

IT'S ABOUT PEOPLE

We are a trusted provider of pension services

It's about service

Guiding the pension experience... with great care, special expertise and a focus on service

Our mission:

On behalf of the Trustee, obligations for risk managed, efficient and effective pensions services are met; and the needs of plan beneficiaries, employers, and plan governors are met at a cost that demonstrates good stewardship of resources.

Our vision:

Alberta Pensions Services Corporation is highly valued and trusted to:

- Make the pension experience easier
- Provide clear information and support
- Deliver service with skill and care
- Meet obligations and keep promises
- Demonstrate the value of pension plans

Our values:

- Service
- Quality
- Accountability

Alberta Pensions Services Corporation (APS) guides the pension experience on behalf of Alberta's public sector pension plans. Seven public sector pension plans and two supplementary retirement plans, 494 employers and more than 330,000 members and pensioners across Alberta rely on APS' trusted pension expertise. APS was incorporated in 1995 under the *Alberta Business Corporations Act* with the Government of Alberta as the sole Shareholder. www.apsc.ca

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IBC Corporate Directory



It's about our clients

The people who serve Albertans every day

Police officers.

Nurses.

Building custodians.

Municipal snow-clearing crews.

Crown prosecutors.

Social workers.

Fish and wildlife officers.

332,369

These are just some of the 332,369* Albertans who rely on our services as Alberta's leading pensions administrator. In 2013, we served 247,450 members of Alberta public-sector plans, 84,919 pensioners, and 494 employers.

*As at December 31, 2013



It's about increased demand

Growing number of clients



Working on behalf of Alberta's seven public-sector pension plans, we help a growing number of clients navigate the ins and outs of pensions.

People who are getting ready to retire.

Young people just joining public service.

People experiencing changing life circumstances.

We guide the pension experience with great care, special expertise, and a focus on service.

ANTICIPATE. ENGAGE. SERVE.

The needs of our clients are at the centre of every decision that we make and everything that we do.

Guided by our three core values of service, quality, and accountability, we're proud to say that we're passionate about pensions.

Our highly engaged team of specialists believes that success is built on our ability to anticipate needs, engage clients, and serve to the highest standard.

It's about our role

Guiding the pension experience

WHAT WE DO

Alberta Pensions Services Corporation (APS) was incorporated in 1995 under Alberta's *Business Corporations Act*, with the Government of Alberta as the sole Shareholder.

APS provides the following services:

- Benefit calculations and payments
- Information and education
- Employer remittances and reconciliations management
- Regulatory, financial and reporting compliance
- Policy consultation, support and development
- Accurate and reliable information to support plan governors respective obligations and mandates
- Records management

APS guides the pension experience on behalf of the following seven public sector pension plans and two supplementary plans:

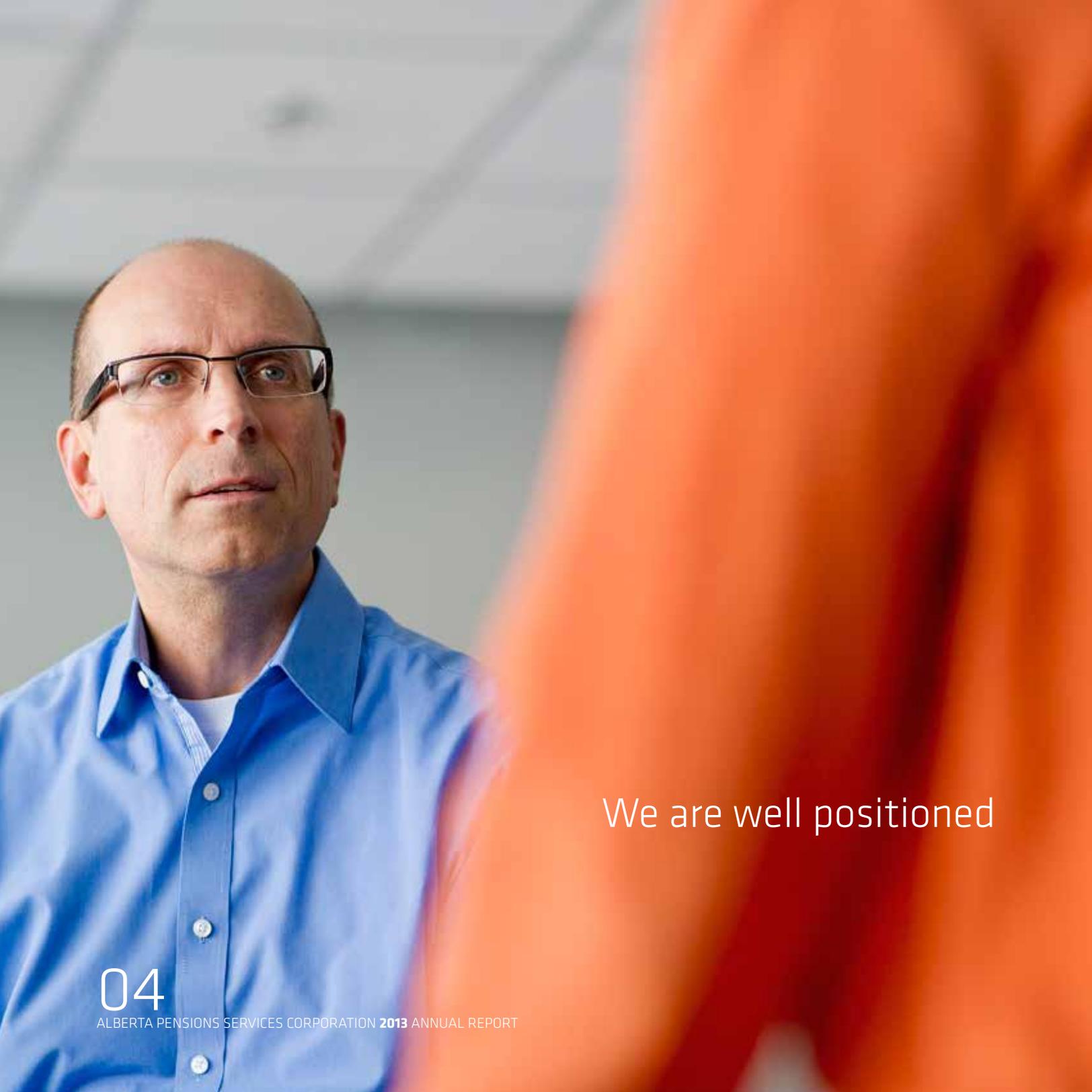
- Local Authorities Pension Plan (LAPP)
- Public Service Pension Plan (PSPP)
- Management Employees Pension Plan (MEPP)
- Special Forces Pension Plan (SFPP)
- Public Service Management (Closed Membership) Pension Plan (PSM(CM)PP)
- Members of the Legislative Assembly Pension Plan (MLAPP)
- Supplementary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

2.6%

We had a 2.6 per cent increase in our 2013 year end membership

WHO WE SERVE





We are well positioned

04

ALBERTA PENSIONS SERVICES CORPORATION 2013 ANNUAL REPORT

It's about being adaptable

We will continue to deliver valued pension services as we adapt to change

MESSAGE FROM THE BOARD CHAIR



On behalf of the Board of Directors, I am pleased to present the APS Annual Report for the year ended December 31, 2013.

The Board welcomed four new Directors in 2013. Mike Mahar replaced Larry Murray as the Local Authorities Pension Board nominee. Roger Rosychuk replaced David Watson as the Special Forces Pension Plan representative. Bonnie Andriachuk took over for Doug Hollands as an Independent Director, bringing a strong background in fraud and ethics risk management. Ward Chapin took over from Darrell Jones as an Independent Director, bringing a wealth of experience in information technology. We have a very strong and diverse group of Board directors, and I am pleased with the leadership and sound governance shown

by the Board this past year. The Board thanks the departing directors for their service and contributions.

A new governance document was established in 2013. The *Alberta Public Agencies Governance Act* requires that public agencies have a Mandate and Roles Document outlining the roles of both the agency and the Minister responsible for the agency. At our September Board meeting, we reviewed a Mandate and Roles document for APS and passed a resolution approving the document. The President of Treasury Board and Minister of Finance reviewed and signed the final document on October 28, 2013. The document is available to the public on our APS website.

Our Board held a retreat in June 2013 to explore the pension sustainability environment and strategies to position APS to support our members and employers in the years ahead. With our strong management, adaptability, and by monitoring risk associated with change, we are confident we can continue to demonstrate the value

APS provides to the administration of pension plans.

The APS Board wishes to acknowledge the contributions of APS staff and the leadership of our President and CEO Karen Adams throughout 2013. APS has a strong management team dedicated to our vision, mission and values in providing the most efficient and satisfying pension experience for its members while maintaining reasonable costs. Throughout 2013, we remained focused on our implementation project targets and timeline for the conversion of our new pension services system. APS remains committed to its strategy which includes always looking to the future.

We firmly believe that APS is well positioned to adapt to any pension legislation reform ahead and continue to guide the pension experience for our stakeholders.

Sincerely,

[Original signed by Al Mondor]

Al Mondor, FCA, ICD.D Chair

It's about strategy

Achieving our ambitious strategic plan over the coming years

MESSAGE FROM THE CEO



Welcome to our 2013 annual report!

I'm very proud of our people and our many accomplishments this past year as each contributes to, and advances, our focus on client service.

From leveraging technology to inform and engage members and employers through our first ever webinar series, to simplifying our policies and processes and investing in the growth and development of our pension experts, everything we do at APS is about being the best at guiding the pension experience.

We look to our clients to help us consistently measure and improve our services. I am very pleased to report that in 2013, we met, or exceeded, all of our service targets.

We anticipate more of the same this year as we implement the first phase of Next Gen, our \$58-million, multi-year, multi-system business transformation project. We're proud that our people met all of the Next Gen project milestones on time and on budget and that this was recognized by the Alberta's Office of the Auditor General (OAG).

Appreciating that change is the only constant, we introduced a comprehensive change management program to ensure our people are change-ready and fully engaged to recognize the opportunities change brings.

This year the Government of Alberta introduces its pension sustainability plans. We at APS are well positioned to educate, inform and guide our members through their evolving pension experience.

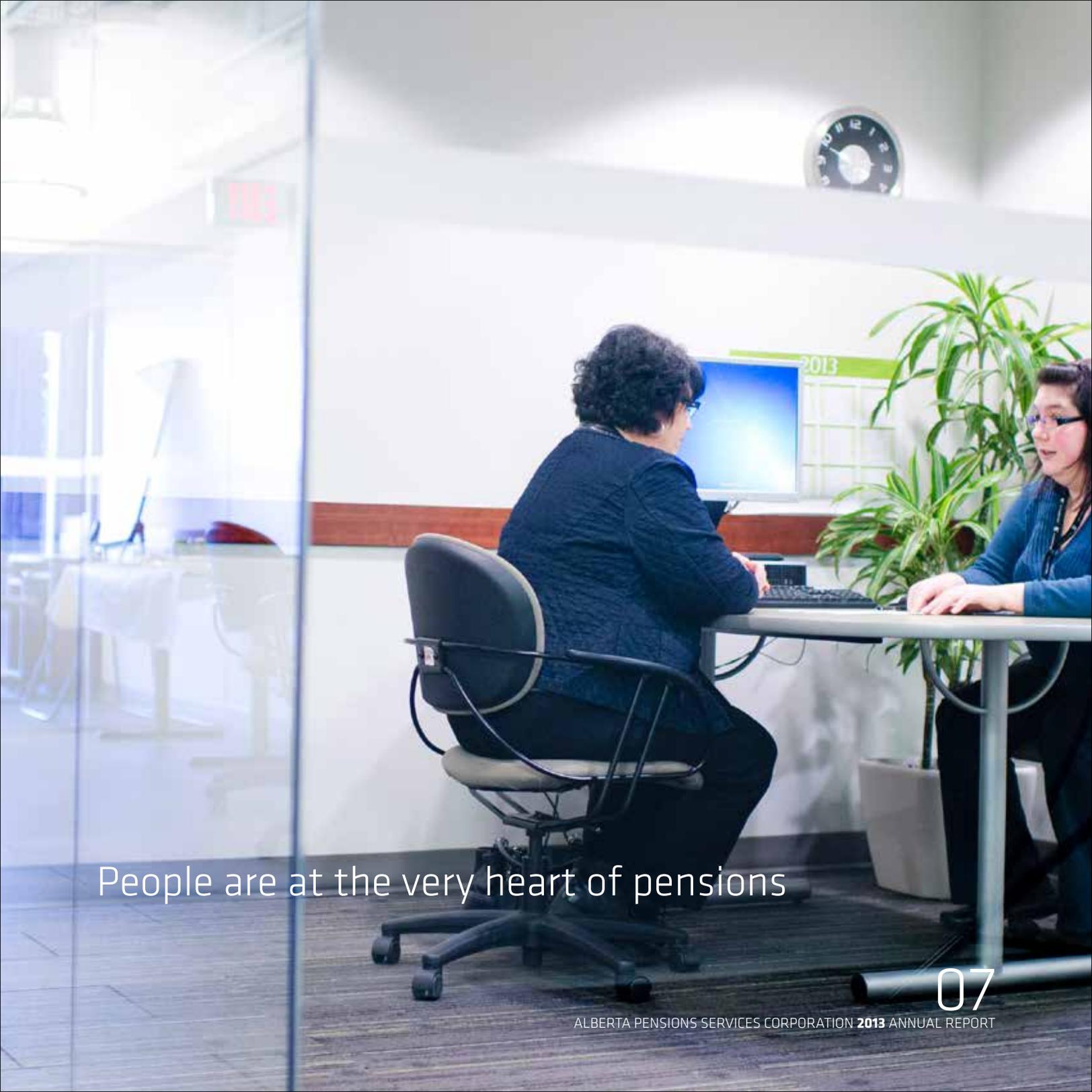
Our investments in technology, people and our successes in simplifying policies and processes have helped us provide pension administration services at one of the lowest per member costs in the country.

