

Impact of COVID-19



on Pensions and Benefits in Canada

SPRING 2021 UPDATE

International Foundation
OF EMPLOYEE BENEFIT PLANS  CANADA

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The International Foundation of Employee Benefit Plans is the premier educational organization dedicated to providing the diverse benefits community with objective, solution-oriented education, research and information to ensure the health and financial security of plan beneficiaries worldwide. Total membership includes 31,000 individuals representing multiemployer trust funds, corporations, public employer groups and professional advisory firms throughout the United States and Canada. Each year, the International Foundation offers over 100 educational programs, including conferences and e-learning courses. Membership provides access to personalized research services and daily news delivery. The International Foundation sponsors the Certified Employee Benefit Specialist® (CEBS®) program in conjunction with the Wharton School of the University of Pennsylvania and Dalhousie University in Canada.

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The International Society of Certified Employee Benefit Specialists (ISCEBS) is a membership organization for those who have earned or are pursuing the Certified Employee Benefit Specialist (CEBS), Group Benefits Associate (GBA), Retirement Plans Associate (RPA) and Compensation Management Specialist (CMS) designations. Members have access to educational programs, information resources, networking at the local and national levels, publications and other services. Nearly 4,000 CEBS, GBA, RPA and CMS designees are members of ISCEBS; they work for corporations, consulting firms, multiemployer funds and insurance companies and in other industry professions.

 **International Society**
of Certified Employee Benefit Specialists

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Table of Contents

Introduction	1
Key Findings	3
Tables	7
<i>Retirement Plans</i>	
Table 1: Offer Defined Benefit (DB) or Target Benefit (TB) Pension Plans	7
Table 2: Actions Taken With DB/TB Pension Plans	8
Table 3: Offer Defined Contribution (DC) Plans	9
Table 4: Changes in DC Contribution Levels	9
Table 5: Change in Percentage of Members Making DC Plan Withdrawals	10
Table 6: Change in Percentage of Members Making Interfund Transfers	10
<i>Health Benefits</i>	
Table 7: Offer Health Benefits	11
Table 8: Changes to Prescription Drug Benefits	11
Table 9: Changes Made to Mental/Behavioural Health Benefits	12
Table 10: Organizations Adding Services or Components to Existing Mental/Behavioural Health Benefits	12
<i>Employee Assistance Programs (EAPs)/Employee and Family Assistance Programs (EFAPs)</i>	
Table 11: Offer Employee Assistance Programs (EAPs)/ Employee and Family Assistance Programs (EFAPs)	13
Table 12: Increased Utilization of EAP/EFAP Services	13
Table 13: Approximate Utilization of EAP/EFAP Services (Pre-COVID-19)	14
Table 14: Approximate Utilization of EAP/EFAP Services (During COVID-19)	15

Managing a Remote Workforce

Table 15: Percentage of Workforce Working Remotely (Pre-COVID-19) 16

Table 16: Percentage of Workforce Working Remotely (During COVID-19) 16

Table 17: Reimbursement for Remote Working Expenses 17

Table 18: Specific Reimbursement for Remote Working Expenses 18

Respondent Demographics

Table 19: Number of Active Participants 19

Table 20: Respondent Province 19

Table 21: Respondent Industry 20

Table 22: Public Employer Jurisdiction 21

Table 23: Corporate Respondent Role 21

Table 24: Multi-Employer Respondent Role 22

Table 25: Public Employer Respondent Role 22

Introduction

From January 20 to February 14, 2021, the International Foundation of Employee Benefit Plans surveyed organizations in Canada to examine the implications of the COVID-19 pandemic on their employee benefit plans. The results represent input from 198 organizations across Canada, representing corporations/single employer plans (including nonprofits), multi-employer plans and public employer plans. Those asked to participate in the survey were in the databases of the International Foundation and the International Society of Certified Employee Benefit Specialists (ISCEBS).

The survey results are designed for plan sponsors to benchmark their actions against their peers, overall and within each sector. Please keep the following in mind.

