



*Experience
You Can
Count On.*



**ATRF 2020 Annual
Report Highlights**



Alberta Teachers'
Retirement Fund Board

2019-20 Highlights

CONTRIBUTION RATES

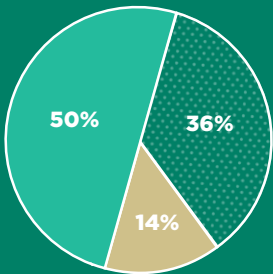
Contribution rates were reduced effective September 1, 2020 by a total of 1% of teachers' pay for the Teachers' Pension Plan, and 0.54% for the Private School Teachers' Pension Plan.

The current rates remain adequate to fund the benefits and we are pleased to confirm the contribution rates will stay the same for the next school year (2021-22). See page 13 for more details.

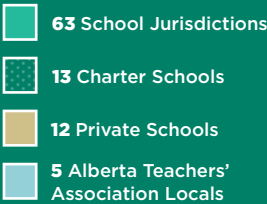
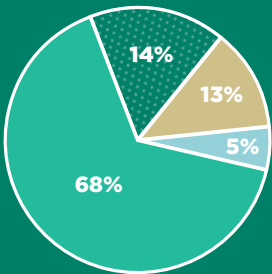
WHO WE SERVE

83,668 Plan Members*

93 Employers



*Of which 834 are members of the Private School Teachers' Pension Plan



In 2019-20:

Total Contributions
\$829 Million

Total Benefits Paid

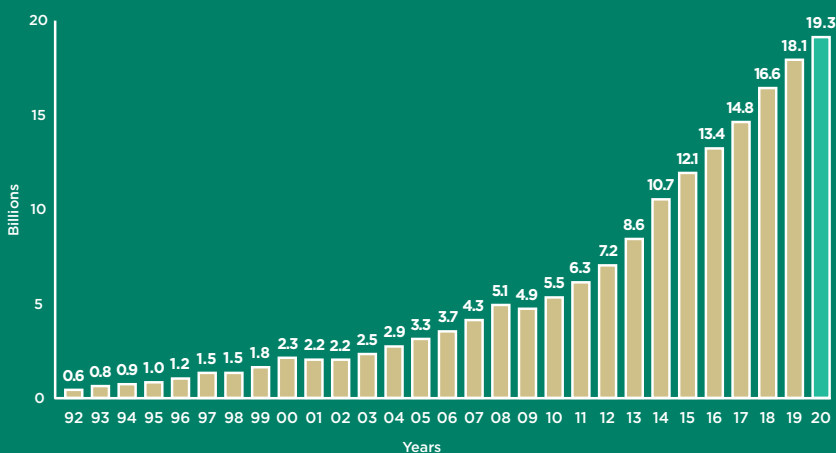
\$658 Million*

*An additional \$489 million was received from the Government of Alberta for benefits paid by ATRF relating to the pre-1992 period. Annual benefit payments combined total over \$1.147 Billion.

Providing Excellent Value

Administrative cost of \$118 per member per year compared to \$174 average cost per member per year for a peer group of Canadian public sector pension organizations.

Net Assets As at August 31 (Canadian \$)



Interesting Facts



ATRF is listed **19** on the *Top 100 Canadian Pension Funds* by asset size and **grew by 9.5%** in 2019.

(Benefits Canada 2020 Top 100 Pension Funds Report)

87%



9%

Amongst those receiving a monthly pension, **87%** of recipients reside in **Alberta**. Of those residing outside of Alberta, **9%** reside **outside of Canada**.



96% funded - Teachers' Pension Plan - up from 82% in 2015.

103% funded - Private School Teachers' Pension Plan - up from 90% in 2015.



\$34,189

is the average annual pension payment, an **increase of 2.1%** over last year.



The oldest plan member is **110 years** old, and has been receiving a pension for **46 years**.

Board Chair Message



Last year was a memorable one at the Alberta Teachers' Retirement Fund (ATRF), to say the least.

In addition to the tremendous turmoil caused by a pandemic, at ATRF we also spent much of the year preparing for and beginning to manage the most significant change our organization has ever experienced.

Through it all, the unparalleled experience, expertise, and dedication of our board and staff shone bright, and so I am very pleased and exceptionally proud to report that teachers' retirement benefits, and our organization, remain strong and stable.