We look forward to the challenges and successes we know 2014 will bring. We know that in a sea of change, our constant is that we guide the pension experience with care, expertise and a relentless focus on service.

Sincerely,

[Original signed by Karen Adams]

**Karen Adams, President
and Chief Executive Officer**



People are at the very heart of pensions



Highlights of 2013

We are client focused

- Client satisfaction scores reached 86 per cent, surpassing our target of 85 per cent.
- Employee engagement scores rocketed to an all-time high of 72 per cent, a healthy increase over the 54 per cent recorded in 2012.
- Employer satisfaction increased to 84 per cent, up seven per cent from last year.
- Our employer compliance score was an average of 91 per cent, up from 89 per cent in 2012.
- We managed approximately \$5.1 billion in pension plan transactions, including receipts and disbursements to and from employers, members, pensioners and other pension plans. That's up \$0.4 billion from 2012.
- Our per-member cost of providing service improved from \$154 in 2012 to \$148 in 2013. This places us among Canada's top performers in providing efficient pension services.
- More than 131,000 transactions were completed, which is three per cent more than in 2012, and an average of more than 500 transactions per day.
- Incoming member calls increased nearly six per cent to 90,161 up from the 85,237 member calls taken in 2012.
- A series of educational webinars for clients was successfully launched, with plans to continue in 2014.
- More than 2,200 'one-on-one' client sessions were provided, up eight per cent from 2012.
- More than 5,000 members attended education sessions, up seven per cent from 2012.



\$5.1 billion

We managed approximately \$5.1 billion in pension plan transactions, including receipts and disbursements to and from employers, members, pensioners and other pension plans.



INCOMING MEMBER CALLS



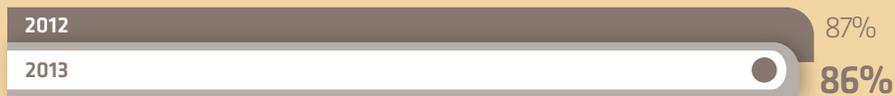
EMPLOYER COMPLIANCE SCORE



EMPLOYEE ENGAGEMENT SCORES



CLIENT SATISFACTION SCORES





Time is everything

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis (MD&A) explains the primary factors that impacted the operations and performance of APS for the year ended December 31, 2013. It should be read in conjunction with the audited financial statements and accompanying notes.

The MD&A is the responsibility of APS management. It provides management's perspective of the Corporation for the previous 12 months. The MD&A includes:

- A discussion of our strategic direction
- Information on the pension industry and current challenges
- Risks and related risk management strategies
- A summary of business plan results
- An outlook of what we can expect in the coming year

12 months

The MD&A provides management's perspective of the Corporation for the previous 12 months.

STRATEGIC DIRECTION

2013 marked the second year of our Five-Year Strategic Plan: 2012-2016, which established our four strategic priorities to help us achieve a future in which:

- APS is viewed as a leader in public service pensions
- Our stakeholders understand and value our role
- Our employees are proud to come to work each day

OUR FOUR STRATEGIC PRIORITIES ARE:

1. **Deliver value added pension services**
2. **Build APS' organizational capabilities in responding and adapting more effectively to ongoing changes**
3. **Be adaptable and responsive to opportunities and risks**
4. **Governance alignment**



PRIORITY ONE: DELIVER VALUE ADDED PENSION SERVICES

We serve 494 employers across Alberta, providing them with information and support in the administration of pensions.

From universities to health services organizations, municipalities and school districts, these clients need specialized care and attention.

In 2013, we reached out to a growing number of organizations to improve the way we deliver service.

A series of 13 pension-education webinars was launched, and 76 employer education sessions were held.

Investing in enabling technology

Our focus on service, and our commitment to anticipating client needs, drives our \$58-million investment in Next Gen, a multi-year, multi-system business transformation project.

This enabling technology will allow us to further simplify business processes, provide more proactive client service, and better respond to the challenges of a changing pension environment.

When fully implemented in 2015, employers will have better tools to submit accurate information and reconcile pension information for their employees, members will have better access to information that matters most to them, and pensioners will be able to access and update their information through a convenient, new, online service.

The automation of repetitive tasks will free our team of pension specialists to provide better client care. It will also enable APS to meet the growing demand for pension services resulting from an aging population of people who are retiring earlier and living longer than their predecessors did.

We are leveraging our Next Gen project by integrating additional technology improvements that will coincide with the first phase of the new system implementations.

When complete, this investment in enabling technology will improve:

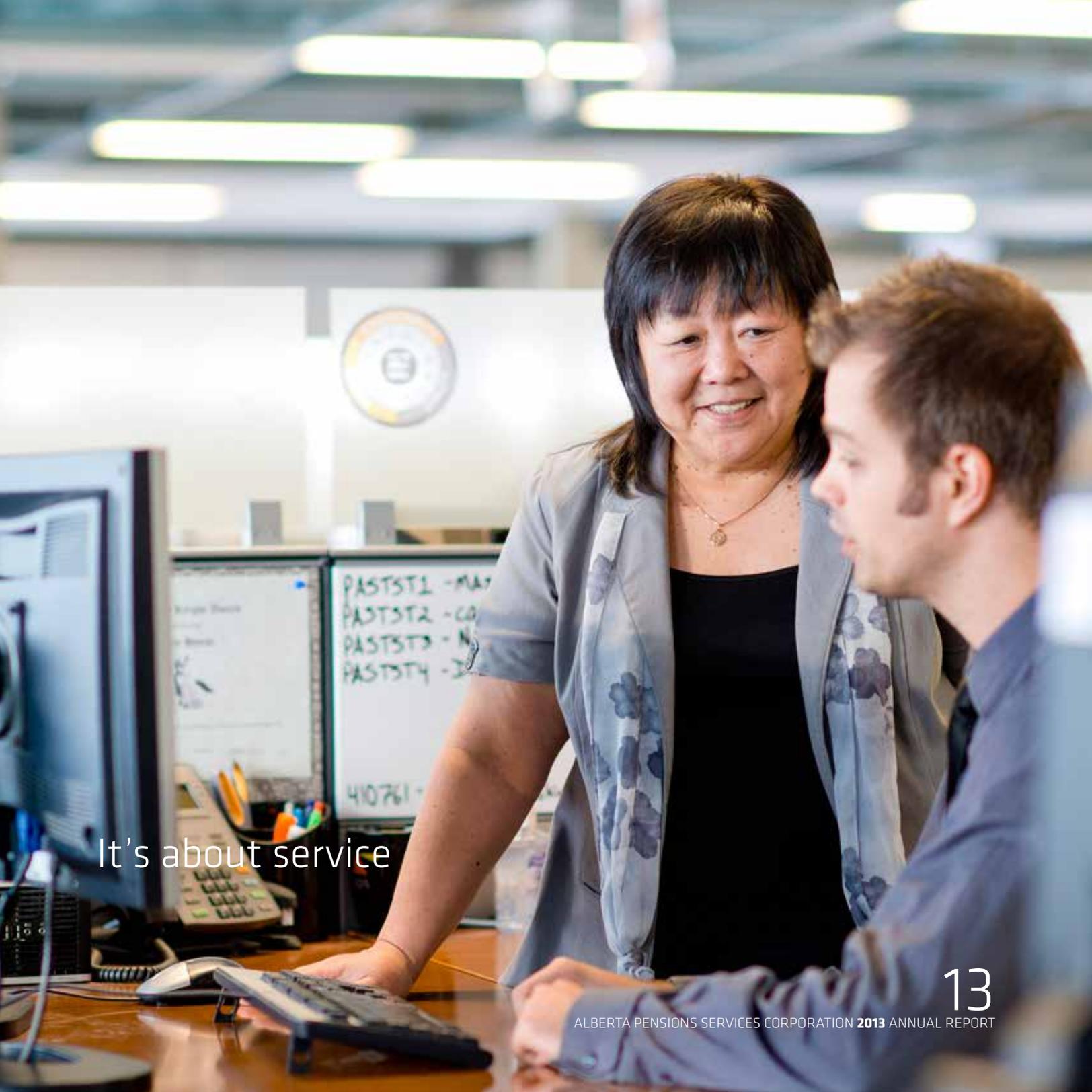
- compliance and accuracy
- service performance
- client satisfaction
- cost efficiencies
- data integrity and decreased risk of human error

Our comprehensive change management program, which touches every part of the organization, is getting our people change-ready and fully engaged to capitalize on our investment in this business transformation technology.

In 2013, the Next Gen project met all of its milestones on time and on budget. This achievement was recognized when Alberta's Office of the Auditor General publicly acknowledged that Next Gen was a well-managed project.

\$58 million

Our focus on service, and our commitment to anticipate client needs, drives our \$58-million investment in Next Gen.



It's about service

**PRIORITY TWO:
BUILD APS' ORGANIZATIONAL CAPABILITIES
IN RESPONDING + ADAPTING MORE
EFFECTIVELY TO ONGOING CHANGES**

In 2013, we invested time, resources and energy into building on our culture of values-driven behavior.

Employees embraced the introduction of our VALUEables program that encourages employees to formally acknowledge other employees who demonstrate living the APS values of quality, accountability and service. More than 2,100 "thank-yous" were given to employees by employees.

Pension administration is a people business rooted in client trust in our expertise and service. We are deeply committed to investing in the individual and career growth of our pension experts, and last year we provided many education events to our people. We also introduced a new leadership program for people managers.

We also celebrate the contributions of staff through an annual employee event. The most engaged employee of the year and the most engaged leader of the year are named. These are people who have demonstrated the corporate behaviours and leadership that serve as a model to the rest of the organization.

Changing pension environment

Our business and technology improvements are coming at a time of once-in-a-generation legislative

change in Alberta's public-sector pension plans. Both will ensure APS is well prepared to administer a seamless transition to the new plans for members, employers and boards.

With pension changes coming into effect in 2016, members planning to retire in the near-term will be offered the extra attention needed as they seek to understand the effect of these changes to their pension plan.

We will build on the webinar offerings launched in 2013 to provide more educational events to members and employers, connecting people from all parts of Alberta through internet technology.

We are also launching a new and improved web portal in 2015 so that members can estimate their retirement benefit using the up-to-date information.

