

## Chapter 5

### Finance—Public Employees Benefits Agency— Effectively Informing Certain Pension Plan Members

#### 1.0 MAIN POINTS

The Ministry of Finance, through its division called the Public Employees Benefits Agency, had, other than for one area, effective processes to keep members of the following pension plans sufficiently informed—the Public Employees Pension Plan and the Municipal Employees’ Pension Plan.

Other than the following area, the Agency’s practices for keeping members informed aligned with good practice, and was consistent with its assigned and legal responsibilities as the pension plan administrator.

The Agency did not give 130 retiring members of the Municipal Employees’ Pension Plan all legally required information within 90 days, as required by law.

Providing pension plan members with relevant and timely pension information helps members to make informed decisions. It also helps strengthen their trust in the pension plan in which they participate.

#### 2.0 INTRODUCTION

##### 2.1 Background

The Ministry of Finance operates, and provides administration services to various government pension and benefit plans for employees of the Government of Saskatchewan and certain employees of municipal governments through its division called the Public Employees Benefits Agency.<sup>1</sup> The Agency has a staff of about 136 full time equivalent employees and spends about \$17.6 million annually.<sup>2,3</sup>

At December 2018, the Ministry provided administrative services to 34 pension and benefit plans with about 90,000 members and beneficiaries.<sup>4,5,6</sup>

As shown in **Figure 1**, two pension plans (the Public Employees Pension Plan and the Municipal Employees’ Pension Plan) make up the majority (90%) of the overall membership of pension plans to which it provides administration.

<sup>1</sup> The Ministry has agreements with Boards of each of the pension plans to operate, administer, and manage the plan. Each of these agreements include specific services relating to communications with members and participating employers.

<sup>2</sup> Public Employee Benefits Agency Revolving Fund Financial Statements for the year ended March 31, 2018.

<sup>3</sup> Information provided by PEBA management on June 29, 2018.

<sup>4</sup> [www.peba.gov.sk.ca/about/PEBA.html](http://www.peba.gov.sk.ca/about/PEBA.html). (29 June 2018).

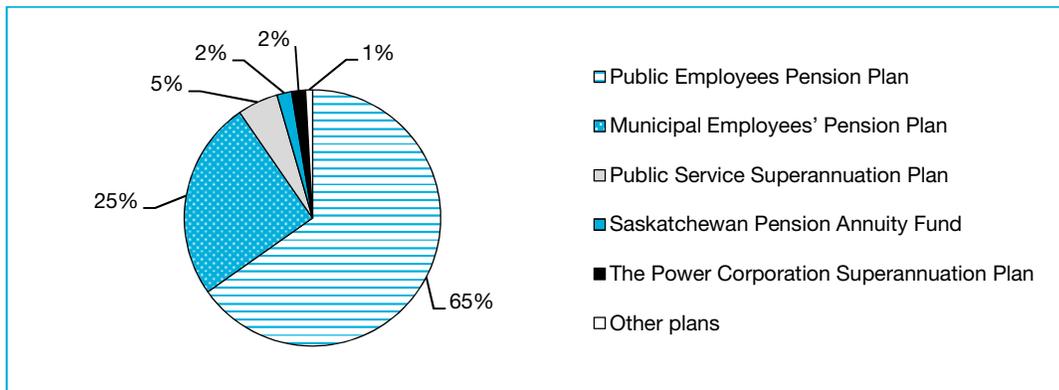
<sup>5</sup> Cabinet, through Order in Council 588/2018 dated November 28, 2018, designated certain pension and benefit programs to be established, operated, administered and managed by PEBA.

<sup>6</sup> *The Financial Administration Act, 1993*, s.64(1).



- The Public Employees Pension Plan had almost 65,000 members participating in the plan and 145 employers (e.g., Government of Saskatchewan, Crown Corporations). The plan had total assets of \$9.7 billion.<sup>7</sup>
- The Municipal Employees' Pension Plan had about 25,000 members participating in the plan and 738 employers (e.g., school divisions, municipalities). The pension obligations in the plan were about \$2.0 billion.<sup>8</sup>

Figure 1 – Membership by Pension Plan



Source: Provincial Auditor Saskatchewan based on information included in each of the Plan's 2017-18 public Annual Reports.  
 ^ Other Plans include the Liquor Board Superannuation Plan, the Judges of the Provincial Court Superannuation Plan, Capital Pension Plan, Saskatchewan Transportation Company Employees Superannuation Plan, Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board, Members of the Legislative Assembly Benefits, and Anti-Tuberculosis League Superannuation Plan.

