common
good
retirement plan

A consultation paper on the proposed design for a national, portable retirement plan for the Canadian nonprofit sector
COMMON GOOD RETIREMENT INITIATIVE

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THE COMMON GOOD RETIREMENT PLAN

**Purpose:** The Common Good Retirement Plan aims to strengthen retirement security of those working in Canada’s nonprofit and charitable sector, primarily through exploring the creation of a nationally portable, high-quality collective retirement plan for the sector. This paper advances the initiative by engaging with nonprofit sector stakeholders on the topic of retirement security and on the proposed design of the Common Good Retirement Plan, with a view to ensuring the plan best meets the needs of sector stakeholders.

**Coalition:** A coalition of prominent nonprofit sector leaders, foundations, and retirement security specialists is spearheading the Common Good Retirement Initiative.

**Proposed design:** Common Good is intended to be a nationally portable, high-quality retirement plan that combines the principles of the world’s best pension plans with a more flexible design to reflect the needs of the nonprofit sector workforce. Established as a not-for-profit corporation, Common Good would have the following key features:

- Overseen by a board of directors with a legal duty to put plan members’ interests first
- Established as a Group TFSA/RRSP
- Membership either mandatory or voluntary
- Open to sector employees, freelancers, and spouses
- Employees’ contributions would be flexible, and employer contributions optional
- Curated set of professionally selected investment options, including smart defaults
- Post-retirement options to turn savings into a stream of income
- Simple, digital-first member and employer service

**Launch prerequisites:** To launch Common Good, the initiative needs confirmed support from at least 50 employers who are publicly committed to offering the
plan to employees, should it proceed. The initiative also requires sufficient funding to cover implementation costs and costs associated with scaling the plan, in addition to a high level of interest from employers and workers in the sector. A decision will be made in Fall 2018 on whether to move forward with implementation.

**THE PURPOSE OF THIS PAPER**

This paper’s objective is to engage nonprofit sector stakeholders on the proposed design of the Common Good Retirement Plan (“Common Good”) – an initiative to create a high-quality, nationally portable retirement plan for Canada’s nonprofit and charitable sector. Part of a broader engagement campaign around retirement security in the sector, this paper aims to educate and inform stakeholders on the topic of retirement security, including the unique challenges facing workers and employers in the sector, the broader landscape in Canada, and the evidence about what works in the field of retirement security. The paper also aims to be a vehicle for consultation to seek feedback from sector stakeholders to ensure the design of Common Good can best serve the sector and its workers.

The paper’s primary audience consists of employers in the nonprofit and charitable sector, including executive directors, finance and human resources managers, and board members. We believe the paper will also be of interest to employees and freelance workers in the sector, labour unions who represent nonprofit workers, sector associations and umbrella groups, foundations and other funders of nonprofit sector activity, and officials within all three orders of government who are focused on issues of the nonprofit sector, retirement security, long-term financial security, and poverty reduction. Finally, the paper may be of interest to members of the pensions, benefits, and broader financial services community who may be interested in supporting Common Good in some fashion.
THE PROBLEM COMMON GOOD AIMS TO SOLVE

The chief purpose of Common Good is to strengthen retirement security for those working in Canada’s charitable and nonprofit sector. It will do so through two means. First, it will provide access to a high-quality workplace retirement plan for workers in the sector who currently lack such access. We estimate that there are approximately 850,000 nonprofit employees across Canada – representing about half the sector – who do not have access to a workplace retirement plan.¹

Second, Common Good will provide a high-quality alternative for nonprofit organizations that currently offer a retirement plan or RRSP match. Many employers in the sector, particularly smaller and mid-sized organizations, struggle to access high-quality retirement benefits. For these employers, Common Good’s lower costs, fiduciary governance model, portability, assistance with the post-retirement phase, and scale could make it a more efficient and effective vehicle for enhancing their employees’ financial well-being than what they are able to offer today.

Together, these two groups – uncovered and underserved workers in the nonprofit sector – are likely, on a conservative basis, to amount to over a million workers.

¹ For the purposes of this calculation, the sector is defined as all nonprofit organizations, excluding hospitals, universities, colleges, business or professional associations, and unions – a total of about 1.7 million workers. The data on retirement plan coverage in the sector comes from a combination of Statistics Canada, the Canada Revenue Agency’s Charities Database, and the HR Council for the Voluntary and Non-Profit Sector. The ~50% coverage figure is consistent with the data on retirement plan coverage in 2017 Salary and Benefits Study by CharityVillage, which found that just over half of participating nonprofit organizations offer retirement benefits.
These workers share a number of characteristics – traits that have been taken into consideration in the proposed design of Common Good.\(^2\)

- **Many work for smaller and mid-sized organizations.** Of the estimated 850,000 workers without access to a workplace retirement plans, about 60% – or over half a million – work for organizations that employ fewer than 100 workers. These organizations often rely on project-based funding. This lack of stable, core funding often means these organizations are concerned about incurring ongoing financial liability, such as that associated with a traditional

\(^2\) For a good overview of some of the challenges associated with achieving decent work within the nonprofit sector, see Mowat NFP, “Change Work: Valuing decent work in the not-for-profit sector” (November 2015).
pension program. Smaller and mid-sized organizations often find it difficult to navigate a complex market for employee benefits and are not able to access the same kinds of products and services as larger employers. Member fees for retirement plans for smaller and mid-sized employers tend to be significantly higher than those for larger employers, which can materially undermine the retirement security for these workers.\(^3\)

- **Many have lower or moderate incomes.** According to CharityVillage, functional and program staff at Canadian nonprofits earn an average of about $44,000 per year (or $23/hour), and support staff earn an average of $38,000 (or $20/hour).\(^4\) Hourly compensation is slightly lower for part-time or casual employees for charities (as opposed to other nonprofits), for employees in smaller centres, and for non-unionized workers. The bottom quartile of functional and program staff earn between $19,500 and $37,500 per year, and the bottom quartile of support staff earn between $18,500 and $31,500 per year. As we will discuss, lower- and moderate-income earners face unique circumstances when planning for retirement, including the need to understand the interaction between their retirement savings and the government benefits they could receive.

- **A large and growing share are not full-time.** About 47% of the nonprofit workforce is part-time or contract, compared to 12-18% of the broader economy.\(^5\) In the past decade, across the overall labour force, part-time and non-standard work has grown much faster than traditional employment.\(^6\) Part-time and contract workers are much less likely to have access to a workplace pension plan.\(^7\)

- **The large majority are women.** According to CharityVillage, the large majority of nonprofit workers in all job types are women, ranging from 82% for

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\(^3\) See, e.g., Great-West Life, "The strength of CAPs in Canada’s retirement market" (2012) (showing an average cost difference of ~1.5% between the largest and the smallest Canadian capital accumulation plans).


