

## Benefits and Pensions News Archives - March / April 2010

Friday, April 30, 2010

### Sustainable Pension System Needed

Canada needs a pension system that is sustainable in the long term, fair to present and future generations, simple to administer, and cost effective, says the Certified General Accountants Association of Canada. Its 'Gauging the Path of Private Canadian Pensions: 2010 Update on the State of Defined Benefit and Defined Contribution Pension Plans' report says one change that should be made is to recognize pension benefits as deferred compensation. As well, she calls for the establishment of a common pension regulator to monitor the retirement system and adherence to the principle of 'one law, one regulator.' As well, the prospect of introducing universal and compulsory coverage of all working Canadians should be considered as should the consolidation of the oversight of private sector registered pension plans under the authority of the proposed common pension regulator for achieving efficiency and economy of scale.

### Search Activity Hit Highest Level

Manager search activity in Canada ran at its highest levels in recent years, says Mercer. Total searches increased from 124 to 137 in 2009 and Defined Contribution activity accounted for much of the increase. Following the global trend, searches in domestic equities dropped from 38 to 22 and global equity searches increased from 36 to 50. Fixed income searches also increased considerably (from eight to 23 in 2009), along with real estate (up from one to seven in 2009). It says plan sponsors replaced managers who performed exceptionally poorly relative to their benchmarks during the market decline and did not start recovering when the markets began turning around.

### Proposed Changes To IAS 19 Issued

The International Accounting Standards Board (IASB) has issued its long-awaited Exposure Draft of proposed changes to IAS 19, Employee Benefits. Although IAS 19 applies to companies following International Financial Reporting Standards (IFRS), publicly held companies reporting under U.S. Generally Accepted Accounting Principles (GAAP) should consider the implications of the proposed changes in light of the Security and Exchange Commission's commitment to the convergence of U.S. GAAP with IFRS. This draft anticipates a joint FASB and IASB draft that will propose a single statement of comprehensive income that would show separately net income and other comprehensive income. The most significant changes proposed by the IASB and the implications for plan sponsors currently reporting under U.S. GAAP to consider is employers would be required to immediately recognize all changes in funded position (gains and losses arising from experience differing from what was assumed, changes in assumptions, investment gains

and losses on plan assets, and the effect of plan changes) in the balance sheet and comprehensive income.

### Weinberg Buys Brockhouse Cooper

The former CEO of Assante Corp., Marty Weinberg, has acquired Brockhouse Cooper, an investment consulting and securities trading firm based in Montreal, QC. It consults with pension plan sponsors on manager searches and has a securities trading arm which trades stocks and bonds for institutional clients in 50 countries around the world. It becomes a wholly-owned subsidiary of Pavilion Investment House, Winnipeg, MB. Weinberg sold Assante's Canadian business to CI Fund Management for in 2003.

### New Challenge In Netherlands

Pension plan sponsors in the Netherlands may be facing their second funding challenge in the past decade, says an 'Issue Brief' by the Center for Retirement Research at Boston College. And, this one may be more severe than the first. Following the economic crash in 2008/2009, the funding levels of most plans fell below the 105 per cent threshold set by the Dutch supervisor. In September 2008, only 12 per cent of Dutch pension funds had funding ratios below the required 105 per cent level. Five months later, the number of plans below this standard was 85 per cent. Earlier in the decade, most Dutch pension plans were restructured to include automatic reductions in benefit indexation if funding drops below given thresholds, that mechanism may not be enough to achieve recovery this time around. Dutch regulations require recovery of the minimum funding ratio within five years.

### UK Balanced Funds Positive

Balanced pooled funds in the UK started 2010 with a positive return of 6.6 per cent in the first quarter, up from 3.1 per cent in the last quarter of 2009, says BNY Mellon Asset Servicing's quarterly pooled fund survey. This is the fourth consecutive quarter with a positive return, and brings the 12-month median return to 39.1 per cent. Balanced pooled funds also showed positive returns over three-, five-, and 10-year periods of 2.7 per cent, 7.9 per cent, and 3.5 per cent per annum respectively. Returns were positive for all the major sectors in the first quarter.

### Leech Speaks To Economic Club

Jim Leech, president and CEO, of the Ontario Teachers' Pension Plan is the featured speaker at the next Economic Club breakfast. He will speak on 'Pension Champions or Pension Chumps?'

The Choice is Ours. The Time is Now.<sup>1</sup> It takes place May 12 in Toronto, ON. For more information, visit [www.economicclub.ca](http://www.economicclub.ca)

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Thursday, April 29, 2010

#### OMERS, Teachers Exporting Model

The Ontario Municipal Employees Retirement System and Ontario Teachers' Pension Plan, along with other institutional investors, are forming geographic-based groups of large pension funds to invest directly in large infrastructure and real estate investments. They are finalizing the formation of a strategic alliance group with U.S. institutional investors and are creating groups with European and Australian institutional investors. They see these strategic alliances as a way to export their in-house investment model.

#### Industrial Alliance Buys Texas Insurer

Industrial Alliance Insurance and Financial Services Inc. will acquire a Texas-based life insurance company. Founded in 1910, American-Amicable markets primarily traditional life insurance products to mid-market customers in the individual and final expense markets. The transaction to buy American-Amicable Holding, Inc. will be carried out through its U.S. subsidiary, IA American Life Insurance Co.

#### Baby Boom Exodus Could Hurt Economy

Canada's economic growth beyond 2014 will be constrained by the exodus of the baby boom generation from the labour market, says The Conference Board of Canada's 'Canadian Outlook: Long-Term Economic Forecast.' "Canada's near-term economic outlook is much brighter than it was just a few months ago," says Pedro Antunes, director, national and provincial outlook. "Beyond 2014, however, economic growth will be restrained as the baby boomers leave the workforce. Labour shortages brought on by a wave of retirements will be the dominant economic trend until about 2030." Increased capital investment and improved productivity growth are key elements in sustaining strong economic performance over the long-term horizon. Strengthening these areas will help generate income and revenues necessary to sustain prosperity and to help pay for public programs such as healthcare.

#### Retirement Plans Changing

A quarter of U.S. workers in the EBRI's '2010 Retirement Confidence Survey' say the age at which they expect to retire has increased in the past year. Statistically, this is similar to the percentage indicating they were planning to postpone retirement in 2009 (25 per cent) and an increase over the percentage planning to postpone retirement in 2008 (14 per cent). The poor economy (29 per cent) and a change in employment situation (22 per cent) are the most frequently cited reasons for postponing retirement. The survey also shows the age at which workers expect to retire is gradually rising. In 1991, half of workers planned to retire before age 65 (50 per cent), compared with 28 per cent in 2010.

#### Clerk Joins Special Markets Group

Gerald Clerk is account executive in the special markets group for Atlantic Canada at Industrial Alliance Pacific Insurance and Financial Services Inc. He comes to the firm with 17 years of special risk experience in sales and underwriting. He will be responsible for the development and service of its special risk business in the region.

#### Drug Costs Focus Of Workshop

'Strategies for Controlling the Cost of Prescription Drugs' will be the focus of a workshop at the 'CPBI Forum 2010.' Barbara Martinez, a principal at Mercer, will discuss the current issues affecting drug plan sponsors and how to develop strategies for controlling the cost of prescription drug programs. Theme of this year's event is 'Navigating the New Normal.' It takes place June 21 to 23 in Halifax, NS. For more information, visit <http://www.cpbi-icra.ca/> -----  
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Wednesday, April 28, 2010

#### Searches Rose Last Year

Manager searches by institutional investors rose globally by 22 per cent last year, says Mercer. It advised on 826 manager searches, representing \$97.2 billion in assets, across the world last year, up from 676 in 2008. Global equity remained the dominant search category, with 191 searches accounting for approximately \$25.8 billion in assets placed, up by 23 per cent from 155 searches and \$23.3 billion placed in 2008. Global fixed income accounted for 92 searches compared to 25 in 2008, with clients making allocations to short dated credit and convertibles. In both the UK and Europe, search activity rose considerably, whereas in North America the increases were relatively small in comparison. In Asia, searches decreased by a third.

## Investor Confidence Slips

Globally, the State Street Investor Confidence Index fell 7.7 points to 99.7 from March's revised reading of 107.4. Declines in sentiment in North America were a key contributor, with institutional investor confidence falling 6.7 points from 110.4 to 103.7. Among Asian investors, confidence was also lower, falling 6.5 points from 100.7 to 94.2. European institutions bucked the trend, as the reading for that region rose 1.2 points from 94.7 to 95.9. The month saw institutional appetite for risk wane slightly, as volatility bounced back from the extremely benign levels seen in March.

## Longevity Swaps Could Get Nasty

UK companies using longevity swaps could get a "nasty surprise" if they fail to consider the effect on their accounting position, says Hewitt. Because longevity swaps are a new market, accounting standards do not specifically prescribe how to deal with them. And an extra year of life expectancy could add up to four per cent to the accounting liabilities a company has to disclose. While trustees usually adopt a prudent assumption in the context of funding the scheme, for reporting purposes sponsors need to look at statutory accounting, such as IAS19. This means trustees might assume a 60-year-old male will live to 88, whereas companies might assume 86 or 87 for accounting purposes. This extra one or two years of life expectancy has to be recognized, so when it comes to accounting for a longevity swap those extra years sit as a deficit on the balance sheet.

## Baiton Moves To CPPIB

Lisa Baiton is vice-president, stakeholder and government relations, for the CPP Investment Board (CPPIB). She has more than 20 years of experience in progressively senior leadership positions in both the public and private sectors. Most recently, she served as vice-president of government relations for Environics Communications Inc.

## Kennedy Now Senior Vice-president

Melissa Kennedy is senior vice-president, corporate affairs and general counsel, and corporate secretary for the Ontario Teachers' Pension Plan (Teachers'). Teachers' legal, corporate communications, and plan policy departments report to her and she also oversees the pension plan's legal, policy, and public affairs issues. She joined Teachers' in 2009 as vice-president, general counsel and corporate secretary. She has held positions at CIBC and at the Ontario Securities.

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Tuesday, April 27, 2010

### PBMs Must Offer Full Transparency

The Ontario government's bid to gain control over the generic market make it more critical than ever for pharmacy benefits managers to offer plan sponsors full transparency in their pricing agreements and their capability to track and enforce all aspects of drug pricing on day by day basis, says a Towers Watson 'Client Advisory.' The proposed reforms may, by changing the business model for retail pharmacies, pave the way for measurable savings from preferred provider networks, direct price negotiation for manufacturer rebates, and effective employer purchasing collaboratives. However, the reforms are targeted at ensuring savings for the Ontario Drug Benefit Plan (ODBP) and leave private payers vulnerable to price hikes in relation to dispensing fees and mark-ups. So while group drug plan sponsors remain hopeful that this latest round of reforms will provide the answer to spiraling plan costs, it is not certain that these proposals will deliver savings, and they may increase plan costs.

### Canadians Retiring With Debt

Four-in-10 Canadians over the age of 50 with assets of at least \$100,000 retired with some form of debt, says a Royal Bank of Canada poll. The first annual 'Retirement Myths and Realities' poll also found that 22 per cent of respondents entered retirement with a mortgage on their primary residence. The majority of retirees (70 per cent) feel it is still important to be able to save part of their income, yet 28 per cent have acquired new credit products since they retired. However, having access to credit in retirement can be beneficial to managing income and cash flow and provide additional flexibility, says Lee Anne Davies, head, retirement strategies.

### Retirees Consulting Lawyer

The Nova Scotia Government Retired Employees Association (NSGREAA) claims pensioners were never consulted about the government decision to cap the cost of living increases in their pensions at 1.25 per cent each year for five years, starting in 2011. As well, they claim the move is unfair. The group, representing 12,000 retired provincial civil servants, is consulting a lawyer about the changes the government is making to their pensions.

### Actuary Found Not Guilty

An actuary charged by the Canadian Institute of Actuaries (CIA) in connection with a report involving Financial Services Commission of Ontario (FSCO) allegations against Aon Consulting and J. Melvin Norton has been found not guilty by a CIA Disciplinary Tribunal, says a Hewitt 'Monitor.' Gordon Hall was retained to provide expert actuarial evidence in the allegations against Norton and Aon that the parties failed to meet proper actuarial standards. The charges against Aon were eventually dropped, but proceedings against Norton continued. Norton succeeded in having the charges against him dismissed because, according to the motion judge, Hall's report lacked the required appearance of objectivity. Subsequently, Hall was charged for his report and related testimony, with the charges alleging that, among other things, he had insufficient experience and qualifications in how to act as an expert witness; appeared to lose his objectivity; and behaved as an advocate rather than an assistant to the court. The tribunal, in dismissing all charges against him, said a high standard must be upheld when a member's professional reputation is put in jeopardy. It described his report as "on its face ... a model of neutrality, impartiality, and fairness" and concluded that his actuarial opinion was correct.

### HOOPP Implements PALM

Ortect Finance has successfully implemented its asset liability solution for pension funds (PALM) for the Healthcare of Ontario Pension Plan (HOOPP). It was selected by HOOPP in April 2009 to develop a tailor-made version of the system modeling the specific requirements of the pension plan as well as Canada's pension legislation. The system enables HOOPP to conduct risk and return analyses to support strategic investment decisions and policy requirements. HOOPP is one of the largest Defined Benefit plans in Canada, with more than 250,000 plan members and net assets of \$31.1 billion.

### U.S. Sponsors Have Moderate Gains

U.S. institutional plan sponsors experienced moderate gains in the first quarter of 2010, with a median return of 3.5 per cent for plans in the Northern Trust Universe. "This year started off with similar results as the fourth quarter of 2009, an indication that consistent performance is returning to institutional plans," says William Frieske, senior performance consultant, investment risk and analytical services. "By historical standards, 3.5 per cent is about in the middle of all the observations. By recent experience, however, the first quarter of 2010 was quite benign, marking a fourth consecutive quarter of positive gains after six straight quarters of negative returns from late 2007 to early 2009." Corporate pension plans had the highest median return in the first quarter, at 3.7 per cent, while public funds returned 3.6 per cent and foundations and endowments had a median return of 3.3 per cent.

### ACPM 'Reaching Higher'

Given this time of unprecedented interest in the pension industry, the '2010 Association of Canadian Pension Management National Conference' will address coverage, investment,

economic, plan design, and funding issues through the framework of 'Reaching Higher, Getting Stronger.' Plenaries will be held on pension reform, the pension promise, and will Canadians be ready for retirement. It takes place September 14 to 17 in Whistler, BC. For more information, visit [www.acpm-acarr.com](http://www.acpm-acarr.com)

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Monday, April 26, 2010

### Flexibility Needed In DB Funding

Employers believe that greater flexibility for funding to Defined Benefit pension plans is the most critical issue to address as regulators contemplate pension reforms, says an Aon Consulting Canada survey. Its 'Rapid Ready' survey ranked greater funding flexibility as one of the aspects of the pension system which must be addressed. Other issues that employers ranked highly included resolving surplus ownership/asymmetry, increasing uniformity of pension rules, and allowing greater flexibility regarding design. Of less importance was the need to tighten funding rules, expand member disclosure, and expand government pension guarantee programs.

### Governance May Increase Hedge Fund Allocations

A clear majority of hedge funds (61 per cent) believe greater governance of alternative investments could result in an increased allocation to the sector, says an RBC Dexia Investor Services survey. The poll defined governance as including structure, independent valuation, transparency, and third-party control. When asked how they would manage a requirement for greater governance, 40 per cent responded they would hire more staff, compared to 35 per cent (mainly those with assets under management less than \$1 billion) that would outsource. Interestingly, respondents were divided on the notion that the increased regulation that followed the recent financial tumult could affect asset allocation. Just over half (52 per cent) either thought it did not. However a significant minority (30 per cent) felt that greater regulation could lead to increased allocation in alternatives.

### Lizard Brains Make Us Buy High

'Behaviour Finance – Your Lizard Brain and Your Money' will be the topic of a presentation by Dr. Terry Burnham, a professor at Harvard University, at the CPBI Ontario Regional Conference this fall. He will discuss recent neuron-economic evidence showing how our brains cause us to buy high and sell low, the exact opposite strategy that we would want. Theme of this year's

conference is 'Unique Perspectives.' It takes place October 4 to 6 in Niagara-on-the-Lake, ON. For more information, visit <http://www.cpbi-icra.ca/en/>

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Friday, April 23, 2010

### Control Over Pensions Needed

The rules for federal retirement savings plans should be changed to give people more control over their pensions, says BMO Financial Group. It recommends the removal of age restrictions on registered retirement savings plans RRSPs and reduced tax rates for registered retirement income funds. As well, Canadians should no longer be forced to convert their RRSPs when they turn 71 and should instead have the choice of when they begin withdrawing the money. Other recommendations included boosting the maximum contribution limit for RRSPs so that they're more comparable to Defined Benefit pensions.

### Plans Require Pension Committee

Manitoba has fixed in force dates for amendments to the Pension Benefits Act enacted in Bill 10, says a 'Mercer Communique.' Related regulations that replace the entire current regulation have also been registered. With limited exceptions, the new provisions of the act and the new regulation come into force May 31, 2010. The legislative changes require that employer-sponsored pension plans that are registered in Manitoba and have at least 50 members (including active and inactive members) must be administered by a pension committee that includes member representatives. They also permit surplus to be used to reduce employer contributions or member contributions, unless expressly prohibited by the plan, provided that the most recent actuarial report shows neither an unfunded liability nor a solvency deficiency.

### Hedge Funds Compensation System

Hedge funds are actually a system of compensation for managers, says Som Seif, president and CEO of Claymore Investments, Inc. In an Alternative Investment Management Association Canada debate on hedge fund fees, he argued that the only thing the various strategies and approaches have in common is the fee structure. As well, base management fees – which were originally set up to cover operational, back office, and other overhead costs – have become a significant part of overall compensation for many managers. However, with large funds, who have economies of scale, this fee should be scaled back to less than the industry standard two

per cent. Jim McGovern, CEO of Arrow Hedge Partners, argued in favour of hedge fund fees saying they produce higher returns and lower volatility than equities.

#### Demand For Custom Funds Grows

The trend of clients requesting custom target-date funds continues to grow, says a PIMCO survey of Defined Contribution consultants. Its '4th Annual Defined Contribution Consulting Support and Trends Survey' says 90 per cent of the consultants are offering custom target-date products and 82 per cent are offering to act as a fiduciary for their custom services such as managing a plan's asset allocation. As well, to mitigate risk, consultants suggest that plan sponsors add diversifying assets beginning with treasury-inflation protected securities (TIPS), which they note as the most effective hedge against inflation. The majority of consultants identified tactical asset allocation as a somewhat important to critical component of glide-path management.

