

THE UNIVERSITY OF WESTERN ONTARIO  
HUMAN RESOURCE SERVICES  
RETIREMENT PLANS

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HELPING OUR EMPLOYEES  
PLAN A SUCCESSFUL JOURNEY  
FOR RETIREMENT

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A COMMUNICATION PLAN TO ENGAGE & INFORM  
WESTERN'S PENSION PLAN MEMBERS

February 2011

## TABLE OF CONTENTS

Executive summary .....	3
Background.....	5
Target audiences – who do we need to reach? .....	6
Goals & objectives .....	7
The DC Journey concept.....	8
Reviewing pension publications & readership .....	10
Reviewing the retirement plans website .....	11
Reviewing education initiatives.....	12
Research methodology – metrics & feedback.....	14
Pension Communication Plan Benchmarks.....	16
New initiatives.....	18
Timeline .....	22
Pension communication timeline.....	23
Conclusion .....	24
Appendix A - Detailed information on pension publications	25
Appendix B – Detailed information on education programs	28

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## EXECUTIVE SUMMARY

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### **Purpose of the plan**

As a leader among employers, Western is committed to assisting its employees to learn and take action that will prepare them for a financially secure and rewarding retirement. To that end, we understand the importance of providing strong, clear, consistent messaging, communications and education programs that promote understanding and participation.

This plan is designed to provide a framework for reviewing and strengthening current retirement-related communications and education initiatives and for seeking new and even more effective approaches.

### **Methods to improve communications**

The following broad steps are part of the communication plan:

- Introduction of a new theme – focussing on a “journey to retirement” that will help our stakeholders understand the importance of planning and working toward a retirement income goal. Refinement and consistent use of messaging in all communications and education programs will reinforce the importance of wise investing.
- A review of all pension publication content and design, seeking member feedback on publications, and creating other approaches to ensure the publications are relevant and interesting to our plan members.
- A review of education programs including attendance, client feedback, and follow-up actions that will lead to improved methods of reaching individuals.
- New tools, including a gap statement tool and increased visibility for existing tools that will help people better understand their current pension position and the paths available to them.
- An updated retirement plans website with a new look, improved navigability, consistent messaging and new tools for choosing and tracking investments and planning for retirement.
- Development of a plan for ongoing review of all publications and other communications, including tracking metrics that will ensure progress can continue in the future.

### **Key message themes**

- Planning for retirement is like planning for a journey – it works best with a map and a plan.
- Western’s defined contribution pension plans mean there is no guaranteed pension income at retirement . The amount of your retirement income will depend on your level of contributions, how long you have contributed, and the investment returns of your individual pension account. This means it is

important to take the time to learn, make a plan to succeed and track your progress towards your retirement income goal.

- Each individual can and must make decisions tailored to help them invest strategically and prepare for a financially comfortable retirement.
- Western's pension contributions and its plans are a valuable component of the benefits we offer our employees.
- Western can provide excellent information, tools and education programs to help you plan your journey.

### **Measuring engagement and measuring success**

Key to the success of the plan will be the establishment of benchmarks, seeking member input, and measuring our success. That will be done through the use of:

- Surveys of members
- Tracking of participation in workshops and programs
- Tracking of usage of web-based tools
- Tracking of key metrics in pension and investment literacy, members' behaviour and Western pension knowledge
- Electronic tracking tools such as Google Analytics and others that allow tracking of readership of electronic publications

### **Timeline**

Work is already underway in some areas to develop new tools, identify and establish benchmarks, and define messaging. The project begins in earnest following review by the Joint Pension Board, and will take place over the next two to three years.

- **Phase I** in 2011 will focus on surveying stakeholders, gathering metrics, introduction of the Gap statement tool and beginning to introduce new messaging and content on the website
- **Phase II** in 2012 will see a launch of the new website, updated publications and member feedback on changes
- **Phase III** in 2013 will focus on refining methods and messaging, and establishing ongoing measurement tactics to ensure future progress.

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## BACKGROUND

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Almost daily, news headlines point to the state of pension plans with stories that focus on whether Canadians will have what they need to support a secure retirement. The media has shown a particular interest in university pension plans because many have been hit hard by an economic downturn that caused plan values to drop significantly and in some cases, threaten the solvency of those plans.

Paul Genest, former President of the Council of Ontario Universities called it a “problem of staggering proportions” and the Ontario government found it necessary to introduce solvency relief for universities, allowing additional time for pay down of solvency deficits.

Media coverage about the effects of the market turmoil on universities helped bring attention to Western’s defined contribution (DC) plan. As one of just a few DC plans among its Canadian peers, it drew praise for helping to protect the university from heavy financial losses, but also caused concern as many members experienced significant reductions to their pension accounts in the 2009 market turmoil.

This means that while other universities face challenges with funding shortfalls, for Western, our challenge will be to find more ways to assist our employees to understand their pension benefits and to help them make plans to meet their retirement income goals and ensure the adequacy of their pension benefits at retirement.

In spite of media and public attention to pension plans, we have some data that too few Western employees understand the state of their pension benefits or know how to go about assessing their adequacy and making changes. Many don’t fully understand the concept of a defined contribution plan and even among those who do, many rely on a default choice in investments. To some degree, this lack of understanding reflects a broader state of affairs among Canadians and a sense that things will somehow “turn out all right.”

