PURPOSE OF THIS GUIDE

This document is intended to provide a summary of the design, features, and other details of the Common Good retirement plan. Its primary purpose is to provide employers the information they need to evaluate whether Common Good would be right for them.

Read this guide if you are: An employer or association interested in providing Common Good as a retirement benefit for employees and other community members.

ABOUT COMMON GOOD

Common Good is an initiative supported by a coalition of philanthropic foundations, not-for-profit leaders, social purpose businesses, and retirement security experts. Our goal is to enhance retirement security in the not-for-profit and charitable sector. We aim to achieve this goal primarily through establishing a high-quality, nationally portable collective retirement income plan for the sector.

Who is behind Common Good?

Steering Committee

Alan Broadbent (Chair), Maytree Foundation
Owen Charters, Boys & Girls Clubs of Canada
Rahima Mamdani, United Way Greater Toronto
Elizabeth Mulholland, Prosper Canada

Expert Advisors

Keith Ambachtsheer
Edward J. Waitzer

Funding Coalition

Technical & Operations Partner

Vancity

COMMON WEALTH
Champions Council

Colette Murphy (Chair), Atkinson Foundation
Alison Brewin, Vantage Point
Peter Chapman, SHARE
Adil Dhalla, Centre for Social Innovation
Debbie Douglas, OCASI
Franca Gucciardi, McCall MacBain Foundation
Tim Jackson, SHAD
Catherine Ludgate, Vancity
David Mitchell, CCVO
Meghan Moore, Loran Scholars Foundation
Wanda Morris, CARP

Liz O’Neill, Boys & Girls Clubs Big Brothers Big Sisters of Edmonton & Area
Lee Rose, Community Knowledge Exchange
Penelope Rowe, Community Sector Council NL
Paulette Senior, Canadian Women’s Foundation
Lindsay Hugenholtz Sherk, Sport Matters
Richard Shillington, Social Policy Expert
John Stapleton, Metcalf Foundation
James Stauch, Institute for Community Prosperity
Ann Wheatley, Cooper Institute

Supporting Organizations

Committed Employers
WHY JOIN COMMON GOOD?

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 not-for-profit sector workforce. The plan also seeks to harness recent technological advances to provide a plan that is easy to use for employers and members wherever they are, including retirement education and planning supports.

Benefits for members: Use the power of the group (over two million strong) to build retirement security wherever and however you’re working.

- **Portable** across the country, between jobs, and into retirement
- **Investment choices selected by experts** and specifically tailored for retirement
- **Post-retirement options** to turn savings into a stream of income, including a guaranteed lifetime benefit
- **Lower fees** through not-for-profit structure and economies of scale
- **Open to spouses and non-standard workers** like part-timers and freelancers
- **Flexible contributions** adjustable to individual circumstances, with tools that harness Nobel Prize-winning research to help members set aside more savings over time
- **Reduced government benefit clawbacks and taxes** through hybrid TFSA/RRSP structure

Benefits for employers: Attract, retain, and support staff by combining some of the benefits of a traditional pension with more flexibility and low administrative burden.

- **Flexible contributions**
- **Simple, digital-first administration** reducing staff time on setup and ongoing support
- **Suitable for all income levels** including workers on low or moderate incomes
- **Educational tools and supports** tailored to the needs of sector workers
WHO COULD JOIN?

Common Good would be open to:

- Full- and part-time employees in the not-for-profit sector
- Non-standard workers (e.g., contract or freelance workers) in the not-for-profit sector that do not have an employment relationship with a participating employer
- Spouses or common-law partners of eligible workers

Workers without an employment relationship must access Common Good through a participating not-for-profit organization or association. There is no minimum staff size requirement for a participating organization.

Once enrolled, Common Good members may continue to participate in the plan regardless of changes to their employment status (see Portability on page 10).

HOW WOULD IT WORK?

For employers

1. CHOOSE CONTRIBUTION LEVEL
   Select how much organization will contribute to employees' accounts

2. UPLOAD EMPLOYEE INFO
   Input employee data into Common Good's online employer portal

3. LINK PAYROLL
   Link organization's Common Good account to existing payroll system

4. OVERSEE ADMINISTRATION
   On an ongoing basis, administer payroll deductions and remittances using self-serve online system
CONTRIBUTIONS – WHO WOULD PAY AND HOW MUCH?

Contributions into Common Good would be flexible for both workers and employers.