\(^7\) According to Mowat NFP, 90-97% of part-time workers in the sector lack access to a pension plan. Mowat NFP, "Change Work: Valuing decent work in the not-for-profit sector" (November 2015).
functional, program, or support staff, to 66% for senior executive roles.⁸ According to Statistics Canada, women are expected to live about four years longer than men, and currently retire, on average, one year earlier. They are likely, therefore, to spend longer in retirement and thus need more savings to maintain their standard of living.⁹

**THE BROADER RETIREMENT CONTEXT**

Common Good is designed to supplement, and be integrated with, other core elements of Canada’s retirement income system. This section provides a brief overview of those elements and how Common Good would work together with them.

Canada’s retirement system includes both public and private elements. Except for the lowest-income Canadians, most Canadians will need to rely on both the public and private elements of the system in order to maintain their standard of living in retirement.

**PUBLIC ELEMENTS**

Canada has a strong public retirement system consisting of three main elements: Old Age Security (OAS), the Guaranteed Income Supplement (GIS), and the Canada Pension Plan / Québec Pension Plan (CPP/QPP). The strength of this public system is one of the reasons why Canada generally fares well (albeit below countries like the Netherlands, Australia, and Denmark) in international rankings of pensions systems.¹⁰ The federal and provincial governments recently came together to strengthen the public retirement system by agreeing to enhance CPP benefits by approximately 50%, an improvement that will gradually be phased in over the next half-century, starting

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⁹ For an overview of the unique retirement security challenges women face, see Diane Garnick, “Gender Retirement Gap,” Income Insights (October 2016).
¹⁰ The Melbourne Mercer Global Pension Index is the most widely recognized international ranking of retirement systems. Canada currently ranks 11th globally in that ranking, receiving a grade of “B.”
Although these three programs are highly complex, the table below aims to summarize them in a simple way.

<table>
<thead>
<tr>
<th><strong>Old Age Security (OAS)</strong></th>
<th><strong>Guaranteed Income Supplement (GIS)</strong></th>
<th><strong>Canada Pension Plan (CPP)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who is eligible?</strong></td>
<td>Canadians with lower incomes in retirement (about one third of Canadian seniors qualify) who have lived in Canada for 10 or more years&lt;sup&gt;1&lt;/sup&gt;</td>
<td>All those who have contributed to the CPP</td>
</tr>
<tr>
<td><strong>What are the benefits?</strong></td>
<td>Up to ~$7,000 per year, as of 2018 (increases with inflation). Most Canadians receive close to the maximum.</td>
<td>Up to ~$10,500 per year, as of 2018 (increases with inflation). The average GIS beneficiary receives about $8,000.</td>
</tr>
</tbody>
</table>
| **What determines my benefits?** | Your taxable income (other than OAS) in retirement (GIS is "clawed back" at 50% or more for every dollar of retirement income above $3,500) | • Your and your employer’s contributions to the CPP  
• When you take CPP benefits (between age 60-70) - the later you take CPP, the higher the benefit |

<sup>1</sup> For a comprehensive overview of the issues facing Canadians trying to retire on a low income, see anti-poverty advocate and social policy expert John Stapleton’s very helpful guide, Planning for Retirement on a Low Income, available at openpolicyontario.com.

**PRIVATE ELEMENTS**

The private elements of the retirement system can be broadly divided into two categories: collective arrangements and individual arrangements.

- **Collective retirement arrangements** are mainly delivered through the workplace in the form of retirement plans that are sponsored by employers,

<sup>11</sup> Following this agreement, the Québec government also decided to enhance QPP benefits in a similar fashion.
and in some cases, unions, associations or other umbrella groups. These arrangements range widely in their design and quality, from some of the best public pension plans in the world, which are found almost exclusively in the public sector, to high-cost, poorly designed group arrangements in the private sector, and many types of arrangements in between. For workers outside the public sector, including in the nonprofit sector, the past four decades have seen a sharp decline in access to a workplace retirement plan and in plan quality. Since the late 1970s, workplace pension coverage has dropped from about 35% to about 25%, and defined benefit coverage is less than a third of what it was then.\textsuperscript{12} International experts have highlighted this large and growing coverage gap as one of the biggest weaknesses of Canada’s retirement system.\textsuperscript{13} Common Good aims to contribute to a reversal of this trend, expanding access to high-quality collective arrangements.

- **Individual retirement arrangements** are retirement savings vehicles provided by financial institutions and that use tax-advantaged regulatory categories set up by the government, mainly RRSPs and, more recently, TFSAs. In these arrangements, individuals must choose their own providers, do not receive matching contributions, and decide for themselves how much and when to save. Individuals sometimes receive advice in navigating these choices, although sound, transparent, non-conflicted advice can be difficult to access for Canadians without significant assets.\textsuperscript{14}

\textsuperscript{12} Analysis based on Statistics Canada data from Pension Plans in Canada survey and Labour Force survey.

\textsuperscript{13} The Melbourne Mercer Global Pension Index’s 2017 report states that Canada could increase its ranking by “increasing the coverage of employees in occupational pension schemes through the development of an attractive product for those without an employer-sponsored pension.”

\textsuperscript{14} See, e.g., PwC & Advocis, “Sound Advice: Insights into Canada’s Financial Advice Industry” (Financial Advisors Association of Canada, 2014) (highlighting a financial advice gap for individuals without significant investable assets); Ontario Securities Commission, Investment Industry Regulatory Organization of Canada & Mutual Fund Dealers Association of Canada, “Mystery Shopping for Investment Advice” (2015) (finding that, in a mystery shopping exercise, advisors discussed fees with the client only 50% of the time and discussed their own compensation only 25% of the time).
WHY A COLLECTIVE, PORTABLE RETIREMENT PLAN?

What is the case for creating a collective, portable retirement plan for the sector? Why not let workers prepare for retirement on their own, using the wide variety of products and vehicles available on the market? The answer is simple and grounded in evidence: a collective workplace retirement plan is the most effective and efficient vehicle for improving retirement security for the sector’s workers.

For most Canadians, preparing for retirement on one’s own can be confusing, overwhelming, expensive, and likely to lead to poor outcomes. Here are some of the challenges associated with an individual approach to retirement finance:

- **Saving.** Behavioural research\(^{15}\) tells us that human beings have trouble saving. They don’t know how much to save. They wait too late to start saving. They save inconsistently and withdraw their money earlier than they should. Lower- and moderate-income Canadians often save in RRSPs, a vehicle that subjects them to a punitive clawback of their GIS benefits by 50% or more.

- **Investing.** Individuals often struggle with investment decisions.\(^{16}\) They buy and sell at the wrong times. They are unfamiliar with principles of asset allocation. They fail to rebalance their portfolios. They try to beat the market by picking “hot” funds or stocks, and usually end up underperforming the market.

