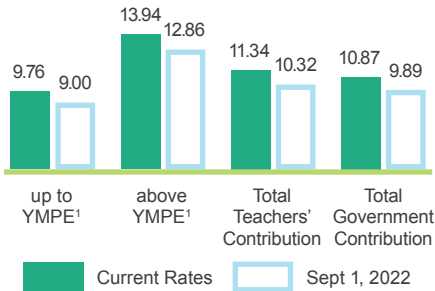


## CONTRIBUTION RATE REDUCTION

As a result of strong investment returns, prudent planning, and sound pension management, the ATRF Board has determined we are again in a position to reduce the contribution rates for the Teachers' Pension Plan in 2022. This is the fourth reduction since 2016 and will come into effect on September 1, 2022. The contribution rates for the Private School Teachers' Pension Plan will remain the same for the 2022-23 school year.

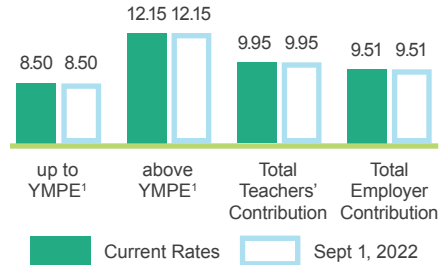
### Teachers' Pension Plan

% of pensionable salary  
Effective September 1, 2022



### Private School Teachers' Pension Plan

% of pensionable salary  
Effective September 1, 2022



<sup>1</sup> YMPE: Yearly Maximum Pensionable Earnings used by the Canada Pension Plan (\$64,900 in 2022)

## PLAN FUNDING STATUS

Funding status measures funds received and invested, compared to the pension payments that need to be made now and in the future. The funded ratio is the ratio of the plan assets over the plan liabilities (obligations). Both plans are in strong financial health with funded ratios near or above 100%.

### Teachers' Pension Plan Funded Ratios

As at August 31 (%)



### Private School Teachers' Pension Plan Funded Ratios

As at August 31 (%)



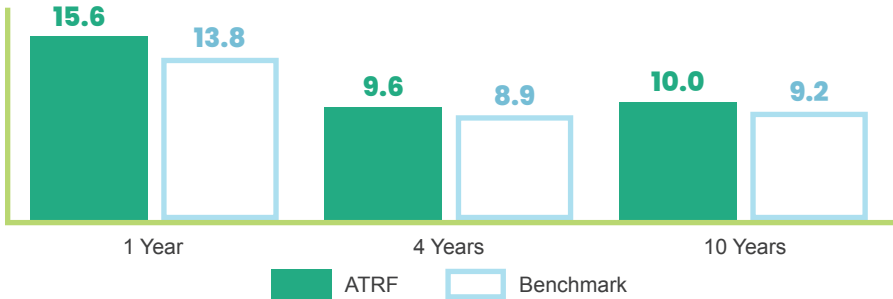
## The 2021 plan member survey reported overall satisfaction with ATRF services at 88%.

### INVESTMENT PERFORMANCE

ATRF has always taken a strategic approach to managing investments, and that has resulted in a portfolio that is best suited to the needs of our plans. In 2021, our investment returns were very strong, surpassing benchmarks.

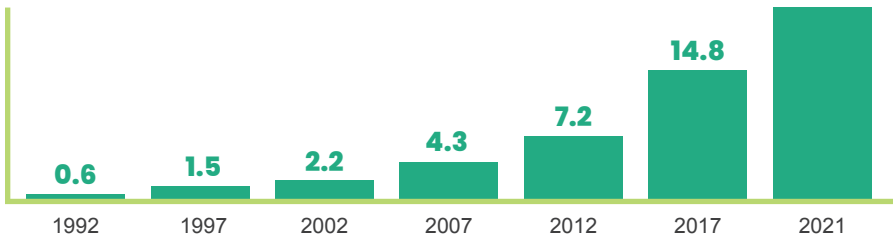
#### Net Investment Returns - Total Plan

For the periods ended August 31, 2021 (%)



#### Net Assets

As at August 31 (\$ Billions)



### Providing Excellent Value

Administrative cost of **\$114** per member per year compared to **\$167** average cost per member per year for a peer group of Canadian public sector pension organizations.