Given that these two pension plans make up the majority of members, the Ministry directs a large portion of the Public Employee Benefit Agency's administrative efforts (staff time) toward these plans.

## 2.2 Fiduciary Duty to Communicate

*The Public Employees Pension Plan Act* and *The Municipal Employees' Pension Act* establish the Boards of the pension plans (the Public Employees Pension Board and the Municipal Employees' Pension Commission respectively). These Acts assign the Boards statutory authority and responsibility for administering pension plans. These responsibilities include requirements for the communication of pension plan provisions.

Public Employees Pension Plan is a defined contribution plan, and Municipal Employees' Pension Plan is a defined benefit plan. As explained in **Section 5.0**, the type of plan affects the nature and extent of plan information to communicate to members. Pensions of members of defined contribution plans depend on a member's investment choices and contributions made. Pensions of members of defined benefit plans depends on the pension formula set out in the plan. Formulas are typically based on a member's years of service and salary.

*The Pension Benefits Act, 1992* places further requirements on plans to communicate pension plan provisions to their members. Both the Public Employees Pension Plan and the Municipal Employees' Pension Plan are registered under this Act.

<sup>7</sup> Public Employee Pension Plan, 2017-18 Annual Report *Public Employees Pension Plan*, (2018), p.48.

<sup>8</sup> Municipal Employees' Pension Plan, 2017 Annual Report, (2017). p.43.

The Ministry, in its administration role under agreements with each Board, must inform its pension plan members about key information relating to the plans (e.g., contributions, years of service, investment options and related risks, amendments, entitlements and obligations).<sup>9</sup>

The Boards of each of the above pension plans rely on the Ministry to help fulfill their fiduciary responsibilities as pension plan administrators. Pension administrators, and in this case, the Ministry are under a duty to “establish, implement and monitor a communications policy that serves to ensure the fulfillment of its duty.”<sup>10</sup> A fiduciary responsibility is to take an active approach to inform members, even when not asked for information.

The communication challenges that pension administrators face include the complexity of the topic, the low level of financial awareness and literacy of members, as well as the lack of interest in the topic for a large part of the membership (people closer to retirement have more interest in pension information).<sup>11</sup>

Failure to provide information required by law, or failure to provide certain information timely (e.g., amendments) to members may lead to potential litigation. For example, the Saskatchewan Government and General Employees' Union, on behalf of plan members who worked part-time, casual or in temporary positions in the 1980s and 1990s, successfully obtained compensation for these members from the Saskatchewan Public Service Commission.<sup>12</sup> It filed the first lawsuit in 1997, which alleged the Government, as an employer, failed to communicate pension legislation changes made in 1981 to employees; it reached agreement with the Government in 2007 to settle the lawsuit. The Government paid damages to approximately 1,400 individuals totalling about \$17.9 million.

Effective communication processes improve members' understanding and knowledge about the operation of a pension system. Member knowledge assists in facilitating decision-making in investments and strengthens trust in the pension program.<sup>13</sup>

### 3.0 AUDIT CONCLUSION

**We concluded that, for the 12-month period ending December 31, 2018, the Ministry of Finance—Public Employee Benefits Agency had effective processes to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed with the following exception.**

**The Ministry needs to give retiring and terminating members of the Municipal Employees' Pension Plan all legally required information, within 90 days as required by law.**

<sup>9</sup> *The Pension Benefits Act, 1992*, s.13(1).

<sup>10</sup> Fasken Martineau, *Pension Plan Communication: The Ever Increasing Duty to Inform*, (2004), pp. 1-3.

<sup>11</sup> Organization for Economic Co-operation and Development, *Improving Pension Information And Communication: OECD Survey And Lessons Learnt*, (2013), p. 9.

<sup>12</sup> In 2007, Cabinet directed the Public Service Commission to negotiate the settlement.

<sup>13</sup> Organization for Economic Co-operation and Development, *Improving pension information and communication: OECD Survey and Lessons Learnt*, (2013), p.16.

**Figure 2—Audit Objective, Criteria, and Approach**

**Audit Objective:** to assess whether the Ministry of Finance – Public Employees Benefits Agency had effective processes, for the twelve-month period ending December 31, 2018, to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed.

For the purposes of our audit, pension plan members include active members; disabled, inactive and deferred members; pensioners; surviving spouses; and dependents. Deferred members are pension plan members that no longer contribute to or accrue benefits from the plan but have not yet begun to receive retirement benefits from that plan.