- **Fees.** Canadians pay some of the highest investment fees in the world. A recent Morningstar study ranked Canada in the bottom three of 25 countries surveyed.\(^{17}\) Mutual funds, still by far the most popular investment vehicle for individual Canadian investors, have average industry-reported fees exceeding 2%.\(^{18}\) Regulation does not require that all-in fees be disclosed, and many Canadians have no idea what fees they pay, or that they pay fees at all.

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• **Navigating retirement.** The post-retirement phase of retirement finance can be even more complex than the pre-retirement phase. Canadians need to worry about how long they will live, figure out how much they can spend each year, determine when and how to access complex government programs like CPP/QPP, OAS, and GIS, and de-risk their investments in light of a shorter time horizon.

• **Lack of trust.** Much of the financial services industry does not operate under a fiduciary duty – a legal duty to act in the best interests of customers.¹⁹ Trust in financial services, like trust in many industries, has been slowly declining in recent years, and financial services remains among the least trusted sectors.²⁰

These challenges can add up to poor outcomes for Canadians without access to workplace retirement arrangements. A recent analysis²¹ by statistician Richard Shillington of the retirement savings of Canadians age 55–64 without workplace pensions found that:

- Families with incomes between $25,000 and $50,000 had average retirement assets of $57,000 and median retirement assets of only $250

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¹⁹ See, e.g., Rob Carrick, “It just became clear we’ll never see an investment industry where clients must come first,” Globe and Mail (June 21, 2018).
²⁰ See 2018 Edelman Trust Barometer (Canada).
²¹ Richard Shillington, An Analysis of the Economic Circumstances of Canadian Seniors (Broadbent Institute, 2016).
• Families with incomes between $50,000 and $100,000 had average retirement assets of $77,000 and median retirement assets of only $21,000
• Families with incomes above $100,000 had average retirement assets of $280,000 and median retirement assets of $160,000

A high-quality collective retirement plan, like Common Good, addresses the main challenges Canadians face when preparing for retirement on their own:

• **It can make savings mandatory or automatic** by deducting regular contributions from payroll or by using behaviourally-informed techniques like “auto-escalation,” in which plan participants agree in advance to have their savings increase each year. It can also automatically direct lower- and moderate-income Canadians towards the retirement vehicle that is likely best for them: the TFSA.22

• **It promotes sensible investment decisions** by providing a highly curated, expertly selected set of options, setting smart default choices, and professionalizing decisions about asset allocation – regarded as the key driver of investment performance.23

• **It lowers cost** by using the power of the group to deliver the plan for several times less than the cost of an average retail investment product.

• **It helps members navigate the post-retirement phase** by allowing them to stay in the plan post-retirement, helping them access and maximize government benefits, turn their nest egg into retirement income, and protect them against the risk of outliving their money.24 The lack of well-designed post-retirement options has been identified as a major gap in Canada’s market for

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22 On the appropriateness of the TFSA as a retirement saving vehicle for modest earners (and the inappropriateness of RRSPs), see John Stapleton, Planning for Retirement on a Low Income, available at openpolicyontario.com.


24 According to globally recognized retirement expert Don Ezra, formerly of Russell Investments, about 60% of retirement income is derived from investment returns achieved during the post-retirement phase. See Russell Investments: The 10/30/60 Rule (January 2015) (citing Don Ezra, “A Model of Pension Fund Growth,” Russell Research Commentary (June 1989)).
capital accumulation plans, meaning that Common Good represents an opportunity for innovation and improvement in this part of the retirement system.

- **It delivers the plan under a structure members can trust.** A good collective plan has a true fiduciary duty to members – a legally binding duty to act in their best interests. It has strong, member-oriented governance, regarded as one of the main drivers of pension performance. It aligns interests and incentives so that everyone involved with overseeing and delivering the plan is focused on achieving the best retirement outcomes for the member: the maximum retirement security for every dollar of contribution.

<table>
<thead>
<tr>
<th>Reality for most sector employees today</th>
<th>Opportunity in a collective plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start saving late</td>
<td>Help members save more through automatic/mandatory contributions</td>
</tr>
<tr>
<td>Sporadic &amp; low contributions to TFSA or RRSP</td>
<td>Use pooling &amp; scale to keep costs low</td>
</tr>
<tr>
<td>Money invested in high-fee mutual funds</td>
<td>Help members in the post-retirement phase</td>
</tr>
<tr>
<td>Receive lump sum in retirement</td>
<td>Strong, nonprofit governance with fiduciary duty to plan members</td>
</tr>
<tr>
<td>For-profit structure designed to maximize fees</td>
<td>TFSA structure for modest earners retains GIS benefit</td>
</tr>
<tr>
<td>Modest earners using RRSPs subject to massive GIS clawback</td>
<td></td>
</tr>
</tbody>
</table>

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The value of a high-quality collective retirement plan can be enormous. It can make preparing for retirement – one of life’s biggest costs – much less expensive, freeing up funds for other, nearer-term priorities like housing, education, food, and child care. It can also significantly reduce the possibility that workers will experience a decline in their standard of living post-retirement, or even end up spending their senior years in poverty. As such, a series of initiatives from around the world has promoted the expansion of access to high-quality collective plans:

- **Canadian governments** have agreed to expand the Canada Pension Plan – the largest collective retirement plan in the country.
- **In the UK**, the government mandated automatic enrolment of workers in collective retirement plans, and created a state-sponsored plan, NEST, to serve as the default plan. So far, over 9 million workers have been automatically enrolled, including 6.5 million in NEST, and opt-out rates have been low at less than 10%.27
- **In the U.S.**, a number of states, including California, Illinois, and Oregon, are on the road towards creating collective retirement plans for workers without workplace retirement plans. Massachusetts recently created a portable retirement plan for smaller employers in the nonprofit sector.