- Because of rounding, some column percentages may not total 100%. In addition, some percentages in the text and figures in the analysis sections may vary slightly from the tables.
- This study does not represent a census of all organizations in Canada, nor is it necessarily a representative sample of such employers. The reader is cautioned that the limited sample size and nonrandomized sampling methodology may restrict the extent to which findings can be generalized.
- Unless otherwise noted, respondents were asked to specify which plan changes were made or what worker actions were taken specifically due to the implications of the COVID-19 pandemic.
- Throughout the survey, responses of *not sure* and *not applicable* were removed, which may result in the number of responses varying from question to question.

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Key Findings

The COVID-19 pandemic has had significant implications for workplaces across the world. These implications extend into the realm of employee benefits, where employers and their workers must make difficult decisions regarding their retirement, health and paid leave benefits.

In June 2020, the International Foundation conducted a benchmarking survey to capture a snapshot of current conditions. This follow-up survey, conducted in February 2021, addresses changes to defined benefit (DB) and defined contribution (DC) plans, health benefits, employee assistance programs (EAPs)/employee and family assistance programs (EFAPs), and workforce staffing levels. This edition revisits these topics for longitudinal analysis purposes and also examines new topics such as managing a remote workforce. The following results are from 198 benefits practitioners across Canada.

Defined Benefit (DB)/Target Benefit (TB) Pension Plans

More than one-half (52%) of responding organizations have a DB or TB pension plan (Table 1), a benefit more commonly offered among public and multi-employer plans. Those offering these plans were asked whether they have taken or are considering taking specific actions due to the COVID-19 pandemic.

More than one in four (27%) have reviewed actuarial assumptions/pension plan designs, with an additional 28% considering doing so. This is followed closely by 25% of responding DB plans that have updated their investment policies, with an additional 23% considering doing so. Both actions represent substantial increases from June 2020, when 11% had reviewed their actuarial assumptions/pension plan designs, and 6% had updated their investment policies. In addition, more than one in five (21%) DB plan respondents have conducted an actuarial valuation due to the implications of the pandemic. Smaller proportions of responding organizations have changed their plan investment managers (7%), closed their plans to new members/hires (3%), or discontinued offering pension benefits for some or all categories of active employees/workers (1%) (Table 2).

Defined Contribution (DC) Plans

More than one-half (56%) of responding organizations offer a DC retirement plan (Table 3). Of those, about 5% are noticing that a greater share of their participants are making changes to their contribution/deferral levels compared with pre-COVID-19 levels, while the same proportion say a smaller share are making changes (Table 4). More than two in three (68%) respondents allow DC plan withdrawals and, of those, a majority (67%) have not seen a change in the number of withdrawals compared with pre-COVID-19 levels. However, 21% of plans that allow withdrawals report an increase in withdrawals, up substantially from the 8% observed in June (Table 5). As for the number of interfund transfers, 16% of respondents say there has been an increase, while 84% have noticed no change due to the COVID-19 pandemic. These figures have held relatively stable since the June survey (Table 6).

Health Benefits

Responding organizations that offer health benefits to their workers (94%) were asked about changes to their benefit plans due to the impact of COVID-19 (Table 7).

Prescription Drug Benefits

The COVID-19 pandemic has had implications on responding organizations' prescription drug benefit offerings. Of those responding organizations that offer coverage for prescription drugs, about one in five (18%) have extended the time allowed under prior authorization periods, followed closely by temporarily waiving premiums for some or all plan members (17%). Responding organizations are less likely to have mandated/promoted the use of mail-order programs for maintenance drugs (6%) or have waived prior authorization requirements for prescription drugs (2%). These figures have held relatively steady since the June survey, suggesting that these changes were made soon after the COVID-19 pandemic began (Table 8).

