

Benefits and Pensions News Archives - January /February 2010

Friday, February 26, 2010

International Managers In Demand

Investment managers with strong capabilities in developed and emerging markets stocks, global equities, hedge funds, and fund of hedge funds are in most demand this year from retirement plans, endowments, foundations, and other large investors, says the '2010 Consultant Search Forecast.' It polled 70 leading investment consulting firms in the U.S. and Canada responsible for almost \$7 trillion in assets under advisement. Strategies that were most in demand in 2009 from U.S. and Canadian institutional investors were international and global equities, domestic stocks, and core/core-plus fixed income. This year, four key themes are expected to drive manager search activity. They are fears about inflation, which are prompting investors to consider new asset classes; concerns over pension liabilities hiking interest in liability-driven investment strategies; a need to shore up funding gaps, which is reviving appetite for hedge funds; and a continued, rising demand for non-U.S. securities. The poll was conducted jointly by eVestment Alliance and Casey, Quirk & Associates.

Caisse Has 10 Per Cent Return

The Caisse de dépôt et placement du Québec has a weighted average return on depositor funds of 10.04 per cent for the year ended December 31, 2009. Caisse net assets climbed to \$131.6 billion in 2009 from \$120.1 billion a year ago. The increase in its net assets is due to the performance of its equity, fixed income, and private equity portfolios and reflects an important unrealized decrease in value of the real estate group's investments. However, the Caisse underperformed its benchmark index return of 14.1 per cent by 4.1 per cent with half of the return differential coming from the real estate debt portfolio. The other half come essentially from the underweighting of equity markets at the beginning of 2009 and the performance of the private equity portfolio compared to its index.

Court Confirms 'Deemed Trust'

The Superior Court of Ontario has confirmed that the "deemed trust" under the Pension Benefits Act (Ontario) does not arise in respect of the solvency deficiency of a continuing pension plan or in respect of special payments in a plan wind-up which are not due and payable at the relevant time, says a BLG Canada 'Pension Alert.' In the Indalex Canada case, the company obtained protection from its creditors under the Companies' Creditors Arrangement Act (Canada). At the hearing of the Approval Order, assertions of deemed trust claims were made over the sale proceeds in respect of the unfunded pension liabilities of two pension plans, including one that had not been wound up. Indalex Canada had made all required

contributions and no amounts were due or owing. The court concluded that since all payments payable to the pension plans were made, no deemed trust arose. As the deemed trust did not arise, there was no conflict between the federal and the provincial legislation. The decision is another illustration of the difficulty in reconciling the requirements under the PBA with the federal regime of CCAA and the tension between the protection of pension benefits versus the ability of companies to obtain financing for their businesses and the rights of their secured creditors.

Well-being Linked To Innovation

Organizations that promote employee health and well-being are 3½ times more likely to encourage creativity and innovation, says research by Right Management. Seventy-two per cent of respondents who rated their organization highly for actively promoting health and well-being also rated it highly for encouraging creativity and innovation. Among those who did not rate their organization's health and well-being efforts highly, only 20 per cent took a favorable view of their organization's encouragement of creativity and innovation. It found fewer than half of the more than 28,000 employees that participated in the worldwide study reported that their organizations actively promote health and wellness.

Hedge Funds Don't Pose Risk

The Alternative Investment Management Association has welcomed a hedge fund survey by the UK's Financial Services Authority which concluded that the industry does not pose a systemic risk and features relatively low levels of leverage. The FSA survey found that major hedge funds "did not pose a potentially destabilizing credit counter-party risk" and that the levels of leverage employed were "relatively low" which "suggests a contained level of risk." It concluded that its analysis "revealed no clear evidence to suggest that any individual fund posed a significant systemic risk to the financial system."

Active Funds Fail To Beat Index

Few Canadian equity active funds posted higher returns than the S&P/TSX Composite in 2009, says the Standard & Poor's' Indices Versus Active Funds Scorecard (SPIVA)' for Canada. In 2009, only 39.2 per cent of Canadian equity active funds beat the S&P/TSX Composite Index. In contrast, 52 per cent of active funds in the Canadian small/mid cap equity category beat the S&P/TSX SmallCap Index. Similar to domestic funds, there were mixed results for active funds in the categories with exposure to markets outside of Canada. Almost 52 per cent of the international equity funds outperformed the S&P EPAC LargeMidCap Index, while only 39.7 per cent of U.S. equity funds were able to outstrip the S&P 500 in 2009.

Mercer Offers Online Global Training

Mercer has launched an online training and certification program with worldwide peer networking for human resource professionals and companies. The program consists of 33 online training sessions organized into six topic modules. Modules cover topics such as global policy-making and governance, global growth and performance drivers, and global mobility as well as specific regional and country HR employee benefit and compensation trends and best practices in Asia Pacific, Europe and the Middle East, and the Americas.

Chapin Marks World Health Day

To mark 'World Health Day 2010,' the Rotman School of Management, University of Toronto, will present a lecture by Dr. Dwight Chapin, clinic director, High Point Wellness Centre and the Centre for Health and Safety Innovation. He will speak on 'Maintaining Wellness and the Business Case for Corporate Wellness Programs.' It takes place April 7 in Toronto, ON. For more information, visit <http://www.rotman.utoronto.ca/events>

Thursday, February 25, 2010

Wellness Programs Paying Off

Debra Wight, manager, employee health, safety, and benefits for the township of Richmond Hill, ON, attributes its wellness programs to a 3.9 per cent decline in the number of drug claims made against its benefits plan in 2007 and 2008. During that same time, its drug costs rose only 3.5 per cent compared to a 13.9 per cent increase in the 2001 and 2002 period. She told the CPBI Ontario region's '1st Annual Benefits Outlook' session that the township started its wellness efforts in 1998 when it moved to a flexible benefit plan and was looking for other ways to keep its benefit costs down. It uses a variety of tailored programs ranging from an annual fitness challenge to health fairs and onsite fitness programs to shift the focus away from money and onto the health of the employees. This has helped make its employees engaged and it is cited for other results such as an absentee rate which is 30 per cent lower than the national average.

OP Trust Opens London Office

OP Trust, the \$11-billion pension fund manager for the Ontario Public Service Employees Union, is opening a private markets office in London, England. It will be staffed by Spencer Miller, as managing director and head of the office. As well, director Stan Kolenc and associate portfolio

manager Morgan McCormick will relocate. OP Trust is looking to invest more in real estate, private equity, and infrastructure.

UTAM Changing Strategy

The University of Toronto pension and endowment fund will change its investment strategy and investment management structure as a result of its 30 per cent loss in 2008. In a letter to faculty and staff, David Naylor, the university's president, says a newly created investment committee will review the asset allocation and performance benchmarks. Control of the University of Toronto Asset Management Corporation (UTAM) – which invests the university's pension and endowments funds – will move to the university senior administration. UTAM has \$1.98 billion in assets under management.

Aviva Opens Canadian Office Aviva Investors has opened an office to serve the Canadian market. Located at 121 King St. W., Ste. 1400, in Toronto, ON, it will be led by Doug MacDonald who was named president of Aviva Investors Canada Inc. last August. MacDonald will provide overall leadership of Aviva Investors Canada and direct all investment and business activities there. Previously, he was president of KBSH Capital Management Inc. in Toronto. In that role, he was responsible for the firm's strategic direction and led the growth of several business lines including institutional pensions and endowments. He can be reached at 416-360-2766 or visit www.avivainvestors.ca

Ontario Move Could Hike Costs

With the province of Ontario threatening to reduce its generic drug cost to 25 per cent or 35 per cent of brand price from 50 per cent, private plan pricing for generics could jump even higher if left unregulated, says David West, of Mercer. He told the CPBI Ontario region's '1st Annual Benefits Outlook' that one of the unintended consequences when Bill 102 – the Transparent Drug System for Patients Act (TDSPA) – was passed is that private payor costs for generic drugs increased by about 20 per cent and continue to go up. With more brand drugs losing patent protection, when the wave of new generics moves through the system, you will pay much more for drugs, he said, because the generic drug price is essentially controlled by the pharmacies. And while the price of generics is still lower than the price for brand drugs, they are much higher than U.S. generic costs.

Repayment Problems Not Due To Financial Crisis

Recent repayment troubles in four rapidly-growing microfinance markets do not stem from the financial crisis, says a report by CGAP, a microfinance group based at the World Bank, but from the way that microfinance operates in fast-growth markets. It examines recent repayment troubles in four rapidly-growing, but disparate, microfinance markets – Nicaragua, Bosnia and

Herzegovina, Morocco, and Pakistan – and concludes that the problems observed are closely associated with the growth phases each country experienced from 2004 to 2008. Far from being the root cause of the problems in these countries, 'Growth and Vulnerabilities in Microfinance' argues that microfinance globally has weathered the difficulties of the financial crisis relatively well, giving observers confidence that microfinance will emerge strong from the crisis.

Wellness Linked To Business Objectives

Strategic wellness programs are being linked to business objectives, says Janet Young, vice-president at Buffet & Company. Speaking at the CPBI Ontario region's '1st Annual Benefits Outlook,' she said that is one of the trends now occurring in the wellness area. Other trends include incentives to engage employees, measurement and evaluation, and more focus on business performance metrics rather than ROI as a success metric. The use of wellness programs in the workplace is increasing, she said. Its last survey of wellness in workplaces found that the number of companies offering at least one wellness initiative rose to 91 per cent of companies in 2009 from 44 per cent in 1997. The most common initiatives are employee assistance programs, likely a response to the number one job health issue, workplace related stress.

CanDeal Goes Mobile

CanDeal has launched CanDeal Mobile, a real-time, mobile pricing application for benchmark government bond and treasury bill issues. It displays aggregated pricing data from Canada's primary dealers. Institutional professionals can choose from a variety of security views which display selected securities. Each security view displays bid and ask price and bid and ask yield as well as the change from the previous day's close.

Crisis Created Challenges

Employers are facing challenges ranging from shorter work weeks and job sharing to hiring freezes and natural attrition coming out of the financial crisis of 2008 and 2009, says Laura Mensch, senior vice-president, Aon Canada. Speaking at the CPBI Ontario region's '1st Annual Benefits Outlook,' she said as a result of the recession and the layoffs that followed, many started to focus on short-term issues and lose sight of future opportunities and experienced declining employee loyalty and engagement. To counteract this, she said they need to transition out of traditional benefit packages and instead move to practices such as health spending accounts.

Pharmacies Reach Deal With Medavie

The Council of Independent Community Pharmacy Owners and Medavie Blue Cross have ratified a new two-year agreement that will begin in April. "Our members are satisfied that the viability of the rural and neighbourhood pharmacy has been assured – which is fundamental to the customers we serve and have served for decades," says Phil O'Keefe, director of third-party relations for the council. "The one size fits all contract does not work with our geography or demographics and it's great to see that Medavie Blue Cross recognizes the difference between our pharmacies and that of mass pharmacy retailers and multi-national corporations." The agreement deals with a wide range of issues from reimbursement to administration. The council represents the majority of independent pharmacies throughout Newfoundland and Labrador and serves all regions, in particular, inner-city neighbourhoods and rural towns. -----

Wednesday, February 24, 2010

Early Retirement Program Valid

The Ontario Human Rights Tribunal has upheld the validity of an early retirement program under the Ontario Human Rights Code, says a Heenan Blaikie 'Pension Pulse.' In Kovacs v. Arcelor Mittal Montreal, the employer had acquired a company that operated two facilities in Ontario and that had filed for protection under the Companies' Creditors Arrangement Act. Arcelor entered into a memorandum of agreement with the United Steelworkers of America in respect of the closure of one of the facilities. An early retirement program was part of the agreement which called for 30 years of service or a minimum age of 52 with various years of service. The applicant was a 47-year-old unionized employee with 27 years of service. He alleged that he was the subject of age discrimination that violated the Ontario Human Rights Code because he clearly would have qualified for the enhancements if he had attained age 52 when the program was introduced. The decision confirmed that the provisions of the early retirement program were not contrary to the code and that employers in Ontario may establish early retirement windows and other incentives in pension plans without running afoul of prohibitions against age discrimination.

Aggressive Measures To Control Healthcare Costs

A growing number of large U.S. employers are taking more aggressive measures to control rising healthcare costs and motivate workers to take charge of their own health, says a survey by Towers Watson and the National Business Group on Health. The survey found that 83 per cent of companies have already revamped or expect to revamp their healthcare strategy within the next two years to control costs, up from 59 per cent in 2009. Costs are expected to increase 6.5 per cent this year, down slightly from seven per cent in 2009. Two-thirds (67 per cent) of employers identify employees' poor health habits as a top challenge to maintaining affordable benefit coverage. More than half (58 per cent) indicate the biggest obstacle to changing employees' health-related behavior is the lack of employee engagement. To address this, employers are increasingly adopting programs to help employees change their behaviour and become more informed healthcare consumers. In 2010, more employers (66 per cent) plan to

offer incentives for employees to complete a health risk appraisal, up from 61 per cent in 2009. Also, 56 per cent of employers now offer health coaches and more than one-quarter (26 per cent) now offer onsite health centres.

Balanced Funds Have Negative Return

Balanced pooled funds in the UK posted a negative return in January 2010 with a median of -2.7 per cent. However, the one-year return has improved from December, rising from 20.5 per cent to 24.3 per cent, says a BNY Mellon Asset Servicing's CAPS pooled pension funds performance results for January 2010. Over the three-year period to January 31, the return was 0.2 per cent per annum. The five and 10-year returns provided further positive returns with 6.2 per cent per annum and 2.8 per cent per annum respectively. Active UK Equity managers returned -2.8 per cent in January 2010. This return outperformed its index by 0.8 per cent. The one-year return came in positive at 32.7 per cent and underperformed its index by 0.5 per cent.

Investor Confidence Falls Slightly

Investor confidence fell slightly 0.7 points to 103.9 from January's revised reading of 104.6, says the State Street Investor Confidence Index for February 2010. As with last month, the mood was upbeat in North America where confidence increased by 3.3 points from a revised level of 108 in January to reach 111.3. Confidence was also slightly up in Europe, rising 2.1 points from January's revised reading of 99 to settle at 101.1. In Asia, by contrast, investors were more hesitant and confidence fell back to 97 from 98.1 in January. -----

Tuesday, February 23, 2010

Alternatives Need Infrastructure

If you can't create the infrastructure to support alternative investments such as hedge funds, don't do them, says Zev Frishman, vice-president, global equity strategies, Ontario Teachers' Pension Plan. Speaking at the Benefits and Pensions Monitor and Mindpath '4th Annual Alternative Investments for Institutional Investors Conference,' he said it is paramount that pension funds understand what a manager is all about. He also advised funds not to fall in love with short-term performance. Not only is there evidence of alpha mean reversion, but there are studies that show managers hired to replace fired managers underperform, said Frishman, because they have reached the peak performance and are now starting to drop.

Opportune Time For Real Estate

Now may be an opportune time to move into real estate, says Frank Mayer, chairman of Vision Capital. He said valuations are low, but, unlike the U.S., the Canadian economy, especially employment, is better. In real estate, he told the Benefits and Pensions Monitor and Mindpath '4th Annual Alternative Investments for Institutional Investors Conference' the adage is "location, location, location." That, however, is not true, it is really "employment, employment, employment." Jobs are what enable people to buy houses and spend which, in turn, creates a need for housing, offices, stores, and factories. Employment has grown in Canada in 2009, for the last quarter of 2009, and the first quarter of 2010. In the U.S., employment continues to decline.

Market Neutral Provides Stability

Market neutral strategies may provide stability relative to other hedge fund strategies, says Joseph Morgart, senior vice-president, alternative investment strategies, Pyramis Global Advisors, a unit of Fidelity Investments. Speaking at the Benefits and Pensions Monitor and Mindpath '4th Annual Alternative Investments for Institutional Investors Conference,' he said despite a strong 2009, few strategies made up for their 2009 losses or made money. Of those, market neutral's consistent low volatility over market cycles and low correlations with traditional and alternative investment is set it up to continue to provide returns. He said it can be used as a replacement or complement to fixed income, an alternative investment core strategy, or as part of a liability investment strategy.

Private Equity Comes With Legal Issues

Pension funds considering private equities need to consider the legal issues of that asset class, says Randy V. Bauslaugh, a partner at Blake, Cassels & Graydon LLP. He said there are three forms of private equity investment. Pension funds can use a fund of funds, co-investment, or direct investment. The decision on which approach to take depends on the nature of the fund. If it is a buy-and-hold investor who can tolerate illiquidity and can take a long-term approach, it may be able to make a direct investment into private equity. However, he told the Benefits and Pensions Monitor and Mindpath '4th Annual Alternative Investments for Institutional Investors Conference' that if it needs a more liquid investment and reduced risk, a fund of funds may be the appropriate private equity vehicle.

Hedge Funds In Canada Maturing

The hedge fund industry in Canada is maturing, says James McGovern, CEO, Arrow Hedge Partners. Speaking at the Benefits and Pensions Monitor and Mindpath '4th Annual Alternative Investments for Institutional Investors Conference,' he said the breadth of strategies and the quality of managers are improving. However, the current environment may favour incumbent managers. Investors are turning to managers who survived and to bigger managers. The

downside, he said, is there are some excellent small managers who are unable to attract investors. He was taking part in the hedge fund panel at the conference.

Take Care Of Downside

You earn more by taking care of the downside than by focusing on the upside, says Michel Malo, managing director, investment strategy and co-chief investment officer, University of Toronto Asset Management. Yet, many pension funds are still pre-occupied with returns, he told the Benefits and Pensions Monitor and Mindpath '4th Annual Alternative Investments for Institutional Investors Conference.' Those concerned with managing the downside risk can do so by incorporating tail insurance into their portfolios. One approach is to incorporate this into an existing asset allocation framework. Or, they can apply a new asset allocation portfolio construction methodology. The other option, he said, is to hire a tail risk manager. He was participating in the institutional investor panel at the conference.

OMERS Fund Of Year

OMERS has been chosen Pension Fund of the Year 2010, Canada. The World Finance Pensions Awards judging panel used a wide range of criteria to reach its decision for the 2010 Global Pensions Funds Awards. The judges looked for a company that provided a genuinely valuable service. "We are thrilled to be honoured with this prestigious award and are grateful to the team at World Finance for their recognition," says Michael Nobrega, president and CEO. "To be recognized internationally for our commitment to rigorous risk management, client service, transparency, best practices in corporate governance as well as the innovations we offer as an employer is a significant achievement." -----

Monday, February 22, 2010

Financial Literacy Consultation To Start

The federal government's task force on financial literacy will start consultations across Canada to put together a national strategy to teach Canadians how to manage their finances. Its 'Leveraging Excellence' consultation document discusses issues including managing debt, saving and investing, retirement planning, and pension reform. The task force group is examining a survey of more than 15,000 Canadians that suggests that one-third of the population is struggling financially. The data also suggests that Canadians don't fully grasp their financial picture, or are overly optimistic. Half of them say they are confident that they will enjoy a comfortable retirement, but very few can explain how they plan to get there.

