

2019 ACPM NATIONAL CONFERENCE



SHIFTING CURRENTS

Navigating Retirement Diversity

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VANCOUVER, BC
Fairmont Hotel Vancouver
SEPTEMBER 10–12, 2019

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Workshop 3

Capital accumulation plans: How to balance flexibility with retirement adequacy?

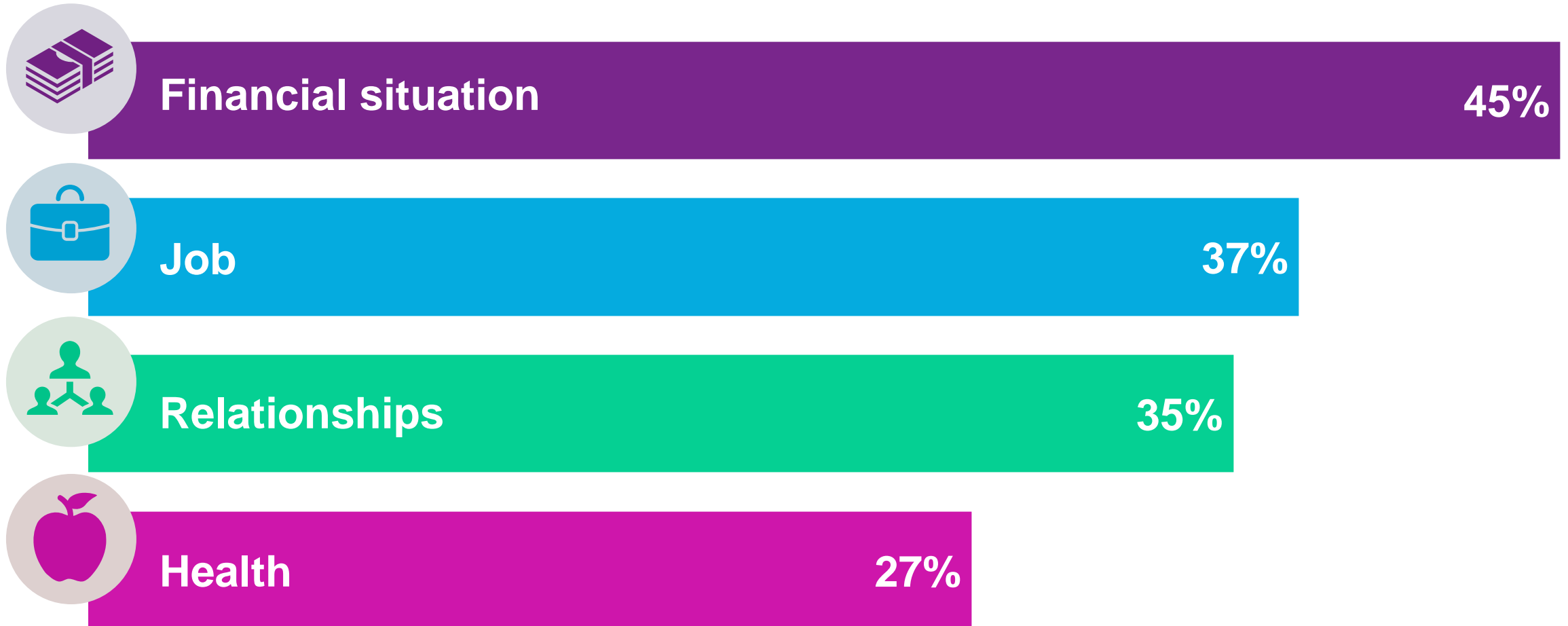
Speakers:

Jean-Grégoire (Greg) Morand, Partner, *Normandin Beaudry*
David Morton, *Willis Towers Watson*

Moderator:

