



# 2024 - 2025 ANNUAL REPORT

JUDGES PENSION PLANS  YEAR ENDING MARCH 31, 2025

Provincial Judges and Applications Judges  
Registered and Unregistered Pension Plans



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# 1.0 Introduction - Administration

**The Provincial Judges and Applications Judges Registered and Unregistered Pension Plans (referred to collectively as “the Plans” or “the Judges Pension Plans”) are contributory defined benefit pension plans for Justices appointed under the Court of Justice Act and Applications Judges appointed under the Court of King’s Bench Act.**

The Plan was established in 2001 with provisions retroactive to April 1, 1998, replacing the Provincial Judges and Masters in Chambers Pension Plan that was established on September 1, 1988. Effective September 1, 2022, the name of the Plan was amended from the Provincial Judges and Masters in Chambers Registered and Unregistered Pension Plans to the Provincial Judges and Applications Judges Registered and Unregistered Pension Plans. Prior to September 1988, Judges and Masters in Chambers were contributing members of the Public Service Management Pension Plan. The Plans incorporate the pension recommendations arising from the 1998, 2000, 2006, 2009, 2013 and 2017 Judicial Compensation Commissions.

The President of Treasury Board and Minister of Finance (the Minister) is the legal trustee for the Plans, and the Ministry of Treasury Board and Finance (the Ministry) is responsible for the management of the Plan. On behalf of

the Minister, Alberta Pensions Services Corporation (APS) is responsible for the Plans’ administration, and fund investment is managed by Alberta Investment Management Corporation (AIMCo). The Plans are audited annually by the Auditor General of Alberta, and actuarial valuations of the Plans are conducted at least every three years.

Established in 2002, the Judges’ Pension Plans Advisory Committee provides advice to the Minister on the administration of the Plans. Additionally, the Judges’ Pension Plans Investment Committee was formed in 2007 to oversee the investment of the Plans’ funds.

*The Provincial Judges and Applications Judges Registered and Unregistered Pension Plans Regulation sets the Plan rules and is established pursuant to the Court of Justice Act, the Court of King’s Bench Act and the Interpretation Act.*



## Legal Trustee

President of the Treasury Board  
and the Minister of Finance

## Management of Plan

Ministry of Treasury Board and Finance

## Plan Administration

Alberta Pensions Services Corporation (APS)

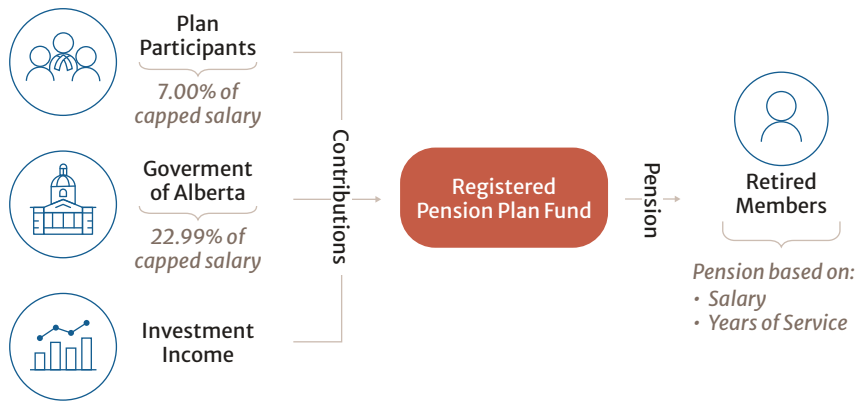
## Fund Investment

Alberta Investment Management Corporation (AIMCo)



## 1.1 Plan Profile

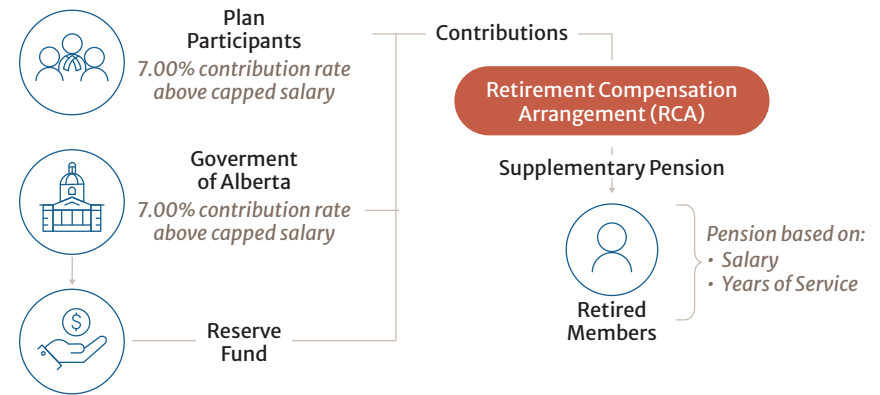
The Plans are financed by contributions from participants and the Government of Alberta (the Province) as well as investment earnings. Upon retirement, members receive a pension benefit based on their salary and years of pensionable service. The Provincial Judges and Applications Judges (Registered) Pension Plan Fund was established to fund the Registered Plan, providing benefits up to the maximum allowed for registered pension plans under federal tax rules.



Effective April 1, 2000, the contribution rate to the Registered Plan for participants is 7.00 per cent (%) of salary below the maximum pensionable salary limit allowed for registered plans under the Income Tax Act (capped salary). The Province funds the remaining costs, and the contribution rate in effect at March 31, 2025, is 22.99% (2024: 22.99%) of capped salary.

The *Retirement Compensation Arrangement (RCA) Fund* and Reserve Fund have been established to fund the Unregistered Plan, to provide benefits in excess of the pensionable salary limits. An RCA is, under federal tax rules, an approved means of providing a supplementary pension above the registered plan limits. It is administered separately from the Registered Plan Fund.

The RCA Fund is also funded by contributions from both participants and the



Province. The contribution rate in effect at March 31, 2025, is 7.00% (7.00% in 2024) of pensionable salary in excess of the capped salary allowed under the federal Income Tax Act. The contribution rate for the Province must equal or exceed the rate payable by participants.

Due to the tax treatment of the RCA Fund, contributions to and investment income from the RCA Fund are not large enough to provide for all the expected future benefit payments from the Unregistered Plan. As a result, the Province has established a Reserve Fund. The Reserve Fund is a separate, regulated fund administered by the Province and reported in the President of Treasury Board and Minister of Finance's consolidated financial statements and annual report. Only the Province makes contributions to the Reserve Fund, which are then invested and held in reserve to meet future benefit payments.



As of March 31, 2025, the current service costs funded by the Province to the Reserve Fund are contributed at a rate of 56.76% (2024: 56.76%) of salary in excess of capped salary. In addition, annual payments by the government of \$nil (2024: \$684,000) are made to the unfunded liability of the Unregistered Plan. Together, the Registered Plan and Unregistered Plan provide a pension based on 2.0% of a member's average of the highest consecutive years of pensionable salary for years of pensionable service before April 1, 1998; 2.67% of a member's average of the highest consecutive years of pensionable salary for years of pensionable service between April 1, 1998 to March 31, 2000; and 3.0% of a member's average of the highest consecutive years of pensionable salary for years of pensionable service after March 31, 2000. If a member terminated prior to April 1, 2006, the highest average salary for pensionable service prior to April 1, 1998, is the average of the five highest consecutive years and for after March 31, 1998, the three highest consecutive years. If a member was terminated after March 31, 2006,

the highest average salary for pensionable service is the average of the three highest consecutive years. Members attain their maximum benefit accrual date when their benefit accrual percentage reaches 70%.

Members are able to retire with an unreduced pension as early as age 60 if their age and years of pensionable service total at least 80, or from December 31 in the year the member attained age 71. Members can retire with a reduced pension at age 55 if they have at least five years of pensionable service. The Plan design results in all active members participating in both the Registered Plan and the Unregistered Plan. Judges who retired prior to April 1998 do not receive the supplemental benefit.

As of March 31, 2025, the Registered Plan has 126 active participants and 4 inactive participants, all of whom also participate in the Unregistered Plan. The Registered Plan has 206 pensioners and beneficiaries, while the Unregistered Plan has 200 pensioners and beneficiaries.





## 1.2 Judges' Pension Plan Committees

Established in 2002, the Judges' Pension Plans Advisory Committee consists of five representatives—one member from Alberta Treasury Board and Finance, two members from Alberta Justice and Solicitor General, and two non-voting members of the judiciary.

The Advisory Committee provides advice to the President of Treasury Board and Minister of Finance on administration of the Plans.

The Judges' Pension Plans Investment Committee was established in 2007. The Committee consists of three representatives: two members from Alberta Treasury Board and Finance and one member from the Alberta Justice and Solicitor General. The Committee's mandate is to approve the investment policies and oversee investment of the Plans' funds.

## 2.0 Contributions

### 2.1 Registered Plan

The schedule below summarizes contributions to the Registered Plan for the year ending March 31, 2025.

| Active Participants<br>at March 31, 2025 | Contributions Received<br>In the Year Ended March 31, 2025 |                                |                         | Year Ended<br>March 31, 2024 |
|------------------------------------------|------------------------------------------------------------|--------------------------------|-------------------------|------------------------------|
|                                          | Province<br>(\$ thousands)                                 | Participants<br>(\$ thousands) | Total<br>(\$ thousands) | Total<br>(\$ thousands)      |
| 126                                      | 4,912                                                      | 1,570                          | 6,482                   | 6,284                        |

### 2.2 Unregistered Plan

The schedule below summarizes contributions to the RCA Fund as well as the Reserve Fund for the year ending March 31, 2025.

|              | In the Year Ended<br>March 31, 2025 |                                |                         | Year Ended<br>March 31, 2024 |
|--------------|-------------------------------------|--------------------------------|-------------------------|------------------------------|
|              | Province<br>(\$ thousands)          | Participants<br>(\$ thousands) | Total<br>(\$ thousands) | Total<br>(\$ thousands)      |
| RCA Fund     | 1,491                               | 1,494                          | 2,985                   | 3,196                        |
| Reserve Fund | 12,177                              | –                              | 12,177                  | 13,537                       |



## 2.3 Pension Benefits

During the year ending March 31, 2025, pension benefits paid from the Registered Plan totalled \$10,218,000 to 206 pensioners, pension partners and beneficiaries (2024: \$9,933,000 to 197 pensioners, pension partners and beneficiaries). Pension benefits paid from the Unregistered Plan totalled \$13,961,000 to 200 pensioners, pension partners and beneficiaries (2024: \$12,934,000 to 191 pensioners, pension partners and beneficiaries).

On January 1, 2025, a Cost-of-Living Adjustment (COLA) was granted to those pensioners and beneficiaries in receipt of a pension. COLA is calculated at 60% of the increase in the Alberta Consumer Price Index (ACPI) for Judges who terminated prior to April 1, 2009, and on January 1, 2025, 1.74% (2024: 2.34%). If a Judge terminated after March 31, 2009, their COLA is calculated at 100% of the increase in the ACPI and on January 1, 2025, was 2.90% (2024: 3.90%).