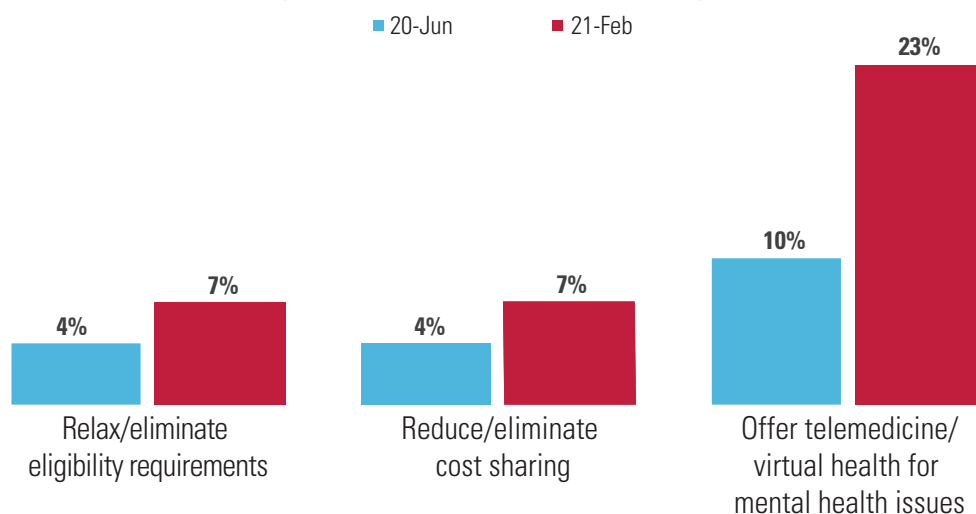
Mental/Behavioural Health Benefits

Similarly, organizations that offer mental health benefits to their workers were asked which actions have been implemented or are under consideration due to the COVID-19 pandemic. Prior to the pandemic, about one-half of responding organizations (47%) were already offering telemedicine/virtual health for mental health issues, with an additional 23% implementing it

due to the pandemic. Other responding organizations are making changes to eligibility requirements and cost-sharing provisions of their mental health benefit offerings. More than one in three (34%) responding organizations had already relaxed or eliminated the eligibility requirements for mental health benefits, with an additional 7% implementing this change due to the pandemic. Similarly, fewer than one in four (23%) organizations had already reduced/eliminated cost sharing for mental health benefits, with 7% implementing it due to the pandemic. The proportion of respondents implementing each of these features has increased since the June survey, representing a continuous need for these services during the pandemic (Table 9).

In addition, more than two in five (41%) responding organizations are adding services or components to their mental health benefits, with an additional 25% considering doing so in the future. More than one in three respondents (35%) have not added mental health services to their benefit plans and have no plans to do so. The proportions of organizations adding or considering adding additional services have increased from the June survey (Table 10).

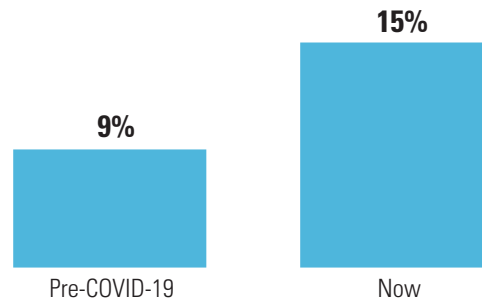
Changes Made to Mental/Behavioural Health Benefits (Due to the COVID-19 Pandemic)



Employee Assistance Programs (EAPs)/ Employee and Family Assistance Programs (EFAPs)

Four in five (80%) responding organizations offer an employee assistance program (EAP)/employee and family assistance program (EFAP) (Table 11). Respondents that offer EAPs/EFAPs were asked about changes in plan utilization rates due to the pandemic. More than three in five (61%) cited an increase in the utilization of plan services as a result of the COVID-19 pandemic (Table 12). More specifically, the average utilization rate of EAP/EFAP services before the COVID-19 pandemic was about 9%, and it has now increased to about 15% (Tables 13 and 14).

