

2022 DC SUMMIT | TELUS AND DESJARDINS

The Decumulation Opportunity

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Is it humour or reality for some?



**"Here's our new retirement plan —
At age 65, we'll get divorced then marry
other people who planned better."**



**"I finally put something aside for my
retirement. I put aside my plans to retire."**

Current realities to consider



Shift in workforce demographics



Change in work environment



More technological advances



Needs are not the same



Definition of retirement is evolving

A financial wellness continuum

INFORMATION

EDUCATION

GUIDANCE

ADVICE

HOLISTIC ADVICE

Section 3: Investment Information and Decision Making Tools

May 28, 2004

3.4 - INVESTMENT ADVICE

In addition to providing investment information and decision-making tools, a CAP sponsor may choose to enter into an arrangement with a service provider, or refer the members to a service provider, who can provide the members with advice about their investment decisions.

3.4.1 Selecting Service Providers to Provide Investment Advice

If the CAP sponsor chooses to enter into an arrangement with a service provider, or to refer CAP members to a service provider, who can provide investment advice to the members, the CAP sponsor should establish criteria to be used in selecting the service provider and use the criteria to select the service provider.

Factors for the CAP sponsor to consider when establishing criteria for selecting service providers to provide investment advice to members include:

- the criteria used to select service providers generally;
- any real or perceived lack of independence of the service provider relative to other service providers, the CAP sponsor and its members;
- any legal requirements that individuals must meet before they can provide investment advice; and,
- any complaints filed against the advisor or his or her firm and any disciplinary actions taken (if known).



Our journey toward decumulation



A little about us....

29,000 team members in Canada

Introduced DC as an option in 1996

- Response to the needs of both our business and our team members
- Contributions mimicked those of a DB plan
- Default was DB plan

Redesigned DC plan effective 2007

- Worked with cross functional team of business leaders
- Removed service requirement for contributions

Closed DB plans to new entrants



A little about us...

Worked with consulting firm to assess retirement outcomes in our DC plans

- Majority of plan members will be adequately prepared for retirement when the plan is used optimally
- Income adequacy poorest for higher wage earners
- Made changes to improve identified areas, where feasible

Currently ~24,000 team members participate in our DC plans



Decumulation



Total Rewards Philosophy

To recognize and empower team members by offering personalized total rewards that support the well-being and diversity of our team members and their families



Five Dimensions of Well-being



Physical

Our health plans and habits are unique and no matter our goals, the key is to know what works best for you.



Psychological

We all have mental health and whether we're at work or at home, there are a variety of ways we can boost how we feel so we can be productive, keep flourishing and bring our whole selves to our day.



Social

Our social connections are another way we can support our well-being, and we're creating opportunities to bring people together at work, home, and in the community.



Environmental

Our environment helps us thrive, and we're helping maintain healthy spaces so you can work comfortably, collaborate creatively, enjoy nature, and support your community.



Financial

Regardless of your stage in life, there are ways to protect your financial well-being, such as setting your financial goals, building a budget, and saving for the future, which are key ingredients to being financially fit so you can enjoy life to the fullest

Primary Purpose of DC Plan

“The primary purpose of this Plan is to provide retirement income to Eligible Employees in respect of their service as Employees.”



Preparation for Decumulation

In 2018 went to market to find a partner that aligned with our objectives and values

- Decumulation was a key consideration
- Fees in decumulation needed to be competitive
- Changed recordkeeper in 2019

Completed a comprehensive investment review which resulted in simplified investment structure

- Simplified structure - moved from 23 options to 10 options
- Low fee passive options
- Active only where value add exist
- Target date fund with “through” glidepath to support decumulation



Decumulation...

meaningfully enhances pension outcomes

Significantly enhances team members' defined contribution pension benefit without increasing TELUS' cost

Prepares team members for a smooth transition from saving to spending their retirement income, while helping to address their financial well-being

- Estimate the fees savings will provide approximately 5 to 6 years of income relative to regular retail fees

Keeping assets within the plan leverages our ability to pass on reduced fees to members



Decumulation Objectives

Provide members with flexibility to generate income streams with both locked-in and non-locked in assets.

Keep assets within the plan to leverage our ability to pass on reduced fees to members in both accumulation and decumulation stages

- plan members age 50 & older makeup 20% of membership and hold 32% of total DC assets

Investment Structure designed with same guiding principles as accumulation

- Recognize changing risk tolerance of retired plan members



Approval & Launch

Obtained Board approval to implement July 2021

- Variable benefits
- Group LIF
- Group RIF
- Added two target date vintages

Developed comprehensive communication plan

- Partnered with Desjardins to produce a short video
- Developed a 4 page, easy to read brochure
- Sent an invitation to team members age 55 plus to attend information sessions
 - Interactive sessions with chat and live questions
 - Over 420 attendees



Results, feedback, & next steps

16 team members have used retirement income options since implementation

- Total assets - \$1.63M
- No assets in variable benefits; majority moved to LIF
- Primary reason cited for not using VB is ability to unlock
- Members using income options range in age from 50 to 71
- Members spend an average of 45 - 60 minutes with a retirement specialist

Next steps:

- Pilot with Desjardins on offering financial planning / advice
- Ongoing information sessions for members age 50 and above
- Continuous monitoring & reporting



let's make the future friendly™

The Value of Advice

- Assess and understand their current financial situation
- Determine present and future goals and how to reach them
- Build health saving and planning habits
- Receive guidance with their investment strategy
- Learn about tax-effective solutions
- Stay on track when they experience major life events or in times of market volatility



Advice considerations

- **Keep it simple**
- **Balance the need for self-serve options vs. group and 1:1 support**
- **Personalize the experience**
- **Provide access to licensed salaried representatives**
- **Monitor the providers**



Key Takeaways

- If you are not having the discussions ... make the decision today of why you should
- Ensure your plan objectives are designed to set members up for success (like TELUS)
- Team members need help, and it needs to be personalized
- Impact on future retirement readiness

