Lloyd Sadd Benefits Newsletter

NAVI-GATE

Plan Administration – it doesn't matter until it matters, and then it's too late!

Employment Practices Liability Insurance (EPLI)

Knowledge is Wealth: Education's Power in Retirement and Financial Planning

Cost-Containment Strategies for International Benefits

Beyond Traditional Benefits

LloydSadd

NAVACORD®

NAVIGATE Vol. 3

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PLAN ADMINISTRATION – IT DOESN'T MATTER UNTIL IT MATTERS, AND THEN IT'S TOO LATE!

Rates, market shopping, plan design, new products, and more, all get ample conversation time, but for reasons I may never understand, plan administration, specifically in the benefit plan space, is like the Rodney Dangerfield of financial services…*it never gets any respect*.

We ask a lot of plan administrators, especially in small to medium sized businesses, where there isn't a dedicated team looking after benefits. In addition to the nuance and importance of benefit plan related items, admins have dozens of other things that cross their desk every day and they're all "top priorities." Our role as an advisor is critical to ensure our clients understand the importance of administration, and how it can impact their business and their people. Here are some common contingencies we discuss and plan for:

- What happens where an employee dies prematurely, and the administrator can't find an original copy of the original enrolment form or recent change form?
- What happens when an eligible employee is allowed to opt out of all coverage, including LTD, and they get sick or injured?
- What happens when earnings aren't updated with the disability carrier, and someone makes a claim?
- What happens when an employee is terminated, is sick or uninsurable, and weren't notified of life conversion options?
- What is the impact of not applying for group disability when someone is on a WCB claim?

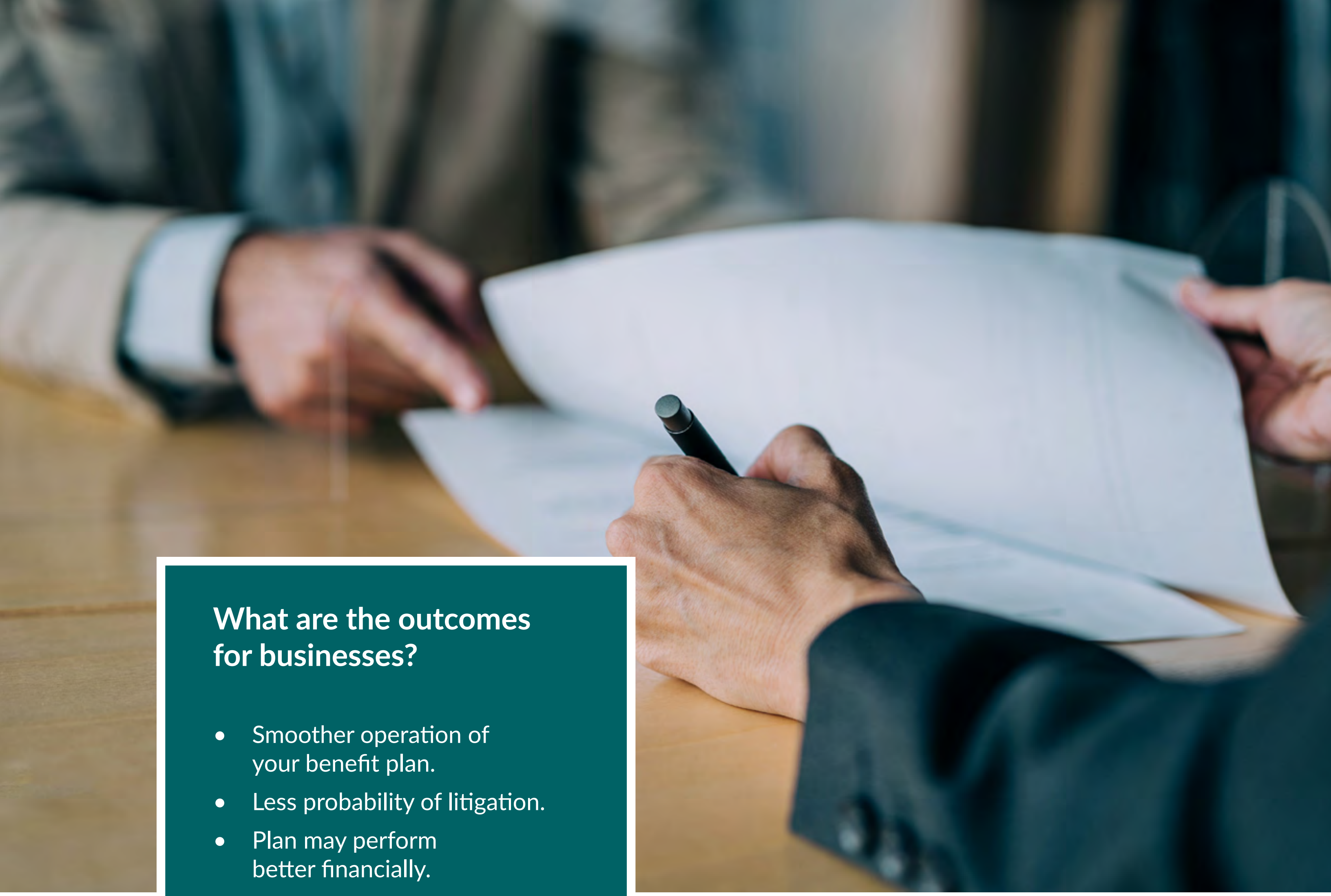
These are all scenarios where if not planned for, can carry a very high financial and reputational cost for employers and advisors. Unlike making a retroactive concession on smaller transactional claims like vision or dental claims, when the above situations arise it's like hitting a golf ball…once it leaves your club, you don't have much control anymore, and there are no mulligans. Given our increasingly litigious environment, the outcome could end up being determined by the courts. (Fun fact: I once hit a BMW with a golf ball…I'd like to have a do-over on that one.)