In Common Good’s recommended Core Plan, employers contribute 5% of members’ gross pay, matched by employees for a total of 10%.

While the Core Plan is meant as a suggestion, both employers and workers would be able to choose how they want to participate in Common Good. We offer the following examples:

- Common Good Core Plan with employer and employee each contributing 5% of gross pay
- Employer matching contribution
- No employer contribution
- Workers with no employee relationship, e.g., spouses, freelancers, contractors
COMMON GOOD CORE PLAN

EMPLOYER AND EMPLOYEE EACH CONTRIBUTE 5% OF GROSS PAY

EXAMPLE SCENARIO
Jim is the executive director of an environmental charity with 20 employees. His board has approved signing up for Common Good’s Core Plan for full-time staff.

OUTCOME
Jim’s organization contributes 5% of pay for full-time staff, matched by employees for a total of 10%.

All staff are able to choose to contribute beyond 10%, up to the yearly RRSP/TFSA limits.

EMPLOYER MATCHING CONTRIBUTION

EXAMPLE SCENARIO
Eisha is the executive director of a settlement house with 100 employees. She recently implemented an RRSP program that matches staff contributions up to 2%. Her board has approved joining Common Good, but her budget this year doesn’t allow for any increases in total staff compensation.

OUTCOME
Eisha’s organization joins Common Good, maintaining the current benefit level matching staff contributions up to 2% of gross pay within the plan.

All staff are able to choose to contribute beyond 2%, up to the yearly RRSP/TFSA limits.
NO EMPLOYER CONTRIBUTION

EXAMPLE SCENARIO
Adele is the executive director of a legal defense not-for-profit with three employees. Only a year old, her organization is attempting to secure stable long-term funding.

She has started to think about providing benefits for staff. Her major funder and board have approved offering a modest health benefit, but feel that contributing to a retirement plan this year is a stretch.

OUTCOME
Adele implements Common Good for staff on a voluntary basis.

She and her colleagues are able to join the plan and contribute through payroll deduction at a level they choose, up to the combined RRSP/TFSA limits.

Adele’s organization covers the $10/member monthly administration charge and setup fee, but otherwise incurs no additional expense.

WORKERS WITH NO EMPLOYEE RELATIONSHIP
• SPOUSES
• FREELANCERS
• CONTRACTORS

EXAMPLE SCENARIO
Grace is a freelance graphic designer working primarily in the not-for-profit sector. One of her major clients is a not-for-profit participating in Common Good.

OUTCOME
Grace joins Common Good as an individual member. She uses Common Good’s enrollment and planning tools to choose a contribution rate of $200 per month that will meet her retirement goals.

Grace links Common Good with her personal bank account so that her contributions are automatically deposited and invested each month.
Minimum contributions
The minimum required contributions for members would be:
- 2% of gross pay if participating through an employer payroll system; or
- $50/month if participating as an individual

Common Good would provide planning tools and resources to help members determine how much to contribute. Members would be able to take advantage of "automatic escalation" defaults to help reach the right level of saving over time. Members would also be able to contribute to their plan through one-time contributions, or through transfers from existing RRSPs and TFSAs (see more below).

How workers and employers contribute
Employers and employees would contribute to Common Good through payroll deduction. Spouses and workers without an employer-employee relationship would be served through a member self-service platform, allowing them to contribute directly from their personal bank accounts.

Switching to Common Good from an existing retirement arrangement
Many employers plan to implement Common Good to replace an existing arrangement such as a single-employer Group RRSP.

In such cases, employer contributions (e.g., matching) going forward would be made into members’ Common Good accounts via the employer’s payroll.

For existing savings, members would be able to choose to remain invested with their previous RRSP provider, or transfer these savings into their accounts within Common Good. Common Good’s member portal would provide a simple and automated process to facilitate transfers-in for members choosing this option.