#### Portion Of Plan Losses Recovered

Workers were able to recover a significant portion of the losses they sustained in 2008 simply by participating in their 401(k) plan, says a report from Hewitt Associates. However, it wasn't enough to propel most plan balances back to their pre-recession levels. Its annual study of 401(k) saving and investing behaviours reveals that despite the market volatility of 2008 and 2009, only 16.2 per cent of employees made any sort of fund transfer in 2009, down more than three percentage points from 19.6 per cent in 2008. Average 401(k) plan balances rose significantly in 2009, primarily due to strong market returns. The median rate of return was 24.3 per cent, rebounding from a negative 28.3 per cent in 2008. Average 401(k) plan balances rose from \$57,150 in 2008 to \$70,970 in 2009. However, these average balances remain 11 per cent lower than they were in 2007 before the recession (\$79,570).

#### Laporte Joins Bennett Jones

Jean-Pierre Laporte is a pension lawyer specializing in employee benefits and retirement plans practicing out of the Toronto, ON, office of Bennett Jones LLP in their Toronto office. He was previously with Osler, Hoskin & Harcourt LLP.

#### AMI Makes Moves

Stephen Caldwell is a portfolio manager, Canadian equities, at AMI Partners. With more than 16 years of experience in the investment industry, he was previously in the investment area of a major Canadian bank. Pierre Bouchard is a partner. A part of the Canadian equity team, he specializes in small cap stocks.

## Change Theme Of Conference

'Navigating the Winds of Change: North meets South and East meets West' is the theme of the 'Private Payer Pulse Conference.' Sponsored by Drug Benefit Consulting and Equilibrium Health Consulting, it features sessions on how the U.S. pharmacy benefit managers PBM model differs from the Canadian model and the features of preferred provider pharmacy networks. It takes place April 27 in Brampton, ON. For more information, visit <http://www.regonline.ca/builder/site/>

## Impact Of Fatigue Examined

Theme of Connex Health's '8th Annual Employer Forum on Employee Health' is 'Targeting Your Strategy for Maximum Impact.' Speakers include Dr. Charles Samuels, on how fatigue is affecting your employees, and Denise Bianchini, from Abbott U.S. on their workplace program. It takes place May 13 and 14 in Ingersol, ON. For more information, visit [www.connexhc.com](http://www.connexhc.com)

## Behavioural Finance On Agenda

The International Foundation of Employee Benefit Plans' 'Canadian Investment Institute' will feature sessions on 'When Bad Things Happen to Good Pension Plans ...' and 'Behavioural Finance and Its Investment.' It takes place August 15 to 18 in Whistler, BC. For more information, visit [www.ifebp.org](http://www.ifebp.org)

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Thursday, April 22, 2010

## Surplus Sharing Modified

The Ontario Standing Committee on Finance and Economic Affairs has made a number of amendments to Ontario Bill 236, Pension Benefits Amendment Act, 2010, including an extension of the modified surplus sharing regime to partial wind-ups, says an Osler 'Pensions & Benefits Alert.' The current surplus sharing regime requires employers to satisfy member consent thresholds and demonstrate surplus ownership. The revision calls for identical treatment for full and partial wind-up surplus distributions. This means plan sponsors with pending partial wind-ups (and pending partial wind-up surplus distributions) will be able to take advantage of this modified surplus sharing regime and withdraw surplus by proving ownership or with the required

level of member consent.

### Consultations Too Restrictive

The National Union of Public and General Employees (NUPGE) says the federal government's public consultations on pensions and retirement savings are too restrictive. In a brief called 'Ensuring the Ongoing Strength of Canada's Retirement Income System,' it says the consultations allow only three meetings that are open to the public and four roundtable discussions, open only to invited "stakeholders" and online submissions. "This restrictive consultative process calls into question the federal government's commitment to seriously address the failings of our pension system which we believe is a major issue for most Canadians. NUPGE is of the view that this important national policy issue deserves a much more public and transparent forum for discussion," says James Clancy, union president.

### Loonie Weighs On Gains

Pension assets rose for a fourth successive quarter as global financial markets continued to progress, but the strengthening loonie weighed on gains, says a survey by RBC Dexia Investor Services. Canadian pension plans earned 1.9 per cent in the three months ending March 31, 2010, bringing one-year gains to 22.1 per cent. Domestic equity remained the top performing asset class for Canadian plans, climbing 3.8 per cent in the quarter and 44.7 per cent over 12 months. "The loonie has held us back some, but four consecutive quarters of positive returns speaks to the momentum of the recovery. It might be that the first quarter of 2009 marked the end of the financial crisis for Canadian pensions," says Don McDougall, director of advisory services.

### Artemis Offers Pine Street

Artemis Investment Management Limited has launched Pine Street Canada, an alternative investment opportunity. It will provide access to Pine Street Associates, L.P., a U.S.-based fund of hedge funds featuring Omega Capital Partners, Inc. managed by Leon Cooperman, a pioneer of the hedge fund industry. Pine Street Canada is being offered only to qualified purchasers and accredited investors domiciled in Canada through private placement.

### CPP Acquires U.S. Shopping Centres

The Canada Pension Plan Investment Board will acquire a 45 per cent interest in five major shopping centres in the United States. Kimco Realty Corp. will retain 55 per cent of the

investment and will continue to act as the operating manager. Three of the malls in the deal are in California, one is in Florida, and one is in Vermont. Kimco owns and operates a portfolio of neighbourhood and community shopping centres with 1,478 properties in North and South America.

#### Rainford Joins HighView

Paul Rainford is vice-president and director, business development and relationship management, at HighView Financial Group. He has more than 30 years of business development experience in the Canadian wealth management industry, including time at Confederation Life, Standard Life, and Desjardins Financial Security Corporation.

#### KW Chapter Offers Fundamentals Session

The Kitchener-Waterloo Chapter of ISCEBS will hold its second annual pensions and benefits fundamentals educational session. The full-day program provides participants with the option to attend either the pension sessions or benefits sessions throughout the day. It takes place May 12 in Waterloo, ON. For more information, visit [http://www.iscebs.org/PDF/chapters/100512\\_kw.pdf](http://www.iscebs.org/PDF/chapters/100512_kw.pdf)

#### Panel Discusses Equity Hangover

'Recovering from the Equity Hangover: Prescriptions from institutional managers' will be the focus of an Alternative Investment Management Association (AIMA) Canada luncheon panel discussion. Daniel MacDonald, Ontario Teachers' Pension Plan; James Suglia, KPMG; and Darren Spencer, Dorchester Capital Advisors; will discuss what pensions, endowments, and other institutions are looking for with respect to alternatives. It takes place May 11 in Toronto, ON. For more information, visit <http://www.aima-canada.org>

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Wednesday, April 21, 2010

#### Major Pension Reform Going To Back Burner

A consensus seems to be emerging to put major pension reform on the back burner in Canada and consider a slower "incremental" approach over the next 10 years, says a report in the Globe

and Mail. At a pension reform conference in Calgary, AB, Alberta Finance Minister Ted Morton said Canada should give the private sector more time to improve retirement options before deciding a government-led solution is needed. He said he agrees with B.C. Finance Minister Colin Hansen who recently said that it is not a good time to create new pension schemes that would impose additional costs on business. Ontario Finance Minister Dwight Duncan said this reflects views he and federal Finance Minister Jim Flaherty have both been voicing. This suggests it is unlikely provincial finance ministers will decide at their meeting in June to endorse the creation of a new supplementary pension scheme or to support alternative proposals to expand coverage offered by the Canada Pension Plan. (For Benefits and Pensions Monitor's view, see the editorial 'Reforming Retirement Savings' in the February issue.)

### Business Intelligence Future Of Benefits

The most important trend in managing drug costs today, and in the future, has nothing to do with dollars and risk management, says Michael P. Sullivan, president of Cubic Health. In a session on 'Understanding and Managing Medical Claim Trends' at Connex Health's 'Listening for Direction: The Future of Employee Benefits,' he said it is about business intelligence. Today's plans are rich in information, but need to be more concerned about their own experience, data, and business plans. He also advised sponsors to ignore benchmarks – which he called useless – because they may be measuring a plan against another plan which has entirely different experiences and data. The end result is that this increased information can be used to place a greater focus on achieving a return across all lines of the employee benefit program.

### Standards Have Implications For DB

The Canada's Accounting Standards Board's (AcSB) final accounting standards for Canadian private enterprises have implications for Defined Benefit employee future benefit plans, which include the choice of either applying an immediate recognition approach or continuing to use the existing deferral and amortization approach under CICA 3461, says a Towers Watson 'Client Advisory.' It says for fiscal years beginning on and after January 1, 2011, private enterprises may choose to report either under International Financial Reporting Standards (IFRS) or under Canadian GAAP for Private Enterprises. Early adoption is also permitted.

### New Technologies Treating Cataracts

Employers may want to consider offering or increasing their benefits coverage to provide for new technologies to treat cataracts. Dr. Eric Tam, medical director of the Eye MD Institute, told Connex Health's 'Listening for Direction: The Future of Employee Benefits,' that treatment is no longer being limited to retirees. In a session called 'Looking into the Future Through Today's Eyes – the Impact of New Technology,' he said the use of devices such as intraocular lens can not only restore employee productivity related to vision, but modern surgery results in a faster return to work. In fact, some of these lenses will actually improve vision.

## OMERS Buys Indiana Company

OMERS Private Equity is buying an Indiana company that provides utility locating services. It is buying United States Infrastructure Corp. from funds affiliated with Kohlberg & Co. L.L.C., a Wall Street buyout firm. OMERS says the acquisition comes at a time when infrastructure spending is expected to rebound south of the border. The company provides construction support services for more than 400 telecom, electric, gas, cable, and water utilities across the United States.

## Obesity Costs Employers

The reality of obesity today is that diet, exercise, behaviour modification, and weight-loss medications are not sufficient for severely obese employees, says Heather West, national manager, market access and government relations, Allergan Inc. Speaking at a session on 'Chronic Disease and Effective Obesity Management' at Connex Health's 'Listening for Direction: The Future of Employee Benefits,' she said that obesity does impact an employer's bottom line. Obese employees take twice as much time off work, incur twice as many workplace injuries, and their disability claims are significantly greater. For example, STD costs can be 225 times greater. One approach, which does seem to have an impact, is a band device which reduces food intake. Patients who receive these devices can lose 55 to 60 per cent of their excess weight, which is sufficient to reduce co-morbidities. In the case of Type 2 Diabetes, 73 per cent of patients have a complete resolution/remission of their disease.

## Humber Offers CAP Program

Enrolment is now open for Humber College's CAP training program. ACAP is offered in two, one-week modules, designed for anyone from CAP administrators to CAP decision-makers. Topics covered include 'CAP Mechanics,' which looks at the structure and design of CAPs and 'CAPs & the Law,' which examines how CAPs are regulated, including plan provisions, common law, legislation/regulations, and fiduciary duties. Sessions will be held June 14 to 18 in Toronto, ON, and June 21 to 25 in Regina, SK. For more information, visit <http://www.humber.ca/ceb/eFlyers/ACAP.html>

## Infertility Impacts Productivity

Employers should cover fertility medications because infertility directly costs employers in absenteeism and productivity, says Lindy Forte, founder and managing director, of Valore Research. However, 30 per cent to 40 per cent of group benefits plans have no provision for infertility medications and or treatments, she told a session on 'The Impact of Fertility on the Workplace' at Connex Health's 'Listening for Direction: The Future of Employee Benefits.' She

said employers should offer coverage of treatments for infertility because employees feel they are being treated fairly when they have a good benefit program and this helps with attraction and retention. As well, a 2006 Mercer study shows that 91 per cent of employers have not seen increased health costs after offering fertility treatments under their group plans.

#### CIBC Mellon Releases CSR Report

CIBC Mellon has released its second annual corporate social responsibility (CSR) review – 'Responsibility. Care. Commitment.' The review outlines its efforts to serve clients, stakeholders, and communities with a CSR program that helps it take responsibility for the impact of its actions. It provides an overview of the company's CSR program, its 2009 CSR achievements, and its 2010 CSR objectives. The document focuses on the company's efforts in five key areas – governance, clients and products, employees, community, and environmental sustainability.

#### Chabot Gets New Role

René Chabot is senior vice-president and chief actuary at Industrial Alliance Insurance and Financial Services Inc. Currently senior vice-president of group pensions, he will be responsible for the actuarial, accounting, and investor relations teams. He will also act as chief financial officer and will continue to be chairman of the company's pension plans. Renée Laflamme, currently vice-president of mortgage loans, is vice-president of group pensions. She joined the firm in 1998 as director of client services for the investment department. Lucie Lachance is senior director of actuarial, marketing, and administration services. She is currently director of the actuarial and marketing department for group pensions. She joined Industrial Alliance in 1991 and spent more than 15 years in the group pensions department. Michel Tremblay will supervise activities in the group pensions sector and will be responsible for the company's financing activities in his capacity as executive vice-president of investments.

#### Aon Makes Changes

Aon Consulting has made a number of appointments across Canada. Matthew James, has joined the employee benefits outsourcing practice in Toronto, ON, as a senior consultant. Dominic De Fabrizio is senior vice-president with the Toronto business development team. David Willows, Ontario health and benefits practice leader in Toronto, is senior vice-president. Frédéric Venne and Charles-Antoine Villeneuve, with the Montréal, QC, health and benefits practice, are vice-presidents. Colleen Blanchette, with the Calgary, AB, retirement practice; Isabel Boyer, with the Montréal, QC, employee benefits outsourcing practice; Monelle Chamberland and Jean-Guy Désilets, with the Québec employee benefits outsourcing practice; Jason Harding, with the Vancouver, BC, health and benefits practice; Diana Holec, with the Toronto human capital practice; Marjorie Tousignant, of the Montréal retirement practice; Burton Lee, of the Vancouver retirement practice; and Annie Bélanger, of the Montréal employee benefits outsourcing practice; are senior consultants. Marie-Christine Desbiens and Christine Guertin, of the Montréal health and benefits practice; Ivor Krol, Julien St-Denis, and Ian Létourneau, of the Montréal

retirement practice; Yvon Morel and Claudia Paquet, of the Québec employee benefits outsourcing practice; Geneviève St-Louis, of the Montréal employee benefits outsourcing practice; and Matthew Walker, of the Toronto human capital practice; are consultants.

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Tuesday, April 20, 2010

### Hedge Funds Attract Renewed Interest

Hedge funds appear to be benefiting from renewed interest from institutional investors, which will enable them to shift from cost cutting to business building, says Fitch Ratings. It says that hedge fund inflows turned positive in the second half of 2009 and investor interest has increased. Alongside traditional funds of hedge funds, where inflows turned positive late last year, there is increased demand for segregated mandates, tailored for single investors. In contrast to the increased demand from institutional investors, demand from private banking, historically the biggest client of European hedge funds, is still being dampened by risk aversion and regulatory uncertainties, it says.

### Teachers' Completes AIG Deal

An Ontario Teachers' Pension Plan (Teachers')-led group has completed the acquisition of AIG United Guaranty Mortgage Insurance Company Canada from American International Group, Inc. (AIG). The mortgage insurance company has been rebranded as Canada Guaranty Mortgage Insurance Company and will continue to serve the Canadian mortgage insurance market from its headquarters in Toronto. Canada Guaranty Mortgage Insurance Company is the second largest private mortgage insurance provider in Canada with assets of C\$270 million and total equity of C\$118 million as of December 31, 2009.

### De-risking May Require DIY

Corporate UK employers are keen to de-risk their Defined Benefit plan pension arrangements through a buy-in or buyout. However, many may turn to do-it-yourself methods due to concerns that they do not have the assets to finance it, says a Clear Path Analysis survey. It found 33 per cent believe lack of capital to fund buy-ins or buyouts could stand in the way of the markets continued growth so they predict a growth in buy-in and buyouts over the next two years.

### CalPERS Revises Real Estate Policy

The California Public Employees Retirement System has changed its policy on investing in real estate to balance its socially responsible investment philosophy with its quest for profits. The fund will not participate in investment strategies that rely on eliminating rent-regulated housing or raising rents above regulated levels. The move comes after its real estate portfolio lost nearly half of its value between September 2008 and September 2009. It now has around \$14.8 billion. Some of the biggest losses came from investments in real estate ventures where the financial success depended on pushing low-income residents out of rent-controlled housing.

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Monday, April 19, 2010

### Target-date Use Up Significantly

The use of target-date funds in retirement plans is up significantly in the U.S., says a Vanguard study. It found that in 2009, 75 per cent of its Defined Contribution plans offered a target-date fund, up from 13 per cent in 2004. As well, 42 per cent of the participants in those plans invested in the funds with half choosing the funds voluntarily rather than being placed in them as a default investment.

### Fall In Funding Could Reverse Quickly

An annual fall in contributions to funded pension schemes recorded by the U.K. Office for National Statistics (ONS) reflects funding plans for Defined Benefit schemes that were agreed to in relatively benign circumstances and could quickly be reversed, says Towers Watson. The ONS estimates that contributions to funded U.K. pension plans fell from £64.2 billion in 2007 to £59.8 billion in 2008, after rising in cash terms during each of the previous 12 years. This includes contributions to private sector employers' pension plans, personal pensions, and the local government pension scheme. It also says that a substantial increase in pension contributions over the previous decade was driven primarily by employers facing up to the increased cost of DB pension promises made in the past, rather than by people taking action to boost their retirement incomes.

### Pond Moves To Buck

Robin Pond is senior investment and CAP consultant for Buck Consultants. He is a charter holder of the Toronto CFA Society and serves on its advocacy and external relations committee. He is

also currently the chair of the investment advisory committee for the Financial Services Commission of Ontario. He has also contributed to Benefits and Pensions Monitor.

#### Diabetes In Workplace Discussed

Michael Riddell, associate professor, School of Kinesiology and Health Sciences, York University; and Rose Reisman, a restaurant owner and author of more than 16 cookbooks; will be among the featured speakers at the 'Diabetes Prevention in the Workplace Sharing Best Practices Breakfast Symposium.' It takes place May 12 in Brampton, ON. For more information, visit <http://www.trifit.com/Symposium/>

#### Forces Behind Decisions Examined

Dan Ariely, author of 'Predictably Irrational,' will examine the hidden forces that shape decisions at the '63rd CFA Institute Annual Conference.' Other speakers include Kenneth Rogoff, Thomas D. Cabot Professor of Public Policy, Harvard University; who will lead a session on 'Understanding Financial Crises.' It takes place May 16 to 19 in Boston, MA. For more information, visit <http://www.cfainstitute.org/> -----

Friday, April 16, 2010

#### Federal Plans Face Challenges

The average ratio of plan assets to plan liabilities for the close to 400 Defined Benefit plans it regulates increased modestly to 0.90 at December 2009, says the Office of the Superintendent of Financial Institutions (OSFI). An indicator that has shown a more marked improvement is the proportion of materially under-funded plans. Based on its estimates, at the end of 2009, only 15 per cent of all federally regulated pension plans had a solvency ratio of less than 0.80, whereas at the end of 2008, the comparable proportion was 40 per cent. "While there are some signs that the economy is strengthening, private pension plans will continue to face challenges," says Judy Cameron, managing director of OSFI's private pension plan division. "The strong investment returns that pension plans earned in 2009 have been offset to some degree by the effects of very low interest rates on plan solvency liabilities." The private pension plans subject to OSFI regulation currently represent seven per cent of all private pension plans in Canada, accounting for approximately 12 per cent of private pension assets.