In addition to ensuring that our pension experts are knowledgeable about any changes to the plans we administer, we will provide a specialist coaching program to help navigate members and employers through these changes.

A focus on service by highly engaged employees, backed by training and simplified processes, will ensure that our clients continue to experience excellent, expert service.

**PRIORITY THREE:
BE ADAPTABLE
+ RESPONSIVE TO
OPPORTUNITIES + RISKS**

We consistently monitor the demographic, economic and political circumstances in which we provide pension administration services.

Looking forward through this composite lens allows us to see opportunities and manage risks so that our clients continue to trust and understand that they are receiving accurate, timely and client-focused services.

Simplifying processes, automating repetitive tasks, and providing pensioners with a new online option to manage their pension information, frees us to meet the increasingly complex needs of our clients as we are called on to provide more service to more people as our population lives longer and enjoys more years of retirement.

2013

We will build on the webinar offerings launched in 2013 to provide more educational events to members and employers, connecting people from all parts of Alberta through internet technology.

PRIORITY FOUR: GOVERNANCE ALIGNMENT

APS is accountable to the Trustee – the President of Treasury Board and Minister of Finance, and to the Shareholder – the Government of Alberta.

Our obligation to the Shareholder is to demonstrate the timely, quality services, through risk-managed processes and compliance to all legislative requirements.

A new governance document was established in 2013. The *Alberta Public Agencies Governance Act* requires that public agencies have a Mandate and Roles Document outlining the roles of both the agency and the Minister responsible for the agency. At our September Board meeting, we reviewed a Mandate and Roles document for APS and passed a resolution approving the document. The President of Treasury Board and Minister of Finance reviewed and signed the final document on October 28, 2013. The document is available to the public on our APS website.

In 2013, we introduced the Pension Plan Legislative Compliance Program, which provides a systematic approach to evaluate and improve the effectiveness of APS' current pension plan legislative compliance management practices (including administrative decisions, policy confirmations and interpretations), internal controls and governance processes.

The Legislative Compliance risk was greatly reduced in 2013 by:

- Increasing awareness of the Pension Plan Legislative Compliance Program through increased communication and education.
- Ensuring a rolling plan for the Plan Rule Amendments is in place, and Amendments have been categorized based on level of importance.



PENSION INDUSTRY OVERVIEW

We're living longer.

That means more of us are collecting pensions, for more years, than ever before.

Population aging is even more pronounced in the public sector, where our members are employed. The number of new retirees under the APS administered plans is expected to grow 35 per cent by 2027 (See Figure One on page 17).

In the past four years, we processed an average of 25,735 retirement transactions. By 2027, this number is expected to grow by at least 54 per cent (See Figure Two on page 17).

Couple that with Alberta's nation leading population growth, robust economy and consequent labour mobility, and we expect even more demand for our pension administration services.

Alberta's robust economy

Terminations from, and enrollment in, plan memberships are partly driven by the provincial employment rate, which, in turn, depends on the state of the economy.

The Alberta economy continued to expand in 2013, with an employment rate expected to grow at an annual rate of 2.4 per cent over the next three years. It's anticipated that people will

be increasingly mobile, taking advantage of abundant market opportunities in our growing economy.

In the past four years alone, APS processed an average of 18 termination transactions for every 100 active members annually.

This increase in labour mobility is expected to result in higher rates of terminations from memberships of APS administered plans, as well as more enrollments in plans administered by APS. This movement increases service demand.

Through our investments in business automation, process simplification and employee education, we are well positioned to continue to meet these changes, while continuing to achieve one of Canada's most efficient per-member pension administration costs (\$148 per member in 2013, down from \$154 per member in 2012.)

Changing client needs

As the overall demand for pension services changes, so are client preferences and needs for retirement planning services.

The baby boomer generation continues to enter and change retirement, expecting more flexibility in their pension options and more enhanced payment options than previous generations.

Many baby boomers are phasing into retirement through part-time and

semi-retired work arrangements. They are also accustomed to using online technology to manage their financial affairs and expect similar access and user control for their pensions.

Our introduction of a new online service for pensioners in 2014 is expected to meet this demand for choice and flexibility, while freeing up valuable APS resources to improve client service for more complex pension issues.

Plan maturity

Statistics Canada reports that 23 per cent of Canadians will be age 65 and older within the next two decades. This has significant implications for the Canadian pension industry in terms of plan maturity and increasing service demand.

Plan maturity implies that more pensioners will be drawing on the pension plans, and fewer active members will be contributing to the plans.

This is particularly relevant to Alberta's public sector pension plans. The number of new retirees in this segment of the population is expected to grow 35 per cent by 2027. (See Figure One on page 17)

These factors have prompted governments across the continent to look at the sustainability of pension plans to ensure that promises made in the past can continue to be fulfilled for generations to come.

FIGURE ONE:

PROJECTED NUMBER OF NEW RETIREMENTS

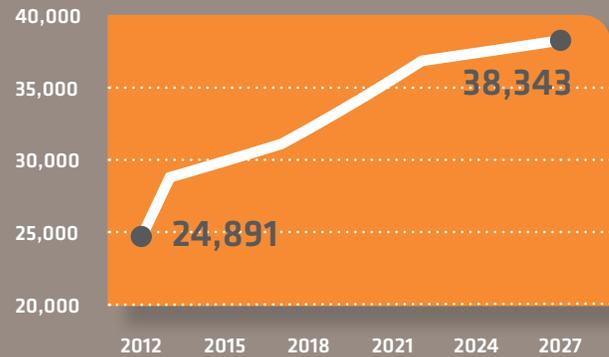
The number of new retirees under APS administered plans is expected to grow 35 per cent by 2027.



FIGURE TWO:

PROJECTED NUMBER OF RETIREMENT TRANSACTIONS

By 2027, the average number of pension transactions is expected to grow by 54 per cent.



2.4%

The Alberta economy continued to expand, with an employment rate expected to grow at an annual rate of 2.4 per cent over the next three years.



RISKS AND RELATED RISK MANAGEMENT

Our enterprise-wide Risk Management Program strategically identifies and assesses key corporate risks and implements mitigation action plans to manage each risk.

Key corporate risks are reviewed annually and assessed to ensure they reflect the current and emerging environmental factors that may impact our ability to meet corporate goals and objectives.

Risks outside APS' tolerance are included in the business planning process to allocate appropriate resources to these risks, which, if not mitigated, can potentially have significant impact on APS and our stakeholders.

Through this program, we have streamlined some of our operational processes and have taken steps to ensure that we continue providing risk-managed, efficient and effective pension services to all of our clients and stakeholders. As a result, we have seen a decrease in our unacceptable risks from 25 per cent in 2012 to 18 per cent at the end of 2013.

The program is formally managed through a governance process that involves all executive and senior management within the Corporation,

including oversight by the Audit Committee. The program has matured since its November 2007 inception, with APS achieving our target maturity of 73 per cent at the end of 2013. (See Appendix D, Key Performance Measures, Risk Management Maturity).

We provide annual reports on our risk profile to our Board and Audit Committee, as well as to the plan governors and our Shareholder.

Management's responsibility for reporting on performance

A three-year business plan is prepared annually and includes performance measures across a number of core indicators. These performance measures are prepared in accordance with the criteria of reliability, understandability, comparability, and completeness.

The measures and methodology used to determine and analyze these results are provided in Appendix D.

18%

We have seen a decrease in our unacceptable risks from 25 per cent in 2012 to 18 per cent at the end of 2013.

SUMMARY OF BUSINESS PLAN RESULTS

In 2013, we provided more services to more people and managed more money, while reducing the cost per member of providing these services from \$154 in 2012 to \$148 in 2013.

We achieved this through a combination of prudent spending and business process simplification efforts.

We processed, and were accountable for, the management of approximately \$5.1 billion in pension plan funds, including receipts and disbursements to and from employers, members, pensioners and other pension plans. This is an increase of \$400 million over 2012.

Total 2013 operating expenses were maintained at \$43.2 million, consistent with our 2012 operating costs of \$43.1 million.

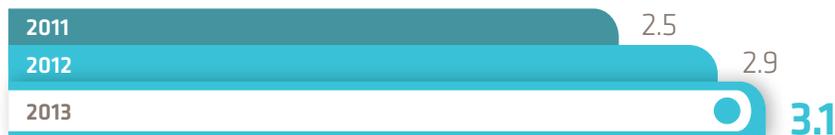
Our 2013 operating costs came in significantly under our budgeted amount of \$47.2 million, primarily due to lower than anticipated staffing levels and lower than expected spending on various contract services including Next Gen, our multi-system business transformation project.

We annually submit our operating costs and membership numbers to Cost Effectiveness Measurement (CEM) Benchmarking, a global benchmarking company providing benchmarking information for large pools of capital including pension funds, endowments/foundations and sovereign wealth funds, who use their methodology to provide cost per member benchmarking information.

Again in 2013, our per member pension administration costs of \$148 were lower than our peer average, lower than our 2012 costs of \$154, and significantly lower than our targeted cost of \$180 per member.

As we continue our evolution toward the full implementation of Next Gen in 2015, we are confident that our investment in business simplification and automation will result in continued operating efficiencies in our delivery of expert pension administration services to a growing number of clients.

TOTAL RECEIPTS (\$billions)



TOTAL DISBURSEMENTS (\$billions)



FUTURE OUTLOOK

We are entering an era of unprecedented change in life expectancy, labour mobility, client education need, and pension reform.

Our decision in 2012 to invest in Next Gen, our \$58-million, multi-year, multi-system business transformation project, provided us a unique opportunity to analyze and improve business processes and procedures.

This streamlining and simplification will serve our clients well through this period of intense change.

In 2014, we introduce the first phase of this three-phase project, beginning an 18-month evolution toward full implementation of an improved system that automates, integrates and simplifies pension delivery services. This means decreased risk of human error and improved data integrity.

Legislative changes to Alberta's public sector pension plans are slated to take effect in 2016. Our technology upgrades will be completed, and our pension experts will be ready.

As a service provider, our emphasis on training, education and development opportunities for our staff means that better service is delivered to our clients. As an employer, our commitment to growth, learning and progress also means we retain enthusiastic pension experts who are committed to long-term careers in the industry.

We will also continue to improve our services based on information and feedback from the people who matter most, our clients.

We are experts at what we do



DISCUSSION
OF 2013 RESULTS

2013 PERFORMANCE MEASURES

We are committed to delivering client-focused service. Throughout the year, we collect data and information through client feedback, focus groups and consultations. We use this information to continually improve our services and meet the changing needs of our clients. See Key Performance Measures Appendix D.

	2012	Target 2013	2013
Strategic Priority One: DELIVER VALUE ADDED PENSION SERVICES			
Client Satisfaction	87	85	86
Employer Engagement	83	79	88
Strategic Priority Two: BUILD APS' ORGANIZATIONAL CAPABILITIES IN RESPONDING AND ADAPTING MORE EFFECTIVELY TO ONGOING CHANGES			
Employee Engagement	54	59	72
Employee Development	100	94	97
Strategic Priority Three: BE ADAPTABLE AND RESPONSIVE TO OPPORTUNITIES AND RISKS			
Cost Per Member	154	180	148
Risk Management Maturity	80	73	73
Strategic Priority Four: GOVERNANCE ALIGNMENT			
Corporate Obligations	MET	MET	MET

STRATEGIC PRIORITY ONE

DELIVER VALUE ADDED PENSION SERVICES

In 2013, we interacted with a growing number of clients, and satisfaction with our services remains strong, with 2013 results either meeting or exceeding targets. We achieved faster turnaround and response times, quicker file resolutions, and improved client service despite increasing volumes.

Client demand for our services is growing, and we're responding by:

- Answering client calls in under a minute, on average
- Offering an increasing number of personalized counseling sessions
- Providing more member information sessions across the province
- Giving members more choice – by offering improved online services
- Speeding up the amount of time between member contact and completion of transactions

In 2013, we continued to provide training and learning opportunities for our expert front-line services team and improved access to our products and services online.

- In 2014, we will introduce mypensionplan.ca for pensioners. This gives pensioners the ability to update their personal information, change beneficiaries, view the specifics of their pension plan, and more, through this convenient online service.