Approximate Utilization of EAP/EFAP Services

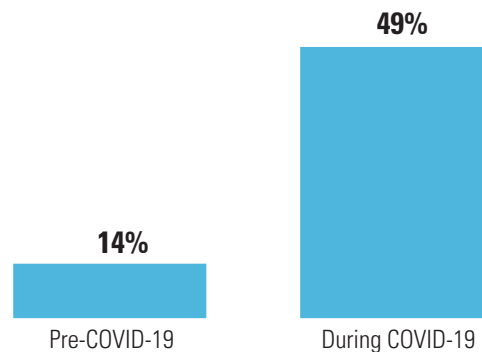


Managing a Remote Workforce

Perhaps the most high-profile change initially brought about by the COVID-19 pandemic was the drastic shift from working on-site to working from home. The International Foundation looked to capture the magnitude of that shift. Canadian respondents stated that before the pandemic, on average, 14% of their workforce worked remotely, compared with almost half (49%) who have been working remotely during the pandemic (Tables 15 and 16).

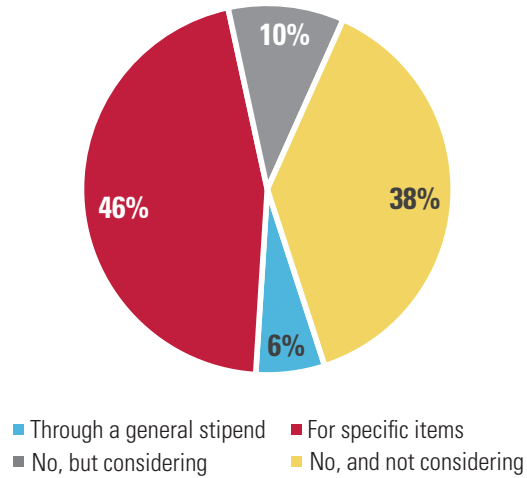
This shift to a work-from-home environment raises the question of whether organizations are reimbursing their workers for expenses incurred when working from home. More than two in five (46%) responding organizations reimburse their workers for specific items, while 6% offer a general stipend that covers a wide range of work-from-home expenses. An additional 10% are considering offering work-from-home reimbursements, while the remaining 38% are not currently offering reimbursements and are not considering doing so (Table 17).

Percentage of Workforce Working Remotely

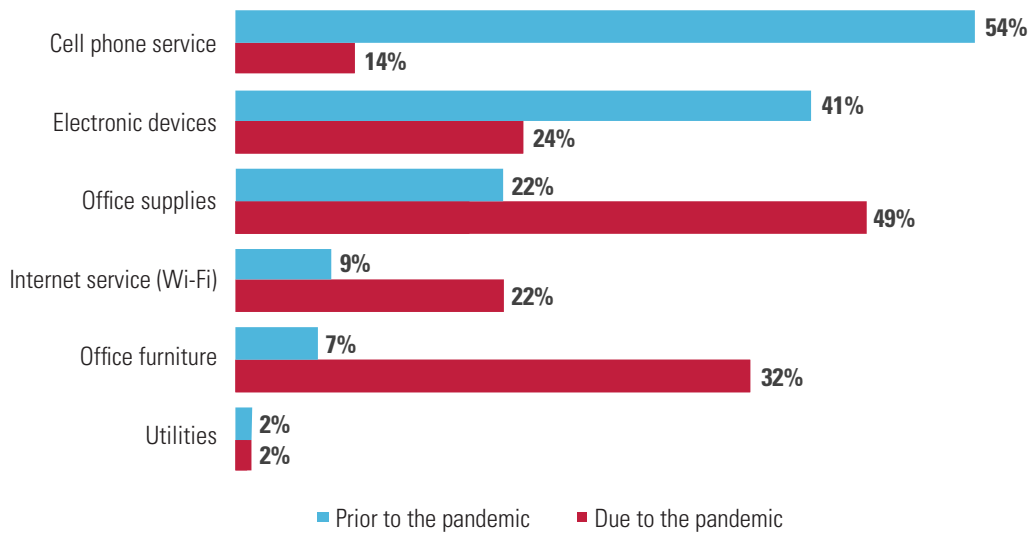


Responding organizations that reimburse their workers for specific expenses were asked which expenses are being reimbursed due to the pandemic. About one-half (49%) are reimbursing for office supplies, and an additional 22% were already doing this before the pandemic. About one in three organizations that provide reimbursement for specific expenses are doing so for office furniture (32%), electronic devices such as cellular phones and computers (24%), internet service (22%) and cellular phone service (14%) (Table 18).