Jennifer Katzsch, *Sun Life Financial*

Financial pressure is the leading source of stress



Source: Willis Towers Watson 2017/2018 Global Benefits Attitudes Survey, Canada

Adding health issues makes a bad situation worse

> 4 in 10

Employees reported financial and health issues

2x more likely
to suffer from
high stress

3x more likely
to be
discouraged

46%
less likely to
be satisfied
with their
financial
situation

44%
had a significant financial
event in past 2 years

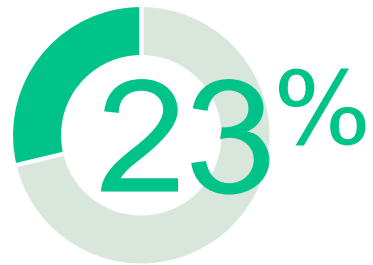
3 days is average of
additional missed days per year

2.5x more likely to
work past age 70

Only 2 in 10 employees report no financial or health issues

Source: Willis Towers Watson 2017/2018 Global Benefits Attitudes Survey, Canada

The effect on employers



Expect to work until age 70 or later



Effectiveness



- Absenteeism
- Presenteeism
- Disengaged

Ageing workforce



- Increased HR costs
- Inability to hire young talent

Health costs



- Higher health care cost
- Increase disability

Source: Willis Towers Watson 2017/2018 Global Benefits Attitudes Survey, Canada

Plan design affects employee savings rates

Willis Towers Watson 2017 DC survey highlighted irrational employee behaviour

9% Contributing more than amount required to receive full match

Contributing enough to receive full match

63%

18% Not contributing enough to DC plan to receive full match

10% Not contributing to DC plan

N=132

The Mercer Celgar story

David Morton,
Willis Towers Watson

Mercer International



- One of largest market pulp producers
- Head office: Vancouver; Operations: BC, Alberta, Germany, Australia
- Modern mills; Operate one of largest softwood lumber facilities
- 2,200 employees

Mercer Celgar



- Pulp producer located in Castlegar, BC
- Mill constructed in 1964
- One of the largest, most modern single line kraft pulp mills in North America
- ~140 non-union employees

Pension Plan

- Defined Benefit plan established in 1986
- DB plan frozen in 2008
- All future accruals to new DC provision

Celgar's DC Plan reflected the objectives of the time. . .



Competitive

- Industry benchmarking suggested 7% employer contributions



Change Management

- No mandatory employee contributions
- Group RRSP established for voluntary employee contributions

By 2016, some challenges were starting to emerge



Poor retirement readiness

Some older workers felt unprepared to retire



Potential for rising employment costs

Celgar became concerned about potential future employment costs

Celgar's three-pronged approach



Measurement

Look at overall employee voluntary savings rates

- Only 15% of employees contributed voluntarily

Assess employees' retirement readiness

- 78% of employees were not expected to be able to afford to retire until after age 70