#### Caisse Slashes Bonuses

The Caisse de dépôt et placement du Québec has slashed senior executive bonuses for 2009. It says the total amount of incentive pay to senior management last year was \$1.1 million, compared with \$4.6 million for 2007. No incentive compensation was paid in 2008 when the Caisse posted a record 25 per cent loss. For 2009, it had a 10 per cent return.

#### CPPIB Invests In India Fund

The Canada Pension Plan Investment Board (CPPIB) will invest in its first India-focused fund, committing up to \$100 million. The Multiples Alternate Asset Management fund will make long-term growth investments in mid-sized Indian companies, management led buyouts, and spinoffs of divisions from large Indian groups. Set up about a year ago, it has a target size of \$450 million.

#### Aberdeen Opens Toronto Office

After a 58-year hiatus, Aberdeen Asset Management has re-opened an office in Toronto, ON. Martin Gilbert, founder shareholder and chief executive, told a gathering in Toronto to mark the re-opening of the office that Aberdeen traces its roots in Canada back to 1875 with the North of Scotland Canadian Mortgage Company. It later expanded to Winnipeg, MB, and Calgary, AB. However, in 1952 it sold its business in Canada to Barclays. It has been active in Canada since its acquisition of Murray Johnstone 10 years ago. The office is located at 161 Bay St., 27th Floor, Brookfield Place, Canada Trust Tower.

#### Page Joins HighView

Chris Page is vice-president and director leading the development and management of institutional asset management at HighView Financial Group. He has more than 30 years working with institutional funds as an asset manager on various investment platforms, including experience as a chief investment officer.

#### ISCEBS Offers Fundamentals Sessions

The ISCEBS Toronto Area Chapter Seminar will present two full-day seminars covering the basics of pensions and group benefits. 'Fundamentals of Pensions and Group Benefits' takes place May 6 and 7 in Toronto, ON. The group benefits program takes place May 6 and looks at topics such as disability and health and dental benefits. Pensions, May 7, will include a session on setting up a pension plan with Janis Cooper, of Towers Watson. For more information, visit [http://www.iscebs.org/PDF/chapters/100506\\_tor.pdf](http://www.iscebs.org/PDF/chapters/100506_tor.pdf)

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Thursday, April 15, 2010

### Measures Needed For Trapped Capital

There is strong support for measures to deal with trapped capital in pension funds, says Ian Markham, Canadian retirement innovation leader at Towers Watson. Trapped capital is funds put into a pension plan when it is in a solvency deficit. He told the Conference Board of Canada's '2010 Summit on the Future of Pensions' this is not just a concern for private sector plans, but also for public sector plans where taxpayer dollars may be used to make up funding shortfalls. A Towers Watson survey on pension risk showed the top suggestions for permanent change to pension legislation involved measures to avoid trapped capital including providing for the use of letters of credit and the use of new vehicles such as pension security trusts.

### Caisse Cutting Operating Costs

Within the framework of its action plan to refocus and simplify its operations, the Caisse de dépôt et placement du Québec plans to reduce its operating expenses by more than \$20 million in 2010. The \$20 million reduction in the 2010 program to improve productivity and expense control is in addition to the reduction of more than \$43 million, or close to 14 per cent, that was achieved in 2009. Areas affected are operating expenses for each sector, external management fees, professional services, and IT projects.

### Topping Up PBGF Not Ideal

Topping up Ontario's Pension Benefits Guarantee Fund is not an ideal solution to the pension crisis. However, Finance Minister Dwight Duncan told the Conference Board of Canada's '2010 Summit on the Future of Pensions' that says the alternative – a significant loss of retirement security for thousands of Ontario seniors – would be worse. The government announced a \$500 million loan to the PBGF in its March budget in an attempt to help the fund deal with a number of insolvent pensions, including Nortel. The fund, which is supposed to be fully funded by corporate contributions, provides beneficiaries of Ontario's private pensions with up to \$1,000 a month in the event a pension plan fails to provide its full benefits. However, it expects an actuarial review of the fund to be completed this spring which will provide some indications on how to proceed with the PBGF.

### Expanding CPP Best Solution

Expanding the Canada Pension Plan would be the most effective way to ensure all Canadian have adequate retirement incomes, says a report by the Canadian Centre for Policy Alternatives (CCPA). The report says the CPP has certain strengths that make it the most effective way to ensure Canadians have adequate retirement incomes. "Expanding the CPP, whether by increasing the replacement rate or increasing the level of covered earnings, or both, would address the issue of coverage, security of benefits, and low cost of administration – all the key objectives of pension reform," says pension expert and CCPA research associate Monica Townson.

### Focus On Adequacy Shifted To Coverage

Canadian governments have allowed the focus on retirement income adequacy to spread to the narrow issue of pension coverage, says John Crocker, president and CEO of the Healthcare of Ontario Pension Plan (HOOPP). However, there is a solution to both that he says is being overlooked. Speaking at the Conference Board of Canada's '2010 Pension Summit,' he called on all governments to take action to "get the rules right" and to act now to enable the creation of multi-employer Defined Benefit plans. Enabling the creation of more of these plans would address the coverage issue, he said, as well as retirement income adequacy. DB plans typically provide retirees with pensions equal to about 67 per cent of their pre-retirement income. Defined Contribution plans, on the other hand, typically generate only about 20 per cent of the individual's pre-retirement income. As well, since regulatory barriers, such as accounting and surplus rules, make it hard for a single employer to fund a DB plan, if multi-employer DB pension plans were formed to serve various sectors of the economy, "no longer would the full weight of funding be on one set of corporate shoulders."

### EU Directive Concerns AIMA

The Alternative Investment Management Association — Canada Inc. (AIMA Canada) has expressed concern about the potential effects of the European Commission's current draft directive to regulate alternative fund managers operating in the European Union (EU). The European proposal would force hedge funds to comply with a range of requirements that would effectively prevent non-EU managers such as Canadian hedge funds from attracting capital within the EU. AIMA Canada Chairman Gary Ostoich says Canadian alternative investment managers have traditionally looked to the EU as an important source of capital, and the implementation of the current directive would not only have a material effect on the growth of the Canadian alternative industry going forward, but also force funds to essentially remove existing current EU clients from their funds.

### Risk Disclosure Service Launched

RBC Dexia Investor Services has launched a risk disclosure service specifically tailored to help Canadian pension plans meet the risk disclosure requirements of CICA (Canadian Institute of Chartered Accountants) 3862. CICA 3862 stipulates that audited financial statements of Canadian pension plans must incorporate information on the risk arising from financial instruments to which the plans are exposed. The risk disclosure service aggregates risk exposure information at the plan level and provides data on the required risk areas detailed in the CICA 3862 guideline. It includes required risk disclosures in areas such as credit risk exposure based on agency ratings, foreign currency exposure and the effect of exchange rate movements, and asset sensitivity to relevant market indices.

### Sound Sponsors Best Security

The best security for pension plan members is a financially sound plan sponsor, says Michael Boychuk, president and chief executive officer at Bimcor Inc. Speaking at the Conference Board of Canada's '2010 Pension Summit,' he said money put into pension plans to satisfy solvency requirements has a negative impact on a company. This is a poor use of corporate capital, he said, and can hurt a company's ability to stay competitive and productive, both of which can damage its ability to stay in business.

### Altman International Director

Zelick Altman is an international director for LaSalle Investment Management. Based in Toronto, he is president of the LaSalle Canadian Income and Growth Fund series. He has more than 25 years of real estate experience and during his career has been involved in the acquisition of more than \$2 billion of real estate.

### Impact Of Leadership Examined

'Leadership's Impact on Driving Workforce Performance and Retention' is the topic of the next Employee Assistance Program Association of Toronto (EAPAT) session. Anuradha Chawla, talent management vice-president at Right Management, will address critical questions pertaining to how leaders are impacting workforce performance and retention including how leaders can ensure that employees are fully engaged by their work. It takes place May 13 in Toronto, ON. For more information, visit [www.eapat.org](http://www.eapat.org) -----

Wednesday, April 14, 2010

### Current Changes Made To Margins

Current changes to pension legislation have been made at the margins and will only help those already in pension plans, says Jim Leech, president of the Ontario Teachers' Pension Plan. Speaking at the '2010 Summit on the Future of Pensions,' he said measures such as letters of credit to cover solvency shortfalls in Defined Benefit plans do not solve the pension coverage problem. They only help those already in a pension plan. He said that 75 per cent of Canadian workers in the private sector are not in an employer-sponsored plan. However, now may be the time to make changes as the financial crisis has put pensions on the front pages and made people realize there is cause for concern.

#### Morton Against Bigger CPP

Alberta's finance minister says he will not co-operate in any proposal to build a bigger Canada Pension Plan. Ted Morton, speaking at National Retirement Income Summit, said that rather than bulking up the CPP, he'd rather see governments make a few regulatory changes to give financial institutions more leeway to encourage people to save. Financial institutions should be given about 10 years to show what they can do before governments step in with a heavy-handed approach, he said. However, Morton said his position is not the province's official position on the matter yet.

#### Increased Productivity Needed

Canada must increase productivity or else go into decline, says Glen Hodgson, senior vice-president and chief economist for the Conference Board of Canada. He told the '2010 Summit on the Future of Pensions' that there are a couple of reasons that Canada must focus on productivity. First and foremost is the loonie. For the first time in years, it is on par with the U.S. dollar and it is likely to stay there. Plus, like it or not, the Canadian dollar is now a petro-currency, a currency linked to oil and commodities. A great deal of this rise of the Canadian dollar is due to an increase in oil prices, which are likely to keep going higher. The other reason increased productivity is necessary is the aging of the population. Right now, the labour participation rate (the percentage of working-age persons who are employed or unemployed but looking for a job) is around 68 per cent. By 2030, it will be down to 62 per cent if nothing is done to change things. As people grow older and retire, it puts more strain on the social systems needed to support an aging population and it reduces the number of people coming into the labour force. This, said Hodgson, will 'suck the life' out of our economy by 2030 unless we can increase productivity.

#### Couture Moves To Caisse

Denis Couture is executive vice-president, public affairs, and a member of the executive committee at the Caisse de dépôt et placement du Québec. During the course of his career, he has occupied a variety of senior executive positions including, most recently, senior vice-

president, corporate and international affairs, with Brookfield Asset Management. He has also worked in communications at Domtar and Air Canada.

#### Cowan Offers Bill 168 Seminars

With Bill 168, amendments to the Ontario Health and Safety Act with respect to workplace violence and harassment, taking effect June 15, Cowan Insurance Group will hold seminars to help organizations understand how to prepare for this legislative change. The seminar will include details about accountability in terms of workplace violence, domestic violence, and privacy implications. They will take place May 12 in Cambridge, ON, and May 19 in Ottawa, ON. For more information, visit [www.cowangroup.ca](http://www.cowangroup.ca)

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Tuesday, April 13, 2010

#### HOOPP At 102 Per Cent Funded

The Healthcare of Ontario Pension Plan (HOOPP) recorded a 15 per cent rate-of-return for the year ended December 31, 2009. The plan has hit a record high of \$31.1 billion in assets under management and is now 102 per cent funded. This means its 250,000 employees and retirees won't see benefit cuts or contribution increases for the foreseeable future. The pension plan attributes its performance to timing. In late 2007, it reduced its weighting in equities, which limited its losses in 2008. That meant while plans like OMERS and Teachers' lost about 18 per cent in 2008, it lost only 12 per cent.

#### Employers Mitigate DB Funding Crisis Effect

A vast majority of Canadian employers are taking substantive steps to mitigate the effects of the ongoing funding crisis facing their Defined Benefit pension plans, says a new survey from Towers Watson. As well, the '2010 Towers Watson Pension Risk Survey of Canadian plan sponsors' found the majority of employers surveyed believe the pension funding crisis is likely to continue beyond the next few years. Over two-thirds (71 per cent) of plan sponsors surveyed have already taken, or are considering, action to control rising pension costs and mitigate risk. Close to 40 per cent have recently updated, or are intending to update, their investment strategy in the coming 12 months and 34 per cent are considering changes in the future. These changes include increasing fixed income investments and duration, implementing cash flow matching, and other risk reducing strategies.

## Changes Kept In Place

A majority of U.S. employers that made changes to their retirement plans in response to the economic downturn expect to keep those changes in place throughout 2010, says a survey by Buck Consultants. 'Retirement Plan Changes in a Period of Economic Uncertainty' shows 77 per cent of employers with Defined Benefit plans and 52 per cent of employers with Defined Contribution plans will not reverse changes or are uncertain if they will reverse previous changes. In response to the downturn, the most common changes employers made to DB plans were to freeze participants' benefits at their current levels (68 per cent of plans covering salaried employees) and to close the plan to new employees (32 per cent of plans covering salaried employees). Twenty-four per cent elected to make changes to their DC plans during 2009. The most common change was to reduce employer contributions.

## Fortis Integrated Into BNP Paribas

BNP Paribas has integrated Fortis Investments and will operate under the name BNP Paribas Investment Partners. Its Canadian operation will be known as BNP Paribas Investment Partners Canada Ltd.

## Teachers' Buys Into Munchkin

The Ontario Teachers' Pension Plan has bought a "significant minority" equity stake in California's privately-held Munchkin. Munchkin sells products for infants and toddlers including pacifiers, totes, and spillproof cups. It sells primarily to U.S. mass-merchandisers such as Target Corp., but is expanding internationally. It recently bought a U.K. children's products designer.

## High Drug Claims Meeting Topic

'Navigating High Drug Claims: Managing Risk' is the focus of the next Benefits Breakfast Club session. It will explore prior authorization and whether it is beneficial financially to plan sponsors, or just causes a slowdown in reimbursement, extra work for physicians, and inconvenience for patients. It takes place April 15 in Mississauga, ON. For more information, visit <https://www.connexhc.com/>

## China And Asia Discussed

A panel will discuss 'Innovative Approaches to Emerging Markets; China & India' at the CVCA annual conference. It will discuss the opportunities open to buyout and venture capital firms and their portfolio companies in both China and India, and why these regions are ignored at an enterprise's peril. Members of the panel are Clarence J. Chandran, chairman, Walsingham Fund, and former COO of Nortel Networks; Duncan Clark, chairman, BDA (China) Limited, and vice-chairman of the British Chamber of Commerce in China; David Gong, venture partner, Tsing Capital, and prior secretary general and a board member of U.S.-China Green Energy Council; and Steven Wisch, co-founder and managing partner, India Equity Partners, and board member of the U.S. – India Business Council. The conference takes place May 26 to 28 in Ottawa, ON. For more information, visit <http://www.cvca.ca/news/events>

#### Cost Of Pharmacy Cuts Explained

Janet McCutcheon, vice-chair of the board of directors for the Ontario Pharmacists' Association, will discuss 'The True Cost of the Ontario Government's Cuts to Pharmacies' at an Economic Club session. It takes place April 15 in Toronto, ON. For more information, visit [www.economicclub.ca](http://www.economicclub.ca)

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Monday, April 12, 2010

#### Auto Workers Want CPP Doubled

The president of the Canadian Auto Workers union is supporting a proposal by the Canadian Labour Congress to double the average amount the Canada Pension Plan pays out to retirees. The CLC is suggesting gradually increasing the amount workers pay into the CPP by approximately 58 per cent over seven years. CAW president Ken Lewenza says the global economic crisis proved Canadians can't rely on private sector pension plans to carry them through their retirement and Ottawa has a responsibility to guarantee a certain level of income to Canada's retirees. Currently, the average Canadian receives \$502.57 each month from the CPP. The CLC proposal would double the average benefit and see the maximum increase to \$1,635 from the current level of \$934.17. To pay for this, workers who now pay 4.95 per cent of their salary into the CPP – up to a salary limit of \$46,300 per year – would see that increase to 7.8 per cent.

#### Maritime Companies Seeking Drug Deal

Some of the biggest companies in Atlantic Canada are banding together so they can access generic drugs at a lower cost, says the 'Hewitt Monitor.' Companies such as Bell Aliant, J.D. Irving, and Michelin Tire are trying to cut the cost of prescription drugs for their 40,000 employees. Corporate drug plans in the Maritimes buy generic drugs for about 65 per cent of the cost of their brand-name equivalents compared to the roughly 50 per cent paid by government plans in Alberta and Ontario.

#### Funds Support BP Resolution

Leading U.S. and Australian pension funds are supporting a resolution asking British Petroleum (BP) to disclose information on oil sand projects. U.S. funds – including as the California Public Employees' Retirement System (CalPERS) and the Vermont Pension Investment Committee – as well as Australian pension funds are supporting the BP resolution filed by a group of investors from all over the world. The resolution asks BP to commission and review reports setting out the assumptions made by the company in deciding to proceed with oil sands projects. This includes future carbon prices, oil price volatility, demand for oil, anticipated regulation of greenhouse gas emissions and legal and reputational risks arising from local environmental damage and impairment of traditional livelihoods.

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Friday, April 9, 2010

#### Fund Trustees Fined

Nine trustees of the Canadian Commercial Workers Industry Pension are being fined \$202,500 for investing too much of the fund's money in questionable Caribbean hotels and resorts. The Ontario Court of Justice fined the trustees for breaching the Pension Benefits Act. The court found the trustees exceeded the legal investment limits of 10 per cent of the plan's assets in one area by approving investments or loans of almost \$20 million to RHK Capital and PRK Holdings from 2002 to the end of 2003. This represents the biggest collective fine for breaking pension laws in Ontario's history.

#### Standards Must Be Co-ordinated

Global standards need to be co-ordinated to help prevent future financial crises, says Ralph R. Layman, president and chief investment officer – public equities, GE Asset Management. Speaking at the Toronto CFA Society's 'The Financial Crisis: Impact on Theory and Practice' session, he said the amount of leverage that was available in the system prior to the crisis had

finance professional developing new products to take advantage of this. However, part of the process was looking for places where the regulation was easiest. The needs to be shored up, he said, and regulations harmonized and made universal.