# BOARD CHAIR MESSAGE



**SANDRA  
JOHNSTON**

At ATRF, we have always been proud of the role we play in supporting teachers and ensuring their retirement savings are prudently managed. We've been through a lot together, and the relationship we've built with our members has never been stronger.

The past year was another year of upheaval at ATRF, and one of our highest priorities was to ensure we continued to work collaboratively with and provide excellent value to our sponsors, members, employers, and other stakeholders. I know they will be pleased to hear that again our organization has emerged vital, stable, and still focused on providing that excellent value.

We spent much of the last 12 months working to ensure we would be able to comply with legislative changes introduced in 2019 that required ATRF to transfer management of assets to the Alberta Investment Management Corporation (AIMCo) by December 31, 2021. Our focus

was always on protecting the best interests of our plans and I am very proud of how well we did that.

ATRF will continue to serve as the trustee for the plans and will continue to manage the administration of our pensions. The ATRF Board will remain in control of determining how the pension fund is invested at a strategic level, as well as retaining ownership of the plans' assets.

To facilitate this change, our board was supported by the investment experts at ATRF as we developed a comprehensive investment policy. The policy was informed by our many years of experience managing the assets of the plans and will direct the way ATRF assets are invested by AIMCo. The policy provides essential strategic direction for investing ATRF assets that includes the levels of risk appropriate for our pension plans, and the asset allocations that will best serve our plans' needs.

We were also able to negotiate an investment management agreement with AIMCo that governs how AIMCo will fulfill its responsibility in implementing ATRF's investment policy. The agreement provides meaningful accountability measures, and a commitment to transparency regarding how our plans' assets are managed.

We worked tirelessly to achieve this agreement because the strategic direction provided by ATRF will be vitally important for the future of our plans. As pension managers, the direction we provide to AIMCo will ensure investments and the associated risks are managed in a way that suits the needs of our plans over the long term.

We will continue to work collaboratively with AIMCo within our new legislative framework to ensure the best possible outcomes for ATRF members, employers, and sponsors.

## Strategic Planning

While completing the transition, the board also drafted a new strategic plan to ensure our organization is well positioned to fulfill our fiduciary duties post-transition.

Developing the plan involved a great deal of research on a diverse array of options for how best to serve our stakeholders.

In the end, this comprehensive study concluded ATRF has been focused on the right priorities, and it helped us establish a strategic direction that will guide our team as we move forward together with our sponsors, members, employers, and other stakeholders.

We are excited about the future envisioned in this plan. Our 80 years of experience working with teachers means we understand how best to ensure we provide excellent value for members and sponsors for years to come.

Another core responsibility of the ATRF Board is setting contribution rates. As a result of strong investment returns again last year, combined with prudent planning and careful expenditure management, our plans remain in a very strong position. For that reason the board has determined we are able to reduce total contribution rates for the Teachers' Pension Plan (TPP) by 2% of teachers' salaries effective September 1, 2022. Contribution rates for the Private School Teachers' Pension Plan (PSTPP) will remain the same next year as they were last year.

As we look back on the successes of last year, on behalf of the ATRF Board I would like to thank Karen Elgert whose term as a board member has now expired. She provided excellent guidance and invaluable contributions over the past 12 years, and we wish her continued success. I would also like to welcome our newest board member, Alexandria Matos, and look forward to working with her in the years ahead.

I would also like to thank the staff of ATRF for their efforts over the past year. Their dedication to members during these very challenging times resulted in another successful year for our plans.

Our members are at the heart of everything we do at ATRF. I would like to express our sincere appreciation for their continued support and encouragement throughout the year.

We have a lot to look forward to at ATRF. We look forward to continuing to serve our members, employers, and sponsors, providing the exceptional value they have come to expect from our organization.

