

February 22, 2023

# McGill University's search for a comprehensive decumulation solution

## A fireside chat with John D'Agata

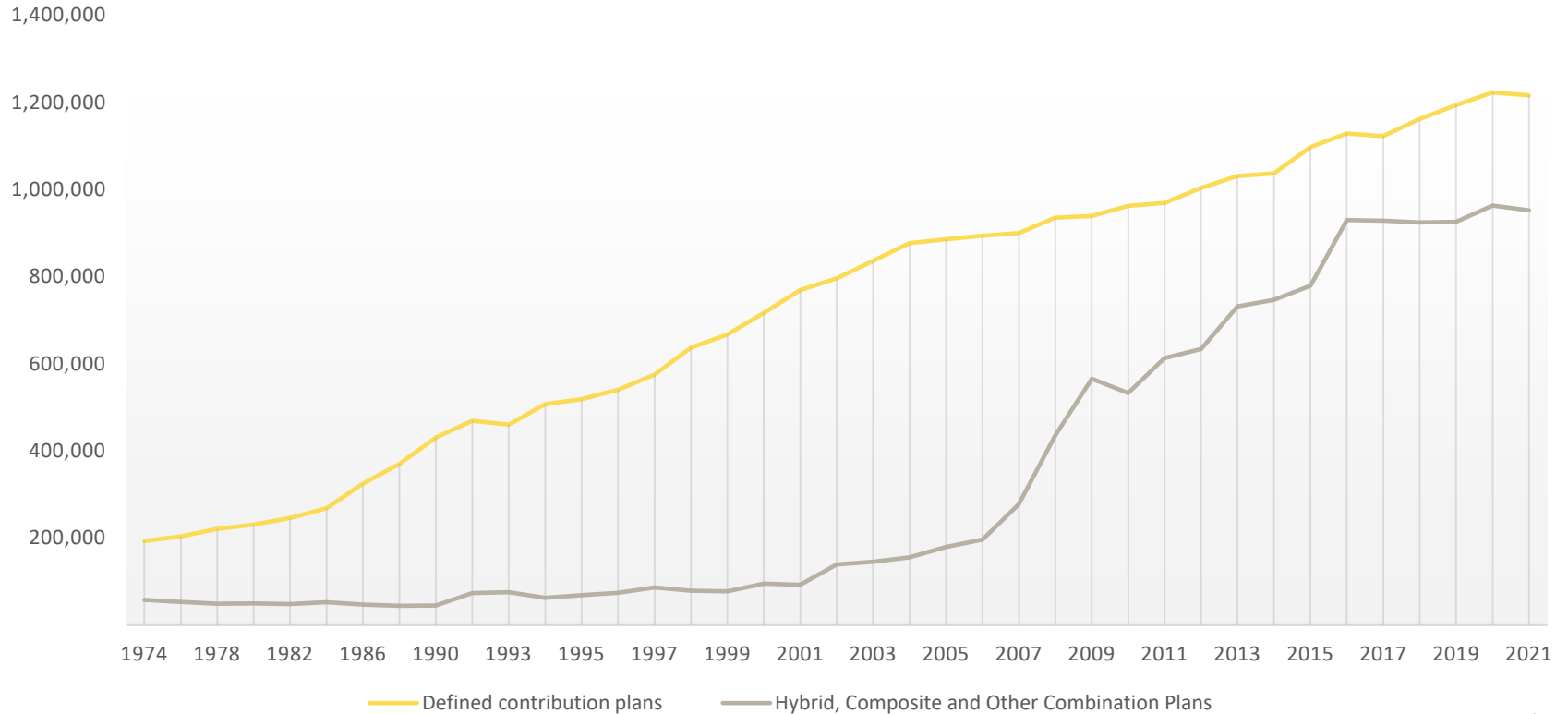
### Presenters

John D'Agata, director of pension and benefits McGill University

Yashar Zarrabian, regional vice-president, Quebec Sun Life

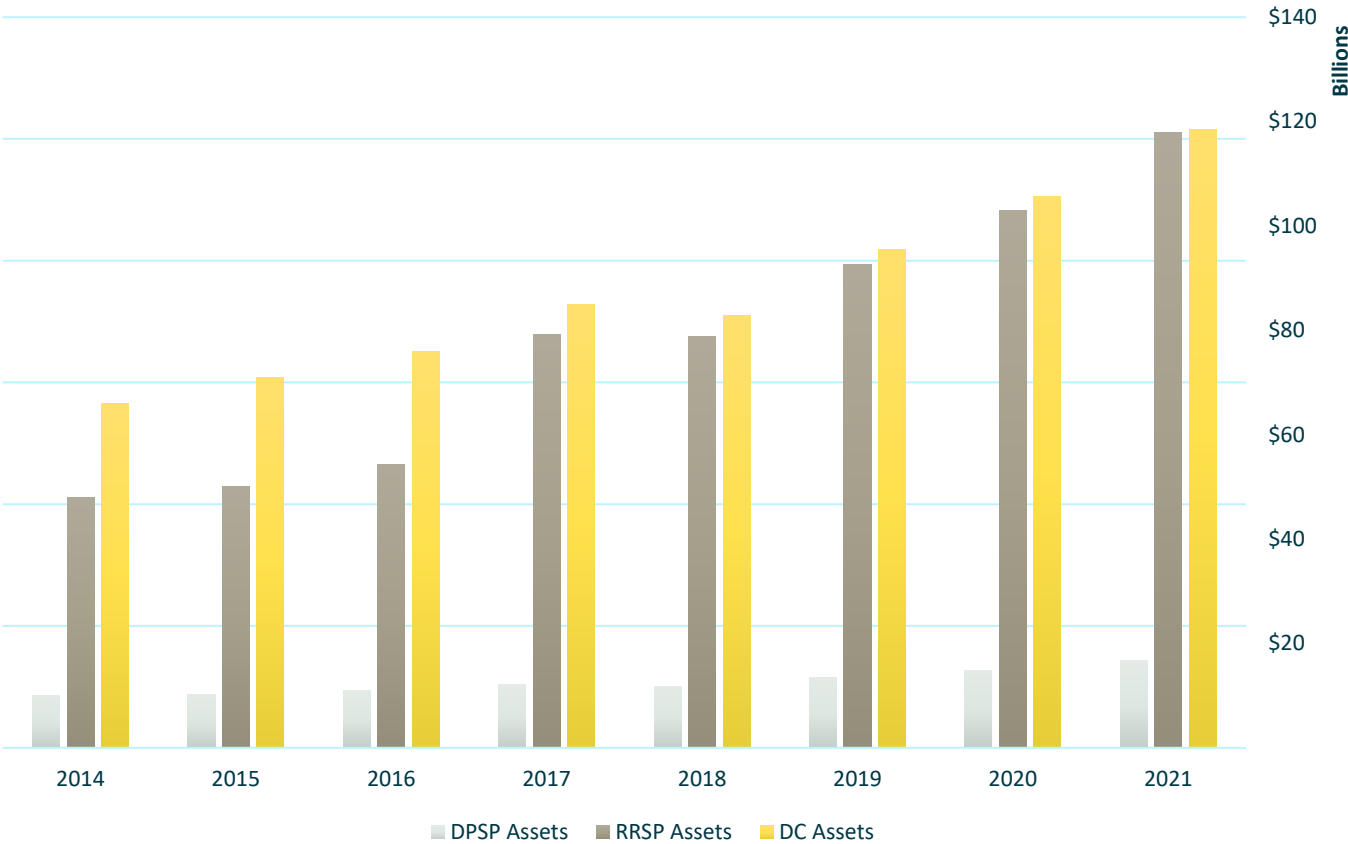