## Actuarial Valuation

**The Provincial Judges and Applications Judges Registered and Unregistered Pension Plans Regulation requires that an actuarial valuation be completed at least every three years.**

An actuarial valuation of the Registered Plan was completed as at March 31, 2024, by George and Bell Consulting. The estimated accrued liability of the Registered Plan at March 31, 2025, is \$168.0 million (2024: \$168.4 million). The net assets available for benefits at March 31, 2025, are \$197.3 million (2024: \$183.7 million), producing an estimated surplus of \$29.3 million (2024: surplus of \$15.2 million).

An actuarial valuation of the Unregistered Plan was completed as at March 31, 2024, by George and Bell Consulting. The estimated accrued liability of the Unregistered Plan at March 31, 2025, is \$281.6 million (2024: \$271.6 million). The Unregistered Plan showed net assets available for benefits of \$332.6 million at March 31, 2025 (2024: \$304.3 million), and an estimated surplus of \$51.0 million (2024: \$32.7 million).

**Registered Plan  
Estimated Accrued Liability**  
**\$168.0 million**

**Registered Plan  
Available Net Assets**  
**\$197.3 million**

**Unregistered Plan  
Estimated Accrued Liability**  
**\$281.6 million**

**Unregistered Plan  
Available Net Assets**  
**\$332.6 million**

## 2.4 Administration

APS' administration expenses for the year ending March 31, 2025, are \$244,000 (2024: \$186,000) for the Registered Plan and \$219,000 (2024: \$164,000) for the Unregistered Plan.





## 3.0 Investments – Registered Plan

### 3.1 Investment Performance

The Registered Plan's investments gained 9.7% in 2024–25, underperforming the benchmark's return of 10.0% by 0.3%. The Plan achieved strong positive returns of 14.5% in equities and 13.1% in Infrastructure for the year, driven by favourable market movements. However, the overall performance was tempered by real estate returns at (0.1%) and renewable resources returns at 0.5%.

Alberta Treasury Board and Finance (ATBF) estimates a long-term investment rate of return of 5.4% per annum. Over the past 20 years, the Registered Plan's investments earned an average return of 6.8% per annum and 7.3% since inception.

#### Investment Returns

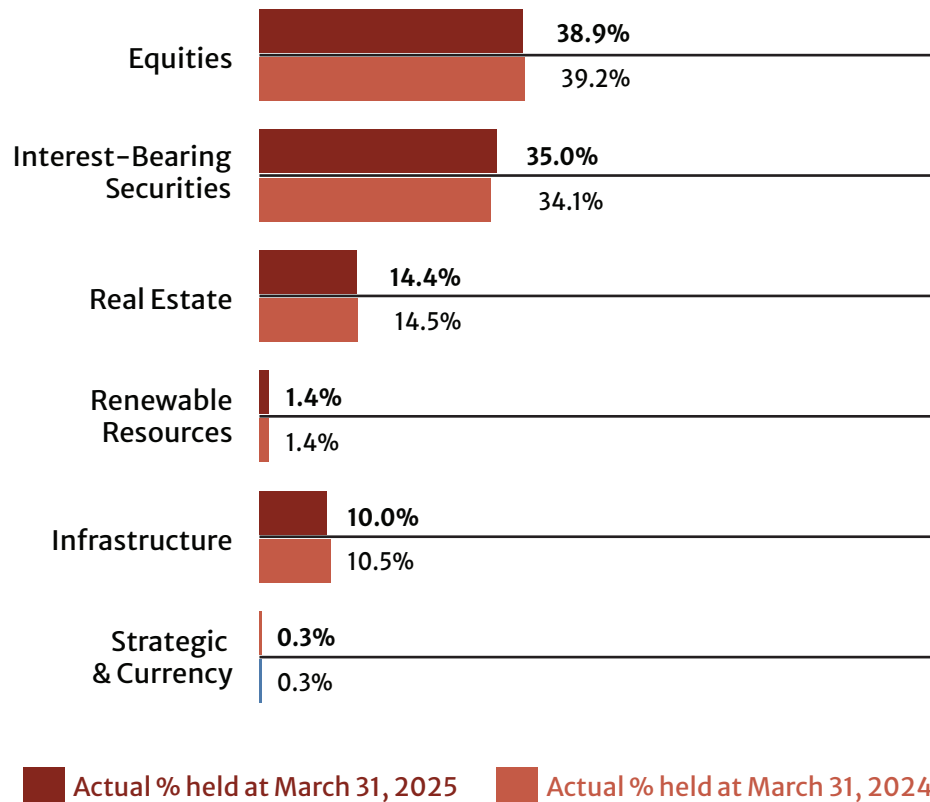
For the Years Ending March 31 (in percent)

|                       | Average Annualized Returns |         |         |         |         |         |          |          |
|-----------------------|----------------------------|---------|---------|---------|---------|---------|----------|----------|
|                       | 2024–25                    | 2023–24 | 2022–23 | 2021–22 | 4 Years | 8 Years | 20 Years | Lifetime |
| Overall Actual Return | 9.7                        | 7.8     | 1.4     | 7.7     | 6.6     | 6.2     | 6.8      | 7.3      |
| Policy Benchmark      | 10.0                       | 9.1     | (0.4)   | 5.3     | 5.9     | 6.3     | 6.6      | 7.1      |
| Value (Lost) Added    | (0.3)                      | (1.3)   | 1.8     | 2.4     | 0.7     | (0.1)   | 0.2      | 0.2      |



## 3.2 Asset Allocation

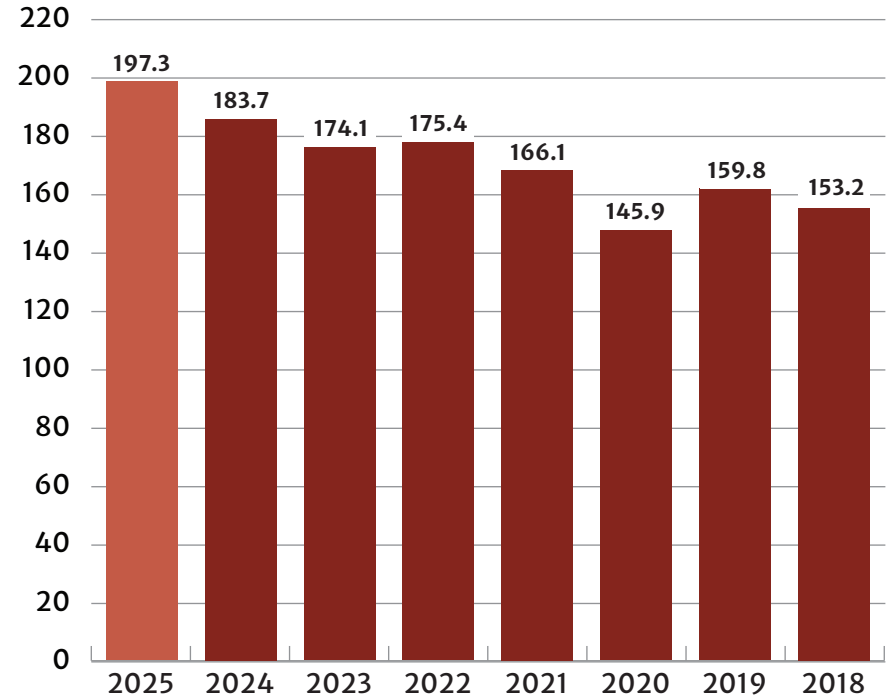
The Registered Plan's assets are allocated to capture the historically higher rates of return from equities. The chart below compares the Registered Plan's actual asset mix at March 31, 2025, to the actual asset mix held at March 31, 2024. During the year, the Plan's investments had strong performance in equities and some improvement in interest-bearing securities portfolios.



## 3.3 Change in Net Assets

The income earned by the investments this year was sufficient to offset the excess of benefits paid over contributions received. At March 31, 2025, net assets available to pay benefits in the Registered Plan totalled \$197.3 million, up \$13.6 million, or 7.4%, from \$183.7 million at March 31, 2024. The increase includes net investment income of \$17.6 million, after fees, along with a \$4.0 million shortfall, where benefits paid and administrative expenses exceeded contributions received.

### Net Assets Available for Benefits at March 31, 2025 (in \$ millions)





## 4.0 Investments – Unregistered Plan

The Unregistered Plan, which is a Retirement Compensation Arrangement (RCA) under the federal *Income Tax Act*, consists of two accounts: the RCA Fund and a refundable tax account. Half of the contributions from Provincial Judges and Applications Judges Pension Plan and the Province are deposited into the RCA Plan. The other half of the contributions and 50% of the RCA Fund's realized investment income are forwarded to the Canada Revenue Agency and held in a refundable tax account. The refundable tax account does not earn interest. Refundable income tax is returned to the Unregistered Plan at the same rate when pension benefits are paid to participants and beneficiaries.

Additionally, due to the tax treatment of the Unregistered Plan, contributions to and investment income from the RCA Fund are not large enough to provide for all expected future benefit payments. As a result, the Government of Alberta established a regulated Reserve Fund, which is administered by ATBF. Contributions are collected from the Government only; the funds are invested and then reserved to meet future benefits of the Unregistered Plan.

### 4.1 Investment Performance

The Unregistered Plan posted an overall return of 9.7%, compared to the policy benchmark gain of 9.7%, resulting in a value added by active management of 0.0%. The Unregistered Plan has 4-year and 8-year annualized returns of 6.3% and 6.0% respectively. ATBF estimates a long-term annualized investment rate of return of 5.5% per annum.

