

November 16, 2017

LAPP Board reduces member and employer contribution rates

Through prudent planning and effective risk management, the LAPP Board of Trustees has significantly improved the funded position of the Plan over the past few years to where it can now make a reduction in the contribution rates paid by employers and employees of the Local Authorities Pension Plan.

The Board voted unanimously at a recent Board meeting to reduce contribution rates by 1% for employees and 1% for employers, effective January 1, 2018. This is the first contribution rate reduction in 20 years.

For a LAPP member earning \$60,000 a year, this will mean a \$600 reduction in contributions in 2018, before taxes.

The Board conducts an actuarial valuation once every year to ensure the Plan is adequately funded to meet its pension obligations and that it has made adequate funding provision for future risks that might impact the Plan. This year the Board was able to reduce rates as well as strengthen benefit security by improving its capacity for dealing with future risks, like market volatility or a sudden downturn in the economy.

In 2018, the Board will be conducting a review of its long-term funding strategy in addition to doing another actuarial valuation. After that work is done, the Board will have a better sense of where contribution rates will be in the future as well as the ongoing funded-status of the Plan. It is the Board's ultimate goal to reduce contributions further and this review will help provide information on how soon that can happen.