Organization Reimbursement for Remote Working Expenses



Reimbursement for Remote Working Expenses Among Organizations Reimbursing for Specific Expenses



Tables

RETIREMENT PLANS

TABLE 1

Offer Defined Benefit (DB) or Target Benefit (TB) Pension Plans	
	N=184
Yes	52.2%
No	47.8%

TABLE 2

Actions Taken With DB/TB Pension Plans

<i>Close plan to new participants/hires</i>	N=70
We have implemented due to the pandemic	2.9%
We are considering due to the pandemic	0.0%
We have not implemented and are not considering	97.1%
<i>Discontinue offering pension benefits for some or all categories of active employees/workers</i>	N=71
We have implemented due to the pandemic	1.4%
We are considering due to the pandemic	0.0%
We have not implemented and are not considering	98.6%
<i>Review actuarial assumptions/pension plan designs</i>	N=64
We have implemented due to the pandemic	26.6%
We are considering due to the pandemic	28.1%
We have not implemented and are not considering	45.3%
<i>Update investment policy</i>	N=64
We have implemented due to the pandemic	25.0%
We are considering due to the pandemic	23.4%
We have not implemented and are not considering	51.6%
<i>Change investment manager(s)</i>	N=68
We have implemented due to the pandemic	7.4%
We are considering due to the pandemic	5.9%
We have not implemented and are not considering	86.8%
<i>Conduct an actuarial valuation</i>	N=62
We have implemented due to the pandemic	21.0%
We are considering due to the pandemic	12.9%
We have not implemented and are not considering	66.1%

TABLE 3

Offer Defined Contribution (DC) Plans		N=185
Yes		56.2%
No		43.8%

TABLE 4

Changes in DC Contribution Levels		N=62
A greater share of participants are making changes to their contribution levels		4.8%
About the same number of participants are making changes to their contribution levels		64.5%
A smaller share of participants are making changes to their contribution levels		4.8%
Too early to tell		25.8%

TABLE 5

**Change in Percentage of Members
Making DC Plan Withdrawals**

	N=77
<i>Organizations that allow DC plan withdrawals</i>	67.5%
	N=52
Decreased (fewer withdrawals)	5.8%
No change (the same number of withdrawals)	67.3%
Increased (more withdrawals)	21.2%
Too early to tell	5.8%

TABLE 6

**Change in Percentage of Members
Making Interfund Transfers**

	N=57
Decreased (fewer interfund transfers)	0.0%
No change (the same number of interfund transfers)	84.2%
Increased (more interfund transfers)	15.8%

HEALTH BENEFITS

TABLE 7

Offer Health Benefits	
	N=189
Yes	94.2%
No	5.8%

TABLE 8

Changes to Prescription Drug Benefits	
<i>Mandate/promote use of mail-order programs for maintenance drugs</i>	
	N=141
We already had this in place	27.7%
We have implemented due to the pandemic	5.7%
We are considering due to the pandemic	10.6%
We have not implemented and are not considering	56.0%
<i>Extend time allowed under prior authorization periods for prescription drugs</i>	
	N=123
We already had this in place	11.4%
We have implemented due to the pandemic	17.9%
We are considering due to the pandemic	4.9%
We have not implemented and are not considering	65.9%
<i>Waive prior authorization requirement for prescription drugs</i>	
	N=132
We already had this in place	8.3%
We have implemented due to the pandemic	2.3%
We are considering due to the pandemic	3.8%
We have not implemented and are not considering	85.6%
<i>Temporarily waive premiums for some or all plan members</i>	
	N=131
We already had this in place	6.1%
We have implemented due to the pandemic	16.8%
We are considering due to the pandemic	2.3%
We have not implemented and are not considering	74.8%

