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# Benefits

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2021 CAP  
SUPPLIERS  
REPORT

*Employers can help employees invest in their retirement while ensuring they're also preparing for a rainy day* **p24**

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December 2021

**PLUS!**

How BLG is supporting non-binary and transgender staff through benefits **p8**

Why cybersecurity breaches are top of mind for pension funds **p10**

Coverage of the 2021 DC Plan Summit **p37**

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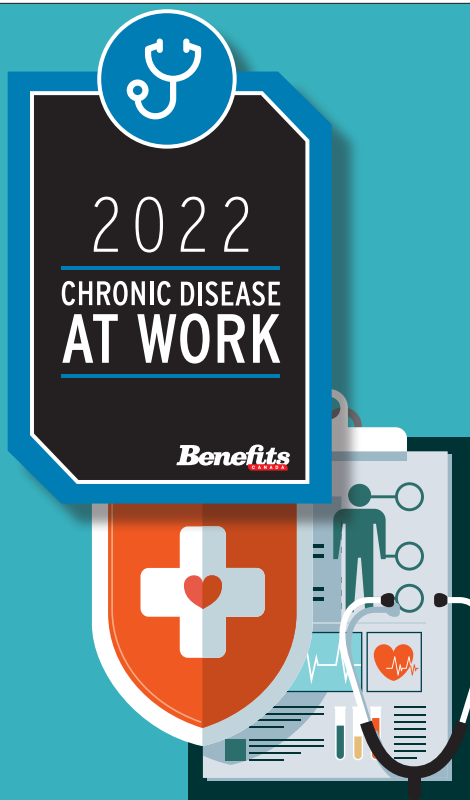
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## Promising signposts for the year ahead

Once again, the end of year is near. Besides the extraordinary presence of vaccines and the movements in public health restrictions across the country, most Canadians are likely experiencing a significant déjà vu of late 2020.

But despite a rather stagnant 2021, this year's December issue heralds several promising signposts for the year ahead. We feature our 2021 Workplace Benefits Awards winners — across 10 categories, eight employers stood out for the innovative and heartfelt way they're supporting employees' holistic well-being. Our coverage of the 2021 DC Plan Summit highlights the top-of-mind topics for defined contribution plan sponsors. And this month's Investment Feature shows how institutional investors are tackling a growing risk they can no longer ignore.

Beginning on page 14, we celebrate the 2021 Workplace Benefits Awards winners. Despite facing the continuing external and internal pressures of the coronavirus pandemic, these leading companies — 3M Canada, Canadian Forest Products Inc. LifeLabs, Samsung Electronics Co. Ltd., Scotiabank, Shopify Inc., SSENSE and Unilever Canada Inc. — have truly stepped up this year.

The winning entries expanded and enhanced their benefits and pension offerings with input from past data, employee feedback and senior leadership to support their employees' mental, physical and financial well-being.

Once again, we congratulate all of the winners and finalists — which provide benefits and pension plans to nearly 300,000 Canadians — for their encouraging and inventive work on behalf of their employees and organizations. I hope the winners' stories inspire other employers to explore their own communications, mental-health, diversity or financial wellness programs and tell *Benefits Canada* all about it when the 2022 Workplace Benefits Awards are launched in April next year.

Alongside the pension and investment industry's prominent thought leaders, the 2021 DC Plan Summit, hosted virtually on Oct. 6, featured a panel discussion with three DC plan sponsors

about decumulation and the challenges facing the expansion of in-plan options for retiring plan members.

While I wrote a bit about that discussion in last month's Editorial, this issue features coverage of the entire event. Starting on page 37, read about how to fit liquid alternatives into DC investment portfolios, use investment lineups to tackle high interest rates and inflation, the importance of longevity pooling in decumulation, as well as DC plan member views on target-date funds and environmental, social and governance factors.

Also, a legislative update panel later in the event demonstrated that many of the topics discussed throughout the day are on the radar of regulators, including the federal government's yet to be introduced decumulation options — advanced life-deferred annuities and variable payment life annuities. And a new decumulation committee recently formed by the Canadian Association of Pension Supervisory Authorities shows there's more to come in this space and I hope we hear about it in 2022.

Finally, this month's Investment Feature, on page 10, looks at the rising risk for institutional investors around cyber hacks and breaches — a relatively new frontier that investors like the Canada Pension Plan Investment Board have already experienced firsthand.

For the Alberta Investment Management Corp., these risks have been top of mind for a long time, according to Sandra Lau, its executive vice-president of fixed income. "Good governance is always a requirement when we're looking at an investment and cybersecurity is part of that," she says.

If pension funds and other institutional investors aren't paying attention to cybersecurity risks, 2022 is a good time to start.

So the year ahead looks like an interesting one for our industry. Whether in the human resources, benefits, pension or investment space, there are many topics on the horizon — and *Benefits Canada* will be sure to dig in and deliver our characteristic in-depth and unbiased takes.

In the meantime, we wish you a cozy and family-filled holiday season.



By **Jennifer Paterson**  
jennifer.paterson@contexgroup.ca



## Last month's top news, moves and numbers in the pension, benefits and investment industries

### People watch



- **Deborah Orida** is the CPPIB's first-ever chief sustainability officer.
- **Jonathan Hausman** is the Ontario Teachers' senior managing director of its newly created global investment strategy department.

### Survey says

**53%** of pre-retirees who expect to delay their retirement past age 65 said they haven't saved enough to comfortably retire (Fidelity Investments).

**35%** of employees are considering leaving their job or are unsure about whether to stay with their company (LifeWorks).

**41%** of plan sponsors offer virtual health-care services through their benefits plans (2021 Benefits Canada Healthcare Survey).

**75%** of Canadians nearing or in early retirement say the coronavirus pandemic has them more concerned about their family's financial security and well-being (Ryerson University's National Institute on Ageing and HomeEquity Bank).

### M&A

- **T. Rowe Price Group** is buying **Oak Hill Advisors** for about US\$4.2 billion.
- **Franklin Templeton** is buying **Lexington Partners** for aggregate cash payments of US\$1.75 billion.



## Top 5 stories of the month on

BenefitsCanada.com



- 1** Unvaccinated employees may not be eligible for EI: feds
- 2** RBC focusing on mental health as hybrid work model rolls out
- 3** CPP maximum pensionable earnings rising to \$64,900 in 2022
- 4** Public service union 'concerned' managers may decide validity of employee vaccine views
- 5** SAP Canada piloting data-driven office design for hybrid workforce

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### Pension investments

- The **AIMCo** is selling its stake in a Spanish renewable energy company and issuing its inaugural green bond.
- The **Caisse** is investing in a fund focused on supporting innovative technology companies, as well as a Canadian mortgage broker.
- The **CPPIB** is investing in multi-use real estate developments in Mumbai, India and Birmingham, England, as well as European student housing. Meanwhile, a consortium of investment managers, including the **CPPIB** and the **Ontario Teachers'**, is reaching an agreement to create a global communications organization.
- The **Ontario Teachers'** is investing in the U.K. reinsurance market.
- The **IMCO** is investing in a private debt credit manager and debt provider.
- The **OMERS** is buying a solar power producer.

### Employers in the news

- **Citigroup** is supporting employees mental health and wellness as it begins rolling out plans for returning to the workplace.
- The **Royal Bank of Canada** is focusing on mental health to engage and retain employees as it shifts to a hybrid work model.
- **Whole Foods Market** is offering its employees enhanced overtime and bonuses for hours worked during the busy holiday season.
- As **SAP Canada** reopens its workspaces across the country, the organization is using an office redesign to determine how to best support employees in a hybrid workplace.
- **Starbucks Canada** is raising wages and benefits amid "critical staffing shortages."



## Should employers worry about time theft with remote workers?

With the shift to working from home during the coronavirus pandemic, some leaders are concerned about what employees are actually doing, or not doing, during the workday

COMPILED BY MELISSA DUNNE

### Howard Levitt

Senior partner at  
Levitt Sheikh LLP



### Matthias Spitzmuller

Associate professor of  
organizational behaviour,  
Queen's University's  
Smith School of Business

Yes, time theft is a concern when it comes to remote work. A study by Aternity Inc. found overall productivity decreased 14 per cent between Feb. 3 and July 9, 2020, as high levels of remote work were maintained due to the onset of the global pandemic.

More worrisome is that the study noted those workers “were getting less productive the longer remote work continues.” This isn’t a surprise, as it coincides with human nature. Many employees will work as productively at home as they do at the office, but many others won’t or, at least, ultimately won’t. If a person takes a midday stroll, plays with their dog, watches a show or spends time with their partner or child (which they could never have done at work) and there are no consequences, they’re likely to do so again. Indeed, they might be likely to do it for a longer period the next time.

It’s a little like paid sick days negotiated into union collective agreements. If 10 days are granted, invariably virtually, in my experience, every employee is ‘sick’ for 10 days a year, but no more. Many employees, I believe, take advantage of the opportunities offered to them to put their life ahead of their work if there’s no risk of losing that job as result.

If we lived in a world where every employee worked as hard as they could every day, it would make less difference where they worked. But many will be more inclined to not work when there’s no chance their manager will walk by and notice.

In pre-pandemic times, I’d often be approached by [employer] clients whose employees were found surfing the web, making excessive personal calls or simply chatting with others instead of working — and that was in environments where those employees realized they could be caught. What incentive do employees have to not engage in these activities if there’s less chance of detection?

There can be many other disadvantages to remote work for employers, but a big disadvantage is that employees are in an environment where they can simply work less and with impunity — that, I believe, is irresistible to many.

In a word, no.

During the pandemic, some organizations have announced the end of the traditional office and others have moved to a hybrid work arrangement. During this shift, many managers have asked, “Can employees be trusted working alone and with no controls and supervision present?”

These questions demonstrate a broader concern in organizations’ upper echelons. They ask whether employees will act in the best interest of the employer in the absence of traditional control mechanisms embedded in office-work arrangements.

The concerns have led to a rise in investments in surveillance technology that controls whether employees are present and working productively during working hours. In my opinion, these measures are ineffective and often outright counter-productive. The overwhelming majority of employees have an intrinsic desire to be a valued member of their respective organizations; they want to deliver good work, be involved in organizational initiatives and decision-making processes and feel they contribute to something larger than themselves. Whenever employees connect with this sense of autonomy and intrinsic motivation, they may feel emboldened; they can be more creative, make better decisions and act more inclusively.

I would argue that the autonomy of a self-motivated workforce constitutes one of the biggest assets for organizations. Academic research calls this the autonomy paradox — a term that describes how the absence of traditional control mechanisms can be associated with the highest levels of work engagement and productivity, sometimes even jeopardizing the health of employees who continue to push their own limits to the benefit of their organization, according to a 2011 study published in *Administrative Science Quarterly*.

Why would organizations want to jeopardize this asset? Implementing far-reaching control mechanisms to target what usually amounts to a few slackers within an organization erodes the very source of engagement, creativity and purpose that’s a critical ingredient of innovation in the information age.

BY MELISSA DUNNE

*How law firm  
BLG is supporting  
transgender  
and non-binary  
employees  
through benefits  
offerings and  
human resources  
initiatives*

# TAKING STEPS TO INCLUSIVITY

KRIS DALRYMPLE IS THE ADMINISTRATOR FOR INTAKE AND CONFLICTS  
AT BORDER LADNER GERVAIS LLP.

ANDREW GEDDES / JUNON ELEVEN

**W**hen Kris Dalrymple decided to come out as transgender at work, he was a bit worried about the reaction.

But those fears quickly disappeared after he sent out a company-wide email chronicling his journey to outwardly living as the person he feels like on the inside. “The second the email came out, it was just an outreach of love,” says Dalrymple, administrator for intake and conflicts at Borden Ladner Gervais LLP in Ottawa. “It was a life-changing day and my life at the firm hasn’t been quite the same since.”

### **Paving the way**

At the law firm where he’s worked for more than 15 years, life has only gotten better since he sent that email about four years ago. The firm has been on its own journey to ensure it supports transgender and non-binary employees in a myriad of ways. Most recently, it launched a new gender affirmation benefits offering for employees and their dependants.

While provincial and territorial governments across Canada generally cover the cost of gender-affirming surgery, other costs often aren’t covered by government-funded health plans. BLG is offering \$10,000 per year to a maximum of \$50,000 to employees and dependants for a range of gender affirmation costs not usually covered by public health systems, such as Adam’s apple or cheekbone reductions.

The new offering is part of a bigger push that began at BLG a few years ago on the heels of so-called “bathroom bills” in the U.S., which aimed to prevent transgender people from using bathrooms aligned with their gender identity and sparked fierce backlash around the world.

Laleh Moshiri, national director of diversity and inclusion at the law firm, spearheads the firm’s efforts, starting with work on a transgender accommodation inclusivity policy in 2016. The firm supports transgender and non-binary staff in several ways — through official written policies and benefits offerings, the provision of gender-neutral washrooms, bringing in speakers and encouraging all staff to identify their preferred pronouns in their email signature.

### **BY THE NUMBERS**

- **75,000** of Canadians aged 15 and older said they’re non-binary or transgender in 2018. This includes anyone whose reported sex assigned at birth differs from their current gender, including those who are non-binary.
- **44.8%** of transgender people said they’ve seriously considered suicide, compared to **17.1%** of Canadians that identify as cisgender.
- **35.7%** of transgender people have used drugs or alcohol to cope with abuse or violence that occurred in their lifetime, compared to **10.9%** of Canadians that identify as cisgender.

Source: Statistics Canada

The introduction of the new benefits offering was one of the final pieces of the work the organization started in 2016,” says Moshiri. “It certainly doesn’t mean our work is done, but it’s an important piece of what we’re doing. I think that providing these benefits has a fundamental impact on the mental health of trans individuals.”

Dalrymple agrees, calling the new benefit offering fantastic. “We don’t question anyone who has diabetes [saying], ‘We’re not going to cover your insulin.’ I know it might seem like a bit of a stretch, but to someone who’s transgender, it’s not. If you’re not even comfortable in your own skin, this can lead to very high statistics with suicide and self-harm due to feeling that you don’t fit in and you’re not comfortable in your body. But simple things like surgery, . . . for many of us, it’s life changing — you finally feel like the person on the outside like you do on the inside.”

### **Supporting all staff**

Michel Arsenault, clinical director of global operations, digital clinical services and career at LifeWorks Inc., agrees that having specific human resources policies and benefits offerings for transgender and non-binary employees can significantly help their mental well-being and ultimately boost their happiness and productivity at work. An inclusive and supportive company culture can also help employers attract and retain top talent, he adds.

More employers across Canada, including Manulife Financial Corp., Scotiabank and Sun Life Assurance Co., have added coverage for enhanced gender affirmation procedures to their benefits offerings in recent years. While some momentum is building, Arsenault says there’s still room for improvement. “As we start to see more employees come forward and wanting to live in their true gender, I think employers will be forced to look at that a little more closely.”

Like BLG, Canadian employers that are aiming to be more inclusive to transgender and non-binary employees have a range of options, like ensuring language in corporate documents is gender neutral and bringing in speakers to educate employees about a range of issues around gender and inclusivity.

