

# FRONTlines



## Employers miss the boat on benefits

Employers are falling down on the job when it comes to employee benefits and the effects show, finds a new survey by Morneau Sobeco. While many employers recognize the importance of communicating with their plan members about pension and benefit programs, they are not engaging in enough dialogue about these

plans. Despite their lack of progress, many are expecting communications turn-arounds in their workplaces in Canada.

Morneau Sobeco's *Communication Survey* revealed that one of the weakest areas for employers was two-way dialogue. It found that while 96% of companies agreed gathering employee feedback on programs was key in managing plans, only 24% reported that they had in place a mechanism for gathering this information. Clarity was another area in which employers dropped the ball. According to the survey, though 92% of employers thought it was critical employees know what programs are at their disposal, only 41% felt their benefits and pensions education process was clear. Thirty-six per cent reported that they regularly communicated information about their plans to staff.

In terms of total rewards, 84% of employers felt employees should be aware of their benefits within the framework of their plans but only 38% reported they presented the big picture to their staff. And while 62% of employers believe managers should play an important part in communicating employee benefit programs, only 37% were playing an active role in this area.

Barry Gros, managing partner of Morneau Sobeco's Toronto communications practice, says employers are overtaxed and fail to properly communicate with their staff. He adds that their expectations are also out of line. "One definition of insanity is to keep doing the same thing and expecting different results," he says.

The one positive area surveyed was interactivity in which 61% of employers agreed that employees need have access to interactive communication tools. Forty-one per cent of firms reported they were using these tools. —Anna Sharratt

Illustration by: Jerzy Kolacz

**"It was utter hell. It taught me one thing: I don't ever want to retire."**

— Rafe Mair, 72, controversial Vancouver-based radio host describing this three-month "forced retirement" after being fired from radio station CKNW.

## JUST THE FACTS

### IT'S THE LITTLE THINGS...

Good things don't always come in small packages. According to a new report by Chrysalis Performance Strategies, everyday small stresses are actually the most physically damaging to people. Each small stress you experience during the average day catalyzes some 1,400 chemical reactions in your body. And those chemicals can linger for hours after the stress point has passed. Something to think about the next time you're running late or a driver cuts you off at an intersection.

### THE BOTTOM LINE

Think job stress is having a negative impact on your personal life? A new study shows that it's also affecting your employer's bottom line. Chrysalis Performance Strategies reports that stress costs over \$300 billion a year in the United States, and over \$16 billion a year in Canada. That's something to keep in mind the next time the your boss puts the pressure on.

### RAISING RETIREMENT

Italy and Germany are both in the process of raising the retirement ages of their countries to prevent their public pension schemes from collapsing. In Italy, the country's aging population and declining birthrate have led Premier Silvio Berlusconi to propose raising the retirement age by five years. To date, the proposal has been met with caution by his conservative allies. As for Germany, a proposal has been made by the Bert Rurup Commission—which aims to save the country's pension system—to raise the retirement age from 65 to 67. Politicians from across the spectrum have expressed outrage at the idea.

## OMERS gets a new CEO

Paul Haggis has taken the helm at the Ontario Municipal Employees Retirement System (OMERS). He replaces former president and chief executive officer, Dale Richmond, who is retiring after ten years as head of one of Canada's largest pension funds.



Haggis, an industry veteran, leaves his post as president and chief executive officer of Edmonton-based Princeton Developments Ltd. and as director in Edmonton for the

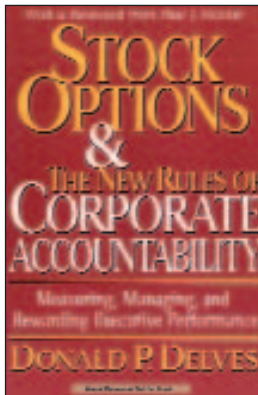
Public Sector Pension Investment Board. He started off his career as a banker, spending nine years in corporate banking and then moving to Metropolitan Life as vice-president and treasurer in 1988. He left the company in 1995 to become president and chief executive officer for Alberta Treasury Branches, a role he held for five years.