Much of the past year was spent ensuring members continued to be provided with excellent service while beginning to transition the investment management

of the plans' assets. In the 2019 provincial budget the Government of Alberta, as one of our two plan sponsors, announced ATRF would be required to transfer management of all investments to the Alberta Investment Management Corporation (AIMCo). While this was unexpected for us, we nonetheless shifted our priorities and are working tirelessly to effect this change in a way that ensures the best interests of our plans are protected as much as possible.

Bill 22, the *Reform of Agencies, Boards and Commissions and Government Enterprises Act*, was passed into law in November of 2019 and confirmed the ATRF Board's continued responsibility for providing the strategic direction that will guide the way the plans' assets are invested. Our mandate at ATRF is to deliver the benefits established by the plan sponsors for current and future plan members, and that is what we will continue to do.

We take that responsibility very seriously, and have spent countless hours working to ensure our relationship with AIMCo is established in a way that enables ATRF to continue to protect our plans' best interests as our members have come to expect over our decades of building trust with Alberta teachers. Effective governance is always important for pension plans, where providing prudent strategic direction and reinforcing a focus on long-term objectives has a particularly significant impact. This past year, strong governance was especially important in ensuring ATRF is able to continue providing an appropriate framework to manage investments on behalf of our members.

Our new relationship with AIMCo is built around the principle that the ATRF Board will continue to provide strategic direction to guide the way investments are managed, and AIMCo will implement that direction. That means we will retain strategic control over our asset management and will continue to set the policy asset mix in order to ensure proper funding of the plan, and, importantly, the amount and type of risk we are willing to accept with our investments. We've also made sure appropriate reporting mechanisms will be in place so we can continuously monitor the execution of the direction we provide. Our duty to ensure excellence in the management of our plans' assets is one we do not take lightly.

While that work was progressing, we also started the process of setting the direction for new ways our organization can effectively serve our members and other stakeholders in the short term and once the transfer of asset management is complete. We are developing and looking forward to launching a new strategic plan that will ensure Alberta teachers, our plan sponsors, and all our stakeholders continue to receive excellent value from the services provided by our organization for years to come.

Looking ahead, I am also pleased to announce that we will be able to keep contribution rates the same for the 2021-22 school year as they were in 2020-21. That means after several years of reducing contribution rates, our sound management and strong investment returns leave our plans well funded, even after going through last year's dramatic financial market turmoil.

On behalf of the ATRF Board I would like to acknowledge the hard work and dedication of ATRF employees. Their tireless efforts through challenging times showed remarkable dedication to our members, and speaks volumes about this organization and the way it truly lives its values.

I would also like to recognize the efforts of our plan sponsors, the Alberta Teachers' Association and the Government of Alberta. Both work diligently to serve teachers and Albertans, and we appreciate the effort that went into supporting our organization as we work to transition the management of our plans' assets.

On a personal note I wish to welcome three new board members who joined our team this year: Brad Langdale, Rafi Tahmazian and Tim Wiles. I look forward to collaborating with them.

Finally, I know I speak for the ATRF Board and all our staff when I say how much we appreciate the support of our members. Serving teachers with respect and care for the past eight decades has built a strong bond between ATRF and our members, and that relationship means a great deal to me and our entire team.



SANDRA JOHNSTON
Board Chair

ATRF Board Members

As At August 31, 2020



SANDRA JOHNSTON



KAREN ELGERT



GREG FRANCIS



PAUL HAGGIS



MARIA HOLOWINSKY



BRAD LANGDALE



RAFI G. TAHMAZIAN



TIM WILES

Board Committees

Audit and Finance Committee

Responsible for the corporation's financial reporting, accounting systems and internal controls. The committee oversees and is responsible for ATRF's external audit, and recommends the approval of financial statements to the board. It also reviews ATRF's business plan, operating, and capital budgets.

Governance Committee

Helps the board fulfill its governance responsibility by developing effective corporate governance principles, policies, standards, and practices. The committee facilitates appropriate and efficient board operations and acts as a resource for the board chair and committee chair renewals, governance oversight and competency and effectiveness evaluation.

On July 8, 2020, ATRF became subject to the *Reform of Agencies, Boards and Commissions Compensation Act* Regulation ("RABCCA Regulation"), which prohibits ATRF from providing variable pay to employees and sets compensation limits for the Chief Executive Officer. The RABCCA Regulation took effect immediately for new hires and will take effect for current employees following a two-year transition period which ends on July 7, 2022. ATRF's Human Resources and Compensation Committee and Board will need to focus on the evolution of the existing pay philosophy and pay programs during this transition period in compliance with the provisions of the RABCCA Regulation.

