



# Local Authorities Pension Plan (LAPP)

Human Resources  
Policy L13

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<b>Policy:</b>	L13 – Local Authorities Pension Plan (LAPP)
<b>Policy Department(s):</b>	Human Resources
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## Policy Purpose

To establish a policy for the administration of the Local Authorities Pension Plan (LAPP). In the event that this policy conflicts with current legislation, the legislation will prevail.

## Policy Statement

The Local Authorities Pension Plan (LAPP) is a defined benefit pension plan, which means that eligible employees will receive a pension based on their salary and years of service. The Plan is financed by employee and employer contributions and by earnings on investments made by the LAPP Board of Trustees.

## Definitions

“Casual employee” means an employee who does not have regular work hours. A casual employee generally works an irregular schedule or on a call-in basis and is generally not directed to be at work on a specific day(s) and time(s).

“County” means the municipality of the County of Grande Prairie No. 1 having jurisdiction under the Municipal Government Act and other applicable legislation.

“LAPP” means the Local Authorities Pension Plan, a defined benefit pension plan established for employees of local authorities in Alberta, jointly-sponsored by employees (LAPP members) and employers (LAPP employers) who pay into the plan. LAPP Corporation is the administrator and trustee of the Plan and is overseen by the Corporate Board of Directors. Pension administration services are provided by Alberta Pensions Services Corporation and the plan’s funds are invested by Alberta Investment Management Corporation.

“LAPP Sponsor Board” means the Board of Directors made up jointly of representatives of LAPP members and LAPP employers which makes decisions related to pension benefits, eligibility rules and contributions.

“Long Service Bonus Payment” means a payment made annually in December to an employee with ten (10) or more years of consecutive service to recognize employee long service. The payment is equal to 3.5% of base salary.



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“Part Time employee” means a permanent employee who works less than 30 hours per week. Part Time employees are employed on a regular basis, but do not work full time.

“Permanent employee” means an employee whose employment does not have an established end date.

“Probation period” means the initial six (6) months of employment when an employee is not eligible to participate in LAPP.

“Reciprocal Transfer Agreement” means an agreement between LAPP and a number of public sector pension plans throughout Canada allowing an employee to transfer the service earned in another plan into LAPP.

“The Plan” means the Local Authorities Pension Plan.

“Workers Compensation Board of Alberta” means the corporation that provides compensation to workers who suffer workplace-related injuries and illnesses and helps them recover and return to work.

“WCB Lifetime Pensioner” means a person who is in receipt of a lifetime pension from WCB due to a permanent disability resulting in a permanent loss of earning capacity.

## Policy Guidelines

### Eligibility to Participate in the Plan

1. Participation in the Plan is mandatory for all permanent employees who are not in an ineligible employment category as listed in this policy, and who work an average of fourteen (14) or more hours per week.
2. Eligible employees must enroll in the Plan after six (6) months of employment. Employees may buy back the probation period upon enrollment. The cost and process for this will be discussed with the employee by payroll staff upon enrollment.
3. The employee may request, in writing, a payroll deduction to their cheque during the probationary period to purchase the probationary service. The employee requesting purchase of probationary service of LAPP will be responsible for the employee share of costs only, if the employee exercises this right within the first five (5) years following the probationary period of six (6) months. After that time, the employee will be responsible for both the employee and employer portion of the buy back.
4. If the employee is purchasing prior service from a previous employer, or any form of non-qualifying service, such as service in a temporary position, then the employee is responsible for both the employee and employer share of the buy back.
5. Employees who come to work for the County directly (not more than one day break in service excluding weekends and statutory holidays) from another LAPP employer (and were an active member participating in the plan), or those who have worked for the County



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in any capacity prior to becoming eligible to participate in the pension plan will have this prior service taken into account towards the six (6) months' probation period and may be required to enroll immediately. Additionally, if an employee is coming from an employer with a pension plan that has a Reciprocal Transfer Agreement with LAPP and chooses to transfer the funds from their previous plan to LAPP, they may be required to enroll immediately.