**PROPOSED DESIGN FOR COMMON GOOD RETIREMENT PLAN**

The proposed design is a result of a collaborative effort between a number parties involved in the Common Good initiative. The retirement security expertise behind the proposed design comes from a combination of the Common Wealth team, whose members have senior experience with some of the world’s leading pension plans.28

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28 Common Wealth’s co-heads of plan operations, Jennifer Brown and Bill Foster, have, between them, served in senior operational roles at OMERS, OPTrust, and Ontario Teachers’ Pension Plan. More recently, Jennifer was appointed by the Ontario government as the head of administration for the proposed Ontario Retirement Pension Plan. Common Wealth also recently authored a report for the World Bank on lessons learned from Canada’s most successful public pension organizations. World Bank Group, “The Evolution of the Canadian Pension Model: Practical Lessons for Building World-class Pension Organizations” (2017).
and the initiative’s Expert Technical Advisor, Keith Ambachtsheer, one of the leading
global authorities in pension design and management and founder of the
International Centre for Pension Management at the University of Toronto. The sector
expertise behind the proposed design comes from:

- The initiative’s Steering Committee, whose members have decades of
  experience running nonprofit organizations
- Discussions with over 100 nonprofit organizations about their retirement
  security needs
- Structured interviews with human resources and finance managers at smaller
  and mid-sized nonprofits that currently offer a Group RRSP about their
  retirement security needs and challenges
- A working session with a group of senior actuaries and investment experts to
  review the proposed plan design

The approach to design is both integrated and principles-based. It endeavours to
integrate the key elements of retirement plan design – including governance,
investments, service, and plan rules. It also follows a set of principles that are based
on the best available evidence about what is likely to deliver the best outcomes for
plan participants.

**DESIGN PRINCIPLES**

The following are some of the core principles upon which the proposed design is
based. These principles combine evidence about what works in the field of retirement
security with our understanding of the unique needs of workers and employers in the
nonprofit sector.

- **Value-for-money**: The plan should aim to produce the maximum total
  retirement income for every dollar of contribution.
- **Life cycle perspective**: The plan should give consideration to both the pre- and
  post-retirement phase.
• **Members first**: The plan should have strong, fiduciary governance focused on serving members and continuously improving the plan in their interests.
• **Simplicity**: The plan should minimize complexity and streamline choices for members and employers.
• **Tax and benefits efficiency**: The plan should help members prepare for retirement in a tax-efficient manner, while also making best use of government retirement benefits (e.g., CPP/QPP, OAS, and GIS) to which they are entitled.
• **Accessibility**: The plan should be open to all sector workers, whether full-time, contract, part-time, or freelance.
• **Portability**: The plan should be portable from job to job, province to province, and from one kind of employment status to another.
• **Affordability**: The plan should use the power of the group to drive much lower costs than a typical individual approach to investing and retirement planning.
• **Flexibility**: The plan should reflect employers’ and workers’ ability to contribute.

**GOVERNANCE**

The design of Common Good has also been influenced by Canada’s largest public pension funds, which are recognized internationally for their performance and structure. When Common Wealth, as part of a study for the World Bank, conducted 25 interviews with experts and leaders on the evolution of the “Canadian model” of public pension organization, strong governance emerged as perhaps the most important success factor.

The Common Good governance framework follows the Pension Plan Governance and Capital Accumulation Plan (“CAP”) guidelines and tools developed by the Canadian Association of Pension Supervisory Authorities (CAPSA). This framework ensures that the Common Good plan is well managed, transparent, and puts

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29 See, e.g., The Economist, “Maple Revolutionaries: Canada’s public pension funds are changing the deal-making landscape,” (March 3, 2012).
members’ interests first. These guidelines articulate several principles including performance monitoring and disclosure standards, clearly defined roles and responsibilities, skill requirements, and fiduciary obligations.\(^{31}\) The CAP guidelines also outline responsibilities of sponsors, service providers, and members, in addition to the information requirements to support member investment decisions.

The Common Good governance model is also comprised of two key features. First, an independent, fiduciary board of directors would be responsible for overseeing the plan. Second, a nominating committee would be responsible for appointing the board of directors. Each party have their well-defined roles and responsibilities documented in a governance agreement.

**The Board**

Common Good would be set up as a nonprofit corporation. The board of directors would be responsible for directing that corporation – in essence, for overseeing and continuously improving the plan.

The Common Good Board would act independently of the nominating committee and of any of the service providers involved in the plan. Its members would have a fiduciary duty, making decisions in the best interest of plan members. This model is supported by growing evidence that strong, nonprofit fiduciary governance generates significant value for plan members. CEM Benchmarking global benchmarking data shows a net value add of 1% or more per year due to following good governance practices,\(^{32}\) which is in line with findings from the Australian Prudential Regulatory Authority showing that arrangements with member-focused governance perform approximately 2% better than retail funds with poor, conflict-ridden governance.\(^{33}\) In line with the World Bank’s outcome-based framework, which has identified member-focused governance as a key driver of pension fund

\(^{31}\) See CAPSA Guideline No. 4: Pension Plan Governance Guideline.

\(^{32}\) See Ambachtsheer, Capelle and Lum, “Pension Fund Governance Today: Strengths, Weaknesses, and Opportunities for Improvement” (International Centre for Pension Management, 2006).

efficiency, the board would also be held accountable for driving continuous improvement through member-focused strategies and tactics.

The board’s key roles and responsibilities would include the following:

- Establishing the plan (including registering the plan as a Group TFSA and Group RRSP with the Canada Revenue Agency)
- Overseeing the administration of the Common Good plan
- Monitoring the plan’s performance
- Entering into contracts for administrative services and investment management associated with the plan
- Making decisions related to plan design changes
- Changing the number of board representatives
- Approving, amending, or repealing the governance agreement
- Continuously improving the plan as it evolves, seeking and implementing opportunities to further enhance value for plan members as the plan scales

The composition of the board would include a mix of experts in pensions and investments and leaders from the nonprofit sector. To fulfill its duties, board members would be selected based on their collective skills and experience supplemented by training and/or advice from outside expertise when required. In addition to individual areas of expertise and experience, board members would be selected based on their ability to understand issues before the board and their ability to communicate and collaborate with other board members before making decisions. Over time, the board would possess functional capabilities encompassing financial literacy, global perspective, leadership, risk, and governance. In addition to functional capabilities, technical expertise is also required for the professional operation of a retirement plan. Either through individual board members or through external experts retained by the board, the plan would require technical skills in the area of finance, investment management, business or sector-related, retirement plan governance, and legal.

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The board would have no fewer than three, and no more than seven, members. The number of members should support full debate and diversity of thinking on operational, organization, and governance matters.\(^{35}\) The initial board would be comprised of a smaller number, allowing for more focused interaction on putting the processes in place. Additional members could be added later as the complexity and size of the plan grow and there is demonstrated need for certain expertise on the board.

**The Nominating Committee**

The nominating committee would be comprised of employers and other sector stakeholders who are committed to making decisions in the best interest of the plan and its members. The committee would represent a cross-section of participating employers from the not-for-profit community – employers aligned with the mission of the fund and fiduciary structure of the arrangement. The cross-section would include representation based on geographic considerations and employer size. Initially, the nominating committee group would be represented by the founding sector leaders, philanthropic foundations, and employers involved in the establishment of Common Good. Under the Common Good model, the nominating committee would be responsible for:

- Making appointments to the Common Good Board
- Making any changes to the number of nominating committee representatives

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\(^{35}\) See Independent Sector, “Principles for Good Governance and Ethical Practice Resource Center” (November 16, 2016).
PLAN DESIGN

The plan’s proposed design is divided into two key phases of retirement finance: the pre-retirement (or accumulation) phase and the post-retirement (or decumulation) phase.