**Audit Criteria:**

Processes to:

1. Determine communication plans
  - 1.1 Identify pension plan information needs of members (e.g., who, what)
  - 1.2 Develop communication plans consistent with its fiduciary responsibilities (e.g., content, timing)
  - 1.3 Establish methods to communicate to members (e.g., when, how)
2. Communicate pension information to plan members
  - 2.1 Use varied methods for communication of pension information (e.g., tools, channels)
  - 2.2 Verify information is accurate and complete
  - 2.3 Compile easy-to-understand information
  - 2.4 Communicate information timely
3. Periodically assess communication plans
  - 3.1 Actively obtain feedback (e.g., enquiries, complaints, surveys)
  - 3.2 Monitor trends in feedback
  - 3.3 Identify inhibiting factors to effective member communications
  - 3.4 Adjust communication plans as needed

**Audit Approach:**

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Ministry's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultation with management. The Ministry's management agreed with the above criteria.

We examined the Ministry's policies, strategies, and procedures that relate to processes to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed. We interviewed staff responsible for the communication to pension plan members. In addition, we reviewed related documentation (e.g., communication plans and strategies, contracts, reports). We tested key aspects of the Ministry's processes, including samples of annual statements to members and a sample of communications to members who retired or terminated membership from the plan and to beneficiaries of deceased members.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In the findings below, Agency refers to the Ministry of Finance division called the Public Employee Benefits Agency, and pension plan(s) refer to the Public Employees Pension Plan, and the Municipal Employees Pension Plan.

### 4.1 Responsibility for Communications Clearly Established

The Agency has clearly assigned to its staff responsibilities about providing plan members with key information consistent with the Agency's responsibilities outlined in the agreements with pension plan Boards.

Agreements between the Agency and each pension plan Board set out clear and specific requirements for communicating information to plan members that are consistent with relevant legislated requirements. Under each agreement, the Agency must:

- Follow requirements of *The Pension Benefits Regulations, 1993* for providing annual member statements, and statements on member termination, retirement and death
- Respond to the written correspondence from members within one business day, and return phone calls the next business day. Agreements only require the Agency to track and report the volume of the phone calls and emails and not timeliness of responding

In addition, board governance manuals of each pension plan outline key communication materials for pension plan members and beneficiaries (e.g., member statements, newsletters, member booklet, and website).

The Agency has clearly assigned responsibility to communicate with plan members to its Pension Programs branch and Communications branch.<sup>14</sup> It reinforced these assignments in its annual Operational Plan.

The Pension Programs branch is the primary contact for pension plan members (e.g., where members can call). The Agency has assigned branch staff to operations teams for each plan. These staff are responsible for responding to member enquiries and complaints received via phone calls and emails.

The Communications branch is responsible for content and distribution of ongoing information shared with members. Ongoing information includes newsletters, website, and member resources (member booklet, retirement booklet, etc.). Responsibilities in job descriptions of key communications personnel (Manager of Communication, Communication Coordinator, and Communication Consultant) align with these responsibilities.

We found the Agency clearly understood what information it is required by law to give members (e.g., annual statements), and what information good pension practice suggests (e.g., educational information).

The Communications branch maintains clear written guidance (e.g., communication and style guides) for its staff on developing the content of information material, and setting deadlines for distributing materials. Guidance helps ensure that information presented to members is clear, relevant, and timely.

We found staff use communication and style guides for developing printed and electronic materials (e.g., requirements for spelling, style, visual tools).

## 4.2 Communication Needs and Strategies Identified

The Agency has formally identified members' needs for information and information tools through written communication strategies.

<sup>14</sup> Pension Programs branch is responsible for administering pension plans (including member enrollment, benefits calculations, member estimates, etc.). For the Public Employees Pension Plan and Municipal Employees' Pension Plan, the Agency has different teams to administer them.



In December 2015, the Agency finalized a three-year *Member and Stakeholder Engagement Strategy* (Engagement Strategy) with the objective of improving the level and quality of plan member engagement.

The Engagement Strategy sets out the results of the Agency's analysis of member population by ages; it also identifies their generational preferences. It notes that baby boomers (members aged 51-69) make up the largest percentage of plan members for both the Public Employees Pension Plan (37%) and the Municipal Employees' Pension Plan (46%). Baby boomers encompass both working and retired members.

As shown in **Figure 3**, the Engagement Strategy also includes a number of core strategies that related to communicating with members differently. In addition, it sets out specific actions for 2016, 2017, and 2018 to achieve the core strategies.