International Competition To Intensify

International competition in the fund market is set to intensify over the next 12 months as demand for third-party funds increases and as transparency and performance outweigh domiciliation in fund selection criteria, says an RBC Dexia Investor Services survey. It found more than four out five respondents (82 per cent) expect to see an increase in buying behaviour for third-party funds over the coming year, against only 41 per cent who count third-party funds as a key proponent of their value proposition at present. The evolution of UCITS is seen as a key driver for the change, together with burgeoning interest in open architecture, which a little under half of respondents (48 per cent) considered to be an important market trend. However, around a third (29 per cent) of participants still cite risk management as an obstacle to third-party investment.

U.K Regulators Files Nortel Claim

The U.K. Pensions Regulator has filed a \$3.4 billion claim against Nortel's Canadian parent in an Ontario court. It wants the underfunded British pension scheme to be topped up as part of the auction of Nortel's global assets. Nortel contends the claim should be included and dealt with under the ongoing Companies' Creditors Arrangement Act proceedings. There are more than 43,000 Nortel pensioners in Britain.

Fund Is Best Again

The AGF Emerging Markets Fund earned a trophy for achieving the best three-year returns in its category, along with the certificate for best five-year returns at the '2010 Canadian Lipper Awards.' Managed by Patricia Perez-Coutts, senior vice-president and portfolio manager, and its global equity team, it was recognized as having the best five-year returns in its category at the 2009 awards. It had approximately \$1 billion in assets as of January 31, 2010.

Conference Features Nobel Laureate

Presentations from George Akerlof, 2001 Nobel Laureate in Economics, and Mark Anson, president and executive director at Nuveen Investments, Inc., will be among the 27 sessions at the 'CFA Institute Annual Conference.' Workshop sessions will cover topics such as equity analysis, fixed income analysis, portfolio management, ethics, alternative investments, firm management, and private wealth management. It takes place May 16 to 19 in Boston, MA. For more information, visit <http://www.cfainstitute.org/>

Friday, February 19, 2010

Managers Vote Without Guidance

Most investment managers are voting proxies without guidance from clients, says a Shareholder Association for Research and Education survey. Its annual proxy survey found that 71 per cent of investment managers say that they vote most of their pension fund clients' proxies at their own discretion, without instructions or guidance from their clients. "We saw a 10 per cent decrease this year in the number of firms that said they receive guidance or direction from their pension plan clients on how those clients' proxies should be voted," says Laura O'Neill, director of law and policy. SHARE says that proxy voting gives shareholders a voice in how companies are governed and that the proxy votes attached to pension funds' equity investments are assets of the fund.

Perfect Combination Exploited

Bernie Madoff was able to exploit a perfect combination of circumstances, says Gillian Scott, managing director and partner, Castle Hall Alternatives. She said, in a presentation entitled 'Determining Your FIT with Alternative Investments Including Hedge Funds, Private Equity and Real Estate' that there were red flags such as the fact no-one could re-engineer the strategy and there were self-evident operational weaknesses including the lack of an external custodian. What is surprising, she said at the Strategy Institute's 'Foundations Endowment Non-Profit Investment Summit,' was how long fraud was carried out, due in part to the fact that prior to the financial crisis he was still able pay off investors.

Electronic Trading Systems Grow Share

Electronic trading systems are capturing a growing share of equity trading volume across the Asian region, says Greenwich Associates' 'Asian Equity Study.' A combination of volatile markets and a dramatic reduction in the volume of brokerage commission payments on trades of Asian equities caused institutions across the region to alter trading practices last year by reallocating trade flows toward brokers providing consistent coverage and away from firms viewed as financially risky. In another significant change is that institutions are increasing the share of their total Asian equity trading volume executed via electronic trades.

Manager Reviews Necessary

Institutional investors should carry out an independent review of their fund managers every four or five years, says Kelly Rodgers, president of Rodgers Investment Consulting. In a session on 'Best Practices In Selecting and Monitoring Investment Managers,' she said this review helps keep the process on track, identifies weaknesses before they have an impact, and demonstrates that their fiduciary duty is being met. In reviewing their managers, they need to determine if the manager is doing the job they were hired to do and whether they are doing the job with a reasonable degree of professional confidence. She also told the Strategy Institute's 'Foundations Endowment Non-Profit Investment Summit' that sometimes replacing the manager may not be the best option if there are service issues which can be rectified.

IA Brands Using Elephant

Industrial Alliance Insurance and Financial Services Inc. and IA Clarington Investments Inc. have launched a joint advertising initiative to build awareness of their brands in Canada. The campaign is based on the elephant in the Industrial Alliance and IA Clarington logo. The elephant was incorporated into the logo in 1992 during Industrial Alliance's centennial anniversary. The new campaign uses photographs of elephants in the wild and each ad relates a characteristic of elephants to a particular product line of IA and IA Clarington such as life insurance, investments, critical illness insurance, group insurance, and group pensions.

Manulife Offers Health Assessments

Manulife Financial Group Benefits now offers employers access to a full suite of employee personal health assessments, ranging from executive medicals to a number of worksite employee health screening programs. The Personal Health Assessment program was developed with Medisys Health Group, a national provider of customized preventive and diagnostic healthcare solutions. Participating Manulife employers are referred to Medisys who will coordinate and conduct the assessments. Health assessments are the next step for employers to better identify and manage health risk factors in their employee population.

Deal Activity At Reduced Rate

Canada's buyout industry is performing in line with its peers globally, says a CVCA- Canada's Venture Capital & Private Equity Association study. In 2009, deal activity in Canada's buyout market continued at a reduced pace, below the relatively strong showing of the past three years. Across the country, there have been 89 completed and pending transactions throughout the year, 41 of which had disclosed values totaling US\$2.5 billion. The total number of transactions was down 25 per cent from 2008.

Lindley Heads SSgA

Peter Lindley is president and head of investments for State Street Global Advisors (SSgA) in Canada. He joined the firm in 2005 and has served as head of investments and fixed income and as a senior portfolio manager on the fixed income team. Previously, he served as co-head of global markets for Deutsche Bank Canada. Denis Sénécal is head of fixed income and cash in Canada. He was previously with Caisse Centrale Desjardins, where he was a vice-president in treasury, responsible for asset-liability management, securitization, and interest risk management. Patrice Denis is head of distribution and will be responsible for all client-facing activities specific to the region. He has been with the firm for six years and in his previous role was head of business development and relationship management. Marilina Mastronardi, head of investment operations in Canada, will expand her role to also serve as chief of staff.

Morrison President Of Toronto Chapter

Neil Morrison is president of the Toronto Chapter of the International Society of Certified Employee Benefits Specialists. He is with Equitable Life. Wayne Murphy, of The PBAS Group and previous Toronto ISCEBS Chapter president, will serve on the board as an officer and past-president. Additional board members include vice-president, Rowena Gabriel, of Standard Life Assurance Company; secretary Joan Bonkowski, of Manion Wilkins & Associates, Ltd.; and treasurer David Myles, of Nexans Canada Inc. -----

Thursday, February 18, 2010

Right Actions Prevented Depression

A great depression was avoided because the right things, including the massive bailout and low interest rates, were done, says Arthur Donner, economic consultant and chair of the investment committee at the Atkinson Charitable Foundation and member of the investment advisory committee for the Nunavut Trust. In a session on 'Where Superior Returns Will Come From In 2010!', he said, however, the subprime mortgage crisis has morphed into a sovereign debt problem for countries such as France, Greece, and Spain. Yet, he told the Strategy Institute's 'Foundations Endowment Non-Profit Investment Summit' that he sees a fragile economic recovery which will lead to volatile equity markets.

VC Deal Activity Slowed

Deal activity in the Canadian venture capital (VC) market continued to slow in 2009, to reach its lowest level since the mid-1990s, says Canada's Venture Capital & Private Equity Association (CVCA). Down by 27 per cent, a total of \$1 billion was invested across the country, a decrease from the \$1.4 billion invested in 2008. The number of VC-backed entrepreneurial firms in Canada

also dropped in 2009, though not to the same extent as dollars invested. Companies financed totaled 331, or 15 per cent below the 388 companies financed the year before. Amounts invested per company averaged \$3.1 million last year, as compared to \$3.5 million in 2008 and \$5.1 million in 2007.

Bull, Bear Debate Equally Strong

An equally strong case can be made over whether a 'bull' or 'bear' looms over the markets, says Lyn Hutton, CIO of the Commonfund. She said the case for the bull market includes the fact that functioning financial markets will enable the recovery to progress and valuations are reasonable. The argument for a bear market is that the recent rally is due more to excess liquidity than fundamentals and the stimulus effort fuelled by deficit spending in developed economies won't last, leading to a double-dip. Regardless, she said it means investors need to be active and opportunistic, looking for good companies with good balance sheets. Returns won't come from buying the market, she told the Strategy Institute's Foundations Endowment Non-Profit Investment Summit.

Yepes Heads North American Client Relationship

George Yepes is managing director – North American sales and relationship management for Man Investments. He has overall responsibility for client relationship management in the U.S. and institutional clients in Canada. Previously, he was with Gottex Fund Management where since 2004 he was managing director – head of North American distribution and client service.

Violence In Workplace Discussed

Gowan Health Consultants is holding a workshop on developing programs to deal with violence and harassment in the workplace. It takes place April 14 in Mississauga, ON. For more information, visit www.gowanhealth.com

Benefits Reimbursement Examined

PBM Model Drug Benefits Consulting and Equilibrium Health Consulting's 'New Players, New Policies and New Models' will examine how benefits will be reimbursed in the years to come. Sessions will look at topics such as how Pharmacy Benefit Managers in the U.S. differ from the Canadian model and how some of the U.S. practices may soon apply to Canada. It takes place April 27 in Brampton, ON. For more information, visit <https://www.regonline.com/> -----

Wednesday, February 17, 2010

Public Servants To Fight For Pensions

Public servants are preparing to battle the federal Conservative government over any attempts to reduce their pensions, says a report in the Globe and Mail. Unions are concerned about plans circulating in Treasury Board President Stockwell Day's department that include options for pension savings. As well, Finance Minister Jim Flaherty has described public pensions as "handsome." Federal pensions are considered more generous than those in the private sector because they are fully indexed to inflation. Federal employees contribute about a third of their own money, compared with many provincial plans that require a 50 per cent contribution.

Institutional Investors Grow Cautious

Institutional investors are growing cautious on the global economic recovery with worries about Europe and China at the top of the list, says the BofA Merrill Lynch Survey of Fund Managers. It reports that investors "have scaled back their growth expectations, retreated into cash, and are increasingly skeptical that the European Central Bank will increase interest rates in 2010." The proportion of European investors expecting the region's economy to grow in the coming 12 months has fallen to 51 per cent from 74 per cent in January. Risk aversion also returned with average global cash balances rising to four per cent from 3.4 per cent in January. Confidence in China's continued economic growth has fallen at the fastest rate ever recorded by the survey with just seven per cent of the global panel expecting China's economy to strengthen in the coming 12 months, down from 51 per cent a month earlier.

Directive Has Protectionist Provision

A provision of the Alternative Investment Fund Managers Directive that is currently being debated in Brussels is protectionist, says the Alternative Investment Management Association (AIMA). The most recent directive compromise text reinstates a provision from the original draft that may result in EU investors, such as pension funds, being prevented from accessing non-EU funds and managers. The provision – Article 35 – had been removed from the directive previously. Under Article 35, non-EU based managers would only be able to market funds within the EU if there were co-operation arrangements in place between the regulator of the manager's jurisdiction and that of the EU member state in which the investors are located.

BNY Mellon Acquires Corporate Trust Business

BNY Mellon has signed a definitive agreement to acquire the corporate trust business of CIBC Mellon. The acquisition will more than double BNY Mellon's share of the corporate trust market in Canada and expand its leadership position in a number of key segments, servicing domestic and cross-border debt issuances, structured credit and securitizations, government stimulus programs, and public private partnership transactions. Upon completion of the deal, BNY Mellon will service approximately \$300 billion in outstanding debt. In addition, it will offer clients a range of new services such as cross-border issuer services and document custody.

Older Investors In Low Yield Investments

Canadian investors aged 50 and older are currently holding about 25 per cent in Guaranteed Investment Certificates (GICs) and High Interest Savings Accounts (HISAs) in their portfolios – a nine-year high, says Russell Investments Canada Limited research. These GIC and HISA holdings represent roughly \$300 billion in low-yielding investments. Fred Pinto, managing director of distribution services, says these accounts do not yield enough after-tax returns to position portfolios for retirement and deliver the income needed in retirement, particularly if long-term inflation expectations are factored in. In contrast, some globally-managed bond and conservative balanced funds, featuring slightly more investment risk, posted double-digit gains last year. -----

Tuesday, February 16, 2010

CPP Payments Not Required

Canada Pension Plan contributions are not required on LTD payments made under an ASO plan, even if it is determined that employment insurance premiums must be made, says a Hicks Morley's 'FTR Now.' It says the Federal Court of Appeal decided that a payment has to be made in exchange for the actual performance of service under a contract of employment for it to constitute pensionable earnings, and there is no performance of services in the case of an employee who is in receipt of LTD payments.

BNY Mellon Launches Pooled Fund

BNY Mellon Asset Management has launched a Canadian-domiciled emerging markets pooled fund, which has been developed as a lower-cost alternative to the separate account structure typically offered to Canadian institutional clients. The BNY Mellon Pooled Emerging Markets Value Equity Fund will be managed by D. Kirk Henry, senior managing director of The Boston Company Asset Management, LLC, one of BNY Mellon Asset Management's investment boutiques. "This is one of the few emerging markets strategies available to Canadian institutional investors in a Canadian-domiciled pooled fund," says Richard J. Terres, managing director. "The vast majority of emerging markets strategies offered to Canadian investors are through separate

accounts, which tend to be less operationally efficient for plan sponsors looking for exposure to this asset class."

Sponsors Want Handle On Volatility

Defined Benefit pension sponsors will continue efforts to get a handle on their plan's funded status volatility, says an SEU survey. It found 91 per cent of sponsors polled identified the volatility issue as a key goal for the year, while 33 per cent went a step further to identify it as an extremely high priority. Meanwhile, 90 per cent cited developing a strategy for improving their funded status as a priority in 2010, with 71 per cent saying it was at least a "high" priority.

Gillese Speaks At IPEBLA

Madame Justice Eileen Gillese, of the Ontario Court of Appeal, and Paula Cox, deputy premier and minister of finance and economic development, government of Bermuda, will be among the keynote speakers at the 2010 International Pension & Employee Benefits Lawyers Association conference. It takes place June 20 to 22 in Quebec City, QC. For more information, visit <http://www.ipebla.org>

Event Looks At Pension Challenge

Teresa Ghilarducci, author of 'When I'm Sixty-Four: The Plot Against Pensions and the Plan to Save Them' and director of the Schwartz Center for Economic Policy Analysis at the New School for Social Research in New York, will be a featured speaker at 'Older and Wiser? The Future of Pension Policy.' The purpose of the conference is to share insights into the looming challenge of meeting occupational pension obligations. The role of government and the responsibilities of employers will be focal points of discussion. For more information, visit <http://www.schoolofpublicpolicy.sk.ca/>

Registration Opens For Forum

Registration is now open for the CPBI's 'FORUM 2010 – Navigating the New Normal.' The event is the national annual conference that brings together professionals from the pension, employee benefits, and institutional investment industry. It takes place June 21 to 23 in Halifax, NS. For more information, visit <http://www.cpbi-icra.ca/> -----

Friday, February 12, 2010

Nortel Settles On Benefits

Nortel Networks Corp. has reached a settlement agreement on certain benefits for former Canadian employees. Under the agreement, it will administer the pension plans until September 30. After that, the plans will be transitioned to an administrator appointed by the Superintendent of Financial Services. Nortel will continue to fund the plans consistent with the current service and special payments it has been making during the course of the Companies Creditors Arrangement Act proceedings through March 31. Thereafter, it will make current service payments until September 30. For the remainder of 2010, Nortel will pay medical and dental benefits to pensioners and survivors and long-term disability beneficiaries in accordance with the current benefit plan terms and conditions. Life insurance benefits will also continue unchanged until December 31 and will continue to be funded consistent with 2009 funding. The settlement agreement is subject to court approval.

Ottawa Can Easily Improve Retirement Saving

Ottawa has an opportunity in the 2010 Federal Budget to improve retirement saving prospects for many Canadians, says William Robson, president and CEO of the C.D. Howe Institute. In 'Cutting Through Pension Complexity: Easy Steps Forward for the 2010 Federal Budget,' he outlines straightforward, no-regret ways Ottawa can facilitate more saving and make cost-effective risk-pooling available to the majority of Canadians in Defined Contribution plans and registered retirement savings plans (RRSPs). Robson argues that pension reform in Canada is both over preoccupied with the defects of existing arrangements and at risk of bogging down with the complexity of root-and-branch reforms. Near-term changes to the Income Tax Act could break the log-jam. He recommends a proportional increase in the tax deferral room for DC/RRSP savers from \$22,000 to \$42,000.

PH&N Launches Institutional Cash Funds

Phillips, Hager & North Investment Management Ltd. (PH&N) has launched a suite of institutional cash mutual funds intended to help treasury managers and others with similar responsibilities increase the return potential of their organization's short-term cash assets. With the funds, clients can use the credit analysis performed by its team of in-house credit experts to invest in a portfolio that matches their organization's short-term cash flows. Designed to be used in combination, each fund invests in a defined type of cash asset, allowing treasury managers to structure an investment portfolio that matches key characteristics of their organization's cash flows.

CPPIB Assets Recover

The Canada Pension Plan Fund had assets of \$123.9 billion at the end of its third quarter, as it recovered from a fall to \$108.9 billion a year earlier when plummeting stock markets caused an investment loss of 6.7 per cent. The fund said it generated \$2.2 billion in investment income during the quarter ended December 31, due mostly to increases in public market investments. Return on investments for the quarter was 1.8 per cent. The fund paid a seasonal cash outflow of \$2.1 billion to pay CPP benefits.

Provider Impacts DC Design

Defined Contribution plans could end up with differing plan design features and differing results depending on the choice of recordkeepers or investment consultants, says a U.S. DC landscape study by PensionDCisions, a DC plan consultant. It says selection of recordkeeper is an important factor in a plan's use of an investment manager. As well, the selection of an investment consultant is an important factor in determining the use of active management strategies and customized investment solutions. It found that 72 per cent of responding plans use an off-the-shelf target date fund and that in about half of these cases, the fund is selected from the same entity as that providing recordkeeping. Thirteen per cent of plans use a customized solution, and for many of these, there is a lack of transparency regarding the underlying product composition and performance. Plans using a customized default solution have, on average, \$2.3 billion in assets, while plans using off-the-shelf default solutions have, on average, \$2.2 billion in assets.

