

# Benefit Trends

The Leslie Group's quarterly newsletter

**July 2021**

Announcements

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Mental Health

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# Announcements

## Recognizing Health Care's Front Line Workers

The Leslie Group joined together with Canada Life, Manulife and LifeWorks in donating over \$10,000 in support of Kensington Health Heroes, a virtual event in support of Kensington Market's healthcare front line.

[Kensington Health](#) provides community-based health care including long-term care, hospice and community care, cancer screening, diagnostic imaging, ophthalmology and eye tissue processing for transplants.



## The Leslie Group participated in Covenant House's Guts & Glory

This year, The Leslie Group participated in Covenant House's annual Guts & Glory Challenge for the 4th year in a row. Covenant House is an incredible organization that provides life-changing opportunities and programs for homeless youth. Since 1982, they have supported over 100,000 youths with housing, training and other opportunities and programs. This year was by far our most successful year yet, raising over \$16,000 for Covenant House's youth program, exceeding last year's record by \$6,000. The Leslie Group managed to finish 5th out of all 29 fundraising teams in a head-to-head trivia night to close out the event.

We're incredibly thankful for all the support you've all shown us over the last two months as we raised money for this important cause.

## Mental Health Matters

On June 21 and 22, The Leslie Group proudly sponsored the [Canadian SME Magazine](#) Small Business Expo. The program featured an expert panel on mental health: Mental Health Matters: the bottom line on employee mental health and wellness. We were joined by panelists from our preferred platform partners at [ALAViDA](#); [Dialogue](#); [HRprimed](#) and [Workplace Wellness](#). The expo is dedicated to supporting small businesses and entrepreneurs by providing a platform for growth, mentorship, and financing. If you missed our panel, a replay will be available soon. Follow our [LinkedIn](#) to be notified when the replay is posted.

## BAN Announces HRprimed as Expert Partner

Benefit Advisors Network (BAN) recently appointed Darcy Michaud, CEO and Chief HR Consultant at [HRprimed](#) as Human Capital Management (HCM) Director for BAN Canada.

Darcy will be working with agencies and their clients when they require Canadian HR expertise as well as share his insights and experience through blogs, newsletters, conferences, and webinars. Additionally, BAN's current Director of HCM, Bobbi Kloss, will expand her role to serve as an additional HCM and HR expert for the Canadian and US markets.

BAN recently launched into the Canadian market in April with The Leslie Group becoming one of the founding Canadian members. Clients of The Leslie Group enjoy preferred partnership access to HRprimed's suite of HR on-demand services and expertise. Contact your consultant for a referral





### **Announcing New Low-Fee Group Retirement Program**

The Leslie Group has partnered with a major retirement plan carrier to deliver a low-investment fee group retirement program for companies with either no current plan or small existing plans with high investment management fees. Companies with a minimum of 10 members and without existing plan assets or small amounts of assets to leverage that are able to commit to matching contributions can now access plans with fees averaging 35-55 basis points lower than other small business products in the market.

13 million working Canadians don't have access to a retirement savings plan through their workplace, and 82% of working Canadians rated it as "very important" for employers to provide one.

For more information on this product, please contact your Leslie Group consultant or email our retirement team at [GRS@lesliegroup.com](mailto:GRS@lesliegroup.com).

### **The Leslie Group Webinar Series**

The Leslie Group Webinar Series is on break for the summer. We'll return this Fall to share insights and information from experts on a range of topics covering employee benefits and group retirement. Please follow our [linkedin](#) to stay up to date on the latest news and information.

#### **SEPTEMBER 16TH 11AM ET**

**A perspective on Private Health Insurance in Canada, and Why it's time to consider it as an option today**

Speakers: Deep Bajwa, Director Sales & Business Development Best Doctors, Alan Wearmouth, Manager Sales & Accounts Medcan

#### **NOVEMBER 4TH 11AM ET**

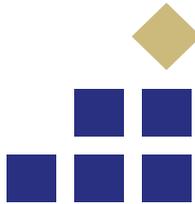
**Workplace Disability Trends**

Speaker: Angelo Carofano, CPA, MBA, EVP and Chief Financial Officer at Workplace Medical