### Government Keeps Sessions Secret

The Communications, Energy and Paperworkers union claims the federal Department of Finance is keeping the dates of their pension consultations a secret to avoid a backlash from Canadians on the government's lack of action. Dave Coles, president of a union representing many workers whose pensions are at risk because of Canada's bankruptcy legislation, says forestry workers and others who wanted to participate in the Charlottetown, PEI, consultation earlier this week tried in vain to find out when it would be held. An eMail from the Department of Finance read: "...The uncertain parliamentary calendar does not allow us to lock down a schedule in advance while the House is sitting." He says "they're afraid of getting the same message they got last time, so this time they're holding meetings by stealth." Hearing dates for this month's meetings in the other two cities – Quebec City, QC, and Richmond, BC – are also still not available.

### Updated GBIK Launched

The CFA Institute and Toronto CFA Society have launched an updated CFA Institute Global Body of Investment Knowledge (GBIK). The GBIK is the comprehensive outline of knowledge for the investment profession and is used by CFA Institute and its member societies to guide those in the global finance industry in meeting their continuing education needs. The GBIK includes mainstream and frontier concepts based on research that has been, or is still being, debated and may encompass views well outside the mainstream. By design, the GBIK is a "living document" that will continually be revised to reflect an ever-changing financial market.

### CGA And HRP Partner

The Certified General Accountants of Ontario and Human Resources Professionals Association will partner to provide their respective members with ready access to each others' core expertise and professional development opportunities. This includes, among other initiatives, professional development certification in financial management for human resources professionals and human resources certification opportunities for certified general accountants.

### Return Expectations Consistent

Canadian institutions' expectations for returns on their investment portfolios have remained remarkably consistent throughout the financial crisis, says Greenwich Associates. Average

expectations for fixed income dipped to 4.7 per cent in 2009 from 4.8 per cent in 2008, while expected returns on Canadian equities inched to 7.8 per cent from 7.7 per cent. Expectations for U.S. equities fell to 7.6 per cent in 2009 from 7.8 per cent the prior year, while expectations for EAFE/international equities increased to 8.2 per cent from 8.1 per cent. Only in alternative asset classes did Canadian plan sponsors report significant movement in return expectations from year-to-year, with expectations for private equity dropping to 10 per cent from 10.7 per cent, real estate expectations falling to 7.1 per cent from 7.8 per cent, and expected returns on hedge funds declining to an annual 7.2 per cent from 7.8 per cent. In line with their higher allocations to fixed income and more modest exposure to equities, Canadian endowments and foundations report lower expected returns on their portfolios overall.

#### B.C. Pension Coverage Examined

The ACPM's British Columbia Regional Council will examine what action the government in that province should take to increase pension coverage. A panel of Randy Colwell, Sun Life Financial; Paul Martin, BCGEU; and Christopher Brown, ACPM; will look at its pension system review consultation and share their views on the approaches suggested to improve coverage including modernization of pension standards to improve flexibility in pension plan design and. It takes place April 14 Burnaby, BC. For more information, visit <http://www.acpm.com/>

#### Drug Reform Updated

Information and solutions that organizations need in order to respond to major developments and concerns impacting pricing and reimbursement in Canada's pharmaceutical industry will be examined at the Canadian Institute's '4th Annual Drug Pricing & Reimbursement' conference. Sessions will provide updates on drug reform in Ontario, Alberta, Quebec, and Atlantic Canada and share perspectives on changes in the private payer market in Ontario and the impact on other provinces. It takes place June 15 and 16 in Toronto, ON. For more information, visit <http://www.canadianinstitute.com/DrugPricing>

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Thursday, April 8, 2010

#### Ontario Cuts Price Of Generics

The Ontario government is cutting the price of generic medications to 25 per cent of the equivalent brand-name drug from 50 per cent, says a Hewitt 'Media Alert.' It says initial estimates indicate that employers in Ontario will see their prescription drug plan costs decrease

by approximately eight per cent immediately and by 16 per cent within two years, with additional savings available depending on their program design. The savings will be achieved by eliminating professional allowances – payments from generic manufacturers to pharmacies in return for selling their products.

### Funding Status Top Concern

The current funding status of plans was the top concern (42 per cent) for both corporate and public plans in Canada, says the 'November 2009 Global Pension Pulse Polls' by Pyramis Global Advisors. It focused on identifying the top concerns, attitudes, and future investment intentions of Defined Benefit pension plan sponsors. Canadian plans also were concerned about risk management (20 per cent) and the potential impact of upcoming accounting and regulatory changes (14 per cent). Closer examination shows that 50 per cent of corporate pension plans said funding status was their top concern followed by regulatory and accounting changes (21 per cent). Canadian public pensions, cited funding status and risk management (both at 32 per cent) as their top concern, followed by volatility at 14 per cent. Funding status was the greatest concern of plans with less than \$1 billion in assets under management (44 per cent) including corporate plans (59 per cent) and public plans (27 per cent).

### Case Made For Negative Returns On Treasuries

The combination of significant supply with rising inflation leads to a strong case for negative returns on Treasuries, says a State Street 'Vision Paper.' 'Global Credit Market Outlook' provides a snapshot of the state of the U.S. and global fixed income markets. Key points in the article include the view that this year the U.S. Federal funding requirement is expected to approach \$1.6 trillion and the OECD forecasts annual government funding needs in developed countries to exceed \$3 trillion. It also says the supply of corporate debt is expected to be readily digested in 2010 and investment grade and high yield credit markets offer the potential for positive risk adjusted returns over the medium term.

### Managers Anticipate Increased Volatility

Institutional investment managers are anticipating increased market volatility and higher interest rates, but remain bullish on corporate profits and global economic growth in the near term, says a quarterly survey by Northern Trust Global Advisors. Despite the concerns, an overall positive outlook in the first quarter 2010 survey is consistent with the views expressed by managers at the end of 2009, including the perception by nearly half (46 per cent) of managers that the U.S. equity market, as measured by the S&P 500 Index, remains undervalued and a solid majority (61 per cent) still expect global growth to accelerate in the next six months. Select areas of international markets are also seen to be attractive. For example, the majority of managers now believe that the Japanese equity market is undervalued.

## Institutions Using ETFs

Although exchange traded funds (ETFs) are most commonly thought of as a retail product, institutional investors are finding that ETFs can be helpful tools in such critical portfolio management tasks as cash equitization, transition management, rebalancing, and obtaining hard-to-achieve exposures, says Greenwich Associates' annual study of the U.S. investment management market. ETF use among U.S. pension funds, endowments, and foundations has grown to about 14 per cent. Despite that relatively modest share, institutions actually represent roughly half the assets invested in ETFs in the United States. Almost half the institutional users in the Greenwich Associates annual study say they employ ETFs for what they consider "tactical" tasks related to the management of their portfolios.

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Wednesday, April 7, 2010

## Cost-of-living Increases Cut

The Nova Scotia government will limit cost-of-living increases to the pensions of retired government workers in a bid to save up \$200 million a year. Finance Minister Graham Steele says that the Nova Scotia Public Service Superannuation Plan is unsustainable in its current form as it only has 69 cents for every \$1 it pays out. The pension fund now pays out more money than members and the government contribute and that gap is widening. It will have a negative cash flow after 2028 if there are no changes. Cost-of-living increases will be limited to 1.25 per cent a year for five years, starting January 1, 2011. There will be no indexing after five years if the plan is below 100 per cent funded. It also plans to reduce survivor benefits to 60 per cent from 65 per cent and change the eligibility for retirement to a minimum age of 55 if the employee has a minimum of 30 years on the job. The proposed measures are designed to make the plan fully funded by the end of this year. The government is also taking advantage of low interest rates to borrow \$536 million to refinance the fund.

## Teachers' Return 13 Per Cent

The Ontario Teachers' Pension Plan's 2009 annual rate of return was 13 per cent, with \$10.9 billion in investment earnings, placing the fund 4.2 per cent ahead of its consolidated benchmark. As of December 31, 2009, the fund's net assets totalled \$96.4 billion. However, the fund's preliminary funding valuation shows a \$17.1 billion shortfall, resulting primarily from historically low real interest rates, which continue to prevail. The fund's inflation-sensitive asset class holdings totalled \$45.9 billion at 2009 year-end, compared to \$44.9 billion at the end of 2008. The equities portfolio holdings totalled \$41.2 billion, compared to \$34.9 billion a year earlier. Fixed income assets, net of related liabilities, totalled \$6.4 billion at 2009 year-end, compared to \$5.3 billion in 2008.

## Country Faces Retirement Crisis

Almost seven of 10 (68 per cent) of employers believe the country is facing a retirement crisis, says a Morneau Sobeco survey. It also shows that employers are evenly split between those who believe that responsibility for finding a solution lies with the government (34 per cent), and those who feel that it is business and individuals who should be taking action (34 per cent). Within occupational pension plans, the most popular action that the government could take is to facilitate the introduction of innovative, new hybrid pension plans. Thirty-three per cent cited this as the most effective option. Mandatory plans are supported by 25 per cent of all respondents. Another potential solution to the crisis involves resolving surplus asymmetry (28 per cent).

## Investors Fighting Locking In

Institutional investors, including pension funds, are fighting back against being unexpectedly locked into their hedge fund investments, says a global survey by Credit Suisse. They are also increasingly focused on hedge funds' redemption terms and whether they will pay the standard two per cent and 20 per cent charges requested by hedge funds for all of a portfolio's returns. The survey found about 45 per cent have specifically requested the removal of obligatory side pocketing of assets by hedge fund managers in favour of optional side pocketing. It also found when investors lock their money into funds, about 66 per cent of them believe they deserve, in return, a reduction in the full levies hedge funds charge.

## Strong Dollar Hurts Returns

The strengthening of the Canadian dollar versus most other major currencies had an overall negative impact on foreign equities held by pension funds during the first quarter of 2010, says the Mercer Pension Health Index. For example, international equities, as measured by the MSCI EAFE (CAD) index, provided a return of -2.3 per cent in the last quarter. In local currency terms, it returned 4.4 per cent over the same period. As a result, despite stable federal bond yields and modest overall returns for diversified investment portfolios, it meant very little change in the financial health of most pension plans in Canada. Measured on a solvency basis, they ended the first quarter at 74 per cent which was no change from the beginning of the year.

## Russell Adds Balanced Portfolio

Russell Investments Canada Limited has launched a new balanced portfolio – the Russell Enhanced Canadian Growth and Income Portfolio. It starts with an asset allocation of 60 per cent Canadian equities and 40 per cent fixed income, but can dynamically adapt to changing

market conditions using an enhanced asset allocation which allows the portfolio's weightings to be adjusted and outlines a path to potentially higher returns.

#### Institutions Embrace International Equities

Although decreases in equity valuations held down average allocations to international stocks from 2008/2009, the global market crisis did not stop Canadian funds from broadening their commitments to international equities, says Greenwich Associates. The proportion of Canadian institutions using a manager for EAFE/international equities increased to 76 per cent in 2009 from 68 per cent in 2008, and the share of funds using U.S. equities increased to 72 per cent from 69 per cent.

#### Mail Important For Communications

Sending communications on healthcare benefits through the mail is an important channel in engaging members as they make benefits decisions and as program managers seek to influence member behaviour, says the study 'Healthcare Benefit Communications Preferences' by Pitney Bowes Management Services, Inc. The survey noted that, as healthcare benefit costs continue to escalate, both payers and benefits administrators look for ways to reduce the costs of managing benefits programs such as communicating through eMail and secure web sites. Hard-copy mail, however, is the preferred channel of communication for receiving healthcare benefit communications including explanation of benefits, program change notifications, enrollment/decision guides, and welcome kits.

#### Klip Heads Canadian Urban

Alex Klip is president of Canadian Urban Limited. He established the Toronto branch of the company in 1997 and has held a variety of executive roles, most recently as executive vice-president.

#### Brennan In New Role

Brian Brennan has taken on the newly-created role of vice-president, institutional business development, for AGF Management Limited (AGF). Based out of Dublin, Ireland, he will help manage institutional sales in the Europe/Middle East/Africa region. Since 2006, he has been general manager and compliance officer with AGF International Advisors Company.

#### McGovern Backs Hedge Funds

Jim McGovern, managing director and CEO, Arrow Hedge Partners, will debate in favour of the resolution and Som Seif, president and CEO, Claymore Investments, will speak against the topic that 'Hedge Funds Are Worth the Price' at the Alternative Investment Management Association Canada's annual parliamentary style debate. It takes place April 22 in Toronto, ON. For more information, visit <http://www.aima-canada.org>

#### ACPM Shares Innovations

'Sharing Innovations: Developments in Retirement Plan Design and Communications' will be the theme of the ACPM Ontario Regional Council's 'Spring 2010 Session.' Featured speakers include Ian Genno, Towers Watson; Marcia McDougall, Hewitt Associates; and Neil Murphy, Ontario Teachers' Pension Plan Board. It takes place May 18 in Toronto, ON. For more information, visit <http://www.acpm.com/>

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Tuesday, April 6, 2010

#### Chiropractic Coverage Limited

The Saskatchewan government is limiting coverage for chiropractic services paid by Saskatchewan Health, says a 'Mercer Communiqué.' Effective April 1, low-income individuals receiving Supplementary or Family Health Benefits or on the Seniors Income Plan will be eligible for a maximum of 12 chiropractic treatments a year. All other coverage will be eliminated. Depending on how they are worded, group benefit plans may now be required to pay additional costs with respect to chiropractic services. However, the cost impact of this change will be small for group benefit plans and most insurers will implement any required rate adjustment at renewal.

#### Canadian Funds In Defensive Stance

Canadian pension funds adopted an increasingly conservative strategy amid the turbulent markets in 2008 and 2009, says Greenwich Associates. A combination of declining equity valuations and proactive shifts in portfolio asset mixes brought down institutional allocations to domestic equity to 16.7 per cent of total assets in 2009 from 18.7 per cent in 2008. At the same time, fixed income allocations increased to 36 per cent of assets from 30.8 per cent. Canadian public sector funds took a slightly more aggressive approach than other institutions. They had

lower allocations to fixed income than those of corporate funds and higher allocations to alternatives. Forty per cent of Canadian plan sponsors last year said they were planning to make substantive changes in their asset mixes in the coming 12 months, up from 31 per cent the prior year. If implemented, the changes planned by these institutions will result in additional reductions to domestic equity allocations.

#### Teachers' Group Acquires Exal

An investor group led by the Ontario Teachers' Pension Plan has acquired Exal Group, the largest specialty manufacturer of aluminum containers in the world. The investor group is led by Teachers' Private Capital, the private investment department of Teachers', and includes Stonebridge Partners, a U.S.-based private equity firm that focuses on the specialty manufacturing sector. Exal was founded in the U.S. in 1993 and has grown to six facilities and 47 manufacturing lines in the U.S., Europe, and Argentina. It produces approximately 1.3 billion units a year, primarily for multi-national consumer packaging customers in the household products, personal care, and beverage industries. It generates annual revenues of approximately US\$400 million.

#### Retirement System Graded

Malcolm Hamilton, worldwide partner, Mercer (Canada) Limited; and Thomas G. Reid, senior vice-president, group retirement services, Sun Life Financial Canada; will decide if the Canadian retirement income system deserves a passing grade during a plenary session at the '2010 CPBI Ontario Regional Conference.' Hamilton and Reid will provide their perspectives on the pension reform movement and invite audience discussion on the topic. It takes place October 4 to 6 in Niagara-on-the-Lake, ON. For more information, visit <http://www.cpbi-icra.ca/>

#### Nutrition Targeted At Forum

Julie Daniluk, author and host of the VIVA Network's Healthy Gourmet TV show, will examine 'Targeting Nutrition' at the '8th Annual Employer Forum on Workplace Health and Productivity Management.' Hosted by Connex Health Employee, the theme this year is 'Targeting Your Strategy for Maximum Impact.' It takes place May 13 and 14 in Ingersoll, ON. For more information, visit [www.connexhc.com](http://www.connexhc.com)

#### Innovation Changing SRI

How innovation is changing the face of socially responsible investment and how SRI is revolutionizing conventional investment will be the focus of the 'Canadian Summit on Socially

Responsible Investment.' Sessions will look at cleantech, oilsands issues, public attitudes, advisor/client relationships, divestment versus engagement, and innovations in environmental social governance research and investment management. This year, the conference will feature the first annual Canadian SRI Lifetime Achievement Award to be given to an outstanding member of the Canadian SRI community. It takes place June 14 to 16 in Toronto, ON. For more information, visit <http://www.socialinvestment.ca/>

#### Finance Ministers At Retirement Summit

Jim Flaherty, federal minister of finance; Ted Morton, Alberta's minister of finance; and Dwight Duncan, Ontario's minister of finance; will provide keynote addresses at the 'National Retirement Income Summit.' As well, Jack Mintz, director of The School of Public Policy at the University of Calgary, will lead a panel of leading experts and officials from Canada and abroad as they tackle the challenges facing a large generation of retiring Canadians. It takes place April 12 and 13 in Calgary, AB. For more information, visit <http://policyschool.ucalgary.ca/events>

#### May Interest Rate Assumptions

The interest assumptions required to calculate commuted values for an event which occurs in any month up to and including May 2010 are now available at [www.an-actual-actuary.com](http://www.an-actual-actuary.com). An Excel spreadsheet on the website contains six worksheets:

Commuted Values – 2009 Basis

Commuted Values – 2005 Basis

Commuted Values – 1993 Basis

Marital Breakdown – CSOP 4300 (May 2009)

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).

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Monday, April 5, 2010

### Interest Rates Hurt Funding Ratios

Declines in asset values, coupled with low interest rates that serve to increase the value of pension funds' long-term liabilities, had severe consequences on Canadian pensions' reported funding ratios, which declined to an average of just 90 per cent in 2009 from 99 per cent in 2008, says Greenwich Associates. A 17 per cent year-to-year reduction in asset values from 2008-2009 reduced the value of Canadian institutional portfolios to levels below those last seen in 2006. Among the country's largest pension funds, funding ratios declined to 82 per cent from 94 per cent. Corporate funds saw their reported funding levels decline from 102 per cent in 2008 to 89 per cent in 2009, while funding levels for public sector/provincial plans fell to 90 per cent from 95 per cent. Actual funding ratios for all Canadian funds could be significantly lower, since, in keeping with normal reporting schedules, only some funds reported updated valuations in 2009.

### Canadian Funds Outperform U.S. Peers

Large public sector pension funds in Canada are outperforming their U.S. peers and one reason may be that most have shifted management of a larger proportion of their funds in-house to boost returns, says a report in the Globe and Mail. Its review shows Canada's nine largest public pension funds earned an average annual return of 5.5 per cent over the past 10 years while data from eight top U.S. public pension funds shows an average annual return of 3.2 per cent in the same period. While the move also means they avoid paying the fees charged by outside money managers, it does mean the salaries paid to investment professionals to manage the funds have soared which has prompted some criticism.

### BNY Mellon Closes Ivy

BNY Mellon Asset Management is closing Ivy Asset Management, one of its three hedge fund-of-funds units. It acquired Ivy in 2000. However, its assets have declined from a peak of more than \$15 billion at the end of 2006 to less than \$5 billion as of December 31. Its current assets under management total about \$2.5 billion, mostly for a handful of large institutional investors. Ivy clients are being encouraged to move their funds to BNY Mellon's EACM Advisors which offers separately managed hedge funds of funds.