McGuin At Haywood

Michael McGuin has joined the institutional sales and trading group at Haywood Securities Inc. He was most recently at Blackmont Capital.

AIMA Looks At Market Risk

AIMA Canada, in conjunction with PRMIA Montreal and CAIA Canada, is presenting 'Commodities/Energy Risk Management,' a market risk seminar' in partnership with Desmarais Global Finance Research Centre at Desautels Faculty of Management, McGill University & CIRANO. It takes place February 17 in Montreal, QC. For more information, visit <http://www.prmia.org/> -----

Thursday, February 11, 2010

Americans More Worried About Retirement

While American retirees are twice as likely to worry that they might run out of money, Canadians are twice as likely to be living their retirement dream, says the first annual TD North American Report on Retirement. When asked if they are living their retirement dream, close to 70 per cent of Canadian retirees say that their retirement is exactly or mostly what they were expecting, in contrast to only 47 per cent of Americans. One in four Americans say that they are not living their retirement dream at all. How retirees feel about the state of their retirement may be linked to their current financial situation. Overall, American retirees are more concerned about their finances than their Canadian counterparts – 38 per cent of Americans say they definitely did not save enough money versus 21 per cent of Canadians. It also found 21 per cent of Americans are worried they did not start saving early enough. Only 10 per cent of Canadians feel the same way.

Only Half Measure Plan Health

Despite the importance of managing marked-to-market surplus to maintain the health of pension funds, only half of the world's leading funds measure it regularly, says a study by CEM Benchmarking Inc. And, the funds that are the least likely to measure surplus risk are U.S. public funds. They also have the fewest people dedicated to managing risk. After adjusting for size, the average number of people dedicated to risk management for U.S. public funds is just half the global average.

Retirement Tracker Offered

Industrial Alliance Insurance and Financial Services Inc. has installed a new video capsule in 'Your Virtual Interactive Guide,' its online multimedia tool created to help group retirement members plan their retirement. This tool is available at its secure website. The video capsule presents 'Your Retirement Tracker,' a service that periodically verifies if a member's financial situation is in line with their retirement objectives. It also proposes personalized solutions for members who stray from their objectives so that they can quickly correct the situation.

CPPIB Invests In Progress

The Canada Pension Plan Investment Board has made a \$350-million investment in Progress Energy that will enable the natural gas company to buy new assets and spend money drilling. The investment was made by CPPIB's new relationship investing team. Management from the gas producer approached CPPIB about backing the purchase of assets from Suncor late last year, and CPPIB came on board to take a stake that will give it almost 15 per cent of Progress.

Asian Fixed Income Explodes

Local currency fixed income markets experienced explosive growth last year in Asia as companies in countries such as China, India, and South Korea sought funding amid relatively strong economic conditions and looked to avoid volatility associated with the dollar and Euro, says Greenwich Associates' latest 'Asian Fixed Income Study.' It found that the sudden expansion of local currency bonds, which now make up about half of all fixed income trading volume across Asia, is having a dramatic impact on franchises of fixed income dealers competing for institutional business across the region. As a result, global banks without a significant presence in local currency markets have been placed on the defensive, while dealers that have developed footholds in domestic markets have gained a big advantage. Also benefiting from the surge in local currency markets have been domestic banks in India, China, and other Asian countries.

Chute Joins Hewitt

An item in Wednesday's News Alert was incorrect. John Chute & Associates is combining with Hewitt Associates and Jack Chute will join Hewitt and manage its healthcare industry team. Benefits and Pensions Monitor apologizes for any inconvenience caused by the error.

Session Looks At Stress

'Stressed to Kill – Laugh and learn your way to becoming the 'boss' of your stress!' is the topic at the next Manitoba Region CPBI session. The presentation focuses on biological, predetermined bodily responses to stress and its link to disease and increased rates of disability. Sylvia Yaeger, an occupational therapist at the Wellness Institute at Seven Oaks General, is the presenter. It takes place February 18 in Winnipeg, MB. For more information, visit <http://www.cpbi-icra.ca/>

Wellness Alignment With Strategy Discussed

Kenton Needham, president of NEEDHAM Consulting, will discuss 'Aligning Your Business Strategy for Wellness' at the '8th Annual Employer Forum on Employee Health.' Needham is the former human resources director of rewards and employee services at Nestle Canada. He will identify how health and wellness must be aligned with an overall business strategy that supports employees working in a healthy environment. It takes place May 13 and 14 in Ingersoll, ON. For more information, visit www.connexhc.com -----

Wednesday, February 10, 2010

Independent Administrators Help Reduce Fraud

Independent administrators can reduce the chances of hedge fund fraud, says Jean-Charles Bertrand, global head of fixed income and absolute return strategies at Sinopia, the specialists quantitative investment business of HSBC Global Asset Management. While you can never stop these incidents from occurring, the use of independent administrators by European funds suggests that helps, he says. "In practice, there have been many less frauds in Europe for hedge funds than in North America" where independent administrators are used so this apparently can have a "positive impact." Still, he said, at the end of the day, there have been some frauds. "The risk is significantly reduced, but the risk is never zero."

Younger Canadians Lead Way With RRSPs

Younger Canadians may have higher debt loads and lower incomes than those who are middle-aged, but they have a higher propensity to put aside money for retirement, says a report from CIBC World Markets Inc. Its 'Consumer Watch' says, in absolute terms, the RRSP participation rate among Canadians aged 45 to 55 is much higher than among the 25 to 35 age group, largely since older people, on average, earn much more than younger people, and thus have more capacity to contribute. However, during a year in which contributions dropped, participation among younger investors increased. When comparing contribution rates among different age groups with the same income level, the study shows that, in most cases, Canadians aged 25 to 35 have a higher propensity to contribute to their RRSPs than Canadians aged 45 to 65.

Turnover Higher Than Expected

The turnover rate in some actively managed equity funds can be as high as 200 per cent more than that claimed by the manager, says the report 'Investment Horizons – Do Managers Do What They Say?' The study, conducted by Mercer and funded by the IRRIC Institute, found nearly two-thirds of institutional investor-focused investment strategies exceeded their expected equity turnover from June 2006 through June 2009. Of these strategies, the turnover was an average 26 per cent higher than anticipated, with some strategies reporting turnover between 150 per cent and 200 per cent more than expected. Across regions, UK, Canadian, and Australian equity strategies have the lowest average turnover value, while European (including UK), international, and U.S. strategies have the highest levels.

Chute Joins Hewitt

John Chute & Associates is combining with Hewitt Associates. Jack Chute, who will join Hewitt and manage its healthcare industry team, part of the health management consulting practice, established John Chute & Associates in 1982. The firm has particular expertise in the healthcare field, both in the hospital industry as well as with nursing homes and long-term care facilities. Also

joining Hewitt from John Chute is Fiona Francis who has been a senior benefit consultant and vice-president for 14 years.

Girvan Moves To MFS

Christine Girvan is managing director and will oversee sales in the Canadian market for MFS Institutional Advisors, Inc., the institutional asset management subsidiary of MFS Investment Management. Most recently, she was the CEO of Fortis Investment Management Canada Ltd. and was responsible for business development and client servicing, as well as strategy, for the Canadian office. -----

Tuesday, February 9, 2010

Canadians Counting On Pensions

Half of Canadians (54 per cent) expect their pensions – whether a pension from an employer (29 per cent) or a government pension (25 per cent) – to be the single, largest source of income in retirement, says the 20th Annual RBC RRSP Poll. However, one-in-five (19 per cent) do not know what kind of pension plan they have. Canadians expect part-time or occasional work (26 per cent) and income from their own investments (24 per cent) to be supplementary sources of income during retirement. On average, retirees have a goal of nearly \$270,000 as the amount of money required for a comfortable retirement, down from nearly \$450,000 in 2007. People not yet retired think they will need nearly two and half times that amount, or almost \$660,000, down from almost \$900,000 in 2007.

Employees Not Taking Vacation

Sixty-seven percent of employees did not take all of their vacation time last year, says a survey by Right Management. "Vacation is an earned employee benefit and has a direct impact on work/life balance and overall productivity," says Bram Lowsky, general manager at Right Management. "Pent-up fears of job insecurity and pressure to do more amid streamlined operations may have been reasons many skipped taking all their vacation time." He advises people to use their allocated vacation. "Not taking time off can increase stress and create health issues, which interfere with work. Conversely, a good vacation can boost creativity and overall energy that translate into better performance."

ACS Now Xerox Company

ACS is now a Xerox company. However, Buck Consultants will continue to provide the full range of HR consulting and technology services under its established brand.

Wellington West Re-appoints State Street State Street Corporation has been appointed by Wellington West Asset Management, Inc. to provide a range of investment services. It will provide fund accounting, fund administration, custody, and trustee services for a group of new funds being launched by Wellington West. Founded in 1993, Wellington West has approximately \$8.8 billion in assets under administration.

Online Courses Cover DC

The International Foundation of Employee Benefit Plans and Dalhousie University, co-sponsors of the Certified Employee Benefit Specialist (CEBS) program in Canada, are introducing three new online courses covering Defined Contribution plans. The courses focus on the three specific types of DC plans – Defined Contribution Plans, Group Registered Retirement Savings Plans, and Deferred Profit Sharing Plans. Each course covers essential information for plan sponsors including plan design characteristics, the accumulation phase, the distribution phase, and advantages for employers and plan members. For further information, visit www.ifebp.org/

Seminar Live And Online

CVCA's next professional development seminar – 'Valuation and Value Creation; Preparing for, and Completing, Successful Transactions' – will take place in Toronto, ON, and be video broadcast into Vancouver, BC; Calgary, AB; Montreal, QC; Winnipeg, MB; Ottawa, ON; and Fredericton, NS. Sessions will look at valuation metrics and private and public M&A deal trends, public market opportunities; and accessing private capital in current markets. It takes place February 25. For more information, visit <https://www.cvca.ca/>

Monday, February 8, 2010

Ontario Helping Nortel Pensioners

The Ontario government is pledging to inject funding into the province's support net for Nortel pensioners who worked in Ontario, says a report in the Globe and Mail. This means these former employees can receive the first \$1,000 of their monthly pension payments. The government will provide either a grant or a loan to the Pension Benefits Guarantee Fund. The finance minister has

the power to deal unilaterally with a pension crisis under new rules introduced last year as part of the budget bill. This year, loans totalling \$130 million were made the guarantee fund to rescue pensioners of failed companies. Nortel's pension deficit was estimated to be between \$2.5 billion and \$2.8 billion when it filed for protection from creditors in January 2009.

GWL Develops National Claims Service

Great-West Life has signed an agreement with TELUS Health Solutions for the development and implementation of the first national eClaims exchange service for extended healthcare providers across Canada. Once implemented, the extended healthcare provider community will be able to submit electronic payment reimbursement requests directly to Great-West Life right at their point of service, offering significantly increased convenience and flexibility for plan members while reducing the environmental impact of paper claims. The initial release, planned for the second half of 2010, will focus on providers such as physiotherapists, chiropractors, and visioncare providers, before broadening out to include the wider range of healthcare providers.

Plan Funded Status Better

The funded status for pension funds managed under both a traditional and LDI strategy improved on both a market-based liability and regulatory basis in December. A 'Towers Watson Investment Digest' says asset performance was mixed and liability performance was negative, as rates increased for both swaps and corporate issues. Equities, in general, were positive. Fixed income performance was negative due to the increasing interest rate environment. At the end of December 2009, the funded status for a corporate plan managed under the traditional investment approach was 25.7 per cent below its January 1, 2008 level. Over the same period, the funded status for the LDI strategy was 18.3 per cent below its January level.

Recession Slowed Labour Shortages

The recession has only temporarily slowed the onset of workforce shortages in the Canadian economy, says a Conference Board of Canada publication. 'Lessons from the Recession and Financial Crisis: Lesson 3: Recession Only Delayed the Inevitable Work Force Shortages' says the single most important factor shaping the labour market over the next two decades will be the retirement of the baby boom cohort. The first members of this cohort were reaching retirement age as equity markets around the world tumbled. However, older, experienced workers have been largely unaffected by the current recession, providing just a glimpse of how tight labour markets might get for this cohort as baby-boomers start to retire in earnest. "Job losses have resulted in temporary slackness in Canada's labour market, and boomers may be temporarily delaying their retirements due to the plunge in equity markets. However, even if some baby boomers decide to delay retirement, it will likely be for only a short period of time," says Pedro Antunes, director, national and provincial forecast.

Hedge Funds Have Best Quarter

The hedge fund industry had both positive returns and new money flowing into the funds in the fourth quarter of 2009, says Fitch Ratings. Its quarterly newsletter says that the broad HFRI composite index was up 2.7 per cent in the quarter and up 20 per cent for the full year. Funds also experienced the re-emergence of net new money inflows during the quarter. Overall, 2009 saw the best hedge fund performance for a decade. It says that 2009 was dominated by 'top-down' macroeconomic positioning, whereas 'bottom up,' individual asset selection and pure relative value trades remained on the sidelines "awaiting a clearer macroeconomic picture and more fundamentally driven market conditions." In this environment, the most successful individual strategies were convertible bond arbitrage (which profited on both the equity and credit sides), emerging market equities, and distressed credit. Plan to attend Benefits and Pensions Monitor/Mindpath's '4th Annual Alternative Investments for Institutional Investors Conference' February 22 in Toronto, ON. For more information, visit http://www.mindpath.ca/conferences_events.html -----

Friday, February 5, 2010

National Supplementary Plan Should Wait

Any new supplemental pension plan for Canadians should be delayed until the economic recovery has taken root, says British Columbia Finance Minister Colin Hansen. In a Canwest News Service report, he says if a voluntary plan to top up retirement savings was launched now, many employers would opt out on grounds they couldn't handle the extra costs until their bottom lines have improved. This gives the federal and provincial governments time to create an effective, national plan. However, he hopes federal and provincial finance ministers can agree on a new plan at their meeting in May to present to the premiers when they meet.

Retirement Age Unchanged

The age at which Canadian investors plan to retire has not changed despite the uncertain economic and market conditions of the past two years, says a Bank of Nova Scotia study assessing investors' attitudes toward investing. It found 73 per cent of Canadian investors surveyed say their retirement date is not changed. However, among the 22 per cent of Canadian investors who are pushing back their retirement date due to the economy, well over half (56 per cent) are those closer to retirement age (45 to 64). The average Canadian investor plans to retire at the age of 61 with half (49 per cent) saying they plan to retire before the age of 65, up from 43 per cent in 2008. Also, the number of Canadian investors who say they do not plan to fully retire has reduced by half (five per cent in 2009 versus 10 per cent in 2008).

Institutions Still Face Risks

Most financial institutions will face elevated business and fundamental risks in 2010, albeit to a much lesser extent than in 2009, says a report from rating agency DBRS Ltd. It says that it expects 2010 will be a less tumultuous year than 2009, but that the increased significance of government activity has added to uncertainty. "Liquidity has been largely restored, risk in legacy assets largely contained, and loan losses are beginning to stabilize as economic recovery begins. In some cases, government assistance has been withdrawn and/or programs discontinued," it notes. "That said, the industry remains fragile, susceptible to a double recession, and commercial real estate will continue to be a challenge for many banks." The firm observes that "how and when governments unwind fiscal stimulus and manage deficits will have a big impact on how 2010 and beyond play out. Governments at all levels will increasingly have difficult choices of whether to cut program spending, increase taxes, continue running greater-than-planned deficits and/or defer debt problems through inflation, or devaluation of their currencies."

Benefits Part Of Funding

Pension funds should be setting more than funding policy, says George Kiriakos, vice-president and leader of the Segal Advisors' asset allocation committee. Speaking at a roundtable on developing investment and funding policies in uncertain times for Canadian pension plans, he said they should be setting up funding and benefits policies. These would include triggering events and would set out what those running the fund should do in the event the plan's assets decline as a result of financial crisis or what should be done in areas such as benefits improvement as funds move into different levels of surplus. Doing so, he said, would allow them to act as these triggering events occur instead of reacting, often when it is too late.

State Street Agrees On Settlement

State Street Corp. will pay more than \$300 million to settle charges by federal and Massachusetts state regulators that it misled investors about the risks its Limited Duration Bond Fund faced as a result of the subprime mortgage crisis in 2007. It says, in a news release, it has agreed to establish a \$313 million "fair fund" which, combined with roughly \$350 million in prior client settlements, will bring total compensation to investors to \$663 million. According to the SEC, it favoured certain investors with fuller information about the fund's exposure to subprime mortgages, allowing those clients to get out early by redeeming the fund's most liquid holdings. Other investors, however, were given information that understated the fund's exposure to risky subprime mortgages, as well as its use of derivatives and leverage. The Limited Duration Bond Fund was launched in February 2002 as an actively managed fund seeking returns of one-half to three-quarters of a percentage point a year above LIBOR.

Funding Relief Can Be Catalyst

Temporary pension funding relief will act as a catalyst for U.S. economic recovery if Congress addresses the issue or it will become a huge obstacle to economic growth if it continues to be

ignored, says an array of employers and retirement experts joined with Congressman Earl Pomeroy. With pension plans facing massive losses in their asset values, billions of dollars that could be pumped into the economy to save or create jobs are now scheduled to be diverted into pension plans. "If left unaddressed, the issue of pension funding could throw a roadblock into our economic recovery," says Pomeroy, a co-sponsor of congressional legislation on pension funding relief. Pension relief legislation would provide a temporary extension to the period that employers have to fully fund their Defined Benefit pension plans, leaving them with more cash on hand to save and create jobs, while helping to spur capital investment.

Concerns Exist Over Centralized Trading

Corporations and financial institutions around the world broadly agree that moving OTC derivatives trading to a system of centralized clearing would be an effective means of managing both counterparty risk at an individual level and market-wide systemic risk. However, financials and corporates also have some serious concerns about the ongoing process of market structure reform, says a 'Greenwich Market Pulse.' Some of these concerns stem from the fact that market participants are uncertain about details of the proposals being considered. Other concerns involve more informed questions among users of OTC derivatives about how the switch to centralized clearing would impact overall market liquidity and costs, as well as corporates' ability to effectively hedge risk positions.