Why is plan administration ignored?

- It may not be ignored by the admin… it just may not be understood.
- If an advisor isn't specialized, they may not understand the importance themselves, so they aren't educating the client.
- Too much focus on selling a product or low price, as opposed to selling guidance.
- Lack of processes that outline expectations.
- Neglect.

What are some best practices?

- Adhere to a set of rules to ensure correct admin practices. For example, we create an annual Plan Administrator Playbook for our clients as a guide.
- Regardless of what the insurer contract says, enroll 100% of eligible employees on your plan.
- Engage with a human resources professional to structure a handbook of policies and procedures.
- Set participation and cost sharing expectations with new hires right away.
- Have new hires added to the insurer system right away. Most systems track the waiting period, so this helps avoid late applicants.
- Talk to your P&C advisor about plan administrator liability insurance. Given that this is a thing, would suggest the importance of plan administration.



What are the outcomes for businesses?

- Smoother operation of your benefit plan.
- Less probability of litigation.
- Plan may perform better financially.
- Per employee cost of the plan may reduce.
- Peace of mind.

Don't let what's trivial become critical

Plan administration is just one thing on a long list of items that a good advisor can help with to create successful benefit and retirement plan experiences for businesses.

As a client who's on the outside looking in, it can be hard to know what a good advisor looks like. With any professional service, credentials are a good place to start, and a solid credential in the group benefit and retirement space is the Certified Employee Benefit Specialist (CEBS) designation that's issued by the IFEBP in cooperation with Dalhousie University. That said, there are also very solid advisors that congregate in benefit specific groups and associations such as Canadian Group Insurance Brokers (CGIB) and Benefits Alliance. As a rule of thumb, have a heightened level of skepticism for advisors that are "experts" in too many things.

Download Checklist

AUTHOR

Dean Clark, CEBS

Partner & Advisor

Selectpath Benefits & Financial

T: 506.497.9751 Ext. 356

E: dclark@selectpath.ca

Plan Administrator Checklist

2023

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INTRODUCTION

Plan administration continues to be one of the best ways to insulate your business from a variety of risks, it helps keep costs stable, and contributes to the overall smooth operation of your business. That said, when not administered with best practices in mind, it can have the opposite effect.

Despite your benefit & retirement plan being important pieces of your overall compensation program, we understand it's only one of many things you interact with daily, so we've created this guide to help make your life a little easier.

The following is a set of guidelines that are generally accepted as standard operating procedures in benefit & retirement plan administration.

How the plan is administered is ultimately your decision, however we hope you find this helpful in striking a balance between delivering competitive compensation to your employees, while navigating the policy rules in place at the insurer level. If there are any areas where you're still unsure about something, please let your Navacord advisor know so we can assist.

DURING THE HIRING PROCESS

- ☐ Benefits, especially disability, shouldn't be offered to independent contractors.
- ☐ Notify employees of the waiting period for benefits. If the waiting period is waived as a condition of employment, note that this must be from day one, it cannot be partway through the normal waiting period.
- ☐ Do offer the plan to everyone who is eligible. You set eligibility criteria, but be equitable, otherwise discrimination may be a factor.
- ☐ Don't let eligible employees opt out of the benefit plan for insurance benefits (life, disability, critical illness) as this can create liability.
- ☐ Only allow waiver of health and dental benefits if the member can prove alternative coverage via a spouse's plan.
- ☐ We recommend mandatory plans as outlined above, however in rare circumstances, a waiver of all benefits may be required. This waiver should be signed by the employee, and spouse, if applicable. Note that this will not insulate you from liability in court.
- ☐ Have the employee complete the enrolment form (and overage dependent form if applicable) at hire. Most insurer systems will track the waiting period, so this makes your life easier by taking that off your desk.
- ☐ If, based on earnings, an employee will be eligible for life and/or disability coverage that exceeds the non-evidence limits, provide them with a declaration of insurability so they can apply for the higher amounts of coverage if they choose.
- ☐ Outline expectations of premium sharing.