Western’s pension team and its Joint Pension Board believe that Western has an obligation to provide Western employees and other stakeholders with access to the best information we can reasonably provide to help them:

- understand how Western pension plans and Retirement Income Fund (RIF) work, particularly in contrast to defined benefit pension plans
- make decisions to invest strategically and prepare for a financially comfortable retirement
- understand and appreciate the value of the pension plans and how they are part of a broader range of benefits provided to Western employees

This plan is intended to provide for a review and assessment of existing communications and education initiatives about Western retirement plans, and to provide a framework for development of new messaging and communication tools to reach members and retirees with important and relevant information.

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## TARGET AUDIENCES – WHO DO WE NEED TO REACH?

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Western has a number of key audiences who are stakeholders in Western's retirement plans, and various aspects of this communication plan are intended to reach each of them, most specifically:

- Plan members – we need to reach more plan members on broad basis, but also, in some cases with special messaging or targeted approaches for specific employee groups or departments (example – PPD groups that may not have regular access to computers or email)
- Potential plan members – Western's reputation for providing excellent benefits means that potential employees may wish to access retirement plan information as they are deciding whether to pursue a career at Western. We want to ensure that any information that is publicly accessible conveys the strengths of our plans. New employees are also in a prime position to make early and important decisions about their investments and therefore need an appropriate focus.
- Former plan members, retirees and beneficiaries

It is clear that the audience most targeted by our communications will be current employees of Western – faculty and staff who are members of the pension plans, as they will have the opportunity and challenge of making decisions today that may significantly affect their quality of life in retirement.

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## GOALS & OBJECTIVES

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The work outlined in this plan is designed to optimize the effectiveness of education and communication initiatives and to increase member engagement in retirement planning and the management of their pension benefits.

The plan will have the following broad goals:

- Provide employees with a more navigable and user-friendly website
- Support employees' knowledge about financial literacy and retirement planning
- Provide tools including a gap statement tool that will show members the disparity between their current path and their income goal for retirement
- Introduce the Defined Contribution Plan journey concept
- Identify key messages that can be utilized in all communications
- Review all communication and education practices and tools to ensure we provide important, relevant information in an accessible manner
- Explore new approaches to communications, including use of social media
- Develop a plan for all main groups outlining what, when and how we will be communicating with members, and other beneficiaries
- Develop targeted communications as needed
- Identify specific member actions required and communications initiatives to support these
- Actively seek members' feedback

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## THE DC JOURNEY CONCEPT

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### **INTRODUCING THE CONCEPT - SET A GOAL AND TRAVEL TO A DESTINATION**

As we work to increase member engagement and personal responsibility for retirement planning, our communication messages need to be persuasive, relevant and promote an understanding of both the University's retirement plans and the actions members need to take. In order to do this we will use some best practice ideas from consultants in this field and develop a communication theme that will encourage members to pick an individualized retirement income goal and to monitor progress towards this individual retirement goal.

As we encourage members to set a goal and provide them with tools to assist them in doing this, they will be, in essence, taking a journey toward their retirement goal throughout their careers. This analogy of planning a journey (such as a trip to Florida) to achieve a retirement goal was introduced recently by Towers Watson. The strength of this approach is that the concept of setting a goal and planning a journey is a familiar and manageable concept that translates well to retirement planning.

Setting a goal and monitoring progress of the journey provides members with an easily understood framework within which they can better interact and manage their retirement needs. As with any journey, the first step is deciding where you want to go, in this case a retirement goal, and identifying the resources that are available. It is hoped that a beginning point for many members will be the use of tools such as the gap statement to identify their own unique retirement income goal and what they need to do to achieve this goal.

While we know many members worry about retirement benefits and having adequate funds to retire, we suspect that few members understand how to measure whether they should be worried or not. Setting a goal and having a individualized gap statement will help answer that question. Some members may find that they currently are "on course" to meet their goal. These members will better understand the meaning of their current pension account balance and worry less as they begin to measure progress toward their goal.

### **MESSAGES TO SUPPORT THE JOURNEY THEME**

Future communications will contain the journey theme, emphasizing that in a DC pension plan members need to:

- set a retirement income goal at the outset
- monitor progress toward that goal
- take action if there is a significant disparity between their desired goal and their progress to date



Journey planning and monitoring progress will help members understand that the task of planning for retirement is do-able and manageable. In trying to keep the messages relatively simple we will emphasize that in a defined contribution plan employees have only three things they can change to assist in getting to their goal:

1. Contributions
2. Investment risk exposure
3. Retirement date

Subject to member feedback through the survey process, messages to support the theme will include:

- The University pension plans are defined contribution (DC) plans, a form of capital accumulation retirement saving plan similar to RRSPs to which both the University and the member contributes.
- In a DC plan, the pension at retirement is variable and not guaranteed. The responsibility for making decisions that affect the outcome is in your hands.
- Setting a retirement goal that is individualized is a critical step in retirement planning and understanding your benefits.
- By monitoring progress through your journey to retirement you have a better chance of meeting your retirement goal.
- We can provide you with tools to help you monitor your journey.

### **INTEGRATION OF THE JOURNEY THEME**

As we review our communication materials and tools we will integrate the concept of journey planning into those resources including:

- a prominent message for the journey planning concept on the revised website
- individual member statements and gap statement tools that reinforce the journey towards the goal
- member annual meetings
- special demonstration meetings and online learning tools

In the development and roll out of this plan we recognize that this is a change initiative that will require input and support from numerous stakeholders including HR leaders, academic leaders, department heads (both administrative and academic), the affiliated colleges and employee groups. Critical to success is asking for input and responding to that input from these stakeholders.

There is an opportunity to seek assistance from Learning & Development in terms of their expertise in change initiatives including their recent experience with Safe Campus Initiative.

