



Alberta Pensions Services Corporation
BUSINESS PLAN 2021

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In This Together

It is exciting to look forward to 2021 and the plans and goals for Alberta Pensions Services Corporation (APS). The pension environment, our clients and our organization have experienced considerable change over the last few years. We have adapted our processes, strengthened our relationships and implemented solid foundational work—and it is becoming clear that, as a result, we are stronger.

I look at the process of developing the 2021 business plan as a great example of how we are emerging from change. We focused on working closely with the clients to understand their needs and goals, and then we carefully considered how we could support clients. We have also worked collaboratively with clients to focus on the member experience.

APS supports over 384,500 members and pensioners and 500 employers. Every day we think of the people on the other side of the phone, email or payment. We know they count on us to be reliable; therefore, behind the scenes, we are dedicated to finding innovative solutions to improving our services.

Emerging from a series of changes takes a lot of determination, focus and passion. I am incredibly proud of Team APS and the work everyone puts in. I am proud of the initiatives we are putting forward in 2021. We are aligned with our clients and aligned with our key themes: reliability, innovation, people and culture.

Our key themes have not changed.

- ▶ The members of the plans we serve count on the **reliability** of our core services, and we will work with our clients to deliver these critical core services efficiently and effectively.
- ▶ We will focus **innovation** efforts on streamlining service delivery and increasing the efficiency with which we serve members, pensioners and employers. Innovation is a tool to improve client outcomes and not an end in itself.
- ▶ We will continue to make our **people and culture** a priority because an engaged and motivated workforce delivers high-quality service and support—our people make reliability and innovation happen.

Progressing towards our goal of operational excellence and being the pension provider of choice is possible only through collaboration with clients and the engagement, leadership, values and passion of Team APS. The 2021 business plan continues to move us closer to our goals.

Sincerely,



Darwin Bozek

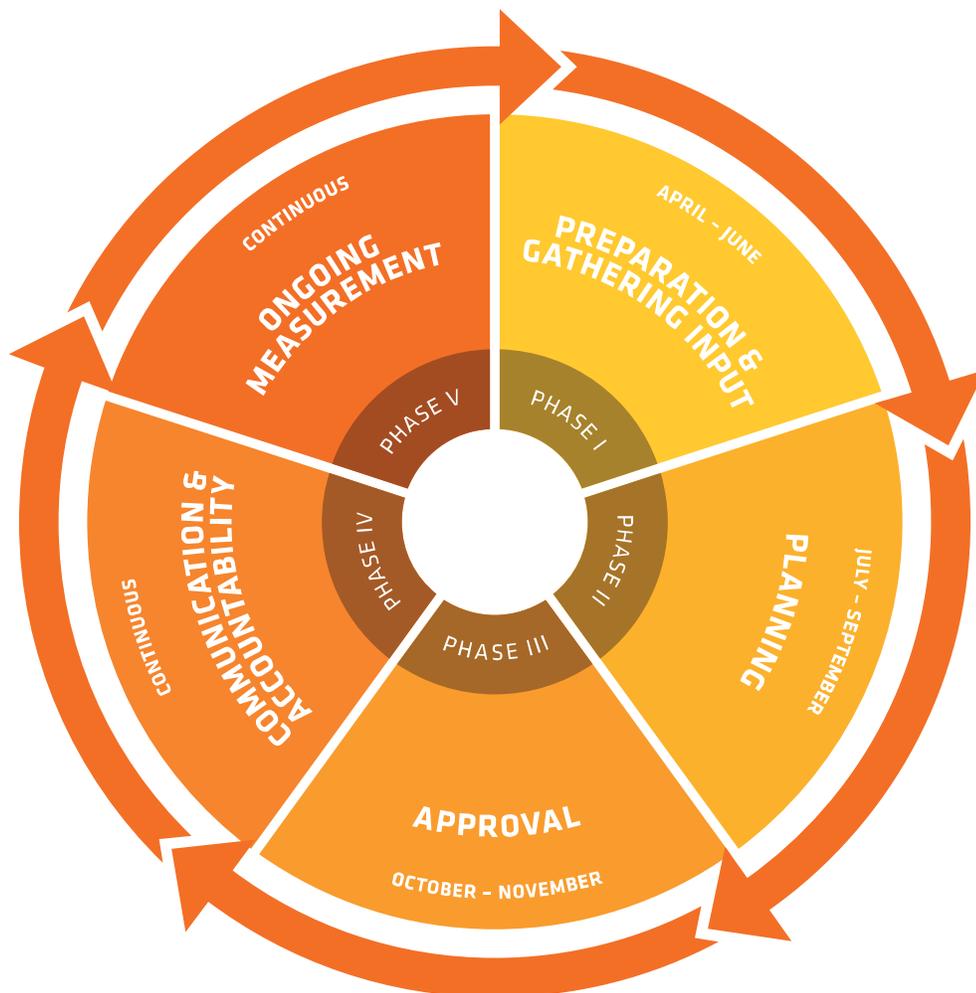
President and Chief Executive Officer

Business Planning Process

Over the last few years, APS has been refining the business planning process, using a five-phase approach as shown in the below diagram. A primary goal of this process is to improve the collaboration and transparency between APS and clients.

As part of the process, and as part of strengthening alignment between the client goals and APS initiatives, APS reached out to the clients in Phase I to request goals and objectives for 2021. The Phase II consultation with clients was an integral step in ensuring that APS maximized resources in a manner that best served the needs of the members, pensioners, employers and clients we support, and took into account external factors such as budget constraints.

APS' continued commitment to a collaborative approach will be reflected throughout the strategic plan, business plan, service delivery plans, project execution plans and corporate scorecard.



Vision, Mission & Values



Our Vision

WHAT WE STRIVE TO ACHIEVE

Relentlessly pursuing excellence in pension benefits administration, to serve those who serve Albertans.



Our Mission

WHAT WE EXIST TO DO

As a pension benefits administrator serving Albertans, we are knowledgeable, caring professionals committed to guiding the pension experience, delivering the highest standard of accurate, cost-effective service.