Human Resources and Compensation Committee

Responsible for performing duties that enable the board to fulfill its oversight responsibilities in relation to ATRF's human resources and compensation matters including compensation design, risk and reward alignment and succession planning.

Investment Committee

Approves investment policy, and is responsible for monitoring, analyzing and determining strategic investment matters. The committee verifies that investment strategies are implemented, and that they comply with legislative and ATRF requirements. The committee also monitors and evaluates the performance and cost-effectiveness of investment policies and strategies.

Review Committee

Hears plan members' cases to review administrative decisions made by ATRF staff. The committee consists of the entire board.



ALBERTA'S TOP EMPLOYERS

ATRF was proud to have again been selected as one of Alberta's Top Employers for 2020. This is the fourth consecutive year the organization has been recognized as an employer that leads their industry as an exceptional place to work.

CEO Message



Last year our organization faced a remarkable range of challenges. I'm very pleased to say the experience of more than 80 years of serving Alberta teachers prepared us well to weather these storms, and we have emerged as an organization on solid footing, well-positioned to continue serving members and plan sponsors for years to come.

As the world transitioned to working remotely, ATRF staff showed exceptional dedication and creativity in coming together to ensure members continued to receive our vital services even as the COVID-19 pandemic changed the way all of us work. In a remarkably short time, our team was able to transition to a new way of working, and I could not be prouder to report that member services and investment management continued virtually uninterrupted throughout the pandemic.

Our entire workforce transitioned to remote working within just a few days, and we found new ways to serve

members when our offices were closed to the public. We started offering virtual, online seminars for members, for instance, when it became impossible to hold the in-person seminars we normally offer each year to help explain the benefits of our pension plans. We continue examining our service model to find new and innovative ways to efficiently serve members – now, and for the longer term when the pandemic has passed as well.

On the investment side, in light of the extremely volatile market environment, I am pleased with the investment results we were able to achieve. Last year's financial markets will long be remembered for some of the most unpredictable volatility in history, including the largest single week decline in global markets in over a decade in March 2020. Our primary focus during this market turmoil was on managing risk during the worst of the crisis and preserving the value of the plans, and we were successful in both areas.

Last year we exceeded our investment benchmarks in several asset classes, but did not meet our targets for public equity or absolute return assets. Our total plan return of 5.5% was quite strong considering market conditions, although it fell short of our 7.3% benchmark for the year.

Our portfolio is well-diversified and seeks to balance risk in order to stabilize returns over the long term. As a result, we were able to achieve total plan returns over the past four years of 7.6% and 9.2% over the past 10 years, exceeding our targets of 7.3% and 8.5% respectively.

These strong long-term results are possible as a direct result of the unique and extensive experience our team has in managing our investments with the specific intention of funding pensions. We take a long-term investment

approach, strategically crafted to manage risk in such a way that we are able to fund our plan benefits appropriately, while controlling our exposure to risks that might disrupt that continual source of funding.

I am very pleased to report that ATRF pension plans remain on a very stable foundation. This year the Teachers' Pension Plan is 96% funded, up from 82% in 2015. The Private School Teachers' Pension Plan is 103% funded, up from 90% in 2015. This means teachers and stakeholders can be confident in the stability of their pensions today, and for many years to come.

As we move forward, we will closely monitor the results of our new investment management relationship with AIMCo, and we continue carefully building structures and processes to do exactly that. We will remain focused on this new relationship and work collaboratively with our new asset managers at AIMCo on behalf of our members to ensure ATRF assets are managed in a way that serves our plans' best interests.

I would like to echo the sentiments of our Board Chair in expressing my gratitude on behalf of our Executive Leadership Team for the hard work and dedication of our staff, and for the ongoing support of our board. I would also like to thank ATRF's long-time Vice President of Information and Technology Services, Albert Copeland, who retired after more than 36 years of dedicated service.

On behalf of all of us at ATRF, I want to thank our members for their support, and let them know that we will continue working tirelessly to earn that support in the years to come.