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## REVIEWING PENSION PUBLICATIONS & READERSHIP

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A significant focus of the work initiated by this communication plan, will be in the review of pension and retirement-related publications, and their readership. The goal will be to understand what aspects are of most interest, and what changes can be made to increase readership numbers and member satisfaction.

Pension publications include:

1. Quarterly pension newsletter – Published quarterly in electronic format on the retirement plan website, this newsletter is designed to reach all plan members with news of a broader nature regarding the pension plans. It is used to keep members abreast of plan changes, upcoming deadlines and events, and is also used to offer educational articles and information on topics such as retirement planning, the impact of rising interest rates, etc.
2. Annual report (Investment Performance Review) – Published each April (data as of December 31), this report offers detailed information on each of the investment options available to plan members.

The report is now in electronic format except for a few hundred copies designed to be used for orientation of new employees/members. While it is aimed at all pension plan members, it is most utilized by individuals who are reviewing and considering changes to their investments.

3. Annual pension statements – Published each March, these statements contain a mix of general information such as annual meeting reminders, and personal information showing members their contributions, employer contributions, current value, returns, allocation breakdown, and information estimating account balance, income and replacement rate at normal retirement date.

This document is a requirement of the Pension Benefits Standards Act and is a valuable tool for members to get a good overview of where they are at. Currently members receive this in hard copy only.

4. Transaction statements - such as member withdrawal and investment change statements produced from the recordkeeping system.
5. Others - The Retirement Plans Plan Summary, pension plan and retirement income fund forms.

More detailed information regarding the content, format etc., of these publications is available in Appendix A on page 25.

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## REVIEWING THE RETIREMENT PLANS WEBSITE

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A renewal of Western's entire Human Resource Services website and its components, including the Retirement Plans site, is included in the department's most recent strategic plan and work will get under way very soon. While full details of that update are currently in development, it is understood that Western's Retirement Plans/Pension website is a priority and as such, will be updated as early in the process as is possible.

The renewal of the Retirement Plans website will include:

- An updated page layout and design template – fresh and more in tune with Western's home page
- An audit of all website material to understand current size, assess relevance and revise outdated material
- Incorporation of the 'journey' concept
- Incorporation of key messages contained in the Association of Canadian Pension Management Education Initiative
- Assessment of interactivity and usability of online tools and forms, as well as interconnectivity with key pension databases
- Inclusion of new tools and resources, and increased visibility for all tools
- A review of the navigation menus and material to simplify navigation
- Review and optimization of the website search engine to increase a visitor's ability to find the information they are seeking
- A new content management system to make editing pages easier
- Development of a system for tracking changes and scheduling updates of pages

### **Enabling self-service**

Benefits are part of an employee's total compensation and in recent years emphasis on self-service for benefits, pension and payroll have been leveraged in order to achieve improved service for employees and improved administration for the University.

Currently members are encouraged to make investment changes online, and to access specific workshops and information online. Examples of these include the recent Liquidating Trust online workshop and the Unlocking website for Western RIF members.

Subsequently, there will be more appetite for improvements to the retirement plans website including improved integration of the pension recordkeeping system with the University HRIS system to allow easy access to obtain information and make changes. The importance of user-friendly interface for these tools will become especially important to a more technology-savvy workforce, and it is consistent with our broader approach to recognizing that a variety of communication and self-service approaches will be necessary to reflect the diversity and range of computer literacy and access in our employees and plan members.

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## REVIEWING EDUCATION INITIATIVES

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It is reflection of human nature and an intrinsic principle of customer service that education and communication initiatives are most effective when they are interactive – allowing personalization, participation, and an opportunity to ask questions. Western provides a broad range of education initiatives to help stakeholders plan for their retirement. Here is an overview of what is available:

1. Individual counseling – This is available to any member on request and typical sessions last an hour. The focus of these sessions can vary with the member, and our research shows that the most prevalent topics differ between employee groups. Setting aside meetings where employees come to talk about benefits that are not pension-related, some of the most popular topics are investment, retirement planning, retirement, pension transfer (in and out) and RIF payments. We are currently developing an evaluation questionnaire to be sent to a sample of members after their session. The goal is to improve the quality of the session by allowing the consultant to better prepare.
2. The Financial Educator™ website – This is an excellent website, available to our plan members online at any time. It offers short web-based sessions on financial planning, retirement planning life planning, as well as a collection of calculators (income needs in retirement, education savings, mortgage). With over 600 registered users at Western, this is a tool we will be looking to promote more extensively.
3. Investment Personality Questionnaire- Another web-based tool, this site helps members in selecting an asset allocation through a series of questions to assess their investment horizon, risk tolerance and objectives. It is used by Western’s Pension and Benefits consultant and may hold the most appeal with younger plan members. It averages 122 hits per month. An updating of this tool, based on user feedback, will take place in the future.
4. One-day workshops facilitated by the Financial Education Institute of Canada - Five of these workshops were offered in 2010, and 73 members and 27 spouses attended – most being 45 and above. The workshops offer not just financial planning tips, but retirement and life planning as well. The feedback has been positive although engaging faculty members has been a challenge.
5. Orientation sessions for new members - Different sessions are held for employee groups including:
  - a. New faculty members (ten sessions in 2010):
  - b. New administrative staff members (27 sessions held in 2010)
  - c. Part-time employees (discontinued in 2009 because of lack of interest)

For staff members, the sessions focus is on how to fill out pension and benefits forms. For faculty members, more detailed information and assistance with investment decision-making is available.