Our Values

DO THE RIGHT THING

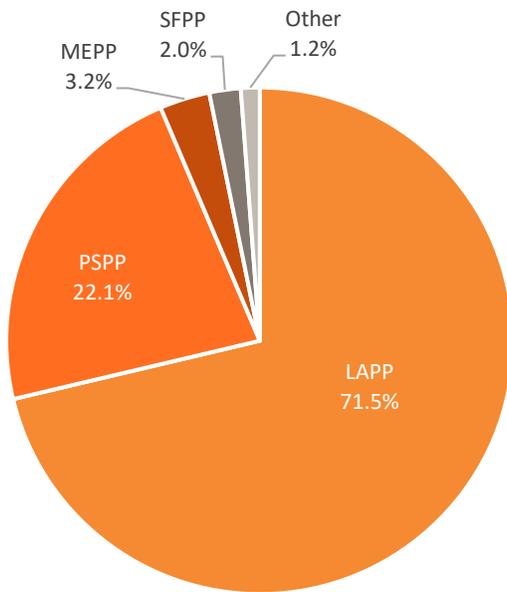
We are driven by our values to always "do the right thing."

- ▶ SERVICE
Make every interaction count
- ▶ QUALITY
What we do, we do well
- ▶ ACCOUNTABILITY
Take responsibility

Service, Clients & Scope

APS works alongside its clients to help guide the pension experience for members, pensioners and employers. In collaboration and consultation with the clients we serve and the Government of Alberta, we deliver services on behalf of the following seven public sector pension plans and two supplementary plans:

MEMBERS BY PLAN



- ▶ Local Authorities Pension Plan (LAPP)
- ▶ Public Service Pension Plan (PSPP)
- ▶ Management Employees Pension Plan (MEPP)
- ▶ Special Forces Pension Plan (SFPP)
- ▶ Public Service Management (Closed Membership) Pension Plan (PSM(CM)PP)
- ▶ Members of the Legislative Assembly Pension Plan (MLAPP)
- ▶ Supplementary Retirement Plan for Public Service Managers (SRP)
- ▶ Provincial Judges and Masters in Chambers (Registered) Pension Plan (PJMC(R)PP)
- ▶ Provincial Judges and Master in Chambers (Unregistered) Pension Plan (PJMC(U)PP)

IN 2020, WE PROVIDED DIRECT SERVICES TO

500 employers

384,500 members and pensioners around the world

AND MANAGED OVER

\$6.5 Billion in pension receipts and disbursements



Our Strategic Objectives

APS' strategic objectives are focused on improving the delivery of core pension benefits administration services in a cost-effective and efficient manner, and improving relationships with our stakeholders.

1. ENHANCE STAKEHOLDER RELATIONSHIPS

We will strengthen the relationship between APS and the clients and stakeholders we serve. We will constantly demonstrate the value of our services in order to better meet their needs.

2. TRANSFORM MEMBER AND EMPLOYER INTERACTIONS

We will enhance the interactions between APS, employers and plan members (active, deferred and pensioner) by considering audience age and stage, communication channels, access to information and self-service transactions.

3. ELEVATE MEMBER AND EMPLOYER PENSION BENEFIT EDUCATION

We will commit to the education of employers and plan members in the reasons for and workings of defined benefit pension plans.

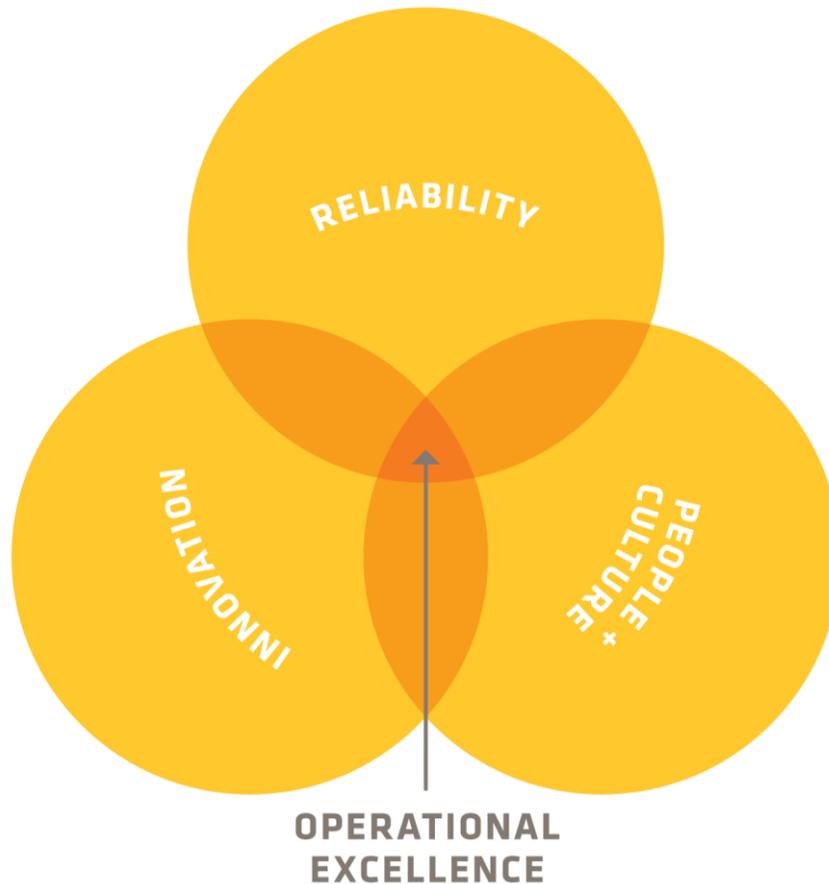
4. OPTIMIZE SERVICE DELIVERY

We will continue to focus on opportunities for innovation as a key way to administer and improve our services.

5. ALIGN AND GROW WORKFORCE CAPABILITIES

We will harness the passion and professionalism of APS employees and provide engaging management, performance measures and development opportunities





Key Themes for 2021

The three themes of APS—reliability, innovation, people and culture—will lead APS toward the ultimate goal of operational excellence. Success will mean success for us and our clients in the services and support we provide members, pensioners and employers. We achieve all this through collaboration with our clients

RELIABILITY

▶ **Building a solid and dependable foundation**

To ensure we are delivering on our core pension benefits administration services in a cost-effective, efficient and high-quality manner.

INNOVATION

▶ **Exploring ways to improve**

To review our processes and implement solutions that will make our services more efficient and effective. This includes ongoing process improvements and targeted programs and projects that deliver value and positive results for the people we serve and support.

PEOPLE & CULTURE

▶ **Developing a culture of service with a highly engaged workforce**

To foster an environment where collaboration and service come naturally because the people are inspired, empowered and values-driven.

Reliability

BUILDING A SOLID AND DEPENDABLE FOUNDATION

- ▶ To ensure we are delivering on our core pension benefits administration services in a cost-effective, efficient and high-quality manner.