## Evolving Healthcare Examined

'Evolving Healthcare in Canada and Its Impact On Your Employees' Health' is the focus of the next Manitoba CPBI Council breakfast seminar. Additionally, the session will look at what some organizations are doing to make a meaningful and positive impact on their employee engagement and employee well-being. Presenter is Jamie Marcellus, director of business development, Best Doctors Canada Inc. It takes place April 15 in Winnipeg, MB. For more information, visit <http://www.cpbi-icra.ca/>

## Kerzner Keynote Speaker

Bob Kerzner, president and CEO of LIMRA, LOMA, and LL Global Inc.; will discuss 'An Industry in Transition' at the LOMA Canada Annual Conference. His session will look at the current opportunities for growth, as well as the potential negative disruptors, and how to be prepared for whatever the future holds. It takes place June 10 in Toronto, ON. For more information, visit <http://www.loma.org/canada/>

## Flaherty Speaks At Conference

'The New Balance in Economic Growth – the BRIC Economies' will be discussed at the 2010 ICGN Annual Conference and AGM. Keynote speakers include Jim Flaherty, minister of finance for Canada, and Rajat Gupta, former managing director, McKinsey & Company. It is being hosted by the Ontario Teachers' Pension Fund and the Canada Pension Plan Investment Board. It takes place June 7 to 9 in Toronto, ON. For more information, visit <http://www.icgn.org/conferences/2010>

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Thursday, April 1, 2010

## CLHIA Wants MEPP Use Expanded

The Canadian Life and Health Insurance Association (CLHIA) wants to dramatically improve the use of workplace retirement savings plans including expanding access to multi-employer pensions plans (MEPPs) and protecting savings in group RRSPs through locking-in employer contributions. Its recommendations are included in a policy paper, 'Saving More for the Future: An Achievable Goal for Canadians.' Its recommendations include amending pension legislation to permit any employer (including self-employed) to participate in a DC-MEPP (Defined

Contribution Multi-Employer Pension Plan.) As well, it wants to require businesses with 20 or more employees to offer their own pension plan either via a DC-MEPP or a group RRSP. This would give more than 80 per cent of Canadian workers access to an efficient, cost-effective way to save for retirement, it says.

#### MP Wants Pensions Protected

New Democrat MP John Rafferty has tabled a bill which would give underfunded pension plans priority over other creditors following any bankruptcy or restructuring process. The bill was prompted by recent situations such as Nortel where the company went into administration last year and the fate of its pensioners is still uncertain.

#### CRA Allows Higher Surplus Threshold

The Canada Revenue Agency (CRA) says that the 25 per cent surplus threshold can be reflected in determining eligible contributions for actuarial valuation reports with an effective date of December 31, 2009, or later, says a 'Buck Exchange.' This follows a proposed change announced last October to increase the pension surplus threshold allowed under the Income Tax Act from 10 per cent to 25 per cent. The proposed change is intended to apply to employer current service contributions made to Registered Pension Plans after 2009. The change applies to both provincially and federally registered pension plans. While the legislation has not been passed to implement the change, this announcement clarifies and confirms the timing of the application of the higher surplus threshold for registered pension plans. It also effectively allows greater flexibility to plan sponsors and offers a potential for improved benefit security to plan beneficiaries.

#### Investor Confidence Rises In March

Globally, investor confidence rose 5.4 points to 108.0 from February's revised reading of 102.6, says the State Street Investor Confidence Index for March. The driving force this month was provided by Asian institutional investors whose confidence rose 4.1 points from February's revised reading of 96.7 to 100.8. Elsewhere, the changes were more muted. North American investor confidence ticked up slightly to 110.4 from a revised February number of 110.1. In Europe, confidence remained somewhat on the back foot, declining to 97.3 from February's reading of 99.8.

#### Landry Heads Transaction Business

John Landry is head of Citi's global transaction services business in Canada. He joined the firm in 2001 and has headed its treasury and trade solutions business in Australia and New Zealand since 2005. Global transaction services offers integrated cash management, trade and securities, and fund services to domestic and multinational corporations, financial institutions, and public sector organizations around the world.

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Wednesday, March 31, 2010

### Quebec Proposes User Fee

Quebec has proposed a user fee for healthcare services. The proposal in its 2010/11 provincial budget is an effort to address healthcare costs. However, it could trigger a national debate because it conflicts with the Canada Health Act. The user fee would take the form of a deductible that, according to one proposal, could be capped so that total charges do not exceed one per cent of a family's annual income. It would involve charging \$25 per medical visit and be paid on a fee-for-service basis.

### Wine Offers Investment Opportunity

Since 1993, the value of gold has increased three-fold, says Rodney Birrell, director of The Wine Investment Fund. Over the same time frame, the value of "fine wine" has increased ten-fold. Speaking at the Hedge Fund Hotel's 'After-the-close' event, he said in wine investment circles, "fine wine" mostly means Bordeaux because the chateaus in that part of France can produce enough supply to meet demand. Currently a \$6 billion market, it is finding increased interest from investors in India and China. The benefits of investing in wine include the double-digit returns, low volatility, and a low correlation to equities and bonds.

### Some Alpha Easy To Find

Some of what is considered alpha is relatively simple to find, says Steve Platt, senior vice-president and director of portfolio management at Westpeak Global Advisors. Speaking at FTSE Americas' 'Capturing Systematic Sources of Active Equity Returns' luncheon, he said the belief is that markets are highly, but not perfectly, efficient. Therefore, alpha should be hard to find and require significant skill. However, some forms of positive active returns are reasonably simple to identify and, once discovered, persist over long periods of time. "These return sources are systemic in nature and have been mischaracterized as alpha," he said. These active betas can

be captured passively or used as a better barometer for managing the performance of active value and active growth portfolio mandates.

#### Nortel Gets LTD Agreement

Nortel Networks Corp. will set aside \$57 million to pay benefits until the end of the year to the company's pensioners and former employees on long-term disability. In exchange, they have agreed not to sue those involved in the management and funding of Nortel's pension and health and welfare funds. The agreement is the same as an earlier deal which was rejected by the court overseeing its restructuring except a controversial clause regarding what happens if there are changes to the Bankruptcy and Insolvency Act in the future has been removed.

#### New Options For Retirement Savings Wanted

More than three-quarters (76 per cent) of working Canadians want new options for retirement savings within the next five years, reports the Montreal Gazette. It says an Environics poll also shows almost nine out of 10 Canadians say workplace-based pensions or group RRSPs should be available to all working Canadians. Forty per cent want new savings options immediately and 36 per cent want them within five years. It also found that half of the respondents are concerned they will not have enough to live comfortably during retirement. That rose to 61 per cent among those aged 45 to 59.

#### Labour Calls For Doubling Of Benefits

Canadian labour unions want the federal government to double the benefits paid to retired workers. The Canadian Labour Congress (CLC), which has more than three million members, also wants an increase in the Guaranteed Income Supplement for low income seniors and a federal pension insurance plan to protect workers' pension benefits. The comments came out of a one-day pensions' summit convened by the CLC and Ontario Federation of Labour (OFL) which featured a number of pensions experts debating solutions to reform Canada's pension system. One-third of Canadians have no retirement savings beyond what is offered through the Canada Pension Plan (CPP), Old Age Security, and the Guaranteed Income Supplement.

#### UK Funds Return 14.4 Per Cent

The average UK pension fund achieved a weighted average return of 14.4 per cent for the year ending December 31, 2009, says research from BNY Mellon Asset. This is the best return BNY Mellon has recorded since 2005. 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 also back in the black over the three-year period with an average return of 1.7 per cent per annum.

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Tuesday, March 30, 2010

### Managers Bullish On Canada

As the economy continues to recover, a majority of investment managers have remained bullish on Canadian equities, says Russell Canada's 'Investment Manager Outlook' poll. "This quarter, 69 per cent of investment managers surveyed say they are bullish towards Canadian equities. But what's striking is the slow-but-steady decline in the number of bearish managers since the bottom of the financial crisis one year ago. Less than nine per cent of managers are bearish about Canadian equities," says Sadiq S. Adatia, chief investment officer. The poll found 57 per cent of managers say the market is fairly valued, virtually the same proportion as in the previous quarter. Approximately 21 per cent now believe the market is undervalued while 21 per cent of managers feel that the market is overvalued. This represents a slight shift towards a more bullish outlook versus the last quarter of 2009.

### ICAC Wants Tax Modified

The Investment Counsel Association of Canada (ICAC) wants the federal government to reverse its plan to modify the Excise Tax Act to spare Canadians from the burden of paying more tax for professional investment management services. "Canadian investors and pension plans have been striving to regain lost capital since the recent economic downturn," says Katie Walmsley, ICAC president. "Although the capital markets have taken a positive turn in recent months, the addition of HST in B.C. and Ontario will result in a new tax on investment management services at a time when Canadians can ill afford it." The organization would prefer to see no additional HST on discretionary investment fees. However, it is pleased with the federal government's announcement of a Canada-wide consultation process on pension and retirement savings and is hopeful the government will see the opportunity to assist Canadians in reaching their retirement goals by minimizing the GST/HST impact on their retirement savings.

### OSFI Sets Out Plans

The Office of the Superintendent of Financial Institutions plans to develop and implement systems to support the pensions risk assessment framework it published in 2009. As well, it will refine the monitoring of risks facing pension plans, including the impact of rule changes. These

are among the plans outlined in its '2010-11 Estimates Part III – Report on Plans and Priorities.' It will also assess the need to review OSFI guidance and reporting requirements for pension plans following changes to Canadian Generally Accepted Accounting Principles (GAAP) to reflect aspects of IFRS.

#### UK Association Wants Overhaul

The UK's National Association of Pension Funds (NAPF) is calling for an overhaul of existing UK pensions terms. It believes the overhaul is needed to increase pensions coverage and ease funding pressures on employers. Under its proposals, companies would be able to create core Defined Benefit schemes and pension funds would be freed of the legal obligation to provide indexation and benefits for spouses. Its report, 'Fit for the future – the NAPF's vision for pensions,' argues certain benefits, such as spouses' pensions and indexation, could be paid by DB schemes on a voluntary basis, based on each year's funding level. It also says members should at first only contribute to a basic, core DB scheme, but should then be able to pick and choose which additional benefits they would like to pay contributions towards.

#### Moody's Sets Standard For Banks

Moody's Investors Service plans to introduce a global standard adjustment for Defined Benefit post-retirement plans at the world's banks. It has found significant accounting anomalies in how banks account for their plans. While U.S. GAAP requires banks to recognize in full the funded status of their plans on the balance sheet, alternative accounting policy options exist under IFRS, Canadian GAAP, and Japanese GAAP that result in the funded status of a plan not being fully recognized on the balance sheet. Moody's proposes to bring all banks in line with the U.S. GAAP rules.

#### Northern Trust Creates IFRS Toolkit

Northern Trust has created an 'IFRS Valuation Toolkit' to assist institutional clients with the additional fair value measurement disclosures required by the International Financial Reporting Standards 7 (IFRS 7) and similar national financial reporting standards. Available via its single, global operating platform and fully integrated into client reporting packages, the IFRS 7 Valuation Toolkit consists of customizable level determination reports and various pricing related documents that provide clients with details related to the securities within their portfolios. It is currently available for institutional clients that follow International Financial Reporting Standards.

#### Fratzscher Joins Caisse

Oliver Fratzscher is joining The Caisse de dépôt et placement du Québec as executive vice-president, chief economist. He will also sit on its executive committee. For 10 years, he served as manager of World Bank's Global Emerging Markets Local Currency Bond (GEMLOC) Program in Washington, DC. He also held economic positions at the ABN AMRO Bank, Deutsche Bank, the International Monetary Fund, and the Poland Council of Ministers.

#### Manitoba Pension Experts Speak

The Manitoba CPBI Council will offer a benefits fundamentals series April 20, April 27, and May 4 in Winnipeg, MB. The five-part lecture series will feature some of Manitoba's most prominent pension professionals discussing an 'Introduction To Pensions,' 'Actuarial Fundamentals,' 'Legislative Aspects,' 'Investments,' and 'Communication and Legal Issues.' For more information, visit <http://www.cpbi-icra.ca/>

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Monday, March 29, 2010

#### Ontario Seems Committed To Reform

In spite of the tough fiscal challenges ahead of it, Ontario appears determined to deliver on its previous commitment to pension reform, says an Aon Consulting Special Notice. It says the provincial budget builds on the consultation process that was put in place by the establishment of an advisory council in July 2009 and Bill 236, which was introduced into first reading in December 2009 and focused on easily implemented and non-confrontational issues. Among other things, the government is proposing to consult on regulations to Bill 133 regarding new rules for the division of pension on marriage breakdown; provide single-employer Defined Benefit pension plans in the public sector and broader public sector with greater funding flexibility, and proceed on the next stage of reforms based on the principles such as sharing the risk and responsibility among stakeholders and funding rules which match benefit and governance structures.

#### Manitoba Proposes Changes

The Manitoba government has announced what it calls the most significant changes to its Pension Benefits Act in 35 years. The proposed changes call for improved security, flexibility, and greater transparency. For example, employees will be eligible for benefits upon joining a plan and won't have to wait two years. Plans will no longer be able to apply excessive pension reductions when employees retire early and there will be options to buy flexible benefits such as

enriched early retirement benefits and cost of living adjustments. The government is planning on holding a series of public consultations on the changes.

### Fewer Canadians Participate

Just over 8.9 million employed Canadian tax filers participated in a private retirement savings plan in 2008, about 50 per cent of all tax filers, says Statistics Canada. However, this proportion was down from 54 per cent in 1997. There was a decrease in the share of employed tax filers who contributed to a Registered Retirement Savings Plan (RRSP) during the decade. In 1997, 41 per cent of employed tax filers participated in an RRSP; by 2008, this proportion had declined to 34 per cent. At the same time, the share of employed tax filers participating in employer-sponsored pension plans (EPP) remained stable at 32 per cent.

### Gerbrecht Regional Vice-president

John Gerbrecht is regional vice-president, sales – western region, group insurance at Standard Life. He has more than 20 years of group insurance sales experience in Western Canada and has spent the past 13 years working with both brokers and consultants in mid and large case markets.

### Fixed Income Strategies Discussed

Discussions on a range of investing topics including behavioral finance, the outlook for emerging markets, and fixed income investing strategies will be featured at the eighth annual Morningstar Investment Conference. Speakers include Michael J. Mauboussin, chief investment strategist, Legg Mason; and Terry Carr, vice-president and managing director of fixed income, MFC. It takes place June 9 in Toronto, ON. For more information, visit <http://corporate.morningstar.com/ca/mic>

### Healthy Workplaces Studied

'Partners in Prevention 2010: Ontario Health & Safety Conference & Trade Show' will open with two pre-conference events on May 3 including the 'Small Business Forum 2010' which will help small businesses discover how to improve the profitability and sustainability of their business. The conference runs May 4 and 5 in Mississauga, ON, and features sessions and workshops on healthy workplaces, workplace violence, ergonomics, major hazards, legislation, and more. For more information, visit [www.PartnersinPreventionOntario.com](http://www.PartnersinPreventionOntario.com)

## Swedlove Session Rescheduled

Frank Swedlove, president of the Canadian Life and Health Insurance Association, will present a speech entitled 'Evolution not Revolution: A Prescription for Helping Canadians Save More for the Future' at an Economic Club of Canada session. It takes place April 7 in Calgary, AB. Previously it was planned for March 25. For more information, visit [www.economicclub.ca](http://www.economicclub.ca) -----  
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Friday, March 26, 2010

## PBGF Gets Funds

The Ontario 2010 budget calls for providing a \$500 million grant to the Pension Benefits Guarantee Fund in 2009-2010 to "help ensure the PBGF has sufficient assets to cover claims in the near term." Ontario is the only province with a guarantee fund in Canada. However, it is facing problems because of the failure of high profile companies such as Nortel Networks Corp. The budget says while the PBGF is intended to be self-financing, "annual assessments paid by the employer sponsors of Defined Benefit pension plans (which averaged \$48 million per year from 2005 to 2009) have been insufficient to meet the claims on the PBGF. The province has provided a series of loans to the fund which now amount to \$275 million. The fund is used to cover a portion of employee pension benefits at companies which fail. The budget also says the province will be seeking advice from Ontarians on improving retirement income security after the finance ministers' meeting in May 2010.

## Bill Would Protect Employees On LTD

Federal Liberal Senator Art Eggleton will table a bill in the Senate that would amend the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act to protect employees on long-term disability (LTD) by granting them preferred status during bankruptcy proceedings. LTD employees who are disabled, who cannot work, and who can't find new employment "shouldn't be shunted aside," says Senator Eggleton. At the moment, approximately one million employees in Canada have disability benefits that are self-insured by their employers. If their company goes bankrupt, LTD employees – who are unsecured creditors – will be left holding an empty bag.

## Japanese Fund Reducing Managers

Japan's public pension fund, the world's largest, plans to cut the number of money-management firms it uses for passive investments in a bid to simplify operations. As well, it will

adopt new benchmark indexes to reduce market impact and lower trading costs. The Government Pension Investment Fund oversees \$1.3 trillion. Its outgoing president, Takahiro Kawase, says "there are very thinly traded shares in the Topix and moving those stocks is a handicap. It'll be much easier for us to trade if we focus on large-cap stocks with more liquidity."

#### B.C. Extends Solvency Moratorium

The B.C. government has announced an extension of the solvency moratorium for multi-employer negotiated cost pension plans, says Harry Satanove, of Satanove & Flood Consulting Ltd. The initial moratorium, which took effect in 2007, allowed applications for relief only up to the end of 2010. With the extension, these plans may apply for relief at any time up to December 31, 2013. As before, upon approval, the suspension will apply for three years. In addition to extending the deadline for plans to first apply for relief, the limit to one application has been removed. Plans that have already received an approval for relief may make further application, within the time limit.

#### Teachers' Acquires Camelot

The Ontario Teachers' Pension Plan (Teachers') will acquire Camelot Group plc which has an exclusive licence to operate the UK National Lottery. Teachers' will acquire the shares from Camelot's five shareholders – Cadbury Holdings Ltd., De La Rue Holdings plc, Fujitsu Services Ltd., Royal Mail Enterprises Ltd., and Thales Electronics plc. The acquisition is made on Teachers' behalf by its Long-Term Equities division which is focused on direct investments that have steady cash flow and growth potential over a long-term horizon. Teachers' currently has direct investments in a number of UK companies including Acorn Care and Education, Bristol International Airport, Birmingham Airport, Scotia Gas Networks, InterGen, and Thomas More Square Estate.