6. Annual member meetings - Two or three sessions are offered once a year, in mid to late April. All members are invited to attend to get an update on the financial market, information on specific topics of interest, overview of members' decisions and experience, changes to the plan, and to hear a guest speaker on a topic of broad interest. Approximately 200 members typically attend in total, although participation is higher when markets are down.
7. Lunch and learn sessions - Suspended because of lack of participation, these sessions were held several times a year to offer information about topics of interest such as how to read your pension statement, information on Western's RIF and how to make investment decisions.

More detailed information regarding education programs is available in Appendix B on page 28.

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## RESEARCH METHODOLOGY – METRICS & FEEDBACK

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A wide variety of approaches and tools will be used to measure the current effectiveness of communications and education initiatives, determine what changes are most desirable and valuable to our stakeholders, and to measure whether the changes we make are effective.

We will, where appropriate and feasible, establish early benchmarks and consider ongoing approaches that will allow continued measurement of progress against goals. This kind of benchmarking and regular surveys and measurements go right to the heart of understanding member engagement and member satisfaction.

We can turn to the Towers Watson 2010 Capital Accumulation Plan (CAP) Sponsor Survey (the Survey) found for ideas on some of the most common methods used by plan sponsors that measure communications:

- Informal feedback (this is by far the most prevalent method)
- Level of participation in education sessions
- Increase in levels of participation
- Formal surveys of plan members
- Increase in levels of employee contributions
- Level of active decision making
- Appropriateness of participant's asset allocation

Interestingly, the Survey found that 54% of respondents do NOT measure the success of their communication practices.

### **Website traffic**

Google Analytics (GA) is a free service offered by Google that generates statistics about visitors to websites, and may be a useful new tool for providing helpful metrics on Western's retirement plans website traffic. GA can provide information on whether a visitor is new or returning, and where the visitor came from – e.g. via a search engine, an email, or pdf.

### **Talking to our members**

As we explore new ways to make the website, pension publications and education initiatives more interesting and relevant, and work to convey important messages about planning for retirement, it will be important to seek feedback and ideas about what they need, enjoy and believe to be most important.

Specific approaches to seeking member feedback could include:

1. A readership survey of written and/or electronic publications -  
A web link from electronic versions of publications, and an inserted link in written publications, such as the pension newsletter could lead to a short voluntary questionnaire to gather information that could include:

- a. Were parts of, or the whole publication read?
- b. What articles or information were of most interest? Most helpful?
- c. Least interesting or helpful?
- d. Is there other information you would like to receive in the future?
- e. Do you prefer material that is more or less detailed ?
- f. Where do you go for information on retirement planning?

This type of survey is most likely to be completed by individuals who have read at least some of a publication and can comment on what is most valuable.

2. Special electronic publication methods that allow tracking of readership

Some new methods of electronic delivery of newsletters, etc. such as the Convio fundraising tool used by Alumni Relations, allows tracking that provides instant information on how many emails were opened, what links were followed, what articles were read, and for how long. Similar and more affordable digital communication delivery tools exist that allow tracking electronic publications.

3. Outgoing phone surveys, with random calls to members of the campus community

The survey would take place in the days following dissemination of a publication, and could include questions about whether the individual actually recalls receiving the publication, whether it was opened, what recollections they have about content, and what information was most relevant.

4. A simple survey of individuals who call the Western HR Communication Centre for other matters.

In the days following distribution of a publication, callers to Western's HR Communication Centre could be asked if they have a minute or two to take part in a survey about retirement planning, and those who agree could be forwarded on to a researcher to be asked a quick series of short questions to determine whether they read the publication, and what they recall/found interesting.

5. Focus groups

Focus groups are an effective way to gain feedback and allow sharing of ideas for improving communications. They also allow researchers to delve deeper into questions or responses to understand meaning and to perhaps hear areas of sensitivity that might not be possible in online or phone surveys.

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## PENSION COMMUNICATION PLAN BENCHMARKS

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### Data Points for Benchmarking

#### ***a) Pension and Investment Literacy***

- survey pension and investment literacy to determine understanding of basic concepts such as: the mechanics of defined contribution plans, relationship between interest rates and bond prices, difference between nominal and real returns, definition of the major asset classes, etc.

#### ***b) Knowledge of Western Pension Plans***

- survey basic pension plan knowledge
  - knowledge of employer contributions
  - knowledge of voluntary contributions
  - describe investment options used
  - knowledge of equity exposure
  - last time an investment change was made
  - knowledge of account balance
  - following implementation of new information on the website, evaluate level of client knowledge and average length of meetings
- survey did you set a goal? Are you on track?
- survey value of pension benefit
  - focus groups can be used discuss what members want and need from their pension plan and from those who administer the pension plan

#### ***c) Use of Tools and Resources***

- number of login to IPQ (RIF and RPP)
- attendance at workshops (or awareness of) including Financial Education Institute of Canada, orientation sessions, Lunch and Learn and annual meeting.
- number of login to Financial Educator™
- annual number of online pension transactions as a % of total transactions
- usefulness of retirement plan website
  - # of login (monthly)
  - client's ability to find the most popular pension-related information online
    - Method – after identifying the top 10 pension-related questions that employees have, use volunteers to determine how many clicks takes for them to find information related to those questions.
- survey to determine number of readers
  - pension newsletter
  - annual investment performance review