We are accountable to clients and their members, pensioners and employers for reliable pension services. Ultimately, we make sure members and pensioners receive the correct benefits and pension payments at the right time. Our benefits administration services are the basis of everything we do, and people count on us to consistently get them right. Every person at APS contributes to the core benefits administration work.

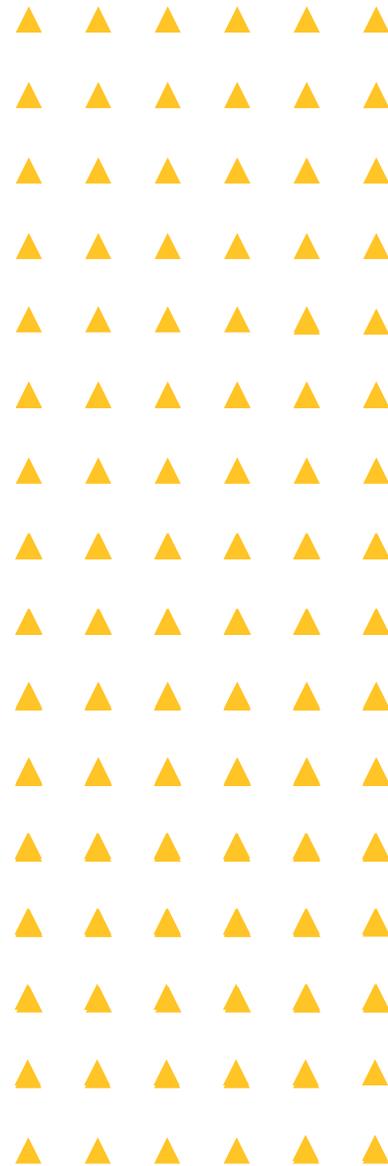
2021 Core Services Reliability Highlights

Our primary focus is on the core pension benefits administration services as defined in our agreements with clients, which are:

- ▶ Client services
- ▶ Members Services Contact Centre
- ▶ Contributions management
- ▶ Member and pensioner management and communications
- ▶ Benefits calculations and disbursements
- ▶ Employer enrollment, support, education and compliance
- ▶ Compliance, regulatory and plan financial reporting

INITIATIVES IN 2021:

- ▶ Continued focus on a competitive Cost Effectiveness Measurement (CEM) total service score and cost per member measure that demonstrates value to our stakeholders – see Appendix B for more details of our proposed 2021 measures.
- ▶ Continued reliability and improvements to our pension administration system and the online employer resource.



Innovation

EXPLORING WAYS TO IMPROVE

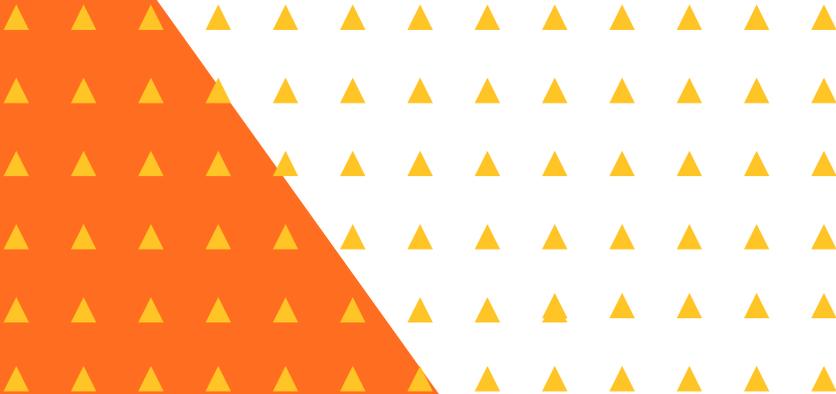
- ▶ To review our processes and implement solutions that will make our services more efficient and effective. This includes ongoing process improvements, targeted programs and projects that deliver value and positive results for the people we serve and support.

We are continually striving to provide cost-effective and efficient services. We constantly search for innovations and improvements, not only within the core services we offer every day, but also in our major projects and initiatives. Whether we are building a new online tool for members, reworking a retirement process, or testing ways to use automation in our operations, we are using innovation to improve our services and the client, member, pensioner and employer experience.

2021 Projects and Initiatives

The following descriptions are a high-level summary of the projects and initiatives we are working on in 2021. Each project listed enhances the reliability of our services and will have a positive impact on members, pensioners and employers. These projects and initiatives were identified and selected in collaboration with clients, and they are projects that support strategic priorities or help support APS' efforts to improve processes and services. These initiatives are in addition to, and in support of, the activities and service level requirements outlined in each client's pension services agreement.

The descriptions are intended to be brief overviews and are not a reflection of detailed scope or timeline.



JOINT GOVERNANCE PROJECT

This is a carryover project from 2019 – a multi-year joint governance project was initiated at the time of changes to pension governance in March 2019.

The objective of the joint governance project is to ensure APS' policies and processes support compliance with the EPPA and its regulations by March 2021 or the expiration date of statutory exemptions.

This project is divided into eight key groups that will be treated as sub-projects, with each having its own working group:

| | |
|---------------------------------------|---|
| Group 1 – Relationship Breakdown | Group 5 – Plan Text, Supporting Documentation and Transfer Agreements |
| Group 2 – Privacy and Data Governance | Group 6 – Statements, Disclosure and Forms |
| Group 3 – Employer Reporting | Group 7 – Benefits Payments and Payroll |
| Group 4 – Benefits Calculations | Group 8 – Implementation of PSAs |

Working-group benefits:

- ▶ Supports meeting the timelines required by the EPPA.
- ▶ Direct involvement and transparency between APS and clients.
- ▶ Ability to leverage economies of scale from the other pension plans participating in this project.

Estimated completion: 2021

MSC MEMBER EXPERIENCE EFFICIENCY PROGRAM

The goal of the Member Services Centre (MSC) Member Experience Efficiency Program initiative is to improve the efficiency of the MSC in order to enable an improved member and employee experience. After consultation with clients, APS will implement the recommendations from an external consulting engagement in four phases over two years. The program will continue with an omni-channel strategy, building on automation and reduced manual processes for a tangible impact on MSC volumes, average handling times, call abandonment rates and seasonal volume management.

Objectives for the first year will be:

1. **Online efficiency:** Online portal form enhancements and automation, digital assistant installation and configuration of a reporting and tracking tool.
2. **Integration and automation:** Build in integration and automation between the digital assistant, Compass and relevant member information sources (e.g. plan websites).