Pre-Retirement Phase

The plan would be set up as a hybrid Group RRSP / Group TFSA. This plan type has several advantages with respect to the needs of the nonprofit and charitable sector. First, the TFSA component allows those with lower and moderate incomes to preserve their government benefits in retirement. Second, unlike Registered Pension Plans, Group RRSPs and Group TFSAs are open to non-employees, allowing the large and growing number of freelance and other non-standard workers to join. Third, this plan type minimizes compliance and financial burden for employers. Unlike many traditional employer-sponsored pension plans, this plan type does not require plan sponsors or participating employers to assume the liability for funding shortfalls, nor does it require them to commit to ongoing contributions at a fixed level – something organizations with volatile funding may be uncomfortable with. Fourth, both RRSPs and TFSAs provide tax-advantaged accumulation.

Group RRSPs and Group TFSAs have two main shortcomings, each of which needs to be addressed in other elements of the Common Good design. First, the consumer
financial protection around these plan types is relatively minimal, especially compared to Registered Pension Plans. This is why it is important for Common Good to have a robust, fiduciary governance structure to ensure members’ best interests come first. Second, most Group RRSPs and Group TFSA s do not take advantage of all the potential drivers of value in a collective retirement plan, and are structured more as retail financial products, with high fees, a high and often confusing degree of choice for members, and a narrow focus on the pre-retirement phase with little regard for the post-retirement phase. Common Good takes a very different approach, which is more akin to a well-run pension arrangement than a typical Group RRSP or Group TFSA.

When designing a retirement plan for a group that includes many modest earners, maximizing value for every dollar contributed drives significant benefits for members. It is from this principle that the design of the Common Good plan begins. The design structure includes a Group TFSA which preserves the Guaranteed Income Supplement (GIS) benefits for lower- and moderate-income workers. In addition the structure includes a Group RRSP, focused on middle- and upper-income workers. In total, these two plan types provide up to approximately $31,500 in tax-advantaged contribution room per year, including $5,500 for the Group TFSA.

**Automatic and default features.** Behavioural research has given us some tools to address the inertia or lack of discipline that many people face when making long-term financial decisions, such as retirement savings. Common Good would address these issues through two key features:

- **Mandatory enrolment option.** Employers would have the option to elect either mandatory (with an opt-out provision) or voluntary participation for their employees. Mandatory employee enrolment with opt-out provisions – an approach often referred to as automatic enrolment – can have a significant impact in raising participation rates of new employees and low-income workers.\(^{36}\) Compared to voluntary enrolment, lower-income employees under

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automatic enrolment programs had participation rates of 87% compared to 22%. The results were similar for new employees with participation rates doubling to 91% under automatic enrolment.

- **Default contribution rates and automatic escalation.** Other important design features that are incorporated into the Common Good plan are default provisions for setting member contribution rates and for automatically increasing rates. For example, unless a member elects a different option, they will start their contributions at a base level (e.g., 3% of pay), and annually that rate will be increased (e.g., by 1% of pay) until a maximum rate is achieved. Behavioural research indicates that setting more desirable approaches or defaults, which do not require employees to make active decisions, can positively impact retirement savings outcomes. Such features have been used by governments and leading pension plans around the world to considerable success and member satisfaction. For example, the NEST program in the UK has indicated that 77% of individuals support auto-enrolment and that opt-out rates remain low (approximately 8% in 2013 and 2014).  

**Contribution flexibility.** While the plan would incorporate the behavioural features laid out above in an effort to improve outcomes for members, it also recognizes that ability and willingness to contribute vary widely among employers and workers in the sector. That is why Common Good would provide a high degree of flexibility on both member and employer contributions.

- For members who do not select the contribution defaults, contribution rates would be flexible.
- The same flexibility would apply to employers where matching contribution rates will be encouraged but not required and where contribution levels can be set to meet their financial circumstances.

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38 Vanguard, “Automatic enrollment: The power of the default” (January 2015).
39 See NEST, “NEST insights 2015, Taking the temperature of auto enrolment”.
• Employers would have the opportunity to customize both member and employer contribution rates, as well as the extent to which the plan will be mandatory for employees.

Inclusive membership. Plan participation would be open to all full-time, part-time, and contract/freelance employees working in the nonprofit and charitable sector, in addition to spouses or common-law partners of eligible workers. To accommodate spouses or common-law partners of eligible employees or for workers whose employers support the plan but elect not to offer payroll deductions, voluntary participation would be available. Under the voluntary program, these individuals can still elect to join the plan and will be accommodated through a member self-service platform, which allows for contributions to be taken directly from their bank accounts.

Portability and transfers in. The plan would be portable in two key senses. First, where a worker moves from one Common Good participating employer to another, she would be able to continue her participation in the plan. Second, where a worker moves from an employer that offers Common Good to a work situation where Common Good is not offered, she would be able to maintain her participation in the plan, and would be able to maintain her ability to contribute to the plan through her bank account. The plan would also allow members to transfer in funds from other accounts, whether previous workplace retirement arrangements or individual TFSAs and RRSPs.

QUESTIONS FOR DISCUSSION:

• What should be the default contribution rate and schedule for the plan?
• What is the right balance between long-term savings and short-term savings? Should the plan include an “emergency savings” component?
• Where should the line be drawn when determining whether a freelance or contract worker can join the plan? Do they need to work exclusively in the sector, or would it suffice if nonprofit work constituted a majority of their work?
Post-Retirement Phase

Figuring out how to navigate the post-retirement phase is one of the biggest financial planning and investing challenges most individuals will face. Many participants in individual and workplace savings arrangements, especially typical capital accumulation plans, could be better served during this phase.\(^{40}\) Employers often are not interested in continuing to support the retirement of their employees once they terminate their employment. This leaves employees on their own to make decisions at retirement on what to do with their retirement savings. To address this situation, Common Good would be designed to support members during both the pre-retirement and post-retirement phases, similar to a workplace defined benefit plan. It would allow members to stay in the plan after they retire and continue to benefit from the advantages of a well-governed collective retirement plan. The importance of this is underlined by one well-known analysis showing that 60% of retirement income comes from investment returns during the post-retirement phase.\(^{41}\)

One of the greatest fears individuals have is outliving their savings and running out of money before death – a concern known in the retirement field as longevity risk. Uncertainty about longevity can lead members to spend at an unsustainable rate, or underspend and miss out on a standard of living they could have enjoyed had they had more comfort with their planning. While financial products, usually known as annuities, are available to turn a nest egg into a guaranteed stream of income, very few individuals elect this option.\(^{42}\) The low rate of annuitization can be attributed to a number of factors: (1) the difficulty of navigating the retail annuity market, which can be complex and confusing for consumers, (2) low interest rates make annuities less attractive in the current environment, and (3) the way annuity purchase decisions

\(^{40}\) On the opportunity to improve decumulation within capital accumulation plans, see Association of Canadian Pension Management, “Decumulation: The Next Critical Frontier: Improvements for Defined Contribution and Capital Accumulation Plans” (March 2017).