<ul style="list-style-type: none"> <li>- pension statements</li> <li>- pension plan summary</li> <li>• number and nature of consultations</li> <li>• satisfaction with interactions: <ul style="list-style-type: none"> <li>- For member interactions with consultant in meetings – evaluation plan already in the works</li> <li>- Interactions through HRCC via phone, email, in-person</li> </ul> </li> <li>• overall effectiveness of self-service and other online tools <ul style="list-style-type: none"> <li>- Explore possibility of added pop-up box that asks about effectiveness and satisfaction with the tool</li> </ul> </li> <li>• numbers of login to GAP statement tool</li> </ul>
<b>d) Member Behaviour</b>
<ul style="list-style-type: none"> <li>• # of members in default option <ul style="list-style-type: none"> <li>- Total # of members; % of new members, etc.</li> <li>- Members in the default option are already being contacted once a year</li> </ul> </li> <li>• % of members with 6 or more funds invested</li> <li>• # of members making voluntary contributions and % of contribution</li> <li>• Equity percentages for younger members</li> <li>• % of eligible part time members who enrolled</li> <li>• Informal member feedback</li> </ul>
<b>e) Pension Benefits</b>
<ul style="list-style-type: none"> <li>• Expected replacement ratios ( samples)</li> <li>• Assessment of whether the GAP identified by members has been improved (2013 and later)</li> </ul>

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## **NEW INITIATIVES**

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In addition to a review and renewal of many existing communication and education tools, there are a number of new approaches and initiatives that will be explored and tested over the course of this plan.

### **NEW DELIVERY METHODS**

There is a need to optimize new technology to enhance the delivery of pension information. Examples of new initiatives to deliver pension related information include the use of YouTube, blogs and interactive learning software.

1. YouTube - One example of a possible concept for YouTube is the development of quick videos on very narrow topics – such as why and how to make voluntary contributions to your pension plan.
2. Interactive learning software - This approach is consistent with the goal of increasing member engagement in the process of learning what actions they need to take in travelling towards their retirement goal. An example could be an interactive course on how to change the investment balance of your pension account with a link to enable a member to proceed to re-balance.
3. Blogging - The feasibility of a blog on pension issues to support the pension news in a more timely fashion should be considered in conjunction with the redesign of the retirement plans website.

### **TELLING STORIES**

Pension and retirement planning is based not only on practical considerations, but also the dream that many people have for a simpler life that allows more time for leisure and pursuit of desires and interests that are not work-related. There is an opportunity to weave interesting and inspirational stories of both investment success, and pursuit of new and meaningful life opportunities into the communications we provide regarding retirement planning. These stories can be told utilizing existing communication vehicles such as the website, publications and even workshops. As we pursue new delivery methods such as YouTube, other doors will open for story-telling that may help our audience understand what the future may hold for them.

## **A NEW TOOL - GAP STATEMENT**

The goal is to develop a simple tool that shows members the savings rate required to reach their individual goal at retirement such as a specific retirement income and retirement age.

In his keynote address at the 2010 Joint Pension Board retreat, Don Ezra of Russell Investments highlighted that during the accumulation phase for a DC pension plan there are three “dials” that the member can turn:

1. Contributions
2. Investment risk exposure
3. Retirement date

Given the difficulty in predicting future returns and in order to be consistent with the investment return assumption that is included in the pension statements, members won't have the option to modify the expected investment return assumption.

In a gap statement tool currently under development, members will have the opportunity to modify the following variables:

- Retirement age
- Replacement rate
- Monthly retirement income

For output, the gap statement will provide the following information to members, based on the variables they've chosen:

- Additional contributions to reach retirement goals
- Maximum voluntary contributions allowed
- Additional savings outside plan required to reach retirement goals

To maximize usability of the tool we will have to ensure that we:

- Clearly define the replacement rate
- Present results on a chart

Possible additional features for consideration in the GAP tool are integration with CPP/OAS and the opportunity for the individual to include outside investments in the tool calculator.

## **PILOT PROJECTS RELATED TO NON TECHNOLOGY-BASED COMMUNICATION INITIATIVES**

Not all members and employees are comfortable with the use of electronic-based delivery of pension information and there is compelling evidence that offering multiple forms of communication delivery is the most effective approach. Therefore we do recognize that there is an ongoing need to deliver targeted, in-person information to some members. We are aware that employees and members in Physical Plant and Hospitality Services might be groups that we could target for delivery of a pilot in-person program. This type of program would likely include pension staff attending in the workplaces and residences where these individuals work. Methods for delivering non technology based information to plan members must be provided.

## **A NEW (AND A RENEWED) INVESTMENT PERSONALITY QUESTIONNAIRE (IPQ)**

### **Upgrade to existing IPQ**

#### **Background**

A Registered Retirement Plan investment personality questionnaire was developed for members of the Western pension plans in 2007. It has 16 questions, covering the following categories:

- Investment horizon
- Risk tolerance
- Secondary investment objectives
- Personal situation

Based on the score they obtain, members are directed into one of five portfolios, with equity allocations ranging from 30% for the most conservative portfolio to 100% for the most aggressive one.

#### **Goals**

The goals of upgrading the RPP investment personality questionnaire are to:

- Improve the clarity of the questions, based on comments provided by users
- Gather data from members to ensure that there's an appropriate distribution of members among the proposed portfolios
- Ensure that members' current allocation is consistent with the IPQ

#### **Methodology**

The revised IPQ will be sent to all members of the pension plan through a mass email, most likely in February 2012. A surveying tool (surveymonkey.com, Western ITS) will be used to gather data. Members will be asked to complete the questionnaire. Incentives (to be determined) will be offered to members to increase the participation rate.

## **Introduction of new RIF IPQ**

### **Background**

There is currently no IPQ that targets RIF members. An initial concern that prevented the development of an IPQ for RIF members was the requirement to comply with some conditions related to the securities exemption obtained for the RIF program. The exemption limited the interaction that the University could have with RIF members, however as long as the administration and education for the RIF mirrored the pension plan process, the implementation of a RIF IPQ is permissible.