TABLE 9

Changes Made to Mental/Behavioural Health Benefits

<i>Relax/eliminate eligibility requirements for mental health benefits</i>	N=129
We already had this in place	34.1%
We have implemented due to the pandemic	7.0%
We are considering due to the pandemic	9.3%
We have not implemented and are not considering	49.6%
<i>Reduce/eliminate cost sharing for mental health benefits</i>	N=120
We already had this in place	22.5%
We have implemented due to the pandemic	6.7%
We are considering due to the pandemic	9.2%
We have not implemented and are not considering	61.7%
<i>Offer telemedicine/virtual health for mental health issues</i>	N=153
We already had this in place	47.1%
We have implemented due to the pandemic	22.9%
We are considering due to the pandemic	17.6%
We have not implemented and are not considering	12.4%

TABLE 10

Organizations Adding Services or Components to Existing Mental/Behavioural Health Benefits

	N=163
Yes	40.5%
No, but considering	24.5%
We have not added and are not considering	35.0%

**EMPLOYEE ASSISTANCE PROGRAMS (EAPs)/
EMPLOYEE AND FAMILY ASSISTANCE PROGRAMS (EFAPs)**

TABLE 11

Offer Employee Assistance Programs (EAPs)/ Employee and Family Assistance Programs (EFAPs)		N=182
Yes		80.2%
No		19.8%

TABLE 12

Increased Utilization of EAP/EFAP Services		N=80
Yes		61.3%
No		38.8%

TABLE 13

**Approximate Utilization of EAP/EFAP Services
(Pre-COVID-19)**

	N=38
0%	2.6%
1%	7.9%
2%	0.0%
3%	2.6%
4%	7.9%
5%	23.7%
6%	2.6%
7%	5.3%
8%	2.6%
9%	0.0%
10%	15.8%
11%	0.0%
12%	5.3%
13%	0.0%
14%	0.0%
15%	5.3%
16%	5.3%
17%	2.6%
18%	0.0%
19%	0.0%
20%	5.3%
21%	0.0%
22%	0.0%
23%	0.0%
24%	0.0%
25%	0.0%
More than 25%	5.3%
<i>Average</i>	<i>9.1%</i>

TABLE 14

**Approximate Utilization of EAP/EFAP Services
(During COVID-19)**

	N=38
0%	0.0%
1%	2.6%
2%	0.0%
3%	2.6%
4%	0.0%
5%	2.6%
6%	2.6%
7%	2.6%
8%	5.3%
9%	7.9%
10%	15.8%
11%	5.3%
12%	0.0%
13%	0.0%
14%	5.3%
15%	7.9%
16%	2.6%
17%	2.6%
18%	0.0%
19%	0.0%
20%	5.3%
21%	0.0%
22%	0.0%
23%	2.6%
24%	0.0%
25%	7.9%
More than 25%	18.4%
<i>Average</i>	<i>15.1%</i>

MANAGING A REMOTE WORKFORCE

TABLE 15

Percentage of Workforce Working Remotely (Pre-COVID-19)

	N=184
0%	38.6%
1-10%	36.4%
11-20%	6.5%
21-30%	4.3%
31-40%	2.2%
41-50%	2.2%
51-60%	2.2%
61-70%	0.0%
71-80%	0.0%
81-90%	0.5%
91-100%	7.1%
<i>Average</i>	<i>14.0%</i>

TABLE 16

Percentage of Workforce Working Remotely (During COVID-19)