Employee communication

Share key results from current state measurement

Spur responsibility for employee savings level

Educate about plan changes

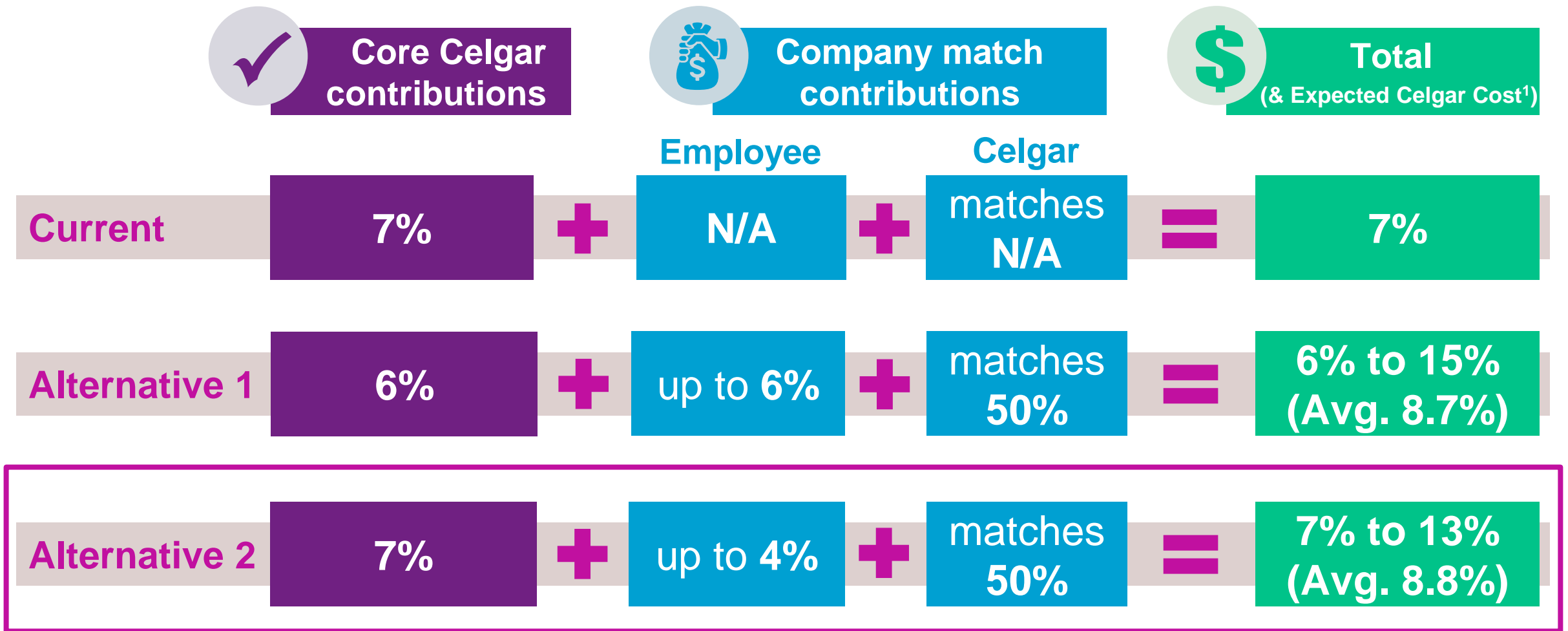


Plan design

Consider alternative plan designs to motivate employee savings

- Maintain significant core company contribution
- Introduce company match to voluntary employee contributions

Introducing a company match to motivate employee action



¹ Assumes 90% take-up rate from employees.

Auto-escalation ensured high take-up rate



Encouraged employee savings



Led to higher total contribution rates

The results were very encouraging!



Average expected retirement age improved by over 3 years



New plan design was very well received by employees



103 of 110 members have kept the 4% contribution rate

We understand the importance of reaching your retirement goals

Effective January 1, 2019, Celgar will help you save more by improving your Staff DC Pension Plan!

7% Current Celgar contributions
4% Employee contributions
2% Voluntary contributions
2% Match contributions
up to 13% Total DC Plan Contributions

NEW

Watch this space... more information coming soon!

MERCER celgar

The WSP story

Jean-Grégoire (Greg) Morand
Partner
Normandin Beaudry

WSP Global / WSP Canada



- Publicly-listed multinational company which provides engineering professional consulting services
- Grown through a combination of mergers, acquisitions and organic expansion
- 130-year history, with roots in companies founded in the US, UK and Canada
- Head office in Montreal and operations located in more than 500 offices across 40 countries and 5 continents
- Over 8,000 employees in Canada and close to 50,000 employees worldwide

WSP Canada's situation

- The WSP savings program includes three components:
 - Group retirement savings plan (Group RRSP/DPSP*)
 - Employer match of 100% up to a maximum of 4%
 - Share purchase plan
 - Employer match of 50% up to a maximum of 1% or \$1,000
 - Complementary savings arrangements (TFSA* and non-registered account)
- Not fully integrated benefits and employee experience
- Desire to innovate and increase flexibility further while addressing employee financial wellbeing and savings needs

* Group Registered Retirement Savings Plan (RRSP), Deferred Profit Sharing Plan (DPSP) and Tax-Free Savings Account (TFSA)

Normandin Beaudry's Savings Highway®



Normandin Beaudry's Savings Highway[®]