Benefits:

- ▶ Positive member experience impact, such as enhanced digital channels, improved phone channel services, shorter wait times and omni-channel opportunities.
- ▶ More consistent management of call volumes and more integrated MSC systems.
- ▶ A potential of ~50% call automation, either by digital or voice channels.
- ▶ Improved service level results while maintaining existing employee resources.
- ▶ Shifting MSC employee focus to more value-add work.

Estimated completion: TBD (after consultation with clients)

PLANNED IT INITIATIVES

The planned IT initiatives for 2021 include the following critical upgrades and implementations:

1. System Upgrades

- ▶ Digitizing APS Legal: The current legal database has reached the end of its support and useful life, requiring a system upgrade. This system upgrade will also allow to APS to move any remaining legal paper records filing to the digital format helping reduce physical storage costs and gain disaster recovery ability.
- ▶ Cherwell Upgrade: The Cherwell system is the current helpdesk ticketing system, used to communicate and respond to employees and clients who are experiencing technical issues or require help. This system requires an upgrade in 2021 to ensure APS can continue to respond to and resolve their employees and clients in a timely and efficient manner.
- ▶ Angular JS Upgrade: The Angular Java Script Software platform is used as the underpinning web development toolset that APS uses. The version of software that is currently being used will no longer be supported by the vendor. This project is to upgrade software to the newest supported version.

2. Automated Testing Tool

- ▶ APS has placed a great deal of emphasis on quality assurance testing resulting in an increase in reliability and error detection with its Compass system, software upgrades and implementations. This automated testing tool will allow for APS to improve the efficiency of its quality assurance testing by automating portions of the existing manual process.

3. Telephony Migration to Cloud

- ▶ The current telephony system requires a migration to the “cloud” that will allow for disaster recovery capabilities and will add additional functionality in the future through telephony integration with the Compass system.

4. Hardware and Software

- ▶ The hardware portion of this budget is largely for the purchase of servers and network equipment and the software portion will be for firewall and security products.

Estimated completion: 2021

BI PLATFORM – DATA MANAGEMENT PROGRAM

This initiative improves data quality and reliability by providing items such as a single source of data truth, client access (self-serve) to member data and data governance. As part of the data governance and information management initiative, APS is working towards implementing some self-serve capabilities for each client. Currently, most Client data or reporting needs can only be answered by making a request through APS. Consultation and planning has been ongoing to understand what insights are most valuable to each client and to prioritize the data load into the data hub, which is the single source of truth and central to the data management program.

This ongoing program focuses on the following objectives in 2021:

1. Ensuring that data is available to clients through the Insights platform (data hub).
2. Continued education provided to the clients around self-serve capabilities including interacting with, extracting and interpreting data.
3. Continued development and implementation of data governance component processes and capabilities.
4. Continued development and implementation of data quality rules.

Benefits:

- ▶ Increased value and efficiency for clients as they are able to access and create the reports and undertake the analysis they need using self-serve capabilities.
- ▶ By reducing the time APS employees spend gathering data for clients, employees will be able to spend more time on other value-add projects and tasks.
- ▶ Improved data quality and integrity, essential for fact-based decision making.

Estimated completion: 2021

EMPLOYER RESOURCE (PENSION E-GUIDE) REBUILD

Pension e-guide is a component of the employer portal; it is the current location where employers go to access resources and report pension information. The platform that the current Pension e-guide is on is at the end of its lifecycle and the guide is in need of a complete review. Fundamental aspects of the employer resource review are the user experience, user-need and content.

This project will start with the following steps:

1. Conduct an internal review to evaluate whether APS has an existing tool/platform to support this content.
2. Consult with clients to understand needs and expectations for the employer resource.

Clients will be engaged and surveyed throughout the process to obtain buy-in and alignment. Although the employers are the primary stakeholders for the portal and its content, clients will be involved in developing project scope, requirements and content.

Benefits:

- ▶ Improved experience for employers.
- ▶ Improved information management, ensuring the information employers have access to is correct and cost-effective to maintain on a continuous basis.

Estimated completion: TBD (after consultation with clients)

ENHANCE ONLINE SERVICES

With this initiative, APS is looking at automation opportunities within commonly used online platforms such as the buyback tool, PensionEase, Your Pension Profile and CRM, and streamlining associated processes to enhance the member experience by providing them with more self-serve options. APS will work collaboratively with our clients to determine the optional solutions.

This initiative has the following objectives:

1. Work on a solution for the document upload centre that allows for documents to be uploaded directly to in-progress activities.
2. Enhance the buyback tool to have the ability to accept electronic payments.
3. Enhance PensionEase to allow for members to have the option to continue their paper-initiated applications online.

Benefits:

- ▶ Simplify and expedite the buyback purchase and payment process and the document upload and file processing system. This includes the ability to accept electronic buyback payments.
- ▶ Improved response times.
- ▶ By being able to submit documentation electronically, members will no longer experience a service impact during mail service or mailroom interruptions or issues.
- ▶ Reduce overhead to indexing, mailroom and administration teams.

Estimated completion: TBD (after consultation with clients)

PENSION PAYMENT SYSTEM

As a result of system changes within the Government of Alberta (IMAGIS to 1GX) APS must implement a consolidated disbursement bank account, system changes to consume banking information and track payment statuses within a member's file, system reporting for reconciliations and review, and plan-specific branding of electronic funds transfers and cheques for members in a single plan.

This initiative will focus on the following objectives in 2021:

1. Complete required system changes.
2. Select print vendor and determine cheque stock design.
3. Implement the historical Payments Control Application (PCA) database at APS.

Benefits:

- ▶ Improved member payment experience through plan branded payment.
- ▶ Improvement of transaction tracking and reconciliation.

Estimated completion: 2021

FORMS UPDATING SOLUTION

APS is looking for a solution that will give APS and clients cost-effective control and a managed system for updating certain artifacts and forms. For this initiative, APS will evaluate a third-party service or toolset that will provide APS and clients with the ability to modify simple, plan-specific artifacts and forms in a more cost-effective manner. A proof of concept will be completed to evaluate a third-party service or tool as well as determine if our current version of Compass is sufficient to implement the tool.

This project has the following objectives for 2021:

1. Select a third-party service or toolset to use in a proof of concept exploration.
2. Evaluate the solutions' ability to modify simple plan-specific forms and artifacts.

Benefits:

- ▶ Clients will experience faster turn-around time and cost reduction on simple form changes.
- ▶ APS will be able to reduce time and effort spent on form changes and increase focus on other value-add projects and tasks.