Haggis believes all his varied experience will help him at OMERS. "There's probably not a lot of movies playing there that I haven't already seen at one time or another," says Haggis, speaking of the diverse experience he brings with him.

He's also hoping to ensure the fund meets adequate return targets in the future. And that means contending with tough investment conditions. Says Haggis, "I think everyone got a big wake-up call after 1990. Plan sponsors had become used to the double-digit returns that marked the heyday of the tech bubble—but they've quickly come down to earth, and learned some valuable lessons in the meantime. Expectations now are more dampened," he points out. "Or at least they should be."

OMERS has 327,000 members and 900 participating employers.

## BOOK REPORT



**Stock Options & the New Rules of Corporate Accountability: Measuring, Managing, and Rewarding Excellent Performance**

By Donald Delves

Executive stock options might be a hot topic these days, but according to Donald Delves, the issue of option expensing is academic. That's because the real issue lies in the bigger picture: accountability and measurability. In his book, Delves asks what he believes are the key questions about stock options and their role in managing a company: What is a right, fair and effective way to pay executives? What are the standards, criteria and values companies should communicate through their compensation? What behaviour and attitude should they be encouraging? And, finally, what are the appropriate awards? These questions should be front and centre for companies now facing more rigorous accounting standards. Says Delves, accounting rule changes will mean that "the world of executive compensation will be far healthier." In the future, he says, all forms of compensation must be earned through performance.

**NO PLANS TO RETIRE** — Nearly one-third of Canadians aged 45 to 59 have not allocated enough money to retire on, do not know when they will stop working or plan to work until the end of their lives, reveals a new survey from Statistics Canada. StatsCan's *General Social Survey* found that 12% of Canadians between the ages of 45 and 59 did not have a concrete age at which they planned to retire. Eighteen per cent of those polled said they planned to never retire. The survey, conducted between February and December 2002, covered approximately 25,000 people over the age of 45.

## VOLATILITY



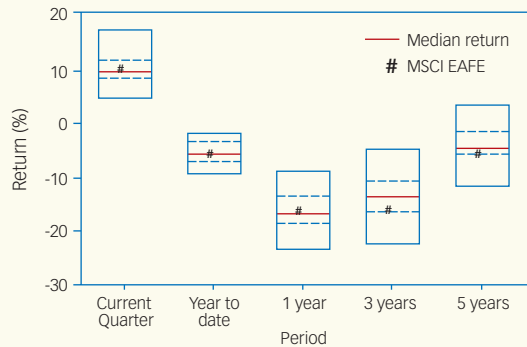
Illustration by David Brown

Survey finds 12% of middle-aged Canadians are uncertain about when to retire.

## PORTFOLIO WATCH

### Non-North American Equity

Measuring the non-North American equity investments of pension funds in the Russell/Mellon Canadian Trust Universe, for the quarter-, one-, three- and five-year periods ended June 30, 2003. After a weak first quarter, non-North American equities had a strong second quarter. The median return was 9.8%.



Source: Russell/Mellon Analytical Services

For news about the pensions, benefits and investment industries, or back issues of the magazine, visit [www.benefitscanada.com](http://www.benefitscanada.com).

### Working Killer Hours

A total of 317 people in Japan died last year from overwork. That's an alarming statistic—and research shows that it could fast become a reality here in Canada. According to a *Globe and Mail* survey, 14% of office employees in Canada work more than 30 hours of overtime a week, claiming they are “exhausted.” And 28% don't take a break, preferring to work straight through lunch, gorging themselves on junk food at their desks.

What are employers doing to help? According to Watson Wyatt Worldwide, they are introducing more mental health programs into the workplace—23% of Canadian employers now have them in place. And 36% offer stress management initiatives. Hopefully, such opportunities for stress relief will help. If not, companies could face increased costs related to overwork. Since 1999, employers' short-term disability, long-term disability and workers' compensation payments have increased by 49%, 46% and 41% respectively.