#### WHSCC Reappoints CIBC Mellon

CIBC Mellon Global Securities Services Company has been reappointed by the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador (WHSCC) to deliver custody, securities lending, and performance and risk analytics for the commission's investment fund. Serving more than 16,000 employers and approximately 12,000 injured workers, the commission is an employer-funded, no fault insurance system that promotes safe and healthy workplaces and provides return-to-work programs and fair compensation to injured workers and their dependants.

#### AIMA Debates Hedge Fund Fees

Jim McGovern, managing director and CEO, Arrow Hedge Partners; and Som Seif president and CEO, Claymore Investments; will debate 'Hedge Funds Are Worth the Price' at Alternative Investment Management Association (AIMA) Canada's seventh annual luncheon debate. McGovern will debate in favour of the resolution and Seif will take the opposing view. It will revolve around the '2 and 20' standard investors have been required to pay for alpha, which is now being questioned because of the variety of new vehicles promising to produce equal if not greater returns at a lesser. It takes place April 22 in Toronto, ON. For more information, visit <http://www.aima-canada.org>

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Thursday, March 25, 2010

### Government Starts Consultation

The federal government is launching a cross-country consultation on how the pension system should be reformed. It will be staging a series of town hall meetings, expert roundtables, policy conferences, and public online consultations. The government will be looking at areas such as increasing mandatory contributions to the CPP to improve benefits; adding a voluntary supplement to the CPP; streamlining and expanding the tax inducement system to encourage more individual savings; and giving the private sector more leeway to manage retirement savings funds, especially for people who have no access to company-sponsored plans.

### DC Assets In Canada Decline

Canada is the only country where Defined Contribution pension plan assets have fallen compared to Defined Benefit over the last 10 years, says Towers Watson's '2010 Global Pension Asset Study.' Currently, DC assets represent 42 per cent of global pension assets, compared to 40 per cent in 2004 and 32 per cent in 1999. The markets with larger proportions of DC assets are Australia, Switzerland, and the U.S., while Japan remains essentially 100 per cent DB. It also found that during the last 10 years, DC assets have grown at a rate of 6.4 per cent per annum, while DB assets have grown at a pace of 1.6 per cent.

### Infrastructure Holds Opportunities

Investing in infrastructure is a great way to reduce portfolio volatility and deliver returns, "but you have to learn to walk before you can run," says John Walker, managing partner, Aurion Infrastructure Inc. At a CAIA (Chartered Alternative Investment Analyst) Infrastructure Panel Luncheon in partnership with AIMA Canada, Walker emphasized the need – especially for

smaller institutional investors – to go with a manager that has a proven track record in infrastructure, rather than going for listed infrastructure opportunities, which took a hit during the market meltdown. It's also important to view infrastructure as a long-term asset class, he says, with expected returns of nine to 12 per cent today. Panelists also highlighted other beneficial aspects to infrastructure investing such as stable and predictable cash flows, relatively low default rates, long-term income streams, and socially responsible reasons.

#### Czitron Moves To Morrison Williams

Tom Czitron is managing director and chief investment officer of Morrison Williams Investment Management LP. He has 30 years of experience in the financial services industry, most recently with Sceptre Investment Counsel Ltd. where he was head of the fixed income team with additional responsibility for structured products. Prior to that, he was chairman of the fixed income committee and vice-president of bonds, asset allocation, and alternative investments at Royal Bank Investment Management Inc.

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Wednesday, March 24, 2010

#### Rich Countries Must Control Retirement Costs

The world's richest economies must put a lid on spiraling retirement costs to address the "acute" challenge of tackling high public debt, says the International Monetary Fund (IMF). The IMF says all G7 countries, with the exception of Canada and Germany, will have debt-to-GDP ratios close to or exceeding 100 per cent by 2014. The biggest contributory factors to the debt burden are projected increases in pension and healthcare spending. Maintaining public debt at its post-crisis levels could reduce potential growth in advanced economies by as much as 0.5 per cent annually compared with pre-crisis performance.

#### Opportunities For Interesting Investments

There are tremendous opportunities every year to find interesting investments in private equity, says Ed Rieckelman, vice-president, Alberta Investment Management Corporation (AIMCo) private equity group. Speaking at '2010 Private Equity Symposium' on 'Areas of Focus for Leading Canadian Pension Plans,' he said this is because there are "zillions" of companies around the world to consider. He also said private equity is an ideal match for pension funds because they can afford to be patient if it takes longer than expected for a company to perform as planned.

## Institutions Expand Asian Allocations

Global financial institutions are planning to expand their allocations to Asian asset classes to get better returns and improved diversification, says the Economist Intelligence Unit survey 'From West to East: Gauging Institutional Investor Attitudes to Asia.' The survey found that China and India should attract the most significant new capital flows over the next year with 57 per cent of European respondents planning to increase their allocation to the former and 47 per cent to the latter. The next most popular region was the ASEAN nations (Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam) where 44 per cent of European respondents planned to up their allocations. However, it says that concerns about transparency and regulatory rigour across Asia are still commonly cited as barriers to investment in the region.

## RBC Dexia Has Highest Score

RBC Dexia Investor Services has achieved its highest ever score in the 'R&M Consultants Global Custody Survey,' ranking as the number one custodian in the UK for the fifth year running and also claiming the top spot in Europe. It moved to second position in the survey's overall ranking, up from third last year. It also ranked number two in Canada and in the Rest of the World.

## Feather Heads Russell Canada

David Feather is president and managing director of Russell Investments Canada Limited (Russell Canada). Prior to joining the firm, he was president of Mackenzie Financial Services Inc. and was responsible for leading the company's distribution efforts, sales, product management, and sub-adviser investment management relationships. He has also worked in the economic strategy group at Ernst & Young and in corporate and government banking at the Bank of Montreal.

## BC Pension Review Examined

'BC's Pension System Review Consultation: What Action Should the Government take to Increase Pension Coverage' is the topic of an ACPM British Columbia Regional Council panel discussion. Randy Colwell, Sun Life Financial; Paul Martin, BCGEU; and Scott Perkin, ACPM; will make up the panel. It takes place April 14 in Burnaby, BC. For more information, visit <http://www.acpm.com/>

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Tuesday, March 23, 2010

### Existing Pensions Safe

While Canada's Treasury Board president won't go after the pension benefits of "existing" federal employees, Stockwell Day may be leaving the door open to a two-tier pension system for civil servants, says a report in the Globe and Mail. He told a House of Commons committee that he will find savings in the staffing budget through attrition rather than cutting pensions and benefits. "It's not our plan at all to reduce benefits because the employees have paid in to those benefits and we will maintain them," he said. However, later he emphasized that the plan is to maintain "existing" pension benefits.

### Optimism For Recovery Grows

Although the trend is still for a timid recovery, the economic and financial scenarios for Canada are showing a little more optimism, says Desjardins Group Economic Studies. "Unlike the United States, where the inventory change has played a big role in economic growth at the end of 2009, Canada is benefiting from fairly robust domestic demand," says Yves St-Maurice, director and deputy chief economist. Employment is back up, fostering consumption, and public investments are benefiting from the ongoing recovery plans. Only foreign trade will be a drag on the pace, hurt by imports that continue to rise more quickly than exports, he believes. In these conditions, Desjardins economists forecast that Canada should see real GDP growth of three per cent in 2010 and 2.9 per cent in 2011.

### Mobile Tool Calculates Savings

The Great-West Life Assurance Company has launched a mobile tool calculator to help group retirement savings plan members see how even a small increase in their contribution to their employer-sponsored group retirement savings plan can increase their annual income in retirement. The 'My 1 per cent advantage' calculator can be accessed by plan members using their BlackBerry or iPhone smartphone from [www.my1percentadvantage.ca](http://www.my1percentadvantage.ca). The calculator can help plan members get a good picture of what they can do to reach their retirement savings goals. In many instances, plan members can have access to a customized version of the calculator that includes their employer's matching contribution. This feature is especially timely, Campbell notes, as Canadian employers are increasing contributions to their group retirement savings plans and more employees are maximizing their contributions to get full employer matching contributions.

### CIBC Mellon Ranked Number One

CIBC Mellon Global Securities Services Company is the number one provider of global custody services in Canada, says the '2010 R&M Consultants Global Custody Survey.' "In the 2010 survey, CIBC Mellon made significant gains over previous years," says Richard Hogsflesh, managing director, R&M Consultants. "As a result of their continuous improvement, CIBC Mellon now assumes first place in the intensely competitive Canadian global custody market." The annual survey ranks the quality of global custody services by collecting feedback from investment managers and institutional investors around the world. -----

Monday, March 22, 2010

### Interest Rate Belief Has Profound Effect

The belief among many larger plan sponsors that interest rates should rise is having the most profound effect on delaying the implementation of liability driven investing (LDI), John Haugh, head of U.S. pensions and endowments research at BofA Merrill Lynch Global Research. Many large plan sponsors are on the sidelines waiting for rates to rise and are prepping implementation when interest rate triggers are met. "We believe when a plan sponsor is comfortable and their rate trigger has been met they will begin a meaningful shift away from equities into long-duration fixed income securities," he says. However, for the past nine years the median Wall Street forecasters had overestimated forecasts by 80bp on average. "Perhaps, these forecasters will be proven correct, but that is a rather large gamble for plan fiduciaries to take. Plan sponsors may find hedging alternatives in the options market as an ideal way to protect against downside rate moves in the near term," says Haugh.

### Funds Have Positive Return

UK balanced pooled funds posted a positive return for February 2010 with a median of 3.5 per cent, says BNY Mellon Asset Servicing's CAPS pooled pension funds performance results. The one-year return has improved from last month from 24.3 per cent to 35.9 per cent. Over the three-year period to February 2010, the return was 1.3 per cent per annum. The five- and 10-year returns provided further positive returns with 6.5 per cent per annum and 2.9 per cent per annum respectively. Active UK Equity managers returned 2.7 per cent for the month. This return underperformed its index by 0.7 per cent. The one-year return came in positive at 46.1 per cent and underperformed its index by 1.2 per cent.

### Marynuik At BCMEA

Eleanor Marynuik is vice-president, human resources, for the BC Maritime Employers Association. She joined BCMEA after 30 years with Air Canada and its predecessors, rising to senior positions in ramp operations, labour relations, and administration. -----

Friday, March 19, 2010

### Canadians Need To Save More

Canadians – even those who think they have great company pension plans and solid RRSPs – need to save far more if they want to retire comfortably, says David Dodge, former governor of the Bank of Canada. In a study on savings for the C.D. Howe Institute, he says if Canadians want to maintain the same standard of living after they retire, they need to save between 10 and 21 per cent of their pre-tax earnings every year if they save for 35 years. Canadians over the age of 35 who have not kept up with their savings need to put aside far more than 20 per cent of their income, for a smooth retirement, or, they'll have to work well past the age of 65. The study makes numerous assumptions including that Canadians would want to replace 70 per cent of their working incomes when they retire and they would retire at age 65. However, scenarios with a later retirement age and only a 60 per cent replacement of pre-retirement income still indicated that savings need to be substantial.

### Funds Seeking Lower Fees

Pension funds are seeking lower fees, though they concede they are getting better value for money across all asset classes compared to a year ago, says bfinance's second global fee survey. The survey says this is consistent with its findings that more pension funds have negotiated lower management fees following the financial crisis in 2008. Twenty-eight per cent of pension funds say their base fees are lower compared to only three per cent who say they are higher and 69 per cent who indicate they are unchanged. Some pension funds are also suggesting that performance fees be calculated over a longer period. Twenty-three per cent expressed a preference for fees to be calculated over a four-year period and 23 per cent over a five-year period compared to last year's figures of only 13 per cent and 16 per cent respectively. It also found 23 per cent of pension funds intend to increase their allocation to active managers for equity mandates while 19 per cent of pension schemes will favour passive strategies for equity mandates.

### Institute Looks At Investment Topics

The International Foundation of Employee Benefit Plans' 'French Canadian Investments Institute' will examine current investment topics. It takes place May 27 in Montreal, QC. For more information, visit [www.ifebp.org/Education/Schedule/](http://www.ifebp.org/Education/Schedule/)

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Thursday, March 18, 2010

### Nova Scotia Backs Recommendations

The government of Nova Scotia agrees with 90 per cent of the recommendations in the province's 2009 Pension Review Panel's report, says an Eckler 'Special Notice.' As well, it agrees that changes should be made to the provincial Pension Benefits Act to recognize new types of plans and allow for more flexibility in plan design and funding arrangements. For example, it agrees in principle with extending the use of Target Benefit Plans to single employers or multi-employer arrangements that do not meet the current requirements for a TBP under the act, but wants feedback on this from employers and employees. The deadline for comments on its response is April 15.

### Hedge Funds Maintaining Fees

Eighty-eight per cent of hedge funds will not lower their fees from the 1.5 per cent – two per cent base fee and 20 per cent performance fee structure in 2010, says bfinance's second global fee survey of hedge funds and fund of hedge funds. This compares with 2009 findings where 56 per cent made a similar claim last year. While 44 per cent of single hedge fund managers anticipated a drop in their fees in 2009, only 12 per cent anticipate a decrease this year. Over the next six months, the majority of respondents (51 per cent) believe fees will remain unchanged, while 49 per cent say they will go down. Last year, a larger percentage (54 per cent) thought base fees would drop and 46 per cent expected fees to stay the same.

### Shift To DC Accelerates

As the shift to Defined contribution retirement plans continues to accelerate as the primary vehicle for providing for retirement, a growing need for education focused on saving for retirement, including the importance of starting early and making regular contributions, has emerged, says the latest in State Street Corporation's 'Vision' series of papers. 'Pensions: Strengthening the DC Model for the Future' examines the current challenges facing Defined Contribution pension systems following the significant volatility in global financial markets over the last two years. "Because DC represents the future of retirement plan models in many markets, the financial services industry should continue to work creatively and collaboratively with other stakeholders – including policymakers – to solve one of the most compelling social challenges of our time: ensuring sufficient funding to support a decent quality of life in retirement for an aging population," says James Phalen, executive vice-president.

### Retirees Lose Human Rights Claim

British retirees living abroad – including more than 150,000 in Canada – will not have their pensions indexed to reflect inflation following a ruling by the European Court of Human Rights. The case was first heard by the British courts in 2002, but every level of the judicial system has denied the pensioners' claim. In 2009, the matter was brought to the human rights tribunal by pensioners who claimed that Britain's policy violated the European Convention on Human Rights. The British government has bilateral agreements with the EU and 15 other countries that allow for inflation-indexing of pensions. But most Commonwealth countries – including Canada – do not have similar agreements. The current basic state pension in Britain is about \$145 Canadian per week, but for the oldest overseas pensioners, who retired in the early 1970s, benefits can be as little as \$10 a week.

### Shareholder Suit Dismissed

A shareholder lawsuit against CIBC claiming that it misled investors about its exposure to the U.S. subprime mortgage market has been dismissed by a U.S. federal judge. The judge said the bank was only one of many financial institutions that did not foresee just how great a toll the U.S. mortgage market downturn would take on its bottom line. -----

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Wednesday, March 17, 2010

### Supervision As Important As Rules

While focusing on rules is important, equal attention should be paid to the benefits of effective supervision of financial institutions, says Julie Dickson, of the Office of the Superintendent of Financial Institutions Canada. Speaking at the Heyman Center on Corporate Governance on 'Too focused on the rules; the importance of supervisory oversight in financial regulation,' she said even if improvements are made to the rules and in supervisory oversight, it will still not be adequate. There is a third element involved, and that is the reassertion of market discipline – otherwise the system will continue to be skewed to too much risk taking and too much reliance will be placed on supervisory agencies. "So as the global community strikes out into bold new directions, typically on the rule front, we cannot lose sight of the fundamental role supervisory oversight plays," she said.

### Market Value Of Plans Increases

The market value of employer-sponsored pension funds amounted to \$898.1 billion at the end of the third quarter, up 6.3 per cent or \$53.4 billion from the previous quarter, says Statistics Canada. This was the second consecutive quarter of growth in pension fund assets, as they

rebounded from significant losses experienced in 2008 and the first quarter of 2009. However, the third-quarter market value of these assets was still 7.5 per cent below the high of \$970.8 billion reached in the second quarter of 2008. Pension fund revenues increased 7.5 per cent to \$28.2 billion in the third quarter. This was due to special employer payments to reduce pension unfunded liabilities. With losses on the sale of securities down for a third quarter in a row, total expenditures declined 16.7 per cent to \$12.9 billion. This resulted in a positive cash flow of \$15.3 billion.

### Workplace Security Taking Over

On-the-job advancement is taking a back seat to a growing desire for workplace security and stability, says the 'Towers Watson Global Workforce Study 2010.' It confirms a move from the 'free agent nation' concept to the traditional 'deal' that once existed between employees and employers. Eight out of 10 respondents want to settle into a job, with roughly half saying they want to work for a single company their entire career and the rest wanting to work for no more than two to three companies. It also found while the average worker around the world anticipates retirement at age 62, that number rises to 67 in the U.S. Almost one-third (30 per cent) of those polled in the U.S. plan to work to age 70 or beyond.

### Investors Recover Equity Bullishness

Investors have recovered their bullishness towards equity markets, but are shifting their focus away from Europe and into the U.S. and Japan, says the BofA Merrill Lynch 'Survey of Fund Managers for March.' It found investors have restored their faith in equities with a net 46 per cent of respondents saying they are overweight the asset class, up from 33 per cent the previous month. A net 21 per cent are underweight European equities this month, a sharp change from a net two per cent overweight in January. And the change in favor of U.S. equities has been similar, as a net 19 per cent of respondents are overweight U.S. equities this month, up from just one per cent in January. Japan is also regaining popularity, as a net six per cent are overweight Japanese equities, the most bullish reading since August 2007 and up from a net 10 per cent underweight in January.

### Global Benefit Issues Examined

Benefit issues relating to international assignments and global healthcare systems and trends will be among the topics covered at the International Foundation of Employee Benefit Plans 'Certificate in Global Benefits Management' program. It takes place May 3 to 7 in Manhattan, NY. For more information, visit [www.ifebp.org](http://www.ifebp.org) -----

Tuesday, March 16, 2010

## Employee Health Considered

A large majority of Canadian organizations take the overall health of their employees into consideration in the design of their benefit programs, says a survey by The Conference Board of Canada. However, only about one-quarter of respondents feel that their organization has developed a comprehensive wellness strategy and one-in-10 have not done so at all. 'Beyond Benefits: Creating a Culture of Health and Wellness in Canadian Organizations' discusses the link between workplace health and wellness programs, employee health and greater organizational health, and features case studies of Canadian organizations that have implemented innovative health and wellness practices. The report also includes tips to help employers that are looking to either develop or improve their workplace health and wellness strategies. For example, the report highlights how organizations can move forward by starting small, focusing on the fundamentals before expanding their programs.