### **Being an ally**

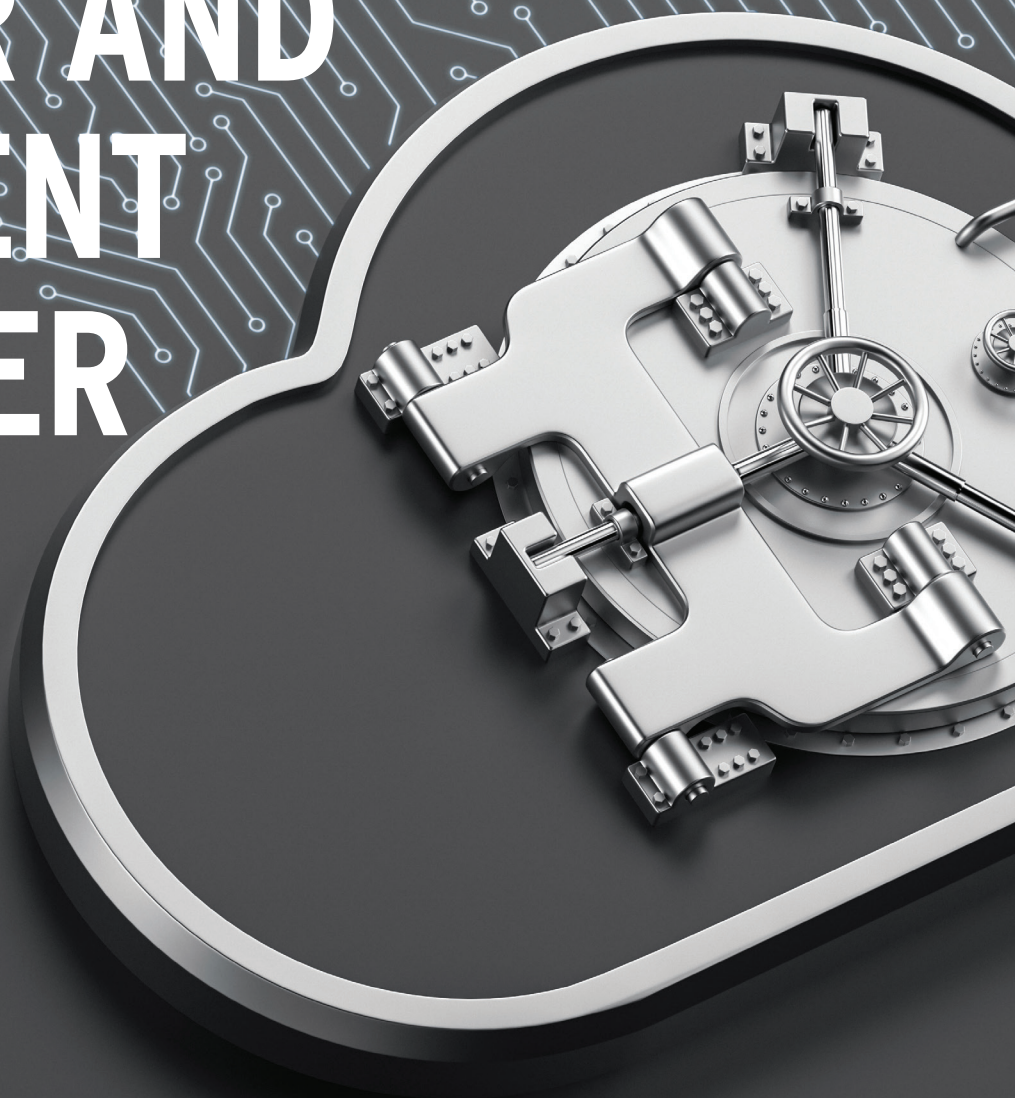
In Dalrymple’s case, his colleague Moshiri has been an integral part of making him feel truly included and heard at work. She flew from Toronto to Ottawa the day he sent out his re-introduction email so he’d have extra emotional support on a scary day. The law firm also made sure his nameplate and name in internal systems was changed so it was a smooth transition.

But the road isn’t always so smooth, he acknowledges, suggesting employers be open to listening, learning and continually evolving their diversity, inclusion and equity efforts.

“Since I’ve come out at the office and let everyone know that I’m transgender, the firm started coming up with all of these policies and procedures. These things tell me that BLG is pushing forward. They want to inform everyone, regardless of their gender, they’ll be welcome here. . . . I’ve definitely seen, in the last couple of years, that things have really been moving in the right direction.”

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# CLEAR AND PRESENT DANGER



BY MICHAEL MCKIERNAN

## *The financial, litigation, regulatory and reputational risks of cybersecurity breaches are top of mind for pension funds*

**Y**ears before his late-career rebirth as nemesis to former U.S. President Donald Trump, Robert Muller coined a phrase that went down in history among cybersecurity experts.

“I am convinced that there are only two types of companies: those that have been hacked and those that will be,” said the then Federal Bureau of Investigation director in a 2012 speech. “And even they are converging into one category: companies that have been hacked and will be hacked again.”

Almost a decade on, Muller’s words resonate, with terms like phishing and ransomware entering the public lexicon following a series of high-profile and costly attacks that made headlines around the world.

Meanwhile, advances in digital technology mean it’s almost

ISTOCKPHOTO / ATOMICSTUDIO



impossible to underestimate the impact of cyber threats, according to Sandra Lau, the Alberta Investment Management Corp.'s executive vice-president of fixed income.

Reflecting on the great economic emergencies of our time, she says the 2008/09 global financial crisis originated in the financial system, while the fallout from the ongoing coronavirus pandemic has its roots in public health. "Next time around, the biggest risk is going to be cyber," she says, noting she expects her investment targets to take the issue as seriously as she does. "Good governance is always a requirement when we're looking at an investment and cybersecurity is part of that. It's been top of mind for us for a long time."

### Highlighting the 'G' in ESG

Lau isn't the only one thinking this way, as demonstrated by the results of a 2021 survey by RBC Global Asset Management, which found 56 per cent of institutional investors place cybersecurity among their top environmental, social and governance concerns, bumping it up from fourth to second in the ranking of all ESG issues compared with 2020.

Canadian investors placed even more emphasis on cyber issues in their investment decisions, with 62 per cent ranking it in their top tier of ESG worries.

The results came as no surprise to Melanie Adams, the investment manager's head of corporate governance and responsible investment. Quite apart from the significant financial, litigation, regulatory and reputational risk that a breach could pose, she

says pension plan sponsors and other institutional investors are most scared by factors that fall outside of their comfort zone. "The hardest thing about cybersecurity is that it's very difficult to assess if you're not an expert."

Even with help from industry consultants, investors are often reliant on a company's own disclosures about its breach history and existing cyber defences. "What investors can do is work on the company's policies and procedures and look at how the board is overseeing their implementation," says Adams. "But there's not much you can do to check it."

Some pension plan sponsors are exploring cyber insurance as a way to mitigate the risk of a breach, either by purchasing coverage for themselves or by insisting that investment targets have it in place ahead of a deal, according to Molly Reynolds, a lawyer at Torys LLP who advises pension funds and financial institutions on data governance and commercial transactions. "It's an ongoing discussion across several sectors."

Investors don't need to be intentionally misled in order to find themselves exposed, she adds. "The target might say they haven't had any incidents, but when you dig in, you could find it's because they don't really have the framework in place to detect and monitor breaches, which means investors may be going into a purchase with an inflated level of confidence."

Indeed, according to a 2021 study by International Business Machines Corp. of more than 500 data breaches, it took organizations an average of 212 days just to discover they'd been hacked — giving malicious actors as many as seven months to poke around systems looking for more private data and further weak spots, depending on the sophistication of the incident.

### Case in point

Late last year, the Canada Pension Plan Investment Board became a reluctant posterchild for cyber risk in the investment sphere when Texas-based software firm SolarWinds Inc. announced its systems had been penetrated by suspected Russian hackers, just days after the CPPIB sealed a \$315-million deal for a five per cent stake in the company.

The attack was particularly impactful because it spread to a number of SolarWinds' clients — including technology giant Microsoft Corp. and several U.S. government agencies — and the firm's

### BY THE NUMBERS

**62%**

The percentage of Canadian institutional investors that placed cybersecurity issues among their top ESG concerns, according to a 2021 survey by RBC Global Asset Management

**87%**

The percentage of Canadian businesses that reported falling victim to a breach in 2017, according to the World Economic Forum

**40%**

The percentage drop in the share price of software maker SolarWinds within two weeks of the CPPIB's \$315-million investment after the company revealed a massive hack of its system





**US\$113 million**

The CPPIB's loss on the deal in the two-week period after it closed

**212 days**

Average time it took organizations to identify a data breach, according to a 2021 IBM report based on 537 real hacks across 17 industries

**75 days**

Average additional time it took to contain a breach after detection, according to IBM's report

acknowledgement of its problem sent its share price spiralling. From a high of around \$25 on Dec. 8, 2020 — the day after the CPPIB deal was completed — SolarWinds' stock price plummeted to around \$14 just over a week later, wiping more than 40 per cent off the company's value. The share price has since recovered, climbing to \$19.33 by mid-October, but still well short of its peak.

According to a report in the *Washington Post*, the company and its two largest shareholders said they only learned of the breach after agreeing the sale to the CPPIB. The newspaper also quoted a former cybersecurity adviser who said he quit the company back in 2017 because of its refusal to follow his recommendations for beefing up its defences to cyber attacks.

In a statement to the *Post*, Michel Leduc, senior managing director at the CPPIB, said "no one was aware of the hack leading to our capital commitment" to the best of their knowledge, but that the fund was "always focused on the very best interests of the fund and we will continue to assess the circumstances for optimal certainty." A spokesperson declined to comment further to *Benefits Canada*.

In addition to post-transaction exposure, pension funds are increasingly turning their minds to the protection of information gathered during the secrecy-laden periods of exploration, negotiation and due diligence that precede the public announcement of a deal.

"If you look across industries, many would say that investment activity has been overlooked from a cybersecurity perspective," says Reynolds. "There is often highly sensitive information about the founders, directors and management of target companies and other material that, if leaked, could crater significant deals.

"It's been a long-standing practice for funds to sign non-disclosure agreements around potential transactions and I'm seeing a lot more practice and planning steps being taken to ensure that they are operationally living up to those significant confidentiality obligations."

### Regulatory developments

Before turning their attention to cybersecurity outside the organization, it's best for pension administrators to get their own houses in order, according to Katharine Hall, head of Aon's national cyber practice.

"There really isn't a bad time to start looking at this risk. You can't sit back and wait for something to happen."

While some organizations have traditionally viewed ransomware and data breaches as an issue for banks and health-care organizations due to their holdings of cash and sensitive personal information,

### PENSION FUNDS EMBRACING CYBERSECURITY INVESTMENTS

Whether or not they've been targeted by hackers, pension funds have cybersecurity companies in their own crosshairs when it comes to investments.

Ashley Madison, Colonial Pipeline, Equifax Inc. and SolarWinds — these same data breach events that catapulted cyber threats into the public consciousness and struck fear into boardrooms around the globe over the last few years have also raised the profile of the burgeoning industry devoted to keeping hackers out of company systems.

Several large Canadian pension funds have made major moves in the space, including the CPPIB, through its investment in data centre and cybersecurity solutions provider Cyxtera Technologies, and the Caisse de dépôt et placement du Québec, which recently led a \$55-million D-series financing round for cybersecurity and compliance company Onapsis Inc.

Meanwhile, the Ontario Teachers' Pension Plan was part of a consortium that purchased cyber and digital risk-focused RSA Security Inc. in a \$2-billion deal last year. It then followed up earlier in 2021 with a \$150-million investment in information technology security firm Tanium through its Teachers' Innovation Platform, which targets late-stage venture investments in disruptive tech companies.

Hall says the recent Colonial Pipeline hack should prompt them to re-evaluate their exposure to an attack and take a more proactive approach to defending themselves.

Despite Colonial's relatively small number of employees and minimal interaction with the general public, the malware attack forced the largest fuel pipeline in the U.S. to shut down for six days in May, leading to shortages across the Eastern seaboard, before the company paid a \$4.4-million ransom to get back online.

"If you can hold the entire organization hostage, as opposed to getting a few credit card numbers off the internet, you can get a much better return," says Hall. "That's a real risk for pension plans."

If attacks like the Colonial shutdown aren't

enough to scare pension plan sponsors into action, Jordan Fremont, a partner in the pension and benefits practice at Bennett Jones LLP, says recent regulatory developments provide them with an added incentive to boost their cybersecurity.

At the federal level, the Office of the Superintendent of Financial Institutions recently updated its guidance for cybersecurity preparedness and raised its standards for incident reporting. Meanwhile, the Canadian Association of Pension Supervisory Authorities has established a committee that's currently working on developing a cyber toolkit of best practices and resources.

"The first step for pensions is understanding and identifying risks and the second is setting out policies and procedures that help to manage and mitigate those risks," says Fremont. "It has to be specific to each plan — it can't be one size fits all — and it has to continue to evolve as the threats and risks evolve."

Jaycee Roth, associate managing director of cyber risk at digital service provider Kroll Inc., says compliance with industry standards, such as the Center for Internet Security's list of 18 critical security controls, can help pension plan sponsors take their defences to the next level by instilling a culture of cybersecurity via threat awareness and skills training, breach simulations and penetration testing, among other measures.

But they also provide a template for pension plan sponsors seeking to assess the situation at their investment targets, she adds. "It's vital to ask whether they're following these protocols."

When it comes to vetting a company's claims about its

cybersecurity, Roth suggests institutional investors take a "trust, but verify" approach. "There are way too many cases where an incident evaluation showed they downplayed the importance of security, but the deal went ahead because it looked too good overall to pass up.

"If they won't let you evaluate them properly or they can't provide you with a verified risk assessment, you might be setting yourself up for an expensive future tragedy in terms of financial and reputational damage."

**Michael McKiernan is a freelance writer.**



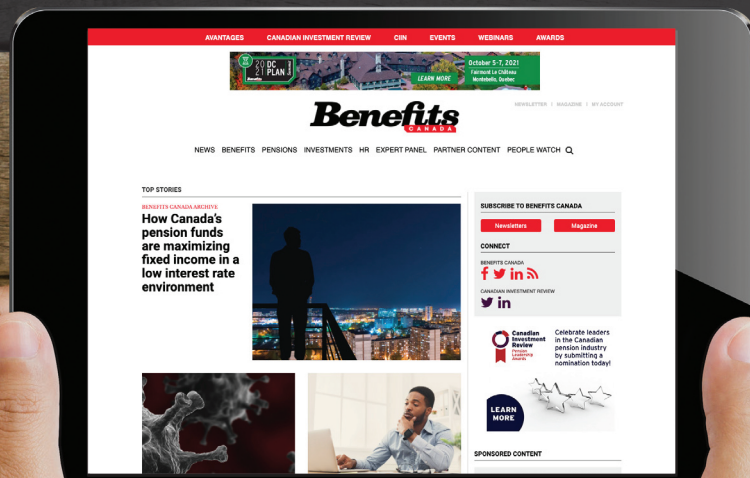
## KEY TAKEAWAYS

- Cybersecurity issues play an increasingly prominent role in investment decisions as high-profile hacks continue to drive home the financial and reputational dangers of data breaches.
- Pension funds must get their own house in order before they can start evaluating the cybersecurity situation at their investment targets.
- The same best practices that should be implemented by pension plan sponsors provide a template for what to look for in their deal partners.

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# HIGHLIGHTING *holistic health*

## WORKPLACE BENEFITS AWARD 2021

**Award winners discuss their evolving actions and tangible results as they focus on employees' mental, physical and financial well-being**

BY LAUREN BAILEY, MELISSA DUNNE, JENNIFER PATERSON AND BLAKE WOLFE

**W**ith *Benefits Canada's* call for entries to the 2021 Workplace Benefits Awards in April, benefits and pension plan sponsors had a whole year of the coronavirus pandemic in their rear-view mirrors. Despite the uncertainty swirling around the previous months, leading Canadian employers pressed on, prioritizing and supporting their employees' mental, physical and financial health. This year, we received almost 100 entries across 10 categories, so a big congratulations goes out to all of the finalists for their inspiring and innovative work on behalf of their organizations and employees — a total of nearly 300,000 across all finalists — especially in the midst of a truly difficult time.