# Growth of DC membership



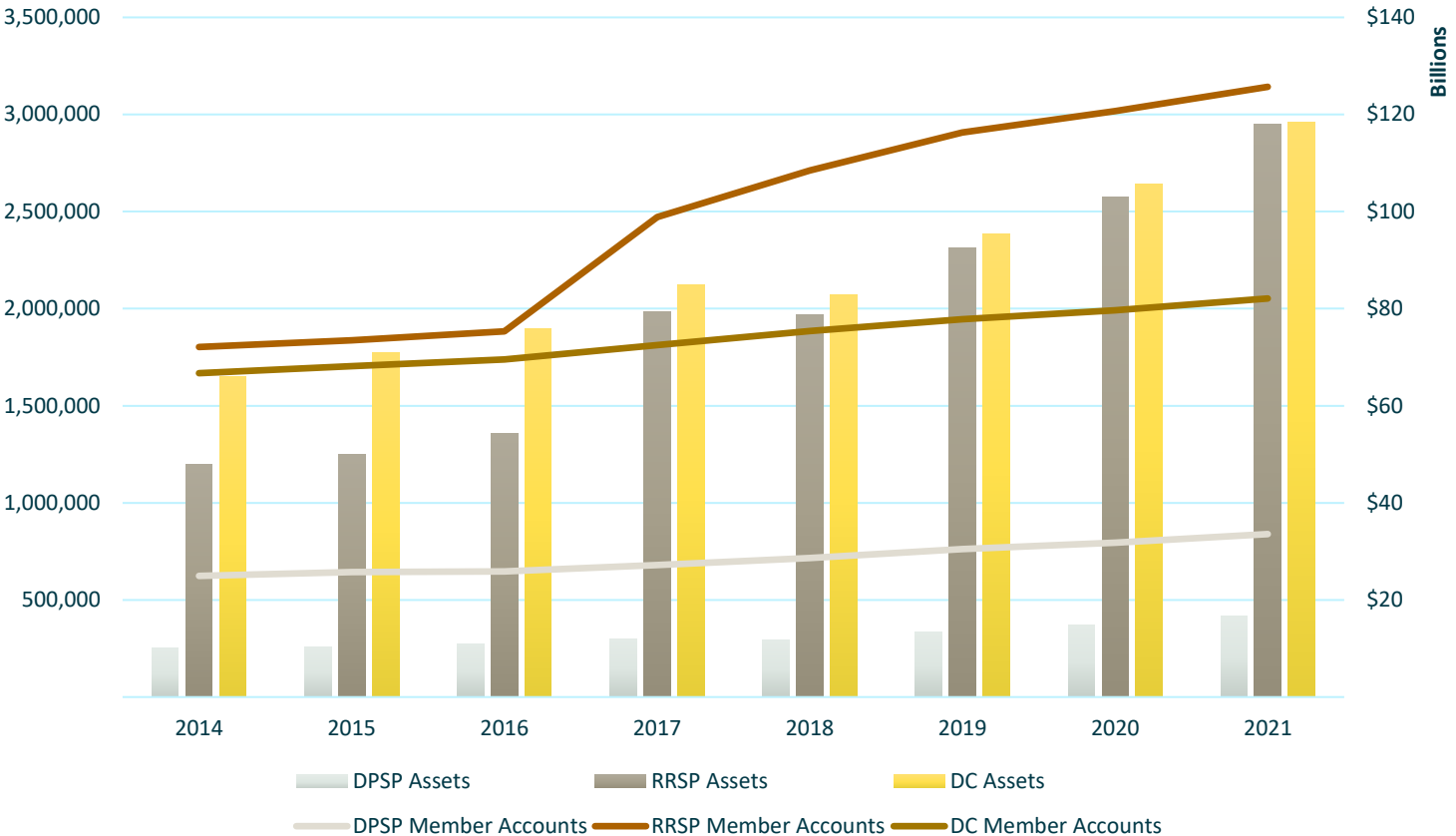
Source: Statistics Canada

# Evolution of CAP plans



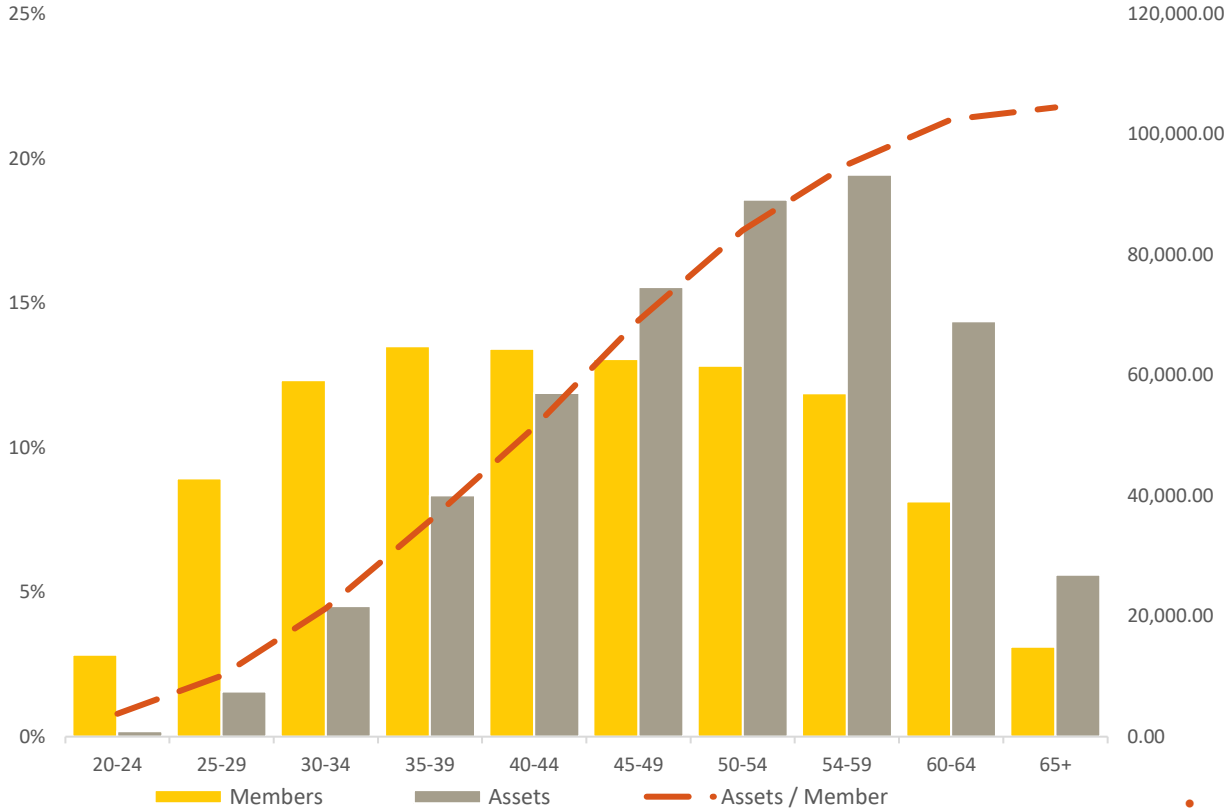
\* Assets in \$ Billions. Source CAP industry data.

# Evolution of CAP plans



\* Assets in \$ Billions. Source CAP industry data.

# Sun Life's demographic of CAP plans



**2022 Sun Life Assets Dec. 31<sup>st</sup>**

• DC: \$47.2B      • RRSP & DPSP: \$45.2B

Source: GRS Account Summary; Timeframe: June 2022

Fireside Chat

McGill University

# About McGill University

- 39,000 + students
- 7,000 + full-time and 1,300 part-time employees
- 11 faculties and 14 schools and other teaching units
- 14 unions and 2 employee associations
- 7 administrative units
- #1 in Canada among MEDICAL-DOCTORAL UNIVERSITIES for 17 consecutive years  
[*Maclean's University Rankings 2022*]
- 14 consecutive years – Best employer in Montreal
- Total Plan assets: \$1.558B
- Number of members in total plan: 9,542



**#27**  
in the world

[QS World University  
Rankings 2022]