Estimated completion: 2021

REVIEW OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

As part of this initiative, APS will engage in an external, independent review of specific APS internal controls over financial reporting (include financial statements).

The initiative will start with the following steps:

1. Work with the clients to select a professional service firm.
2. Work with the clients and a professional service firm to develop the scope of a review, the dependencies and assumptions required and a potential roadmap.

Benefits:

- ▶ The clients will obtain assurance of APS' internal controls over financial reporting for the pension plan's financial statements.

Estimated completion: 2021

People & Culture

DEVELOPING A CULTURE OF SERVICE WITH A HIGHLY ENGAGED WORKFORCE

- ▶ To foster an environment where collaboration and service come naturally because our people are inspired, empowered and values driven.

Even in the face of constant change, one thing that has remained the same is that Team APS is the best thing about working at APS. Employees lean on the values to make decisions that support each other as well as clients and their members, pensioners, and employers. Fostering and nurturing the APS culture ensures that this commitment to quality and “doing the right thing” remains strong.

At APS, we know an engaged and motivated workforce is key to delivering high-quality service and support, and to reaching operational excellence.

APS will focus on the following key objectives to enhance our culture of service: Foster a Leadership Mindset, Enable Growth and Adaptability and Cultivate a Diverse & Inclusive Employee Experience.

Foster a Leadership Mindset

Leadership Development:

- ▶ Outcome – APS has a leadership development framework outlining development paths.
- ▶ Actions: Continue to build out leadership development offerings focusing on building a coaching culture, emotional intelligence and leadership challenge.

Leadership Competencies:

- ▶ Outcome – Beacons of Leadership and other competencies are integrated into all human resource practices including policy development, business and HR practices and processes.
- ▶ Actions: Define leadership and role specific competencies to inform the redevelopment of other key HR artifacts such as job descriptions, postings, interview and selection tools, and performance management systems through 2022.

Career Development:

- ▶ Outcome – APS provides career development, coaching and mentoring that inspires a growth mindset.
- ▶ Actions: Expand career development program to feed succession planning at different levels of the organization.

Enable Growth and Adaptability

Change and Transition Framework

- ▶ Outcome – APS has a systematic, holistic approach to support employees through change and, as a result, create a nimble organization.
- ▶ Actions: APS leaders and employees are trained and orientated to the APS change and transition framework.

Manager Toolkit

- ▶ Outcome – Managers have the tools and supports, information and advice needed to fully execute their management responsibilities.
- ▶ Actions: Development of a manager team channel to host and deliver in-time tools and resources.

Collective Bargaining

- ▶ Outcome – APS will achieve a collective agreement that aligns to the mandate and supports APS' changing environment.
- ▶ Actions: APS concludes collective bargaining within the approved mandate and in alignment with the APS values to strengthen relationship with the AUPE.

Cultivate a Diverse & Inclusive Employee Experience

Employee Engagement

- ▶ Outcome – APS employees enjoy an engaging employee experience that results in a commitment to APS and its objectives.
- ▶ Actions: Launch engagement survey in Q1 2021, and conduct manager-led and employee-driven action planning.

Diversity and Inclusion

- ▶ Outcome – APS is building a diverse and inclusive culture that results in quality customer experiences.
- ▶ Actions: Deliver psychological health and safety training, and an introduction to diversity and inclusion training.

Corporate Scorecard

The four quadrants of the balanced scorecard provide a framework for strategic alignment and effective measurement, while providing a structure in which performance can be evaluated holistically.

Metrics

1. STAKEHOLDER ALIGNMENT & SATISFATION

- ▶ Client Relations
- ▶ Member and Pensioner Satisfaction
- ▶ Employer Engagement
- ▶ Shareholder Alignment

3. FINANCIAL PERFORMANCE & RISK MANAGEMENT

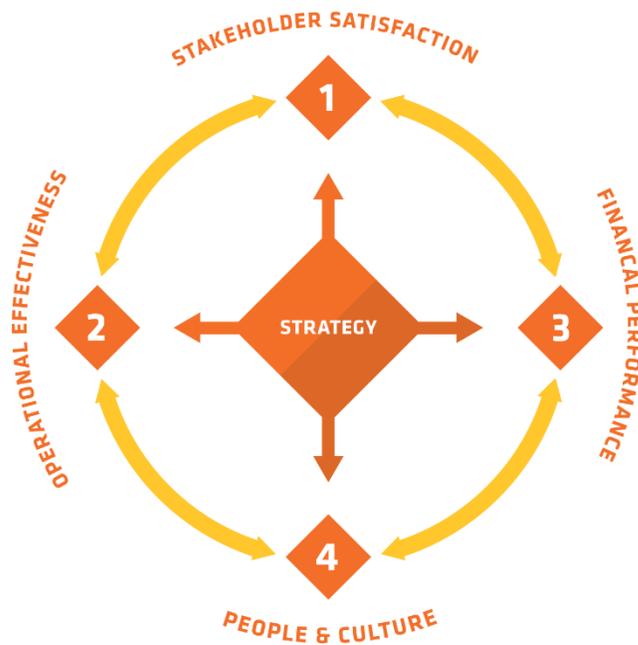
- ▶ CEM cost per member
- ▶ Adherence to client fee budgets
- ▶ Payout calculation accuracy

2. OPERATIONAL EFFECTIVENESS

- ▶ Key pension administration services index:
 - ▶ Retirements
 - ▶ Terminations
 - ▶ Death
 - ▶ Buybacks
 - ▶ Member Services
 - ▶ Employer Services
 - ▶ Other (Relationship Breakdowns, Transfers)
- ▶ Compliance with PSAs
- ▶ System availability and performance

4. PEOPLE & CULTURE

- Leadership effectiveness index
- ▶ Engagement
 - ▶ Absenteeism rate
 - ▶ Voluntary turnover rate



Risk Management

2020 proved to be a year of significant challenges and a changing environment, and with challenges there is risk and opportunity. APS' commitment to identify, assess and manage our corporate risks has not changed in this new environment. In fact, management has embraced this new environment as an opportunity to seek more innovative and cost-effective methods to continue to meet the needs of our clients, members, pensioners and employers. Risk management has always been the pillar of accountability in ensuring the services we deliver are accurate, timely and efficiently delivered; it is an integral component of our quality and efficiency measurements. APS' risk management framework has been and will continue to serve as a guide in our commitment to identify, assess and manage our corporate risks.