## **ATRF BOARD**

*As at August 31, 2021*



**Karen Elgert\***



**Greg Francis**



**Paul Haggis**



**Maria Holowinsky**



**Brad Langdale**



**Rafi G. Tahmazian**



**Tim Wiles**

\*Karen's board term expired August 7, 2021.

## CEO MESSAGE



**ROD  
MATHESON**

The past two years have seen remarkable change at ATRF as a result of the pandemic and legislation that altered the way we manage our assets. At the same time, there has also been a reassuring level of continuity, along with a renewed sense of optimism about our future.

For over 80 years we've worked with Alberta teachers to ensure their pensions were expertly managed, and that teachers received the services they depend on when they need them. I am very proud to say that through this period of change we continue working closely with our members, sponsors, and other stakeholders to ensure we provide exceptional value.

Adjusting how we serve members during the pandemic helped us continue to focus our efforts on those areas where they are most needed and where we can provide the best service and support.

The results of that work can be seen in our exceptionally high member service ratings.

Last year we surveyed our members on their experiences with ATRF, and 95% of them rated ATRF's *MyPension* online portal as good to excellent, 93% rated our website as good to excellent, 91% rated our communication materials as good to excellent, and 88% reported being satisfied or very satisfied by ATRF's services overall.

We spent much of last year working to conclude the complex transfer of management of our assets to AIMCo, as required by legislation. We made excellent progress in this regard, and were fully compliant with the legislation's December 31, 2021 deadline for this work to conclude.

Now that this change is complete, ATRF will continue to perform essential investment strategy and risk functions, so a specialized team has been retained at ATRF to carry out this important work. This group of experienced professionals will support the ATRF Board in establishing strategic policy and risk parameters for ATRF's investment portfolio, as well as overseeing AIMCo as they implement our investment policy.

Ongoing, careful monitoring of investment performance will take place to ensure ATRF's portfolio is managed in compliance with our investment policy, and that investments are performing as expected.

We were careful to maintain the expert knowledge that helped us achieve excellent investment returns last year – even while we were also managing the transition. We are very proud to report ATRF's investments returned 15.6% last year, surpassing our target of 13.8%. Our four-year returns of 9.6% are also above the target of 8.9%, and 10-year returns were 10.0%, above the target of 9.2%.

These strong results, along with prudent management, contributed to further improvement in our plans' funding status this year. The Teachers' Pension Plan's deficiency (the difference between the actuarial value of the plan's assets and liabilities) decreased again this year from \$711 million to \$322 million. The ratio of funding assets to funding liabilities increased to 98% from 96% last year.

One of the factors that contributes to the sound funding position of our plans is ATRF's mindful approach to expenditure management. We have a long history of ensuring every dollar spent will add value in serving our members, mitigate risks that might otherwise threaten our plans, and is necessary for us to be able to provide the functions required of us. We don't just try to reduce spending at the expense of effective investment or pension management, rather we focus on providing the services and security required of us in the most cost-effective way possible. That approach has served our organization, our members, and our sponsors well for many years, and will continue after the transition in our organization.

I would like to take this opportunity to express the appreciation of our entire organization to Derek Brodersen, ATRF's Chief Investment Officer who left the organization at the end of last year. The guidance and exceptional leadership provided by Mr. Brodersen over the past 24 years enabled ATRF's investment team to achieve significant growth in a way that strategically served our plans, and ensured that growth was carefully and appropriately managed.

I would also like to thank our remarkable ATRF team for their continued and ongoing dedication to our plans and our members. Their efforts and engagement make a real difference in the lives of our members.