**Figure 3—Examples of Core Strategies from 2015-2018 Member and Stakeholder Engagement Strategy**

Core strategies included in the Engagement Strategy include:

- Establishing an enterprise-driven social media presence (e.g., creating social media accounts)
- Capturing and analyzing real-time member data for each plan (e.g., collecting numbers of visitors on website, social media)
- Developing content that is relevant and vital to targeted members and stakeholders (e.g., developing relevant articles for young pension members)
- Generating a greater web presence/digital footprint for the website (e.g., developing a mobile app)
- Developing a Customer Journey Program—a program to enhance member's experience with the Agency through improving member engagement by analyzing all interactions with members and identifying areas for improvement
- Building on existing communications to enhance customer experience

Source: Public Employees Benefits Agency, *Member and Stakeholder Engagement Strategy*, 2015.

Since 2015, the Agency has been implementing the specified actions. For example, it set up social media accounts (e.g., Twitter, Facebook) to provide current content to pension plan members, and started collecting members' information (e.g., number of followers on social media accounts).

As a complement to the Engagement Strategy, in 2017, the Agency developed a Digital Strategy. The Digital Strategy outlines actions to guide the use of digital tools to provide relevant information to pension plan members. Actions include developing online videos, promoting electronic communication, creating blogs, web forms, mobile applications and webinars.

In addition to these strategies, in November 2018, the Agency developed a Membership Segmentation Strategy for the Public Employees Pension Plan to help customize information for each generational segment of the plan.

As of December 2018, the Agency had not analyzed whether it has been successful in improving the level and quality of member engagement. Management indicated that it plans to do so in 2019 once it has implemented its Customer Journey program—one of its core engagement strategies.

### 4.3 Annual Member Statements Communicated As and When Expected

Pension members' annual statements include accurate and complete information required by law. They are distributed to the members within 180 days of the end of the fiscal year, as required by law.<sup>15</sup>

Public Employee Pension Plan members receive semi-annual statements in:

- Spring for the period of October 1 to March 31
- Fall for the period of April 1 to September 30

Municipal Employees' Pension Plan members receive annual statements in February/March for the calendar year.

The Communications branch maintains templates for the annual statements for both plans to help ensure they contain information required by law, along with desired information.<sup>16</sup> The law requires statements to include any contributions made, summary of investments and investment options (if applicable), possible retirement dates, etc.

Communications branch staff and Pension Programs teams review templates to make any necessary changes before issuing annual statements. The Agency contracts a supplier to print and distribute annual statements to members.

Also, for each statement cycle (e.g., semi-annual for the Public Employees Pension Plan) and for each plan, Pension Programs teams developed a checklist with deadlines of actions to complete before printing and distributing annual statements.

In addition, the Agency has quality assurance processes to confirm the accuracy of information in the statements before printing statements. Pension Programs staff manually review a sample of statements (e.g., more than 400 statements for the Public Employees Pension Plan) before giving its supplier permission to print. The Agency's IT department verifies that the Agency gives its supplier complete and accurate information for printing and distributing the statements.

We found that the information in the annual statements meets legislative requirements and follows good practices guidance.<sup>17</sup> For example, annual statements include information targeted to specific groups of members like:

- If a member does not have listed beneficiaries on file, the annual statement encourages a member to add a beneficiary.

<sup>15</sup> *The Pension Benefits Act, 1992* (Section 13) requires the pension administrator to provide members with an annual statement within 180 days of the fiscal year. The Public Employees Pension Plan has a March 31 year-end. The Municipal Employees' Pension Plan has December 31 year-end.

<sup>16</sup> *The Pension Benefits Regulations, 1993*, set minimum requirements for information in annual statements.

<sup>17</sup> Office of the Superintendent of Financial Institutions Canada, *Disclosure Requirements for Defined Contribution Pension Plans*, 2016; Office of the Superintendent of Financial Institutions Canada, *Disclosure Requirements for Defined Benefit Pension Plans*, 2016; Canadian Association of Pension Supervisory Authorities, *Guideline no. 8 Defined Contribution Pension Plans Guideline*, 2014.



- Public Employees Pension Plan annual statements include messaging for each targeted age group. For example, for members who are between ages 55 and 68 (close to retirement age), the annual statement encourages members to attend a workshop to learn more about retirement, contact the Agency for one-on-one consultation, and use the online retirement planning tool.

We also noted that the Agency met the legislated requirement of sending annual statements within 180 days after year-end. It distributed:

- Municipal Employees' Pension Plan annual statements for the year ended December 31, 2017 at the beginning of March 2018 (2 months after the year-end)
- Public Employees Pension Plan semi-annual statements for the period ending September 30, 2018 at the beginning of October 2018

For each of the 30 member statements we tested, information in the annual statements agreed to information in the Agency's IT systems (e.g., member personal and pension account information), and was complete.<sup>18</sup>

In addition, Public Employees Pension Plan members can access their annual statements through an online member portal called *PEPPaccess*. We confirmed annual-statement information contained in this portal is the same as information on annual statements received through the mail.