- The webinar series launched in 2013 delivered information to 13 member groups and six employer groups. Education is no longer limited by geography or distance.

We will continue to raise the bar for client service in 2014, with plans to expand our webinar program, provide a specialist coaching program, and further reduce turnaround times.





Our client feedback speaks for itself

MEMBER SERVICES

Despite the steady growth of client service demands in 2013, the Member Service Centre (MSC) was successfully able to educate and integrate 14 new staff into our talent pool. Our front-line services are ready, able and well-equipped to take on the future.

DEMAND FOR OUR BUSINESS IS GROWING EVERY DAY:



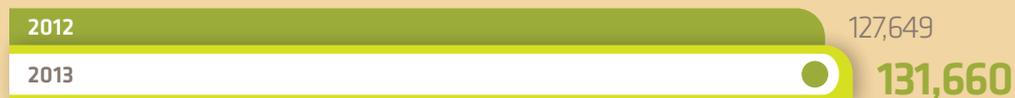
NUMBER OF CALLS



PERSONALIZED MEMBER COUNSELING SESSIONS



PENSIONER TRANSACTIONS





Client Service Score

Our client service scores continue to surpass our targets for ongoing process improvement, enhanced legislation expertise, and faster speed of service.

In 2013, we achieved a client satisfaction score of 86, exceeding our 2013 target of 85.

Our friendly, helpful, knowledgeable employees receive consistently high ratings for the service they provide, even as call volumes and transactions continue to rise.

Surveyed pensioners scored us nine out of ten when it came to satisfaction.

Surveyed members awarded us an 8.4 out of ten.



PENSIONER SATISFACTION SCORE



MEMBER SATISFACTION SCORE



We closed 100 per cent of our employers' year-end processing requirement early. That means we were able to send out most members' annual statements before the close of Q2.





EMPLOYER SERVICES

We serve 494 employers across Alberta, providing them with information and support in the administration of pensions.

From universities to health services organizations, municipalities and school districts, these clients require specialized care and attention.

In 2013, we reached out to a growing number of organizations in this important client group.

In addition to the six employer webinars launched in 2013, we provided 76 employer education sessions, which is up from 62 sessions the previous year.

Employer satisfaction ratings rose to 8.4 out of 10, up from the 7.7 out of 10 reached in 2012.

The number of transactions with employers significantly increased in 2013; up 29 per cent over the previous year.

EMPLOYER TRANSACTIONS



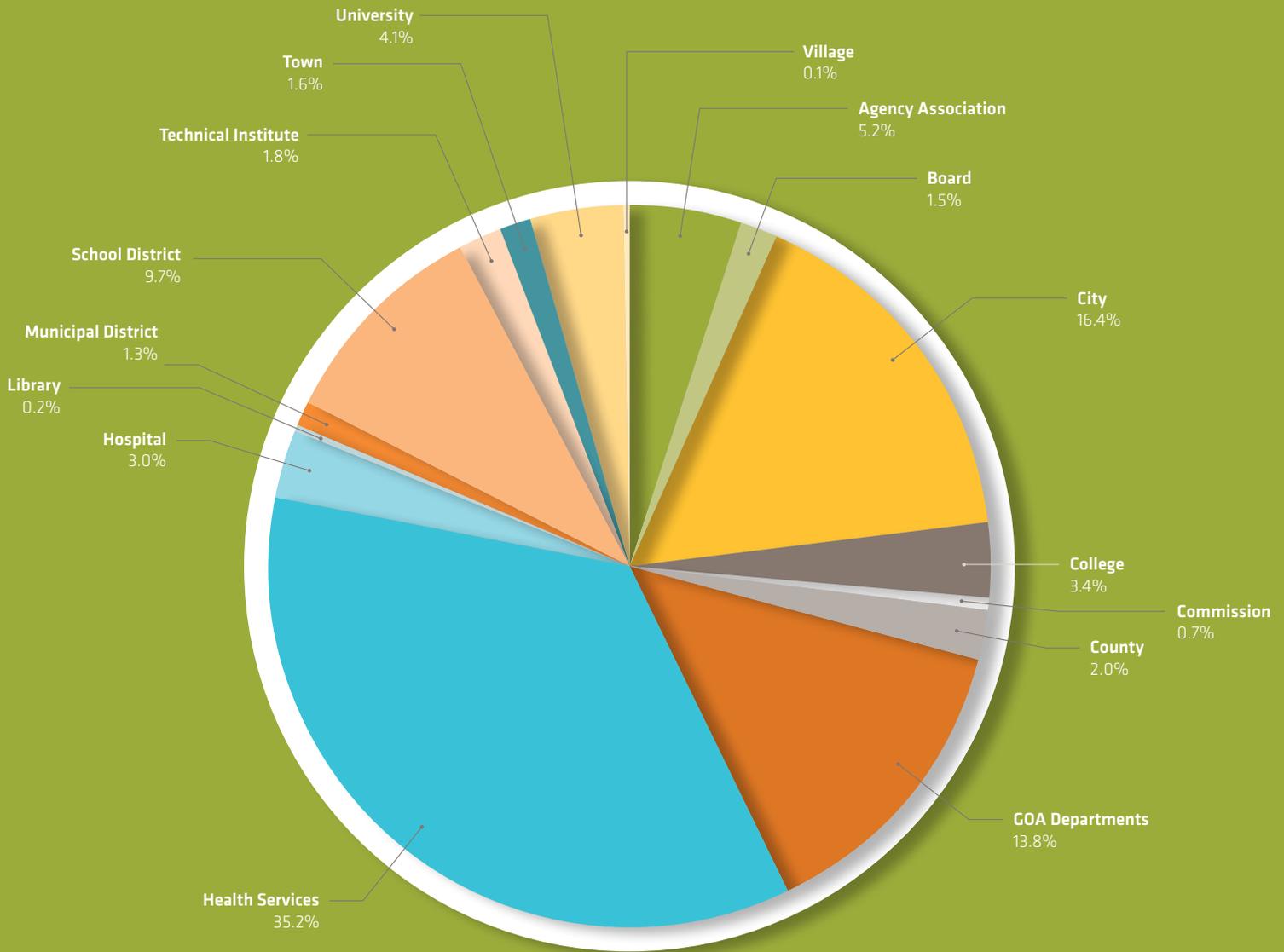
EMPLOYER INCOMING CALL VOLUME



EMPLOYER OUTGOING CALL VOLUME



MEMBERS BY SECTOR





Colin is very courteous, knowledgeable and willing to assist. I'm grateful.

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ALBERTA PENSIONS SERVICES CORPORATION 2013 ANNUAL REPORT

STRATEGIC PRIORITY TWO

BUILDING APS' ORGANIZATIONAL CAPABILITIES IN RESPONDING AND ADAPTING MORE EFFECTIVELY TO ONGOING CHANGES

In the midst of business and pension sustainability transformation, we focused considerable efforts on preparing our people to meet the challenges of change.

Our corporate conversations explored change as an opportunity for career and personal growth. People were encouraged to share their personal stories of change using a new Wall of Change, as a central 'billboard' for staff.

We created a Change Management Workstream team to identify, understand and communicate how the implementation of Next Gen, our multi-year, multi-system business transformation project will change how we work throughout its 18-month implementation.



This is the second info session with Farah – very helpful and knowledgeable and professional.

An organizational development specialist was hired to align our people's skills, knowledge and passion, with our emerging business requirements. Training plans were developed to ensure people are ready and supported through the first delivery of the Next Gen system in summer 2014.

A renewed emphasis on open, timely internal and external communications resulted in a more robust approach to delivering research-based communications to build organizational capabilities to respond and adapt to change.



Matthew was exceptional. Very informative, supportive and pleasant.

All of these initiatives were driven by our appreciation that highly engaged employees are more productive, more likely to stay with the organization, and more focused on giving clients what they need on a day-to-day basis.

Our robust employee engagement program, including the introduction of quarterly company-wide information summits helped drive employee engagement scores to an all-time high of 72 per cent in 2013, up from the 54 per cent achieved in 2012.

We launched our VALUEables program, giving employees the opportunity to acknowledge the outstanding contributions of their colleagues. Our people seized this opportunity, with more than 2,100 individual VALUEable certificates awarded to individuals and teams for demonstrating one or more of our corporate values in their daily contributions:

Our Values:

Service
Quality
Accountability



Talent Management

We are committed to hiring, educating and developing our people to ensure we are equipped to always provide our clients with excellent service, regardless of the increasing demands and complexity of pension administration.

We continue to grow our organization, seeking new talent and developing and promoting our people from within. Enhanced career opportunities, and an ongoing investment in advanced education and on-the-job training add value for our staff. This value transfers directly to our clients.

In 2013, we employed 255 dedicated professionals, up from 248 the previous year. We posted over 60 different internal and external employment opportunities; 52 of our own staff changed positions within the company; 62 existing staff members were promoted or progressed to other internal positions.

Education

We are constantly building and improving our organizational capacity. We provide opportunity to our employees to grow, change and build on their existing skills. We foster an environment of education, opportunity and challenge.

Pension administration is a people business rooted in trust in our expertise and service. We are deeply committed to investing in the individual and career growth of our pension experts, providing 350 education events to our people in 2013.

In 2013, APS staff completed mandatory privacy education, through our first internal e-learning course.

We also introduced a new leadership program for people-managers last year that continues into 2014.

255

In 2013, we employed 255 dedicated professionals, up from 248 the previous year.

STRATEGIC PRIORITY THREE

BEING ADAPTABLE AND RESPONSIVE TO OPPORTUNITY AND RISK

Our Next Gen project will transform all areas of our business, including policy and process simplification.

Simplification

We appreciate that simplifying policies and business processes puts us in a better position to meet the complex demands of our growing client base.

Simplicity also means decreased risk of human error and improved data integrity. Clients will have better access to information that matters; employers will get a better tool by which to administer their business; pensioners can be assured that their benefits will be paid correctly and on time.

Our investment in Next Gen has resulted in:

- 29 Plan-rule amendments to simplify administration and fill gaps
- 23 improvements to transfer agreements
- 28 compliance item improvements

In addition, it will result in automation of 70 manual calculators in the system.

There were also 423 business decisions made by a corporate-wide, cross-functional decision team. This creates a richer integration and alignment of business processes across the client service spectrum.

Process Enhancement

Transferring funds between pension plans can be complex and fraught with red tape.

As part of our commitment to simplification of processes and client service, we chair the National Transfer Agreement working group. Its purpose is to simplify and streamline the administration of transfers between pension authorities participating in the National Transfer Agreement.

In 2013, the National Transfer Agreement Working Group involved five authorities based across Canada and made 25 proposals. These proposals were presented at the August Public Sector Pensions National Meeting and the proposals received broad agreement. The Working Group is preparing the detailed changes for approval in 2014.

Corporate Reporting

Significant improvements were made to our corporate reporting in 2013 through centralization of this management function. Data gathering and analysis processes were streamlined, simplified and standardized to provide more timely information to assess business performance and make business decisions.



Next Gen gave us the opportunity to look globally and specifically at our business processes. This is a rare opportunity for companies.

The end result is that we have a set of business processes, that work extremely well together and are very well refined in terms of their detail.

We simplified and streamlined our business processes. That means even better, more efficient client service.

Brian Luterbach

Vice President

Information Technology, APS

STRATEGIC PRIORITY FOUR

GOVERNANCE ALIGNMENT

APS is accountable to the Trustee – the President of Treasury Board and Minister of Finance, and to the Shareholder – the Government of Alberta.

Our obligation to the Shareholder is to demonstrate timely, quality services, through risk-managed processes and compliance to all legislative requirements.

We are in the second year of our five-year strategic plan, and remain committed to our strategy and focused on the priorities.

Compliance Assurances

Compliance ensures we adhere to regulations and legislative requirements, including important structural and reporting components.

A new governance document was established in 2013. The *Alberta Public Agencies Governance Act* requires that public agencies have a Mandate and Roles Document outlining the roles of both the agency and the Minister responsible for the agency. At our September Board meeting, we reviewed a Mandate and Roles document for APS and passed a resolution approving the document. The President of Treasury Board and Minister of Finance reviewed and signed the

final document on October 28, 2013. The document is available to the public on our APS website.