DURING AN EMPLOYEE'S TENURE

- [ ] Actively promote the value of your plan to employees.
- [ ] If an employee has waived health and dental due to spousal coverage, and subsequently loses this coverage, they may need access to your plan. The employee has 31 days from the date they lost spousal coverage to be enrolled in your plan without medical or retroactive premiums.
- [ ] If an employee changes employment status, their eligibility for the plan may change as well. For example, employees that change from part-time to full-time may now be eligible for the plan when they weren't previously.
- [ ] Common-law spouse eligibility is generally 12 months. Please refer to the contract to confirm.
- [ ] Update the insurer right away of any material salary changes that may impact earnings-based benefits such as life insurance and disability.
- [ ] Other than vacation, maternity leave, and regular sick days, please let the insurer know if an employee is not actively at work.
- [ ] Ensure premiums are allocated tax efficiently. Generally, the employee portion should include all the premium related to life, disability, critical illness coverages. If it makes sense from a cost perspective, a simple strategy is to have the employee pay 100% of the insurance benefits, and the employer pay 100% of the health and dental.
- [ ] Employees on maternity leave should have all benefits remain active as if they were a regular employee.
- [ ] Maintain original copies of enrolment, termination, and change forms. The original enrolment form, or most recent beneficiary change, will be required to accurately pay life insurance claims.
- [ ] Periodically (every year or two) have employees review beneficiary designations, and update if necessary.
- [ ] Let your advisor/insurer know of any absences that may lead to a WCB/WorkSafe claim.

TERMINATION OF EMPLOYMENT

- ☐ Advise employees in writing of conversion privileges available under the benefit plan at time of termination. Remind terminated employees that the conversion privilege must be exercised within a certain number of days (usually 30), or it's lost. Inform the member of the name and contact information of your advisor to discuss this option further.
- ☐ Contact your advisor before offering special arrangements, coverage extensions, etc.
- ☐ Advise terminating employees when their coverage will cease.

Other Important Items

- ☐ Work with an HR professional or employment lawyer to develop a solid company handbook that outlines protocol on continuation of benefits during sick leave, disability, maternity, etc. This should also outline expectations of premium sharing, duration of benefits continuation, etc.
- ☐ Obtain plan administrator liability coverage. This is usually available as an attachment to your general business liability policy. We can recommend trusted advisors to facilitate this.
- ☐ Ensure plan design changes are communicated to employees.
- ☐ All plans should have a physical or digital drug card, allow online claims, allow claims to be mailed directly from the employee to the insurer, and benefit payments made directly to the employee.
- ☐ Have employees, not the employer, retain a copy of receipts and claims submitted. Have staff complete (and keep copies for themselves) and forward employee health declarations (if required) directly to the insurer. The employer should not keep copies of this material.
- ☐ Ensure premiums are paid on time and as billed. Premiums that are in arrears can lead to claim suspension, which increases employer liability. This situation is critical if employees are making contributions to the plan.
- ☐ In the event of a travel claim, employees should call the insurer immediately. It's also recommended that traveling employees confirm coverage prior to leaving the province/country in the event that medical conditions, medications, or other treatments have changed leading up to the date of travel.
- ☐ In the event of a medical leave, including worker's compensation, employees should apply for group disability benefits and waiver life/LTD premium within the required timeframe, usually 30-120 days from the end of the LTD elimination period. Failure to do this could result in denied disability claims if WC stops, and waiver of premium.

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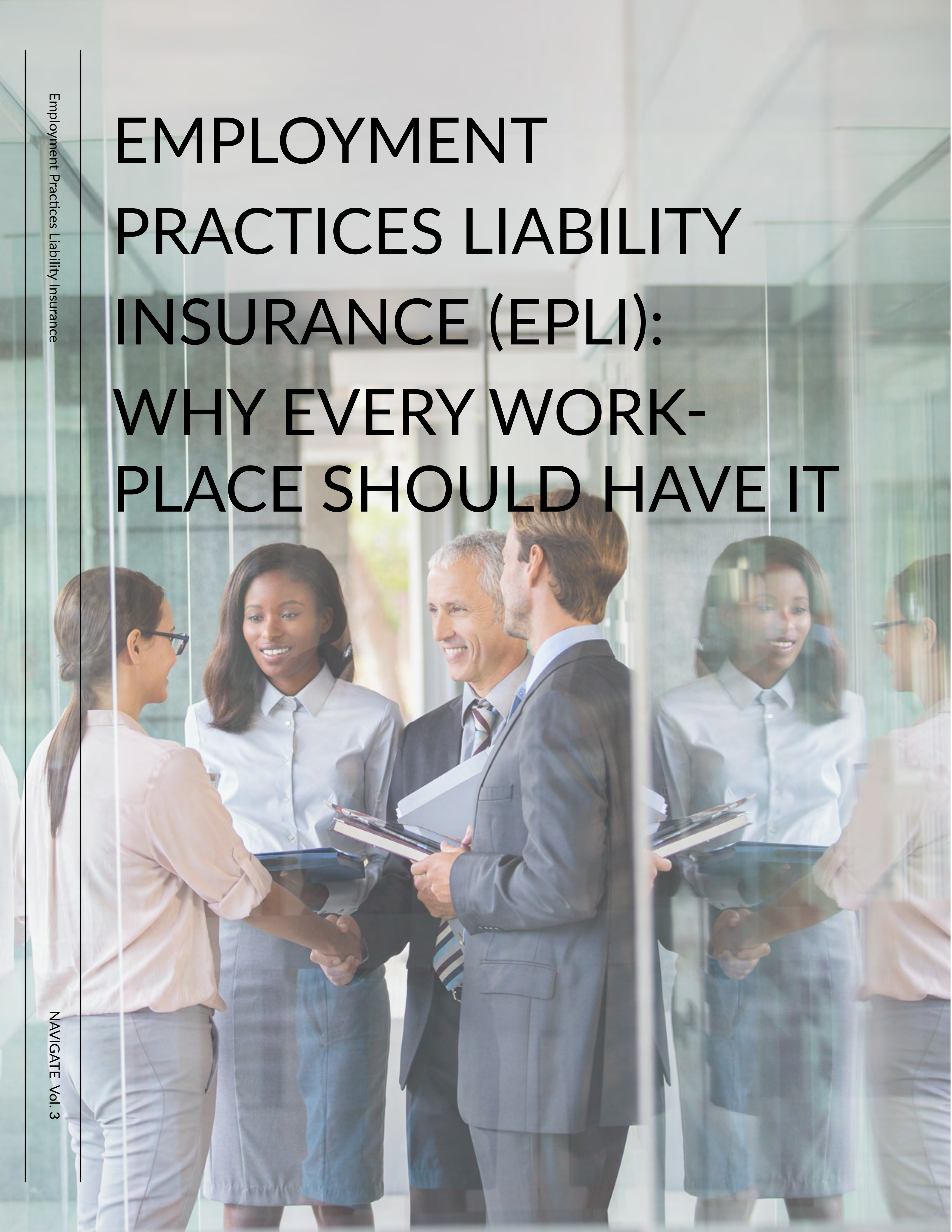
EMPLOYMENT PRACTICES LIABILITY INSURANCE (EPLI): WHY EVERY WORK-PLACE SHOULD HAVE IT



