

# Full Service

WHAT BABY BOOMERS EXPECT FROM PLAN SPONSORS IN THEIR RETIREMENT.  
BY GURMEET AHLUWALIA AND TIM DIXON

Nearly two million Canadians will retire over the next five years, according to figures from Statistics Canada. Not only will this massive influx of retiring boomers have a significant impact on employers, the economy and the Canadian healthcare system, but pension providers must also be ready to meet the very different pension payment requirements of this influential, affluent and demanding demographic. These pensioners will require flexibility, transparency and control when it comes to their payments.

have been made, where money has been transferred to and how much tax has been remitted to the appropriate authorities.

Boomer retirees will demand flexible products and services that are geared to meet their mobile lifestyles. Technology is key. Already, many boomers are well versed in online banking, digital media and social networking. Data released in 2008 by market research firm comScore indicate that two-thirds of Canadians ages 55 to 64 already use the internet to manage their financial affairs. This group will expect flexibility, transparency, control and usability from pension administrators when it comes to managing their pension payments.

Unlike defined contribution plans, where retirees are given a lump sum and can use their preferred network for investments and banking, defined benefit (DB) retirees usually only have access to a monthly payment—the plan sponsor chooses and manages the payment process. Many plan sponsors outsource the payment process to custodians. But while many DB plans currently offer payments in currencies other than Canadian dollars, the process requires significant manual intervention and incurs high foreign exchange rates and transaction costs. These high rates limit the attractiveness and viability of these enhanced payment options for both retirees and plan sponsors.

A Web-enabled interface would allow pensioners direct access to their accounts from wherever they are. That functionality, combined with a true multi-currency payment platform and foreign exchange rates tied to the same benchmarking that clients are receiving for their investment transactions, would give plan sponsors and retirees the ability to transfer pension payments in any currency and to any place—and to modify payment options periodically as needed.

Historically, the boomer generation has been a catalyst for change, and it will be no different in retirement. This generation's numbers and demands will force DB plan sponsors to reassess the way their pension plans are administered and the services they provide to members. **BC**

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This next generation of Canadian retirees appears to have different goals for its retirement lifestyle than previous generations. Baby boomers are well travelled, and many expect to continue travelling during their golden years. The number of Canadian retirees who travel outside of Canada for at least part of the year has increased steadily over the past decade. As boomers hit retirement, the ranks of snowbirds will undoubtedly swell from current levels. While the U.S. remains the destination of choice, Mexico, the Caribbean, South America and Europe are all drawing an increasing number of Canadian snowbirds.

Many retirees will also continue to work for part of the year. This may affect their tax situations and require that they have the flexibility to change tax deductions per payment. They will also want transparency, so they can see what payments

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