In 2013, APS introduced its Pension Plan Legislative Compliance Program, which provides a systematic approach to evaluate and improve the effectiveness of APS' current pension plan legislative compliance management practices (including administrative decisions and policy confirmations and interpretations), internal controls and governance processes.

The program also forms part of the overall responsibility of the Legislative Compliance Management Team to provide reasonable assurance to management and the APS Board of Directors that APS is compliant with pension plan legislative requirements. This is accomplished through assessing the effectiveness of a series of ongoing checks and balances and internal controls.

We also proactively identify existing areas for improvement. Each year, a number of high-risk areas and processes

are chosen for testing to ensure they continue to be fully aligned with legislation. We are now well-positioned to provide ongoing understanding and assurance to our stakeholders.

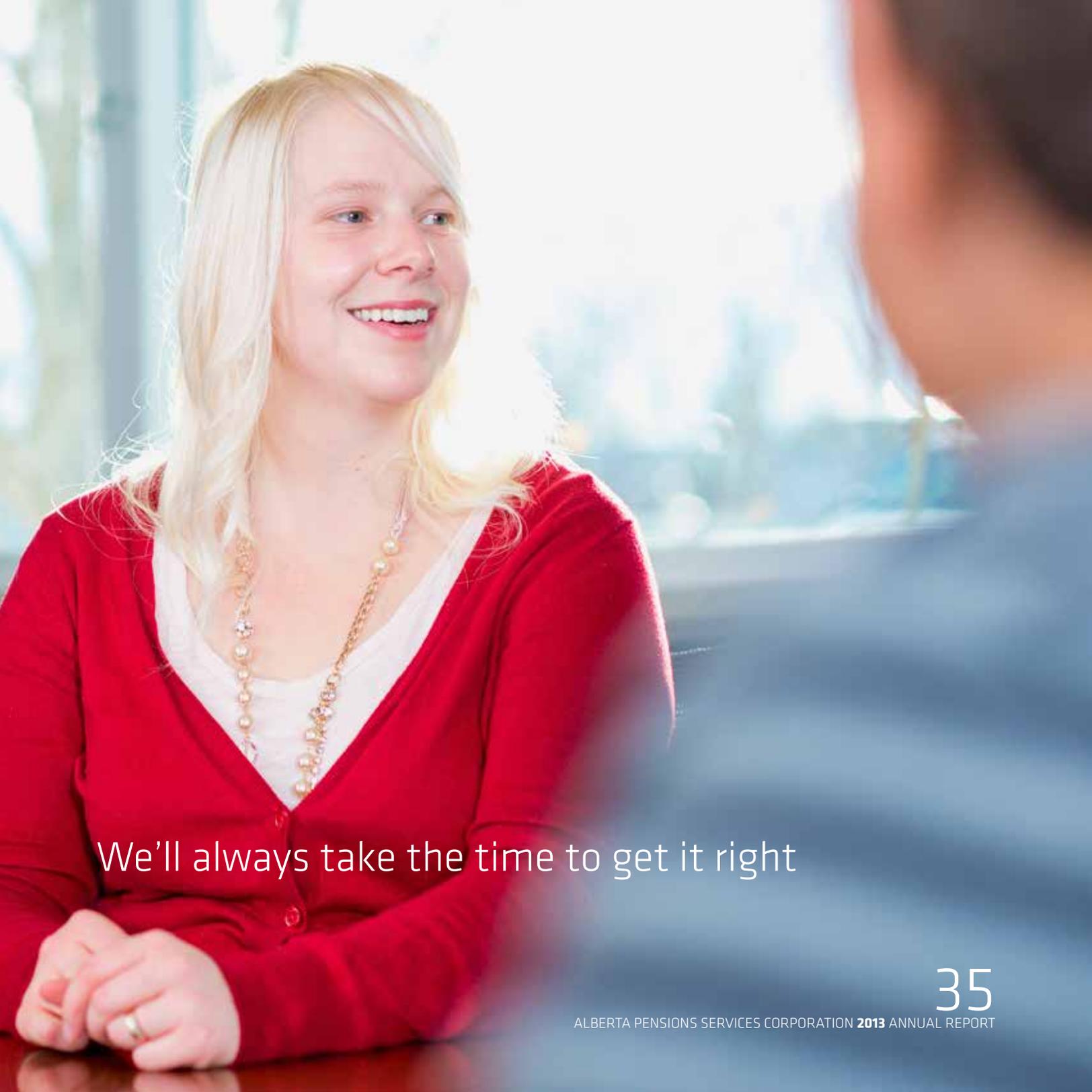
In 2014 enhanced reporting will be explored in order to broaden the scope of the program, and validation testing of high risk areas will continue.

Privacy

Our privacy program requires all APS employees to complete mandatory privacy education and, in 2013, we successfully completed a key initiative to develop online privacy training. The online privacy training is the first comprehensive internal e-learning course at APS and is aligned with APS' commitment to offer enhanced learning and development to our staff. This is also aligned with APS' commitment to offer enhanced learning and development.

2014

In 2014 enhanced reporting will be explored in order to broaden the scope of the program, and validation testing of high risk areas will continue.



We'll always take the time to get it right



Top-of-the-line technology
means better client service

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ALBERTA PENSIONS SERVICES CORPORATION 2013 ANNUAL REPORT

Risk Management

Our comprehensive risk-management program identifies, assesses and monitors key corporate risks, and action plans are implemented to ensure risks are mitigated.

The program is overseen by the Audit Committee and is formally managed through a governance process that involves executive and senior management.

Annual reports on our risk profile are provided to the Board plan governors and our Shareholder.

In 2013, APS completed an external review of its risk management and internal audit functions. The review indicated that APS has sound practices for these two functions, and identified areas where we can enhance our two functions further.

One of the recommendations was to have separate charters for the two functions to delineate their different objectives, roles and responsibilities.

As a result, in November 2013, the internal audit function was segregated and a formal Internal Audit Charter was approved.

2013

In 2013, APS completed an external review of its risk management and internal audit functions.

Business Continuity and Disaster Recovery

In 2013 APS remained committed to the continuous improvement of its Business Continuity, Disaster Recovery and Crisis Management strategies.

The annual business continuity exercises were performed successfully with all business areas. In addition, a successful disaster recovery exercise was performed for all critical business applications. Plans were reviewed and updated with a focus on effective and timely response to incidents. A consistent approach to training, document management and exercise methodologies was also reinforced throughout the year.

Plan Boards

The Plan Board Secretariat (PBS) provides the Public Service Pension Plan (PSPP) Board, the Management Employees Pension Plan (MEPP) Board, the Special Forces Pension Plan (SFPP) Board and the committees of the other APS-administered pension plans with the support and advisory services necessary to ensure their responsibilities are met.

PBS liaises with the Ministry of Treasury Board and Finance, Alberta Investment Management Corporation, legal counsel and actuaries. PBS also documents board policies and ensures board decisions are in keeping with those policies.

In 2013, PBS worked to align with change and challenges on the horizon related to pension plan sustainability. The Government announced its vision for sustainable pension plans for Alberta public sector employees and retirees in the fall of 2013. Further information about legislative changes is expected in 2014.

Our strategic plan is aligned to priorities of plan sustainability and responsible governance. Part of our work includes stakeholder consultation and collaboration with our industry peers.

This year, we achieved a major accomplishment through our hosting of a Pension Governance Summit in Edmonton in May 2013. This event gathered more than 150 industry peers from across Canada to discuss best practices and important issues related to plan governance.

Plan Updates and Valuations

APS' ability to accurately implement plan administrative changes is critical to the administration of timely and accurate pension and benefit calculations.

In 2013:

- Ten plan updates were implemented, including contribution rate changes for LAPP and MEPP, assumption changes for LAPP and PSPP and quarterly and annual rate updates.
- Valuation data was provided for the three of the four large plans administered by APS (PSPP, LAPP and MEPP).

CARING FOR OUR COMMUNITY

At APS, people come first.

There are several ways for one person to make a difference in the lives of others. But together, we can achieve anything.



EDMONTON FOOD BANK: OUR CHARITY OF CHOICE

In 2013, we asked the people of our organization to choose a charity that we could support throughout the year.

The overwhelming vote went to the Edmonton Food Bank, an organization that supports thousands of people every month by providing food, hot meals and snacks. Approximately 40 per cent of clients served are under the age of 18.

During the Christmas season, we challenged each other to bring in most-wanted food bank items and were overwhelmed by the response of our APS teams – we provided three

truckloads of food for this worthwhile community organization.

In 2013, APS raised a total of \$9,000 and over 6,600 food items for the Edmonton Food Bank.

The Edmonton Food Bank continues to be our Charity of Choice in 2014 and we look forward to further supporting this organization.



6,600

In 2013, APS raised a total of \$9,000 and over 6,600 food items for the Edmonton Food Bank.

MOVEMBER

APS men sprouted moustaches and joined legions of males across Alberta and the world this November to support Movember.

An official global charity dedicated to raising funds and increase awareness of men's health issues, Movember encourages men to grow a mo, get pledges and join each other in supporting men's health.

In 2013, an increasing number of APS staff were seen with the Movember Mo – a sign that one person can make a difference in the community.

APS' Men of Movember raised nearly \$3,500 to help combat prostate and testicular cancer and mental health challenges.



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ALBERTA PENSIONS SERVICES CORPORATION 2013 ANNUAL REPORT

ALBERTA PENSIONS SERVICES CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the 2013 Annual Report are the responsibility of Alberta Pensions Services Corporation (APS) and have been approved by management and the APS Board of Directors (Board).

The financial statements have been prepared in conformity with Canadian Public Sector Accounting Standards and, of necessity, include some amounts that are based on estimates and judgments. Financial information presented in the 2013 Annual Report that relates to the operations and financial position of APS is consistent with that in the financial statements.

To discharge its responsibility for the integrity and objectivity of financial reporting, APS maintains a system of internal accounting controls comprised of written policies, standards and procedures, and a formal authorization structure. These systems are designed to provide management with reasonable assurance that transactions are properly authorized, that reliable financial records are maintained and that assets are adequately accounted for and safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee (Committee). As part of this responsibility, the Committee reviews the financial statements, the Management Discussion and Analysis, and the Compensation Discussion and Analysis in the annual report; and, once satisfied, recommends them to the Board for approval. The Committee also meets with management and external auditors to discuss internal controls, auditing matters and financial reporting issues.

The Auditor General of Alberta, APS' external auditor, provides an independent audit opinion on the financial statements.

[Original signed by Karen Adams]

KAREN ADAMS

President and Chief Executive Officer

[Original signed by Doug Woloshyn]

DOUG WOLOSHYN, CA, CIA

Vice President, Finance and Compliance

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Alberta Pensions Services Corporation



Report on the Financial Statements

I have audited the accompanying financial statements of Alberta Pensions Services Corporation, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Pensions Services Corporation as at December 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

AUDITOR GENERAL

May 7, 2014

Edmonton, Alberta

ALBERTA PENSIONS SERVICES CORPORATION

STATEMENT OF OPERATIONS

Year ended December 31

(\$ thousands)

	2013		2012
	Budget	Actual	Actual
EXPENSES			
Staff and related expenses	30,233	29,244	26,393
Contract services	5,807	3,732	5,764
Materials and supplies	4,815	4,694	4,662
Amortization	2,320	2,179	2,600
Data processing and maintenance	1,873	1,796	1,997
Total before plan specific and employer specific services	45,048	41,645	41,416
Plan specific services (Note 6)	2,103	1,449	1,583
Employer specific services (Note 7)	95	99	100
Total operating expenses	47,246	43,193	43,099
Recovery of costs (Note 8)	47,246	43,193	43,099

Contractual obligations (Note 12)

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

[Original signed by Al Mondor]

[Original signed by Garth Sherwin]

AL MONDOR, FCA

Chair

Board of Directors

GARTH SHERWIN, CA

Chair

Audit Committee

ALBERTA PENSIONS SERVICES CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

(\$ thousands)

	2013	2012
ASSETS		
Cash	234	203
Accounts receivable	51	60
Prepaid expenses	878	669
Due from pension plans (Note 8)	3,967	4,885
Tangible capital assets (Note 4)	23,236	10,949
	28,366	16,766
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	1,592	2,457
Accrued salaries and benefits	2,204	1,883
Accrued vacation pay	289	245
Deferred lease inducement (Note 12)	1,045	1,232
Unamortized deferred capital contributions (Note 4)	23,236	10,949
	28,366	16,766
NET ASSETS		
Net assets (Note 5)	-	-
	28,366	16,766

The accompanying notes are an integral part of these financial statements.