*Benefits Canada* would like to thank the judging panel for volunteering their time to narrow down the list of finalists, as well as the event's sponsors — Eli Lilly, Express Scripts Canada and Novo Nordisk — for their support.

Read on to learn about 2021's winning programs and strategies, which were discussed and celebrated during a virtual roundtable and ceremony on Oct. 14.

### CONGRATULATIONS TO THIS YEAR'S FINALISTS!

#### Coronavirus and benefits

(>5,000 employees)

Beneva  
MNP LLP  
Shopify Inc.

#### Coronavirus and benefits

(<5,000 employees)

CIBC Mellon  
Fidelity Investments Canada  
SSENSE  
Unilever Canada Inc.

#### Mental health

(>5,000 employees)

Air Canada  
Coca-Cola Canada Bottling Ltd.  
LifeLabs

#### Mental health

(<5,000 employees)

3M Canada  
CIBC Mellon  
CSA Group

#### Diversity program

Coca-Cola Canada Bottling Ltd.  
Fidelity Investments Canada  
LifeLabs  
Unilever Canada Inc.

#### Health and wellness

(>1,000 employees)

3M Canada  
CAA Club Group  
IGM Financial Inc.  
LifeLabs  
Ubisoft

#### Health and wellness

(<1,000 employees)

CSA Group  
Ottawa Community Housing Corp.  
Samsung Electronics Co. Ltd.

#### Benefits plan communications

AECOM  
BNP Paribas  
SSENSE

#### Pension plan communications

Scotiabank  
SSENSE  
Thermo Fisher Scientific Canada

#### Financial wellness program

Canadian Forest Products Ltd.  
Scotiabank  
SEIU Healthcare

### A BIG THANK YOU TO THIS YEAR'S JUDGES

**Karin Adams**, vice-president of talent and total rewards, TMX Group Ltd.

**Ayman Alvi**, director of global benefits, Scotiabank

**Katharine Coons**, national workplace mental-health specialist, the Canadian Mental Health Association

**Wendy Cukier**, founder of the Diversity Institute, Ryerson University

**Melissa Dunne**, managing editor, Benefits Canada

**Jordan Fremont**, partner, pensions and benefits team, Bennett Jones LLP

**Jean-Guy Gauthier**, expert in risk and benefits management, CQFD Actuariat

**Laura Glenn**, wellness program manager, North America, Ericsson

**Chuck Grace**, Western University's finance faculty and program manager, Canada's Financial Wellness Lab

**Julie Holden**, principal, Holden & Associates

**Marilee Mark**, president, Marilee Mark Consulting

**Jennifer Paterson**, editor, Benefits Canada

**Nicole Quintal**, communications manager, the Co-operative Superannuation Society pension plan

**Lizann Reitmeier**, associate director, Willis Towers Watson



BRONWYN OTT

## *Diversity program:* UNILEVER CANADA

### **Diversity, equity and inclusion approach focuses on people, culture and community**

**A**t the onset of the pandemic, Unilever Canada adopted the mantra “we’re navigating the same ocean in different boats.”

The adage sums up the organization’s expansive approach to its DEI efforts, which focuses on its people, culture and community, says Bronwyn Ott, its former well-being, equity, diversity and inclusion leader.

During 2020’s summer of global social justice unrest, the company committed to addressing systemic racism in Canada and sharing its workforce’s diversity statistics for transparency. Its five-year DEI goals include having a diverse makeup that’s reflective of the Canadian population, says Ott.

To foster an inclusive workplace culture, it created a DEI advisory council comprised of employees from diverse functions, ages, gender and ethnicity. “We wanted to bring people together to ensure what we’re designing or the decisions that we’re making as an organization is reflective of our employees’ needs.”

One of the council’s initiatives was immersive DEI training for Unilever Canada’s senior leadership team, which included a focus on race, ethnicity and leading with inclusivity. Ott says 100 per cent of senior leaders went through the program and they’re cascading the learnings throughout the business.

In addition, all employees were engaged in quarterly virtual DEI training sessions focused on four themes: unconscious bias, psychological health safety, micro-aggressions and cross-cultural competencies and communication. Although the sessions were voluntary, the company actively communicated the programs and set aside a Friday of every month so all employees had time to participate.

Unilever Canada also created a toolkit to help leaders have meaningful one-on-one conversations with staff, as well as “healthy working commitments,” says Ott, which included flexible working to encourage its office-based employees to work together and recognize and support each other’s unique needs through the public health crisis.

As well, the organization held a day of service so employees could give back to their communities and matched employees’ personal donations to a number of charities.

– Lauren Bailey

## *Coronavirus & benefits:* 5,000 employees

### UNILEVER CANADA

#### **Supporting employees’ health and well-being holistically throughout the pandemic**

**U**nilever Canada’s global well-being framework is based on four quadrants — physical, mental and emotional well-being, as well as a sense of purpose, says Ott.

At the pandemic’s onset, it established incident management teams at the global and regional levels that were responsible for the health, safety and well-being of all employees, as well as providing a comprehensive view of the impact on employees and the business from all areas, says Ott.

To support employees through the switch to remote working, the company launched a virtual health-care program in three business days, introduced an internet-based cognitive behavioural therapy program that provides employees with more personalized care and expanded its paramedical coverage to include most mental-health practitioners.

Unilever Canada also infused mental-health champions across the organization and developed a mental-health first-aid training program. It created a domestic violence policy and virtual learning pathway to educate employees on the issue and make them aware of the various supports available. And it implemented two additional company-wide paid days off, flexible working hours and meeting guidelines and etiquette.

As well, the organization increased the funds in employees’ lifestyle spending accounts and expanded the allowable services. It provided free online fitness classes, repurposed fitness employees in its head office to provide stretching breaks for virtual meetings and redeployed external food services employees to provide virtual nutritional cooking classes to employees.

Half of the workforce are essential factory workers and Unilever Canada implemented “hero pay” for these employees to recognize their hard work. Throughout the pandemic, it’s also providing employees with care packages, which include personal protective equipment, some of its own products and information about its benefits and well-being programs.

“In designing this strategy, we wanted to understand what’s causing people stress, where they’re struggling and how we could remove barriers for them,” says Ott. “We recognize we have a very diverse workforce and we want to make sure we have the right programs to support all of our employees’ needs.”

– Lauren Bailey



KELLY DAWSON

## Coronavirus & benefits: >5,000 employees

### SHOPIFY

#### **The technology company takes a digital-first approach to its way of working**

Shopify Inc. swiftly transitioned all of its employees to remote working once the pandemic was declared and implemented several employee health and well-being programs to support staff.

“Leaving behind our offices was a big step,” says Kelly Dawson, Shopify’s global disability and leaves specialist. “We had a great office culture and so there was a lot of thought [put into] how we could create a great culture digitally.”

In May 2020, Shopify announced it would remain a fully remote workforce going forward. It also rolled out its Digital by Design working model, shifting its operations to a digital-first way of thinking, working and decision-making.

It introduced a policy called Destination 90, which allows staff to work remotely from anywhere in the world for up to 90 days per calendar year. A number of employees have already used this perk and those who do can use their flex credits to help them along the way, says Beth Tremblay, the organization’s senior lead of global benefits.

To combat burnout, Shopify also introduced rest and refuel days to ensure employees were taking time away from work and moved to a four-day workweek in July and August 2020; created leave and accommodation options for employee caregivers, as well as peer support circles; gave all global staff paid time off to get vaccinated; and developed an intranet portal to house wellness and caregiver resources.

It also added \$2,500 to its paramedical coverage specifically for mental-health treatment, expanded the list of eligible practitioners, implemented a mental-health training program for leaders and provided counselling sessions to help employees process issues related to racism and marginalized communities.

As a result, Shopify saw a decrease in short- and long-term disability claims last year, says Dawson. “A lot of [employees] were taking more of a proactive approach to their mental health and wellness. They knew the resources they had at their fingertips and were tapping into them sooner.”

— Lauren Bailey



MATTHEW CORCORAN

## Benefits plan communications: SSENSE

#### **A comprehensive communications plan speaks directly to a young and diverse workforce**

With a workforce that covers more than 35 nationalities and an average age of 33, SSENSE focused on communications that connected with that audience.

“We wanted to make sure that each employee was able to see themselves within our benefits programs — when they were viewing our resources, while they were making their benefits selections and more,” says Matthew Corcoran, SSENSE’s director of global compensation and human resources business partners.

“The use of inclusive imagery and text has been interwoven across our entire communications strategy, from gender neutral employee personas to images that reflect and embody the diverse culture at SSENSE. Although difficult to measure the impact of such an initiative, I feel that employees were able to associate/recognize themselves personally within the program.”

The path to launching the communications for its redesigned benefits plan was long and winding, with one big unforeseen obstacle on the way. Corcoran and his team started planning the communications strategy in late 2019, then the onset of the global pandemic threw the best-laid plans into the air.

“This forced us to think critically about how to communicate a completely new program, with many different and new elements, to our employees across different working populations. We had a subset of employees working remotely and working onsite across multiple locations.”

SSENSE took a multi-pronged approach to communicating early and often during a tumultuous time. For instance, to build buzz for the redesigned plan, it produced teaser videos, as well as information sessions, summary documents and digital signage at its onsite locations.

The communications strategy paid off with more than 90 per cent of employees opting in to the new plan and making selections during the enrolment process. Looking forward, SSENSE is aiming to continue “to evolve our well-being programs to respond to the needs and diversity of our workforce.”

— Melissa Dunne

## *Pension plan communications:* SCOTIABANK

### **The bank focuses on making essential pension information more accessible to plan members**

In 2020, Scotiabank restructured its defined benefit pension plan statement into two versions — a simplified four-page booklet and an expanded eight-page document with full pension details — and rewrote the content to deliver the most important information more quickly.

“The first thing I noticed when I looked at these statements was that we really needed to change them to be more user-friendly and demonstrate the impact they have for employees,” says Rosemary Hatnay, the bank’s director of employee well-being solutions. “A pension statement is a really key piece of information, but you’d be turning several pages before you found the [amount of] earned benefits.”

Employee feedback was gathered through webinars and — pre-pandemic — in-person sessions, then incorporated into the statement content. The statements were then completely redesigned to be more visually appealing and to highlight the most important information. In Ontario, this redesign also helped Scotiabank achieve compliance with the Accessibility for Ontarians with Disabilities Act.

While print copies of the pension statement are still available, a digital version can be accessed through a pension portal. The bank also provides telephone support in both English and French for employees who have questions about their annual pension statements or about the plan in general.



ROSEMARY HATNAY

ERIC FORGET

An employee survey found that, after reading the restructured and redesigned statement, 79 per cent of plan members had a better understanding of how their pension benefit is calculated, while 83 per cent agreed the new annual pension statement is easier to read and understand than previous years’ statements.

Scotiabank is also planning to update its defined contribution plan statement in 2022. “We were knee-deep in this information and you can become blind to what a fresh set of eyes sees,” says Hatnay. “It was very rewarding to see that employees could see the same things — that it was simpler and easier to read. . . . It’s no longer your standard statement that shows up — it’s about what the bank invests in you as an employee.”

– Blake Wolfe



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ERIC FORGET

JACQUIE MCLENNAN

## *Health/wellness program:* >1,000 employees

3M CANADA

### **The manufacturer takes a long-term focus on helping employees 'refresh, re-energize and feel well'**

3M Canada's ever-evolving, comprehensive wellness program, called Empowering Healthy Living, focuses on total health and enabling its employees to take positive, preventive action to improve their well-being.

"I'm a bit biased . . . but I think we provide some amazing programs for our employees," says Jacquie McLennan, benefits specialist. "We have a health value proposition statement and it's our driver behind what we do and that's our mission and commitment to help our employees feel empowered by refreshing, re-energizing and feeling well."

In support of that goal, 3M Canada's program — which launched in 2013 — rests on three pillars: bringing health innovation to its employees; supporting employees to get healthier; and being proactive, not reactive.

At the onset of the pandemic, the company's long-term commitment to employee wellness helped it quickly and proactively support staff. Those who shifted to remote working were able to obtain various equipment, such as ergonomic chairs and extra computer monitors. It also allowed employees to use wellness account credits to purchase home office equipment, in addition to a \$250 home office stipend.

In addition, 3M Canada offers one-stop-shop virtual portal where staff can do a range of things, including tracking and earning points for healthy behaviours, setting and tracking personal goals and watching a collection of short videos about financial, mental and physical health.

3M Canada also engages and informs employees about its many offerings by giving them credits to spend on benefits coverage or to deposit in their health-care spending accounts or wellness accounts when they complete a total health assessment before the annual benefits enrolment.

And finally, the company routinely analyzes a range of data points, such as employee polls and benefits usage numbers, to ensure staff are getting the right health and wellness offerings at the right time. As McLennan and her colleagues look ahead to a post-pandemic future, 3M Canada will continue to tweak its program to empower employees in 2022 and beyond, she adds.

— Melissa Dunne

## *Mental health program:*

<5,000 employees

3M CANADA

### **Refreshing and re-communicating the mental-health program during the pandemic**

Back in 2013, 3M Canada began a journey to "empower employees to refresh, re-energize and feel well," according to its award entry.

However, while the wellness program was effective, the data was telling a different story — its mental-health claims were spiking, up 137 per cent between 2011 and 2016.

The company conducted focus groups and discovered employees were stressed, burned out and in need of actionable information and programs. So it built on its existing mental-health programming by launching a targeted strategy. This included its wellness program, Empower Healthy Living, which allows staff to track and earn points for healthy behaviours, including mental well-being; set a personal goal and track progress against it; access 20-minute mindfulness sessions; connect to an employee assistance program counsellor; and learn from infographics and videos.

"We did the employee focus groups, listened to what we thought the needs were, where we were maybe lacking in some resources and tools and that's when we started building a pretty robust mental-health/health and wellness program for them," says McLennan.

During the pandemic, in particular, 3M Canada focused its programming and communications around mental-health support. "Our president, Penny Wise, is extremely supportive in helping promote all of our mental-health support," says McLennan. "So every town hall, there was time allotted to reiterate and promote those tools and resources. . . . We ended up putting together an employee guide of everything and how you access it, so it made it a really good, easy reference — a one-stop-shop guide for our employees."

Also during the pandemic, the company's existing mental-health strategy helped make it simpler to mobilize and expand its resources to address emerging issues. While mental health was the cause of 13 per cent of short-term disability cases pre-pandemic, mental-health cases dropped to 10 per cent in 2020. And last year, mental health wasn't even in the top three categories of the company's disability program.

— Jennifer Paterson

## Mental health program:

>5,000 employees

## LIFELABS

### Award highlights evolving program that's holistically supporting employees during the pandemic

Within LifeLabs wellness program, which was launched in 2019, the emotional pillar includes: a separate annual maximum for mental-health practitioners through its flexible benefits plan; an expanded list of the mental-health practitioners covered; a mental-health leadership certificate program for all HR managers; and communications campaigns in May and October featuring personal mental-health stories from employees.

"The way we've pulled out mental health as its own category for paramedicals and expanded the list of practitioners you can claim under, we have really set the tone that we're committed to investing in our employees' mental health," says Crystal Arnold, the health-care company's program manager of retirement and benefits.