## 4.4 Required Information on Retirement, Termination and Death Issued but Sometimes Late

The Agency provides members with required information in cases of member retirement, termination or death; but it did not always provide all the required information within 90 days, as law requires.

The Communication branch maintains, for both plans, templates for various types of statements it must give, by law, to members who retired or terminated their employment, and to beneficiaries of a deceased member.<sup>19</sup> For example, on termination of membership, it must give a member a statement including information on account balances and options available upon termination (e.g., to transfer money to another pension plan, transfer some amount to a RRSP, or to withdraw money).<sup>20</sup>

We found the Agency's templates of statements of retirement, termination and death included information required by law. We found:

- The statement of retirement appropriately includes information on pension calculations, form of pension and survivor benefits
- The statement of termination appropriately includes information on termination benefits, options for accessing money

<sup>18</sup> We tested annual statements of 23 Public Employees Pension Plan members and 7 Municipal Employees' Pension Plan members.

<sup>19</sup> Requirements of *The Pension Benefits Regulations, 1993*.

<sup>20</sup> RRSP is a registered retirement savings plan – a type of Canadian account for holding savings and investment assets.

- The statement of death appropriately includes information on death benefits and options available to the member's beneficiary to receive the benefits

Also, by law, the Agency must give this information to members within 90 days after the event.<sup>21</sup>

For each of the 21 Public Employees Pension Plan members' statements and records in the member manual files we tested, members or beneficiaries received expected information on retirement, termination, or upon member death within 90 days.

For nine Municipal Employees' Pension Plan members' statements and records in the member manual files, we tested communications for three deceased members, for three members who had terminated the plan, and for three members who had retired. We found:

- For the three deceased members, each of their beneficiaries received statements of death within 90 days.
- For the three members who had terminated from the plan, only two of three members received a statement of termination within 90 days; one member received the statement five months later than 90 days.
- For each of the three members who retired, none of them received a statement of retirement within 90 days after retirement. The statement includes information the law requires a retired member to receive. One retiree received a statement two and a half months late. Two other members did not receive statements as of January 2019 (three and a half months and nine months late).

For each of the three members, the Agency gave the members a portion of the required information. Each member received an estimate of the amount of pension and options (e.g., to receive a pension from the Agency or transfer money out). Each member did not receive final pension calculations and information on excess contributions within the required time.

As of February 2019, the Agency was late in issuing statements of retirement to 130 Municipal Employees' Pension Plan retired members with retirement dates of November 1, 2018 or earlier.<sup>22</sup> Also, at that time, the Agency's management had not advised the Board of the Municipal Employees' Pension Plan that it was late in issuing these statements.

- 1. We recommend that the Ministry of Finance—Public Employees Benefits Agency provide Municipal Employees' Pension Plan terminating and retiring members with all legally required information within timeframes required by law.**

<sup>21</sup> Requirements of *The Pension Benefits Regulations, 1993*.

<sup>22</sup> Based on the Agency's records, 396 Municipal Employees' Pension Plan members retired in the 2018 calendar year.



---

## 4.5 Plan Changes Communicated As and When Expected

---

The Agency informed members of changes to pension plans within 90 days after changes being in effect, as required by law.<sup>23</sup>

Both pension plans had changes affecting their members in spring 2018. Both plans used newsletters to communicate changes to members. For example, the Public Employees Pension Plan's *Pension Perspectives* newsletter released in August 2018 advised members of changes that were effective May 2018 (e.g., a spouse of a deceased member may set up a Public Employees Pension Plan account in his/her own name and leave the death benefit in the plan).<sup>24</sup>

---

## 4.6 Information for New and Retired Members Sufficient and Complete

---

For both plans, member booklets give sufficient and complete information on plans and member options.

Welcome booklets for each plan provide clear information for new members on main points of the plans (e.g., the purpose of the plan, contributions, explanation of investment options) and on any changes in life (e.g., termination, marital breakdown, retirement). In addition, *Public Employees Pension Plan Welcome booklet*, as a defined contribution plan, suitably includes detailed information on investment options, and available planning tools (e.g., investment profile questionnaire). This plan allows members to choose various options in which to invest their accumulated contributions and investment income.

All members ready for retirement receive sufficient information on options, pension calculations and guidance for next steps (e.g., submitting forms for retirement, etc.).

The Agency makes all member booklet information available online through its website.<sup>25</sup> It encourages members close to retirement to contact its staff with questions or information requests.