In today's dynamic business landscape, general commercial coverage isn't always fulsome enough to protect your company from employment-related claims. That's where Employment Practices Liability Insurance (EPLI) comes in.

What is Employment Practices Liability Insurance?

Employment Practices Liability Insurance is a specified extension of a D&O policy in which an employer's costs of litigation and losses are covered from events such as:

- Wrongful Dismissal
- Constructive Dismissal
- Sexual Harassment
- Discrimination
- Breach of Employment Contract
- Hostile Workplace
- Unfair Compensation

We may like to think we're past the point of incidents like these happening in the workplace, but the reality is they still occur, *all the time.*

And no business is immune—whether you have 10 employees or thousands, it only takes one person to sue your company and damage your reputation permanently. While larger corporations may have the cash flow to cover multi-million-dollar claims, smaller businesses that might just be hitting the cusp of a positive net profit and are extremely financially vulnerable can be devastated from litigation expenses. Claims can range anywhere from a few thousand dollars to millions of dollars, and it's impossible to know how much they'll cost until it's too late.

Irina Iordache, Senior Advisor & Partner at Lloyd Sadd Insurance Brokers, attests that claims of this nature in the workplace have become a growing trend in recent years that continues to worsen.

Many workplaces may not be aware that EPLI exists, or that it's even possible to insure this kind of exposure. It's vital for advisors to educate businesses about the benefits of EPLI and its potential to safeguard against costly litigation. By recognizing the importance of EPLI and working in conjunction with HR departments, businesses can proactively address the risks of poor employment practices, protect their assets, and maintain a positive reputation.

"A company's HR department should have a vested interest in advocating for EPL policies and putting them in place. They provide a safety net for the organization and are the best way to limit the financial impact of litigation."

– Irina Iordache, Senior Advisor & Partner, Lloyd Sadd Insurance Brokers

Where do good EPL standards start in the workplace?

While CFOs and risk managers typically handle D&O policies, good employment practice standards fall on an organization's HR department.

As an area of the company that oversees employee relations, fostering a safe work environment, and ensuring compliance with other labour laws and regulations, Iordache indicates that EPL aligns closely with many internal HR policies that are already in place.

"Many times, when clients learn more about EPLI and that it's possible to insure these kinds of claims, they end up purchasing a policy. Premiums are a mere fraction of what potential litigation could end up costing them in the event that they are sued."

– Irina Iordache, Senior Advisor & Partner, Lloyd Sadd Insurance Brokers

EPL Recommendations

- Ensure all executives and management are trained in proper employment practices behaviour in the workplace.
- Take advantage of resources that come with EPLI policies, such as legal hotlines who can offer advice.
- Hire specialized legal counsel that deal with employment practices litigation on a regular basis.

Claims and their resulting litigation can occur at any point in the life cycle of employment, whether it's in discriminatory advertising, inappropriate questioning in the interview process, or a constructive dismissal. While one person may think nothing of it, another can sue your organization.

Contact your Navacord advisor today to learn more about EPLI and mitigate your business risks as best as possible.

Why is wrongful dismissal so prevalent in Canada?

In Canada, employment is contractual (as opposed to somewhere like the US, where employment is at will). This means that organizations are obligated to pay severance to employees that are let go without cause.

When it comes to how much severance to pay, employers are playing a guessing game. Yes, there are minimum amounts required by law, but they don't take into account factors such as age, discrimination, religion, sex, how hard it is for them to find new work, etc.

Many times, these cases result in litigation because employers are unsure of an appropriate but feasible number to offer, and because the consequences are virtually nil for the worker, save for basic legal retainer expenses.

Iordache confirms that most of the time, the employees are successful because no matter what extra amount they're asking for, it's almost always much less than what potential litigation costs and resulting losses could add up to.

CONTRIBUTOR

Irina Iordache

Senior Advisor & Partner

Lloyd Sadd Insurance Brokers

T: 236.326.5180

E: iiordache@lloydsadd.com

KNOWLEDGE IS WEALTH: THE POWER OF EDUCATION IN RETIREMENT AND FINANCIAL PLANNING

The opposite ends of Canada's workforce—those who have just begun their career in recent years, and those who are nearing retirement—have financial needs that more than likely look a little different. But their goal after decades of hard work should remain the same: invest enough during your working years to secure a comfortable and solid retirement.