#### **NOVEMBER 18TH 11AM ET**

**Financial Literacy Month: Retirement Readiness**

Speakers: Jay Hopkins, Director of Group Retirement, Huzefa Hamid, Manager, Education & Communication



# In Brief

## News and trends

# 1

### **Ontario employees eligible for Paid Infectious Disease Leave from April 19, 2021 to September 25, 2021**

The Ontario Government announced an amendment to the Employment Standards Act titled the Ontario COVID-19 Worker Protection Benefit Program. This amendment requires employers to provide eligible employees with up to three days of paid Infectious Disease Leave to use for reasons relating to Covid-19 between April 19, 2021 and September 25, 2021.

This requirement is in addition to an employee's right to unpaid Infectious Disease Emergency Leave. Employers are eligible for reimbursement for up to \$200 per day per employee. Similar programs have recently been introduced in British Columbia and Nova Scotia, requiring employers to provide paid sick leave for Covid-19 related reasons.

# 2

### **Medical Breakthroughs Driving Higher Drug Costs**

A Telus Health study reports that specialty drug spending rose by 8.7 per cent, driven by higher utilization and increased costs per claim. In comparison, traditional drug spending rose only 1.3 per cent. Scientific breakthroughs and novel therapies targeting un-treated or under-treated diseases are driving rising utilization of specialty drugs.

32 per cent of drug costs across Canada can be attributed to specialty medication, with growth expected to trend consistently upwards in the near future. Specialty medications for common conditions like diabetes and skin disorders are part of a growing trend.



# 3

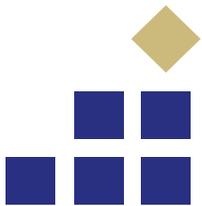
## **Biosimilars update in Alberta, Saskatchewan, and Manitoba**

As of March 15, 2021 Equitable Life has announced that several originator biologic drugs are no longer covered for plan members under provincially sponsored plans in Alberta, Saskatchewan, and Manitoba. All members will be required to switch to biosimilar versions of their medication to maintain their eligibility for coverage under the plan. This trend towards biosimilars is fueled by Health Canada stating that biosimilars are safe and as effective as biologics while being cheaper, allowing money to be spent in other priority health care areas.

# 4

## **Notice Regarding Group Benefit Conversion**

As a result of COVID-19, there has been a sharp rise in the number of temporary layoffs at companies and organizations across Canada. Clients and plan sponsors should be aware that as is the case with termination of employment, they must advise temporarily laid off employees, if group insurance coverage terminates during the layoff, of their eligibility to convert to an individual policy.



# Mental Health

Mental Health is the Next Great Threat to Canadian Businesses. Diversity and Inclusion Practices are Part of the Solution.

The Covid-19 pandemic will be remembered as a paradigm shift in how we work. Waves of restrictions changed the landscape for businesses across the country, forcing them to adapt. Remote work became the norm for many of us.

Our childcare and eldercare arrangements were disrupted. We lived through zoom fatigue while we tried to homeschool our kids. We dealt with lockdowns that cut us off from social support, our families, and friends. We lost access to sports and leisure activities. All under the threat of a virus that could make us and our loved one's sick. Our work-life balance disappeared.

Many employers responded to the crisis with unprecedented flexibility, accommodating the

diverse and unique circumstances of their employees as we all moved through the shared crisis. And even as the pandemic recedes, experts agree that a mental health crisis is on the horizon. Canadians are more stressed, overworked, and anxious than ever. The lessons learned during the pandemic are a roadmap to weathering the next crisis, and the result will be a more resilient, productive, and healthy workplace for everyone.

## **Diversity ROI – getting the mix right**

Diversity and inclusion practices mean creating a space for each employee to be successful. Workplaces that are diverse and implement strong inclusive practices – which can include accommodation for childcare, flexible working

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hours, remote work, asynchronous collaboration, and other accommodations - consistently outperform their peers. Studies show that a one per cent increase in ethnocultural diversity leads to a 0.5 per cent increase in productivity and a 2.4 per cent increase in revenue<sup>1</sup>.