The 2021 business plan outlines many key initiatives and activities to manage these significant challenges by proactively adapting to the new environment and ensuring the organization is capable of carrying out its mandate to deliver quality pension services in a cost effective manner. With the current budgetary constraints in place, it is paramount that APS use a risk-based strategy to ensure resource allocations are prioritized to provide pension benefit administration services for all of our stakeholders. We believe in a philosophy where the benefits of our initiatives are weighed against risks to ensure our decisions are assessed and measured in order to operate within our corporate risk appetite.

Looking Ahead

As we continue to navigate the ever-changing environment we operate within today, our organization must also look to the opportunities ahead.

As we near the end of our 5-year strategic plan cycle, this will be a key focus area for APS. We will display a continued commitment to the improvement of the business planning process, specifically through the development of a new 5-year strategic plan.

We will work closely with our clients during the business planning process to review and assess the major projects and initiatives as they progress. Together we will strategize about future initiatives to improve our services and support functions.

The collaborative business planning process will help us understand the needs of clients and their members, pensioners, and employers. This will enable us to prioritize projects and to be effective within the directed budget. We are committed to collaboration, transparency and building trust with our clients so that we can face any future changes together.

This new 5-year strategic plan will serve as a guide for us to achieve our future organizational goals. We will work alongside our clients to create a plan that better aligns our strategic objectives with theirs.

Our focus on the reliability of our core services, on continuing to innovate and developing our people and culture will help us adapt to any environment and realize the goals of our organization and our clients in the years to come.



Appendix A

2021 Budget Overview

The 2021 APS budget reflects a strong focus on providing cost-effective and efficient pension benefits administration to the members, pensioners and employers we serve and the clients we support. In 2021, APS will focus on the provision of reliable core pension benefits administration services, the implementation of several projects to improve and innovate our services, and building a culture of service excellence with an engaged workforce.

APS was challenged to find ways to reduce costs in a complex operating environment while still aligning to client goals and managing risks. The mandate from the Government of Alberta is to control costs and they have directed a reduced budget from 2020 through 2023. APS' 2021 operating budget of \$57.4M represents an overall decrease of \$0.2M from the 2020 APS Board-approved budget.

Client goals are balanced and prioritized in the 2021 business plan initiatives, and resources have been designated to support the activities to achieve maximum benefit for our stakeholders. The cost per member (based on CEM Benchmarking Inc. methodology) is anticipated to decrease from \$173 to \$172, which is approximately \$53 (24%) less than the estimated cost per member of the peer average of comparable Canadian public sector organizations.

The reductions in the 2021 operating budget are realized through previous years' workforce reductions, decreased discretionary spending and decreased temporary staffing. These decreases are offset to a degree by additional expenses to hire six fulltime, permanent positions and amortization of capital assets relating mainly to the pension benefits administration system upgrade completed in 2020.

Capital investment will remain flat at \$2.4M from 2020. In 2021, capital investment includes necessary upgrades to our pension benefits administration systems and several client-driven initiatives to improve member, pensioner and employer experience, and to support client requirements for more timely access to data and analytics. In addition, APS will need to prioritize continued capital investments to maintain and support existing services and infrastructure along with new innovations and projects.

Budget and Financials

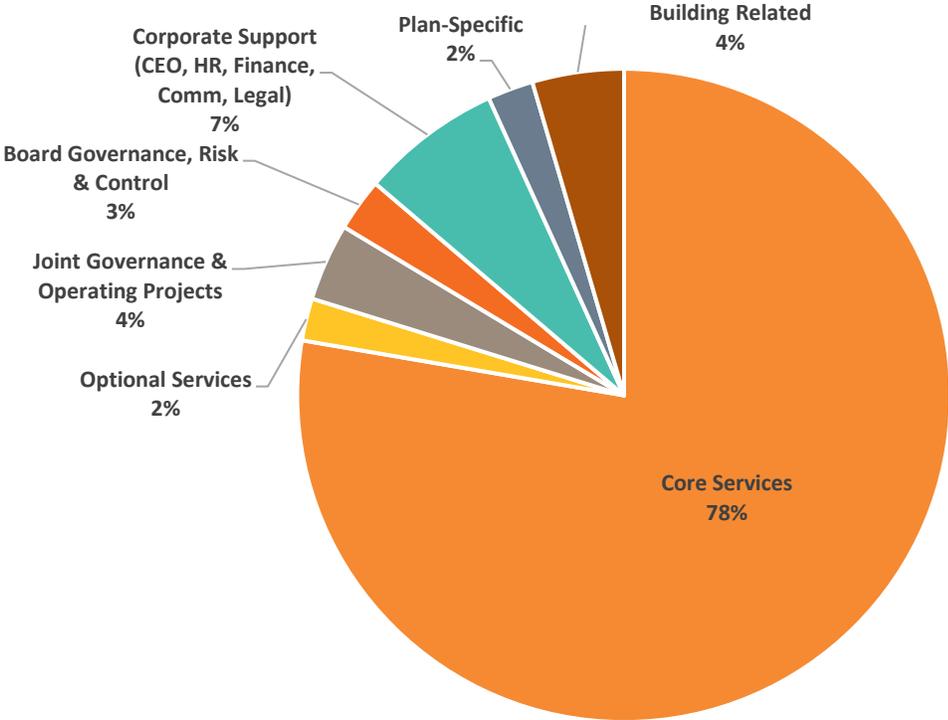
| (\$ MILLIONS) | 2019 ACTUAL | 2020 BUDGET | 2021 BUDGET |
|-------------------------------------|-------------|-------------|-------------|
| APS OPERATING EXPENSES | | | |
| Salaries and Benefits | 36.1 | 36.6 | 35.9 |
| Contract Services | 4.3 | 3.1 | 3.8 |
| Software Licensing and Support | 6.2 | 7.2 | 6.7 |
| Office Related Expenses | 6.0 | 5.2 | 5.1 |
| Amortization | 5.7 | 5.5 | 5.9 |
| TOTAL APS OPERATING EXPENSES | 58.3 | 57.6 | 57.4 |

| (\$ MILLIONS) | 2019 ACTUAL | 2020 BUDGET | 2021 BUDGET |
|--|-------------|-------------|-------------|
| TOTAL APS OPERATING EXPENSES IS COMPRISED OF: | | | |
| Pension Benefits Administration Services | 54.9 | 52.7 | 52.6 |
| Joint Governance Requirements | 0.5 | 1.5 | 1.3 |
| Optional Services, Plan Corporations | 1.1 | 1.4 | 1.4 |
| Board Services | 1.4 | 1.7 | 1.8 |
| Corporate Services | 0.4 | 0.3 | 0.3 |
| TOTAL APS OPERATING EXPENSES | 58.3 | 57.6 | 57.4 |
| TOTAL APS CAPITAL INVESTMENT | 3.6 | 2.4 | 2.4 |

| (\$ MILLIONS) | 2019 ACTUAL | 2020 BUDGET | 2021 BUDGET |
|---|----------------|----------------|----------------|
| Total CEM Cost Per Member | \$175 | \$173 | \$172 |
| # of Active Members and Pensioners (excludes deferred members) | 332,029 | 331,257 | 331,913 |

2021 OPERATING BUDGET IS \$57.4M

The 2021 APS budget reflects a strong focus on providing cost-effective and efficient pension benefits administration to the members, pensioners and employers that we serve and to the clients that we support.