## **ATRF EXECUTIVE LEADERSHIP TEAM**

*As at August 31, 2021*

### **Rod Matheson**

Chief Executive Officer

### **Derek Brodersen**

Chief Investment Officer

### **Tina Antony**

Vice President, General Counsel  
& Corporate Secretary

### **Marcie Chisholm**

Vice President, People & Culture

### **Julie Joyal**

Vice President, Pension Services

### **Myles Norton**

Vice President, Finance

### **Gary Smith**

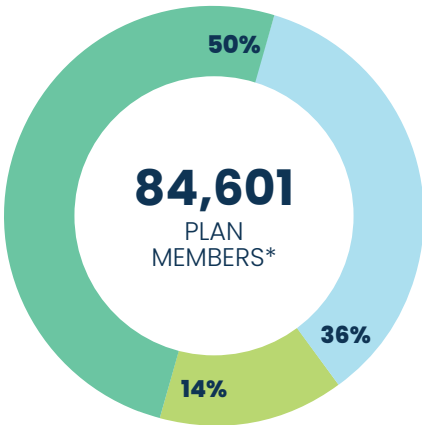
Vice President, Fund Risk & Strategy

# MEMBER FOCUSED

## Plan Member Statistics

As at August 31

	2011	2016	2021
Active and disabled member average age	42.0	41.7	42.3
Active and disabled member average years of pensionable service	11.4	11.2	11.7
Retired member average age	69.0	68.4	72.5
New retired member average age	59.0	60.2	59.7
Average pensionable service of new retired members	25.4	25.2	25.3



**42,186** Active and disabled plan members who accrue pensionable service

**30,582** Retired plan members and survivors who are currently collecting a pension

**11,833** Inactive members who are not accruing pensionable service and are not yet collecting a pension

\*Of which 876 are in the Private School Teachers' Pension Plan

## 2021 PLAN MEMBER SURVEY: SATISFACTION REMAINS HIGH

Members continue to be pleased with the services they receive from ATRF, and last year reported a service satisfaction score of 88%.

Other key results include:

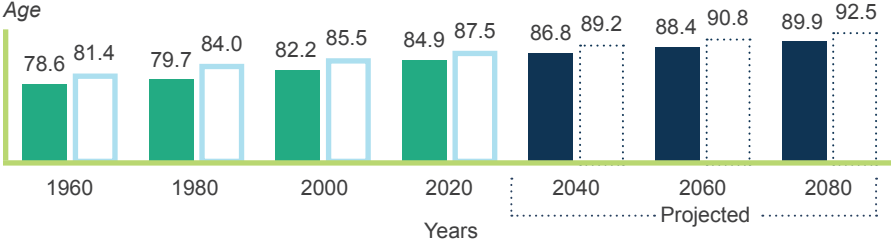
- 93% of respondents rated the website as good or excellent.
- 95% rated our MyPension online services as good or excellent.
- 91% rated our communication materials as good or excellent.
- 87% rated level of customer service as good or excellent.



# MEMBER LIFE EXPECTANCY INCREASE

Life expectancy continues to increase. Obviously, this is very good news, but it does mean we must plan accordingly to ensure our plans can continue paying members as teachers are living longer and retiring earlier.

## Life Expectancy



Male Female

Source: United Nations, Department of Economic and Social Affairs  
<https://population.un.org/wpp/Download/Standard/Mortality/>

# CONTRIBUTION RATES

ATRF regularly works with the plans' actuary to assess contribution rates as part of its broader accountability to manage plan sustainability and funding.

The ATRF Board carefully reviews a number of factors when determining the plans' contribution rates, and this year for the fourth time since 2016, the board determined the rates for the Teachers' Pension Plan will be reduced and will come into effect on September 1, 2022.

Several considerations went into this decision, including:

- strong investment returns,
- prudent management that continues to build margins and reinforce the plan's long-term sustainability, and
- determination that the plan will be able to continue to meet funding objectives of benefit security, intergenerational equity, and contribution rate stability and affordability.

ATRF pays out

**\$88 Million**  
 in pensions every month.



**\$34,790**

is the average annual pension, an **increase of 1.8%** over last year.



The oldest plan member is **103 years old**, and has been receiving a pension for

**45 YEARS.**



# INVESTMENT OVERVIEW

## INVESTMENT RETURNS

In order to evaluate the success of our investment strategies, ATRF assesses its results relative to a set of board-approved benchmarks. The total fund benchmark return (13.8% for 2021) is calculated by aggregating the benchmark returns of each individual asset class and weighting them according to the fund's policy benchmark.

With a proven record of superior returns, ATRF has consistently added value and contributed to the long-term sustainability of the plans.