ALBERTA PENSIONS SERVICES CORPORATION

STATEMENT OF CASH FLOW

Year ended December 31

(\$ thousands)

	2013	2012
OPERATING TRANSACTIONS		
Non-cash items:		
Amortization of tangible capital assets	2,179	2,600
Decrease in deferred lease inducement (Note 12)	(187)	(187)
Amortization of unamortized deferred capital contributions	(2,179)	(2,600)
	(187)	(187)
Decrease (increase) in accounts receivable	9	(6)
(Increase) decrease in prepaid expenses	(209)	328
Decrease in due from pension plans	918	156
Decrease in accounts payable and accrued liabilities	(865)	(436)
Increase in accrued salaries and benefits	321	152
Increase in accrued vacation pay	44	-
Cash provided by operating transactions	31	7
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(14,466)	(7,010)
FINANCING TRANSACTIONS		
Increase in unamortized deferred capital contributions	14,466	7,010
Increase in cash	31	7
Cash at beginning of year	203	196
Cash at end of year	234	203

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2013

1. AUTHORITY

Alberta Pensions Services Corporation (APS) is incorporated under the *Business Corporations Act, Chapter B-9, Revised Statutes of Alberta 2000*. The issued share of the Corporation is owned by the President of Treasury Board and Minister of Finance (the Minister) on behalf of the Government of Alberta and accordingly the Corporation is exempt from income and other taxes. APS is referred to as the Corporation throughout the Notes to the Financial Statements.

2. NATURE OF OPERATIONS

The Minister, operating under the authority of the *Public Sector Pension Plans Act, Chapter P-41, Revised Statutes of Alberta 2000* is responsible for administering the following public sector pension plans:

- 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)

The Minister, operating under the authority of the *Provincial Court Act and the Court of Queen's Bench Act, Chapter 196, Regulation 2001* is responsible for administering the following public sector pension plans:

- Provincial Judges and Masters In Chambers (Registered) Pension Plan (PJM(C)R)PP)
- Provincial Judges and Masters in Chambers (Unregistered) Pension Plan (PJM(C)U)PP)

The Minister, operating under the authority of the *Members of the Legislative Assembly Pension Plan Act, Chapter M-12, Revised Statutes of Alberta 2000* is responsible for administering the following public sector pension plan:

- Members of the Legislative Assembly Pension Plan (MLAPP)

The Minister, operating under the authority of the *Financial Administration Act, Chapter F-12, Revised Statutes of Alberta 2000* and the *Supplementary Retirement Plan – Retirement Compensation Arrangement Directive (Treasury Board Directive 01/06)* is responsible for administering the following public sector pension plan:

- Supplementary Retirement Plan for Public Service Managers (MSRP)

Specific pensions services required by the pension plans and employers are provided by the Corporation pursuant to a Pensions Services Agreement with the Minister through to December 31, 2014. These services include the collection and recording of contributions, calculating and paying benefits, communicating to plan members and employers, pension plan board support services and risk management services. The Corporation also provides specific services, on a cost recovery basis, for some employers (Note 7).

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS).

Recovery of Costs

All recoveries of costs are reported on the accrual basis of accounting. Accruals for the recovery of costs are recorded as the related expenses are incurred.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Tangible Capital Assets

Tangible capital assets are recorded at cost. The threshold for capitalizing software is \$100,000; and \$5,000 for all other items, where these items have a useful life in excess of one year. Amortization is calculated on a straight line basis as follows:

Assets under construction	Refer to (a) below
Leasehold improvements	Refer to (b) below
Computer hardware	3 years
Furniture and equipment	5 years
Telephone system	3 years
Computer software	3 years

Amortization will commence the month immediately after the tangible capital asset has been deemed substantially complete and ready for productive use.

- (a) Assets under construction, which include the replacement of the current pensions services systems and the development of its applications, are not amortized.
- (b) Amortization is over the term of lease plus one optional renewal period, to a maximum of 5 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Contributions

All externally restricted contributions received for the acquisition or construction of depreciable tangible capital assets are recognized as revenue when the assets are used for the purposes specified. All external restricted contributions received before meeting these criteria are recorded as a liability until the assets are used.

Use of Estimates

The preparation of financial statements in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities in the financial statements. Actual results could differ from these estimates, and the impact of any such differences will be recorded in future periods. The significant area requiring the use of management estimates relates to the estimated useful lives of tangible capital assets.

Financial Instruments

Financial instruments of the Corporation consist of cash, accounts receivable, due from pension plans, accounts payable and accrued liabilities, accrued salaries and benefits and accrued vacation pay. Due to their short term nature, the carrying value of these instruments approximates their fair value.

As the Corporation does not have any transactions involving financial instruments that are classified in the fair value category, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

4. TANGIBLE CAPITAL ASSETS

(\$ thousands)

	2013			2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Assets under construction	20,840	-	20,840	7,308
Leasehold improvements	7,853	6,789	1,064	2,037
Computer hardware	8,270	7,258	1,012	1,181
Furniture and equipment	1,567	1,252	315	362
Telephone system	406	401	5	61
Computer software	12,498	12,498	-	-
	51,434	28,198	23,236	10,949

Financing obtained from the public sector pension plans to acquire tangible capital assets is recorded as unamortized deferred capital contributions. The recovery of costs is recognized on the same basis as the tangible capital assets are amortized.

5. SHARE CAPITAL

	2013	2012
Issued:		
1 common share	\$1	\$1

An unlimited number of common and preferred shares are authorized with a single common share issued (Note 1).

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

6. PLAN SPECIFIC SERVICES

(\$ thousands)

The Corporation makes certain payments on behalf of the public sector pension boards or committees. These expenses, which are incurred directly by the boards or committees and which the Corporation does not control, are as follows:

Plan	2013			2012	
	Contract Services	Other	Board and Committee Remuneration	Total	Total
MEPP	385	87	52	524	480
SFPP	327	69	49	445	578
PSPP	323	71	14	408	407
MSRP	40	3	-	43	35
MLAPP	15	-	-	15	3
PSM(CM)PP	7	-	-	7	32
PJMC(R)PP	2	2	-	4	33
PJMC(U)PP	3	-	-	3	15
	1,102	232	115	1,449	1,583

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

7. EMPLOYER SPECIFIC SERVICES

(\$ thousands)

In 2008, the Minister approved the Corporation administering post retirement benefits for certain employers who participate in the public sector pension plans. All costs associated with administering these benefits are recovered directly from the specific employers as follows:

Employer	2013	2012
City of Calgary	9	9
City of Edmonton	7	8
EPCOR	5	5
Government of Alberta	2	2
Legislative Assembly	1	1
	24	25
Alberta Investment Management Corporation ¹	75	75
	99	100

¹ In 2011, the Corporation entered into an agreement to provide certain administration services on a cost-recovery basis to Alberta Investment Management Corporation (AIMCo), a related Crown Corporation, in respect of an AIMCo supplementary retirement plan. The service agreement provided APS with a one-time fee in the amount of \$75 with recurring annual fees of \$75 commencing January 1, 2011.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

8. RECOVERY OF COSTS

(\$ thousands)

The Corporation charges each public sector pension plan with its proportionate share of the Corporation's operating and plan specific costs based on the allocation formula approved by the Minister. At December 31, 2013, \$3,967 (2012 - \$4,885) is receivable from the plans. The receivable at year end is directly related to the timing of the receipt and disbursement of funds.

Plan	2013	2012
LAPP	26,919	27,225
PSPP	10,618	10,615
MEPP	2,398	2,181
SFPP	2,007	1,818
MSRP	549	522
PSM(CM)PP	281	318
PJMC(R)PP	99	128
PJMC(U)PP	98	97
MLAPP	93	68
	43,062	42,972
Interest and other miscellaneous cost recoveries	32	27
Employer specific services (Note 7)	99	100
	43,193	43,099

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

9. EMPLOYEE FUTURE BENEFITS

(\$ thousands)

The Corporation participates in three multi-employer, defined benefit public sector pension plans: PSPP, MEPP and MSRP. The Trustee of the plans is the Minister. Multi-employer plans are accounted for as defined contribution plans. Accordingly, the Corporation does not recognize its share of any plan surplus or deficit. The expense for these pension plans is equivalent to the annual contributions of \$3,315 for the year ended December 31, 2013 (2012 – \$2,619). This amount is included in staff and related expenses.

An actuarial valuation is performed to assess the financial position of the plan and adequacy of the plan funding. At December 31, 2012, PSPP reported a deficiency of \$1,645,141 (2011 – deficiency of \$1,790,383), MEPP reported a deficiency of \$303,423 (2011 – deficiency of \$517,726) and MSRP had a deficiency of \$51,870 (2011 – deficiency of \$53,489).

10. RELATED PARTY TRANSACTIONS

(\$ thousands)

The Corporation received the following services at amounts which approximate market value from:

	2013	2012
Service Alberta	1,125	1,045
Data processing, software licenses and postage and printing		
Treasury Board and Finance	45	43
Risk management and insurance		
University of Alberta	3	2
Management training		
	1,173	1,090

At year end, \$151 (2012 – \$257) is payable to Service Alberta.

The Corporation also provided services to the pension plans and pension plan boards and committees as disclosed in Notes 6 and 8. These transactions are in the normal course of operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

11. SALARIES AND BENEFITS DISCLOSURE

Details of Executive and Board member remuneration are presented in the Compensation Discussion and Analysis section of the Corporation's 2013 annual report.

12. CONTRACTUAL OBLIGATIONS

(\$ thousands)

The Corporation has entered into some multi-year agreements whereby the Corporation will be obligated to make future payments when the goods or services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

YEAR	OBLIGATIONS
2014	11,572
2015	8,883
2016	1,916
2017	1,916
2018	1,916
Thereafter	1,277
	27,480

The Corporation entered into a lease agreement for a new facility commencing on September 1, 2009. This agreement is for 10 years, with two optional renewal periods of five years each. As part of the lease agreement, the Corporation received a lease inducement of \$1,868. The inducement is recognized as a reduction in lease expense over the 10 year term of the lease.

In 2012, the Corporation entered into an agreement for consulting services related to a major pension services systems replacement project with expected completion by November 2015, and total contractual obligations over the next two years totalling \$16,640.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended December 31, 2013

13. FINANCIAL INSTRUMENTS

Liquidity risk is the risk of not being able to meet the Corporation's cash requirements in a timely and cost-effective manner. The Corporation's only source of liquidity is amounts charged to pension plans (Note 8).

It is management's opinion that the Corporation is not exposed to any risk arising from this financial instrument.

14. 2013 BUDGET

The Corporation's 2013 budget was approved by the Board of Directors on November 21, 2012.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors.

APPENDICES



APPENDIX A: BOARD OF DIRECTORS

Board Mandate

The Board of Directors has adopted a Charter that summarizes its governing policies as well as the Board's operating practices. The Charter sets out:

1. Corporate governance practices and policies.
2. Duties and responsibilities of the Board of Directors.
3. Position descriptions for the Chair of the Board, the Chair of a Board Committee and Directors.

On an annual basis, the Board reviews the Charter and approves changes as necessary. The Charter summary is included in Appendix B.

Board Independence

The President of Treasury Board and Minister of Finance appoints the President and CEO after consultation with the Board. Day-to-day management of APS is delegated to the President and CEO. The Board annually evaluates the performance of the President and CEO.

Board Committees

The Board has three committees: Audit Committee, Human Resources Committee and Next Generation Board Project Governance Committee. All meet as Committees of the Whole on a quarterly basis in conjunction with the Board meetings.