When the pandemic hit in March 2020, LifeLabs strengthened its mental-health strategy to address employees' intensified needs. It included a dedicated coronavirus wellness resources page to provide easy access to free services, such as virtual health care, home pharmacy delivery, weekly live/recorded webinars and other online resources. It also developed a package for its mental-health leaders to showcase support tools and provide tips on guiding their teams.

The organization had already planned to expand the mental-health leadership training program, says Arnold, "so we were able to jump off of that and expand that to our operations through COVID."

LifeLabs is also leveraging new communications channels, including a 'Catching up with Charles' video segment with its president and CEO speaking to employees about current topics, including mental health.

"Our CEO is a former executive at [Bell Canada], so mental health is something he's very passionate about as well," says Trin Pettingill, national director of total rewards, HR operations and technology. "I think having that support from the CEO . . . puts a face to our strategy. . . . and has made it very visible."

She also notes the organization was engaged in the pandemic before it was declared. "We would have had patient service centres asking people about health and travel before it became full-blown, . . . so [employees have] been on the frontlines of this for going on two years, which does dovetail nicely with some of the changes we've made."

— Jennifer Paterson



LEFT TO RIGHT: CRYSTAL ARNOLD AND TRIN PETTINGILL

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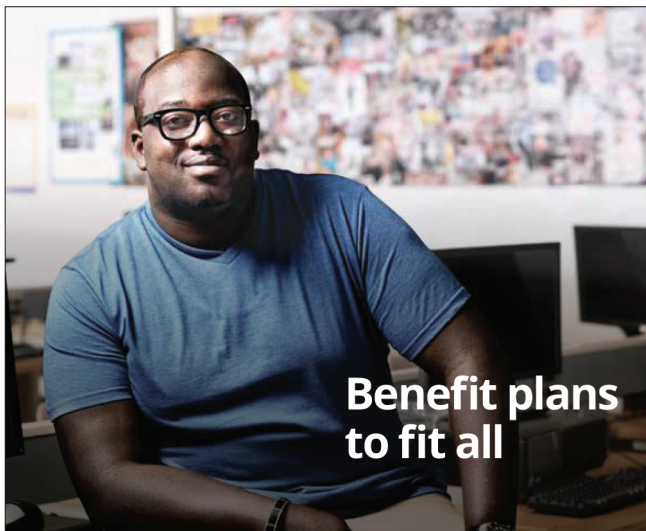
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LEFT TO RIGHT: KRISTAL SULAVELLA AND MERLYN SEQUEIRA

## Health/wellness program:

<1,000 employees

## SAMSUNG ELECTRONICS

**The electronics company focuses on helping staff 'relax, refresh and recharge'**

In a bid to support the health and wellness of generation Z, millennial, generation X and baby boomer employees and their dependants amid the ongoing pandemic, Samsung Electronics Co. Ltd.'s ramped up virtual communications to educate staff on the offerings available to them.

"We have [many] generations working for us so we try to offer something for everyone," says Merlyn Sequeira, director of total rewards, payroll, recognition, wellness and HR systems at Samsung in Canada.

The company offers a range of supports, including access to a virtual health-care platform, an EAP and virtual wellness workshops. It's also taking a holistic view of employee health by supporting financial, mental, physical and social wellness.

Since the onset of the pandemic, Samsung increased its focus on mental health, encouraging all people leaders to complete a workplace mental-health leadership program and providing all new leaders with online mental-health awareness training. As well, all new hires are assigned mandatory online mental-health training as part of their onboarding. And it permanently increased its coverage for a range of mental-health practitioners from \$600 to \$2,000 per year.

The organization also enhanced its early leave and log-off policy this year. Previously, it allowed staff to log off early on the day before a long weekend during the summer months and has extended that offering for all long weekends year round.

Samsung looks to build on its success through an annual survey, pulse surveys and one-on-one sessions. "We're always getting feedback from our employees," says Sequeira. "And as a direct result of people asking for it, we're launching a full flex plan in 2022."

On top of rolling out more flexible benefits offerings to meet employees at every age and stage, Samsung will be launching a refreshed mental-health strategy early next year, she adds, as the importance of emotional well-being will continue to be a top priority as employees look towards a post-pandemic.

– Melissa Dunne

# Financial wellness program: CANADIAN FOREST PRODUCTS

## The lumber, pulp and paper company's award-winning program targets employees' savings and retirement goals

Launched in September 2020, Canfor's three-year financial education program was initially offered to 1,100 salaried employees in Canfor's DB and DC pension plans, helping these employees form a good financial base through topics such as taking control of money and debt, establishing good saving habits and saving for financial goals.

"We didn't just want to do a program to check a box and feel good about it," says Frederic Bessette, director of total rewards at Canfor. "We wanted something that was good enough that it could be rolled for another three-year cycle and that's why it was so important that we carefully considered everything for this project — not just the topics themselves, but the pace and the depth of the content."

The program's content is contained in a financial wellness hub and is delivered via articles, webinars and emails. Employees' financial plans are also supported through a planning tool provided by Canfor's consultant.

In addition, a series of personas based on sample employees — each at a different stage in their retirement journey with unique savings goals and priorities — help engage users and streamline communications. Lisa Weber, benefits and pension advisor at Canfor, says this aspect adds some "extra polish" to the program's resources. "It can be difficult to get employees engaged [in pensions and retirement savings], but this program has been a great way to generate some interest and discussion."

Since the program's launch, participation in Canfor's voluntary registered retirement savings plan is up 18 per cent, despite employee uncertainty amid the pandemic.

In its entry, the company also noted roughly 12 per cent of employees



FREDERIC BESSETTE

participate in each of the program's webinars, while 100 per cent of employees open emails pertaining to the program and 50 per cent use the financial planning tool. Following this initial success, the company plans to extend the program to an additional 3,100 workers in its hourly employee group.

"Sometimes we hear the word 'retirement' and we think 'pension' or vice versa," says Bessette. "But retirement isn't just your pension plan and that's really the main point of this program."

— Blake Wolfe

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Éric Trudel, Executive vice-president and lead,  
group insurance, Beneva.

**“WE HAVE AN AMBITION TO  
PROVIDE THE BEST INSURANCE  
EXPERIENCE IN CANADA,  
AND WE WANT IT TO BE BASED  
ON UNMATCHED SIMPLICITY.”**



Éric Trudel is executive vice-president and lead, group insurance, at Beneva, the company born out of the coming together of La Capitale and SSQ Insurance. He has spent nearly three decades in group insurance, working in pricing, group sales, corporate actuarial, compliance, marketing and strategy. In his current role, Éric is committed to building collaborative partnerships with plan sponsors and advisors. As he puts it: “We don’t want to be an insurer that just pays claims. We want to focus on prevention and on the whole spectrum of health.”

### *What strengths did La Capitale and SSQ Insurance bring to Beneva?*

The coming together was quite a natural one. Both organizations had mutualist roots and similar workplace cultures, and while La Capitale stood out in the property and casualty insurance market, SSQ Insurance was a leader in group insurance. So, coming together made perfect sense.

We have now formed the largest mutualist-based group of insurance companies in Canada. On the group insurance side, we are the fourth-largest group insurance provider in Canada. We can position ourselves as a real alternative to the big three in the group insurance market, with the scale to invest in both very efficient tools to process transactions and our partnerships with plan sponsors and advisors.

### *How is Beneva ensuring a smooth integration of workforces and a seamless experience for clients?*

From the beginning, we formed an integration team that remains separate from the operational teams. The integration team focuses on everything that is required to combine the two companies. That freed up the operational teams to continue to focus on delivering the outstanding client experience we’re

recognized for in group insurance. The integration team’s work is happening mostly behind the scenes so plan sponsors and members see only the advantages of the integration, such as new features that are helping them manage plans more effectively.

Another important factor is that we do not need to integrate in a hurry, so we are taking the time to do things correctly. We will be fully merged in a few years, but we have the flexibility to do it right while remaining fully operational.

Finally, employee experience is a top priority at Beneva. We truly believe that it is key for them to then provide a delightful experience to our clients. So, we are ensuring a smooth transition by ensuring that our employees’ experience is great, and we measure it with tools like Officevibe. That allows us to react quickly if we realize that their experience is not as expected in some aspects.

### *What can plan sponsors and plan members expect from the new, merged organization?*

We have an ambition to provide the best insurance experience in Canada, and we want it to be based on unmatched simplicity. So, we want advisors, plan sponsors and plan members to see that it’s very simple to do business

# THE PERFORMERS

× CANADA'S INFLUENTIAL THOUGHT LEADERS ×

ÉRIC TRUDEL *Executive vice-president and lead, group insurance, Beneva*

with us. We're doing that through the relationships we have, supported by elements such as digital services, online tools and first contact resolution. We put people at the heart of our business.

## *What's keeping plan sponsors up at night?*

In my opinion, the main concern for plan sponsors is the employee shortage. That was true before the pandemic, and it's even more clearly a concern now. Many employers are looking to hire and retain talent, and a group benefits package is an area where a plan sponsor can differentiate itself.

Our job as the plan carrier is to help the plan sponsor shine and set itself apart from the competition. Part of that is providing top-notch group implementation. When we look at what our clients appreciate from us, group implementation is an area where we definitely stand out. That's very important because when plan sponsors switch a group from one insurance carrier to another, they want extremely smooth onboarding of their plan members. That's something we do very well, and we want more and more plan sponsors to try us.

**"WE ACT TO CREATE MEANINGFUL CHANGE, EQUIP PEOPLE WITH TOOLS TO PREVENT AND MANAGE ANXIETY, AND DEVELOP INNOVATIVE RESEARCH PROGRAMS TO UNDERSTAND HOW WE CAN BRING CANADIANS MORE PEACE OF MIND."**



They will see the Beneva difference!

The other thing that is undoubtedly keeping many plan sponsors up at night is the mental health of their employees or members. At Beneva, we are on a mission to help prevent anxiety for all Canadians. We act to create meaningful change, equip people with tools to prevent and manage anxiety, and develop innovative research programs to understand how we can bring Canadians more peace of mind. We have developed a health-continuum approach led by the national teams that targets the whole health spectrum, including both physical and mental health. And, further demonstrating our commitment to help prevent anxiety, we recently co-sponsored the Relief Research Chair in Mental Health, Self-Management, and Work at the Université Laval. That chair will concentrate on researching tools to manage mental health. We want to be able to provide our plan members with those tools and thus help our plan sponsors keep their employees at work in good physical and mental health.

## *What changes have you seen since you started in the industry?*

The biggest change I have witnessed in group insurance since I began working in the industry in 1993, fresh from an actuarial degree, is the shift from essentially just reimbursing claims to the much broader role of being a true health partner. Basically, we must manage claims correctly, but these days, we have to do much more than that. When we talk with our plan sponsors, we can see that they're looking for a group insurer that will help them improve the well-being of their employees, in addition to reimbursing claims.

The second-biggest shift I have witnessed is in drug management and, again, the shift is from simply paying drug claims to the broader role of helping plan members efficiently manage their health conditions.

**"WE SEE OURSELVES AS AN AGGREGATOR OF SOLUTIONS TO HELP PLAN MEMBERS BETTER MANAGE THEIR HEALTH."**



We now have a team of pharmacists, technicians and nurses dedicated to working with our plan members to better manage their use of drugs, particularly high-cost drugs. To play that broader role, we also use partnerships with Insuretechs such as BiogeniQ to optimize therapeutics through optional pharmacogenetic testing. These tests can help attending physicians identify the drug treatment that will be most efficient according to the plan member's DNA. Another example is our partnership with MedHelper to provide an app that reminds plan members when they need to take their medication, with the goal of improving medication adherence, especially for those with multiple prescriptions.

We see ourselves as an aggregator of solutions to help plan members better manage their health. That benefits the plan members and the plan sponsor. As a result, while reimbursing claims is still essential, it's now only a part of our much broader and important role.

Those shifts have made the job of a group insurer so much more interesting and rewarding than it was 30 years ago. Every day, we contribute to improving the health of our members, and that's the best reward we can have.

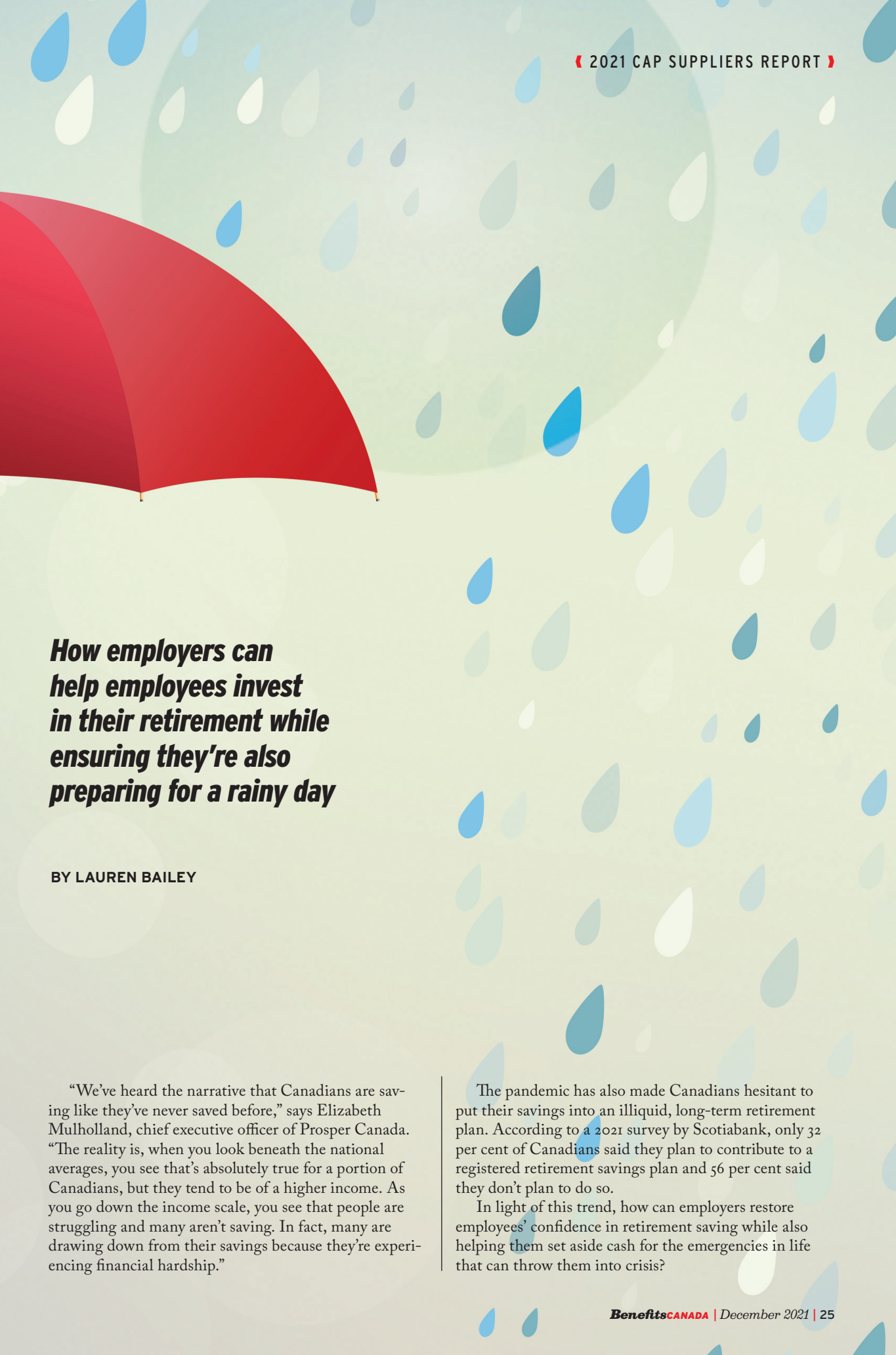
**beneva**



# OPENING THE SAVINGS *umbrella*

**A**

s the coronavirus pandemic sent the global economy into a tailspin, many Canadians grew increasingly concerned about whether they'd amassed enough savings to weather the financial storm.