### **Goals**

Developing an IPQ for RIF members is intended to achieve the following goals:

- Obtain an asset allocation that is consistent with each member's personal circumstances
- Provide guidance regarding proportion of assets to use to purchase annuities
- Provide guidance regarding which investment option to take payments from

### **Methodology**

The fact that most RIF members don't have a Western email address complicates the survey process. As for the RPP, RIF members will be contacted and asked to answer the questionnaire. Given their privileged relationship with RIF members, Western pension and benefits consultants will directly contact RIF members to ask them to complete the questionnaire. Incentives (to be determined) will be offered to members to increase the participation rate.

The RIF IPQ could be sent in February 2012, data compiled and adjustments made in March 2012 for a launch in April 2012.

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## TIMELINE

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Achieving the outlined goals for this project will require substantial amounts of time and resources. We recognize that some items may require priority attention and other actions will be dependent on the outcome of survey information and other feedback from members, employees and other stakeholders. At this point we have broadly targeted a three-year timeline for this project.

Phase I in 2011 will focus on:

- surveying stakeholders and gathering metrics that will assist in obtaining benchmark data and identifying areas of change that can be measured
- introducing the concept of setting an individualized retirement goal and working to engage members to track their journey toward retirement.
- providing tools in the form of GAP statements to allow members to do so
- beginning improvements on the content of the retirement plans website

Phase II in 2012 will focus on:

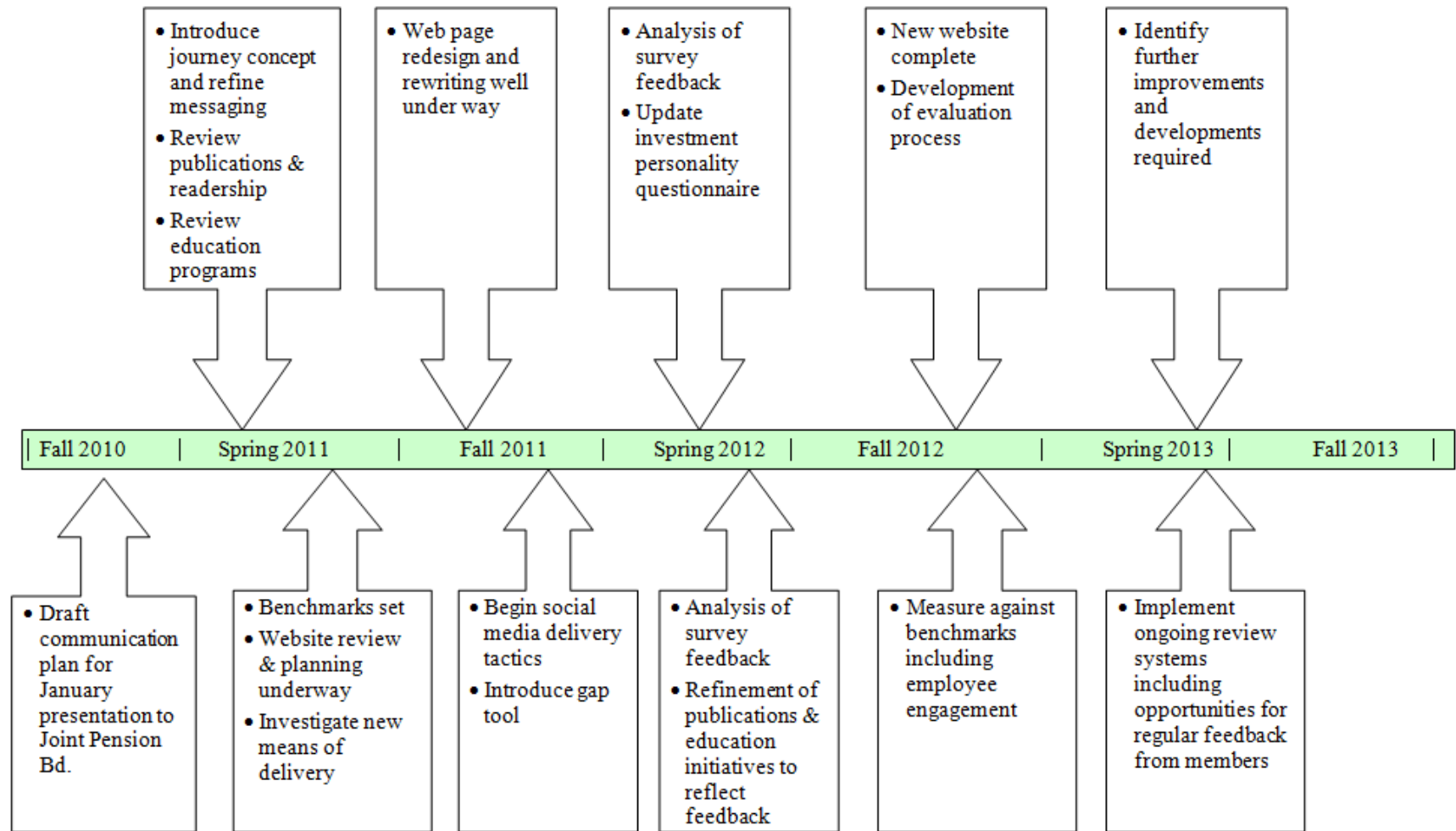
- refining our communication and education initiatives to reflect the journey concept and the feedback received from members and stakeholders
- completing a full redesign and launch of website
- updating key communication tools (Pension News, annual report, member pension statements) and new methods of delivery for pension information
- Update of the Investment Personality Questionnaire (IPQ).