The committees perform the following duties enabling the Board to fulfill its oversight responsibilities:

Audit Committee

1. Oversee the President and CEO's compliance with Board policies respecting asset protection and liabilities and losses;
2. Monitor the execution of the business plan;
3. Recommend approval or other Board action for all financial statements and reports requiring approval of the Board (annual and quarterly reports);
4. Oversee the Corporation's Risk Management Program;
5. Oversee the Corporation's Ethics Violation and Fraud Reporting Policy; and
6. Work with the independent auditor.

Human Resources Committee

1. Oversee and monitor plans for identifying and managing workforce risks;
2. Monitor APS' practices for managing workforce compensation and benefits;
3. Review and recommend approval for the President and CEO's appointment, performance evaluation and compensation;
4. Oversee the Corporation's Executive compensation structure;
5. Oversee succession planning for the President and CEO and Executive positions; and
6. Monitor the Corporation's management of workforce employment conditions.

Next Generation Board Project Governance Committee

1. Oversee the governance of APS' Next Generation project, including adopting a monitoring framework;
2. Communicate about project status and governance to stakeholders;
3. Oversee the President and CEO's compliance with the Next Generation project charter; and
4. Engage and manage an independent resource to provide ongoing project risk assessments.

Board Meetings

In 2013, the Board and the Committees each met quarterly; in-camera sessions are included as a component of all meetings. The Board also held a special meeting to review the year-end corporate scorecard. Orientation sessions were held during the year for the new directors.

Governance Practices

The Board has adopted a governance framework that defines accountability between the Board and management. To achieve greater efficiency across the Corporation, the Board delegates authority to the President and CEO, specifying clear expectations (Ends Policies), corresponding responsibilities, and actions to be avoided (CEO Limitations) in achieving these Ends.

The Board has policies to support its ongoing commitment to governance practices, including:

- Annual agenda planning;
- Rules of meeting conduct;
- Board job descriptions;
- A Board Code of Conduct, covering conflict of interest and fiduciary responsibilities;
- Board committee principles and structure;
- An Ethics Violation and Fraud Reporting Policy;
- Board self-assessment; and
- Board and director education and development, including an orientation program for new directors on Board and corporate operations.



APPENDIX B: SUMMARY OF THE CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors for APS has adopted a Charter that summarizes the governing policies adopted and the Board's operating practices. The Charter sets out:

1. The corporate governance practices and policies that apply to the Board of Directors;
2. The duties and responsibilities of the Board of Directors;
3. The position description for a director;
4. The position description for the Chair of the Board; and
5. The position description for the Chair of a Board Committee.

On an annual basis, the Board of Directors reviews the Charter and approves changes as necessary. The following summarizes the key aspects of the Charter.

Governance Commitment

The purpose of the Board, on behalf of the sole Shareholder, the Government of Alberta, is to ensure the Corporation:

1. Achieves appropriate results for appropriate persons at an appropriate cost as described in the Board's Ends Policies; and
2. Avoids unacceptable actions and situations as described in the CEO Limitations Policies established by the Board.

The Board achieves its purpose through Ends and CEO Limitations Policies, as well as through the adoption of best practices appropriate to the governance and oversight of APS.

Structure and Operations

The bylaws provide for the Board of Directors to have a minimum of one and a maximum of 15 Directors. The Articles of Incorporation provide that any vacancy in the Board of Directors shall be filled by the Shareholder appointing an individual as director, and the Unanimous Shareholder Agreement provides that ten directors shall be appointed by the Shareholder.

Board and Board Committee meetings follow a schedule agreed upon by the Board prior to the commencement of a calendar year. Quorum and voting are determined by agreement with the Shareholder.

Duties and Responsibilities of the Board of Directors

The Board performs its stewardship responsibilities either directly or through the Committees of the Board. The Board of Directors has adopted a Code of Conduct for its membership and oversees the ethical conduct of the President and CEO and all employees of the Corporation, by monitoring compliance with the Corporation's Code of Conduct. In addition, the Board has adopted an Ethics Violation and Fraud Reporting Policy. This Policy allows complaints to be made on a confidential and anonymous basis. The Board believes that by providing a forum for directors, officers and employees to raise concerns about ethical treatment that results in a formal review, the Board fosters a culture of ethics in the Corporation.

Position Description for Directors

The Board of Directors has adopted position descriptions for all directors. Each director participates in fulfilling the Board's stewardship role by acting honestly and in good faith with a view to the best interests of the Corporation (fiduciary duty) and exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (duty of care).

Other Governance Matters

The Board of Directors has adopted position descriptions for the Chair of the Board as well as the Chair of each Board Committee. In practice, the Board Committees sit as a Committee of the Whole Board with unique agendas and meeting times. The Board has also adopted specific governance policies and practices respecting Board orientation, education and interactions with the President and CEO, as well as management.



APPENDIX C: REVIEW ENGAGEMENT REPORT



To the Shareholder of Alberta Pensions Services Corporation (APS)

I have reviewed the performance measures identified as reviewed by the Office of the Auditor General in the Alberta Pensions Services Corporation 2013 Annual Report. The reviewed performance measures are the responsibility of APS and are prepared based on the following criteria:

- **Reliability** The information used in applying performance measure methodologies agrees with the underlying source data for the current and prior year's results.
- **Understandability** The performance measure methodologies and results are presented clearly.
- **Comparability** The methodologies for performance measure preparation are applied consistently for the current and prior year's results.
- **Completeness** The performance measures and related targets match those included in the Alberta Pensions Services Corporation 2013-2015 Business Plan.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by APS.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating APS progress towards the related targets.

Based on my review, nothing has come to my attention that causes me to believe that the performance measures identified as reviewed by the Office of the Auditor General in the Alberta Pensions Services Corporation 2013 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

AUDITOR GENERAL

May 7, 2014

Edmonton, Alberta

Performance measures reviewed by the Office of the Auditor General are noted in Appendix D.

APPENDIX D: KEY PERFORMANCE MEASURES

The Key Performance Measures in this Appendix are the responsibility of management of APS and are prepared in accordance with the criteria of reliability, understandability, comparability and completeness in relation to the APS 2013-15 Business Plan. The performance results of necessity include amounts that are based on estimates and judgments.

DELIVER VALUED PENSION SERVICES

> CLIENT SATISFACTION

(Reviewed by the Office of the Auditor General)

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
86%	85%	87%

METHODOLOGY

Client satisfaction is measured using a composite average score of the degree of satisfaction clients have with services and products provided by APS.

Clients are defined as actively contributing members in all plans, members that have initiated the retirement process but have not been finalized as pensioners in the payroll system, and members or their beneficiaries that have completed the retirement process and are receiving final pension payments.

An external firm was engaged to develop and conduct the survey of clients (members, members in transition and pensioners) to provide confidence in both the methodology applied and the results generated. The survey was designed to evaluate performance specific to the most recent contact by the client and also to capture information on overall perceptions of client service.

The survey is comprised of questions separated into service sections. Individual respondents are asked only the questions applicable to the services requested during interaction with APS. Sample size represents five per cent of the contacts recorded during the survey period.

The result reported in 2013 is the mean score (multiplied by 10) from all respondents of their ratings of satisfaction on a 10 point scale in three service areas with each service area weighted equally. In previous years, the results for each service area were reported as separate measures. For 2013, the results are combined into a single composite measure. The survey methods and questions used to calculate the results for each service area remain consistent with those used in previous years.

The equal weighting of the three service areas is in alignment with APS' view that the satisfaction of clients in each service area is equally important in assessing the performance of the Corporation.

DESCRIPTION OF RESULTS

Target exceeded.

ANALYSIS OF RESULTS

Results exceeded the target of 85 for the measure. Client satisfaction for pensioners remains particularly strong. Results for the previous year have been restated to align to the 2013 reporting of one composite measure.

> EMPLOYER ENGAGEMENT

(Reviewed by the Office of the Auditor General)

2013 ACTUAL

88%

2013 TARGET

79%

PREVIOUS YEAR ACTUAL

83%

METHODOLOGY

Employer engagement is measured using an averaged score based on an employer satisfaction survey and an established employer compliance measure. For 2009 and prior years, only employer satisfaction was measured.

Employer Satisfaction Survey

The survey was designed to evaluate performance specific to the representative and services provided by APS. An external firm was engaged to develop and conduct the survey. The survey evaluated client service for APS and provides an overall client rating that is robust and comprehensive.

Employer Compliance Measure

The Employer Compliance Measure is designed to evaluate how well APS supports employers in adhering to their legislated responsibilities as related to pension administration. The measure is designed to evaluate the performance of employers in five areas of competence: participation, pensionable salary, pensionable service, contributions and reporting.

DESCRIPTION OF RESULTS

Target exceeded.

ANALYSIS OF RESULTS

Employer Satisfaction Survey

Results achieved in this Satisfaction Survey experienced a significant increase compared to 2012 and show that employers value the services provided by APS.

Employer Compliance Measure

The Compliance rating remained high in the 2013 reporting year and demonstrates that employers take the responsibility of administering to pension plan legislation seriously.



BUILDING ORGANIZATIONAL CAPABILITIES

> EMPLOYEE ENGAGEMENT

(Reviewed by the Office of the Auditor General)

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
72%	59%	54%

METHODOLOGY

Queen's School of Business and Hewitt Associates define engagement as a "measurable state of emotional and intellectual involvement and commitment of the workforce to organizational success."

In 2006, APS began participating in the Best Small and Medium Employers in Canada survey conducted by Queen's and Hewitt Associates.

Annually, all employees receive an invitation to complete the online survey anonymously. The information is submitted and collected externally by electronic means and all responses are analyzed by Hewitt Associates. Hewitt Associates determine the engagement score based on their tested and validated global standards. The score is based on employee views and not the view of outside experts.

Employees register their level of agreement with the statements in the survey by rating each of them on a scale of one (Strongly Disagree) through six (Strongly Agree). The scores are aggregated for six key engagement questions:

1. I would, without hesitation, recommend this organization to a friend seeking employment.
2. Given the opportunity, I tell others great things about working here.
3. It would take a lot to get me to leave this organization.
4. I hardly ever think about leaving this organization to work somewhere else.
5. This organization inspires me to do my best work every day.
6. This organization motivates me to do more than is normally required to

complete my work.

Hewitt uses an average of the scores for these six questions to determine a single engagement score on a scale of one to six for each individual. APS' overall engagement score shows the percentage of employees whose average score was 4.5 or more on the six engagement questions and, hence, qualify as engaged.

DESCRIPTION OF RESULTS

Target exceeded.

ANALYSIS OF RESULTS

The 72 per cent engagement score is an 18 per cent increase over the prior year and is the third consecutive increase in employee engagement.

> EMPLOYEE DEVELOPMENT

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
97%	94%	100%

METHODOLOGY

Employee development is a score based on the percentage of employees that have had performance discussions with their manager and have development plans in place. Employees that join APS in the last six months of the year are excluded from

this measure. This measure is based on the status indicators set by employees and managers in the performance management application at APS: FOCUS.

DESCRIPTION OF RESULTS

Target exceeded.

ANALYSIS OF RESULTS

All active employees required to have had performance discussions and development plans in place have met this requirement.

ADAPTABLE AND RESPONSIVE TO OPPORTUNITIES AND RISKS

> RISK MANAGEMENT MATURITY

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
73%	73%	80%

METHODOLOGY

Risk Management Maturity is measured as the weighted average of APS' Risk Management Framework components, including governance, risk identification and assessment, response and control activities, risk issues monitoring and resolution, and measurement and reporting.

Each component of the Framework is scored on a scale of five levels of maturity based on established criteria:

- Level 1 (Ad hoc – little or no formal

processes);

- Level 2 (Repeatable – established practices and processes);
- Level 3 (Defined – formally approved and regularly updated policies and practices);
- Level 4 (Managed – formally approved and updated and regularly monitored policies and processes); and
- Level 5 (Optimized – with fully established and integrated policies and processes, subject to periodic external reviews and/or benchmarking).

The scores for each component are calculated to arrive at weighted percent.

DESCRIPTION OF RESULTS

Target met.

