

SAVINGS PLANS: Part 2

Employed right, benefits plans a powerful HR tool

CONGRATULATIONS. YOU'RE ENGAGED!



Gord Lewis, vice president of Proteus Performance Management in Toronto, says while companies often invest significantly in benefits plans, many neglect to put systems in place to ensure the plan achieves its objectives both for the employer and its employees. Among the strategies for success, Mr. Lewis advises companies continually educate their employees about the plan, and measure employee understanding and participation. PHOTO: KIM JEFFREY

Group RRSPs an attractive retirement plan option

For companies with fewer than 100 employees, group RRSPs provide convenience and tax advantages for employees with less administration and risk for employers.

For very small companies, setting up a plan give employees access to lower-fee financial services, even if there is no budget for employer contributions. Mutual fund management expense ratios (MERs) are often one to 1.25 per cent lower, and plans often provide access to a range of other financial planning services.

Employees who contribute using Form T1213 to reduce withholding tax also have the benefit of investing pre-tax dollars, meaning that they can contribute more with less impact on their take-home pay.

When company revenues grow, matching contributions can help small enterprise compete for top talent. While some companies contribute as much as 10 per cent of salary if an employee contributes an equal amount, employer contributions are more usually in the three per cent to five per cent range.

The right benefits plan can enhance employee engagement across the seniority spectrum, reduce financial stress on employees and help attract and retain talented people. But 'the right benefits plan' never happens by accident – and plan design is just the beginning of putting benefits to work for a company.

According to Gord Lewis, vice president of Proteus Performance Management in Toronto, whatever kinds of benefits plans a company implements, some of the most important work happens after the plan is in place.

"It comes down to offering a lot of information and education and monitoring the plan's success," says Mr. Lewis. "When we begin working with a new organization, one of our first questions is how the plan is perceived by plan members."

He says, surprisingly, the answer is often 'We don't know.' "The investment in a plan may represent hundreds of thousands, and sometimes millions, of dollars per year," says Mr. Lewis. "That degree of monetary investment warrants an appropriate process or system to gauge success."

Among the key ways to ensure plan members appreciate and get the most out of the benefits package is to help them understand the plan – from the time they enrol in it and throughout their employment. "We often use the term 'sustainable communication strategy,'" says Mr. Lewis. Once enrolment is complete, he says it's important to continue the education process and measure employee understanding and participation.

"Sustainable communication strategy" accurately describes the approach taken by Casino Windsor. Holly Ward, director of Communications and Community Affairs, says, "Our benefits package as a whole helps retain employees who are aware of the value it represents. (We are) very proud to offer one of the best employee benefits packages in our area."

"When it comes to ensuring that employees take full advantage of their benefits package, our strategy is to continually and consistently communicate with them through several vehicles, so they know what they have and can make informed decisions."

Those efforts include

newsletters that regularly include benefits information, an in-house employee TV channel, reminders printed on pay stubs, and links to plan-benefit information on the company intranet. Details are carefully explained to new employees through their orientation training.

As comprehensive as it may be, Casino Windsor's communication strategy reaches a crescendo each autumn during "Pension Week" when the company engages its staff through one-on-one sessions, computer kiosks in staffrooms, group seminars and a special awareness campaign promoted through internal channels.

"Benefits can create enhanced employee engagement by fostering a sense of shared responsibility for the retirement planning process," says Ms. Ward. "We design our communication strategy so that employees are confident to make informed decisions about their benefits. Once they know, understand and believe in what they have, they can, in turn, appreciate its value. As a result, they have a greater appreciation for being employed at Casino Windsor."

Like all employers in their area, Casino Windsor competes with the automotive industry for talented employees. Ms. Ward says the casino is proud to offer a benefits package of greater value than those at companies such as Chrysler and Ford.

Yet with Canada's labour force perhaps more mobile than ever before, Canadian companies are increasingly becoming aware that they are competing with employers across the country, let alone in their own backyards. In this expanding environment, offering a competitive benefits package – and actively communicating its value – can be the tipping point in attracting top talent, says Mr. Lewis.

Ms. Ward would agree. "We find the benefits package can often be the deciding factor with employees who are considering a job offer from Casino Windsor compared to a similar job position at another company that may not be able to offer what we can," she says. "Salary or an hourly rate is of course the number one consideration, but when you weigh in our benefits package on top of it all, the scales tip in our favour."

When it comes to other fundamentals, such as creating

the right plan, Mr. Lewis says contemporary retirement plans, for example, can be quite different than the paternalistic defined benefit pensions offered 20 years ago.

"Today, the company retirement plan is usually one component of the employee's retirement income – individuals may also have other registered and non-registered sav-

ings as well.

"It's important to create a plan that is consistent with the objectives of the plan sponsor and is seen as being of value to plan members."

Life goes on with or without a plan.

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