Returns In 2010 Discussed

'Where Superior Returns Will Come From In 2010!' is the focus of the opening session at the Strategy Institute's 'Foundation Endowment and Not for Profit Investment Summit.' Arthur Donner, economic consultant and chair of the investment committee at the Atkinson Charitable Foundation and a member of the investment advisory committee for Nunavut Trust (Toronto), will provide an updated assessment of the investment market and discuss relevant lead ideas, emerging investment opportunities, and where the riskiest investments may be now. It takes place February 17 and 18 in Toronto, ON. For more information, visit <http://www.strategyinstitute.com/>

ETFs Examined

'Exchange Traded Funds: Why Invest?' will be the topic at a Toronto CFA Society luncheon. A panel of industry experts will discuss topics related to ETFs including benefits, market trends, and future growth. It takes place March 4 in Toronto, ON. For more information, visit <http://www.torontocfa.ca/>

IFEBCP Holds Global Benefits Course

The International Foundation of Employee Benefit Plans will bring together authoritative global professionals at its 'Certificate in Global Benefits Management.' Topics to be discussed include cross-cultural/diversity benefit issues relating to international assignments and international pooling/offshore retirement plans. It takes place May 3 to 7 in New York, NY. For more information, visit www.ifebp.org -----

Thursday, February 4, 2010

B.C. Wants Input On Pension System

The B.C. government is seeking public input on ways to strengthen the pension system and expand pension coverage for the majority of workers currently without occupational pension plans. Through an online pension consultation paper, British Columbians are being asked for their views on how to best address anticipated future shortfalls in Canada's retirement income system. At present, three in four private sector workers are not covered by an employer-sponsored pension plan. Research indicates that many private sector workers who do not have access to employer-sponsored pension plans or who do not have sufficient personal savings will not have adequate retirement income in the future. The paper focuses on various options including expansion of the existing, mandatory CPP system; changes to pension standards legislation to provide more flexibility in the way pension plans are designed; and amendments to the federal Income Tax Act to increase pension plan coverage and retirement savings. For more information and how to participate in the consultation process, visit http://www.fin.gov.bc.ca/pension_plan_review.htm. The final date for submissions is April 1.

Sentiment For Real Estate Better

The real estate investment market feels better about where the industry is today compared to where the industry will be in 12 months, though by a very slim margin, says the 'REALpac/FPL Canadian Real Estate Sentiment Index.' The first quarter 2010 index came in at 76 on an overall basis, up from 68 last quarter, which in turn marked a significant improvement from the 50 in the third quarter of 2009. Similar to last quarter, a majority of respondents (58 per cent) indicated that they expected the coming year to be "somewhat better," but now a further 23 per cent are expecting the next year to be "much better," up from 14 per cent last quarter. While the trading volume was thin in the past quarter, many respondents have expectations for increased volume and pricing stability in the coming year. Most Canadian real estate leaders expect a mild recovery that will pick up steam going into 2011 and 2012. Plan to attend Benefits and Pensions Monitor/Mindpath's '4th Annual Alternative Investments for Institutional Investors Conference' February 22 in Toronto, ON. For more information, visit http://www.mindpath.ca/conferences_events.html

DB Outperforms DC

Returns for Defined Benefit pension plans outperformed those for Defined Contribution plans by about 100 basis points in 2007 and 2008, says an analysis by Towers Watson. Both lost money during the 2008 credit crunch, with DB plans returning -25.27 per cent and DC plans, -26.2 per cent. It also shows that between 1995 and 2007, larger DB and DC plans outperformed smaller plans. Over the 12-year period, the largest 16 per cent of DB plans outperformed the smallest 16 per cent by about three percentage points. The largest 16 per cent of DC plans over the same time period outperformed the smallest by about 0.7 percentage points. Size is cited as the reason for the variance with larger DB plans able to spend more on professionals to manage assets and more sophisticated strategies.

CPPIB Commits To Startups

The Canada Pension Plan Investment Board is committing \$400 million to invest in small Canadian venture capital and private equity funds. The cash will be placed with venture capital and PE managers by North Leaf Capital Partners over the coming five years. The CPPIB made a similar investment commitment in 2005. The hope is that this investment in Canadian startups will be a boon for investors who can seek out the best deals and terms to get returns. CPPIB has similar programs operating in Europe and the U.S.

Active Managers Have A Chance

Active managers believe 2010 will offer an opportune chance to add value above the S&P/TSX benchmark, says the 'Russell Active Manager Report.' "The view from active managers is that 2010 will generally be more of a stock-picker's market, which is what we started to observe in the fourth quarter of 2009," says Kathleen Wylie, a senior research analyst at Russell Investments Canada Limited. "The expectation is that stock selection rather than sector positioning will have a larger impact on active manager performance in 2010, compared to 2009." The year started off favourably for large cap Canadian equity investment managers with eight out of 10 S&P/TSX Composite Index sectors ahead of the benchmark.

Vale Inco Plan Has Deficit

A deficit in a pension plan is being cited as one of the reasons that the labour agreement with its Canadian workers needs to be changed, says Vale S.A., the Brazilian firm that owns the Vale Inco mine in Sudbury, ON. Its union contends that its plan to put new employees in a Defined Contribution pension plan is one of the main issues in the ongoing strike, which affects more than 4,000 workers. The United Steelworkers say that a company that reported a profit of \$13.2 billion in 2008 should not be looking for concessions from its labour force. However, the company says the pension plan had a deficit of \$729 million at the end of 2008. Workers have been on strike since last July.

Startup Assets Decline

Assets raised by hedge fund startups in 2009 fell 36 per cent from the previous year, says the biannual AR New Funds Survey. The largest new fund launches in the U.S. in 2009 amassed \$14.89 billion, in contrast to \$23.17 billion in 2008 and \$31.5 billion in 2007. Although 53 funds with at least \$50 million in assets launched by year end, compared with 55 in 2008, the average size of the funds fell significantly. The number of new funds managing more than \$1 billion also decreased, as only two new funds were able to end 2009 with \$1 billion or more in assets, compared with five in 2008.

Porter Offers Economic Forecast

Douglas Porter, deputy chief economist and managing director, BMO Capital Markets, will give his 2010 investment forecast at a Toronto CFA Society event in Waterloo, ON. His investment outlook for 2010 will look at topics such as the growing U.S. deficit and its implications, key theme for bonds in 2010, and prospects for emerging markets. It takes place February 18. For more information, visit <http://www.torontocfa.ca/>

Clancy Joins U.S. Effort

Thomas Clancy is director, U.S. business development, for AGF Investments America Inc. He will be responsible for the introduction of its investment solutions to the institutional plan sponsor and investment consultant communities within the Northeast, mid-Atlantic, and Southeast regions of the United States. He began his career in the U.S. institutional investment industry in 1999 working in the global trading and research division of a major U.S. bank. Most recently, he was a principal at a U.S. investment management firm, responsible for new business development in the public funds marketplace.

Mongia Heads New Practice

Bob Mongia is vice-president leading the national business development and distribution of Aon Consulting's newly launched benefits solutions practice. He will focus on executing short- and long-term growth strategies that drive revenue growth and expand distribution channels to the practice. Previously, he was director of Canadian sales, national accounts, at Direct Energy.

Wednesday, February 3, 2010

FSCO Looks At Streamlining Reviews

The Financial Services Commission of Ontario (FSCO) has released a consultation paper outlining proposals to streamline the regulatory review process for Defined Benefit pension plan applications, says an 'Osler Pensions & Benefits Alert.' The proposals outlined in the most recent paper – an earlier consultation process had taken place in the spring of 2009 – are designed to lead to more accurate and timely processing of applications involving DB pension plans including applications in respect of surplus withdrawals, wind ups, asset transfers, refunds of employer overpayments, and refunds of member contributions. The paper proposes several solutions to address problems inherent in processing DB applications including the creation of standardized applications and a specific process that will be followed by FSCO to address non-compliant or incomplete applications. This is a welcome reform, in that FSCO is proposing that meetings or conference calls would be held to discuss incomplete applications. Currently, incomplete applications are often dealt with through an exchange of written correspondence between FSCO and the applicant, which can continue over months or even years.

Hedge Fund Searches Double

The number of hedge fund manager searches doubled during 2009 as compared to 2008, says a report by Hewitt Associates. It performed more than twice the number of manager searches during the past 12 months compared to 2008. It attributes the increase in inquiries from clients to a search by pension fund trustees for high-performing investment strategies to help recover losses suffered in 2008.

Transaction Tax Opposed

More than nine out of 10 corporations and financial institutions around the world oppose government proposals to impose a tax on financial transactions, says a 'Greenwich Market Pulse.' In Europe, French President Nicholas Sarkozy and UK Prime Minister Gordon Brown have aggressively pushed for the establishment of a 'Tobin Tax,' named after Nobel Prize winning economist James Tobin, who first suggested the measure. However, prospects for the establishment of a global transaction tax received a setback recently when U.S. President Barack Obama proposed a new tax on bank liabilities. A quick demise of the Tobin/Transaction Tax would sit well with corporations and financial institutions. A survey by Greenwich found support for a global transactions tax tops out at 12 per cent among corporates and financials in Continental Europe. In other regions, opposition approaches 100 per cent.

Plan Covers Serious Illness

The Empire Life Insurance Company is introducing Vital Assist Health Benefit , a product that provides financial assistance to group plan members to help with additional medical expenses upon diagnosis of a serious illness. Offered through 20Plus, the company's group benefits product designed for employers with 20 or more employees, it provides a \$5,000 lump sum payment and reimbursement of additional medical expenses up to \$5,000 over the following 12 months if a plan member is diagnosed with one of four defined medical conditions. The program applies to plan members who suffer from cancer, heart attack, or stroke or who undergo coronary artery bypass surgery.

Wilfrid Laurier Kings Of Equity Research The Toronto CFA Society has crowned Wilfrid Laurier University as equity research champions in its Inaugural Investment Research Challenge. The challenge is an initiative that teaches students from top area business schools best practices in equity research. As part of the competition, the Toronto CFA Society chose a public company, Glacier Media Inc., to be the subject of the student research reports. These reports were submitted to a panel of industry experts who chose the winner. Sprott School of Business earned second place in this competition.

Alarie Now Vice-president

Isabelle Alarie is vice-president of customer service, group insurance, at Standard Life Assurance Company of Canada. She has more than over 15 years in the insurance industry, including 10 years in various customer service roles.

Malo On Investor Panel

Michel Malo, managing director, investment strategy and co-chief investment officer, University of Toronto Asset Management, will be on the institutional investor panel at the '4th Annual Alternative Investments for Institutional Investors Conference.' The event also features Frank Mayer, chairman, Vision Capital Corporation, who will participate on the infrastructure and real estate discussion panel. As well, a meet-the-managers session will feature a series of informal, half-hour roundtable discussion forums with a selection of leading national and international investment managers. The Benefits and Pensions Monitor and MindpathFinancial Conferences event takes place February 22 in Toronto, ON. View the conference PDF brochure including full program agenda at http://www.bpmmagazine.com/Mindpath_2010.pdf. Register online at <http://www.mindpath.ca/registerFeb2210.html> March Interest Rate Assumptions

The interest assumptions required to calculate commuted values for an event which occurs in any month up to and including March 2010 are now available at www.an-actual-actuary.com. An Excel spreadsheet on the website contains seven worksheets:

Commuted Values – 2009 Basis

Commuted Values – 2005 Basis

Commuted Values – 1993 Basis

Marital Breakdown – CSOP 4300 (March 2003)

Marital Breakdown – CSOP 4300 (March 2003 ALTERNATE)

Annuity Proxy for Solvency Calculations for Non-Indexed Pensions and Fully Indexed Pensions

Minimum Interest on Employee Required Contributions (including the 12 month average rates)

Tuesday, February 2, 2010

Pension Asset Share Of GDP Rises

Pension fund assets amounted to 70 per cent of the average global GDP last year, up from 58 per cent in 2008, says research from Towers Watson. Its 'Global Pension Assets Study' of 13 countries showed the value of assets in these pension schemes increased by an average 15.1 per cent in 2009 from \$20 trillion to \$23 trillion. Of the 'P13' countries covered in the survey – Australia, Brazil, Canada, France, Germany, Hong Kong, Ireland, Japan, Netherlands, South Africa, Switzerland, UK, U.S. – America, Japan, and the UK remain the largest pensions markets in the world accounting for 57 per cent, 14 per cent, and eight per cent respectively of total global pension assets. Additional findings for the seven largest markets, or 'P7' – Australia, Canada, Japan, Netherlands, Switzerland, UK, U.S. – which account for 94 per cent of the total assets in the study – showed average equity allocations increased from 48 per cent in 2008 to 54.4 per cent a year later. The increase in bond investments in 2008, when it reached 32 per cent, also fell back to 27 per cent in 2009, just slightly higher than the 25 per cent recorded in

2005. Of the seven countries, the U.S., UK, Australia, and Canada retained above average equity allocations, while average equity holdings in the US reached 61 per cent and in the UK they averaged 60 per cent.

FSCO Releases Pension Records Paper

The Financial Services Commission of Ontario (FSCO) has issued a consultation paper dealing with the sometimes troublesome matter of how long pension-related records must be kept by the pension plan administrator, says Priscilla H. Healy, of Fogler, Rubinoff. However, it gives little comfort to employers/administrators as it calls for pension records to be kept from inception until wind up and even beyond. As well, it is the responsibility of the plan administrator, and not of the plan member, to keep accurate records of plan membership, entitlements, and payments upon termination, regardless of how long ago the termination occurred and when the payment was made or is alleged to have been required to have been made. She says employers/administrators can protect themselves and the plan from these onerous requirements by establishing and adhering to a clear policy on comprehensive record keeping and well-kept files, which will involve co-ordination of pension and other employee records. While FSCO's policies are not law, they are standards of practice which might influence a court in a dispute between an employer/administrator and a plan members.

Executive Compensation Business Sold

Hewitt Associates Inc. is selling its executive compensation consulting business in North America to a group of employees and consultants. The new company, called Meridian Compensation Partners LLC, will be led by Michael Powers and Jim Wolf, who have been executive compensation practice leaders at Hewitt. The move was prompted by concerns in the industry about consultants advising companies on executive compensation while also serving corporate board compensation committees. Hewitt will continue to serve board clients that are comfortable with existing controls to ensure the independence of its executive compensation advice or where fee disclosures are not a material issue.

RBC Dexia Opens Middle East Office RBC Dexia Investor Services has opened an office for the Middle East and North Africa region in Dubai. Based in the Dubai International Financial Centre, the office will be led by Andrew Polley, senior executive officer, Middle East and Africa. "The presence of Sovereign Wealth Funds, the growth of local funds in the region, and the increase in global fund managers distributing their products there make this an important hub for servicing clients in these high potential markets." says José Placido, chief executive officer.

Firm Serves Western Canada

Spectrum HR Law has opened to provide integrated HR legal solutions in Western Canada. It has brought together a team of eight lawyers with, combined, more than 100 years of experience. It will provide counsel on a number of HR legal issues including employment benefits, executive compensation, and pensions. For more information, visit www.spectrumhrlaw.com

Segall Now CEO

Simon Segall is chief executive officer of the Canadian operations at Fortis Investments. He has more than 30 years of pension and investment industry experience, and has been a valued member of the Canadian team for more than five years.

Clement At Raymond James

Joseph Clement is joining the institutional sales and trading team at Raymond James Financial Inc. Previously, he held various senior roles on institutional desks at various investment firms, specializing in U.S. hedge funds and value-added growth ideas. He will work out of the Montreal, QC, institutional sales and trading office. -----

Monday, February 1, 2010

TFSA's Can Create Rewards

Rather than silo benefit programs, TFSA's (Tax-free Savings Accounts) can create more effective rewards on a cost effective basis, says Jake Clark, of Firm Consulting. Speaking in a session on 'The Impact of the Tax-Free Savings Account (TFSA) on Canadian Employee Benefits Programs' at the HRPAs 2010 Annual Conference & Trade Show, he said while they have proven popular among individual investors, the uptake on the group benefit side has been minimal. Of those using TFSA's, 40 per cent are using them to save for retirement. However, for private employers grappling with healthcare costs and trying to bring more consumerism into their benefit plans, TFSA's offer an opportunity to scale back traditional plans and create flexible plans with co-pays and deductibles by directing some of the funding from scaling back into TFSA's as an employee benefit.

Institutional Returns Positive

For the third consecutive quarter, an overwhelming majority of institutional pooled funds in the Morningstar, Inc. Canadian database had positive returns – 906 out of 1,033 or 88 per cent, including 535 of 574, or 93 per cent, of equity-focused funds. Thirty-nine of the 41 Canada

Pooled Fund Indices were up for the quarter. These fund indices measure the asset-weighted average return of all funds within a category. Eight of the indices returned more than five per cent over the three-month period, with three of them gaining 10 per cent or more. The best-performing fund index was the one that tracks the precious metals equity category which gained 13.2 per cent.

Economy Shadows Bargaining

Collective bargaining will be conducted under the shadow of uncertain economic recovery and substantial fiscal deficits in 2010, says the Conference Board's 'Industrial Relations Outlook 2010: A Recovery Offering Little Relief.' "Overall, employers will be focused on controlling costs and addressing long-term structural issues, while unions will be resisting employer demands for concessions," says John Rankin, interim vice-president, leadership and human resources research. "Public sector employers will have little money available for new spending, including wage increases. And in the private sector, negotiations will reflect the conditions of each industry. Until more evidence is available that the economic recovery is firmly entrenched, the bargaining climate will be difficult in the coming year." Unions will be mainly concerned with addressing the impact of the recession on their members. They will be focused on protecting their existing rights and benefits, and resisting the increased use by employers of temporary workers and contracting-out of work. In general, it is unlikely that unions will seek out substantial across-the-board wage increases.

Private Equity Up Slightly

For the quarter ended September 30, 2009, the State Street Private Equity Index posted a 5.83 per cent return, a slight increase from the second quarter of 2009 return and 1,418 basis points higher than the return recorded during the same period a year ago. The since inception Internal Rate of Return (IRR), as of the third quarter of 2009, was 10.03 per cent, an increase of 95 basis points from the prior quarter. "During the last few quarters we observed a stronger correlation between the public and private markets, which is reflected in the upward trend of the overall private equity returns," says Bill Pryor, senior vice-president of State Street Investment Analytics. "In addition, we saw an increase in cash flow activity during the period, with higher distribution over paid in ratios relative to previous quarters."

AlphaPro Launching ETF

AlphaPro Management Inc. will launch an exchange-traded fund in early February based on the S&P/TSX 60 130/30 Strategy Index. The index is designed to give additional weighting to top performing constituents and decreased position to the weakest performing stocks in the index, which provides the possibility that the index will outperform the benchmark. The marks the first time that this type of 130/30 strategy will be accessible to retail investors in an ETF form in Canada. In the U.S., 130/30 strategies have become very popular among institutional and private client investors, but less so among retail investors.