Yet, many people in both groups are unprepared to cross this finish line based on their current investing behaviour, whether it's still 50 years away or next week.

For those in their 20s, retirement seems like an unreachable future, and it's too far off to even think about. In some cases, free money is being left on the table for those who view RRSP contributions as a deduction off their paycheque instead of a long-term investment, and decide to opt out of their employer plans or aren't maximizing their payments.

For those 60+ on the other hand, retirement is hurdling towards present day faster and faster, and it's too overwhelming to even think about. In some cases, retirees feel like they can't afford to actually retire, and rising inflation certainly isn't helping.

According to a 2022 Canadian Group Retirement Study conducted by NMG Consulting[1], member education and retirement readiness are the biggest challenges facing the industry right now.

So how can this be mitigated?

Both advisors and plan sponsors are in a position to provide the support that's needed to sustain smart investing behaviour and practices, and both are key players in the game where the winning prize is not only a secure retirement plan, but also a content state of financial wellness in general. Advisors have a responsibility to their clients, and plan sponsors have a responsibility to their plan members.

Any good advisor will make it known to their clients that they are always available to provide assistance, guidance, and education to themselves and their plan members. One of the biggest challenges for plan sponsors that we see is a lack of access to expertise and knowledge of financial planning and tools. But as advisors, that's exactly what we're here to help with: to bridge the gap between uncertainty and confidence, and unlock the financial opportunities that will follow.

As present and engaged employers, plan sponsors should also ensure their plan members are maximizing the value of their work-sponsored programs for many reasons, but to name a few:

1. Financial stress among workers will add up to real, tangible costs for their employers due to the absenteeism and lost productivity it causes—$1,786 per year, per employee, in fact, according to Manulife's 2022 stress, finances and well-being report[2].
2. The higher employee participation and opt-ins to your RRSPs are, the greater the tax breaks will be for your business to recoup from.
3. Your talent retainment and attraction strategies will be enhanced by giving the Canadian workforce what they're looking for: financial wellness resources and tools. 82% of Canadian workers believe it's important for employers to offer these[2].

All this to say, there is an undeniable connection between the state of financial and mental wellness, and productivity at work. With proper education behind how to navigate these spaces smartly and regularly based on the ever-evolving economic landscape, your organization will achieve the best balance and everyone can enjoy the pay-off.

Learning sessions aren't a one-time stop

"The markets are down."

"A recession is coming."

"Inflation is never-ending."

We know that these circumstances make people nervous, and understandably so, because without understanding the ebbs and flows of the marketplace, it certainly seems daunting.

MacDonald advises that when markets are down, it actually serves as an opportunity to look at investments as if they're on sale. She calls it ***The Lifespan Approach.*** That's because the journey in preparing for retirement isn't a quick trade; it's a long-term journey that spans over decades if you start early enough.

This is why regular educational sessions are so critical; because not only is our economic environment continuously changing, but financial needs are also going to look different for all of your employees.

For example, employees 25 and under that aren't taking advantage of maximizing their RRSP contributions and matching likely aren't aware of a few benefits; such as that the funds can go towards a down payment for their first home, or what the impacts of compound interest are and the amount of money they'll lose from starting at 35 instead of 25.

"After conducting educational sessions with our clients and their employees, and showing them how it doesn't matter when markets are down in the moment, it is about the long haul, many times we'll see the light bulbs turn on. Suddenly many of the plan members will start to transfer more and more of their personal funds into their RRSPs than ever before. It's because they finally realize what they're missing out on."