#### Unregistered Plan Overall Return

9.7%

#### Value Added from Investment Management

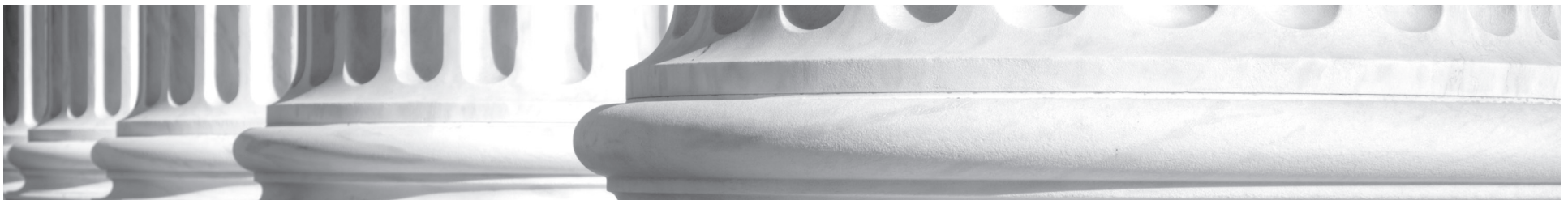
0.0%

#### Four-Year Annualized Return

6.3%

#### Eight-Year Annualized Return

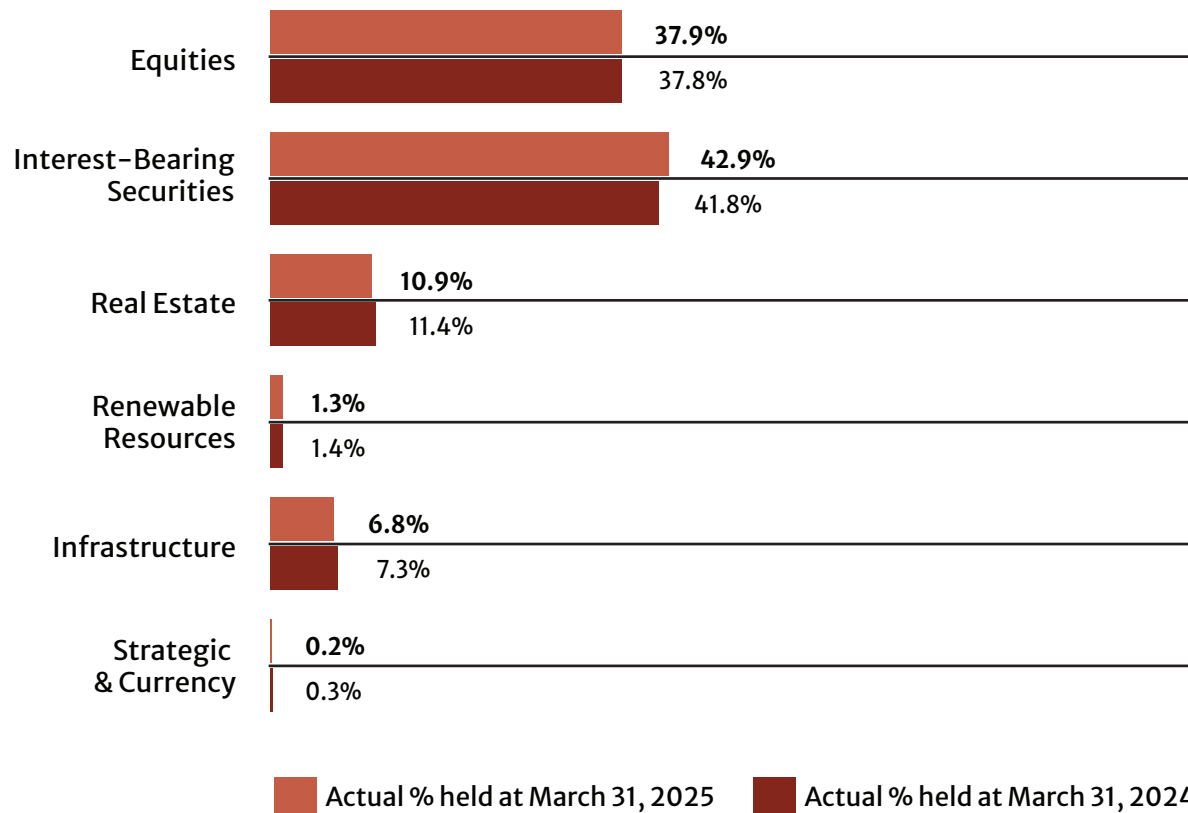
6.0%





## 4.2 Asset Allocation

The chart below compares the actual asset mix of the Unregistered Plan, including the Reserve Fund, at March 31, 2025 against the actual asset mix at March 31, 2024. The increase in equities and interest-bearing securities offsets the decreases in real estate and renewable resources.





## 4.3 Net Assets Available for Benefits

The table below summarizes the composition of the Unregistered Plan at March 31, 2025.

**Summary of Net Assets Available for Benefits at March 31, 2025**  
(in \$ millions)

|                                    | Reserve Fund |       | RCA Fund |       | Total    |
|------------------------------------|--------------|-------|----------|-------|----------|
| <b>Interest-bearing securities</b> | \$           | 127.5 | \$       | –     | \$ 127.5 |
| Deposits and short-term securities |              | 6.3   |          | 0.0   | 6.3      |
| Bonds and mortgages                |              | 121.2 |          | 0.0   | 121.2    |
| <b>Equities</b>                    |              | 112.4 |          | 0.0   | 112.4    |
| Canadian equities                  |              | 41.5  |          | 0.0   | 41.5     |
| Foreign equities                   |              | 70.9  |          | 0.0   | 70.9     |
| <b>Inflation sensitive</b>         |              | 56.6  |          | 0.0   | 56.6     |
| Real estate                        |              | 32.5  |          | 0.0   | 32.5     |
| Infrastructure                     |              | 20.2  |          | 0.0   | 20.2     |
| Renewable resources                |              | 3.9   |          | 0.0   | 3.9      |
| <b>Strategic and currency</b>      |              | 0.7   |          | 0.0   | 0.7      |
| <b>Total investments</b>           |              | 297.2 |          | 0.0   | 297.2    |
| Cash                               |              | 20.6  |          | 0.1   | 20.7     |
| Accounts payable, net              |              | 0.0   |          | (1.1) | (1.1)    |
| Income tax refundable              |              | 0.0   |          | 15.8  | 15.8     |
| <b>Net assets</b>                  | \$           | 317.8 | \$       | 14.8  | \$ 332.6 |

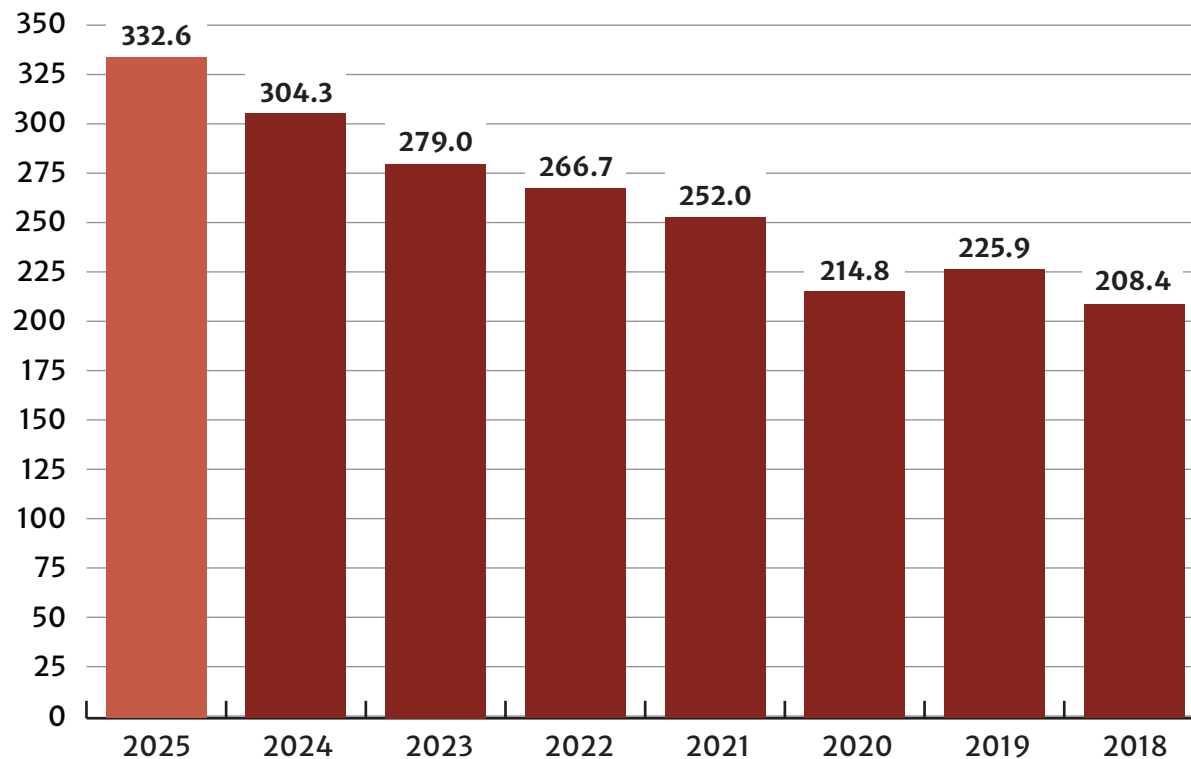


## 4.4 Change in Net Assets

At March 31, 2025, net assets available to pay benefits in the Unregistered Plan totaled \$332.6 million, up \$28.3 million, or 9.3%, from \$304.3 million at March 31, 2024. The increase includes investment and interest income of \$27.3 million, net of investment expenses, as well as contributions exceeding benefits paid and administrative expenses by \$1.0 million.

### Net Assets Available for Benefits at March 31, 2025

(in \$ millions)





# Provincial Judges and Applications Judges Registered and Unregistered Pension Plans

## Financial Statements Year Ended March 31, 2025

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## Independent Auditor's Report



To the President of Treasury Board and Minister of Finance

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of the Provincial Judges and Applications Judges Registered Pension Plan and the Provincial Judges and Applications Judges Unregistered Pension Plan (the Plans), which comprise the statements of financial position as at March 31, 2025, and the statements of changes in net assets available for benefits, and changes in pension obligation for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plans as at March 31, 2025, and the changes in the Plans' net assets available for benefits, and changes in the Plans' pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

#### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Plans in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.



### **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Plans' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plans' financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Plans' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plans' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Plans to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

June 5, 2025  
Edmonton, Alberta



## Statements of Financial Position

As at March 31, 2025

|                                          | Judges Registered<br>Pension Plan<br>Note 1a<br>(\$ thousands) |                   | Judges Unregistered<br>Pension Plan<br>Note 1a<br>(\$ thousands) |                   |
|------------------------------------------|----------------------------------------------------------------|-------------------|------------------------------------------------------------------|-------------------|
|                                          | 2025                                                           | 2024              | 2025                                                             | 2024              |
| <b>Net assets available for benefits</b> |                                                                |                   |                                                                  |                   |
| <b>Assets</b>                            |                                                                |                   |                                                                  |                   |
| Cash (Note 3)                            | \$ 459                                                         | \$ 216            | \$ 58                                                            | \$ 143            |
| Investments (Note 4)                     | 196,938                                                        | 183,366           | -                                                                | -                 |
| Other receivable                         | 4                                                              | 125               | -                                                                | 121               |
| Income tax refundable                    | -                                                              | -                 | 15,760                                                           | 13,987            |
| Due from Reserve Fund (Note 6)           | -                                                              | -                 | 317,866                                                          | 291,366           |
| <b>Total assets</b>                      | <b>197,401</b>                                                 | <b>183,707</b>    | <b>333,684</b>                                                   | <b>305,617</b>    |
| <b>Liabilities</b>                       |                                                                |                   |                                                                  |                   |
| Accounts payable                         | 104                                                            | 51                | 1,098                                                            | 1,335             |
| Payable from purchase of investments     | 1                                                              | -                 | -                                                                | -                 |
| <b>Total liabilities</b>                 | <b>105</b>                                                     | <b>51</b>         | <b>1,098</b>                                                     | <b>1,335</b>      |
| <b>Net assets available for benefits</b> | <b>\$ 197,296</b>                                              | <b>\$ 183,656</b> | <b>\$ 332,586</b>                                                | <b>\$ 304,282</b> |
| <b>Pension obligation and surplus</b>    |                                                                |                   |                                                                  |                   |
| Pension obligation (Note 7)              | \$ 168,028                                                     | \$ 168,420        | \$ 281,579                                                       | \$ 271,580        |
| Surplus (Note 8)                         | 29,268                                                         | 15,236            | 51,007                                                           | 32,702            |
| <b>Pension obligation and surplus</b>    | <b>\$ 197,296</b>                                              | <b>\$ 183,656</b> | <b>\$ 332,586</b>                                                | <b>\$ 304,282</b> |