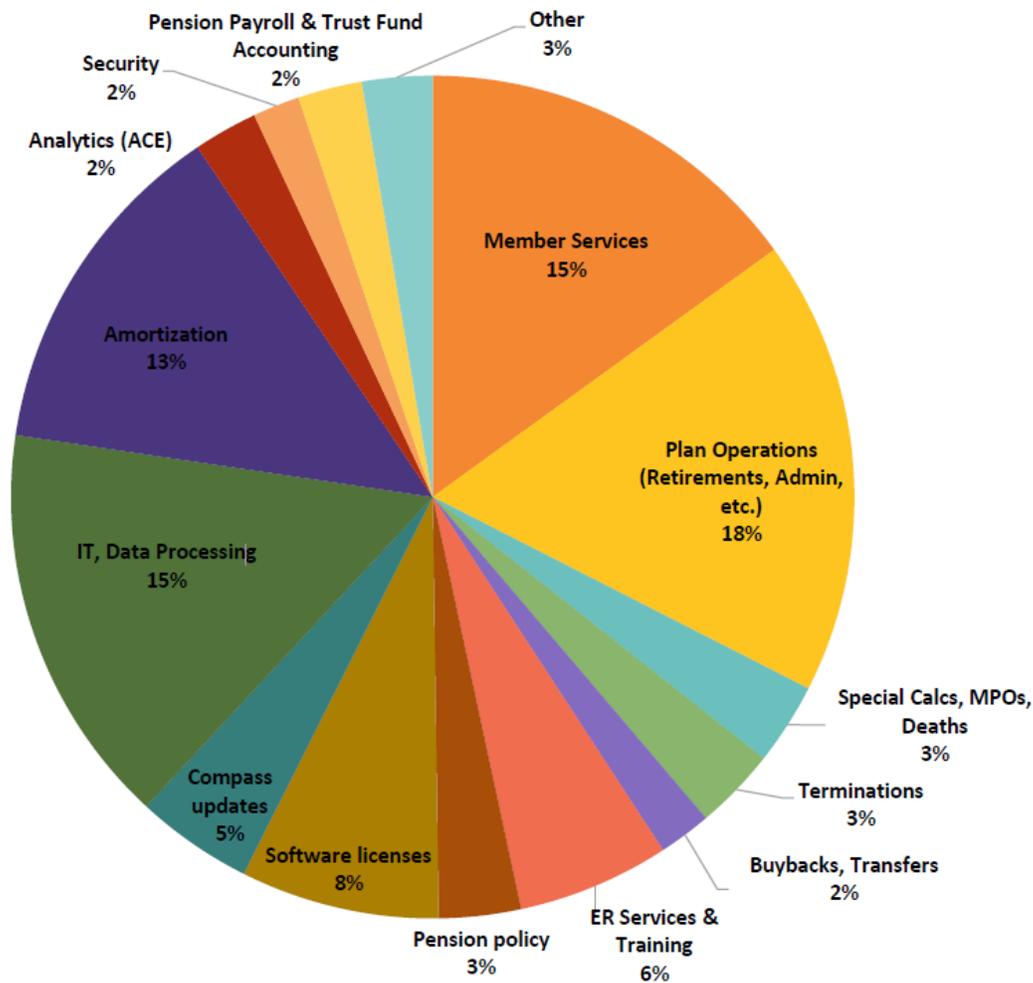
CORE SERVICES

2021 CORE SERVICES COST BREAKDOWN

We strive to deliver a high standard of pension benefits administration services to all of our clients, members, pensioners and employers.

These services include:

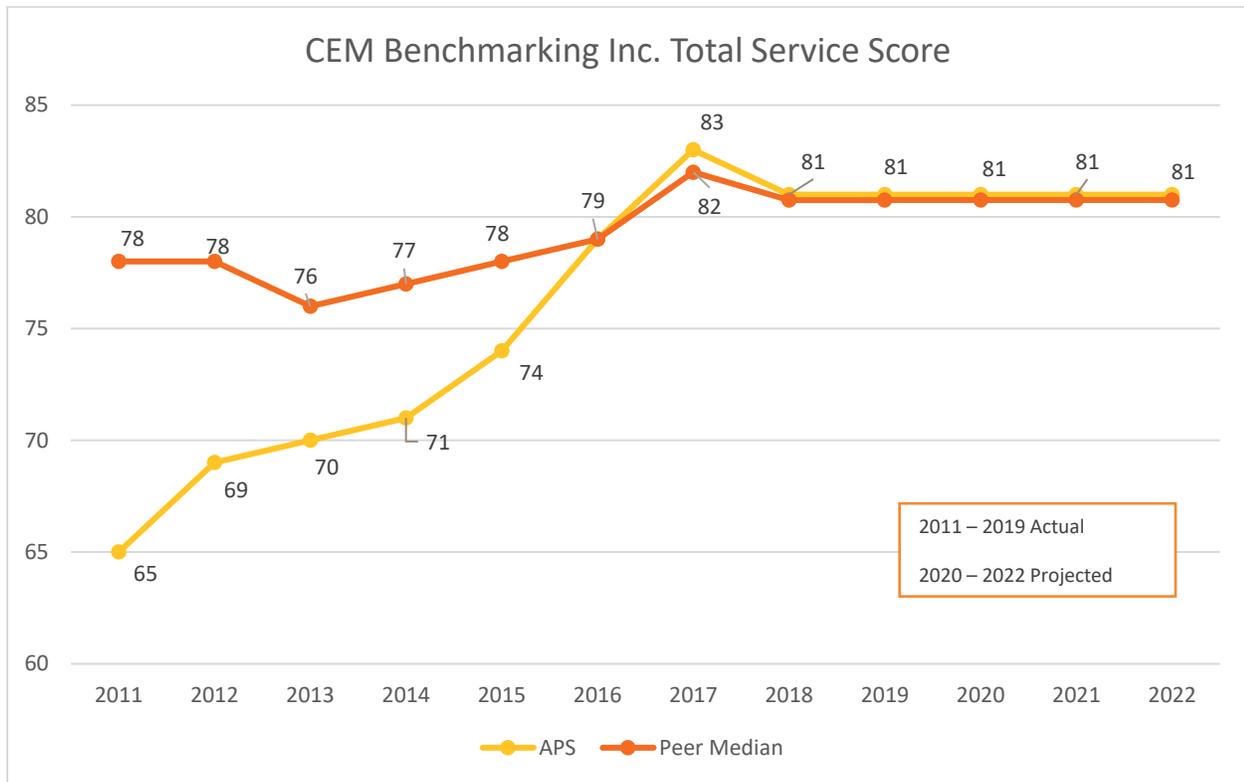
- ▶ Client services
- ▶ Members Services Contact Centre
- ▶ Pension payments
- ▶ Contributions management, benefits calculations and disbursements
- ▶ Member and pensioner management and communications
- ▶ Employer enrollment, support, education and compliance
- ▶ Compliance, regulatory and plan financial reporting
- ▶ Software licensing and support: maintenance and updates to member service software (Compass), data storage, software licenses and cybersecurity
- ▶ Amortization: long-life capital investments (primarily Compass) are expensed over the expected asset life