## Income Potential Unrealized

Most Canadians are unaware of how much income potential their retirement portfolio can generate, says a poll by Russell Investments Canada Limited and Harris/Decima of investors aged 42 years and over, with a household income of \$50,000 or more. It reveals that 88 per cent of investors don't know that the bulk of their investment income in retirement can be generated from growth that occurs during retirement. "Many Canadians still believe that once they retire, their investments retire as well. But by working with an advisor and investing in retirement solutions that can continue to grow during retirement, investors can feel assured knowing that close to 60 per cent of retirement income can be generated during retirement," says Fred Pinto, managing director of distribution services.

## Eurex Comes To Quebec

Eurex, the international derivatives exchange, has received regulatory exemption from the Autorite des marches financiers (AMF) in Quebec to offer its full suite of products in the province. Eurex is the first-ever foreign derivatives exchange to receive such an exemption by AMF. Customers from Quebec now have direct access to trading on Eurex and to Eurex products including benchmark index futures based on indices such as EURO STOXX 50, DAX, and SMI, as well as European interest rate derivatives.

## Pensions Most Important Benefit

Pensions remain the most important employee benefit on top of salary that an employer can offer, says a survey of UK workers by the National Association of Pension Funds (NAPF). Almost

four-in-10 respondents (38 per cent) chose pensions as the most important benefit, followed by a bonus (19 per cent), and flexible work arrangements (13 per cent). Over three-quarters (77 per cent) of employees said they would consider an employer who offered a workplace pension more positively than one who does not.

#### Conkey Joins Manulife

Chris Conkey is chief investment officer, global equities, at MFC Global Investment Management. He brings nearly 25 years of investment management experience across fixed income and equity asset classes to this role. Most recently, he was chief investment officer of Evergreen Investment Management Company where he had overall management responsibility for \$180 billion in assets.

#### Up-to-the-minute Updates Offered

The International Foundation of Employee Benefit Plans' 'Canadian Legal & Legislative Update' will provide up-to-the-minute updates on proposed legislation and regulations. It takes place April 29 and 30 in Toronto, ON. For more information, visit [www.ifebp.org/Education/Schedule/](http://www.ifebp.org/Education/Schedule/)

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Monday, March 15, 2010

#### Court Rejects Wind Up Bid

The Ontario Court of Appeal has rejected a bid by pension plan members to wind up their pension plan, says a Borden Ladner Gervais 'Newsletter.' In *Lomas v. Rio Algom Limited*, the parties to the case agreed that the Supreme Court of Canada's decision in *Buschau v. Rogers Communications Inc.* precluded the court from winding up the plan directly, but the members argued that the court could still require the employer to initiate wind up proceedings under the statutory procedure in the Pension Benefits Act (Ontario). The court of appeal rejected this argument, holding that to make such an order would be contrary to both *Buschau* and the scheme of the PBA which provides only the employer and the Superintendent of Financial Services with the power to initiate wind up proceedings.

#### Alberta Starts Pension Consultation

Alberta has launched a public consultation on how to strengthen the province's retirement income system and how to expand pension coverage for those not covered by a workplace pension. It reports that only about one-third of workers in the province are members of workplace pensions. It is looking for comments on various proposals including creating a voluntary, Defined Contribution pension plan; modernizing pension standards to improve flexibility in plan design; and expanding the existing Canada Pension Plan. The deadline for feedback is April 16. For more information, visit <http://www.finance.alberta.ca/publications/pensions/consultation.html>

### Lack Of Unanimity Hurts Pension Reform

While much has been written lately about the ideal pension system for Canada, the lack of unanimity on what constitutes an ideal pension/retirement income scheme is one barrier to finding it, writes Paul Owens, former CEO of the CAAT Pension Plan and a member of several pension committees. In his article 'The Pension Holy Grail: Can It Be Found?', he says the gap between where we are today relative to where we'd like to be is not solvable in one step. Instead, a more practical solution would be to develop a series of workable changes incrementally that demonstrate progress. One workable solution is to calculate solvency liabilities without any benefits exclusion and, in recognition of the long-term nature of pension liabilities, allow the shortfall in solvency liabilities to be amortized over 15 years. This is the same period used for funding deficiencies in 'going concern' valuations.

### IASB Willing To Listen

The IASB is willing to listen to alternative proposals to using mark-to-market pricing for pensions accounting standards. It told the NAPF annual investment conference that the organization has "sympathy with the frustration" felt on issues such as the mispricing of risk where it is listed in company profit and loss accounts against post-retirement benefits. However, the difficulty with fair value is if it is not market price, what is it? As well, does it allow everyone to change their pension fund assets at will, depending on their perception of market price? The new exposure draft on pension accounting – to be released in a few weeks – will not deal with Defined Contribution promises. One major change in the draft will be the removal of the 'corridor' smoothing approach as proposed, and change the way the income interest and expense item is calculated.

### Lorentz Heads Manulife Investments

Paul Lorentz is senior vice-president of investment products for Manulife Financial and president of Manulife Investments. He has worked in various Manulife businesses since joining the company in 1993, including individual insurance and group savings and retirement solutions. Most recently, he was senior vice-president of distribution.

## Session Looks At Saving More

Frank Swedlove, president of the Canadian Life and Health Insurance Association, will present a speech entitled 'Evolution not Revolution: A Prescription for Helping Canadians Save More for the Future' at an Economic Club of Canada session. It takes place March 25 in Calgary, AB. For more information, visit [www.economicclub.ca](http://www.economicclub.ca)

## ATMS Court Dates Set

The International Foundation of Employee Benefit Plans is offering various Advanced Trustee Management Standards (ATMS) programs in April 2010. ATMS courses help those who serve the multi-employer or public sector to examine every aspect of their plan's objectives and organization, and learn how to select strategies and tools for achieving a higher level of performance. ATMS Part I, ATMS Part II (Group Benefits), ATMS Part II (Pensions) take place April 27 and 28 in Toronto, ON. For more information, visit [www.ifebp.org/Education/Schedule/](http://www.ifebp.org/Education/Schedule/)

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Friday, March 12, 2010

## Benefit Cost Altered By Structural Issues

Benefit costs have increased by almost 10 per cent in the past year, and may not be sustainable in the long term at that pace of growth, says a Conference Board of Canada survey. 'Benefits Benchmarking 2009: Balancing Competitiveness and Cost' says although the economy has started to grow again, a number of structural issues are fundamentally altering the landscape in which employer-sponsored benefits are offered. These include an aging population which is increasing utilization rates for benefits; new and expensive drugs that are now on the market; and an ongoing shift of costs from public healthcare to employers. Most organizations (78 per cent) say they have well-developed benefits strategies but only 14 per cent believe their benefit programs are very effective at meeting the objectives of their strategies. Areas where employers fall short include enhancing employee health, increasing the connection between benefit programs and employee engagement, and containing costs. With costs accelerating at a year-over-year rate of 9.7 per cent, the priorities for organizations in the next 12 to 18 months are to ensure that employees understand the value of their benefits program, and to contain expenditures. The average cost of employee benefits is 19.9 per cent of gross annual payroll.

## Sun Supports Attendance Management

Sun Life Financial has launched Absence Analytics and Support, a set of services which help employers evaluate and develop more effective attendance management programs. "Many absence management programs focus on traditional absences such as those associated with disability," says Annette Gibbs, vice-president, group life and disability claims, group benefits, Sun Life Financial. "But casual absences can affect the bottom line of an organization considerably. We equate them to an iceberg. Sometimes there's a whole lot more going on than you may see at first glance." The service uses its national network of in-house organizational health consultants who provide in-depth analysis and benchmarking of employers' data to help uncover and understand absence incidence and duration trends.

#### Hedge Fund Database Built

Toronto's Hedge Fund Hotel has been entered into a joint venture with Global Manager Research. These two groups have built an interactive database of hedge funds with performance shown in Canadian dollars. The Global Manager Research Hedge can be used as an information source on investment funds by groups such as investment managers, pension plan sponsors, and Defined Contribution pension plan providers. It will be launched in June.

#### Endowments Alter Allocations

Endowments and foundations dramatically increased their allocations to passive domestic equities last year as the global financial crisis exposed significant liquidity problems, says a report from Greenwich Associates. It shows allocations to active U.S. stocks in endowment and foundation portfolios declined to 11.5 per cent in 2009 from 22.9 per cent in 2008. Over the same period, allocations to passive domestic equities increased to 16.4 per cent from 5.5 per cent. Among endowments and foundations with more than \$1 billion in assets, the allocation to active U.S. stocks fell to 9.3 per cent from 22.7 per cent while allocations to passive U.S. equities jumped to 18.9 per cent from five per cent.

#### Employee Benefits Day April 6

The International Foundation of Employee Benefit Plans is once again leading the celebrations for 'National Employee Benefits Day.' It encourages those with benefit responsibilities to use the day to recognize themselves and their colleagues for their hard work and dedication in providing quality benefits. Employers are also encouraged to involve their employees in the celebration by reviewing the benefits offered by their organization to increase awareness and understanding. In 2010, National Employee Benefits Day has a special focus on workplace wellness. Employers can use the day to introduce new wellness initiatives and to encourage their employees to live a healthier lifestyle. It takes place April 6. For more information, visit [www.ifebp.org/benefitsday](http://www.ifebp.org/benefitsday)

## Fiera Offers Infrastructure Fund

Fiera Capital has launched a pooled infrastructure fund, in collaboration with Fiera Axiom Infrastructure, which offers access to infrastructure investments to smaller institutional investors. Targeting both brownfield and greenfield investment opportunities, the Fiera Infrastructure Fund I will seek to invest in core transportation, energy, and social infrastructure assets in Canada.

## Berger At OPTrust

Jordan Berger is director, policy compliance, with OPTrust's Private Markets Group. He was previously head of responsible investment, Canada, with Mercer Investment Consulting. OPTrust is a jointly-trusted pension plan with assets in excess of \$11 billion, serving more than 80,000 current and former employees of Ontario's direct and broader public service.

## Risk Management Strategies Examined

Speakers from the Securities Exchange Commission and the Ontario Securities Commission will be featured at the Strategy Institute's '12th Annual Compliance & Risk Management Strategies for Advisers-Portfolio Managers.' It takes place June 9 and 10 in Toronto, ON. For more information, visit <http://www.strategyinstitute.com> -----

Thursday, March 11, 2010

## Scenarios Over-specified

Financial services is not rocket science, says Dr. Damian Handzy, president and CEO of Investor Analytics, it is much harder than that. Speaking at the CIBC Mellon Presentation Series session 'Tomorrow's Risk Management,' he said when it comes to risk management, there is a tendency to create stress scenarios that are over-specified. However, the chances of these scenarios taking place are reduced the more complicated they get. It is better, he said, to look at the outcomes of specific scenarios. He also took exception to historic scenarios. "We never live the same thing twice," he said, noting that this most recent recession was different from previous recessions.

## B.C. Seeks Public Input

The British Columbia Minister of Finance has released a consultation paper seeking public input "on ways to strengthen the pension system and expand pension coverage for the majority of workers currently without occupational pension plans." This consultation is the latest development in a federal-provincial review of Canada's pension system and will be of interest to employers across Canada, says Towers Watson. Two possible approaches for expanding the Canada Pension Plan have been outlined along with other measures such as changes to income tax and pension standards legislation. These proposals have the potential of dramatically changing the pension landscape in Canada. However, it remains to be seen whether there will be sufficient political will and consensus to move forward on national pension reform in 2010.

#### DC Members Fled From Equities

Defined contribution plan participants fled the stock market during the financial crisis and failed to get back into equities when they turned around, says a Greenwich Associates report. It found the market downturn reduced average DC equity allocations to 41.1 per cent of total assets in 2009 from 48.1 per cent. Assets in stable-value funds and guaranteed investment contracts jumped to 23.8 per cent of assets from 15 per cent; money market allocations increased to 3.7 per cent from 2.5 per cent; and allocations to international stocks dipped to 7.3 per cent from 9.7 per cent.

#### PH&N Using RBC

RBC Dexia Investor Services will provide custody and trustee services to Phillips, Hager & North, a member of the RBC Global Asset Management group of companies. Total value of the new mandate is \$40 billion and the asset transition is expected to be completed by April 1. Founded in Vancouver, BC, in 1964, Phillips, Hager & North has grown to become one of Canada's leading investment management firms.

#### Bradie Heads Green Shield

Steve Bradie is president and chief executive officer of Green Shield Canada. He replaces David Garner who retired December 2009. Most recently, he was executive vice-president and chief operating officer and has been with Green Shield for more than 20 years.

#### Salahuddin Examines Equity Derivatives

Ali Salahuddin, head of Global Equity-Lined Products at RBC Capital Markets will discuss 'Equity Derivatives: Past, Present and Future' at the Rotman Master of Finance Speaker Series. In his session, he will look at the evolution of listed and OTC equity derivative products from the 1970s listing of equity options to the development of new underlyings and payoffs during different interest rate and volatility environments. It takes place March 25 in Toronto, ON. For more information, visit [www.rotman.utoronto.ca/mar25](http://www.rotman.utoronto.ca/mar25)

#### April Interest Rate Assumptions

The interest assumptions required to calculate commuted values for an event which occurs in any month up to and including April 2010 are now available at [www.an-actual-actuary.com](http://www.an-actual-actuary.com). An Excel spreadsheet on the website contains six worksheets:

1. Commuted Values – 2009 Basis
2. Commuted Values – 2005 Basis
3. Commuted Values – 1993 Basis
4. Marital Breakdown – CSOP 4300 (May 2009)
5. Annuity Proxy for Solvency Calculations for Non-Indexed Pensions and Fully Indexed Pensions
6. Minimum Interest on Employee Required Contributions (including the 12 month average rates)

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Wednesday, March 10, 2010

#### Longevity Hedging Market Concerns Executives

Pension executives are concerned about the growth of the longevity hedging market, whether there is enough capacity and transparency in the market to assist the majority of pension plans, says a study by ClearPath Analytics. 'Longevity Hedging for Pension Plans' found some believe the sheer complexity and lack of transparency regarding transactions is still a key concern putting many pension trustees off the use of longevity hedging. As well, one of the key difficulties pension trustees raised when considering whether to enter into a pensions buyout or swap is not actually the longevity of the members, but the impact of other decisions being made, such as whether spouses also receive benefits.

Mercer Studies Climate Change

Mercer and 14 institutional asset owners and investors from around the world as well as the Carbon Trust and IFC, a member of the World Bank Group, have launched a climate change strategic asset allocation study, exploring the potential impact of climate change scenarios on asset allocation. It is widely acknowledged that climate change will have a broad-ranging impact on economies and financial markets. What is less certain is what climate change will mean for institutional investors and how they can best prepare for this challenge, both from a risk and return perspective. The study has been structured using a scenario based framework to identify potential new investment opportunities and possible future risks related to climate change. A report is planned for the fourth quarter of 2010.

### NRT Rules Changed

The federal budget includes significant changes to the previously proposed Non-Resident Trust (NRT) rules that will be of interest to sponsors and administrators of many deferred income plans and other tax-exempt entities, says a 'Blakes' Bulletin.' The proposed exemption from the NRT rules is being extended to all persons exempt from tax under section 149 of the ITA including registered pension plan trusts, elected master trusts, and various tax-exempt pension corporations. However, it will be interesting to see whether the draft legislation also deals with taxable intermediaries including certain trusts in which the beneficiaries are all registered pension plans or other tax-exempt persons.

### Police Screen For Hypertension

As part of the ongoing commitment of the health and wellness of Toronto Police Service members, Deputy Chief Keith Forde, human resources command, has launched a hypertension screening program and an intranet wellness site. The service recently purchased two stationary and 26 portable blood pressure monitors for use by members of the service. All members are encouraged to regularly monitor their blood pressure at headquarters, the new Toronto Police College, or at one of the service's many locations across Toronto. The deputy praised members of the wellness team at the service who have been responsible for spearheading these and other health and wellness initiatives.

### Retirement Plans Postponed

Almost one in four U.S. workers postponed plans to retire this year, with 29 per cent of those citing the poor economy as the reason, says the Employee Benefit Research Institute's '2010 Retirement Confidence Survey.' Other reasons for putting off retirement plans included a change in employment status, inadequate finances, and the need to make up stock market losses. Still, 16 per cent of workers said they were very confident about having enough money for a comfortable retirement this year, up from 13 per cent during the previous year. Twenty-seven per cent said the total value of their savings and investments in general, excluding the value of

their primary home and any Defined Benefit plan, were less than \$1,000 and 54 per cent said the total value was less than \$25,000.

#### Milette Joins bfinance

Jean-François Millette is managing director, Canada, for bfinance. He was previously with Dexia Asset Management where he was vice-president and senior relationship manager of its Canadian operations. Prior to that, he was with MFC Global Investments as vice-president, institutional investments for Eastern Canada.

#### Wang Heads Pharmacy Foundation

Bessie Wang is president of the Canadian Foundation for Pharmacy. She is director of professional services at TELUS Health Solutions. The foundation is a national charitable organization that supports innovation in pharmacy practices.

#### McPhillips Directs Consultant Relations

David McPhillips is director of consultant relations for the corporate and institutional services business unit in North America for Northern Trust. He will work closely with client service, sales, product development, and operations teams to manage the asset servicing unit's interaction with North American consultants. Previously, he was with the transition management team at Northern Trust Global Investments.

#### Behavioural Finance Examined

'Behavioural Finance: Understanding Biases in Decision Making' will be examined at an upcoming Toronto CFA Society session. Michael S. Falk, vice-president and chief investment officer, ProManage LLC, will help investors better understand their own behaviour whether it be pattern searching, anchoring, overconfidence, illusion of control, or loss aversion. It takes place March 30 in Toronto, ON. For more information, visit <http://www.torontocfa.ca/>

#### Minister Discusses Infrastructure

Kamal Nath, India's minister for road transport and highways, is the featured speaker at the next Economic Club of Canada luncheon. It takes place March 25 in Ottawa, ON. For more information, visit [www.economicclub.ca](http://www.economicclub.ca) -----

Tuesday, March 9, 2010

#### Workers Agree To Plan Change

Communications, Energy & Paperworkers Union of Canada members at Fraser Papers' Edmundston, NB, mill have voted 69.3 per cent to ratify an agreement to change the pension plan. The agreement will see an eight-year extension of Fraser's insolvent pension plan. However, it will require legislative changes by the New Brunswick government. Once in place, it will complete the conditions required for the company to restructure and emerge from bankruptcy protection.

#### Group Wants Derivatives Reform

A group of academics and financial industry players wants U.S. Congress to reform the oversight of the over-the-counter derivatives markets. In a letter to the Congressional committees in charge of financial industry regulatory reform in the U.S., the Committee on Capital Markets Regulation has proposed an approach to reforming the regulatory oversight of derivatives markets that it says will reduce systemic risk in the financial system. Its proposals include requiring derivatives trades to be conducted through clearinghouses; regulating clearinghouses to ensure that they require sufficient margin and use other appropriate risk management techniques; and making contracts subject to central clearing requirements only if they are standardized and liquid. Customized contracts should still be allowed.

