



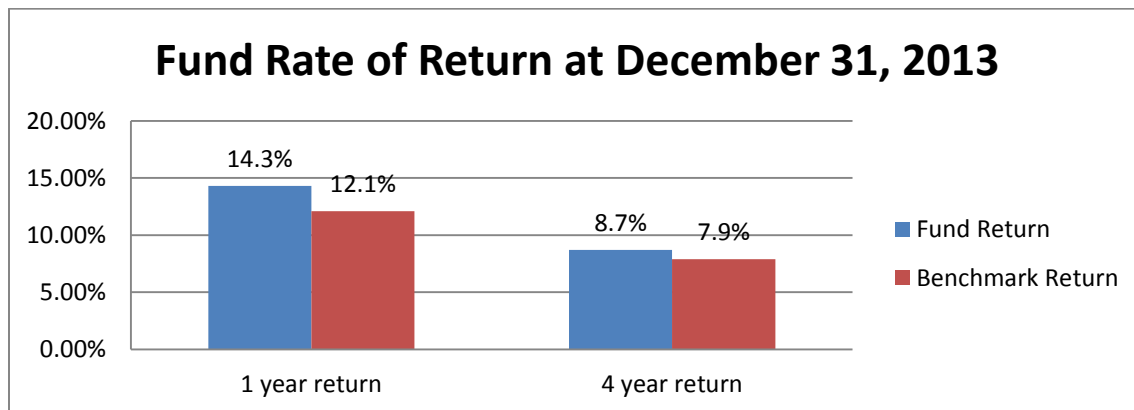
Calgary Firefighters Supplementary Pension Plan

Pension Plan Funded Position Improves – Pension Contributions to Decrease

The Calgary Firefighters Supplemental Pension Plan (FSPP) is administered by a five person Board of Trustees whose main objective is ensuring that the plan has sufficient assets to pay benefits to members or plan beneficiaries, and meet future pension payment obligations.

The pension plan benefits are set by the pension plan sponsors, the Calgary Firefighters Association and The City of Calgary. The Trustees are responsible for ensuring that the plan benefits that are payable are funded in accordance with legislated funding requirements.

The Trustees increased contribution rates over the last three years to ensure the long-term funding sustainability of plan benefits and, as a result, the funded position of the plan has improved. In addition, the plan experienced positive gains led by the performance of the fund investments. The fund returned 14.3% for the year ended December 31, 2013 outperforming the fund benchmark return of 12.1% by 1.2%.



Valuation Results

An actuarial valuation conducted by an independent actuary was performed as of December 31, 2013. The following table outlines the funding valuation results and shows that the funding of the pension plan has improved since the last valuation at December 31, 2010.

(\$millions)	December 31, 2013	December 31, 2010
Liabilities	\$ 149,787	\$ 142,053
Assets	<u>137,493</u>	<u>123,663</u>
Difference	\$ <u>12,294</u>	\$ <u>18,390</u>
FSPP Funding	92%	87%

New Pension Contribution Rates

The table below shows the new pension contribution rates along with the prior contribution rates. The new rate will be reflected on your July 23, 2014 pay advice.

(% of earnings)	Revised Contribution Rates		Prior Contribution Rates	
	Members	City	Members	City
Total Contributions	2.63	3.22	3.02	3.69

The share of the cost of the FSPP contributions are set by the plan rules which are established by the Calgary Firefighters Association and The City of Calgary. The City of Calgary is responsible for 55% of the contributions and active firefighters are responsible for 45%.

Effective June 30, 2014, active firefighter contributions will decrease by 0.39% of earnings and City of Calgary contributions will decrease by 0.47% of earnings. For a member who is making \$90,000 per year, the new rate will mean a savings of about \$350 over the course of a year compared to the prior contribution rate. Pension plan contributions are tax deductible.

Funding Risks Looking Forward

Funding valuations are based on assumptions that will differ from actual plan experience since no one can predict the future with certainty. Any difference between the assumptions and plan experience will emerge as gains or losses in future funding studies or valuations.

The Board continues to monitor the financial position of the plan on an ongoing basis. We carefully examine the funding structure of the plan, and the various funding assumptions with the plan's actuary and other external advisors. We also stress test the funding assumptions and make changes to these long-term assumptions as required. In addition, we provide the plan sponsors, The Calgary Firefighters Association and the City of Calgary, with detailed information on the current funded status of the plan and on forward-looking funding challenges that may arise.