FEES

Common Good is designed to be a fully self-sustaining social enterprise. The plan’s initial setup and growth would be supported by its funding coalition, but in the medium- and longer-term, all the costs of running the plan would be covered by the fees paid by participating members and employers. As outlined in Common Good’s consultation paper, these fees would be significantly lower than most widely available alternatives.
**Member fees**

Individual Common Good plan members would pay a fee determined as a percentage of their assets in the plan. This fee would be deducted directly from the member’s account [additionally, the plan would charge a $75 fee for early withdrawals or transfers out of the plan]:

- 0.6% (per year) of invested assets, paid out of assets in the plan

For comparison, we include below the typical fees charged by two common approaches to retirement used by many not-for-profits and workers today: single-employer Group RRSPs and retail mutual funds:

<table>
<thead>
<tr>
<th></th>
<th>Common Good retirement plan</th>
<th>Typical single-employer Group RRSP</th>
<th>Typical retail mutual fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual member fee</strong></td>
<td>0.6% of assets</td>
<td>1.7% of assets</td>
<td>2.1% of assets</td>
</tr>
<tr>
<td>If a member had a $50,000 account balance, their yearly fee would be...</td>
<td>$300</td>
<td>$850</td>
<td>$1,050</td>
</tr>
<tr>
<td>If a member invested $150 monthly over 30 years, they would have...</td>
<td>$110,000</td>
<td>$91,000</td>
<td>$85,000</td>
</tr>
</tbody>
</table>

1 Great-West Life, “Strength of CAPs in Canada’s retirement market” (2013)
2 Strategic Insight & Investment Funds Institute of Canada, “Monitoring Trends in Mutual Fund Cost of Ownership and Expense Ratios” (2017)
3 Assuming a 5% annual rate of return. Figures have been rounded for illustrative purposes.

**Employer fees**

Employers participating in Common Good would pay a monthly fee to help cover the costs of serving members. This fee would be charged monthly, based on the number of employees participating in the plan. Additionally, employers would pay a one-time fee to cover the costs of setup and onboarding.

- Administration fee: $10/month per participating employee¹
- One-time setup fee: $500–$1,000 (depending on organization size)

¹ Members without a participating employer (e.g., freelancers, spouses of members) would be responsible for the $10 monthly administration charge.
INVESTMENTS

Common Good would offer investment choices specifically tailored for retirement, selected by an Investment Committee of experts with a fiduciary duty to members. These choices would be designed to be simple, create appropriate defaults, and provide for a seamless transition into retirement.

To help match members’ investment allocation and risk profile to their life stage, the plan’s investment choices would be built around target-date funds that automatically become more conservative as the member ages. Common Good would engage one or more leading global asset management firms to invest members’ contributions. The plan’s Investment Committee would select the specific investment choices available within the plan through a competitive process that would consider factors such as cost and track record of the providers.

Common Good would pursue an approach to responsible investing that balances the potential costs of a robust responsible investing program with the values and expectations of plan members. In addition to long-term retirement saving, Common Good may also explore offering a short-term savings account that enables members to keep some of their contributions accessible, in case they are needed for emergencies or unplanned expenses.

PORTABILITY

Common Good would be portable in two key ways.

First, where a worker moves from one Common Good participating employer to another, she would be able to continue her participation in the plan. The only necessary change would be that, going forward, contributions are deducted from her new employer’s payroll.

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 stay in the plan and continue contributing. The main difference is that, in her new situation, all contributions would be made through her bank account rather than through a payroll deduction.
Once a member joins Common Good, this level of portability applies even if they leave the not-for-profit sector entirely. For example, a worker transitioning from an employer offering Common Good into the private sector would be able to stay in the plan and continue contributing.

**EXAMPLE SCENARIO**

Olivia works for a food bank in Ontario and is contributing to Common Good at 3% per month, matched by her employer.

She accepts a new job with a settlement house in British Columbia, which offers Common Good’s Core Plan (5%/5% employer/employee contributions).

**OUTCOME**

Contributions are deducted from Olivia’s new employer’s payroll at the new level.

No other changes are required to Olivia’s plan.

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**EXAMPLE SCENARIO**

Michael works part-time for a farmer’s market in PEI that offers Common Good and is contributing 8% of his earnings to the plan.

He decides to start his own for-profit produce business and become fully self-employed.

**OUTCOME**

Michael no longer receives an employer contribution to his plan through payroll; however, he can choose to continue contributing to Common Good through his bank account. Michael will also be responsible for the $10 monthly administration charge.

No other changes are required to Michael’s plan.
TAX- AND BENEFITS-ADVANTAGED ACCOUNT TYPES

To optimize tax and benefits efficiency, Common Good is designed around two tax-advantaged account types: a Group Tax-Free Savings Account (GTFSA) and a Group Registered Retirement Savings Plan (GRRSP). Plan members would be able to access both types of accounts within the plan.