– Christine MacDonald, Partner & Advisor, Selectpath Benefits & Financial

Retirement shouldn't be a switch, it should be a dial

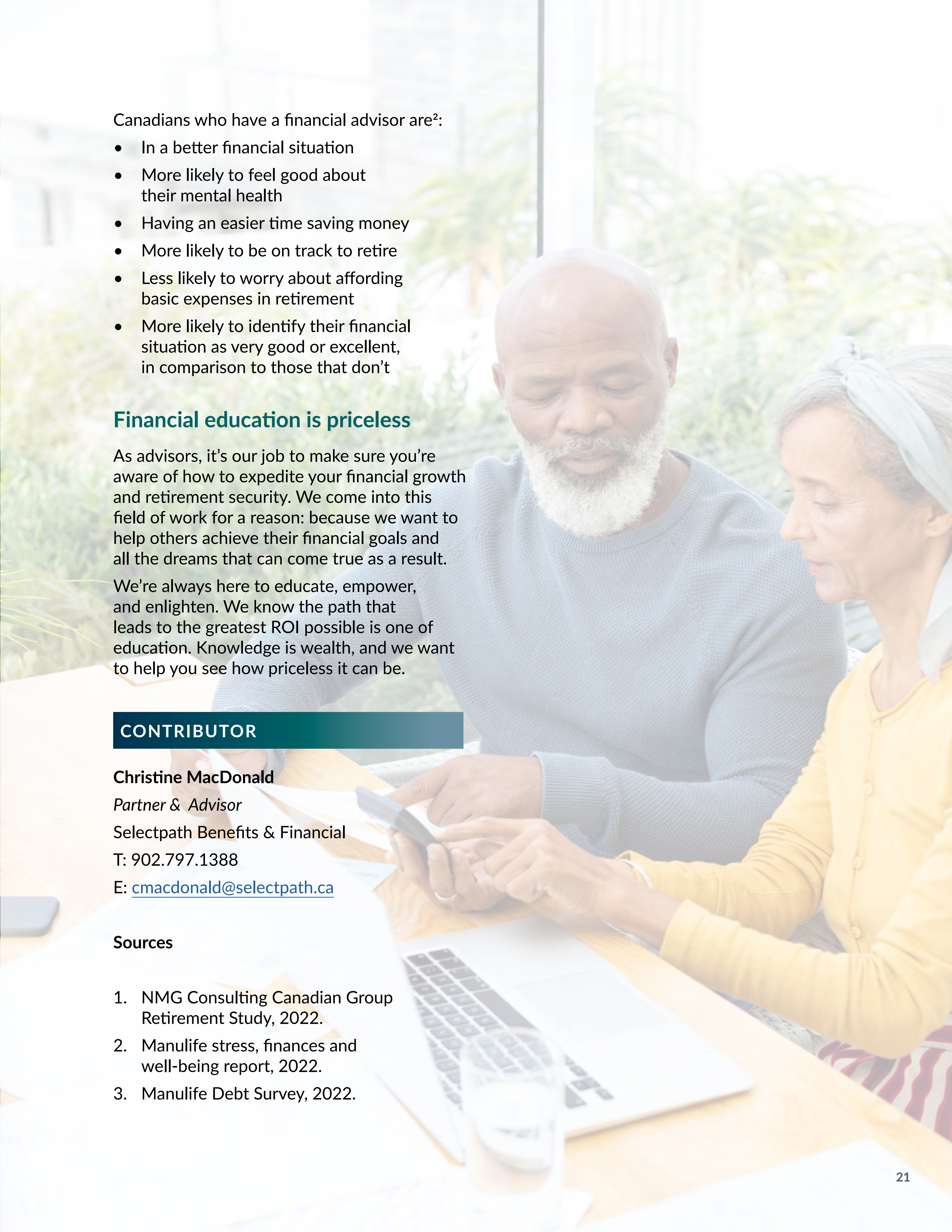
Those who are approaching their target retirement age but feel they can't yet afford it, and are frustrated because they've never lost sight of their goals for all these decades, may have not had their risk assessment profile or their investment levels adjusted in many years. Beyond the simple budget planning of retirement, there's also a mental wellness aspect involved when going from 100 to 0 all of a sudden. Combine this with sky-high inflation, and it's no surprise that many retirees don't feel ready.

And the proof is in the pudding: 1 in 3 Canadians expect to retire later than they originally planned, which is up from 1 in 4 last year[2]. Due to ever-changing economic conditions, more Canadians feel like their retirement planning and savings are behind—across all generations, and not just Boomers[2].

"I can't tell you how many times I've heard our clients say, 'I can't afford to retire.' This is why it's so critical to think about your risk assessment profile and what needs to be adjusted several years in advance of your projected retirement date, and not just one or two years before. You want to avoid a rude awakening."

– Christine MacDonald, Partner & Advisor, Selectpath Benefits & Financial

According to Manulife's 2022 Debt Survey[3], 44% of Canadian retirees report having no financial retirement plan at all. But it doesn't need to stay this way with the support of an expert consultant.



Canadians who have a financial advisor are[2]:

- In a better financial situation
- More likely to feel good about their mental health
- Having an easier time saving money
- More likely to be on track to retire
- Less likely to worry about affording basic expenses in retirement
- More likely to identify their financial situation as very good or excellent, in comparison to those that don't

Financial education is priceless

As advisors, it's our job to make sure you're aware of how to expedite your financial growth and retirement security. We come into this field of work for a reason: because we want to help others achieve their financial goals and all the dreams that can come true as a result.

We're always here to educate, empower, and enlighten. We know the path that leads to the greatest ROI possible is one of education. Knowledge is wealth, and we want to help you see how priceless it can be.

CONTRIBUTOR

Christine MacDonald

Partner & Advisor

Selectpath Benefits & Financial

T: 902.797.1388

E: cmacdonald@selectpath.ca

Sources

1. NMG Consulting Canadian Group Retirement Study, 2022.
2. Manulife stress, finances and well-being report, 2022.
3. Manulife Debt Survey, 2022.

ROAMING THE WORLD, SAVING YOUR BUDGET: COST-CONTAINMENT STRATEGIES FOR INTERNATIONAL BENEFITS

Now Boarding: Expats

In today's world, it's extremely common for many employers to hold operations around the globe. Whether an organization possesses resources in different countries, requires staff to travel to satellite offices to help launch a company-wide project, or sends workers on rotational assignments throughout the year, our global workforce is moving in a direction that may resemble pre-pandemic levels sometime soon.

Of course, with a global workforce comes the imperative need for a proper international plan. Expatriate benefit plans are designed to provide comprehensive coverage for employees working outside their home country. These plans typically include medical, dental, vision, and emergency services, along with additional support services for expats and their families. The specialized nature of these plans ensures coverage in diverse geographical locations, mitigating risks associated with inadequate healthcare access and unexpected medical costs.