Toyne At Steadyhand

David Toyne is head of business development of Steadyhand Investment Funds. A 25-year veteran of the Canadian financial services industry, he spent 12 years at State Street Trust Company Canada, the last seven as president and CEO. Most recently, he was president of Thomson Financial Canada. -----

Friday, January 29, 2010

Best Practices Can Align Interests

The tension between the cost and rewards of benefits program need an alignment of interest so that everyone's objectives are met, says Jeffrey Stinchcombe, a partner at HealthSource Plus. Speaking in a session on '10 Best Practices of the Employee Benefits Industry' at the HRPAs 2010 Annual Conference & Trade Show, he said establishing best practices can help create that alignment by ensuring the benefit needs of employees are met at the same time as cost reductions are achieved. One place to start is to review, line by line, a plan's funding model and determine the utilization of each benefit. This approach can reduce costs by up to 30 per cent while ensuring the most used benefits are maintained. As well, sponsors may want to self-fund benefits such as dental and vision where utilization predictable. However, it is necessary to act soon as with labour shortage the war will be for talent, not just people, and these talented people will be looking at the benefits package when deciding where to work.

University Must Make Disbursements

The University of Winnipeg has been ordered by the provincial pension commission to pay \$8.8 million in outstanding disbursements to members of its pension plan. The payment was originally ordered by Manitoba's superintendent of pensions and the money will be distributed to nearly 600 current and former members of the plan. Last year, the Manitoba Court of Appeal refused the university's appeal of the original decision by the superintendent. The issue dates back to 1999 when the university's pension plan accumulated a significant surplus and the university agreed to share it with the members of the plan and began to distribute it. However, the surplus was wiped out in 2001 when financial markets crashed in the wake of the 9/11 terrorist attacks.

Healthcare Costs Up By Double-digits

Costs for the most popular types of healthcare coverage in the U.S. are projected to increase at double-digit rates for 2010, says a survey by Buck Consultants, an ACS company. Its '21st National Health Care Trend' survey found costs for the most popular medical plans are projected to increase by more than 10 per cent. Health insurers reported an average prescription drug trend of 10.9 per cent, up 0.1 percent from the 10.8 per cent reported in a prior survey. For plans that supplement Medicare, health insurers reported a projected increase of 5.8 per cent excluding prescription drug coverage, down from 7.4 percent in a prior survey. This lower trend reflects the impact of federal controls on Medicare fees and the lower increases expected in Medicare deductibles and co-pays.

Marquest Manages Terra Fund

Marquest Asset Management Inc. has assumed the management of the investments for Terra Fund Management Ltd. Flow-Through Limited Partnership. Andrew Cook and Gerry Brockelsby will manage the assets for the partnership. Terra is an independent fund company focused on the resource sector and offers flow-through limited partnerships and corporate class mutual funds to accredited and eligible investors throughout Canada.

Nominations Open For Wellness Award

Nominations are now open for the 'Canadian Workplace Wellness Pioneer Award.' A highlight of the Health Work & Wellness conference, the award recognizes an individual who has made a pioneering contribution to the field of organizational health. The nomination deadline is February 28. The nomination can be found at <http://www.healthworkandwellness.com/awards/>. The conference takes place September 29 to October 2 in Vancouver, BC. For more information, visit <http://www.healthworkandwellness.com/>

Canadian Benefits Examined

The International Foundation of Employee Benefit Plans' 'Concepts and Practices of Canadian Benefits for Canadian and U.S. Corporations' will examine topics such as government-funded healthcare plans and private pensions and other retirement arrangements. It is designed for those working with Canadian employees. It takes place July 14 to 16 in Toronto, ON. For more information, visit www.ifebp.org

Thursday, January 28, 2010

TFSA May Be Better

Despite the widespread assumption that saving for retirement in a tax-deferred plan such as a Registered Retirement Savings Plan (RRSP) is the right way to go, many – perhaps most – Canadians would do better adding to tax prepaid plans such as Tax Free Savings Accounts (TFSAs), says a study by the C.D. Howe Institute. 'Saver's Choice: Comparing the Marginal Effective Tax Burdens on RRSPs and TFSAs' compares marginal effective tax rates (METRs) across income levels and concludes that many Canadians with savings in pension plans and RRSPs should focus future saving on TFSAs. While not actively marketed as a primary retirement saving tool, TFSAs represent, for many taxpayers, a more tax-efficient retirement saving vehicle than traditional tax-deferred accounts. The majority of Canadians who can reasonably predict their taxable incomes post-retirement will probably find that their marginal effective tax rate on retirement income will be higher than on their work income; not lower as is often assumed. For those taxpayers, the rewards of saving in TFSAs are greater than the rewards from adding to RRSPs.

Sun Offers Money For Life

Sun Life Financial's Group Retirement Services has launched 'my money for life,' a guaranteed retirement income solution offering both insurance coverage and investment growth potential for the Canadian group retirement market. The product offers plan members a flexible solution that has the safety of a built-in guarantee of an income stream for life, with the potential for market value growth. Plan members can guarantee their retirement income by adding it to all or some of the group plan investments held in Registered Retirement Savings (RRSP), a Defined Contribution Pension (DCPP), Deferred Profit Sharing (DPSP), and Registered Retirement Income Plans. As well, they can start collecting at age 65 regardless of when they enrolled in the plan.

B.C. Fund Sells Bonds

The B.C. Investment Management Corp. is the latest public sector pension plan to use its sterling credit rating to fund real estate projects. Its holding company, bcIMC Realty, sold \$200-million of five-year bonds which pay investors 3.38 per cent interest. The \$75-billion B.C. Investment Management Corp. has 14 per cent of its assets in real estate. The Ontario Teachers Pension Plan and Caisse de dépôt et placement du Québec have also sold bonds at attractive interest rates to underpin their real estate holdings.

Middlefield Appoints RBC Dexia

RBC Dexia Investor Services has been appointed by Middlefield Group, a financial services company with offices in Calgary, Toronto, San Francisco, and London, England, to provide outsourced fund administration activities for its closed end funds. Formed in 1979, Middlefield manages private and public resource funds, closed-end funds, mutual funds, real estate funds, a venture capital fund, and other investments both in Canada and abroad. Its clients include Canadian and international financial institutions, corporations, and individuals.

Vice-presidents Join Burgundy

Anne-Mette De Place Filippini and Frances Lee are vice-presidents at Burgundy Asset Management Ltd. Previously, De Place Filippini was a senior vice-president at AIC Investment Services. She will focus on its emerging markets effort. Most recently, Lee held the position of vice-president of operations – client administration at Trimark Investment Management. She will be responsible for the firm's business analysis and client administration.

Symposium Looks At Private Equity

David Rubenstein, co-founder and managing director, The Carlyle Group, and Cyrus Madon, senior managing partner, Brookfield Asset Management, will be among the featured speakers at FEI Canada's '2010 Private Equity Symposium.' A collaborative effort between Financial Executives International Canada, the Canadian Institute of Chartered Business Valuators, the Toronto CFA Society, and Canada's Venture Capital & Private Equity Association, the symposium provides a forum to discuss critical economic and business issues impacting today's private equity practitioners. It takes place March 23 in Toronto, ON. For more information, visit <http://www.feicanada.org> -----

Wednesday, January 27, 2010

Voluntary CPP Considered

Adding a voluntary layer to the Canada Pension Plan may be the idea that can attract the most national support for pension reform, says British Columbia's finance minister. Colin Hansen told the Canadian Press that a voluntary, supplemental plan that uses the CPP as a base is probably the most workable option among the many being tossed about these days. Canadian finance minister are now reviewing all the options and consulting with the public. They plan to make a decision on which option to pursue in May. A paper released by Hansen last week, on behalf of all the provinces, highlighted two options – a voluntary supplemental plan to the CPP and an expansion of the CPP that would be mandatory for employers and employees.

RBC Dexia Offers Liability Benchmarking Tool

RBC Dexia Investor Services has launched a liability benchmarking tool that helps Canadian pension plans align their assets and liabilities. The tool delivers information to plan sponsors on the performance of their pension funds against future obligations. It uses a library of investable Canadian bonds to build a customized liability proxy that reflects a pension plan's unique risk preference and cash outflows, thereby eliminating the need for assumptions. The more common, but less precise, duration-matching or 'representative benchmark' approaches rely heavily on assumptions around discount rates and plan liability profiles.

Headed For Deflation Or Inflation

The jury is still out on whether or not we are headed for inflation or deflation. At the CIBC Mellon Presentation Series 'Inflation vs. Deflation,' David Horsfall, deputy chief investment officer, and Thomas Fayey, global macroeconomic strategist, both of Standish Mellon, offered their views on where we are headed. Fayey argued against inflation, noting there is currently a huge global output gap. When unemployment is high and there is excess manufacturing capacity, it usually correlates with lower inflation. He also noted this has been a jobless recovery and that it is taking longer and longer for the job market to recover after recessions. Horsfall suggested that inflation is likely because governments want it. With tons of new debt and new programs, they need inflation to overcome these.

Confidence Up Fractionally

Globally, investor confidence rose fractionally by 0.2 points to 104.5 from a revised December level of 104.3, says the State Street Investor Confidence Index for January 2010. The mood was upbeat in North America, where confidence showed an increase of 4.4 points over December's reading of 103.5 to settle at 107.9. In Europe, by contrast, institutional investors were more wary and their confidence fell 5.6 points to 98.9 from the December level of 104.5. Amongst Asian institutional investors, confidence rose slightly to 98.1 from a level of 97.5 in December. -----

Tuesday, January 26, 2010

Caisse Turns To 'Common Sense'

The Caisse de dépôt et placement du Québec will return to "plain old common sense" when it comes to investing money that will be used to pay the future pension benefits of millions of Quebecers, says its president and CEO. Michael Sabia, in a letter published Monday in some

Quebec newspapers, set out a list of priorities to be met in the next 18 months. He said the Caisse will now only invest in financial instruments that it understands. In recent years, it suffered serious losses by investing in financial instruments such as asset-backed commercial paper. He also says the Caisse has doubled its liquidity and reduced its financial exposure to give it a solid financial foundation that can weather market turbulence.

Pharmacies Refusing Drug Card

A number of pharmacies in Atlantic Canada have announced their intention to refuse the Medavie Blue Cross (MBC) drug card subsequent to changes made by MBC to its payment schedules, says a Mercer 'Client Alert.' Sponsors with MBC direct-pay drug cards may wish to ask plan members to comparison shop for pharmacy providers that continue to take the MBC card or advise employees that if they choose to shop on a cash basis at pharmacies that are not accepting the MBC drug card, they are not protected by the drug cost and dispensing fee limits in place on a pay-direct basis. MBC says the changes to its payment schedules focus primarily on generic drugs.

Enhanced Diversification A Priority

Institutional investors' priorities for the next decade are enhanced diversification, growth of the usage of alternatives, and the restoration of asset values, says an IMI survey. It says investors are clearly looking for new ideas from their consultants and see alternatives playing a major role in their portfolios. For managers, the investment challenges that were high on their list were risk management, reaching investors about their firms' products, and getting the attention of consultants. Many managers believe 2010 will be a year in which funds are managed in order to preserve, rather than build, alpha.

CSR Return Justifies Expenditure

Canadian employers believe the return on investment in socially and environmentally responsible practices justifies the expenditure, says Hewitt Associates' '2010 Best Employers in Canada' study. Neil Crawford, leader of the study, says "The findings demonstrate that organizations with high employee engagement have a higher degree of readiness to focus on CSR (corporate social responsibility) as a strategy to improve overall organizational performance and better meet the needs of employees and external stakeholders." The most frequently implemented CSR initiatives for Canadian employers are community investment – fundraising and sponsorships; waste reduction – recycling, reduced usage; and business travel reduction – use of videoconferencing or teleconferencing.

Institutions Have Double-digit Returns

U.S. institutional investment plan sponsors realized strong double-digit returns in 2009, with a solid fourth quarter capping a year of extreme highs and lows in investment performance, says data in the Northern Trust Universe. Corporate pension plans had the highest returns for the year, up 22.3 per cent at the median for the 12 months ending December 31, 2009. Public funds returned 20.3 per cent and foundations and endowments gained 17.9 per cent for the full year. Returns in 2009 were driven by higher-risk asset classes. In U.S. equities, for example, small-cap growth stocks outperformed large-cap stocks, with the Russell 2000 Growth Index returning 34.5 per cent compared to the Standard & Poor's 500 Index return of 26.5 per cent.

Arts Council Using CIBC Mellon

The Canada Council for the Arts has selected CIBC Mellon Global Securities Services Company to deliver global custody and accounting services for its endowments and special funds and Killam investment funds. The Canada Council for the Arts, a federal crown corporation, was created in 1957 to foster and promote the study, enjoyment, and production of works in the arts and operate at "arm's length" or independently of government. It offers a broad range of grants and services to professional Canadian artists and arts organizations in dance, integrated arts, media arts, music, theatre, visual arts, and writing and publishing.

Balanced Funds End On Positive Note

Balanced funds in the UK ended 2009 on a positive note with a return of 3.1 per cent in the fourth quarter, says BNY Mellon Asset Servicing's latest quarterly CAPS survey. A return in fortunes for the previous two quarters meant that these funds provided a median return of 20.5 per cent over a one-year period to December 31, 2009. Results for pooled balanced funds were also positive over three-, five-, and ten-year periods to December 31, 2009, with returns of 1.2 per cent, seven per cent, and 2.6 per cent per annum respectively. During the final quarter of 2009, returns for active pooled managers were fairly mixed with positive results for most sectors. Emerging market equity posted the highest return with 7.6 per cent.

Mintz On Morneau Board

Dr. Jack Mintz is a trustee on the board of the Morneau Sobeco Income Fund. He holds the Palmer Chair and is director of the School of Public Policy at the University of Calgary, AB, and has published widely in the field of public economics. He was also the research director for the federal-provincial-territorial Minister's Working Group on Retirement Income Research.

Worker Health Examined At Conference

Researchers, policy-makers, and leaders in occupational health from across the country will be participating in the Canadian Association for Research on Work and Health (CARWH) conference. The theme for the conference is 'Worker Health in a Changing World of Work.' Opening the event is Katherine Lippel, Canada research chair in occupational health and safety law, at the University of Ottawa, who will address the invisibility of the health consequences of precarious employment. It takes place in Toronto, ON, on May 28 and 29. For more information, visit <http://carwh2020.iwh.on.ca>

Monday, January 25, 2010

Investors Recover Confidence

A recovering global economy and positive stock market returns have done wonders for investor confidence, says the Russell Financial Health Index. It is now at 49.74 points, up from 47.95 points in the third quarter of 2009. Investors who recently used the online calculator displayed less concern across almost all of the 11 financial factors listed in the index. For instance, investors were less concerned about their ability to lead an active and healthy lifestyle. However, having sufficient income to cover essentials in retirement remained a growing issue.

Employer Match Increases

Employers adopting automatic enrollment in their 401(k) plans have also generally increased the employer match to participants' accounts, in some cases, by a significant amount, says research from the Employee Benefit Research Institute. It finds that employers instituted more generous contribution rates after adopting automatic enrollment. The average effective match rate for 2009 was 4.32 per cent of compensation, up from four per cent of compensation in 2005, and the average total employer contribution rate for 2009 was 6.35 per cent of compensation compared to 5.46 per cent of compensation in 2005.

Owens On Judges Pension Board

Paul Owens has been appointed a member of the Ontario Provincial Judges Pension Board. The former CEO of the CAAT Pension Plan is also a member of the investment advisory committee for the Archdiocese of Toronto and the investment committee for the Sisters of the Good Shepherd.

Benefit Plans Examined

Laura Mensch, a senior vice-president of Aon Canada, will provide a past and future look at benefit plans and how they have evolved at the CPBI Ontario region's '1st Annual Benefits Outlook.' David West, a worldwide partner at Mercer, will provide a current perspective of the key issues impacting drug plans today. It will also feature a look at the current status of workplace wellness programs and the opportunity for the future with Janet Young and Francesca Bertucci, both of Buffett & Company, and Debra Wight, manager, employee health, safety and benefits, at the township of Richmond Hill. It takes place February 24 in Toronto, ON. For more information, visit <http://www.cpbi-icra.ca/>

LOMA Conference June 10

Workshops on claims administration, financial management, and group benefits and retirement services will be featured at the 'LOMA Canada Annual Conference.' It takes place June 10 in Toronto, ON. For more information, visit <http://www.lomacanada.ca/>

Friday, January 22, 2010

Future Retirees Vulnerable

Future middle-income earners are especially vulnerable to retiring with inadequate incomes, says a report by a steering committee of provincial finance ministers studying pension issues in Canada. It shows while most of today's retirees have sufficient income to maintain their pre-retirement lifestyles, there are concerns about the fate of future retirees. It found Canada's pension system provides less "income replacement" – the amount of retirement income compared to pre-retirement earnings – than programs in other major countries. As well, private sector pension coverage in Canada is declining.

UAA Offers Protection

Downside protection for pension plans against declining yields that can impact liabilities, growth to earn the equity risk premium, and skill-derived gains are the rationale for a universal asset allocation (UAA). Armand Yambao, a principal at Ennisknupp, told its 'A Sensible Approach to Investment Strategy' conference that UAA simplifies asset allocation. Basically, it involves three buckets. The core of these funds are high-quality structured bonds and global stock index fund buckets. These are the policy portfolio which provides downside protection and growth and

returns going forward. The third bucket is an active portfolio which tries to capture gains from manager skill. This bucket could include traditional active strategies, opportunistic strategies, real estate, private equity, or other alternatives. The allocation to each bucket is determined by an asset liability study. Some of the benefits, said Yambao, are its heavy reliance on self-evident truths and hard data and its maximum flexibility for active strategies.

Markets Lift Pension Assets

Resurging global equity markets continued to lift pension assets in the fourth quarter, marking an end to a remarkable year which saw plan sponsors gain back most of their 2008 losses, says an RBC Dexia Investor Services survey. It shows Canadian pension plans earned 1.9 per cent in the last three months ending December 31, 2009, bringing year-end results to 16.2 per cent. "The speed of the rally, particularly in the second and third quarters caught pensions by surprise, as many remained under-exposed to equities," says Don McDougall, director of advisory services. Canadian equities were the top performing asset class as the S&P TSX Composite index posted its best calendar year result since 1979, soaring 35.1 per cent. Foreign stock markets also staged a solid comeback, lifting the annual MSCI World index to 25.7 per cent in local currency terms.

Hedge Funds Now Buyer's Market

The hedge fund industry is turning from a seller's to a buyer's market as funds realize that they prefer more 'sticky' assets such as those from pensions, endowments, and foundations, says Keith Black, an associate at Ennisknupp. He told its 'A Sensible Approach to Investment Strategy' conference that during the recent financial crisis, hedge funds were "really hurt" by the redemptions they had to make to high net worth and fund of funds investors. As a result, they started to switch their focus from those investors to pension funds, foundations, and endowments and were willing to make fee concessions, increase transparency, and provide more investor friendly structures to do so. This trend is also likely to accelerate because institutions now control the majority of hedge funds.