ANALYSIS OF RESULTS

This result reflects management's continued commitment to devote resources into the Risk Management Program to ensure that corporate risks are managed to acceptable levels.

> NEXT GENERATION PROJECT

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
Milestones Met	Milestones Met	N/A

METHODOLOGY

The Next Generation project is a multi-year initiative that will replace APS' pension administration systems, enhance service delivery and improve business operations, processes and technology. The achievement of milestones serves as demonstrated progress of the initiative. For 2013, the following milestones were measured:

- Q1: Change management resource in place and familiar with existing strategy.

- Q2: Execution of change management strategy
Three business process workshops (Groups 1-3) completed
Requirements document completed for Delivery #2 (Finance)
- Q3: Execution of change management strategy
One business process workshop (Group 4) completed
Phased implementation dates established for Delivery #3 (Member Services)

- Q4: Execution of change management strategy
One business process workshop (Group 5) completed
Requirements documentation completed for Delivery #3 (Member Services)

DESCRIPTION OF RESULTS

Target met.

ANALYSIS OF RESULTS

Demonstrated progress on the multi-year Next Generation project has been achieved.

> PROCESS AND POLICY SIMPLIFICATION

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
Milestones Met	Milestones Met	N/A

METHODOLOGY

Targets are established to measure APS' progress towards meeting simplification commitments through simplification plans implemented and reported to the APS Board of Directors. Targets are developed

by evaluating current processes and policies and expect changes through: automation, improved tracking controls and reporting, improved issues management and root cause analysis and resolution.

DESCRIPTION OF RESULTS

Target met.

ANALYSIS OF RESULTS

Demonstrated progress on simplification commitments has been achieved.

> COST PER MEMBER

2013 ACTUAL	2013 TARGET	PREVIOUS YEAR ACTUAL
\$148	\$180*	\$154

METHODOLOGY

*The 2013 cost per member target is based upon the published 2011 CEM peer average cost per member inflated by the projected Alberta Consumer Price Index for 2012 and 2013.

The calculation for APS cost per member is:

$$\frac{\text{Total CEM expenditures}}{\text{Active members + pensioners at year-end}}$$

Total CEM expenditures are defined as total operating expenses per the financial statement less any pension fund investment related costs.

DESCRIPTION OF RESULTS

Target exceeded.

ANALYSIS OF RESULTS

The favourable variance to target is attributed primarily to lower spending than anticipated on contracting services, staff costs and plan specific expenses.

APPENDIX E: COMPENSATION DISCUSSION AND ANALYSIS

OUR PEOPLE

APS acknowledges the value of attracting and retaining a qualified workforce. As such, the Corporation strives to reward employees fairly and equitably. APS has adopted a compensation philosophy with four key principles that guide the compensation design and practices: internal consistency, market competitiveness, goal achievement and simplicity.

INTERNAL CONSISTENCY

APS ensures that there is internal job design and compensation consistency based on contributions to business objectives and that the job evaluation system is fair, rational and defensible.

MARKET COMPETITIVENESS

APS aligns its market strategy with the private and public sectors, with a weighting of 50 per cent between each market.

GOAL ACHIEVEMENT

APS provides an environment where employees can strive for, and achieve, goals at the individual, team and corporate levels.

SIMPLICITY

APS promotes and rewards desired behaviours and results by designing, implementing and communicating compensation policies and practices that are aligned, consistent and understandable.

HUMAN RESOURCES COMMITTEE

The Board has a Human Resources Committee (HRC) which assists the Board in ensuring human resources policies and practices support achievement of corporate objectives. The HRC performs its responsibilities to enable the Board to fulfill its oversight responsibilities for:

- Workforce Capacity, Workforce Compensation and Benefits, Workforce Employment Conditions and related workforce risks;
- Appointment and evaluation of the performance of the President and CEO;
- Succession planning related to the President and CEO and Vice President positions;
- Compensation, incentives and benefits for the President and CEO; and
- Total compensation structure for the Vice Presidents.

The HRC is composed of 10 members, each of whom is independent of management. The HRC meets a minimum of four times per year and conducts in-camera sessions at the beginning and end of each meeting, without management present. The HRC retains external advisors to provide executive compensation advice and other expertise the Committee deems necessary.

BOARD REMUNERATION

(\$ thousands)

The Board Chair received remuneration of \$39 (2012: \$55). Eight Board members received remuneration of \$119 (2012: \$125). Three Board members, who are employed by the Government of Alberta, are not eligible for remuneration.

The remuneration is paid in accordance with the rates approved by the Shareholder and is subject to applicable withholdings.

50

APS aligns its market strategy with the private and public sectors, with a weighting of 50 per cent between each market.

EXECUTIVE COMPENSATION

Part of the HRC's responsibility is to annually review the total compensation structure for the Executive Team comprising of the President and CEO and Vice Presidents. The HRC also makes recommendations to the Board for the President and CEO's compensation.

During the year the HRC worked with an independent compensation consultant to assess our current variable pay program and the linkage between scorecard metrics, weighting, reasonableness of

performance expectations and payout opportunities for the Corporation.

Executives are eligible to receive a variable pay award based on the achievement of predetermined corporate and divisional measures. Payment for the achievement of corporate results is at the discretion of the Board.

Executives participate in the Management Employees Pension Plan (MEPP) and Supplementary Retirement Plan for Public Service Managers (MSRP). Combined, these plans provide

pension benefits equal to two per cent of each executive's best five-year average pensionable salary for each year of service. The pension provided by MEPP is limited to base salary up to the maximum pensionable salary limit permitted under the federal Income Tax Act (ITA). The MSRP provides a pension in respect of the base salary in excess of the maximum pensionable salary limit under the ITA.

No portion of the executive compensation consists in any manner of equity instruments.

SUMMARY COMPENSATION TABLE

The table below provides complete disclosure of salary, variable pay, pension value of defined benefits and all other compensation paid in the years ended December 31, to the President and Chief Executive Officer and the Vice Presidents.

(\$ thousands)

POSITION	BASE SALARY ¹	VARIABLE PAY ²	PENSION ³	OTHER COMPENSATION ⁴	2013 TOTAL	2012 TOTAL
President and Chief Executive Officer ⁵	265	24	70	77	436	180
Vice President, Policy & Research ⁶	208	56	51	25	340	329
Vice President, Plan Board Secretariat	219	32	-	19	270	248
Vice President, Member and Employer Services and Plan Operations	183	31	42	23	279	256
Vice President, Information Technology	208	38	51	21	318	303
Vice President, Human Resources and Organizational Development ⁷	140	31	32	22	225	265
Vice President, Finance and Compliance	176	31	40	22	269	260

1. Base salary includes regular base pay.

2. Variable pay is calculated based on achievement of predetermined corporate and divisional measures. The amounts disclosed were paid in the year based on the prior year's results.

3. Pension represents the Corporation's share of contributions to the plans based on each executive's pensionable salary.

4. Other compensation includes such cash benefits as: automobile allowance, lump sum payments and vacation payouts where applicable. Also included are non-cash benefits and contributions or payments made on their behalf including health care and dental coverage, group life insurance, long-term disability insurance, WCB premiums, parking, professional memberships and education expenses.

5. Two incumbents occupied this position during 2012. Amounts presented are for the current incumbent who occupied this position for four months of the 2012 fiscal year.

6. During 2012, the incumbent occupied the position of Acting President and Chief Executive Officer for nine months. Amounts presented are for the current incumbent for the full 2012 fiscal year.

7. The incumbent left the Corporation October 2013.

2013 APS BOARD OF DIRECTORS

NAME	NOMINEE	TERM OF SERVICE	BOARD POSITION
Al Mondor	Independent	April 2009 – present	Chair
Chris Archibald	Public Service Pension Board	November 2010 – present	Human Resources Committee Vice Chair
Scott Kashuba	Management Employees Pension Board	January 2012 – present	Next Generation Board Project Governance Committee Vice Chair
Rosemarie McClean	Independent	January 2009 – present	Vice Chair Human Resources Committee Chair
Larry Murray	Local Authorities Pension Plan Board of Trustees	May 2012 – June 1, 2013	
Mark Prefontaine	Alberta Treasury Board and Finance	May 2011 – present	
Garth Sherwin	Independent	January 2010 – present	Audit Committee Chair
David Watson	Special Forces Pension Board	January 2010 – February 15, 2013	
Bonnie Andriachuk	Independent	January 2013 – present	
Roger Rosychuk	Special Forces Pension Board	February 2013 – present	Audit Committee Vice Chair
Mike Mahar	Local Authorities Pension Plan Board of Trustees	November 2013 – present	
Ward Chapin	Independent	January 2013 – present	Next Generation Board Project Governance Committee Chair



2013 APS BOARD OF DIRECTORS

Standing (L-R):

Scott Kashuba
Garth Sherwin
Rosemarie McClean
Chris Archibald
Mike Mahar
Mark Prefontaine
Roger Rosychuk

Seated (L-R):

Ward Chapin
Bonnie Andriachuk
Al Mondor (Chair)



2013 APS EXECUTIVE

(L-R):

David Lawrence
Lesley Bowering
Brian Luterbach
Dennis Gartner
Karen Adams
Doug Woloshyn



Cover
Cursharan (left)
 APS Quality and Compliance
Helen (right)
 APS Trust Fund Analyst, Financial Services



P01
Steve (left)
 Employer, University of Alberta;
Nathan (right)
 APS Employer Services



P02
Lisa
 APS Learning & Development Advisor



P04
Michael
 APS Learning & Development Advisor



P07
Jamie (left)
 APS Member Services Rep
Dawn (right)
 Member



P08
Mike
 APS Systems Analyst, Application Services



P10
Azina
 Pensioner



P13
Vivian (left)
 APS Quality Assurance, Pension Services
Martin (right)
 APS Software Release Analyst, Quality Assurance



P15
Suzanne
 APS Member Service Representative, Member Services



P18
Roxane
 APS Executive Assistant, Office of the CEO



P21
Beth
 APS Director, Compliance & Quality, Pension Services



P23
David
 APS VP, Member and Employer Services and Plan Operations



P24
Rhonda
 APS Learning & Development Advisor, Pension Services



P26
Naheed (left)
 APS Business Systems Analyst
Sabrina (right)
 Change Management



P27
Erica
 APS Quality and Compliance



P28
Michelle
 APS Member Service Representative II, Pension Services



P30
Colin (left)
 APS Member Service Representative, Member Services
Marian (right)
 Pensioner



P31
Farah
 APS Member Services Representative 2, Member Services



P31
Matthew
 APS Employer Compliance and Process Specialist, Employer Services



P32
Frank
 APS Senior Information Security Analyst, IT Infrastructure



P35
Elise
 APS Employer Services Representative, Employer Services



P36
Andrij
 APS Web Server Administrator, IT Infrastructure



P38
Monica
 APS Plan Board Specialist



P39
 November (left to right)
Trevor, Cam, Troy, Peter, (right back),
John, Colin, Nathan, Sterling



P40
Steve
 Employer, University of Alberta



P57
Christine
 APS Member Services Representative, Member Services



P59
Naheed
 APS Business Systems Analyst



P59
Sterling (left)
 APS Senior Actuarial Analyst, Actuary
Murray (right)
 APS Actuary, Actuary



P59
Caitlin
 APS Information Management Analyst, Application Services



P61
Marie
 APS Business Systems Analyst, Application Services



P61
Louise (left)
 APS Pension Specialist
Naz (right)
 APS Pension Specialist



P61
Doug
 VP Finance & Compliance



P64
Ray
 APS Director, Technology Services, IT Infrastructure



P64
Trish
 APS Quality Assurance



P64
Darlene (left)
 University of Alberta, Employer
Dawn (right)
 University of Alberta, Employer



IBC
 (Corporate Directory)
Jason
 University of Alberta, Employer

CORPORATE DIRECTORY

(at as December 31, 2013)

Karen Adams

President and Chief Executive Officer

Lesley Bowering

Vice President, Policy and Research

Dennis Gartner

Vice President, Plan Board Secretariat

David Lawrence

Vice President, Member and Employer Services and Plan Operations

Brian Luterbach

Vice President, Information Technology

Doug Woloshyn

Vice President, Finance and Compliance

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