## ***How employers can help employees invest in their retirement while ensuring they're also preparing for a rainy day***

BY LAUREN BAILEY

“We’ve heard the narrative that Canadians are saving like they’ve never saved before,” says Elizabeth Mulholland, chief executive officer of Prosper Canada. “The reality is, when you look beneath the national averages, you see that’s absolutely true for a portion of Canadians, but they tend to be of a higher income. As you go down the income scale, you see that people are struggling and many aren’t saving. In fact, many are drawing down from their savings because they’re experiencing financial hardship.”

The pandemic has also made Canadians hesitant to put their savings into an illiquid, long-term retirement plan. According to a 2021 survey by Scotiabank, only 32 per cent of Canadians said they plan to contribute to a registered retirement savings plan and 56 per cent said they don’t plan to do so.

In light of this trend, how can employers restore employees’ confidence in retirement saving while also helping them set aside cash for the emergencies in life that can throw them into crisis?

Do you have a sustainable workplace plan that checks everything on the list?

### 2022 wish list

- Sustainable investing
- Decumulation solutions
- Digital tools and resources for employees (and for me)
- Wellness support for employees
- Data driven insights
- Trusted provider



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**“** *We need to look at saving for the short and long term and build flexibility into some of those long-term savings programs.*

**Preparing for a rainy day**

When the U.S. Treasury Department was researching how to help people save for retirement, it found low to moderate wage earners needed access to some liquid savings, says Mulholland.

“These workers wouldn’t touch locked-in accounts because they needed to be able to dip into their savings in the case of emergencies or when their income fluctuates.”

As a result, the department added a sidecar program to the locked-in retirement plan that employees could use for emergency savings. When the emergency account is topped up to a certain level, employees’ savings are automatically directed into their retirement plan, providing them with the best of both worlds. When the emergency savings are depleted, the funds taken off at payroll are once again directed to that account.

Mulholland suggests Canadian employers consider

this strategy. “We need to look at saving for the short and long term and build flexibility into some of those long-term saving programs.”

How to help plan members save for a rainy day has been a hot topic during the pandemic because a lot of Canadians were caught offside without an emergency fund outside of a line of credit, says Janice Holman, principal and leader of Eckler Ltd.’s financial wellness consulting group.

In the U.S., many employers are recognizing the need to help employees build rainy day funds. For instance, in October 2020, the United Parcel Service of America Inc. launched an emergency savings program for its 90,000 U.S.-based, non-unionized employees that allows them to set aside liquid, after-tax savings as part of their 401(k) retirement plan.

While these types of sidecar plans haven’t taken off in Canada, a workplace tax-free savings account is one

**TOP 10 | CAP PROVIDERS**

AS OF JUNE 30, 2021 (MILLIONS)			
Company	2021 CAP assets	2020 CAP assets	Variance
1   Sun Life Financial	\$98,632.0	\$81,771.0	20.6%
2   Manulife Financial Corp.	\$73,840.0	\$61,685.0	19.7%
3   Canada Life Assurance Co.	\$43,959.8	\$36,662.9	19.9%
4   Desjardins Insurance	\$15,183.0	\$12,016.0	26.4%
5   LifeWorks Inc. <sup>1</sup>	\$12,061.6	\$11,725.0	2.9%
6   iA Financial Group <sup>2</sup>	\$8,850.5	\$7,615.6	16.2%
7   Buck	\$7,990.4	\$6,141.3	30.1%
8   RBC Royal Bank (RBC Group Advantage)	\$6,279.0	\$5,236.9	19.9%
9   The Co-operators Life Insurance Co.	\$2,004.0	\$1,766.0	13.5%
10   National Bank Trust	\$749.4	\$702.4	6.7%
<b>2021 top 10 total:</b>			<b>\$269,549.7</b>
<b>2020 top 10 total:</b>			<b>\$225,322.0</b>
<b>Variance:</b>			<b>19.6%</b>

**Notes:** 1. Name changed to LifeWorks Inc. from Morneau Shepell Ltd. as of May 2021. 2. Industrial Alliance Insurance and Financial Services Inc. is now known as iA Financial Group. Figures in this report are based on responses provided by survey participants. Benefits Canada assumes no responsibility for the accuracy of the data provided. All totals are subject to +/- variance due to rounding.

**Source:** Companies participating in Benefits Canada’s 2021 CAP supplier survey

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### SUSTAINABILITY PLAYBOOK FOR WORKPLACE PLANS

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### MEMBER EDUCATION AND ENGAGEMENT

Launched a sustainable investing campaign and website for members, creating awareness of how ESG principles are integrated in their plans and helping them make informed investment decisions.

### INDUSTRY ADVOCACY

Collaborating with industry groups to provide further guidance to fiduciaries on ESG issues and engaging with investment managers to improve their sustainability integration and active ownership practices.

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- **Improved financial performance** due to ESG becomes more marked **over a longer time horizon**.
- **Improved employee attraction and retention** for those seeking to join an employer whose values are aligned with their own.
- **Improved brand perception and loyalty** which attracts members focused on investing for a sustainable future in their group plans.



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“There are too many workers who are left out of retirement vehicles and options and what we’re trying to do is address that with our retirement vehicle. RRSPs are great — we just believe there’s another advantage to having a TFSA.

option that helps employees build long-term savings that are also accessible for any unexpected emergencies. People are looking closely at how they can take advantage of TFSAs beyond just using them as voluntary savings vehicles, says Holman, particularly now that the contribution limit is more than \$75,000 a year in aggregate. In fact, Scotiabank’s survey found 47 per cent of respondents said they plan to contribute to a TFSA this year.

“If you take money out of your pension, you can never recontribute that money back, whereas when you withdraw funds from a TFSA, you get that same amount of contribution room back the following year,” she says. “In addition, some employers limit access to RRSPs, making it harder for individuals to withdraw the funds during times of crisis. And if they do, they’ll end up paying tax on it at the point of withdrawal.”

Employers are also beginning to see the benefits of adding workplace TFSAs to their savings options, with many allowing plan members to direct their contributions to a TFSA and choose where they want to receive the employer match — within the defined contribution pension plan, RRSP or TFSA, says Holman.

### Providing choice, guidance

For many Canadians, one roadblock is a lack of financial literacy or understanding which savings vehicle is best for them, says Susan Nickerson, a partner in Tory LLP’s pensions and employment practice, suggesting employers provide their employees with tools to help guide them toward the right savings vehicle for their individual needs.

When employers join one of Common Wealth Retirement’s portable pension plans, they also gain access to a TFSA offering. “The main reason we offered [the TFSA] is because we thought it would be a more efficient way for people who earn below \$50,000 to save for retirement compared to an RRSP,” says Alex Mazer,

## TOP 10 | GROUP RRSP PROVIDERS

AS OF JUNE 30, 2021 (MILLIONS)

Company	2021 Group RRSP assets
1   Sun Life Financial	\$38,845.0
2   Manulife Financial Corp.	\$34,797.0
3   Canada Life Assurance Co.	\$24,004.2
4   Desjardins Insurance	\$8,546.0
5   RBC Royal Bank (RBC Group Advantage)	\$5,840.2
6   iA Financial Group <sup>1</sup>	\$4,539.2
7   LifeWorks Inc. <sup>2</sup>	\$3,578.4
8   Buck	\$1,589.1
9   National Bank Trust	\$505.4
10   The Co-operators Life Insurance Co.	\$256.4
<b>2021 top 10 total:</b>	<b>\$122,500.9</b>
<b>2020 top 10 total:</b>	<b>\$101,303.0</b>
<b>Variance:</b>	<b>20.9%</b>

## TOP 10 | DPSP PROVIDERS

AS OF JUNE 30, 2021 (MILLIONS)

Company	2021 DPSP assets
1   Sun Life Financial	\$7,644.0
2   Manulife Financial Corp.	\$4,639.0
3   Canada Life Assurance Co.	\$2,470.1
4   Buck	\$978.8
5   Desjardins Insurance	\$811.0
6   iA Financial Group <sup>1</sup>	\$666.2
7   RBC Royal Bank (RBC Group Advantage)	\$426.6
8   LifeWorks Inc. <sup>2</sup>	\$129.2
9   National Bank Trust	\$129.0
10   The Co-operators Life Insurance Co.	\$31.5
<b>2021 top 10 total:</b>	<b>\$17,925.4</b>
<b>2020 top 10 total:</b>	<b>\$14,488.9</b>
<b>Variance:</b>	<b>23.7%</b>

**Notes:** 1. Industrial Alliance Insurance and Financial Services Inc. is now known as iA Financial Group. 2. Name changed to LifeWorks Inc. from Morneau Shepell Ltd. as of May 2021.

**Source:** Companies participating in *Benefits Canada's* 2021 CAP suppliers survey

co-founder and co-CEO of the financial planning company. “A lot of employers have a diverse workforce — some are high earners, some are frontline workers making \$40,000 per year — and we wanted to give them a solution that would suit all parts of their workforce.”

TFSA’s don’t come with a guaranteed income supplement claw back at retirement, making it suitable to lower-income workers, according to Jonathan Weisstub, co-founder and co-CEO of Common Wealth. During enrolment, the plan design technology even suggests the savings vehicle that’s best suited to members’ income levels, he adds.

The Service Employees International Union provides its 130 members with a TFSA it calls My65+ in addition to a defined benefit pension plan. The union’s member organizations also have access to the TFSA, which some plan members have joined voluntarily, while others are enrolled through their workplace matching contribution plan, says Tyler Downey, the union’s secretary treasurer.

“There are too many workers who are left out of retirement vehicles and options and what we’re trying to do is address that with our retirement vehicle. RRSPs are great — we just believe there’s another advantage to having a TFSA. We represent workers from marginalized groups that have a tough time saving. Having a TFSA option allows them some flexibility, so if they came across an emergency in their lives or if they’re saving for a home, they can tap into it without being penalized.”

The proportion of large organizations that offer a combination of pension plans, registered savings plans and TFSA’s grew by 50 per cent between 2018 and 2020, says Eric Monteiro, senior vice-president of group retirement services at Sun Life Financial.

Still, TFSA’s are under-utilized in the group space despite their effective funds and well-negotiated fees, he adds. “If you take all of the plan members that have access to a TFSA, only seven per cent participate or take advantage. And if you look at the contributions, the majority of these members have less than \$5,000 in their TFSA’s, when the industry average is about \$20,000. There’s a huge opportunity for employers and employees to take advantage of TFSA’s in the workplace.”

### Not all savings goals are alike

The pandemic has raised concerns among employees about their financial future — not just about retirement, but day-to-day challenges, says Monteiro.

## TOP 10 | DC PLAN PROVIDERS

AS OF JUNE 30, 2021 (MILLIONS)

Company	2021 DC plan assets
1   Sun Life Financial	\$49,763.0
2   Manulife Financial Corp.	\$34,335.0
3   Canada Life Assurance Co.	\$17,485.5
4   LifeWorks Inc. <sup>1</sup>	\$7,210.8
5   Desjardins Insurance	\$5,826.0
6   Buck	\$3,790.3
7   iA Financial Group <sup>2</sup>	\$3,645.1
8   The Co-operators Life Insurance Co.	\$1,716.1
9   National Bank Trust	\$115.0
10   RBC Royal Bank (RBC Group Advantage)	\$12.2
<b>2021 top 10 total:</b>	<b>\$123,898.9</b>
<b>2020 top 10 total:</b>	<b>\$105,640.2</b>
<b>Variance:</b>	<b>17.3%</b>

## TOP 5 | FASTEST GROWING (\$)

AS OF JUNE 30, 2021 (MILLIONS)

Company	2021 CAP assets	2020 CAP assets	Variance
1   Sun Life Financial	\$98,632.0	\$81,771.0	\$16,861.0
2   Manulife Financial Corp.	\$73,840.0	\$61,685.0	\$12,155.0
3   Canada Life Assurance Co.	\$43,959.8	\$36,662.9	\$7,296.9
4   Desjardins Insurance	\$15,183.0	\$12,016.0	\$3,167.0
5   Buck	\$7,990.4	\$6,141.3	\$1,849.1

## TOP 5 | FASTEST GROWING (%)

AS OF JUNE 30, 2021 (MILLIONS)

Company	2021 CAP assets	2020 CAP assets	Variance
1   Buck	\$7,990.4	\$6,141.3	30.1%
2   Desjardins Insurance	\$15,183.0	\$12,016.0	26.4%
3   Sun Life Financial	\$98,632.0	\$81,771.0	20.6%
4   Canada Life Assurance Co.	\$43,959.8	\$36,662.9	19.9%
4   RBC Royal Bank (RBC Group Advantage)	\$6,279.0	\$5,236.9	19.9%
5   Manulife Financial Corp.	\$73,840.0	\$61,685.0	19.7%

**Notes:** 1. Name changed to LifeWorks Inc. from Morneau Shepell Ltd. as of May 2021. 2. Industrial Alliance Insurance and Financial Services Inc. is now known as iA Financial Group.

**Source:** Companies participating in *Benefits Canada*’s 2021 CAP suppliers survey

CAP CLIENTS | TOTALS

AS OF JUNE 30, 2021 (MILLIONS)

Line of business	Number of clients	Number of lives
Defined contribution plan	11,083	2,342,135
Group RRSP	49,029	3,543,906
Deferred profit-sharing plan	9,850	961,146
Employee profit-sharing plan	105	218,793
<b>Totals:</b>	<b>70,067</b>	<b>7,065,980</b>

Source: Companies participating in Benefits Canada's 2021 CAP suppliers survey

A 2021 survey conducted by Sun Life found 36 per cent of Canadians said their biggest concern was cost of living, followed by saving for the future (23 per cent), paying off debt (17 per cent), affording a house (13 per cent) and health care (11 per cent).

Goal-based savings is gaining steam, says Andr  e-Anne Bourgeois, director of products, communications and marketing for group benefits and retirement solutions at iA Financial Group. She notes plan members have multiple goals, including retirement and short-term savings for which they have to withdraw funds when needed.

Employees' priorities around savings products may differ based on their life stages, she adds. "Younger individuals may be thinking about buying a house or having a child, while others may be thinking about planning for a trip or returning to school. This is why it's important for employers to offer different savings vehicles."

Two providers in the capital accumulation space now offer a student debt repayment program through a registered savings plan or TFSA, says Holman, though she notes that uptake has been slow. Sun Life is piloting a program that allows plan members to allocate a portion of their employer match directly to their government student loans, says Monteiro. And a few providers are piloting a platform that helps plan members save up an emergency fund through a program that rounds up their daily purchases. "If they buy coffee for \$3.55, the card rounds up to \$4 and the extra \$0.45 goes into that savings account," he notes.

Breaking down barriers

Some plan sponsors think TFSAs are onerous to administer and believe they'll have to manage the contribution limits and be subject to penalties, says Monteiro. However, he notes TFSAs are easy to manage because it's just one account on a provider's platform.

Another barrier is when pension plan decision-makers are based in another country and may not understand TFSAs. However, the more these decision-makers learn about it, they realize it's a great vehicle, he says, because there are no strings attached to the money and earnings grow tax free.