\(^{41}\) See Russell Investments: The 10/30/60 Rule (January 2015) (citing Don Ezra, “A Model of Pension Fund Growth,” Russell Research Commentary (June 1989)).

\(^{42}\) See Norma Nielson, “Annuities and Your Nest Egg: Reforms to Promote Optimal Annuitization of Retirement Capital” (C.D. Howe Institute, August 2012) (estimating the annuitization rate for individual Canadians at approximately 1%).
are typically framed makes people reluctant to trade a large pot of assets for a small but ongoing stream of payments.\textsuperscript{43}

The Common Good decumulation design aims to achieve four key goals, some of which must be balanced against one another: (1) security, (2) flexibility, (3) optimization of taxes, and (4) optimization of government benefits. These goals would be achieved through a few key vehicles:

- **Drawdown.** The plan would provide for a “drawdown” option allowing for flexibility in retirement. Through the drawdown option, members will have access to their funds through a stream of adjustable payments and through access to lump sum amounts for unplanned expenditures during retirement.

- **Annuity or other secure income option.** The plan also would provide for security needs to mitigate longevity and investment risks, such as a significant market correction during retirement. This could be achieved through a life-only annuity option or a joint and survivor annuity option. To meet regulatory requirements, the annuity payments and RRSP drawdowns would need to start no later than age 72. In recent years, there has been a growing discussion about the need for more and better forms of “longevity insurance” or longevity risk pooling that could help Canadians mitigate the risk of outliving their money.\textsuperscript{44} As the availability of these kinds of products evolves, along with the regulatory environment in which they operate, Common Good could consider additional opportunities to better manage longevity risk and deliver affordable and secure income for life to plan members.

- **Guidance in accessing government benefits.** To assist members with the complexity of optimizing government benefits and taxes, the plan would provide self-help retirement planning tools. An often overlooked component of retirement planning is the timing of commencement of government pension programs, namely CPP/QPP, OAS and GIS. These programs are fully indexed for

\textsuperscript{43} For an overview of the behavioural dimensions of decumulation decisions, see Jeffrey Brown, “Rational and Behavioral Perspectives on the Role of Annuities in Retirement Planning,” National Bureau of Economic Research (2007).

\textsuperscript{44} See, e.g., Bonnie-Jeanne MacDonald, “Headed for the Poorhouse: How to Ensure Seniors Don’t Run Out of Cash before they Run Out of Time” (C.D. Howe Institute, 2018).
inflation and have a normal retirement date of age 65. Although most people begin drawing these benefits at age 65 or earlier, there can be advantages to starting them later since each year of deferral increases the value of the benefit. Despite these potential advantages, only about 1% of Canadians elect to defer CPP until age 70. Common Good planning tools would support strategies that would best maximize decumulation results, such as when to begin CPP/QPP and OAS benefits, how to minimize the clawback of OAS income, and methods for leveling out income to maximize income in lower tax brackets.

QUESTIONS FOR DISCUSSION:

- What is the right balance, in the post-retirement phase, between flexibility and security?
- What educational tools, including digital tools, would be most beneficial to members in navigating the post-retirement phase?

INVESTMENTS

A critical element of any retirement plan is a well-designed investment strategy. In a well-run pension plan, investment earnings on contributions remitted deliver anywhere from two-thirds to three-quarters of the value of the benefit a member will ultimately receive in retirement.

When individual savers are left to their own devices to invest for retirement, evidence has shown that many do not achieve a satisfactory result. There are many reasons for this:

- Members have to pick which funds to invest in from a large number of investment fund options. Too much choice can lead to a member spreading

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45 See Frederick Vettese, “Want your money to go further in retirement? Defer CPP to until age 70,” Globe and Mail (April 14, 2017).
one's assets too thinly and paying active management fees for what essentially ends up being market performance at best.

- Fees can eat up a significant portion of the investment earnings, particularly given the outlook for lower investment returns over the foreseeable future. Retail mutual funds on average in Canada are 2.2% the amount invested.\footnote{Morningstar Research “The Global Fund Investor Experience Study” (2017).} With inflation running approximately 2%, an investor needs to be able to generate returns in excess of 4.2% per year just to experience positive asset growth (growth in excess of inflation) for retirement.

- Many advisors, even if they are well-intentioned, are incentivized to recommend funds that provide high commissions for themselves, rather than funds that are the best for the investor.

- Retail investors switch funds too often, chasing “last year’s winners”, reducing performance by incurring switch fees. A Vanguard study demonstrated that for the five-year period ended 2012, only 19.8% actively managed funds in the top quintile entering the period remained in the top quintile by the end of the period. A roughly equivalent number (18%) went from the top to the bottom quintile over the same period.\footnote{Vanguard Research, “The Case for Low-Cost Index-Fund Investing” (April 2018).} Another study by Morningstar demonstrated the gap between the performance of the average investment fund and that of Canadian fund investors at 1.09% – further evidence of the cost of “performance chasing”.\footnote{Morningstar Research, “Mind the Gap: Global Investor Returns Show the Costs of Bad Timing Around the World” (2017).}

- Retail investors often do not adjust their market risk to be consistent with where they are in their financial lives. Either they take too much risk as they approach retirement, or they are afraid of market downturns and invest too conservatively early in the savings cycle when the focus should be on growth.

- For retail investors, access to sophisticated asset classes and investment strategies results in very high fees or is limited due to the expertise required to run such portfolios.

Common Good attempts to overcome these drawbacks with an investment approach that is focused on the retirement security of plan members. While
Common Good’s board of directors would ultimately be the body that determines the investment strategy and selects the investment manager or managers to support the plan, the following represents our current thinking about the approach:

- **Simplified investment choice through the potential use of target date funds that adjust risk based on age.** Matching investment risk to different stages of the savings cycle is critical to achieving the desired retirement outcome. Target date funds are designed to stay with the member throughout their life cycle, but automatically adjust the risk of the investments as a member approaches retirement. This helps contribute to a member achieving their retirement savings goal by the time they reach retirement age. These adjustments to asset mix also achieve a form of rebalancing to ensure a fund adheres to the underlying investment strategy. Evidence has shown that asset mix can be responsible for 90% of the return over the long term – much more than security selection or market timing.50 We envision an age-appropriate target date fund being used as the default investment option for Common Good – the option in which members’ contributions are invested unless they choose otherwise.