*The accompanying notes are part of these financial statements.*



## Statements of Changes in Net Assets Available for Benefits

Year ended March 31, 2025

|                                                               | Judges Registered<br>Pension Plan<br>(\$ thousands) |                   | Judges Unregistered<br>Pension Plan<br>(\$ thousands) |                   |
|---------------------------------------------------------------|-----------------------------------------------------|-------------------|-------------------------------------------------------|-------------------|
|                                                               | 2025                                                | 2024              | 2025                                                  | 2024              |
| <b>Increase in assets</b>                                     |                                                     |                   |                                                       |                   |
| Contributions (Note 9)                                        |                                                     |                   |                                                       |                   |
| Employers                                                     | \$ 4,912                                            | \$ 4,729          | \$ 1,491                                              | \$ 1,598          |
| Employees                                                     | 1,570                                               | 1,439             | 1,494                                                 | 1,598             |
| Province of Alberta                                           | -                                                   | 116               | -                                                     | -                 |
| Investment income (Note 10)                                   |                                                     |                   |                                                       |                   |
| Income                                                        | 13,872                                              | 14,314            | -                                                     | -                 |
| Increase in fair value                                        | 4,840                                               | 164               | -                                                     | -                 |
| Interest income                                               | -                                                   | -                 | 261                                                   | 261               |
| Transfers from the Reserve Fund                               | -                                                   | -                 | 12,760                                                | 4,197             |
| Increase in due from Reserve Fund                             | -                                                   | -                 | 26,500                                                | 30,893            |
|                                                               | 25,194                                              | 20,762            | 42,506                                                | 38,547            |
| <b>Decrease in assets</b>                                     |                                                     |                   |                                                       |                   |
| Benefit payments (Note 12)                                    | 10,218                                              | 9,933             | 13,961                                                | 12,934            |
| Investment expenses (Note 13)                                 | 1,092                                               | 1,086             | 22                                                    | 23                |
| Interest expense                                              | -                                                   | -                 | -                                                     | 180               |
| Administrative expenses (Note 14)                             | 244                                                 | 186               | 219                                                   | 164               |
|                                                               | 11,554                                              | 11,205            | 14,202                                                | 13,301            |
| <b>Increase in net assets</b>                                 | 13,640                                              | 9,557             | 28,304                                                | 25,246            |
| <b>Net assets available for benefits at beginning of year</b> | 183,656                                             | 174,099           | 304,282                                               | 279,036           |
| <b>Net assets available for benefits at end of year</b>       | <u>\$ 197,296</u>                                   | <u>\$ 183,656</u> | <u>\$ 332,586</u>                                     | <u>\$ 304,282</u> |

*The accompanying notes are part of these financial statements.*



## Statements of Changes in Pension Obligation

Year ended March 31, 2025

|                                                      | Judges Registered<br>Pension Plan<br>(\$ thousands) |                   | Judges Unregistered<br>Pension Plan<br>(\$ thousands) |                   |
|------------------------------------------------------|-----------------------------------------------------|-------------------|-------------------------------------------------------|-------------------|
|                                                      | 2025                                                | 2024              | 2025                                                  | 2024              |
| <b>Increase in pension obligation</b>                |                                                     |                   |                                                       |                   |
| Interest accrued on benefits                         | \$ 8,952                                            | \$ 8,695          | \$ 14,869                                             | \$ 13,961         |
| Benefits earned                                      | 4,948                                               | 5,042             | 11,488                                                | 10,598            |
| Net experience losses                                | -                                                   | 249               | -                                                     | 4,069             |
|                                                      | 13,900                                              | 13,986            | 26,357                                                | 28,628            |
| <b>Decrease in pension obligation</b>                |                                                     |                   |                                                       |                   |
| Benefit payments                                     | 10,218                                              | 9,933             | 13,961                                                | 12,934            |
| Decrease due to actuarial assumption changes         | -                                                   | 2,130             | -                                                     | 3,826             |
| Net experience gains                                 | 4,074                                               | -                 | 2,397                                                 | -                 |
|                                                      | 14,292                                              | 12,063            | 16,358                                                | 16,760            |
| <b>Net (decrease) increase in pension obligation</b> | (392)                                               | 1,923             | 9,999                                                 | 11,868            |
| <b>Pension obligation at beginning of year</b>       | 168,420                                             | 166,497           | 271,580                                               | 259,712           |
| <b>Pension obligation at end of year (Note 7)</b>    | <u>\$ 168,028</u>                                   | <u>\$ 168,420</u> | <u>\$ 281,579</u>                                     | <u>\$ 271,580</u> |

*The accompanying notes are part of these financial statements.*



## Notes to the Financial Statements

March 31, 2025  
(all dollar amounts in thousands, unless otherwise stated)

### NOTE 1 SUMMARY DESCRIPTION OF THE PLANS

The following description of the Provincial Judges and Applications Judges (Registered) Pension Plan (Judges Registered Pension Plan) and the Provincial Judges and Applications Judges (Unregistered) Pension Plan (Judges Unregistered Pension Plan) is a summary only. The Judges Registered Pension Plan and the Judges Unregistered Pension Plan, collectively, are contributory defined benefit plans for Justices appointed under the *Court of Justice Act* and Applications Judges appointed under the *Court of King's Bench Act*. For a complete description of the plans, reference should be made to the *Provincial Judges and Application Judges Registered and Unregistered Pension Plans*, Alberta Regulation 196/2001, as amended, which is established pursuant to the *Court of Justice Act*, Revised Statutes of Alberta 2000, Chapter C-30.5, the *Court of King's Bench Act*, Revised Statutes of Alberta 2000, Chapter C-31 and the *Interpretation Act*, Revised Statutes of Alberta 2000, Chapter I-8. The plans are administered and accounted for by the Province of Alberta (Province) separately; however, the regulation allows for the financial reporting of both plans to be combined within the same report.

#### a) General

The plans were established with effect from April 1, 1998. The Judges Registered Pension Plan's registration number under the *Income Tax Act* is 0927764. The Judges Registered Pension Plan provides benefits up to certain maximums allowed for registered pension plans under the *Income Tax Act* and *Income Tax Regulations*. The Judges Unregistered Pension Plan is a retirement compensation arrangement (RCA) under the *Income Tax Act* and *Income Tax Regulations* that provides benefits in excess of those maximums.

The Judges Registered Pension Plan and The Judges Unregistered Pension Plan are financed by contributions from members and the Province as well as investment earnings. Due to the tax treatment of the RCA, contributions from the RCA are not large enough to provide for all of the expected future benefit payments from the Judges Unregistered Pension Plan. As a result, the Province has established the Provincial Judges and Applications Judges Reserve Fund (Reserve Fund) (see Note 6) to collect contributions from the Province. These contributions are provided by the Ministry of Justice. The President of Treasury Board and Minister of Finance is the legal trustee of both plans, and Alberta Treasury Board and Finance is management of both plans for the purpose of these financial statements.

#### b) Funding Policy

The Judges Registered Pension Plan current service costs are funded by the Province and members at rates which are expected to provide for all benefits payable under the Judges Registered Pension Plan. The rates in effect at March 31, 2025 were unchanged at 7.00% of capped salary for members and 22.99% (2024: 22.99%) of capped salary for the Province. In addition, annual payments by the Province of \$nil (2024: \$116) have been made towards the unfunded liability of the Judges Registered Pension Plan. The rates are reviewed at least once every three years by the Province based on recommendations of the Plan's actuary.



**NOTE 1** SUMMARY DESCRIPTION OF THE PLANS

**CONTINUED**

The Judges Unregistered Pension Plan contribution rates in effect at March 31, 2025 were unchanged at 7.00% of pensionable salary in excess of capped salary for members and 7.00% of the excess salary for the Province. The contribution rate for the Province must equal or exceed the rate payable by members and is set by the President of Treasury Board and Minister of Finance, taking into account recommendations of the Plan's actuary. If assets held in the Judges Unregistered Pension Plan are insufficient to pay for benefits as they become due, the amount due is payable by the Province.

The current service costs funded by the Province to the Reserve Fund were contributed at a rate of 56.76% (2024: 56.76%) of salary in excess of capped salary. In addition, annual payments by the Province to the Reserve Fund of \$nil (2024: \$684) have been made towards the unfunded liability of the Judges Unregistered Pension Plan.

**c) Retirement Benefits**

On or after April 1, 2013, active members are vested when they have earned two or more years of pensionable service or if they have reached December 31<sup>st</sup> of the year in which they attain age 71.

The Judges Registered Pension Plan provides a pension of 2.0% for each year of pensionable service based on the average of the highest five consecutive years of pensionable salary for members that terminated prior to April 1, 2006, and the average of the highest three consecutive years of pensionable salary for members that terminated after March 31, 2006. Pensionable earnings after December 31, 1991 are capped at the maximum pensionable salary limit. The capped salary is set to ensure the benefit accrual is not greater than the defined limit under the *Income Tax Act*.

The maximum benefit accrual percentage allowable under the Judges Registered Pension Plan and Judges Unregistered Pension Plan is 70%. Together the Judges Registered Pension Plan and Judges Unregistered Pension Plan provide a pension based on 2.0% of a member's highest average salary for years of pensionable service before April 1, 1998; 2.67% of a member's highest average salary for years of pensionable service between April 1, 1998 to March 31, 2000; and 3.0% of a member's highest average salary for years of pensionable service after March 31, 2000.

Members are entitled to an unreduced pension on service before April 1, 1998 if they are vested and have attained age 55 at pension commencement.

Members who terminate after March 31, 1998 are entitled to an unreduced pension on service accrued after that date if they are vested and have attained age 60 and the sum of their age (in years) and judicial service equals 80, or their pension commencement is on or after December 31<sup>st</sup> of the year in which they attained age 71. For members who retire before they are entitled to an unreduced pension, pensions are reduced by 3% for each year (with a proration for the portion of any partial year) that the member's pension commencement date falls short of the later of the date the member reaches age 60 and the date in which their age and judicial service equal 80 or, if earlier, December 31<sup>st</sup> of the year in which they attain age 71. Vested members who commence their pension on or after December 31<sup>st</sup> of the year in which they attained age 71 are automatically entitled to an unreduced pension, even if they have not attained their 80 factor.



**NOTE 1** SUMMARY DESCRIPTION OF THE PLANS

CONTINUED

**d) Disability Pensions**

Unreduced pensions are payable to members who become totally disabled and retire early with at least two years of service. Reduced pensions are payable to members who become partially disabled and retire early with at least two years of service.

**e) Death Benefits**

Death benefits are payable on the death of a member who passes away before retirement.

If the member was not vested and had a pension partner, their pension partner will receive an amount equal to the member contributions with interest. If the member did not have a pension partner, the benefit will be paid to their designated beneficiary.

If the member was vested and had a pension partner, their pension partner may choose to receive an unreduced pension for their lifetime or for a term of 5, 10 or 15 years, regardless of the member's age at the time of their death.

If the member was vested, did not have a pension partner, and passed away before age 55, the designated beneficiary will receive an amount equal to the member contributions with interest. If the member passed away after age 55 but before commencing to receive a pension, they will be deemed to have chosen a Single Lifetime Guaranteed at Least 10 Years pension option. Their designated beneficiary will be entitled to receive a monthly pension, commencing the day after the member's death and payable for the duration of the 10-year guaranteed term. Alternatively, the designated beneficiary may choose to be paid the lump sum present value of those monthly pension payments.

**f) Termination Benefits**

Members who terminate and are non-vested receive a refund of their own contributions plus interest. Vested members who terminate and are not immediately entitled to a pension may apply for a deferred pension.