Most employers see the benefits of providing savings plans because they understand that improved financial security leads to greater productivity and less strain on workplace programs like disability, says Nickerson. "The key is how do we encourage employers that are not already offering these programs to do so?"

While workplace TFSAs are widely available, the biggest barrier for employers is the cost for set up, she says, suggesting that governments could provide a tax incentive to help cover these costs.

“Younger individuals may be thinking about buying a house or having a child, while others may be planning for a trip or returning to school. This is why it’s important for employers to offer different savings vehicles.”

The federal government is recognizing the need to ensure more Canadian employees have a viable way to save for their future alongside building emergency savings, says Downey, noting the Liberal Party's 2021 budget included a pledge to invest \$27.6 million over three years in the SEIU's My65+ plan to make it available to workers in the elder-care sector. In the budget, the government also said it's open to working with other unions and employers that are interested in similar targeted options for employees in the senior care sector who are currently without a workplace retirement savings plan.

Educating and building awareness on the benefits of TFSAs will make them part and parcel of how people think about retirement options, he adds. "I want to see a day where all workers across Canada have access to some type of retirement vehicle through their employer."

Lauren Bailey is an associate editor at Benefits Canada: lauren.bailey@contexgroup.ca.



KEY TAKEAWAYS

- Plan sponsors should consider offering workplace retirement savings plans that have an element of liquidity to help plan members save for the future and a rainy day.
- Income, age and life stage impact plan members' savings goals, so it's important to provide choice in savings plan options.
- Government incentives may remove the barriers preventing employers from investing in workplace savings plans, including TFSAs.



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# REDEFINING THE ROLE OF DC PLANS

*At the 2021 Defined Contribution Plan Summit, which was hosted virtually on Oct. 6, delegates heard about several pressing issues facing DC plan sponsors and members, including an ageing demographic, decumulation, education around investment options and required legislative updates*

BY JENNIFER PATERSON





## KEYNOTE

### **CPP/QPP delay a simple solution to improving Canadians' retirement readiness**

**M**anaging and drawing down retirement savings is an “impossible task” with contributing factors including the trend away from workplace pension plans, historically low interest rates and high life expectancies.

In the keynote address, Bonnie-Jeanne MacDonald, director of financial security research at Ryerson University's National Institute on Ageing, highlighted a solution that doesn't require any changes to Canada's retirement system — a delay in taking Canada Pension Plan or Quebec Pension Plan benefits.

“Canadians aren't required to begin receiving CPP and QPP as soon as they retire. Benefits can be taken as early as age 60 or as late as age 70 and the benefit amassed is adjusted according to the age the individual is at the time they start receiving the benefits. These adjustments are substantial.”

Referring to her own research published in December 2020, MacDonald said delaying taking CPP/QPP from age 60 to age 70 could more than double the benefit. “Delaying CPP and QPP benefits is the most misunderstood, underused and optimal decumulation solution that Canadians have and only one per cent use it.

“The majority of Canadians — seven out of 10 — start their CPP benefits at either age 65 or 60, less than five in 100 claim their benefits after age 65 and only one in 100 at age 70,” she added, noting most Canadians can afford to delay CPP/QPP. “The affordability question is really an important one because the concern is that many Canadians are not saving enough and this raises the question of how to get the most out of a minimal savings to support financial well-being in retirement.”

One of the main themes that came out of the research was the need for the Canadian retirement industry to fundamentally rethink its approach to advising those you are nearing retirement, said MacDonald, which includes a major change in the way it addresses the decision around taking CPP/QPP.

**“***Delaying CPP and QPP benefits is the most misunderstood, underused and optimal decumulation solution that Canadians have and only one per cent use it.*

“In this current environment, Canadians are facing longer periods of time in retirement, they have scarcer sources of secure pension income, they're facing core interest rates. . . and retiring Canadians — and those advising them — need to take this long-term, holistic view of their financial planning. We need to move away from short-term thinking to long-term planning and appreciate there are significant advantages of establishing greater retirement income security later in life.”

It's important that industry professionals that influence these decisions, including pension plan sponsors, work in the best interest of the people who depend on them, she said. “This includes providing them with the very best possible information to make an informed decision that will protect their financial interests now as well as in your older years.”

MacDonald outlined four approaches for communicating the benefits of delaying CPP/QPP — looking at it as an investment, taking a risk-return analysis, doing a market-price comparison and simply telling plan members what they can expect to lose when they take the benefits early.

“Taking the benefits early typically means forfeiting significant levels of pension income. For example, Canadians receiving median CPP income who choose to take the benefits at age 60, rather than age 70, can expect to lose over \$100,000 of secured income in today's dollar.”

In conclusion, MacDonald said pension plan sponsors can play a critical role in helping their members with this important decision. “Keep in mind that helping your members take the most of their benefits, it's not only going to give them retirement income security, it's also going to enable them to spend the savings from their DC plans more confidently and joyfully in retirement. And for me that's really the goal.”



# INVESTMENT MANAGER SPOTLIGHT

LEFT TO RIGHT: ILAN KOLET AND BRUNO WEINBERG CROCCO

## Using DC investments to take on high interest rates, inflation

While it's easy to get into the weeds of inflation in the current economic environment, the fundamental question for DC plan sponsors and their members is its impact on a traditional 60/40 multi-asset class investment portfolio.

"In normal times, that diversification benefit that we know and love in a multi-asset class portfolio, where stocks do well in periods of growth and bonds protect in periods of stress, inflation bombs that entire correlation," said Ilan Kolet, institutional portfolio manager at Fidelity Investments Inc., discussing a recent research paper. "That's why we think it's important to protect against it."

The composition of inflation has evolved very meaningfully over the past few decades, he said, noting the concern about inflation is that it's been under two per cent for the last 25 years, so the current change is what's really important.

Indeed, Bruno Weinberg Crocco, portfolio manager at Fidelity Investments, advised delegates how to position a multi-asset portfolio to take advantage of inflation "surprises," which he defined as an acceleration of the inflation rate.

"The asset classes that tend to do best in times of inflation are those linked to commodities. And that's for a couple of reasons," he said. "One: commodities are generally fairly correlated with this inflation surprises. But then, two: commodities are pretty capital efficient in the sense that they are volatile. And so a small allocation goes a long way in the sense of mitigating inflation risk."

Weinberg Crocco also contrasted the exposure of commodities to other asset classes, like nominal bonds. "Those tend to be the worst kinds of investments in periods of inflation. Equities are in the middle. Things like energy and materials tend to do a little bit better and things like discretionary don't do as well."

He suggested investors put together a variety of these positions for a "cleaner expression into inflation," which would result in lower individual risks. "When we try to position our

*"[Investors] get an opportunity to have higher allocations to equities and benefit from the higher expected returns that we believe the asset class can give over the long run."*

portfolios, we always try to keep in mind that there's different ways of getting inflation protection and therefore you should try to use some complementary with respect to that."

Layering on knowledge about lifestyle investing and considering the biggest risks that DC plan members are facing along different stages of that lifecycle, Weinberg Crocco started by outlining a younger demographic who are just starting their working lives. "They have a lot of what we call human capital — the present value of all the salaries they're going to earn during their entire career. And when they're young and they haven't started to work, this present value is highest. Conversely, they generally don't have too much in terms of financial assets."

As human capital and wages rise over time in real terms, younger investors have some inflation protection built in, he said. "They get an opportunity to have higher allocations to equities and benefit from the higher expected returns that we believe the asset class can give over the long run."

However, as people begin to approach retirement — and as the value of their human capital begins to decrease — the value of their financial assets increase and so the risk of inflationary environments in their lifecycle begins to rise, said Weinberg Crocco. "Ultimately, once they hit retirement, they're going to consume their investments and want to produce income from these investments and consuming in real terms. Then the inflationary risk starts to increase and that's where we start to add things like real return bonds to the strategic allocation."

And finally, with this investor well into retirement, they'll require the most diversification, he noted. "When you're deep into your retirement, you don't have too much human capital left, your assets have also been depleted somewhat and so you really depend on the stability of your portfolio. As you can see, strategically, we like to hold the most diversified portfolio at that point and protect against inflation, but then all the other regimes that we've seen before."

# DECUMULATION PANEL



LEFT TO RIGHT: MICHAEL DODD, MARTIN MCINNIS AND LISA WEIR

## Lessons learned from offering in-plan decumulation options

Low financial literacy and the slow pace of legislative frameworks are among the challenges hindering Canadian DC plans from offering in-plan decumulation options, according to a panel discussion at the event.

Michael Dodd, associate vice-president of pensions, treasury and shareholder services at the Co-operators Group Ltd., outlined how the plan was moving to roll out variable benefits in December. “We feel very strongly that offering decumulation options will be a solid option for our members. We think it will be something that our staff will appreciate and it will help them through what’s sometimes a difficult choice to make when it comes to retirement.”

The Co-operative Superannuation Society pension plan offers two in-plan decumulation options — a fixed monthly pension and variable benefits payments, according to Martin McInnis, the plan’s executive director. “The variable benefits option is the more popular one among our members. Generally speaking, we tend to see members with smaller accumulated pots tend toward the fixed pension and those with larger pots tend to prefer the variable benefits option.”

And Lisa Weir, director of retirement and savings strategy at the Royal Bank of Canada, discussed how the bank’s DC plan — the youngest among the three — is considering its options around decumulation since about 15 per cent of plan membership will be eligible for retirement over the next five years.

“We’re continuing to monitor legislative advancements and analyze new product innovations, but our main focus right now is on putting the employee’s perspective at the centre of the decumulation question. So, what is their experience as they approach retirement? What do they understand about the products? And how are they feeling about it all? Because to get to an optimal solution, we believe that we need to understand the employee’s view first.”

*“Under the current landscape and depending on what product we decide to offer, it’s going to be really challenging, if not impossible, to achieve the consistency goal.”*

Among the challenges facing plan sponsors considering decumulation, Dodd highlighted plan members’ financial literacy. The insurer is ramping up its in-house retirement team to help plan members with decisions related to the pension plan.

Weir agreed, noting the complexity of communication and education around decumulation. “If we believe in offering a product with a guaranteed income component, we know that education at the point of retirement won’t be sufficient; we’ll need to start well before that. So a good strategy will need to engage employees early on, which can be challenging, and then it will have to evolve throughout their career and then, potentially, again, depending on the product, well into retirement.”

While the CSS has been offering in-plan decumulation options for more than 50 years, the legislative piece is its most pressing challenge. The plan is multi-jurisdictional, so the lack of pension legislation harmonization across Canada harms members, said McInnis, noting its membership is spread primarily across six or seven jurisdictions.

“If they’ve accumulated funds in multiple jurisdictions, for example, throughout their careers and they want to consolidate their holdings for retirement income management purposes in the DC plan, they often have to carry two or more variable benefits accounts. And if they then take advantage of unlocking provisions, that just means more accounts and more complexity for them to manage.”

Weir agreed, noting RBC has both federally and provincially regulated employees, with employees also accumulating pensions across multiple jurisdictions. “Under the current landscape and depending on what product we decide to offer, it’s going to be really challenging, if not impossible, to achieve the consistency goal.”



# INVESTMENT MANAGER SPOTLIGHT

LEFT TO RIGHT: PAT LEO AND FRASER STARK

## The importance of adding longevity pooling to decumulation solutions

**W**hile Canada’s financial industry has been successful in helping people accumulate savings during their working lives, the decumulation phase is a lot more complicated.

One challenge, in particular, facing capital accumulation plan sponsors and members is an ageing population, said Fraser Stark, president of the longevity retirement platform at Purpose Investments Inc., during a session at the event.

“If someone is turning 65 today, they actually have a 40 per cent chance of making it to 90. And if you take a couple . . . turning 65, they have over a 50 per cent chance that at least one of them makes it to 90,” he said, noting people are worried whether their retirement savings will last, since they could be in retirement for 10, 30 or even 45 years.

While there are many traditional decumulation solutions available to DC plan sponsors and their members, they have their pros and cons, said Pat Leo, vice-president of longevity retirement solutions at Purpose Investments. “Given the backdrop today, we need to come out with a decumulation solution that will incorporate all of the benefits of the various types of solutions that are out there. Times have changed . . . and so, with that, the decumulation solutions need to evolve.”

Looking at the typical glide path toward retirement, with investable assets growing as plan members age, Leo noted the ideal decumulation solution must include longevity risk pooling so retirees can invest in a way that will provide them with income for life.

“By the time you get to about [age] 76, 77, the solution with longevity risk pooling starts to provide more income and by the time you get to [age] 89, with the balanced fund, you’ve actually run out of money, whereas, with that decumulation solution that includes longevity risk pooling, not only do you have income coming in, but it’s steadily increasing.”

Since target-date funds were introduced in Canada, they’ve become a popular option in DC plans’ investment portfolios,

**“***Given the backdrop today, we need to come out with a decumulation solution that will incorporate all of the benefits of the various types of solutions that are out there.*

but they aren’t necessarily a decumulation solution, noted Stark. “It’s not helping someone spend down through the asset base, because it’s not pooled. It’s an individual product at the end of the day. And it’s that missing longevity risk pooling that still means the person has to say, ‘Do I plan to make my money last until I’m 99? Until I’m 85? . . . So it’s a great income option, but it isn’t technically a decumulation solution and that’s why we’ve brought product innovation to the market.”

The ultimate decumulation solution for today’s DC plan members is transparent and flexible, easy to access in all Canadian jurisdictions and across different types of plans, noted Leo. “That’s what I feel we really need in the marketplace to ensure every Canadian has the opportunity to decumulate and have peace of mind.”

If longevity pooling and risk management through decumulation solutions is designed properly, not a lot can go wrong, said Stark, though he noted there can still be different outcomes when considering the markets and realized mortality — or the rate at which people end up passing away relative to the expectations in the product’s design.

“For any longevity risk pooled investment fund, it’s critical that conservative assumptions are made in there so that it doesn’t disappoint under normal conditions. There are great questions about adverse selection or selection bias — the idea that products like this are chosen by people on the healthier end of the spectrum — but I think a well-designed product incorporates that.”

As well, when a small number of people are in a product, there’s idiosyncratic risk, added Stark, highlighting the benefits of a product that’s pooled nationally. “When you get those large groups of people, you’re really pooling risk across a broad base of people and that’s how you eliminate that idiosyncratic risk — that there’s chunkiness in the distributions..”



# INVESTMENT MANAGER SPOTLIGHT

***A look at how DC plan members value target-date funds, ESG investments***

**W**hile target-date funds are highly prevalent in DC plans' investment portfolios, gaining space as the default of choice, areas of improvement exist in terms of educating plan members about the option.

Sharing results from MFS Investment Management's 2021 global retirement survey, which polled about 4,000 active DC plan members across Australia, Canada, the U.K. and the U.S., Jessica Sclafani, director and DC strategist in the investment solutions group at MFS, outlined some of the characteristics of target-date funds valued by plan members.

"At the very top of the list is ease of use. This is great to see because this is exactly why target-date funds were created. Diversification — or what we described in the survey as the mix of stocks and bonds today — and then also the mix of stocks and bonds at retirement also rises to the top as a characteristic of target-date funds that members highly value."

The survey also sought to better understand plan member perceptions of target-date funds. On the positive side, the majority of respondents said they understand that the funds evolve to become more conservative as they get closer to retirement and they also agreed the funds are an easy way to diversify with one investment. "This gets back to our original intention in creating target-date funds as a one-stop solution for members," said Sclafani.

Conversely, the survey found a gap in knowledge related to the decumulation phase of target-date funds. For example, 58 per cent of respondents aged 50 or older believed these funds have a guaranteed rate of return, while 68 per cent of this age cohort believed the funds provide a guaranteed stream of income in retirement.