ROD MATHESON
Chief Executive Officer

ATRF EXECUTIVE LEADERSHIP TEAM

As at August 31, 2020

Rod Matheson
Chief Executive Officer

Derek Brodersen
Chief Investment Officer

Tina Antony
Vice President, General Counsel
and Corporate Secretary

Albert Copeland
Vice President, Information
& Technology Services

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 Service

EXPERIENCE + DEDICATION = QUALITY SERVICE



JULIE JOYAL
Vice President, Pension Services

We've developed unique expertise for over 80 years to help members with their retirement income.

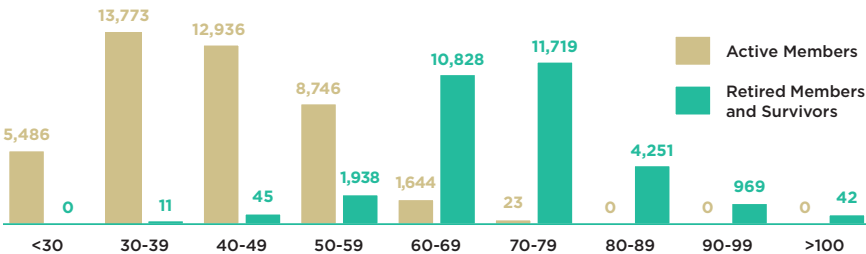
We understand that no two plan members are the same, and I am proud of ATRF's personalized and caring approach. We listen and understand the needs of our plan members, and deliver

accurate and timely information and benefit payments. Our plan members are at the heart of what we do, and we are continually improving our connections with them - whenever and however they access our services.

Whether we have a conversation with a plan member, or they are using our website, or the MyPension portal, we aim to provide an exceptional experience and make a meaningful difference for the members we serve.

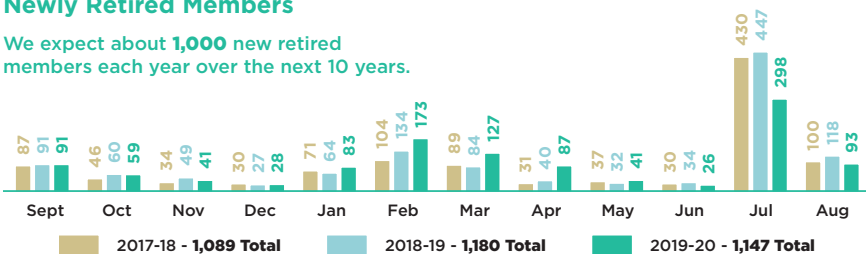
We constantly look at how we can serve members even better. That's the driving force behind our 'Project Lantern' which members will hear more about next year. We've made significant changes recently to respond to the COVID-19 pandemic which required us to move quickly and efficiently to ensure we were able to continue serving members and some of those improvements will be here to stay.

Age of Active and Retired Members



Newly Retired Members

We expect about **1,000** new retired members each year over the next 10 years.



HOW WE SERVE



Aaron S.
- ATRF Plan Member

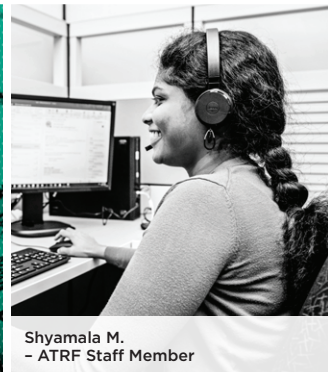


In 2019-20, we

- Helped **1,147 members** start their pensions.
- Introduced **online seminars** which reach teachers in various locations around the province.

A Digital Year-at-a-Glance

- A **19% increase** in pension estimates completed on *MyPension* over last year.
- A **49% increase** in documents posted to plan members' accounts in *MyPension*.
- A **103% increase** in pension applications completed on *MyPension*.
- Over **230 benefit estimates** were completed on average per day on *MyPension*, an increase of nearly 23% over last year.



Shyamala M.
- ATRF Staff Member

Key Results from New Retired Member Survey

Each of the 1,147 plan members who retired during the 2019-20 fiscal year received a new retired member survey. We thank all of the respondents for your feedback! The insights we glean from this survey are critically important and we will use the comments and suggestions to continue to improve the level of customer service provided to our retiring plan members. You can see the key satisfaction results from this survey in the chart below.

	2019-20	2018-19
Overall satisfaction with retirement process	94%	92%
Overall customer service satisfaction	97%	95%

Plan Funding

PLAN FUNDING OBJECTIVES

The ATRF Board has established a funding policy focused on sustainability to ensure the plans will be able to pay pensions to members and their beneficiaries, both today and over the long term.