**g) Province of Alberta's Liability for Benefits**

Benefits are payable by the Province if assets are insufficient to pay for all benefits under the plans.

**h) Cost-of-Living Adjustments**

Deferred pensions and pensions payable are increased each year on January 1<sup>st</sup>. For members who terminated prior to April 1, 2009, the cost-of-living increase is equal to 60% of the increase in the Alberta Consumer Price Index. For members who terminated after March 31, 2009, the cost-of-living increase is equal to 100% of the increase in the Alberta Consumer Price Index. Where a member terminates part-way through a calendar year, the cost-of-living increase for that year is prorated based on the number of complete months between the termination date and the end of the year.

**NOTE 2** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

**a) Basis of Presentation**

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans. Both plans have elected to apply International Financial Reporting Standards (IFRS) for accounting policies that do not relate



**NOTE 2** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...

**CONTINUED**

to the investment portfolio or pension obligations. The statements provide information about the net assets available in both plans to meet future benefit payments and are prepared to assist members and others in reviewing the activities for the year.

**b) Valuation of Investments**

Investments are recorded at fair value. As disclosed in Note 4, the Plan's investments consist primarily of direct ownership in units of pooled investment funds (the pools). The pools are established by Ministerial Order 16/2014, being the Establishment and Maintenance of Pooled Funds, pursuant to the *Financial Administration Act* of Alberta, Chapter F-12, Section 45, and the *Alberta Investment Management Corporation Act*, Chapter A-26.5, Section 15 and 20. Participants in pools include government and non-government funds and plans.

Contracts to buy and sell financial instruments in the pools are between Alberta Investment Management Corporation (AIMCo), a Crown corporation within the Ministry of Treasury Board and Finance, and the third party to the contracts. Participants in the pools are not party to the contracts and have no control over the management of the pool and the selection of securities in the pool. AIMCo controls the creation of the pools and the management and administration of the pools including security selection. Accordingly, the Judges Registered Pension Plan does not report the financial instruments of the pools on its statement of financial position.

The Judges Registered Pension Plan becomes exposed to the financial risks and rewards associated with the underlying financial instruments in a pool when it purchases units issued by the pools and loses its exposure to those financial risks and rewards when it sells its units. The Judges Registered Pension Plan reports its share of the financial risks in Note 5.

The fair value of units held by the Judges Registered Pension Plan is derived from the fair value of the underlying financial instruments held by the pools as determined by AIMCo (see Note 4b). Investments in units are recorded in the Judges Registered Pension Plan's accounts. The underlying financial instruments are recorded in the accounts of the pools. The pools have a market-based unit value that is used to distribute income to the pool participants and to value purchases and sales of the pool units. The pools include various financial instruments such as bonds, equities, real estate, derivatives, investment receivables and payables and cash.

Investments in pool units are recorded in the Judges Registered Pension Plan's accounts on a trade date basis. All purchases and sales of the pool units are in Canadian dollars.

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

**c) Investment Income**

- a) Investment income is recorded on an accrual basis.
- b) Investment income is reported in the statement of changes in net assets available for benefits and in Note 10 and includes the following items recorded in the Judges Registered Pension Plan's accounts:
  - i) Income distributions from the pools, based on the Judges Registered Pension Plan's pro-rata share of total units issued by the pools; and



**NOTE 2** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...

CONTINUED

- ii) Changes in fair value of units including realized gains and losses on disposal of units and unrealized gains and losses on units determined on an average cost basis.

**d) Investment Expenses**

Investment expenses include all amounts incurred by the Judges Registered Pension Plan to earn investment income (see Note 13). Investment expenses are recorded on an accrual basis. Transaction costs are expensed as they are incurred.

**e) Value of Pension Obligation**

The value of the pension obligations and changes therein during the year are based on actuarial valuations prepared by an independent firm of actuaries. The valuations are made at least every three years, and results from the most recent valuation are extrapolated, on an annual basis, to year end. The valuations use the projected benefit method prorated on service and management's best estimate, as at the measurement dates, of various economic and non-economic assumptions.

**f) Measurement Uncertainty**

In preparing these financial statements, estimates and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty exists in the valuation of the pension obligations, private investments, hedge funds and private real estate investments. Uncertainty arises because:

- i) actual experience may differ, perhaps significantly, from assumptions used in the calculation of the pension obligations, and
- ii) the estimated fair values of the private investments, hedge funds, renewable resources and private real estate investments may differ significantly from the values that would have been used had a ready market existed for these investments (see Note 4).

While best estimates have been used in the valuation of the pension obligations, private investments, hedge funds, renewable resources and real estate investments, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations in the pension obligations are disclosed as net experience gains or losses in the statements of changes in pension obligation in the year when actual results are known.

Differences between the estimated fair values and the amount ultimately realized for investments are included in net investment income in the year when the ultimate realizable values are known.

**g) Income Taxes**

The Judges Registered Pension Plan is a registered pension plan, as defined by the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes.

The Judges Unregistered Pension Plan is a RCA as defined in the *Income Tax Act*. Refundable income tax is remitted on any cash contributions from eligible employees and



**NOTE 2** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES... CONTINUED

designated employers and net investment income received at the rate of 50%. Refundable income tax is returned to the Judges Unregistered Pension Plan at the same rate when pension benefit payments are made to members and beneficiaries.

**NOTE 3** CASH

Cash includes deposits in the plan's administration bank account. The funds in this account are used for operational and pension benefits disbursements.

**NOTE 4** INVESTMENTS

The Judges Registered Pension Plan's investments are managed at the asset class level for purposes of evaluating the Judges Registered Pension Plan's risk exposure and investment performance against approved benchmarks based on fair value. AIMCo invests the Judges Registered Pension Plan's assets in accordance with the Statement of Investment Policies and Goals (SIP&G) approved by the Judges' Pension Plans Investment Committee (the Investment Committee). The fair value of the pool units is based on the Judges Registered Pension Plan's share of the net asset value of the pooled fund. The pools have a market-based unit value that is used to allocate income to participants of the pool and to value purchases and sales of pool units. AIMCo is delegated authority to independently purchase and sell securities in the pools and the Judges Registered Pension Plan, and units of the pools, within the ranges approved for each asset class (see Note 5).

| Asset class                                          | (\$ thousands)                      |                  |                   |                                     |                  |                   |
|------------------------------------------------------|-------------------------------------|------------------|-------------------|-------------------------------------|------------------|-------------------|
|                                                      | Fair value hierarchy <sup>(a)</sup> |                  | 2025              | Fair value hierarchy <sup>(a)</sup> |                  | 2024              |
|                                                      | Level 2                             | Level 3          |                   | Level 2                             | Level 3          |                   |
|                                                      |                                     |                  | Fair value total  |                                     |                  | Fair value total  |
| <b>Fixed income securities</b>                       |                                     |                  |                   |                                     |                  |                   |
| Deposits and short-term securities                   | \$ 1,075                            | \$ -             | \$ 1,075          | \$ 972                              | \$ -             | \$ 972            |
| Bonds, mortgages and private debt                    | 57,171                              | 10,762           | 67,933            | 47,907                              | 13,576           | 61,483            |
|                                                      | 58,246                              | 10,762           | 69,008            | 48,879                              | 13,576           | 62,455            |
| <b>Equities</b>                                      |                                     |                  |                   |                                     |                  |                   |
| Canadian                                             | 29,433                              | -                | 29,433            | 27,689                              | -                | 27,689            |
| Global                                               | 46,055                              | 1,129            | 47,184            | 42,806                              | 1,325            | 44,131            |
|                                                      | 75,488                              | 1,129            | 76,617            | 70,495                              | 1,325            | 71,820            |
| <b>Inflation sensitive</b>                           |                                     |                  |                   |                                     |                  |                   |
| Real estate                                          | -                                   | 28,368           | 28,368            | -                                   | 26,536           | 26,536            |
| Infrastructure                                       | -                                   | 19,601           | 19,601            | -                                   | 19,273           | 19,273            |
| Renewable resources                                  | -                                   | 2,695            | 2,695             | -                                   | 2,660            | 2,660             |
|                                                      | -                                   | 50,664           | 50,664            | -                                   | 48,469           | 48,469            |
| <b>Strategic, tactical and currency investments*</b> |                                     |                  |                   |                                     |                  |                   |
|                                                      | 70                                  | 579              | 649               | 22                                  | 600              | 622               |
| <b>Total investments</b>                             | <b>\$ 133,804</b>                   | <b>\$ 63,134</b> | <b>\$ 196,938</b> | <b>\$ 119,396</b>                   | <b>\$ 63,970</b> | <b>\$ 183,366</b> |

\* This asset class is not listed separately in the SIP&G as it relates to strategic investments and currency overlays made on an opportunistic and discretionary basis (see Note 5).



**NOTE 4 INVESTMENTS**

**CONTINUED**

**a) Fair Value Hierarchy**

The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with Level 1 being the highest quality and reliability.

- **Level 1** - fair value is based on quoted prices in an active market. Although the pools may ultimately hold publicly traded listed equity investments, the pool units themselves are not listed in an active market and therefore cannot be classified as Level 1 for fair value hierarchy purposes. Pool units classified by the Judges Registered Pension Plan as Level 2 may contain investments that might otherwise be classified as Level 1.
- **Level 2** - fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes pool units that hold public equities, debt securities and derivative contracts.
- **Level 3** - fair value is estimated using inputs based on non-observable market data. This level includes pool units that hold private mortgages, hedge funds, private debt and loans, and inflation sensitive investments.

**Reconciliation of Level 3 Investments**

|                                        | (\$ thousands) |           |
|----------------------------------------|----------------|-----------|
|                                        | 2025           | 2024      |
| Balance, beginning of year             | \$ 63,970      | \$ 62,925 |
| Investment income (loss) *             | 3,700          | (209)     |
| Purchases of Level 3 pooled fund units | 6,448          | 10,186    |
| Sale of Level 3 pooled fund units      | (10,984)       | (8,932)   |
| Balance, end of year                   | \$ 63,134      | \$ 63,970 |

\* Investment income includes unrealized gains of \$598 (2024: losses of \$2,249).

**b) Valuation of Financial Instruments Recorded by AIMCo in the Pools**

The methods used to determine the fair value of investments recorded in the pools are explained in the following paragraphs:

- **Fixed income securities:** Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Private debt is valued similar to private mortgages.
- **Equities:** Public equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. The fair value of hedge fund investments is estimated by external managers.
- **Inflation sensitive:** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and the discounted cash flows. The fair value of infrastructure is estimated by managers or general partners of infrastructure funds, pools and limited partnerships. The fair value



NOTE 4 INVESTMENTS

CONTINUED

of renewable resources investments is appraised annually by independent third party evaluators. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. More established investments are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis.