"The data for these two statements indicates that many members mistakenly believe that their target-date fund includes a guarantee: either the return or stream of income," she said.

**“***Diversification . . . and then also the mix of stocks and bonds at retirement also rises to the top as a characteristic of target-date funds that members highly value.*

Sclafani urged DC plan sponsors to conduct an analysis to understand how their plan members are using their target-date funds, noting it can lead to a campaign to educate employees on how the funds are intended to be used.

She also delved into the survey's results around environmental, social and governance factors and their potential roles in the investment decision-making process. "We expect the DC industries' discussion of ESG factors to only grow from this point forward and we are encouraging plan sponsors, including the non-believers — and trust me, I do talk to many of them, too — to take the time to get up to speed on ESG so that they can make an informed decision as to how ESG may or may not fit into the plan."

The survey found 76 per cent of DC plan members expressed interest in sustainable investment options within their plan. It also found 69 per cent of respondents indicated they'd increase their contribution rate if they had access to ESG or sustainable investments. As a caveat, Sclafani noted people tend to answer as their best selves in surveys, so that latter percentage may be a bit overstated. "But the point is that it indicates a positive relationship between improving savings behaviours by offering investments that consider ESG issues."

She also described a generational divide when it comes to perceptions of ESG in investment portfolios, noting younger generations are more sensitive to ESG issues compared to older generations. Indeed, the survey found 85 per cent of millennials are interested in seeing more investments that consider ESG factors in their retirement plan, while this figure dropped to 66 per cent for baby boomers.

"I'd say, absolutely, participant or member demographics shape a population's view on incorporating ESG into the investment decision-making process, but I would encourage you to not fall for this trope that only millennials care. They tend to care the most, but other generational cohorts care, too."



# LEGAL UPDATE

LEFT TO RIGHT: SUSAN NICKERSON AND NATALIE BUSSI RE

## Contribution errors, decumulation, electronic communications among legal issues facing DC plan sponsors

Among all the legal issues facing DC plan sponsors and administrators, questions around contribution errors is top of mind.

“The industry has been speaking with [the Department of] Finance Canada on the tax side to see what can be done to help support us in fixing these errors,” said Susan Nickerson, a partner in the pensions and employment practice at Torys LLP.

These errors include missing a plan enrolment and subsequently over-contributing to that plan, manually stopping contributions when a member is on a leave of absence and incorrectly coding the payroll system when there’s been a failure to make a type of earnings pensionable.

“Unlike for defined benefit plans, there’s been no mechanism to try to address where we’re putting contributions into the plan in respect of prior years,” said Nickerson. “In fact, we’re required to — up until now, anyway — make any contributions in the actual plan [in the] year in which we make it; in other words, we’re subject to that income tax limit.”

The 2021 federal budget announced an amendment to try to fix those errors, she noted. When introduced, the legislation will allow additional contributions to be made to DC accounts to compensate for any type of under-contribution error, though it will only go back five years.

Another rule announced by the federal government, in its 2019 budget, is the introduction of advanced life-deferred annuities and variable payment life annuities. ALDAs will be similar to traditional annuities in offering a fixed payout, which can be deferred to age 85. “They . . . may be less attractive in a low interest rate environment, but they’re a great tool for us to have in the tool chest to help address longevity issues with DC members and ensuring their money lasts,” said Nickerson.

On VPLAs, she noted these will be introduced when federal and provincial legislation lines up and can only be used through pension plans and pooled registered pension plans. They “have the ability to provide a type of retirement income that could vary a little bit from year to year depending on the experience,

“[ALDAs] may be less attractive in a low interest rate environment, but they’re a great tool . . . to help address longevity issues with DC members . . . .

but that gives a great option for DC plan members going forward and a great decumulation option for plan sponsors and administrators.”

Other legislative developments include new guidance from the Financial Services Regulatory Authority of Ontario on pension plan administrators’ roles and responsibilities, as well as a new decumulation committee formed by the Canadian Association of Pension Supervisory Authorities.

“They’re looking to develop a framework across Canada for the use of VPLAs and pension plans, with the goal of harmonizing those rules so that we don’t have the variations we see right now — for example, with variable benefits, which can make administering those difficult,” says Nickerson.

The CAPSA is also reviewing the CAP guidelines, she added, which were introduced more than 10 years ago. She expects the updated guidelines will be released for comment before the end of 2021. “Any DC plan administrators and sponsors should be looking for that and seeing if there’s any feedback to be provided before they go final.”

Also speaking to legal challenges, Natalie Bussi re, a pension lawyer at Blake Cassels & Graydon LLP, spoke to the different jurisdictional regulations around electronic pension communications and electronic beneficiary designation.

On communications, for example, Alberta, Saskatchewan, Quebec, New Brunswick and Newfoundland and Labrador allow the option electronically. In Ontario, a notice must be sent to members by mail to allow it and is permitted unless a member objects, while pension information can be sent electronically in British Columbia and Nova Scotia if plan members have consented.

“The bad news . . . is that if you have members in a plan in various provinces, we do not have, unfortunately, a unified regime, so you have to take into consideration the various roles of the provinces and territories in which the members are located,” said Bussi re.



# INVESTMENT MANAGER SPOTLIGHT

## *Fitting liquid alternatives into DC investment portfolios*

**W**ith DC plan members facing significant hurdles in managing their own investment portfolios, what role can alternatives play in alleviating these challenges?

In his session, Michael Sager, vice-president of multi-asset and currency management at CIBC Asset Management Inc., set out to answer this question. Liquid alternatives became available to individual investors following regulatory changes in 2018, he said, and it's now a fast-growing sector.

"Many liquid alternative investments solutions have been launched since then and the assets under management have also grown strongly in the subsequent three years in this sector of the market."

The benefits of this asset class is liquidity, accessibility and diversification, he said, noting the value that alternative investments add to a portfolio is very broad compared to a traditional balanced portfolio.

Within the sector, there are a lot of choices that have a different investment focus. "It's not a question of one or the other. It's not a question of substitutes. It's very much a question of compliments and building a portfolio that includes liquid alternatives to maximize the investment breadth of the portfolio."

Looking at the expected annual returns of various asset classes over the next 10 years, Sager pointed to a global balanced portfolio with an average expected return of 3.5 per cent alongside liquid alternatives with a gross expected return just above six per cent.

"The reason why a liquid alternative can plausibly expect to generate that much more performance on average than a global balanced portfolio comes back to that point about breadth—breadth in terms of asset classes where it can invest [and] breadth in terms of the ability to go long and short. Breadth . . . offers an accretive return that can be quite powerful in a portfolio."

Another benefit of liquid alternatives is that they aren't tied to the performance of an equity index or an underlying bond market, said Sager. "If we want more commodity exposure because we're nervous about inflation risk, then we take more

exposure in commodities and we dial down exposure to equity, for example. If we like particular currencies like the Canadian dollar, we have that opportunity to allocate some of the risk in our strategy or a liquid alternative more broadly into the risks we like against the ones we don't like. And again, it's that breadth and flexibility that really is the reason why a liquid alternative or a selection of liquid alternatives should be diversified."

Sager also encouraged delegates to reach out to their record keepers and investment consultants to ensure the range of tools available to DC plan members is maximized so they have the best possible chance to achieve their long-term goals. "We think liquid alternatives are a key part of that toolkit."



### KEY TAKEAWAYS

#### **Pat Leo, vice-president of longevity retirement solutions at Purpose Investments:**

- Considering the benefits of deferring CPP benefits and the education required around that option;
- Looking at the changing macroeconomic environment, along with demographic changes; and
- The importance of starting to think about decumulation and how to integrate it into plans for the benefit of plan members.

#### **Taylor Pidgeon, associate director of relationship management at MFS Investment Management:**

- Establishing straightforward solutions as they relate to delaying CPP or QPP benefits;
- Looking to employers to be a source of advice for retirement planning; and
- Understanding the employee perspective as it relates to ESG, which can create an objective for the plan to start offering these types of solutions.

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# BUMPS IN THE ROAD

BY MELISSA DUNNE

*The path to returning to in-person work is paved with legal potholes that employers will have to navigate in 2022*

**A**ngry mobs of anti-vaccination protesters holding up handmade signs with messages like “freedom not fear” have been popping up across the country and around the globe for months.

Emotions continue to run high both on the streets and within organizations grappling with how to move forward amid the ongoing coronavirus pandemic. But employers looking to ensure a safer return-to-office plan must focus on facts not feelings, says Hermie Abraham, an employment lawyer with Advocacion Professional Corp. “A vaccine policy can’t be rooted in ideology; it really has to be rooted in health and safety of the workplace.”

Chantel Goldsmith, a partner and employment and labour lawyer at Samifiru Tumarkin LLP, agrees, advising employers to draft a clear and consistent vaccine policy.

## Caution: Danger ahead

The rules for public and private sector employers are currently set on two different paths, but private organizations can use government mandates as a roadmap for how to proceed across tricky terrain.

Employees in the core public service, as well as federally regulated organizations like air travel and rail, had until Oct. 29 to attest to their employer that they’re fully vaccinated against the coronavirus. Unvaccinated employees could ask their manager for accommodation under the Canadian Human Rights Act, but those who didn’t merit accommodation were told they’d be put on unpaid leave, according to the government. As of Nov. 15, about 1,000 employees were put on unpaid leave and unable to access employment insurance benefits.

Meanwhile, it’s up to each private sector employer to draft and enforce a vaccine policy for its employees. For many organizations looking to return to in-person work in 2022, the path forward is filled with obstacles.

“A lot of employers are implementing vaccine policies, but the problem is for those that aren’t mandated [by the government] to become vaccinated,” says Goldsmith. “If they are just forcing their employees, or requiring their employees, to become vaccinated and the employee chooses not to do so, then they would

have to terminate that employee and provide that employee with a termination package.”

Some employers have already come to a crossroads. For example, Windsor Regional Hospital fired 57 employees in early October who failed to get vaccinated. While 140 employees were placed on unpaid leave in September, 98.5 per cent of the hospital’s workforce were eventually vaccinated by the employer’s final deadline.

## Off the beaten path

While employers may ultimately take the termination route, there are steps to take first.

Abraham suggests organizations create a clear return-to-workplace plan, including a vaccination policy, and decide on a case-by-case basis when and how to accommodate employees who can’t — or don’t want to — comply with those plans and policies.

She suggests any accommodation requests are looked at through the lens of complying with human rights laws. And, while employees may claim they can’t get the vaccine based on religious or health grounds, neither reason is likely to hold up under scrutiny, she adds. “The whole notion of religion has been tested; religion is unlikely to be held up in this situation.”

In addition, while there are very few cases of people who actually can’t get the vaccine due to health reasons, unvaccinated employees claiming a health exemption will need to get a medical doctor to verify that’s the case, says Goldsmith.

For the few employees who would qualify for accommodation, employers must do so up to the “point of undue hardship,” she adds. For exempt unvaccinated staff who’ve been able to work from home during the pandemic, accommodation may mean allowing them to continue to work remotely; if they work onsite, it may mean requiring them to wear personal protective equipment and sitting in a separate part of the office away from vaccinated colleagues, says Abraham.

## No roadmap

Since Canadian employers just started drafting return-to-office and vaccination policies, legal cases have yet to wind through the courts, so there aren’t many precedents or guidance, note both lawyers.

Ultimately, employers can end the working relationship with any employee at any time but, as with any termination, it may cost them. Refusing to get vaccinated “isn’t a situation where employees would be terminated without compensation because

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there's no just cause. . . . It would be a without cause termination," says Abraham.

For some employers, like Windsor Hospital on this side of the border or United Airlines in the U.S., paying severance to a small number of unvaccinated employees is a price they're willing to pay. The airline said it was firing about 600 workers who wouldn't comply with its vaccine mandate, noting 99 per cent of its 67,000 U.S. workforce were vaccinated by its deadline. "This was an incredibly difficult decision, but keeping our team safe has always been our first priority," wrote the company in a staff memo.

### Uphill climb

While employers in many sectors are making clear calls, what's ahead remains foggy.

The Ontario Superior Court issued an interim injunction against the University Health Network's attempts to terminate a group of unvaccinated employees in late October. But shortly after, an Ontario judge lifted the temporary injunction, saying he doesn't have the jurisdiction to grant the relief sought by a group of unvaccinated workers. However, the judge stressed that his decision regarding the temporary injunction "does not address the question of the merits or legality of the vaccine policy adopted by UHN."

The hospital network said staff who didn't receive both shots by Oct. 22 would lose their jobs. The workers allege the policy is illegal and

discriminatory. Lawyers representing the plaintiffs said their clients were disappointed with the Ontario court ruling, but in late October, still planned to proceed with a lawsuit.

Both unionized and non-unionized employees from UHN were fighting the mandate and the judge determined cases involving unionized workers must go through the arbitration process in accordance with the Labour Relations Act. Meanwhile, non-unionized workers were ultimately denied an injunction with the judge ruling: "As a general rule, private-sector employment may be terminated at will outside of the collective bargaining sphere in Ontario."

Despite the legal issues for the UHN, private sector employers are given a wide berth when it comes to drafting company policies, notes Abraham. "Ultimately, the employer has the obligation under the Health and Safety Act to keep employees safe. . . . The best thing for an employer to do is a risk assessment [asking], 'How can issues happen and how can I mitigate that risk?'"

One risk employers aren't paying enough attention to in these emotionally charged times is how the polarizing politics seen on the streets at anti-vaccine protests can seep into office culture across Canada, she says.

"I've already been getting calls from employees who feel they're being bullied and harassed by their co-workers because they haven't received the vaccine. They feel they're being singled out and it might

bring about some wrongful dismissal allegations by employees who are not vaccinated.

"I think employers really have to be mindful of how people are working and set the tone of respect in the workplace so they can limit their liability of people saying, 'You breached my contract of employment because you are required to treat me with dignity and respect and, because I'm not being treated that way, I want a severance package.'"

### BY THE NUMBERS

**57**

Number of employees fired by Windsor Regional Hospital for not complying with its vaccine policy.

**94%**

Percentage of City of Toronto employees fully vaccinated as of the Oct. 30 deadline set by the employer, while **4%** had received one shot, **1%** weren't vaccinated and about **2%** hadn't disclosed their vaccination status by the deadline. Possible job losses were to follow for those who remained unvaccinated by Dec. 13.

**99%**

Percentage of United Airlines' U.S. workforce that complied with its mandate to get vaccinated against the coronavirus

**Nov. 15**

Unvaccinated employees in the public sector had until this date to be approved for accommodation or be put on unpaid leave.

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Melissa Dunne is the managing editor of *Benefits Canada*:  
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# Gene Therapy – Changing the Direction of Genetic Disease

**S**cientific research continues to bring hope to patients with rare and debilitating diseases. The emerging, highly specialized discoveries in gene therapy are notable health-care innovations that could reshape the way certain genetic diseases are managed and treated. Gene therapy targets the underlying cause of a genetic disease rather than just treating complex medical conditions.

## Biologic building blocks – cells, genes and proteins

Cells are the basic building blocks of all living things. Genes are found in the chromosomes of the nucleus, the control centre of a cell. Genes are composed of deoxyribonucleic acid (DNA) and carry genetic information – the molecular blueprint – for making proteins that help build and maintain the body.

Proteins are vital for the human body to function optimally and play a variety of critical roles. They form the structural components of cells, tissues, muscles and organs; aid in digestion and metabolization of food; control physiological reactions; and support communication between cells. They also provide defence mechanisms, such as antibodies, which are proteins produced by the immune system to help remove foreign substances and fight infections.