Phase III in 2013 will focus on:

- implementing any outstanding program delivery improvements
- measuring the success of the communication plan and evaluating the progress made toward improving employee engagement, pension plan knowledge and goal setting for retirement
- ensuring a plan is in place for updating and ongoing review of communications

In the next few years we anticipate there will be a need to communicate a number of complex pension legislation reform changes to our plan members and stakeholders, as well as details of the ongoing implementation of pension provisions related to collective bargaining. The interplay of these external communication requirements with the development of communication initiatives in this plan will be an ongoing challenge for this project.

## PENSION COMMUNICATION TIMELINE



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## CONCLUSION

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Western retirement plans, their administration, and how they function can be extremely complex to understand. The fact that Western has defined contribution pension plans means that employees are responsible for their investment decisions and this adds to the challenges we face in communicating and educating employees about their respective retirement benefits. For an average person making investment decisions, particularly in the current market climate, it can seem like a daunting task.

These challenges are also the most important reasons why we must continually strive for clear, compelling communications that promote understanding and encourage participation. Our ability to provide that kind of clarity and to make available good educational and personal assistance on request, will convey a message to our members that their future is important to us, and that we value our employees. Increased understanding, and better self-serve options also hold the potential of requiring less resources on simpler transactions and information-sharing.

The retirement publications, website and educational programs are already rich in content and depth. This provides an excellent base as we begin the process of updating, refreshing and rebuilding our communication and education tools.



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## APPENDIX A - DETAILED INFORMATION ON PENSION PUBLICATIONS

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### 1. Quarterly pension newsletter

- Published - four times a year, in October, January, April and July.
- Format - electronic only, accessed through the retirement plan website, with a mass email notification sent to all active members of plans.
- Target - all plan members.
- Requirement - while there are no legal requirements to provide a newsletter, we are required to notify our members of changes to the pension plan and the newsletter is used for this purpose.
- Content - updates on plan changes (manager, new or discontinued investment options), announcements (impending deadlines, new staff, upcoming workshops, annual meetings, annual statements) regulatory changes, historical returns, educational components (impact of rising interest rates, socially responsible investing, retirement planning).
- General - we need to assess who reads the newsletter and understand what they're looking for. The Pension Newsletter has a good content and it's unfortunate that the readership (we suspect) is not great.

### 2. Annual report (Investment Performance Review)

- Published - once a year in April, with data updated as of December 31.
- Format – we moved to electronic format for the 2009 report. A few hundred copies are still printed and distributed to new members at orientation sessions.
- Target - all pension plan members. It is also a good educational tool for our Pension & Benefit consultants to use with new members.
- Requirement – There are no legal requirements to provide members with this report, however, the Capital Accumulation Plan (CAP) guidelines suggest that the CAP sponsor provide “CAP members with sufficient detail about the investment options available in the plan so they can make informed investment decisions.” The guidelines suggest that the following information be provided:
  - the name of the investment fund;
  - names of all investment management companies responsible for the day-to-day management of fund assets;
  - the investment objective of the fund;
  - the types of investments the fund may hold;
  - a description of the risks associated with investing in the fund;
  - where a member can obtain more information about the fund's portfolio holdings, and other detailed disclosure about the fund; whether the fund is considered foreign property for income tax purposes and if so, a summary of the implications of that status for a member who invested in the fund.

- Content – includes an introduction and purpose, explanation of how investment funds work, historical rates of return for each investment option (1, 3, 5 and 10-yr, since inception), a market summary, changes made in the past year, a performance commentary for each option, asset breakdown per fund, fund expenses, performance analysis, description of member education services and a fund fact sheet that includes:
  - Assets under management
  - Number of members
  - Inception date
  - Management expense ratio
  - Standard deviation of return
  - Frequency of negative return
  - Underlying managers
  - Historical returns (compared to benchmark and mutual fund median)
  - Investment objective
  - Investment strategy
  - Permissible investments
  - Risks
  - Who should invest in the fund
  - Top ten holdings
  - Asset mix, sector allocation, country allocation, other portfolio characteristics
  - Glossary
  - Definition of risks
  - How to make an investment change online
- General - The report was revised and significantly modified in the 2008 edition to reflect trends in the industry in terms of investment reporting. Prospectuses and other reports published by large investment firms such as Fidelity Investments, Mackenzie Investments, Philips, Hager & North were used as a model to present information about our plans. We need to ensure that this report meets the needs of our pension and benefit consultants.

### **3. Annual pension statements**

- Published - once a year in March.
- Format - currently paper only. We are working on sending it electronically.
- Target - all pension plan members must receive the statement
- Requirement - the Pension Benefits Standards Act (PBSA) requires registered pension plans to provide an annual statement its members within 6 months after the end of the year
- Content -
  - First page
    - Short commentary

- Changes to the retirement plans
- Reminder about responsibility to make investment decisions
- Annual meeting reminders

Second page:

- Personal data (ID number, date joining the plan, vesting date, membership status, NRD, spouse name, beneficiaries)
- Contributions to the plan (employer, employee regular and employee voluntary)
- Investment of contributions (list of investment options available)

Third page:

- Current value of your accounts, investment returns and allocations (account balance as of December 31, 1-yr, 3-yr and 5-yr return)
- Allocation of new contributions: (breakdown of future contribution allocation)
- Converting your account into retirement income (estimated account balance at NRD, estimated monthly income at retirement, estimated replacement rate)
- The Fine Print: (assumptions to calculate projected account balance and retirement income)

Fourth page:

- A detailed look at your accounts (regular and voluntary) by asset class (asset mix breakdown by cash, bonds and equities)
- Balances by investment fund by December
- Changes in accounts during 2009 (opening balance, contribution and admin fees, record adjustments, withdrawals, income)

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## APPENDIX B – DETAILED INFORMATION ON EDUCATION PROGRAMS

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The following information is a detailed overview of current pension education programs including details on content.