---

## 4.7 Understandable Educational Information Communicated to Members

---

Consistent with good practice, the Agency uses various methods and tools to give plan members clear and understandable educational information.<sup>26</sup>

---

<sup>23</sup> Requirements of *The Pension Benefits Regulations, 1993*.

<sup>24</sup> Previously, a spouse of a deceased member was required to convert the account balance to retirement income, transfer the balance out of the Public Employees Pension Plan or consolidate the funds with their own Public Employees Pension Plan account if one existed.

<sup>25</sup> Public Employees Pension Plan website: [www.peba.gov.sk.ca/pensions/pepp/member/publications.html](http://www.peba.gov.sk.ca/pensions/pepp/member/publications.html).

Municipal Employees' Pension Plan website: [www.peba.gov.sk.ca/pensions/mepp/member/publications.html](http://www.peba.gov.sk.ca/pensions/mepp/member/publications.html) (04 April 2019).

<sup>26</sup> Pension-related laws do not require communication of educational information (04 April 2019).

The Communications branch took a coordinated approach to deciding what to communicate to members and when. It used its 2018-19 consolidated communication plan (i.e., covered both plans) to guide its work to develop information content, and distribute it using identified information tools (e.g., newspapers, videos).

The consolidated plan included communication objectives, strategic tactics, and planned communications activities (e.g., to develop videos, distribute newsletters) for 2018-19. The plan also set out expected timelines and completion dates.

Key communication activities included:

- Posting and maintaining information on its website like informational videos, quick reference guides, and forms

We found the website easy to navigate. It included various forms and information (e.g., member welcome booklet, forms to change beneficiary or personal information or to apply for retirement).

- Offering in-person workshops targeted to either new or retiring members

In 2018, the Agency presented workshops to 1,903 Public Employees Pension Plan members and 179 Municipal Employees' Pension Plan members. Workshops included *Kick Start Your Financial Future* for new members, and *Retire With Ease* and *Retirement Income Options* for members close to retirement. It presented them in various locations (e.g., Estevan, La Ronge, and Melville).

We found workshop materials clear and understandable.

- Mailing periodic newsletters

The Agency sent four quarterly newsletters to Public Employees Pension Plan members and two newsletters to Municipal Employees' Pension Plan members.

We also found the consolidated plan was consistent with communication expectations of the Board of each pension plan. As shown in **Figure 4**, each Board used its Governance Manual to set out its preferred method of communication to members (e.g., website), communication tools (e.g., Fact Sheets) and, at times, frequency (e.g., quarterly newsletters).

**Figure 4—Communication Expectations of Each Pension Plan Board**

	Public Employees Pension Plan	Municipal Employees' Pension Plan	Information
<b>Information available online</b>	Website		All member resources (e.g., quick reference guides, publications, forms)
	Videos		Information for different members and content is unique to status (e.g., planning for retirement)
	Social media (Twitter, Facebook)		Messages in various formats for various age groups (e.g., tips for planning retirement, investing and savings) and provides links to the Agency's webpage



	Public Employees Pension Plan	Municipal Employees' Pension Plan	Information
	Quarterly Newsletters <i>Pension Perspectives</i> (also mailed to members)	Semi-annual Newsletters <i>MEPPMatters</i> (also mailed to members)	Messages on current pension plan issues, also a main tool for communicating changes to the pension plans
	Fact sheets <i>PEPP Talk</i>	Fact sheets <i>MEPP In-depth</i>	Unique messages regarding a certain topic (e.g., pension calculations, etc.)
	Retirement planning tool <i>Retire@Ease</i>	Retirement planning tool <i>MORe Online Retirement Planner</i>	Projections for the member pensions based on individual information
	Member online portal <i>PEPPaccess</i>	In development	A member can access semi-annual statements, view personal information, give investment instructions
	Annual Reports (required by legislation) <sup>a</sup>		Report on key activities of the pension plan
<b>In person information services</b>	One-on-one consultations		Consultation – individual matters
	Workshops & presentations		Workshops for new members and members approaching retirement (e.g., <i>RetireWithEase</i> ). Variety of locations presented (e.g., La Ronge)
	Phone calls & emails		Plan programs staff responds to member enquiries on various topics

Source: Provincial Auditor Saskatchewan compiled from the Governance Manual of each plan and publicly available information.

<sup>a</sup> Requirements of *The Executive Government Administration Act*, *The Municipal Employees' Pension Act* (Section 62), *The Public Employees Pension Plan Act* (Section 29).

Agency staff provided each Board with quarterly updates on communicating information to members, and on how many members accessed information online (e.g., number of Twitter followers, website users).