FUNDING STATUS

ATRF regularly conducts actuarial funding studies to assess the value of the plans' liabilities compared to their assets and to ensure adequate funding. An actuarial valuation is a report on the health of the plans.

An experience study was completed with ATRF's actuary this year to update assumptions used in the funding valuation of our plans. You can refer to the full Annual Report available on our website (atrf.com) for more information, including updated life expectancy of Alberta teachers.

The funded status of the plans based on the most recent actuarial valuation as at August 31, 2020 is:

Teachers' Pension Plan Post-1992 Period

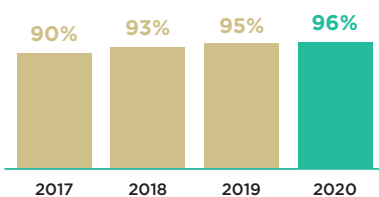
(\$ Billions)	
Funding Value of Assets	18.802
Funding Liabilities	19.513
Funding Deficiency	0.711
Funded Ratio	96%

Private School Teachers' Pension Plan

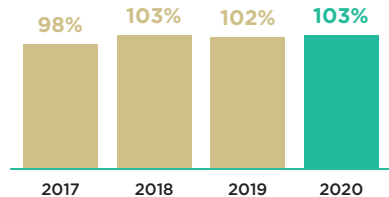
(\$ Millions)	
Funding Value of Assets	96.389
Funding Liabilities	93.909
Funding Surplus	2.480
Funded Ratio	103%

Based on these valuations, the funded status of the Teachers' Pension Plan (TPP) continues to prudently build towards being fully funded. The Private School Teachers' Pension Plan (PSTPP) is fully funded once again this year.

Funded Ratio



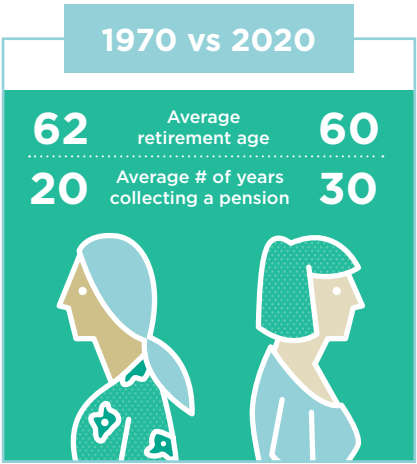
Teachers' Pension Plan



Private School Teachers' Pension Plan

PLAN MEMBERS' INCREASING LONGEVITY

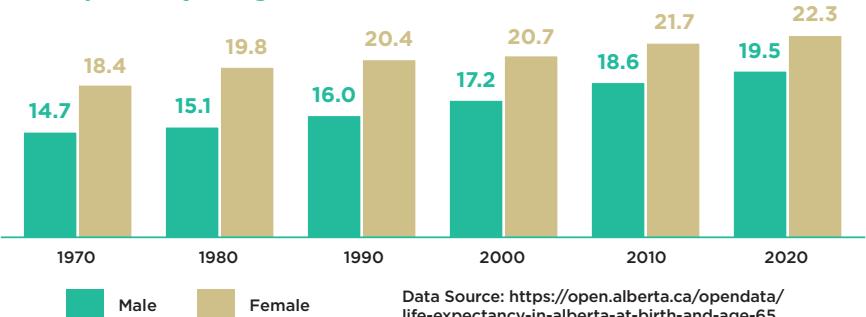
Increased life expectancy presents a funding challenge for pension plans. It means pensions are paid for a longer period of time after retirement—and yet they still need to be funded with employer and employee contributions over a similar number of years in an average career. The last several decades have seen significant changes in retirement experiences. Teachers are living longer and retiring earlier. In the 1970s, the average teacher retired at age 62. They could expect to live and collect their lifetime pension for another 20 years on average. Now, the average teacher retires at age 60. They can expect to live and collect their lifetime pension for around 30 years on average.



Plan Member Statistics

as at August 31	2020	2010	2000
Active and disabled member average age	42.3	41.7	42.7
Active and disabled member average years of pensionable service	11.7	11.1	12.0
Retired member average age	72.1	68.0	68.0
New retired member average age	60.0	59.0	57.8
Average pensionable service of new retired members	25.5	26.2	26.6

Life Expectancy at Age 65 in Alberta



Contribution Rates

The ATRF Board carefully reviews a number of factors when determining the plans' contribution rates.

