2021 Client Letter

Reconceiving the Future: Building a Strategic Vision and Emerging Stronger for Pensions

Pensions That Move You *Forward.*

Marris+Miller

Dear Clients and Partners:

Pension finance does not work as well as it could, particularly for the smaller businesses that help fuel the world economy. At the end of 2021, we've learned a lot about who we are and what we want from our organizations. There have been a lot of changes this year, as we learn more about the the drivers behind the Great Attrition — or what many are calling the Great Resignation, with more employee turnover in the last 18 months than perhaps the last decade combined. This turn of events has had an unforeseen impact on the choices we are now making: employees are learning what they value in their workplace, and organizations are learning which of these values they need to take meaningful action, if they want to retain their best team members.

Even so, at Marris Miller, we've been advocating that such shifts reflects the value and choice of an organization. Organizations need to pay attention to emerging employee values, and pension management needs to reflect these values. The future is here, and pension managers need to shift towards pension parity, benefits and workplace transformation.

In this pension report ending 2021, we're presenting three priorities for improving the pension ecosystem for organizations, people and the economy and how to kickstart your goals for 2022.

A vision for pension parity

Equity is needed if pensions are going to work to incentivize employees. Pension value is important, but fairness and equity is likely more important in forward planning for next year. Every organization needs a strategy for pension parity.

What's parity? There are many factors that affect what employees receive from a pension, many more than the time they've put into a job. Employees' age, gender, ethnicity, culture and other social differences may affect how much they can afford to contribute to their plan, for example. And, some pensions make it easier for employees to gain a post-retirement income than others.

Parity is not just about doing the right thing, it's about decreasing your risk exposure. If you're not paying attention to these discrepancies, your organization could face future liability.

Do your team members truly understand what parity means when to comes to pensions, or are they likely to filter out outdated myths or noises about parity, until it is too late to make strategic changes? Is your pension strategy future-proof?

We've outlined best practices in pension parity for you, to make it easy for your pension management team to gain access to clear and actionable pension parity knowledge.

A vision for pension board trustees

Right now, it may be time for you to revisit who you have on board. Your pension trustees must be chosen strategically and methodologically.

You may think that you have this covered, but we'd urge you to take a second look. Here's why. Pension trustees often lack the time, resources, knowledge and information to accurately and effectively initiate and follow through on pension strategies. Boards are, very frequently, closed social networks informed by cronyism over skillsets. And that's problematic, because it doesn't make financial sense.

Finding and appointing suitable people should make sense to the pension, first and foremost, rather than suitable only to decision-makers. How did your organization set up your board in the first place? Have you considered equity, and how research shows that including women and people of colour in a board of trustees results in better attendance to government regulations and financial accounting structures, and fewer ethical compliance issues? What skills do you need for your organization's pension's next strategic move forward?

Creating an effective pension board of trustees and aligning trustees with your organization's purpose and goals is possible. Learn how and make plans that work for you and your employees.

A vision for transformations in the workplace for midcareer employees

In response to COVID-19, climate change and related social issues, midcareer workers are not only reconsidering their job roles and values, but they're also being isolated from opportunities, according to new reports from the field of workplace analysis. Employees desire to work in a career that has meaning for them, by finding the right role with the right benefits, and companies would gain an edge to retain the talent they need to thrive post pandemic.

The social context of work is changing as our society is aging, and pension structures need to change along with it. But this won't be easy. Organizations need to think about how the economic impact of ageism is going to affect their employee base, their products and services and their human resource strategies. In fact, it may be possible to create pension strategies that benefit both organizations and their ageing employees, especially because younger, newer employees used to gig cycles are more likely to leave organizations in the lurch. Employers can change hiring practices to get a clearer view of older-candidate potential and talent, and make it easier to fill new and revamped roles with existing employees.

We can reshape pension offerings to focus on creating the kind of financial stabilities that will benefit organizational sustainability, while offering the kind of retirement security that retains employees.

Where to start

To make sound decisions for your 2022 strategic pension plan, we will be challenged to reimagine how information is shared, and clarity is where we start.

Marris Miller's managing partner Catherine Miller has written a critically-acclaimed, future-driven book on how to position your organization for exceptional pension management. She explains the underlying social trends that are driving the future of pensions, and provides solid, action-oriented strategic options for making your pension planning effective, workable and risk-aware. Visit www.pensionclaritybook.com to learn more.

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