We found the various communications aligned with objectives identified in the Agency's communication strategies. For example, it used age-targeted messages. We found the messages in newsletters, videos, and presentations clear and easy to understand. We also found the Agency used information tools as intended.

## 4.8 Actively Seeking Member Feedback

The Agency actively seeks feedback from members, and discusses results.

In 2018, the Agency established a 2018-19 Member Satisfaction Communication Strategy that identified its audience, and includes related strategies, goals, and objectives. For example, it plans to encourage pension members to become more engaged in the tools and information resources available to them. The Agency decided to use the following to establish and measure member satisfaction:

- Bi-annual member satisfaction on-line survey to all members. The Agency had previously invited, in 2017, members to complete online member satisfaction surveys (one for each plan).
- Semi-annual member satisfaction focus groups, in 2018, to discuss survey results (e.g., whether member Engagement Strategy is on track)

The Agency was using results to update its strategies and determine further actions. To determine whether members are becoming more engaged, it plans to survey member satisfaction again in late 2019 or early 2020.

In addition, starting in December 2018 for both plans, the Agency encourages its members to submit their feedback via a short two-question ‘*Tell us what u think*’ survey with an option to add a comment about the service provided and asks following questions:

- How satisfied are you with the quality of communications material and services you receive about your pension plan?
- How satisfied are you with the quality of client service you receive from the Agency?

Agency staff typically invite plan members to complete this survey on its website after a phone call conversation with a member. In addition, starting in October 2018, staff email a survey link to members participating in workshops to collect members’ feedback.

Management is using feedback to improve future workshops and communications with members.

## 4.9 Responding to Member Enquiries

The Agency’s staff regularly respond to member enquiries, and track the number of calls and emails received.

The Agency has established guidance to help staff respond appropriately and consistently to members’ enquiries. The Agency does not distinguish complaints from member enquiries.

Day-to-day operations staff in the Pension Programs branch respond to phone calls and email enquiries of members. Staff respond verbally in phone calls or in writing (e.g., emails). Staff refer member enquiries or complaints they cannot resolve to the Pension Programs team manager.

Staff actively work on providing members with consistent responses. For example, staff maintain Frequently Asked Question documents (developed for each plan), and, for the Public Employees Pension Plan, a library of standard responses for email enquiries. Staff informally discuss common member questions and responses during weekly team meetings. For common issues identified, they ask to the Communications branch to prepare an article on the topic for newsletters (e.g., retirement planning).

Staff electronically track the number of calls and emails from members by broad categories:

- Public Employees Pension Plan operations staff tracks the type of member enquiries by recording the nature of the enquiry in few broad categories (e.g., self-service issues, termination options, statement questions, etc.)



For the period of April 2018-December 2018, Public Employees Pension Plan operations staff received:

- 19,435 phone calls (7% decrease compared to April 2017-December 2017)
- 8,494 email enquiries (7% increase compared to April 2017-December 2017)

- Municipal Employees' Pension Plan operation staff started tracking member enquiries by the nature of the enquiry (e.g., termination questions, pension estimates, etc.) in January 2019

For the period of January 2018-December 2018, Municipal Employees' Pension Plan operations staff received:

- 14,431 phone calls (4% decrease compared to 2017 calendar year)
- 2,545 email enquiries (16% increase compared to 2017 calendar year)

Management has not yet formally analyzed, on a periodic basis, its data about member enquiries. Periodically identifying trends or common areas of member concerns could help identify issues before they become problems.

## 4.10 Risks and Cost Effectiveness of Member Communications Considered

Boards of each of the pension plans periodically consider member communication risks related to each plan and cost-effectiveness of member communications.

We found discussion of member communication risks evident in the following:

- Public Employees Pension Plan risk management plan states that the Board is aware of challenges of communication given the complexity of the information communicated, and the diversity of members participating in the plan.
- The strategic business plan of each plan outlined risks of operating the pension plans and implications. For example, the Public Employees Pension Plan Board identified that engaging plan members is a challenge, and low engagement of employers results in less promotion of the benefits of plan membership to members. The Board suggested that the Public Employees Pension Plan be proactive about member engagement. It expected the current engagement strategy to help.

In addition, we found each plan's strategic business plans for 2017-19 identified cost effectiveness of plan operations (including communications) as a goal. The Agency, through its communication strategies, also considered cost effectiveness. For example, the strategies noted digital tools are less expensive than printed materials.

Furthermore, occasionally, the Agency benchmarks its activities (including communication activities) to other pension plans and plan administrators.

For example, in 2017, the Agency participated in a CEM Benchmarking study.<sup>27</sup> Twelve Canadian and American defined benefit pension plans, and ten Canadian and American defined contribution pension plans participated in the study. The study specifically looked at cost, service, and productivity. It rated the Agency, as a plan administrator, against its peers.