While many workplaces understand that diversity can improve performance and productivity, the need for inclusive practices is less well understood. Many organizations succeed in hiring diverse teams, but fall short when it comes to implementing policies and processes that enable those teams to succeed. Diversity is not limited to visible and discernable distinctions or differences – we are all diverse. Each team member at an organization has unique needs and skills, and organizations that strive to be inclusive and accommodate those strengths will see better ROI on their diversity practices. While diversity is the mix of people and perspectives, inclusion means getting that mix to work together.

And while employees understand that diverse backgrounds and viewpoints can be an enormous asset to teams, they often take a dimmer view of the inclusive practices necessary to help diverse teams succeed. In pre-pandemic surveys, 52% of respondents expressed positive feelings about their company's diversity practices. On the other hand, when polled about inclusivity practices only 29% of respondents surveyed expressed positive views about their company's inclusivity practices. Inclusive approaches to workplace practices are often left out of workplace diversity strategies. And when presented, they are often hampered by poor implementation or communication, despite being necessary to realize the diversity ROI.

The reasons for this are many and can include resentment or a misapprehension that inclusive practices are an impediment to productivity or that an accommodation for some employees comes at the expense of others. Our tendency to limit our understanding of diversity to visible differences means we are often blind to our own diversity and the unique needs we each have and how inclusive practices would optimize our own success. And while a crisis like a global pandemic

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is not the best scenario by which to measure the success of new workflows, flexible hours, remote work, and asynchronous collaboration, we have discovered that we can make unusual or difficult situations work for everyone. This should be one of the enduring lessons of the pandemic.

### **The Post Pandemic Landscape**

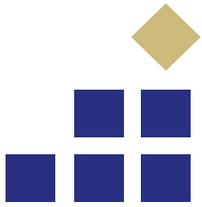
The post-pandemic landscape for work has changed, and Canadian employees know it. 49 per cent of Canadian workers surveyed say they are looking to change jobs or careers after the pandemic, citing dissatisfaction with how their employer pandemic response, including failure to provide adequate mental health support and a lack of focus on wellbeing. Of those looking to switch jobs, a majority – 53 per cent – said that improved benefits would be a major factor in their decision making, ranking ahead of career development and compensation.

With nearly one in two Canadians looking to change jobs, employers face a recruiting and retention crisis, even as the pandemic recedes. Policies implemented during the pandemic provide a workable roadmap for meeting this new crisis head-on. By striving to recognize and accommodate the diverse and unique needs of each employee, we can build a more inclusive and resilient workplace, ensuring that each employee has space to not only survive, but thrive.

**Anne-Marie Pham, Executive Director, CCDI**  
**Devika Pandey, Manager, Learning and Knowledge Solutions, CCDI**

*The Canadian Centre for Diversity and Inclusion (CCDI) is a made-in-Canada solution designed to help employers effectively address the full picture of diversity, equity, and inclusion within the workplace.*

1. [www.cigionline.org/static/documents/documents/DiversitySpecial%20Report%20WEB\\_0.pdf](http://www.cigionline.org/static/documents/documents/DiversitySpecial%20Report%20WEB_0.pdf)



# Investment Choices

## The battle between fees and returns

When choosing between investment products, Canadians are often faced with a choice between low fees on the one hand, and high-quality funds on the other.

The low-fee providers, primarily newer market entrants, assert that their high-fee peers are overcharging customers for what amounts to a commoditized product. Banks and financial advisors, on the other hand, allege that low-fee entrants are selling what amounts to financial fast food: it tastes good, for now, but is a cheap and ultimately inferior quality product that will leave customers worse-off in the end.

In a crowded market, how can customers make the best choice for their financial future?

Newer entrants offering low fees, such as Questrade and Wealthsimple, are battling it out with the traditional banks and financial advisors that are offering highly personalized service options.

### **The traditional “Mutual Fund” option**

To help individuals invest their savings, bank and financial advisors typically offer mutual funds. These funds can invest in equities (i.e. the stock market), bonds, cash-type accounts earning interest, and more specialty investment types such as real estate and socially responsible funds.

Some mutual funds will track the value of a particular market, known as index investing or passive investing. For example, a fund

tied to the S&P 500 invests in the largest 500 companies on the US stock market, and will rise and fall with the market. These funds do not pick individual stocks, but instead buy the whole market or index.