The human genome contains an estimated total of 20,000 to 25,000 genes. Genes can influence everything from hair colour to the immune system, and although most genes are the same in all people, each person has a small number of genes that make them unique.

## What is a genetic disease?

A genetic disease is a result of an error, or mutation, in one or more of the body's genes. This can result in the absence of a necessary protein or prevent a protein from working properly.

Mutations can be inherited, occur spontaneously or be acquired over the course of a person's life due to environmental factors. Gene mutations happen in cells all the time, and usually the cell detects the change and repairs it. Some mutations are harmless, whereas others can cause disease or have a significant impact on health.

Many diseases, including common conditions such as diabetes or hypertension, are complex and are caused by a combination of environmental and lifestyle factors and influenced by multiple genes (polygenic) with no single genetic cause. Diseases that are the result of one mutated gene are called single-gene or monogenic disorders.

## Gene therapy versus cell therapy: Similar but different

Cell and gene therapy aim to treat genetic diseases but work differently.

### Cell Therapy:

- Cells are cultivated or modified outside the body before being transferred into the patient.
- Has been used for many years, such as in blood transfusions and stem cell transplants.

### Gene Therapy:

- Treats diseases by correcting genetic mutations.
- Replaces or inactivates mutated genes or introduces genes into cells to help fight disease.
- Changes how a protein, or group of proteins, is produced by the cell.

## Gene therapy can be delivered:

<b>Ex vivo</b>	Cells are modified outside the body and then transplanted back into the patient's body again
<b>In vivo</b>	The gene is transferred to cells inside the patient's body

## With cell therapy, cells can originate from:

<b>Patient</b>	autologous
<b>Donor</b>	allogeneic

### CAR T-cell Therapy:

- **Chimeric antigen receptor (CAR) T-cell therapy** is a cellular immunotherapy approach for treating cancer, which takes advantage of the body's own immune system.
- **A patient's T cells** (a type of immune system cell) are adapted in a laboratory so they will recognize and attack cancer cells.

### Gene therapy discovery

In order to develop a gene therapy, the mutated gene that causes a disease needs to be identified. Then research starts on ways to modify the specific mutation and determine the best techniques to treat the genetic condition.

### Types of gene therapy

Two common types of gene therapy are gene replacement therapy and gene editing.

Gene replacement therapy delivers a new, correct, working copy of genetic material into the target cell to treat genetic diseases. Once in the cell, a working copy of the gene will help make functioning proteins despite the presence of a faulty gene. Because a gene cannot be directly inserted into a person's cell, it must be delivered to the cell using a carrier, or vector. Once inside the cell, the new gene tells the body how to make the protein it needs, and the rest of the vector is broken down by the body.

Gene editing aims to alter the genome at a specific location to correct or alter the genetic sequence, which changes the genes by adding, removing or altering segments of DNA.

Other gene therapy treatment techniques include gene silencing, or inhibition, which prevents the production of a specific protein. Cell elimination is used to destroy malignant cancerous tumour cells via the introduction of "suicide genes" that induce cell death; reprogramming adds one or more genes to cells to change their characteristics.

### Gene therapy versus traditional drugs

Traditional prescription drugs focus on managing symptoms and disease progression, whereas gene therapy targets the cause of the disease and may deliver a long-term therapeutic effect.

Gene therapy development and production is different from traditional drugs due to the personalized nature of the treatments and the fact that products cannot be prepared, tested and manufactured in bulk as they would be with traditional medications. The clinical delivery infrastructure is also different and there is a much smaller patient population with genetic diseases.

### Vectors – gene therapy delivery service

Vectors are made from naturally occurring viruses because they are good at getting inside of cells; however, the viruses are modified so that they will not make people sick. Vectors are selected based on which type of cells in the body need a new gene because they are particular about the type of cell they choose to enter. For example, a certain vector may be used to deliver a gene to cells in the brain, whereas a different vector would be used to deliver to cells in the liver.

### CRISPR – gene editing tool

The 2020 Nobel Prize in Chemistry was awarded to two scientists who pioneered CRISPR (clusters of regularly interspaced short palindromic repeats), a gene editing technology. CRISPR is part of the defence system that enables bacteria to remember and adapt to invading viruses, which scientists modified to create a precise gene editing tool that can recognize, cut and edit DNA.

### Cell and Gene Therapies Currently Available in Canada

Brand	Name	Approved	Therapeutic Area	Delivered
Kymriah®	tisagenlecleucel	September 2018	Oncology	ex vivo
Yescarta®	axicabtagene ciloleucel	February 2019	Oncology	ex vivo
Luxturna®	voretigene neparvovec	October 2020	Ophthalmology	in vivo
Zolgensma®	onasemnogene abeparvovec	December 2020	Neurology	in vivo

### Diseases that can be treated with gene therapies

Characteristics of diseases that are best treated by gene therapy are those with a known single genetic mutation and for which there is no effective treatment or those that have failed to improve or become resistant to conventional therapy. Genetic diseases account for nearly 80% of all rare diseases.<sup>1</sup>

Some conditions that can be treated with or show promise for gene therapy include cystic fibrosis, hemophilia, muscular dystrophy, some types of blindness, sickle cell anemia and spinal muscular atrophy (SMA).

### Gene Therapy Pipeline:

- There are more than 900 investigational new drug applications for ongoing clinical studies in cell and gene therapy<sup>2</sup>
- The current pipeline is expected to result in:<sup>3</sup>
  - 30 approvals by 2025
  - 60+ approvals by 2030

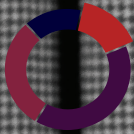
Gene therapies hold the potential to completely alter the patient experience of genetic disease and could help reimagine medicine for people around the world. ■

1 <https://rarediseases.org/new-report-finds-medical-treatments-for-rare-diseases-account-for-only-11-of-us-drug-spending-nearly-80-of-orphan-products-treat-rare-diseases-exclusively/>

2 [https://www.fda.gov/news-events/press-announcements/fda-continues-strong-support-innovation-development-gene-therapy-products?utm\\_campaign=012820\\_Statement\\_FDA%20Continues%20Strong%20Support%20of%20Innovation%20in%20Gene%20Therapy&utm\\_medium=email&utm\\_source=Eloqua](https://www.fda.gov/news-events/press-announcements/fda-continues-strong-support-innovation-development-gene-therapy-products?utm_campaign=012820_Statement_FDA%20Continues%20Strong%20Support%20of%20Innovation%20in%20Gene%20Therapy&utm_medium=email&utm_source=Eloqua)

3 <https://payingforcures.mit.edu/toolkit-overview/pipeline/>

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### **GETTING TO KNOW**

## **Alison Loat**

**JOB TITLE:** Managing director of sustainable investing and innovation, the OPTrust

**JOINED THE OPTRUST:** December 2019

**PREVIOUS ROLES:** Senior managing director, FCLT Global

**WHAT KEEPS HER UP AT NIGHT:** Environmental and climate-related issues – they are complex, multifaceted and global in nature.

**OUTSIDE OF THE OFFICE SHE CAN BE FOUND:** Cooking, curling, [keeping up with] politics and reading – both fiction and non-fiction.

# TAKING A SUSTAINABLE APPROACH TO INVESTMENT AT THE OPTRUST

BY GIDEON SCANLON

Before Alison Loat joined the OPSEU Pension Trust as its first managing director of sustainable investing and innovation in 2019, her experience with sustainability investing had only been peripheral.

“Although I did not come from the responsible investing world, I could see the tides were starting to turn. It was clear that a lot more attention was being paid to responsible investing initiatives.”

One of Loat’s first actions was to establish a team of internal investment specialists to build a more systematic approach to undertaking environmental, social and governance due diligence in externally managed investments. When completed, the team created its responsible investment partner evaluation.

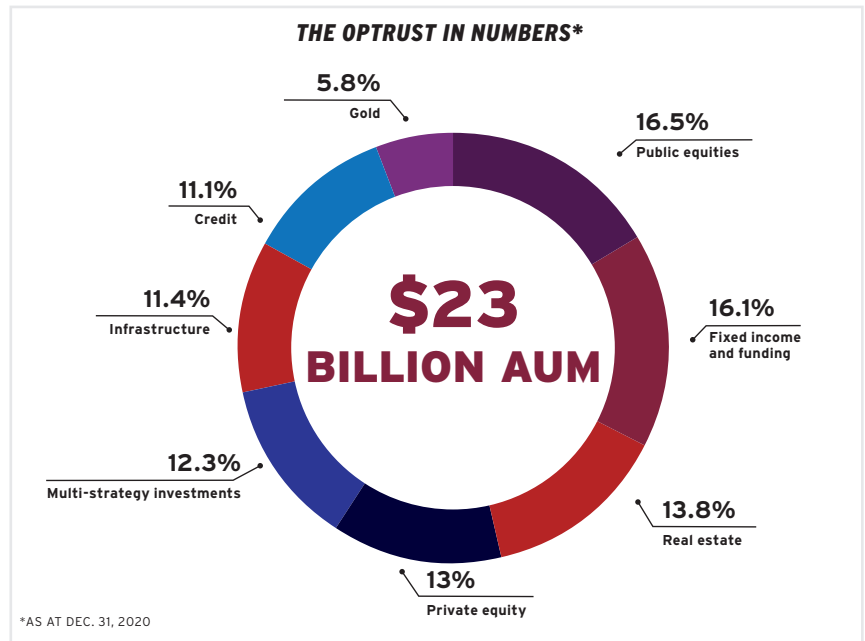
“OPTrust has had a dedicated responsible investing team since 2008,” says Loat. “Lots of pieces were in place and we’re working to build on that by establishing more systematic and data-driven approaches. RIPE is one tool we use to do that.”

To develop RIPE, the team assessed external frameworks and approaches, including those of the United Nations’ principles for responsible investment. RIPE, which became mandatory in 2021, allows the OPTrust to assess whether external managers’ investment approaches are aligned with the plan.

In addition, the new sustainable investing and innovation team has three central mandates. First is continuing to facilitate responsible investing throughout the portfolio. The second is implementing a new capital allocation program tied to responsible investing. The approach was particularly appealing to Loat, who was aware of some of the key challenges facing responsible investment teams at other institutional investors. “Too often, responsible investment functions are put to the side. Investors will do all the work and the responsible investment team will either ignore them or check the box and move on. The opportunity to fuse our work with capital was really compelling.”

Tasked with investing at the intersection of sustainability and innovation, the team is particularly mindful to focus its efforts in areas that are complimentary to the OPTrust’s existing investments, which include a sizable renewables portfolio, sustainable private equity and green bonds.

Loat didn’t want her teams’ approach to overlap with these other investments. “It had to be additive. The upshot was that we spent a fair amount of time working to define what sustainability and innovation meant in a way that was distinct from how it was being understood by other teams.”



The third mandate is renewing the OPTrust’s climate change strategy. While a climate action plan was released in 2018, Loat’s team was tasked with modernizing the strategy to respond to the rapidly changing views of plan members.

“We are seeing a lot of shifting sands around consumer demands and expectations. Our plan members and stakeholders are expecting us to provide a lot more clarity about how we are managing our assets with respect to climate. We started with an honest assessment of where we were as a fund and identified areas where we could improve. We also set about identifying people across the organization who could help work on putting a foundation in place to address those gaps.”

As a result, the team developed a series of workstreams designed to continually improve the OPTrust’s approach to climate. For example, the scenario analysis was updated to account for climate risks and each asset class team developed bottom-up assessments of their portfolios’ climate risks.

One recurring issue, however, is a lack of reliable data regarding ESG performance. “We do not have adequate data,” says Loat. “It’s our biggest hassle. We had to pilot a number of different data providers and work with our investment teams to bring providers in line. This is still in progress.”

As the sustainable investing and innovation team continues its work, the top priority is to further cement its climate strategy in its investment, risk and disclosure processes. “Job No. 1 is to centre it in our investment approach and strategy.”

**Gideon Scanlon is the editor of the *Canadian Investment Review*: [gideon.scanlon@contexgroup.ca](mailto:gideon.scanlon@contexgroup.ca).**

# Q&A

with **Paul Dhillon**



BY BLAKE WOLFE

## ***Hootsuite Inc.'s director of total rewards talks benefits in a remote working environment, the four pillars of wellness and recharging through physical activity***

### **Q What top challenges do you face in your role?**

**A** Hootsuite is very big on diversity, equity and inclusion and we operate in multiple countries, so it's a balance of finding the right benefits to meet the needs of all individuals. A prime example is that we [introduced] a fertility perk, as well as a global parental leave [program] that gives birth or non-birth parents across the globe 26 weeks off with pay. The other big challenge is, as we move forward, we're going to have to be thinking and looking at benefits differently — if people are working at home, what benefits make sense from that perspective?

### **Q What new programs or initiatives are you looking to implement?**

**A** Next year, we're looking at rebranding our benefits program and calling it 'wellness.' There's going to be four pillars: financial, mental, physical and social wellness. It's all-encompassing and, when we bring in that layer of DEI under those four pillars, it's going to be a jigsaw puzzle that our team is excited to work on for next year.

### **Q How do you judge the success of a program or initiative?**

**A** We look at utilization and come up with questions to ask in our employee engagement surveys. We also want to set up focus groups in each country [that we operate in] to hear what employees like and don't like. By doing that, it's going to better connect us to our employees in each country to understand how we can continually improve and ensure that we're hitting the mark.

### **Q What programs do you consider the most successful or that you're most proud of?**

**A** We've had enormous positive feedback on our mental-wellness week that we held in July. We conducted a survey afterwards and saw engagement

scores increase as a result. More than 90 per cent of our employees wanted to see this program come back and we're holding it again in 2022.

### **Q What key human resources issues do you expect in the coming year?**

**A** The pandemic has led a lot of organizations to reassess how to attract, motivate and retain talent. What people value now, in terms of work time and location, has significantly changed. If people are working from home, are we going to give them the option of having a stipend or reimbursement for office furniture? And if you're not as physically active working from home, do we look at programs that allow people to connect and get active as well?

### **Q What do you like to do in your free time? What are your hobbies?**

**A** My weekends are spent hiking and paddle boarding and I play a lot of volleyball. Being physically active — especially during the week, when I can be so immersed in work — is how I recharge. I also like spending time with family and friends — that social aspect is important as well. As long as I'm outside being active with great friends, I'm in a happy place.

### **Q What's your favourite employee benefit and why?**

**A** I believe employee assistance programs don't get enough of the limelight. Many people look at EAPs as something they go to when an issue or problem comes up. But for someone like myself, who sometimes struggles with organization, . . . you can reach out to an EAP almost as a concierge that can help you find a particular service, like a housecleaner. I think the potential of EAPs, in terms of how they can help in both your personal and professional life, is very understated.

**Blake Wolfe is an associate editor at Benefits Canada: [blake.wolfe@contexgroup.ca](mailto:blake.wolfe@contexgroup.ca).**

#### **CAREER CRIB SHEET**

##### **September 2021 - Present**

Director, total rewards, Hootsuite Inc.

##### **2017 - Present**

Founder, RYPE Consulting

##### **2018 - 2021**

Director, total rewards, Teekay Tankers Ltd.

##### **2014 - 2017**

Head of total rewards, KGHM Polska Miedz

##### **2013 - 2014**

Senior manager, compensation and benefits, Aritzia Inc.

##### **2008 - 2013**

Manager, compensation and HRIS, ATCO Ltd.

##### **2007 - 2008**

HR lead, Accenture

##### **2004 - 2007**

HR manager, Walker Group

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