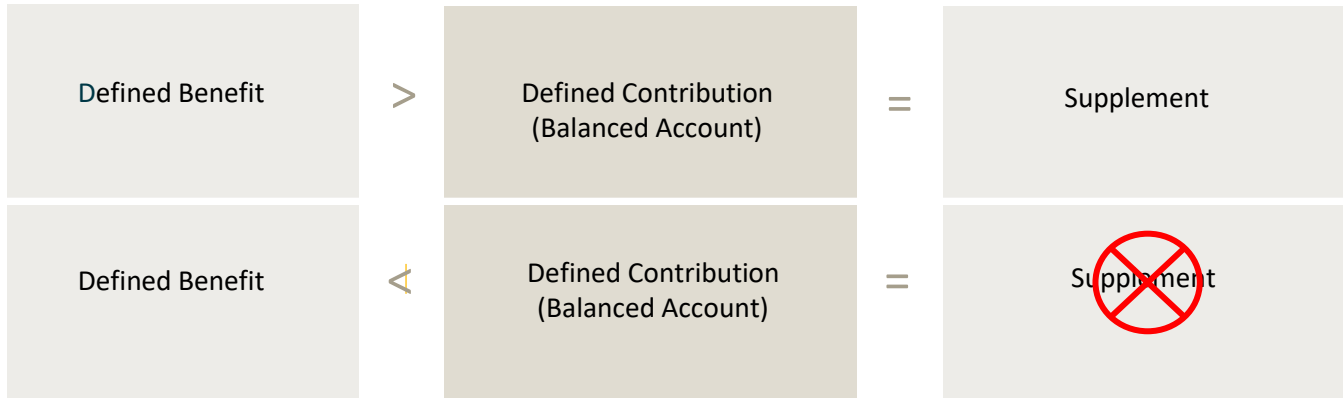
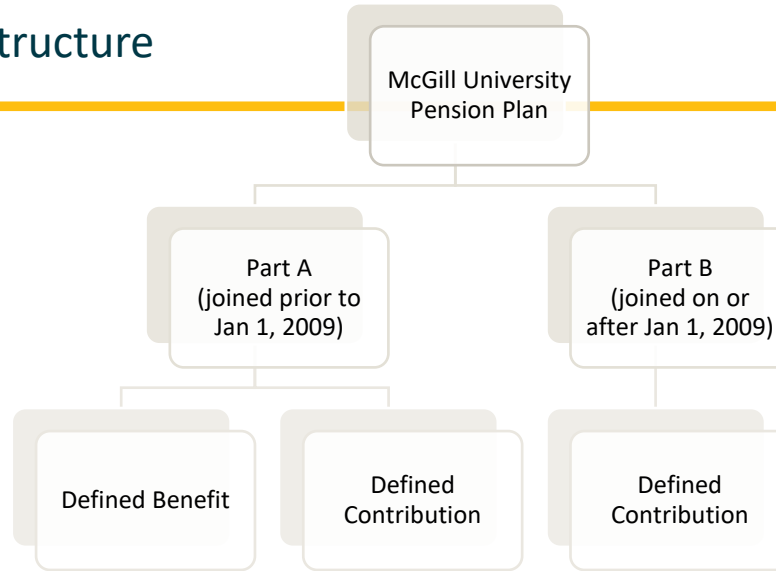
**#44**  
in the world

[Times Higher Education  
World University  
Rankings 2022]

**#67**  
in the world

[Shanghai Academic  
Ranking of World  
Universities 2021]

# McGill's plan design and structure





# McGill's decumulation solutions (VB/LIF-RRIF)

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## Plan Members

- Lower management fees allow members to retire sooner or extend the payout phase
- Investment continuity: familiar investment lineup
- Pension committee oversight: vetted investment lineup
- Unbiased communications & support in transition process

## McGill

- Higher plan balances - lower fees
- Valued additional benefit for employees without significant cost or risk
- Facilitates transition to retirement and connection to retirees
- Increased appreciation of the pension plan by employees

## Member support services

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### In partnership with McGill and Sun Life

- On-line videos
- Brochures
- Group information sessions and financial wellness webinars
- One-on-one meeting (virtual or in person)
- Call center + access to retirement consultant and investment advice for group savings products
- One stop solution to access DC and DB values via web and App
- Customized retirement planning tool & calculators
- Morningstar

# Key learnings and outcome

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## Key Learnings

- Communication is key
  - Ongoing and varying formats
- Keep it simple
- Start early
- Reach out to retiring members
- Easy and timely access to member account information

## Outcome

- Total Plan assets: \$1.558B
- Assets in Variable Benefit: \$80.718M
- Assets in Group RIF/LIF: \$141.121M

# Decumulation landscape

| Risks  | RRIF/LIF or Variable Benefits | Annuities      | Proposed in federal budget    |                                |
|--|-------------------------------|----------------|-------------------------------|--------------------------------|
|  |                               |                | Variable Payment Life Annuity | Advanced Life Deferred Annuity |
| Outliving my money                               | ✗                             | ✓              | ✓                             | ✓                              |
| Poor returns early in retirement                 | ✗                             | ✓              | ✗                             | ✓                              |
| Liquidity ( for unexpected expenses)             | ✓                             | ✗              | ✗                             | ✗                              |
| No opportunity to benefit from investment growth | ✓                             | ✗              | ✓                             | ✗                              |
| No estate for my heirs                           | ✓                             | ✗              | ✗                             | ✗                              |
| Inflation eroding my purchasing power            | ✗ <sup>**</sup>               | ✓ <sup>*</sup> | ✗ <sup>**</sup>               | ✓ <sup>*</sup>                 |
| Portability                                      | ✓                             | ✗              | ✗                             | ✗                              |

\*If an indexed annuity

\*\* Some protection possible from investment growth, but not guaranteed

Thank you!

Questions?