3 key elements of the Savings Highway[®] approach

1

Create a strong emotional footprint – aligned with the real financial needs of the employees

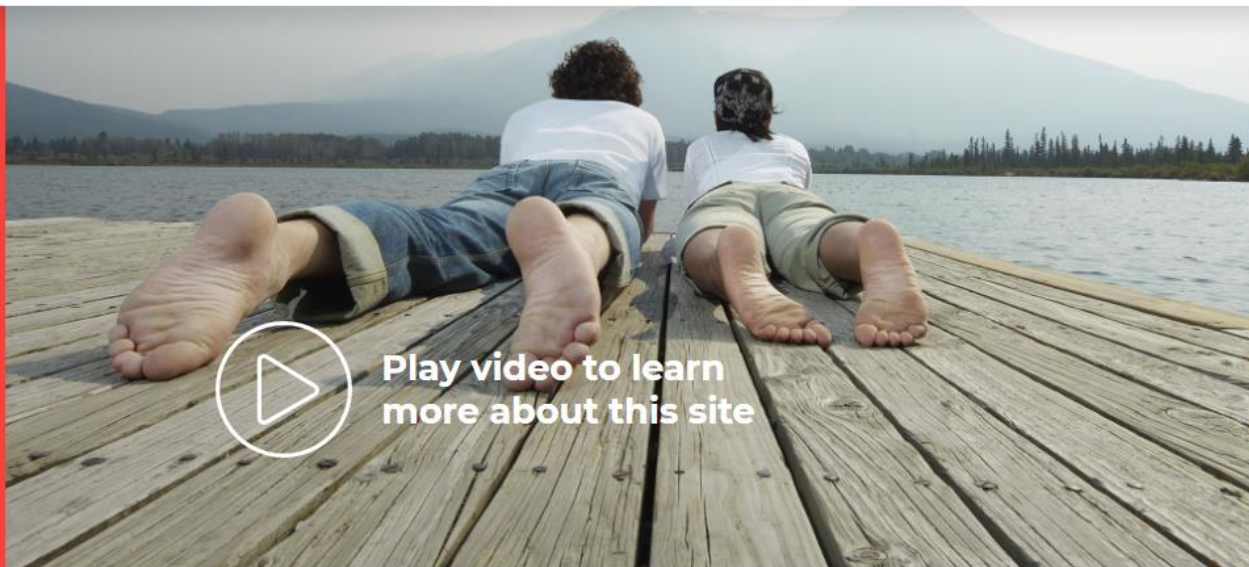
2

Innovate at the entry and exit points (accumulation/decumulation)

3

Simplify and optimize the employees' experience

*Embracing life at WSP
Benefits at your
service!*



Play video to learn
more about this site

What are your needs?

Click on a section to
discover how your
benefits can help!



Taking
care of
yourself



Taking
care of
others



Simplifying
your day-
to-day life



Saving
for life
projects

Show

Flex dollars left
\$0.00 of \$42.31

Cost to you
\$134.59



Help

Savings-Investing for your projects

You request that Sun Life opens a NREG account and invests RRSP or TFSA contributions in it if you do not already have an RRSP or TFSA account open, or you do not open one within the next 90 days.

You are responsible for ensuring that your contributions respect the limits of the Canada Revenue Agency (CRA) to avoid penalties.

RRSP , TFSA , NREG

Showing 3 benefit(s)

RRSP \$ 39.96 / Bi-weekly ▼	TFSA \$ 39.96 / Bi-weekly ▼	NREG \$ 13.32 / Bi-weekly ▼
Registered retirement savings plan	Tax-free savings account	Non-registered account
What percentage do you wish to contribute from your pay?	What percentage do you wish to contribute from your pay?	What percentage do you wish to contribute from your pay?
Contribution % of annual base salary	Contribution % of annual base salary	Contribution % of annual base salary
Percentage <input type="text" value="3"/> X 1.00 = 3.00	Percentage <input type="text" value="3"/> X 1.00 = 3.00	Percentage <input type="text" value="1"/> X 1.00 = 1.00





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