- **Strategic, tactical and currency investments:** The estimated fair value of infrastructure investments held in emerging market countries is valued similar to inflation sensitive infrastructure investments. For tactical asset allocations, investments in derivative contracts provides overweight or underweight exposure to global equity and bond markets, including emerging markets. Currency investments consists of directly held currency forward and spot contracts.
- **Foreign currency:** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency is translated at the year-end exchange rates.
- **Derivative contracts:** The carrying value of derivative contracts in a favourable and unfavourable position is recorded at fair value and is included in the fair value of pools (see Note 5g). The estimated fair value of equity and bond index swaps is based on changes in the appropriate market-based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts are valued based on differences between contractual foreign exchange rates and foreign exchange forward rates. Futures contracts are valued based on quoted market prices. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure changes in the underlying swap. Warrants and rights are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

c) **Liability Exposure**

The Judges Registered Pension Plan is indirectly exposed to liabilities held within the pools, the carrying value of which is a component in the determination of net fair value of investments within the pools. These liabilities are used primarily for general liquidity, risk management and active management purposes and include but are not limited to mortgages, lines of credit, derivative counterparty liabilities and repurchase agreements.

Repurchase agreements are short-term agreements to sell securities held in the fund in order to buy them back at a slightly higher price at a later time. The proceeds from the sale may be used to purchase other fixed income securities. The party selling the repurchase agreement is effectively borrowing, and the other party is lending. The lender is credited the implicit interest in the yield and price difference between the securities sold to be repurchased and the securities acquired from the sale proceeds. The securities sold under repurchase agreements are accounted for as collateralized form of borrowing. The



**NOTE 4** INVESTMENTS

CONTINUED

Plan's exposure to repurchase agreement liabilities at March 31, 2025, was approximately \$31,134 (2024: \$23,706). All repurchase agreements are fully collateralized by the borrowers.

**NOTE 5** INVESTMENT RISK MANAGEMENT

The Judges Registered Pension Plan is exposed to financial risks associated with the underlying securities held in the pools created and managed by AIMCo. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of currency risk, interest rate risk and price risk. Liquidity risk is the risk the Judges Registered Pension Plan will not be able to meet its obligations as they fall due.

The investment policies and procedures of the Judges Registered Pension Plan are clearly outlined in the SIP&G approved by the Investment Committee. The purpose of the SIP&G is to ensure the Judges Registered Pension Plan is invested and managed in a prudent manner in accordance with current, accepted governance practices incorporating an appropriate level of risk. The Investment Committee manages the Judges Registered Pension Plan's return-risk trade-off through asset class diversification, a rebalancing policy with target ranges on each asset class, diversification within each asset class, and quality constraints on credit instruments. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 5b).

Actuarial liabilities of the Judges Registered Pension Plan are primarily affected by the long-term real rate of return expected to be earned on investments. In order to earn the best possible return at an acceptable level of risk, the Investment Committee has established the following target policy asset mix:

| Asset class                                     | Target asset<br>policy mix | Long-term<br>policy | Actual asset mix |       |                |       |
|-------------------------------------------------|----------------------------|---------------------|------------------|-------|----------------|-------|
|                                                 |                            |                     | 2025             |       | 2024           |       |
|                                                 |                            |                     | (\$ thousands)   | %     | (\$ thousands) | %     |
| Fixed income securities                         | 30 - 45%                   | 35%                 | \$ 69,008        | 35.0  | \$ 62,455      | 34.1  |
| Equities                                        | 30 - 50%                   | 40%                 | 76,617           | 39.0  | 71,820         | 39.2  |
| Inflation sensitive                             | 15 - 35%                   | 25%                 | 50,664           | 25.7  | 48,469         | 26.4  |
| Strategic, tactical and<br>currency investments | (a)                        |                     | 649              | 0.3   | 622            | 0.3   |
|                                                 |                            | 100%                | \$ 196,938       | 100.0 | \$ 183,366     | 100.0 |

(a) In accordance with the SIP&G, AIMCo may invest up to 5% of the fair value of the Registered Plan's investments in opportunistic investments that are outside of the asset classes listed above. AIMCo may, at its discretion, use currency overlays to an economic exposure limit of 5% of the market value of the Registered Plan.

**a) Credit Risk**

**i) Debt Securities**

The Judges Registered Pension Plan is exposed to various risks associated with debt securities held in the pools managed by AIMCo. Counterparty default risk is the risk of loss arising from the failure of an issuer to fully honour its financial obligations. Downgrade risk



**NOTE 5** INVESTMENT RISK MANAGEMENT

CONTINUED

can generate losses when issuers are downgraded by credit rating agencies, leading to a fall in the fair value of the debt obligations. Credit spread risk is the potential for changes in present value of an asset due to an increase in the credit spread of the debt security. Credit spreads may increase due to concerns with the individual issue or with the broader credit market, decreasing the present value of the security. If credit spreads widened by 1%, and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 1.7% of total investments (2024: 1.6%)

The credit quality of financial assets is generally assessed by reference to external credit ratings. The credit rating of a debt security may be impacted by the overall credit rating of the counterparty, the seniority of the debt issue, bond covenants, maturity distribution and other factors. The majority of investments in debt securities have credit ratings considered to be investment grade.

Unrated debt securities consist primarily of private mortgages and private debt placements.

The following table summarizes the Judges Registered Pension Plan's investment in debt securities by credit rating at March 31, 2025:

| Credit rating                    | 2025   | 2024   |
|----------------------------------|--------|--------|
| Investment grade (AAA to BBB-)   | 84.2%  | 82.8%  |
| Speculative grade (BB+ or lower) | 2.4%   | 2.1%   |
| Unrated                          | 13.4%  | 15.1%  |
|                                  | 100.0% | 100.0% |

ii) Counterparty Credit Risk - Derivative Contracts

The Judges Registered Pension Plan is exposed to counterparty credit risk associated with the derivative contracts held in the pools. The maximum credit risk in respect of derivative financial instruments is the fair value of all contracts with counterparties in a favourable position (see Note 5g). AIMCo is responsible for selecting and monitoring derivative counterparties on behalf of the Plan. AIMCo monitors counterparty risk exposures and actively seeks to mitigate counterparty risk by requiring that counterparties collateralize mark-to-market gains for the Judges Registered Pension Plan. Provisions are in place to allow for termination of the contract should there be a material downgrade in a counterparty's credit rating. The exposure to credit risk on derivatives is reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that any unfavourable contracts with the counterparty are not settled, they reduce the Judges Registered Pension Plan's net exposure in respect of favourable contracts with the same counterparty.

iii) Security Lending Risk

To generate additional income, the pools participate in a securities-lending program. Under this program, the custodian may lend investments held in the pools to eligible third parties for short periods. At March 31, 2025, the Judges Registered Pension Plan's share of securities loaned under this program was \$5,409 (2024: \$2,856) and collateral held totaled \$5,670 (2024: \$3,046). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, high-quality bonds, other investments or a bankers' acceptances and bankers' deposit notes. All collateralization, by the borrower, must be in excess of 100% of investments loaned.



**NOTE 5** INVESTMENT RISK MANAGEMENT

CONTINUED

**b) Foreign Currency Risk**

The Judges Registered Pension Plan is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair values of investments denominated in foreign currencies are translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments. Approximately 28.3% (2024: 27.9%) of the Judges Registered Pension Plan's investments, or \$55,640 (2024: \$51,240), were denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the US dollar, 17.6% (2024: 16.9%) and the Euro, 3.4% (2024: 3.6%).

If the value of the Canadian dollar increased by 10% against all other currencies, and all other variables were held constant, the potential loss in fair value to the Judges Registered Pension Plan would be approximately 2.8% of total investments (2024: 2.8%).

The following table summarizes the Judges Registered Pension Plan's exposure to foreign currency investments held in the pools at March 31, 2025:

| Currency <sup>(a)</sup>                   | (\$ thousands)   |                   |                  |                   |
|-------------------------------------------|------------------|-------------------|------------------|-------------------|
|                                           | 2025             |                   | 2024             |                   |
|                                           | Fair value       | Sensitivity       | Fair value       | Sensitivity       |
| U.S. dollar                               | \$ 34,677        | \$ (3,468)        | \$ 31,032        | \$ (3,103)        |
| Euro                                      | 6,644            | (664)             | 6,515            | (652)             |
| British pound                             | 4,841            | (484)             | 3,903            | (390)             |
| Japanese yen                              | 2,287            | (229)             | 2,311            | (231)             |
| Other foreign currency                    | 7,191            | (719)             | 7,479            | (748)             |
| <b>Total foreign currency investments</b> | <b>\$ 55,640</b> | <b>\$ (5,564)</b> | <b>\$ 51,240</b> | <b>\$ (5,124)</b> |

<sup>(a)</sup> Information on specific currencies is disclosed when the current year fair value is greater than 1% of the Registered Plan's total investments.

**c) Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Judges Registered Pension Plan is exposed to interest rate risk associated with the underlying interest-bearing securities held in the pools managed by AIMCo. In general, the fair value of bonds and mortgages are sensitive to changes in the level of interest rates, which will impact returns if the securities are sold prior to maturity. A rise in interest rates will typically mean a drop in fair value (and vice versa), with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1%, and all other variables were held constant, the potential loss in fair value to the Judges Registered Pension Plan would be approximately 2.0% (2024: 1.9%) of total investments.

**d) Price Risk**

Price risk is the risk that one or more of the markets where a product invests will decline in value. The value of the product may decline due to changes in general market conditions, economic trends or due to factors that affect a particular company or group of companies.



**NOTE 5** INVESTMENT RISK MANAGEMENT

CONTINUED

Price risk is influenced by the geopolitical environment, economic conditions and changes in the regulatory environment. Both products and their benchmarks are impacted by price risk.

The Judges Registered Pension Plan is exposed to price risk associated with the underlying equity investments held in pools managed by AIMCo. Price risk is managed through diversification of asset class allocations and security selection within equity products. If equity market indices declined by 10%, and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 4.9% of total investments (2024: 4.4%).

**e) Liquidity Risk**

Liquidity risk is the risk that the Judges Registered Pension Plan will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the Registered Plan are met through income generated from investments, employee and employer contributions, and by investing in units of pools that hold publicly traded liquid assets traded in an active market that are easily sold and converted to cash. Units in pools that hold private investments like real estate and infrastructure are less easily converted to cash since the underlying securities are illiquid because they take more time to sell. The Registered Plan's future liabilities include the accrued pension benefits obligation, payables related to purchase of pool units and exposure to those liabilities outlined in Note 4c and Note 5g.

Liquidity risk is monitored by AIMCo using a Stressed Liquidity Coverage Ratio (SLCR) measure, which considers the ratio of liquidity supply to liquidity demand in an extreme liquidity scenario (defined as the 3-month period during the Global Financial Crisis immediately following the collapse of Lehman Brothers). A SLCR greater than 100% means that all liquidity demands under the stress scenario can be met, whereas a SLCR less than 100% means that liquidity demands under the stress scenario cannot be met.

**f) Total Portfolio Risk**

Investment risk is managed on a total portfolio basis and monitored daily by AIMCo. A 1-in-20 year downside Value-at-Risk (VaR) measure is used for the overall portfolio. In addition, active management risk (i.e. the risk of underperformance relative to the total portfolio benchmark) is monitored using a 1-in-20 downside Active Value-at-Risk (aVaR) measure.

**g) Use of Derivative Financial Instruments in Pooled Investment Funds**

The Judges Registered Pension Plan has indirect exposure to derivative financial instruments through its investment in units of the pools. AIMCo uses derivative financial instruments to cost effectively gain access to equity markets in the pools, manage asset exposure within the pools, enhance pool returns and manage interest rate risk, foreign currency risk and credit risk in the pools.



