

THE PERFORMERS

× CANADA'S INFLUENTIAL THOUGHT LEADERS ×

SHAWN A. COHEN *Director, Relationship Management, MFS Investment Management Canada Limited*

SARAH E. DONAHUE *Director, Consultant Relations, MFS Investment Management Canada Limited*

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Simplification may be the name of the game when it comes to designing capital accumulation plans that engage plan members, suggest MFS' Shawn Cohen and Sarah Donahue. Benefits Canada recently sat down with them to draw out their insights on plan design and the pension industry. MFS provides active management, mindful of risk constraints, for financial advisors, professional fund selectors, institutional investors and consultants.

How can plan sponsors design plans that encourage members to save more?

SHAWN A. COHEN: Plan sponsors can make plans mandatory or utilize auto-enrollment features where available, and incentivize savings with healthier matching programs. I also believe it's important to ensure members have access to financial planning assistance throughout their careers. Retirement is only one component of savings and must be considered in a context that includes more immediate daily savings needs. Lastly, communicate with members based on their life stage. For example, to engage millennials, you may

want to frame your investment platform in the context of environmental, social and governance (ESG) factors that are a priority for this cohort.

Are you seeing a trend towards higher employer matches?

SARAH E. DONAHUE: We are not seeing an increase, and I think there are a couple of reasons. There is an increased focus on costs. And, most importantly, industry events such as the enhancement to the Canada Pension Plan (CPP) have made plan sponsors pause as they decide how they will manage those increased costs.

Is there an ideal number of investment options - something that provides enough choice without overwhelming members?

SC: For the great majority of members, upwards of 90%, a target-date series provides a single, appropriate investment option. For the other 10% who want to control their asset allocation, you may want to add three to five diversified, multimanager funds - for example, a fixed-income fund, a Canadian equity fund and a global equity fund. We've moved from an environment in which many plans offered 30 or more investment options to one in which most offer 10 to 16. I think the ideal is even lower.

SD: I'd add it's encouraging to see that target-date funds are now a top choice for the default fund. With the level of apathy we continue to see, it's imperative we have a default fund that is appropriate for investors.

What do you love most about your current position?

SD: On a day-to-day basis, I get to respond to questions and solve problems, which provides a sense of accomplishment. In a bigger context, it's nice to remember that I work for an investment firm that manages people's hard-earned money so they can save for their goals and their retirement. I also really enjoy working with the great team we have here.

What's the most important quality the people in your team share?

SC: Collaboration. We work diligently to ensure that is engrained in our

culture, and it's a key reason we're able to add value for our clients. By working together as a team across the globe, we are in a better position to understand and address client issues, and to achieve our shared goal of securing better outcomes for our investors.

If you could change one thing about the pension industry in Canada, what would it be?

SC: Perhaps it's my law background, but I'd like to see pension legislation truly harmonized across the country. South of the border, we can see the benefits of having a federal system that can enact sweeping changes, including safe harbour provisions for choosing a default and providing advice, and that can create an environment where plan sponsors are comfortable doing the right things for their members. With one harmonized legislative approach, I think we'd be much more successful as a capital accumulation plan and broader pension industry. It would also be much easier for corporations with employees across the country to administer their pension plans.

What's your best advice to people just starting out in the pension industry?

SD: Always be part of the solution, and keep an open mind to changes within the industry and within your organization.

SC: Understand it takes three to five years before you can truly start to piece everything together because this is a complex industry, and always consider the member's perspective.



WHAT'S YOUR FAVOURITE QUOTE?

SD: "We must not allow the clock and the calendar to blind us to the fact that each moment of life is a miracle and mystery." That's H.G. Wells.



WHAT'S THE ONE THING YOU NEVER TRAVEL WITHOUT?

SC: My passport! But if I was going to say anything else, as long as I have my credit card and an open mind I'm good to go.



WHO, LIVING OR DEAD, WOULD YOU MOST LIKE TO MEET?

SD: The arts are in my heart - A great dinner party would include Picasso, George Balanchine and Beethoven. I would also like to visit with my grandparents, I never got the chance to meet them.

SC: I'd like to have a conversation over lunch with Oprah Winfrey, Lincoln Alexander, Barack Obama and Nelson Mandela. On a lighter note, I'd also love to play a round of golf with Tiger Woods.



CRÈME BRÛLÉE OR CRÈME CARAMEL?

SD: Crème brûlée, but I'll take any dessert. I'll take dessert over dinner!

SC: Neither! Give me bread pudding any day of the week!