Gender Gap On Retirement

The gender gap seems to have extended into Canadians' views of retirement with twice as many women (32 per cent) than women surveyed saying they want to work past age 65, says the second edition of the 'Sun Life Canadian Unretirement Index.' "We also found that men and women had diverse opinions around what factors should be considered in a retirement plan, with women more likely to cite long-term care, low interest rates, and death of a spouse," says Kevin Dougherty, president, Sun Life Financial Canada. It also found 71 per cent of woman who say they will be working past age 65 to earn enough money to pay for basic living expenses compared to 65 per cent of men. More women (61 per cent) also believed their company pension will not be enough to live on compared to men (56 per cent).

Infrastructure Risk Profile Lower

Infrastructure can provide portfolio diversification with a relatively lower risk profile than other private equity classes, says Brett Nelson, a principal at Ennisknupp. He told its 'A Sensible Approach to Investment Strategy' conference that over the last few years the number of infrastructure partnerships in the marketplace has continued to expand and likely will continue to do so given the "staggering" infrastructure gap in North America. He noted that a report to the Federation of Canadian Municipalities estimates that the municipal infrastructure deficit stands at around \$123 billion today. However, the greatest opportunities for investment in infrastructure can be found in Asia/Oceania where a projected \$15.8 trillion will be spent between now and 2030.

UN Pension Under Attack

The United Nations Joint Staff Pension Scheme is under fire from a UN-related organization for under-investing in developing countries. The Group of 77, an organization representing the interests of developing nations within the UN, claims the pension fund has failed to include appropriate emerging markets investments within its investment strategy. The concerns relate to the UN pension fund's deterioration in performance following the downturn in markets, which saw the portfolio decrease by 28.3 per cent at March 31, 2009. The group believes its heavy bias towards U.S. stocks – which account for almost half of its allocation to equities – are to blame. ---

Thursday, January 21, 2010

Financial Sector Needs Different Treatment

The financial sector is different as it is tied to every other segment of the economy and is critical to the functioning of a modern market system, says a Conference Board. Therefore, it must be treated differently in light of the financial crisis of 2008. "The rapidly cascading sequence of events that followed the bankruptcy of Lehman Brothers in September 2008 reinforced the fact that the financial sector is a cornerstone for every other part of the economy," says Louis Theriault, director, international trade and investment centre. "The problems of Wall Street can quickly become those of Main Street if banks are unwilling or unable to lend to businesses and consumers." The near-collapse of the international financial system in the autumn of 2008 offers two specific lessons to prevent a recurrence. First, the financial system plays a special role in a market-based economy. Second, regulatory frameworks need a careful and in-depth review, so that the global and national financial systems are operated responsibly to serve a wider interest. Canada was fortunate to avoid the worst of the financial crisis and should take advantage of its credibility in international financial circles by demonstrating leadership in adopting changes.

Court Orders Surplus Repaid

Manitoba's Court of Queen's Bench has ruled MTS Allstream must pay \$43 million in pension surplus assets plus interest back into its pension plan. The court was ruling in a dispute that started in 1997 when the then crown corporation was sold to the public in an equity offering. MTS plans to appeal the decision.

MACs Key Part Of Industry

The use of managed accounts (MACs) should be a key part of the hedge fund industry going forward, says Riva Waller, head of managers and managed accounts for Man Investments. Speaking at its 'Hedge Fund Managed Accounts – The Nuts and Bolts' session, she said post 2008 there is a growing demand for transparency, liquidity, and control of assets by institutional investors and MACs can address these concerns. As well, they meet the governance requirements of institutional investors. However, she warned that the window of opportunity to set up MACs with hedge funds may narrow as market performance improves.

Employees Value Benefits

"Employees place such a high value on their benefits because they understand that these non-salary incentives can play an important role in providing financial security for them and their families," says Karen Mason, senior vice-president, group, Equitable Life of Canada. However, the 2009 sanofi-aventis Healthcare Survey revealed that only 31 per cent of employees surveyed had access to a health and wellness program, "meaning there are many employers not taking advantage of the opportunity to provide employees with health support, and in turn reduce avoidable absences, lost productivity, and the cost of their benefit plans," she says. To help address this, in March 2009, Equitable Life introduced EquitableHealth.ca, at no charge as part of all its group benefit plans to help employers connect their employees with online, reliable, Canadian health and wellness resources. These resources support individuals in their efforts to be at their best at home and at work.

Super Bowl At Sun Life Stadium

The U.S. division of Sun Life Financial Inc. has acquired naming and sponsorship rights for the home field of the National Football League's The Miami Dolphins. The new name – Sun Life Stadium – will be in effect for this year's Pro Bowl and Super Bowl. Sun Life will promote the stadium as the 'Official Home of the Miami Dolphins' and the company as the 'Official Insurance Partner of the Miami Dolphins' as well as the 'Official Wealth Management Services Partner of the Miami Dolphins.' The Sun Life Stadium logo will appear on printed promotional materials related to the stadium, all paper tickets, and stadium signage.

MACs Provide Defence

Managed accounts (MACs) could have provided some defence against the 'four horsemen' of the 2008/09 financial crisis, says Bernice Miedzinski, executive vice-president, institutional clients Canada, for Man Investments Canada. Citing a presentation on MACs by Richard Tomlinson at a UK managed account conference, she told its 'Hedge Fund Managed Accounts – The Nuts and Bolts' session that since managed accounts managers do not have discretion regarding liquidity options, this could have helped prevent the suspension of redemptions which occurred during that time. As well, the exact knowledge of counter-party risk and the location of collateral would have helped minimize the impact of the Lehman Brothers failure, just as the clear separation of fund management and valuation functions meant investors avoided funds such as those offered by Bernie Madoff. Finally, their greatly improved transparency and control kept them from the sub-prime and credit markets.

MD Appoints State Street

State Street Corporation has been appointed by MD Physician Services Inc. (MDPSI) to provide a range of investment services for \$15.6 billion in assets including custody, fund accounting, and fund valuation services. MD Physician Services Inc. is the manager and trustee of the MD family of funds, a group of 22 proprietary mutual funds. The company retains and supervises investment managers who manage the portfolio assets of one or more of the funds or parts of the funds.

Livingston Acquisition Complete

The CPP Investment Board (CPPIB) and Sterling Partners have completed the acquisition of assets of Livingston International Inc. Livingston is a North American provider of customs, transportation, and integrated logistics services. Headquartered in Toronto, ON, it has locations at some 100 key border points, seaports, airports, and other strategic locations across Canada and the United States.

Risk Management Strengthened

Managed accounts provide investors with more informed decision-making and strengthened risk management, says Margo Jensen, head of prime brokerage and trading for Man Investments. She told its 'Hedge Fund Managed Accounts – The Nuts and Bolts' session that the fact that they are separate legal structures provides for more operational and structural control over assets. This also ensures objectivity and minimizes conflicts of interest. As well, the risk limits are set by the investor and contractually agreed to by the manager. These limits are monitored daily to ensure compliance. -----

Wednesday, January 20, 2010

Little Change In Pension Obligation

While the aggregate funded ratio of Canadian pension plans has had its ups and downs over the last year due to wildly fluctuating markets, shareholders of publicly-traded companies reviewing annual reports will see very little difference in the year-end pension obligation from a year ago, says Hewitt Associates. On December 31, 2008, the aggregate funded ratio of Defined Benefit pension plans sponsored by Canadian public companies was 97 per cent. During 2009, pension fund asset values increased by 18 per cent while pension liabilities rose 17 per cent, resulting in a slightly improved funded ratio of 98 per cent at December 31, 2009. Canadian results are quite different from those pension sponsors in other countries will see. In the United States, assets increased by 20 per cent over the year, liabilities rose five per cent, and the aggregate funded ratio was up 11 per cent to 87 per cent. In the United Kingdom, assets grew by 11 per cent, but liabilities increased by 33 per cent. The impact on the funded ratio was a decrease of 16 per cent to 78 per cent.

Hedge Funds Fairly Liquid

Hedge funds in Ontario were fairly liquid, well-diversified, and securities were valued appropriately, says an Ontario Securities Commission review of certain segments of the investment funds industry following the onset of the financial crisis. Overall, hedge fund managers provided adequate and clear disclosure, although there were a few managers that did not adequately disclose risk factors associated with investing in their funds. A few others did not fully disclose the fees and expenses incurred by their funds.

Investors Deploy Cash

Rising risk appetites among institutional investors is leading them to deploy their cash across equity markets, says BofA Merrill Lynch survey of fund managers for January. For the first time since January 2006, its survey shows investors are taking above average risk, relative to their benchmark. More than half (52 per cent) of asset allocators are overweight equities, up sharply from 37 per cent in December. This comes after several months of investors displaying optimism about the economy, but maintaining a more cautious risk and investment profile.

Car Policies Reviewed

More than two-thirds of respondents (70.4 per cent) reviewed their car policy programs in the past 12 months. However, less than one-half of respondents (47.2 per cent) are considering making changes in the next 12 months, says Towers Watson Data Services' '2009/2010 Canadian Survey Report on Car Policies & Practices.' More than 60 per cent of respondents indicated that all employee groups included in this survey receive reimbursements on a 'per item' basis each month, without limits. The items covered most often by reimbursement across all employee groups include parking, toll fees, and gas.

Small, Mid-sized Businesses Supported

Desjardins Group and the Caisse de dépôt et placement du Québec have concluded an agreement aimed at supporting the growth and development of small and mid-sized businesses (SMBs) in Québec. Under this agreement, established in partnership with Capital régional et coopératif Desjardins (CRCD), investments totaling \$600 million will be made over the next three years. The purpose of this agreement is to provide support for SMBs so they can undertake projects with good profitability prospects such as expansions, research and development, acquisitions, and optimization of productivity. The agreement to support Québec SMBs comprises two distinct components – one for small businesses and one for mid-sized businesses.

Man Offers AHL DP Fund

Man Investments Canada Corp. has launched the Man Canada AHL DP Investment Fund. The fund's investment objectives are to provide holders of units with the opportunity to realize capital appreciation through investment returns that have low correlation to traditional forms of stock and bond securities. Available to Canadian investors in a prospectus offered format, it is the first open-ended fund of this kind in Canada that Toreigh Stuart, chief executive officer of Man Investments Canada, can recall during his decade in the alternatives investment sector.

Strategy Index Launched

Standard & Poor's has launched the S&P/TSX 60 130/30 Strategy Index. With the S&P/TSX 60 as its foundation, the new index utilizes an index strategy which gives additional weighting to top performing constituents and decreased position to the weakest performing stocks in the index. While traditional equity indices passively monitor market performance, the S&P/TSX 60 130/30 establishes over- and underweight positions providing an advantageous weighting of index components with the prospect of outperformance.

Funds Move To Riskier Assets

Pension funds have moved towards riskier assets with property as the preferred alternative asset class, says bfinance's 'Pension Funds & Insurance Asset Allocation Survey.' In line with its spring

2009 survey, investors have followed through with their commitment to equities and respondents (27 per cent) indicate that over the next six months they plan to increase their target allocation for equities. Commodities and private equity are also popular with investors with 16 per cent of respondents indicating plans to increase their target allocation to commodities and the equivalent for private equity in the next six months. Investor enthusiasm for alternatives is, however, somewhat dampened when it comes to hedge funds and fund of hedge funds with only eight per cent and five per cent planning to increase their allocation in the next six months. Investors also continued their move away from fixed income.

Whittaker Heads LAPP

Meryl Whittaker is president and chief executive officer of the Local Authorities Pension Plan in Alberta (LAPP). A practicing member of the Law Society of Alberta for the past 21 years, she has been with LAPP since 1999. As the former vice-president of policy and legal, his role was to support the board and the CEO with analysis and advice on strategic, policy, and legal issues. Over the years, she has been involved in virtually all of LAPP's major accomplishments, including playing a key role in the implementation of a rigorous annual funding and valuation process that has positioned LAPP well for the future.

Bogart Succeeds Henderson

Robert J. Bogart is senior vice-president and chief financial officer at AGF Management Limited. He will succeed Greg Henderson who will be leaving the firm to pursue other opportunities outside the industry in March. Bogart joins the firm from Fidelity Investments where, for the past 17 years, he has served as a senior finance executive for both its U.S. and Canadian operations. He was CFO for its Canadian operations from 1997 to 2002. His most recent role was that of senior vice-president of finance, leading the corporate decision support group in Boston, MA.

Rich Joins MFC

Don Rich is vice-president and head of tactical asset allocation at MFC Global Investment Management. He will be responsible for determining the appropriate percentage of assets held in various categories for many of its tactical asset allocation portfolios worldwide. He worked previously for Harvard Management Company, which manages Harvard University's endowment. -----

Tuesday, January 19, 2010

Dream Retirement Out Of Reach

Three-quarters of Canadians think that the retirement of their dreams is out of reach, says an RBC poll. It does show, however, that nine out of 10 say they will have enough retirement income to cover their basic needs. The survey also found that 75 per cent of retired Canadians did not know how much they spent in their first year of retirement. Those who did know said they spent about \$35,000, down from \$51,000 in the 2008 survey. Almost half of Canadians who have not yet retired were worried about having enough savings, while 29 per cent of retirees had the same concern.

Unions Prepare For Attack

Canada's 18 federal unions are meeting in Ottawa for two days to develop a united front against what they believe is the Harper government's gathering assault on the public service, including their pensions, says a report from Canwest News Service. John Gordon, president of the Public Service Alliance of Canada, says the Conservatives have long grumbled about public service pensions. Union leaders say the government should be prepared for an all-out fight if it tampers with their Defined Benefit pension plan or tries to convert it a Defined Contribution plan as has happened in the United Kingdom. The most talked about way for the government to reduce the pension costs of its employees is to make public servants, who now make about 32 per cent of the contributions to the plan, to pick up half the share of the cost. Federal employees paid \$1.2 billion in contributions into the plan in 2007-2008 while the government kicked in \$2.6 billion.

Indices Capture Returns

FTSE Group and EDHEC-Risk Institute, a centre for applied asset and risk management research, have launched the FTSE EDHEC-Risk Efficient Indices, an index series which uses a risk adjusted investment strategy to that of traditional market capitalisation-weighted indices to deliver investors with an optimal risk: return ratio. A global offering, it can be used by asset owners and investment consultants to capture equity market returns with improved risk/reward efficiency. This efficiency is achieved by maximizing what is known as the Sharpe ratio by weighting the constituents of the indices accordingly.

McLean Budden Using RBC Dexia

RBC Dexia Investor Services has been selected by McLean Budden to provide custody, fund administration, and transfer agent for a UCITS (Undertakings for Collective Investment in Transferable Securities) fund to be based in Ireland. McLean Budden is one of the first Canadian investment companies looking to increase their profile within the global investment community by launching a UCITS fund.

Study Needs Employer Partner

A Toronto-area employer is being sought to partner in an Ontario Ministry of Health funded study, 'Healthy and Productive Workers: Designing a Multidisciplinary Health and Wellness Program to Improve Presenteeism at the Workplace.' The study is being conducted by a team that includes researchers from The University of Toronto, the University Health Network, Mount Sinai Hospital, and the Centre for Research Expertise in Improved Disability Outcomes. A mid-sized organization (250 to 1,000 employees) with experience with onsite wellness programs involving occupational and/or external healthcare providers is sought. For further information, contact Dr. Carlo Ammendolia, principal investigator, at 416-544-8865 or cammendo@uhnresearch.ca -----

Monday, January 18, 2010

Federal Pensions Underestimated

A federal government underestimation of the pensions owed to civil servants would add about \$58 billion to the federal debt, says a study by C.D. Howe Institute. It says on the 'fair-value' cost of pensions for government, military, and RCMP employees, the government's estimates are so understated that most of the surpluses wracked up over the past decade should have been deficits. To cover the real costs of federal pensions, report co-author Bill Robson says public servants should be contributing 34 per cent of their pay to the plan every year, while RCMP and military would have to put in more than 41 per cent of pay.

Teachers' Close To Education Deal

The Ontario Teachers' Pension Plan is close to acquiring a British education company, says a report in the Globe and Mail. Acorn Education and Care Ltd. runs 11 facilities across Britain, focusing on foster care and teaching children with learning handicaps. Its single largest source of revenue is from governments and British reports say public funding for the company is considered "untouchable." The deal would be strategically important for Teachers because it offers a chance to build a market-leading company in an emerging infrastructure specialty.

Strategic Partnership Forms

Connolly Financial Group, of Charlottetown, PEI, is now the exclusive strategic partner of Paton Consulting for group insurance consulting services. Combined, they offer individual and group insurance solutions as well as estate planning, tax, wealth preservation tools, and broader human resource advice including compensation and employee engagement strategies.

Three Join Baynes & White

Deborah McMillan is senior consulting actuary at Baynes & White. Most recently, she was consulting actuary at Buck Consultants. Terry Chan is a consulting actuary. Previously, she was a manager with PricewaterhouseCoopers auditing employee benefit and pension plans. Dawn Ramdahin is an actuarial consultant. She was previously with Buck Consultants. -----

Friday, January 15, 2010

Funding Significant Challenge

Institutional investors worldwide rank the current funding status of their pension plans, risk management, and continued volatility as the most significant challenges to achieving their future goals, says Pyramis Global Advisors' 'Pulse Poll' of Defined Benefit pension plans. One of the ways plans will meet these challenges will be through active equity management with the vast majority of pension plan sponsors believing that actively managed equity strategies will deliver returns in excess of their benchmarks in the future. In Canada, a strong interest in long-duration fixed and corporate credit strategies was reported, reflecting the continued growth of liability-driven investing (LDI). Forty-three per cent of Canadian plans expect to increase long-bond allocations, while 27 per cent of Canadian plans expect to increase allocations to corporate bonds. Strong interest in managing volatility through alternatives was also recorded in Canada (50 per cent).

Fast Start, Slow Finish

While the benefits of record low interest rates and huge stimulus packages will drive solid growth in the Canadian and global economies during the first half of 2010, the economy risks returning to sluggish growth in the second half of the year and into 2011, says a report from CIBC World Markets Inc. The report notes that the actions of central bankers and finance ministers, combined with a rapid recovery in the financial markets, points to a stronger economic performance in Canada and the U.S. in the first half of 2010. But growth could be restrained come the second half of the year as governments turn off the stimulus taps and U.S. consumers continue to deleverage. Avery Shenfeld, chief economist, believes that the drivers of growth in early 2010, such as stimulus spending, inventory restocking and, in Canada at least, a short-lived boost in housing wealth, are all temporary and will vanish by the end of the year. He believes that Canadian manufacturing and resources will benefit from the upswing in global growth and inventory rebuilding in the first half of 2010, but will subsequently feel the combined pinch of decelerating foreign demand and an overvalued Canadian dollar.