### Net Investment Returns

*For the periods ended August 31, 2021 (%)*

Asset Class	1 Year		4 Years		10 Years	
	ATRF	Benchmark	ATRF	Benchmark	ATRF	Benchmark
Fixed Income	(2.9)	(3.4)	4.1	3.9	4.1	4.0
Return Enhancing	30.2	28.2	13.1	13.5	13.5	13.2
Inflation Sensitive	8.8	8.2	10.6	6.2	10.6	6.0
Absolute Return	7.9	2.6	4.1	4.7	–	–
<b>TOTAL PLAN</b>	<b>15.6</b>	<b>13.8</b>	<b>9.6</b>	<b>8.9</b>	<b>10.0</b>	<b>9.2</b>

## ASSET MANAGEMENT TRANSITION

We are pleased to be able to report these results in a year through which, in addition to managing the assets, ATRF's investment team worked hard to fulfill the legislative requirement to transfer investment management activities to AIMCo by December 31, 2021. Now completed, this transition of an over \$21 billion portfolio of public and private assets located around the globe was a complex undertaking that required considerable attention and effort.

To accomplish this in a manner that best protected asset value, the transition was done in stages. Management of private assets (infrastructure, real estate, and private equity) was transitioned to AIMCo in February and March. Public assets (fixed income, global equities, and absolute return) remained under direct ATRF management through the fiscal year, as did total portfolio management.

The signing of the investment management agreement with AIMCo allowed the final investment management functions to transition to AIMCo prior to the legislative deadline.

# PLAN FUNDING

Sustainable funding ensures our plans will be able to pay pensions to members and their beneficiaries, today and in the long term.

ATRF is guided by three plan funding objectives:

1. The security of member benefits and affordability of contributions.
2. Keeping contribution rates stable, to avoid large up and down adjustments in pension deductions on teachers' pay.
3. Inter-generational equity, that means to the extent possible each generation of active members funds the benefits accruing for that generation of active members.

## Teachers' Pension Plan Post-1992 Period

As at August 31, 2021 (\$ Billions)

Funding Value of Assets	20.7
Funding Liabilities	21.0
Funding Deficiency	0.3
Funded Ratio	98%

## Private School Teachers' Pension Plan

As at August 31, 2021 (\$ Millions)

Funding Value of Assets	106.5
Funding Liabilities	99.9
Funding Surplus	6.6
Funded Ratio	107%

## MANAGEMENT OF FUNDED STATUS

Managing the plans' funded status requires making long-term decisions that maintain the health of the plans, with proactive measures in place in anticipation of future challenges. There are three main levers for the management of funded status of any pension plan.

One - the level and type of benefits offered - is the plan sponsors' decision. The ATRF Board manages the two remaining levers to achieve long-term sustainability: funding policy and setting the contributions paid by teachers and government/employer (how the plans are funded); and the investment policy (how the assets are invested).

### Plan Costs and Expenses

As ATRF worked to complete the transition of asset management to AIMCo as required by legislation, careful attention was paid to ensuring expenditures continued to provide exceptional value. Full details can be found at [www.atrf.com/2021-costs](http://www.atrf.com/2021-costs)

## HELP US HELP THE ENVIRONMENT!

Switch to paperless statements and email communication today!  
Visit [www.atrf.com](http://www.atrf.com) and register for *MyPension*, or log in to your existing account, and in the member menu choose the email list preferences option.

## WANT TO READ MORE?

Visit [atrf.com/annual-reports](http://atrf.com/annual-reports) to read our full **2021 Annual Report**, that includes:

- Full ATRF Board member biographies
- More details on our new strategic plan
- Interesting information about the services provided to plan members and related innovations
- More information about how our pension plans are structured and the way they are funded
- Breakdowns of ATRF investment returns for the past year
- Full 2021 Financial Statements

ATRF was proud to have again been selected as one of Alberta's Top Employers for 2021.



ATRF has moved up to **19** on Benefits Canada's *Top 100 Canadian Pension Funds*.



**96%** of recipients receiving a monthly pension reside in either Alberta or British Columbia.



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