**NOTE 5 INVESTMENT RISK MANAGEMENT**

**CONTINUED**

| By counterparty                                                   | Number of<br>counterparties | Plan's indirect share<br>(\$ thousands) |                 |
|-------------------------------------------------------------------|-----------------------------|-----------------------------------------|-----------------|
|                                                                   |                             | 2025                                    | 2024            |
| Contracts in net favourable position<br>(current credit exposure) | 98                          | \$ 299                                  | \$ 1,331        |
| Contracts in net unfavourable position                            | 17                          | (2,018)                                 | (86)            |
| <b>Net fair value of derivative contracts</b>                     | <b>115</b>                  | <b>\$ (1,719)</b>                       | <b>\$ 1,245</b> |

- (i) Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a net favourable position totaling \$299 (2024: \$1,331) were to default at once.
- (ii) Settlements: Derivative settlements, in the forms of cash or securities, are made in accordance with the respective derivative contracts. Mark-to-market movements on these derivatives result in the regular pledging and receiving of collateral.
- (iii) Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in pooled funds are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 5. Accordingly, there is no accounting policy for their recognition in the statement of financial position.

| Types of derivatives used in pools            | Plan's indirect share<br>(\$ thousands) |                 |
|-----------------------------------------------|-----------------------------------------|-----------------|
|                                               | 2025                                    | 2024            |
| Equity-based derivatives                      | \$ (505)                                | \$ 985          |
| Foreign currency derivatives                  | (889)                                   | (75)            |
| Interest rate derivatives                     | (347)                                   | 307             |
| Credit risk derivatives                       | 22                                      | 28              |
| <b>Net fair value of derivative contracts</b> | <b>\$ (1,719)</b>                       | <b>\$ 1,245</b> |

- (i) Equity-based derivatives include equity swaps. Equity swaps are contracts where one counterparty agrees to pay or receive from the other, cash flows based on changes in the value of an equity index, a basket of stocks, or a single stock in exchange for a return based on a fixed or floating interest rate or the return on another instrument. Rights, warrants, futures and options are also included as equity-based derivatives.
- (ii) Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed-upon exchange rate and on an agreed settlement date in the future.
- (iii) Interest rate derivatives exchange interest rate cash flows (fixed to floating or floating to fixed) based on a notional amount. Interest rate derivatives primarily include interest rate swaps and cross currency interest rate swaps, futures contracts and options.
- (iv) Credit risk derivatives include credit default swaps allowing the pools to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.
- (v) At March 31, 2025, deposits in futures contracts margin accounts totaled \$340 (2024: \$377). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totaled \$2,382 (2024: \$1,586) and \$nil (2024: \$nil).
- (vi) All derivative products are subject to AIMCo's internal governance.



## NOTE 6 DUE FROM RESERVE FUND

The Provincial Judges and Applications Judges Reserve Fund is established to collect contributions from the Province and to invest the funds, which are set aside to meet future benefit payments of the Judges Unregistered Pension Plan. Separate financial statements are prepared for the Reserve Fund and can be found in the Ministry of Treasury Board and Finance Annual Report. The table below summarizes the net assets of the Reserve Fund at March 31.

|                                | (\$ thousands)    |                   |
|--------------------------------|-------------------|-------------------|
|                                | 2025              | 2024              |
| Interest-bearing securities    | \$ 127,492        | \$ 113,336        |
| Public equities                | 112,459           | 102,630           |
| Alternatives                   | 56,620            | 54,434            |
| Strategic currency investments | 723               | 668               |
| Cash                           | 20,572            | 20,298            |
|                                | <u>\$ 317,866</u> | <u>\$ 291,366</u> |

During the year, net assets of the Reserve Fund increased by \$26,500 (2024: \$30,893), comprised of employer contributions of \$12,177 (2024: \$13,537), investment income of \$27,653 (2024: income of \$22,211), interest income of \$858 (2024: \$768), less investment expenses of \$1,428 (2024: \$1,426), and transfers of \$12,760 (2024: \$4,197).

## NOTE 7 PENSION OBLIGATION

### a) Actuarial Valuation and Extrapolation Assumptions

Actuarial valuations of both plans were carried out as at March 31, 2024 by George and Bell Consulting and the results were then extrapolated to March 31, 2025. The next valuations of the plans will be carried out as at March 31, 2027. Any differences between the actuarial valuation results and extrapolation results as reported in these financial statements will affect the financial position of the plans and will be accounted for as gains or losses in 2028.

### The Judges Registered Pension Plan

The actuarial assumptions used in determining the value of the pension obligation of \$168,028 (2024: \$168,420) reflect management's best estimate, as at the valuation and extrapolation date, of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality, withdrawal and retirement rates. The primary economic assumptions include the discount rate, inflation rate, and the salary escalation rate. The discount rate is based on the average from a consistent modeled investment rate of return, net of investment expenses, and an additive for diversification and rebalancing. It does not assume a return for active management beyond the passive benchmark.



**NOTE 7 PENSION OBLIGATION**

CONTINUED

The major assumptions used for accounting purposes were:

|                        | 2025<br>%                                                   | 2024<br>% |
|------------------------|-------------------------------------------------------------|-----------|
| Discount rate          | 5.40                                                        | 5.40      |
| Inflation rate         | 2.50*                                                       | 3.50      |
| Salary escalation rate | 3.00                                                        | 3.00      |
| Mortality rate         | 2014 Canadian Pension<br>mortality table<br>(public sector) |           |

\* 2.00 per cent thereafter

**The Judges Unregistered Pension Plan**

The major assumptions used in the actuarial extrapolation to March 31, 2025 to determine the pension obligation of \$281,579 (2024: \$271,580) were the same as those used in the extrapolation of the Judges Registered Pension Plan except for the investment rate of return which was assumed to be 5.5% per annum (2024: 5.5%).

**Net Experience Gains and Losses**

The Judges Registered Pension Plan net experience gains of \$4,074 (2024: losses \$249) reflect the results of the valuation as at March 31, 2024 extrapolated to March 31, 2025.

The Judges Unregistered Pension Plan net experience gains of \$2,397 (2024: losses \$4,069) reflect the results of the valuation as at March 31, 2024 extrapolated to March 31, 2025.

**b) Sensitivity of Changes in Major Assumption**

The Judges Registered Pension Plan's future experience will differ, perhaps significantly, from these assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the plan.

The following is a summary of the sensitivities of the Judges Registered Pension Plan's deficiency and current service cost to changes in assumptions used in the actuarial extrapolation as at March 31, 2025:

|                                                                                                         | Sensitivities             |                             |                                         |
|---------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------|-----------------------------------------|
|                                                                                                         | Changes in<br>assumptions | Decrease in<br>plan surplus | Increase in<br>current<br>service cost* |
|                                                                                                         | %                         | (\$ thousands)              |                                         |
| Inflation rate increase holding discount rate<br>and salary escalation assumptions constant             | 1.0%                      | \$15,143                    | 3.0%                                    |
| Salary escalation rate increase holding inflation rate and<br>discount rate assumptions constant        | 1.0%                      | -                           | 0.0%                                    |
| Investment rate of return decrease holding inflation rate<br>and salary escalation assumptions constant | (1.0%)                    | \$19,207                    | 5.4%                                    |

\* As a % of capped pensionable earnings



## NOTE 7 PENSION OBLIGATION

## CONTINUED

The following is a summary of the sensitivities of the Judges Unregistered Plan's deficiency and current service cost to changes in assumptions used in the actuarial extrapolation as at March 31, 2025:

|                                                                                                      | Sensitivities          |                          |                                   |
|------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-----------------------------------|
|                                                                                                      | Changes in assumptions | Decrease in plan surplus | Increase in current service cost* |
|                                                                                                      | %                      | (\$ thousands)           |                                   |
| Inflation rate increase holding discount rate and salary escalation assumptions constant             | 1.0%                   | \$28,138                 | 6.2%                              |
| Salary escalation rate increase holding inflation rate and discount rate assumptions constant        | 1.0%                   | \$7,104                  | 5.2%                              |
| Investment rate of return decrease holding inflation rate and salary escalation assumptions constant | (1.0%)                 | \$34,576                 | 10.7%                             |

\* As a % of excess pensionable earnings

## NOTE 8 SURPLUS

|                                               | Registered Plan<br>(\$ thousands) |                  | Unregistered Plan<br>(\$ thousands) |                  |
|-----------------------------------------------|-----------------------------------|------------------|-------------------------------------|------------------|
|                                               | 2025                              | 2024             | 2025                                | 2024             |
| <b>Surplus at beginning of year</b>           | \$ 15,236                         | \$ 7,602         | \$ 32,702                           | \$ 19,324        |
| Increase in net assets available for benefits | 13,640                            | 9,557            | 28,304                              | 25,246           |
| Net decrease (increase) in pension obligation | 392                               | (1,923)          | (9,999)                             | (11,868)         |
| <b>Surplus at end of year</b>                 | <b>\$ 29,268</b>                  | <b>\$ 15,236</b> | <b>\$ 51,007</b>                    | <b>\$ 32,702</b> |

## NOTE 9 CONTRIBUTIONS

|                     | Registered Plan<br>(\$ thousands) |                 | Unregistered Plan<br>(\$ thousands) |                 |
|---------------------|-----------------------------------|-----------------|-------------------------------------|-----------------|
|                     | 2025                              | 2024            | 2025                                | 2024            |
| Current service     |                                   |                 |                                     |                 |
| Employer            | \$ 4,912                          | \$ 4,729        | \$ 1,491                            | \$ 1,598        |
| Employees           | 1,570                             | 1,439           | 1,494                               | 1,598           |
| Province of Alberta | -                                 | 116             | -                                   | -               |
|                     | <b>\$ 6,482</b>                   | <b>\$ 6,284</b> | <b>\$ 2,985</b>                     | <b>\$ 3,196</b> |



## NOTE 10 INVESTMENT INCOME

The following is a summary of the Judges Registered Pension Plan's investment income (loss) by asset class:

| (\$ thousands)                                      |           |                      |           |           |                      |           |
|-----------------------------------------------------|-----------|----------------------|-----------|-----------|----------------------|-----------|
|                                                     | Income    | Change in fair value | 2025      | Income    | Change in fair value | 2024      |
| <b>Fixed income securities</b>                      | \$ 2,103  | \$ 3,067             | \$ 5,170  | \$ 1,803  | \$ 612               | \$ 2,415  |
| <b>Equities</b>                                     |           |                      |           |           |                      |           |
| Canadian                                            | 2,499     | 1,226                | 3,725     | 2,113     | 1,700                | 3,813     |
| Foreign                                             | 6,687     | 273                  | 6,960     | 9,122     | 180                  | 9,302     |
|                                                     | 9,186     | 1,499                | 10,685    | 11,235    | 1,880                | 13,115    |
| <b>Inflation sensitive</b>                          |           |                      |           |           |                      |           |
| Real estate                                         | 255       | (42)                 | 213       | 353       | (2,009)              | (1,656)   |
| Infrastructure                                      | 2,380     | 236                  | 2,616     | 869       | (437)                | 432       |
| Renewable resources                                 | (106)     | 138                  | 32        | 52        | 30                   | 82        |
|                                                     | 2,529     | 332                  | 2,861     | 1,274     | (2,416)              | (1,142)   |
| <b>Strategic, tactical and currency investments</b> | 54        | (58)                 | (4)       | 2         | 88                   | 90        |
|                                                     | \$ 13,872 | \$ 4,840             | \$ 18,712 | \$ 14,314 | \$ 164               | \$ 14,478 |

The change in fair value includes realized and unrealized gains and losses on pool units and currency hedges. Realized and unrealized gains on pool units totaled \$1,178 and \$3,650, respectively (2024: gain of \$318 and loss of \$173, respectively). Realized and unrealized gains and losses on currency hedges totaled \$13 and \$(1), respectively (2024: gains of \$18 and \$1, respectively).