It's critical that benefits for international employees are not only aligned with an organization's standards and philosophies, but will also grant workers the assurance they need to receive adequate care in their working country and allow them to focus on their tasks at hand. It's no secret that a happy, stress-free employee = a productive, efficient employee.

Because expatriates—often referred to as expats—are often some of the most key, valuable staff members in their workplace, their plan design needs to generate as much ROI for your business as possible. The policies need to be fulsome enough to take care of any possible situation that may arise for global workers—whether it's a medical emergency, coverage for dependents, or Employee Assistance Programs that can alleviate the uncertainty and isolation that may come with working away from home.

Avoiding the Turbulence – Explaining Sticker Shock

Because expat plans are highly nuanced, they are often incredibly expensive in comparison to domestic plans, for reasons that may not seem so obvious until they are talked through with a specialized international benefits advisor.

Firstly, international policies must pay for all costs associated with healthcare that, as Canadians, we are likely used to being covered by our provincial health plans. Think of "big-ticket" items that we simply aren't given a bill for: specialist visits, lab work, surgeries, hospital stays, and more.

Secondly, what is usually straightforward administration domestically, becomes exponentially more intricate internationally. Varying levels of coverage across different countries, currency fluctuations, and compliance of complex healthcare legislations and evolving healthcare systems, must all be managed efficiently and correctly.

Albeit expensive, these plans are a necessity for a business' international workforce. VP of International Benefits at Penmore Benefits, Tyler Ogilvie, has put together some effective cost containment strategies that will ensure both employers and their international workers arrive at their destination turbulence-free.

The Jet-Setter's Guide to Cost-Containment:

Differentiate Between International and US Coverage

Most expat plans will organize plan design by international or US coverage. This is because of the great lengths US insurance companies take to form relationships with healthcare networks such as hospitals, pharmacies, private clinics, and more.

Let's say your organization is sending workers to Germany for an assignment, and some employees plan to travel to the US on their weekends off. There's no reason you should be paying full premium rates for these workers to have full US coverage as well, so you can further optimize your plan to arrange for emergency coverage solely in the US. Not only will you save on your premium rates, but you're also extending peace-of-mind for your workers.

Utilize In-Network Providers in the US

The US often divides plan coverage by *in-network and out-of-network* providers, often providing a different level of coinsurance or deductible for each to "nudge" employees towards in-network providers. In-network providers have an established agreement in place with the insurance companies they work with, meaning they have negotiated less expensive costs for their services.

These networks span across the country and are so robust that even in many rural areas, there shouldn't be an issue finding an in-network provider.

As long as your expats are using in-network

providers, the rewards are three-fold. Firstly, plan members receive excellent service, access to direct billing, full coverage, and peace-of-mind with vetted providers. Secondly, for a plan with different coinsurance levels for in-network vs out-of-network, plan sponsors may receive a premium discount and for larger organizations who are experience rated, it will help drive claims costs down. Lastly, the insurer has already negotiated the pricing with their in-network providers, who will then be maximizing the value they get out of that agreement.

Get to Know Your Expats and Their Needs

It's obvious that the needs and circumstances of each of your employees at home is vastly different from person to person. This concept is no different with employees that are sent to work abroad. By putting in the effort to understand what life looks like for your expats, you can keep both your budget and your organizational philosophies intact.

For example, if you're aware that there will be a group of employees that will have to bring their families along with them for their assignment, you know that their dependents will need some kind of coverage as well—they could be added to the expat benefit plan. If the dependents are staying home while the employee goes abroad, there may be an opportunity to speak with the domestic insurer to see if they are willing to allow the dependents to remain on the plan without the employee, meaning you are only responsible for the international rates for your expat employee.

Educate and Advise Your Expats

Educating your expats adequately will not only benefit your business budget, but their budget as well.

Different parts of the world may require claim payments to be done via wire transfers, thus incurring potential bank fees. While insurers will cover outgoing payment fees, banks may charge fees to plan members to accept transfers. By advising members to wait and gather their claims so that they can submit them collectively, multiple charges can thus be eliminated and condensed into one.

Expat plans also often incorporate tools such as pre-assignment assistance programs, wellness programs, and virtual care options. Urge your employees to take advantage of these resources, thus mitigating potential concerns and challenges that often come with working abroad, but also reducing the risk of failed assignments, which can cause financial setbacks for your business.

> *"The easiest way for a company to contain costs is by altering plan design. But if you have standards and organizational philosophies you want to maintain, that means certain levels of care can't simply be taken away from your valued employees. Many aspects of international plans can be cleaned up around the edges that will allow companies to do both."*
>
> – Tyler Ogilvie, VP, International Benefits, Penmore Benefits

Destination: Organizational Excellence

Because international benefits are such a niche area of the industry, it's critical to work with a specialized consultant who is familiar with the inevitable situations expats will find themselves in, as well as the complexities of international vendors and healthcare systems across different geographies.

The need for thorough and specialized expatriate plans can't be overstated. Through proper plan design and contract review, an expert international benefits consultant will be able to tell their clients when they're overpaying for a service that can be done in a more cost-effective way, tailor a plan best-suited for an organization's standards without taking away funds that may be put to better use elsewhere, and ultimately ensure that they are getting the absolute best value out of a product that costs so much.