The Agency shared its written analysis of the results with the Board of each plan in January 2018. In general, the report identified strengths (e.g., low cost of administration), and four areas for improvement, such as targeted communication, online self-services, and member satisfaction surveys. The Agency does not have immediate plans to participate in a similar study.

Understanding and addressing risks related to communications increases effectiveness of communications with members. Considering cost effectiveness of communications increases effectiveness of the Agency's operations.

## 5.0 KEY DIFFERENCES BETWEEN DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS

The table below sets out key differences between defined contribution and defined benefit pension plans.

	Pension Plan Type	
	Defined Contribution Plan	Defined Benefit Plan
Contributions	<p>Typically, members and employers contribute a set percentage of the member's salary.</p> <p>For example, some members of the Public Employees Pension Plan contribute 5% of annual salary and participating employers contribute 6.5%.</p> <p>Participating employers of the Public Employees Pension Plan include the Public Service Commission (for ministries), some Crown corporations and numerous agencies, boards, and other public institutions.</p>	<p>Typically, members and employers contribute a set percentage of the member's salary.</p> <p>For example, some members of the Municipal Employees' Pension Plan contribute 8.15% of annual salary and their employers match these contributions.</p> <p>Participating employers of the Municipal Employees Pension Plan include school divisions, urban and rural municipalities, regional colleges, regional public libraries and other local authorities within the Province of Saskatchewan.</p>
Investment Decisions	<p>Plan administrator places contributions from member (employee) and employer into an account set up for the member. Each member has an account. Pension administrator invests contributions based on investment choices made by the member.</p>	<p>Plan administrator invests member and employer contributions in a pension fund and uses them to pay the member's lifetime pensions. Pension administrator invests contributions based on direction from the governing authority (e.g., a board).</p>
Pension amount	<p>An amount based on accumulated contributions plus investment income earned in the member's account is paid on retirement.</p>	<p>A specified amount of pension benefits paid on retirement typically depending on formula(s) set out in the pension plan documents. The formula is typically based on years of service and earnings.</p>

<sup>27</sup> CEM is a global benchmarking company located in Toronto, Canada. It is an independent provider of objective and actionable benchmarking information for large pools of capital including pension funds, endowments/foundations and sovereign wealth funds. [www.cembenchmarking.com/services/pensionadministrationbenchmarking.aspx](http://www.cembenchmarking.com/services/pensionadministrationbenchmarking.aspx) (22 January 2019)



Pension Plan Type	
Defined Contribution Plan	Defined Benefit Plan
Members will not know the amount of pension that they will receive until they retire. Estimating pension on retirement requires making assumptions about salary earned, investment choices, income earned, etc.	For example, certain members of the Municipal Employees Pension Plan are provided with an annual pension benefit based on 1.8% times the average salary for the highest three years of service.  Members can estimate annual pension using formulas, set out in the plan documents.

Source: Provincial Auditor Saskatchewan.

## 6.0 SELECTED REFERENCES

- Canadian Association of Pension Supervisory Authorities. (2014). *Guideline no. 8 Defined Contribution Pension Plans Guideline*. Toronto: Author.
- Fasken Martineau. (2004). *Pension Plan Communication: The Ever Increasing Duty to Inform*. Vancouver: Author.
- Financial and Consumer Affairs Authority. (2018). *Administrator's Guide – A guide to assist plan administrators and their service providers in the management of defined contribution plans registered pursuant to The Pension Benefits Act, 1992*. Regina: Author.
- International Foundation of Employee Benefit Plans. (2018). *9 Ways to Get Your Benefits Communications Read*. Toronto: International Foundation of Employee Benefit Plan. [www.ifebp.org/pdf/nebd-checklist-2017.pdf](http://www.ifebp.org/pdf/nebd-checklist-2017.pdf). (9 November 2018).
- Office of the Superintendent of Financial Institutions Canada. (2014). *Communication to Members Significant Activity—Risk Assessment Framework—Pension Supervisory Guidance Note RAF5*. Ottawa: Author.
- Provincial Auditor Saskatchewan. (2018). *2018 Report – Volume 2, Chapter 21 Carlton Trail College—Equipping the Board with Competencies to Govern*. Regina: Author.
- United Kingdom Audit Office. (2009). *Report by the Comptroller and Auditor General. Department for Work and Pensions – Communicating with Customers*. London: Author.
- United Kingdom Audit Office. (2016). *Report by the Comptroller and Auditor General. Department for Work and Pensions – Introduction of the New State Pension*. London: Author.