Securities Reporting Expanded

Northern Trust has expanded the scope of its securities exposure reporting for clients to include counterparties for over-the-counter (OTC) derivatives contracts, in addition to more traditional investments such as equity and fixed income holdings. The incorporation of OTC derivative counterparties on the 'Security Exposure Analysis' available on Passport, its multifaceted web portal, makes it easier for clients to gather and aggregate complex information across multiple investments and accounts. Clients around the world can enter a stock ticker, security identifier, or issuer name on their dashboard and immediately receive total holdings in any one entity across asset types and accounts.

Vidakovich At Brookfield

Angela Vidakovich is responsible for marketing and client service for the Canadian institutional investment market for Brookfield Investment Management (Canada) Inc. She will cover REIT, listed infrastructure, and fixed income strategies. She has more than 20 years experience in the institutional market in Canada in covering investment management, back-office investment services, and commercial real estate.

Ulrich Speaker at HRP

'The HRP 20X Annual Conference & Trade Show' takes place January 27 to 29 in Toronto, ON. In addition to the trade show, it will feature key speakers including Dave Ulrich, a management educator who will lay out the four phases in making an HR transformation happen, and Jeff Tobe, a professional speaker, who encourages businesses to gain a competitive edge by stepping outside their comfort zone. For more information, visit <http://www.hrp.ca/conf2010> ----

Thursday, January 14, 2010

Understand Risk With Alternatives

Alternative investments are an asset class where "we haven't figured out what the return or risk is," says Leo de Bever, CEO of the Alberta Investment Management Corp. Speaking at the CPBI Ontario Region's '5th Annual Pension Investment Forecast,' he said in most cases, alternative investments in inefficient areas of markets. Those who are in first usually end up making money by being willing to add risk to take advantage of these inefficiencies. Their success prompts other to enter the same markets, however, they do not profit as much as the early entrants. And, in time, alternatives become standard. He described real estate as an example of an alternative investment which has now become a standard one. Those considering alternatives need to understand the risks and realize the value of alternatives is not in the strategy or the assets, but in the price, risk and return of the asset, he said. Plan to attend Benefits and Pensions Monitor/Mindpath's '4th Annual Alternative Investments for Institutional Investors Conference'

February 22 in Toronto, ON. For more information, visit http://www.mindpath.ca/conferences_events.html

Decision Exacerbates Uncertainty For Pension Plans

An Ontario Court of Appeal decision makes it more difficult for employers to predict whether a business change involving a workforce reduction may lead to a partial wind-up, says a 'BLG Pension Alert.' In *Hydro One Inc. v. Ontario (Financial Services Commission)*, the court accepted a more flexible threshold to permit the Superintendent of Financial Services to order a partial wind-up of a pension plan affected by a partial discontinuance or reorganization of the employer's business. The new threshold allows the superintendent, in appropriate cases, to order a partial wind-up where a significant number of an identifiable subset of pension plan members are terminated as a result of the business change, even if the group of terminated members represents a small fraction of the pension plan membership as a whole.

Lessons Must Translate Into Actions

Institutional investors must translate the lessons learned from 2009 into concrete actions, says Jonathan Tetrault, associate principal at McKinsey & Company. Speaking at the CPBI Ontario Region's '5th Annual Pension Investment Forecast,' he said institutional investors operating in the "new normal" need to ensure their investment model meets their needs. They should also revisit their core investment beliefs and see if they still hold true. He identified some traps they need to avoid including exiting core strategies because of short-term performance and allocating too much active risk to short-term market opportunities.

Use Of FIX Can Create Savings

The increased use of FIX by market participants could improve capital market operational efficiencies, reduce risk, and generate considerable cost savings, which, if passed on, would ultimately deliver significant financial benefit to the end investor, says a FIX Protocol Limited report. 'The Benefits of the FIX Protocol' details its impact on global trading practices and its future potential. The FIX Protocol is an industry-driven messaging standard that offers a common, global language for the automated trading of financial instruments. It is a free and open standard, offering a specification around which software developers can create commercial or open-source software.

Plans Unable To Add Risk

Pension plans today are finding it necessary to take on more risk at a time when they are unable to, says Malcolm Hamilton, of Mercer. He told the CPBI Ontario Region's '5th Annual Pension Investment Forecast' that pension funds today are facing "pretty stiff headwinds" and will continue to do so if interest rates remain low for the foreseeable future. As well, many plans are starting to mature and will continue to do so for the next 40 years. He said it is hard to imagine a time when the "outlook is less certain than it is today." One solution is to try to share costs with members. Other measures include tying inflation protection to the performance of a fund or using collective or individual Defined Contribution pension plans.

City Reappoints RBC Dexia

RBC Dexia Investor Services has been reappointed as investor services provider for La Commission de la caisse commune des régimes de retraite de la Ville de Montréal (the city of Montréal pension fund). This service extension, the culmination of a comprehensive competitive bidding process, builds on a 20-year working relationship between RBC Dexia and Ville de Montréal. Under the new agreement, RBC Dexia will provide Ville de Montréal with a range of investor services including custody and securities lending.

Chrispin Heads Division

Grégory Chrispin is vice-president of investments in the wealth management and life and health insurance executive division of Desjardins Group. Prior to his appointment, he was president and managing director at State Street Global Advisors Canada Ltd., where he worked since 2000. He will take the reins of the division on February 1.

Conference Looks At Pension Investing

EnnisKnupp will hold a half-day conference in Toronto, ON, and Montreal, QC, looking at topical issues in pension investing. The sessions will look at how institutional investors can design their plans to meet future liabilities while guarding against challenging return environments. Areas examined included a look at the critical aspects affecting investment policy and insights on alternative investments. It takes place January 21 in Toronto and January 22 in Montreal. For more information, call Rob Boston at 647-288-1823 or eMail <mailto:R.Boston@ennisknupp.com> ----

Wednesday, January 13, 2010

Sponsors Focus On Risk Management

Plan sponsors will focus more on strategic asset allocation and risk management in 2010, says Wendy Mizuno, national partner of investment consulting at Mercer. Speaking at its '2010 Fearless Forecast,' she said many plan sponsors learned important lessons from the crisis and are likely to undertake de-risking strategies this year to better prepare for future downturns. This will include closely monitoring funding levels and learning to rapidly react to market changes by making quick rebalancing decisions. As well, they need to take steps to enable their plans to take advantage of opportunistic investment opportunities. The significant discounts of the recent market downturn enabled some investors to benefit. Others, however, were not able to react to these opportunities. She suggested that sponsor create a bucket of funds which can be used when opportunities arise.

ETFs Under-utilized

While ETFs currently account for nearly \$1 trillion in assets under management, institutional investors often do not take full advantage of these flexible investment tools, says State Street Corporation's 'Vision Focus' report on trends in the usage of exchange traded funds (ETFs) by institutional investors. "Institutions are increasingly discovering the benefits of ETFs. However, to fully maximize their potential, continuing dialogue with institutions and providing educational resources describing the widening array of uses for these offerings is essential," says Anthony Rochte, senior managing director at State Street Global Advisors. The report provides examples of current methods of employing ETFs by some institutional investors for optimal effect, including cash equitization, completion and core-satellite strategies, strategic asset allocation, and tax management. However, it says while product innovation has been significant throughout the industry over the past two decades, the rush of new products has been a source of confusion, even for seasoned institutional investors.

'Bad Things Happen To Good Systems'

Though many Canadian pension plans were hit hard by the financial crisis, Malcolm Hamilton, worldwide partner of retirement, risk and finance at Mercer, says this does not indicate a problem with the system. He told its '2010 Fearless Forecast' that the 2009 Melbourne Mercer Global Pension Index ranked Canada's pension system among the four best in the world. However, "bad things happen to good systems" and the disappointment being seen today is the result of unrealistic expectations about how retirement savings systems can weather financial collapses. The best systems are those that cope effectively with low interest rates, poorly performing stock markets, and other factors beyond their control. However, nothing can be done to insulate any system against disappointment, and when markets melt down there will be disappointment.

Injunction Halts Contribution Hike

A court injunction has frozen employee contributions to a Saskatchewan pension plan. The Saskatchewan Government and General Employees Union (SGEU) had planned to increase the contribution rate to 54.25 per cent. The SGEU has 35 employees who each contribute to a Defined Benefit pension plan. The employees fought the increase on the grounds that the increase, combined with income tax payments and other deductions, would reduce their take-home pay to barely 20 per cent of their salary. They also contend the SGEU wants to discontinue the DB pension plan and is using the need for higher contributions as a tactic to get the employees to agree. The injunction freezes the rate at 9.6 per cent of wages unless the SGEU obtains a written waiver and approval of the Minister of National Revenue to allow the increased contributions to be made.

Relief For Plan Language Failures

Employers trying to comply with one of the most complex U.S. tax code sections can breathe a little easier, says an Osler 'Pensions & Benefits Alert.' The IRS has issued relief for certain inadvertent plan language failures under Section 409A of the U.S. tax code that would otherwise trap employers who improperly drafted deferred compensation plans. This is welcome news for employers who encounter minor documentation errors. It even provides a small amount of relief for plans not meeting even basic rules under Section 409A (for example, that don't require payment only upon permissible payment events) by limiting penalties that result from documents with certain impermissible plans terms after corrections are made.

Caisse Markets More Bonds

The Caisse de dépôt et placement du Québec is marketing a minimum of \$750 million in five-year debt and the same amount of 10-year bonds. These financings build on a \$5 billion (U.S.) bond issue in November. The Caisse hopes to raise \$8 billion with the complete program. The five-year bonds are floating rate notes and will reportedly pay an interest rate 50 basis points above the short-term Canadian benchmark, CDOR. The 10-year paper rate is expected to be 100 basis points over the comparable government of Canada bond.

Managers Expect Continued Growth

Institutional investment managers expect continued growth in the global economy and corporate earnings in the near term, combined with stability in both interest rates and the housing market, says a quarterly survey by Northern Trust Global Advisors (NTGA). This matches the views expressed by managers at the end of the third quarter 2009, including the perception by nearly half (45 per cent) of managers that the U.S. equity market, as measured by the S&P 500 Index, remains undervalued even after a sharp increase through much of 2009. The survey also found while 76 per cent of managers expect global growth to accelerate over the next six months, that number is down from 84 percent in the prior quarter. Meanwhile, the segment of managers who expect global growth levels to remain the same in that time period rose to 22 per cent, up from 16 percent in third quarter 2009.

European Strategies Were Sound

After reviewing the events of the prior 18 months and analyzing the performance of their investment portfolios, many European institutional investors have come to the conclusion that their strategies were, on the whole, sound, says research from Greenwich Associates. However, its European Investment Management Research Study reveals a growing dichotomy arising from the global financial crisis and its after effects. A sizable share of the institutions participating in this year's study indicated they were planning to stick with their general philosophy of creating broadly diversified portfolios. At the same time, a substantial number of institutions are contemplating fundamental changes to their investment approach. This is occurring in markets such as Germany and France, where highly regulated institutional investors such as insurance companies tend to have a strong influence on the overall market. Institutions there appear to be reconsidering some of the basic philosophies underlying their pre-crisis strategies and, as a result, are moving quickly to take down risk levels in their portfolios.

Better Funding Legislation Needed

Reforms to Canada's pension system must include better funding legislation, says Scott Clausen, national partner of retirement, risk, and finance at Mercer. Speaking at its '2010 Fearless Forecast,' he said funding rules are needed that do not need to be changed every time market conditions change. One solution is the concept of the reserve account for sponsor contributions to underfunded pension plans. This would give sponsors access to these funds when plans move into surplus positions.

Summit Provides Perspective On Crisis

The Conference Board of Canada's '2010 Summit on the Future of Pensions' will provide an up-to-date perspective on the recent recession-triggered pension crisis. Sessions will also look at issues such as addressing the long-term structural challenges facing pension plans. It takes place April 13 and 14 in Toronto, ON. For more information, visit <http://www.conferenceboard.ca/conf/10-0076/default.aspx> -----

Tuesday, January 12, 2010

RRSP Contributions Declining

As the aging of the Canadian population progresses over the next decade, RRSP contributions will likely continue to decline through 2020, says an RBC Economics study based on RRSP contribution trends in Canada over the past 40 years. The report found that RRSP contributions, as a share of personal income, have declined over the past 11 years after steadily rising to a peak in 1997. The study concludes that the boomer 'bulge' and distinctive savings patterns in each age group (34 and under, 35-44, 45-54, and 55 and over) can explain the majority of both the growth in RRSP contributions prior to 1997 and the drop off seen since. Those aged 34 and under are the least likely to make RRSP contributions. The biggest increase in contributions occurs when individuals move into the 35-44 age group followed by a smaller rise going into the 45-55 age bracket. Contributions start to move lower after age 55.

NDP Proposes Retirement Plan

Ontario's New Democrats want the province to adopt a retirement plan that will allow the six out of 10 people without a plan to save for retirement. The proposed plan would be available to any working Ontario resident without a workplace pension. However, it's not mandatory. Employees and employers would be expected to contribute every year, with rates phased in over a five-year period.

Institutional Investors Bullish

Institutional clients of Citigroup Capital are surprisingly bullish. Its survey of clients across the pension, mutual fund, and hedge fund sectors show 33 per cent forecasting a 1,200 to 1,250 target range for the S&P 500 by the end of the year. Another 15 per cent think 1,250 to 1,300 points is likely, while less than five per cent expect the market to slip below 1,050. Tech, energy, healthcare, industrials and materials, and financials are the favoured sectors while utilities, consumer discretionary, consumer staples, and telecom services are out of favour.

German Investors Change Strategies

German institutional investors are entering 2010 with both their investment portfolios and strategies much changed from the pre-crisis status quo, says Greenwich Associates' '2009 German Investment Management Study.' The worldwide decline in equity valuations in 2008 had a dramatic impact on institutional portfolios in Germany, shrinking equity allocations to historically low levels before recovering to some extent in 2009. Although a significant proportion of German institutions plan to increase their still-diminished equity allocations over the next three years, a bigger share plans to leave equity allocations unchanged at their present size. Rather than rebuilding these allotments, they are moving in the opposite direction by shifting assets into fixed income and other lower-risk asset classes. As well, many institutions are bringing the management of these assets in-house. This change in philosophy poses a serious challenge to the businesses of both investment managers and consultants competing in Germany.

Louisbourg Appoints RBC Dexia

RBC Dexia Investor Services has been appointed by Louisbourg Investments Inc. to provide custody, fund accounting, and recordkeeping services for the company's suite of funds. Founded in 1991, Louisbourg Investments provides investment management services to private and institutional clients and has approximately \$1.2 billion of assets under management.

Benefit Ball Tickets On Sale

CPBI Ontario is hosting its 6th annual Benefit Ball February 4 in Toronto, ON. This is an industry event to raise funds for the Crohn's and Colitis Foundation of Canada. This year's theme of Mardi Gras will be evident through the decor, tastes of New Orleans, and jazz performances. For ticket information, contact CPBI Ontario at 877-599-1414. -----

Monday, January 11, 2010

More Study A Government Technique

Federal and provincial governments cannot continue to get away with calls for more study on pension reform. In a National Post article, the Canadian Labour Congress and CARP say governments will pay a political price if they fail to turn their commitments from December into a concrete plan to bolster Canadians' retirement savings. They are promising "no-holds-barred campaigns" if the federal government does not commit to pension reform in its March Throne Speech. Right now, the federal and provincial governments are calling for more study and public consultation. However, Susan Eng, CARP's pension specialist, says "That is a technique of governments that don't want to make any changes. They wear people out with low-level consultations, asking you questions that they have already answered." Ken Georgetti, president of the Canadian Labour Congress, says politicians would be foolish to ignore calls for help, many of them coming from aging Canadians concerned about how their children and grandchildren will save enough money to finance a decent retirement.

Hedge Funds Come Back

Hedge fund managers made a comeback in 2009 turning in a 17 per cent return, their best performance in a decade, says the Bank of America Merrill Lynch Global Research's year-end 'Hedge Fund Monitor.' However, heavy redemptions from high-net-worth investors at the end of 2008 and in the first half of 2009 left hedge fund managers with a client list that, for the first time, is tipped toward institutional investors. Data provider Preqin Ltd. says about 72 per cent of hedge

fund assets came from institutional investors in 2009. This bias toward pension fund investors has given them the upper hand and they have largely been successful in getting concessions on issues such as transparency and liquidity. Plan to attend Benefits and Pensions Monitor/Mindpath's '4th Annual Alternative Investments for Institutional Investors Conference' February 22 in Toronto, ON. For more information, visit http://www.mindpath.ca/conferences_events.html

New Developments Examined

Dr. Raymond Rupert, of Rupert Case Management, and Sandy Schwenger, CEO of Patient Care Solutions, will examine new developments in employee health management services that can be made available through plan sponsors at the next Connex Health event. Rupert will address the opportunities to improve the management of medical care by taking a team approach while accessing the best possible care. Schwenger will discuss the potential to improve the health of employees, reduce the risk of chronic disease, and deliver disease management skills through customized interventions that combine a personal touch and modern technology, at an affordable price with maximum impact. It takes place February 11 Burlington, ON. For more information, visit www.connexhc.com -----

Friday, January 8, 2010

Dementia Prevalence To Double

The prevalence of dementia in Canada is expected to double in 30 years, which will drive up demand for long-term care tenfold, says 'Rising Tide: The Impact of Dementia on Canadian Society,' a study commissioned by the Alzheimer Society of Canada. Dementia, which refers to a large class of disorders characterized by the progressive deterioration of thinking ability and memory, has become an epidemic in Canada. Estimates are that 500,000 Canadians – or 1.5 per cent of the population – currently have dementia. It is the most significant cause of disability among Canadians over the age of 65. By 2038, the report forecasts that 1.13 million people, or 2.8 per cent of the Canadian population, will have dementia, driving up demand for long-term care tenfold. The cost of long-term care ranges from approximately \$4,000 to \$10,000 per month. Most people are unaware of these costs and many assume that they will be covered by the government. As a result, they fail to take advantage of living benefits insurance products such as critical illness insurance and long-term care insurance.

Pension Fund Sues Over Bonuses

An Illinois pension fund is suing Goldman Sachs Group Inc. to recover "billions in compensation" that the investment firm paid its employees in 2009. The Central Laborers' Pension Fund says that Goldman continued to pay out lavish bonuses even though it was getting a government bailout

to survive. The suit says the company was on track to pay employees \$22 billion in 2009, despite requiring a \$10 billion loan from the U.S. government's Troubled Asset Relief Program. The bank has repaid the TARP money.

BNP Paribas Uses RBC Dexia

RBC Dexia Investor Services has been appointed as Canadian sub-custodian by BNP Paribas Securities Services. As part of this new mandate, RBC Dexia will provide Canadian custody on behalf of BNP Paribas.