### 1. Individual counseling

- Frequency - upon member request as needed. Sessions typically last one hour.
- Format - one-on-one counseling sessions. Spouse and other family members are welcome to attend.
- Target - all pension plan members are welcome to attend; new members and members close to retirement should consider attending.
- Requirement – no requirement to provide individual counseling.
- Content
  - Top five sessions for admin staff in 2009:
    - Investments
    - Severance
    - Pregnancy / parental leave
    - Retirement leave
    - Retirement planning
  - Top five sessions for faculty in 2009:
    - Investments
    - Retirement planning
    - Orientation
    - Retirement
    - Benefits, Pregnancy / Parental Leave
  - Top five sessions for RIF in 2009:
    - RIF payments
    - Investments
    - Pension Transfer in / out
    - Unlocking
    - Annuity purchase
- Other – We are currently developing an evaluation questionnaire to be sent to a sample of members after their session. The goal is to improve the quality of the session by allowing the consultant to better prepare.

## **2. The Financial Educator™ website**

- Frequency – website is available anytime
- Format - short web-based sessions on a variety of topics.
- Requirement - no legal requirement, but satisfies the CAP Guidelines requirement (3.3 – Investment decision-making tools), which includes:
  - Asset allocation models
  - Retirement planning tools
  - Calculators
  - Investor profile questionnaires
- Target Audience -all pension plan members are welcome to sign-up for the website; we expect that younger members will find it more attractive.
- Content - short sessions on financial planning, retirement planning, life planning, specialty planning, as well as a collection of calculators (mortgage, education savings, income needs in retirement)
- Other -there were 661 registered users the last time we did a count. This is a tool we need to keep promoting.

## **3. Investment Personality Questionnaire**

- Frequency - Website available 24/7
- Format - web based multiple choice questionnaire (16 questions) to assess the member's investment horizon, risk tolerance, investment objectives and personal situation.
- Requirement - no legal requirement, but satisfies the CAP Guidelines requirement (3.3 – Investment decision-making tools), which include:
  - Asset allocation models
  - Retirement planning tools
  - Calculators
  - Investor profile questionnaires
- Target Audience -all pension plan members are welcome to use the questionnaire. The IPQ is a great tool for the Pension & Benefit consultant to use in a first session. We expect that younger members and/or do-it-yourself members will find it more attractive.
- Content - member's investment horizon, risk tolerance, investment objectives and personal situation.
- Other –average of 122 hits per months since 2009.

## **4. One-day workshops facilitated by the Financial Education Institute of Canada**

- Frequency -four workshops were offered in 2010.
- Format - one-day interactive session with a facilitator.
- Requirement -no legal requirement to offer, but satisfies the CAP Guidelines requirement 3.2 – Investment Information, which includes:
  - Glossaries

- Information on how investment funds work
- Information about different types of securities
- Information regarding risk
- Target Audience - members within 10 years of early retirement (45 plus)
- Content - financial, retirement and life planning.
- Other - overall the feedback has been very positive although we have problems engaging faculty members.

#### **5. Orientation sessions for eligible part-time employees**

- Frequency - typically once a year but not offered since 2009 because of lack of participation.
- Format - PowerPoint presentation to small group.
- Requirement - no requirement to offer.
- Target Audience - eligible part-time employees.
- Content
  - Why you received this offer
  - What is a pension
  - Benefits of joining the plan
  - How the pension plan works
  - The decisions you need to make
  - The tools available to assist with your decisions
  - What will happen if/when you leave Western

#### **6. Orientation session for new hires (faculty)**

- Frequency - ten sessions were held in 2010.
- Format - PowerPoint presentation delivered to small group.
- Requirement - no requirement to offer.
- Target Audience - new members of the academic staff pension plan.
- Content
  - Faculty ID and salary information
  - Benefit program
    - Health & Dental
    - Insurance, disability
  - Pension
  - Enrollment process; link to information
  - Assistance with investment decision
  - Personal questions

## **7. Orientation sessions for new hires (administrative staff)**

- Frequency - typically 2 to 3 sessions are offered per month; 27 sessions were held in 2010.
- Format - instructions on how to complete forms delivered to small group.
- Requirement - no requirement to offer.
- Target Audience - new members of the administrative staff pension plan.
- Content
  - Review of pension forms
  - Review of benefit forms

## **8. Annual member meetings**

- Frequency - once a year (2 or 3 sessions) offered in mid to late April.
- Format - PowerPoint presentation.
- Requirement - no requirement to offer.
- Target Audience - all members of the plan and retirees are invited to attend.
- Content
  - Financial market update
  - Update on special topics (eg. ABCP)
  - Update on members' decisions and experience in plans
  - Update on the changes made during the previous year
  - Changes in the works
  - Guest speaker for the evening session, with topics such as: how to select a financial planning, global equity investing, etc.
- Other - approximately 200 members typically attend in total. Participation is higher when markets are down.

## **9. Lunch and learn sessions**

- Frequency - several times a year at lunch time.
- Format - PowerPoint presentation.
- Requirement - no requirement to offer.
- Target Audience - all members of the plan and retirees are invited to attend.
- Content
  - Making investment decisions / Investment basics
  - Western RIF Info
  - How to read your pension
- Other - suspended for lack of participation.