By default, contributions from members on a low or moderate income would be allocated to a TFSA account. Using this account type means that workers on a low or moderate income would be able to keep more Guaranteed Income Supplement (GIS) benefits from the federal government in retirement. Ensuring that workers on a low income take advantage of the TFSA account type and avoid a large GIS clawback is an extremely important role that Common Good will serve (see box: “The GIS Clawback” below). Members with middle or higher incomes would, by default, have their contributions pro-rated between both the TFSA and RRSP accounts.

While default allocations are intended to result in the best outcomes for most circumstances, members would be able to opt for an allocation of their choosing if desired.

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**The GIS Clawback**

1 For a full description and analysis of the GIS clawback, see Open Policy Ontario, “Low Income Retirement Planning” (2013)

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**WHAT IS GIS, AND WHO RECEIVES IT?**

The Guaranteed Income Supplement (GIS) is a benefit for low-income seniors administered by the federal government. The maximum GIS benefit is approximately $11,000 per year, making it the single largest source of retirement income for many Canadians on a low or moderate income. About one-third of Canadians will be eligible to receive some amount of GIS in retirement.

**WHAT IS THE GIS CLAWBACK?**

The amount of GIS you can receive is affected by your taxable income in retirement. If you have money in RRSPs, you have to start taking it out when you turn 71. Withdrawals from RRSPs count as taxable income. The result is that, for every dollar of RRSP you withdraw, your GIS goes down by between 50 and 75 cents. A similar “clawback” applies in many other types of retirement arrangements, including Registered Pension Plans.

**HOW DOES COMMON GOOD HELP MEMBERS KEEP MORE GIS?**

Withdrawals from Tax-Free Savings Accounts (TFSA) do not affect eligibility for federal income-tested benefits such as GIS. Common Good members with lower incomes would, by default, contribute to their TFSA account inside the plan.
GOVERNANCE

Common Good would be established as a not-for-profit organization, overseen by a seven-member board of directors, which would direct the plan and act as its sponsor. Common Good’s board would have a fiduciary duty to members, embedded in the plan’s charter. Board members would be appointed for a two-year term, and may sit for no more than four consecutive terms.

Common Good’s board would be skills-based, comprised of both experts with deep subject matter knowledge and experience in the not-for-profit sector. The role of the board would be to:

- Select service providers and approve service agreements
- Determine the investment strategy
- Oversee administration by holding service providers accountable
- Approve plan changes
- Monitor plan performance
- Approve, amend, or repeal the governance framework
- Recruit, select and appoint future board members
- Grow the plan

Common Good’s investments would be overseen by an Investment Committee comprised of at least three members, at least one of whom must be a board member. Common Good’s initial plan manager would be Common Wealth, a social purpose retirement security firm.

RETIRING WITH COMMON GOOD

Common Good is designed to support members both before and after retirement, allowing members to stay in the plan after they stop working and continue to benefit from the advantages of a well-governed collective retirement plan.

At retirement, members would be able to take advantage of two main options for turning their savings into a retirement income. These options could be used alone or in combination, and would consist of:
**Smart Drawdown**

The Common Good platform would provide an assisted or “smart” drawdown service. This service would guide members through a planning process to determine how they can prudently draw on their account to cover the costs of retirement while managing the risk of outliving their savings. Once a member has determined a suitable drawdown schedule, they would be able to set up an automated stream of regular payments from their account. This assisted drawdown schedule would be adjustable, and members would also have access to lump sum withdrawals (to cover, for example, unplanned expenses during retirement).

**Guaranteed Lifetime Income**

Common Good would give members the choice to convert a portion of their savings into a guaranteed monthly retirement “paycheque” that lasts as long they live. The goal of this Guaranteed Lifetime Income option would be to help members manage the risk of outliving their savings (technically known as "risk pooling"), in a manner similar to a traditional defined benefit pension plan. The financial tools enabling this option are called annuities, which would be accessed by Common Good on a group basis by engaging with one or more annuity providers (usually large life insurance companies). Common Good would enable members to purchase units of deferred annuities over time, starting while they are still working.

**HOW CAN I OR MY ORGANIZATION JOIN COMMON GOOD?**

Common Good is a unique social enterprise: it is not a for-profit business or a financial product, but a collaborative, collective effort of not-for-profit leaders and retirement experts to build and scale a sector-wide plan. In order to build Common Good, the project needs a critical mass of not-for-profit employers and workers to commit to joining the plan. If you are interested in joining Common Good, please visit our website to learn more at [commongoodplan.org/join](http://commongoodplan.org/join).