6. Employees in the following employment categories are not eligible to participate in the LAPP:
  - 6.1. Temporary employees
  - 6.2. Seasonal employees
  - 6.3. Employees whose employment contracts have an end date
  - 6.4. Casual and Part Time Home Support Workers, Early Childhood Education (ECE) Facilitators and ECE Assistants.
  - 6.5. Casual and Part Time Library Assistants
  - 6.6. Casual and Part Time Kennel Attendants
  - 6.7. Part Time Firefighters
  - 6.8. Employees who work fewer than 14 hours per week (averaged annually)
  - 6.9. Employees who would begin participation in the Plan prior to 15 years of age or after the end of the year in which they reach age 71
  - 6.10. Employees who receive a monthly pension from LAPP based on their previous participation in the Plan.
7. Participation in the Plan stops after thirty-five (35) years of service has been accumulated.
8. If an employee moves from an eligible to ineligible employment category, or vice versa, they must be terminated from the Plan or participate respectively, as per LAPP's rules.

### Pensionable Service

9. The number of hours worked in a year to equal one (1) year of pensionable service is as follows, based on employment contract size:

Number of Weekly Hours	Number of Hours to accrue one year of pensionable service
35 hours/week	1820 hours
40 hours/week	2080 hours
42 hours/week	2080 hours
44 hours/week	2080 hours



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10. For LAPP purposes, a permanent full-time grader operator receiving a minimum salary will accumulate a maximum of thirty-two (32) hours per pay period towards the pensionable service base of 2080 per year.
11. A normal working year is a payroll posting year. An employee cannot accrue more than one (1) year of pensionable service in a payroll posting year.

## **Pension Contributions while on Leave of Absence**

12. Employees on paid leave of absence will continue contributions to the pension plan.
13. Employees on unpaid leave of absence such as personal unpaid leave of absence, maternity/paternity leave of absence, or long-term disability have the option of contributing. Employees may contribute during the leave or buy back the service upon return to work or once the year end costing has been generated.
14. Employee and employer contributions continue while an employee is in receipt of Workers Compensation Board of Alberta (WCB) payments, but not in the case of a Lifetime WCB Pensioner.
15. Employer contributions for all combined leaves are limited to a maximum of one (1) year. In excess of one (1) year, the employee may buy back the service by paying both the employee and the employer contributions until the maximum leave period buybacks have occurred based on LAPP's rules.

## **Pensionable Salary**

16. Pensionable salary includes an employee's regular gross basic pay for the performance of the regular duties of employment.
17. Long Service Bonus payments are pensionable earnings.
18. It does not include non-regular earnings including, but not limited to, overtime pay, on-call pay, shift differential pay, weekend premium pay, acting pay, vacation pay that is paid in a lump sum, statutory holiday pay for statutory holidays falling on an unscheduled workday, travel allowances, retiring allowances, or vehicle allowances.

## **LAPP Administration**

19. Pension contributions are non-taxable deductions.
20. Contribution rates for employees and employers are determined by the LAPP Sponsor Board.
21. A member is vested in the pension plan immediately, which means they are entitled to a lifetime pension at retirement.
22. Pension plan benefits are administered through the LAPP in accordance with LAPP's rules.



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## Retirement

23. Retiring employees should complete the LAPP's Retirement Application Form available on the LAPP website three (3) months prior to their retirement date to avoid delay in receiving their first pension payment. As this application includes a section to be completed by the employer, the employee must notify their supervisor in writing of their intended retirement date.

## Attachments

N/A

## References

<b>Legal Authorities</b>	Employment Pension Plans Act Joint Governance of Public Sector Pension Plans Act
<b>Related Plans, Bylaws, Policies, Etc.</b>	Policy B1 – Policy Development Policy L3 – Grader Operators Minimum Wage During Snowplowing Season Policy L5 – Salary and Wage Administration Policy L7 – Personnel
<b>Other</b>	N/A

## Revision History

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