- **Use of passive index funds or exchange-traded funds (ETFs) provide a sound investment strategy, particularly given the impact of fees on a plan member’s savings outcome.** Most investment managers have difficulty beating overall market returns in the long run.51 It is even more difficult for the retail investor to consistently pick the “winners” to achieve a rate of return better than the market return. Passive investments provide the exposure to market returns without the high costs associated with active management. While this preference for passive investment management could be revisited as the plan scales, it is likely a prudent approach to begin with, as the plan is getting started with minimal assets under management.

- **Keeping investment costs low** means more of the investment returns remain in the fund to compound to the benefit of the member. To appreciate the


impact of fees on a member’s investment return, compare a retail mutual fund with a management expense ratio (MER) of 2.2% with a fund with the same asset mix with a MER of 0.6%, fees typical of a large collective retirement plan. Assuming gross returns for both funds of 6% per annum, the results are dramatic. The nest egg at age 65 for the high-fee fund is $360,500, and for the low-fee target date fund it is $504,100 – a 40% improvement in the member’s savings outcome. Even though the gross investment return for the funds is the same, the lower-fee fund means more of the investment returns remain in the fund to compound to the benefit of the member – additional investment returns of almost $73,000, or a 25% improvement.

- **Consider environmental, social, and governance (ESG) factors** when building the plan’s investment approach. Many sector stakeholders have told us that responsible investing is important to them, and they would like to take an approach to investment that considers ESG factors in a way that aligns plan member values with the investment approach offered by Common Good. Consideration of ESG factors is also widely thought of as important in achieving appropriate long-term returns. The most common responsible investment strategies are negative screening, integration, proxy voting, and shareholder engagement. When the plan is small, it may be difficult to implement these ESG strategies in significant ways without adding costs that would be unattractive to plan members and employers. Tools that can be explored without adding significant cost include: screening out certain kinds of companies (e.g., manufacturers of tobacco products and inhumane weapons), proxy voting, and shareholder engagement strategies. More sophisticated, integrated ESG strategies can be added as the plan scales, and the fees charged by ESG service providers can be spread over a larger pool.

- **A seamless transfer to decumulation** using target date funds that are designed to stay with the member during the decumulation phase, with the member remaining in the fund for the first few years of retirement, then transitioning automatically to a retirement income fund for the balance of their retirement. This approach mitigates the risk associated with their

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52 See Great-West Life, “Strength of CAPs in Canada’s retirement market” (2012) (estimating the cost of an average large DB pension or capital accumulation plan at approximately 0.6% of assets).
investments during the later retirement years, but at the same time allow for some growth early in their retirement.

- **Evolve the investment offering** as the plan scales. Continuous improvement to the investment approach should be a hallmark of the Common Good plan. As fiduciaries, the board members of Common Good, as well as the plan’s service providers, will have an obligation to evolve the investment approach as the plan grows, looking for additional opportunities to add value for members and reflect their needs and preferences. Since scale is a key driver of retirement plan performance and sophistication, growth should bring new opportunities to tailor the investment offering to the needs of the sector, while enhancing retirement value for money for members.

**QUESTIONS FOR DISCUSSION:**

- What is the right amount of choice to offer as part of the investment approach?
- How should the plan’s investment approach give consideration to responsible investing or ESG factors?

**MEMBER AND EMPLOYER SERVICES**

Under the Common Good service framework, providing support services to a diverse range of employers and members under a low-cost product offering requires an intuitive, self-service platform supplemented with information and planning tools.

**Member Services**

Common Good members would be provided with self-service tools, educational material, and contact centre support. Self-service support for members would be provided through desktop and mobile-enabled tools, allowing for streamlined plan enrolment and maintenance (e.g., update personal information, manage funds) and for easy access to account and transaction information. In addition, the plan would provide information and educational supports through a member portal and the Common Good website that would include:
• Basic information such as FAQs, a plan overview, forms, and procedures
• Notifications
• A tool that provides retirement savings projections
• Post-retirement planning tools
• Retirement planning webcasts
• Links to research and other resources

The final component of the member service support offering includes a contact centre option. In situations where members require contact centre services, both phone and email would be available to assist members with technical or personal issues, concerns, and complaints.

Employer Services

Similar to the member services offering, employers would also be supported through tools made available through an employer portal. Employer technology would assist employers with the management of employer administration requirements including:

• Employer registration
• Data file requirements
• Uploading payroll data related to member details and payroll files
• Receiving member contribution changes
• Reviewing employer dashboards to support payroll reconciliation, enrolment tracking, etc.
• Year-end processes

A key component of employer support would consist of informational and educational aids. Employers would have access to a library of information including technical bulletins/manuals, notifications, fund reports, links to other relevant information, as well as notices and general information on the plan. Employer educational needs would be addressed through regularly scheduled webcasts with a
focus on technical administration requirements and plan basics, and in situations where employers require access to expert advice on the plan, both phone and email support services would be available.

**QUESTION FOR DISCUSSION:**

- What are the most important things the plan can do to make it easy for employers to participate?

**SUMMARY OF PROPOSED FEATURES**

<table>
<thead>
<tr>
<th>Structure</th>
<th>Design</th>
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<tbody>
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<td>Not-for-profit corporation</td>
<td>Group TFSA / Group RRSP</td>
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<tr>
<td><strong>common good retirement plan</strong></td>
<td>Flexible contributions</td>
</tr>
<tr>
<td>Board of directors (with a fiduciary duty to members)</td>
<td>Can be either mandatory or voluntary for workers</td>
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<tr>
<td>Service providers (plan administration, investment manager(s), custodian)</td>
<td>Open to sector employees, freelancers, and spouses</td>
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<td></td>
<td>Curated set of professionally selected investment options, including smart defaults</td>
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<td>Post-retirement options to turn nest egg into stream of income</td>
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<td></td>
<td>Educational tools</td>
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<td></td>
<td>Simple, digital-first member and employer service</td>
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**NEXT STEPS**

Following consultation with nonprofit sector stakeholders, the project’s Steering Committee will, together with other project partners, assess whether there is sufficient interest to move forward with the implementation of the Common Good plan. Key factors underlying this decision will include:
• The number, and size, of employers who have committed to offering Common Good to their employees, if it were available
• The availability of funding to cover implementation costs and costs associated with scaling the plan to the point of self-sustainability
• Other expressions of interest from employers and workers in the sector, including the results of our survey and the response to this technical consultation paper

When could Common Good be available?