Weil Heads Janus

Richard M. Weil is chief executive officer and a member of the board of directors at The Janus Capital Group Inc., effective February 1. Prior to joining the firm, he spent 13 years with PIMCO where he most recently served as its global head of PIMCO Advisory, a member of PIMCO's executive committee and a member of the board of trustees of the PIMCO Funds. He was its chief operating officer between 2000 and 2009 and directly responsible for non-investment functions at its non-U.S. business with offices in London, Munich, Singapore, Hong Kong, Sydney, Tokyo, and Toronto.

Manitoba Pension Reform Examined

'Manitoba Pension Reform' will be discussed at the next Manitoba CPBI Council breakfast seminar. Allan Foran, a partner at Aikins, MacAulay & Thorvaldson LLP, and Charley Pazdor, of Eckler Consultants + Actuaries, will bring their perspectives on what to expect as plan sponsors and plan members once the act and regulations come into force. It takes place January 21 in Winnipeg, MB. For more information, contact, 204-837-5657 or manitoba@cpbi-icra.ca

Thursday, January 7, 2010

Strong Returns Improve Fund Health

Continued strong returns in equity markets and climbing interest rates combined to slightly improve pension plan financial health this past quarter. The Mercer Pension Health Index

increased to 74 per cent, up one per cent from the beginning of the fourth quarter, and it has increased from 59 per cent at the end of 2008 to 74 per cent at December 2009, an increase of 15 per cent during the year. In contrast to the improving solvency position of pension plans, Mercer expects the funded ratio of pension plans, as shown in year-end 2009 corporate pension disclosures, to drop by a few percentage points compared to last year. The significant widening of credit spreads between yields on government and high-quality corporate bonds seen in the fall of 2008 was largely reversed in 2009. This reversal is expected to result in higher reported pension obligations, offsetting the year's investment gains.

Gold Poor Investment Long-term

While there are lots of good reasons for gold to continue to play a role in our society, there are very few reasons for it to be considered a good long-term investment, especially vis-à-vis a return to the Gold Standard, says Jamie Hyndman, director of marketing, for Mawer Investment Management Ltd. Writing in its 'Mawer Insight,' titled 'Gold – Just a Shiny Yellow Metal?,' he says this is borne out by the historic performance of gold. "A dollar invested in 1800 in stocks would have grown to almost half a million dollars today, while a dollar invested in gold would barely have grown at all," he says, showing that gold has been "an abysmal place to put your money." Fiat money – currency that a government has declared to be legal tender, despite the fact that it has no intrinsic value and is not backed by reserves – is very likely the best option for a dynamically changing economic world that requires flexible monetary tools. Over the long-term, good governments should be able to achieve a modest level of inflation and smart individuals will put the appropriate offsets in place to maintain their standard of living.

Bond Perceptions Shifting

As investors shift their perceptions of the two main categories of international bonds – developed world bonds and developing market bonds – it should become more apparent that a truly global perspective can support portfolio diversification while benefiting from economic conditions and monetary policies that vary around the world, says Franklin Templeton. Its article 'The Case For Global Fixed Income' at www.bpmmagazine.com, says the global fixed income markets have significantly expanded and developed over the past two decades, with more than 100 countries with fully or partially functioning fixed income and/or currency markets. This broadening opportunity set involves not only geographic expansion but also new instruments that can provide specialized exposures.

Impact On Private Sector To Be Determined

It will be interesting to see how the courts deal with the fiduciary duty issue for private sector employers to maintain benefits for retirees, says a Fogler Rubinoff 'Pension Alert,' in the wake of recent decisions involving public sector employers. It says if there is no contractual obligation to continue to provide post-retirement health and welfare benefits, because of the lack of consideration, is there a duty to so advise members before they retire that the benefits may be

reduced or eliminated? The British Columbia Supreme Court in *Bennett v. British Columbia* would make it easier for employers to alter such coverage. The court held that the post-retirement benefits were not part of the initial contract of employment, nor was there fresh consideration to form a contractual basis for a claim to such benefits upon retirement. In an earlier decision, *B.C. Nurses' Union v. Municipal Pension Board of Trustees*, the B.C. Supreme Court concluded that post-retirement health and welfare benefits were not vested. Both courts distinguished the Supreme Court of Canada's decision in *Dayco (Canada) Ltd. v. C.A.W. – Canada* on the basis that there was, in that case, a collective agreement from which the parties' intention that the post-retirement benefits survive the agreement could be inferred.

The Reader's View: What's New Is Old

The January 4 *Globe and Mail* headline, 'Rising costs lead insurers to focus on prevention,' caught my eye, not because there was anything new reported, but that NOW, it has become once again, fashionable to talk about it. However, we knew this 15 years ago.

Countless conferences beginning in the early 1990's heard people like the late Jim Norton, Dr. David Kogon, Barry Noble, Marilee Mark, Dean Connor, Denise Balch, Shelley Kee, Linda Lin, Lorilee Pontone, Roy Pullman, Steve Semelman, Dan Clow, Ron Gathercole, Martin Chung, myself, and others stress a theme of the value of mining drug claims experience to develop health responses to lower the incidence of disease or lower the future cost escalation curve. Some of these names actually created documented initiatives that showed the ROI of their efforts, each being positive.

Suddenly, 10 years ago, the concepts were put on the shelf. I heard comments from some insurers that they were returning to their core business. From consultants, I heard comments like that's not a direction we want to go. Perhaps the better question to ask today is 'why is there a belief that the topic has more traction this time round and, secondly, why the 10-year drought?'

The aging Canadian workforce was brought to the forefront with Dr. David Foot in 'Boom, Bust and Echo' and its successor. Did no one believe him? The health cost curve was published years ago and, along with demographics, was frequently presented on the conference circuit. Did no one look at the data and get a little light bulb to turn on? Tom Brogan's work in the Merck Frosst series of drug/disease books clearly identified the preventable diseases and costs, particularly of diabetes. Did no one retain those invaluable volumes? Is it possible that over the past 10 years that there has been sufficient leadership change that is now allowing this subject to once again raise its head?

I don't know the answer, but let me provide one story from the past. We had invited a former provincial minister who was an emergency room doctor to attend a closed educational session where data such as Brogan's in the Merck Frosst series was presented and discussed. At one point in the discussion, the doctor leaned over and said, 'had I known that information, I would have made some different decisions when I was health minister.' The importance of his remark underlies a major disconnect between our public health system and population health. It is the pay-direct drug card adjudicators, not the public health system, who have the drug and, therefore, 'health' data of the working population and their dependents. Population health cannot be realized until the private drug data is integrated within the public health system.

I would suggest that employers will embrace workplace health programs if government started to focus on population health. It needs to become part of our culture.

Fred Holmes

Semi-retired Consultant

Collingwood, ON

(Readers are invited to send brief comments on issues of the day to jhornyak@powershift.ca. Items, however, may be edited for length and content.) -----

Wednesday, January 6, 2010

Teachers' Acquiring AIG Business

An investor group lead by the Ontario Teachers' Pension Plan is set to buy American International Group Inc.'s Canadian mortgage insurance business. Toronto-based United Guaranty Canada is the second-largest private mortgage insurance provider in Canada with \$274 million worth of assets and total equity of \$127 million. It began selling mortgage insurance to Canadians in 2006. AIG, one of the world's largest insurers, has been trying to sell assets and raise capital to help repay the American government which bailed it out last year with a loan package. The mortgage insurance business is growing because the Canadian housing market is strong and the size of mortgages and high-debt-to-down payment loans is rising. As well, Canadians are required to insure their mortgages by law if they have a high-ratio mortgage – a house loan with a down payment of less than 20 per cent.

Ability To Save For Retirement Hampered

Adult children of baby boomers are taking longer to become financially self-sufficient which is hampering the ability of boomers to save for retirement, says an Investors Group poll. 'Boomers on Call' reveals that six-in-10 boomer parents provide financial support averaging \$3,675 per year to their adult children. One-in-10 boomers with children say they also provide some type of support to their aging parents. As a result, four-in-10 say they've been forced to reduce the amount they're investing for retirement and one-quarter say they have adopted a less comfortable lifestyle. One-quarter expressed concern that this financial assistance will jeopardize their retirement security.

Administrators Should Comment On Policy

Administrators may wish to review the Financial Services Commission of Ontario's 'Management and Retention of Pension Plan Records by the Administrator' draft policy and consider making comments, says a 'Blakes Bulletin on Pension & Employee Benefits.' The draft policy requires the

administrator to establish a written records management and retention policy “that is both formal and comprehensive.” As well, it says the “administrator will generally be responsible for records as long as there is the potential for claims related to pension entitlement by members, former members, any other persons who have an entitlement under the plan, and their estates (plan beneficiaries).” The Blakes Bulletin says it will be important for administrators to consider the practical and financial implications of this policy and, where any concerns exist, to make them known to FSCO.

Voyageur Changes Name

Voyageur Asset Management is now RBC Global Asset Management (U.S.). Founded in 1983, Voyageur was acquired by RBC in 2001 and has gone from being the investment management arm of the U.S. broker of RBC to being the U.S. institutional platform of RBC Global Asset Management. It had US\$43 billion in assets under management as of October 31.

UK Funds Return 14 Per Cent

The average UK pension fund achieved an estimated weighted average return of 14 per cent for the year ending December 31, 2009, the best return BNY Mellon Asset Servicing has recorded since 2005. This is a strong turnabout in annual performance of UK pension funds over the last 12 months. In 2008, the average UK pension fund achieved a weighted average return of -13.6 per cent the first negative yearly returns for UK pension funds since the three-year downturn at the beginning of the decade. Results were mixed over longer term periods with funds achieving an estimated weighted average return of 6.4 per cent per annum over a five-year period.

Wiseman Heads Three Departments

Mark Wiseman will oversee the three investment departments at the CPP Investment Board (CPPIB). He becomes executive vice-president, investments, responsible for public market investments, private investments, and real estate investments. He has led the private investments department since joining CPPIB in 2005. Don Raymond becomes senior vice-president and chief investment strategist. He joined CPPIB in 2001 and has led the public market investments department. Andre Bourbonnais is senior vice-president, private investments. He has been part of the private investments department since joining CPPIB as vice-president and head of principal investing in 2006. Jim Fasano is vice-president and head of principal investing. He has been with CPPIB since 2004 and was one of the original members of the principal investing team when it was formed in 2006. John Ilkiw, who is currently senior vice-president, portfolio design and investment research, will be retiring March 31.

Health Management Strategies Examined

The 8th Annual Employer Forum on Employee Health will look at creating an effective and targeted employee health management strategy through benefits design and innovative health and wellness programs. 'Targeting Your Strategy for Maximum Impact' will take place May 13 and 14 in Ingersoll, ON. The Connex Health event will feature experts who have developed targeted interventions and explain how to align business strategy to employee health and wellness. For more information, visit www.connexhc.com

Tuesday, January 5, 2010

Focus On Employees Pays Off

When the economy is in a nose dive, organizations would do well to keep their attention focused on their employees in order to cope with the downturn and be better positioned for recovery, says Hewitt Associates' '2010 Best Employers in Canada' study. "The 50 organizations that appear on the 2010 list of the Best Employers in Canada faced the same challenges confronting virtually all employers, yet managed to maintain high employee productivity and commitment to organizational success," says Neil Crawford, national leader of the study. "Now that the economy is starting to recover and the demand for talent is heating up again, these employers will be able to retain key people, thanks to their focus on sustaining and improving high employee engagement. Organizations with high engagement stated that their employees exhibited behaviours during the downturn such as a willingness to make trade-offs. In several cases, for example, employees opted for reduced salaries and/or hours of work for all staff rather than see some co-workers laid-off.

Recovery Impacts Investor Behaviour

Slow economic recovery is influencing Canadian investor behaviour in a number of ways, says a Bank of Nova Scotia study assessing Canadian investors' attitudes toward investing. More than half of those surveyed (55 per cent) have a neutral view on the economy, suggesting a high level of lingering uncertainty. As a result, two-in-five (41 per cent) of investors surveyed are holding their investments entirely within Registered Savings Plans, compared to 29 per cent last year. This increase is largely driven by a corresponding 14 per cent decrease in investors who hold their investments in both registered and non-registered savings. "Considering the sharp portfolio losses many Canadians experienced in 2008/09, it's not surprising to see a shift towards registered investments such as RRSPs and TFSAs," says Andrew Pyle, wealth advisor, ScotiaMcLeod. "To help restore their nest eggs, many investors are opting to take advantage of the tax benefits offered by registered plans."

Towers Watson Created

Management consulting firms Towers Perrin and Watson Wyatt have completed their merger, creating a firm with 14,000 employees in about two dozen countries. The companies cleared regulatory hurdles and a shareholder vote last month after announcing in June that they would form one company under the name Towers Watson & Co. Watson Wyatt CEO John Haley will assume the top job at the combined company, with Towers Perrin CEO Mark Mactas serving as chief operating officer.

Confidence Rises In December

Global investor confidence rose by 3.1 points to 103.9 from November's level of 100.8, says the State Street Investor Confidence Index for December 2009. In Asia, investor confidence rebounded by 6.3 points, rising to 97.5 from November's reading of 91.2. Confidence remained largely constant in other regions. Investors' sentiment rose moderately in North America from 102.2 to 103.1, while in Europe risk appetite declined slightly from 104.8 to 104.6. The up-tick in global investor confidence stemmed largely from an improvement in the mood in Asia, where risk appetite rose to an eight-month high.

Frishman Speaks At Conference

Zev Frishman, vice-president, global equity strategies, at the Ontario Teachers' Pension is the keynote luncheon speaker for the '4th Annual Alternative Investments for Institutional Investors Conference.' He has 30 years of experience in the investment management field and has been a member of Teachers' investment team since 1994. In his current role, he leads a team of investment professionals that oversees its external active equity managers, develops and manages in-house global equity portfolios, and manages the overall exposures of the public equities department. In total, the team is responsible for more than \$8 billion in global equity exposure. The Benefits and Pensions Monitor/Mindpath Financial Conferences event takes place February 22. For more information, visit <http://www.mindpath.ca/>

Cost Control Trends Explored

The 'Canadian Health and Wellness Innovations Conference' will explore cost control trends as well as the latest advances in alternative treatments to supplement traditional healthcare. Attendees at this advanced-level conference will also learn new approaches to managing healthcare costs and will gain an understanding of the components of cost drivers. The International Foundation of Employee Benefit Plans event takes place February 21 to 24 in Phoenix, AZ. For more information, visit www.ifebp.org/Education/Schedule/

Prentice Tells Social Media Story

'The Social Media Story so Far: A Report Card on Web 2.0 and What it Has and Hasn't Done for Business' will be the focus of the next Employee Assistance Program Association of Toronto (EAPAT) session. Business communications expert Steve Prentice will deliver his report card on the social media revolution including success stories, horror stories, and an assessment on how human beings are coping and evolving in the high-speed wireless economy and how this affects EAP. It takes place February 4 in Toronto, ON. For more information, visit <http://www.eapat.org/>

February Rate Assumptions

The interest assumptions required to calculate commuted values for an event which occurs in any month up to and including February 2010 are now available at www.an-actual-actuary.com. An Excel spreadsheet on the website contains seven worksheets:

Commuted Values – 2009 Basis

Commuted Values – 2005 Basis

Commuted Values – 1993 Basis

Marital Breakdown – CSOP 4300 (March 2003)

Marital Breakdown – CSOP 4300 (March 2003, ALTERNATE)

Annuity Proxy for Solvency Calculations for Non-Indexed Pensions and Fully Indexed Pensions

Minimum Interest on Employee Required Contributions (including the 12-month average rates).

Monday, January 4, 2010

Removing Coverage Poses Risks

Fully removing coverage of over-the-counter products with Natural Product Numbers (NPN) or a Homeopathic Medicine Numbers (DIN-HM) from benefit plans carries a risk, says Mercer 'News.' A number of products currently classified as drugs with Drug Identification Numbers (DINs) were re-classified as natural health products under Canada's Natural Health Products Regulations as of January 1. Examples of the affected products are vitamins and minerals, herbal remedies, and homeopathic and traditional Chinese medicines. The risk is that a reduction in coverage may be inconsistent with the contractual documentation found in insurance policies, plan texts, employee booklets or manuals, or collective bargaining agreements. Risks associated with the denial of claims for these drugs include employee dissatisfaction and administrative and financial risks related to union grievances and litigation.

Civil Servant Plan Targeted

Federal civil servants pension are being targeted for possible cuts including an end to early retirement provisions for new hires, says a report in 'The Globe and Mail.' It says that a group of deputy ministers, concerned that fewer and fewer private sector plans offer the same type of benefits, has been taking a hard look at the federal pension plan. The Conservative government also raised the possibility last month about going after the pension plan as a way to deal with a ballooning deficit.

Managers Expect Economic Growth

Eighty per cent of global money managers expect the world economy to grow in 2010, says a survey by Bank of America Merrill Lynch, with two-thirds expecting equity markets to return to traditional growth levels or better. The optimism on the economy comes despite 28 per cent of respondents reporting being underweight bank stocks, compared with 11 per cent in November.

Risk Management Overhauled

Managers and institutional investors are overhauling risk management as a result of the "sudden and violent appearance of liquidity and counter-party risk" that took them by surprise in the recent financial crisis, says an MSCI Barra survey. It says risk management is being boosted and redefined by managers who are integrating risk management into the investment process.

Traditionally, risk management was segregated by asset class using measures such as tracking error and value at risk. However, this created a potential for the over-estimation of diversification benefits as the same underlying factors may drive supposedly different asset classes such as public and private equity, says the survey.

Schemes Shut To New Members

Nine out of 10 Defined Benefit pension schemes in the UK are now shut to new members, says a report by the Association of Consulting Actuaries (ACA). It also found that 18 per cent of these schemes, which include final salary pensions, are also closed to future accruals from existing members. A third of companies are reviewing their DB schemes and 91 per cent are currently in the red, with the situation 'deteriorating.'

Pelletier Chair Of ASB

A. David Pelletier, FCIA, FSA, is chair of the Actuarial Standards Board (ASB), effective January 1, 2010. A former president of the Canadian Institute of Actuaries, he spent a good part of his career working for the consulting firm of Towers Perrin with assignments in Canada, Brazil, and Italy. In 1995, he joined RGA Life Reinsurance Company of Canada becoming executive vice-president of RGA Reinsurance Group of America in Chesterfield, Mo., in 2006.

Dubé Leads Practice

Etienne Dubé leads Aon Consulting Canada's financial risk consulting practice in Montréal, QC. As practice leader, he will focus on executing and implementing the firm's innovative risk management solutions for Defined Benefit pension clients and Defined Contribution plan members. Prior to returning to the firm, he led the pension activities of the LDI (liability driven investing) solutions group at National Bank where he was responsible for sales and product development.