

Winning the Marathon For Talent



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Session Overview

- Who is CAAT?
- Retaining talent reigns as top priority
- Headwinds in the marathon for talent
- Enhance the Employee Value Proposition (EVP) to win
- How HR leaders are value drivers of long-term strategic solutions

Get to Know the CAAT Pension Plan

- Established in 1967
- Open to all sectors and provinces in 2020
- Not-for-profit trust
- 500 in-house experts and partners
- Purpose-driven to improve retirement income security in Canada
 - No bonuses. No commissions.
 - We are CAAT members too!





**Facts and Figures:
Challenges Facing CEOs,
CHROs and CFOs**



Retaining Talent Is the Top Objective

Retention outranks revenue and sales growth as the Top Operational Priority

Top challenges related to total rewards:

- Talent attraction
- Talent retention
- Workforce engagement and productivity
- **Control over employee benefit costs**

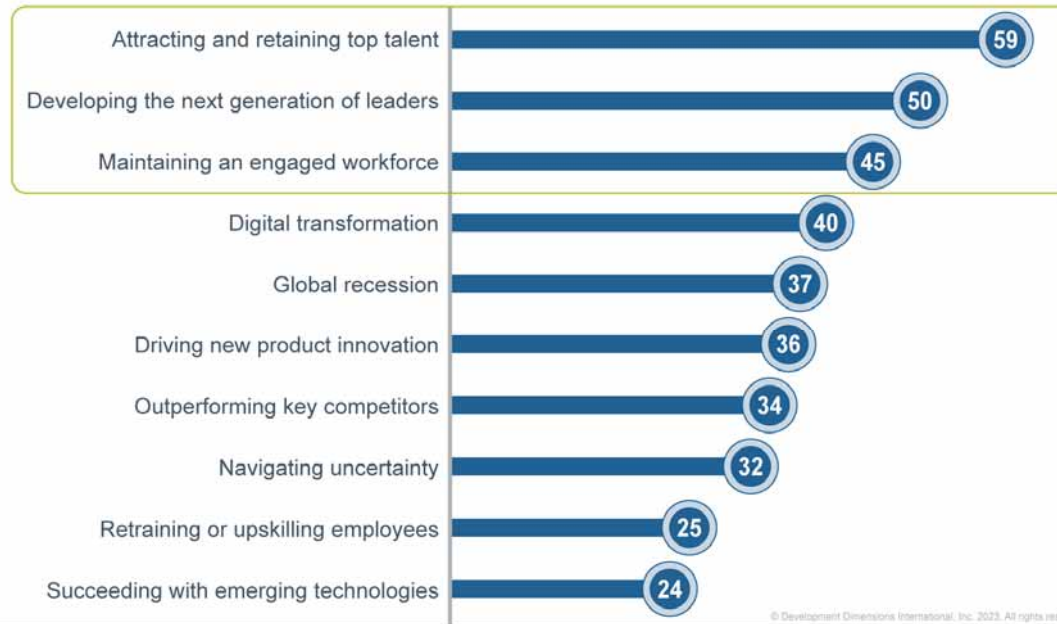


Gallagher 2023 Organizational Wellbeing, August 2023

Executives, especially CHROs, are being asked to do more with less.

Talent Agenda Goes Beyond HR

Top CEO Concerns



Talent is top of mind for CEOs and Boards

Percentage of CEOs Who Selected Each Challenge

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Anticipate Long-Term Challenges

Adding to the 1 in 5 Canadians who are nearing retirement¹:

- 71% of Canadian workers want to **leave their jobs this year**²
- More than half of Canadians feel more stressed this year than in 2023, and **nearly half are unmotivated to work**
- Increased competition with public sector employers that offer **better pensions and job security**³

1. *Statistics Canada, April 2022*

2. *Hays 2024 Salary Guide, March 2024*

3. *How a ballooning public sector is reshaping Canada's economy, The Globe and Mail, April 2024*

Marathon for talent will intensify, increasing focus on retention.

Employees Indicate Readiness to Leave

Burnout and stress continue to kindle exits across generations:

- **One third of Canadian employees are likely to quit their job this year¹**
- **73% of middle managers are experiencing burnout²**
- **One in three middle managers (35%) are actively looking for a new job right now**



1. *EY 2023 Work Reimagined, October 2023*

2. *Why middle manager burnout should be an HR priority this year, Capterra, April 2024*

The silent majority of employees want more support from employers.

Employers Underrate Financial Stressors . . .