#### Funding Status Improved

The funding status of the typical U.S. corporate pension plan in February improved 1.6 percentage points to 85.3 per cent, says BNY Mellon Asset Management's 'Pension Summary Report for February 2010.' Assets for the typical U.S. corporate pension plan increased 1.8 per cent and liabilities decreased 0.1 percent for the month. "A strong performance from U.S. stocks, particularly small cap and mid cap, boosted the assets of U.S. corporate pension plans," says Peter Austin, executive director of BNY Mellon Pension Services. "Plans also benefited from a slight increase in the Aa corporate bond rate, which moved from 5.92 per cent to 5.96 per cent and resulted in a slight decrease in liability values."

#### FTSE Launches ActiveBeta Index

FTSE Group has launched the FTSE ActiveBeta Index Series which provides an efficient, transparent, and cost-effective vehicle for capturing systematic sources of active equity returns. The new series draws on the FTSE All-World Index Series for its base universe. It provides a new approach to investing in equities, derived from the premise that a significant portion of traditional active equity management returns – or alpha – is attributable to systematic sources of active returns rather than a manager's stock selection skill. The new index series is based on research establishing that momentum and value, two widely used approaches in active management, are, in fact, systematic sources of active returns and should, therefore, be viewed as additional forms of betas – or 'Active Betas'.

#### Hedge Fund Collapse Examined

Eric Brushell, senior vice-president at CI Investments, will focus on some of the reasons for the collapse of many of the hedge funds during the recent financial meltdown while touching on the role that they played in intensifying the crisis at the CPBI's 'FORUM 2010.' He will also discuss how progressive long-only managers are beginning to embrace some of the innovations of hedge fund techniques, strategies, and management to offer plan sponsors a long-only alternative to these 'alternative' investments. It takes place June 21 to 23 in Halifax, NS. For more information, visit <http://www.cpbi-icra.ca/en/page.ch2?uid=FORUM2010>

#### Madoff Fraud Discussed

'Chasing Bernie Madoff – The Madoff Ponzi Scheme And The Failures of Government Regulators & the Industry' will be the topic of an Investment Counsel Association of Canada session. Frank Casey, a member of the team that began blowing the whistle to the SEC on Bernard Madoff's Ponzi scheme in May of 2000, will be the featured speaker. The session will provide insight into their discovery of the Madoff fraud and will share the story of their nine-year attempt to stop the growth of this financial cancer. It takes place March 30 in Toronto, ON. For more information, visit <http://www.investmentcounsel.org/events.asp> -----

Monday, March 8, 2010

#### Sponsors Want Better Returns

Canadian sponsors want improved returns for their Defined Contribution pension plans, says the 'Mercer 2009 Global DC survey: Canadian results.' The consulting firm believes there are moves plan sponsors can make to address this concern. They need to review the DC plan investment offering to ascertain whether it best addresses poor investor-behaviour issues. This might mean reducing the number of options available, but also introducing ready-made investment solutions

such as target date or target risk funds. The fees paid by members need to be verified to ensure they are competitive and reasonable. This can be achieved through a fee benchmarking exercise performed with plans sharing similar key characteristics that influence pricing. As DC assets have grown in importance, DC fees have dramatically decreased over the past few years creating some leverage for fee negotiation.

### Plans Take Opposite Approaches

U.S. corporate plans are going for safety by cutting risk to deal with their underfunded plans while public plans are pushing for big returns by adding risk, says a report from Greenwich Associates. Corporate plans continue to lower the risk levels of their funds, partly due to the impact of mark to market accounting rules. They are trading higher contributions for less volatility and more predictability. Public plan officials, unconstrained by accounting rules yet hampered by an inability to boost contributions, are adding risk in an effort to make up funding declines with investment returns.

### Duty To Accommodate Eases

While the duty to accommodate disabled employees to the point of undue hardship remains a significant challenge today and one of the most difficult legal issues affecting Canadian employers, in recent years there have been changes in the way it is handled, says Gowan Consulting. Five or 10 years ago, employers would have had to prove it was impossible to accommodate an employee to prove undue hardship. Today, several court decisions suggest this has evolved to proof of whether the employer has made 'reasonable' efforts to accommodate an employee. What this means for employers is that they are no longer obligated to prove that it is impossible to accommodate the employee's needs. Any measure requiring the employer to change working conditions in a fundamental way is now considered undue hardship. Any measure that would modify the employment contract is also considered undue hardship. Furthermore, if the employer terminates the employee following accommodation, and the employee still cannot resume work in the foreseeable future, these grounds for termination may be considered justified. -----

Friday, March 5, 2010

### Budget Sets Cautious Course

The federal government has set a cautious course in this year's budget which is designed to build on Canada's growing economic strength. "Canadians remain concerned about jobs and the economy," said Finance Minister Jim Flaherty in his budget speech. "They know that a speedy and strong recovery is not a given." The budget has three broad strategies. It calls for the deployment of \$19 billion in new federal stimulus funds in year two of its Economic Action

Plan to create and maintain jobs. It will create a number of “new, targeted initiatives” to develop jobs, strengthen innovation, and attract new business investment. And, once the economy has recovered, it will return to balanced budgets. Ottawa says it will eliminate the deficit – estimated at \$49.2 billion in fiscal 2011 – and balance the books without raising taxes or cutting transfers to people or other governments.

#### Major Concern Addressed

The federal budget may address a major issue of concern for the pension fund industry for quite some time, says a ‘Hewitt Research Advisory.’ It proposes that an exemption from resident-contributor and resident-beneficiary status be provided for all persons exempt from tax under section 149 of the Income Tax Act which includes pension funds. If a tax-exempt entity were to be used as a conduit to allow a resident of Canada to make an indirect contribution to a non-resident trust, provisions in the outstanding proposals would continue to ensure that the resident of Canada making the indirect contribution is still considered a resident contributor to the trust. However, the wording of the legislative amendments will have to be released and analyzed before final comment can be made.

#### Institutions Taking ETFs To New Levels

Institutions are returning to exchange traded funds (ETFs) and taking them to new levels, says Som Seif, president and CEO, Claymore Investments Inc. Speaking at the Toronto CFA Society's ‘Exchange Traded Funds: Why Invest?’, he said today's ETFs are also attractive because they can provide exposure to just about anything an investor is seeking, in a simple and efficient manner. However, today's market volatility means investors can no longer buy two or three ETFs and expect to retire happy in 30 years. They now need to take a strategic approach to using ETFs.

#### KCS Team Wins Award

Winners of the 2009 AIMA Canada – Hillsdale Research Award are Peter Klein, Isaac Schweigert, and Daryl Purdy of Vancouver-based KCS Fund Strategies Inc. Their winning paper, ‘The Great White North,’ analyzes the risk/return characteristics of the Canadian versus global hedge fund industries, based on an analysis of approximately 200 active and inactive Canadian hedge funds covering the period 2005 to 2009. Their research concludes that Canadian hedge funds generally outperformed their global peers on a number of dimensions including their nimbleness provided by their smaller asset size, the efficiency of Canadian markets, and a local information advantage.

#### Conference Follows Institute

The 'Canadian Public Sector Pensions and Benefits Conference' will be

held immediately following the International Foundation of Employee Benefit Plans' 'Canadian Investment Institute.' This conference delivers targeted and timely updates on the latest issues affecting public sector benefit plans. It takes place August 18 and 19 in Whistler, BC. For more information, visit [www.ifebp.org](http://www.ifebp.org)

Wiseman Speaks At CVCA

The 'CVCA's 2010 Annual Conference' will feature guest speakers including Mark Wiseman, executive vice-president, investments, CPP Investment Board; and Paul Renaud, CEO, OMERS Private Equity. It takes place May 26 to 28 in Ottawa, ON. For more information, visit <http://www.cvca.ca/> -----

Thursday, March 4, 2010

SWF Assets Increase

Total assets under management at sovereign wealth funds globally are expected to increase 44 per cent to \$5.5 trillion by the end of 2012, says a report from International Financial Services London. It is estimated that SWFs funded primarily from commodities exports such as oil held about \$2.5 trillion in assets as of the year-end 2009. The remainder belonged to SWFs funded by reserves arising from sources unrelated to commodities such as manufacturing, public savings, or fiscal surpluses. The funds invested a total of about \$10 billion in the first half of 2009, but increased their investments to a combined \$50 billion in the second half of 2009. Investments in financial services companies accounted for less than 20 per cent of the total investments in the second half of 2009, which is substantially below the 45 per cent average at the beginning of the millennium.

Desjardins Offers Retirement Solution

Desjardins Financial Security group retirement savings has created a solution designed to help employees tackle the financial and psycho-social aspects of leaving the workforce. 'Destination Retirement' is a two-day retirement planning workshop. The interactive workshop incorporates dynamic learning modules that help participants deal with the issues and decisions required for a successful retirement. Each seminar is presented by a Desjardins education advisor who is specifically trained in retirement planning.

## Plans Misdiagnose Risk

Risk management is the cornerstone of investing, and investment fund fiduciaries must build a better risk management framework and culture, says the latest installment of a three-part research series from Russell Investments exploring risk, risk management, and governance. "Now is the time for fiduciaries to adopt better risk management processes and to consider the impact of human behaviour in decision-making," says Bruce Curwood, director, investment strategy. "Better governance must include the understanding that investment management begins with risk considerations and not with simply pursuing returns." 'Risk Management is the Cornerstone of Investing' shows many plans have failed to grasp the primacy of risk management and have focused on optimizing returns rather than managing the level of acceptable risk. Beyond misdiagnosing the fundamental problem, investors have narrowly interpreted the solution set, underestimated the complexity of risk, and fallen prey to behavioural biases.

## Ireland Launches Supplementary Plan

Reforms in Ireland's pension system will include a supplementary Defined Contribution plan with automatic enrollment for workers age 22 and over who aren't enrolled in any other occupational pension plans, says the Irish Department of Social and Family Affairs. Under the New National Pensions Framework, employees in the new supplemental DC plan will contribute four per cent of their salary with matching contributions of two per cent each from their employers and the government. Employees will be allowed to opt out of the national pension plan even if they are not covered by another plan, but will be re-enrolled every two years.

## Elliott At Summerhill

Kevin Elliott is a partner at Summerhill Capital Management Inc. He started his investment career at CN Investments, later moving on to Laketon Investment Management, where he was chief investment officer and director of equities, and most recently, a global fund manager with Fidelity Investments.

## Northumberland Hosts Pension Session

A 'Pension Plans and Employers' Obligations' breakfast seminar will be held by the Northumberland Chapter HRPAs and Hicks Morley. It will provide an overview of provincially and federally-registered pension plans in Ontario and address the most common types of pension plans and their regulation, employers' responsibilities, and their potential financial and legal risks. It takes place March 24 in Coburg, ON. For more information, visit <http://www.hrpa.ca>

IFEBP In Whistler

How the issues impact pension funds and participants served will be examined at the International Foundation of Employee Benefit Plans' 'Canadian Investment Institute.' It takes place August 15 to 18 in Whistler, BC. For more information, visit [www.ifebp.org](http://www.ifebp.org) -----  
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Wednesday, March 3, 2010

Funds Questioning LDI

Pension funds are questioning the efficacy of traditional liability driven investment (LDI) strategies as the indices used to construct the strategies are too backward-looking, says Mohamed El-Erian, Pacific Investment Management Co. (PIMCO) chief executive. Speaking at the annual conference of Allianz Global Investors (AGI), PIMCO's parent company, he said the indices traditionally used to construct portfolios matching pension funds liabilities are "snapshots of the past." Today, schemes are looking at including forward looking indices and active elements in their LDI approaches.

Pension Concern Still Lacking

The economy, debt reduction, and tax relief concern Canadians more than public and private pensions, says a Nanos Research poll. It found more than half of Canadians are confident the CPP/QPP will be able to deliver promised payments to pensioners going forward. As well, Canadians were nearly evenly divided about the viability of private pension funds delivering for them in the future. Altogether, 49.4 per cent are confident or somewhat confident that private pensions will be viable in the future, while 46.5 per cent were somewhat not confident or not confident. There is also a very high level of concern that both public and private pension plans will have to reduce payments to pensioners in the future in order to remain solvent.

AEGON Offers Property Fund

AEGON Asset Management is launching a property fund for pension fund investors. The AEGON Active Value Property Fund aims to provide pension fund investors with attractive returns through the active management of a portfolio of direct UK property investments. It will target properties in the £3 million to £10 million size range. The fund is targeted at investment professionals and is suitable for Defined Benefit and Defined Contribution pension schemes.

Infrastructure Examined

An AIMA Canada and CAIA Association session will offer a brief history of infrastructure investing in Canada and how Canadian investors (especially plan sponsors) view the space and are staging allocations into direct and indirect opportunities. It will feature a panel with Bruce Hogg, senior principal at CPPIB; Rheel Ranger, CFO, Borealis Infrastructure; David Kaposi, a principal at Mercer; and John Walker, managing director, IMG Aurion Infrastructure Fund. It will be moderated by David Rogers, principal, Caledon Capital. It takes place March 24 in Toronto, ON. For more information, visit <http://aima-canada.org/> -----

Tuesday, March 2, 2010

### OMERS Return Tops 10 Per Cent

OMERS had a \$4.3 billion or 10.6 per cent net gain on its investments for 2009. For 2008, it had an \$8 billion (15.3 per cent) loss for the year. Its five-year rate of return is 6.6 per cent, slightly above its 5.8 per cent benchmark. Michael Nobrega, its chief executive officer, said the fund took a "prudent" approach to investing in equities last year because of volatility in global markets. Part of the gain was due to its capital markets investments which represent just over 39 per cent of its total portfolio. They returned 11 per cent last year, compared to a loss of 19.5 per cent in 2008. Nobrega said the fund is positioned to take advantage of any infrastructure opportunities that may come up as a result of government debt-reduction measures. It plans to eventually have about 47 per cent of its portfolio in private markets.

### Government Creating Health Trusts

The federal government is planning to amend the Income Tax Act in order to create a new type of taxable trust – an employee life and health trust, says Eckler GroupNews. The proposed legislation includes rules regarding the timing of deductions of any pre-funding of such a trust by an employer and allows the trust to deduct, in computing its income, all amounts paid from the trust to employees or retirees in respect of benefits, even if employees receive those amounts tax-free. The benefits would receive the same tax treatment (generally tax-free) in the hands of employees as if they had been paid directly by the employer. If the trust's costs (including payments to employees) exceed its revenue for a particular year, the excess will be treated as a business loss, subject to a special three-year carry-back and carry-forward mechanism. The department of finance is requesting comments on the draft proposals. The deadline is April 30.

### Fewer UK Workers In DB Plans

The proportion of private sector employees saving in workplace pensions continues to decline, says the UK's Office for National Statistics. The 'Annual Survey of Hours and Earnings' shows 35 per

cent of private sector employees were active members of workplace pension schemes in 2009, down from 37 per cent in 2008. In 1999, 45 per cent of private sector employees were in a workplace pension scheme. The survey also found just 12 per cent of private sector employers were building up new Defined Benefit pension entitlements in 2009, down from 14 per cent in 2008. Ten years earlier, the proportion of private sector employees in DB schemes was 30 per cent. In contrast, 80 per cent of public sector employees were active members of DB schemes in 2009.

Trowell Now Assistant Vice-president

Michael Trowell is assistant vice-president at Comprehensive Benefit Solutions Limited. He is responsible for business development and client services in its benefits and retirement consulting practices.

Retirement Considerations Examined

'Approaching Retirement? Things You Need To Know and Do' is the focus of the next Manitoba region CPBI breakfast seminar. Daryl Diamond, of Diamond Retirement Planning Ltd., will review some of the key things to consider in planning for retirement from both the plan member and the plan sponsor perspective. It takes place March 18 in Winnipeg, MB. For more information, visit <http://www.cpbi-icra.ca/> -----

Monday, March 1, 2010

Courts Reject Regulator's Claim

Courts in Canada and the United States have rejected the U.K. Pensions Regulator's attempt to use Nortel's global assets to top up its underfunded pension plan in that country. Lawyers for the regulator argued insolvency proceedings under CCAA (Companies' Creditors Arrangement Act) proceedings did not prevent the collapsed company from debating its claim before a regulatory panel in Britain. Lawyers for Nortel's restructuring team and the court-appointed monitor argued that the court's stay allows insolvent companies to avoid numerous lawsuits related to their demise, including this kind of proceeding. The courts reinforced the stay which means the pension regulator's claim carries on within the CCAA process, making it just one of many creditors.

Canadians Lack Confidence In System

Almost half (46 per cent) of Canadians aged 50 or older are not confident that Canada's current system of pensions and retirement savings will be able to provide them with a comfortable retirement income, says a TNS Canadian Facts survey. It found 37 per cent are 'somewhat confident,' leaving only 15 per cent 'very' or 'completely' confident in the current system. Support was very strong (82 per cent) for three reform proposals – increasing contribution limits for Tax Free Savings Accounts; having pension surplus belong to employees, not employers; and having Canada Pension Plan benefits guaranteed against bankruptcy. In addition, giving self-employed Canadians the right to voluntary supplementary CPP contributions and benefits is supported by 80 per cent of Canadians 50 years or older; and 76 per cent support giving pensioners priority in the event of bankruptcy proceedings.

#### Focus Shared On Health Cost Reduction

Employers and employees share a focus on health, responsibility, and cost reduction, says research from Deloitte and the International Society of Certified Employee Benefit Specialists (ISCEBS). The '2010 Top Five Total Rewards Priorities' found 76 per cent of employers selected "the cost of providing healthcare benefits to active employees" as among their top five strategic challenges. Meanwhile, nearly two-thirds (65 per cent) of employees indicated they plan to participate in wellness and disease management programs to maximize their health status – up from 48 per cent in 2009.

#### High Drug Claims Examined

'Navigating High Drug Claims: Managing Risk' is the focus of the next Benefits Breakfast Club session. It will explore prior authorization and whether it is beneficial financially to plan sponsors, or just causes a slowdown in reimbursement, extra work for physicians, and inconvenience for patients. It takes place March 25 in Kitchener, ON. For more information, visit <https://www.connexhc.com/>

#### Global Balances Discussed

'The Changing Global Balances' is the theme of this year's ICGN Annual Conference. Topics examined will include the BRIC economies, the evolving role of hedge funds in corporate stewardship, and sovereign wealth funds. The conference is hosted by the Ontario Teachers' Pension Plan and the CPP Investment Board. It takes place June 7 to 9 in Toronto, ON. For more information, visit [www.icgn.org/conferences](http://www.icgn.org/conferences)