CONTRIBUTOR

Tyler Ogilvie

VP, International Benefits

Penmore Benefits

T: 905.669.5577 Ext. 281

E: tyler@penmorebenefits.com

BEYOND TRADITIONAL BENEFITS

Today, Canadian employers are attempting to navigate what is perhaps the most complex workplace environment in recent memory. The lingering effects of the COVID-19 pandemic, namely inflationary pressures and a ferociously competitive labour market, continue to shape the landscape. At the same time, employees are more discerning about their job choices. While the so-called 'Great Resignation' may be reaching its nadir, shifting employee priorities and demographics herald the arrival of a new generation of workers with distinct aspirations, values, and expectations.

Balancing the needs of different age groups while also fostering inclusivity and diversity has become crucial for sustainable corporate growth and competitiveness. Indeed, it has become increasingly important for Canadian organizations to prioritize Diversity, Equity, and Inclusion (DEI) initiatives across all aspects of their operations. Employee benefit programs, as a tool for attracting and retaining talent, are not exempt from this exercise; they need to be aligned with broader organizational DEI objectives. Prospective employees want benefits programs that simultaneously cater to their needs and speak to the values and culture of their employer.

According to Monster[1], 86% of job seekers say that they factor an employer's reputation on DEI in their job search, and 62% say that they would turn down an offer from a company that does not support DEI. This is not lost on companies worldwide who have been quick to embrace diversity and inclusion as core principles in their organizational culture. In addition to a desire to remain competitive employers, they understand that diverse teams and inclusive workplaces drive innovation, creativity, and ultimately, business success. It is this understanding that has prompted a paradigm shift in how companies approach their workforce. Yet, while 81% of employers are focused on improving diversity, equity, and inclusion[2], only 38%, according to one study, actually have a formal strategy in place outlining actions and outcomes[2]. Defining corporate DEI objectives and how to achieve them, it seems, is not a straightforward task, best intentions notwithstanding. This is particularly true as it relates to employee benefits.

A recent survey conducted by Sun Life/Ipsos[3] reported that a mere 17% of respondents strongly agree that their employee benefits plan addresses their unique needs as a member of a diverse community. Traditional benefit plans presuppose a common life trajectory, encompassing customary milestones such as marriage, homeownership, raising a family, and retirement. They follow a one-size-fits-all model that overlooks the unique needs and circumstances of different individuals. For instance, these plans might not adequately consider the healthcare requirements of employees from various cultural backgrounds, who may prefer specific treatments or alternative therapies not covered by the standard package. This oversight can create barriers to accessing the necessary care and potentially perpetuate health disparities among employees.

Moreover, traditional employee benefit plans commonly fail to account for the diverse family structures and life situations of employees. Many plans exclusively focus on providing coverage for nuclear families, neglecting individuals in non-traditional family arrangements, such as single parents, same-sex couples, or those caring for elderly relatives. Such limitations leave many employees feeling excluded and unsupported, compromising their overall well-being.

While designing a benefits plan based on the needs of the average employee might intuitively make sense, it is important for organizations to have a clear understanding of what average actually means in relation to their group members. It is the social and demographic characteristics of an employer's current and future workforce that will help determine what it wants to achieve and thus dictate the design of a DEI-conscious benefits strategy. The focus of that strategy will differ by each organization, be it cultural and racial diversity, age and gender parity, improved access to trusted resources for historically marginalized groups, etc. Once outcomes have been identified and defined, employers can re-examine their benefits plans in an effort to ferret out unintended structural bias.

At the end of day, market forces will continue to dictate labour demand and employee compensation practices. Equal remuneration for all employees, therefore, should not be the hallmark of corporate commitment to Diversity, Equity, and Inclusion. By designing benefit plans that reflect the realities of a diverse workforce, though, employers can have a positive impact on employee wellbeing which contributes to a work culture of inclusivity. Organizations should be mindful that their benefits policies are not static; they are living documents that require updating and should evolve in step with their employee populations. It is equally important for them to understand that there is no quick fix solution. Like all meaningful change, progress will be incremental, but the organization that sets out on this path now will be a step ahead of its peers in its positioning as an employer of choice.

AUTHOR

Reed Curry, CEBS

Consultant

Jones DesLauriers | Group Benefits & Retirement

T: 437.331.8072

E: reedc@jdimi.com

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CONTRIBUTORS

Tyler Ogilvie
VP, International Benefits
Penmore Benefits Inc.
T: 905.669.5577 Ext. 281
E: tyler@penmorebenefits.com

Irina Iordache
Senior Advisor & Partner
Lloyd Sadd Insurance Brokers
T: 236.326.5180
E: iiordache@lloydsadd.com

Christine MacDonald
Partner & Advisor
Selectpath Benefits & Financial
T: 902.797.1388
E: cmacdonald@selectpath.ca

AUTHORS

Dean Clark, CEBS

Partner & Advisor

Selectpath Benefits & Financial

T: 506.497.9751 Ext. 356

E: dclark@selectpath.ca

Reed Curry, CEBS

Consultant

Jones DesLauriers | Group Benefits & Retirement

T: 437.331.8072

E: reedc@jdimi.com

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Edmonton: 1.800.665.5243
Calgary: 1.866.845.8330
Kelowna: 1.800.665.5243

lloydsadd.com
info@lloydsadd.com