Contribution rates were reduced, effective September 1, 2020, by a total of 1% of teachers' pay for the Teachers' Pension Plan, and 0.54% for the Private School Teachers' Pension Plan.

These current rates, as shown in the following tables, remain adequate to fund the benefits and we are pleased to confirm the contribution rates will stay the same for the next school year (2021-22).

Teachers' Pension Plan Contribution Rates

(% of pensionable salary)	Current Rates
up to YMPE ¹	9.76
above YMPE	13.94
Total Teachers' Contribution	11.34
Total Government Contribution	10.87

¹ YMPE: Yearly Maximum Pensionable Earnings used by the Canada Pension Plan (\$61,600 in 2021)

The total contribution rate for the TPP is 22.21% of teacher salaries, consisting of a current service cost of 18.93% of salaries and total deficiency contributions of 3.28% of salaries. The deficiency contributions are planned to decrease according to the schedule below.

Private School Teachers' Pension Plan Contribution Rates

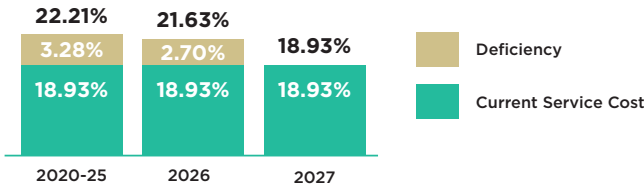
(% of pensionable salary)	Current Rates
up to YMPE ¹	8.50
above YMPE	12.15
Total Teachers' Contribution	9.95
Total Employer Contribution	9.51

¹ YMPE: Yearly Maximum Pensionable Earnings used by the Canada Pension Plan (\$61,600 in 2021)

The total contribution rate for the PSTPP is 19.46% of teacher salaries, representing the current service cost (i.e. the cost of benefits being accrued in a year). There are no deficiency contributions required under the PSTPP since this plan no longer has a deficit.

Teachers' Pension Plan Contribution Rates

Effective September 1



These projections assume that all assumptions remain unchanged and will be realized as expected. Actual experience will vary and the actual results recognized in future actuarial valuations can be better or worse than these projections. Therefore, the rates illustrated above may vary.

Investment Overview

In the investment world, every year is different from the last, but 2019-20 was one that could never be predicted.

The most significant financial market turmoil we have seen in decades was compounded by a rapid shift to working remotely in order to keep our staff and partners safe during the COVID-19 pandemic. At the same time, our team was called on to support the organization's transition of the asset management function to AIMCo.

Which is why I am especially pleased this year to be able to say that the long-term approach we take to investing at ATRF was instrumental in protecting the assets of our plans from the worst of the turbulence.

ATRF's highly diversified investment portfolio is designed to manage the risk to our assets during periods of market turbulence. ATRF took a very conservative approach during the market turmoil, focusing on preserving value for the plans rather than outperforming benchmarks. As a result, when governments intervened to support financial markets on a scale never seen before, our portfolio was not positioned aggressively during the rapid recovery. This strategy enabled us to succeed in preserving value and ultimately delivering a strong positive return of 5.5%, even though that result did not meet our benchmark of 7.3%.

As a defined benefit pension plan, it is important to remember we are long-term investors and one year does not



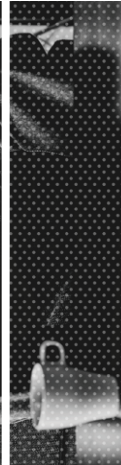
DEREK BRODERSEN
Chief Investment Officer

tell the story. Over the past four years the fund has returned 7.6%, and over 10 years 9.2%. Over these longer time periods our returns continue to exceed the returns of our benchmark.

In order to remain well-funded and keep contribution rates affordable over the long term, our investment returns must at least equal the funding discount rate used in the funding valuation of the plans. We look at this measure over 15-year time periods, in part so we can minimize changes to contribution rates based on shorter term investment results. Over the past 15 years the funding discount rate has been gradually reduced for both plans, but has averaged 6.4%. During this same 15-year period the return of the Teachers' Pension Plan has been 6.8%, while the return on the Private School Teachers' Pension Plan has been 6.4%.

Rates of Return (net of costs)

as at August 31, 2020	1 Year (%)		4 Years (%)		10 Years (%)	
	ATRF	Benchmark	ATRF	Benchmark	ATRF	Benchmark
Total Plan	5.5	7.3	7.6	7.3	9.2	8.5



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