. . . While employees rate this as a top concern

Employers plan to focus their investment on physical well-being initiatives (95%), **but employees say what they need most are programs that support their financial well-being.**

66%

Of employers think their workers are financially sound

43%

Of employees rate themselves as “financially healthy”

Source: Buck 2022 Wellbeing and Voluntary Benefits Survey, February 2022

Mind the perception gap. Employees need more from employers to thrive.

Employees Indicate Readiness to Leave

Turnover costs can spiral if retention isn't solved,
impacting performance and the bottom line ⁸



Vacancy,
recruitment and
training costs



Burnout and
flight risks

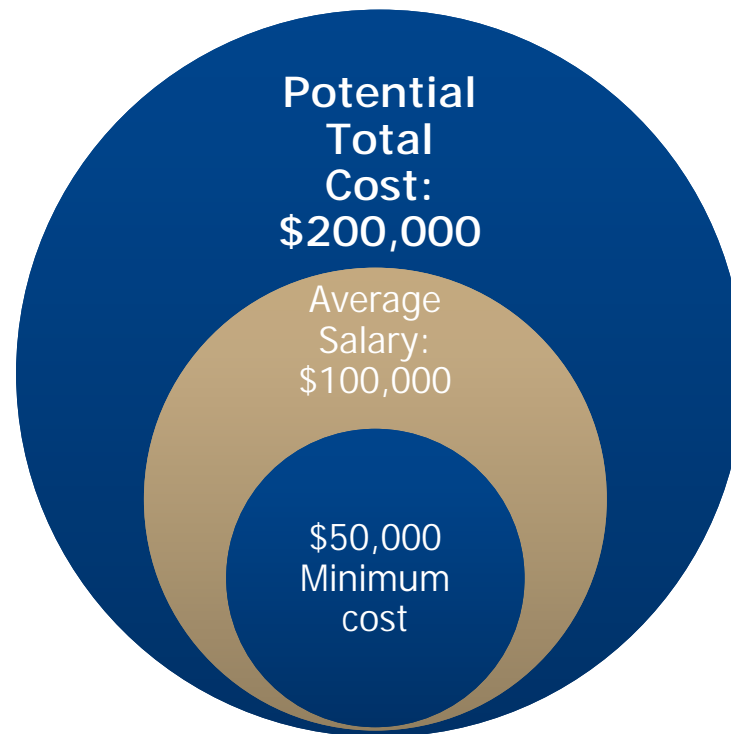


Workforce
productivity and
ability to grow


Source: Focusing on the High Cost of Employee Turnover, Randstad, August 2023

The cost of turnover is expensive and hits the bottom line.


Employees Indicate Readiness to Leave



Turnover costs can total as high as twice the salary.



**Attraction and Retention:
Better Pensions Reduce
Turnover Costs
(What Employees Won't Tell You)**



Enhance the Employee Value Proposition

Elevate the value

Total Rewards

Enrich the experience

Workplace Culture

Purpose and Values

Essential benefits

Financial Health

Physical Health

Mental health

Pensions support every element of the EVP

Most Desirable Pension Features



Monthly and
Predictable



Inflation
Adjusted



Guaranteed to
Last a Lifetime

“Defined benefit” pension features are the most desirable.

Predictable, Inflation-Adjusted Lifetime Retirement Income

At least half of workers want one or more pension features in a retirement plan ⁹

- Half of 18- to 24-year-olds want **inflation-adjusted, lifetime income**
- 7 out of 10 want all three features **by the time they reach age 35**
- Over a quarter of those ages 35 and older would switch **employers for a DB pension plan**



Source: Better Pensions Matter, CAAT Pension Plan, November 2023

Employees want retirement income security, starting today.




Employer Experiences with Traditional DB

Traditional DB, including single-employer plans, have posed challenges for employers

- Asymmetric risk and risk transfer to the employer: Fiduciary, financial, longevity and more
- Contribution and balance sheet volatility: Variable rates that increase if pensions are underfunded
- Costly to administer and recruit in-house experts in pensions and investments

Sole plan sponsorship carries risks and costs that employers can't afford.

Pensions Matter to Talent and Budgets

Key Workforce Factors	Modern Defined Benefit Plan	Key Financial Factors
Improve talent attraction and retention		Reduce costs with fixed contributions
Improve engagement and culture		Reduce balance sheet volatility
Reduce turnover cost		Eliminate fiduciary obligations

HR leaders now have a solution to boost value without raising costs.

Key Takeaways

1. Retention is the top objective for C-level leaders
2. Business will be harder if we don't fix retention
3. More headwinds coming in the marathon for talent
4. CHROs are value drivers of long-term strategic solutions
5. Pensions matter to managing talent, costs and risks

CHRO business case at www.PensionsMatter.ca

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Let's Connect!

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