



Navigating financial uncertainty:

Empowering employees with tailored savings solutions for a secure future

Méline Bastien, Senior Principal in the Investment Consulting and Savings practices at Normandin Beaudry, believes that providing variety is one of the primary strategies companies should consider when managing financial health. “By diversifying savings vehicles, organizations can better navigate different financial situations, just as a diversified investment portfolio prepares them to face varying economic conditions,” she explains.

Consequently, employers must re-evaluate the savings solutions they offer and demonstrate flexibility. “Many organizations solely offer traditional pension plans or Registered Retirement Savings Plans (RRSPs) as an accumulation method,” Ms. Bastien adds. “Unfortunately, this approach no longer meets the needs of all Canadians. The Canadian financial system has greatly evolved over the past 15 years and attitudes towards financial health need to as well.”

A recent survey by Leger found that 45%¹ of Canadians are living paycheque to paycheque. Furthermore, Statistics Canada reported that 37%² of households borrow money for daily expenses, up from 27%² in 2019. These economic difficulties faced by households confirm that organizations should rethink the savings solutions they offer so as to better address the financial concerns of their employees, which are sometimes short term.

This context presents an opportunity for all organizations to reconsider their approach to supporting employees, as well as to update their communications accordingly and thereby strengthen employee engagement.

SUPPORTING DEBT REPAYMENT

Statistics Canada reports that more than 50%³ of Canadians graduating with a bachelor’s degree do so with student debt averaging over \$30,000.³ Coupled with the increasing cost of living, budgets are being progressively stretched, forcing impacted Canadians to prioritize immediate cashflow needs over savings and pensions whose significant value is too distant to appreciate.

By redirecting existing savings to student debt repayment, a retirement and savings program can be reimagined to support immediate needs and reinforce responsible budgeting and debt repayment practices. Financial planners have long advocated for prioritizing these habits which have been proven to lead to greater savings outcomes over the long term.

The relative financial stability that has characterized recent decades has given way to a period of uncertainty. As inflation, volatile interest rates, and high property prices erode the purchasing power of employees and retirees, organizations are being called upon to provide broader financial support for their staff.



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PROVIDING MEASURED FLEXIBILITY

Adding a Tax-Free Savings Account (TFSA) to employee benefits can enhance flexibility and support diverse financial goals. When this type of account is integrated into an employer’s basic plan design, employees can then contribute to their TFSA, RRSP, or both.

“TFSAs are underused by Canada’s middle class, even though they provide more flexibility to savers who can not only accumulate tax-sheltered returns, but also use them to carry out projects, build an emergency fund, and optimize their retirement planning,” Ms. Bastien explains. “With tax-free withdrawals and renewed contribution room, TFSAs provide an accessible and versatile tool for employees.”

Employers might also consider introducing First Home Savings Accounts (FHSAs), which allow first-time homebuyers to save tax-free for purchasing or building a home.

These options address both short-term needs and long-term security, enhancing employee satisfaction and financial health.

ACCESS TO INDEPENDENT FINANCIAL COACHING

The financial industry is complex. Its various players work under a range of professional titles and acronyms, adding to the array of options savers must consider. However, the ambiguity surrounding the types of services

offered sometimes discourages people from seeking coaching. Worse still, it can give rise to mistrust.

In addition to expanding their savings solutions, employers can make a significant impact by providing employees and retirees with access to independent financial coaching. According to Ms. Bastien, “These types of services help individuals to better understand their financial situation and feel more confident.”

The stakes are high for those who may have accumulated substantial savings over 30 or 35 years in employer-sponsored savings plans. “As retirees plan for decumulation, they’ll have new responsibilities, such as investing at the right risk level and managing longevity risk. However, employers can take proactive steps to ease this transition by offering solutions that help retirees navigate these complexities and reduce the burden of managing their assets,” adds Ms. Bastien.

FROM SAVINGS TO INCOME

New and aging retirees are often faced with the challenge of generating income from their savings. To do so with peace of mind requires a pension-like solution.

One effective strategy for securing retirement income is integrating annuities into financial plans. Traditionally used in defined benefit pension plans, annuities are now gaining popularity among individuals as a means to pool assets and create predictable, lifelong income.

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“These solutions protect retirees from market volatility and provide peace of mind,” says Ms. Bastien. Offering employees the option to purchase annuities as part of their total rewards package enhances their retirement planning and underscores an organization’s commitment to long-term support.

MOVING FORWARD

Organizations that combine diverse savings options, debt management support, and annuity-based retirement solutions offer a robust framework for financial wellness. This comprehensive approach strengthens your employer brand while fostering deeper employee loyalty and commitment. “TFSA and FHSAs are invaluable for promoting

financial security and peace of mind. For retirees, annuities offer a stable, predictable income, sheltered from market volatility. These options help to significantly reduce financial stress for employees and retirees alike,” concludes Ms. Bastien.

Ultimately, embracing diverse savings solutions and providing access to financial guidance equips employees and retirees with the tools to navigate financial uncertainty. Organizations that prioritize these strategies will cultivate a more engaged, confident, and financially secure workforce.

¹ [Economy and Finance: November 2024 - Leger](#)

² [Canadians' Financial Well-being: Summary of FCAC survey findings](#)

³ [Statistics Canada. Table 37-10-0036-01 Student debt from all sources, by province of study and level of study](#)



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MéLinda has worked on Normandin Beaudry’s Investment Consulting and Pension and Savings teams since 2007. She has a wide range of experience in monitoring the performance of investment managers, and she has had the opportunity, over time, to serve clients of all sizes in many industries.

She helps organizations design, optimize and communicate their group savings plans. She works to reinvent traditional savings approaches to put employees’ financial health first. She is also the specialist in charge of the institutional sustainable investment team. Together with her clients, she develops and implements sustainable investment approaches that enable them to better identify the ESG risks in their portfolio but above all to seize new opportunities that will benefit the growing societal challenges of today and tomorrow.