



Highlights of the May 17, 2024, Trustees' Meeting

1. RESERVES

- Each fiscal year end (December 31), ASEBP must establish regular reserves to:
 - Ensure that promised benefits will be paid in the event of an interruption of premiums or a partial wind-up of a benefit plan; and
 - Reflect the impact of claims in the year in which they occurred.
- The ASEBP Trustees set reserve requirements at approximately \$476M (\$491M in the prior year). Liabilities have decreased primarily due to favourable experience in the Extended Disability Benefits (EDB) Plan.
- Most reserves relate to future payments of EDB claims, as ASEBP must set aside enough money to pay each claim for as long as required, sometimes until the member turns 65. Since the bulk of this money will be paid out at some point in the future, reserves have an opportunity to earn investment income. The expected investment income is also factored in when determining reserve requirements. As at December 31, 2023, the reserves were fully funded and invested with a variety of investment managers.

ASEBP TRUSTEES

Daryl Scott, Chair
James Gerun, Vice-Chair
Meagan Kuik
Judy Muir
Brett Nixon
Kim Pasula
Rob Pirie
Natashya Shewchuk
Morey Terry
Brad Toone

CHIEF EXECUTIVE OFFICER

Kelli Littlechilds

2. FINANCIAL HEALTH

- ASEBP measures its financial health through the use of ratios under its Capital Adequacy Policy and the related Capital Adequacy Reserve. The intent of this reserve is to provide financial stability during unusual times.
- ASEBP's Capital Adequacy Policy identifies how much capital ASEBP reasonably requires under unusual circumstances. The Policy is based on the premise that capital adequacy is more than simply being able to meet day-to-day expenses or being solvent—ASEBP has a number of measures in place to protect the plan from risks associated with regular operations. These include having reserves for future disability payments, analyzing past claims experience, and projecting expected changes including margins to account for some degree of fluctuation, etc. The Capital Adequacy Reserve is in addition to all regular reserves.
- The financial framework captured in the Capital Adequacy Policy strives to establish an appropriate balance between assets and liabilities, thus helping the ASEBP Trustees determine when ASEBP has sufficient financial resources to meet specific risks that may impact overall financial performance during unusual times. These risks are related to asset, reserve, and claims variability:
 - Asset variability takes into account the market value of investments and other assets held by ASEBP, which can be subject to significant variation.



ASEBP Trustees' Report

- Reserve variability takes into account the impact of changes to the number of EDB claims on related reserves, which make up nearly 90% of ASEBP liabilities.
- Claims variability takes into account the possibility of an unusual fluctuation in claims.

A factor of financial risk has been assessed for each of these areas of variability to determine total capital requirements. The greatest amount of potential variability for ASEBP typically comes from assets, followed by reserves, then in-year claims.

- The funded ratio of the plan is the ratio of total available assets recognized on the balance sheet divided by the total liabilities. This captures the extent that the total plan is funded or unfunded. For example, a funded ratio of 110% would indicate the plan has 10% more assets than liabilities, whereas a funded ratio of 90% would indicate that the plan assets are 10% lower than the plan liabilities. Pension plans and many other self-funded disability plans and trusts consider their funded ratio when looking at the overall funding levels of the plan.
- In addition to the funded ratio, there is a target funded ratio, which is the funding level that would be calculated if both the plan's liabilities and Capital Adequacy Reserve were fully funded.
- The plan actuary calculated that, as of December 31, 2023, the funded ratio is 116% while the target funded ratio is 121%. Overall, ASEBP's financial health continues to be good.

3. APPOINTMENTS

- The ASEBP Trustees appointed Rob Pirie to the Extended Disability Benefits Appeal Committee. Other members and alternates include Natashya Shewchuk, Judy Muir, Meagan Kuik, Shelley Russell, and Kevin Smith.
- The ASEBP Trustees appointed Brad Toone as an Executive Appeal Committee alternate member. Other members and alternates include Daryl Scott, James Gerun, Natashya Shewchuk, Shelley Russell, and Mark Tisdale.
- The Audit & Risk Committee members and alternates include Brett Nixon, Kim Pasula, Morey Terry, and Brad Toone.
- The Executive & Governance Committee includes the Chair, Daryl Scott, and Vice-Chair, James Gerun.

4. SUMMER BREAK

- The ASEBP Trustees will be breaking for the end of the school year and wish everyone a wonderful and safe summer. Reports will resume in September 2024.



ASEBP Trustees' Report

The ASEBP Trustees' Report provides an overview of topics discussed at all ASEBP Trustees' Meetings. These meetings provide the opportunity for ASEBP Trustees to come together to discuss matters of importance at ASEBP—from the financial health of the benefit plan to the introduction of new benefits and programs. While all information in each report is an accurate account of decisions made at the meetings, there can be changes that occur between first and second readings of certain topics, which may result in differences between their reporting. To learn more about the ASEBP Trustees, please visit the Governance page, found in the About section of our website, asebp.ca.

Allendale Centre East ○ Suite 301, 6104-104 Street NW ○ Edmonton, AB T6H 2K7
Phone: 780-438-5300 ○ Email: trustees@asebp.ca ○ Website: asebp.ca