If a fund isn't passive, it's active. Instead of investing in the entire market, fund managers will choose individual assets based on an assessment of market outlook. Some active funds may even invest in other underlying funds. The goal with active fund management is to outperform the value of the market.

A mutual fund is structured to charge an annual percentage fee called a “management expense ratio,” or MER. In addition to the MER, there may be other fees such as sales charges, operating expenses and administration fees. Active funds are typically more expensive than their indexed counterparts, as customers are paying for fund management expertise to outperform the market – though this is never guaranteed.

Financial advisors contend that part of their service is to understand a client's financial status and goals in order to match them with the right financial products. Questions like “what's the purpose of your savings – retirement, new home or something else? What's your comfort level with risk?” will assist an advisor in helping clients allocate their savings. In their view, this is an essential part of successful investing, and justifies the fees they charge.



### **Exchange Traded Funds, or ETFs**

Newer market entrants advertising low-cost fees generally offer an investment known as an “Exchange Traded Fund” or ETF.

While ETFs can be either active or passive, most are passive, and the assumption when talking about an ETF is that you are talking about a passive fund.

Generally, customers can invest in an ETF starting at lower minimum amounts than with mutual funds, meaning they can start saving and investing earlier with whatever amounts they can afford. ETFs are also traded throughout the day with real-time pricing, whereas mutual funds are settled at the end of the day, with a daily price. This difference is only important for investors who want to trade in and out of the funds regularly.

Just like mutual funds, an ETF has an annual percentage Management Expense Ratio. The MER for an ETF is much lower on average than for a mutual fund. But the MER,

which is often the focus when comparing fees, is just one of the fees in an ETF. Additional fees like exchange fees, bid/ask spreads and commissions can reduce the competitiveness of ETFs for customers who purchase them regularly in monthly or even bi-weekly intervals when synchronized with payroll.

In contrast, mutual funds do not have exchange fees or bid/ask spreads, making them more cost-effective for regular purchases. Investing periodically over time, known as “dollar-cost averaging,” is a fantastic mechanism to build up savings and average out the fluctuations in markets.

ETF providers claim that their low MER means that customers come out on top (even with all the additional fees). They also argue that the high service levels offered by banks and advisors are unnecessary and that customers can achieve optimal investment mixes with just a few simple online questions.



### What about the returns?

Investment return or “rate of return” is one of the core measures of a product’s effectiveness. And is usually the percentage growth of the savings. It can be expressed as a gross return, i.e. before fees are taken off, or a net return, i.e. after fees are taken off. It’s the net rate of return (after fees) that establishes a side-by-side comparison between investment products.

But the rate of return is just one part of the equation. By itself, it doesn’t consider how much risk you took to get that growth and whether that risk was appropriate. If you are one year away from retiring, don’t kick yourself for not having invested everything in the U.S. stock market and missing out on last year’s gains. Assessing when you will need your money is a key consideration when evaluating risk and rate of return.

### The advantage of employer plans

Employer retirement plans (group plans) can reduce the drawbacks of both mutual funds and ETFs by giving you the best risk-adjusted and fee-adjusted performance.

The fund lineup in a group plan can consist of in-house or externally managed funds to give optimal diversification across investment types, a mix between active and passive funds, and, of course, a competitive fee environment. Members of a group plan can begin investing without the high minimums required by some mutual

fund products. Fees are usually substantially lower in group plans, and there are no additional costs for bid/ask spreads and commissions as there are with ETFs.

The Leslie Group performs annual reviews and governance to make sure fund lineups stay best-in-class. We deliver education directly to plan members so they can make better and more informed decisions, and we have dedicated staff in the group retirement team for members available for one-on-one consultations and advice.

Today, employer retirement savings plan across Canada are hugely popular, with hundreds of billions of dollars invested. Payroll contributions automate savings habits with instant tax advantages, which is one of the most cost-effective ways for employees to save. Employers can choose to have a TFSA added to the lineup to help their staff meet other savings goals. And as a testament to the value of employer plans, there’s a surge in members transferring assets from retail plans to make their employer plans the hub of their savings.

### Connect with The Leslie Group



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