Income earned in pools is distributed to the Judges Registered Pension Plan daily based on the plan's pro-rata share of units issued by the pool. Income earned by the pools is determined on an accrual basis and includes interest, dividends, security lending income, realized gains and losses on sale of securities determined on an average cost basis and income and expense on derivative contracts.

## NOTE 11 INVESTMENT RETURNS, CHANGE IN NET ASSETS AND PENSION OBLIGATION

The following is a summary of the Judges Registered Pension Plan's investment returns, and the annual change in net assets compared to the annual change in the pension obligation and the per cent of pension obligation supported by net assets:

|                                                                   | 2025         | 2024       | 2023         | 2022       | 2021        |
|-------------------------------------------------------------------|--------------|------------|--------------|------------|-------------|
|                                                                   | %            |            |              |            |             |
| Increase (decrease) in net assets attributed to:                  |              |            |              |            |             |
| Investment income                                                 |              |            |              |            |             |
| Policy benchmark return on investments                            | 10.0         | 9.1        | (0.4)        | 5.3        | 15.7        |
| Value (lost) added by AIMCo                                       | (0.3)        | (1.3)      | 1.8          | 2.4        | 1.2         |
| <b>Time weighted rate of return, at fair value <sup>(a)</sup></b> | <b>9.7</b>   | <b>7.8</b> | <b>1.4</b>   | <b>7.7</b> | <b>16.9</b> |
| Other sources <sup>(b)</sup>                                      | (2.3)        | (2.3)      | (2.1)        | (2.5)      | (3.0)       |
| <b>Per cent change in net assets <sup>(c)</sup></b>               | <b>7.4</b>   | <b>5.5</b> | <b>(0.7)</b> | <b>5.2</b> | <b>13.9</b> |
| <b>Per cent change in pension obligation <sup>(c)</sup></b>       | <b>(0.2)</b> | <b>1.2</b> | <b>(4.9)</b> | <b>3.6</b> | <b>10.9</b> |
| Per cent of pension obligation supported by net assets            | 117          | 109        | 105          | 100        | 98          |

(a) All investment returns are provided by AIMCo and are net of investment expenses. The annualized total return and policy benchmark return (PBR) on investments over five years is 8.6% (PBR: 7.7%), ten years is 6.2% (PBR: 5.9%) and twenty years is 6.8% (PBR: 6.6%).



**NOTE 11** INVESTMENT RETURNS, CHANGE IN NET ASSETS...

CONTINUED

- (b) Other sources include employee and employer contributions and transfers from other plans, net of benefit payments, transfers to other plans and administration expenses.
- (c) The percentage change in net assets and the pension obligation is based on the amounts reported on the statement of changes in net assets available for benefits and the statement of changes in pension obligation.

The following is a summary of the Judges Unregistered Pension Plan annual change in net assets compared to the annual change in the pension obligation and the per cent of pension obligation supported by net assets:

|                                                             | 2025       | 2024       | 2023         | 2022       | 2021         |
|-------------------------------------------------------------|------------|------------|--------------|------------|--------------|
|                                                             | %          |            |              |            |              |
| <b>Per cent change in net assets <sup>(a)</sup></b>         | <b>9.3</b> | <b>9.0</b> | <b>4.6</b>   | <b>5.8</b> | <b>17.3</b>  |
| <b>Per cent change in pension obligation <sup>(a)</sup></b> | <b>3.7</b> | <b>4.6</b> | <b>(0.4)</b> | <b>6.0</b> | <b>(1.2)</b> |
| Per cent of pension obligation supported by net assets      | <b>118</b> | <b>112</b> | <b>107</b>   | <b>102</b> | <b>102</b>   |

- (a) The percentage change in net assets and the pension obligation is based on the amounts reported on the statement of changes in net assets available for benefits and the statement of changes in pension obligation.

**NOTE 12** BENEFIT PAYMENTS

|                     | Registered Plan<br>(\$ thousands) |                 | Unregistered Plan<br>(\$ thousands) |                  |
|---------------------|-----------------------------------|-----------------|-------------------------------------|------------------|
|                     | 2025                              | 2024            | 2025                                | 2024             |
| Retirement benefits | \$ 9,718                          | \$ 9,464        | \$ 13,599                           | \$ 12,621        |
| Death benefits      | 500                               | 469             | 362                                 | 313              |
|                     | <b>\$ 10,218</b>                  | <b>\$ 9,933</b> | <b>\$ 13,961</b>                    | <b>\$ 12,934</b> |

**NOTE 13** INVESTMENT EXPENSES

The Judges Registered Pension Plan has investment expenses of:

|                                                             | (\$ thousands)  |                 |
|-------------------------------------------------------------|-----------------|-----------------|
|                                                             | 2025            | 2024            |
| Amount charged by AIMCo for: <sup>(a)</sup>                 |                 |                 |
| Investment costs <sup>(b)</sup>                             | \$ 794          | \$ 662          |
| Performance-based fees <sup>(b)</sup>                       | 267             | 393             |
|                                                             | <b>1,061</b>    | <b>1,055</b>    |
| Amounts charged by Treasury Board and Finance for:          |                 |                 |
| Investment accounting and Plan reporting                    | 31              | 31              |
| <b>Total investment expenses</b>                            | <b>\$ 1,092</b> | <b>\$ 1,086</b> |
| <b>Increase in expenses</b>                                 | <b>0.6%</b>     | <b>7.3%</b>     |
| <b>Increase in average investments under management</b>     | <b>6.5%</b>     | <b>2.6%</b>     |
| <b>Decrease in value of investments attributed to AIMCo</b> | <b>(0.3%)</b>   | <b>(1.3%)</b>   |
| Investment expense as a percent of dollar invested          | 0.6%            | 0.6%            |
| Investment expenses per member (in dollars)                 | <b>\$ 3,250</b> | <b>\$ 3,302</b> |

- (a) Please refer to AIMCo's financial statements for a more detailed breakdown of the types of expenses incurred by AIMCo. Amounts recovered by AIMCo for investment costs include those costs that are primarily non-performance related including external management fees, external administration costs, employee salaries and incentive benefits and overhead costs. Amounts recovered by AIMCo for performance-based fees relate to external managers hired by AIMCo.

- (b) The per cent increase in investment costs and performance-based fees was 0.6% (2024: 7.5%).



## NOTE 13 INVESTMENT EXPENSES

CONTINUED

The Judges Unregistered Pension Plan investment expenses amounted to \$22 (2024: \$23) or \$68 (2024: \$72) per member (in dollars).

## NOTE 14 ADMINISTRATIVE EXPENSES

|                                                 | Registered Plan<br>(\$ thousands) |        | Unregistered Plan<br>(\$ thousands) |        |
|-------------------------------------------------|-----------------------------------|--------|-------------------------------------|--------|
|                                                 | 2025                              | 2024   | 2025                                | 2024   |
| General administration costs                    | \$ 203                            | \$ 166 | \$ 190                              | \$ 159 |
| Actuarial fees                                  | 5                                 | 11     | 29                                  | 5      |
| Other fees                                      | 36                                | 9      | -                                   | -      |
|                                                 | 244                               | 186    | 219                                 | 164    |
| Member service expenses per member (in dollars) | \$ 725                            | \$ 566 | \$ 675                              | \$ 519 |

General Administration costs were paid to Alberta Pensions Services Corporation (APS) on a cost-recovery basis.

## NOTE 15 TOTAL EXPENSES

Total Judges Registered Pension Plan expenses of investment expenses per Note 13 and administrative expenses per Note 14 were \$1,336 (2024: \$1,272) or \$3,975 (2024: \$3,868) per member (in dollars) and 0.68% (2024: 0.69%) of net assets under administration.

Total Judges Unregistered Pension Plan expenses of investment expenses per Note 13 and administrative expenses per Note 14 were \$241 (2024: \$187) or \$743 (2024: \$591) per member (in dollars) and 0.08% (2024: 0.06%) of net assets under administration.

## NOTE 16 CAPITAL

The Judges Registered Pension Plan defines its capital as the funded status. In accordance with the *Employment Pension Plans Act*, the actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years. The objective is to ensure that the Plan is fully funded over the long term through the management of investments, contribution rates and benefits. Investments, including the use of derivatives and leverage are based on the plan's SIP&G. The asset mix and risk policies and procedures are designed to enable the plan to meet or exceed its long-term funding requirement within an acceptable level of risk.

If there is an actuarial funding surplus that exceeds the amount that is actuarially determined to be necessary to pay benefits and the costs of administering the plan, the Lieutenant Governor in Council may, with respect to any portion or all of the excess, transfer it to the Province's General Revenue Fund, or apply it towards reduction of the contributions for which the Province is liable.

If the Judges Registered Pension Plan is terminated, and the assets are not sufficient to pay all the benefits accrued under the terms of the Judges Registered Pension Plan, additional contributions are payable by the Province in amounts sufficient to ensure that all accrued benefits are paid. If, after all benefits are provided on the complete wind-up



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**NOTE 16** CAPITAL

CONTINUED

of the Judges Registered Pension Plan, assets remain in the plan, those assets shall be transferred to the General Revenue Fund of the Province. The Judges Unregistered Pension Plan defines its capital as the funded status as described in Note 1a, Note 1b, Note 1g and Note 6.

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**NOTE 17** COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with 2025 presentation.

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**NOTE 18** RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements were approved by the Deputy Minister of Treasury Board and Finance based on information provided by APS, AIMCo, and the Plan's actuary, and after consultation with the Judges' Pension Plan Advisory Committee.



## Schedule of the Provincial Judges and Applications Judges Registered Pension Plan and the Provincial Judges and Applications Judges Unregistered Pension Plans

The following Schedule is provided for illustrative purposes only. The Provincial Judges and Applications Judges Registered Pension Plan and the Provincial Judges and Applications Judges Unregistered Pension Plan are independent entities and, as such, there is no right of offset of these individual liabilities and assets. Data is provided using fair value of assets (not actuarial or “smoothed” values), as presented in the respective financial statements.

|                                                                | (\$ thousands) |                |
|----------------------------------------------------------------|----------------|----------------|
|                                                                | March 31, 2025 | March 31, 2024 |
| Net assets available for benefits - Registered Plan            | \$ 197,296     | \$ 183,656     |
| Net assets available for benefits - Unregistered Plan *        | 332,586        | 304,282        |
|                                                                | 529,882        | 487,938        |
| Pension obligation - Registered Plan                           | 168,028        | 168,420        |
| Pension obligation - Unregistered Plan                         | 281,579        | 271,580        |
|                                                                | 449,607        | 440,000        |
| Surplus of aggregate assets over<br>aggregate accrued benefits | \$ 80,275      | \$ 47,938      |

\* Includes due from Reserve Fund for 2025 \$317,866 (2024: \$291,366).