	N=181
0%	15.5%
1-10%	16.6%
11-20%	6.6%
21-30%	4.4%
31-40%	2.8%
41-50%	2.2%
51-60%	6.6%
61-70%	2.8%
71-80%	6.1%
81-90%	9.4%
91-100%	27.1%
<i>Average</i>	<i>48.7%</i>

TABLE 17

**Reimbursement for
Remote Working Expenses**

	N=149
Yes, through a stipend that covers general work-at-home expenses	6.0%
Yes, workers are reimbursed for specific items	45.6%
No, but considering	10.1%
No, and not considering	38.3%

TABLE 18

Specific Reimbursement for Remote Working Expenses

<i>Cell phone service</i>	N=57
We reimbursed prior to the pandemic	54.4%
We are reimbursing due to the pandemic	14.0%
We are considering reimbursing due to the pandemic	1.8%
We do not reimburse and are not considering	29.8%
<i>Internet service (Wi-Fi)</i>	N=59
We reimbursed prior to the pandemic	8.5%
We are reimbursing due to the pandemic	22.0%
We are considering reimbursing due to the pandemic	11.9%
We do not reimburse and are not considering	57.6%
<i>Office furniture</i>	N=57
We reimbursed prior to the pandemic	7.0%
We are reimbursing due to the pandemic	31.6%
We are considering reimbursing due to the pandemic	21.1%
We do not reimburse and are not considering	40.4%
<i>Office supplies</i>	N=63
We reimbursed prior to the pandemic	22.2%
We are reimbursing due to the pandemic	49.2%
We are considering reimbursing due to the pandemic	15.9%
We do not reimburse and are not considering	12.7%
<i>Utilities</i>	N=53
We reimbursed prior to the pandemic	1.9%
We are reimbursing due to the pandemic	1.9%
We are considering reimbursing due to the pandemic	11.3%
We do not reimburse and are not considering	84.9%
<i>Electronic devices</i>	N=58
We reimbursed prior to the pandemic	41.4%
We are reimbursing due to the pandemic	24.1%
We are considering reimbursing due to the pandemic	8.6%
We do not reimburse and are not considering	25.9%

RESPONDENT DEMOGRAPHICS

TABLE 19

Number of Active Participants	N=189
50 or fewer	27.0%
51-99	4.2%
100-999	28.6%
1,000-4,999	20.6%
5,000-9,999	7.4%
10,000 or more	12.2%

TABLE 20

Respondent Province	N=189
Alberta	12.7%
British Columbia	17.5%
Manitoba	5.3%
New Brunswick	3.2%
Newfoundland and Labrador	1.1%
Northwest Territories	0.5%
Nova Scotia	4.8%
Ontario	41.3%
Prince Edward Island	0.5%
Quebec	2.6%
Saskatchewan	10.6%

TABLE 21

Respondent Industry	N=162
Banking and finance	11.1%
Construction/mining/oil and gas	22.8%
Education/nonprofit	8.0%
Health care	4.9%
High technology	1.9%
Insurance	21.6%
Manufacturing	5.6%
Professional service firm	10.5%
Retail/wholesale trade	4.9%
Service	4.9%
Telecommunications and communications	0.6%
Transportation/utilities and energy	3.1%

TABLE 22

Public Employer Jurisdiction	
	N=27
Municipality (city, village, township, etc.)	25.9%
Province	40.7%
Federal	3.7%
Educational institution	25.9%
Special district	3.7%

TABLE 23

Corporate Respondent Role	
	N=101
Benefits professional	47.5%
Compensation professional	2.0%
Human resources professional	15.8%
Insurance representative	5.0%
Management	22.8%
Pensions professional	6.9%

TABLE 24

Multi-Employer Respondent Role	
	N=61
Administrator or administrative staff (including benefits/ compensation/human resources staff)	41.0%
Labour trustee	27.9%
Lawyer or legal services staff	1.6%
Management trustee	29.5%

TABLE 25

Public Employer Respondent Role	
	N=27
Administrative/support staff	37.0%
Trustee	29.6%
Benefits professional	25.9%
Pensions professional	7.4%

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