Appendix B

CEM Comparison: Performance & Service

APS' operating costs, membership numbers and transactional information are submitted annually to CEM Benchmarking Inc. for comparison to our peer group in a comprehensive survey. While our peer group includes Canadian public sector pension administrators of a similar size to APS, some the largest in Canada, we operate in a more complex pension environment than most. APS administers nine plans with often distinct rules and pension options.



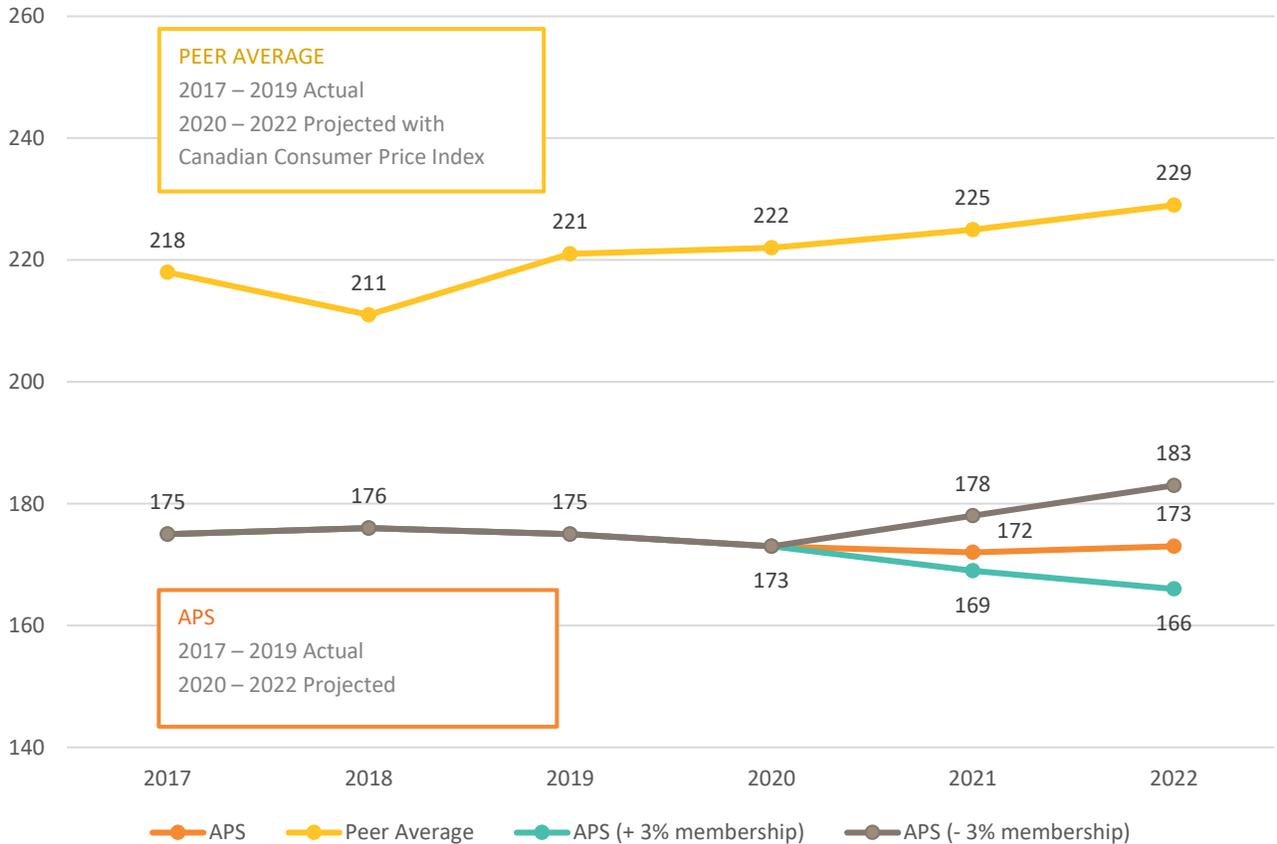
CEM total service score per member will continue to be a key indicator of how APS' service compares to peers.

APS aspires to maintain the relative total service score ranking and will strive to make incremental improvements over time.

CEM Comparison: Performance & Service (Continued)

Based on the most recent CEM Benchmarking Inc. survey, completed in 2019, APS' service costs are \$46 (21%) per member lower than the peer average. APS' cost per member is projected to remain well below the peer average in 2020. In addition, APS' cost per member will likely remain relatively flat from 2021-2022 as minimal membership growth is anticipated and pension benefits administration costs remain fixed due to current budget targets. Should plan membership decrease slightly, APS should continue to maintain a relative cost advantage.

CEM Comparison: Cost Per Member



Based on the most recent 2019 CEM Benchmarking Inc. survey, APS service costs are \$46 (21%) per member lower than the peer average. APS cost per member is projected to remain well below the peer average in 2021.

APS cost per member will likely remain relatively flat in 2021-2022 as minimal membership growth is anticipated and pension benefits administration costs remain fixed resulting from budget constraints. Should plan membership decrease slightly, APS should continue to maintain a cost advantage.