If creating the Common Good plan proves possible, we expect implementation to take six to nine months. This means Common Good could be available to employers as early as the first half of 2019. Key steps involved in implementation would include:

• The creation of a board to oversee the Common Good plan, which would be set up as a separate, nonprofit corporation
• The creation of key legal and governance documents associated with the plan, including the “plan document” which codifies the plan’s rules
• Applying to the Canada Revenue Agency to register the plan as a Group TFSA/RRSP
• The selection by the plan’s board of the investment provider or providers for the plan
• The implementation and configuration of the self-service technology associated with the plan
ALISON BREWIN  
**EXECUTIVE DIRECTOR**  
**VANTAGE POINT**

“Those who work for our sector commit to their communities, their art, their environment. While the organizations that employ them seek financial sustainability, the pressure to keep ‘administrative’ costs low is profound. Often this effort means limiting benefits others take for granted; investment in retirement plans is one area employers in the sector struggle to realize for their teams. The Common Good Retirement Initiative gives us an opportunity to offer sector employees yet another reason to stay in the sector, doing good work for good reasons. It is an important initiative that will benefit communities across the country. It is a pleasure to support it in anyway I can.”

COMMONGOODPLAN.ORG

ALAN BROADBENT  
**CHAIRMAN AND FOUNDER**  
**MAYTREE**

“People working in the community sector will have access to an effective and affordable retirement savings plan with the Common Good Retirement Plan. It is being designed by people with financial expertise who also understand the nonprofit and charitable sector, and the financial pressures its employees face. Common Good will provide people in the sector with a sound and viable retirement savings option that will make a comfortable retirement possible for many for the very first time.”

COMMONGOODPLAN.ORG

PETER CHAPMAN  
**SENIOR ADVISOR**  
**SHARE**

“A simple, cost-effective and portable way to save for retirement is essential for the well-being of people serving in the non-profit sector and to the health of the sector as a whole. As non-profits struggle continually to do more with less, the Common Good Retirement Initiative is a shining example of positive innovation to address the non-profit retirement savings gap.”

COMMONGOODPLAN.ORG
OWEN CHARTERS
PRESIDENT & CEO
BOYS & GIRLS CLUBS OF CANADA

"Having chosen the nonprofit sector as a career, I have seen many employees who are passionately dedicated to the mission and cause of their organizations, but have often done so at the expense of securing their financial future. I believe in decent work, and part of that is ensuring that those who work so hard to secure the future for others can themselves depend on a good retirement. Common Good provides a flexible, portable tool that provides the foundation for saving throughout your career, and is vital in ensuring a nonprofit workforce that can focus on good outcomes today knowing their own future income is assured."

COMMONGOODPLAN.ORG

ADIL DHALLA
EXECUTIVE DIRECTOR
CENTRE FOR SOCIAL INNOVATION

"The success of our non-profit and charitable sector rests on its ability to recruit and retain talented people, and one of the biggest missing pieces to achieving this has been the absence of an affordable retirement savings plan. It’s a complex challenge but a worthwhile one, considering the collective impact of those who belong to this sector. We have a collective responsibility to care for those who take care of others, and I am excited to join the chorus for change."

COMMONGOODPLAN.ORG

FRANCA GUCCIARDI
CEO
MCCALL MACBAIN FOUNDATION

"The average employer in the non-profit sector is typically too small to be able to offer traditional pension plans to their employees. A sector-wide model such as the one that Common Good is proposing is timely, sensible and simply asks that non-profit organizations work together and use one of their greatest strengths - the sheer number of them. Critically, it provides a vehicle through which organizations could together achieve what they cannot do so alone, helping ensure that those who are working hard for the benefit of others will themselves be taken care of when they encounter the particular kind of vulnerability that comes with financial insecurity in old age. I commend Common Good for pursuing this brilliant idea."

COMMONGOODPLAN.ORG
RAHIMA MAMDANI
VP, HUMAN CAPITAL
UNITED WAY GREATER TORONTO

"Employees in the not-for-profit sector spend their careers working on behalf of others. With the Common Good Retirement Initiative, we have an opportunity to support them by filling an important need for a high quality, portable retirement plan. This innovative solution supports savings for sector employees at all income levels whether they currently have a retirement plan at work or not - and the plan has a legal duty to act in the best interests of its members. I believe this is an excellent model with the potential to make a real difference in the financial security of so many dedicated workers."

MEGHAN MOORE
CEO
LORAN SCHOLARS FOUNDATION

"As a nonprofit employer of a small team, it is important to me to provide the best possible working environment for my employees. Motivating them to save for the future is a part of that. The Common Good Retirement Initiative will enable my organization to instil and support the habit of long-term financial planning by providing a higher quality, flexible plan for our employees with lower fees and less administrative burden for our organization."

FIRST 50 EMPLOYERS

ELIZABETH MULHOLLAND
CEO
PROSPER CANADA

"Retirement savings are a critical dimension of financial health, but very few workers in Canada’s nonprofit sector have access to high quality retirement savings plans. That’s why I support the Common Good Retirement Initiative. The people who care for our communities every day deserve our support in return and access to an affordable, accessible and portable retirement savings plan that works for them."
COLETTE MURPHY
EXECUTIVE DIRECTOR
ATKINSON FOUNDATION

“Retirement security is a feature of decent work in the non-profit sector. By helping workers and organizations access a high-quality retirement plan, Common Good has the potential to raise employment standards in our sector and contribute to a more equitable, inclusive and prosperous Canada.”

LEE ROSE
MANAGING DIRECTOR
COMMUNITY KNOWLEDGE EXCHANGE

“Why isn’t this a thing already? As someone who has worked in the social change sector for more than 10 years - I’m excited by the potential of the Common Good Retirement Plan to truly shift the way people like me think about saving for the future. With the changing nature of work - and indeed the changing nature of retirement - a gold-plated pension after 26 years of service with the same organization just isn’t in the cards for me. Adaptive, Flexible. Nimble. We all agree that these are valuable traits of people driving social change. I think they can and should also apply to how people like me can better save for the future.”

RICHARD SHILLINGTON
SOCIAL POLICY EXPERT & RESEARCHER

“Canada’s nonprofit sector labour force is not well-served by the current retirement support system (RRSPs / traditional pension). This is because they are often lower-income or part-time workers with higher turnover rates. GIS claws back their pension, CPP and RRSP benefits. That’s why I support the Common Good Retirement Initiative, which uses savings instruments designed to work better for this population.”
JOHN STAPLETON
INNOVATION FELLOW, METCALF FOUNDATION
PRINCIPAL, OPEN POLICY ONTARIO

"Low salaries are not uncommon in the nonprofit world, so it is important that these workers are given the support to start saving for their retirement. Through my work with low-income earners, I know firsthand the challenges they face in securing their financial future. The Common Good Retirement Plan would not only help these individuals preserve their government retirement benefits, but also assist the nonprofit sector in providing a high-quality retirement plan to its dedicated workforce."

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